RESULTS UPDATE

Energy & Utility

Fair value: SEK70.0–100.0

Share price: SEK34.3

Arise

Solid performance in challenging times

Research analysts:
Örjan Rödén
DNB Carnegie Investment Bank AB

After being restricted due to DNB Carnegie's role as financial advisor to the bid committee, we have updated our fair value range to SEK70–100. In the next 12 months, we expect 2025–26e EBIT to be below recent years' performance due to weak prospects for renewable projects and power production on low realised electricity prices and weak investor sentiment. However, for H2 2026 we forecast an improving electricity supply/demand balance resulting from a general demand recovery and commissioning of high consumption industries, such as fossil-free steel mills and data centres, combined with lower supply growth of electricity production. Despite subdued near-term earnings momentum, we expect solid cash flow from low investments and working capital release.

Weak earnings momentum in 2025–26e. We expect limited project transaction revenues and low electricity prices to be a burden in the next 12 months. However, a general cyclical recovery and commissioning of high energy consumption industries should improve electricity prices and transaction volumes in H2 2026e.

Fair value range of SEK70–100. We use SOTP and DCF valuations in our fair value calculation. In our SOTP, we apply an EV/EBIT of 4–12x for BA Development and central costs, which is the historical range of Eolus, the closest peer in our view, based on a rolling six-year EBIT. We apply this to the average annual rolling EBIT, three years of actuals and three years of forecasts. For BA Production, we apply a DCF based on the industry-standard WACC of 8% over the lifespan of the production asset base, normalised EBITDA of SEK145m from 2027e, and an inflation adjustment of 1% in our SOTP calculation. Our DCF is based on our consolidated cash flow forecasts. At the high end, we assume top-line growth of 4% from 2028e and an EBITDA margin of 54%, our estimate for 2027. At the low end, we apply 2% top-line growth and an EBITDA margin of 46%, the average of the past 10 years. At both the low and high ends, we apply a WACC of 10% and a terminal growth rate of 2%.

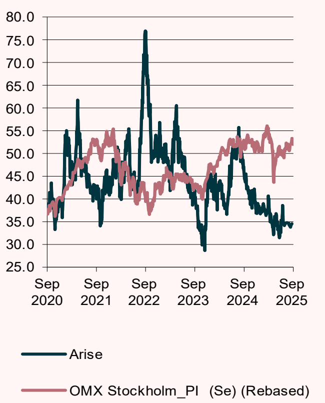
Changes in this report	From	To	Chg
EPS adj. 2025e	4.4	0.96	-78%
EPS adj. 2026e	8.3	3.3	-61%
EPS adj. 2027e	9.4	8.0	-14%

Upcoming events	
Q3 Report	06 Nov 2025

Key facts	
No. shares (m)	40.7
Market cap. (USDm)	147
Market cap. (SEKm)	1,393
Net IB Debt. (SEKm)	376
Adjustments (SEKm)	0
EV (2025e) (SEKm)	1,769
Free float	53.0%
Avg. daily vol. ('000)	27
BBG	ARISE SS
Fiscal year end	December
Share price as of (CET)	01 Sep 2025 09:01

Key figures (SEK)	2024	2025e	2026e	2027e
Sales (m)	485	509	562	844
EBITDA (m)	226	203	259	454
EBIT (m)	144	115	171	366
EPS	4.27	0.96	3.27	8.02
EPS adj.	4.27	0.96	3.27	8.02
DPS	1.35	1.50	1.75	2.00
Sales growth Y/Y	-4%	5%	10%	50%
EPS adj. growth Y/Y	-12%	-77%	240%	145%
EBIT margin	29.7%	22.6%	30.4%	43.4%
P/E adj.	8.0	35.6	10.5	4.3
EV/EBIT	14.7	15.4	10.1	4.2
EV/EBITA	14.7	15.4	10.1	4.2
EV/EBITDA	9.4	8.7	6.7	3.4
P/BV	0.8	0.8	0.7	0.6
Dividend yield	3.9%	4.4%	5.1%	5.8%
FCF yield	-2.2%	23.1%	7.2%	20.0%
Equity/Total Assets	56.7%	67.1%	67.7%	68.5%
ROCE	4.1%	3.5%	5.7%	11.6%
ROE adj.	9.7%	2.1%	7.1%	16.0%
Net IB debt/EBITDA	2.7	1.9	1.3	0.3

Share price – 5-year



High/Low (12M)				SEK45.5/31.3
Perf.	3M	6M	12M	YTD
Abs.	5.06	-13.40	-26.11	-6.80
Rel.	1.65	-8.40	-23.93	-9.59

Source: DNB Carnegie (estimates), FactSet, Infront & company data

Equity story

Near term: within 12M

We expect a soft environment in the next 12 months on low electricity prices and challenging capture rates due to an unfavourable electricity supply/demand balance in Sweden. This has led to subdued sales prices for BA Production, which feed into the bottom line because of the high operational gearing in the wind power fleet. Low electricity prices have meant a hesitant transaction market for renewable energy projects, and we expect only small transaction volumes for BA Development in the next 12 months. However, in our view, the trough in this cycle has passed due to a seasonal pick-up in power consumption from the incoming lower temperatures and low utilisation in the nuclear fleet due to extensive maintenance and repair.

Long-term outlook: 5Y+

For BA Development, we see good growth prospects for investments in renewable energy. We expect increased demand from electrification of the vehicle fleet and CO2-intensive industries such as steel, combined with reduced supply. Onshore wind and solar combined with battery storage offer the cheapest supply of new energy capacity without jeopardising the functionality of the electrical grid. For BA Production, we expect stable prices with the potential of a convergence of the current low Nordic electricity prices to approach those of Europe, offering upside potential to profits. Arise's business model is asset light and we see scope for substantial cash generation to be used for dividends/buybacks or M&A.

Key risks:

- A market slowdown of new energy production investments due to e.g. a sharp economic downturn.
- The EU giving up its climate ambitions, leading to investments in fossil fuel power production instead of cheap renewable energy.
- A low price environment for electricity prices in Sweden.

Company description

Arise is a combined project developer and wind power producer. BA (Business Area) Development, 48% of sales in 2024, has operations in Sweden, the UK, Finland, Norway and Ukraine. It develops renewable energy projects in onshore wind power, solar and battery storage. The business model is asset light and generally operates with high EBITDA margins (46% on average over 2015–24). The project portfolio is around 9 GW, with the target to reach 10 GW by 2025. BA Production, 41% of sales in 2024, operates 13 onshore wind parks in the south of Sweden. Unless investing in new greenfield projects, which is rare, investment needs are low. BA Solutions offers asset management services for renewable energy production facilities to internal and external customers.

Key industry drivers

- Transition to a low-carbon economy.
- Higher electricity demand from electrification.
- Lower electricity supply from ageing nuclear production.

Industry outlook

- We expect strong demand for renewable energy due to attractive costs and the positive environmental impact.
- A potential of convergence of low Nordic electricity prices to the higher European prices.

Largest shareholders, capital

Claesson & Anderzén	31.1%
AltoCumulus	13.2%
Tredje AP-fonden	9.6%

Cyclicality

Cyclicality: No

Not cyclical

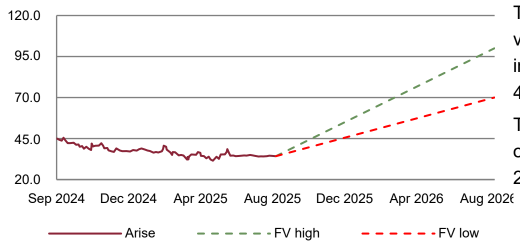
Key peers

Eolus, Magnora, Cloudberry, Energiekontor, PNE, ABO, Orrön.

Valuation and methodology

In our SOTP, we apply an EV/EBIT of 4–12x for BA Development and central costs, which is the historical range of Eolus, the closest peer in our view, based on a rolling 6-year EBIT. We apply this to the average annual EBIT, three years of actuals and three years of forecasts. For BA Production, we use a DCF based on a WACC of 8% over the production asset life span, a normalised EBITDA of SEK145m from 2027e and an inflation adjustment of 1%. Our DCF is based on our consolidated cash flow forecast. At the high end, we assume top-line growth of 4% from 2028e and an EBITDA margin of 54%, our estimate for 2027e. At the low end, we apply 2% top-line growth and an EBITDA margin of 46%, the average of the past 10 years. At both the low and high end, we apply a WACC of 10% and a terminal growth rate of 2%.

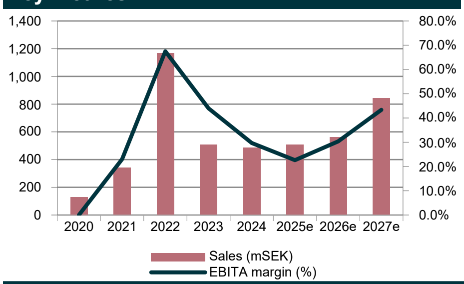
Fair value range 12M



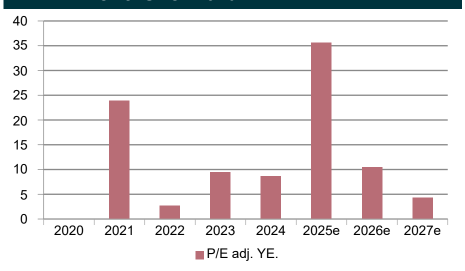
To reach the low end of our fair value range, Arise would need to meet our forecasts; BA Development to be valued at the low end of the historical EV/EBIT range of Eolus, its closest peer; generate EBITDA of SEK145m in 2027e in BA Production with inflation adjustment of 1%; and grow by 2% and generate an EBITDA margin of 46% from 2028e on a consolidated basis.

To reach the high end, Arise would need to meet our estimates; BA Development to be valued at the high end of the historical EV/EBIT range of Eolus; and to grow by 4% and generate an EBITDA margin of 54% from 2028e on a consolidated basis, with a terminal growth rate of 2% from 2045e.

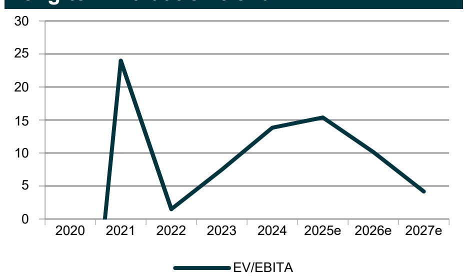
Key metrics



P/E 12-months forward



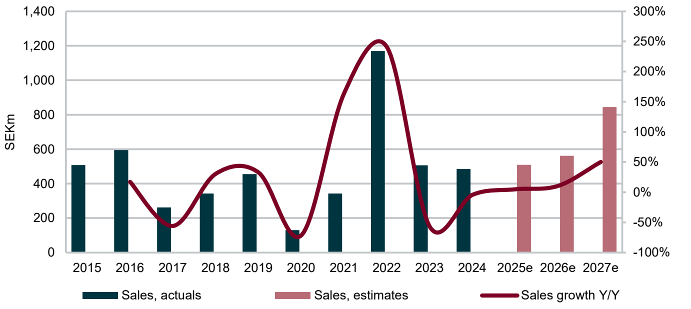
Long-term valuation trend



Source: DNB Carnegie (estimates) & company data

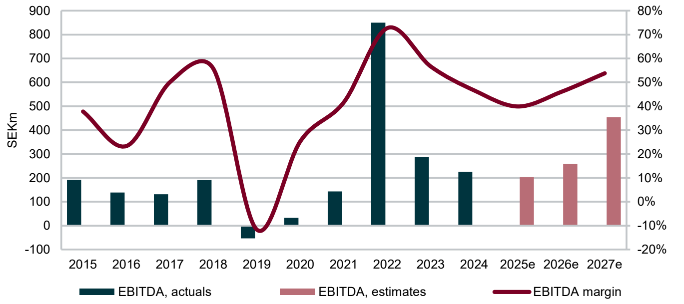
Arise in key charts

Sales, actuals, estimates and Y/Y growth



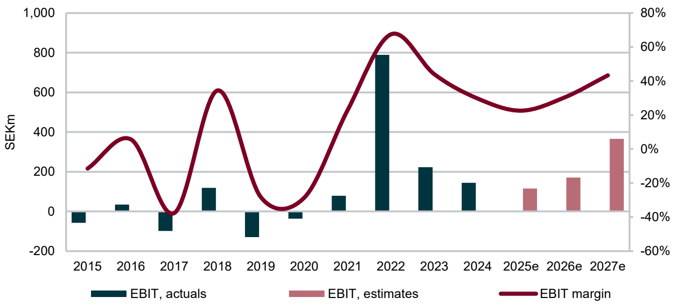
Source: DNB Carnegie (estimates) & company data

EBITDA actuals, estimates and EBITDA margin



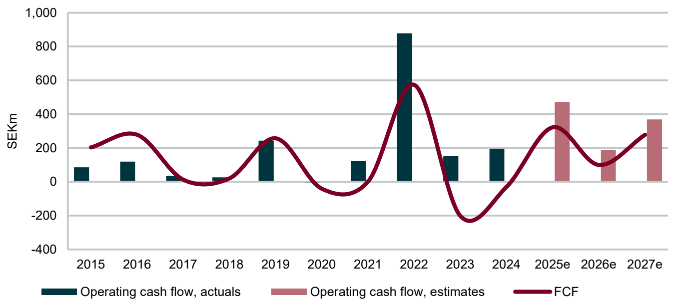
Source: DNB Carnegie (estimates) & company data

EBIT actuals, estimates and EBIT margin



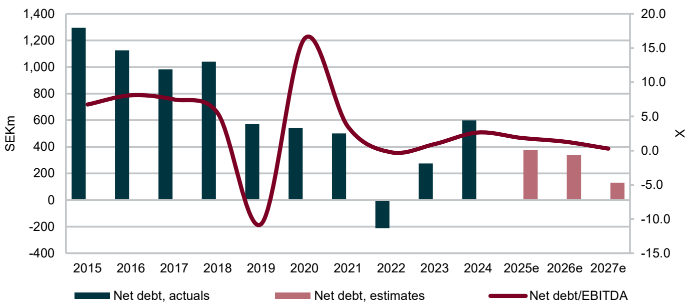
Source: DNB Carnegie (estimates) & company data

Operating cash flow and free cash flow



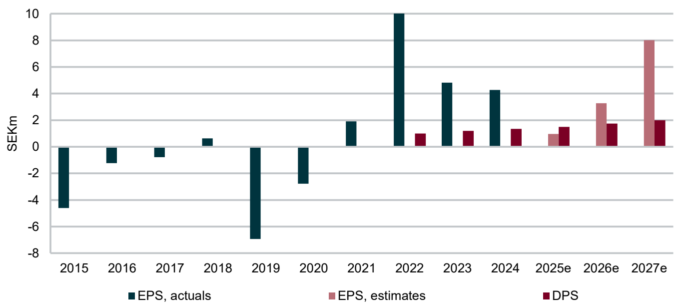
Source: DNB Carnegie (estimates) & company data

Net debt, actuals and estimates and net debt / EBITDA



Source: DNB Carnegie (estimates) & company data

EPS, actuals, estimates and DPS



Source: DNB Carnegie (estimates) & company data

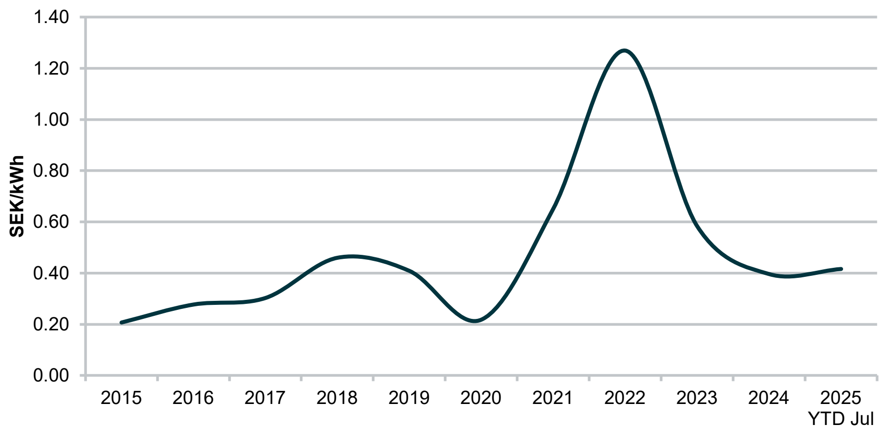
Fair value range of SEK70–100

We expect weak prospects for renewable projects and power production due to low electricity prices and weak investor sentiment over the next 12 months. We therefore forecast 2025–26 EBIT to be below the strong performance of 2022–24. We expect an improving electricity supply/demand balance starting in H2 2026, based on a general demand recovery and commissioning of high consumption industries, such as fossil-free steel mills and data centres, combined with slower supply growth of energy production. However, we believe the trough in this cycle has passed due to a seasonal pick-up in power consumption from the incoming lower temperatures and low utilisation in the nuclear fleet due to extensive maintenance and repair. Despite subdued near-terms earnings momentum, we expect solid cash flow from low investments and working capital release.

Weak Swedish electricity prices a burden on the P&L and sentiment

Swedish realised electricity prices have been weaker than the 2022 and 2023 actuals due to low cyclical demand combined with delays in high electricity projects like fossil-free steel production, battery production and e-methanol, amongst others. Looking at the system price alone, i.e. market spot price excluding the electricity price area differentials, we find lower prices in 2024 and 2025 relative to 2022 and 2023 but higher relative to the period before.

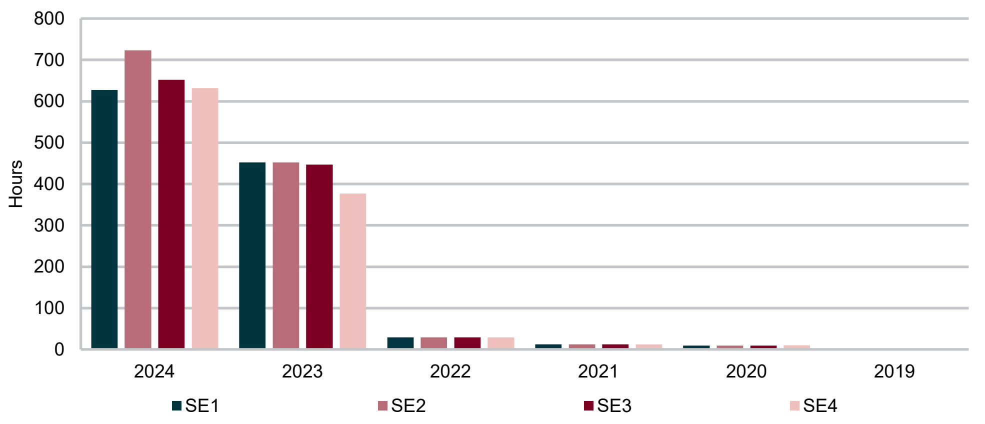
Swedish system electricity prices, yearly average



Source: Ember, FactSet

However, the average picture does not capture the increasingly negative correlation between realised market prices and production of renewable electricity, in what is generally denominated as capture rates. In short, the higher share of renewable energy in the total energy mix that is not compensated for by storage capacity or a higher share of variable consumption implies low prices when renewable electricity production is high, and vice versa. This is best displayed in the number of hours with negative prices, which has risen dramatically in recent years. Below we show electricity price areas in Sweden over 2019–24.

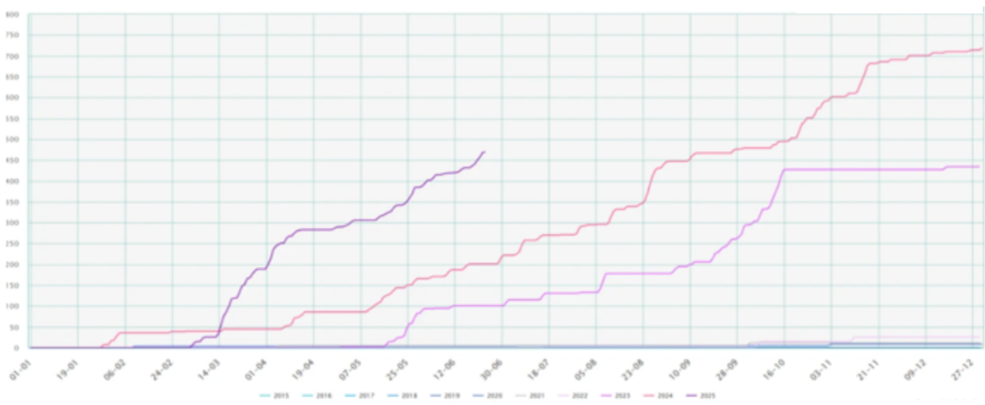
Number of negative prices per energy area in Sweden



Source: Elbruk

The problem has accelerated in 2025 YTD, shown below, although only for price area SE2, where Arise is not present. However, we find this to be a good indication of the problem.

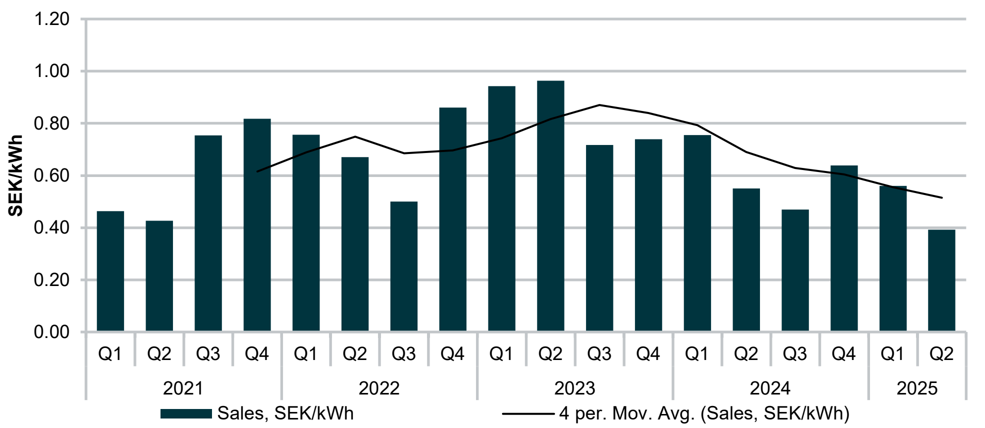
Number of hours with negative prices in SE2, hours



Source: Montel

The low capture rates have implied a steady decline in Arise's realised price per kWh produced in its own wind park fleet.

Realised sales price per kWh produced



Source: Company

Constructive view on electricity prices going into H2 2026e

We expect an improved supply/demand balance in the Swedish electricity market due to the following factors:

- Our DNB Carnegie macro forecasts imply an acceleration of Swedish GDP growth in general and in investment growth in particular in 2026e.
- We expect some high electricity consuming industries, such as fossil-free carbon steel and data centres, to be commissioned in the next 24 months.
- Lower supply growth.

Our macro forecast: strong cyclical recovery in 2026

Our DNB Carnegie macro forecast is accelerated GDP growth in 2026, with investments a main contributor. This would improve underlying cyclical demand for electricity, in our view.

Forecasts Sweden: Percent change from previous year

	2024	2025e	2026e	2027e	2028e
Private consumption	0.7	1.0	2.2	1.9	1.8
Public consumption	1.2	0.8	1.7	1.7	1.5
Investments	0.2	-0.8	4.3	3.5	3.2
Exports	2.0	3.9	2.6	3.0	3.0
Imports	2.2	1.8	3.3	3.1	3.0
GDP	1.0	1.3	2.3	2.2	2.1
Unemployment (level, %)	8.4	8.5	8.2	7.7	7.5
Wages	4.1	3.7	3.5	3.3	3.3
CPIF-XE	2.6	3.2	2.4	2.4	2.5
CPIF	1.9	2.7	2.4	2.4	2.5
Riksbanken (year end, %)	2.5	2.0	2.0	2.5	2.5

Source: LSEG Datastream, Bloomberg, DNB Carnegie.

We expect high electricity consuming industries to come on stream

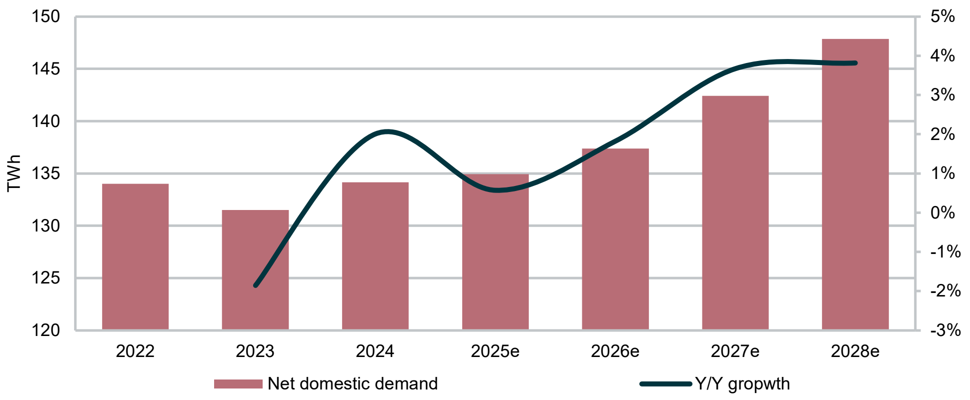
Industries consuming significant amounts of electricity should come on stream in 2026 and 2027, according to our forecasts. Examples include:

- Stegra, the fossil-free steel mill in northern Sweden, has a planned commissioning date in late 2026.
- Ecodatacenter is planning to start production of its new data centre on the old Northvolt site in Borlänge in 2027.

Low supply growth relative to demand growth in 2027–28e

Energimyndigheten forecasts demand growth of 1.8% Y/Y in 2026e and 3.7% Y/Y in 2027e, with supply growth of 4.7% and 1.1% Y/Y, respectively, for the same years. Although these numbers might look small, even minor changes in the supply/demand balance in 2027e could shift electricity prices substantially due to the inherent characteristics of the energy market; production must always match consumption to 100%, and small shifts in demand relative to supply can imply significant price moves.

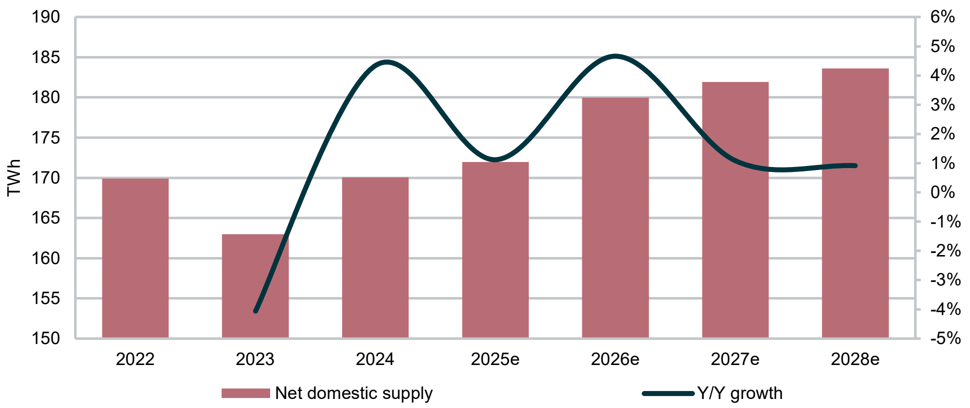
Demand actuals and forecasts, Energimyndigheten



Source: Energimyndigheten

We note the 2026 supply forecast includes 8.4% growth Y/Y from nuclear power to 50.8TWh, a production rate not seen for many years – and this rate is stable in the forecasts for 2027 and 2028. Given the ageing Swedish nuclear fleet, we find Energimyndigheten's supply growth forecast optimistic. If nuclear does not pick up production as expected, the supply/demand balance would look more favourable already in 2026, we believe.

Supply actuals and forecasts, Energimyndigheten



Source: Energimyndigheten

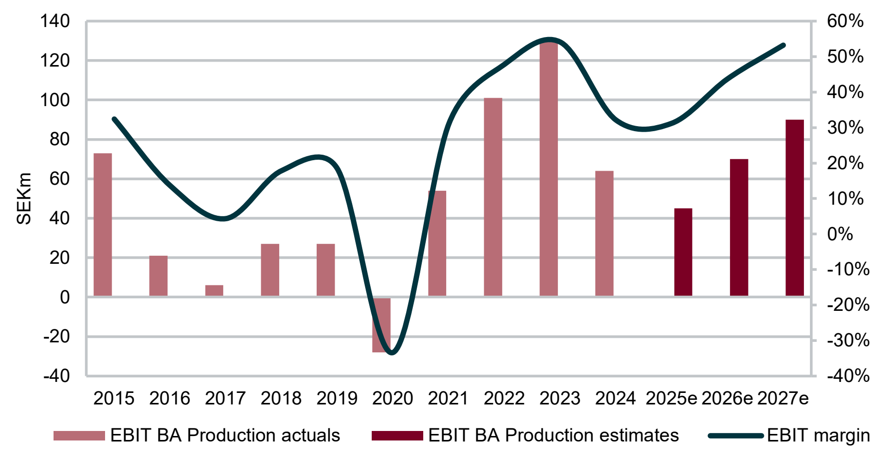
Low electricity prices put pressure on financial performance and investor sentiment

The impact of the current electricity environment is twofold in our view:

- Lower profitability in the own wind park fleet in BA Production.
- Weak investor sentiment implying low transaction prices and volumes in Sweden in BA Development.

The effect on EBIT in BA Production is intuitive. With close to a 100% fixed cost base made up from maintenance & repair and depreciation, low realised prices have a significant effect on profitability. We therefore expect a Y/Y EBIT decline in 2025, and EBIT below recent history, e.g. 2022 and 2023 for all forecast years. We note the production base has increased by ~30% relative to 2023 from the commissioning of the Lebo wind power park, which underlines our conservative forecasts.

BA Production, EBIT actuals and forecasts and EBIT margin

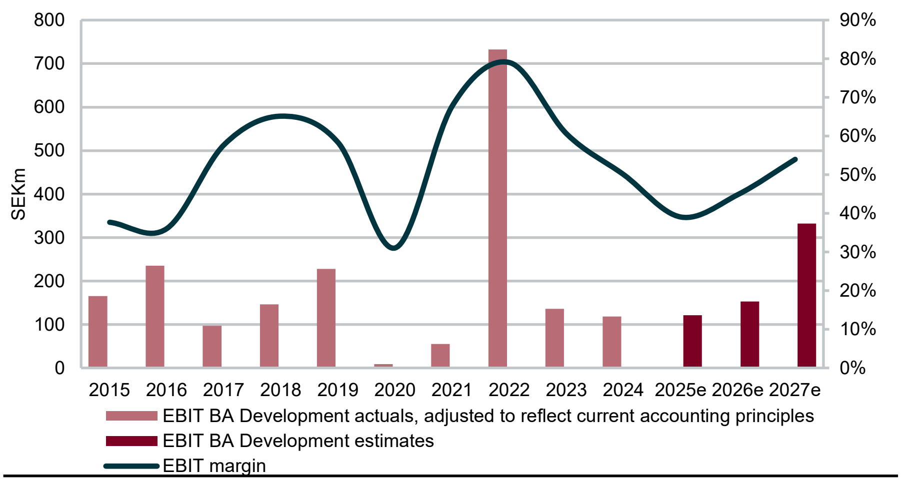


Source: DNB Carnegie (estimates) & company data

Low electricity prices are also hampering investor sentiment for Swedish domestic project transactions. General wind power production profitability is under pressure, according to our calculations, in particular in the northern part of Sweden. Recent examples include the bankruptcy of e.g. Aldermyrberget, a large wind park in electricity price area SE1 (north of Sweden). While many factors may have contributed to these bankruptcies – mainly unfavourable power purchase agreements (PPA) for producers relative to the counterpart and excessive gearing together with depressed prices in the north of Sweden relative to the southern part of country, in our view the price level and low capture rates also played a role.

We believe electricity prices need to recover to ignite interest for new projects in Sweden. We thus have low expectations for project sales in Sweden in our forecasts over the next 12 months. We expect the Finnåberget wind power park to be divested in late 2026, two Battery Energy Storage System (BESS) transactions over 2025–26e, and one transaction in the UK in 2026 (Tormsdale). In 2027, we expect transactions mainly in other markets outside Sweden, e.g. the UK, Finland and Germany.

BA Development, EBIT actuals and forecasts and EBIT margin

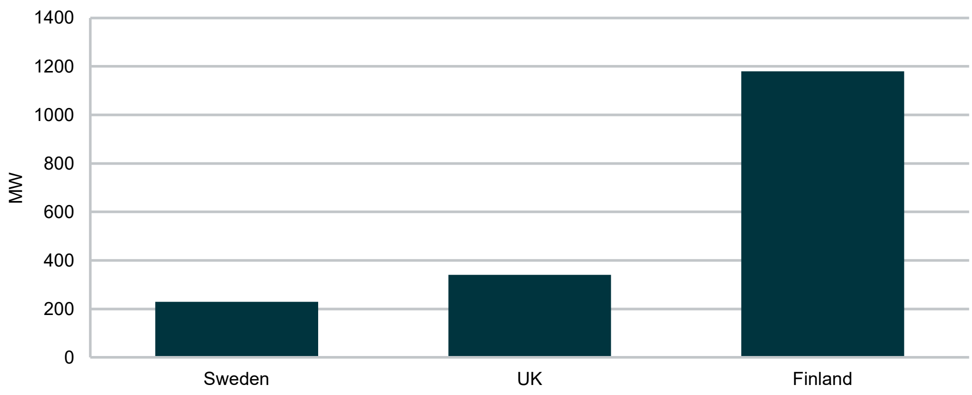


Source: DNB Carnegie (estimates) & company data

Geographical and technological diversification

Arise was traditionally focused on onshore wind power in Sweden. However, in recent years it has diversified into geographies such as Finland, the UK, Norway and Germany, organically and by acquisitions. In the late-stage development portfolio, which is relevant for our forecast period, Sweden now accounts for a minority of project volumes relative to other markets.

Late-stage project portfolio by geography



Source: Company

Arise does not separate the project portfolio by technology. However, it is present in all relevant technologies, solar, wind and battery storage, in all markets except Norway.

Project portfolio by technology and MW

Projects – late developmental phases	MW
Sweden	230
UK	340
Finland*	1,180
Total	**1,750**

Projects – early developmental phases	MW
Sweden**	~4,530
Norway	~260
UK	~960
Finland*	~1,490
Total	**~7,240**

**) Represents Pohjan Voima's project portfolio. Arise's ownership in Pohjan Voima amounts to about 51%.*
***) Including assessed total potential of about 1,000 MW from the partnership with SCA. Arise's future ownership in these projects amounts to 49%.*

Storage
Solar power
Wind power

Source: Company

We believe storage in particular has bright prospects given the volatile electricity prices in Europe, which is an effect from the higher share of renewable energy in the region.

Strong cash flows from limited investment need and WC release

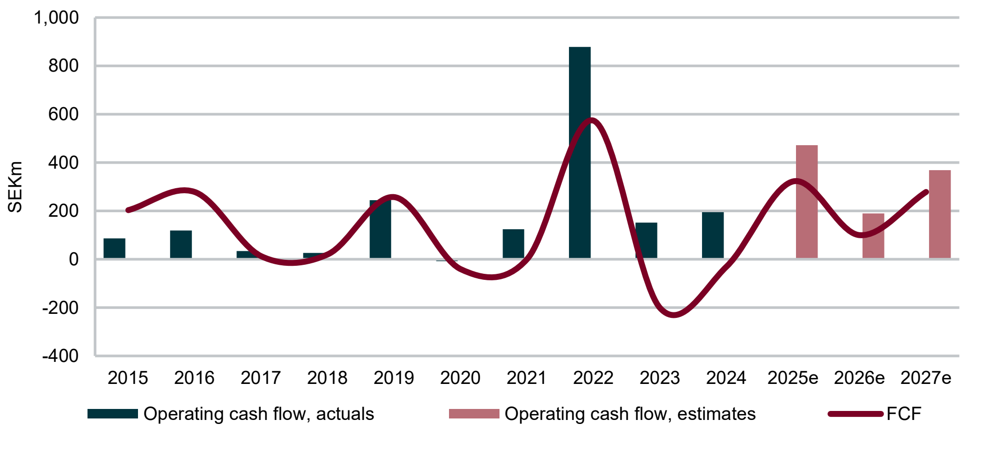
Although we have relatively low expectations on sales and profits in our 2025–26e given its history, we expect solid cash generation due to:

- Fixed-asset investment needs are insignificant as the existing wind power assets have an expected asset life of 25–30 years, with limited reinvestment needs, and depreciation is SEK88m annually, according to our forecasts.
- BA Development is a consultancy business with no fixed asset requirements.
- We expect a working capital inflow of ~SEK300m from the recently announced closing of the Kölvallen project as most of the costs are already paid for and thus capitalised on the balance sheet.

M&A, debt repayment and share buybacks potential use of cash flow

We expect cash generation to be used for either debt repayments, M&A activities or share buybacks. Arise has bought back 8% of shares outstanding and we expect continued buybacks to be a potential use of cash. The solid cash generation should also support a continued healthy dividend payout; we expect a dividend yield of 4–6% for 2025–27e.

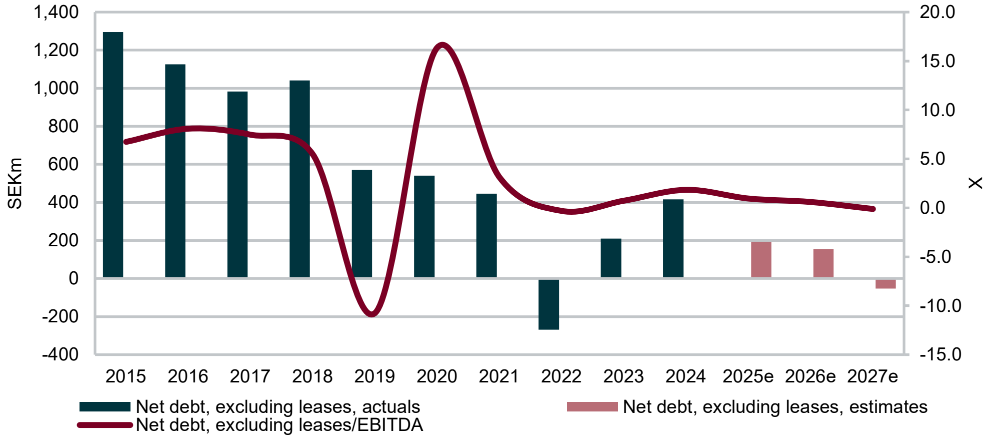
Operating cash flow and free cash flow



Source: DNB Carnegie (estimates) & company data

If Arise does not use our projected cash flows for buybacks or M&A activities, we expect a small net cash position (excluding lease liabilities) in 2027e.

Net debt, excluding lease liabilities, actuals and estimates, and net debt, excluding lease liabilities/EBITDA



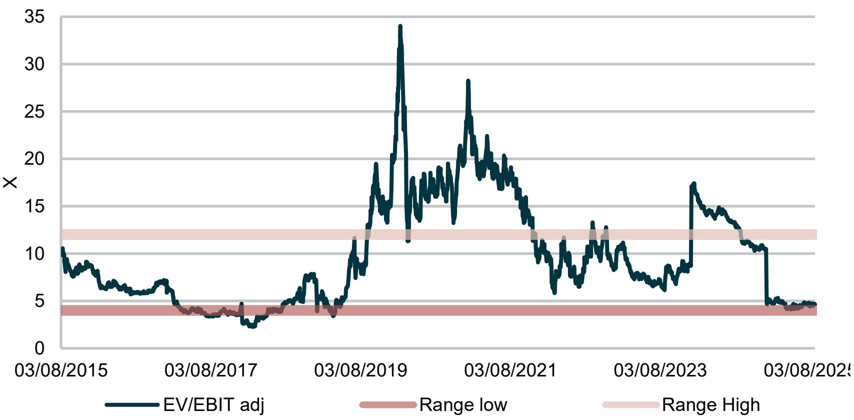
Source: DNB Carnegie (estimates) & company data

Valuation and risks

SOTP valuation

In our SOTP, we apply an EV/EBIT of 4–12x for BA Development and central costs, which is the historical range of Eolus, the closest peer in our view, based on a rolling 6-year EBIT, excluding periods of low profitability, which we do not expect to be repeated.

Eolus historical EV/EBIT



Source: DNB Carnegie (estimates), company, FactSet

We apply this to the average annual rolling EBIT, three years of actuals, and three years of forecasts. For BA Production, we apply a DCF based on the industry standard WACC of 8% over the life span of the production asset base, normalised EBITDA of SEK145m from 2027e, and an inflation adjustment of 1%.

SOTP calculation, low end of range	EBIT	Multiple	Value
BA Development avg EBIT 2022a-2027e	249	4	995
Central costs and other	-51	4	-204
BA Production, DCF			1,763
Subtotal			**2,554**
Other adjustments			0
Enterprise value			**2,554**
Net debt, current year			-376
Equity value			**2,178**
Shares			41
Value per share			**53**

Source: DNB Carnegie (estimates), company, FactSet

SOTP calculation, high end of range	EBIT	Multiple	Value
BA Development avg EBIT 2022a-2027e	249	12	2,986
Central costs and other	-51	12	-612
BA Production, DCF			1,763
Subtotal			**4,137**
Other adjustments			0
Enterprise value			**4,137**
Net debt, current year			-376
Equity value			**3,760**
Shares			41
Value per share			**92**

Source: DNB Carnegie (estimates), company, FactSet

DCF valuation

Our DCF, the alternative valuation method, is based on our consolidated cash flow forecast. At the high end, we have assumed top-line growth of 4% from 2028e and an EBITDA margin of 54%, in line with our 2027e.

High end of range				Average year				Terminal
DCF assumptions - Summary	**2025e**	**2026e**	**2027e**	**4-5**	**6-10**	**11-15**	**16-20**	**period**
Total sales growth	4.9%	10.5%	50.2%	4.0%	4.0%	4.0%	4.0%	2.0%
EBITDA margin	39.9%	46.0%	53.8%	53.8%	53.8%	53.8%	53.8%	53.8%
Depreciation % of sales	-17.3%	-15.7%	-10.4%	-10.4%	-10.4%	-10.4%	-10.4%	-10.4%
EBITA margin	22.6%	30.4%	43.4%	43.4%	43.4%	43.4%	43.4%	43.4%
Amortisations % of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT margin	22.6%	30.4%	43.4%	43.4%	43.4%	43.4%	43.4%	43.4%
Capex % of sales	-29.5%	-16.0%	-10.7%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Paid tax rate	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
NWC to sales	-18.4%	-8.4%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Sales	509	562	844	895	1,028	1,251	1,522	1,677
EBITDA	**203**	**259**	**454**	**482**	**553**	**673**	**819**	**902**
Capex	-150	-90	-90	-90	-103	-125	-152	-175
Taxes	-1	-3	-5	-19	-22	-27	-33	36
Other	289	-46	-61	-1	-1	-1	-1	7,255
Free cash flow	**342**	**120**	**298**	**372**	**427**	**520**	**633**	**8,018**
Discounted FCF	326	104	235	254	209	158	120	1,250
Share of total discounted FCF	7%	2%	5%	10%	22%	16%	12%	26%

Valuation	**SEKm**	**Per share**	**WACC assumptions**	
EV (discounted FCF)	4,859	119.5	Risk-free rate	4.00%
- Net debt (2024)	-599	-14.7	Market risk premium	4.00%
+ Associates	0	0.0	Adjusted Beta	100.00%
- Minority interest	0	0.0	Country risk premium	0.00%
- Outstanding warrants	0	0.0	Liquidity risk premium	2.00%
Other debt adjustments	0	0.0	ESG risk (-1% to +1%)	0.00%
Equity value at YE (25)	**4,260**	**104.8**	**Cost of equity**	**10.00%**
Time adjustment	280	6.9	Risk-free rate	4.00%
Dividend	-56	-1.4	Credit spread	1.56%
Current equity value	**4,485**	**110.3**	Cost of debt (Rf + credit spread)	5.56%
			Taxes	24.00%
			After-tax cost of debt	4.23%
			Equity weight	**100.00%**
			WACC	**10.00%**

Source: DNB Carnegie (estimates) & company

At the low end, we apply 2% top-line growth and an EBITDA margin of 46%, the average of the past 10 years.

Low end of range				Average year				Terminal
DCF assumptions - Summary	**2025e**	**2026e**	**2027e**	**4-5**	**6-10**	**11-15**	**16-20**	**period**
Total sales growth	4.9%	10.5%	50.2%	2.0%	2.0%	2.0%	2.0%	2.0%
EBITDA margin	39.9%	46.0%	53.8%	46.0%	46.0%	46.0%	46.0%	46.0%
Depreciation % of sales	-17.3%	-15.7%	-10.4%	-10.4%	-10.4%	-10.4%	-10.4%	-10.4%
EBITA margin	22.6%	30.4%	43.4%	35.6%	35.6%	35.6%	35.6%	35.6%
Amortisations % of sales	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EBIT margin	22.6%	30.4%	43.4%	35.6%	35.6%	35.6%	35.6%	35.6%
Capex % of sales	-29.5%	-16.0%	-10.7%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
Paid tax rate	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%	-5.0%
NWC to sales	-18.4%	-8.4%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Sales	509	562	844	869	932	1,029	1,136	1,205
EBITDA	**203**	**259**	**454**	**400**	**429**	**473**	**523**	**554**
Capex	-150	-90	-90	-87	-93	-103	-114	-126
Taxes	-1	-3	-5	-15	-17	-18	-20	21
Other	289	-46	-61	0	0	0	0	4,022
Free cash flow	**342**	**120**	**298**	**297**	**319**	**352**	**388**	**4,473**
Discounted FCF	326	104	235	203	157	107	74	697
Share of total discounted FCF	9%	3%	7%	12%	23%	16%	11%	20%

Valuation	**SEKm**	**Per share**	**WACC assumptions**	
EV (discounted FCF)	3,458	85.0	Risk-free rate	4.00%
- Net debt (2024)	-599	-14.7	Market risk premium	4.00%
+ Associates	0	0.0	Adjusted Beta	100.00%
- Minority interest	0	0.0	Country risk premium	0.00%
- Outstanding warrants	0	0.0	Liquidity risk premium	2.00%
Other debt adjustments	0	0.0	ESG risk (-1% to +1%)	0.00%
Equity value at YE (25)	**2,859**	**70.3**	**Cost of equity**	**10.00%**
Time adjustment	188	4.6	Risk-free rate	4.00%
Dividend	-56	-1.4	Credit spread	1.56%
Current equity value	**2,991**	**73.5**	Cost of debt (Rf + credit spread)	5.56%
			Taxes	24.00%
			After-tax cost of debt	4.23%
			Equity weight	**100.00%**
			WACC	**10.00%**

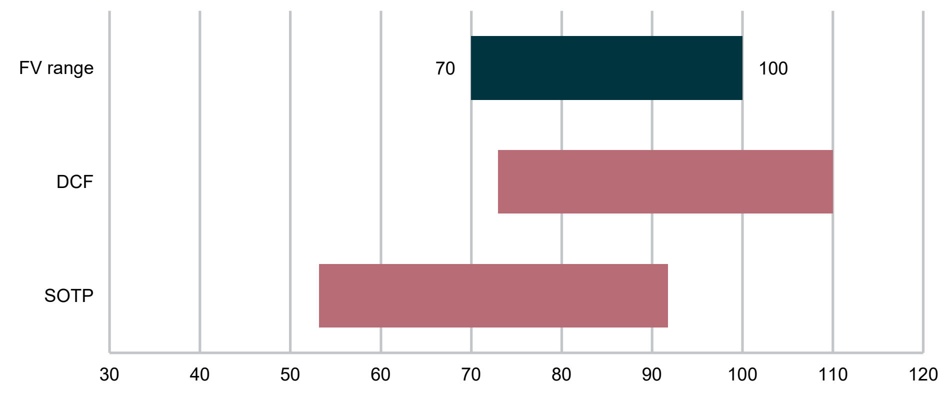
Source: DNB Carnegie (estimates) & company

At both the low and high ends, we apply a WACC of 10% and a terminal growth rate of 2%.

Summary of valuation methods and fair value range

We set our fair value range between the low and high ends of our valuation methods.

Arise fair value range (SEK)



Source: DNB Carnegie (estimates)

Risks

Volatile revenue and profits

Project development revenue and earnings are volatile between quarters and years. Although the risk of major losses is relatively low, given the low operational leverage compared to e.g. manufacturing companies, the significant earnings volatility can transform into share price volatility. This can ultimately affect the cost of capital from the equity investor perspective.

High dependence on the political landscape

Investments in power generation are highly dependent on political decisions. Investment returns in onshore wind power and solar power are at or above market cost of capital on average, so Arise does not need subsidies. However, power generation investments are still dependent on infrastructure decisions such as building permits, grid connections, or social impact such as wildlife impact. As exemplified by Sweden over the past few years, substantial resistance at e.g. the municipal level can notably slow renewable project realisation.

The perception of low cyclicality has been challenged

The renewable industry is relatively young and has lived most of its life in a low inflation and low-interest rate environment (2009–21). As the most recent years have demonstrated, macroeconomic factors such as rising interest rates can hamper project demand.

Dependency on spot electricity prices

Arise has so far not participated in baseload PPAs, i.e. future contracts comprised of both price and volume components. The company only hedges against price fluctuations, and to a limited extent relative to total production, which is far less risky than baseload PPAs. The company is therefore exposed to spot electricity prices. Although we do not expect a return of the price regime that prevailed before 2021, with low prices, such as scenario cannot be ruled out. Extended periods of low electricity prices in the high-volume production periods in the autumn and winter months could have a negative impact on the Production business area profitability.

Increasing need for energy storage as share of renewable energy grows

A higher share of renewable energy in the total energy mix increases electricity price volatility. Meteorological conditions are in general affecting large geographical areas in a similar way, creating an adverse price/volume mix for owners of renewable energy assets in these areas. Substantial energy storage capacity is therefore necessary for a continued expansion of weather-dependent renewable energy investments. Other industries such as steel or cement need to step in and build e.g. major hydrogen production plants. If these investments do not materialise, demand for weather-dependent renewable energy projects is likely to be affected.

Production costs for other energy sources reaching current market prices

If production costs for other sources of energy, such as tidal power, wave power or fusion power, can meet the current market prices, current technology, e.g. wind and solar power, are most likely be challenged, we believe. The biggest disruptive threat comes from nuclear power. If the Small Modular Reactor (SMR) technology reaches production costs according to the most optimistic forecasts, we believe nuclear will most likely be the future preferred energy source. The combination of stable, non-weather-dependent power generation and small-scale plants enhancing modularity and thus reducing grid investments makes for an attractive combination, in our view.

Interim figures

(SEKm, ex p share)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25e	4Q25e	Full year est. 2025e	2026e	2027e
Sales	113	103	105	164	85	169	67	187	509	562	844
EBITDA	71	53	56	48	24	61	22	96	203	259	454
D&A	(17)	(20)	(22)	(24)	(22)	(22)	(22)	(22)	(88)	(88)	(88)
EBIT	54	33	34	24	2	39	(0)	74	115	171	366
Net finacial items	(7)	(3)	(9)	10	(20)	(11)	(6)	(8)	(45)	(20)	(20)
Pre tax profit	47	30	25	34	(18)	28	(6)	66	70	151	346
Net profit	50	32	64	35	(18)	5	(13)	66	39	133	326
Net profit - Adj.	50	32	64	35	(18)	5	(13)	66	39	133	326
EPS	1.2	0.8	1.5	0.9	(0.4)	0.1	(0.3)	1.6	1.0	3.3	8.0
EPS (adj)	1.2	0.8	1.5	0.9	(0.4)	0.1	(0.3)	1.6	1.0	3.3	8.0

Source: DNB Carnegie (estimates) & company

Financial statements

Profit & loss (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	343	455	130	343	1,169	507	485	509	562	844
COGS	0	0	0	0	0	0	0	0	0	0
Gross profit	**343**	**455**	**130**	**343**	**1,169**	**507**	**485**	**509**	**562**	**844**
Other income & costs	-152	-235	-97	-200	-319	-220	-259	-306	-303	-390
Share in ass. operations and JV	0	-273	0	0	0	0	0	0	0	0
EBITDA	**191**	**-53**	**33**	**143**	**850**	**287**	**226**	**203**	**259**	**454**
Depreciation PPE	-72	-76	-70	-64	-61	-64	-82	-88	-88	-88
Depreciation lease assets	0	0	0	0	0	0	0	0	0	0
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	0	0	0	0	0	0	0	0	0	0
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
EBITA	**118**	**-129**	**-37**	**79**	**789**	**223**	**144**	**115**	**171**	**366**
Amortization acquisition related	0	0	0	0	0	0	0	0	0	0
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	**118**	**-129**	**-37**	**79**	**789**	**223**	**144**	**115**	**171**	**366**
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	-90	-102	-71	-21	-17	-23	-9	-45	-20	-20
of which interest income/expenses	-90	-102	-71	-21	-17	-23	-9	-45	-20	-20
of which interest on lease liabilities	0	0	0	0	0	0	0	0	0	0
of which other items	0	0	0	0	0	0	0	0	0	0
Pre-tax profit	**28**	**-231**	**-108**	**58**	**772**	**200**	**135**	**70**	**151**	**346**
Taxes	-7	-2	0	-1	0	0	37	-1	-3	-5
Post-tax minorities interest	0	0	0	0	0	6	10	-30	-15	-15
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	**21**	**-233**	**-108**	**57**	**772**	**206**	**182**	**39**	**133**	**326**
Adjusted EBITDA	191	-53	33	143	850	287	226	203	259	454
Adjusted EBITA	118	-129	-37	79	789	223	144	115	171	366
Adjusted EBIT	118	-129	-37	94	789	223	144	115	171	366
Adjusted net profit	21	-233	-108	72	772	206	182	39	133	326
Sales growth Y/Y	30.5%	32.8%	-71.4%	163.8%	240.8%	-56.6%	-4.3%	4.9%	10.5%	50.2%
EBITDA growth Y/Y	45.0%	-chg	+chg	333.3%	494.4%	-66.2%	-21.3%	-10.2%	27.4%	75.6%
EBITA growth Y/Y	+chg	-chg	+chg	+chg	898.7%	-71.7%	-35.4%	-20.1%	48.3%	114.5%
EBIT growth Y/Y	+chg	-chg	+chg	+chg	898.7%	-71.7%	-35.4%	-20.1%	48.3%	114.5%
EBITDA margin	55.6%	48.3%	25.4%	41.7%	72.7%	56.6%	46.6%	39.9%	46.0%	53.8%
EBITA margin	34.5%	31.6%	nm	23.0%	67.5%	44.0%	29.7%	22.6%	30.4%	43.4%
EBIT margin	34.5%	-28.4%	-28.5%	23.0%	67.5%	44.0%	29.7%	22.6%	30.4%	43.4%
Tax rate	24.9%	-0.9%	na	1.7%	na	na	-27.4%	5.0%	5.0%	5.0%

Cash flow (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	191	-53	33	143	850	287	226	203	259	454
Paid taxes	-8	-10	0	-1	-4	-4	-3	-1	-3	-5
Change in NWC	-69	129	38	-67	-41	-90	10	314	-46	-61
Interests paid	-88	-78	-67	-12	-39	-34	-47	-45	-20	-20
Actual lease payments	0	-5	-5	-6	-6	-8	-8	0	0	0
Non cash adjustments	1	261	-6	68	118	1	17	0	0	0
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	**26**	**244**	**-7**	**125**	**878**	**152**	**195**	**472**	**190**	**368**
Capex tangible assets	-6	13	-34	-124	-175	-354	-225	-150	-90	-90
Capitalised development costs	0	0	0	0	0	0	0	0	0	0
Capex - other intangible assets	0	0	0	0	-130	0	0	0	0	0
Acquisitions/divestments	0	0	0	0	0	-137	0	-25	0	0
Other non-cash adjustments	0	0	0	0	0	-48	-3	0	0	0
Total investing activities	**-6**	**13**	**-34**	**-124**	**-305**	**-539**	**-228**	**-175**	**-90**	**-90**
Share issues & buybacks	0	2	0	0	3	-24	-110	-23	0	0
Change in bank debt	-104	47	-236	-18	505	150	6	-606	0	0
Total financing activities	**-104**	**48**	**-236**	**-18**	**509**	**81**	**-153**	**-680**	**-61**	**-71**
Operating cash flow	26	244	-7	125	878	152	195	472	190	368
Free cash flow	20	257	-41	1	573	-202	-30	322	100	278
Net cash flow	-84	305	-277	-17	1,082	-306	-186	-383	38	207
Change in net IB debt	20	261	-38	9	651	-445	-153	223	38	207
Capex / Sales	1.8%	-2.9%	26.2%	36.2%	15.0%	69.8%	46.4%	29.5%	16.0%	10.7%
NWC / Sales	6.9%	10.0%	2.7%	-7.7%	-1.5%	29.2%	49.8%	12.5%	-12.5%	-2.0%

Source: DNB Carnegie (estimates) & company data

Financial statements, cont.

Balance sheet (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Acquired intangible assets	0	0	0	0	0	0	0	0	0	0
Other fixed intangible assets	0	0	0	25	25	30	31	56	56	56
Capitalised development	0	0	0	0	0	0	0	0	0	0
Tangible assets	1,812	1,322	1,276	1,223	1,218	2,236	2,409	2,471	2,473	2,475
Lease assets	0	0	0	0	0	0	0	0	0	0
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	0	0	0	50	190	244	294	294	294	294
Fixed assets	**1,812**	**1,322**	**1,276**	**1,298**	**1,433**	**2,510**	**2,734**	**2,821**	**2,823**	**2,825**
Inventories (2)	8	8	1	1	0	0	0	0	0	0
Receivables (2)	0	0	2	3	7	7	8	8	9	14
Prepaid exp. & other NWC items (2)	187	100	53	139	256	373	364	51	112	253
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Cash & cash equivalents (1)	61	365	86	70	1,220	917	762	379	417	624
Current assets	**256**	**473**	**142**	**213**	**1,483**	**1,297**	**1,134**	**438**	**539**	**891**
Total assets	**2,068**	**1,795**	**1,418**	**1,511**	**2,916**	**3,807**	**3,868**	**3,259**	**3,362**	**3,716**
Shareholders' equity	824	698	703	676	1,616	1,887	1,879	1,844	1,916	2,171
Minorities	0	0	0	0	0	318	314	344	359	374
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	**824**	**698**	**703**	**676**	**1,616**	**2,205**	**2,193**	**2,188**	**2,275**	**2,545**
Deferred tax	0	0	1	0	0	0	0	0	0	0
LT IB debt (1)	922	932	609	370	925	1,070	646	40	40	40
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Lease libilities	0	0	0	55	55	65	183	183	183	183
Other non-IB liabilities	46	46	46	49	62	290	89	89	89	89
LT liabilities	**968**	**978**	**656**	**474**	**1,042**	**1,425**	**918**	**312**	**312**	**312**
ST IB debt (1)	180	3	18	146	27	57	532	532	532	532
Payables (2)	96	116	26	23	49	21	0	0	0	0
Accrued exp. & other NWC items (2)	0	0	15	188	180	97	151	153	169	253
Other ST non-IB liabilities	0	0	0	4	2	2	74	74	74	74
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
Current liabilities	**276**	**119**	**59**	**361**	**258**	**177**	**757**	**759**	**775**	**859**
Total equity and liabilities	**2,068**	**1,795**	**1,418**	**1,511**	**2,916**	**3,807**	**3,868**	**3,259**	**3,362**	**3,716**
Net IB debt (=1)	1,041	570	541	501	-213	275	599	376	338	131
Net working capital (NWC) (=2)	99	-8	15	-68	34	262	221	-93	-47	14
Capital employed (CE)	1,926	1,633	1,331	1,247	2,623	3,397	3,554	2,943	3,030	3,300
Capital invested (CI)	1,911	1,314	1,291	1,180	1,277	2,528	2,661	2,434	2,482	2,545
Equity / Total assets	40%	39%	50%	45%	55%	58%	57%	67%	68%	68%
Net IB debt / EBITDA	5.5	-10.8	16.4	3.5	-0.3	1.0	2.7	1.9	1.3	0.3

Per share data (SEK)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Adj. no. of shares in issue YE (m)	33.37	33.37	36.33	35.23	46.73	43.76	41.30	40.67	40.67	40.67
Diluted no. of Shares YE (m)	33.93	33.31	44.50	37.39	41.39	44.04	41.30	40.67	40.67	40.67
EPS	0.62	-6.93	-2.78	1.52	18.6	4.82	4.27	0.96	3.27	8.02
EPS adj.	0.62	-6.93	-2.78	1.91	18.6	4.82	4.27	0.96	3.27	8.02
CEPS	2.76	3.30	-1.11	3.07	19.9	6.13	6.00	3.11	5.44	10.2
DPS	0.00	0.00	0.00	0.00	0.95	1.20	1.35	1.50	1.75	2.00
BVPS	24.7	20.9	19.4	19.2	34.6	43.1	45.5	45.4	47.1	53.4

Performance measures	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
ROE	2.5%	-30.6%	-15.4%	8.3%	67.4%	11.8%	9.7%	2.1%	7.1%	16.0%
Adj. ROCE pre-tax	6.1%	-7.3%	-2.5%	6.1%	40.8%	7.4%	4.1%	3.5%	5.7%	11.6%
Adj. ROIC after-tax	4.8%	-8.1%	-2.8%	6.3%	64.2%	11.7%	7.1%	4.3%	6.6%	13.8%

Valuation	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
FCF yield	1.4%	18.5%	-2.9%	0.1%	41.1%	-14.5%	-2.2%	23.1%	7.2%	20.0%
Dividend yield YE	0.0%	0.0%	0.0%	0.0%	1.9%	2.6%	3.7%	4.4%	5.1%	5.8%
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	5.1%	24.9%	31.7%	155.7%	53.5%	24.9%
Dividend + buy backs yield YE	0.0%	0.0%	0.0%	0.0%	2.1%	3.7%	10.6%	6.0%	5.1%	5.1%
EV/Sales YE	4.72	3.46	18.02	6.44	1.60	4.49	4.36	3.48	3.08	1.81
EV/EBITDA YE	8.5	7.1	>50	15.5	2.2	7.9	9.4	8.7	6.7	3.4
EV/EBITA YE	13.7	10.9	neg.	28.0	2.4	10.2	14.7	15.4	10.1	4.2
EV/EBITA adj. YE	13.7	10.9	neg.	28.0	2.4	10.2	14.7	15.4	10.1	4.2
EV/EBIT YE	13.7	10.9	neg.	28.0	2.4	10.2	14.7	15.4	10.1	4.2
P/E YE	27.3	nm	nm	30.0	2.7	9.4	8.6	35.6	10.5	4.3
P/E adj. YE	27.3	nm	nm	23.9	2.7	9.4	8.6	35.6	10.5	4.3
P/BV YE	0.69	1.44	2.09	2.38	1.45	1.05	0.81	0.76	0.73	0.64
Share price YE (SEK)	17.0	30.1	40.5	45.7	50.3	45.5	36.8	34.3		

Source: DNB Carnegie (estimates) & company data

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DNB Bank ASA
DNB Carnegie
Dronning Eufemias gate 30
0191 Oslo | Norway
Telephone: +47 915 04800

www.dnb.no

DNB Carnegie Investment Bank AB

Regeringsgatan 56
103 38 Stockholm | Sweden
Telephone: +46 8 676 88 00

www.dnbcarnegie.se

DNB Carnegie Investment Bank, Denmark Branch
Overgaden neden Vandet 9B PO Box 1935
1414 Copenhagen K | Denmark
Telephone: +45 32 88 02 00

DNB Bank ASA, Singapore Branch
DNB Carnegie
1 Wallich Street Downtown Core 06
#30-01, Guoco Tower,Singapore 078881
Telephone: +65 6260 0111

DNB Carnegie Investment Bank AB, Finland Branch
Eteläesplanadi 2 PO Box 36
FI-00131 Helsinki | Finland
Telephone: +358 9 618 71 230

DNB Bank ASA, London Branch
DNB Carnegie
The Walbrook Building, 25 Walbrook
London EC4N 8AF | England
Telephone: +44 20 7216 4000

DNB Carnegie Investment Bank AB, UK Branch
Finwell House, 26 Finsbury Square
London EC2A 1DS | England
Telephone: +44 20 7216 4000

DNB Markets, Inc.

30 Hudson Yards
New York, NY 10001 USA
Telephone: +1 212 551 9800

Carnegie, Inc.

20 West 55th St.
New York N.Y. 10019
Telephone: +1 212 262 5800