Annual Report 2020

Contents

Calendar

ARISE ANNUAL GENERAL MEETING 2021
The Annual General Meeting will be held on 5 May

FINANCIAL INFORMATION 2021
5 May • Annual General Meeting
5 May • Interim Report for the first quarter
20 July • Interim Report for the second quarter
10 November • Interim report for the third quarter
17 February 2022 • Interim Report for the fourth quarter

DISTRIBUTION OF THE ANNUAL REPORT 2020
The Annual Report is available on our website *www.arise.se*. It is sent by post to shareholders who have notified the company that they wish to receive a copy. Printed copies of the report can be ordered via *info@arise.se* or by phoning +46 10 450 71 22.

Invest in the future with Arise

Arise is one of Sweden's leading independent companies in renewable energy. Arise manages the entire value chain – from exploration and permitting, to financing, construction, divestment and long-term management of renewable electricity production.

2020 in brief

Significant events in 2020

- Repurchase of bonds at a nominal value of MSEK 150 was carried out for the company's secured bonds.
- The Enviksberget wind farm was completed.
- In-depth technical analysis carried out of our wholly-owned wind farms, which means that the expected economic lifetimes of the company's wholly-owned wind farms will increase from an average of 25 years to approximately 30 years.
- The Bröcklingberget wind farm was completed.
- A 5-year full-service agreement for the company's three GE wind farms was signed with WP Green Service GmbH.
- Outstanding secured bonds were successfully refinanced with a green bank loan of MEUR 40, which dramatically reduces the company's financing costs.
- The sale of the Ranasjö and Salsjöhöjden projects had to be postponed due to project-specific factors.

The natural elements – the core of our business

Arise's organisation consists of 31 dedicated employees who are all passionate about working with renewable energy.

Our business concept is to be the obvious partner for investors in renewable electricity production and to create added value throughout the life cycle. We aim to maximise the value of our green electricity production through professional operation, management, sales and financing.

We are all working towards our vision to develop renewable energy for a sustainable future!

Our Development and Management segment includes the project development and management of renewable electricity production. We work continuously with the development of a range of projects and have more than 1,300 MW in our portfolio in various phases in Sweden, Norway and Scotland. For customers in Sweden and Norway, we manage about 1,100 MW, of which 231 MW is under construction.

Our Own wind power operations comprise 10 wind farms totalling 139 MW in southern Sweden.

Arise portfolio overview

Own wind power operations

1. OXHULT, LAHOLM MUNICIPALITY
Turbine type: Vestas V90
Quantity: 12
Annual production: 56.8 GWh
Year commissioned: 2009

2. RÅBELÖV, KRISTIANSTAD MUNICIPALITY
Turbine type: Vestas V90
Quantity: 5
Annual production: 22.8 GWh
Year commissioned: 2010

3. BRUNSMO, KARLSKRONA MUNICIPALITY
Turbine type: GE 2.5 XL
Quantity: 5
Annual production: 24.5 GWh
Year commissioned: 2010

4. KÅPHULT, LAHOLM MUNICIPALITY
Turbine type: GE 2.5 XL
Quantity: 7
Annual production: 40.6 GWh
Year commissioned: 2010/2011

5. FRÖSLIDA, HYLTE MUNICIPALITY
Turbine type: GE 2.5 XL
Quantity: 9
Annual production: 55.4 GWh
Year commissioned: 2011

6. IDHULT, MÖNSTERÅS MUNICIPALITY
Turbine type: Vestas V90
Quantity: 8
Annual production: 36.2 GWh
Year commissioned: 2011

7. SÖDRA KÄRRA, ASKERSUNDS MUNICIPALITY
Turbine type: Vestas V100
Quantity: 6
Annual production: 37.4 GWh
Year commissioned: 2011/2012

8. BLEKHEM, VÄSTERVIK MUNICIPALITY
Turbine type: Vestas V100
Quantity: 6
Annual production: 30.1 GWh
Year commissioned: 2011/2012

9. GETTNABO, TORSÅS MUNICIPALITY
Turbine type: Vestas V90
Quantity: 6
Annual production: 30.3 GWh
Year commissioned: 2011

10. SKÄPPENTORP, MÖNSTERÅS MUNICIPALITY
Turbine type: Vestas V112
Quantity: 1
Annual production: 8.5 GWh
Year commissioned: 2012

Managed wind farms

12. STJÄRNARP, HALMSTAD MUNICIPALITY
Turbine type: Vestas V100
Quantity: 3
Year commissioned: 2013
Owner: KumBro Vind AB

13. BROTORP, MÖNSTERÅS MUNICIPALITY
Turbine type: Vestas V126
Quantity: 14
Year commissioned: 2015
Owner: Funds managed by Equitx

14. STORRUN, KROKUM MUNICIPALITY
Turbine type: Nordex N90
Quantity: 12
Year commissioned: 2009
Owner: Funds managed by Whitehelm Capital

15. SKOGABY, LAHOLM MUNICIPALITY
Turbine type: Vestas V100
Quantity: 4
Year commissioned: 2013
Owner: Funds managed by Allianz Global Investors

16. MOMBYÅSEN, SANDVIKEN MUNICIPALITY
Turbine type: Vestas V126
Quantity: 10
Year commissioned: 2016
Owner: Funds managed by Allianz Capital Partners

17. RYSSBOL, HYLTE MUNICIPALITY
Turbine type: Vestas V110
Quantity: 6
Year commissioned: 2016
Owner: KumBro Vind AB

18. BOHULT, HALMSTAD MUNICIPALITY
Turbine type: GE 1.6-100
Quantity: 8
Year commissioned: 2014
Owner: Funds managed by Allianz Global Investors

19. EKEBY, KUMLA MUNICIPALITY
Turbine type: Senvion MM100
Quantity: 3
Year commissioned: 2016
Owner: KumBro Vind AB

20. TELLENES, ROGALAND, NORWAY
Turbine type: Siemens SWT-3.2 MW
Quantity: 50
Year commissioned: 2017
Owner: Funds managed by BlackRock

21. SVARTNÄS, FALUN MUNICIPALITY
Turbine type: Vestas V136
Quantity: 32
Commissioned: 2019
Owner: Funds managed by BlackRock

22. ÖVERTURINGEN, ÅNGE MUNICIPALITY
Turbine type: Siemens SWD-DD-130
Quantity: 56
Commissioned year: 2020
Owner: Red Rock Power/ Cap Man Group

23. BRÖCKLINGBERGET, BRÄCKE MUNICIPALITY
Turbine type: Siemens SWT-DD-142
Quantity: 11
Commissioned: 2020
Owner: Funds managed by re:cap global investors

24. ENVIKSBERGET, FALU MUNICIPALITY
Turbine type: Siemens SWT-DD-142
Quantity: 9
Commissioned: 2020
Owner: Funds managed by BlackRock

26. SKAFTÅSEN, HÄRJEDALEN MUNICIPALITY
Turbine type: Siemens SG-6.6-155
Quantity: 35
Commissioned: 2021
Owner: Funds managed by Foresight Group LLP

Projects under development, late phase

27. RANASJÖHÖJDEN, SOLLEFTEÅ MUNICIPALITY
Status: Permitted
Quantity: 25
Timing, forecast: 2021

28. SALSJÖHÖJDEN, SOLLEFTEÅ MUNICIPALITY
Status: Permitted
Quantity: 14
Timing, forecast: 2021

29. FASIKAN, BRÄCKE MUNICIPALITY
Status: Permitted
Quantity: 15
Timing, forecast: 2021–2022

30. KÖLVALLEN, LJUSDAL MUNICIPALITY
Status: In permitting process
Quantity: 47
Timing, forecast: 2021–2022

31. FINNÅBERGET, RAGUNDA AND SOLLEFTEÅ MUNICIPALITIES
Status: In permitting process
Quantity: 25
Timing, forecast: 2022–2023

32. LEBO, VÄSTERVIK MUNICIPALITY
Status: Permitted
Quantity: 5
Timing, forecast: 2021–2022

33. TORMSDALE, SCOTLAND
Status: In permitting process
Quantity: 12
Timing, forecast: 2022–2023

Projects under development, early phase

ELOMRÅDE 2
Quantity: About 18
Timing, forecast: 2024–2025

ELOMRÅDE 3
Quantity: About 8
Timing, forecast: 2023–2024

ELOMRÅDE 4
Quantity: About 3
Timing, forecast: 2024–2025

NORWAY
Quantity: About 30
Timing, forecast: 2024–2025

SCOTLAND
Quantity: About 20–30
Timing, forecast: 2024–2025

Wind farms under construction

26. SKAFTÅSEN, HÄRJEDALEN MUNICIPALITY
Turbine type: Siemens SG-6.6-155
Quantity: 35
Commissioned: 2021
Owner: Funds managed by Foresight Group LLP

Sold wind farms

11. JÄDRAÅS, OCKELBO MUNICIPALITY
Turbine type: Vestas V112
Quantity: 66
Year commissioned: 2012/2013
Owner: The Renewable Infrastructure Group Ltd.

12. STJÄRNARP, HALMSTAD MUNICIPALITY
Turbine type: Vestas V100
Quantity: 3
Year commissioned: 2013
Owner: KumBro Vind AB

13. BROTORP, MÖNSTERÅS MUNICIPALITY
Turbine type: Vestas V126
Quantity: 14
Year commissioned: 2015
Owner: Funds managed by Equitx

15. SKOGABY, LAHOLM MUNICIPALITY
Turbine type: Vestas V100
Quantity: 4
Year commissioned: 2013
Owner: Funds managed by Allianz Global Investors

16. MOMBYÅSEN, SANDVIKEN MUNICIPALITY
Turbine type: Vestas V126
Quantity: 10
Year commissioned: 2016
Owner: Funds managed by Allianz Capital Partners

17. RYSSBOL, HYLTE MUNICIPALITY
Turbine type: Vestas V110
Quantity: 6
Year commissioned: 2016
Owner: KumBro Vind AB

18. BOHULT, HALMSTAD MUNICIPALITY
Turbine type: GE 1.6-100
Quantity: 8
Year commissioned: 2014
Owner: Funds managed by Allianz Global Investors

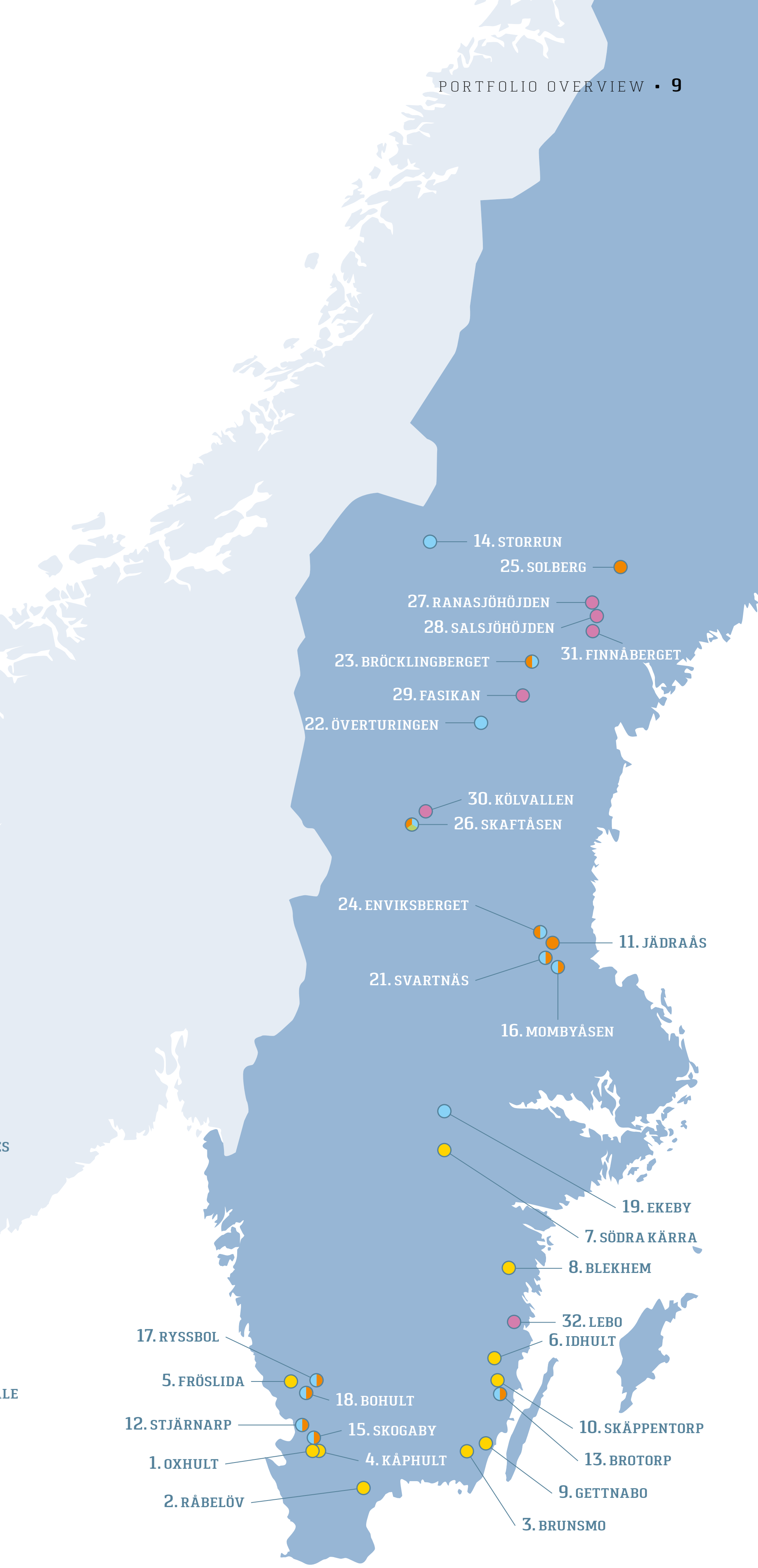
21. SVARTNÄS, FALUN MUNICIPALITY
Turbine type: Vestas V136
Quantity: 32
Commissioned: 2019
Owner: Funds managed by BlackRock

23. BRÖCKLINGBERGET, BRÄCKE MUNICIPALITY
Turbine type: Siemens SWT-DD-142
Quantity: 11
Commissioned: 2020
Owner: Funds managed by re:cap global investors

24. ENVIKSBERGET, FALU MUNICIPALITY
Turbine type: Siemens SWT-DD-142
Quantity: 9
Commissioned: 2020
Owner: Funds managed by BlackRock

25. SOLBERG, ÖRNSKÖLDSVIK MUNICIPALITY
Turbine type: Vestas V126
Quantity: 22
Commissioned: 2018
Owner: Fortum and Skellefteå Kraft

26. SKAFTÅSEN, HÄRJEDALEN MUNICIPALITY
Turbine type: Siemens SG-6.6-155
Quantity: 35
Commissioned: 2021
Owner: Funds managed by Foresight Group LLP



CEO'S STATEMENT

We are facing one of the biggest changes that humankind has ever experienced.

It is becoming increasingly clear that renewable electricity production will play a leading role in the next few decades. It is probably one of the biggest transitions humankind has ever experienced. The underlying driving force is the climate challenge and the need to phase out fossil energy use.

The increasing electrification of vehicles and industrial processes entails that demand for electricity will grow, according to the International Electricity Agency (IEA). At the same time, coal power production and old nuclear power are being phased out. Facilities to manufacture batteries and hydrogen will be built. It is therefore clear that the need for new renewable electricity production is about to become enormous. It is also possible to meet these needs thanks to the positive development in wind and solar power technologies. In Northern Europe, the potential for wind power in particular is huge.

Arise has set its sights on growing in this enormous market. We have conducted a thorough analysis of various markets in Europe. In March 2021, we presented a new growth plan for 2025. The plan includes international expansion and investments in large-scale solar power projects in such countries as Poland and the UK.

We will invite financial partners to invest in platforms for green electricity production. This will maximise Arise's financial returns on its project portfolio through both higher development gains and management income.

Arise will retain minority interests in these platforms but at the same time will create flexibility to both sell entire projects and independently finance entire projects. Our existing holdings in green electricity production provide valuable leverage in this growth plan.

Despite the very bright picture of the future painted above, the year was challenging for us. Electricity prices were at a record low, mainly due to unusually well-filled hydropower reservoirs. This was due to the fact that 2020 was both warmer and with higher levels of precipitation than normal. On top of this, we had to make some extra efforts in connection with the pandemic.

In 2020, we have successfully reduced our debt. All in all, our refinancing measures, the previously announced lifetime extension of our wind farms and a new service agreement have meant that our comparable total costs will decrease by approximately MSEK 50 in 2021.

A new electricity cable between Norway and Germany has been put into operation and Ringhals 1 has been put out of service. In addition to this, there are structural factors favourable to the prospects for our electricity production in southern Sweden.

As a result of project-specific factors, we had to postpone the sale of the Ranasjö and Salsjöhöjden projects. At the beginning of 2021, 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. Our ambition is to sell the projects during this year instead. Accordingly, discussions with intended investors has been initiated.

The first half of 2021 will be very exciting as we are waiting for important permit decisions for the Kölvallen and Fin-nåberget 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, Kölvallen, Fasikan and Lebo, we can state that the combined capacity is starting to approach 700 MW. We have now laid the foundations for profitable growth and can approach the years to come with confidence.

We have fought well during the year under exceptional circumstances. I would like to thank our great staff, our customers and our partners for all their efforts during the year. Digital tools have proved extremely valuable in overcoming various restrictions. Looking forward to seeing you more in the future and fervently hoping that with the vaccination programme we will be able to leave the worst behind us.

Halmstad, March 2021
Daniel Johansson
CEO Arise AB

THE MARKET

The expansion of wind power capacity in the Nordic countries will continue

TREND FOR NORDIC WIND POWER

The expansion of wind power in Sweden, Norway and Finland remains strong. Foreign investors continue to finance more and more projects with the aim of generating long-term financial returns. In the global low interest rate environment that we have seen in recent years, it has been difficult to find sources of long-term returns. Many investors are also seeking to spread risks, and infrastructure (which includes renewable energy) as an asset type is becoming increasingly important. At the same time, the challenges of climate change have become increasingly apparent and fossil energy sources have gradually started to be replaced by renewable energy. The positive development in wind power technologies, which has seen gradually falling costs per produced unit of energy, has enabled and accelerated this trend.

In comparison with most countries in Europe, Sweden, Norway and Finland have unique opportunities for expanding wind power. These countries have large tracts of land that are sparsely populated and their wind resources are generally good, particularly in Norway and Sweden. The attractiveness of the Nordic region has been further strengthened after subsidies in other parts of Europe, which were previously very generous, have been phased out or reduced. The expansion of capacity in the Nordic countries also continued in 2020. The Norwegian market slowed down as a result of lower acceptance for this expansion, In addition, the rules for the permit process are under review in Norway, while in Finland expansion really took off. For 2020, wind power production in Sweden is estimated to have amounted to almost 28 TWh. This was a record figure, underpinned by new projects coming online and a stronger wind year than usual. Electricity production from wind power is expected to increase rapidly in the future as new projects are commissioned and by 2024 the industry association Swedish Wind Energy estimates that normal production from Swedish wind power will well and truly exceed 40 TWh.

The potential for further expansion is still assessed as very good. In addition, it is assessed that this can be done entirely without subsidies in the future. There is currently no evidence to suggest that the rate of expansion will decline in the next few years.

ELECTRICITY CERTIFICATES

In spring 2016, the Norwegian government stated that Norway will not approve new facilities after 2021. Five Swedish political parties reached an accord in 2016 on Sweden's future energy policy that includes further support for renewable electricity production through the electricity certificate system being extended and expanded by 18 TWh up until 2030. In terms of investment decisions, since the rate of expansion of wind power increased significantly in the years 2017–2020, it is assessed that the total of 46.4 TWh covered by the electricity certificate system is already encumbered, and more besides. By the end of 2020, 44.1 TWh had come online and been approved the issuing of electricity certificates. Market prices have fallen to record-low levels during the year. Before the end of the year, the Riksdag (the Swedish parliament) made a decision on a stop rule which means that the system in Sweden will also be closed to new power plants at the end of 2021.

A control point has been set at the end of the first quarter of 2021, after which a definitive decision on the stop date will be provided. It remains to be seen what the stop on new power plants might mean for the price of electricity certificates. New projects are not affected since no or minor value is assigned to electricity certificates.

ELECTRICITY PRICE TREND

The spot price of electricity in 2020 has been at a record low. In some days, prices were close to zero. This was due in large part to the reservoir fullness factor in hydropower reservoirs having been unusually high and that the weather has been much warmer than normal. In addition, there was more wind than normal.

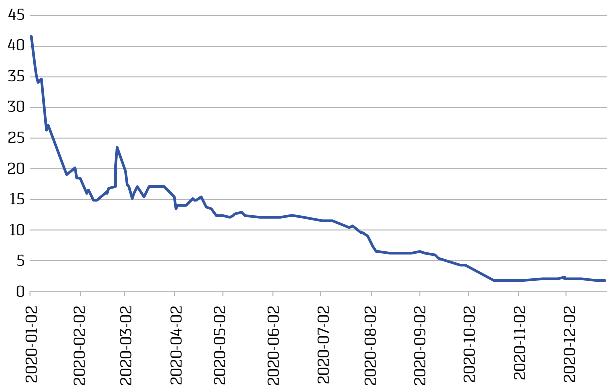
Commodities prices of coal and gas for example have mostly been down during the year, which has also contributed to the fall in electricity prices. The price of CO_2, within the framework of the emissions trading scheme, was between EUR 20 and 30 per tonne for most of the year, breaking through the EUR 30 level at the end of the year.

The forward contracts price trend for electricity in the Nordic countries has followed spot prices and fallen, but the fall has been considerably less dramatic for forward contracts. The price difference between the Nordic countries and the rest of Europe has remained very high, with the Nordic region in general having lagged behind with lower forward contract prices than in the rest of Europe. It can be assumed that the planned new transmission connections from the Nordic region to the rest of Europe will eventually even out the price differences. The phasing out of Swedish nuclear power is also expected to reduce the surplus of electricity but the expansion of wind power is still continuing. At the end of the year, Ringhals 1 was closed down leaving now 6 nuclear reactors in operation in Sweden. These 6 reactors will remain operational until towards 2040.

Many exciting developments of a structural nature can be expected to affect electricity prices in the future. Electric cars are now making real inroads in the market. Heavy industry is seriously attempting to phase out dependence on fossil energy and transition to using electricity for ever more processes. IT companies perceive good opportunities for access to electricity at competitive prices in the Nordic region, with little impact on the climate, for their data centres and other facilities. The battery industry has launched concrete projects, such as Northvolt in Skellefteå, for manufacturing in the Nordic countries, which is an electricity-intensive manufacturing process. Storage options through battery technology will also eventually be able to play a major role in how, when and at what prices electricity can be consumed. In addition, there are far-reaching plans for hydrogen production from green electricity. It is also becoming increasingly apparent that fossil fuel power sources must be phased out to prevent an alarming level of global heating while renewable electricity production is phased in. All in all, at Arise we view the electricity price trend in the Nordic region as positive looking ahead, although we remain resigned to the fact that prices are highly dependent on weather conditions in the short term.

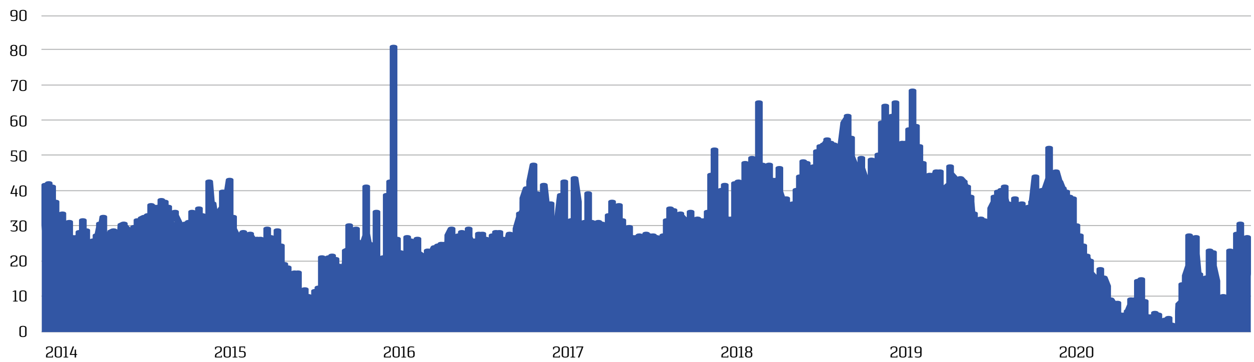
Sources: Swedish Energy Agency, NVE, Swedenergy and the Swedish Wind Energy Economic Association).

Electricity certificate market, spot SEK/MWh



Historical system price (2014–2020)

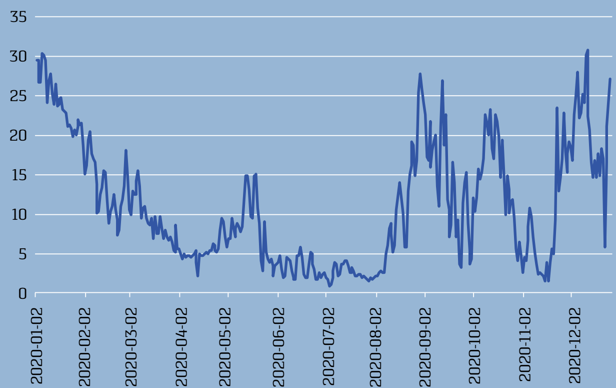
EUR/MWh



Source: Macrobond, Nord Pool Spot

Electricity market, forward contracts 2022 (system), EUR/MWh

Electricity market, system spot price EUR/MWh



DEVELOPMENT AND MANAGEMENT

Attractive project portfolio of more than 1,300 MW

Arise works continuously with the development of projects and has an attractive portfolio of over 1,300 MW in Sweden, Norway and Scotland.

In working to increase its project portfolio, Arise has screened many different conceivable projects. The vast majority of the projects screened do not qualify for further development as they do not meet the strict demands that Arise places on projects in terms of wind conditions, permit risks, electricity grid capacity, and an assessment of their economic potential. For the projects in the overview below, the key factors mentioned above are considered to be promising. 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.

During the year, the construction of the wind farms in Bröcklingberget and Enviksberget was completed. The owners of the wind farms are re:cap global investors and Blackrock, respectively, and Arise is managing both of these wind farms through asset management agreements.

Skaftåsen, which was sold to Foresight Group LLP in December 2019, is under construction and has continued according to plan during the year. Despite the COVID-19 pandemic, construction has not yet been significantly affected.

The management of Jädraås wind farm was taken over during the third quarter by RES, which is linked to the investor TRIG which acquired the wind farm in 2019.

The sales process for the Ranasjö and Salsjöhöjden projects, totalling 240 MW, started during the second quarter but unfortunately had to be postponed in mid-December due to project-specific factors. The permit extension application for Salsjöhöjden has been submitted and the ambition is to realise both projects during 2021.

One of our biggest and most important ongoing projects is Kölvallen in the municipality of Ljusdal. In May, we were granted permits from the Environmental Assessment Committee of the Dalarna County Administrative Board for 45 turbine locations out of 47 applied for. During the summer, an appeal against the permit was lodged with the Land and Environment Court, from which we are now awaiting a decision on the matter.

The Lebo project in the Municipality of Västervik is rapidly approaching completion. Arise acquired the project in 2016 from Kraftö AB and it comprises 5 turbines totalling 30 MW. The final purchase consideration was paid in 2020. The permit for the project specifies a maximum height of 200 metres and work is now underway to secure a commercially attractive electricity connection for the project. The ambition is for the project to start construction in 2021.

In total, projects that are expected to be ready to commence construction during the period 2021 to 2022 amount to close to 700 MW.

During the year, there have been successful efforts made to expand the portfolio and discussions about additional projects in Sweden, as well as in some other geographies are ongoing.

Income decreased to MSEK 50 (313). At the same time, the cost of sold projects and contracts decreased by MSEK 126 to MSEK –8 (–134). Other operating expenses and capitalised work rose slightly, after which both EBITDA and EBIT decreased to MSEK 11 (150). Net financial items improved somewhat after which loss before tax declined to –5 MSEK (132).

Development and Management in figures, MSEK	2020	2019
Income	50	313
Operating expenses and capitalised work	-39	-163
Operating profit before depreciation (EBITDA)	11	150
Operating profit (EBIT)	11	150
Profit/loss before tax	-5	132

Projects – late development phase	Status	Size	Schedule, Forecast	Profit potential
Ranasjöhöjden	Permitted	25 WTGs / ~155 MW	In progress	Good
Salsjöhöjden	Permitted	14 WTGs / ~87 MW	In progress	Moderate
Lebo	Permitted	5 WTGs / ~30 MW	2021–2022	Good
Fasikan	Permitted	15 MWGs / ~90 MW	2021–2022	Good to Excellent
Kölvallen	In permitting process	47 WTGs / ~282 MW	20212022	Excellent
Finnåberget	In permitting process	25 WTGs / ~150 MW	2022–2023	Good to Excellent
Tormsdale, Scotland	Pre-planning	12 WTGs / ~60 MW	2022–2023	Excellent
Total		**143 WTGs / 854 MW**		

Projects – early development phase	Size	Schedule, Forecast
SE 2	18 WTGs / ~110 MW	2024–2025
SE 3	8 WTGs / ~50 MW	2023–2024
SE 4	3 WTGs / ~20 MW	2024–2025
Norway	30 WTGs / ~200 MW	2024–2025
Scotland	20-30 WTGs / ~150 MW	2024–2025
Total	**84 WTGs / ~530 MW**	

Own wind power operations

Our own wholly owned wind farms are found in southern Sweden. We currently have 10 wind farms with a total output of 139 MW.

In 2019, an in-depth technical analysis of these wind farms was initiated by a third party. This work was completed in 2020 and the result is that the expected economic lifetime of the wind farms has increased from 25 to approximately 30 years. This in turn means that depreciation on an annual basis will be reduced by approximately MSEK 10 from August 2020.

During the third quarter, a five-year full-service agreement with WP Green Service GmbH was also signed for the company's three GE wind farms, totalling 21 turbines. The agreement came into force on 1 January, 2021 and means that WP Green Service GmbH takes full responsibility for all components while running costs are reduced and a high level of availability continues to be guaranteed.

Outstanding secured bonds were successfully refinanced with a green bank loan of MEUR 40. The annual financing costs for production will thus decline dramatically in the future.

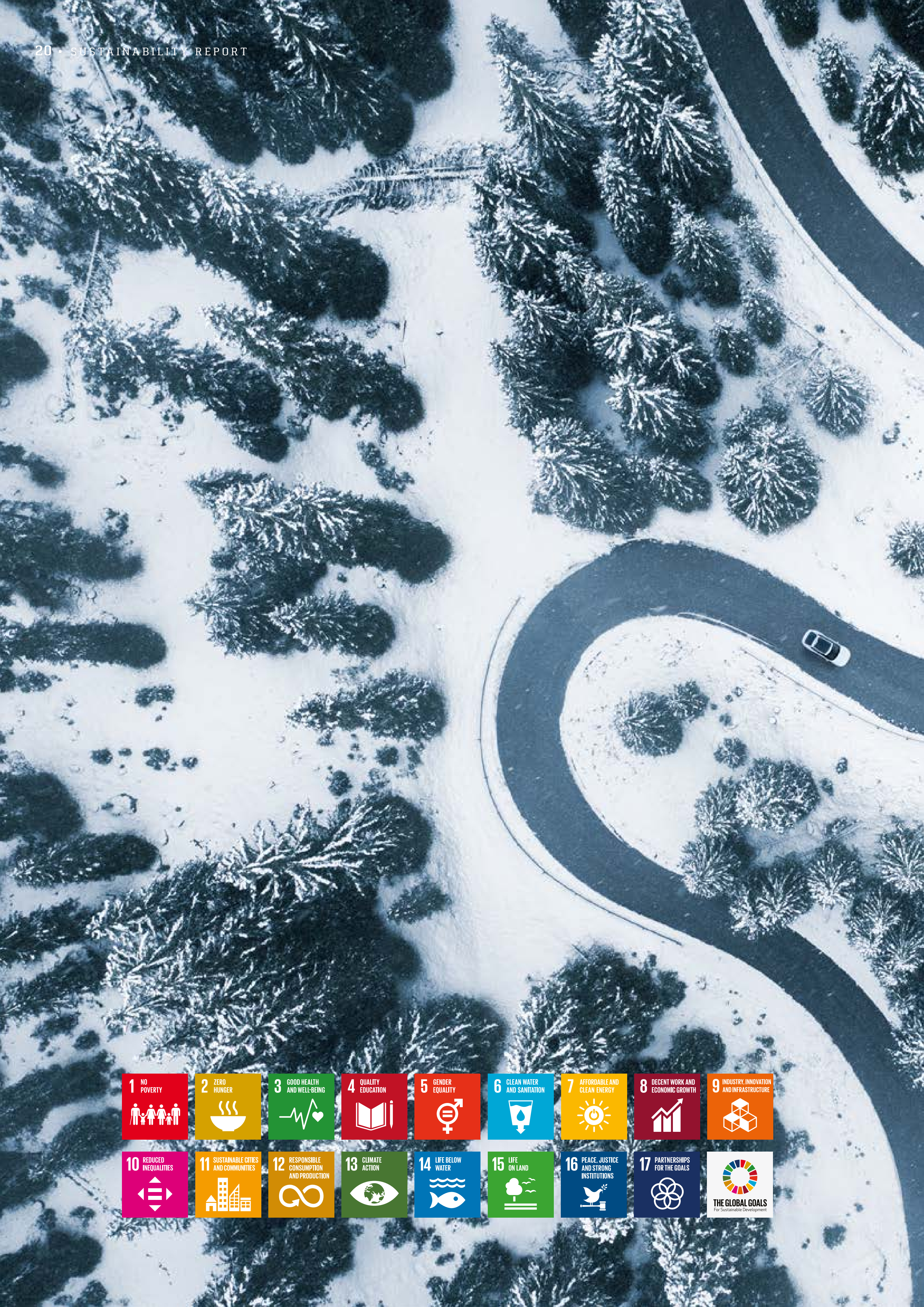
As a result of slightly stronger winds than normal during the year, production in the company's wind farms increased to 355 GWh (333). The average income for electricity and certificates, including guarantees of origin, amounted to SEK 204/MWh (333) and SEK 33/MWh (103), respectively. The average income for electricity was 24% below the market price for electricity (SE4) during the period due to a combination of price hedging and price profile. The average income for

Own wind power operations in figures, MSEK	2020	2019
Income	84	146
Operating expenses	-45	-46
Operating profit before depreciation (EBITDA)	39	100
Operating profit/loss (EBIT)	-28	27
Comparable loss before tax*	-66	-37
Income, SEK/MWh	237	436
Cost, SEK/MWh	127	137
Property, plant and equipment	1,147	1,204

* For 2020, this includes non-recurring items amounting to MSEK -32 (0) related to the refinancing and a currency effect on loans in foreign currencies of MSEK 14 (0), which has affected comparability.

certificates was above the average market price for certificates (SKM) during the period, driven by price hedging.

Net sales rose MSEK 9 due to higher production, but declined MSEK 71 due to a lower average price compared with 2019. Overall, net sales and EBITDA declined to MSEK 84 (146) and MSEK 39 (100) respectively, year-on-year. Specific operating expenses fell to SEK 127 (137) per MWh. Depreciation decreased as a result of longer service life, after which EBIT amounted to MSEK –28 (27). Net financial items strengthened to MSEK –55 (–64) due to lower borrowings. Net financial items include non-recurring items and items affecting comparability of MSEK –32 and MSEK 14, respectively, which is why comparable net financial items amounted to MSEK –37 (–64). Loss before tax declined to MSEK –83 (–37).


1 NO POVERTY
2 ZERO HUNGER
3 GOOD HEALTH AND WELL-BEING
4 QUALITY EDUCATION
5 GENDER EQUALITY
6 CLEAN WATER AND SANITATION
7 AFFORDABLE AND CLEAN ENERGY
8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
10 REDUCED INEQUALITIES
11 SUSTAINABLE CITIES AND COMMUNITIES
12 RESPONSIBLE CONSUMPTION AND PRODUCTION
13 CLIMATE ACTION
14 LIFE BELOW WATER
15 LIFE ON LAND
16 PEACE, JUSTICE AND STRONG INSTITUTIONS
17 PARTNERSHIPS FOR THE GOALS
THE GLOBAL GOALS
For Sustainable Development

This is Arise's Sustainability Report and refers to the 2020 financial year. The Sustainability Report includes the Parent Company Arise AB (publ.) (5562746726) and all units consolidated in Arise's consolidated financial statements for the same period specified in Note 8, Notes to the Parent Company's financial statements. The Sustainability Report has been prepared in accordance with Chapters 6 and 7 of the Swedish Annual Accounts Act.

With a focus on sustainable development

Wind power increased greatly in 2020 and according to a forecast from Swedish Wind Energy, wind power is moving towards becoming Sweden's second largest energy type within a few years.

The need for renewable electricity production is becoming enormous and it is also possible to meet these needs thanks to the positive developments in wind and solar power, hydrogen and other electricity storage technologies that are occurring.

We aim to develop renewable energy for a sustainable future. In addition to developing projects and building farms for customers and investors, we also have our own wind farms in southern Sweden which supply renewable energy on a daily basis. In these wind farms, we have been working for a couple of years now on increasing their economic lifetime, which also improves their economic sustainability and the resource utilisation of investments already made. More about this on page 23.

THE GLOBAL SUSTAINABLE DEVELOPMENT GOALS

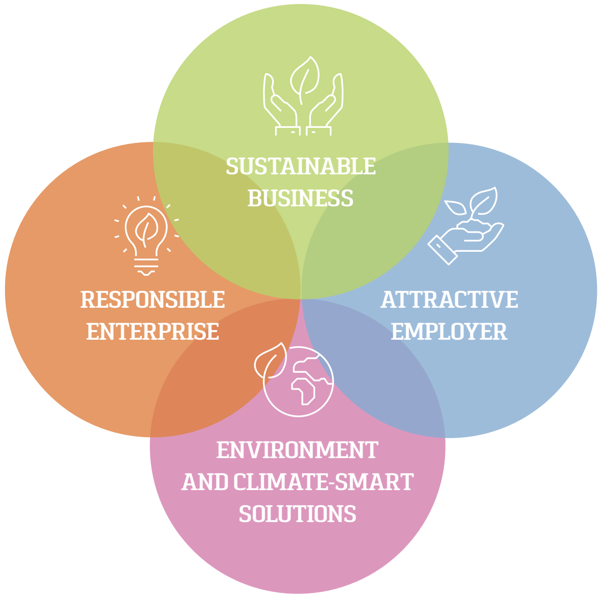
We all need to help achieve the goals of the UN's Agenda 2030:

- End poverty in all its forms.
- Reduce inequalities
- Peace and justice
- Climate action.

Since the core of our business is to create renewable energy through a continuous development of renewable electricity production, we see part of Goal 7 *"Affordable and clean energy"* and Goal 13 *"Climate action"* as our main contributions. We also work towards contributing to other goals however, such as 3, 5, 8, 10, 11, 12 and 15. The big picture perspective is also important, since trade-offs between different goals may be necessary from time to time. It is therefore of great importance to us as a company, and for the expansion of renewable electricity production, that professional, objective trade-offs can be taken into account in the permit process. As a company, we can try to assist in finding practical solutions, but society's institutions must ultimately perform this key task: to ensure that we balance the different sustainability goals in relation to each other.

Our Sustainability Report

is divided into four focus areas in which we are working in various ways to contribute to the achievement of the goals:



Sustainable business

"We are to be the obvious partner for investors in renewable electricity production and to create added value throughout the life cycle."

OUR BUSINESS MODEL CONSISTS OF THREE AREAS:

- Project development, construction and sales of projects for renewable electricity production.
- Management of renewable electricity production.
- Production and sales of electricity and electricity certificates

We report these areas in two different segments:

- Development and Management; project development, construction and sales of projects for renewable electricity production and management of them.
- Own wind power operations: The production and sale of electricity and electricity certificates.

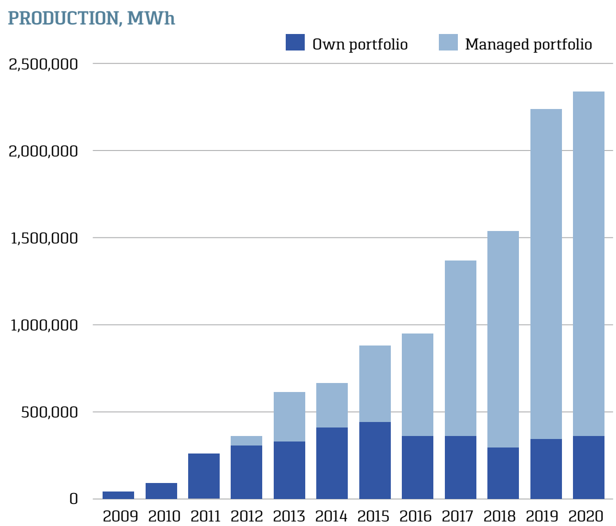
From 2021, the Development and Management segment will be reported as two separate new segments: Development and Solutions.

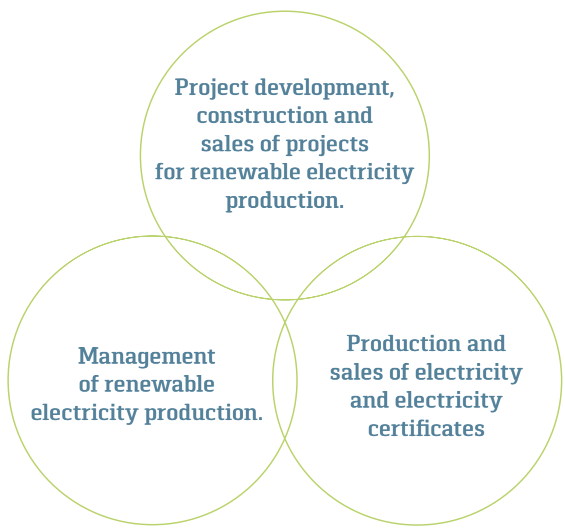
ARISE GREEN ELECTRICITY PRODUCTION

Since Arise began its operations in 2007, the company has constructed 21 wind farms in Sweden – a total of around 730 MW of onshore wind power. An additional wind farm of 231 MW is under construction. Ten of these wind farms are owned by the company and are located in southern Sweden.

In total, we have produced about 3,364,500 MWh (3,364.5 GWh) in these wind farms since the first wind farm was commissioned in 2009 and up to the end of 2020. This means a reduction in emissions of 2.7 million tonnes of CO_2. To put this in context, it is equivalent to driving 213,000 fossil-fuel cars 100,000 kilometres each.

Production per year 2009–2020





FINANCIAL RESPONSIBILITY

Through efficient financing, management, operation and project development, our overall objective is to provide shareholders with a good return on their investment in the form of dividends and growth in the share price.

We wish to make a positive contribution to the local economy through economic growth and job creation. Our entire mission is about transitioning to a sustainable energy system with reduced emissions. By doing this in a commercially viable way, we can create long-term profitability for all our investors. This is the best way for us to remain accountable to our shareholders and to the community at large.

Thanks to reduced production costs, wind power and solar power can now compete effectively with other energy types such as nuclear power and this is without government subsidies.

During the year, the following projects were in focus:

- The Bröcklingberget and Enviksberget projects, which were under construction in 2019, were completed and commissioned in 2020.
- The construction of the Skaftåsen project, which was sold to Foresight Group LLP in 2019, has been ongoing during the year and the wind farm is expected to be operational during 2021. The wind farm comprises 35 turbines totalling 231 MW, and Arise is responsible through project management agreements for project management during construction and management once the wind farm is completed. Despite the COVID-19 pandemic, construction has not yet been significantly affected.
- One of our goals for 2020 was to divest the Ranasjö (about 155 MW) and Salsjöhöjden (about 87 MWh) projects in the municipality of Sollefteå. Unfortunately, it was not possible to realise the projects as planned at the end of the year. This means, among other things, that an application for an extension of the permit for Salsjöhöjden has been submitted and the decision is expected in the spring of 2021. The goal is to realise the projects later in 2021.

GREEN LOAN

During the autumn of 2020, the company refinanced outstanding secured bonds with a green bank loan of MEUR 40 dedicated to our own wholly owned wind power production.

We are very proud to have obtained certification of this green loan under the DNB Sustainable Product Framework, as the loan meets the criteria in the Renewable Energy category.

The affected wind farms and their production in 2020, and the equivalent reduction in CO_2 emissions, are presented in the table:

Wind farms	Production 2020 (MWh)	CO_2 Tonnes
Oxhult	59,535	20,242
Råbelöv	23,973	8,151
Brunsmo	25,549	8,687
Fröslida	54,551	18,547
Idhult	38,343	13,037
Kåphult	39,133	13,305
Södra Kärra	38,408	13,059
Blekhem	33,167	11,277
Gettnabo	33,375	11,347
Skäppentorp	8,472	2,881
Total	**354,506**	**120,533**

In the above wholly owned wind farms, an in-depth technical analysis was initiated in 2019 by a third party. The result of this work, which was completed in 2020, is that the expected economic lifetime of these wind farms was increased from 25 to approximately 30 years. A very important step in being able to continue to produce electricity in existing facilities, with relatievly limited inputs. This result in turn also means that depreciation on an annual basis will be reduced by approximately MSEK 10 from August 2020.

Responsible enterprise

"When we expand renewable electricity production, we improve the environment, create jobs and local development and we do so with an eye to the best interests of the company and the community at large."

SOCIAL RESPONSIBILITY

OUR SOCIAL RESPONSIBILITY

The fact that climate change is becoming an ever-increasing threat does not escape any of us and reports of the various negative consequences for society and on people come thick and fast. We want our efforts to expand renewable electricity production to contribute to climate and renewable energy goals in the EU and Sweden.

The expansion of wind power and renewable energy can also entail some inconveniences for local residents in terms of noise, flickering shadows, etc. We describe how we are working to reduce these risks in more detail on page 30.

Our wind farm activities are also monitored annually via environmental reports and through other accounting in accordance with the conditions set in the permits for operational power plants.

Ahead of the construction of new projects, a consultation meeting is always held to give the local residents affected by the project an opportunity to present their views. We always strive for constructive communication with parties concerned, and we maintain a continuous dialogue with landowners, local residents' associations, and other associations, and engage with the local residents.

From some wind farms, a rural development grant is paid annually which is distributed among local projects for the purpose of promoting the development of the local community.

Thanks to our expansion, we also contribute to the local economy and jobs growth, particularly in rural areas, and we also create skilled jobs for many people over a long period of time. This is the case during construction and after commissioning, when we use transport companies, businesses, hotels, etc., and we always strive to engage entrepreneurs as close to the project as possible.

We engage reputable and experienced companies as subcontractors and we have our own project managers in the field to minimise environmental and occupational health and safety risks in the construction projects we are responsible for. We have an obvious goal that there should be no injuries and no environmental impact beyond the scope of our permit conditions. We constantly strive to create the greatest possible consensus around our commissioned wind farms and our development projects.

SUPPLIERS AND CONTRACTORS

Our site and plant contractors are currently primarily based in Sweden, but these contractors in turn engage subcontractors from other countries. Our wind turbines are manufactured in a global, competitive market, which means that their different parts may come from all over the world. But because we have limited resources to check the entire supply chain, we have chosen to work only with large, reputable and established brands, and companies that have existed for a long time in the market. We clearly state in our Code of Conduct that we do not tolerate child labour or forced labour, or threats of violence and that freedom of association, the right to collective bargaining and contracts are to be respected.

In our Code of Conduct for Suppliers too, we require that all Arise suppliers respect the principles in the Code of Conduct and comply with these in their operations.

ETHICS AND MORALS

Maintaining a high standard of business ethics is as important as operating our business in accordance with the applicable Acts and provisions, which we emphasise in our Code of Conduct. We require honesty and integrity in all of the company's activities and demand the same from our customers, suppliers and collaborators.

In line with the Code of Conduct, there should be no bribery and this has not taken place. This is why every form of compensation to advisors, suppliers and partners is strictly on the basis of confirmed products and services only. We are highly restrictive with respect to gifts to or from suppliers and business partners. All employees must avoid conflicts of interest between private financial matters and the company's business operations.

CONTRACTS

Arise's site and plant contractors are currently primarily located in Sweden and we only engage large, reputable players in the industry. Before establishing a new wind farm, these are the requirements we place on our contractors.

The contractor must:

- have a quality management system that complies with SS-EN ISO 9001:2008.
- have an environmental management system that complies with SS-EN ISO 14001:2004.
- provide a person to be responsible for environmental matters.
- fulfil our requirements in respect of waste management and comply with the ecocycle guidelines from Kretsloppsrådet for the environmentally sound management of waste at the workplace.
- draw up an environmental plan to be approved by Arise before beginning work at the site. The environmental plan also applies to subsuppliers and subcontractors.
- supply documentation and take part in quality and environmental audits periodically conducted by Arise. The audit is to be documented in writing.
- perform internal quality and environmental audits in accordance with the quality and environmental management systems. The account must be documented in writing and reported to Arise.
- have a plan for the management of excavated material, fill and shipments.
- have an emergency response plan.
- demonstrate a plan of measures for reducing CO_2 emissions, for example, the use of cement in the project.

In the projects we worked on during the year, no deviations from the above requirements were noted.

Attractive employer

"We want to offer our people the right conditions for working in a good and safe work environment."

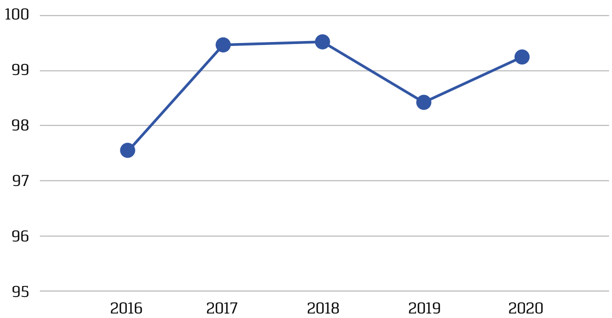
One of our most important resources in our development and our work with renewable energy is our fantastic people.

To provide a good and safe work environment is an important strategic issue for Arise, as is stated clearly in our Occupational Health & Safety Policy. Our aim is to create a healthy workplace where our employees can feel motivated in their work.

WORK ENVIRONMENT, HEALTH, AND HEALTH AND SAFETY INDEX

2020 was a very different year with the pandemic affecting us all in different ways. A small number of Arise staff became ill with COVID-19, but so far everyone has coped very well, without needing medical care. For many years, Arise has had a very low rate of sickness absence, which we are very proud of. In 2020, the staff attendance rate was 99.2 (98.4).

Health and safety index



Our digital infrastructure functions work very well and everyone who can has been given the opportunity to work from home. However, this has meant that we have not been able to organise joint activities to the extent that we would normally do. Most of our meetings have been conducted digitally, in both large and small groups, and we have become very creative at finding new digital opportunities along the way.

In the previous year, we worked a great deal with cooperation questions of various kinds and the staff completed a course focusing on behaviour and group dynamics. The plan was to have a follow-up of this course in 2020, but due to

Sofie Karlsson
Controller

The global energy system is fascinating, just as electricity and heating production are a concern because of their impact on the climate. For me, it feels important to be working with one of the most important types of renewable energy. And I already knew that Arise was also a great employer.

Peter Svantesson
Grid manager

Since my school days, I've had the goal of working with issues that promote the environment and nature. To be able to do this with colleagues at Arise is fantastic. Actually being able to contribute to reducing climate change through more renewable energy from wind power is also something I am proud to be involved in.

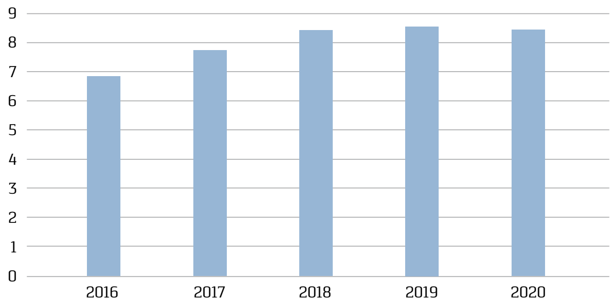
the pandemic we were forced to cancel it. The goal is to be able to complete the course in 2021.

Joint fitness activities also became difficult to conduct once the restrictions put an end to them. Our staff are very active and most have their own individual exercise routines and options where many also take advantage of our health promotion grants, which were increased to SEK 3,000 per employee from 2020 (previously SEK 2,500).

Over the course of the year, our employees have undergone medical examinations through our occupational health service and customised examinations for those working at high heights. We also offer health insurance so that staff can rapidly access the help or health care they require.

As in previous years, we conducted an employee survey. The survey is conducted by the same independent company each year. We are very proud and happy that we have maintained a high level on our Employee satisfaction index, despite the fact that so many of us have been working remotely during the year. The result was 8.4 compared to last year's 8.5.

Employee satisfaction index



GENDER EQUALITY, DIVERSITY AND HUMAN RIGHTS

Our Equal Opportunity Policy and Code of Conduct clearly state that we do not discriminate on the basis of gender, age, ethnicity, religion, disability, sexual orientation or other factors. Sexual or other harassment can never be acceptable.

The results of our employee survey during the year show that no forms of harassment have occurred at the company. Our aim is, of course, that it will remain obvious that harassment of any kind is not tolerated. Company management and all employees have a responsibility to intervene if they see any violations of this policy.

There is currently a slight imbalance in terms of gender, age and ethnicity in the company that we are striving to rectify. The organisation has been gradually expanding to include more women and more women have also been given greater areas of responsibility. The company's attitude is also that as an employee at Arise one should be able to combine work with a family life.

The Board has adopted a Diversity Policy which aims to promote diversity on the Board and in the management team. According to this policy, the Board is to be characterised by diversity and the composition of the Board is to comply with item 4.1 of our Code of Conduct. Efforts are also being made to achieve an even gender distribution on the Board.

Composition of the Board of Directors, management, employees

	Number	Gender distrib.		Age distrib.		
		Women	Men	<29	30–50	>50
Board of Directors	4	1	3			4
Group management	3		3		1	2
Employees	31	13	18	1	20	10

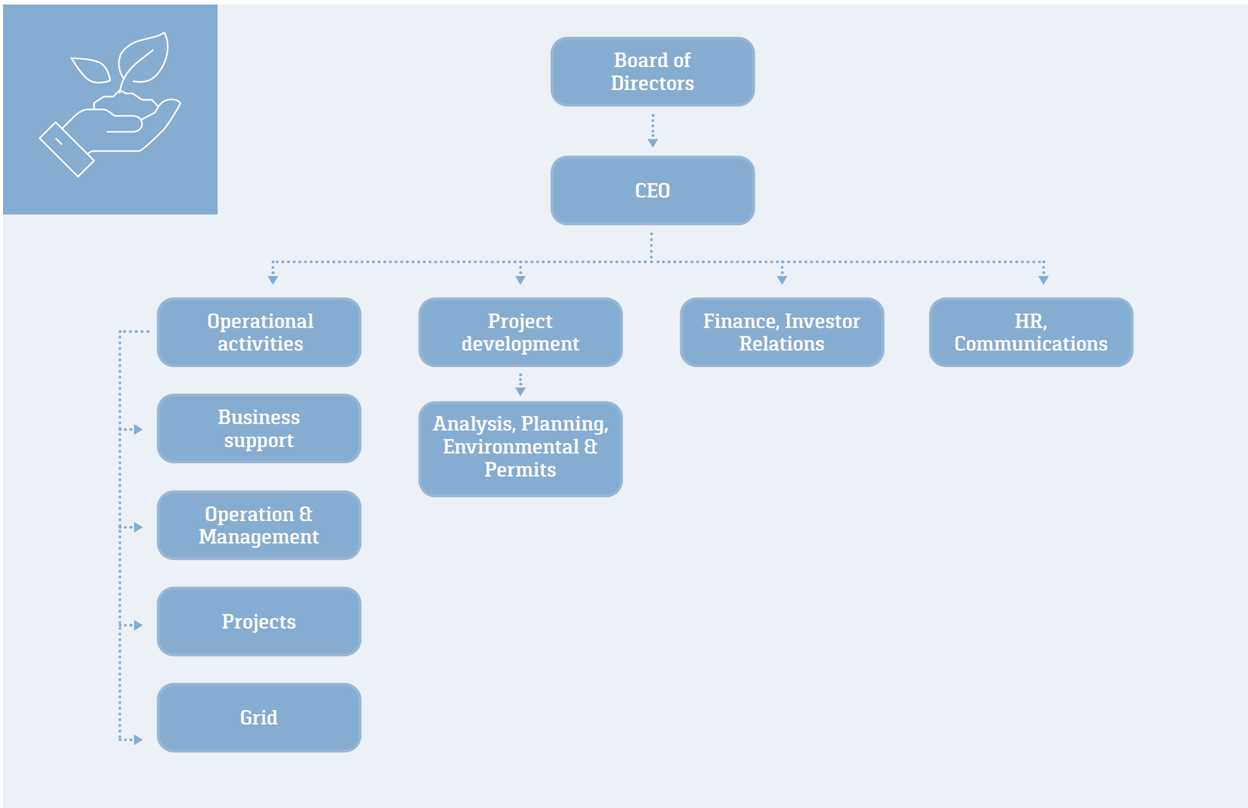
OFFICE ENVIRONMENTS

We work continuously with sustainability issues in our day-to-day office environment and sorting at the source of office paper, batteries, plastic, glass, etc., is working well. We also try to reuse or dispose of old or used equipment as far as possible.

IT security requires a major focus and consequently we monitor our IT systems continuously. The staff are also kept up-to-date with information and courses on IT issues and are informed regularly about the risks of intrusions, etc.

Arise's internal guidelines, procedural rules, instructions, guidelines and manuals to guide our employees are made available under the staff portal. New employees are always provided with information about our guidelines and given the staff manual, etc., at the start of their employment.

OUR ORGANISATION



Environment and climate-smart solutions

"With our climate-smart solutions, we create renewable energy for a sustainable future."

ENVIRONMENTAL RESPONSIBILITY

We develop renewable energy for a sustainable future. Our entire business and our focus is on delivering sustainable energy solutions in the work to achieve the 100% renewable energy target. Our most important contribution for the environment is to work with and develop projects in this area.

Arise currently has an attractive project portfolio of more than 1,300 MW in Sweden, Norway and Scotland, and we work continuously to identify interesting new projects. Our customers are often global financial institutions, who are working to generate returns for people's pension savings and to contribute to a reduction in climate-changing emissions.

In last year's Sustainability report, we were able to tell you that we had started a project to investigate a potential extension of the lifetimes of the turbines in our wholly-owned wind farms in order to be able to produce even more energy from the same facility. The result of this work is that the expected economic lifetime of these wind farms will increase from 25 to roughly 30 years, which is very positive from an environmental and sustainability perspective.

NEW AND COMMISSIONED PROJECTS

Even if new and commissioned wind farms provide a positive injection of renewable energy, there is no form of energy that does not in some way affect its surroundings. In ongoing construction projects, along with our suppliers and contractors, we always strive to make as little impact as possible in the areas where we establish wind farms.

Construction in a forest environment requires the supply of electricity to be both resource-efficient and cost-effective. In a number of previous projects, we have been able to solve this with, for example, fixed electricity connections to the local grid. In our ongoing construction project in Skaftåsen, our contractor Svevia has managed to get a fixed power line to its site, which has meant a significant reduction in terms of both costs and CO_2 emissions. Offices and parking areas for caravans, camper vans, etc., are connected, and wells have been dug for water and a sewer system has been excavated. This system will then be taken over in full by the turbine supplier Siemens Gamesa. About half of the foundations in the wind farm are anchored in bedrock, which means that we reduce the amount of concrete by about 5,300 cubic metres and emissions by about 2,500 tonnes in total.

In Bröcklingberget, which was commissioned in the first quarter of 2020, we also used a foundation anchored in rock, which meant that we could reduce the total amount of concrete by a total of about 4,250 m^3 in the wind farm, thereby reducing emissions by about 1,500–2,000 tonnes in total.

During the construction of the farm, existing premises were also used for office spaces and most of the materials for roads and the crane pads could be taken from the area. This meant a considerable reduction in the transport of road materials.

The activities involved in the planning of new wind farms and the operation of commissioned wind farms are controlled to a very high degree by current legislation and permit conditions. The environmental permit conditions governing the location of the wind turbines, flickering shadows, and noise, as well as the impact on wildlife, natural values, the cultural environment and archaeology, are key in this work. How we comply with these conditions is presented in the section "Conditions for locating wind turbines" on page 30.

This year too, Arise participated as a judge in the Swedish Energy Agency's project SamspEL where you can apply for funding for projects that aim to develop solutions and knowledge for the future of the solar power, wind power and electricity grids for sustainable climate adaptation.

We also participated in a number of research programmes on the effect of wind power on people, nature and the environment such as Vindval and VindEl, programmes which aim to contribute to the transition towards a sustainable and renewable energy system through research on and the development of technologies, systems, methods and issues related to wind power.

TRAVEL, ETC.

Many of our employees are spread out across the country. In addition to our head office in Halmstad and office in Stockholm, we opened a small office in Östersund in 2019 and in early 2020 we established an office in Sundsvall. During ongoing construction projects, we set up temporary offices close to the project.

As a result of the pandemic, business travel was significantly lower than normal in 2020, and during some periods virtually non-existent. In many cases, both internal and external meetings have been conducted online.

CO_2 emissions in tonnes from business trips

Mode of transport	2020	2019
Car	17.8	21.2
Flights	7.8	24.0
Total	**25.6**	**45.2**

For the CO_2 emissions we were involved in during the year, we have decided to climate compensate through a Gold Standard project, certified for climate compensation.

With regard to vehicles in the company, both company cars and vehicles in our projects, we recommend that the fleet should be made up of environmentally friendly alternatives. During the year, the company fleet has been expanded with four electric cars and one hybrid car.

ELECTRICITY CONSUMPTION

Arise has no own production activity other than the production of renewable energy. In terms of CO_2 emissions from our own wind farms, this amounts to about 4.62 grams/kWh. This refers to our own consumption in the wind farms to keep control systems, lubrication pumps, obstruction lights, etc., up and running at certain times.

Other electricity consumption for the company consists of the electricity consumed in our offices, where we use green electricity.

Conditions for locating wind turbines

	Impact from wind farms	What do we do?	Results
	Noise	Noise measurements in wind farms	Verify that we are not exceeding the limit values
	Flickering shadows	Estimates of the effects of flickering shadows	Where necessary, the turbines are equipped with flickering shadows mitigation
	Landscape profile	Planning the location of wind farms	Sensitive areas are avoided
	Wildlife and nature	Inventories of birds, bats and natural values	Thorough planning to minimise disturbances of wildlife and nature
	Cultural environment and archaeology	Archaeological inventories	Minimisation of the impact on ancient remains

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

To the General Shareholders' Meeting of Arise AB (publ), Corporate Identity Number 5562746726

Engagement and responsibility

The Board of Directors is responsible for the Sustainability Report for 2020 on pages 20–30 and that it has been prepared in accordance with the Swedish Annual Accounts Act.

The scope of the audit

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

Opinion

A statutory sustainability report has been prepared.

Malmö, 26 March 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant

Directors' Report

The Board of Directors and the CEO of Arise AB (publ), Corporate Identity Number 556274-6726, hereby present the Annual Report and consolidated financial statements for the 1 January – 31 December 2020 financial year.

GROUP

Operations

Arise AB is the Parent Company of the Arise Group, which develops, constructs and sells projects for renewable electricity production, and manages them. In addition, the Group mainly includes a number of wholly owned subsidiaries usually named "Arise Wind Farm" followed by a number. These companies own and manage Arise's operational wind farms, details of which are provided on page 103. Arise Elnät AB, Arise Kran AB, Kölvallen Vind AB and a number of Arise Wind HoldCo companies were established previously. Arise Kran AB will be discontinued over time since business activities are no longer conducted in this 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 to external investors, project management of new projects, managing internal and external projects (technically and financially) and managing the Group's electricity trading activities, electricity certificates and guarantees of origin. The Parent Company manages the Group's production plans and electricity hedges in accordance with the adopted financial policy.

Arise Elnät AB is fully devoted to consulting on grid-related issues with responsibility for electrical contracts relating to the Group's wind power expansion. This responsibility includes the management of applications for licences to build transmission networks used to transmit electricity produced in the wind farms to the overlying electricity grid.

All of the Group's operations are conducted in Sweden. Arise's vision of the future is available on pages 6–15.

Events in brief

Arise repurchased bonds for a nominal MSEK 150 during the first quarter. This repurchase relates to the company's secured bonds with an outstanding nominal amount of MSEK 650 (ISIN: SE0010920900). The average repurchase price for the bonds corresponds to 98.2% of the bonds' nominal amount, meaning just over MSEK 147. The purpose of the repurchase was to reduce gross debt and improve Arise's net interest expenses. Furthermore, construction of the Enviksberget project, which was sold to BlackRock in 2018, was completed.

The world was impacted by the corona crisis in March 2020. Most of the company's employees worked from home during certain periods and we can conclude that our IT systems are well-adapted to handle this situation. The company's production of electricity was unchanged but electricity prices were negatively affected to some extent by the crisis. The management business is largely performed digitally and is continuing without any changes. However, the situation required more communication with customers. Construction of sold wind farms progressed according to plan during the year, although the company is continuously following developments and delays cannot be ruled out when large deliveries of components start. The company's development portfolio was successfully expanded, despite the crisis. However, a return to normal work conditions would be positive.

In the second quarter, the final purchase consideration for the acquisition of the Lebo project of about 30 MW was paid and Kölvallen was granted an environmental permit in the court of first instance, which was appealed.

In the third quarter, according to an in-depth technical analysis performed by a third party, the expected economic lifetime for the company's own wind farms was increased from an average of 25 years to approximately 30 years. This resulted in about a MSEK 10 decrease in depreciation annually, starting in August 2020. Construction of the Bröcklingberget project, which was sold to re:cap in 2018, was also completed. A five-year full-service agreement was signed with WP Green Service GmbH for the company's three GE wind farms, comprising 21 turbines in total. The agreement came into force on 1 January, 2021 and means that WP Green Service GmbH takes full responsibility for all components while running costs are reduced and a high level of availability continues to be guaranteed.

In the fourth quarter, 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. A one-off charge of MSEK 32 arose in connection with the refinancing.

In the fourth quarter, the sale of the Ranasjö and Salsjöhöjden projects was postponed due to project-specific factors. At the beginning of 2021, an application was submitted to prolong the start date for Salsjöhöjden and the company is of the opinion that it has strong grounds for being granted this extension. The ambition is to sell the projects in 2021 instead.

In 2020, construction of the Skaftåsen project continued according to plan and a total of MSEK 65 of the company's outstanding convertibles were converted into new ordinary shares in the company.

Net sales and results

Net sales attributable to the production of electricity in the Own wind power operations segment consist of income for sold electricity, sold and earned electricity certificates and guarantees of origin for actual electricity produced. Net sales also include sales proceeds from sold projects, which are recognised gross in net sales and management income.

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. The corresponding reported operating profit/loss amounted to MSEK 33 (–56) and MSEK –37 (–131), 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. The reported loss for 2020 included non-recurring items of MSEK –32 related to refinancing. Since the SEK strengthened against the EUR during the fourth quarter and the new loan is in EUR, a currency effect also arose on loans in foreign currency of MSEK 14, which impacted comparability.

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 year.

Cash flow and investments

Cash flow from operating activities before changes in working capital was MSEK 27 (198). Changes in working capital were MSEK 38 (129), driven by the receipt of payments for sold projects and the accumulation of working capital in ongoing projects. Accordingly, the total operating cash flow was MSEK 65 (327). Net cash flow from investing activities was MSEK –34 (12), including a purchase consideration for the Lebo project. Cash flow after investments therefore amounted to 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 MSEK 10 (–19), after which cash flow for the year was 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 year, 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).

Taxes

Since Arise has only Swedish subsidiaries, tax has been calculated according to the Swedish tax rate of 21.4 %. Given the Group's loss carry-forwards and amortisation/depreciation capacity, no corporate tax is expected to be recognised as paid in the next few years.

Employees

The average number of employees in the Group for the year totalled 30 (27). The total number of employees at year-end was 31 (28). Additional information about the number of employees and salaries, remuneration and employment conditions is provided in Note 4 of the consolidated financial statements.

PARENT COMPANY

The Parent Company manages the Group's production plans and electricity hedges in accordance with the adopted financial policy. These intra-Group trading activities were recognised on a gross basis in the income statement. The electricity-generating subsidiaries sell their electricity production directly to counterparties in the market at spot price.

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 also Note 5, which led to a net loss after tax of MSEK –45 (–232). The Parent Company's net investments amounted to MSEK -32 (45).

ENVIRONMENTAL IMPACT

The Group's core business is to develop, construct, sell and manage projects that produce renewable electricity without releasing CO_2, dust or other emissions into the air, water or ground. The operations also include own production of renewable electricity. Building and construction work, in conjunction with building new wind turbines and related electrical systems, comply with the regulations for such operations.

The Group's handling of oils, chemicals and fuels is limited to oils used for lubricating the mechanical parts of the wind turbines and for necessary usage by external contractors for ground and construction work, and also to fuel needed by suppliers and for the vehicles owned by the Group. The operations of the wind farms result in a direct impact on the environment in the form of noise, shadows and changes to the landscape.

Sustainability Report

In accordance with Chapter 6, Section 11, of the Swedish Annual Accounts Act, Arise AB (publ) has chosen to prepare a Sustainability Report as a report separate from the Annual Report. The Sustainability Report is available on pages 20–30 in this printed document. The scope of content in Arise's Sustainability Report is based on the global targets, where our operations can contribute towards several of the goals. However, we see Goals 7 and 13 as our main contributions since our core business consists of creating renewable and sustainable energy.

Legal requirements

In owning and operating wind turbines and electrical plants, the Group is required to hold all the necessary permits and also provide the necessary notifications according to the Swedish Environmental Code. The Group has all of the permits required to conduct the current operations.

RISKS AND UNCERTAINTIES

Arise classifies risks as external risks (political, economic cycle, environmental and competition risks), financial risks (energy price, certificate price, currency, interest rate, financing, capital, liquidity and credit risks) and operational risks (operations, operating expenses, contracts, disputes, insurance and other risk management).

External risks

Arise believes there will be demand for electricity produced from renewable sources for the foreseeable future. The EU's ambitious climate targets are to cut greenhouse gas emissions by 55 % by 2030 and be carbon neutral by 2050. In Sweden, electricity certificates have almost played out their role since the price is almost zero and no allotments to new projects are expected to be made from 1 January 2022.

The price of electricity can be affected by a number of factors ranging from economic climate, price of raw materials and CO_2 prices to the structural supply and demand scenario. These factors could also influence opportunities for accessing equity and raising debt.

Arise's income depends on the prices of electricity and to a certain extent electricity certificates and guarantees of origin as well as the amount of electricity generated by the installed wind turbines which, in turn, is dependent on the wind speed during the period in question at the locations concerned, and the availability of the wind turbines. Wind speed varies between seasons and also between individual years. The risk of fluctuation in production volumes is reduced by establishing the company's own production in various geographical locations. Unfavourable weather conditions and climate change may, however, have a negative impact on electricity production which, in turn, would affect the company's earnings. Furthermore, Arise is dependent on income from divesting operational and construction-ready projects to external investors. Through its comprehensive project portfolio and its platform for construction and asset management, Arise is, in terms of its competitive advantages, one of few players in the market able to provide landowners and investors with a complete concept for wind farm construction, including project rights, grid connections and large-scale procurement of turbines. An industrial perspective, combined with the company's own control over the expansion of the operations, are some of the most important prerequisites for the Group's future competitiveness.

Financial risks

Energy price risk arises due to fluctuations in the price of electricity quoted on the Nord Pool marketplace. The Group manages this risk by hedging a certain portion of planned production. Electricity certificate price risks were managed in a similar manner. Future price trends remain uncertain and any decline in the price of electricity could be an indication of the risk of a reduction in value of existing investments.

Currency risk in the Group primarily arises when selling electricity and selling projects, both usually priced in EUR. This risk is managed by hedging the EUR exchange rate to a certain extent using futures. In addition, borrowing takes place in foreign currency if it is deemed that the underlying value of the assets borrowed against is essentially set in such a foreign currency. Such exposure is not normally hedged. Interest rate risk arises when the Group raises loans and has been managed by fixing the interest rates of most loans raised through swap agreements.

Liquidity risk refers to the risk that Arise will be unable to meet its payment obligations as a result of insufficient liquidity, difficulties in meeting its financial commitments in credit agreements or limited opportunities for raising new loans.

Arise is to maintain financial preparedness by holding a liquidity reserve, comprising cash and cash equivalents and unutilised lines of credit, as sufficient at that time.

For more information, see Note 10 in the consolidated financial statements.

Operational risks

The risk of significant consequences from a complete shutdown of all of the company's wind turbines, as a result of simultaneous technical failures, is deemed to be low. This is partly due to the geographical diversity of the farms, and to the fact that different manufacturers have been used. The company has implemented a complete maintenance system for all wind turbines including, for example, qualified vibration measurement in all key components of each turbine, complete component registration and systems for logging errors and corrective measures in the turbines. In addition, full-service agreements with external suppliers have been signed. The Group's insurance cover also includes business interruption insurance, liability insurance, product insurance, wealth insurance and limited coverage for environmental damage.

In Arise's opinion, there are no disputes with a potentially significant impact on the Group's financial position. Arise also believes that operational risks are reduced by the size of the Group and the composition of Group management, which comprises employees with insight into, as well as continuous and close contact with, the operations.

THE WORK OF THE BOARD/ CORPORATE GOVERNANCE REPORT

Information regarding corporate governance and the work undertaken by the Board during the year is provided in the Corporate Governance Report on pages 92–95. This report and other information regarding corporate governance at Arise are available on Arise's website, *www.arise.se*.

The Articles of Association do not include any provisions regarding the appointment or dismissal of Board members or regarding amendments to the Articles of Association.

DISCLOSURE REGARDING THE COMPANY'S SHARES

Total number of shares, votes, dividends and new shares

On 31 December 2020, a total of 36,497,916 shares were issued. Shareholders have the right to vote for all the shares they own or represent. All shares entitle the holder to equal dividends.

The company holds 54,194 treasury shares with a quotient value of SEK 0.08 per share, at remuneration of SEK 27.56 per share.

In March 2017, convertibles of approximately MSEK 245 were issued. Each convertible has a nominal amount of SEK 22 and can be converted into an ordinary share at a conversion price per ordinary share of SEK 22. Conversion can take place at any time during the term up until 28 February 2022. At full conversion, the number of shares in the company will increase to 44,552,695, corresponding to a dilution of about 25%. Convertibles totalling MSEK 65 were converted to 2,952,346 new ordinary shares in 2020, and convertibles totalling MSEK 13 were converted to 596,314 new ordinary shares in the first quarter of 2021.

Authorisation

The Annual General Meeting held on 6 May 2020 resolved to authorise the Board, for the period until the next Annual General Meeting, to resolve on issues of ordinary shares, preference shares and convertibles, repurchases of the

company's treasury shares and transfers of such shares. There are no restrictions regarding the transfer of shares stipulated in the Articles of Association or applicable legislation. Furthermore, the company is not aware of any agreements between shareholders that would restrict the transfer of shares.

Shareholders

Information on the company's shareholders is provided on page 96. The company has two shareholders with a direct or indirect participation representing more than 10% of the votes, which are Johan Claesson with companies and Alto-Cumulus Asset Management.

AGREEMENTS WITH CLAUSES CONCERNING CHANGES IN OWNERSHIP

With a change in ownership entailing a "change of control" or if Arise is de-listed from Nasdaq Stockholm, a clause in the company's convertible loans and loan agreements applies, under which the convertible holder has the right to have the principal loan amount repaid and the bank has the right to call for the repayment of loans including accrued interest.

Except for these agreements, the Group has no other material agreements that could be terminated on the basis of changes in ownership. There are no agreements between the company and members of the Board or employees regulating remuneration if such individuals terminate their employment, are dismissed without a valid reason or if their employment or contract ceases as a result of a public takeover bid.

CODE OF CONDUCT

Arise places great importance on conducting its business activities based on sound legal and business ethics. The company's Code of Conduct highlights the principles governing the Group's relationships with its employees, business partners and other stakeholders. The Code of Conduct applies to both employees and the Board of Directors. The Group's suppliers and partners are also expected to respect our Code of Conduct for suppliers and undertake to work proactively to meet these demands in both their own operations and in the supply chain.

The Code of Conduct stipulates that bribes are not allowed, that the company is to be restrictive in terms of giving/receiving gifts and that all business transactions are to be clearly stated in the company's financial statements, which are to be prepared in accordance with generally accepted accounting policies in an honest, relevant and comprehensible manner.

Arise takes a neutral position regarding party political issues. Neither the Group's name nor its assets may be used for the promotion of political parties or in the interests of political candidates.

The Code of Conduct also governs the company's work towards a sustainable society, stipulating that the Group's products and processes are to be designed in a manner effectively utilising energy and resources, as well as minimising waste and residual products over the product's useful lifetime. Arise recruits and treats its employees in a manner that ensures there is no discrimination on the basis of gender, ethnicity, religion, age, disability, sexual orientation, nationality, political belief, origin, etc. The Group encourages diversity on all levels. Neither child labour nor work under duress or threats is tolerated. Freedom of association and the right to collective bargaining and agreements are respected.

GUIDELINES REGARDING REMUNERATION OF SENIOR EXECUTIVES

These guidelines encompass salaries and other employment conditions for the members of Group management of Arise AB (publ) ("Arise"), including the CEO, referred to below as "senior executives." The guidelines also include any remuneration of Board members for work performed, in addition to Directors' fees.

The guidelines are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the company's 2021 AGM. These guidelines do not apply to any remuneration resolved or approved by the AGM, such as, directors' fees and share-based incentive programmes.

Basic principles

Arise is one of Sweden's leading independent companies in renewable energy with broad experience of project development and management. In short, Arise's business strategy is to develop, construct and sell electricity production and manage it. Arise manages the entire value chain – from exploration and permitting, to financing, construction, divestment and long-term management of renewable electricity production.

A prerequisite for the successful implementation of Arise's business strategy and safeguarding of its long-term interests, including its sustainability, is that Arise is able to recruit and retain highly skilled senior executives with the capacity to achieve established targets. To this end, it is necessary that Arise offers competitive remuneration, as enabled by these guidelines.

The remuneration shall be on market and competitive terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. The level of remuneration for each individual executive will be based on such factors as work duties, expertise, experience, position and performance. The AGM may also – regardless of these guidelines – adopt remuneration based on, for example, share and share-price-related incentive schemes.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Fixed salary

Senior executives are to be offered a fixed, market-based annual salary, based on the individual's responsibilities, skills and performance. The fixed salary is to be determined on a calendar year basis, with a salary review to take place on 1 January each year.

Variable cash remuneration

In addition to fixed salary, each senior executive may, from time to time, be offered variable cash remuneration. Such variable cash remuneration is to be specified in the employment contract for each executive. Variable cash remuneration covered by these guidelines shall aim at promoting Arise's business strategy and long-term interests, including its sustainability.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one year. Performance over a longer period of time may also be considered in the assessment. The annual variable cash remuneration may amount to a maximum of 100 % of fixed annual salary. Variable cash remuneration shall not qualify for pension benefits, unless subject to mandatory collective agreement provisions.

The variable cash remuneration shall be linked to one or more predetermined and measurable criteria which can be financial, such as adjusted profit/loss after tax, or non-financial, such as increased growth, competitiveness, successful acquisitions, refinancing, growing human capital or other fulfilment of objectives. Less than 50 % of the variable cash remuneration shall depend on non-financial criteria. The senior executives will advance Arise's business strategy, long-term interests and sustainability by the objectives linking together the senior executives' remuneration with the company's financial and operational development in a clear and measurable manner.

To which extent the criteria for awarding variable cash remuneration has been satisfied shall be evaluated / determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company. The Board of Directors shall have the possibility to reclaim variable remuneration paid on incorrect grounds (claw-back).

The Group's commitments for variable remuneration to the senior executives who may be encompassed by the objectives for variable remuneration calculated for 2021 – provided that all objectives for variable remuneration are fully satisfied – may amount to a maximum of approximately MSEK 8.1 (approx. MSEK 9.5 last year) including any social security contributions. The outcome for 2020, which was subject to objectives for variable remuneration, amounted to MSEK 0.

Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 % of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee. No variable remuneration was paid for such work in 2020.

Each year, the Remuneration Committee and the Board are to evaluate whether share-based incentive programmes are to be proposed to the AGM.

Proposed structure of variable remuneration of senior executives 2021

Senior executives on 31 December 2020 were: Daniel Johansson, Linus Hägg and Per-Erik Eriksson. Each senior executives may receive 100 % of their fixed annual salary in variable remuneration during a financial year. The outcome depends on the company's results for that same year and the extent to which the Remuneration Committee approves allotment as follows:

- Variable remuneration of one monthly salary may be paid if the Development and management segment's earnings before tax and effects of any impairment and/or write-up and variable remuneration exceeds MSEK 20. The segment will be charged interest expenses for the convertible. Such profit before tax includes interest expenses of about MSEK 10 on an annual basis at the start of 2021.
- Variable remuneration is paid straight line from profit of MSEK 20 up to MSEK 100 in the Development and management segment in relation to the minimum variable remuneration (1 monthly salary) and maximal

variable remuneration (12 monthly salaries). The CEO is to present proposals on the distribution of such extra scope, meaning amounts corresponding to a maximum of 11 monthly salaries for the senior executives. Payment takes place in accordance with the decision of the Remuneration Committee, which is entitled to decide on a different distribution than that proposed. In its decision, the Remuneration Committee should consider, for example, earnings, development and performance during the year. If there are special reasons, the Remuneration Committee is entitled to withhold a portion of this extra scope, which is thus not paid out.

- The maximum costs for variable remuneration of senior executives may, according to the proposal above, amount to about approximately MSEK 8.1.
- The variable remuneration according to the above requires the approval of the AGM in May 2021.

A condition for the payment of variable remuneration is that the executive has been employed for at least three months during the financial year and that the executive is employed at the company at the end of the year. If employment ends because the company terminates the executive's employment due to gross negligence or misconduct, the employee – regardless of when employment is terminated during the year – has no right to receive variable remuneration for and during the year in which employment is terminated. If the executive has been employed for more than three months but less than 12 months during a financial year, the variable remuneration is calculated proportionately based on the time that the executive was employed during the financial year. Periods of employment during any a leave of absence or parental leave do not entitle the executive to receive variable remuneration, unless otherwise agreed in writing.

Pensions

Pension benefits, including health insurance, shall be defined contribution unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. In addition to the pension arrangements agreed upon on the basis of collective agreements or other agreements, senior executives may be entitled to individually arranged pension solutions. Senior executives can sacrifice portions of salaries and variable remuneration in exchange for increased pension savings, provided there is no change in the cost incurred by the company over time. The premiums for defined contribution pension, including health insurance, shall amount to a maximum of 32.5 % of the fixed annual salary.

Other benefits

Other benefits may include, for example, life insurance, medical insurance and company car. Premiums and other costs relating to such benefits may total a maximum of 10 % of the fixed annual salary.

Period of notice and severance pay

Senior executives may be permanent or temporary employees. The period of notice for senior executives may be a maximum of six months if the executive gives notice, and a maximum of 12 months if the company gives notice [1]. No severance pay is paid during the termination period.

Furthermore, remuneration for any non-compete undertakings may be paid in order to compensate for loss of income. The remuneration shall be based on the fixed salary at the time of termination of employment and amount to not more than 60 % of the fixed salary at the time of termination of employment, unless otherwise provided by mandatory collective agreement provisions, and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Salary and employment conditions for employees

In the preparation of the Board's proposal for these remuneration guidelines, salary and employment conditions for employees of Arise have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the Remuneration Committee's and the Board's basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

Consultancy fees to Board members

If a Board member performs work on Arise's behalf in addition to Board work, a market-based consultancy fee shall be paid for such work to the Board member or company controlled by the Board member, on the condition that the services contribute to the implementation of Arise's business strategy and safeguarding Arise's long-term interests, including its sustainability.

Board preparations and decision-making

The Board has established a Remuneration Committee. The Remuneration Committee's tasks including preparing the Board's decision on proposals concerning guidelines for remuneration of senior executives. The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the AGM. The guidelines shall be in force until new guidelines are adopted by the AGM. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company The Remuneration Committee's members are independent in relation to the company and management. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Information on remuneration resolved but not yet due

Other than the commitment to pay ongoing remuneration, such as salaries, pensions and other benefits, there is no previously resolved remuneration to any senior executive that is not yet due. For additional information concerning remuneration of senior executives, see Note 4.

[1)] *It is noted that according to one existing employment contract for one of the current senior executives, a period of notice of 24 months applies if the company gives notice, of which the final 12 months may be settled against other employment.*

EVENTS AFTER BALANCE SHEET DATE

In March 2021, Arise presented a new growth plan for 2025. The plan includes international expansion and investments in large-scale solar power projects in such countries as Poland and the UK. Furthermore, Arise will invite financial partners to invest in platforms for green electricity production. This will maximise Arise's financial returns on its project portfolio through both higher development gains and management income.

Arise will retain minority interests in these platforms but at the same time will create flexibility to both sell entire projects and independently finance entire projects. Our existing holdings in green electricity production provide valuable leverage in this growth plan.

PROPOSED APPROPRIATION OF PROFITS

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

Parent Company	
Accumulated profit/loss from preceding year	-837,456,291
Share premium reserve non-restricted equity	1,434,782,835
Profit/loss for the year	-44,857,644
Total unappropriated earnings, SEK	**552,468,900**

The Board of Directors and the CEO propose to the Annual General Meeting that the available earnings be appropriated as follows:

To be carried forward, SEK	**552,468,900**

For more information regarding the earnings and financial position of the Group and the Parent Company, refer to the income statements, balance sheets, cash flow statements and supplementary notes below.

Consolidated income statement

Amounts to the nearest MSEK	NOTE	2020	2019
Net sales		130	454
Other operating income		0	1
Total income	2	**130**	**454**
Capitalised work on own account	2	6	4
Personnel costs	4	-39	-49
Cost of sold projects	5	–	-59
Other external expenses	5	-65	-132
Profit/loss from associates		–	-273
Operating profit/loss before depreciation (EBITDA)		**33**	**-56**
Depreciation and impairment of property, plant and equipment	9	-70	-76
Operating profit/loss (EBIT)		**-37**	**-131**
Profit/loss from financial items	6	-71	-101
Profit/loss before tax		**-108**	**-233**
Tax on profit/loss for the year	7	0	-2
Profit/loss for the year		**-108**	**-235**
Earnings is attributable in its entirety to Parent Company shareholders.			
Earnings per share (SEK)			
Basic		-3.08	-7.03
Diluted		-3.08	-7.03
Treasury shares held by the company, amounting to 54,194 shares, were not included in the calculation.			
Number of shares at the beginning of the year		33,545,570	33,428,070
Number of shares at year-end		36,497,916	33,545,570

Basic earnings per share are calculated by dividing net profit/loss for the year by the number of shares. The average number of outstanding shares applied in calculating basic earnings per share amounted to 34,967,549 shares (2019: 33,432,626 shares). Convertibles with a nominal value of MSEK 65 were converted in 2020.

Consolidated statement of comprehensive income

Amounts to the nearest MSEK	2020	2019
Profit/loss for the year	**-108**	**-235**
Other comprehensive income		
Items that may be reclassified to the income statement		
Translation differences for period	0	0
Cash flow hedges	63	80
Net investment in foreign currency	–	-36
Share of other comprehensive income in associates, after tax	–	72
Income tax attributable to components of other comprehensive income	-14	-9
Other comprehensive income for the year, net after tax	**49**	**107**
Total comprehensive income for the year	**-58**	**-128**

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

Consolidated balance sheet

Amounts to the nearest MSEK	NOTE	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,199	1,231
Lease assets	9	59	51
Deferred tax assets	7	–	13
Other financial non-current assets	11	17	27
Total non-current assets		**1,276**	**1,322**
Current assets			
Inventories	12	1	8
Accounts receivable	14	2	3
Other current receivables	13	12	17
Derivative assets	10	12	2
Contract assets	15	12	46
Prepaid expenses and accrued income	15	18	32
Cash and cash equivalents		86	365
Total current assets		**142**	**473**
TOTAL ASSETS		**1,418**	**1,795**
EQUITY			
Share capital	16	3	3
Other contributed capital		1,390	1,329
Reserves		11	-39
Retained earnings/accumulatad loss		-701	-595
Total equity		**703**	**698**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	17	552	883
Non-current interest-bearing lease liabilities	17	58	49
Deferred tax	7	1	–
Provisions	18	46	46
Total non-current liabilities		**656**	**977**
Current liabilities			
Current interest-bearing liabilities	17	18	–
Current interest-bearing lease liabilities	17	3	3
Accounts payable		15	10
Derivative liabilities	10	1	48
Other liabilities	10	1	1
Accrued expenses and deferred income	19	21	58
Total current liabilities		**59**	**120**
TOTAL EQUITY AND LIABILITIES		**1,418**	**1,795**

Consolidated cash flow statement

Amounts to the nearest MSEK	NOTE	2020	2019
Operating activities			
Operating profit/loss (EBIT)		-37	-131
Adjustment for non-cash items	8	64	338
Tax paid		0	-9
Cash flow from operating activities before changes in working capital		**27**	**198**
Cash flow from changes in working capital			
Increase (–) / decrease (+) in inventories		8	-1
Increase (–) / decrease (+) in operating receivables		56	98
Increase (+) / decrease (–) in operating liabilities		-26	32
Cash flow from operating activities		**65**	**327**
Investing activities			
Investments in property, plant and equipment		-34	-66
Sales of property, plant and equipment		–	79
Cash flow from investing activities		**-34**	**12**
Financing activities			
Loan repayments		-652	-146
Loans raised		416	–
Repayment of long-term receivables		–	193
Amortisation of lease liabilities		-5	-5
Interest paid and other financing costs		-79	-59
Interest received		4	0
Deposits to/payments from blocked accounts		10	-19
New share issue		–	2
Cash flow from financing activities		**-308**	**-34**
Cash flow for the year		**-277**	**305**
Cash and cash equivalents at beginning of year		365	61
Exchange-rate difference in cash and cash equivalents		-2	-2
Cash and cash equivalents at year-end		86	365
Interest-bearing liabilities at year-end (excl. IFRS 16 lease liabilities)		571	883
Blocked cash and cash equivalents at year-end		-17	-27
Net debt		**467**	**491**

Refer to Note 1 Accounting policies, which describes the basis for the preparation of the consolidated cash flow statement.

Change in liabilities in financing activities 2020

Amounts to the nearest MSEK	31 DEC 2019	Cash flow	Non-cash items	31 DEC 2020
Bond loans	645	-647	2	–
Bank loans	–	408	-15	393
Convertible loan	238	–	-61	177
IFRS 16 lease liabilities	52	-6	14	61
Total	**935**	**-245**	**-59**	**631**

Change in liabilities in financing activities 2019

Amounts to the nearest MSEK	31 DEC 2018	Cash flow	Non-cash items	31 DEC 2019
Bond loans	638	–	7	645
Bank loans	146	-146	–	–
Convertible loan	236	–	2	238
IFRS 16 lease liabilities	–	-5	57	52
Total	**1,020**	**-151**	**67**	**935**

Group equity

Amounts to the nearest MSEK	Share capital	Other contributed capital	Reserves	Retained earnings/accumulated deficit	Total equity
Opening balance on 1 Jan 2019	**3**	**1,327**	**-146**	**-360**	**824**
Profit/loss for the year				-235	-235
Other comprehensive income for the year			107		107
Total comprehensive income	**3**	**1,327**	**–39**	**–595**	**696**
Transactions with shareholders in their capacity as owners					
New share issue	0	2			2
Total transactions with shareholders	**0**	**2**	**–**	**–**	**2**
Closing balance on 31 Dec 2019	**3**	**1,329**	**-39**	**-595**	**698**
Opening balance on 1 Jan 2020	**3**	**1,329**	**-39**	**-595**	**698**
Profit/loss for the year				-108	-108
Other comprehensive income for the year			49		49
Total comprehensive income	**3**	**1,329**	**11**	**-703**	**639**
Transactions with shareholders in their capacity as owners					
New share issue/conversion of convertibles	0	61		2	63
Closing balance on 31 Dec 2020	**3**	**1,390**	**11**	**-701**	**703**

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 of average capital employed.

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

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

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

Equity per share after dilution
Equity adjusted by 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 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.

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

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

Capital employed
Equity plus net debt.

General information about key ratios
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 report have been rounded while calculations have been made without rounding. Hence, it may appear that certain tables and figures do not add up correctly.

Notes to the consolidated financial statements

NOTE 1 • ACCOUNTING POLICIES

ACCOUNTING POLICIES FOR THE GROUP

1. General information

Arise AB (publ), Corporate Identity Number 556274–6726, is a limited liability company registered in Sweden, and its shares are listed on Nasdaq Stockholm. The company's registered office is located in Halmstad. The company's and its subsidiaries' primary operations are described in the Directors' Report in this Annual Report. The consolidated financial statements for the financial year ending on 31 December 2020 were approved by the Board of Directors on 26 March 2021, and will be presented to the Annual General Meeting for adoption on 5 May 2021.

2. Summary of important accounting policies

The most important accounting policies applied in the preparation of these consolidated financial statements are presented below. These policies have been applied consistently for all years presented in the accounts, unless otherwise stated.

Basis of preparation of the financial statements

The consolidated financial statements for Arise AB were prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's RFR 1 Supplementary Accounting Rules for Groups, as well as *International Financial Reporting Standards* (IFRS) and the interpretations of the *IFRS Interpretations Committee* (IFRS IC) as adopted by the EU.

The preparation of financial statements in accordance with IFRS requires the application of various important estimates and assumptions for accounting purposes. Management is also required to make assessments regarding the application of the Group's accounting policies. The areas that involve a high degree of assessment, which are complex, or in which estimates and assumptions are of material importance for the consolidated financial statements, are described in Note 1, Point 3.

The Group's presentation currency and the Parent Company's functional currency is the Swedish krona (SEK). Unless otherwise stated, all amounts are stated in millions of SEK (MSEK). In the consolidated financial statements, items have been measured at cost, adjusted for amortisation/depreciation and impairment, with the exception of certain financial instruments, which have been measured at fair value. The applied accounting policies deemed significant to the Group are described below.

New and amended standards applied by the Group 2020

None of the IFRS or IFRIC interpretations that entered into force during the year are expected to have any material effect on the consolidated financial statements.

New standards and interpretations not yet applied by the Group

None of the other IFRS or IFRIC interpretations yet to enter into force are expected to have any material effect on the consolidated financial statements.

Consolidated financial statements

Subsidiaries

Subsidiaries are all companies in which the Group exercises control. Control is deemed to exist when the Group is exposed to or is entitled to variable returns on the basis of its holding in the company and is able to impact this return through its influence in the company. Subsidiaries are included in the consolidated financial statements from the date on which control is transferred to the Group and are excluded from the financial statements from the date on which control is relinquished.

Subsidiaries are reported in accordance with the acquisition method. The acquired identifiable assets, liabilities and contingent liabilities are measured at fair value as of the acquisition date. Any surplus, comprised of the difference between the cost paid for the acquired holding and the sum of the fair values of the acquired identifiable assets and liabilities, is recognised as goodwill. If the cost is less than the fair value of the acquired subsidiary's net assets, the difference is recognised directly in the in the income statement. Acquisition-related costs are expensed as they arise. Intra-Group transactions, balance sheet items and income and expenses from transactions between Group companies are eliminated. Gains and losses arising from intra-Group transactions, recognised as assets, are also eliminated. Accounting policies for subsidiaries have, if appropriate, been changed in order to guarantee consistent application of the Group's policies.

Sales of subsidiaries

When the Group no longer exercises control, any remaining holding in the company is measured at fair value as per the date on which control is relinquished. The change in the carrying amount is recognised in the income statement. The fair value is utilised as the initial carrying amount and forms the basis for the continued recognition of the remaining holding as an associate, joint venture or financial asset. All amounts related to the divested entity which were previously recognised in other comprehensive income are recognised as if the Group had directly sold the attributable assets or liabilities. This treatment may entail that amounts which were previously recognised in other comprehensive income are reclassified to the income statement.

Segment reporting

An operating segment, which for Arise entails Own wind power operations and Development and management, is part of the Group that conducts business operations from which it generates revenues and incurs costs and for which independent financial information is available. An operating segment's earnings are reported to the chief operating decision maker, who at Arise is the CEO, for more information see Note 3.

Translation of foreign currencies

Functional currency and presentation currency

Items included in the financial statements of the various entities in the Group are valued in the currency used in the economic environment in which the respective companies engage in their main operations (functional currency). The consolidated financial statements are presented in Swedish krona (SEK), which is the functional currency of the Parent Company and the presentation currency of the Group.

Transactions and balance sheet items

Transactions in foreign currencies are translated to the functional currency at the exchange rates applicable on the transaction date or the day on which the items were remeasured. Exchange rate gains and losses arising on payment of such transactions and in the translation of monetary assets and liabilities in foreign currency at the closing rate are recognised in the income statement. The exception is transactions that are hedges that meet the conditions for hedge accounting of cash flows or net investments for which gains/losses are recognised in other comprehensive income. Exchange rate differences on operating receivables and operating liabilities are recognised in EBIT, while exchange rate differences on financial receivables and liabilities are recognised in net financial items. Realised gains and losses on hedging derivatives are recognised in the income statement items in which the hedged transactions are recognised.

Group companies

The earnings and financial position of all Group companies whose functional currency is different to the presentation currency are translated to the Group's presentation currency as follows:

- assets and liabilities for each of the balance sheets are translated at the closing rate
- income and expenses for each of the income statements are translated at the average exchange rate
- all exchange rate differences that arise are recognised in other comprehensive income.

Revenue recognition

Income is recognised in the income statement when control has been passed to the purchaser. The time when control is passed is based on Arise's opinion of whether the Group's performance obligation will be satisfied at a point in time or over time. Arise's net sales include the sale of generated electricity, earned and sold electricity certificates and guarantees of origin, as well as gains and losses from electricity and currency derivatives attributable to the hedged production. Net sales include development income from sold projects and management income. Sales of projects are considered to constitute sales of inventory assets, see Note 2 for more information. Such sales are recognised gross in the consolidated financial statements, whereby the carrying amount of the non-current asset comprises the cost of goods sold, with the corresponding income amount recognised gross as net sales. Capital gains/losses are thus recognised at the corresponding amount as though the company had recognised the profit on the sale at net value. Development income, management income and sales of projects are excluded from calculations of average prices. Other operating income comprises sales of non-current assets and other items, see Note 2.

Income arising from the sale of generated electricity is recognised at a point in time in the period in which delivery took place, at the spot price, forward price or other contracted price. Income relating to electricity certificates is recognised over time at the applicable spot price, forward price or other contracted price for the period in which the electricity certificate is earned, which is the period in which the electricity was produced. Income from electricity, electricity certificates and guarantees of origin is recognised in net sales for the Own wind power operations segment, from the date of commissioning.

Electricity certificates are recognised under inventories in the balance sheet when they are registered in the Swedish Energy Agency's account, and as accrued income for any periods during which they have been earned but not yet registered.

Income from sales of projects is recognised concurrently as the risks inherent to the project are transferred from Arise to the purchaser. For development projects, income and the costs attributable to the project are recognised as revenue and expenses in relation to the degree of completion of the project on the balance sheet date (percentage of completion). Arise estimates the degree of completion of each project by comparing the incurred costs with the estimated total expenses, and by estimating the risk in the remaining stages of the project. Management income is recognised in revenue according to contract in line with the service being delivered.

Current and deferred tax

Tax expense for the period includes current tax calculated on the taxable earnings for the period at applicable tax rates. Current tax expense is adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unutilised loss carry-forwards.

Current tax expense is calculated on the basis of the tax rules that have been decided or decided in practice on the balance sheet date in the countries in which the Parent Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised on all temporary differences arising between the tax value of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is calculated by applying tax rates that have been decided or announced on the balance sheet date and that are expected to apply when the tax asset in question is realised or the deferred tax liability is settled.

Deferred tax assets are recognised to the extent that it is likely that future tax surpluses will be available against which temporary differences can be utilised.

Current and deferred tax is recognised in the income statement, with the exception of tax attributable to items recognised in other comprehensive income or directly in equity. For such items, the tax is also recognised in other comprehensive income or directly in equity.

Deferred tax assets and tax liabilities are offset when there is a legal right of offset for current tax assets and tax liabilities and when the deferred tax assets and liabilities are attributable to taxes levied by a single tax authority and pertain to either the same tax payer or different tax payers, where the intention is to settle balances by making net payments.

Leases

The Group's leases primarily comprise right-of-use assets for wind farms and office premises. Leases are recognised as right-of-use assets with the corresponding lease liability on the day that the leased asset is available for use by the Group. Short-term leases and leases for which the underlying asset is of a low value are exempted.

Each lease payment is divided between repayment of the lease liability and a financial cost. The financial cost is to be distributed over the lease term so that each reporting period is charged with an amount corresponding to the fixed interest rate for the liability recognised in each period.

The lease period is determined as the non-cancellable period together with both periods that are covered by an option to extend the lease if the lessee is reasonably certain to exercise that option, and periods covered by an option to terminate the lease if the lessee is reasonably certain not to exercise that option.

The Group's lease liabilities are recognised at the present value of the Group's future lease payments. The lease payments are discounted using the Group's incremental borrowing rate.

The Group's right-of-use assets are recognised at cost and include the initial present value of the lease liability, adjusted by lease payments paid at or prior to commencement and initial direct costs. Restoration costs are included in the asset if a corresponding provision for restoration costs has been identified. The right-of-use is depreciated straight-line over the shorter of the asset's useful life and the term of the lease.

Property, plant and equipment

Property, plant and equipment are recognised at cost less accumulated depreciation and any impairment. The cost includes expenditure which is directly attributable to the acquisition of the asset, and also includes the transfer of the outcomes of approved cash flow hedges on purchases of property, plant and equipment in foreign currencies from equity. The cost for wind farms also includes, in contrast to the cost for other investments, normal expenses for calibration and commissioning. Interest expenses during the construction and assembly period were included in the cost. All expenses for continuous new investments are capitalised.

In conjunction with the granting of permits for the construction of wind turbines, the Group commits to restore land to its original condition after the end of the turbines' useful life. The estimated expense for this restoration is provided for in the consolidated financial statements.

Subsequent expenditure increases the asset's carrying amount or is recognised as a separate component only when it is likely that the future economic benefits associated with the asset will accrue to the Group, and the cost of the asset can be reliably estimated. All other forms of repair and maintenance are recognised as expenses in the income statement in the period in which they arise.

Land is assumed to have an indefinite useful life and is therefore not depreciated. The value of wind farms is depreciated on a straight-line basis down to a maximum of the asset's estimated residual value and over the asset's expected useful life. The Group applies component depreciation, meaning that the components' estimated useful lives form the basis of straight-line depreciation. The depreciation of wind farms is initiated when taken over from the supplier. For the calculation of depreciation according to plan, the following useful lives are applied:

- Buildings 20 years
- Wind turbines and foundations 10–30 years
- Other equipment 3–5 years

Impairment of non-financial assets

Assets that are depreciated are assessed based on a decline in value whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

Impairment is recognised at the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less selling expenses and its value in use. The value in use comprises the present value of all incoming and outgoing payments attributable to the asset during the period in which it is expected to be utilised in the operations, plus the present value of the net realisable value at the end of the asset's useful life. If the calculated recoverable amount is less than the carrying amount, the asset is impaired to its recoverable amount. When testing for impairment, assets are grouped at the lowest level where there are essentially independent cash flows (cash generating units).

A previous impairment is reversed when a change has occurred in the assumptions applied in determining the asset's recoverable amount when the impairment was undertaken, and when such change implies that the impairment is no longer deemed to be necessary. Reversals of previous impairments are assessed individually and recognised in the income statement.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances, which are measured at amortised cost.

Accounts receivable

Accounts receivable are amounts that are to be paid by customers for goods sold or services provided in the operating activities. Accounts receivable are classified as current assets if payment is expected within one year or earlier. Otherwise they are recognised as non-current assets.

Accounts receivable are initially measured at fair value and, thereafter, at amortised cost, applying the effective interest method, reduced by the Group's credit loss risk reserve ("loss allowance"). The Group assesses future expected credit losses on accounts receivable and recognises a loss allowance for such expected credit losses on every reporting date. For accounts receivable, the Group applies the simplified approach, meaning the loss allowance will correspond to the expected losses over the full lifetime of the accounts receivable. The Group makes use of forward-looking variables for expected credit losses. Expected credit losses are recognised in the Group's EBIT.

Inventories

Inventories are valued at the lower of cost and net realisable value. The net realisable value corresponds to the quoted value on a specific exchange for electricity certificates, or is equivalent to another value, should another form of contract have been concluded. The cost for inventories is calculated by applying the first in, first out method (FIFO).

Financial assets and liabilities

Classification

The Group classifies its financial instruments into the following categories:

- financial assets/liabilities measured at amortised cost
- financial assets/liabilities measured at fair value through other comprehensive income (FVTOCI)
- financial assets/liabilities measured at fair value through profit or loss (FVTPL)
- derivative instruments held for trading or hedging

The Group classifies its financial assets and liabilities depending on the purpose for which the financial asset or liability was acquired. The classification of investments in debt instruments is based on the Group's business model and whether the contractual conditions of the assets' cash flows comprise solely payments of principal and interest (the SPPI test).

Financial assets/liabilities measured at amortised cost

Financial assets measured at amortised cost are financial assets that are not derivatives, that have determined, or determinable, payments and that are not quoted on an active market. Assets held to collect the contractual cash flows and where these cash flows comprise solely payments of principal and interest are measured at amortised cost. These items are included in current assets, with the exception of items maturing later than 12 months after the balance sheet date, which are classified as non-current assets. The Group's assets measured at amortised cost comprise "Blocked accounts," "Accounts receivable," "Other receivables" and "Cash and cash equivalents" in the balance sheet.

Assets in this category are initially measured at fair value and, thereafter, at amortised cost, applying the effective interest method, less any reserve for declines in value.

Derivatives and hedging

Derivative instruments are recognised in the balance sheet on the contract date and are measured at fair value, both upon initial recognition and in subsequent remeasurement. The method for recognising the gain or loss arising in conjunction with remeasurement is dependent on whether the derivative is identified as a hedging instrument and, if this is the case, the nature of the item being hedged. The Group identifies certain derivatives as one of the following:

(a) hedging of fair value regarding a recognised asset or liability, or a binding commitment (fair value hedge), *(b)* hedging of a particular risk associated with a recognised asset or liability, or a transaction which is forecast as highly likely to take place (cash flow hedge), or *(c)* hedging of net investments in foreign currency (hedging of net investments).

Measurement of hedging instruments for electricity prices, currencies and interest rates is based on observable data. For derivative instruments or other financial instruments that meet the requirements for hedge accounting under the method for cash flow hedges or hedge of net investments in a foreign currency, the effective portion of the change in value is recognised in other comprehensive income. For derivatives where hedge accounting is not applied and for derivatives included in a fair value hedge, any changes in value are recognised in the income statement.

Cash flow hedges

In cash flow hedging, changes in value are recognised in other comprehensive income and are recognised separately in specific categories within equity until the hedged item is recognised in the income statement. Any gains or losses on hedging instruments attributable to the effective portion of hedging are recognised in other comprehensive income and are recognised separately in equity under hedge reserve. Any gains or losses attributable to the ineffective portions of hedging are recognised in the income statement, for electricity and currencies in EBIT and for interest derivatives in net financial items. Hedge accounting is discontinued when a hedging instrument expires, is sold or when the hedge no longer meets the criteria for hedge accounting. The amount that has been accumulated in equity remains there until the forecast transaction occurs. If the forecast transaction is no longer expected to occur, that amount in the equity related to the hedge is immediately reclassified to the income statement.

When transactions are made, the Group documents the relationship between the hedging instrument and the hedged item, as well as the Group's objectives for risk management and risk management's strategy regarding hedging. The Group also documents its assessment, both when the hedging is initiated and on an ongoing basis, to determine if the derivatives utilised in hedge transactions are effective in terms of counteracting changes in the fair value of, or cash flows attributable to, the hedged items.

Disclosures on the fair value of various derivative instruments used for hedging purposes can be found in Note 10.

Calculation of fair value of financial instruments

Official market prices on the balance sheet date are applied in determining the fair value of long-term derivatives. The market values of other financial assets and financial liabilities are calculated through generally accepted methods, such as the discounting of future cash flows, on the basis of the listed market rates for each maturity. Amounts are translated to SEK at the quoted exchange rate on the balance sheet date.

Recognition and derecognition from the balance sheet

A financial asset or a financial liability is recognised in the balance sheet when Arise becomes a party to the instrument's contractual terms and conditions. A financial asset is derecognised from the balance sheet when the rights of the agreement are realised, expire or the company loses control over them. A financial liability is derecognised from the balance sheet when the obligations in the agreement are fulfilled or otherwise extinguished. Acquisitions and sales of financial assets are recognised on the transaction date, which is the date on which the company commits to acquire or sell the asset, except for cases in which the company acquires or sells listed securities, in which case settlement accounting is applied.

Impairment

The Group measures future expected credit losses that are related to financial assets measured at amortised cost or measured at fair value with changes in other comprehensive income based on forward-looking information. The Group applies a simplified method for impairment testing of accounts receivable and contract assets in accordance with the rules of IFRS 9. This simplification entails that the loss allowance for expected credit losses is based on the risk of loss for the full lifetime of the receivable and is recognised on initial recognition This method requires that a loss allowance is established for expected losses for the full lifetime of the accounts receivable and the contract assets. To measure expected credit losses, accounts receivable and contract assets have been grouped based on their credit risk characteristics and days past due. The Group makes use of forward-looking variables for expected credit losses.

Offset of financial assets and liabilities

Financial assets and liabilities are offset and recognised in a net amount in the balance sheet when there is a legal right of offset and when the intention is to settle the items at a net amount or to simultaneously realise the asset and settle the liability.

Accounts payable and other liabilities

Accounts payable are obligations to pay for products or services which have been acquired from suppliers in the course of the operations.

Accounts payable and other liabilities are classified as current liabilities if they fall due within one year or earlier. If not, they are recognised as non-current liabilities.

Accounts payable are initially measured at fair value and, thereafter, at amortised cost, applying the effective interest method.

Borrowing and borrowing costs

Liabilities to credit institutions and credit facilities are categorised as "Other interest-bearing liabilities" and are initially measured at fair value, net after transaction costs. Borrowings are, thereafter, recognised at amortised cost, whereby directly attributable expenses, such as arrangement fees, are distributed over the loan's maturity using the effective interest method. Non-current liabilities have an expected maturity longer than one year, while current liabilities have a maturity of one year or less.

The Group capitalised borrowing expenses that were directly attributable to the purchase, construction or production of an asset that took a significant time to finalise for use, as part of the cost of the asset, see Note 9.

Provisions

Provisions for environmental restoration, restructuring costs and legal requirements are recognised when the Group has a legal or informal obligation as a result of events that have occurred, when it is probable that an outflow of resources will be required to settle the obligation, and when the amount has been reliably estimated.

If a number of similar obligations exist, the probability of whether an outflow of resources will be required is assessed for the group of obligations as a whole. A provision is recognised even if the probability that an outflow of resources will be required for an individual item in such a group is deemed to be negligible.

Provisions are measured at the present value of the amount expected to be required to settle the obligation, see Note 18.

Cash flow statement

The consolidated cash flow statement was prepared in accordance with the indirect method. The change in cash in hand for the year is classified as operating, investing and financing activities. The basis for the indirect method is operating profit (EBIT) adjusted by transactions that did not entail inward or outward payments.

Employee benefits

Short-term employee benefits

Employee benefits comprise salaries, holiday pay, paid sick leave, etc., and pensions. Liabilities for salaries and remuneration, including paid sick leave, that are expected to be settled within 12 months from the end of the financial year are recognised as current liabilities at the discounted amount that is expected to be paid when the liabilities are settled.

The expense is recognised in pace with the services being performed by the employees. The liabilities are recognised as an obligation regarding employee benefits in the balance sheet.

Post-employment benefits

With regard to pension commitments, the Group has only defined contribution pension plans which primarily include retirement pension, disability pension and family pension.

Premiums are paid regularly during the year by each Group company to independent legal entities, normally insurance companies. The size of the premium is based on the salary level and, other than pension payments, the Group has no obligation to pay further benefits. The expenses are charged to the Group's profit at the same time as the

benefits are earned, which normally coincides with the time at which the premiums are paid. For information regarding remuneration of senior executives, refer to the Directors' Report on page 38.

Share-based payment

The Group did not have a share-based payment plan on 31 December 2020.

Share capital

Ordinary shares are classified as equity. Transaction costs that can be directly attributed to the issue of new ordinary shares or warrants are recognised, net after tax, in equity, as deductions from the issue proceeds.

Earnings per share

Basic earnings per share is calculated by dividing:

- profit attributable to the Parent Company's shareholders
- using a weighted average number of outstanding ordinary shares during the period, adjusted for the bonus issue element in ordinary shares issued during the year and excluding repurchased shares held as treasury shares by the Parent Company, Note 16

In calculating diluted earnings per share, the amount used in calculating the basic earnings per share is adjusted by to reflect:

- The effect, after tax, of dividends and interest expenses on potential ordinary shares, and
- the weighted average of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3. Significant estimates and assessments

In preparing financial statements in accordance with IFRS and generally accepted accounting policies, estimates and assumptions are made about the future, which affect balance sheet and income statement items. These assessment are based on past experience and the various assumptions that management and the Board regard as reasonable under the prevailing circumstances. In cases in which it is not possible to determine the carrying amounts of assets and liabilities on the basis of information from other sources, the valuations are based on such estimates and assumptions. If other assumptions are made or other conditions arise, the actual outcome may differ from these assessments.

Critical accounting estimates and assumptions

The Group makes estimates and assumptions about the future. The resulting accounting estimates will, by definition, seldom correspond to the actual results. A summary of the estimates and assumptions entailing a considerable risk of significant adjustments in the carrying amounts of assets and liabilities during the forthcoming financial year is presented below:

Impairment testing for property, plant and equipment

The Group has significant values recognised in the balance sheet relating to property, plant and equipment in the form of wind farms and wind power projects. The carrying amounts of these are tested for impairment in accordance with the accounting policies described in this note.

The recoverable amounts of wind farms and wind power projects, which are deemed to comprise cash generating units, have been determined by calculating the value in use for wind farms in operation or expected value in use for the project portfolio. These calculations require the use of estimates of future cash flows and assumptions regarding the required return and choice of discount rate.

Projects in Development and management and Own wind power operations were tested for impairment. The 2020 tests did not indicate any impairment requirement. The tests performed in Development and management were based on whether the projects could be expected to be realised at reasonable conditions in the future. In Own wind power operations, the value in use was calculated at MSEK 1,073 (1,136), excluding restoration costs. The discount rate amounted to 6.75 % (6.75).

The continuing average useful life is estimated at 20 years (16.2) and is consistent with the company's assessment of the total useful life (see below). A normal production year is estimated at 343 GWh and is based on production outcome. The Board's and company management's assumption regarding the future price trend of electricity and electricity certificates is based on observable forward curves for the first five years and thereafter price forecasts produced by external experts. Future price assumptions relating to electricity and electricity certificates and the discount rate are the factors with the most influence in a sensitivity analysis. The price trend is dependent on factors including the trend in prices for certificates, and the general trend in electricity prices, as well as the effect of the Group's price hedging. The discount rate depends on the underlying interest rate levels, risk factors and the availability of financing. Should the price levels of electricity and electricity certificates decline, or should the anticipated future price trend not be realised, while, at the same time, the chosen discount rate remains unchanged, then the estimated value in use will also decrease. This could have a material effect on Arise's earnings and financial position. For more information regarding the company's non-current assets, refer to Note 9.

Valuation of loss carry-forwards

Deferred tax assets attributable to loss carry-forwards recognised in the Group amount to MSEK 1 (2), see Note 7. The carrying amount of these tax assets was assessed on the balance sheet date and it has been deemed likely that these loss carry-forwards will be offset against any surpluses in future taxation. The company did not recognise more deferred tax assets since a large portion of expected future income is tax exempt. According to current tax legislation in Sweden, loss carry-forwards can be utilised indefinitely.

Useful lives of wind turbines

The expected useful life of a wind turbine was changed from 25 to 30 years during the year after an in-depth technical analysis performed by a third party. This analysis formed the basis of the investment calculation.

Restoration costs

In certain projects, there are requirements for the restoration of land after the expiration of the wind turbines. The expenses for dismantling wind turbines and restoring the land around the wind turbines have been estimated at MSEK 46 (46) for operational turbines, for which a provision has been made in the financial statements, see Note 18, and included in the depreciable amount.

NOTE 2 • INCOME

Net sales include the sale of generated electricity, earned and sold electricity certificates, sales of guarantees of origin as well as gains and losses from electricity and currency derivatives attributable to the hedged production. Net sales also include development income from sold projects and management income. Management income is recognised according to contract based on monthly and quarterly invoices. When projects are sold, they are reclassified from non-current assets to current assets. Accordingly, such sales are recognised gross in the consolidated financial statements, with the carrying amount of the non-current asset comprising the cost of goods sold, and the corresponding income amount recognised gross as net sales. Capital gains/losses are thus recognised at the corresponding amount as though the company had recognised the profit on the sale at net value.

	2020	2019
Electricity	72	111
Electricity certificates and guarantees of origin	12	34
Development and management income	46	308
Net sales	**130**	**454**

Income for electricity, electricity certificates and guarantees of origin is recognised in the Own wind power operations segment and income for development and management is recognised in the Development and management segment, see Note 3.

Realised derivatives impacted net sales by MSEK 2 (-22).

Similar to the preceding year, funds managed by re:cap global investors and funds managed by Foresight Group LLP accounted for more than 10 % of development and management income for the period. There were no other customers who accounted for more than 10 % of this income during the year.

Electricity production in Own wind power operations amounted to 354.5 GWh (333.2) for the year. Average income was SEK 204 per MWh (333) for electricity and SEK 33 per MWh (103) for electricity certificates, meaning an average income per produced MWh of SEK 237 (436).

Capitalised work on own account refers to internal work capitalised on the Group's wind power projects.

Contracted future expected income for as yet unfulfilled performance obligations is presented below and is attributable to ongoing development projects on 31 December 2020 that are recognised as contract assets in Note 15.

Projects	2021	2022	TOTAL
Skaftåsen	27.0	–	27.0
	27.0	**–**	**27.0**

NOTE 3 ▪ SEGMENT REPORTING

Accounting policies

An operating segment is part of the company that provides goods and services and that by nature differs from other operating segments. The returns and profitability of an operating segment are monitored by the company's chief operating decision maker, which for Arise is the CEO. Internal prices between the various segments of the Group are determined on the basis of the "arm's length" principle, that is, between parties who are independent, well informed and who have an interest in the transactions being undertaken. Segment income, earnings and assets include directly attributable items and items that can be allocated to segments in a reasonable and reliable manner.

Segment division

The division of segment reporting is based on the Group's products and services, meaning the grouping of operations. The purpose of the Development and management segment is to develop, construct, sell and manage wind farms. Own wind power operations are the Group's wholly owned operational wind farms that are owned in separate subsidiaries. The Unallocated revenue/expenses pertains to the Group's shared expenses.

		Development and management		Own wind power operations		Unallocated rev./expenses		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	Note a	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
Profit/loss from associates		–	–	–	–	–	-273	–	–	–	-273
Operating profit/loss before depr./imp (EBITDA)		**11**	**150**	**39**	**100**	**-18**	**-306**	**0**	**0**	**33**	**-56**
Depreciation		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	Note b	-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**

Similar to the preceding year, funds managed by re:cap global investors and funds managed by Foresight Group LLP accounted for more than 10 % of development and management income for the period. There were no other customers who accounted for more than 10 % of this income during the year.

	Development and management		Own wind power operations		Unallocated rev./expenses		Eliminations		Group	
Amounts to the nearest MSEK	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Note a – Other operating income										
Other items	0	0	0	0	0	0	–	–	0	1
	0	**0**	**0**	**0**	**0**	**0**	**–**	**–**	**0**	**1**
Note b – Net financial items										
Total net financial items	-16	-17	-55	-64	0	-21	–	–	-71	-101
	-16	**-17**	**-55**	**-64**	**0**	**-21**	**–**	**–**	**-71**	**-101**

NOTE 4 • PERSONNEL

Average number of employees	2020			2019		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Parent Company	12	16	28	8	17	25
Subsidiaries	–	2	2	-	2	2
Group total	**12**	**18**	**30**	**8**	**19**	**27**

Salaries and other remuneration	Board and CEO	of which variable remuneration	Other employees	Board and CEO	of which variable remuneration	Other employees
Parent Company	4.0	–	19.9	5.8	2.2	25.6
Subsidiaries	–	–	1.7	-	-	1.6
Group total	**4.0**	**–**	**21.5**	**5.8**	**2.2**	**27.3**

Salaries and other remuneration	Salaries and remuneration	Social security contributions	of which pension costs	Salaries and remuneration	Social security contributions	of which pension costs
Parent Company	23.9	12.8	5.1	31.4	15.1	4.6
Subsidiaries	1.7	1.1	0.5	1.6	1.2	0.5
Group total	**25.6**	**13.9**	**5.5**	**33.1**	**16.3**	**5.1**

2020

Remuneration of the Board of Directors, CEO and senior executives

	Directors' fee	Salary	Variable remuneration	Other benefits	Pension costs
Joachim Gahm, Chairman	0.75				
Maud Olofsson	0.35				
Jon G Brandsar	0.33				
Johan Damne	0.25				
Total remuneration of the Board	**1.68**				
Daniel Johansson, CEO		2.4	–	0.1	0.8
Other senior executives (3 senior executives until 30 Sept then 2 senior executives)		4.7	–	0.2	1.3
Total remuneration of CEO and senior executives		**7.1**	**–**	**0.3**	**2.0**

2019

Remuneration of the Board of Directors, CEO and senior executives

	Directors' fee	Salary	Variable remuneration	Other benefits	Pension costs
Joachim Gahm, Chairman	0.75				
Maud Olofsson	0.35				
Jon G Brandsar	0.33				
Total remuneration of the Board	**1.43**				
Daniel Johansson, CEO		2.2	2.2	0.1	0.7
Other senior executives (3 individuals)		4.9	5.1	0.2	1.3
Total remuneration of CEO and senior executives		**7.1**	**7.2**	**0.3**	**2.0**

Basic salary / Directors' fees

The Chairman and members of the Board are paid a Directors' fee in accordance with the resolution of the Annual General Meeting. Board members who are employees of the Group did not receive any remuneration or benefits other than those relating to their employment. Remuneration of the CEO and other senior executives consists of basic salary, variable remuneration, other benefits and pensions. Until 30 September 2020, senior executives refers to the group of three individuals who, together with the CEO, formed the Group management. After 30 September, senior executives refers to the two individuals who, together with the CEO, formed the Group management.

Variable remuneration

All employees are covered by a common remuneration programme which is linked to the quantitative objectives set out within the Group. This programme has been supplemented with an individual remuneration programme based on individual targets. No variable remuneration was paid in 2020 (preceding year MSEK 10.1). No other payments or remuneration with a dilution effect were made.

Warrants

The Annual General Meeting can decide to introduce a warrant programme for employees. There are currently no new warrant programmes directed to employees.

Other benefits
Other benefits primarily refer to company cars.

Pensions
The retirement age for the CEO and other senior executives is 65. The pension contribution to the CEO is 30% of the pensionable salary and follows the defined contribution plan. Other senior executives also have defined contribution pension plans and, for 2020, the pension premium averaged 28% (27) of the basic salary. Variable remuneration is not pensionable for the CEO or for senior executives. All pensions are vested, meaning that they are not conditional upon future employment.

Financial instruments
See Note 16. There are currently no new warrant programmes directed to employees.

Severance pay
The company and the CEO have a mutual period of notice of 6 months. Notice periods for when employment of other senior executives is terminated by the company are typically between 6 and 24 months. Normal salary is paid during a period of notice. No severance pay is paid to the CEO or other senior executives.

Preparatory work and decision-making process
During the year, the Remuneration Committee provided the Board with recommendations on principles for remuneration of senior executives. The recommendations included the scale of any salary increases and the criteria for evaluation of variable remuneration. The Board discussed the Committee's proposals and made a recommendation on the remuneration policy, which was also adopted by the Annual General Meeting. Remuneration of the CEO for the 2020 financial year was determined by the Board in accordance with the recommendations of the Remuneration Committee, and the remuneration policy adopted by the Annual General Meeting. Remuneration of other senior executives was determined by the CEO after consultation with the Remuneration Committee, within the framework of the remuneration policy.

During the year, the Remuneration Committee included Joachim Gahm, (Chairman), Maud Olofsson and Jon Brandsar. The CEO usually participates in the Committee's meetings, but abstains from matters in which his own salary or other benefits are addressed. The Committee is convened when required, but at least twice a year to prepare proposals on remuneration of management and other matters that are the duty of the Remuneration Committee in accordance with its formal work plan and within the framework of the remuneration policy approved by the AGM. The Committee met on two occasions in 2020.

Gender distribution among senior executives

	2020				2019			
	Women		Men		Women		Men	
	No. of	Percent	No. of	Percent	No. of	Percent	No. of	Percent
Board	1	25%	3	75%	1	33%	2	67%
Group management	0	0%	3	100%	0	0%	4	100%

NOTE 5 • EXTERNAL EXPENSES

Other external expenses	2020	2019
Operating expenses	38	37
Cost of sold projects	–	59
Cost of sold contracts and management	8	75
Other external expenses [1]	18	20
Total	**65**	**192**

[1] Refer to the table below for a specification of auditing fees.

Auditing fees	2020	2019
Öhrlings PricewaterhouseCoopers		
Audit assignment	1.2	1.4
Audit activities not included in the audit assignment	–	0.0
Tax consultancy services	0.5	0.1
Other advisory services	0.0	–
Total	**1.7**	**1.5**

NOTE 6 • PROFIT/LOSS FROM FINANCIAL ITEMS

	2020	2019
Interest income		
Loans and receivables	4	0
Interest expenses		
Loans and receivables	-2	-1
Bond loan and convertible	-76	-58
Other financial items		
IFRS 16 lease liabilities	-2	-2
Exchange rate differences, associates	–	-20
Exchange rate difference EUR loan	14	–
Fair value change in derivatives	-2	-3
Other financial items	-9	-16
Other exchange rate differences	2	-1
Total	**-71**	**-101**

NOTE 7 • TAXES

Tax on profit/loss for the year	2020	2019
Deferred tax	0	-2
Recognised tax	**0**	**-2**

Deferred tax	2020	2019
Attributable to unutilised loss carry-forwards [1]	1	2
Derivatives at fair value	-2	9
Non-current assets	1	2
Other items	0	-1
Total recognised deferred tax	**-1**	**13**

Reconciliation of recognised tax in the Group	2020	2019
Profit/loss before tax	-108	-233
Tax, 21.4%	23	50
Tax effects of: Non-deductible expenses/ non-taxable income	4	-36
Non-deductible interest expenses	-12	-13
Adjusted tax rate due to new tax rules	0	1
Loss carry-forwards for which no tax asset was recognised	-15	-4
Recognised tax, profit/loss for the year	**0**	**-2**

Change in deferred tax	2020	2019
Opening amount, net	13	46
Recognised deferred tax on profit/loss for the year	0	-2
Other items	0	–
Other tax items attributable to associates	–	-22
Tax items recognised directly in other comprehensive income [2]	-14	-9
Closing amount, net	**-1**	**13**

[1] Total loss carry-forwards for the legal entities amounted to MSEK 605 (541). Of this amount, MSEK 215 is blocked from utilisation for new companies in the Group until the 2023 income year. It is expected that MSEK 4 can be used against non-deductible net interest expenses in future years. Since loss carry-forwards do not have any time limits for use according to current legislation, it is possible that these can be utilised in the future but no deferred tax assets have been recognised since it is uncertain if and when they will be used.

[2] Tax items that are recognised directly in other comprehensive income refer to the Group's hedge reserve for interest, electricity and forward contracts.

Change in deferred tax 2020	Attributable to:				
	Loss carry-forward	**Non-current assets**	**Cash flow hedges**	**Other items**	**Total**
Opening amount, net	2	2	9	-1	13
Recognised deferred tax on profit/loss for the year	-2	0	2	1	0
Other tax items	–	–	0	–	0
Tax items recognised directly in other comprehensive income	–	–	-14	–	–14
Closing amount, net	**1**	**1**	**-2**	**0**	**-1**

NOTE 8 • ADDITIONAL DISCLOSURES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise cash and bank balances.

Adjustment for non-cash items	2020	2019
Depreciation and impairment of property, plant and equipment	70	76
Leases, IFRS 16	-6	-6
Items realised in connection with divestment of associate	–	268
Total	**64**	**338**

NOTE 9 • PROPERTY, PLANT AND EQUIPMENT

	Land and buildings [1]		Wind power, foundations and electrical installations		Equipment, tools and fittings		Advances and construction in progress [2]		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Opening cost	57	1	2,167	2,167	9	9	133	161	2,366	2,338
Purchases/investments	14	55	14	16	-	-	20	15	48	87
Sales/disposals	0	-	-	-16	-	-	-64	-44	-64	-60
Reclassifications	-3	-	-	-	-	-	-	-	-3	-
Closing cost	**68**	**57**	**2,181**	**2,167**	**9**	**9**	**88**	**133**	**2,347**	**2,366**
Opening accumulated depreciation and impairment	-4	0	-992	-921	-9	-9	-78	-78	-1,084	-1,008
Depreciation during the year	-4	-4	-65	-71	0	0	-	-	-70	-76
Sales/disposals	0	-	-	-	-	-	64	-	64	-
Reclassifications	1	-	-	-	-	-	-	-	1	-
Closing accumulated depreciation and impairment	**-7**	**-4**	**-1,057**	**-992**	**-9**	**-9**	**-15**	**-78**	**-1,088**	**-1,084**
Closing residual value according to plan	**60**	**52**	**1,124**	**1,175**	**0**	**1**	**74**	**54**	**1,259**	**1,282**

[1] Land and buildings includes land with a carrying amount of MSEK 1 (1). The tax assessment value of the Group's properties totalled MSEK 0 (0), of which MSEK 0 (0) is the tax assessment value of the land. Right-of-use assets included in buildings and land amounted to a carrying amount of MSEK 59 (51) on 31 December 2020. Additional right-of-use assets amounted to MSEK 11 (55) in 2020. Depreciation of right-of-use assets included in buildings and land amounted to MSEK 4 (4) in 2020.

[2] Disposals of previously entirely written-off projects were made in advances and construction in progress in 2020.

Leases

The Group's leases primarily refer to land leaseholds in connection with the construction of wind turbines and rented premises for offices. Right-of-use assets attributable to leases recognised in the consolidated balance sheet are thus attributable in their entirety to the Land and buildings class of asset.

The lease term for leaseholds for land at wind farms is deemed to be the same period of time as the useful life of the wind turbine constructed on the land.

Expenses attributable to leases that are excluded from the balance sheet due to their low value and short-term leases amounted to MSEK 1.0 (0.6) in the consolidated income statement for 2020.

Expenses attributable to variable lease payments not included in the lease liability amounted to MSEK 1 (3) in the consolidated income statement for 2020. Variable lease payments primarily comprise variable lease payments related to leaseholds for land for wind turbines. These are paid at a percentage of the income from electricity production. Assuming future prices of electricity, electricity certificates and guarantees of origin totalling SEK 250–650 per MWh (corresponding to income of about SEK 1.7 billion to SEK 4.4 billion during the useful life), the variable lease payments not included in the lease liability are deemed to amount to between MSEK 0-100 over the useful life.

Total cash flow concerning leases was MSEK 6 (5) in 2020.

NOTE 10 • FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT

The most significant financial risks to which the Group is exposed include energy price risk, currency risk, interest rate risk, financing risk, capital risk and credit risk. The overall goal of the Group's financial risk management is to identify and control the Group's financial risks. Risk management is centralised in the Parent Company's finance function. All financial risks that exist or arise in the Group's subsidiaries are managed by the central finance function.

Electricity price risk

Electricity price risk arises in cases where electricity sales are not hedged and changes in the electricity market will, thus, have a direct impact on the Group's operating profit/loss.

The main aim of the Group's price-hedging strategy is to maximise the company's risk-adjusted income from electricity over time. Depending on the Group's financial risk exposure and associated ability to absorb fluctuations in cash flow, this means that the desired price-hedging level may vary over time.

The price-hedging level is to be adjusted to the financial risk exposure of electricity production and the associated ability to absorb fluctuations in cash flow. The minimum price-hedging level requirement and the number of years are linked to the loan to value ratio of the Group's production assets. There is no requirement for price hedging for loan to value ratios of up to 35 %. However, price hedges can be entered into for a maximum of 70 % of the expected production during a period of a maximum of ten years. For a loan to value ratio of more than 35 %, the price hedging requirement increases exponentially from 10 % to 80 % in the event of a 60 % loan to value ratio. At the same time, the requirement for the minimum price hedging period increases from one year to three years with a maximum period of ten years. The highest price-hedging level in which volume risk exists is 70 %. For volumes above this, only contracts without volume risk may be signed. Price hedges can be made bilaterally by signing physical supply contracts with large electricity users or with players who broker bilateral electricity trading. Price hedges may also take place financially by trading in electricity derivatives on Nasdaq or via banks, brokers or other players brokering financial electricity trading.

As a rule, price hedges take place in the relevant price area so that the price-area risk is limited.

Price hedging through various types of financial derivatives must be performed in a manner meeting the requirements for hedge accounting according to IFRS. Derivatives are recognised at market value in the balance sheet and unrealised changes in value are recognised in the balance sheet and other comprehensive income, and in the hedge reserve in equity. When the hedged position is recognised in the income statement, the result from the derivatives transaction is transferred from equity to the income statement to meet the result from the hedged position.

Regarding issues related to electricity, the Group cooperates with service providers which, in addition to providing assistance on energy trading and other electricity issues, also manages the Group's need for balancing energy. This need arises on occasions in which the actual physical delivery of electricity deviates from the forecasted delivery. The difference, positive or negative, is handled by service providers as "balancing energy". Through the joint storage of electricity with service providers other customers, a lower balancing energy cost is generally achieved than if Arise itself were to handle this.

Electricity certificate price risk

Electricity certificates differ from electricity, primarily because certificates can be saved and stored as inventory. The certificates are recognised in conjunction with the production of the corresponding electricity and are obtained physically from the Swedish Energy Agency in the month following the calendar month in which they are earned. This means that sales must take place at a date later than both the earning date and certificate date. Electricity certificate price risk arises in cases where certificate sales are not hedged and changes in the certificate market will, thus, have a direct impact on the Group's operating profit/loss.

Price hedges of certificates can only be made bilaterally by signing of physical supply contracts with large electricity users.

The supply of electricity certificates is not conducted regularly during the year, which means a "safety stock" of certificates must be created to ensure delivery in accordance with the hedging agreements. Sales can only be made of electricity certificates held beyond this "safety stock."

In the certificates market, prices vary over time and the Group's aim is for certificates to be price-hedged according to the same principles as electricity. The remaining volume which is not hedged can be sold at the variable spot market price on SKM's (Swedish Kraftmäkling) marketplace.

Since certificates can be stored, there is a price risk in respect of the stock certificates that are not hedged and which are continuously sold, known as the "spot stock." The spot stock may not at any time exceed 50 % of the company's expected normal annual production, unless otherwise specifically decided by the Board.

Currency risk

The Group's currency risk exposure arises primarily in conjunction with the sale of electricity on the Nord Pool power market and sales or projects (transaction exposure), and where applicable the purchase of assets in foreign currency and the translation of balance sheet items in foreign currency (translation exposure). These transactions usually take place in EUR. The Group's net currency risk exposure on 31 December 2020 was MEUR 37 (0).

Transaction exposure

Currency exposure takes place since electricity is usually sold in EUR. 75 % of the electricity hedged in EUR is hedged on a quarterly basis for the current year and for a maximum of the next three years. Operating and interest expenses in EUR are to be taken into account insofar as they arise.

Currency exposure also usually arises in connect with project sales. Currency exposure should be hedged in line with the revenue recognition of the projects sold.

The Group uses forward contracts to manage currency risk exposure and applies hedge accounting for contracted future payment flows and the translation of financial assets and liabilities.

Arise's net foreign currency flow is almost exclusively in EUR. Exchange rate differences on operating liabilities attributable to investments are recognised along with the investment in question.

Gains/losses from forward contracts held for hedging purposes are recognised as net sales. Exchange rate differences on financial liabilities and receivables are recognised in net financial items.

Translation exposure

If financial and other operating assets and liabilities denominated in foreign currencies arise, they do so in conjunction with the purchase of assets and are normally hedged using forward contracts. In addition, borrowing takes place in foreign currency if it is deemed that the underlying value of the assets borrowed against is essentially set in such a foreign currency. Such exposure is not normally hedged. Other items are not significant and are not currency-hedged.
The Group strives to reduce its exposure to currency risks in borrowing and, if applicable, lending. Excess liquidity in EUR is continuously sold.

Interest rate risk

Interest rate risk is defined as the risk of a decrease in profit caused by a change in market interest rates. The Group's financial policy provides guidelines for fixed interest rates (terms). The objective of managing interest rate risk is to reduce the negative effects of market interest rate changes.

The Group seeks a balance between cost-effective borrowing and risk exposure to counteract any a negative impact on earnings in the event of a sudden, major change in interest rates. Hedging of interest rate periods occurs through interest rate swaps, which include portions of long-term borrowings, see Note 17.

Sensitivity analysis

A change in any of the variables below has an impact on profit/loss before tax for 2020 (in MSEK) as follows:

Variable	Change	Impact on profit/loss before tax
Production	+/-10%	+/- 6
Electricity price	+/-10%	+/- 7
Electricity certificate price	+/-10%	+/- 1
Interest	+/-1 pp	+/- 5
EUR/SEK	+/-10%	+/-12

Note that the impact on profit/loss before tax is based on the electricity hedges reported by the Group in 2020.

Capital risk

The Group's objective regarding the capital structure is to safeguard the ability to continue operations in order to provide returns for shareholders and value for other stakeholders, and to ensure that the capital structure is optimal with respect to the cost of capital. Examples of measures that the Group can take to adjust the capital structure include the issuance of new shares, the issuance of corporate bonds or the sale of assets. See also information about the dividend policy and the target equity/assets ratio on page 96. The Group's equity/assets ratio adjusted for cash and cash equivalents should amount to at least 40 %. The equity/assets ratio adjusted for cash and cash equivalents entails a reduction in total assets using current cash and cash equivalents. On 31 December 2020, the equity/assets ratio amounted to 49.6 % (38.9) and the adjusted equity/assets ratio was 52.7 % (48.8).

Financing risk

Financing risk is defined as the risk of being unable to meet payment obligations as a result of insufficient liquidity or difficulties in obtaining financing. The Group's goal is to always have more than one lender who is willing to offer financing on market terms. However, the Group is dependent on its ability to refinance outstanding borrowings from time to time. These risks are limited by the company ensuring that, at any point in time, it has sufficiency liquidity preparedness in the form of available cash and cash equivalents and potential overdraft facilities, and through endeavouring to maintain a highly diverse loan maturity profile.

Credit risk

The risk that the Group's customers will be unable to fulfil their commitments, meaning that Group companies do not receive payment for their accounts receivable, is a credit risk. It is the responsibility of the finance function to continuously analyse and asses customer and apply proactive credit control. Large accounts receivable may be hedged through guarantees if deemed necessary by the CFO. Credit risk for financial transactions is the risk that the Group incurs losses as a result of counterparties not paying, with respect to the Group's investments, bank balances or derivative transactions. Surplus liquidity may arise on occasion, and if market conditions allow a certain portion of this liquidity should be invested in order to obtain a higher return. Surplus liquidity may only be invested in assets with a low counterparty risk, approved by the Board. Surplus liquidity may be invested in the following:

- Bank accounts (special savings, business or investment accounts)
- Treasury bills
- Commercial paper if the counterparty has a credit rating of at least A3/A- from Moody's or Standard & Poor's. Investments in complex financial products are not permitted even if they meet the credit rating criteria.

Fair value

In cases in which the fair value differs from the carrying amount, the fair value is disclosed in the associated note. All financial instruments that are measured at fair value belong to Level 2 of the fair value hierarchy. The different levels are defined as follows:

- Quoted (unadjusted) prices in active markets for identical assets or liabilities (Level 1).
- Other observable data for the asset or liability than quoted prices included in Level 1, either directly (that is, as quoted prices) or indirectly (that is, derived from quoted prices) (Level 2).
- Data for the asset or liability which is not based on observable market data (that is, non-observable data) (Level 3).

The fair value of interest rate swaps is calculated as the present value of expected cash flows based on observable yield curves. The fair value of electricity futures is calculated as the present value of expected cash flows based on observable electricity prices. The fair value of currency futures is determined using forward rates on the balance sheet date.

Hedge reserve

The hedge reserve consists of interest, electricity future contracts and forward contracts. According to the financial policy, a certain portion of the Group's transaction exposure must be hedged through hedging of prices and exchange rates in future contracted payment flows using electricity and forward contracts. Contracts have been concluded with maturities matching those of the underlying contracted orders and payment flows. The table below presents the Group's outstanding derivative contracts as of 31 December 2020.

The fair value is calculated on the basis of market-based quotations and generally accepted valuation techniques. Currency futures refer to sales and purchases of EUR for hedging of electricity sales, project sales and purchases of wind turbines. There is a counter-flow in SEK for every position. The change in the ineffective portion associated with cash flow hedges, recognised in the income statement, amounted to MSEK -2 (-3).

Outstanding derivative contracts	2020	2019
Electricity futures	3	-12
Currency futures, SEK/EUR	9	2
Interest rate swaps 1–2 years	–	-1
Interest rate swaps 3–5 years	-1	-35
Outstanding derivative contracts	**12**	**-46**

Netting of derivatives 31 Dec 2020	Assets	Liabilities
Gross amount	15	-3
Nettable amount	-3	3
Net amount	**12**	**-1**

Electricity future contracts

The nominal amount of outstanding electricity future contracts totalled MSEK 21 (-85). The hedged, highly probable forecast transactions of electricity sales are expected to take place at varying points in time in the next three years. Gains and losses from electricity futures, which are recognised in other comprehensive income and are included in equity, are recognised in the income statement in the period, or periods, in which the hedged transaction affects the income statement.

Electricity futures impact the Group's financial position and earnings as follows:

Derivative instruments – Electricity futures	2020	2019
Recognised amount (liability/asset)	3	-12
Nominal amount	21	-85
Maturity date	Jan 2021– Dec 2021	Jan 2020– Dec 2021
Hedge ratio	1:1	1:1
Change in real value of outstanding hedging instrument since 1 January	15	61
Change in value of hedged item to determine effectiveness	-15	-61
Weighted average for forward rates during the year	SEK 10.93: EUR 1	SEK 10.53: EUR 1

Forward contracts

The nominal amount of outstanding forward contracts on the balance sheet date totalled MSEK 121 (107). Gains and losses from forward contracts, which are recognised in other comprehensive income, and which are included in equity, are recognised in the income statement in the period, or periods, in which the hedged transaction affects the income statement.

Forward contracts impact the Group's financial position and earnings as follows:

Derivative instruments – Currency futures	2020	2019
Recognised amount (asset)	9	2
Nominal amount	121	107
Maturity date	Mar 2021–Dec 2023	Mar 2020–Dec 2021
Hedge ratio	1:1	1:1
Change in real value of outstanding hedging instrument since 1 January	8	1
Change in value of hedged item to determine effectiveness	-8	-1
Weighted average for forward rates during the year	SEK 10.50: EUR 1	SEK 10.57: EUR 1

Interest rate swaps

The nominal amount of outstanding interest rate swaps totalled MSEK 357 (513). The fixed interest rate was -0.45 % (1.9 and 2.1). The most important variable interest is Euribor. Gains and losses from interest rate swaps, which are recognised in other comprehensive income and are included in equity, are continuously transferred to financial expenses in the income statement, until the loans have been repaid.

Interest rate swaps impact the Group's financial position and earnings as follows:

Derivative instruments – Interest rate swaps	2020	2019
Recognised amount (liability)	-1	-41
Nominal amount	357	513
Maturity date	Jan 2021–Sep 2023	Jan 2020–Apr 2024
Hedge ratio	1:1	1:1
Change in real value of outstanding hedging instrument since 1 January	40	18
Change in value of hedged item to determine effectiveness	-39	-15
Weighted average for rates during the year	1.65%	2.93%

Hedging table for Own electricity production

PRICE HEDGES AS OF 31 DEC 2020

	2021	2022	2023
Own production, budget, GWh	343	343	343
Hedged electricity production, GWh	35	–	–
Hedged electricity certificate production, GWh	40	–	–
Hedged electricity price, SEK/MWh	*586*	–	–
Hedged electricity certificate price, SEK/MWh	*13*	–	–

Exchange rate applied: SEK/EUR 10.04

CLASSIFICATION OF FINANCIAL INSTRUMENTS

The tables below present the classification of the financial instruments in the balance sheet in 2020 and 2019. The classification of financial instruments complies with IFRS 9. Financial assets and liabilities are categorised according to whether they are measured at amortised cost, at fair value through other comprehensive income, or at fair value through profit or loss.

2020

Assets

	Financial assets measured at amortised cost	Derivative instruments for hedging purchases	Total
Blocked accounts	17	–	17
Current assets			
Accounts receivable	2	–	2
Derivative assets	–	12	12
Other receivables	0	–	0
Cash and cash equivalents	86	–	86
Total current assets	88	12	100
Total assets	**105**	**12**	**117**

Liabilities	Financial liabilities measured at amortised cost	Derivative instruments for hedging purchases	Total
Non-current interest-bearing liabilities	552	–	552
Current liabilities			
Current interest-bearing liabilities	18	–	18
Accounts payable	15	–	15
Derivative liabilities	–	1	1
Other liabilities	1	–	1
Total current liabilities	34	1	35
Total liabilities	**587**	**1**	**587**

2019

Assets

	Financial assets measured at amortised cost	Derivative instruments for hedging purchases	Total
Blocked accounts	27	–	27
Current assets			
Accounts receivable	3	–	3
Derivative assets	–	2	2
Other receivables	5	–	5
Cash and cash equivalents	365	–	365
Total current assets	373	2	374
Total assets	**400**	**2**	**402**

Liabilities	Financial liabilities measured at amortised cost	Derivative instruments for hedging purchases	Total
Non-current interest-bearing liabilities	883	–	883
Current liabilities			
Accounts payable	10	–	10
Derivative liabilities	–	48	48
Other liabilities	1	–	1
Total current liabilities	10	48	58
Total liabilities	**893**	**48**	**941**

Maturity structure of financial liabilities

The maturity structure of interest-bearing liabilities is presented in Note 17 Interest-bearing liabilities. Other financial liabilities, such as accounts payable, have contractual maturities of 1–60 days.

Capital management

As the company and its operations develop, the possibilities to improve the efficiency and diversification of the capital structure increase through various measures, such as the issuance of shares, preference shares, corporate bonds, convertible instruments, sales of wind turbines or farms, repayments of capital to shareholders or other measures. The objective is to maintain an optimal capital structure. Consequently, a trade-off constantly needs to be made between the cost of capital, financial risk, expected return and cash flow in the company's investments. The capital is assessed based on the adjusted equity/assets ratio, calculated as shareholders' equity divided by total assets less current cash and cash equivalents. The Group's equity/assets ratio adjusted for cash and cash equivalents should amount to at least 40 %. On 31 December 2020, the equity/assets ratio amounted to 49.6 % (38.9) and the adjusted equity/assets ratio was 52.7 % (48.8).

NOTE 11 • OTHER FINANCIAL NON-CURRENT ASSETS

	2020	2019
Blocked cash and cash equivalents	17	27
Total	**17**	**27**

NOTE 12 • INVENTORIES

	2020	2019
Electricity certificates	1	8
Total	**1**	**8**

Inventories are recognised according to the policies described in Note 1.

NOTE 13 • OTHER CURRENT RECEIVABLES

	2020	2019
Current tax assets	4	8
Other receivables	8	9
Total	**12**	**17**

NOTE 14 • ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

	2020	2019
Accounts receivable	10	11
Accumulated impairment of accounts receivable	-8	-8
Accounts receivable – net	2	3
Other receivables (Note 13)	12	17
Current portion	**14**	**20**

As of the balance sheet date, MSEK 9 (10) referred to accounts receivable which were overdue, and a provision for bad debt losses of MSEK 0 (0) has been made. Of this amount, MSEK 9 (9) since remains unpaid, MSEK 8 of which has been written down and is under investigation as the facts are not clear. A maturity analysis of these receivables is provided below.

	2020	2019
Not fallen due/due in less than 3 months	1	2
3–6 months	–	–
6 months or later	9	9
Total	**10**	**11**

NOTE 15 • PREPAID EXPENSES AND ACCRUED INCOME

	2020	2019
Accrued development income [1]	12	46
Accrued electricity and certificate income	9	28
Other prepaid expenses	9	5
Total	**30**	**79**

[1] Contract assets that refer to development and management income fell MSEK 35 in 2020. The change was attributable to revenue recognition in ongoing projects. The Bröcklingberget and Enviksberget projects were completed and financial settlement took place in 2020, and the Skaftåsen project is proceeding according to plan. Future expected income for as yet unfulfilled performance obligations in development projects is presented in Note 2.

NOTE 16 • SHARE CAPITAL

Number of registered shares in Parent Company	2020	2019
Issued as per 1 January	33,545,570	33,428,070
Warrants	–	117,500
Conversion of convertibles	2,952,346	–
Issued as per 31 December	**36,497,916**	**33,545,570**

All shares have been fully paid up. All shares entitle the holder to an equal right to the assets and profits of the company. The share's quotient value is SEK 0.08. Treasury shares amount to 54,194 shares.

Warrants

There are no warrants outstanding.

Convertibles

In the first quarter of 2017, a preferential rights issue was performed of convertibles of about MSEK 245, with a loan duration of five years. The loan is represented by convertibles each with a nominal amount of SEK 22 (or whole multiples thereof). The loan falls due for payment on 31 March 2022 unless it is converted prior to this date. Convertibles with a nominal value of MSEK 65 were converted in 2020, corresponding to 2,952,346 new shares.

Terms and conditions of subscription

Each convertible can be converted into an ordinary share at a conversion price per share of SEK 22. Conversion can take place at any time during the term up until 28 February 2022.

Dilution

At full conversion of the outstanding issued convertibles, the number of shares in the company will increase from 36,497,916 to 44,670,195, corresponding to a dilution of about 18 % in the company.

NOTE 17 • INTEREST-BEARING LIABILITIES

At the start of 2020, the Group's total loss carry-forwards amounted to MSEK 650 (650). Bonds were repurchased during the first quarter for a nominal MSEK 150. The average repurchase price corresponded to 98.2 % of the bonds' nominal amount, corresponding to MSEK 147. Outstanding secured bonds were refinanced in the final quarter with a bank loan of MEUR 40 and a term of three years. The outstanding loan amount totalled MSEK 396 on 31 December 2020. Interest payments are hedged using interest rate swaps, and the financing cost is based on the agreed fixed interest rate and agreed margin. The Group's average effective interest rate for the year amounted to 5.8 % (6.2).

In spring 2017, the company conducted an issue of convertible bonds, which amounted to MSEK 178 (241) on 31 December 2020. Holders of convertibles are entitled, during the period up to and including 28 February 2022, to convert all or portions of their convertible receivable into new ordinary shares in Arise at a conversion price of SEK 22.

The company applies IFRS 16 from 2019. Under IFRS 16, a contract is a lease if the contract entails the right to use an identified asset for a specified period in return for compensation. The Group's leases primarily refer to land leaseholds in connection with the construction of wind turbines and rented premises for offices. For remaining lease commitments, the Group recognised lease liabilities of MSEK 61 as per 31 December 2020.

Interest-bearing liabilities	2020	2019
Non-current portion	610	932
Current portion	22	3
Total	**631**	**935**

Fair value of liabilities

Carrying amounts and fair values of long-term borrowings (excluding lease liabilities and arrangement fees)

	Carrying amount		Fair value	
	2020	2019	2020	2019
Bank loans	396	–	396	–
Convertible loan	178	241	178	241
Bond loans	–	650	–	650
Total	**575**	**891**	**575**	**891**

The fair value of short-term borrowings correspond to the carrying amount, as the discount effect is insignificant. The fair value is based on discounted cash flows incurring an interest rate based on the loan interest of between 1.60 % and 5.75 %, (2019: 4.50 to 5.75 %), entailing Level 2 in the fair value hierarchy.

Maturity of the Group's financial liabilities, including estimated interest payments

Amounts to the nearest MSEK	Less than 3 Months	Between 3 Months–1 year	Between 2–3 years	Between 4–5 years	More than 5 years	Total contracted cash flow
Bank loans	–	23	386	–	–	409
Convertible loan	3	8	182	–	–	193
Lease liabilities, IFRS 16	2	6	16	13	83	120
Accounts payable	15	–	–	–	–	15
Total	**20**	**37**	**584**	**13**	**83**	**737**

10 % of the bank loan has a rate of EURIBOR 0 floor plus a margin of 1.60 % and 90 % of the loan has a rate of EURIBOR plus a margin of 1.60 %. Interest payments for the 90 % have been hedged using interest rate swaps of –0.45 %. The loan falls due for payment in September 2023. The convertible loan has a nominal value of MSEK 180, and an annual rate of interest of 5.75 %. The loan falls due for payment on 31 March 2022 unless it is converted prior to this date.

The lease liability regarding leaseholds for land and rented premises for offices amounted to MSEK 61 (52) on 31 December 2020. The lease term for leaseholds for land at wind farms is deemed to be the same period of time as the useful life of the wind turbine constructed on the land and has an annual rate of interest of 4.5 %. The useful life of the wind turbine is deemed to extend until 2039–2042. The significant change in the lease liability pertains to the extension of the service life of the farms during the year. The annual rate for rental premises is 2.75 %.

NOTE 18 • PROVISIONS

	2020	2019
At the beginning of the year	**46**	**46**
Additional provisions	–	–
Reversed amounts pertaining to divested turbines	–	–
Revaluation of restoration costs due to changed estimates and assessments	–	–
At year-end	**46**	**46**

The item relates to a provision for restoration costs for operational wind turbines, the provision follows the wind farms' useful life. The amount designated is the most reliable estimate by the company of the amount required to settle the existing commitment on the balance sheet date. Risks and uncertainties associated with the commitment have been taken into account. A new calculation of expected costs was started at the end of 2020 and the outcome of this will be reported in the first quarter of 2021. This calculation used information and data from dismantling and recycling companies of expected costs. With the current assumptions, provisions are expected to result in payments between 2039 and 2042. For further information about provisions, see Note 1.

NOTE 19 • ACCRUED EXPENSES AND DEFERRED INCOME

	2020	2019
Accrued financial expenses	3	5
Accrued personnel-related expenses	6	19
Deferred income	1	1
Accrued property tax	3	3
Other accrued expenses	9	31
Total	**21**	**58**

NOTE 20 • PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	2020	2019
Pledged shares in subsidiaries	742	1,190
Pledged assets, County Administrative Board	8	9
Pledged assets, bank	9	–
Total	**759**	**1,198**
Guarantees	**–**	**19**
Contingent liabilities	**9**	**14**

The company has concluded framework agreements for the purchase of wind turbines, which include clauses on cancellation fees to apply under certain circumstances. Based on current purchasing plans and forecasts, company management's assessment is that potential cancellation fees in 2021 may amount to a maximum of MSEK 23. If a cancellation fee arises in 2021, it is management's assessment that the total will be lower than this maximum amount.

The company has signed construction contract in connection with the Mombyåsen and Bröcklingberget projects, under which the company has committed to execute certain construction procedures relating to roads, foundations and the electricity grid. In connection with these construction contracts, bank guarantees have also been issued for Arise's completion of the construction contracts amounting to EUR 460,000 for Mombyåsen and EUR 450,000 for Bröcklingberget.

NOTE 21 • RELATED-PARTY TRANSACTIONS

Transactions between Arise AB and its subsidiaries, which are related parties to Arise AB, were eliminated in the consolidated financial statements. Commercial terms and market-based pricing is applied to the delivery of products and services between Group companies. No Board member, senior executive or other related party of the Group has been engaged, either directly or indirectly, in any business transactions between themselves and the company. For information regarding remuneration of senior executives, see Note 4.

NOTE 22 • EVENTS AFTER THE END OF THE REPORTING PERIOD

In March 2021, Arise presented a new growth plan for 2025. The plan includes international expansion and investments in large-scale solar power projects in such countries as Poland and the UK. Furthermore, Arise will invite financial partners to invest in platforms for green electricity production. This will maximise Arise's financial returns on its project portfolio through both higher development gains and management income.

Arise will retain minority interests in these platforms but at the same time will create flexibility to both sell entire projects and independently finance entire projects. Our existing holdings in green electricity production provide valuable leverage in this growth plan.

Parent company income statement

Amounts to the nearest MSEK	NOTE	2020	2019
Sales of electricity and electricity certificates		14	43
Development and management income		31	101
Other operating income		0	0
Total income	2	**45**	**145**
Capitalised work on own account		4	2
Purchase of electricity and electricity certificates		-13	-42
Cost of sold projects and contracts		-8	-75
Personnel costs	3	-36	-46
Other external expenses	4	-19	-20
Operating profit/loss before depreciation (EBITDA)		**-27**	**-36**
Depreciation and impairment of property, plant and equipment	7	-1	0
Operating profit/loss (EBIT)		**-28**	**-37**
Profit/loss from financial items	5	-162	-244
Profit/loss after financial items		**-190**	**-281**
Group contributions		146	49
Profit/loss before tax		**-43**	**-232**
Tax on profit/loss for the year	6	-1	0
Profit/loss for the year		**-45**	**-232**

Parent company balance sheet

Amounts to the nearest MSEK	NOTE	2020	2019
ASSETS			
Non-current assets			
Property, plant and equipment	7	45	26
Shares in subsidiaries	8	723	1,141
Deferred tax assets	6	1	2
Other financial non-current assets	9	–	27
Total non-current assets		**769**	**1,196**
Current assets			
Inventories	10	0	8
Receivables from Group companies		0	1
Accounts receivable		1	2
Current tax assets		1	1
Other current receivables		4	7
Contract assets	11	12	15
Prepaid expenses and accrued income	11	3	13
Cash and cash equivalents		65	324
Total current assets		**87**	**371**
TOTAL ASSETS		**856**	**1,567**
EQUITY			
Restricted equity			
Share capital		3	3
Statutory reserve		0	0
Other restricted equity		2	5
Non-restricted equity			
Share premium reserve		1,435	1,371
Accumulated loss		-837	-608
Profit/loss for the year		-45	-232
Total equity		**557**	**539**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	12	177	883
Total non-current liabilities		**177**	**883**
Current liabilities			
Liabilities to Group companies		102	97
Accounts payable		6	3
Other liabilities		1	1
Accrued expenses and deferred income	13	12	44
Total current liabilities		**121**	**145**
TOTAL EQUITY AND LIABILITIES		**856**	**1,567**

Parent company cash flow statement

Amounts to the nearest MSEK	NOTE	2020	2019
Operating activities			
Operating profit/loss (EBIT)		-28	-37
Adjustment for non-cash items	14	1	141
Tax paid		-1	-1
Cash flow from operating activities before changes in working capital		**-28**	**103**
Cash flow from changes in working capital			
Increase (-) / decrease (+) in inventories		8	-1
Increase (-) / decrease (+) in operating receivables		27	72
Increase (+) / decrease (–) in operating liabilities		-19	82
Cash flow from operating activities		**-13**	**256**
Investing activities			
Investments in property, plant and equipment		-19	-34
Sales of property, plant and equipment		–	79
Investments in/divestment of subsidiaries		-13	–
Cash flow from investing activities		**-32**	**45**
Financing activities			
Loan repayments		-647	-146
Repayment of long-term receivables		–	193
Deposits to/payments from blocked accounts		27	-19
Interest paid and other financing costs		-77	-59
Interest received		4	0
Dividends		337	–
Group contributions received		144	15
New share issue		–	2
Cash flow from financing activities		**-214**	**-13**
Cash flow for the year		**-259**	**288**
Cash and cash equivalents at beginning of year		324	41
Exchange-rate difference in cash and cash equivalents		0	-5
Cash and cash equivalents at year-end		65	324

Change in liabilities in financing activities 2020

Amounts to the nearest MSEK	31 DEC 2019	Cash flow	Non-cash items	31 DEC 2020
Bond loans	645	-647	2	–
Convertible loan	238	–	-61	177
Total	**883**	**-647**	**-58**	**177**

Change in liabilities in financing activities 2019

Amounts to the nearest MSEK	31 DEC 2018	Cash flow	Non-cash items	31 DEC 2019
Bond loans	638	–	7	645
Bank loans	146	-146	–	–
Convertible loan	236	–	2	238
Total	**1,020**	**-146**	**9**	**883**

Parent company equity

	Restricted equity			Non-restricted equity		
Rounded to MSEK	**Share capital**	**Statutory reserve**	**Other restricted equity**	**Share premium reserve**	**Acc. profit/loss incl. profit/loss for the year**	**Total equity**
Opening balance on 1 Jan 2019	**3**	**0**	**5**	**1,368**	**-608**	**769**
Profit/loss for the year					-232	-232
Total comprehensive income	**3**	**0**	**5**	**1,368**	**-840**	**537**
Transactions with shareholders in their capacity as owners						
New share issue	0	–	–	2	–	2
Total transactions with shareholders	**0**	**–**	**–**	**2**	**–**	**2**
Closing balance on 31 Dec 2019	**3**	**0**	**5**	**1,371**	**-840**	**539**
Opening balance on 1 Jan 2020	**3**	**0**	**5**	**1,371**	**-840**	**539**
Profit/loss for the year					-45	-45
Total comprehensive income	**3**	**0**	**5**	**1,371**	**-885**	**494**
Transactions with shareholders in their capacity as owners						
New share issue/conversion of convertibles	0	–	-3	64	2	63
Total transactions with shareholders	**0**	**–**	**-3**	**64**	**2**	**63**
Closing balance on 31 Dec 2020	**3**	**0**	**2**	**1,435**	**-882**	**557**

Notes to the Parent company's financial statements

NOTE 1 • ACCOUNTING POLICIES

ACCOUNTING POLICIES FOR THE PARENT COMPANY

The Parent Company has prepared its Annual Report in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities, and the applicable statements from the Swedish Financial Reporting Board. RFR 2 states that the Parent Company, in its preparation of the Annual Report for the legal entity, applies all of the IFRSs and statements approved by the EU, as far as possible within the bounds of the Swedish Annual Accounts Act and the Swedish Pension Obligations Vesting Act, with respect to the relationship between accounting and taxation. The Parent Company primarily applies the same policies as those described referring to the Group. The Parent Company applies the exemption rule in IFRS 9, meaning that financial instruments are measured at cost. Other differences between the Group's and the Parent Company's accounting policies are described below.

Income

Net sales include the sale of generated electricity, earned and sold electricity certificates and guarantees of origin, as well as gains and losses in 2020 from electricity and currency derivatives attributable to the hedged production. Net sales also include development income from sold projects and management. These income streams are recognised in the same manner as for the Group, with differences in revenue recognition are described below.

Income from accrued planning expenses and construction in progress which is charged to Wind Farm companies is recognised net in the in the income statement.

Sales of projects are considered to constitute sales of inventory assets. Accordingly, such sales are recognised gross with the carrying amount of the non-current asset comprising the cost of goods sold, with the corresponding income amount recognised gross as net sales. Capital gains/losses are thus recognised at the corresponding amount as though the company had recognised the profit on the sale at net value. Income from sales of projects is recognised concurrently as control of the project is passed from Arise to the purchaser. Management income is recognised according to contract based on monthly and quarterly invoices.

Taxes

Tax legislation permits allocation to special reserves and funds which are reported separately in the Parent Company.

This allows companies to appropriate and retain reported profits in the business, within certain limits, rather than being taxed immediately. The untaxed reserves are not subject to taxation until they are utilised. However, in the event that the business reports a loss, the untaxed reserves can be appropriated to cover the loss without being subject to tax.

Operating leases

Alls leases are recognised in the Parent Company as operating leases.

Group contributions and shareholders' contributions

Group contributions and shareholders' contributions are recognised in accordance with RFR 2. Group contributions are recognised as appropriations in the income statement and the tax effect, in accordance with IAS 12, is also recognised in the income statement. Shareholders' contributions are recognised as an increase in participations in subsidiaries.

NOTE 2 • INCOME

Income comprises sales of electricity certificates and guarantees of origin, consulting expenses invoiced internally in the Group, management services to external customers and income from sales of projects. Income for 2020 also includes gains and losses from electricity and currency derivatives attributable to the hedged production in 2020. Sales of projects are considered to constitute sales of inventory assets. Accordingly, such sales are recognised gross with the carrying amount of the non-current asset comprising the cost of goods sold, with the corresponding income amount recognised gross as net sales. Capital gains/losses are thus recognised at the corresponding amount as though the company had recognised the profit on the sale at net value. Income from sales of projects is recognised concurrently as control of the project is passed to the purchaser. Management income is recognised according to contract based on monthly and quarterly invoices. Profit from financial derivatives is recognised net in an amount of MSEK 2 (0).

NOTE 3 • PERSONNEL

For information relating to personnel, refer to Note 4 of the consolidated financial statements.

NOTE 4 • AUDITING FEES

	2020	2019
Öhrlings PricewaterhouseCoopers		
Audit assignment	0.9	0.9
Audit activities not included in the audit assignment	–	0.0
Tax consultancy services	0.2	0.1
Other services	–	–
Total	**1.1**	**1.0**

NOTE 5 • PROFIT/LOSS FROM FINANCIAL ITEMS

	2020	2019
Interest income		
Intra-Group interest income	0	–
Loans and receivables	4	0
Interest expenses		
Intra-Group interest expenses	-5	-4
Loans and receivables	-1	-1
Bond loan and convertible	-76	-58
Other financial items		
Settlement of receivable on sales of associate	–	-244
Impairment of shares in subsidiaries	-430	-70
Gain on divestment of subsidiaries	9	133
Dividend on participations in subsidiaries	337	–
Other financial items	-4	1
Other exchange rate differences	4	-1
Total	**-162**	**-244**

NOTE 6 • TAXES

Tax on profit/loss for the year	2020	2019
Deferred tax	-1	0
Recognised tax	**-1**	**0**

Deferred tax	2020	2019
Attributable to unutilised loss carry-forwards [1]	1	2
Other items	0	-1
Total recognised deferred tax	**1**	**2**

Reconciliation of recognised tax in the Parent Company	2020	2019
Profit/loss before tax	-43	-232
Tax, 21.4%	9	50
Tax effects of: Non-deductible expenses/ non-taxable income	-18	-40
Non-deductible interest expenses	-12	-13
Adjustment due to changed tax rate	0	0
Loss carry-forwards for which no tax asset was recognised	19	3
Recognised tax, profit/loss for the year	**-1**	**0**

Change in deferred tax	2020	2019
Opening amount, net	2	1
Recognised deferred tax on profit/loss for the year regarding loss carry-forwards	-2	0
Other items	1	0
Closing amount, net	**1**	**2**

[1] The Parent Company's total loss carry-forwards amounted to MSEK 92 (192). Of this amount, MSEK 66 is blocked from utilisation for new companies in the Group until the 2023 income year. The tax loss carry-forwards are not expected to be utilisable against net interest expenses. Loss carry-forwards are subject to no time limits on use.

NOTE 7 • PROPERTY, PLANT AND EQUIPMENT

	Land and buildings [1]		Equipment, tools and fittings		Advances and construction in progress [2]		Total	
	2020	2019	2020	2019	2020	2019	2020	2019
Opening cost	1	1	14	14	101	130	117	145
Purchases/investments	–	0	0	0	19	15	19	16
Sales/disposals	–	–	–	–	-64	-44	-64	-44
Closing cost	**1**	**1**	**14**	**14**	**57**	**101**	**72**	**117**
Opening accumulated depreciation and impairment	0	0	-13	-13	-77	-77	-90	-90
Depreciation for the year	0	0	0	0	–	–	0	0
Sales/disposals	–	–	–	–	64	–	64	–
Closing accumulated depreciation and impairment	**0**	**0**	**-13**	**-13**	**-13**	**-77**	**-27**	**-90**
Closing residual value according to plan	**1**	**1**	**1**	**1**	**43**	**24**	**45**	**26**

[1] Land and buildings includes land with a carrying amount of MSEK 1 (1). The tax assessment value of the Parent Company's properties totalled MSEK 0 (0), of which MSEK 0 (0) is the tax assessment value of the land.

[2] Disposals of previously entirely written-off projects were made in advances and construction in progress in 2020.

The company has concluded framework agreements for the purchase of wind turbines, which include a clause on cancellation fees to apply under certain circumstances. The company also signed a construction contract for the Mombyåsen and Bröcklingberget projects, see Note 15.

Operating leases

The company's leases refer to rented premises for offices, cars and some office equipment.

Future total lease fees for cancellable leases are as follows:	2020	2019
Within 1 year	3	2
Between 1–5 years	3	2
More than 5 years	–	–
Total	**6**	**3**

Operating lease expenses for the year amounted to MSEK 2 (2). Office premises are leased under cancellable leases with a term of three years, company cars with a term of three years and office equipment with a term of one to four years.

NOTE 8 • SHARES IN SUBSIDIARIES

	2020	2019
Opening carrying amount	**1,141**	**1,210**
Investments in subsidiaries	13	25
Impairment of shares	-430	-70
Sales of subsidiaries	–	-24
Closing carrying amount	**723**	**1,141**

PARENT COMPANY'S HOLDINGS

Name	Corporate Identity Number	Registered offices	Number of shares	Participating interest %	Carrying amount of holdings	Equity
Arise Elnät AB	556747-2641	Halmstad	1,000	100%	2	2
Arise Kran AB	556758-8966	Halmstad	1,000	100%	5	6
Arise Wind Farm 9 AB	556833-5813	Halmstad	1,000	100%	0	0
Arise Wind HoldCo 1 AB	556869-2114	Halmstad	500	100%	0	0
Arise Wind HoldCo 2 AB	556867-9913	Halmstad	500	100%	4	14
Arise Wind HoldCo 3 AB	556867-9798	Halmstad	500	100%	15	99
Arise Wind HoldCo 5 AB	556867-9764	Halmstad	500	100%	0	0
Arise Wind HoldCo 6 AB	556868-0051	Halmstad	500	100%	0	0
Arise Wind HoldCo 7 AB	556867-9756	Halmstad	500	100%	0	0
Arise Wind HoldCo 8 AB	556868-0010	Halmstad	500	100%	0	0
Arise Wind HoldCo 9 AB	556758-8909	Halmstad	1,000	100%	685	685
Arise Wind HoldCo 10 AB	559075-2746	Halmstad	50,000	100%	13	0
Total					**723**	**806**

NOTE 9 • OTHER FINANCIAL NON-CURRENT ASSETS

	2020	2019
Blocked cash and cash equivalents [1]	–	27
Total	**–**	**27**

[1] Blocked cash and cash equivalents were transferred to subsidiaries in 2020.

NOTE 10 • INVENTORIES

	2020	2019
Electricity certificates	0	8
Total	**0**	**8**

Inventories are recognised according to the Group's accounting policies as described in Note 1.

NOTE 11 • PREPAID EXPENSES AND ACCRUED INCOME

	2020	2019
Accrued development income	12	15
Accrued electricity income	0	12
Prepaid expenses	3	1
Total	**15**	**28**

NOTE 12 • INTEREST-BEARING LIABILITIES

	2020	2019
Convertible loan	177	238
Bond loans	–	645
Total non-current portion	**177**	**883**

NOTE 13 • ACCRUED EXPENSES AND DEFERRED INCOME

	2020	2019
Accrued personnel-related expenses	6	18
Accrued interest expenses	3	7
Other accrued expenses	4	20
Total	**12**	**44**

NOTE 14 • ADDITIONAL DISCLOSURES REGARDING CASH FLOW STATEMENT

Cash and cash equivalents comprise cash and bank balances.

Adjustment for non-cash items	2020	2019
Depreciation and impairment of property, plant and equipment	1	0
Capital gains/losses on sales of non-current assets	–	141
Total	**1**	**141**

NOTE 15 • PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	2020	2019
Shares in subsidiaries	685	1,115
Pledged assets County Administrative Board	–	9
Total	**685**	**1,124**
Guarantees	**–**	**19**
Contingent liabilities	**9**	**14**

The company has concluded framework agreements for the purchase of wind turbines, which include clauses on cancellation fees to apply under certain circumstances. Based on current purchasing plans and forecasts, company management's assessment is that potential cancellation fees in 2021 may amount to a maximum of MSEK 23. If a cancellation fee arises in 2021, it is management's assessment that the total will be lower than this maximum amount.

The company has signed construction contract in connection with the Mombyåsen and Bröcklingberget projects, under which the company has committed to execute certain construction procedures relating to roads, foundations and the electricity grid. In connection with these construction contracts, bank guarantees have also been issued for Arise's completion of the construction contracts amounting to EUR 460,000 for Mombyåsen and EUR 450,000 for Bröcklingberget.

NOTE 16 • RELATED-PARTY TRANSACTIONS

The following transactions with related parties have taken place during the year:	2020	2019
Sales of goods and services to subsidiaries	4	6
Purchases of goods and services from subsidiaries	15	41
Transactions with other senior executives	–	–

The Parent Company's transfer of projects and charging of services to its subsidiaries amounted to MSEK 4 (6). Services sold refer primarily to consulting fees relating to permits and planning work, invoiced administrative expenses, electricity sales and management services to subsidiaries that own operational wind farms. The Parent Company's purchases of goods and services from subsidiaries amounted to MSEK 15 (41) and consist of electricity certificates and guarantees of origin, and the purchase of various consulting services.

No Board member or senior executive has been engaged, either directly or indirectly, in any business transactions between themselves and the company which is, or was, unusual in character with respect to the terms and conditions applying. Remuneration of Board members and senior executives is presented in Note 4 to the consolidated financial statements and in the Directors' Report.

NOTE 17 • PROPOSED APPRPRIATION OF PROFITS

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

Parent Company	
Accumulated profit/loss from preceding year	-837,456,291
Share premium reserve non-restricted equity	1,434,782,835
Profit/loss for the year	-44,857,644
Total unappropriated earnings, SEK	**552,468,900**

The Board of Directors and the CEO propose to the Annual General Meeting that the available earnings be appropriated as follows:

To be carried forward, SEK	**552,468,900**

For more information regarding the earnings and financial position of the Group and the Parent Company, refer to the income statements, balance sheets, cash flow statements and supplementary notes below.

THE INCOME STATEMENTS AND BALANCE SHEETS WILL BE PRESENTED FOR ADOPTION AT THE ANNUAL GENERAL MEETING ON 5 MAY.

The Board of Directors and Chief Executive Officer hereby certify that the annual accounts have been prepared in compliance with the Annual Accounts Act and RFR 1 and give a true and fair view of the company's financial position and results, and that the Directors' Report gives a true and fair view of the development of the company's business, financial position and results, and describes significant risks and factors of uncertainty faced by the company.

The Board of Directors and Chief Executive Officer hereby certify that the consolidated financial statements have been prepared in compliance with the *International Financial Reporting Standards* (IFRS), as adopted by the EU, and give a true and fair view of the Group's financial position and results, and that the Directors' Report for the Group gives a true and fair view of the Group's financial position and results and describes the significant risks and factors of uncertainty faced by the companies included in the Group.

Halmstad, 26 March 2021

Joachim Gahm
Chairman

Jon G Brandsar
Board member

Maud Olofsson
Board member

Daniel Johansson
CEO

Johan Damne
Board member

Our auditor's report was submitted on 26 March 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Arise AB (publ)
Corporate identity number 556274-6726

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions
We have audited the annual accounts and consolidated accounts of Arise AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 32–86 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions
We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Our audit approach
Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

All subsidiaries that have statutory requirements are covered in our audit. The group audit team have also audited the parent company, consolidations, annual report and material assessments and judgements. Based on the performed audit procedures stated above, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Impairment test of owned windpower farms in operation Reference to note 1 on page 54 in the annual report "Significant estimates and assumptions for accounting purposes", and note 9 on page 62 "Property, plant and equipment". As at 31 December 2020 the value of owned windpower farms in operation amounts to 1,073 MSEK. The value of the windpower farms depends, among other things, on future prices for electricity and electricity certificates. These prices have fluctuated since the time of the investment. The company annually carries out impairment tests, which for 2020 have not resulted in any write-downs. The assumptions and judgements performed by management in conjunction with the impairment test are complex such as future cash flows and other circumstances and have a large impact on the calculated value-in-use. In particular the assumptions of the future price levels on electricity and certificates as well as the weighted average cost of capital (WACC), where small deviations can result in large impact on the calculated value-in-use.	Our audit was focused to ensure that the impairment test performed by the Company, is true and fair and that no requirements for impairment charges are required. We have obtained and reviewed the impairment tests performed by the Company. These include the prognosis of future cash flow made by the Group management based on the discount rate they selected. Assumptions regarding future market prices for electricity and electricity certificates are based on market price projections made by external expertise. We have developed an understanding how the development of macroeconomic factors impact Arise. We have also assessed the process through which, the Group management and Board of Directors gather the necessary macro market data to support their assumptions and decisions. Our review of the impairment tests has included: • Assessed the calculation model applied by management. • Assessed and checked the mathematical accuracy of the WACC applied by management • Reviewed input data regarding future revenues against external data consisting of forward prices and data from external expertise • Assessed and challenged input data regarding planned production volumes and reconciled them against the company´s projections and against historical performance • Assessed and challenged input data regarding estimated operating cost and other data and reconciled them against the company´s projections and against historical performance. • Performed sensitivity analysis for changes in key assumptions, such as market price development and the discount rate applied.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY AUDIT MATTER
Transactions – selling of projects Reference to note 1 on page 54 in the annual report "Significant estimates and assumptions for accounting purposes" and note 2 Revenue and note 15 Prepaid expenses and accrued income on page 55 and page 70. Arise business concept implies potential acquisitions and selling of one or several projects directly or through a company. During the year the company has continuing building the project Skaftåsen. Bröcklingberget and Enviksberget have been final settled. Each separate transaction is individual, and the contracts contains specific terms of agreements which stipulates, amongst others, model for payments and the respective parts commitments and requirements during the durations time of the agreements. The business arrangement and accompanying agreements are complex areas in which interpretation of the performed transaction and the accompanying terms of agreements might have a material effect on the accounting records and the revenue recognition.	Our audit focus on that the performed transactions are treated correctly in the accounting records. Each separate agreement with regards to selling a company or a project is individual, and the contracts contains specific terms of agreements. We have in our audit: ▪ Audited the Company's capital gain through a reconciliation against the selling agreement. ▪ Audited the company's accounting records with regards to the selling on company level. ▪ Audited the company's accounting records with regards to the selling on group level. ▪ Audited that the classification for the capital gain has been treated correctly in accordance with the accounting principles for the company.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–30 and 96–104. The other information also consists of a document in which the annual report is not included: The other information consists of the Remuneration Report 2020, which we obtained before the date of this audit report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Director's and the Managing Director

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

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

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Arise AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which

the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

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

Auditor's responsibility

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

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

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

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

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

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Arise AB (publ) by the general meeting of the shareholders on May 6, 2020 and has been the company's auditor since 2008.

Malmö 26 March 2021
Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorized Public Accountant

Corporate Governance Report

Corporate Governance Report for the Group

Arise AB (publ) ("Arise") is a Swedish public limited liability company listed on Nasdaq Stockholm. Accordingly, Arise applies the Swedish Corporate Governance Code (the "Code", available on *www.corporategovernanceboard.se*). This Corporate Governance Report refers to the 2020 financial year and has been established in accordance with the provisions included in the Code, Chapter 6, Sections 6–9 of the Swedish Annual Accounts Act and Chapter 9, Section 31 of the Swedish Companies Act. Arise's Articles of Association and other information regarding corporate governance in Arise are available on our website, *www.arise.se*.

Application of the Code

Corporate governance in Arise complies with the Code and is, therefore, based on the principles stated in applicable legislation, listing agreements, guidelines and good practice. Deviations from the Code are presented in the relevant sections of this Corporate Governance Report. During the financial year, the company did not contravene any regulations applied in the regulated market in which the company's shares are quoted for trading, nor did it, in any other manner, deviate from accepted practice in the securities market.

Shares and shareholders

The share capital in Arise as per 31 December 2020 amounted to SEK 2,919,833.28, distributed between 36,497,916 shares. All shares issued are ordinary shares of the same class and thus entitle the respective holders to equal rights to the company's assets, profits and dividends. According to the shareholder register maintained by Euroclear Sweden AB, Arise had approximately 9,969 shareholders on 30 December 2020. The company had two shareholders with a direct or indirect participation representing 10 % or more of the votes on 30 December 2020, which were Johan Claesson with companies (26.6 %) and AltoCumulus Asset Management (10.2 %). Information about the ten largest shareholders can be found on page 96 of this Annual Report and on Arise's website, *www.arise.se*.

Annual General Meeting

Arise's highest decision-making body is the Annual General Meeting of shareholders. Notice of the Annual General Meeting, or an extraordinary general meeting at which potential changes in the Articles of Association are discussed, is given not earlier than six weeks and not later than four weeks prior to the meeting. The Annual General Meeting is to be held within six months from the end of the financial year. All shareholders listed in the shareholder register six banking days prior to the Meeting, including registrations of voting rights made not later than four banking days prior to the Meeting, and who have announced to the company their intention to participate before the registration period has elapsed, have the right to attend and vote at the meeting. The number of votes a shareholder is entitled to exercise is not restricted. Shareholders who are unable to attend the meeting in person may be represented by proxies. The company does not apply special arrangements with regard to the function of the Annual General Meeting, either on the basis of regulations in the Articles of Association or, to the extent they are known to the company, shareholder agreements. Furthermore, the Articles of Association do not include specific regulations relating to changes in the Articles of Association.

The most recent Annual General Meeting took place on 6 May 2020 in Halmstad and the minutes from the meeting are available on Arise's website. At the Annual General Meeting, resolutions were passed regarding the authorisation of the Board to resolve on issues of ordinary shares, preference shares and convertibles, authorisation of the Board to repurchase own ordinary shares and authorisation of the Board to transfer treasury shares. The next Annual General Meeting will be held on 5 May 2021 through advance voting (postal voting) based on temporary legislation. Shareholders wishing to add items to the agenda of the Annual General Meeting may send a written request to Arise AB (publ), Att: Chairman of the Board, Box 808, SE-301 18 Halmstad, Sweden. Such requests must reach the Board of Directors not later than seven weeks prior to the Annual General Meeting, or at least in sufficient time so that the issue can, if required, be included in the notice of the Meeting.

Nomination Committee

Under the Code, Arise is to have a Nomination Committee whose task is to include the preparation of proposals for members of the Board, the Chairman of the Board, the Chairman of general meetings and auditors as well as procedures for the next year's Nomination Committee. The Nomination Committee is also to submit proposals on fees for Board members and auditors. The Annual General Meeting on 6 May 2020 resolved to establish procedures for the appointment of a Nomination Committee prior to the next election and for the determination of remuneration. According to the resolution, the Nomination Committee is to comprise five regular members appointed by the four largest shareholders as of the start of October as well as the Chairman of the Board.

The Nomination Committee prior to the 2021 Annual General Meeting comprised Johan Claesson (own holdings and through companies), Lars Hagerud (AltoCumulus Asset Management), Peter Lundkvist (Third Swedish National Pension Fund), Leif Jansson (own holdings and through companies) and Chairman of the Board Joachim Gahm. The majority of the Nomination Committee's members are independent in relation to the company and management. No remuneration has been paid to the members of the

Board for work on the Nomination Committee.

In its work, the Nomination Committee applied the diversity policy adopted by the Board. Item 4.1 of the Code comprises part of this diversity policy. The result of the work on the diversity policy is that the Nomination Committee has taken into account that, considering Arise's operations, stage of development, prevailing business and social conditions and other circumstances, the Board is to be characterised by diversity and breadth with regard to the expertise, experience and background of the Board members elected by the General Meeting. Efforts have also been made to achieve an even gender distribution on the Board. By applying the above, the Nomination Committee has a solid basis for determining whether the Board's composition is appropriate and whether Arise's needs for expertise, experience and diversity on the Board have been met. The Nomination Committee's proposals will be published not later than in connection with the notice of the 2021 Annual General Meeting. The Nomination Committee will present a description of its activities at the Annual General Meeting on 5 May 2021. Shareholders wishing to submit proposals and opinions to the Nomination Committee are requested to contact the Chairman of the Nomination Committee: Arise AB (publ), Att: Chairman of the Nomination Committee, Box 808, SE-301 18 Halmstad, Sweden.

THE BOARD OF DIRECTORS

General information

The Board of Directors is responsible for the management of the company's affairs and its organisation. The Articles of Association stipulate that the Board of Directors is to comprise not fewer than three and not more than nine Board members. The Articles of Association do not include any specific regulations regarding the appointment or dismissal of Board members. At the most recent Annual General Meeting, held on 6 May 2020, a Board was elected consisting of the members Joachim Gahm (Chairman), Maud Olofsson, Jon Brandsar and Johan Damne. In accordance with the formal work plan for the Board of Directors, the Board is to hold at least six scheduled meetings between each Annual General Meeting. During the 2020 financial year, the Board of Directors held 13 meetings, with minutes taken at each meeting. The Board members' attendance at the meetings is presented in the table below. Descriptions of the members of the Board of Directors, including information on their other directorships, independence and relevant shareholdings are provided on page 98 of the Annual Report. Remuneration and other benefits to the Board of Directors are described in Note 4 on page 57 of the Annual Report. All of the Board members elected by the Annual General Meeting are independent in relation to the company and management. Furthermore, all members of the Board except for Johan Damne are independent in relation to the major shareholders (refer also to page 96 of the Annual Report). More information on the Board of Directors is provided on Arise's website, *www.arise.se*.

AGM-elected Board members' attendance, 2020 financial year

	Number of meetings	Present at	Attendance, %
Joachim Gahm, Chairman	13	13	100
Jon Brandsar	13	13	100
Maud Olofsson	13	13	100
Johan Damne [1]	8	8	100

[1] Johan Damne was elected a new Board member by the Annual General Meeting on 6 May 2020.

The work of the Board

Meetings of the Board of Directors should ideally be held by physical attendance at Arise's head office. However, additional meetings may be conducted over the telephone. Due to the pandemic, most of the Board meetings were held both digitally and by telephone. The Chairman of the Board leads and organises the work of the Board.

Legal counsel Jonas Frii has served as the Board's secretary. Prior to each meeting, a proposed agenda is sent out, along with the documents which are to be addressed at the meeting. The proposed agenda is prepared by the CEO in consultation with the Chairman. The matters presented to the Board are presented for the purposes of information, discussion or decision. Decisions are taken after discussions and after all members of the Board in attendance at the meeting have had the opportunity to express their opinions. The Board's broad experience in various areas often results in a constructive and open discussion. During the year, no member of the Board expressed a reservation against any issue regarding which decisions were taken. Any objections are recorded in the minutes. Open questions are followed up on a continuous basis. The Board has not established a division of responsibilities among its members, other than that which is provided in the formal work plan for the Board and its committees. The formal work plan for the Board, which is to be reviewed on an annual basis, regulates the division of duties among the Chairman, the Board and its committees. Among other things, the formal work plan stipulates, for example, the obligatory permanent items to be addressed at every scheduled meeting. During the year, the Chairman commissioned an evaluation of the Board of Directors to be undertaken by means of a survey. The results have been compiled on an anonymous basis and have been reported to the Board and the Nomination Committee by the Chairman.

Diversity

The Board has adopted a Diversity Policy which aims to promote diversity on the Board and in the management team. The Board believes that diversity in the Board and management contributes to greater understanding of the company's organisation and operations, and allows decisions to be constructively and independently questioned and creates a more open climate to new ideas and approaches. According to the diversity policy, the Board is to be characterised by diversity and the composition of the Board is to follow item 4.1 of the Code. Efforts are also being made to achieve an even gender distribution on the Board. The policy is a governing document for the Nomination Committee that is to be applied when preparing proposals for Board members.

Remuneration Committee

Up to the Annual General Meeting 2021, the Remuneration Committee comprises Board members Joachim Gahm (Chairman), Maud Olofsson, Jon Brandsar and Johan Damne. The CEO normally participates in meetings of the Remuneration Committee, but has no say in matters pertaining to his own salary or benefits. The Remuneration Committee held two meetings in 2020 and each meeting was attended by all members. The Committee's areas of responsibility are to present proposals regarding overall policy on salaries, remuneration and other employment conditions of the company's Group management and potential warrant programmes. The Remuneration Committee is to provide proposals on individuals salaries and other remuneration of the CEO and, following proposals from the CEO, decide on individual salaries and other remuneration to managers who report to the CEO. All members of the Committee are independent in relation to Arise and its senior executives. The Committee's work is based on the resolutions passed at the most recent Annual General Meeting regarding the guidelines for remuneration of senior executives. The Committee's work follows a written formal work plan adopted by the Board. The Committee does not have its own right of decision other than within the remuneration policy that the AGM resolves on for senior executives.

Audit Committee

Up to the Annual General Meeting 2021, the Audit Committee consists of the Board members Maud Olofsson (Chairman), Joachim Gahm and Jon Brandsar. The Company's CFO Linus Hägg reports to the Committee. The Audit Committee held five meetings in 2020 and each meeting was attended by all members. The Audit Committee is responsible for preparing the Board's work on ensuring the quality of the company's financial reporting. Quality assurance normally takes place by the Committee addressing all critical accounting matters and drafts of the financial statements that the company publishes. The Audit Committee also addresses matters concerning, for example, financial reporting, risks, governing documents, KPIs, accounting rules and internal control. The Audit Committee also maintains a continuous dialogue with the auditor. The Committee's work follows a written formal work plan adopted by the Board and the Board does not have its own right of decision.

Group management

Arise's Group management and the Group management's shareholdings are described on page 99 of the Annual Report.

Appointment of auditors

At the 2020 Annual General Meeting, Öhrlings PricewaterhouseCoopers AB was appointed as the company's auditor, with Authorised Public Accountant Magnus Willfors as Auditor-in-Charge for the period up to the next Annual General Meeting. The 2020 Annual General Meeting also resolved that fees to auditors were to be paid according to standard norms and approved invoices.

Internal control

The objective of the internal financial control in Arise is to establish an effective decision-making process in which requirements, objectives and limits are clearly defined. The company and management apply the internal control system to monitor the operations and the Group's financial position.

Control environment

The control environment forms the basis for internal control. Arise's control environment comprises, for example, sound core values, integrity, competence, a leadership philosophy, an organisational structure, responsibility and authorities. Arise's formal work plans, instructions, policies, guidelines and manuals provide guidance to the employees.

Arise ensures a clear division of roles and responsibilities for the effective management of operational risks through, for example, its formal work plans for the Board of Directors and its committees, as well as through terms of reference to the CEO. During the company's day-to-day operations, the CEO is responsible for the system of internal controls required to create a control environment for significant risks. Arise also has guidelines and policies regarding financial governance and monitoring, communication issues and business ethics. All companies in the Group employ the same reporting system and the same chart of accounts. The Board has appointed an Audit Committee, which is responsible for, among other things, ensuring compliance with adopted policies for financial reporting and internal control. The CEO or CFO reports the results of their work on internal control to the Audit Committee.

The results of the work of the Audit Committee, in the form of observations, recommendations and proposals for decisions and measures, are reported to the Board on an ongoing basis. To summarise, Arise's internal control environment is based on the division of work between the Company organs, reporting to the Board of Directors, adopted policies and guidelines, and employee compliance with the policies and guidelines.

Internal control over financial reporting

Internal control over financial reporting is part of the internal control within Arise and its aims include providing reasonable assurance of the reliability of the company's external financial reporting in the form of interim reports, annual reports and year-end reports, and ensuring that the external financial reporting is prepared in accordance with laws, applicable accounting standards and other requirements for listed companies.

Risk assessment and control activities

Arise regularly performs risk analyses in order to identify potential sources of errors in the financial reporting. Relevant procedures are documented so as to increase traceability in the financial reporting. Normal control activities include reconciliation of accounts and supporting controls. The purpose of all control activities is to prevent, detect and remedy any errors or deviations in financial reporting. The most significant risks regarding financial reporting identified through the Group's internal control activities are managed through control structures which are primarily based on reports on deviations from established goals or norms regarding, for example, currencies and hedging.

Follow-up

The Board of Directors evaluates the information provided by Company management on an ongoing basis. In the activities of the Board of Directors and the Audit Committee, great importance is attached to the work involved in following up the effectiveness of internal control. The activities include, for example, ensuring that measures are taken regarding any proposals for actions arising in the external audit. The reports provided by management to the Board of Directors and the Audit Committee include a follow-up of the company's positions pursuant to the financial policy, and any deviations. The activities implemented by the oard of Directors in its follow-up of internal control regarding the financial reporting include assigning management to report on the outcome of any issues related to the financial reporting.

Information and communication

The dissemination of correct information, both internally and externally, implies that all parts of the operations are able to exchange and report relevant and significant information about the business in an effective manner. In order to achieve this, Arise has issued policies and guidelines regarding the management of information in the financial processes, which have been communicated to the employees by the management group. Furthermore, for communication with external parties, there is a policy stipulating guidelines for the form such communication is to take. The ultimate purpose of the aforementioned policies is to ensure that the company's disclosure requirements are complied with and that the investors receive the correct information in a timely fashion.

Internal audit

Taking into account the size of the company, in combination with the Audit Committee's work, and the fact that sound control procedures have been established and applied, the Board of Directors has not deemed it necessary to establish a separate internal audit function. However, the matter of whether a separate internal audit function is required will be addressed on an annual basis.

Activities in 2020

Focus during the year was on matters related to financing, investments and discussions regarding divestitures.

Halmstad, 26 March 2021

Joachim Gahm
Chairman

Jon G Brandsar
Board member

Maud Olofsson
Board member

Daniel Johansson
CEO

Johan Damne
Board member

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE STATEMENT

To the General Shareholders' Meeting of Arise AB (publ), Corporate Identity Number 556274-6726

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year on pages 92–95 and for ensuring that it has been prepared in accordance with the Annual Accounts Act

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance statement This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinion

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2–6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö, 26 March 2021
Öhrlings PricewaterhouseCoopers AB
Magnus Willfors
Authorised Public Accountant

Ownership structure

Share capital
The share capital of Arise AB totals approximately MSEK 2.9, distributed between 36,497,916 shares. All shares entitle the holder to one vote and an equal right to the assets and profits of the company.

Dividend policy and target equity/assets ratio
The company's financial policy states that the Group's equity/assets ratio adjusted for cash and cash equivalents should amount to at least 40 %. The equity/assets ratio adjusted for cash and cash equivalents entails a reduction in total assets using current cash and cash equivalents. On 31 December 2020, the equity/assets ratio amounted to 49.6 % (38.9) and the adjusted equity/assets ratio was 52.7 % (48.8). Conditions in the company's secured bond stipulate certain limitations regarding dividends to shareholders. The aim is to create the conditions over time to pay dividends to shareholders, if so resolved by the General Meeting.

LARGEST SHAREHOLDERS

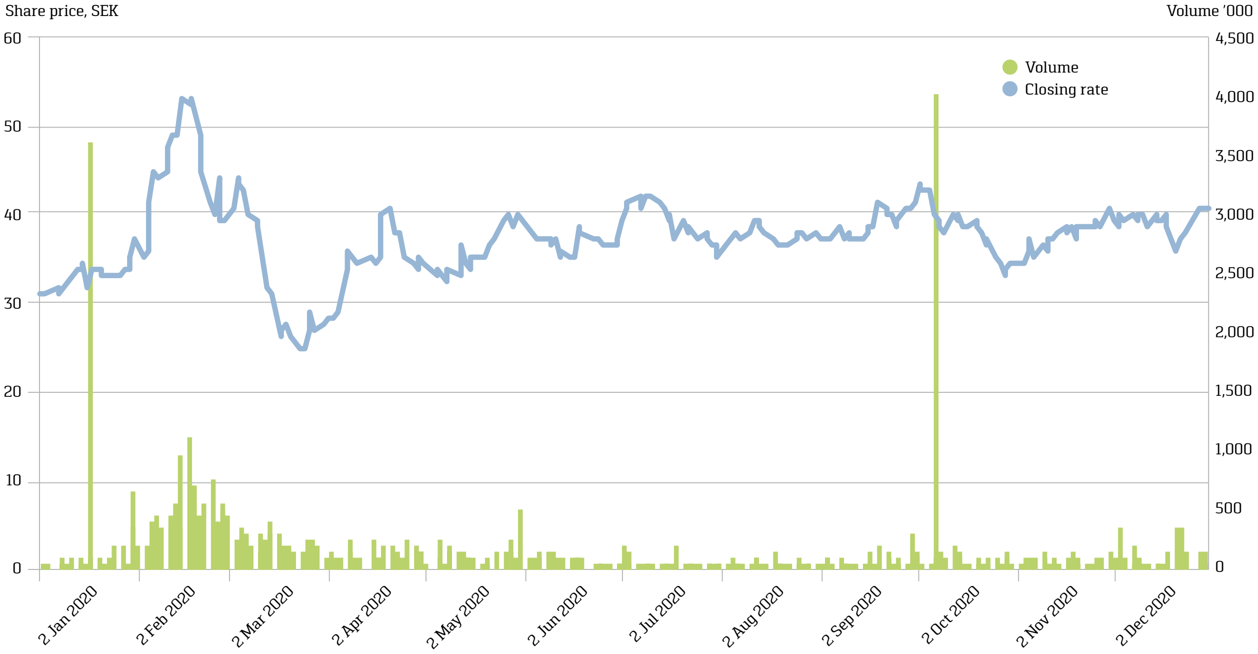
Ownership structure as of 30 December 2020	Shares	Share of votes and capital, %
Johan Claesson with companies	9,711,258	26.6
AltoCumulus Asset Management	3,726,838	10.2
AP3	3,239,346	8.9
Länsförsäkr. Fondförvaltning AB	1,443,853	4.0
DNB Grönt Norden AB	1,321,667	3.6
AP2	901,583	2.5
Skandia Sverige Hållbar	669,612	1.8
L Energy Holding AB	605,833	1.7
BNY Mellon SA/NV	503,214	1.4
Stiftelsen Riksbankens Jub.fond	490,000	1.3
Ten largest shareholders	**22,613,204**	**62.0**
Other shareholders	13,884,712	38.0
Total number of registered shares	**36,497,916**	**100.0**

HISTORICAL DEVELOPMENT OF SHARE CAPITAL

		Number of shares	Accumulated number of shares	Share capital, SEK	Accumulated share capital, SEK
1986	Formation of the company	50,000	50,000	50,000.00	50,000.00
1997	Split	950,000	1,000,000	0.00	50,000.00
2007	Bonus issue	0	1,000,000	50,000.00	100,000.00
2007	New issue	42,000	1,042,000	4,200.00	104,200.00
2007	New issue	408,000	1,450,000	40,800.00	145,000.00
2008	New issue	23,077	1,473,077	2,307.70	147,307.70
2008	New issue	100,000	1,573,077	10,000.00	157,307.70
2008	New issue	700,000	2,273,077	70,000.00	227,307.70
2008	New issue	244,000	2,517,077	24,400.00	251,707.70
2008	New issue	376,000	2,893,077	37,600.00	289,307.70
2008	Bonus issue	0	2,893,077	867,923.10	1,157,230.80
2008	Split	11,572,308	14,465,385	0.00	1,157,230.80
2008	New issue	51,000	14,516,385	4,080.00	1,161,310.80
2008	New issue*)	937,500	15,453,885	75,000.00	1,236,310.80
2009	New issue	5,972,185	21,426,070	477,774.80	1,714,085.60
2010	Exercise of warrants	135,000	21,561,070	10,800.00	1,724,885.60
2010	New issue	10,000,000	31,561,070	800,000.00	2,524,885.60
2011	New issue	227,500	31,788,570	18,200.00	2,543,085.60
2011	New issue	15,000	31,803,570	1,200.00	2,544,285.60
2011	New issue	50,000	31,853,570	4,000.00	2,548,285.60
2011	New issue	1,574,500	33,428,070	125,960.00	2,674,245.60
2019	New issue	117,500	33,545,570	9,400.00	2,683,645.60
2020	Redemption of convertibles	233,250	33,778,820	18,660.00	2,702,305.60
2020	Redemption of convertibles	904,191	34,683,011	72,335.28	2,774,640.88
2020	Redemption of convertibles	137,142	34,820,153	10,971.36	2,785,612.24
2020	Redemption of convertibles	1,677,763	36,497,916	134,221.04	2,919,833.28

*) Private placement in conjunction with the acquisition of PLU Energy Intressenter AB, which was merged with the Parent Company during 2009.

SHARE DEVELOPMENT



Arise's Board of Directors


Joachim Gahm


Jon Gunnar Brandsar


Maud Olofsson


Johan Damne

Joachim Gahm, born 1964

Joachim Gahm has been a Board member since 2007 and has served as Chairman of the Board since being appointed by the Annual General Meeting on 6 May 2014.

OTHER DIRECTORSHIPS AND POSITIONS: Chairman of Catella Capital AB and Odinviken AB. Board member of Catella AB, Catella Fondförvaltning AB and Trygg Kredit AB. Member of Danderyd municipal council. Joachim Gahm was previously CEO of E. Öhman J:or Investment AB and vice CEO and Board member of E. Öhman J:or Fondkommission AB.

EDUCATION: M.Sc. in Business and Economics from Stockholm University (1990).

HOLDINGS, OWN AND VIA COMPANY: 3,333 convertibles and 100 000 options

INDEPENDENCE/DEPENDENCE: Joachim Gahm is independent in relation to Arise, its senior executives and major shareholders.

Jon Gunnar Brandsar, born 1954

Jon G Brandsar has been a Board member since being appointed by the Annual General Meeting on 6 May 2014. Former Board member of Arise 2008-2013.

OTHER DIRECTORSHIPS AND POSITIONS: Adviser/Consultant. Member of SINTEF's Council and member of Advisory Board NBIM Renewable Infrastructure. Former Executive Vice President Wind Power and Technologies at Statkraft AS with responsibility for onshore wind power, offshore wind power, district heating, innovation and small-scale hydropower. Former Group Chief Executive at Trondheim Energiverk, Technology Director at Statkraft, Department Manager at Statkraft Engineering and Department Manager at ABB.

EDUCATION: Electrical Engineering at GIH Gjøvik (1977).

HOLDINGS: 10,000 shares.

INDEPENDENCE/DEPENDENCE: Jon G Brandsar is independent in relation to Arise, its senior executives and major shareholders.

Maud Olofsson, born 1955

Maud Olofsson has been a Board member since being appointed by the Annual General Meeting on 25 April 2012.

OTHER DIRECTORSHIPS AND POSITIONS: Chairman of the Board of Visita, Visita Service AB, and Sven Tyréns Stiftelse. Member of the Board and the Executive Board of the Confederation of Swedish Enterprise, and Board member of Envac AB and ROMO Norr AB. Previously leader of the Centre Party 2001-2011, Sweden's Minister for Enterprise and Energy 2006-2011 and Deputy Prime Minister 2006-2010.

EDUCATION: Upper-secondary school education.

HOLDINGS, OWN AND VIA COMPANY: 7,500 shares

INDEPENDENCE/DEPENDENCE: Maud Olofsson is independent in relation to Arise, its senior executives and major shareholders.

Johan Damne, born 1963

Johan Damne has been a Board member since being appointed by the Annual General Meeting on 6 May 2020.

OTHER DIRECTORSHIPS AND POSITIONS: CEO of Claesson & Andersson AB and Board member of Catella AB (publ). In addition, several Board and management positions in other companies within the Claesson & Anderzén Group.

EDUCATION: B.B.A Växjö University

HOLDINGS, OWN AND VIA COMPANY: 60,000 shares and 3,333 convertibles.

INDEPENDENCE/DEPENDENCE: Johan Damne is independent in relation to Arise and its senior executives but not in relation to the major shareholders.

The information concerning shareholdings and warrants refers to the situation as of 31 December 2020.

Arise's Group management

Daniel Johansson

Linus Hägg

Per-Erik Eriksson

Daniel Johansson, born 1970

CEO since January 2016. Daniel has extensive expertise and experience in the field of energy. He previously served as State Secretary in the Alliance government and held various positions in the finance industry.

OTHER DIRECTORSHIPS AND POSITIONS: Chairman of the Board of several of Arise's subsidiaries and Board member of the Swedish Wind Energy Association. Deputy Board member of CapViva Wind Skogaby AB and AREF II Wind Bohult AB.

EDUCATION: International economics specialising in Eastern Europe from Uppsala University (1995).

HOLDINGS: 130,000 shares, 10,000 convertibles.

Linus Hägg, born 1976

Head of Corporate Finance since October 2011 and CFO since 2015. Linus has extensive experience working in capital markets as well as mergers and acquisitions. Before joining Arise, he worked at ABG Sundal Collier.

OTHER DIRECTORSHIPS AND POSITIONS: Deputy Board member of several of Arise's subsidiaries. Board member of CapViva Wind Skogaby AB and AREF II Wind Bohult AB.

EDUCATION: M.Sc. in Financial Economics from Växjö University (2001).

HOLDINGS: 20,000 shares.

Per-Erik Eriksson, born 1963

Head of Operations and responsible for Arise's operations. Per-Erik has 30 years' experience within the energy industry, including project management, operation and management of large projects and energy trading. Before joining Arise he worked for the SCA Group, where he was Global Head of Energy.

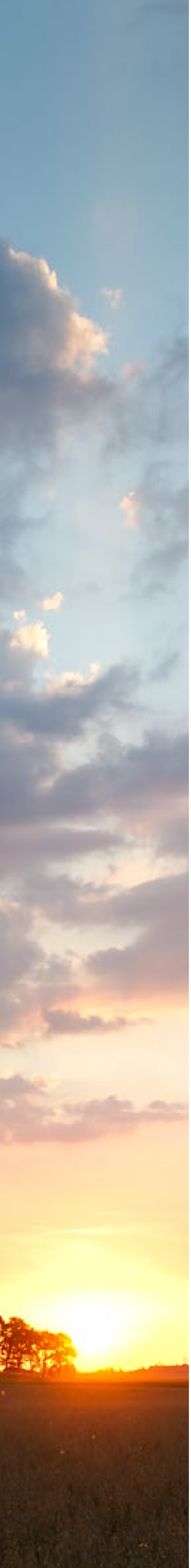
OTHER DIRECTORSHIPS AND POSITIONS: CEO of Arise Elnät AB and Board member of several of Arise's subsidiaries. Chairman of the Board of CapViva Wind Skogaby AB and AREF II Wind Bohult AB.

EDUCATION: Degree in Energy Engineering from Mälardalen University (1988).

HOLDINGS: 5,000 shares

The information concerning shareholdings, convertibles and warrants refers to the situation as of 31 December 2020.

Annual General Meeting and 2021 calendar



Annual General Meeting

Arise's Annual General Meeting 2021 will be held on May 5, 2021. In light of the ongoing Covid-19 pandemic and in order to reduce the risk of infection spreading, the board of directors has decided that the Annual General Meeting will be held only by advance voting (postal vote) in accordance with temporary legislation. This means that the Annual General Meeting will be conducted without the physical presence of shareholders, proxies or external parties and that shareholders' exercise of voting rights at the Annual General Meeting can only take place by shareholders voting in advance in the order prescribed.

Further information regarding the Annual General Meeting and instructions for the advance voting can be found in the notice to the Annual General Meeting and on Arise's website, *www.arise.se/en*.

Calendar of financial information

All financial information is published on *www.arise.se* as soon as it has been released.
In 2021, financial information will be published as follows:

First quarter: 5 May 2021 • *Second quarter:* 20 July 2021
Third quarter: 10 November 2021 • *Fourth quarter:* 17 February 2022

Annual Report

The annual report is available on our website *www.arise.se*. It will be sent by post to those shareholders who have notified the company that they wish to receive it. Printed copies of the report can be ordered via e-mail at *info@arise.se* or by telephone +46 10 450 71 22.
The 2020 Annual Report is expected to be available in early April 2021.

IR contact

CEO Daniel Johansson and CFO Linus Hägg are responsible for Arise's financial information. Linus Hägg is also responsible for Investor Relations.

Daniel Johansson, CEO
Tel. +46 702 244 133

Linus Hägg, CFO
Tel. +46 702 448 916

Financial information in summary

MSEK	2020	2019	2018	2017	2016
Income statements (summary)					
Net sales	130	454	343	257	594
Operating profit/loss before amortisation/depreciation (EBITDA)	33	-56	191	131	138
Operating profit/loss (EBIT)	-37	-131	118	-99	33
Profit/loss before tax	-108	-233	28	-178	-52
Profit/loss for the year	-108	-235	21	-180	-41
Balance sheets (summary)					
Total non-current assets	1,276	1,322	1,812	1,878	2,082
Cash and cash equivalents	86	365	61	146	287
Equity	703	698	824	843	1,020
Total assets	1,418	1,795	2,069	2,124	2,460
Net debt	467	491	949	973	992
Cash flows (summary)					
Cash flow from operating activities	65	327	114	96	185
Cash flow from investing activities	-34	12	-6	-23	160
Cash flow from financing activities	-308	-34	-192	-216	-258
Cash flow for the year	-277	305	-85	-143	86
Key ratios					
Installed capacity at the end of the period, MW	139	139	241	241	241
Electricity production during the period (Own and Co-owned), GWh*	355	333	547	635	640
Number of employees at the end of the period	31	28	26	26	29
Basic earnings per share, SEK	neg	neg	0.64	neg	neg
Diluted earnings per share, SEK	neg	neg	0.64	neg	neg
EBITDA margin, %	25.1	neg	55.5	50.1	23.2
Operating margin %	neg	neg	34.4	neg	5.5
Return on capital employed (EBIT), %	neg	neg	6.6	neg	1.5
Return on adjusted capital employed (EBITDA), %	2.8	neg	10.6	6.8	6.3
Return on equity, %	neg	neg	2.6	neg	neg
Capital employed, MSEK	1,170	1,189	1,773	1,817	2,013
Average capital employed, MSEK**	1,179	1,481	1,795	1,915	2,175
Average equity, MSEK**	700	761	834	932	1,048
Equity/assets ratio, %	49.6	38.9	39.8	39.7	41.5
Interest coverage ratio, times	neg	neg	1.3	neg	0.4
Debt/equity ratio, times	0.7	0.7	1.2	1.2	1.0
Equity per share, SEK	20	21	25	25	31
Equity per share after dilution, SEK	20	21	25	25	31
No. of shares at the end of the period, excl. treasury shares	36,443,722	33,491,376	33,373,876	33,373,876	33,373,876
Average number of shares	34,967,549	33,432,626	33,373,876	33,373,876	33,373,876
Average no. of shares after dilution***	34,967,549	33,432,626	33,933,876	33,933,876	33,793,876

* Associate sold in the first quarter of 2019, only own production is included from 2019

** Calculation adjusted to rolling 12 months

*** In the calculation of earnings per share and equity per share, dilution from options, whose exercise price is higher than the company's share price during the period, was not included. The warrant programme was concluded in the first quarter of 2019 after which no warrants outstanding remain.

Overview of wind farms

Own wind power operations	Nominal capacity, MW	Expected production during a normal year, GWh[1]	Full capacity hours, MWh/year	Capacity factor, %	Price area	Commissioned year	Carrying amount as of 31 December 2020, MSEK	Carrying amount as of 31 December 2020, SEK/normal annual production, KWh	Carrying amount as of 31 December 2020, MSEK/MW	Number of turbines	Manufacturer	Model	Municipality	Country
Oxhult	24.0	56.8	2,367	27%	IV	2009	176	3.1	7.3	12	Vestas	V 90	Laholm	Sweden
Råbelöv	10.0	22.8	2,280	26%	IV	2010	69	3.0	6.9	5	Vestas	V 90	Kristianstad	Sweden
Brunsmo	12.5	24.5	1,960	22%	IV	2010	64	2.6	5.1	5	GE	2.5 XL	Karlskrona	Sweden
Kåphult	17.5	40.6	2,320	26%	IV	2010/2011	125	3.1	7.1	7	GE	2.5 XL	Laholm	Sweden
Fröslida	22.5	55.4	2,462	28%	IV	2011	169	3.0	7.5	9	GE	2.5 XL	Hylte	Sweden
Idhult	16.0	36.2	2,263	26%	IV	2011	115	3.2	7.2	8	Vestas	V 90	Mönsterås	Sweden
Södra Kärra	10.8	37.4	3,463	40%	III	2011/2012	117	3.1	10.8	6	Vestas	V 100	Askersund	Sweden
Blekhem	10.8	30.1	2,787	32%	III	2011/2012	113	3.8	10.5	6	Vestas	V 100	Västervik	Sweden
Gettnabo	12.0	30.3	2,525	29%	IV	2011	96	3.2	8.0	6	Vestas	V 90	Torsås	Sweden
Skäppentorp	3.1	8.5	2,764	32%	IV	2012	29	3.4	9.5	1	Vestas	V 112	Mönsterås	Sweden
Total own wind power operations	**139.2**	**342.6**	**2,462**	**28%**			**1,073**	**3.1**	**7.7**	**65**				

External projects under construction and/or management	Nominal capacity, MW	Expected production during a normal year, GWh[1]	Full capacity hours, MWh/year	Capacity factor, %	Price area	Commissioned year	Carrying amount as of 31 December 2020, MSEK	Carrying amount as of 31 December 2020, SEK/normal annual production, KWh	Carrying amount as of 31 December 2020, MSEK/MW	Number of turbines	Manufacturer	Model	Municipality	Country
Stjärnarp (client KumBro Vind AB)	5.4	n/a	n/a	n/a	IV	2013	n/a	n/a	n/a	3	Vestas	V 100	Halmstad	Sweden
Brotorp (client, funds managed by Equitix)	46.2	n/a	n/a	n/a	IV	2015	n/a	n/a	n/a	14	Vestas	V 126	Mönsterås	Sweden
Storrun (client, funds managed by Whitehelm Capital)	30.0	n/a	n/a	n/a	II	2009	n/a	n/a	n/a	12	Nordex	N90	Krokom	Sweden
Skogaby (client, funds managed by Allianz Global Investors)	7.2	n/a	n/a	n/a	IV	2013	n/a	n/a	n/a	4	Vestas	V 100	Laholm	Sweden
Mombyåsen (client, funds managed by Allianz Capital Partners)	33.0	n/a	n/a	n/a	III	2016	n/a	n/a	n/a	10	Vestas	V 126	Sandviken	Sweden
Ryssbol (client KumBro Vind AB)	12.0	n/a	n/a	n/a	IV	2016	n/a	n/a	n/a	6	Vestas	V 110	Hylte	Sweden
Bohult (client, funds managed by Allianz Global Investors)	12.8	n/a	n/a	n/a	IV	2014	n/a	n/a	n/a	8	GE	1.6-100	Halmstad	Sweden
Ekeby (client KumBro Vind AB)	6.0	n/a	n/a	n/a	III	2016	n/a	n/a	n/a	3	Senvion	MM100	Kumla	Sweden
Tellenes (client, funds managed by BlackRock)	160.0	n/a	n/a	n/a	n/a	2017	n/a	n/a	n/a	50	Siemens	SWT-3.2MW	Rogaland	Norway
Svartnäs (client, funds managed by BlackRock)	115.0	n/a	n/a	n/a	III	2019	n/a	n/a	n/a	32	Vestas	V 136	Falun	Sweden
Överturingen (client, Red Rock Power and CapMan Group)	240.8	n/a	n/a	n/a	II	2020	n/a	n/a	n/a	56	Siemens	SWD-DD-130	Ånge	Sweden
Bröcklingberget (client, funds managed by re:cap global investors)	45.1	n/a	n/a	n/a	II	2020	n/a	n/a	n/a	11	Siemens	SWT-DD-142	Bräcke	Sweden
Enviksberget (client, funds managed by BlackRock)	36.9	n/a	n/a	n/a	III	2020	n/a	n/a	n/a	9	Siemens	SWT-DD-142	Falun	Sweden
Skaftåsen (under construction, client, funds managed by Foresight Group LLP)	231.0	n/a	n/a	n/a	II		n/a	n/a	n/a	35	Siemens	SG-6.6-155	Härjedalen	Sweden
Total external projects under construction and/or management	**981.4**	**n/a**	**n/a**	**n/a**						**253**				
TOTAL WIND POWER OPERATIONS	**1,120.6**	**n/a**	**n/a**	**n/a**						**318**				

[1] Expected production +/- 5% in a normal wind year.

Arise is committed to sustainability throughout its operations. That is why this report is printed on eco-labelled paper, Munken Kristall from Arctic Paper. It is both FSC and PEFC-certified, which promotes sustainable forestry.

PRODUCTION: hstd reklambyrå. PRINTING: Printografen. PHOTOGRAPHY: Håkan Nilsson; wind turbines and wind farms, Tina Axelsson; Board of Directors and Group management, Anders Sällström; Oxhult wind farm, Patrick Trägårdh and Getty.

Arise AB, Box 808, SE-301 18 Halmstad, Sweden
Telephone +46 (0) 10 450 71 00 | www.arise.se