

Interim report

1 January – 30 September

2022



Interim report 1 January – 30 September 2022

THIRD QUARTER (1 JULY – 30 SEPTEMBER 2022)

- Net sales for the quarter amounted to MSEK 917 (180).
- Operating profit before depreciation and amortisation (EBITDA) totalled MSEK 713 (76).
- Operating profit (EBIT) totalled MSEK 697 (61).
- Profit before tax, before items affecting comparability totalled MSEK 722 (57), and after items affecting comparability MSEK 705 (54).
- Profit after tax amounted to MSEK 705 (54), or SEK 15.86 (1.41) per share.
- Operating cash flow was MSEK 792 (93) and cash flow after investments amounted to MSEK 659 (64).
- Production generated 52 GWh (57) of green electricity. The decrease was due to weaker winds than in the preceding year.
- Average income from Production was SEK 496 per MWh (755), of which SEK 491 per MWh (749) from electricity and SEK 5 per MWh (7) from guarantees of origin, resulting in a decrease in the total income from Production to MSEK 26 (43).
- The sale of the wind farm project KølvalLEN, 42 turbines with a total nominal capacity of 277 MW, was completed. The sale is expected to have a positive earnings effect of approximately MEUR 90 between 2022 and 2025, of which approximately MEUR 65 was recognised when the project was sold.
- In conjunction with the sale of KølvalLEN, Arise also acquired a shareholding of about 9% in the project. This is in line with Arise's ambition to be a more dynamic developer with a focus on maximising value creation for its project portfolio.

FIRST NINE MONTHS (1 JANUARY – 30 SEPTEMBER 2022)

- Net sales for the period amounted to MSEK 1,058 (262).
- Operating profit before depreciation and amortisation (EBITDA) totalled MSEK 799 (110).
- Operating profit (EBIT) totalled MSEK 753 (62).
- Profit before tax, before items affecting comparability totalled MSEK 771 (51), and after items affecting comparability MSEK 736 (44).
- Profit after tax amounted to MSEK 736 (44), or SEK 17.74 (1.18) per share.
- Operating cash flow was MSEK 926 (120) and cash flow after investments amounted to MSEK 694 (29).
- Production generated 213 GWh (200) of green electricity. The increase was primarily due to stronger winds in the first quarter compared with the preceding year.

Arise AB (publ)

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

About Arise

Arise is a leading independent company that realises new green energy. The company develops, builds and manages renewable electricity production. The company is listed on Nasdaq Stockholm.

- Average income from Production was SEK 669 per MWh (533), of which SEK 663 per MWh (524) from electricity and SEK 6 per MWh (9) from guarantees of origin, resulting in an increase in the total income from Production to MSEK 143 (106).
- Markus Larsson was appointed as new CFO, Daniel Cambridge was appointed as the new CCO, responsible for business development and M&A, and Hans Carlsson was appointed as new COO. All of the above have joined Group management.
- In March 2022, Arise made an investment decision regarding construction of the wind farm project Lebo in Västervik Municipality.
- In April 2022, Arise signed an asset management agreement with BlackRock regarding wind farms in Finland with an installed capacity of 219 MW.
- In May 2022, Arise issued green senior unsecured bonds of MEUR 50. The net proceeds will be used in accordance with Arise's green financing framework.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

- No significant events have taken place after the end of the reporting period

Arise AB (publ)

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

About Arise

Arise is a leading independent company that realises new green energy. The company develops, builds and manages renewable electricity production. The company is listed on Nasdaq Stockholm.

CEO's statement

The European energy system faces the challenge of providing a sufficient supply of electricity in the coming winter, with the outcome depending largely on the winter weather. European gas stocks have been filled with liquefied natural gas at a rapid pace during the year and part of the electricity production capacity that has been decommissioned or mothballed has been recommissioned or is planned to be recommissioned as soon as possible to provide short-term support in handling the prevailing energy crisis. At the same time, there is a problem with the operation of existing nuclear power in France and shortage of water in the reservoirs in southern Norway. Europe has made major investments to manage the crisis situation and, in terms of energy, a normal winter may seem manageable, but the question remains if capacity will be sufficient in the case of a winter that is colder than normal. The current situation highlights the need for more local, cost-efficient and clean electricity production capacity. Onshore wind power remains the quickest realisable and most cost-efficient alternative to materially contribute to the solution of both energy supply and climate change.

Arise's third quarter was dominated by the success of the company in carrying out the sale of the Kølvalen project in the middle of July, which will be a landmark for the company. The transaction is the largest and most profitable that the company has made to date. A fantastic project that is proof of our capacity to develop high-quality projects and our ability to make transactions of this magnitude when faced with challenging conditions with escalating costs and market interest rates. It is also satisfying that we now, thanks to our sustained efforts to improve our financial position, are able to retain a 9% share in Kølvalen at the same time as we build the Lebo project on our own balance sheet.

The new projects and assignments also imply growth of our service business, the project management of construction and management in operational phases. Today, Arise has agreements equivalent to more than 1,800 MW, which means that we are beginning to see economies of scale that we expect will have an increasingly positive impact on earnings in the years ahead.

Production for the quarter was below budget by more than 20% as the result of weak winds, particularly during August and September. The low production combined with extremely high and volatile prices meant that the average income for electricity was markedly lower than the market price. In summary, the quarter was challenging regarding our own production, but it still delivered reasonable cash flows compared with previous years as the second and third quarter typically generate lower cash flows.

We are now starting to deliver on our new strategy to diversify the company in terms of the geographies that we are active in, as well as technologically, as we have signed land lease agreement for solar power in southern Sweden. We now have the equivalent of about 50 MW in the project portfolio. The company is growing, and we have made recruitments of new personnel in Sweden, Finland and the UK during the quarter.

We can already confirm that 2022 will be the best year of the company to date in terms of profitability thanks to the earnings from the sale of Kølvallen and that our production is expected to continue to make a positive full-year contribution, particularly considering that the fourth quarter is typically the best in terms of production.

In conclusion, the company has now established excellent prerequisites for our growth journey.

Halmstad, 9 November 2022

Per-Erik Eriksson
CEO



“We can already confirm that 2022 will be the best year of the company to date in terms of profitability thanks to the earnings from the sale of Kølvallen”

Net sales and results

MSEK	Q3 2022	Q3 2021	9m 2022	9m 2021
Profit before items affecting comparability				
Net sales	917	180	1,058	262
EBITDA	713	76	799	110
EBIT	697	61	753	62
EBT	722	57	771	51
Items affecting comparability				
<i>Exch. rate diff. loans in for. currency, (financial items)</i>	-18	-3	-35	-6
Recognised profit				
EBT	705	54	736	44
Profit after tax	705	54	736	44

Items affecting comparability comprise exchange rate differences on bank loans, bond loans and unallocated bond proceeds, all in foreign currencies.

COMMENTS ON THE THIRD QUARTER

Income for Development increased significantly in the quarter due to the successful sale of Kølvalen. Income from Solutions also increased, primarily as a result of the project and asset management assignments concerning Kølvalen. For Production, the quarter was characterised by continued high market prices for electricity, but also by weaker winds than the preceding year.

Net sales increased to MSEK 917 (180), in all material aspects driven by the sale of Kølvalen. Production generated 52 GWh (57) green electricity while the average realised price declined to SEK 496 per MWh (755), despite continued high market prices. The low production combined with extremely high and volatile prices implied that hedges negatively impacted earnings. Operating expenses amounted to MSEK -206 (-105).

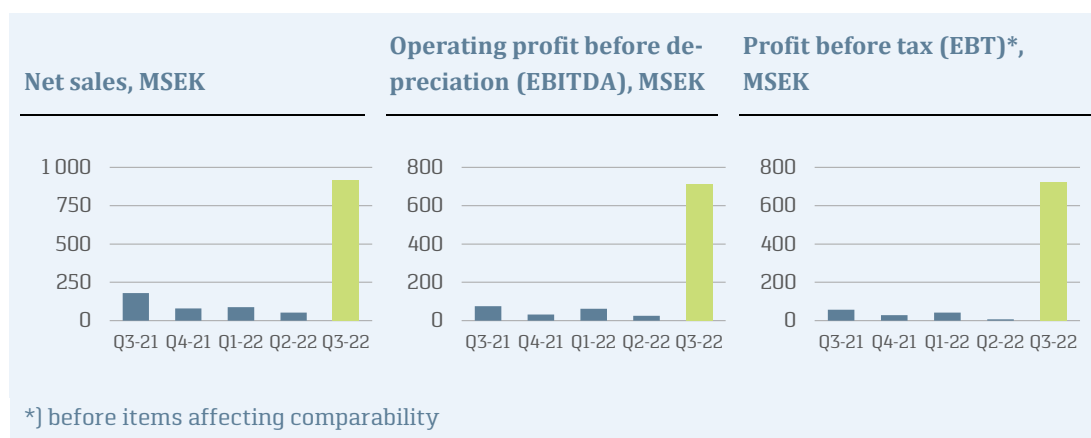
In total, EBITDA increased to MSEK 713 (76). Depreciation amounted to MSEK -15 (-15), resulting in EBIT of MSEK 697 (61). Net financial items, before items affecting comparability, increased to MSEK 25 (-3), positively impacted by exchange rate differences connected to the consideration received in EUR for Kølvalen. The company's electricity production assets are valued in EUR and income is received in EUR. The company therefore chose to take loans in EUR, creating a natural hedge. Changes to the EUR/SEK exchange rate will continue to affect comparable net financial items, whereby a strengthening of SEK will improve the net and vice versa. Corresponding reverse value changes in SEK terms for the underlying assets are not recognised. In the third quarter, the comparability of net financial items was impacted by exchange rate differences for bank loans, bond loans and unallocated bond proceeds in foreign currencies of MSEK -18 due to the EUR strengthening against the SEK.

Recognised profit before and after tax both amounted to MSEK 705 (54).

COMMENTS ON THE FIRST NINE MONTHS OF THE YEAR

The sale of Kølvalen in the third quarter had a significant impact on income from Development. At the same time, income in Production increased as a result of higher market prices for electricity despite weaker production during the third quarter. In total, 213 GWh (200) of green electricity was produced, and the average price for production totalled SEK 669 per MWh (533). Net sales increased to MSEK 1,058 (262) compared with the same period last year. Operating expenses amounted to MSEK -266 (-156).

EBITDA increased to MSEK 799 (110), and EBIT increased to MSEK 753 (62). Profit before tax, before items affecting comparability, totalled MSEK 771 (51). In the first nine months of the year, the comparability of net financial items was impacted by exchange rate differences for bank loans, bond loans and unallocated bond proceeds in foreign currencies of MSEK -35 due to the EUR strengthening against the SEK. Recognised profit before tax thus amounted to MSEK 736 (44). Recognised profit after tax improved to MSEK 736 (44), representing earnings per share of SEK 17.74 (1.18).



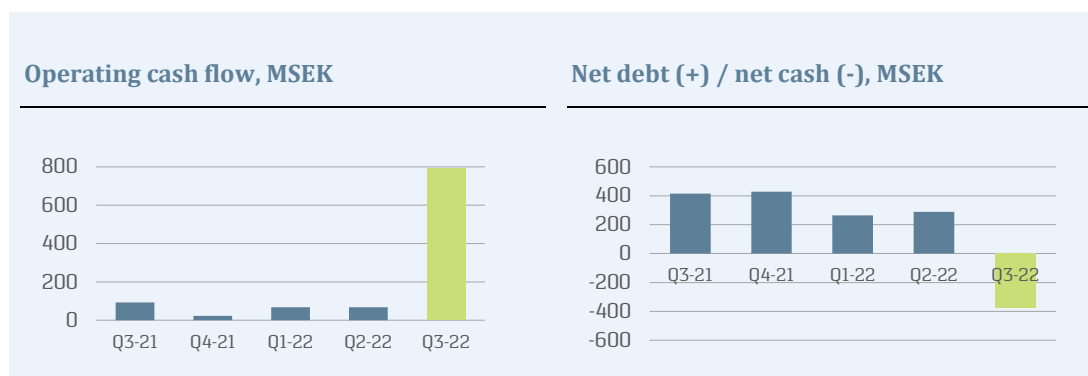
Cash flow and investments

COMMENTS ON THE THIRD QUARTER

Cash flow from operating activities before changes in working capital was MSEK 833 (149). Changes in working capital were MSEK -41 [-56] and the total operating cash flow was thus MSEK 792 (93). Net cash flow from investing activities was MSEK -134 [-29], driven primarily by the investment in Kølvalen in conjunction with the transaction. Cash flow after investments thus amounted to MSEK 659 (64). There were no amortisations during the quarter. Interest and financing costs of MSEK -7 [-2] were paid. Payments to blocked accounts amounted to MSEK -9 [0], after which cash flow, adjusted for lease effects, amounted to MSEK 642 (61) for the quarter.

COMMENTS ON THE FIRST NINE MONTHS OF THE YEAR

Cash flow from operating activities before changes in working capital was MSEK 914 (178). Changes in working capital were MSEK 13 [-58] and the total operating cash flow was thus MSEK 926 (120). Net cash flow from investing activities was MSEK -233 [-91] due to investments in Lebo and Kølvalen. Cash flow after investments thus amounted to MSEK 694 (29). During the second quarter, a green bond corresponding to MSEK 523 was issued. Amortisations totalling MSEK -11 [-9] were paid. Interest and financing costs of MSEK -21 [-10] were paid. Payments to blocked accounts amounted to MSEK -9 [0], after which cash flow, adjusted for lease effects, amounted to MSEK 1,172 (4).



Financing and liquidity

At the end of the period, the company had net cash of MSEK 374 compared with net debt of MSEK 415 at the end of the year-earlier quarter, impacted by the sales proceeds received from Kølvalen. During the first nine months of the year, all convertibles outstanding were either converted or redeemed at a nominal amount. Cash and cash equivalents at the end of the period totalled MSEK 1,287 (91). In addition, the company has an unutilised overdraft facility of MSEK 75. During the period, the company signed a project financing agreement for the Lebo project, which is not expected to be utilised until 2023. In conjunction with this financing, the tenor of other bank financing was extended to 2025. At the end of the period, the equity/assets ratio was 45 (51) percent.

Development

MSEK	Q3 2022	Q3 2021	9m 2022	9m 2021
Income	884	131	898	138
Cost of sold projects	-136	-68	-136	-68
Other operating expenses and capitalised work	-43	-13	-52	-18
Operating profit before depreciation (EBITDA)	704	50	710	52
Operating profit (EBIT)	704	50	710	50
Profit before tax	712	48	712	42

COMMENTS ON THE THIRD QUARTER

Income for Development increased significantly in the quarter due to the sale of Kølvalen, 277 MW, to a fund managed by Foresight Group LLP. The consideration totalled approximately MEUR 100, of which MEUR 75 was received as fixed consideration and about MEUR 25 as variable consideration payable upon completion of construction of the project. The variable consideration is contingent on the construction of the project being completed according to schedule and budget. Expected profit is estimated to approximately MEUR 90 during the project's construction time, of which approximately MEUR 65 was recognised when the project was sold.

For Kølvalen, revenue recognition commenced during the quarter. For the Ranasjö- and Salsjöhöjden project, the expected earnout was revised down as a result of a continued uncertain market situation. Construction has commenced for the Lebo project which will initially be financed by Arise, providing us with the flexibility to sell or keep Lebo in the production portfolio once the project is in commercial operation.

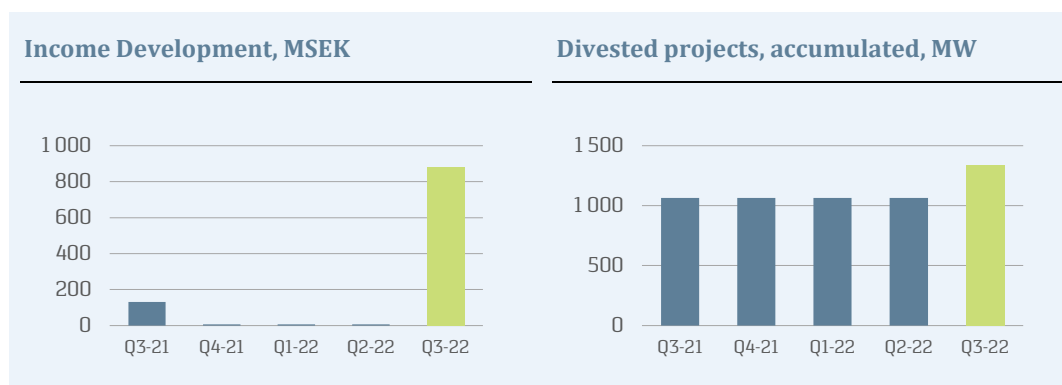
Development activities continued for the HT Skogar portfolio, with the potential for more than 1,500 MW. In the UK, work continued with the major solar project of approximately 200 MW and potentially 80 MW of battery storage. The company has also strengthened its organisation in the UK to secure additional solar projects. For the Tormsdale project in Scotland, the permit application and application for grid connection have been submitted and are in process. Rights for solar projects of approximately 50 MW in southern Sweden have been secured during the quarter. In total, the company now has a portfolio of renewable energy projects totalling more than 2,600 MW at its disposal, which is presented in more detail under the Portfolio section. During the quarter, efforts also continued to acquire project rights for solar power in Poland while the company established an organisation in Finland with the aim of securing project rights in the Finnish market.

Income increased to MSEK 884 (131). The cost of sold projects amounted to MSEK -136 (-68). Other operating expenses and capitalised work totalled MSEK -43 (-13). EBITDA thus increased to MSEK 704 (50). Depreciation and amortization amounted to MSEK 0 (0). Net financial items improved to MSEK 8 (-2). EBIT and profit before tax thus increased to MSEK 704 (50) and MSEK 712 (48), respectively.



COMMENTS ON THE FIRST NINE MONTHS OF THE YEAR

Income increased to MSEK 898 (138). The cost of sold projects amounted to MSEK -136 (-68). Other operating expenses and capitalised work totalled MSEK -52 (-18) and thus increased EBITDA to MSEK 710 (52) and EBIT to MSEK 710 (50). Depreciation and amortization amounted to MSEK 0 (-2). Net financial items improved to MSEK 2 (-8) and profit before tax thus increased to MSEK 712 (42).



PORTFOLIO

Arise's development portfolio is presented below, totalling over 2,600 MW of solar and wind power at the end of the period. The consolidated carrying amount was approximately MSEK 117, including Lebo, at the end of the period. Fully developed, the portfolio would equate to an investment level of SEK 25-30 billion.

The portfolio is divided into projects in later developmental phases, which now amount to a total of over 300 MW, and projects in early developmental phases, which amount to a total of more than 2,300 MW. The company is working actively to expand the project portfolio particularly concerning wind power and solar power in the Nordic countries and solar power in Poland and the UK. This includes greenfield projects and acquisitions of projects at varying stages. As part of this work, the company has expanded the organisation and continued to grow in terms of human resources.

In working to increase its project portfolio, Arise has evaluated a number of different conceivable projects. The vast majority of the projects evaluated do not qualify for further development as they do not meet the strict demands that Arise places on projects in terms of wind and solar conditions, permit risks, electricity grid capacity, and an assessment of their economic potential. These primary factors were determined to be promising for the projects below. While individual projects may not always be realised, the overall project portfolio represents high potential value for the company, with relatively little capital tied-up and low risk.

Projects – late developmental phases

Fasikan, SE 2



MW

90

Finnåberget, SE 2



150

Tormsdale, Scotland



70

Total

>300

Projects – early developmental phases

Sweden



MW

~1,700

Sweden



~50

Norway



~200

UK



~120

UK



~280

Total

>2,300



Wind power



Solar power



Battery storage

Production

MSEK	Q3 2022	Q3 2021	9m 2022	9m 2021
Income	26	43	143	106
Operating expenses	-14	-11	-33	-33
Operating profit before depreciation (EBITDA)	12	32	111	73
Operating profit/loss (EBIT)	-2	17	66	29
Comparable profit/loss before tax	-3	16	64	25
Recognised profit/loss before tax	-12	13	39	18

COMMENTS ON THE THIRD QUARTER

Winds were weaker than normal during the period and production at the company's wind farms amounted to 52 GWh (57). At the same time, average income for electricity declined to SEK 491 per MWh (749) and average income for guarantees of origin, amounted to SEK 5 per MWh (7). The low production during the period combined with high market prices and high price volatility meant that the average income for electricity was markedly under the market price and that price hedging had a negative impact on earnings.

Income amounted to MSEK 26 (43), a decrease directly attributable to lower production and average income compared with the year-earlier period. The specific operating expense increased compared with the year-earlier period to SEK -262 per MWh (-195), partly as a result of the lower production.

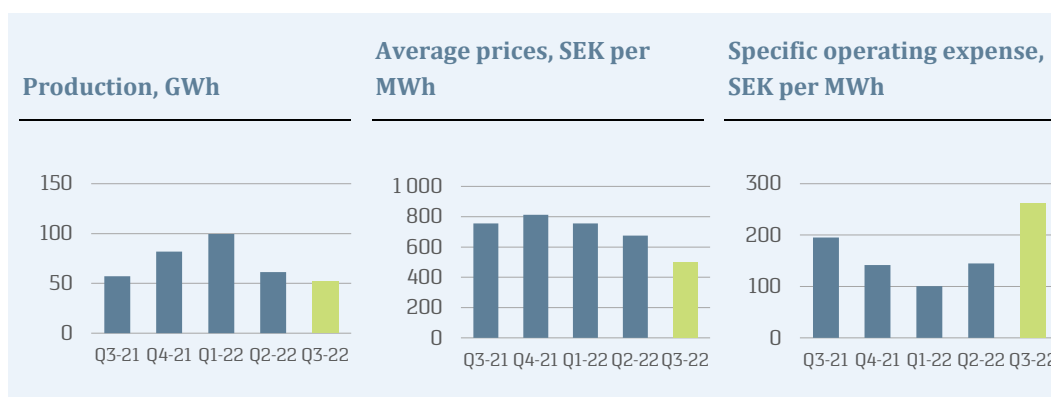
EBITDA declined to MSEK 12 (32) compared with the year-earlier quarter. Depreciation amounted to MSEK -15 (-14) and EBIT thus declined to MSEK -2 (17).

Net financial items, excluding items affecting comparability, amounted to MSEK -1 (-1). Profit/loss before tax, before items affecting comparability, thus declined to MSEK -3 (16). The company's electricity production assets are valued in EUR and income is received in EUR. The company therefore chose to take loans in EUR, creating a natural hedge. Changes to the EUR/SEK exchange rate will continue to affect comparable net financial items, whereby a strengthening of SEK will improve the net and vice versa. Corresponding reverse value changes in SEK terms for the underlying assets are not recognised. In the third quarter, the comparability of net financial items was impacted by exchange rate differences for loans in foreign currencies of MSEK -9 due to the EUR strengthening against the SEK. Recognised profit/loss before tax amounted to MSEK -12 (13).

Regarding the company's GE wind farms, no agreement has been reached with the previous service provider and the company has therefore commenced an arbitration process.

Hedged electricity prices	Q4 2022	2023	2024
MWh, SE 4	48,600	96,200	35,100
EUR/MWh, SE4	104	109	97

In addition to the above hedging, the company has a portfolio of CfD contracts, in which the full area price has not yet been hedged. With the high volatility and uncertainty as well as low liquidity at the end of the period, the market value of this portfolio amounted to MSEK -49.



COMMENTS ON THE FIRST NINE MONTHS OF THE YEAR

Production at the company's wind farms increased to 213 GWh (200) due to stronger winds during the first quarter than in the year-earlier period. At the same time, average income for electricity and guarantees of origin, amounted to SEK 663 per MWh (524) and SEK 6 per MWh (9), respectively. Average income for electricity was markedly below the market price for electricity (weighted average for SE3 and SE4) during the period, impacted by the high price volatility and price hedging at lower levels than average.

Income amounted to MSEK 143 (106), an increase of MSEK 7 due to higher production and an increase of MSEK 29 due to higher average income compared with the year-earlier period. The specific operating expense amounted to SEK -153 per MWh (-167) and EBITDA therefore increased to MSEK 111 (73). Depreciation amounted to MSEK -44 (-45), on a par with the year-earlier period, and EBIT increased to MSEK 66 (29). Net financial items, excluding items affecting comparability, amounted to MSEK -2 (-4), while the comparability of net financial items was impacted by exchange rate differences for loans in foreign currencies of MSEK -26 due to the EUR strengthening

against the SEK. Comparable and recognised earnings before tax increased to MSEK 64 [25] and MSEK 39 [18], respectively.

Solutions

MSEK	Q3 2022	Q3 2021	9m 2022	9m 2021
Income	10	6	23	20
Operating expenses	-8	-6	-25	-17
Operating profit/loss before depreciation (EBITDA)	2	1	-2	3
Operating profit/loss (EBIT)	2	1	-2	3
Profit/loss before tax	2	1	-2	3

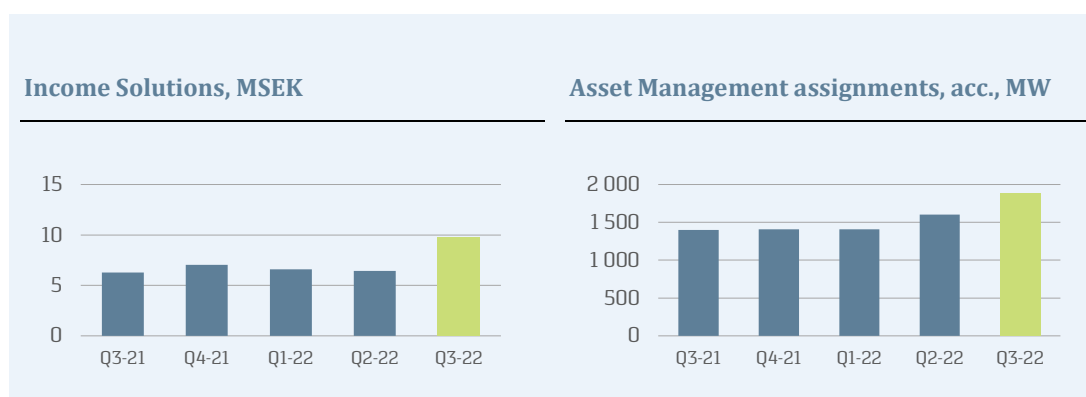
COMMENTS ON THE THIRD QUARTER

In Solutions, the project management and asset management assignment related to Kolvallen commenced during the quarter, which contributed positively to income. The organisation was further strengthened and now manages over 1,800 MW in Sweden, Norway and Finland.

Income amounted to MSEK 10 [6]. Operating expenses amounted to MSEK -8 [-6], driven by the continued growth of the organisation. EBITDA thus amounted to MSEK 2 [1]. Depreciation and amortization and financial items were MSEK 0 [0] and EBIT and profit before tax thus amounted to MSEK 2 [1].

COMMENTS ON THE FIRST NINE MONTHS OF THE YEAR

Income increased to MSEK 23 [20]. Operating expenses amounted to MSEK -25 [-17], whereby EBITDA amounted to MSEK -2 [3]. Depreciation and amortization and financial items were MSEK 0 [0] and EBIT and profit/loss before tax thus amounted to MSEK -2 [3].



RELATED-PARTY TRANSACTIONS

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

CONTINGENT LIABILITIES

The Group's contingent liabilities are related to guarantees and counter indemnities that are issued to support the Group's obligations connected to wind power projects. These are described in more detail on page 74 under Note 20 in the 2021 Annual Report. During the first half of the year, Arise AB entered into a counter indemnity for the bank guarantees issued to the benefit of Kølvalden Vind AB amounting to MSEK 206 and MSEK 21, respectively, and to the benefit of Arise Wind Farm 20 AB amounting to MSEK 27. Arise AB also has a parent company guarantee to the benefit of Siemens Gamesa related to the Lebo project that amounted to approximately MEUR 27 at the end of the period. Moreover, the company's counter indemnity of MEUR 0.45 related to Bröcklingberget has expired.

SIGNIFICANT EVENTS AFTER THE END OF THE REPORTING PERIOD

No significant events have taken place after the end of the reporting period.

OUTLOOK

There continues to be high uncertainty and global risks concerning security politics and energy supply, which makes the ongoing energy transition increasingly obvious in society. The war in Ukraine is, above all, a humanitarian catastrophe, but it is also having a noticeable impact on the economy and market situation. While the market is currently experiencing increased raw material and component shortages and prices, demand for new power production, in particular renewable power production, has never been stronger. The company is well positioned with production of renewable electricity and a strong project portfolio. Accordingly, we see good opportunities for growth and continued value creation. Our strong financial situation means that we have increased opportunities to maximise value creation in the business and also optimise our long-term income from both production and the project portfolio. Underlying earnings continue to be expected to increase over the next few years compared with the 2021 level.

RISKS AND UNCERTAINTIES

Russia's invasion of Ukraine has resulted in growing uncertainty regarding the global economy, leading to a rapid rise in inflation and rising market interest rates. In addition to the impact on the energy market and an increased focus on delivery reliability, logistics chains and transportation have also been beset by disruptions. As a result, there is a risk of increased shipping costs and further supply chain disruptions. However, Arise's direct exposure to the effects of the invasion is relatively limited. Other risks and uncertainties affecting the Group are described on pages 35–36 of the 2021 Annual Report, and financial risk management is presented on pages 63–69. No other significant changes have taken place that affect the reported risks.

OWNERSHIP STRUCTURE

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



Parent Company

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

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

During the first nine months of the year, the Parent Company's total income amounted to MSEK 29 [22], and purchases of electricity and certificates, personnel and other external expenses, capitalised work on own account and depreciation of non-current assets totalled MSEK -60 [-45], resulting in EBIT of MSEK -31 [-23]. A net financial expense of MSEK -10 [1] and group contributions of MSEK 67 [33] led to net profit/loss after tax of MSEK 26 [11]. The Parent Company's net investments amounted to MSEK -298 [-14].

ACCOUNTING POLICIES

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

In conjunction with the sale of Kølvallen, the Group has recognised its remaining participating interest as a financial holding in the item "Non-current financial assets". Investments in shares without significant influence or control are recognised at fair value. Such an investment is also recognised in subsequent periods at fair value and the change in value is recognised in the statement of comprehensive income.

Arise has chosen to change the form of presentation of its income statement regarding sold projects in 2022 to better illustrate subitems in the transactions. As such, Arise has retroactively adjusted comparative figures to comply with a uniform presentation format between the current year and comparative years. As a result, income for the comparative year of 2021 has increased MSEK 63 with a corresponding increase in operating expenses. The changed presentation format thus has no impact on earnings for 2021.

FINANCIAL CALENDAR

▪ Fourth quarter (1 October-31 December)	16 February 2023
▪ First quarter (1 January-31 March)	4 May 2023
▪ Second quarter (1 April-30 June)	18 July 2023
▪ Third quarter (1 July-30 September)	15 November 2023

Halmstad, 9 November 2022

Arise AB (publ)

Per-Erik Eriksson

CEO

FOR FURTHER INFORMATION, PLEASE CONTACT

Per-Erik Eriksson, CEO

Tel. +46 (0) 702 409 902

Markus Larsson, CFO

Tel. +46 (0) 735 321 776

REVIEW REPORT

Introduction

We have performed a review of the interim condensed financial information (interim report) of Arise AB (publ) at 30 September 2022, and the nine-month period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express an opinion on this interim report based on our review.

Direction and scope of the review

We have conducted our review in accordance with the International Standard on Review Engagements ISRE 2410 Review of Interim Financial Information Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially less in scope than an audit conducted in accordance with the ISA, and with generally accepted auditing practices. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that might be identified in an audit. Therefore, the opinion expressed on the basis of a review does not provide the same level of assurance as an opinion expressed on the basis of an audit.

Opinion

Based on our review, nothing has come to our attention that causes us to believe that the interim report has not, in all material aspects, been compiled for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and for the Parent Company in accordance with the Swedish Annual Accounts Act.

Gothenburg, 9 November 2022

Öhrlings PricewaterhouseCoopers AB

Ulrika Ramsvik

Authorised Public Accountant

CONSOLIDATED INCOME STATEMENT

		2022	2021	2022	2021	2021
		Q3	Q3	9 mon	9 mon	FY
[Amounts rounded to the nearest MSEK]						
Net sales	Note 1	917	180	1,058	262	341
Other operating income		2	0	4	0	0
Total income		919	180	1,061	262	341
Capitalised work on own account		0	1	4	4	5
Personnel costs		-11	-9	-32	-29	-46
Cost of sold projects		-136	-68	-136	-68	-68
Other external expenses		-60	-29	-98	-59	-91
Operating profit before depreciation (EBITDA)		713	76	799	110	143
Depreciation and imp. of non-current assets	Note 2,3	-15	-15	-46	-48	-63
Operating profit/loss (EBIT)		697	61	753	62	79
Profit/loss from financial items	Note 4	7	-6	-17	-18	-22
Profit/loss before tax		705	54	736	44	58
Tax on profit/loss for the period		0	0	0	0	-1
Net profit/loss for the period		705	54	736	44	57
Earnings per share before dilution, SEK		15.86	1.41	17.74	1.18	1.51
Earnings per share after dilution, SEK		15.86	1.27	17.74	1.16	1.49

Treasury shares held by the Company, amounting to 54,194 shares, have not been included in calculating earnings per share and only financial instruments outstanding at the end of the period were considered. No such financial instruments were outstanding on 30 September 2022.

Earnings are 100% attributable to the Parent Company's shareholders.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

		2022	2021	2022	2021	2021
		Q3	Q3	9 mon	9 mon	FY
[Amounts rounded to the nearest MSEK]						
Net profit/loss for the period		705	54	736	44	57
<i>Other comprehensive income</i>						
Items that may be reclassified to the income statement						
Translation differences for period		0	0	0	0	0
Cash flow hedges		-181	-43	-291	-60	-164
Income tax attributable to components of other comprehensive income		37	9	60	12	34
Other comprehensive income for the period, net after tax		-144	-34	-231	-48	-130
Total comprehensive income for the period		561	20	505	-4	-73

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

CONSOLIDATED BALANCE SHEET

	2022	2021	2021
[Condensed, amounts rounded to the nearest MSEK]	30 Sep	30 Sep	31 Dec
Intangible assets	25	25	25
Property, plant and equipment ¹⁾	1,166	1,206	1,223
Non-current financial assets	248	29	50
Total non-current assets	1,439	1,260	1,298
Inventories	0	1	1
Other current assets	166	118	141
Cash and cash equivalents	1,287	91	70
Total current assets	1,454	210	212
TOTAL ASSETS	2,893	1,470	1,511
Equity	1,310	745	676
Non-current interest-bearing liabilities ²⁾	981	428	425
Provisions	58	49	49
Total non-current liabilities	1,039	477	474
Current interest-bearing liabilities ²⁾	18	155	150
Other current liabilities	526	93	211
Total current liabilities	544	248	361
TOTAL EQUITY AND LIABILITIES	2,893	1,470	1,511

¹⁾ Property, plant and equipment include lease assets of MSEK 55 (57).

²⁾ Interest-bearing liabilities include lease liabilities of MSEK 58 (59).

CONSOLIDATED CASH FLOW STATEMENT

	2022	2021	2022	2021	2021
[Condensed, amounts rounded to the nearest MSEK]	Q3	Q3	9 mon	9 mon	FY
Cash flow from operating activities before changes in working capital	833	149	914	178	211
Cash flow from changes in working capital	-41	-56	13	-58	-68
Cash flow from operating activities	792	93	926	120	143
Investments in non-current assets	-10	-28	-109	-91	-124
Investments in non-current financial assets	-124	-	-124	-	-
Sales of non-current assets	-	-1	-	-	-
Cash flow from investing activities	-134	-29	-233	-91	-124
Loan repayments	-	-	-11	-9	-18
Loan raised	-	-	523	-	-
Amortization of lease liabilities	0	-1	-5	-5	-6
Interest paid and other financing costs	-7	-2	-21	-10	-12
Interest received	-	-	-	-	0
Net payment to blocked accounts	-9	-	-9	-	-
Cash flow from financing activities	-16	-2	478	-25	-36
Cash flow for the period	642	61	1,172	4	-17
Cash and cash equivalents at the beginning of the period	611	29	70	86	86
Translation differences in cash and cash equivalents	34	0	45	1	2
Cash and cash equivalents at the end of the period	1,287	91	1,287	91	70
Interest-bearing liabilities at the end of the period	940	524	940	524	516
Blocked cash at the end of the period	-27	-18	-27	-18	-18
Net debt Note 6	-374	415	-374	415	428

GROUP EQUITY

	2022	2021	2021
[Condensed, amounts rounded to the nearest MSEK]	30 Sep	30 Sep	31 Dec
Opening balance	676	703	703
Profit/loss for the year	736	44	57
Other comprehensive income for the period	-231	-48	-130
New issue of shares / conversion of convertibles	129	46	46
Other items	-	0	0
Closing balance	1,310	745	676

KEY PERFORMANCE INDICATORS FOR THE GROUP

	2022 Q3	2021 Q3	2022 9 mon	2021 9 mon	2021 FY
<u>Operational key performance indicators</u>					
Installed capacity at the end of the period, MW	139.2	139.2	139.2	139.2	139.2
Own electricity production during the period, GWh	52.1	57.1	213.2	199.7	281.7
Number of employees at the end of the period	36	29	36	29	30
<u>Financial key performance indicators</u>					
Earnings per share before dilution, SEK ¹⁾	15.86	1.41	17.74	1.18	1.51
Earnings per share after dilution, SEK ¹⁾	15.86	1.27	17.74	1.16	1.49
EBITDA margin, %	77.6%	42.1%	75.3%	42.0%	41.7%
Operating margin, %	75.9%	33.8%	70.9%	23.6%	23.2%
Return on capital employed (EBIT), %	73.5%	4.1%	73.5%	4.1%	7.0%
Return on adjusted capital employed (EBITDA), %	79.3%	9.6%	79.3%	9.6%	12.5%
Return on equity, %	72.9%	0.4%	72.9%	0.4%	8.2%
Capital employed, MSEK	936	1,160	936	1,160	1,104
Average capital employed, MSEK	1,048	1,154	1,048	1,154	1,137
Equity, MSEK	1,310	745	1,310	745	676
Average equity, MSEK	1,027	710	1,027	710	689
Net debt, MSEK	-374	415	-374	415	428
Equity/assets ratio, %	45.3%	50.7%	45.3%	50.7%	44.8%
Debt/equity ratio, times	neg	0.6	neg	0.6	0.6
Equity per share, SEK	29	19	32	20	18
Equity per share after dilution, SEK	29	20	32	20	18
No. of shares at the end of the period, excl. treasury shares	44,440,041	38,542,880	44,440,041	38,542,880	38,567,246
Average number of shares	44,440,041	38,471,101	41,503,644	37,493,301	37,505,484
Average number of shares after dilution	44,440,041	44,616,001	41,503,644	44,616,001	44,616,001

¹⁾ Treasury shares held by the Company, amounting to 54,194 shares, have not been included in calculating earnings per share and only financial instruments outstanding at the end of the period were considered. No such financial instruments were outstanding on 30 September 2022.

NOTE 1 – NET SALES

	2022	2021	2022	2021	2021
(Amounts rounded to the nearest MSEK)	Q3	Q3	9 mon	9 mon	FY
Electricity	26	43	141	105	171
Certificates and guarantees of origin	0	0	1	2	2
Development	882	131	894	137	143
Services	9	6	21	19	25
Total	917	180	1,058	262	341

Net sales include i) income from electricity (the sale of generated electricity, and gains and losses from electricity and currency derivatives attributable to the hedged electricity production), ii) earned and sold electricity certificates and guarantees of origin, and iii) development income from projects sold and asset management income. The classification is based on an assessment of the nature of the income, the amount, timing and uncertainty surrounding income and cash flows. Income from electricity, income from electricity certificates and guarantees of origin are generated by the renewable electricity production owned by the Group, which are recognised in the Production segment. Income from development is mainly generated through the company's project portfolio and are recognised in the Development segment. Income from services is mainly generated through construction project management and asset management of renewable energy production and are recognised in the Solutions segment.

GROUP SEGMENT REPORTING

The division of segment reporting is based on the Group's products and services, meaning the grouping of operations. The segment Development, develops, constructs, and sells renewable energy projects. Production comprises the group's ownership in operating renewable energy assets. Solutions offers services in the form of construction project management and asset management for renewable energy production as well as other services. The Unallocated revenue/expenses pertains to the Group's shared expenses.

Quarter 3	Develop- ment		Production		Solutions		Unallocated rev./exp.		Eliminations		Group	
(Amounts rounded to the nearest MSEK)	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021	Q3 2022	Q3 2021
Net sales, external	882	131	26	43	9	6	-	-	-	-	917	180
Net sales, internal	-	-	-	-	1	1	-	-	-1	-1	-	-
Other operating income	1	0	0	0	0	0	0	0	-	-	2	0
Total income	884	131	26	43	10	6	0	0	-1	-1	919	180
Capitalised work on own ac- count	0	1	-	-	-	-	-	-	-	-	0	1
Operating expenses	-180	-82	-14	-11	-8	-6	-6	-7	1	1	-206	-105
Operating profit/loss be- fore depr./imp. (EBITDA)	704	50	12	32	2	1	-6	-7	-	0	713	76
Depreciation/impair. Note 2	0	0	-15	-14	0	0	0	0	-	-	-15	-15
Operating profit/loss (EBIT)	704	50	-2	17	2	1	-6	-8	-	0	697	61
Net financial items	8	-2	-10	-4	0	0	9	0	-	-	7	-6
Profit/loss before tax (EBT)	712	48	-12	13	2	1	3	-8	-	0	705	54
Non-current assets	117	121	1,073	1,107	0	0	1	3	-	-	1,191	1,231

NOTE 2 - DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS

Depreciation/amortisation	0	0	-15	-14	0	0	0	0	-	-	-15	-15
Impairment and reversal of impairment	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation and impair- ment	0	0	-15	-14	0	0	0	0	-	-	-15	-15

GROUP SEGMENT REPORTING

9 months	Develop- ment		Production		Solutions		Unallocated rev./exp.		Eliminations		Group	
(Amounts rounded to the nearest MSEK)	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Net sales, external	895	138	143	107	20	18	-	-	-	-	1,058	262
Net sales, internal	-	-	-	-	2	2	-	-	-2	-2	-	-
Other operating income	3	0	0	0	0	0	0	0	-	-	4	0
Total income	898	138	143	106	23	20	0	0	-2	-2	1,061	262
Capitalised work on own ac- count	4	4	-	-	-	-	-	-	-	-	4	4
Operating expenses	-191	-90	-33	-33	-25	-17	-20	-18	2	2	-266	-156
Operating profit/loss be- fore depr./imp. (EBITDA)	710	52	111	73	-2	3	-20	-18	-	0	799	110
Depreciation/impair. Note 3	0	-2	-44	-45	0	0	-1	-1	-	-	-46	-48
Operating profit/loss (EBIT)	710	50	66	29	-2	3	-21	-20	-	0	753	62
Net financial items	2	-8	-28	-10	0	0	9	0	-	-	-17	-18
Profit/loss before tax (EBT)	712	42	39	18	-2	3	-12	-19	-	0	736	44
Non-current assets	117	121	1,073	1,107	0	0	1	3	-	-	1,191	1,231

NOTE 3 – DEPRECIATION AND IMPAIRMENT OF NON-CURRENT ASSETS

Depreciation/amortisation	0	0	-44	-45	0	0	-1	-1	-	-	-46	-46
Impairment and reversal of impairment	-	-2	-	-	-	-	-	-	-	-	-	-2
Depreciation and impair- ment	0	-2	-44	-45	0	0	-1	-1	-	-	-46	-48

NOTE 4 – PROFIT/LOSS FROM FINANCIAL ITEMS

(Amounts rounded to the nearest MSEK)	2022 Q3	2021 Q3	2022 9 mon	2021 9 mon	2021 FY
Interest income					
Loans and receivables	1	-	1	-	0
Interest expense					
Loans and receivables	-1	-1	-4	-4	-5
Bond loan and convertible	-8	-2	-12	-7	-9
Other financial items					
Lease liabilities	-1	-1	-2	-2	-3
Exchange rate difference EUR loan/bond loan	-21	-3	-49	-6	-7
Other financial expenses	-1	-1	-4	-2	-3
Other exchange rate differences	38	1	52	3	5
Total	7	-6	-17	-18	-22

NOTE 5 – FAIR VALUE OF FINANCIAL INSTRUMENTS

FAIR VALUE HIERARCHY

All financial instruments that are measured at fair value belong to Level 2 of the fair value hierarchy. Derivatives comprise electricity futures, currency futures and interest-rate swaps. Measuring the fair value of currency futures is based on published forward rates in an active market. The measurement of interest-rate swaps is based on forward interest rates derived from observable yield curves. The discounting does not have any material impact on the valuation of derivatives in Level 2. The recognition of financial instruments is described on pages 63-69 of the 2021 Annual Report. The table below presents the Group's financial assets and liabilities measured at fair value at the balance-sheet date.

(Amounts rounded to the nearest MSEK)	2022 30 Sep	2021 30 Sep	2021 31 Dec
Assets			
Derivatives held for hedging purposes			
- Derivative assets	21	7	6
Liabilities			
Derivatives held for hedging purposes			
- Derivative liabilities	-464	-56	-158

NOTE 6 – NET DEBT

	2022 30 Sep	2021 30 Sep	2021 31 Dec
(Amounts rounded to the nearest MSEK)			
Non-current liabilities	1,039	477	474
- of which interest-bearing non-current liabilities (excl. lease liabilities)	926	372	370
Current liabilities	544	248	361
- of which interest-bearing current liabilities (excl. lease liabilities)	14	151	146
Long and short term interest bearing debt liabilities (excl. lease liabilities)	940	524	516
Cash and cash equivalents at the end of the period	-1,287	-91	-70
Blocked cash at the end of the period	-27	-18	-18
Net debt	-374	415	428

Lease liabilities amounted to MSEK 58 (59) on September 30, 2022.

PARENT COMPANY INCOME STATEMENT

(Amounts rounded to the nearest MSEK)	2022 Q3	2021 Q3	2022 9 mon	2021 9 mon	2021 FY
Sales of electricity and electricity certificates	0	0	1	0	0
Development and services	10	6	25	22	29
Other operating income	2	0	3	0	0
Total income	12	7	29	22	30
Capitalised work on own account	0	1	1	2	3
Purchases of electricity and electricity certificates	0	0	-1	0	0
Cost of sold projects and asset management	-2	-1	-8	-3	-5
Personnel costs	-9	-8	-29	-27	-42
Other external expenses	-6	-5	-24	-15	-35
Operating profit/loss before depreciation (EBITDA)	-6	-7	-31	-20	-50
Depreciation and imp. of non-current assets	0	0	0	-2	-3
Operating profit/loss (EBIT)	-6	-7	-31	-23	-52
Profit/loss from financial items Note 1	-8	0	-10	1	-22
Profit/loss after financial items	-14	-8	-41	-22	-74
Group contribution	-	-7	67	33	69
Profit/loss before tax	-14	-15	26	11	-4
Tax on profit/loss for the period	-	0	0	0	0
Net profit/loss for the period	-14	-15	26	11	-5

PARENT COMPANY BALANCE SHEET

	2022	2021	2021
	30 Sep	30 Sep	31 Dec
[Condensed, amounts rounded to the nearest MSEK]			
Intangible assets	25	25	25
Property, plant and equipment	42	32	38
Non-current financial assets	1,003	724	704
Total non-current assets	1,069	781	767
Other current assets	75	31	50
Cash and cash equivalents	280	61	47
Total current assets	355	92	97
TOTAL ASSETS	1,424	873	865
Restricted equity	4	3	3
Non-restricted equity	750	611	596
Total equity	754	614	599
Non-current interest-bearing liabilities	538	0	-
Total non-current liabilities	538	0	-
Current interest-bearing liabilities	-	133	133
Other current liabilities	133	127	133
Total current liabilities	133	259	266
TOTAL EQUITY AND LIABILITIES	1,424	873	865

PARENT COMPANY EQUITY

	2022	2021	2021
	30 sep	30 sep	31 dec
[Condensed, amounts rounded to the nearest MSEK]			
Opening balance	599	557	557
Other comprehensive costs for the period	26	11	-5
New issue of shares/ conversion of convertibles	129	46	46
Closing balance	754	614	599

NOTE 1 – PROFIT/LOSS FROM FINANCIAL ITEMS

(Amounts rounded to the nearest MSEK)	2022 Q3	2021 Q3	2022 9 mon	2021 9 mon	2021 FY
Interest income					
Interest income from group companies	0	0	0	0	0
Loans and receivables	1	-	1	-	-
Interest expense					
Interest expense from group companies	-1	-1	-2	-2	-2
Bond loan and convertible	-8	-2	-12	-7	-9
Other financial items					
Exchange rate difference EUR bond loan	-12	-	-23	-	-
Impairment of subsidiary shares	-	-	-	-	-20
Realized profit on sale of subsidiaries	0	2	1	7	7
Other financial income and expenses	-1	0	-1	-1	-1
Other exchange rate differences	11	1	25	3	3
Total	-8	0	-10	1	-22

DEFINITIONS OF KEY RATIOS

EBITDA margin

EBITDA as a percentage of total income.

Operating margin

EBIT as a percentage of total income.

Return on capital employed

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

Return on adjusted capital employed

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

Return on equity

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

Equity per share

Equity divided by the average number of shares.

Equity per share after dilution

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

Net financial items

Financial income less financial expenses.

Average equity

Rolling 12-month average equity.

Average capital employed

Rolling 12-month average capital employed.

Items affecting comparability

Exchange rate differences on bank loans, bond loan and unallocated bond proceeds, all in foreign currency.

Operating cash flow

Cash flow from operating activities after changes in working capital.

Net debt

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

Debt/equity ratio

Net debt as a percentage of equity.

Specific operating expenses, SEK per MWh

Operating expenses for electricity production divided by electricity production during the period.

Equity/assets ratio

Equity as a percentage of total assets.

Capital employed

Equity plus net debt.

GENERAL INFORMATION ABOUT KEY FIGURES

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

ROUNDING

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



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