Annual Report 2019

A greener future with wind power

Arise is one of Sweden's leading independent onshore wind power players. Arise manages the entire value chain – from exploration and permitting, to financing, construction, divestment and long-term management of its own and other companies' wind farms.

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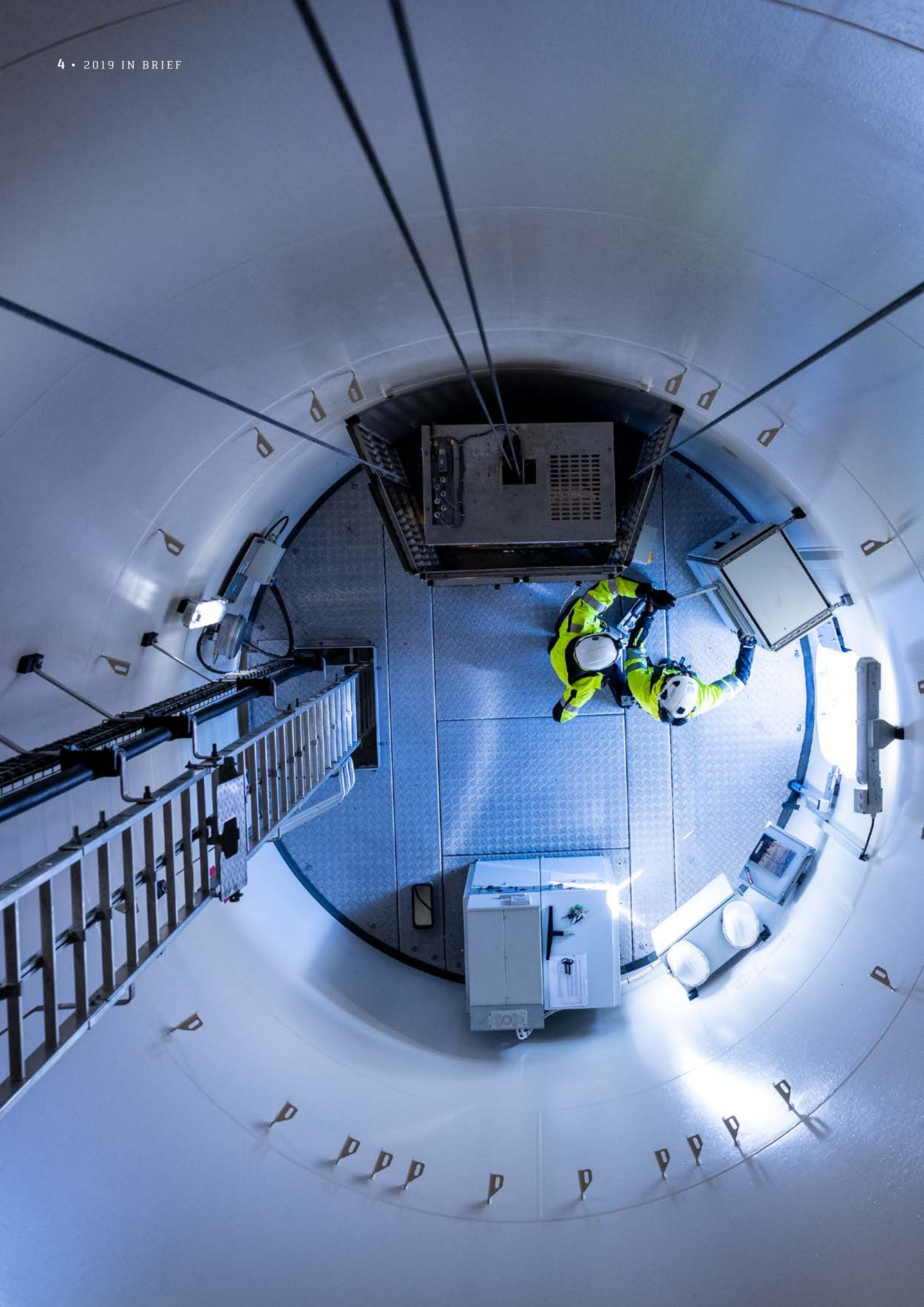
Calendar

ARISE ANNUAL GENERAL MEETING 2020
The Annual General Meeting will be held on 6 May in Halmstad

FINANCIAL INFORMATION 2020
6 May • Annual General Meeting
6 May • Interim Report for the first quarter
17 July • Interim Report for the second quarter
6 November • Interim report for the third quarter
17 February 2021 • Interim Report for the fourth quarter

DISTRIBUTION OF THE ANNUAL REPORT 2019
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. Those wishing to receive a printed copy are welcome to order copies via a form on the website or call the Arise switchboard number +46 10 450 71 22.


arise

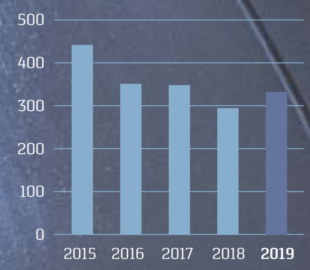


2019 in brief

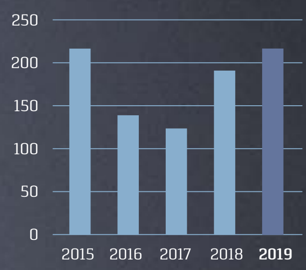
The sale of the company's participation in the associate Sirocco, owner of Jädraås wind farm, was completed. Arise thus entered a new phase and the Co-owned wind power operations segment ceased being reported.

The Skaftåsen project (231 MW) was sold to Foresight Group LLP, constituting the largest project sale yet for Arise.

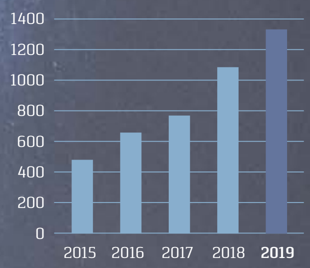
Production, GWh



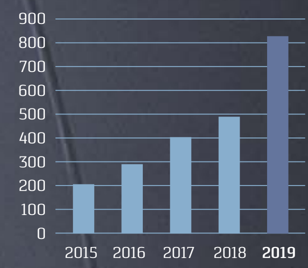
Operating profit before depreciation excluding associates (adjusted EBITDA), MSEK



Management, MW, acc.



Sold, MW, acc.



Production, Own wind power operations

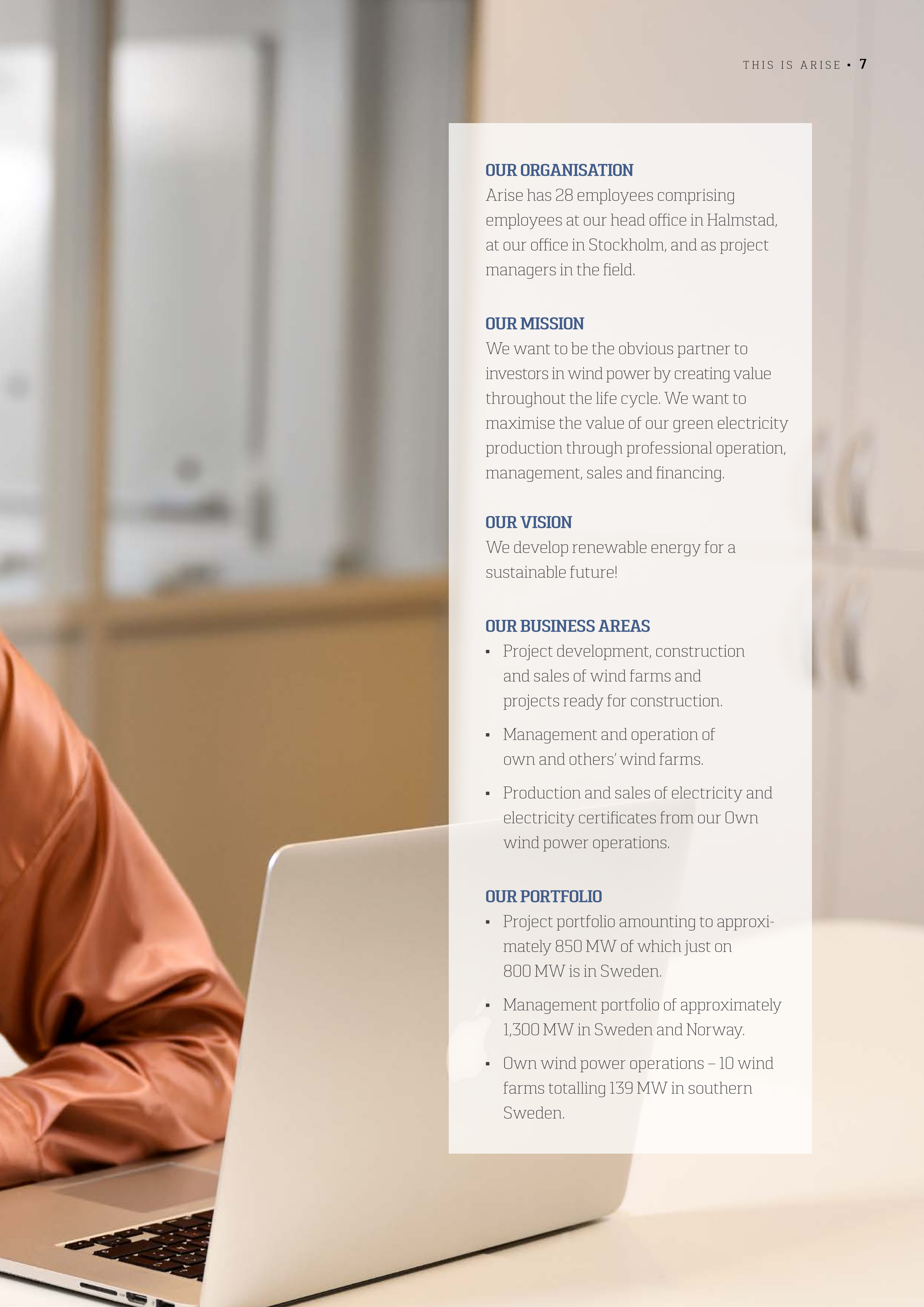
333 GWh

Production, managed wind power operations

2 241 GWh

Arise is one of Sweden's leading players in onshore wind power

Magdalena Johansson
Financial manager



OUR ORGANISATION

Arise has 28 employees comprising employees at our head office in Halmstad, at our office in Stockholm, and as project managers in the field.

OUR MISSION

We want to be the obvious partner to investors in wind power by creating value throughout the life cycle. We want to maximise the value of our green electricity production through professional operation, management, sales and financing.

OUR VISION

We develop renewable energy for a sustainable future!

OUR BUSINESS AREAS

- Project development, construction and sales of wind farms and projects ready for construction.
- Management and operation of own and others' wind farms.
- Production and sales of electricity and electricity certificates from our Own wind power operations.

OUR PORTFOLIO

- Project portfolio amounting to approximately 850 MW of which just on 800 MW is in Sweden.
- Management portfolio of approximately 1,300 MW in Sweden and Norway.
- Own wind power operations – 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, ASKERSUND 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

Wind farms under construction

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

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

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

Managed 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 BlackRock

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
Comissioning: 2020
Owner: Green Investment Group / Cap Man Group

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

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

26. SKAFTÅSEN, HÄRJEDALEN MUNICIPALITY
Turbine type: Siemens SG-6.6-155
Quantity: 35
Comissioning: 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 BlackRock

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
Comissioning: 2020
Owner: Funds managed by re:cap global investors

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

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

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

Projects under development

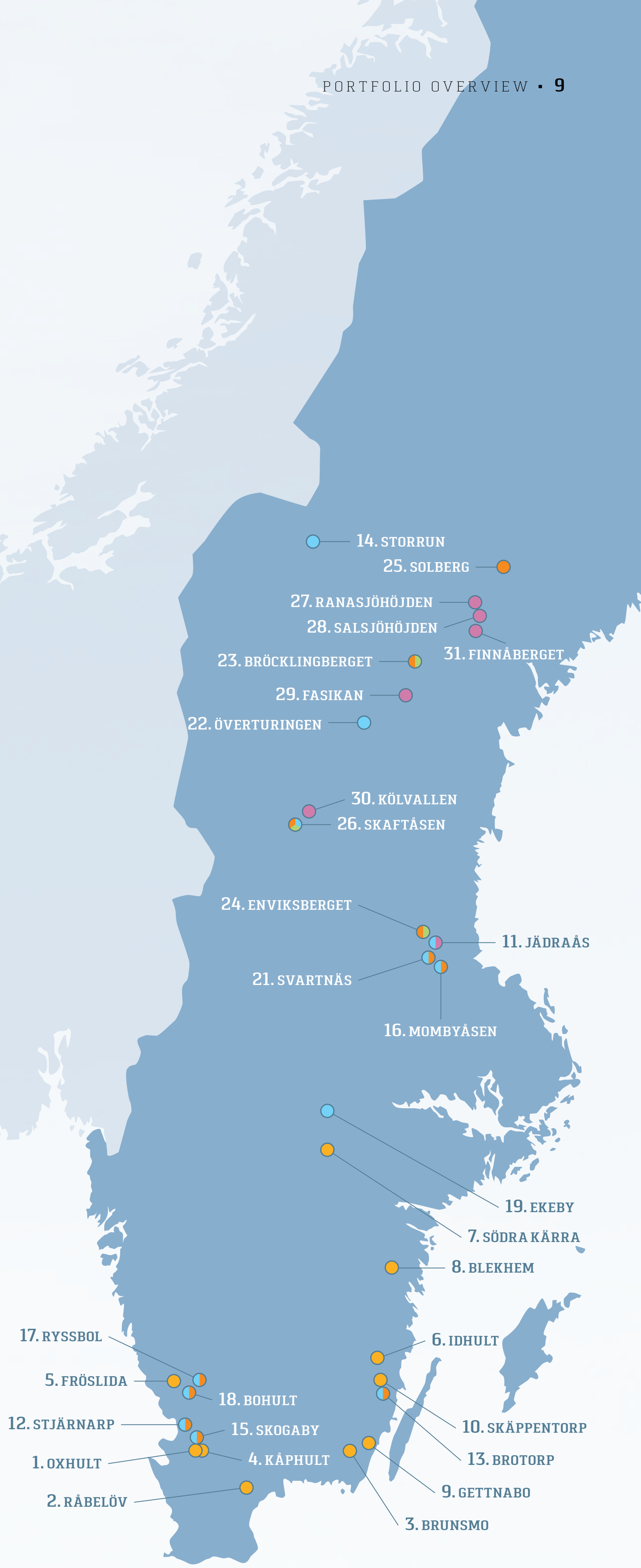
27. RANASJÖHÖJDEN, SOLLEFTEÅ MUNICIPALITY
Status: Permitted
Quantity: 25
Timing, forecast: 2020

28. SALSJÖHÖJDEN, SOLLEFTEÅ MUNICIPALITY
Status: Permitted
Quantity: 14
Timing, forecast: 2020

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: 2021–2022



"Sustainability at the top of the agenda."

CEO'S STATEMENT

Strong balance sheet and profitable growth

Sustainability issues have finally taken their rightful place at the top of the agenda. This means that there are real opportunities for transitioning and a more sustainable growth.

Wind power in Sweden and the Nordic countries is very much an important part of the transition. Thanks to strong technological development, we can now build wind farms without subsidies. This paves the way for the massive expansion that is now taking place. Interest in investing in Nordic wind power continues to be strong and growing.

In 2019 we managed to strengthen the balance sheet significantly while delivering profitable growth. The underlying EBT more than doubled from MSEK 28 to MSEK 60. At the beginning of the year, we sold our 50 % share in Jädraås, which strengthened our liquidity by approximately MSEK 200. Towards the end of the year, we also managed to sell our development project Skaftåsen, with an estimated profit of at least MSEK 210.

With MSEK 365 in cash funds and net debt of less than MSEK 500 (of which MSEK 245 is convertibles) our balance sheet is finally in really good shape. We have worked hard for this for several years. What remains now is to capitalise on this success.

2020 will be an important year for us as we look to refinance our own wind farms and extend their service lives. The planned refinancing in the autumn will be able to improve our net financial items dramatically. We expect our green electricity production to return to profitability from 2021. This would mean that from 2021 we could achieve profitability for all three of our business lines – project development, management and production.

It is gratifying that we can continue to deliver according to plan on our project sales. Following the sale of Skaftåsen, we can conclude that our business model remains firm and that we have every reason to be confident in the potential in our continuing development portfolio of about 850 MW.

We are looking forward to gradually advancing our positions and selling more projects over the next few years. We are experiencing a positive trend and are heading towards an exciting time ahead. Naturally, this is satisfying after several difficult years. We have focused on restoring the balance sheet and on creating growth opportunities. Now that we have succeeded with both of these intentions, we will concentrate on profitable growth.

We have continued to obtain more and larger management assignments from our customers and the roughly 1,300 MW we currently manage is an important base on which to build for the future.

The world was impacted by the corona crisis in March 2020. At the time of writing (end of March), Arise has not yet been affected by the crisis to any significant extent. At the same time, we have preparedness if we are also to be affected in the future.

During this crisis, we have taken the opportunity to repurchase MSEK 150 of our outstanding bond at a favourable discount, which our strong cash position allowed.

Although the company's performance is going better and better, we must keep our feet on the ground and grow at a controlled rate. We will continue to be dynamic and innovative and methodically investigate new business opportunities. Thanks to all our patient shareholders, highly skilled employees and all our partners who keep spurring us on to bigger and better things for a good year!

Halmstad, March 2020
Daniel Johansson
CEO Arise AB

Leif Jansson
Head of Project Development
and one of Arise's founders.

THE MARKET

The expansion of wind power capacity in the Nordic countries

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. This is because large tracts of land are sparsely populated and the 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 2019. During the year, the Norwegian market slowed down as a result of lower acceptance for this expansion, while in Finland expansion accelerated. For 2019, wind power production in Sweden is estimated to have amounted to almost 20 TWh. Electricity production from wind power is expected to increase rapidly in the future as new projects are commissioned and by 2022 the industry association Swedish Wind Energy estimates that normal production from Swedish wind power will amount to approximately 40 TWh, which would mean a doubling in three years.

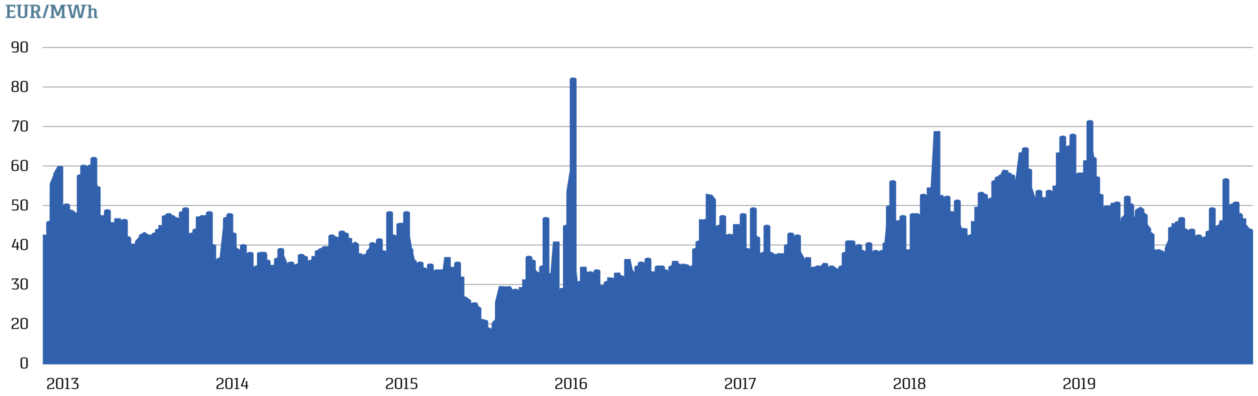
The potential for further expansion is still assessed as very good. In addition, it is deemed that this can occur entirely without subsidies in the future. There is currently no evidence to suggest that the rate of expansion will decline in the next few years.

ELECTRICITY CERTIFICATES

In spring 2016, the Norwegian Government stated that Norway will not continue with the electricity certificate system after 2021, while in 2016, five Swedish political parties reached an accord on Sweden's future energy policy that includes further support for renewable electricity generation 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 2017–2019, it is assessed that the total of 46.4 TWh covered by the electricity certificate system is already encumbered, and more besides. In April 2017, the Swedish Government announced a linear expansion of the electricity certificate system and related quota curve for the years 2022–2030. In addition, a proposal was tabled that would bring forward the quotas and thus increased demand for electricity certificates already from 2018. The structural surplus of electricity certificates in the market has progressively decreased in 2018 and continued to decrease in 2019. Despite this, the prices of electricity certificates fell during 2019. This was due in large part to Sweden's government and parliament (the Riksdag) not having made a decision on the promised stop rule for the system. The Swedish Energy Agency submitted its proposal for a stop rule in December 2018. The proposal seems odd however, as it suggests that the stop rule would not enter into force until 2030. In practice, this is the same as not introducing a stop rule at all. A decision from the Swedish government and parliament is pending still.

Electricity certificate market, spot SEK/MWh

Historical system price (2013–2019)



Source: Macrobond, Nord Pool Spot

ELECTRICITY PRICE TREND

The spot price of electricity during 2019 has been lower than in 2018. This was due in large part to the reservoir fullness factor in hydropower reservoirs having been higher and that the weather has been warmer than normal.

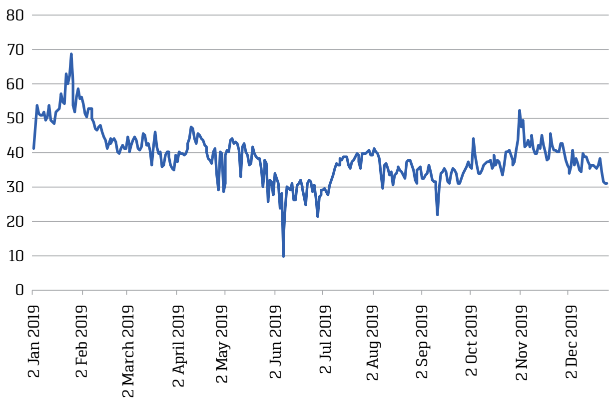
Commodities prices of coal and gas for example were in decline during the year, which also contributed to the price drop while the price of CO_2 in emissions trading has been mostly higher during 2019.

The forward contracts price trend in the Nordic region has been relatively stable, with only small fluctuations in price during the year. The price difference between the Nordic countries and the rest of Europe has remained 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 2 was closed down leaving now 7 nuclear reactors in operation in Sweden. At the end of 2020, Ringhals 1 is to be taken out of operation leaving then 6 reactors still operating into the 2040s.

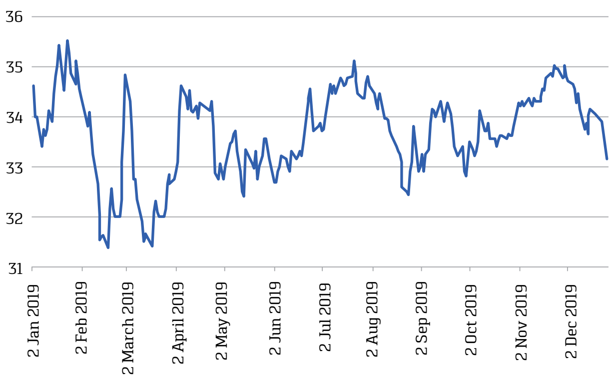
Many exciting developments of a structural nature can be expected to affect electricity prices in the future. Electric cars are now making real inroads in the market. Heavy industry is making serious attempts to phase out dependence on fossil energy and transition to the use of electricity for more processes. 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 concrete plans to establish manufacturing, with its high demands for electricity, in the Nordic region. 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. 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. Overall looking ahead, at Arise our view of electricity prices is positive in the Nordic region, although we remain aware 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 market, system spot price EUR/MWh



Electricity market, forward contracts 2021 (system), EUR/MWh



DEVELOPMENT AND MANAGEMENT

Arise has grown to 1,300 MW under management

Arise has an attractive portfolio of priority projects, totalling approximately 850 MW distributed between 6 projects. Just on 800 MW is in Sweden and 70 MW in an active phase in Scotland. The carrying amount totalled approximately MSEK 55. Fully developed, the portfolio would equate to an investment level of about SEK 8 billion. Arise continues to work on expanding and diversifying its portfolio of priority projects.

Our key growth areas are Development and Management. Arise develops, builds and then continues to manage these assets, building up a long-term and customer-driven business over time.

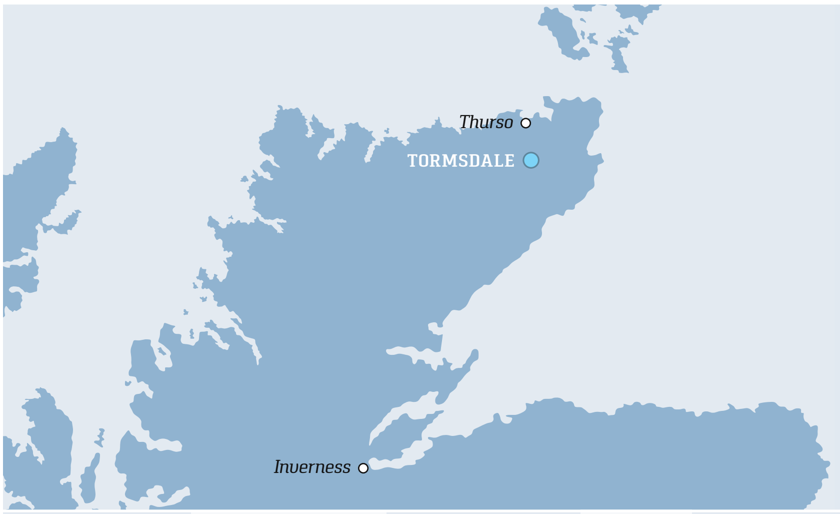
In December 2019, we could announce that we had sold the Skaftåsen project of 231 MW when Arise concluded an agreement with funds managed by Foresight Group LLP, a leading British fund manager in infrastructure and private equity. Under an asset management agreement, we will be responsible for project management during its construction and managing the project for the Foresight Group once the wind farm is operational, which is estimated to be by the end of 2021. We have therefore reached 1,300 MW under management. In total, this wind farm consists of 35 turbines with a nominal capacity of 6.6 MW each. The supplier is Siemens Gamesa.

The wind farms in Enviksberget and Bröcklingberget have been undergoing construction throughout the whole year. In Enviksberget, all the turbines are now in place and the wind farm will start producing in full capacity during the first quarter of 2020. The mounting of the turbines in Bröcklingberget is in progress and we anticipate that the wind farm will be completed during the second quarter of 2020.

The county administrative board in Västernorrland has given its approval to the final layout in Ranasjö and Salsjöhöjden. In addition, we expect the permit for the transmission line concession to gain legal force shortly which means that we plan to sell these projects in 2020. We expect to be able to initiate the sales process before the summer this year.

Income increased by MSEK 116 to MSEK 313 (197), while the cost of sold projects and contracts increased to MSEK –134 (–50). Other operating expenses and capitalised work rose slightly MSEK –29 to (–28). EBITDA thus increased MSEK 31 to MSEK 150 (119). Depreciation, amortisation and impairment amounted to MSEK 0 (0) and EBIT thus increased to MSEK 150 (118). Net financial items remained unchanged MSEK -17 at (-17). Profit before tax thus increased MSEK 31 to MSEK 132 (101).

Development and Management in figures, MSEK	2019	2018
Income	313	197
Operating expenses and capitalised work	-163	-78
Operating profit before depreciation (EBITDA)	150	119
Underlying EBIT (before impairment)	150	119
Operating profit (EBIT)	150	118
Profit before tax	132	101



Project	Status	Size	Schedule, Forecast	Profit potential
Ranasjöhöjden	Permitted	25 WTGs / ~150 MW	2020	Good
Salsjöhöjden	Permitted	14 WTGs / ~84 MW	2020	Moderate
Fasikan	Permitted	15 WTGs / ~90 MW	2021–2022	Good to Excellent
Kölvallen	In permitting process	47 WTGs / ~282 MW	2021–2022	Excellent
Finnåberget	In permitting process	25 WTGs / ~150 MW	2021–2022	Good to Excellent
Tormsdale, Scotland	Pre-planning	16 WTGs / ~72 MW	2022–2023	Excellent
Total		**142 WTGs / ~828 MW**		

Own wind power operations

The segment Own wind power operations is comprised of our 10 wholly owned wind farms with a total capacity of 139 MW.

Arise is responsible for the management of all of these wind farms. Service operations are outsourced to Vestas under a 15-year full-service agreement and for the GE wind farms service operations are carried out by GE under a 5-year full-service agreement.

Our own wind farms are all located in southern Sweden, with some on the east coast and some on the west coast. See our project portfolio on pages 8–9. In total during the year, 333 (295) GWh was produced in these wind farms.

Our wind turbines currently have a life expectancy of 25 years. The standard in the market has increasingly become a life of 30 years. For this reason, we have been working with external technical experts for some time to investigate a potential extension of the life expectancy of the turbines in order to be able to produce even more energy from the same facility. The analyses carried out to date have shown promising results with regard to the technical possibility of continued production for up to about 30 years. The end result of this work is expected to come in 2020.

139

10 WIND FARMS

MW

Hampus Viklund
Asset Manager

Average income from electricity and certificates declined to SEK 333 per MWh (344) and SEK 103 per MWh (169), respectively. These figures correspond to 21% under the market price for electricity (SE4) and 32% above the market price for certificates (SKM) during the year.

Higher production had a positive impact of MSEK 20 on net sales, while the lower average price had a negative effect of MSEK 25 compared with 2018. In total, net sales decreased MSEK 6 and EBITDA increased MSEK 1 compared with 2018. This was due to lower property tax and IFRS16 effects. Specific operating expense decreased to SEK 137 per MWh (178) per year. EBIT was unchanged at MSEK 27 (27) as depreciation increased due to IFRS16. Net financial items improved due to lower borrowings and because refinancing costs were charged to the previous financial year. Overall, the loss before tax was therefore improved to MSEK -37 (-47).

Own wind power operations in figures, MSEK	2019	2018
Income	146	151
Operating expenses	-46	-52
Operating profit before depreciation (EBITDA)	100	99
Operating profit (EBIT)	27	27
Loss before tax	-37	-47
Income, SEK/MWh	436	512
Cost, SEK/MWh	137	178
Average capital employed	1,199	1,205
Return on capital employed (EBIT)	2.2%	2.2%
Return on adjusted capital employed (EBITDA)	8.4%	8.2%

Wind – an infinite, clean energy source

Jennie Hallgren
New Head of Project Development

This is Arise's Sustainability Report and refers to the 2019 financial year. The Sustainability Report includes the Parent Company Arise AB (publ.) (556274-6726) and all units consolidated in Arise's consolidated financial statements for the same period. The Sustainability Report has been prepared in accordance with Chapters 6 and 7 of the Swedish Annual Accounts Act.

Sustainability is one of the most important global issues and wind power is an important part of efforts to slow down climate change. Arise's core business is to create renewable energy through the continuous development of wind power. We work to develop new wind power projects and then build them on behalf of investors.

We create new renewable electricity production in addition to our own wholly owned wind farms that are delivering electricity produced from renewable energy sources on a daily basis. A production that is contributing to the replacement of non-sustainable electricity generation technologies such as coal and nuclear power. Wind power does not result in any emissions into the natural environment nor does it generate any hazardous waste when it produces electricity.

SUSTAINABLE DEVELOPMENT GOALS – THE UN'S AGENDA 2030

We all have a responsibility to help towards achieving the Sustainable Development 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 wind power, we see part of Goal 7 "Affordable and clean energy" as our main task. We also work towards contributing to other goals however, such as goals 3, 5, 8, 10, 11, 12, 13 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 wind power, that professionalism and trade-offs on factual grounds as well as an overall assessment can be made in permitting processes. As a company, we can try to assist in finding practical solutions, but society's institutions must ultimately perform this key task.

We have divided our Sustainability Report into four focus areas in which we are working in various ways to contribute to the achievement of the goals:

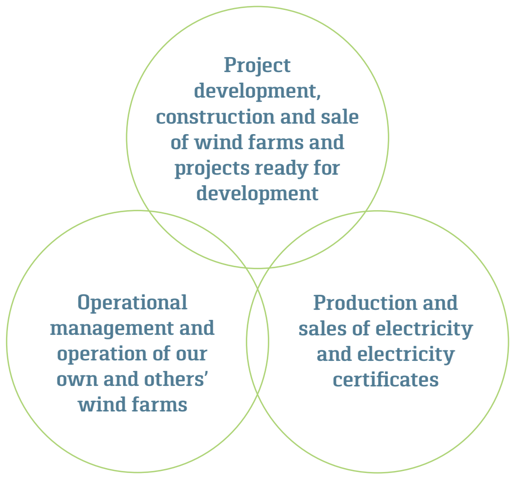
SUSTAINABLE BUSINESS

"We are to be the obvious partner to investors in wind power and to create added value throughout the life cycle."

OUR BUSINESS MODEL

We divide Arise's business model into the areas project development, management, and the production of renewable energy from our own and managed wind farms. These are reported in two segments:

- Development and Management: Project development, construction and sales of wind farms and projects ready for development, and the management of our own and others' wind farms during both the construction and deployment phases.
- Own wind power operations: The production and sale of electricity and electricity certificates.



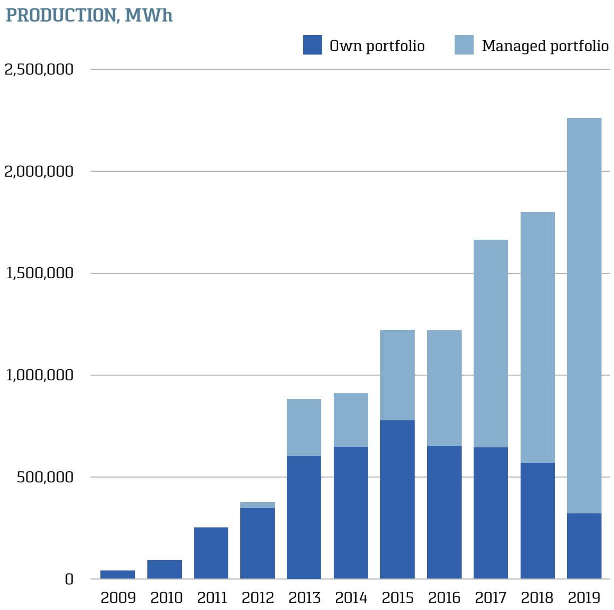
OUR GREEN PRODUCTION

Since Arise began its operations, Arise has erected 21 wind farms in Sweden comprising a total of 254 turbines equivalent to about 730 MW of onshore wind power. Ten of these wind farms are still owned by the company.

Since the first wind farm was commissioned in our wholly-owned farms in 2009 and up until 2019, we have produced in total 3,010,000 MWh (3,010 GWh), corresponding to a saving of about 2.4 million tonnes of CO_2. To put this in context, it is equivalent to 191,000 cars driving for 100,000 kilometres each. This clearly illustrates the significance of an increase in the production of renewable electricity from wind power in the important work to slow climate change.

Anna-Jenny Nilsson
Financial & HR Manager

Production per year 2009-2019



FINANCIAL RESPONSIBILITY

Arise's business concept is to be the obvious partner for investors in wind power and to create added value throughout the life cycle. We are to maximise the value of our green electricity production through professional management, sales and financing.

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.

During the year, Arise has succeeded in strengthening its balance sheet and delivering profitable growth and we look forward to continued growth in terms of management and also project development.

Last year, we sold the Bröcklingberget and Enviksberget projects. Both wind farms were under construction throughout the year and are anticipated to be in full operation sometime in the first half of 2020.

We got the latest addition to our management portfolio at the end of 2019 through the sale of the Skaftåsen wind power project. The buyers were funds managed by Foresight Group LLP and under asset management agreements Arise will be responsible for project management during the construction and managing the project for the Foresight Group once the wind farm is commissioned. In total, the wind farm will have a capacity of 231 MW, thus increasing our management portfolio to approximately 1,300 MW.

The goal for 2020 is to initiate a sales process for the Ranasjö (approximately 150 MW) and Salsjöhöjden (approximately 84 MW) projects, both in Sollefteå Municipality, before the summer so that we can sell the projects at the end of the year.

Our goal is 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.

3,010 GWh

Since 2009 when we deployed our first wind farm and up until 2019, we have produced 3,010 GWh, which corresponds to a saving of approximately 2.4 million tonnes of CO_2.

OUR GREEN BOND

Through a refinancing of our own wind farms in 2018, a green bond was issued amounting to MSEK 650 which has been given a Moody's Green Bond Assessment Rating of GB1 (Excellent). This is the highest rating for green bonds in Moody's Green Bond Assessment system.

The affected wind farms and their production in 2019, and the equivalent reduction in CO_2 emissions, are presented in the table below.

Wind farm:	Production 2019 (MWh)	CO_2 Tonnes
Oxhult	57,132	19,425
Råbelöv	22,592	7,681
Brunsmo	23,976	8,152
Fröslida	52,222	17,755
Idhult	34,533	11,741
Kåphult	38,508	13,093
Södra Kärra	36,345	12,357
Blekhem	29,577	10,056
Gettnabo	30,768	10,461
Skäppentorp	7,585	2,579
Total	**333,238**	**113,300**

SOCIAL RESPONSIBILITY

OUR SOCIAL RESPONSIBILITY

Changes in the climate have increased significantly during the year and we keep hearing reports on the impacts. We want our efforts to expand wind power in Sweden to make a contribution to producing even more green electricity and thereby provide our contribution to reducing CO_2 emissions.

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 of our Sustainability Report.

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 all 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 within the scope of our permit conditions. We constantly strive to create the greatest possible consensus around our deployed wind farms and our development projects.

In 2019, we have also contributed to a number of projects for charitable purposes such as Aktiv Skola (aiming to improve Swedish schools), UNICEF's efforts in emergencies, and a local project in Halmstad. The latter comprises support for a school project for young entrepreneurial initiatives that has been working to develop bags made of recycled PET bottles – a very good thing for the environment where a certain portion of the sales of the bags goes to the World Wide Fund for Nature (WWF).

RESPONSIBLE ENTERPRISE

"When we build wind farms in Sweden, 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."

SUPPLIERS AND CONTRACTORS

Our site and plant contractors are 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 in Sweden. 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.

We also require in our Code of Conduct for Suppliers 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.

ATTRACTIVE EMPLOYER

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

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 primarily located in Sweden and we only engage large, reputable players in the industry. Before establishing a new wind farm, the following requirements are always imposed 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.

During the year, construction work has continued in Enviksberget and Bröcklingberget and work on the Skaftåsen project has begun. In all these projects, we deliver construction services and asset management with ongoing monitoring to ensure that the above requirements are met. No deviations from these requirements have been identified thus far.

To provide a good and safe work environment is an important strategic issue for Arise, as 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.

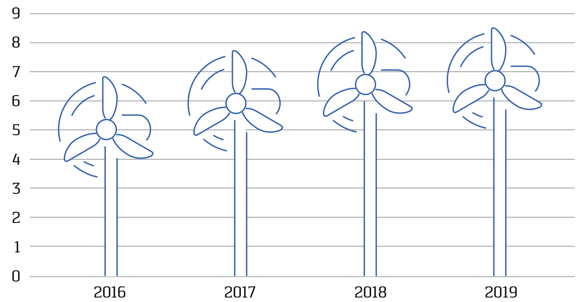
WORK ENVIRONMENT, HEALTH, AND HEALTH AND SAFETY INDEX

As in previous years, in 2019 an employee survey was conducted. The survey is conducted by the same independent company each year.

Our goal was to maintain the same high score from 2018 of 8.4. To our great satisfaction, we actually increased this further to 8.5 in the Employee Satisfaction Index. During the year, we have worked a great deal on various types of cooperation issues and completed training for the entire staff where the focus has been on behaviour and group dynamics. The training was split into a number of sessions during the year and was carried out both individually and in groups. This training has been greatly appreciated and a follow-up is planned for 2020.

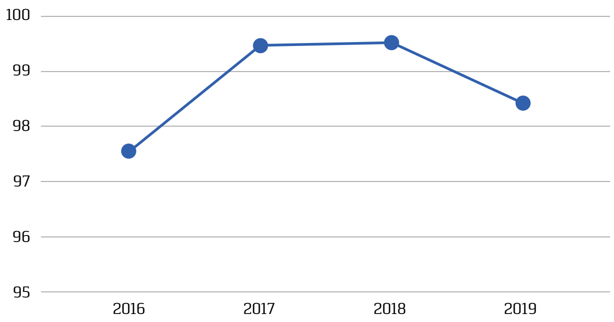
Since most of our employees have sedentary jobs, the focus for the year has also been on health promotion efforts in various forms. The company regularly organises various internal activities and we continue to offer health

Employee satisfaction index



Bibbi Franzén
Head of Corporate Communications with responsibility for sustainability issues

Health and safety index



promotion grants, which from 2020 have been raised to SEK 3,000 per employee (formerly SEK 2,500). It is pleasing to note that our staff are very physically active, with most utilising this grant for their physical exercise activities. We have also conducted some joint fitness activities ourselves and interest in these is always great interest among our employees.

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.

That one of the effects of a sustainable work environment is a low rate of sickness absence in an organisation is a well-known fact. For many years, Arise has had a very low rate of sickness absence, which we are very proud of. In 2019, the staff attendance rate was 98.4 (99.5).

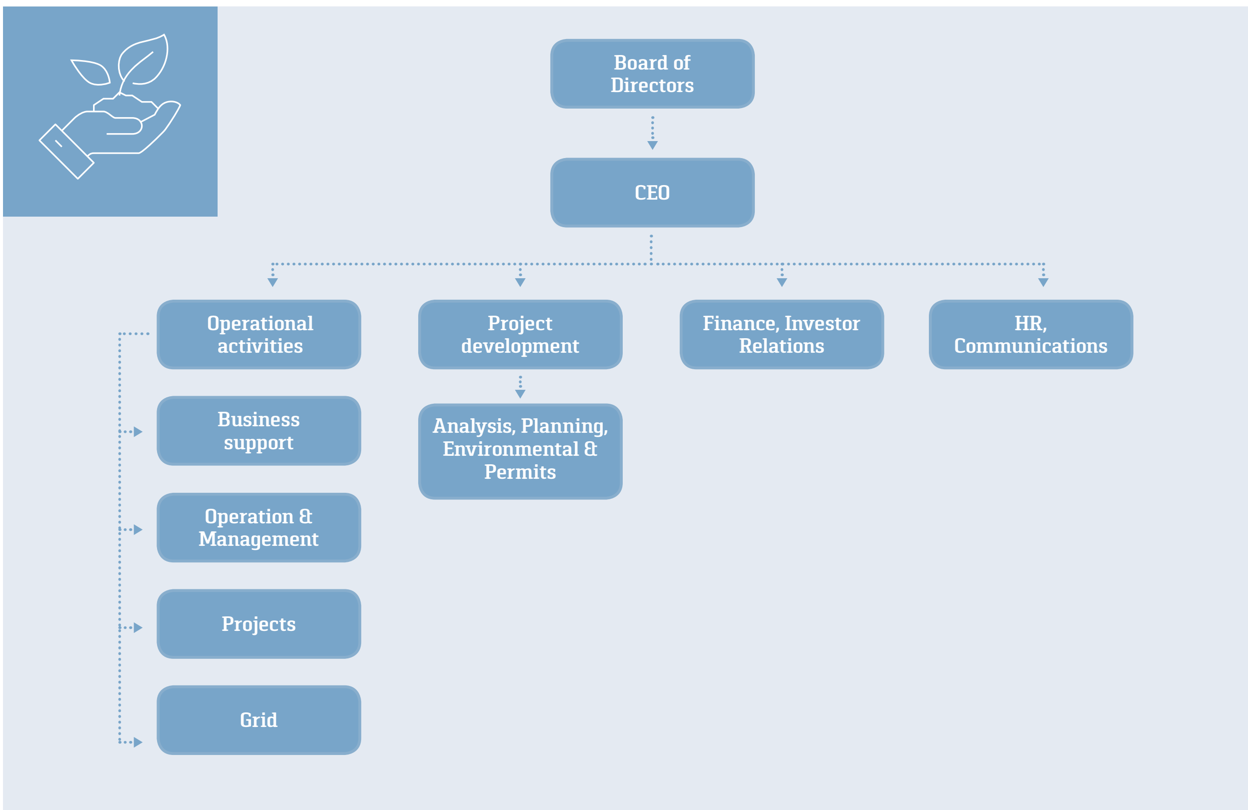
GENDER EQUALITY, DIVERSITY AND HUMAN RIGHTS

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 in the company 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.

OUR ORGANISATION



The Board has adopted a Diversity Policy which aims to promote diversity on the Board and in the management team. According to this, 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.

Composition of the Board of Directors, management, employees

	Number	Gender distrib.		Age distrib.		
		Women	Men	<29	30–50	>50
Board of Directors	3	1	2			3
Group management	4		4		2	2
Employees	28	10	18	3	15	10

OFFICE ENVIRONMENTS

We work continuously with sustainability in our office environments and have created a well-functioning system for sorting paper, batteries, plastics, glass, etc., at the source. We also always do our utmost to reuse or recycle or sell old or used equipment.

To further increase IT security, in 2019 we have further secured and modernised our IT systems. Our IT policy has been revised and updated and we regularly draw our employees attention to information about and training in the risks of hacking and the like that exist.

Arise's internal policies, procedural rules, instructions, guidelines and manuals to guide our employees are made available under the staff portal.

ENVIRONMENT & CLIMATE SMART SOLUTIONS

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

ENVIRONMENTAL RESPONSIBILITY

With our wind power, we are creating green energy and our entire business and focus is on delivering sustainable energy solutions to help reduce CO_2 emissions.

We develop wind power projects for our customers, who are often global financial institutions, who are working to generate returns for people's pension savings and to reduce climate-changing emissions.

Our most important contribution to the environment is to work for an increase in renewable electricity production and our focus remains always on developing this area.

We have been working with external technical experts for some time to investigate a potential extension of the life of the turbines in our wholly-owned wind farms in order to be able to produce even more energy from the same facility. The analyses carried out hitherto have shown promising results with regard to the technical possibility of continuing production for up to about 30 years. Currently, our wind turbines have a life expectancy of 25 years. The end results of this work are anticipated at some time in 2020.

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 last year's Sustainability Report, we were able to report that in the construction project in Enviksberget, together with our contractor and supplier, we had arranged a fixed electricity connection to the local grid. This was done to eliminate the need to use diesel generators for heating site shacks, office huts, etc., which are otherwise very common solutions for this type of construction project. In our latest, now ongoing, construction project in Skaftåsen, Svevia has managed to get a fixed power line to its site, which constitutes a significant reduction in terms of both costs and CO_2emissions.

For the construction works in Bröcklingberget, we chose to make use of a type of foundation in the form of a Rock Adapter meaning a considerable reduction in the amount of concrete used. As a result, we have reduced the CO_2 load by a total of 2,011 tonnes by reducing the proportion of concrete used in the foundation works.

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."

During the year, 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.

As in previous years, Arise has also participated in a number of research programmes on the effect of wind power on people, nature and the environment such as VindEl, programmes which aims 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. The Swedish Energy Agency and the Swedish Environmental Protection Agency collaborate in these programmes.

TRAVEL, ETC.

As our management assignments increase, this means that we have more employees scattered across the country. In addition to our head office in Halmstad and office in Stockholm, during the year we established an office in Östersund. During ongoing construction projects, temporary offices are also set up close to the project.

All employees are now equipped with Teams and the new Skype facility is installed and is being used to a large extent for both internal and external meetings. For our business travel, we travel by train, car and aircraft depending on the distance and time aspects.

We have decided to compensate for the CO_2 emissions that we have been involved in during the year by purchasing European Union Allowances (EUA).

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

The European Union Emission Trading System is a scheme for cost-efficiently reducing greenhouse gas emissions. The system is based on EU-wide rules and compasses all member states as well as Norway, Iceland and Liechtenstein. About 13,000 facilities in industry, energy production and the aviation sector are currently included in the system. *(Source: Swedish Environmental Protection Agency).*

Work has also begun to transition our vehicle fleet (company cars and the motor vehicles used in our various projects) to more environment-friendly alternatives.

AUDITOR'S REPORT ON THE STATUTORY SUSTAINABILITY REPORT

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

Engagement and responsibility

The Board of Directors is responsible for the Sustainability Report for 2019 on pages 20–31 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, 27 March 2020
Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant

Magnus Larsson
GIS coordinator

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 2019 financial year.

GROUP

Operations

Arise AB is the Parent Company of the Arise Group, which develops, constructs and sells wind farms and asset management of these farms. 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 and electricity-certificate trading activities. 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

The associate Sirocco Wind Holding AB was sold in the first quarter, which Arise AB co-owned with Sydvästanvind AB, which is, in turn, controlled by the UK company Platina Partners LLP. During the second quarter, the Svartnäs project was completed and final settlement took place. The construction of the Bröcklingberget and Enviksberget projects continued with a certain delays according to the original plan. Skaftåsen (231 MW) was prepared for sale, after which the project could be successfully divested in the fourth quarter to funds managed by Foresight. Through the sale of Skaftåsen, the amount of managed MW increased to more than 1,300 MW.

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 and sold and earned electricity certificates for actual electricity produced. Net sales also include sales proceeds from sold projects, which are recognised gross in net sales and management income.

Arise has continued to successfully divest construction-ready projects and to expand its management operations during the year. In total, agreements regarding the sale of 231 MW and asset management agreement of a corresponding 231 MW were signed. This was achieved through the sale of the Skaftåsen project. The divestment led to higher revenue recognition from project sales. In addition, management income increased, which meant that income from Development and management rose to a total of MSEK 313 (197). Production from Own wind power operations during the year amounted to 333 GWh (295), up 13 %. The average price for the company's own production fell SEK 76 per MWh to SEK 436 per MWh (512), which was largely due to lower market prices for electricity and electricity certificates.

Net sales rose a total of MSEK 110 to MSEK 454 (343). Operating expenses increased to MSEK 241 (155), of which MSEK 134 (50) was attributable to sales and contracts. The remaining MSEK 107 (105) comprised personnel and other external expenses. Own capitalised work was MSEK 4 (3). Consolidated profit/loss from associates was MSEK -273 (0) as a result of the sale of the associate Sirocco in Q1 2019. Recognised EBITDA and EBIT including associates declined due to the sale of the associate to MSEK –56 (191) and MSEK -131 (118) respectively. Moreover, recognised earnings before tax were also affected by a currency item. This currency item was attributable to the fact that hedge accounting ceased in connection with the sale. Profit/loss before tax thus amounted to MSEK –233 (28). Recognised profit/loss after tax was MSEK -235 (21).

Cash flow and investments

Cash flow from operating activities before changes in working capital amounted to MSEK 198 (183). Changes in working capital amounted to MSEK 129 (–70), driven primarily by the receipt of part and final payments for projects sold. Total operating cash flow was therefore MSEK 327 (114). Projects were both acquired and divested during the period, bringing net cash flow from investing activities to MSEK 12 (–6). Cash flow after investments thus amounted to MSEK 339 (107). The sale of the associate Sirocco was completed and cash proceeds of MSEK 193 were received through repayment of the loan to Arise from the associate. Loan repayments of MSEK –146 (–929) were made and no new loans were raised MSEK 0 (825). Interest and other financing costs of MSEK –59 (–88) were paid. Depreciation of IFRS16 lease liabilities totalled MSEK -5 (0). Net payments to or from blocked accounts totalled MSEK -19 (0). In addition, the exercise of warrants generated cash funds of MSEK 2 for the company and cash flow for the year thereafter amounted to MSEK 305 (–85).

Financing and liquidity

Net debt amounted to MSEK 491 (949), of which convertibles comprised MSEK 238 (236). Cash and cash equivalents totalled MSEK 365 (61). The company still had some tied-up working capital in ongoing construction projects sold at the end of the year. The remaining cash flow from ongoing construction projects sold is expected to amount to slightly more than MSEK 40, net, during the period from Q1 to Q2 2020. The equity/assets ratio at the end of the period was 39 % (40). Under the assumption that all of the company's convertible bonds would be converted and existing cash netted against interest-bearing liabilities, the equity/assets ratio would correspond to 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 27 (25). The total number of employees at year-end was 28 (26). 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. Until February 2018, the electricity-generating subsidiaries sold their electricity production to Arise at spot prices, which Arise then sold to the market at spot price. These intra-Group trading activities were recognised on a gross basis in the income statement. From March 2018, the electricity-generating subsidiaries sell their electricity production directly to counterparties in the market at spot price.

During the year, the Parent Company's total income amounted to MSEK 145 (116), and the purchase of electricity and certificates, personnel and other external expenses, capitalised work on own account and depreciation of non-current assets totalled MSEK –181 (–146), resulting in EBIT of MSEK –37 (–30). A net financial expense of MSEK –244 (–16) (including impairment of shares in associates) led to a net loss after tax of MSEK –232 (–54). The Parent Company's net investments amounted to MSEK 45 (–12).

ENVIRONMENTAL IMPACT

The Group's core business is to develop, construct, sell and manage products 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 view Goal 7, Sustainable Energy for All, as our main focus as our core business consists of creating renewable, sustainable energy through continuous development of wind power.

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 wind-power produced electricity for the foreseeable future. According to the agreement on Swedish energy policy reached in June 2016, support for renewable electricity production is to continue to be provided by expanding the existing electricity certificate system by 18 TWh between 2021 and 2030. However, new stop rule proposals for the certificate system mean that prices further along the curve are low. There is uncertainty regarding the final structure of the stop rule. The energy policy agreement has also been called into question. However, in this context it can be stated that new wind power projects are being constructed without any major dependence on future electricity certificates and their pricing, known as "subsidy-free."

The price of electricity and electricity certificates 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 electricity certificates and 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 risk is managed in a similar manner. Future price trends remain uncertain and any decline in the prices of electricity and electricity certificates 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. 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 11 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. The Group's insurance cover 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 2019, a total of 33,545,570 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.

At the Annual General Meeting (AGM) held on 3 May 2016, warrants were issued for shares in Arise AB in a programme directed to employees. The acquisition price of these warrants was based on the estimated market price on the subscription date according to the Black & Scholes valuation model. The total number of warrants issued on 31 December 2018 amounted to 560,000. During the subscription period of 4 March 2019 to 15 March 2019, 117,500 of the above-mentioned warrants had been utilised through subscription for 117,500 new ordinary shares at a subscription price of SEK 18.70 and 442,500 warrants expired, after which there were no outstanding warrants.

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 %. In the first quarter of 2020, convertibles were converted to 233,250 new ordinary shares for a total of MSEK 5.1.

Authorisation

The Annual General Meeting held on 8 May 2019 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 Briban Invest AB.

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 bond agreements and loan agreements applies, under which the bond holder has the right to claim redemption of the bonds including accrued interest 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 ensuring that 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 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 2020 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

In short, Arise's business strategy is to develop, construct and sell wind farms and manage wind farms. Arise manages the entire value chain – from exploration and permitting, to financing, construction, divestment and long-term management of its own and other companies' wind farms. For more information about the company's business strategy, refer to Arise's most recent Annual Report.

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 2020 – provided that all objectives for variable remuneration are fully satisfied – may amount to a maximum of approximately MSEK 9.46 including any social security contributions. The outcome for 2019 subject to objectives for variable remuneration objectives amounted to MSEK 8.7.

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. Variable remuneration of MSEK 0.5 including social security contribution was paid for such work in 2019.

Each year, the Remuneration Committee and the Board are to evaluate whether share-based incentive programmes are to be proposed to the AGM. No shared-based incentive programme is proposed for 2020.

Proposed structure of variable remuneration of senior executives 2020

Senior executives on 31 December 2019 were: Daniel Johansson, Linus Hägg, Per-Erik Eriksson and Leif Jansson. Each senior executive 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 MSEK 14 on an annual basis at the start of 2020.

- 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 9.46.
- The variable remuneration according to the above requires the approval of the AGM in May 2020.

A condition for the payment of variable remuneration is that the executive has been employed for at least 3 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 3 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 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 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 6 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

The world was impacted by the Corona crisis in March 2020. Arise has not been affected by the crisis to any significant extent to date, but the company is continuously monitoring developments and is prepared to take action if required. With cash funds of MSEK 365 at year-end, the company is well-prepared to meet this crisis. Most of the company's employees are continuing to work at their workplace. At the same time, we can confirm that our IT systems and the possibility of working from home have functioned well. The company's production of electricity is unchanged but electricity prices will probably be negatively affected to some extent by the ongoing crisis. The management business is largely performed using computers and is continuing without any changes. However, the situation requires more communication with customers. While the construction of sold wind farms is proceeding unchanged thus far, the company is continuously monitoring developments. Enviksberget was completed in the first half of March. As regards the company's development business, develop activities are mostly continuing as usual. The intention is still to sell Ranasjö and Salsjöhöjden in 2020. If the situation in the market were to change such that we find it appropriate to postpone the sales process, then we will do so.

Regarding the AGM, we are monitoring the situation and will adapt the format and date of the meeting accordingly.

Arise repurchased bonds for a nominal SEK 150,000,000 in March. This repurchase relates to the company's secured bonds with an outstanding nominal amount of SEK 650,000,000 (ISIN: SE0010920900). The average repurchase price for the bonds corresponds to 98.2 % of the bonds' nominal amount, meaning SEK 147,250,000. The purpose of the repurchase was to reduce gross debt and improve Arise's net interest expenses. The repurchases were enabled by the company's strong cash position.

In March, the government presented a memorandum of the structure of a stop rule for the electricity-certificate system. In brief, the proposal, which has now been sent for consideration, means that a stop rule will be introduced on 31 December 2021 and the system will be discontinued on 31 December 2035. This is an improvement compared with previous proposals, and enables more price dynamics in the market for electricity certificates.

PROPOSED APPROPRIATION OF PROFITS

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

Parent Company

Accumulated profit/loss from preceding year	-607,807,811
Share premium reserve non-restricted equity	1,370,662,858
Profit/loss for the year	-231,861,485
Total unappropriated earnings, SEK	**530,993,562**

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	**530,993,562**

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	2019	2018
Net sales		454	343
Other operating income		1	0
Total income	2	**454**	**343**
Capitalised work on own account	2	4	3
Personnel costs	4	-49	-42
Cost of sold projects	5	-59	-34
Other external expenses	5	-132	-79
Profit /loss from associates	10	-273	0
Operating profit/loss before depreciation (EBITDA)		**-56**	**191**
Depreciation and impairment of property, plant and equipment	9	-76	-73
Operating profit/loss (EBIT)		**-131**	**118**
Financial income	6	0	1
Financial expenses	6	-101	-91
Profit/loss before tax		**-233**	**28**
Tax on profit/loss for the year	7	-2	-7
Profit/loss for the year		**-235**	**21**
Earnings is attributable in its entirety to Parent Company shareholders.			
Earnings per share (SEK)			
Basic		-7.03	0.64
Diluted		-7.03	0.64
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		33,428,070	33,428,070
Number of shares at year-end		33,545,570	33,428,070

Basic earnings per share are calculated by dividing 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 33,491,376 shares (2018: 33,373,876 shares). In 2019, 117,500 of the company's 560,000 warrants had been utilised through subscription for 117,500 new ordinary shares, after which there were no outstanding warrants.

Consolidated statement of comprehensive income

Amounts to the nearest MSEK	2019	2018
Profit/loss for the year	-235	21
Other comprehensive income		
Items that may be reclassified to the income statement		
Translation differences for period	0	0
Cash flow hedges	80	-52
Net investment in foreign currency	-36	17
Share of other comprehensive income in associates, after tax	72	-12
Income tax attributable to components of other comprehensive income	-9	6
Other comprehensive income for the year, net after tax	**107**	**-41**
Total comprehensive income for the year	**-128**	**-20**

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

Consolidated balance sheet

Amounts to the nearest MSEK	NOTE	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	9	1,231	1,330
Lease assets	9	51	–
Participating interests in associates	10	–	–
Receivables from associates	22	–	428
Deferred tax assets	7	13	46
Other financial non-current assets	12	27	9
Total non-current assets		**1,322**	**1,812**
Current assets			
Inventories	13	8	8
Accounts receivable	15	3	9
Other current receivables	14	17	10
Derivative assets	11	2	1
Contract assets	16	46	141
Prepaid expenses and accrued income	16	32	25
Cash and cash equivalents		365	61
Total current assets		**473**	**256**
TOTAL ASSETS		**1,795**	**2,069**
EQUITY			
Share capital	17	3	3
Other contributed capital		1,329	1,327
Reserves		-39	-146
Retained earnings/accumulated loss		-595	-360
Total equity		**698**	**824**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	18	883	922
Non-current interest-bearing lease liabilities	18	49	–
Provisions	19	46	46
Total non-current liabilities		**977**	**968**
Current liabilities			
Current interest-bearing liabilities	18	–	97
Current interest-bearing lease liabilities	18	3	–
Accounts payable		10	19
Derivative liabilities	11	48	117
Other liabilities	11	1	5
Accrued expenses and deferred income	20	58	39
Total current liabilities		**120**	**277**
TOTAL EQUITY AND LIABILITIES		**1,795**	**2,069**

Consolidated cash flow statement

Amounts to the nearest MSEK	NOTE	2019	2018
Operating activities			
Operating profit/loss (EBIT)		-131	118
Adjustment for non-cash items	8	338	73
Tax paid		-9	-8
Cash flow from operating activities before changes in working capital		**198**	**183**
Cash flow from changes in working capital			
Increase (–) / decrease (+) in inventories		-1	0
Increase (–) / decrease (+) in operating receivables		98	-89
Increase (+) / decrease (–) in operating liabilities		32	19
Cash flow from operating activities		**327**	**114**
Investing activities			
Investments in property, plant and equipment		-66	-33
Sales of property, plant and equipment		79	27
Cash flow from investing activities		**12**	**-6**
Financing activities			
Loan repayments		-146	-929
Loans raised		–	825
Repayment of long-term receivables		193	–
Amortisation of lease liabilities		-5	–
Interest paid and other financing costs		-59	-88
Interest received		0	–
Deposits to/payments from blocked accounts		-19	–
New issue / warrants		2	–
Cash flow from financing activities		**-34**	**-192**
Cash flow for the year		305	-85
Cash and cash equivalents at beginning of year		61	146
Exchange-rate difference in cash and cash equivalents		-2	0
Cash and cash equivalents at year-end		365	61
Interest-bearing liabilities at year-end (excl. IFRS16 lease liabilities)		883	1,020
Blocked cash and cash equivalents at year-end		-27	-9
Net debt		**491**	**949**

Change in liabilities in financing activities

Amounts to the nearest MSEK	31 Dec 2018	Cash flow	Non-cash impairment	31 Dec 2019
Bond loans	638	–	7	645
Bank loans	146	-146	–	–
Convertible loan	236	–	2	238
IFRS16 lease liabilities	–	-5	57	52
Total	**1,020**	**-151**	**67**	**935**

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

Group equity

Amounts to the nearest MSEK	Share capital	Other contributed capital	Reserves	Retained earnings/accu-deficit	Total equity
Opening balance on 1 Jan 2018	3	1,327	-105	-381	843
Profit/loss for the year				21	21
Other comprehensive income for the year			-41		-41
Total comprehensive income	3	1,327	-146	-360	824
Transactions with shareholders in their capacity as owners					
Convertible loan		0			0
Total transactions with shareholders	–	0	–	–	0
Closing balance on 31 Dec 2018	3	1,327	-146	-360	824
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 issue/warrants	0	2			2
Total transactions with shareholders	0	2	–	–	2
Closing balance on 31 Dec 2019	3	1,329	-39	-595	698

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 2019 were approved by the Board of Directors on 27 March 2020, and will be presented to the Annual General Meeting for adoption on 6 May 2020.

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 2019

IFRS16 Leases

IFRS16 impacted Arise's accounts since essentially all leases are recognised in the balance sheet. For Arise, this primarily refers to changed recognition of leasehold agreements for operational wind farms. The standard makes no distinction between operating and financial leases. An asset (the right to utilise a leased asset) and financial liability corresponding to the commitment the company has to pay lease fees is to be recognised for almost all leasing commitments. One exception is for short-term contracts and contracts of low-value. The income statement has also been affected as costs are normally higher during the first years of a lease and then decline. In addition, costs are recognised as interest expenses and depreciation instead of other external expenses. This has impacted key ratios, such as EBITDA. The cash flow statement was impacted as cash flow from operating activities increased when the largest share of payments related to the lease liability are included under financing activities. Only the portion of payments pertaining to interest is included in operating activities. Recognition for lessors remained unchanged in all material aspects. Certain differences may however arise as a result of new guidance in assessing what constitutes a lease agreement. Under IFRS16, a contract is a lease agreement if the contract entails the right to use an identified asset for a specified period in return for compensation.

The transition to IFRS16 was recognised according to the modified retrospective approach, which entails a calculation model based only on the remaining payments, the comparative year was not restated and leases of less than 12 months were not taken into consideration.

For remaining lease commitments, the Group recognised lease liabilities of MSEK 55 and right-of-use assets of MSEK 55 as per 1 January 2019. The weighted average incremental borrowing rate on the transition date was 4.5 %. Leases primarily refer to right-of-use assets for wind farms and office premises.

Arise has applied the following practical IFRS16 solutions to the transition:

- a discount rate on lease assets of similar characteristics.
- excluding direct acquisitions costs when measuring the right-of-use assets.
- the assessment of remaining lease term was adopted in connection with the implementation of the standard.

Reconciliation from IAS 17 to IFRS16

Commitments for operating leases according to IAS 17 on 31 Dec 2018:	76
Discount effect:	-21
Extension options/termination options:	–
Lease liability under IFRS16 on 1 Jan 2019:	55

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 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.

Associates

Associates are those companies in which the Group has a significant influence but does not exercise control, which, in principle, applies to a holding amounting to between 20 % and 50 % of the votes. Holdings in associates are recognised according to the equity method.

In accordance with the equity method, holdings in associates are initially recognised at cost in the consolidated balance sheet. The carrying amounts of holdings in associates recognised by the Group also include any goodwill and other surplus values identified on acquisition. The carrying amount is subsequently increased or decreased to reflect the Group's share of profit and other comprehensive income after the acquisition date. The Group's share of profit is included in consolidated profit and the Group's share of other comprehensive income in consolidated other comprehensive income. Dividends from associates are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an associate is the same amount as or exceeds the holding in this associate, the Group no longer recognises any additional losses unless the Group has undertaken to pay or made payments on behalf of the associate.

If the participating interest in an associate decreases but the holding continues to be defined as an associate, only a proportional amount of the income statement that was previously recognised in other comprehensive income is reclassified to the income statement.

At the end of each reporting period, the Group tests whether there is objective evidence of impairment regarding investments in associates. In such cases, the Group calculates the impairment as the difference between the recoverable amount of the associate and the carrying amount, and recognises the amount in "Share of profit from associates" in the income statement.

Gains and losses from "upstream" and "downstream" transactions between the Group and its associates are recognised in the consolidated financial statements only to the extent that they mirror non-associates' holdings in the associate. Unrealised losses are eliminated, unless the transaction constitutes an indication of an impairment requirement in the transferred asset. The applied accounting policies in associates have been amended, where applicable, to ensure consistency with the Group's policies.

Segment reporting

An operating segment, which for Arise entails Own wind power operations, Co-owned 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

New accounting policy applicable from 1 January 2019 – IFRS16 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.

Former accounting policy under IAS 17, applicable to transactions before 1 January 2019

In the consolidated financial statements, leases are classified either as finance or operating leases. Contracts in which the economic benefits associated with the commitment have, in all material aspects, been transferred to the lessee, are recognised as finance leases. Other contracts are reported as operating leases and are expensed on a straight-line basis over the term of the lease.

Finance leases

The Group has no finance leases.

Operating leases

The Group signs leasehold agreements with landowners for periods of 30 years or more for the construction of wind turbines. Leases regarding land are defined as operating leases.

Lease fees for operating leases are expensed systematically over 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 are 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
- financial assets/liabilities measured at fair value through profit or loss
- 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 "Receivables from associates," "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 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.

Hedging of net investments

Hedges of net investments in operations with a functional currency different from the Group's are recognised in the same manner as cash flow hedges. The portion of the gain or loss on a hedging instrument which is deemed to be an effective hedge is recognised in other comprehensive income. The gain or loss attributable to the ineffective portion of the hedge is recognised in the income statement. Accumulated gains or losses in equity are recognised in the income statement when the operations are divested, either in part or in full.

Disclosures on the fair value of various derivative instruments used for hedging purposes can be found in Note 11.

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

From 1 January 2018, 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 IFRS9. 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 capitalises borrowing expenses directly attributable to the purchase, construction or production of an asset taking 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 19.

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 36.

Share-based payment

The Group did not have a share-based payment plan on 31 December 2019. On 31 December 2018, the Group did have a share-based payment plan, refer also to Note 17.

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 17.

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 2019 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 1,195 (1,223), excluding restoration costs. The discount rate amounted to 6.8 % (6.8).

The continuing average useful life is estimated at 16.2 years (17.2) 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, see Note 9.

Impairment testing for financial non-current assets

Until 22 march 2019, the Group had significant values recognised in the balance sheet relating to financial receivables from associates. The carrying amounts of these financial receivables were tested for any credit losses in accordance with the accounting policies described in this note. On 22 March 2019, Arise sold its participations in the associate. However, the financial rights based on the sale were transferred on 1 January 2019.

Financial receivables from associates were tested by measuring the value in use of the underlying wind farm that the receivable finances. This means the cash flows from the underlying asset formed the basis of the assessment of expected credit losses on the financial receivable that the Group had. These calculations required the use of estimates of future cash flows and assumptions regarding the required return and choice of discount rate.

Tests in 2018 were carried out, which resulted in a reserve for the receivable for expected credit losses of MSEK –25, after which the carrying amount of the financial receivable was MSEK 428. Discount rate in 2018 amounted to 6.5 %. For more information, see Note 10 and 22.

Valuation of loss carry-forwards

Deferred tax assets attributable to loss carry-forwards recognised in the Group amount to MSEK 2 (15), 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 tax assets refer to Swedish loss carry-forwards, which can be utilised for an indefinite period. It is expected that it will be possible to offset the loss carry-forwards against taxable profits within the foreseeable future.

Useful lives of wind turbines

The useful life of a wind turbine has been estimated to amount to an average of 25 years, and this is the figure applied in the investment calculation.

Framework agreements with suppliers – cancellation fees

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 2020 may amount to a maximum of MSEK 24. If a cancellation fee arises in 2020, 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. In addition the company has issued a payment guarantee for the grid connection for the Skaftåsen project, see Note 21.

Significant assessments made in application of company's accounting policies

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 19, and included in the depreciable amount.

NOTE 2 • INCOME

Net sales include the sale of generated electricity, earned and sold electricity certificates, 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.

	2019	2018
Electricity	111	101
Electricity certificates	34	50
Development and management income	308	192
Net sales	**454**	**343**

Income for electricity and electricity certificates 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 –22 (–29).

Funds managed by Foresight Group LLP and funds managed by re:cap global investors accounted for more than 10 % of development and management income in 2019 and in 2018, funds managed by BlackRock and funds managed by re:cap global investors accounted for more than 10 %. There were no other customers who accounted for more than 10 % of this income during the year.

Electricity production in Own wind power operations amounted to 333.24 GWh (294.7) for the year. Average income for electricity was SEK 333 per MWh (344) and for

electricity certificates was SEK 103 per MWh (169), meaning an average income per produced MWh of SEK 436 (512).

The following items are included in other operating income:

	2019	2018
Other items	1	0
Other operating income	**1**	**0**

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 2019 that are recognised as contract assets in Note 16.

Projects	2020	2021	TOTAL
Svartnäs	0.8	–	0.8
Bröcklingberget	6.0	–	6.0
Enviksberget	–	–	–
Skaftåsen	20.0	48.0	68.0
	26.8	**48.0**	**74.8**

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. Associates, which, for accounting purposes, are not consolidated, are shown in the Co-owned wind power operations segment as if these operations were consolidated. The Co-owned wind power operations segment was discontinued in 2019. On 22 March 2019, Arise sold its participations in the associate. However, the financial rights based on the sale were transferred on 1 January 2019. The Unallocated revenue/expenses pertains to the Group's shared expenses.

	Development and management		Own wind power operations		Co-owned wind power operations		Unallocated rev./expenses		Eliminations		Group	
Amounts to the nearest MSEK	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Net sales, external	308	192	145	151	–	148	–	–	–	-148	454	343
Net sales, internal	5	5	–	–	–	–	–	–	-5	-5	–	–
Other operating income Note a	0	0	0	0	–	–	0	0	–	–	1	0
Total income	**313**	**197**	**146**	**151**	**–**	**148**	**0**	**0**	**-5**	**-153**	**454**	**343**
Capitalised work on own account	4	3	–	–	–	–	–	–	–	–	4	3
Operating expenses	-167	-81	-46	-52	–	-35	-33	-27	5	41	-241	-155
Profit/loss from associates	–	–	–	–	–	–	-273	0	–	–	-273	0
Operating profit before depr./imp (EBITDA)	**150**	**119**	**100**	**99**	**–**	**113**	**-306**	**-27**	**0**	**-113**	**-56**	**191**
Depreciation	0	0	-74	-72	–	-71	-1	0	–	71	-76	-73
Operating profit/ loss (EBIT)	**150**	**118**	**27**	**27**	**–**	**42**	**-308**	**-27**	**0**	**-42**	**-131**	**118**
Net financial items Note b	-17	-17	-64	-74	–	-44	-21	1	–	44	-101	-90
Profit/loss before tax (EBT)	**132**	**101**	**-37**	**-47**	**–**	**-2**	**-328**	**-26**	**0**	**2**	**-233**	**28**
Property, plant and equipment	**55**	**84**	**1,224**	**1,246**	**–**	**1,303**	**3**	**0**	**–**	**-1,303**	**1,282**	**1,330**

Funds managed by Foresight Group LLP and funds managed by re:cap global investors accounted for more than 10 % of development and management income in 2019 and in 2018 funds managed by BlackRock and funds managed by re:cap global investors accounted for more than 10 %. There were no other customers who accounted for more than 10 % of this income during the year.

Amounts to the nearest MSEK	Development and management 2019	Development and management 2018	Own wind power operations 2019	Own wind power operations 2018	Co-owned wind power operations 2019	Co-owned wind power operations 2018	Unallocated rev./expenses 2019	Unallocated rev./expenses 2018	Eliminations 2019	Eliminations 2018	Group 2019	Group 2018
Not a – Other operating income												
Other items	0	0	0	0	–	–	0	0	–	–	1	0
	0	**0**	**0**	**0**	**–**	**–**	**0**	**0**	**–**	**–**	**1**	**0**
Note b – Net financial items												
Total net financial items	-17	-17	-64	-74	–	-72	-21	1	–	72	-101	-90
Less interest expenses on shareholder loans	–	–	–	–	–	28	–	–	–	-28	–	–
Net financial items excl. shareholder loans	**-17**	**-17**	**-64**	**-74**	**–**	**-44**	**-21**	**1**	**–**	**44**	**-101**	**-90**

In 2018, the Co-owned wind power operations segment was recognised excluding internal interest expenses on shareholder loans. The eliminations comprised, in their entirety, the sale of leaseholds for developed land areas, consultancy services mainly consisting of permit and prospecting work, administration charges passed on and Co-owned wind power. The segment was discontinued in 2019. The sale of Arise's participations in the associates took place on 22 March 2019, but the financial rights were transferred on 1 January 2019.

NOTE 4 • PERSONNEL

Average number of employees	2019			2018		
	Women	**Men**	**Total**	**Women**	**Men**	**Total**
Parent Company	8	17	25	8	14	22
Subsidiaries	–	2	2	–	3	3
Group total	**8**	**19**	**27**	**8**	**17**	**25**

Salaries and other remuneration	Board and CEO	of which variable remuneration	Other employees	Board and CEO	of which variable remuneration	Other employees
Parent Company	5.8	2.2	25.6	4.9	1.1	19.4
Subsidiaries	–	–	1.6	–	–	2.7
Group total	**5.8**	**2.2**	**27.3**	**4.9**	**1.1**	**22.1**

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	31.4	15.1	4.6	24.3	12.8	4.4
Subsidiaries	1.6	1.2	0.5	2.7	2.0	0.9
Group total	**33.1**	**16.3**	**5.1**	**27.0**	**14.8**	**5.3**

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**

2018

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				
Peter Gyllenhammar	0.33				
Jon G Brandsar	0.25				
Total remuneration of the Board	**1.68**				
Daniel Johansson, CEO		2.2	1.1	0.1	0.7
Other senior executives (3 individuals)		4.7	2.0	0.2	1.3
Total remuneration of CEO and senior executives		**6.9**	**3.1**	**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. Senior executives refers to the group of three individuals who, together with the CEO, formed the Group management in 2019.

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. The level of target fulfilment in 2019 was high and variable remuneration of MSEK 10.1 (4.7) was paid. No other payments or remuneration with a dilution effect were made.

Warrants

The Annual General Meeting held on 3 May 2016 resolved to introduce a warrant programme by issuing a maximum of 750,000 warrants to a subsidiary in the Group for transfer to employees of the company. A total of 560,000 warrants were subscribed for by the subsidiary, all of which were transferred to the programme participants. The transfer to participants took place at market value calculated using the Black & Scholes formula. Important input data in the model were the weighted-average share price of SEK 14.97 on the allotment date, the following redemption price, volatility of 25.6 %, expected dividend of 0 %, expected maturity of the warrants of 2.75 years, and an annual risk-free rate of interest of –0.37 %. Volatility, measured as the standard deviation of expected return on the share price, is based on a statistical analysis of daily share prices over the last three years. Each warrant entitled the holder to subscribe for one new ordinary share in the company for a subscription price of SEK 18.70. The warrants could be utilised during the period from 4 March 2019 up to and including 15 March 2019. 117,500 of the total of 560,000 warrants had been utilised through subscription of 117,500 new ordinary shares and 442,500 warrants expired, after which there were no outstanding warrants.

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 2019, the pension premium averaged 27 % (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

Refer to Note 17 for information regarding the warrant programme for 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 2019 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 G 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 three occasions in 2019.

Gender distribution among senior executives

	2019				2018			
	Women		Men		Women		Men	
	No. of	%	No. of	%	No. of	%	No. of	%
Board	1	33%	2	67%	1	25%	3	75%
Group management	0	0%	4	100%	0	0%	4	100%

NOTE 5 • EXTERNAL EXPENSES

Other external expenses	2019	2018
Operating expenses	37	45
Cost of sold projects	59	34
Cost of sold contracts and management	75	16
Other external expenses [1]	20	18
	192	**113**

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

Auditing fees	2019	2018
Öhrlings PricewaterhouseCoopers		
Audit assignment	1.4	1.4
Audit activities not included in audit assignment	0.0	0.1
Tax consultancy services	0.1	0.0
Other services	–	–
Total	**1.5**	**1.5**

NOTE 6 • FINANCIAL INCOME AND EXPENSES

	2019	2018
Interest income	0	0
Exchange rate gains	–	1
Total financial income	**0**	**1**
Interest expenses [1]	-80	-91
Exchange rate losses	-21	-
Total financial expenses	**-101**	**-91**

[1] Of which interest expenses attributable to leases amounting to MSEK -2.

NOTE 7 • TAXES

Tax on profit/loss for the year	2019	2018
Deferred tax	-2	-7
Recognised tax	**-2**	**-7**

Deferred tax		
Attributable to unutilised loss carry-forwards [1]	2	15
Derivatives at fair value	9	24
Non-current assets	2	8
Other items	-1	-1
Total recognised deferred tax	**13**	**46**

Reconciliation of recognised tax in the Group		
Profit/loss before tax	-233	28
Tax, 22.0%	–	-6
Tax, 21.4%	50	–
Tax effects of: Non-deductible expenses/ non-taxable income	-36	17
Non-deductible interest expenses	-13	–
Utilised loss carry-forwards	13	–
Adjusted tax rate due to new tax rules	1	-2
Loss carry-forwards for which no tax asset was recognised	-16	-15
Recognised tax, profit/loss for the year	**-2**	**-7**

Change in deferred tax		
Opening amount, net	46	47
Recognised deferred tax on profit/loss for the year	-2	-7
Other items	–	0
Other tax items attributable to associates	-22	–
Tax items recognised directly in other comprehensive income [2]	-9	6
Closing amount, net	**13**	**46**

[1] Total loss carry-forwards for the legal entities amounted to MSEK 537 (531). Of this amount, MSEK 215 is blocked from utilisation for new companies in the Group until the 2023 income year. Of the tax loss carry-forwards, a total of MSEK 525 is not expected to be utilisable against future taxable profits. The remaining MSEK 12 is expected to be utilisable against net interest expenses. In addition, the tax loss carry-forwards are expected to be offset against the dissolution of excess depreciation on property, plant and equipment. Loss carry-forwards are subject to no time limits on use.

[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 2019	Attributable to:				
	Loss carry-forward	**Non-current assets**	**Cash flow hedges**	**Other items**	**Total**
Opening amount, net	15	8	24	-1	46
Recognised deferred tax on profit/loss for the year	-12	-7	-5	22	-2
Other tax items attributable to associates	–	–	–	-22	-22
Tax items recognised directly in other comprehensive income	–	–	-9	–	-9
Closing amount, net	**2**	**2**	**9**	**-1**	**13**

NOTE 8 • ADDITIONAL DISCLOSURES TO THE CASH FLOW STATEMENT

Cash and cash equivalents comprise cash and bank balances.

Adjustment for non-cash items	2019	2018
Depreciation and impairment of property, plant and equipment	76	73
Leases, IFRS16	-6	–
Items realised in connection with divestment of associate	268	0
Total	**338**	**73**

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		Total	
	2019	2018	2019	2018	2019	2018	2019	2018	2019	2018
Opening cost	1	1	2,167	2,166	9	9	161	157	2,338	2,334
Purchases/investments	55	-	16	0	-	0	15	18	31	18
Sales/disposals	-	-	-16	-	-	-	-44	-12	-60	-12
Reclassifications	-	-	-	-	-	-	-	-2	-	-2
Closing cost	**57**	**1**	**2,167**	**2,167**	**9**	**9**	**133**	**161**	**2,366**	**2,338**
Opening accumulated depreciation and impairment	0	0	-921	-849	-9	-9	-78	-78	-1,008	-936
Depreciation during the year	-4	0	-71	-72	0	0	-	-	-76	-73
Impairment for the year [2]	-	-	-	-	-	-	-	-	-	-
Sales/disposals	-	-	-	-	-	-	-	-	-	-
Closing accumulated depreciation and impairment	**-4**	**0**	**-992**	**-921**	**-9**	**-9**	**-78**	**-78**	**-1,084**	**-1,008**
Closing residual value according to plan	**52**	**1**	**1,175**	**1,246**	**1**	**1**	**54**	**82**	**1,282**	**1,330**

[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 51 on 31 December 2019. Additional right-of-use assets amounted to MSEK 55 in 2019. Depreciation of right-of-use assets included in buildings and land amounted to MSEK 4 in 2019.

[2] Information on impairment and the calculation of recoverable amounts can be found in Note 1, Point 3.

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 0.6 in the consolidated income statement for 2019.

Expenses attributable to variable lease payments not included in the lease liability amounted to MSEK 6 in the consolidated income statement for 2019. 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 1.35 billion to SEK 3.5 billion during the useful life), the variable lease payments not included in the lease liability are deemed to amount to between MSEK 0-70 over the useful life.

Total cash flow concerning leases was MSEK 5 in 2019.

Operating leases	2018
Within 1 year	6
Between 1 and 5 years	20
More than 5 years	51
Total	**76**

NOTE 10 • HOLDINGS IN ASSOCIATES

Holdings in associates	2019	2018
Opening carrying amount	–	5
Share of profit/loss in associates	-	-3
Conversion from loan to shareholders' contribution	305	10
Divestment of participations	-305	
Derivative items [1]	–	-12
Closing carrying amount	**–**	**–**

Profit/loss from associates		
Share of profit/loss in associates (net after tax, 21.4%)	–	-3
Realization loss sale of associate	-273	–
Financial income from associates (gross before tax)	–	28
Less uncapitalised share	–	-25
Total	**-273**	**0**

[1] Items attributable to other comprehensive income.

The Group divested its participations in Sirocco Wind Holding AB in the first quarter of 2019.

Until the divestment date, the Group's holdings in associates were recognised according to the equity method, which includes the 50% holding in Sirocco Wind Holding AB, see the Parent Company's Note 9. This associate's share capital consists entirely of ordinary shares which are owned directly by the Group. Sirocco Wind Holding AB's operations are conducted in Sweden. Sirocco Wind Holding AB is a private company and no quoted prices are available for its shares.

Financial income from associates is attributable to loans provided to associates. For information regarding Arise's loans to Sirocco Wind Holding AB, see Note 22.

NOTE 11 • 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 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.

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 2019 was MEUR 0 (45).

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. 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. Borrowing within the Group may take 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.

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 18.

Sensitivity analysis

A change in any of the variables below has an impact on profit/loss before tax for 2019 (in MSEK) as follows:

Variable	Change	Impact on profit/loss before tax
Production	+/-10%	+/- 16
Electricity price	+/-10%	+/- 11
Electricity certificate price	+/-10%	+/- 2
Interest	+/-1 pp	+/- 5
EUR/SEK	+/-10%	+/- 41

Note that the impact on profit/loss before tax is based on the electricity hedges reported by the Group in 2019.

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 2019, the equity/assets ratio amounted to 38.9% (39.8) and the adjusted equity/assets ratio was 48.8% (41.0).

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 assess 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. Up until the first quarter of 2019, it also included net investments in foreign currency but was discontinued in connection with the sale of the associate. 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 2019, excluding participations in associates' derivatives.

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 –3 (–1).

Outstanding derivative contracts	2019	2018
Electricity futures	-12	-73
Currency futures, SEK/EUR	2	1
Interest rate swaps 1–2 years	-1	-10
Interest rate swaps 3–5 years	-35	–
Interest rate swaps 6–10 years	–	-34
Outstanding derivative contracts	**-46**	**-116**

Netting of derivatives 31 Dec 2019	Assets	Liabilities
Gross amount	13	-59
Nettable amount	-12	12
Net amount	**2**	**-48**

Electricity future contracts

The nominal amount of outstanding forward contracts excluding participations in associates' electricity future contracts totalled MSEK -85 (-127). 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	2019	2018
Recognised amount (liability)	-12	-73
Nominal amount	-85	-127
Maturity date	Jan 2020–Dec 2021	Jan 2019–Dec 2021
Hedge ratio	1:1	1:1
Change in real value of outstanding hedging instrument since 1 January	61	-73
Change in value of hedged item to determine effectiveness	-61	73
Weighted average for forward rates during the year	SEK 10.53: EUR 1	SEK 10.35: EUR 1

Forward contracts

The nominal amount of outstanding forward contracts on the balance sheet date totalled MSEK 107 (155). 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	2019	2018
Recognised amount (asset)	2	1
Nominal amount	107	155
Maturity date	Mar 2020–Dec 2021	Mar 2019–Dec 2020
Hedge ratio	1:1	1:1
Change in real value of outstanding hedging instrument since 1 January	1	1
Change in value of hedged item to determine effectiveness	-1	-1
Weighted average for forward rates during the year	SEK 10.57: EUR 1	SEK 10.36: EUR 1

Interest rate swaps

The nominal amount of outstanding interest rate swaps excluding participations in associates' interest rate swaps in 2019 totalled MSEK 513 (931). The fixed interest rates fluctuate between 1.9% and 2.1% (1.4 and 1.9). The most significant variable interest rates are Stibor and 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	2019	2018
Recognised amount (liability)	-41	-59
Nominal amount	513	931
Maturity date	Jan 2020–Apr 2024	Apr 2019–Apr 2024
Hedge ratio	1:1	1:1
Change in real value of outstanding hedging instrument since 1 January	18	20
Change in value of hedged item to determine effectiveness	-15	-19
Weighted average for interest during the year	2.93%	1.98%

Net investment in foreign currency

The nominal amount of net investment in foreign currency on the balance sheet date amounted to MEUR 0 (20.1). Gains and losses on net investment in foreign currency recognised in other comprehensive income and included in equity is recognised in the income statement when all loans are repaid.

Hedge accounting for net investments in foreign currency was discontinued in 2019, which impacted comprehensive income in the amount of MSEK -28 and profit/loss after tax by MSEK 28.

Hedging table for Own electricity production

PRICE HEDGES AS OF 31 DEC 2019

	2020	2021	2022
Own production, budget, GWh	343	343	343
Hedged electricity production, GWh	204	53	–
Hedged electricity certificate production, GWh	218	–	–
Hedged electricity price, SEK/MWh	*299*	*454*	–
Hedged electricity certificate price, SEK/MWh	*128*	–	–

Exchange rate applied: SEK/EUR 10.45

CLASSIFICATION OF FINANCIAL INSTRUMENTS

The tables below present the classification of the financial instruments in the balance sheet in 2019 and 2018. The classification of financial instruments comply with IFRS9. 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 the income statement.

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**

2018

Assets

	Financial assets measured at amortised cost	Derivative instruments for hedging purchases	Total
Receivables from associates	428	–	428
Blocked accounts	9	–	9
Current assets			
Accounts receivable	9	–	9
Derivative assets	–	1	1
Other receivables	1	–	1
Cash and cash equivalents	61	–	61
Total current assets	72	1	73
Total assets	**508**	**1**	**510**

Liabilities	Financial liabilities measured at amortised cost	Derivative instruments for hedging purchases	Total
Non-current interest-bearing liabilities	922	–	922
Current liabilities			
Current interest-bearing liabilities	97	–	97
Accounts payable	19	–	19
Derivative liabilities	–	117	117
Other liabilities	5	–	5
Total current liabilities	121	117	238
Total liabilities	**1,043**	**117**	**1,160**

Maturity structure of financial liabilities

The maturity structure of interest-bearing liabilities is presented in Note 18 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 2019, the equity/assets ratio amounted to 38.9 % (39.8) and the adjusted equity/assets ratio was 48.8 % (41.0).

NOTE 12 • OTHER FINANCIAL NON-CURRENT ASSETS

	2019	2018
Blocked cash and cash equivalents	27	9
Total	**27**	**9**

NOTE 13 • INVENTORIES

	2019	2018
Electricity certificates	8	8
Total	**8**	**8**

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

NOTE 14 • OTHER CURRENT RECEIVABLES

	2019	2018
Current tax assets	8	8
Other receivables	9	3
Total	**17**	**10**

NOTE 15 • ACCOUNTS RECEIVABLE AND OTHER CURRENT RECEIVABLES

	2019	2018
Accounts receivable	11	17
Accumulated impairment of accounts receivable	-8	-8
Accounts receivable – net	3	9
Receivables from related parties (Note 22)	–	428
Other receivables (Note 14)	17	10
Less non-current portion	–	-428
Current portion	**20**	**19**

As of the balance sheet date, MSEK 10 (9) 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.

	2019	2018
Not fallen due/Due in less than 3 months	2	8
3–6 months	–	–
6 months or later	9	9
Total	**11**	**17**

NOTE 16 • PREPAID EXPENSES AND ACCRUED INCOME

	2019	2018
Accrued development income [1]	46	141
Accrued electricity and certificate income	28	18
Other prepaid expenses	5	7
Total	**79**	**167**

[1] Contract assets that refer to development and management income fell MSEK 95 in 2019. The change was attributable to revenue recognition in ongoing projects. The Svartnäs project was completed and financial settlement took place in 2019, and the Bröcklingberget and Enviksberget projects are proceeding according to plan. Future expected income for as yet unfulfilled performance obligations in development projects is presented in Note 2.

NOTE 17 • SHARE CAPITAL

Number of registered shares in Parent Company	2019	2018
Issued as per 1 January	33,428,070	33,428,070
Warrants	117,500	–
Issued as per 31 December	**33,545,570**	**33,428,070**

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

Scope

In 2016, warrants were issued for shares in Arise AB in a programme directed to employees. The total number of warrants issued on 31 December 2018 amounted to 560,000. During the subscription period of 4 March 2019 to 15 March 2019, 117,500 of the above-mentioned warrants had been utilised through subscription for 117,500 new ordinary shares at a subscription price of SEK 18.70 and the 442,500 warrants expired, after which there were no outstanding warrants.

Valuation

There was one series of warrants outstanding at the start of 2019. The acquisition price of these warrants directed to employees is based on the estimated market price on the subscription date according to the Black & Scholes valuation model. For more information, see Note 4. There were no warrants outstanding on 31 December 2019.

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.

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 issued convertibles, the number of shares in the company will increase from 33,545,570 to 44,670,195, corresponding to a dilution of about 25 % without taking into account outstanding warrants in the company.

NOTE 18 • INTEREST-BEARING LIABILITIES

The Group has issued a bond loan. The agreement includes so-called negative clauses which provide the lender with the right to cancel the loans as a result of changes in Arise's financial key ratios. These clauses, called covenants, reflect the requirements typical of the industry regarding solvency, a specified required relationship between earnings and interest paid, plus amortisation. No covenants were breached during the year.

The Group's bond loan totalled MSEK 650 (650) on 31 December 2019. In 2018, the company refinanced the secured bond totalling MSEK 1,100 with a new bond of MSEK 650, as well as a bank loan of MSEK 100 and a bank loan of MSEK 75. The bank loan of MSEK 100 and the bank loan of

MSEK 75 were fully repaid in the first and second quarters of 2019. Interest payments are hedged through interest rate swaps. At present, a number of contracts are in place with an average fixed interest rate term of 2.5 years (2.9). 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 6.2 % (6.0). In spring 2017, the company conducted an issue of convertible bonds, which amounted to MSEK 241 (240) on 31 December 2019. The term to maturity of the loan is five years.

The company applies IFRS16 from 2019. Under IFRS16, a contract is a lease agreement 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 55 as per 1 January 2019.

Interest-bearing liabilities	2019	2018
Non-current portion	932	922
Current portion	3	97
Total	**935**	**1,020**

Fair value of liabilities

The carrying amounts and fair values of long-term borrowings (excluding lease liabilities and arrangement fees) are as follows:

	Carrying amount		Fair value	
	2019	2018	2019	2018
Bond loans	650	650	650	650
Bank loans	–	146	–	146
Convertible loan	241	240	241	240
Total	**891**	**1,036**	**891**	**1,036**

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 4.50 % and 5.75 %, (2018: 1.75 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
Bond loans [1]	10	30	678	13	–	731
Convertible loan	4	11	262	–	–	276
Accounts payable	10	–	–	–	–	10
Lease liabilities, IFRS16	1	4	10	8	48	72
Total	**25**	**45**	**950**	**21**	**48**	**1,089**

[1] When calculating interest payments, the effect of interest rate swaps was taken into account in determining the interest rate, based on circumstances at year-end.

The secured bond loan is listed on the Nasdaq Stockholm and has a nominal value of MSEK 650, of which MSEK 650 is outstanding, and bears a variable interest rate of STIBOR 0 floor + 4.5 percentage points. The bond loan matures in March 2021.

The convertible loan has a nominal value of MSEK 245, 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.

Lease liability regarding leaseholds for land and rented premises for offices amounted to MSEK 55 on 1 January 2019, of which MSEK 52 was outstanding on 31 December 2019. 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 2034–2037. The annual rate for rental premises is 2.75 %.

NOTE 19 • PROVISIONS

	2019	2018
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. In 2017, the company conducted a new calculation of the expected costs. 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 2034 and 2037. For further information about provisions, see Note 1.

NOTE 20 • ACCRUED EXPENSES AND DEFERRED INCOME

	2019	2018
Accrued financial expenses	5	5
Accrued personnel-related expenses	19	12
Deferred income	1	1
Accrued property tax	3	6
Other accrued expenses	31	16
Total	**58**	**39**

NOTE 21 • PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	2019	2018
Pledged shares in subsidiaries	1,190	1,174
Pledged assets, County Administrative Board	9	9
Total	**1,198**	**1,183**
Guarantee	**19**	**16**
Contingent liabilities	**14**	**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 2020 may amount to a maximum of MSEK 24. If a cancellation fee arises in 2020, 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 900,000 for Bröcklingberget. In addition the company has issued a payment guarantee of SEK 18,500,000 for grid connection for the Skaftåsen project.

NOTE 22 • RELATED-PARTY TRANSACTIONS

Arise AB co-owned 50 % of Sirocco Wind Holding AB together with Sydvästanvind AB (50 %) until 22 March 2019. Sydvästanvind AB is controlled by the UK company Platina Partners LLP. On 22 March 2019, Arise sold its participations. However, the financial rights based on the sale were transferred on 1 January 2019.

Sirocco Wind Holding AB owns 100 % of Jädraås Vindkraft AB and Hällåsen Kraft AB. Together, this group of companies forms the "Jädraås project", which consists of 66 turbines totalling 203 MW in Jädraås, outside Gävle.

The following transactions with related parties took place	2019	2018
Project management and administrative services	1	3
Total	**1**	**3**

Sales of project management and administrative services took place up until the first quarter of 2019 at agreed fixed prices, based on market terms. No purchases of goods and services have been made.

Loans to related parties	2019	2018
Loans to associates:		
At the beginning of the year	428	418
Accrued interest	–	28
Exchange rate differences	9	17
Provisions/impairment	–	-25
Conversion from loan to shareholders' contribution	–	-10
Settlement of receivable on divestment of associate [1]	-437	–
At year-end	**–**	**428**
Of which non-current portion:	–	428
Of which current portion:	–	–

[1] Of which, MSEK 193 in cash and cash equivalents and a receivable of MSEK 5.

Prior to the sale of Sirocco AB, Arise had non-current receivables from related parties in the Sirocco Group in the form of a commercial loan carrying interest at 5.8 % of the outstanding amount. There was no predetermined maturity date, though the loan was repayable on request and had an interest rate corresponding to a normal and market-based borrowing interest rate. The loan could also be repaid by the borrower at any time. As the intention was that the loan would be repaid and had market-based interest terms, this indicated overall that it was commercial borrowing rather than an investment in an associate and the company therefore did not view this receivable as part of net investments.

The fair value of this loan corresponded to the carrying amount, which was adjusted for accumulated expected credit losses of MSEK 0 (65) based on the assessment in accordance with IFRS9. The amounts recognised in the balance sheet for these loans were tested for impairment according to the policies described in Point 3 of Note 1. Accrued interest on the balance sheet date amounted to MSEK 0 (28) which had been recognised in the income statement.

A reserve for the receivable was made in the amount of MSEK 0 (25) for the year.

For information regarding remuneration of senior executives, see Note 4.

NOTE 23 • EVENTS AFTER THE END OF THE REPORTING PERIOD

The world was impacted by the Corona crisis in March 2020. Arise has not been affected by the crisis to any significant extent to date, but the company is continuously monitoring developments and is prepared to take action if required. With cash funds of MSEK 365 at year-end, the company is well-prepared to meet this crisis. Most of the company's employees are continuing to work at their workplace. At the same time, we can confirm that our IT systems and the possibility of working from home have functioned well. The company's production of electricity is unchanged but electricity prices will probably be negatively affected to some extent by the ongoing crisis. The management business is largely performed using computers and is continuing without any changes. However, the situation requires more communication with customers. While the construction of sold wind farms is proceeding unchanged thus far, the company is continuously monitoring developments. Enviksberget was completed in the first half of March. As regards the company's development business, develop activities are mostly continuing as usual. The intention is still to sell Ranasjö and Salsjöhöjden in 2020. If the situation in the market were to change such that we find it appropriate to postpone the sales process, then we will do so.

Regarding the AGM, we are monitoring the situation and will adapt the format and date of the meeting accordingly.

Arise repurchased bonds for a nominal SEK 150,000,000 in March. This repurchase relates to the company's secured bonds with an outstanding nominal amount of SEK 650,000,000 (ISIN: SE0010920900). The average repurchase price for the bonds corresponds to 98.2 % of the bonds' nominal amount, meaning SEK 147,250,000. The purpose of the repurchase was to reduce gross debt and improve Arise's net interest expenses. The repurchases were enabled by the company's strong cash position.

In March, the government presented a memorandum of the structure of a stop rule for the electricity-certificate system. In brief, the proposal, which has now been sent for consideration, means that a stop rule will be introduced on 31 December 2021 and the system will be discontinued on 31 December 2035. This is an improvement compared with previous proposals, and enables more price dynamics in the market for electricity certificates.

Parent company income statement

Amounts to the nearest MSEK	NOTE	2019	2018
Sales of electricity and electricity certificates		43	76
Development and management income		101	40
Other operating income		0	0
Total income	2	**145**	**116**
Capitalised work on own account		2	1
Purchase of electricity and electricity certificates		-42	-75
Cost of sold projects and contracts		-75	-16
Personnel costs	3	-46	-37
Other external expenses	4	-20	-18
Operating profit/loss before depreciation (EBITDA)		**-36**	**-30**
Depreciation and impairment of property, plant and equipment	7	0	0
Operating profit/loss (EBIT)		**-37**	**-30**
Financial income	5	142	368
Financial expenses	5	-386	-384
Profit/loss after net financial items		**-281**	**-47**
Group contributions		49	–
Profit/loss before tax		**-232**	**-47**
Tax on profit/loss for the year	6	0	-7
Profit/loss for the year		**-232**	**-54**

Parent company balance sheet

Amounts to the nearest MSEK	NOTE	2019	2018
ASSETS			
Non-current assets			
Property, plant and equipment	7	26	55
Shares in subsidiaries	8	1,141	1,210
Holdings in associates	9	–	–
Receivables from associates	18	–	428
Deferred tax assets	6	2	1
Other financial non-current assets	10	27	9
Total non-current assets		**1,196**	**1,703**
Current assets			
Inventories	11	8	6
Receivables from Group companies		1	18
Accounts receivable		2	8
Current tax assets		1	1
Other current receivables		7	1
Contract assets	12	15	101
Prepaid expenses and accrued income	12	13	1
Cash and cash equivalents		324	41
Total current assets		**371**	**177**
TOTAL ASSETS		**1,567**	**1,881**
EQUITY			
Restricted equity			
Share capital		3	3
Statutory reserve		0	0
Other restricted equity		5	5
Non-restricted equity			
Share premium reserve		1,371	1,368
Accumulated loss		-608	-554
Profit/loss for the year		-232	-54
Total equity		**539**	**769**
LIABILITIES			
Non-current liabilities			
Non-current interest-bearing liabilities	13	883	922
Total non-current liabilities		**883**	**922**
Current liabilities			
Current interest-bearing liabilities	13	–	97
Liabilities to Group companies		97	60
Accounts payable		3	9
Other liabilities		1	1
Accrued expenses and deferred income	14	44	23
Total current liabilities		**145**	**190**
TOTAL EQUITY OCH LIABILITIES		**1,567**	**1,881**

Parent company cash flow statement

Amounts to the nearest MSEK	NOTE	2019	2018
Operating activities			
Operating profit/loss (EBIT)		-37	-30
Adjustment for non-cash items	15	141	0
Tax paid		-1	-1
Cash flow from operating activities before changes in working capital		**103**	**-31**
Cash flow from changes in working capital			
Increase (-) / decrease (+) in inventories		-1	-4
Increase (-) / decrease (+) in operating receivables		72	54
Increase (+) / decrease (–) in operating liabilities		82	21
Cash flow from operating activities		**256**	**40**
Investing activities			
Investments in property, plant and equipment		-34	-15
Sales of property, plant and equipment		79	3
Cash flow from investing activities		**45**	**-12**
Financing activities			
Loan repayments		-146	-929
Loans raised		–	825
Repayment of long-term receivables		193	–
Deposits to/payments from blocked accounts		-19	–
Interest paid and other financing costs		-59	-88
Interest received		0	0
Dividends		–	124
Group contributions received		15	–
New issue / warrants		2	–
Cash flow from financing activities		**-13**	**-67**
Cash flow for the year		**288**	**-39**
Cash and cash equivalents at beginning of year		41	81
Exchange-rate difference in cash and cash equivalents		-5	0
Cash and cash equivalents at year-end		324	41

Change in liabilities in financing activities

Amounts to the nearest MSEK	31 Dec 2018	Cash flow	Non-cash impairment	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

Amounts to the nearest MSEK	Restricted equity: Share capital	Restricted equity: Statutory reserve	Restricted equity: Other restricted equity	Non-restricted equity: Share premium reserve	Non-restricted equity: Acc. profit/loss incl. profit/loss for the year	Non-restricted equity: Total equity
Opening balance on 1 Jan 2018	3	0	5	1,368	-554	822
Profit/loss for the year					-54	-54
Total comprehensive income	3	0	5	1,368	-608	769
Transactions with shareholders in their capacity as owners						
Convertible loan			0			0
Total transactions with shareholders	–	–	0	–	–	0
Closing balance on 31 Dec 2018	3	0	5	1,368	-608	769
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/warrants	0			2		2
Total transactions with shareholders	0	–	–	2	–	2
Closing balance on 31 Dec 2019	3	0	5	1,371	-840	539

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 IFRS9, 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, as well as gains and losses in 2018 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

All 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 IAS12, 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, consulting expenses invoiced internally in the Group, management services to external customers and income from sales of projects. Income for 2018 also includes gains and losses from electricity and currency derivatives attributable to the hedged production and electricity generated in the first quarter of 2018. 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/loss from financial derivatives is recognised net in an amount of MSEK 0 (–8).

NOTE 3 • PERSONNEL

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

NOTE 4 • AUDITING FEES

	2019	2018
Öhrlings PricewaterhouseCoopers		
Audit assignment	0.9	0.9
Audit activities not included in the audit assignment	0.0	0.1
Tax consultancy services	0.1	0.0
Other services	–	–
Total	**1.0**	**1.0**

NOTE 5 • FINANCIAL INCOME AND EXPENSES

	2019	2018
Dividends from subsidiaries	–	295
Gain on divestment of subsidiaries	133	52
Interest income	0	3
Exchange rate gains	9	18
Total financial income	**142**	**368**
Impairment of shares in subsidiaries	-70	-295
Impairment of shares in associates	–	-10
Settlement of receivable on sales of associate	-244	–
Interest expenses	-71	-79
Exchange rate losses	-1	–
Total financial expenses	**-386**	**-384**

NOTE 6 • TAXES

Tax on profit/loss for the year	2019	2018
Deferred tax	0	-7
Recognised tax	**0**	**-7**

Deferred tax	2019	2018
Attributable to unutilised loss carry-forwards [1]	2	2
Other items	-1	-1
Total recognised deferred tax	**2**	**1**

Reconciliation of recognised tax in the Parent Company	2019	2018
Profit/loss before tax	-232	-47
Tax, 22.0%	–	10
Tax, 21.4%	50	–
Tax effects of: Non-deductible expenses/ non-taxable income expenses	-40	4
Non-deductible interest expenses	-13	–
Utilised loss carry-forwards	13	–
Adjustment due to changed tax rate	0	0
Loss carry-forwards for which no tax asset was recognised	-9	-21
Recognised tax, profit/loss for the year	**0**	**-7**

Change in deferred tax	2019	2018
Opening amount, net	1	8
Recognised deferred tax on profit/loss for the year regarding loss carry-forwards	0	-7
Other items	0	0
Closing amount, net	**2**	**1**

[1] The Parent Company's total loss carry-forwards amounted to MSEK 187 (206). 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 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		Total	
	2019	2018	2019	2018	2019	2018	2019	2018
Opening cost	1	1	14	13	130	121	145	135
Purchases/investments	0	–	0	0	15	14	16	15
Sales/disposals	–	–	–	–	-44	-3	-44	-3
Reclassifications	–	–	–	–	–	-2	–	-2
Closing cost	**1**	**1**	**14**	**14**	**101**	**130**	**117**	**145**
Opening accumulated depreciation and impairment	0	0	-13	-12	-77	-77	-90	-89
Depreciation for the year	0	0	0	0	–	–	0	0
Impairment for the year	–	–	–	–	–	–	–	–
Sales/disposals	–	–	–	–	–	–	–	–
Closing accumulated depreciation and impairment	**0**	**0**	**-13**	**-13**	**-77**	**-77**	**-90**	**-90**
Closing residual value according to plan	**1**	**1**	**1**	**1**	**24**	**53**	**26**	**55**

[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.

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. A guarantee was also agreed for the Bröcklingberget project. In addition the company has issued a payment guarantee for grid connection for the Skaftåsen project, refer to Note 16.

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:	2019	2018
Within 1 year	2	2
Between 1–5 years	2	2
More than 5 years	–	–
Total	**3**	**4**

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

	2019	2018
Opening carrying amount	**1,210**	**1,505**
Investments in subsidiaries	25	–
Impairment of shares	-70	-295
Sales of subsidiaries	-24	–
Closing carrying amount	**1,141**	**1,210**

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	5
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	90
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%	1,115	1,129
Arise Wind HoldCo 10 AB	559075-2746	Halmstad	50,000	100%	0	0
Total					**1,141**	**1,240**

NOTE 9 • SHARES IN ASSOCIATES

	2019	2018
Opening cost of participations	**188**	**178**
Conversion of associate loans	–	10
Divestment of subsidiaries	-188	–
Closing cost of participations	**–**	**188**

	2019	2018
Opening accumulated depreciation and impairment	**-188**	**-178**
Impairment of participations	–	-10
Divestment of subsidiaries	188	–
Closing accumulated depreciation and impairment	**–**	**-188**
Carrying amount at year-end	**–**	**–**

The company divested the associate Sirocco Wind Holding AB in the first quarter of 2019.

NOTE 10 • OTHER FINANCIAL NON-CURRENT ASSETS

	2019	2018
Blocked cash and cash equivalents	27	9
Total	**27**	**9**

NOTE 11 • INVENTORIES

	2019	2018
Electricity certificates	8	6
Total	**8**	**6**

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

NOTE 12 • PREPAID EXPENSES AND ACCRUED INCOME

	2019	2018
Accrued development income	15	101
Accrued electricity income	12	–
Prepaid expenses	1	1
Total	**28**	**102**

NOTE 13 • INTEREST-BEARING LIABILITIES

	2019	2018
Bond loans	650	650
Convertible loan	241	240
Bank loans	–	146
Bank charges	-8	-16
	883	**1,020**
Current portion	–	-97
Non-current portion	**883**	**922**

NOTE 14 • ACCRUED EXPENSES AND DEFERRED INCOME

	2019	2018
Accrued personnel-related expenses	18	11
Accrued interest expenses	7	8
Other accrued expenses	20	4
Total	**44**	**23**

NOTE 15 • ADDITIONAL DISCLOSURES REGARDING CASH FLOW STATEMENT

Cash and cash equivalents comprise cash and bank balances.

Adjustment for non-cash items	2019	2018
Depreciation and impairment of property, plant and equipment	0	0
Capital gains/losses on sales of non-current assets	141	–
Total	**141**	**0**

NOTE 16 • PLEDGED ASSETS AND CONTINGENT LIABILITIES

Pledged assets	2019	2018
Shares in subsidiaries	1,115	1,185
Pledged assets, County Administrative Board	9	9
Total	**1,124**	**1,194**
Guarantee	**19**	**16**
Contingent liabilities	**14**	**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 2020 may amount to a maximum of MSEK 24. If a cancellation is necessary in 2020, 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 900,000 for Bröcklingberget. In addition the company has issued a payment guarantee of SEK 18,500,000 for grid connection for the Skaftåsen project.

NOTE 17 • RELATED-PARTY TRANSACTIONS

The following transactions with related parties have taken place during the year:

	2019	2018
Sales of goods and services to subsidiaries	6	16
Purchases of goods and services from subsidiaries	41	67
Transactions with other senior executives	–	–

The Parent Company's transfer of projects and charging of services to its subsidiaries amounted to MSEK 6 (16). Services sold refer primarily to consulting fees relating to permits and planning work, invoiced administrative expenses and management services to subsidiaries that own operational wind farms. The Parent Company's purchases of goods and services from subsidiaries amounted to MSEK 41 (67) and consist of electricity certificates, the purchase of various consulting services and electricity in the first quarter of 2018.

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.

For information regarding related-party transactions with the Sirocco Group, see Note 22 for the Group.

NOTE 18 • RECEIVABLES FROM ASSOCIATES

For information on receivables from associates, see Note 22 to the consolidated financial statements.

NOTE 19 • PROPOSED APPROPRIATION OF PROFITS

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

Parent Company	
Accumulated profit/loss from preceding year	-607,807,811
Share premium reserve non-restricted equity	1,370,662,858
Profit/loss for the year	-231,861,485
Total unappropriated earnings, SEK	**530,993,562**

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	**530,993,562**

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 6 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, 27 March 2020

Joachim Gahm
Chairman

Jon G Brandsar
Board member

Maud Olofsson
Board member

Daniel Johansson
CEO

Our auditor's report was submitted on 27 March 2020
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 2019. 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 2019 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 2019 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 MATTER
Impairment test of owned windpower farms in operation Reference to note 1 on page 52 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 2019 the value of owned windpower farms in operation amounts to 1,175 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 2019 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 further 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 • Reconciled input data regarding future revenues against external data, forward prices and opinions 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 for electricity, electricity certificates and the discount rate applied.

KEY AUDIT MATTER	HOW OUR AUDIT ADDRESSED THE KEY MATTER
Transactions – selling of projects Reference to note 1 page 52 in the Annual Report section for accounting principles Revenue and note 2 revenue and note 16 prepaid expenses and accrued income page 53 and page 72. Arise business concept implies potential acquisitions and selling of one or several projects directly or through a company. During the year the company have sold one subsidiary containing the project Skaftåsen continuing building the projects Bröcklingeberget, Enviksberget and final settlement of the project Svartnäs. 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 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 CEO

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 CEO of Arise AB (publ) for the year 2019 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 CEO

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 CEO 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, was appointed auditor of Arise AB (publ) by the general meeting of the shareholders on the 8 May 2019 and has been the company's auditor since the 2008. The company has been a company of public interest since the listing, 24 March 2010.

Malmö 27 March 2020
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 2019 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 2019 amounted to SEK 2,683,645.60, distributed between 33,545,570 shares. All shares issued are 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 4,317 shareholders on 30 December 2019. The company had two shareholders with a direct or indirect participation representing 10 % or more of the votes on 31 December 2019, which were Johan Claesson with companies (29.9 %) and Briban Invest AB (16.4 %). 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 five weekdays 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 8 May 2019 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 shares and authorisation of the Board to transfer treasury shares. The next Annual General Meeting will be held on 6 May 2020 in Halmstad. 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 8 May 2019 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 2020 Annual General Meeting comprised Jan Barchan (Briban Invest AB), Johan Claesson (own holdings and through companies), Bengt Hellström (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. The composition of the Nomination Committee ahead of the Annual General Meeting to be held on 6 May 2020 was published on Arise's website before 6 November 2019.

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 2020 Annual General Meeting. The Nomination Committee will present a description of its activities at the Annual General Meeting on 6 May 2020. 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 8 May 2019, a Board was elected consisting of the members Joachim Gahm (Chairman), Maud Olofsson and Jon Brandsar. 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 2019 financial year, the Board of Directors held 12 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 members of the Board appointed by the Annual General Meeting were independent in relation to the company, its senior executives and 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, 2019 financial year

	Number of meetings	Present at	Attendance, %
Joachim Gahm, Chairman	12	12	100
Jon Brandsar	12	12	100
Maud Olofsson	12	12	100
Peter Gyllenhammar [1]	4	4	100

[1] Peter Gyllenhammar stepped down as Board member at the Annual General Meeting on 8 May 2019.

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. In the 2019 financial year, a few of the Board meetings took the form of a conference call for practical reasons. 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 2020, the Remuneration Committee comprises Board members Joachim Gahm (Chairman), Maud Olofsson and Jon Brandsar. 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 three meetings in 2019 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 2020, 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 2019 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 2019 Annual General Meeting (as at the 2018 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 appointment of auditors will therefore be on the agenda at the forthcoming Annual General Meeting. The 2019 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 Board 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 2019

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

Halmstad, 27 March 2020

Joachim Gahm *Chairman*	**Jon G Brandsar** *Board member*
Maud Olofsson *Board member*	**Daniel Johansson** *CEO*

AUDITOR'S STATEMENT ON THE CORPORATE GOVERNANCE REPORT

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 2019 on pages 92–95 and 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, 27 March 2020
Öhrlings PricewaterhouseCoopers AB

Magnus Willfors
Authorised Public Accountant

Ownership structure

Share capital

The share capital of Arise AB totals approximately MSEK 2.7, distributed between 33,545,570 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 2019, the equity/assets ratio amounted to 38.9 % (39.8) and the adjusted equity/assets ratio was 48.8 % (41.0). 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

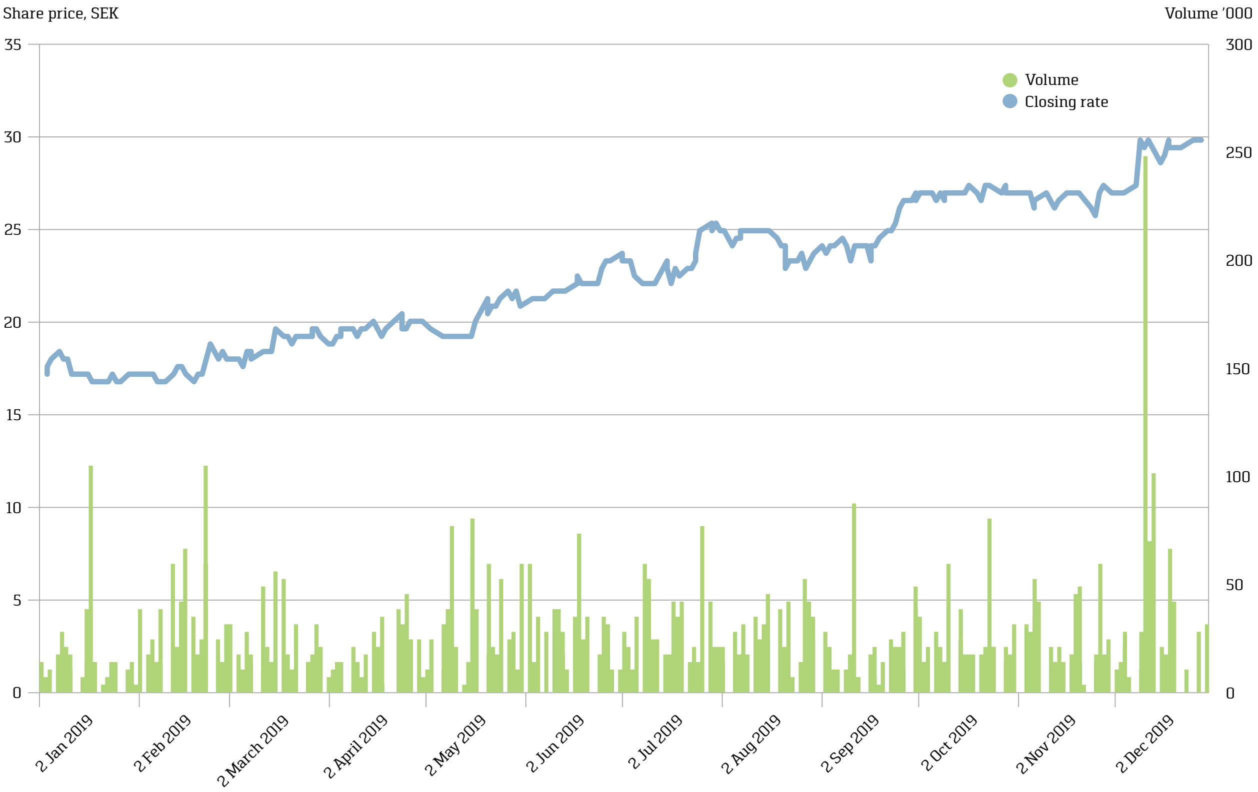
Ownership structure as of 30 December 2019	Shares	Share of votes and capital, %
Johan Claesson with companies	10,050,793	29.9
Briban Invest AB	5,496,890	16.4
Third Swedish National Pension Fund	3,117,346	9.3
Leif Jansson with companies	1,235,883	3.7
Olof Andersson Förvaltnings AB	1,203,000	3.6
Svenska Handelsbanken for PB	1,201,560	3.6
Catella Funds	875,577	2.6
Avanza	591,390	1.8
Verdipapirfondet DNB Grönt Norden	552,789	1.6
Nordea Bank	487,322	1.4
Ten largest shareholders	**24,812,550**	**74.0**
Other shareholders	8,733,020	26.0
Total number of registered shares	**33,545,570**	**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		50,000.00
1998	Bonus issue		1,000,000	50,000.00	100,000.00
2007	New issue	473,077	1,473,077	47,307.70	147,307.70
2008	New issue	1,420,000	2,893,077	142,000.00	289,307.70
2008	Bonus issue		2,893,077	867,923.10	1,157,230.80
2008	Split	11,572,308	14,465,385		1,157,230.80
2008	New issue	51,000	14,516,385	4,080.00	1,161,310.80
2008	New issue [1)]	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	New issue	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

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

SHARE DEVELOPMENT



Arise's Board of Directors

From the left: Joachim Gahm, Maud Olofsson and Jon Gunnar Brandsar.

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: Working Chairman of Solhemmet Samhällsfastigheter AB, Board Chairman of Solhemmet Fastigheter AB and Sustainable Growth Capital SGC AB. Board member of Catella AB, Trygg Kredit AB, Förvaltnings AB Hanneborg and stiftelsen Josephinahemmet. 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 call 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, ÅF 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.

The information concerning shareholdings and warrants refers to the situation as of 31 December 2019.

Arise's Group management

From the left: Per-Erik Eriksson, Daniel Johansson, Leif Jansson and Linus Hägg.

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 and 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.

Leif Jansson, born 1954

Head of Project Development and responsible for leases and development of new land areas for the establishment of new wind farms. Leif has extensive business development experience and previously held several leading positions, including CEO.

OTHER DIRECTORSHIPS AND POSITIONS: Chairman of the Board and Board member of several of Arise's subsidiaries. Board member of L Energy Holding AB and LJ Energy Holding AB.

EDUCATION: M.Sc. in Business and Economics from Stockholm School of Economics (1978).

HOLDINGS, WITH COMPANY: 1,235,883 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 2019.

Annual General Meeting and 2020 calendar

Annual General Meeting
Shareholders are invited to attend Arise's Annual General Meeting to be held at Hotel Tylösand, Halmstad, Sweden on Wednesday, 6 May 2020, at 11:00 a.m. Light refreshments will be served before the Meeting and lunch will be served after the Meeting.

Registration
Shareholders wishing to attend the Annual General Meeting must be registered in the shareholder register maintained by Euroclear Sweden AB on Wednesday, 29 April 2020 and register their attendance along with that of any assistants not later than Wednesday, 29 April 2020, preferably before 4:00 p.m., by e-mail to *info@arise.se*. It is also possible to register for the Annual General Meeting by telephone, +46 10 450 71 22, by fax +46 35 22 78 00, or by post to Arise AB (publ), Bolagsstämma, Box 808, SE-301 18 Halmstad, Sweden. Shareholders registering their attendance are required to state their name, address, telephone number, Personal/Corporate Identity Number, registered shareholding and details of any representative. The attendance and details of any proxies and representatives are registered with Arise for the purpose of drawing up the electoral roll. Shareholders wishing to be represented by a proxy are required to issue a signed and dated authorisation to their proxy. If the authorisation is issued by a legal entity, a certified copy of the certificate of registration or equivalent document for the legal entity must be presented. All authorisations must be made in writing and submitted not later than at the Annual General Meeting, although a copy should be sent in advance, if possible. The proxy shall be valid for a maximum of five years if this is specified.

If no validity is specified, the proxy is valid for a maximum of one year. Authorisation forms will be available at *www.arise.se* and from the head office in Halmstad, Kristian IV:s väg 3, and will be sent to any shareholder who so wishes and provides their address. Shareholders whose shares are registered with a nominee through the trust department of a bank or individual stockbroker are required to have their shares temporarily registered in their own name in order to be entitled to participate in the Annual General Meeting. Such temporary registration of ownership must be completed not later than Wednesday, 29 April 2020. This means that shareholders need to notify their nominee or bank in good time before the meeting to request temporary registration of ownership (known also as "registration of voting rights").

Accounting documents and full versions of proposals
Reporting documents, the audit report, the auditor's statement pursuant to Chapter 8, Section 54 of the Companies Act as well as the Board of Directors' proposed appropriation of profits and other complete proposals will be available from the company's website, *www.arise.se*, not later than 15 April 2020. Copies of the documents will be sent upon request to shareholders providing their address.

Calendar of financial information
All financial information is published on *www.arise.se* as soon as it has been released. In 2020, financial information will be published as follows:

First quarter: 6 May 2020 • *Second quarter:* 17 July 2020
Third quarter: 6 November 2020 • *Fourth quarter:* 17 February 2021

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 the form found on the website or through Arise's switchboard, +46 010 450 71 22. The 2019 Annual Report is expected to be available in early April 2020.

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	2019	2018	2017	2016	2015
Income statements (summary)					
Net sales	454	343	257	594	487
Operating profit/loss before amortisation/depreciation (EBITDA)	-56	191	131	138	193
Operating profit/loss (EBIT)	-131	118	-99	33	-58
Profit/loss before tax	-233	28	-178	-52	-164
Profit/loss for the year	-235	21	-180	-41	-156
Balance sheets (summary)					
Total non-current assets	1,322	1,812	1,878	2,082	2,345
Cash and cash equivalents	365	61	146	287	203
Equity	698	824	843	1,020	1,090
Total assets	1,795	2,069	2,124	2,460	2,767
Net debt	491	949	973	992	1,248
Cash flows (summary)					
Cash flow from operating activities	327	114	96	185	170
Cash flow from investing activities	12	-6	-23	160	116
Cash flow from financing activities	-34	-192	-216	-258	-241
Cash flow for the year	305	-85	-143	86	46
Key ratios					
Installed capacity at the end of the period, MW	139	241	241	241	254
Electricity production during the period (Own and Co-owned), GWh*	333	547	635	640	774
Number of employees at the end of the period	28	26	26	29	31
Basic earnings per share, SEK	neg	0.64	neg	neg	neg
Diluted earnings per share, SEK	neg	0.64	neg	neg	neg
EBITDA margin, %	neg	55.5	50.1	23.2	37.9
Operating margin %	neg	34.4	neg	5.5	neg
Return on capital employed (EBIT), %	neg	6.6	neg	1.5	neg
Return on adjusted capital employed (EBITDA), %	neg	10.6	6.8	6.3	7.8
Return on equity, %	neg	2.6	neg	neg	neg
Capital employed, MSEK	1,189	1,773	1,817	2,013	2,338
Average capital employed, MSEK**	1,481	1,795	1,915	2,175	2,482
Average equity, MSEK	761	834	932	1,048	1,134
Equity/assets ratio, %	38.9	39.8	39.7	41.5	39.4
Interest coverage ratio, times	neg	1.3	neg	0.4	neg
Debt/equity ratio, times	0.7	1.2	1.2	1.0	1.1
Equity per share, SEK	21	25	25	31	33
Equity per share after dilution, SEK	21	25	25	31	33
No. of shares at the end of the period, excl. treasury shares	33,491,376	33,373,876	33,373,876	33,373,876	33,373,876
Average number of shares	33,432,626	33,373,876	33,373,876	33,373,876	33,373,876
Average no. of shares after dilution***	33,432,626	33,933,876	33,933,876	33,793,876	33,379,876

* Associate sold in the first quarter, 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 qurter 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 2019, MSEK	Carrying amount as of 31 December 2019, SEK/normal annual production, KWh	Carrying amount as of 31 December 2019, MSEK/MW	Number of turbines	Manufacturer	Model	Municipality	Country
Oxhult	24.0	56.8	2,367	27%	IV	2009	186	3.3	7.8	12	Vestas	V 90	Laholm	Sweden
Råbelöv	10.0	22.8	2,280	26%	IV	2010	73	3.2	7.3	5	Vestas	V 90	Kristianstad	Sweden
Brunsmo	12.5	24.5	1,960	22%	IV	2010	68	2.8	5.5	5	GE	2.5 XL	Karlskrona	Sweden
Kåphult	17.5	40.6	2,320	26%	IV	2010/2011	133	3.3	7.6	7	GE	2.5 XL	Laholm	Sweden
Fröslida	22.5	55.4	2,462	28%	IV	2011	179	3.2	8.0	9	GE	2.5 XL	Hylte	Sweden
Idhult	16.0	36.2	2,263	26%	IV	2011	121	3.3	7.6	8	Vestas	V 90	Mönsterås	Sweden
Södra Kärra	10.8	37.4	3,463	40%	III	2011/2012	123	3.3	11.4	6	Vestas	V 100	Askersund	Sweden
Blekhem	10.8	30.1	2,787	32%	III	2011/2012	120	4.0	11.1	6	Vestas	V 100	Västervik	Sweden
Gettnabo	12.0	30.3	2,525	29%	IV	2011	102	3.4	8.5	6	Vestas	V 90	Torsås	Sweden
Skäppentorp	3.1	8.5	2,764	32%	IV	2012	31	3.6	10.0	1	Vestas	V 112	Mönsterås	Sweden
Total own wind power operations	**139.2**	**342.6**	**2,462**	**28%**			**1,136**	**3.3**	**8.2**	**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 2019, MSEK	Carrying amount as of 31 December 2019, SEK/normal annual production, KWh	Carrying amount as of 31 December 2019, MSEK/MW	Number of turbines	Manufacturer	Model	Municipality	Country
Jädraås (client, The Renewable Infrastructure Group Ltd)	203.0	n/a	n/a	n/a	III	2012/2013	n/a	n/a	n/a	66	Vestas	V 112	Ockelbo	Sweden
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 BlackRock)	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		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 (under construction, client, Green Investment Group and CapMan Group)	235.2	n/a	n/a	n/a	II		n/a	n/a	n/a	56	Siemens	SWD-DD-130	Ånge	Sweden
Bröcklingberget (under construction, client, funds managed by re:cap global investors)	45.1	n/a	n/a	n/a	II		n/a	n/a	n/a	11	Siemens	SWT-DD-142	Bräcke	Sweden
Enviksberget (under construction, client, funds managed by BlackRock)	36.9	n/a	n/a	n/a	III		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	**1,178.8**	**n/a**	**n/a**	**n/a**						**319**				
TOTAL WIND POWER OPERATIONS	**1,318.0**	**n/a**	**n/a**	**n/a**						**384**				

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

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The picture on the front shows Johan Neogard, Head of Management Organisation and on the picture on the inside cover he is joined by Hampus Viklund, Asset Manager.

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