



## **Year-end report 1 January – 31 December 2017**

### **Fourth quarter (1 October – 31 December 2017)**

- Net sales for the quarter amounted to MSEK 60 (290).
- Operating profit before depreciation and amortisation (EBITDA) was MSEK 40 (61), of which associates had an impact of MSEK 7 (0) on the Group. Operating cash flow was MSEK 31 (41).
- Operating profit (EBIT) was MSEK 22 (33).
- Profit before tax amounted to MSEK 6 (12).
- Profit after tax totalled MSEK 5 (10), corresponding to SEK 0.14 (0.30) per share.
- Production declined to 202 GWh (238), of which Own wind power operations accounted for 108 GWh (128) and Co-owned wind power operations for 94 GWh (110), due to divestment of operating farms.
- Average income from Own wind power operations was SEK 403 per MWh (433), of which SEK 280 per MWh (310) pertained to electricity and SEK 122 per MWh (122) to electricity certificates.
- Repurchase of secured bonds at a nominal amount of about MSEK 52 was carried out.
- An option agreement was signed with the right to acquire the Enviksberget project (app. 35 MW).

### **Full-year (1 January – 31 December 2017)**

- Net sales for the period amounted to MSEK 257 (594).
- Operating profit before depreciation and amortisation (EBITDA) was MSEK 131 (138), of which associates had an impact of MSEK 7 (0) on the Group. Operating cash flow was MSEK 96 (185).
- A decision was made during the year to recognise impairment of MSEK 152 (18) on the company's assets in relation to Own wind power operations and Development and management.
- Underlying EBIT (EBIT before non-cash impairment) was MSEK 54 (51) and EBIT was MSEK -99 (33).
- Underlying loss before tax (loss before tax and non-cash impairment) amounted to MSEK -26 (-34).
- Loss before tax amounted to MSEK -178 (-52) after non-cash impairment.
- Loss after tax and impairment amounted to MSEK -180 (-41), corresponding to SEK -5.39 (-1.23) per share.
- Production declined to 635 GWh (640), of which Own wind power operations accounted for 348 GWh (353) and Co-owned wind power operations for 287 GWh (287), due to divestment of operating farms.
- Average income from Own wind power operations was SEK 380 per MWh (433), of which SEK 272 per MWh (297) pertained to electricity and SEK 109 per MWh (136) to electricity certificates.

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#### **About Arise**

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

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*Halmstad, 16 February 2018*

*Daniel Johansson  
CEO*

## CEO's statement

Our production was higher than normal during the quarter, while electricity prices were at modest levels for the season. Price levels were partly a consequence of the mild weather.

Prices of electricity certificates were low albeit relatively stable, despite the surplus of certificates in the market that is now rapidly diminishing. This means that there is potential for a price upturn in 2018. At the same time, it is important that a credible stopping mechanism for the electricity certificate system is presented as soon as possible. It is ultimately a matter of safeguarding long-term credibility for the system among market participants.

We remain convinced that electricity prices are on the rise, but are also humble to the fact that weather can be of major significance in the short term. A key structural factor that moved in the right direction at the end of 2017 was EU institutions taking an important step forward on the issue of emissions trading, which also contributed to an increase in the price of emission rights during the year. Several other initiatives are also being discussed in the EU, such as targets for the percentage of renewable energy in the EU. We believe that these initiatives are a sign that many European citizens and politicians are becoming increasingly aware that more must be done to reduce the threat to the climate.

Sweden and Norway enjoy good wind conditions and large, connected and relatively sparsely populated rural areas in relation to the rest of Europe. New transmission connections are also in planning. These are all important factors that provide long-term support for the continued positive development of wind power in Sweden and Norway. However, one of our greatest challenges is that the permit processes are not harmonised with political ambitions.

Interest in wind power investments remained strong in 2017, which confirmed our positive view of the market conditions. We have a strong project portfolio to offer our customers to invest in over the next few years. We are also pleased to begin 2018 by having two wind power projects totalling about 80 MW in a sales process, with procurement in full swing. The aim is for these sales to be successful and provide a favourable financial outcome.

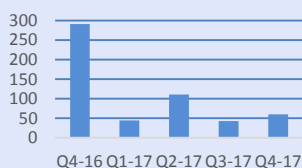
At the end of November, we repurchased slightly more than a nominal SEK 50 million of our bonds, enabled by our strong cash position. The purchase contributed positively to our earnings for the quarter since it took place at a discount. It is gratifying that we reported positive earnings on the bottom line for the quarter.

We want to accelerate the general pace of the development operations. We are working intensively and continuously on our existing project portfolio to make more projects ready for sale to investors. We are also actively analysing opportunities to additionally increase the size of our project portfolio. This might take place through small or large-scale acquisitions of both project rights and companies. We are also continuing our dialogue with potential customers to manage even more farms on their behalf. We want to be an obvious

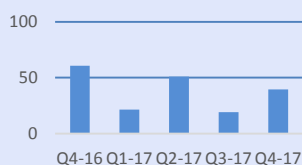
and driving part of the consolidation of our industry that we now see ahead.



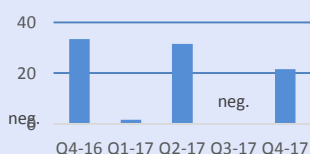
### Net sales, MSEK



### Operating profit before depreciation (EBITDA), MSEK



### Operating profit/loss (EBIT), MSEK



## Net sales and results

MSEK	Q4 2017	Q4 2016	FY 2017	FY 2016
Net sales	60	290	257	594
Operating profit before depreciation (EBITDA)	40	61	131	138
Underlying EBIT (before impairment)	22	40	54	51
Operating profit/loss (EBIT)	22	33	-99	33
Profit/loss before tax	6	12	-178	-52

### Comments on the fourth quarter

Quarterly earnings were marked by stronger winds than normal, which was also the case in the same period in 2016. Electricity prices were moderate for the season, while the certificate prices remained low. Total power production, including the company's share in the Jädraås project, was 202 GWh (238). The average price for the company's own production declined SEK 30 to SEK 403 per MWh (433), due to lower market prices year-on-year. Net sales fell to MSEK 60 (290) since the operational Bohult wind farm was also sold in the year-earlier period.

Operating expenses amounted to MSEK 29 (231), of which MSEK 1 (203) was attributable to sales and contracts. The remaining MSEK 27 (29) comprised personnel and other external expenses, and fell MSEK 1. Own capitalised work was MSEK 1 (2). Consolidated profit from associates was MSEK 7 (0), see Note 3.

Overall, EBITDA declined MSEK 21 to MSEK 40 (61) and underlying EBIT to MSEK 22 (40). Recognised EBIT was MSEK 22 (33), including impairment of MSEK 0 (-6). Net financial items improved due to lower borrowings and repurchase of bonds at a discount. Profit before and after tax totalled MSEK 6 (12) and MSEK 5 (10), respectively.

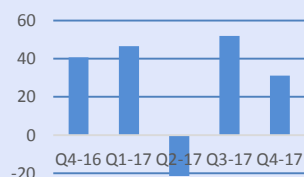
### Comments on the full-year

Fewer farms in operation due to divestments resulted in lower total production, including Jädraås, of 635 GWh (640). The average price for the company's own production fell SEK 53 to SEK 380 per MWh (433). At the same time, development and management income declined, meaning that net sales fell a total of MSEK 337 to MSEK 257 (594).

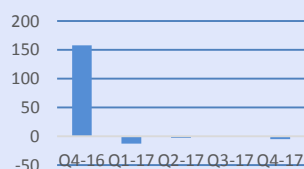
Operating expenses decreased to MSEK 140 (464), of which MSEK 42 (367) was attributable to sales and contracts. The remaining MSEK 98 (97) comprised personnel and other external expenses. Own capitalised work was MSEK 3 (8). Consolidated profit from associates was MSEK 7 (0).

Despite lower sales in own production and development and management, EBITDA declined only MSEK 7 since the revenue recognition margin was higher in development and management. Underlying EBIT improved to MSEK 54 (51) due to lower depreciation. Recognised EBIT fell due to impairment. Net financial items improved due to lower borrowings, after which loss before and after tax amounted to MSEK -178 (-52) and MSEK -180 (-41), respectively.

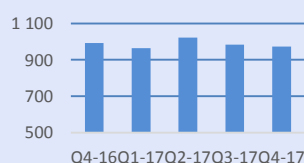
### Operating cash flow, MSEK



### Investments (-) /disposals (+), MSEK



### Net debt, MSEK



## Cash flows and investments

### Comments on the fourth quarter

Cash flow from operating activities before changes in working capital was MSEK 33 (63). Changes in working capital were MSEK -2 (-23). Total operating cash flow thus amounted to MSEK 31 (41). Cash flow from investing activities was MSEK -5 (157), net, due to the sale of an operational wind farm in the year-earlier quarter, and cash flow after investments to MSEK 26 (198). During the quarter, bonds were repurchased for MSEK 50 (corresponding to a nominal MSEK 52) compared with amortisation of MSEK 91 in the same quarter of 2016 in connection with the sale of an operational farm. Blocked accounts remained unchanged at MSEK 10. Interest of MSEK -16 (-18) was paid and no interest (0) was received, bringing cash flow for the quarter to MSEK -40 (99).

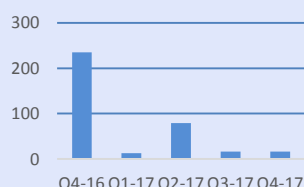
### Comments on the full-year

Cash flow from operating activities before changes in working capital was MSEK 119 (139). Changes in working capital were MSEK -23 (46), driven by, for example, the accumulation of working capital in ongoing external projects. Total operating cash flow was thus MSEK 96 (185). Projects were both acquired and divested during the year, bringing net cash flow from investing activities to MSEK -23 (160). Cash flow after investment was thus MSEK 73 (344). During the period, a convertible loan was issued and the company's unsecured bond was repaid. Scheduled repayments were also made on the company's secured bond. The net change in current and non-current interest-bearing liabilities thus reduced cash flow by MSEK -154 (-195). Interest of MSEK -65 (-73) was paid, and interest of MSEK 1 (1) was received. Net payments to or from blocked accounts totalled MSEK 3 (9) and warrants of MSEK 0 (1) were issued, bringing cash flow for the year to MSEK -143 (86).

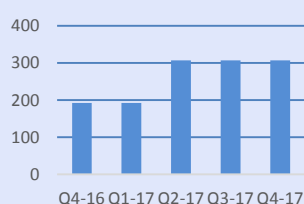
## Financing and liquidity

Net debt was MSEK 973 (992), of which convertibles comprised MSEK 239. Cash and cash equivalents were MSEK 146 (287) and unutilised overdraft facilities amounted to MSEK 50 (50). At the end of the period, the equity/assets ratio was 40% (41). 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 55%.

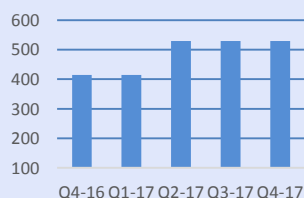
#### Development and management income, MSEK



#### Divested projects, accumulated, MW



#### External management assignments, accumulated, MW



## Segment – Development and management

MSEK	Q4 2017	Q4 2016	FY 2017	FY 2016
Income	18	236	130	448
Cost of sold projects and contracts	-1	-203	-42	-367
Other operating expenses and capitalised work	-7	-12	-28	-39
Operating profit before depreciation (EBITDA)	9	20	60	42
Underlying EBIT (before impairment)	9	20	59	42
Operating profit (EBIT)	9	14	46	35
Profit before tax	5	9	25	20

#### Comments on the fourth quarter

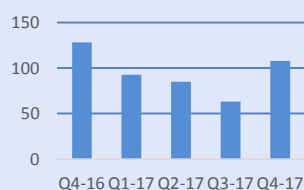
Construction of the Solberg and Svartnäs projects proceeded according to plan. Solberg is scheduled for completion in the first quarter of 2018, and Svartnäs in the first quarter of 2019. The rights to the Enviksberget project (app. 35 MW) were secured during the quarter. Together with the Bröcklingeberget project (app. 45 MW), the intention is to procure and initiate the sale process for these two projects in Q1 2018. The company continued to investigate opportunities for expanding its project portfolio, including potential acquisitions. Development and management income decreased to MSEK 18 (236), due to lower gross recognition, which also means the cost of sold projects and contracts declined sharply to MSEK -1 (-203). This was mainly attributable to divestment of the operational Bohult wind farm in the year-earlier quarter. Other operating expenses fell to MSEK -8 (-14) due to lower development costs and allocation effects, see page 16. Capitalised work was lower year-on-year. EBITDA thus declined MSEK 11 to MSEK 9 (20). Depreciation/impairments was MSEK 0 (-7) and net financial items improved by MSEK 1. EBIT and profit before tax thus declined to MSEK 9 (14) and MSEK 5 (9), respectively.

#### Comments on the full-year

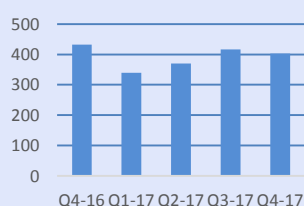
In addition to the comments on the fourth quarter, the Mombyåsen project was financially settled, and the Svartnäs project was acquired and subsequently divested to BlackRock. The environmental permit application for Kølvalen was denied, but Arise is preparing to re-open the application process in a lower court.

Income in the segment fell MSEK 318 to MSEK 130 (448), while the cost of sold projects and contracts declined MSEK 325 to MSEK -42 (-367). Other operating expenses and capitalised work declined MSEK 11, due to lower development costs and allocation effects. EBITDA thus increased MSEK 18 to MSEK 60 (42). Underlying EBIT was MSEK 59 (42) and impairment was MSEK -14 (-6), which is why recognised EBIT amounted to MSEK 46 (35). Net financial items weakened due to refinancing costs for the year and currency effects in the preceding year. Profit before tax thus increased MSEK 5 to MSEK 25 (20).

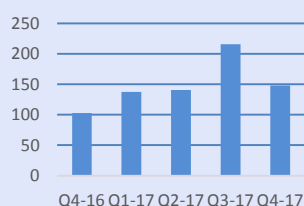
### Production, GWh



### Average prices, SEK per MWh



### Specific operating expense, SEK per MWh



## Segment – Own wind power operations

MSEK	Q4 2017	Q4 2016	FY 2017	FY 2016
Income	44	55	137	153
Operating expenses	-16	-13	-54	-46
Operating profit before depreciation (EBITDA)	28	42	83	107
Underlying EBIT (before impairment)	10	22	6	21
Operating profit/loss (EBIT)	10	22	-133	10
Profit/loss before tax	-2	5	-194	-61

### Comments on the fourth quarter

Despite stronger winds than normal, production declined to 108 GWh (128). The decrease was mainly due to the successful sale of the Bohult farm in the same quarter in 2016. Average income from electricity and certificates was SEK 280 per MWh (310) and SEK 122 per MWh (122), respectively. Electricity (SE4) was 13% lower, and certificates (SKM) 80% higher than the market price for the period, due to, for example, electricity hedges in a rising market and a relatively high hedging share for certificates at favourable prices. Net sales declined MSEK 9 due to lower production, and MSEK 3 due to lower average prices, compared with the fourth quarter of 2016. Overall, net sales and EBITDA fell MSEK 12 and MSEK 14, respectively, compared with the fourth quarter of 2016. Specific operating expense increased to SEK 148 per MWh (103). The increase was attributable to new service agreements, lower volumes and impairment of inventories after divesting the service operations. EBIT was MSEK 10 (22). Net financial items strengthened due to lower loans. Profit before tax thus declined by MSEK 7 to MSEK -2 (5).

### Comments on the full-year

Production at the company's wholly-owned farms was GWh 348 (353). Winds were stronger than normal and the decline in its entirety was due to fewer operational farms compared with the preceding year due to divestments. Average income from electricity and certificates was SEK 272 per MWh (297) and SEK 109 per MWh (136), respectively. These figures correspond to 12% under the market price for electricity (SE4) and 63% above the market price for certificates (SKM) during the period.

Net sales declined MSEK 2 due to lower production, and MSEK 18 due to lower average prices, compared with 2016. Overall, net sales and EBITDA thus declined MSEK 20 and MSEK 24 respectively, year-on-year. Specific operating expense increased to SEK 156 per MWh (131). The increase was attributable to, amongst other, new service agreements and impairment of inventories after divesting the service operations. Underlying EBIT was MSEK 6 (21). Recognised EBIT amounted to MSEK -133 (10) after impairment of MSEK -139 (-12). Net financial items strengthened, partly due to lower loans. Overall loss before tax thus

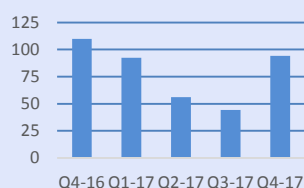


declined to MSEK -194 (-61).

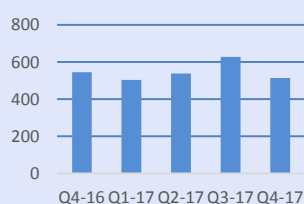




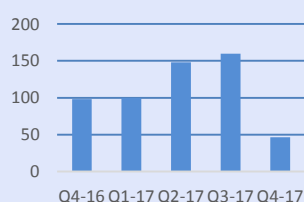
### Production, GWh



### Average prices, SEK per MWh



### Specific operating expense, SEK per MWh



## Segment – Co-owned wind power operations

MSEK	Q4 2017	Q4 2016	Full- year 2017	Full- year 2016
Income	48	60	153	154
Operating expenses	-4	-11	-29	-36
Operating profit before depreciation (EBITDA)	44	49	124	118
Operating profit (EBIT)	27	32	57	53
Profit before tax	17	21	15	6

### Comments on the fourth quarter

The figures presented in the segment reporting refer to Arise's 50% stake, or 101.5 MW, in the Jädraås project. For the consolidated results, refer to Note 3. In the fourth quarter, electricity production totalled 94 GWh (110) due to weaker winds compared with the year-earlier quarter. Average income was SEK 513 per MWh (544), of which SEK 377 per MWh (380) pertained to electricity and SEK 136 per MWh (163) to electricity certificates.

Net sales decreased MSEK 9 due to lower production, while the lower average price led to a decrease of MSEK 3 in net sales, compared with the year-on-year quarter. Overall, the segment's net sales and EBITDA fell MSEK 11 and MSEK 5, respectively. The specific operating expense declined to SEK 46 per MWh (98) as a result of previously reserved service remuneration being dissolved in connection with entering into new agreements. EBIT decreased to MSEK 27 (32). Net financial items improved slightly and thus profit before tax declined by MSEK 4 to MSEK 17 (21).

The company intends to continue using the cash flow generated by the Jädraås project to repay the project's external loans.

### Comments on the full-year

Electricity production for the year totalled 287 GWh (287). Average income was SEK 532 per MWh (535), of which SEK 376 per MWh (370) pertained to electricity and SEK 156 per MWh (165) to electricity certificates.

The lower average price led to a decrease of MSEK 1 in net sales year-on-year. Net sales declined by MSEK 1, while EBITDA increased MSEK 6 due to the specific operating expense decreasing to SEK 101 per MWh (125). This was mainly the result of previously reserved service remuneration being dissolved in connection with entering into new agreements. EBIT increased to MSEK 57 (53). Net financial items improved due to lower loans and profit before tax thus increased MSEK 9 to MSEK 15 (6).

## **Project portfolio**

At the end of the period, the company had an extensive project portfolio of slightly more than 800 MW in Sweden, with a book value of about MSEK 80. Fully developed, the portfolio would equate to an investment level of almost SEK 10 billion. In addition, the pre-planning of projects comprising approx. 150 MW project is underway in Scotland.

While individual projects may not always be realised, the overall project portfolio represents high potential value for the company, with relatively little capital tied-up and low risk.

## **Other significant events**

There are no other significant events to report.

## **Related-party transactions**

No transactions with related parties took place during the period.

## **Contingent liabilities**

There were no changes to the Group's contingent liabilities. These contingent liabilities are described in more detail on page 77 under Note 21 in the 2016 Annual Report.

## **Significant events after the end of the period**

No significant events occurred after the end of the period.

## **Outlook**

Due to the low prices for electricity and electricity certificates, maintaining the profitability of the company's own and co-owned wind farms is challenging. Based on fundamental factors, we remain optimistic about the price trend for electricity, while the market scenario for electricity certificates is challenging, despite some stabilisation and improvement. We are following the market trend carefully and will act when we believe we can create value. In regard to the ownership of our wind-power assets, we are maintaining an opportunistic approach and continually evaluating different courses of action. We see good opportunities for strengthening our market position in wind farm development and management, primarily in the Swedish market.

## **Risks and uncertainties**

Risks and uncertainties affecting the Group are described on pages 41-42 of the 2016 Annual Report, and financial risk management is presented on pages 68-73. No significant changes have taken place that affect the reported risks.

## **Ownership structure**

A presentation of the company's ownership structure is available on the company's website ([www.arise.se](http://www.arise.se))

## Parent Company

The Parent Company's operations comprise project development (project planning to identify suitable wind locations, signing leasehold agreements, producing impact assessments, preparing detailed development plans and permits), divesting projects to external investors, building new projects, managing both internal and external projects (technically and financially) and managing the Group's electricity and electricity-certificate trading activities. The Parent Company manages the Group's production plans and electricity hedges in accordance with the adopted financial policy. The electricity-generating subsidiaries sell their production to Arise at spot prices, which Arise then sells to the spot market. These intra-Group trading activities are recognised on a gross basis in profit or loss. During the year, the Parent Company's total income amounted to MSEK 182 (409), 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 -229 (-434), resulting in EBIT of MSEK -47 (-25). Net financial items of MSEK -108 (-96) (including an impairment loss of MSEK -142 (-29) on shares in subsidiaries and the sale of participations in subsidiaries of MSEK 131 (0) in the third quarter of 2017) and Group contributions of MSEK 0 (119) resulted in net loss after tax of MSEK -160 (-12). The Parent Company's net investments amounted to MSEK -14 (7).

### Accounting policies

Arise applies International Financial Reporting Standards (IFRS), as adopted by the EU, and the interpretations of these (IFRIC). This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. The Parent Company's financial statements have been prepared in accordance with the Swedish Annual Accounts Act and Re-commendation RFR 2 of the Swedish Financial Reporting Board. The accounting policies are consistent with those applied in the 2016 annual report.

The transition to IFRS 9 has been analysed by the company and is not deemed to have any material, quantitative effect on the company's accounts other than additional disclosure requirements. The transition to IFRS 15 has been evaluated by the company by reviewing the company's revenue streams and analysing material types of contracts. The transition is not deemed to have any material effect on when the company recognises its income, and is only expected to entail additional disclosure requirements. The company has selected a prospective transition period that entails that comparative figures are not restated.

### Review by the auditor

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

### Dividends

The Board of Directors proposes that no dividends be paid.

### Annual General Meeting

The AGM will be held in Halmstad, Sweden, on 3 May 2018. The Annual Report will be available on the company's website in early April.

## Financial calendar

- |  |                  |
|--|------------------|
| • First quarter (1 January-31 March)     | 3 May 2018       |
| • Second quarter (1 April-30 June)       | 18 July 2018     |
| • Third quarter (1 July-30 September)    | 9 November 2018  |
| • Fourth quarter (1 October-31 December) | 15 February 2019 |

Halmstad, 16 February 2018

Daniel Johansson, Chief Executive Officer

## For further information, please contact

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Linus Hägg, CFO, Tel. +46 702 448 916

## CONSOLIDATED INCOME STATEMENT

(Amounts rounded to the nearest MSEK)		2017	2016	2017	2016
		Q 4	Q 4	Full year	Full year
Net sales	Note 1	60	290	257	594
Other operating income		1	0	5	1
<b>Total income</b>		<b>60</b>	<b>290</b>	<b>261</b>	<b>594</b>
Capitalised work on own account		1	2	3	8
Personnel costs		-9	-10	-36	-36
Other external expenses	Note 2	-20	-222	-105	-428
Profit/loss from associates	Note 3	7	-	7	-
<b>Operating profit before depreciation (EBITDA)</b>		<b>40</b>	<b>61</b>	<b>131</b>	<b>138</b>
Depr. and imp. of property, plant and equipment	Note 4,6	-18	-27	-230	-105
<b>Operating profit/loss (EBIT)</b>		<b>22</b>	<b>33</b>	<b>-99</b>	<b>33</b>
Financial income	Note 5,7	2	2	5	1
Financial expenses	Note 5,7	-18	-23	-85	-86
<b>Profit/loss before tax</b>		<b>6</b>	<b>12</b>	<b>-178</b>	<b>-52</b>
Tax on profit/loss for the period		-1	-2	-1	11
<b>Net profit/loss for the period</b>		<b>5</b>	<b>10</b>	<b>-180</b>	<b>-41</b>
Earnings per share before dilution, SEK		0.14	0.30	-5.39	-1.23
Earnings per share after dilution, SEK		0.14	0.30	-5.39	-1.23

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Amounts rounded to the nearest MSEK)		2017	2016	2017	2016
		Q 4	Q 4	Full year	Full year
<b>Net profit/loss for the period</b>		<b>5</b>	<b>10</b>	<b>-180</b>	<b>-41</b>
<i>Other comprehensive income</i>					
<b>Items that may be reclassified to the income statement</b>					
Translation differences for period		0	0	1	-1
Cash flow hedges		9	19	36	-18
Net investment in foreign currency		8	-6	13	3
Share of other comprehensive income in associates, net after tax		-2	-17	-42	-17
Income tax attributable to components of other comprehensive income		-3	-3	-10	3
<b>Other comprehensive income for the period, net after tax</b>		<b>13</b>	<b>-6</b>	<b>-2</b>	<b>-30</b>
<b>Total comprehensive income for the period</b>		<b>17</b>	<b>4</b>	<b>-182</b>	<b>-71</b>

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



## CONSOLIDATED BALANCE SHEET

	<b>2017</b>	<b>2016</b>
(Condensed, amounts rounded to the nearest MSEK)	<b>31 Dec</b>	<b>31 Dec</b>
Property, plant and equipment	1,398	1,565
Non-current financial assets	479	517
<b>Total non-current assets</b>	<b>1,878</b>	<b>2,082</b>
Inventories	4	19
Other current assets	97	72
Cash and cash equivalents	146	287
<b>Total current assets</b>	<b>247</b>	<b>378</b>
<b>TOTAL ASSETS</b>	<b>2,124</b>	<b>2,460</b>
<b>Equity</b>	<b>843</b>	<b>1,020</b>
Non-current interest-bearing liabilities	1,079	943
Provisions	46	20
<b>Total non-current liabilities</b>	<b>1,124</b>	<b>962</b>
Current interest-bearing liabilities	50	348
Other current liabilities	107	129
<b>Total current liabilities</b>	<b>157</b>	<b>477</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,124</b>	<b>2,460</b>



## CONSOLIDATED CASH FLOW STATEMENT

	2017	2016	2017	2016
(Condensed, amounts rounded to the nearest MSEK)	Q 4	Q 4	Full year	Full year
<b>Cash flow from operating activities before changes in working capital</b>	<b>33</b>	<b>63</b>	<b>119</b>	<b>139</b>
Cash flow from changes in working capital	-2	-23	-23	46
<b>Cash flow from operating activities</b>	<b>31</b>	<b>41</b>	<b>96</b>	<b>185</b>
Investments in property, plant and equipment	-5	-9	-60	-43
Sales of property, plant and equipment	-	167	38	202
<b>Cash flow from investing activities</b>	<b>-5</b>	<b>157</b>	<b>-23</b>	<b>160</b>
Change in interest-bearing liabilities	-50	-91	-154	-195
Interest paid	-16	-18	-65	-73
Interest received	0	0	1	1
Net payment to blocked accounts	-	10	3	9
New issue / warrants	-	-	-	1
<b>Cash flow from financing activities</b>	<b>-66</b>	<b>-99</b>	<b>-216</b>	<b>-258</b>
<b>Cash flow for the period</b>	<b>-40</b>	<b>99</b>	<b>-143</b>	<b>86</b>
Cash and cash equivalents at the beginning of the period	186	191	287	203
Translation differences in cash and cash equivalents	1	-3	2	-2
<b>Cash and cash equivalents at the end of the period</b>	<b>146</b>	<b>287</b>	<b>146</b>	<b>287</b>
Interest-bearing liabilities at the end of the period	1,129	1,291	1,129	1,291
Blocked cash at the end of the period	-10	-12	-10	-12
<b>Net debt</b>	<b>973</b>	<b>992</b>	<b>973</b>	<b>992</b>

Note 9

## GROUP EQUITY

	2017	2016
(Condensed, amounts rounded to the nearest MSEK)	31 Dec	31 Dec
Opening balance	1,020	1,090
Other comprehensive income for the period	-182	-71
New issue / warrants	1	1
Convertible loan	5	-
Other adjustments	-1	-
<b>Closing balance</b>	<b>843</b>	<b>1,020</b>



## KEY PERFORMANCE INDICATORS FOR THE GROUP

	2017 Q 4	2016 Q 4	2017 Full year	2016 Full year
<b><u>Operational key performance indicators</u></b>				
Installed capacity at the end of the period, MW	240.7	240.7	240.7	240.7
Own electricity production during the period, GWh	107.8	128.2	348.4	352.8
Co-owned electricity production during the period, GWh	94.2	110.0	286.9	287.3
Total electricity production during the period, GWh	202.0	238.2	635.3	640.1
Number of employees at the end of the period	26	29	26	29
<b><u>Financial key performance indicators</u></b>				
Earnings per share before dilution, SEK *	0.14	0.30	-5.39	-1.23
Earnings per share after dilution, SEK*	0.14	0.30	-5.39	-1.23
EBITDA margin, %	65.6%	20.9%	50.1%	23.2%
Operating margin, %	35.6%	11.5%	neg	5.5%
Return on capital employed (EBIT), %	neg	1.6%	neg	1.5%
Return on adjusted capital employed (EBITDA), %	7.2%	6.6%	6.8%	6.3%
Return on equity, %	neg	neg	neg	neg
Capital employed, MSEK	1,817	2,013	1,817	2,013
Average capital employed, MSEK	1,813	2,096	1,935	2,203
Equity, MSEK	843	1,020	843	1,020
Average equity, MSEK	835	1,018	948	1,048
Net debt	973	992	973	992
Equity/assets ratio, %	39.7%	41.5%	39.7%	41.5%
Interest coverage ratio, times	1.3	1.5	neg	0.4
Debt/equity ratio, times	1.2	1.0	1.2	1.0
Equity per share, SEK	25	31	25	31
Equity per share after dilution, SEK	25	30	25	31
No. of shares at the end of the period, excl. treasury shares	33,373,876	33,373,876	33,373,876	33,373,876
Average number of shares	33,373,876	33,373,876	33,373,876	33,373,876
Average number of shares after dilution**	33,933,876	33,933,876	33,933,876	33,793,876

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

\*\* When calculating earnings per share and equity per share after dilution, warrants that were out-of-the-money during the period have not been included.

<b>Note 1 - Net sales</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
(Amounts rounded to the nearest MSEK)	<b>Q 4</b>	<b>Q 4</b>	<b>Full year</b>	<b>Full year</b>
Electricity income	30	40	95	105
Certificate income	13	16	38	48
Development and management income	16	235	124	441
	<b>60</b>	<b>290</b>	<b>257</b>	<b>594</b>

<b>Note 2 - Other external expenses</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
(Amounts rounded to the nearest MSEK)	<b>Q 4</b>	<b>Q 4</b>	<b>Full year</b>	<b>Full year</b>
Cost of sold projects and construction work	1	203	42	367
Other items	19	19	63	61
	<b>20</b>	<b>222</b>	<b>105</b>	<b>428</b>

<b>Note 3 – Share of profits from associates</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
(Amounts rounded to the nearest MSEK)	<b>Q 4</b>	<b>Q 4</b>	<b>Full year</b>	<b>Full year</b>
Share of profits in associates (net after tax, 22%)	7	11	-10	-17
Adjustment to consolidated value	-	-18	-1	9
Financial income from associates (gross before tax)	7	7	27	27
Less uncapitalised share	-7	0	-10	-20
	<b>7</b>	<b>-</b>	<b>7</b>	<b>-</b>

Financial income from associates is attributable to granted shareholder loans.

## GROUP SEGMENT REPORTING

Quarter 4	Develop. and management		Own wind power operations		Co-owned wind power operations		Unallocated rev./exp.		Eliminations		Group	
(Amounts to the nearest MSEK)	Q4-17	Q4-16	Q4-17	Q4-16	Q4-17	Q4-16	Q4-17	Q4-16	Q4-17	Q4-16	Q4-17	Q4-16
Net sales, external	16	235	43	55	48	60	-	-	-48	-60	60	290
Net sales, internal	1	1	-	-	-	-	-	-	-1	-1	-	-
Other operating income	0	0	1	0	-	-	0	0	-	-	1	0
<b>Total income</b>	<b>18</b>	<b>236</b>	<b>44</b>	<b>55</b>	<b>48</b>	<b>60</b>	<b>0</b>	<b>0</b>	<b>-50</b>	<b>-60</b>	<b>60</b>	<b>290</b>
Capitalised work on own account	1	2	-	-	-	-	-	-	0	-	1	2
Operating expenses	-9	-217	-16	-13	-4	-11	-5	-2	6	11	-29	-231
Share of profits from associates	-	-	-	-	-	-	7	-	-	-	7	-
<b>Operating profit/loss before depr./imp. (EBITDA)</b>	<b>9</b>	<b>20</b>	<b>28</b>	<b>42</b>	<b>44</b>	<b>49</b>	<b>2</b>	<b>-2</b>	<b>-44</b>	<b>-49</b>	<b>40</b>	<b>61</b>
Depreciation/ impairment Note 4	0	-7	-18	-21	-17	-17	0	0	17	17	-18	-27
<b>Operating profit/loss (EBIT)</b>	<b>9</b>	<b>14</b>	<b>10</b>	<b>22</b>	<b>27</b>	<b>32</b>	<b>2</b>	<b>-2</b>	<b>-27</b>	<b>-32</b>	<b>22</b>	<b>33</b>
Net financial items Note 5	-4	-5	-12	-17	-10	-11	1	0	10	11	-16	-22
<b>Profit/loss before tax (EBT)</b>	<b>5</b>	<b>9</b>	<b>-2</b>	<b>5</b>	<b>17</b>	<b>21</b>	<b>3</b>	<b>-2</b>	<b>-17</b>	<b>-21</b>	<b>6</b>	<b>12</b>
<b>Property, plant and equipment</b>	<b>80</b>	<b>63</b>	<b>1,318</b>	<b>1,502</b>	<b>1,317</b>	<b>1,469</b>	<b>0</b>	<b>0</b>	<b>-1,317</b>	<b>-1,469</b>	<b>1,398</b>	<b>1,565</b>

BlackRock accounted for more than 10% of development and management income for the quarter, and in the corresponding quarter in 2016 Allianz Global Investors and KumBro Vind AB each accounted more than 10%. There were no other customers who accounted for more than 10% of the income during the period.

A refined model for operation monitoring of the company's segments was established in 2017, and resulted in costs being allocated differently. In general, it entails time-governed allocation of costs and certain costs not being allocated to segments.

### Note 4 - Depreciation and impairment of property, plant and equipment

Depreciation/amortisation	0	0	-18	-21	-17	-17	0	0	17	17	-18	-21
Impairment and reversal of impairment	-	-6	-	-	0	-	-	-	0	-	-	-6
<b>Depreciation and impairment</b>	<b>0</b>	<b>-7</b>	<b>-18</b>	<b>-21</b>	<b>-17</b>	<b>-17</b>	<b>0</b>	<b>0</b>	<b>17</b>	<b>17</b>	<b>-18</b>	<b>-27</b>

Certain projects within the segment Development and management have been impaired by MSEK 0 (6) after which the value in use for these projects amount to MSEK 0. The projects were impaired as it was deemed that they will not materialize.

### Note 5 - Net financial income/expense

Total net financial income	-4	-5	-12	-17	-17	-18	1	0	17	18	-16	-22
Less interest expenses on shareholder loans	-	0	-	0	7	7	-	-	-7	-7	-	-
<b>Net financial income/exp. excl. shareholder loans</b>	<b>-4</b>	<b>-5</b>	<b>-12</b>	<b>-17</b>	<b>-10</b>	<b>-11</b>	<b>1</b>	<b>0</b>	<b>10</b>	<b>11</b>	<b>-16</b>	<b>-22</b>

The Own and Co-owned wind power operations segments are recognised excluding internal interest expenses on shareholder loans. The corresponding item has been eliminated from the Development and management segment.

## GROUP SEGMENT REPORTING

12 months	Develop. and management		Own wind power operations		Co-owned wind power operations		Unallocated rev./exp.		Eliminations		Group	
(Amounts to the nearest MSEK)	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Net sales, external	124	441	133	153	153	154	-	-	-153	-154	257	594
Net sales, internal	6	8	-	-	-	-	-	-	-6	-8	-	-
Other operating income	0	0	4	0	-	-	0	0	-	-	5	1
<b>Total income</b>	<b>130</b>	<b>448</b>	<b>137</b>	<b>153</b>	<b>153</b>	<b>154</b>	<b>0</b>	<b>0</b>	<b>-158</b>	<b>-161</b>	<b>261</b>	<b>594</b>
Capitalised work on own account	3	8	-	-	-	-	-	-	0	-	3	8
Operating expenses	-73	-414	-54	-46	-29	-36	-19	-11	35	43	-140	-464
Share of profits from associates	-	-	-	-	-	-	7	-	-	-	7	-
<b>Operating profit/loss before depr./imp. (EBITDA)</b>	<b>60</b>	<b>42</b>	<b>83</b>	<b>107</b>	<b>124</b>	<b>118</b>	<b>-12</b>	<b>-11</b>	<b>-124</b>	<b>-118</b>	<b>131</b>	<b>138</b>
Depreciation/ impairment Note 6	-14	-7	-216	-97	-66	-65	0	-1	66	65	-230	-105
<b>Operating profit/loss (EBIT)</b>	<b>46</b>	<b>35</b>	<b>-133</b>	<b>10</b>	<b>57</b>	<b>53</b>	<b>-12</b>	<b>-12</b>	<b>-57</b>	<b>-53</b>	<b>-99</b>	<b>33</b>
Net financial items Note 7	-21	-15	-61	-71	-42	-47	2	1	42	47	-80	-85
<b>Profit/loss before tax (EBT)</b>	<b>25</b>	<b>20</b>	<b>-194</b>	<b>-61</b>	<b>15</b>	<b>6</b>	<b>-10</b>	<b>-11</b>	<b>-15</b>	<b>-6</b>	<b>-178</b>	<b>-52</b>
<b>Property, plant and equipment</b>	<b>80</b>	<b>63</b>	<b>1,318</b>	<b>1,502</b>	<b>1,317</b>	<b>1,469</b>	<b>0</b>	<b>0</b>	<b>-1,317</b>	<b>-1,469</b>	<b>1,398</b>	<b>1,565</b>

BlackRock accounted for more than 10% of development and management income in 2017, and Allianz Global Investors and KumBro Vind AB each accounted for more than 10% in 2016. There were no other customers who accounted for more than 10% of the income during the period.

A refined model for operation monitoring of the company's segments was established in 2017, and resulted in costs being allocated differently. In general, it entails time-governed allocation of costs and certain costs not being allocated to segments.

### Note 6 - Depreciation and impairment of property, plant and equipment

Depreciation/amortisation	0	-1	-77	-85	-66	-65	0	-1	66	65	-78	-87
Impairment and reversal of impairment	-14	-6	-139	-12	-	-	-	-	-	-	-152	-18
<b>Depreciation and impairment</b>	<b>-14</b>	<b>-7</b>	<b>-216</b>	<b>-97</b>	<b>-66</b>	<b>-65</b>	<b>0</b>	<b>-1</b>	<b>66</b>	<b>65</b>	<b>-230</b>	<b>-105</b>

Projects in the Development and management segment have been impaired by MSEK 14 (6), after which the value in use for these projects amounted to MSEK 0. The projects were impaired as it was deemed that they will not materialize. Wind farms in the Own wind power operations segment have been impaired by MSEK 139 (12), after which the value in use amounted to MSEK 1,276 (1,501). Impairment was recognised in 2017 due to lower long-term market-price forecasts, while impairment in 2016 was due to technology-related factors. The discount rate amounted to 6.8% (7.0).

### Note 7 – Net financial income/expense

Total net financial income	-21	-13	-61	-73	-70	-74	2	1	70	74	-80	-85
Less interest expenses on shareholder loans	-	-2	-	2	27	27	-	-	-27	-27	-	-
<b>Net financial income/exp. excl. shareholder loans</b>	<b>-21</b>	<b>-15</b>	<b>-61</b>	<b>-71</b>	<b>-42</b>	<b>-47</b>	<b>2</b>	<b>1</b>	<b>42</b>	<b>47</b>	<b>-80</b>	<b>-85</b>

The Own and Co-owned wind power operations segments are recognised excluding internal interest expenses on shareholder loans. The corresponding item has been eliminated from the Development and management segment.



## **Note 8 - Fair value of financial instruments**

### **Fair value hierarchy**

All financial instruments that are measured at fair value belong to Level 2 of the fair value hierarchy. Derivatives comprise electricity futures, currency futures and interest-rate swaps. Measuring the fair value of currency futures is based on published forward rates in an active market. The measurement of interest-rate swaps is based on forward interest rates derived from observable yield curves. The discounting does not have any material impact on the valuation of derivatives in Level 2. The recognition of financial instruments is described on pages 68-73 of the 2016 Annual Report. The table below presents the Group's financial assets and liabilities measured at fair value at the balance-sheet date.

(Amounts rounded to the nearest MSEK)	<b>2017</b> <b>31 Dec</b>	<b>2016</b> <b>31 Dec</b>
<b>Assets</b>		
Derivatives held for hedging purposes		
- Derivative assets	2	1
<b>Liabilities</b>		
Derivatives held for hedging purposes		
- Derivative liabilities	-54	-75

## **Note 9 – Net debt**

(Amounts rounded to the nearest MSEK)	<b>2017</b> <b>Full year</b>	<b>2016</b> <b>Full year</b>
Non-current liabilities	1,124	962
- of which interest-bearing non-current liabilities	1,079	943
Current liabilities	157	477
- of which interest-bearing current liabilities	50	348
Long and short term interest bearing debt	1,129	1,291
Cash and cash equivalents at the end of the period	-146	-287
Blocked cash at the end of the period	-10	-12
<b>Net debt</b>	<b>973</b>	<b>992</b>

## PARENT COMPANY INCOME STATEMENT

	2017 Q 4	2016 Q 4	2017 Full year	2016 Full year
(Amounts rounded to the nearest MSEK)				
Sales of electricity and electricity certificates	43	52	154	154
Leasing of wind farms	-	-	-	39
Development and management income	7	51	28	215
Other operating income	0	0	0	0
<b>Total income</b>	<b>50</b>	<b>103</b>	<b>182</b>	<b>409</b>
Capitalised work on own account	0	0	1	-2
Purchases of electricity and electricity certificates	-45	-54	-160	-160
Rental of wind power facilities	-	-	-	-39
Cost of sold projects and construction work	-2	-37	-7	-169
Personnel costs	-7	-9	-32	-33
Other external expenses	-4	-6	-18	-22
<b>Operating profit/loss before depreciation (EBITDA)</b>	<b>-8</b>	<b>-2</b>	<b>-33</b>	<b>-16</b>
Depr. and impairment of property, plant and equipment	0	-7	-14	-10
<b>Operating profit/loss (EBIT)</b>	<b>-8</b>	<b>-9</b>	<b>-47</b>	<b>-25</b>
Financial income <sup>1</sup>	82	34	162	36
Financial expenses <sup>2</sup>	-15	-79	-271	-132
<b>Profit/loss after financial items</b>	<b>58</b>	<b>-55</b>	<b>-155</b>	<b>-121</b>
Group contribution	-	-28	-	119
<b>Profit/loss before tax</b>	<b>58</b>	<b>-83</b>	<b>-155</b>	<b>-2</b>
Tax on profit/loss for the period	-1	12	-4	-10
<b>Net profit/loss for the period</b>	<b>57</b>	<b>-71</b>	<b>-160</b>	<b>-12</b>

1) Includes sale of shares in subsidiaries in Q3 2017 of MSEK 131 (0).

2) Includes a write down of shares in subsidiaries during the year of MSEK 142 (29) and conversion of shareholder loans to investment in associates totaling MEUR 6 (2.5), corresponding to MSEK 58 (24), which thereafter has been written down to MSEK 0.



## PARENT COMPANY BALANCE SHEET

	2017	2016
(Condensed, amounts rounded to the nearest MSEK)	31 Dec	31 Dec
Property, plant and equipment	46	32
Non-current financial assets	1,940	2,216
<b>Total non-current assets</b>	<b>1,986</b>	<b>2,248</b>
Inventories	2	7
Other current assets	133	85
Cash and cash equivalents	81	187
<b>Total current assets</b>	<b>216</b>	<b>279</b>
<b>TOTAL ASSETS</b>	<b>2,201</b>	<b>2,527</b>
Restricted equity	8	3
Non-restricted equity	814	973
<b>Total equity</b>	<b>822</b>	<b>976</b>
Non-current interest-bearing liabilities	1,079	943
<b>Total non-current liabilities</b>	<b>1,079</b>	<b>943</b>
Current interest-bearing liabilities	50	348
Other current liabilities	250	260
<b>Total current liabilities</b>	<b>300</b>	<b>608</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>2,201</b>	<b>2,527</b>

## PARENT COMPANY EQUITY

	2017 31 Dec	2016 31 Dec
(Condensed, amounts rounded to the nearest MSEK)		
Opening balance	976	987
Other comprehensive income for the period	-160	-12
New issue / warrants	1	1
Convertible loan	5	-
<b>Closing balance</b>	<b>822</b>	<b>976</b>

## 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 quarterly average capital employed for the period.

### Return on adjusted capital employed

Rolling 12-month EBITDA as a percentage of quarterly average capital employed for the period.

### Return on equity

Rolling 12-month net profit as a percentage of quarterly average equity for the period.

### Equity per share

Equity divided by the average number of shares.

### Equity per share after dilution

Equity divided by the average number of shares after dilution.

### Net financial items

Financial income less financial expenses.

### Average equity

Quarterly average equity for the period.

### Average capital employed

Quarterly average capital employed for the period.

### 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.

### Specific operating expenses, SEK per MWh

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

### Equity/assets ratio

Equity as a percentage of total assets.

### Capital employed

Equity plus net debt.

## GENERAL INFORMATION ABOUT KEY FIGURES

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