Brønnøysundregistrene

ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2019 - GENERELL INFORMASJON

Enheten

Organisasjonsnummer:	996 968 480
Organisasjonsform:	Aksjeselskap
Foretaksnavn:	RAINPOWER HOLDING AS
Forretningsadresse:	Nordahl Bruns gate 10 2004 LILLESTRØM

Regnskapsår

Årsregnskapets periode:	01.01.2019 - 31.12.2019

Konsern

Morselskap i konsern:	Ja
Konsernregnskap lagt ved:	Ja

Regnskapsregler

Regler for små foretak benyttet:	Nei
Benyttet ved utarbeidelsen av årsregnskapet til selskapet:	Regnskapslovens alminnelige regler
Benyttet ved utarbeidelsen av årsregnskapet til konsernet:	Forenklet IFRS

Årsregnskapet fastsatt av kompetent organ

Bekreftet av representant for selskapet:	Greta Veum Ramse
Dato for fastsettelse av årsregnskapet:	22.06.2020

Grunnlag for avgivelse

År 2019: Årsregnskapet er elektronisk innlevert
År 2018: Tall er hentet fra elektronisk innlevert årsregnskap fra 2019

Det er ikke krav til at årsregnskapet m.v. som sendes til Regnskapsregisteret er undertegnet. Kontrollen på at dette er utført ligger hos revisor/enhetens øverste organ. Sikkerheten ivaretas ved at innsender har rolle/rettighet for innsending av årsregnskapet via Altinn, og ved at det bekreftes at årsregnskapet er fastsatt av kompetent organ.

Brønnøysundregistrene, 21.07.2021

Resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	6	11 594 000	7 840 000
Sum inntekter		**11 594 000**	**7 840 000**
Kostnader			
Lønnskostnad	1	1 364 000	4 396 000
Annen driftskostnad	1	8 460 000	9 220 000
Sum kostnader		**9 824 000**	**13 616 000**
Driftsresultat		**1 770 000**	**-5 776 000**
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		249 000	671 000
Annen renteinntekt		15 000	
Annen finansinntekt	9	48 000	194 000
Sum finansinntekter		**312 000**	**865 000**
Annen rentekostnad		1 167 000	1 474 000
Annen finanskostnad	9	90 000	41 000
Sum finanskostnader		**1 257 000**	**1 515 000**
Netto finans		**-945 000**	**-650 000**
Ordinært resultat før skattekostnad		**825 000**	**-6 426 000**
Skattekostnad på ordinært resultat	3	182 000	-1 088 000
Ordinært resultat etter skattekostnad		**643 000**	**-5 338 000**
Årsresultat		**643 000**	**-5 338 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		643 000	-5 338 000
Sum overføringer og disponeringer		**643 000**	**-5 338 000**

Balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	3	3 588 000	3 770 000
Sum immaterielle eiendeler		**3 588 000**	**3 770 000**
Finansielle anleggsmidler			
Investering i datterselskap	2	250 153 000	250 153 000
Sum finansielle anleggsmidler		**250 153 000**	**250 153 000**
Sum anleggsmidler		**253 741 000**	**253 923 000**
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	6	3 046 000	1 779 000
Kundefordringer mot selskap i samme konsern	6	13 195 000	9 331 000
Andre kortsiktige fordringer		1 558 000	1 765 000
Sum fordringer		**17 799 000**	**12 875 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	7	1 000	184 000
Sum bankinnskudd, kontanter og lignende		**1 000**	**184 000**
Sum omløpsmidler		**17 800 000**	**13 059 000**
SUM EIENDELER		**271 541 000**	**266 982 000**
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	4, 5	50 981 000	47 595 000
Overkurs	4	188 483 000	176 226 000

Balanse

Beløp i: NOK	Note	2019	2018
Sum innskutt egenkapital		**239 464 000**	**223 821 000**
Sum egenkapital		**239 464 000**	**223 821 000**
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	8	18 000 000	18 000 000
Sum annen langsiktig gjeld		**18 000 000**	**18 000 000**
Sum langsiktig gjeld		**18 000 000**	**18 000 000**
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	8	8 394 000	9 331 000
Leverandørgjeld	6	2 155 000	1 192 000
Skyldige offentlige avgifter		0	319 000
Kortsiktig konserngjeld	6	3 512 000	13 057 000
Annen kortsiktig gjeld	6	16 000	1 262 000
Sum kortsiktig gjeld		**14 077 000**	**25 161 000**
Sum gjeld		**32 077 000**	**43 161 000**
SUM EGENKAPITAL OG GJELD		**271 541 000**	**266 982 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2019	2018
RESULTATREGNSKAP			
Inntekter			
Salgsinntekter	11, 18	488 621 000	367 289 000
Annen driftsinntekt	19	1 278 000	9 793 000
Sum inntekter		**489 899 000**	**377 082 000**
Kostnader			
Varekostnad		272 581 000	179 876 000
Lønnskostnad	21, 22	168 135 000	156 675 000
Avskrivning	7, 8, 24	31 749 000	15 152 000
Annen driftskostnad	21, 25	46 314 000	73 989 000
Sum kostnader		**518 779 000**	**425 692 000**
Driftsresultat		**-28 880 000**	**-48 610 000**
Finansinntekter og finanskostnader			
Annen renteinntekt	23	3 621 000	1 731 000
Andre agioeffekter	23	23 499 000	19 342 000
Sum finansinntekter		**27 120 000**	**21 073 000**
Annen rentekostnad	23	14 093 000	6 093 000
Andre agioeffelter	23	23 062 000	25 191 000
Sum finanskostnader		**37 155 000**	**31 284 000**
Netto finans		**-10 035 000**	**-10 211 000**
Ordinært resultat før skattekostnad		**-38 915 000**	**-58 821 000**
Skattekostnad på ordinært resultat	17	24 736 000	-8 230 000
Ordinært resultat etter skattekostnad		**-63 651 000**	**-50 591 000**
Årsresultat		**-63 651 000**	**-50 591 000**
Minoritetsinteresser			-1 940 000
Årsresultat etter minoritetsinteresser			**-48 651 000**

Konsernets resultatregnskap

Beløp i: NOK	Note	2019	2018
Omregningsdifferanser		985 000	2 368 000
Sum resultatkomponenter for IFRS-foretak		985 000	2 368 000
Totalresultat		**-62 666 000**	**-46 283 000**
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-62 666 000	-46 283 000
Sum overføringer og disponeringer		**-62 666 000**	**-46 283 000**

Konsernets balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Balanseført utvikling	8, 20	29 837 000	36 361 000
Andre immaterielle eiendeler	8	1 200 000	0
Utsatt skattefordel	17	6 941 000	29 140 000
Goodwill	8	209 728 000	209 731 000
Sum immaterielle eiendeler		**247 706 000**	**275 232 000**
Varige driftsmidler			
Bruksrett leieavtaler	24	84 216 000	
Tomter, bygninger og annen fast eiendom	7	1 845 000	1 867 000
Maskiner og anlegg		2 670 000	4 199 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	7	1 928 000	1 500 000
Sum varige driftsmidler		**90 659 000**	**7 566 000**
Sum anleggsmidler		**338 365 000**	**282 798 000**
Omløpsmidler			
Varer			
Varer	6	3 266 000	2 528 000
Sum varer		**3 266 000**	**2 528 000**
Fordringer			
Kundefordringer	9, 10	80 680 000	70 144 000
Utført, ikke fakturert arbeid	11	95 409 000	114 723 000
Andre fordringer	9, 10	19 775 000	11 994 000
Sum fordringer		**195 864 000**	**196 861 000**
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5, 9	14 459 000	20 053 000
Sum bankinnskudd, kontanter og lignende		**14 459 000**	**20 053 000**
Sum omløpsmidler		**213 589 000**	**219 442 000**
SUM EIENDELER		**551 954 000**	**502 240 000**

Konsernets balanse

Beløp i: NOK	Note	2019	2018
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	12	50 981 000	47 595 000
Overkurs		200 619 000	189 005 000
Sum innskutt egenkapital		**251 600 000**	**236 600 000**
Opptjent egenkapital			
Annen egenkapital		-158 160 000	-102 731 000
Minoritetsinteresser			8 474 000
Sum opptjent egenkapital		**-158 160 000**	**-94 257 000**
Sum egenkapital		**93 440 000**	**142 343 000**
Gjeld			
Langsiktig gjeld			
Utsatt skatt	17		3 095 000
Sum avsetninger for forpliktelser			**3 095 000**
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	9, 15, 16	62 000 000	62 000 000
Langsiktig leasing gjeld	24	70 346 000	
Sum annen langsiktig gjeld		**132 346 000**	**62 000 000**
Sum langsiktig gjeld		**132 346 000**	**65 095 000**
Kortsiktig gjeld			
Gjeld til kreditinstitusjoner	15, 16	8 394 000	10 393 000
Leverandørgjeld	14, 25	99 729 000	61 951 000
Skyldige offentlige avgifter		25 278 000	18 747 000
Forskudd fra kunder	11	34 260 000	49 817 000
Avsatte prosjektkostnader	11	110 740 000	117 151 000
Finansielle derivater	9		316 000
Kortsiktig leasing gjeld	24	15 391 000	
Annen kortsiktig gjeld	11, 14	32 376 000	36 427 000

Konsernets balanse

Beløp i: NOK	Note	2019	2018
Sum kortsiktig gjeld		**326 168 000**	**294 802 000**
Sum gjeld		**458 514 000**	**359 897 000**
SUM EGENKAPITAL OG GJELD		**551 954 000**	**502 240 000**

Skatteetaten

Vår dato 27.02.2019	Din/Deres dato 28.11.2018	Saksbehandler Torstein Kinden Helleland
800 80 000 Skatteetaten.no	Din/Deres referanse Bjørn Solem	Telefon 22078139
Org.nr 974761076	Vår referanse 2019/5190924	Postadresse Postboks 9200 Grønland 0134 OSLO

RAINPOWER HOLDING AS
Postboks 144
2027 KJELLER

Tillatelse til å utarbeide årsregnskap og årsberetning på engelsk språk for Rainpower Holding AS, org.nr. 996 968 480

Vi viser til deres brev av 28. november 2018 der det søkes om dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk for Rainpower Holding AS.

Skattedirektoratet gir på bakgrunn av en konkret vurdering Rainpower Holding AS dispensasjon fra kravet til å utarbeide årsregnskap og årsberetning på norsk språk, jf. regnskapsloven § 3-4 tredje ledd. Dispensasjonen gjelder så lenge opplysningene som vedtaket baserer seg på ikke endres vesentlig.

Kopi av dette brevet må sendes Regnskapsregisteret i Brønnøysund sammen med årsregnskapet. Det påligger den regnskapspliktige å dokumentere ved dette brev at tillatelsen er gitt.

Bakgrunn
Rainpower Holding AS er eid av tre selskaper. To av selskapene er utenlandske og eier tilsammen 33 % av aksjene. Selskapets virksomhet er engineering og prosjektledelse innen vannkraftbransjen. Selskapet er konsernspiss og har norske og utenlandske datterselskaper. Selskapet opererer i en bransje av sterk internasjonal karakter. Alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk. En norsk oversettelse vil kun ha til formål å oppfylle regnskapslovens språkkrav.

Skattedirektoratets vurdering
Etter regnskapsloven § 3-4 tredje ledd skal *"årsregnskapet og årsberetningen ... være på norsk. Departementet kan ved ... enkeltvedtak bestemme at årsregnskapet og/eller årsberetningen kan være på et annet språk."*

I Ot. prp. nr. 42 (1997-1998) Om lov om årsregnskap m.v., er det uttalt følgende om regnskapslovens formål, jf. pkt. 1.1:

> *"Regjeringen har som siktemål at regnskapsloven skal bidra til informative regnskaper for ulike grupper av regnskapsbrukere. Regnskapsbrukerne er dels investorer og kreditorer som tilfører kapital til foretakene, og dels andre grupper som har interesse av å vite hvordan foretaket drives, f.eks. de ansatte og lokalsamfunnet. Informasjonen til kapitalmarkedet skal gi grunnlag for riktig prising av finansielle objekter. Riktig prisdannelse på aksjer er en forutsetning for at ressursbruken i*

samfunnsøkonomien skal bli best mulig. Gode regnskaper vil også gjøre det vanskeligere for markedsdeltakere å ta ut spekulasjonsgevinster med basis i skjevt fordelt informasjon."

Det fremgår således at et av hovedformålene med regnskapsloven er å bidra til *"informative regnskaper for ulike grupper av regnskapsbrukere"*. Regnskapsbrukere vil omfatte, jf. uttalelsen i proposisjonen, blant andre investorer, kreditorer, ansatte og lokalsamfunnet.

Det er etter Skattedirektoratets vurdering derfor avgjørende ved vurdering av om dispensasjon fra kravet til å utarbeide årsregnskap og/eller årsberetning på norsk kan gis, at det ikke foreligger mulige brukere av regnskapsinformasjon som blir vesentlig berørt negativt ved en eventuell dispensasjon.

Det er særlig hensynet til brukerne av regnskapsinformasjon som skal vurderes ved en dispensasjonssøknad. I denne vurderingen har Skattedirektoratet lagt vekt på at selskapet er eid av tre selskaper, hvor to er utenlandske. Selskapet driver virksomhet i en internasjonal bransje og arbeidsspråket er engelsk. Videre er det vektlagt at alle sentrale aktører og samarbeidspartnere innen denne bransjen behersker og benytter engelsk.

Vennligst oppgi vår referanse ved henvendelse i saken.

Med hilsen

Henning Stokke
seniorrådgiver
Juridisk avdeling
Skattedirektoratet

Torstein Kinden Helleland

Dokumentet er elektronisk godkjent og har derfor ikke håndskrevne signaturer.

pwc

To the General Meeting of Rainpower Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rainpower Holding AS, which comprise:

- The financial statements of the parent company Rainpower Holding AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Rainpower Holding AS and its subsidiaries (the Group), which comprise the consolidated statement of financial positions as at 31 December 2019, consolidated statement of income, other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other 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 opinion.

PricewaterhouseCoopers AS, Dronning Eufemias gate 71, Postboks 748 Sentrum, NO-0106 Oslo
T: 02316, org. no.: 987 009 713 VAT, www.pwc.no
State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Material Uncertainty Related to Going Concern

We draw attention to Note 28 in the financial statements and the Board of Directors' report, which indicates that the group has significant liquidity risk and a need for refinancing and / or capital injection to ensure proper equity and liquidity going forward. This relationship and other circumstances described in the annual report and notes indicate that there is material uncertainty that may create doubts about the group's ability to continue operations. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 26 June 2020
PricewaterhouseCoopers AS

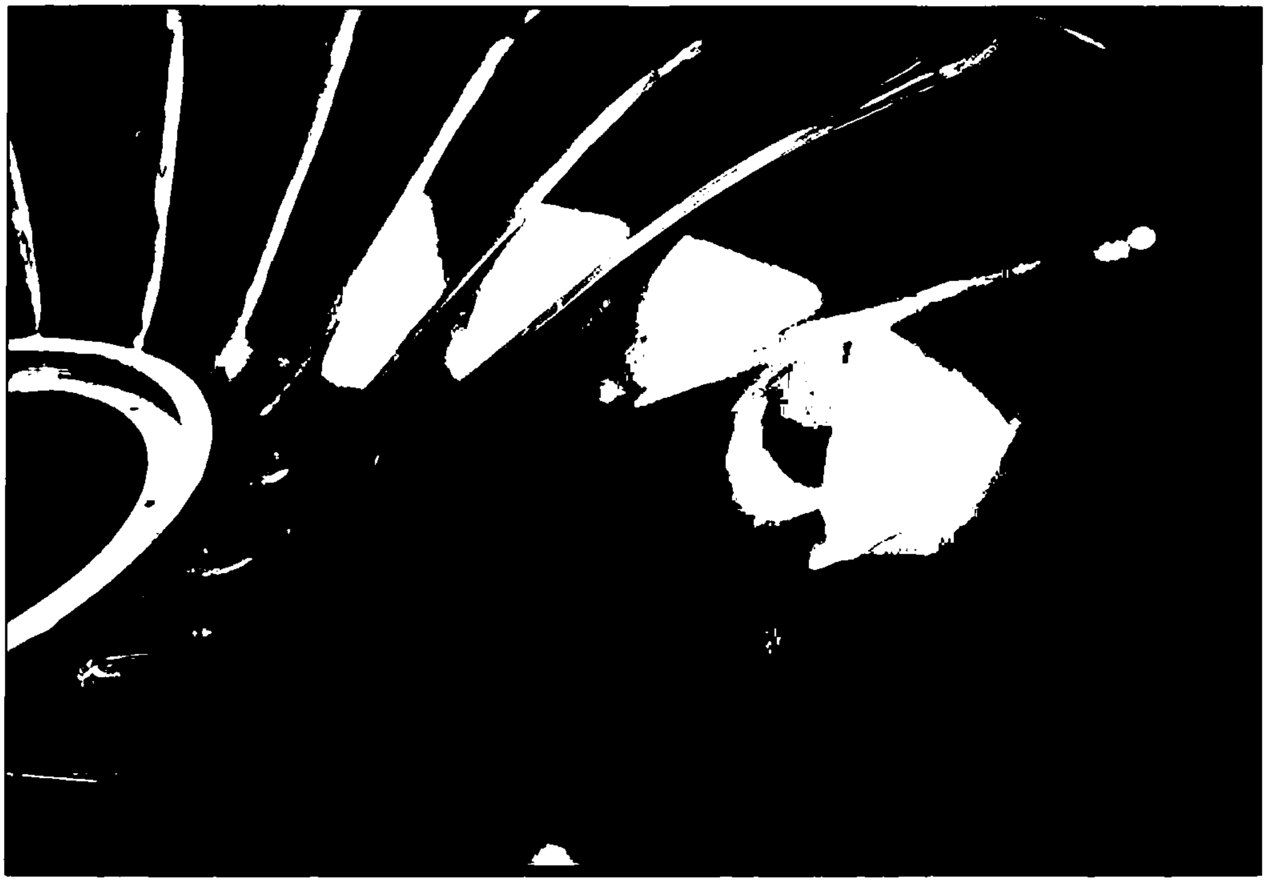
Vidar Lorentzen
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning RPH

Signers:

Name	*Method*	*Date*
Lorentzen, Vidar	BANKID_MOBILE	2020-06-29 22:00



Annual report 2019

RAINPOWER

Optimizes the value of sustainable hydropower energy

RAINPOWER HOLDING AS and RAINPOWER HOLDING GROUP REPORT FROM THE BOARD OF DIRECTORS 2019

Overview

Rainpower is a Norwegian company specialising in the development, production and delivery of hydropower turbines, control systems and associated equipment for clients and projects throughout the world. The company supplies equipment for new installations and performs upgrades of existing power plants. Rainpower has over 165 years of history dating back to 1853 when the Norwegian hydropower competence was developed in Kvaerner Brug.

The strategy is to focus on the company's core technology, products and services, maintain a strong home market and grow the international business through selected customers and locations. As part of this, we will strengthen our Sales and Project Management capacity plus Systems Engineering capacity to handle complete El-Mech and Control Systems for medium /large size hydro power systems.

Rainpower's business model is based on three main pillars:

- Development of proprietary technology for turbines, valves and control systems
- Maintaining the company's strong market position and client base in Norway
- Utilising the Sørumsand Workshop as a base for service and skills development

Technology provides the platform for Rainpower's competitive advantages. The company's core products are defined as turbines, control systems and valves. Further technological development will be carried out based on market needs, including development plans for all core products.

Rainpower's market strategy is based on offering an end-to-end range of products and services to its clients in Norway, and offering selected projects internationally where we enjoy a competitive advantage. The market for hydropower turbines is international and strongly correlated with the economic cycles in the power industry. The Norwegian and European energy market is mature and characterized by limited investments. In emerging economies outside of Europe, opportunities and a basis for growth still exist.

Business and organization

The Rainpower Group comprises ten companies in seven countries. The Group is headquartered at Kjeller, has production facilities at Sørumsand and a turbine laboratory in Trondheim. The departments responsible for sales, design work and engineering services are located at Kjeller and in Oslo. Service activities are located at Sørumsand, which is also the base for upgrading activities. Control system activities are performed by Hymatek Controls, which is headquartered at Bryn in Oslo. The Group has an engineering and purchasing company in Hangzhou, China, and sales and project company in Kristinehamn (Sweden).

During 2019 the minority share of 40% in Rainpower Hangzhou has been acquired, making Rainpower the sole owner of Rainpower Hangzhou.

Rainpower's employees boast unique expertise in turbine technology. Employees have been involved in some of the world's largest and most prestigious projects, and they have contributed to the development of new generations of hydropower turbines for plants throughout the world.

During 2019 Vidar Borhaug has been appointed as Rainpower's new CEO, joining the company in February.

Market Outlook

Rainpower's financial performance depends fully on activity in the hydropower market. Rainpower is pursuing international growth in targeted markets while safeguarding its existing market positions. The market for hydropower globally is expected to continue to grow going forward as the focus on renewable power sources increases. Hydropower has an advantage in its capacity to store water for later energy production.

Rainpower's tendering activity is high, both in the domestic and international market, especially in Europe and Africa. The company progressed in the growing international market, with significant awards in Bolivia and Tanzania.

Financial Performance

Rainpower presents its consolidated financial statements in accordance with regulation on simplified application of international financial reporting standards, set by Fin.dept January 21, 2008 (Simplified IFRS). The regulations can be used by all accountable persons, both company accounts and consolidated accounts, unless they are required to apply International Financial Reporting Standards (full IFRS) as adopted by the EU.

Rainpower Holding AS presents the Parent company Financial Statement in accordance with Norwegian Accounting Act as of 31 December 2017 and generally accepted accounting principles. Consolidated Financial Results

Rainpower's revenue increased to NOK 489.9 million in 2019 from NOK 377.1 million in prior year. Earnings before interests, depreciations and taxes (EBITDA) amounted to NOK 2.9 million compared with NOK -33.5 million in 2018. The numbers for 2019 include effects of IFRS 16 and comparative figures have not been re-stated. The group saw increased activity level throughout 2019 which is the main reason for the improved earnings compared to previous year. The combination of further increase in activity, increased efficiency in operations and cost effective initiatives will contribute to improved earnings going forward.

Depreciation & amortization in 2019 totalled NOK 31.7 million (2018: NOK 15.2). 2019 numbers include IFRS 16 effects of NOK 18.7 million. EBIT was NOK -28.9 million in 2019, compared with NOK -48.6 million in 2018.

Net financial items was NOK -10.0 in 2019 (2018: NOK -10.2 million). 2019 numbers includes IFRS 16 effects of NOK 3.6 million. The loss after tax was NOK 30.6 million compared with NOK 50.6 million in 2018.

The book value of equity was NOK 93.4 million at the end of 2019, compared with NOK 142.3 million at the end of 2018. The equity ratio was 16.9 percent of the total balance sheet, down from 28.3 percent a year earlier.

The financial statements for the year ending 2019 reflect a partly write down of the Company's deferred tax assets related to tax loss carried forward, given the uncertainty to the company's ability to fully utilize the tax assets within a reasonable short-time period, 5-7 years.

Cash flow

Consolidated cash flow from operating activities depends on a number of factors, including progress on and delivery of projects, changes in working capital and prepayments from customers. Net cash from operating activities was NOK 3.8 million in 2019 compared with NOK -25,9 million in 2018. Net current operating assets were negative NOK 112.6 million at the end of 2019 compared with negative NOK 75.4 million in 2018. Working capital may fluctuate considerably due to large milestone payments on projects, which is the main reason for the difference between cash flow from operations and EBITDA in 2019.

Net cash flow from investing activities totalled NOK -10.3 million, compared with NOK -10.0 million in 2018. Investment in technology development and IT were NOK 6.1 million, compared with NOK 7.8 million a year earlier. Cash flow from financing activities totalled NOK 17.2 million in 2019 (2018: NOK 7.7 million).

Parent Company Financial Statements

Rainpower Holding AS, the parent company of the Rainpower Group, owns and manage the group's subsidiaries. Rainpower Holding AS has outsourced all company functions to other companies in the group, mainly Rainpower Norge AS. Rainpower Holding AS had a net profit of NOK 0.9 million in 2019, compared with a net loss of NOK 6.4 million in 2018, mainly consisting of corporate costs and interest expenses.

Going concern assumption

The full-year order intake was NOK 588 million in 2019, up from NOK 399 million in the prior year. This proves that both domestic and international customers are optimistic about the future, trusting Rainpower to supply our specialized Hydro Power technology. Constant environmental efforts on clean energy will over time give positive market conditions for hydro power plants. The increased optimism with both energy producers and the supplier industry is supporting the belief in estimates and the group's strategy and ambitions.

The order backlog was NOK 623 million at the end of 2019 versus NOK 472 million in 2018. The order backlog provides security for sufficient activity level through 2020 and lays a good foundation for further growth in accordance with the company's strategy going forward.

Subsequent to 31.12.2019 the financial performance for the group is adversely affected by the extraordinary situation caused by Covid 19. At this stage it is hard to quantify the lasting impact of COVID-19 for Rainpower. Continued travel restrictions and a slowing world economy will inevitably affect our order intake, operations, project executions and financial performance in various ways. Currently, most of Rainpower's projects are fully operational, despite some projects which have been postponed by our clients.

In general the tender activity in 2020 has been as expected but we have experienced that the final investment decision are being delayed. This has resulted in a lower order intake as of May 2020 (NOK 60 million less) than budget. The covid-19 outbreak has affected most of our projects and have caused delay in deliveries, cost increase and reduced margin in 2020. The financial ambitions for 2020 has been adjusted accordingly to reflect the extraordinary situation.

As a result of the Covid-19 impact, the company has in 2020 applied for and been awarded a state guaranteed loan of NOK 50 million to secure the liquidity situation and secure the business going forward. The loan will be paid in four withdraws during 2020. As of June 22 NOK 30 million has been received. The loan has no amortization the first year, until April 2021 and will be repaid on a quarterly basis until the maturity date January 2023. In addition, the company has renegotiated and renewed its NOK loan of NOK 62 million. The loan matures March 31st 2021. The loans are subject to financial covenants in 2020.

At the end of the year, the Group's available liquidity, including unutilised drawdown rights, amounted to NOK 45 million. Based on contracted orders on hand, agreed renewed terms with the bank and issuance of a new loan, the liquidity situation is expected to be sufficient throughout the year. The state guaranteed loan of NOK 50 million received in 2020 is considered sufficient to secure the liquidity situation throughout 2020. The available, unutilised guarantee limit at the end of the year was NOK 103 million and is expected to be sufficient to cover the expected incoming orders.

The company will continue its work to strengthen its monitoring of projects, costs and liquidity. The Board of Rainpower Holding AS has initiated and started a process, in dialogue and collaboration with SEB Corporate Finance, to strengthen the Group's financial balance and financial situation. Independent of the conclusion of this process, positive or negative conclusion, Rainpower and SEB will mutually agree the common next steps for Rainpower Group. The outcome of these processes is an important prerequisite for the company's ability to continue with the established strategy.

In the current business environment, several events and conditions have been identified that serve as significant risk factors for the company;

- Further development and impact of the COVID 19 situation, impacting;
    - Timing of new order intake
    - Potential delays and cost increase of existing backlog
    - Supply chain predictability

- Liquidity situation and outcome of the ongoing process to improve the company's financial situation

Management and the Board of Directors have initiated several actions to mitigate the uncertainty of going concern, including

- Improved the short-term liquidity situation by Covid-19 loan
- Increased monitoring of the liquidity and mitigation actions to reduce the liquidity risk.
- Initiated a process to strengthen the financial situation by a capital injection during 2020
- Cost saving initiatives

All of the above risk elements are being addressed in detail by the management.

Based on an overall assessment of risk factors and the measures implemented and planned, the Board has concluded that the going concern assumption can be applied in accordance with section 3-3a of the Norwegian Accounting Act, and the annual financial statements have been prepared on this basis.

Risk factors and risk management

Rainpower Holding AS and the individual companies in the Group are exposed to various forms of risk of a market-related, operational and financial nature. The Group and its operating companies are also exposed to regulatory risk factors and political risk. Political decisions concerning the climate and the environment are examples of such risk. The development of the power prices is one of the most important market-related factors. Rainpower's clients mainly come from the hydropower sector, which means that the company is affected by developments in this industry.

The Board of Directors focuses on ensuring systematic and focused management of risk in all parts of the business and considers this to be a prerequisite for long-term value creation for the owner and job security for the company's employees. Rainpower works actively on management of risk in all of its business areas, and regular risk assessments are performed, in which the most important risk factors are highlighted and evaluated.

Operational risk

A major portion of Rainpower's business relates to the implementation of individual projects. The complexity, size, duration and risk of the projects vary. Consequently, in order to achieve good results, it is critical that project risk is analysed at the tender stage and managed in a systematic and professional manner during the implementation phase. The consolidated balance sheet includes assets and liabilities relating to ongoing projects. Some items contain estimate uncertainty, for which the Group's management and project managers have exercised judgement based on given prerequisites. The accounting treatment as at 31 December 2019 is based on our best estimate.

Over the course of a project, situations or changes may arise that may entail a change in the estimates, which will thus impact the Group's assets, liabilities, equity and results. The Group has routines and systems for risk assessment for projects, from the tender phase through to completion. Projects are reviewed and evaluated each month in order to limit undesired financial consequences by means of corrective measures and to obtain up-to-date and realistic estimates for the projects at all times. The group also focuses on leveraging the opportunities offered by the projects. Continuous improvement work is carried out in the implementation of these procedures.

Rainpower utilizes both reimbursable and fixed-price contracts. Contracts that include fixed prices for all or parts of the deliverables are subject to the risk of potential cost overruns. Rainpower is involved in projects that are both demanding and complex in nature, with significant design and engineering requirements, as well as extensive procurement and manufacturing of equipment, sourcing supplies and construction management. In certain situations the projects may also require the development of innovative new technology and solutions. These can impact upon the company's ability to deliver on time and in accordance with a contract, potentially harming Rainpower's reputation, performance and finances.

The Group's future operations depend on the Group's employees possessing the qualities and expertise required to ensure that deliveries are made in accordance with contractual obligations. Important elements in this connection include satisfying clients' requirements for service, technology and efficiency. In recent years, the company has endeavoured to reduce this risk by, for example, not making commitments in contracts with low potential earnings relative to contract terms with high economic risk.

Financial risk

The objective of financial risk management is to manage exposure from financial risks to increase predictability of earnings and minimize potential adverse effects on financial performance.

Rainpower operates in a number of countries. The contracts are primarily denominated in NOK, SEK, EUR and USD. Foreign exchange fluctuations could impact earnings in NOK for foreign projects. The group endeavours to ensure that purchases and sales within each project are made in the same currency, which will reduce the risk associated with exchange rate fluctuations. The Group also has a multi-currency corporate cash-pooling scheme, which helps to equalise foreign exchange risk. Due to the weakening of the Norwegian krone, the Group is facing increased prices from suppliers outside Norway. Price increases from our suppliers abroad can only partially be transferred to our customers and imply reduced profitability for the group.

The Group's credit risk is deemed to be low due to established client relations and pledged guarantees. The interest-bearing liabilities are subject to variable interest rates, and any change in interest rates would affect net interest expenses/income. The liquidity reserves, comprising the loan facility and cash and cash equivalents, are monitored on an ongoing basis by reference to the expected cash flow. Reference is made to Note 16 to the consolidated financial statements for further information on the loan terms. Major Norwegian clients are not subject to credit checks on entering into contracts. Credit checks are performed on smaller clients and new clients using Dun & Bradstreet's credit rating system.

Health, Safety, Security and Environment

Employees

At the end of 2019, the Rainpower Group had 203 employees. Of these employees, 167 were employed in Norway and 36 were employed at the company's offices abroad.

Around half of the technical employees are engineers, engineers with MScs or engineers with PhDs. Almost all of the operatives at the workshop are skilled workers within the areas of metal work, welding, NDT and machining. Other employees work in finance, administration and technical functions.

Health, safety and the environment

Rainpower operates a health, safety and environment (HSE) policy based on ISO 14001:2004 and OHSAS 18001 adapted to the local working conditions. The company's workshop in Sørumsand is certified to the same standards. A handbook has been produced combining quality assurance and health, safety and the environment on the grounds that it is not possible to achieve effective quality assurance without good working conditions and a sound environment.

The group has the following objectives for its work on health and safety:

- Zero tolerance for injuries
- Together with the employees, management strives to avoid risk and injuries/damage

Key environmental objectives

- To deliver environmentally friendly products and services to our clients
- To comply with all legislation and regulations applicable to our operations
- To avoid all damage to natural resources
- To secure efficient utilisation of the resources at the company's production facilities and installation locations
- To focus on preventative measures and continual improvement in our work on nature conservation

All health, safety and environmental procedures are audited and reviewed every two years, and contingency exercises are implemented at regular intervals. Undesired incidents, personal injuries and damage to the environment are reported, and the reports are reviewed by the management group.

The Board of Directors has not received reports of any incidents of pollution of the external environment. The Group has procedures to secure compliance with applicable emission allowances. Rainpower has valid EE agreements for recycling schemes relating to the import of electrical components. Rainpower Sørumsand Workshop is certified to the ISO 14001 standard and attaches a high priority to the external environment. The workshop area has been thoroughly investigated and no material pollution was identified.

The Rainpower Group continually strives to improve its HSE performance. Significant importance is attached to the risk assessment of work assignments and facilities. Two lost-time injury was recorded in 2019 (2018: one lost-time injury). The Group accords a high priority to following up sickness absence. Overall sickness absence in the Group in 2019 amounted to 1.9 percent, down from 2.1 percent in 2018. The Group's short-term absence (1–16 days) amounted to 0.5 percent, while long-term absence (more than 16 days) comprised 1.4 percent. Employee health and safety are among the most important factors for well-being, profitability and competitiveness. Consequently, Rainpower has drawn up plans and objectives for its HSE work intended to make the Group the industry-leader in this field. Regular audits are carried out and there is high HSE awareness among all employees

Gender equality

At the end of 2019, 11.3 percent of the Group's workforce were women (2018: 10.4 percent). As at 31 December 2019, one woman served on the Board of Directors. In 2019, the Board of Directors continued its active endeavours to increase the percentage of women in the company through recruitment and promotion. There is no discrimination between female and male employees in any context. The business facilitates an equitable salary policy, where no positive or negative discrimination takes place.

Subsequent events

The spread of the COVID-19 virus caused global disruption, with negative consequences both for human health and economic activity. As of June 2020, we have not yet seen the end of, and therefore not yet the full extent of the Covid-19 outbreak.

Our office in Hangzhou and our suppliers in China were affected by the lockdown in China in February. In Norway and Europe the Covid-19 escalated in March. Measures and recommendations from local government have affected the activity in Rainpower and our suppliers from February and onwards. At the date of this report Rainpower and our suppliers have returned to productions.

From a financial reporting perspective, the COVID-19 pandemic and the market uncertainty has adversely affected the financial performance of the company.

The Board of Directors of Rainpower Holding AS, June 22th 2020

Bjarte Røyrvik Chairman	**Morten Hassum** Board member	**Jing Chen** Board member
Henning Jørnsen Board member	**Vidar Borhaug** CEO	

CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

Consolidated statement for the year ended December 31

NOK 1,000	NOTE	2019	2018
CONSOLIDATED STATEMENT OF INCOME			
Sales revenues	11,18	488 621	367 289
Other operating revenue	19	1 278	9 793
Total operating revenue		**489 899**	**377 081**
Cost of sales		272 581	179 876
Employee benefit expenses	21,22	168 135	156 675
Depreciation and amortization	7,8,24	31 749	15 152
Other operating expenses	21,25	46 314	73 988
Total operating expenses		**518 780**	**425 692**
Operating profit		**-28 881**	**-48 610**
Financial income	23	27 120	21 073
Financial expenses	23	-37 155	-31 285
Net financial items		**-10 035**	**-10 211**
Profit before taxes		**-38 915**	**-58 821**
Income tax expenses	17	-24 736	8 230
Profit for the period		**-63 651**	**-50 591**
Shareholders of Rainpower Holding AS		-63 651	-48 651
Non-controlling interests		-	-1 940

The accompanying notes are an integral part of the consolidated financial statements.

Other Comprehensive Income (OCI)

Consolidated statement for the year ended December 31

NOK 1,000	NOTE	31.12.2019	31.12.2018
OTHER COMPREHENSIVE INCOME			
Profit for the period		-63 651	-50 591
Translation differences			
(can be reclassified to traditional income statement)		985	2 201
Total comprehensive income for the year		**-62 666**	**-48 390**
Shareholders of Rainpower Holding AS		-62 666	-46 283
Non-controlling interests		-	-2 107

The accompanying notes are an integral part of the consolidated financial statements.

Financial Positions

Consolidated statement for the year ended December 31

NOK 1,000	NOTE	31.12.2019	31.12.2018
Non-current assets			
Research and development	8,20	29 837	36 361
Other intangible assets	8	1 200	-
Deferred tax assets	17	6 941	29 140
Goodwill	8	209 728	209 731
Right-of-use assets	24	84 216	-
Property, plant and equipment	7	6 443	7 566
Total non-current assets		**338 365**	**282 798**
Current assets			
Inventories	6	3 266	2 528
Customer contract assets	11	95 409	114 723
Trade receivables	9,10	80 680	70 144
Other receivables	9,10	19 775	11 994
Cash and cash equivalents	5,9	14 459	20 053
Total current assets		**213 589**	**219 443**
TOTAL ASSETS		**551 954**	**502 240**

The accompanying notes are an integral part of the consolidated financial statements.

NOK 1,000	NOTE	31.12.2019	31.12.2018
Equity attributable to the company's shareholders			
Share capital	12	50 981	47 595
Share premium account		200 619	189 005
Retained earnings		-158 160	-102 731
Non-controlling interests		-	8 474
Total equity		**93 440**	**142 343**
Non-current liabilities			
Deferred tax liabilities	17	-	3 095
Non-current borowings	9,15,16	62 000	62 000
Non-current lease liabilities	24	70 346	-
Total non-current liabilities		**132 346**	**65 095**
Current liabilities			
Current borrowings	15,16	6 394	10 393
Trade payables	14,25	99 729	61 951
Accrued public duties		25 278	18 747
Prepayments from customers	11	34 260	49 817
Customer contract liabilities	11	110 740	117 151
Derivative financial instruments	9	-	316
Current lease liabilities	24	15 391	-
Other current liabilities	11,14	32 377	36 426
Total current liabilities		**325 169**	**294 802**
Total liabilities		**458 514**	**359 897**
TOTAL EQUITY AND LIABILITIES		**551 954**	**502 240**

The accompanying notes are an integral part of the consolidated financial statements.

The Board of Directors of Rainpower Holding AS, June 22[th] 2020

Morten Hassum

Bjarte Røyrvik
Chairman

Morten Hassum
Board member

Jing Chen
Board member

Henning Jensen
Board member

Vidar Borhaug

Vidar Borhaug
CEO

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Rainpower Holding Consolidated financial statements 2019

Equity
Consolidated statement of changes in equity

NOK 1,000	NOTE	Share capital	Share premium	Retained earnings	Non-controlling interests	Total equity
At 1 January 2018		**45 900**	**183 200**	**-56 448**	**15 497**	**188 149**
Profit/loss for the period				-48 651	-1 940	-50 591
Translation differences				2 368	-167	2 201
Trans. with owners (share cap issue)		1 695	5 805			7 500
Dividend paid		-			-4 916	-4 916
Balance at 31. December 2018	12	**47 595**	**189 005**	**-102 731**	**8 474**	**142 343**
At 1 January 2019		**47 595**	**189 005**	**-102 731**	**8 474**	**142 343**
Profit/loss for the period				-63 651		-63 651
Translation differences				985		985
Trans. with owners (share cap issue)		3 386	11 614			15 000
Purchase of shares from minorities				7 238	-8 474	-1 236
Balance at 31. December 2019	12	**50 981**	**200 619**	**-158 160**	**-**	**93 440**

The accompanying notes are an integral part of the consolidated financial statements.

Cashflow

Consolidated statement for the year ended December 31

NOK 1,000	NOTE	2019	2018
Cash flow from operating activities			
Profit before income tax		-38 915	-58 821
Depreciation and amortization	7,8,24	31 749	15 152
Taxes paid	17	-4 708	-760
Change in inventories	6	-738	-204
Net change in costumer contract assets and liabilities	11	12 903	-3 155
Change in trade and other receivables	10	-18 317	4 245
Change in accounts payable and other current payables	14	21 727	18 423
Translation differences		985	2 336
Other accruals and prepayments		-878	-1 956
Net cash generated from operating activities		**3 808**	**-24 740**
Cash flows from investing activities			
Acquisition of property, plant and equipment	7	-4 166	-2 262
Proceeds from sale of property, plant and equipment	7	-	62
Purchase of intangible assets	8	-1 263	-
Payments for capitalized development	8	-4 844	-8 933
Net cash used in investing activities		**-10 274**	**-11 133**
Cash flows from financing activities			
Net change in overdraft facilities	15	-1 062	-1 096
Proceeds from borrowings		-	18 315
Repayments of non-current borrowings	15	-984	-12 106
Payment of lease liabilities	24	-10 846	-
Proceeds from issue of shares		15 000	7 500
Dividends paid, purchase of shares from non-controlling interests		-1 236	-4 916
Net cash used in financing activities		**873**	**7 697**
Net change in cash and cash equivalents		**-5 593**	**-28 176**
Cash and cash equivalents at the beginning of the period		20 052	48 228
Net change in cash and cash equivalents		-5 593	-28 176
Cash and cash equivalents at end of the period		**14 459**	**20 052**
Available overdraft facilities		30 000	28 938

The accompanying notes are an integral part of the consolidated financial statements.

Notes to the consolidated financial statements

Note 1 General information

Rainpower Holding AS (the company) and its subsidiaries (the Group) are a technology, engineering and production enterprise that delivers multidisciplinary products and services, and performs project management, procurement, engineering, manufacturing, surface treatment, assembly and testing in the hydropower market segment. The Group has modern production facilities located in Sørumsand, a hydropower laboratory in Trondheim, and engineering offices in Kjeller and Bryn in Oslo. The Group has also established operations in China, Turkey, Canada, Switzerland, Mozambique and Sweden.

The company is a limited liability company registered and domiciled in Norway with its head office at Instituttveien 8 in Kjeller. The company was founded on 16 May 2011. The company is controlled by Ard Group AS.

Note 2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are described below. These principles have been applied identically to all the periods that are presented, unless otherwise stated in the description.

2.1 Basis of preparation

Rainpower Holding AS's consolidated financial statements have been prepared in accordance with regulation on simplified application of international financial reporting standards, set by Fin.dept January 21, 2008 (Simplified IFRS). The regulations can be used by all accountable persons, both company accounts and consolidated accounts, unless they are required to apply International Financial Reporting Standards (full IFRS) as adopted by the EU.

Recognition and measurement mainly follow international accounting standards (IFRS) and presentation and note information are in accordance with Norwegian Accounting Act as of 31 December 2017 and generally accepted accounting principles.

The preparation of financial statements in accordance with IFRSs requires the use of estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Areas that make extensive use of judgements or involve a high degree of complexity, or areas where assumptions and estimates are material to the consolidated financial statements, are described in Note 4.

In 2019, the company has made a change in principle from full IFRS, as adopted by the EU, to simplified IFRS, with effect from January 1. The same accounting policies are continued, with the exception of IFRS 16, which is discussed below.

Changes in accounting policies and disclosures:

New and amended standards implemented by the Group

1) IFRS 16 Leases *(mandatory as of 1 January 2019)*

The new standard IFRS 16 Leases replaced IAS 17 Leases and the associated interpretations. IFRS 16 introduces a single model that entails the recognition of all leases in the balance sheet, with optional exceptions for short-term leases for low-value assets. A lessee recognises a right of use for the underlying asset and a lease liability that represents the liability to make lease payments. The Group has performer an assessment of the impact on the consolidated financial statements and the following main effects were identified:

- New assets and liabilities are recognised in the balance sheet for operating leases in which the Group is the lessee. In addition, the classification of costs related to these leases changed, as the linear operating lease costs were replaced by the depreciation of lease assets, as well as interest expenses for the lease liabilities under IFRS 16.

- Cash flows from operating activities increases and cash flows from investing activities and financing activities reduces, since lease payments are no longer regarded as cash flows from operating activities.
- The Group sees a significant impact on capital ratios and EBITDA-margin levels (See Note 25)

The group has elected to apply the modified retrospective method to the transition to IFRS 16. This means that the comparative figures for 2018 were not revised. The right of use is measured at the same value as the lease liability and the entire effect was taken to the opening balance in 2019.

2.2 Consolidation principles

(a) Subsidiaries

The consolidated financial statements include the parent company Rainpower Holding AS and its subsidiaries. Subsidiaries are all entities (including structured entities) over which the Group exercises control. Control over an entity arises when the Group is exposed to variability in the return from the entity and has the ability to impact this return by virtue of its influence over the entity. Subsidiaries are consolidated from the day control arises and deconsolidated when control ceases.

Business combinations are recognised using the acquisition method. The consideration contributed is measured as the fair value of the assets transferred, liabilities that are assumed and issued equity capital instruments. The fair value of all the assets or liabilities resulting from contingent consideration agreements is included in the consideration. Costs relating to business combinations are expensed as incurred. Identifiable assets and liabilities are recognised at their fair value at the date of acquisition. Non-controlling interests in the acquired enterprise are measured from time to time, either at fair value or their share of the acquired enterprise's net assets.

If the amount of the consideration, the book value of non-controlling interests and the fair value on the date of acquisition of previous equity interests exceeds the fair value of the identifiable net assets of the acquired company, the difference is recognised in the balance sheet as goodwill, see Note 2.5. If the sum is less than the company's net assets, the difference is recognised in income immediately.

Intragroup transactions, intercompany balances and unrealised intragroup profits and losses are eliminated. If necessary, the subsidiaries' financial statements are restated to achieve consistency with the Group's accounting policies.

(b) Transactions and non-controlling interests

Transactions with non-controlling interests in subsidiaries are treated as equity transactions. When shares are purchased from non-controlling interests, the difference between the consideration and the proportionate percentage of net assets recognised in the subsidiary's balance sheet relating to such shares is recognised in the parent company's owners' equity. Gains or losses on disposals to non-controlling interests are similarly recognised in equity.

When the Group no longer has control, any residual ownership interest is measured at fair value with changes in value being recognised through profit or loss. Thereafter the fair value is deemed to equate to cost, and the interest is valued either as an investment in associates or joint ventures or as a financial asset. Amounts previously recognised in other comprehensive income relating to this company are treated as if the Group had disposed of the underlying assets and liabilities. This could mean that amounts that were previously recognised in other comprehensive income are reclassified through profit or loss.

(c) Investments in associates

An associate is an enterprise over which the Group exerts significant influence and which is neither a subsidiary nor part of a joint venture. Significant influence entails the ability to participate in the enterprise's financial and operating decisions, though neither control nor joint control over these decisions. Significant influence is generally deemed to exist when the company owns between 20 per cent and 50 per cent of the voting rights.

The profit/loss and assets and liabilities of associates are recognised in the consolidated financial statements in accordance with the equity method. Under the equity method, investments in associates are recognised at cost in the consolidated financial statements and subsequently adjusted to include the Group's share of the profit/loss and other income in the associate. When the Group's share of losses in an associate exceeds the Group's shareholding in the company, the Group will no longer recognise its share of further losses. Losses in excess of the investment are only recognised to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Goodwill is recognised if the cost exceeds the Group's share of the fair value of the net identifiable assets, liabilities and contingent liabilities in an associate at the acquisition date, and is included in the carrying amount of the investment. If the Group's share of the fair value of net identifiable assets, liabilities and contingent liabilities exceeds cost, this shall, following revaluation, be immediately recognised in the income statement.

The requirements of IAS 36 are applied to determine whether any impairment of the Group's investment in the associate should be recognised. When such is necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment, as a single asset, in accordance with IAS 36 Impairment of Assets, by comparing the recoverable amount (the higher of the value in use and the fair value less costs to sell) with the carrying amount in the balance sheet. Any impairment is deducted from the carrying amount of the investment. Any reversals of impairments are recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

Gains and losses resulting from transactions between Group companies and associates are only recognised in the consolidated financial statements for the share that does not relate to the shareholding in the associate.

Accounting policies in associates are amended where necessary to ensure consistency with the policies applied by the Group.

The share of profit/loss and gains (losses) from associates are presented as part of the operating result as this is deemed to constitute an integral part of the Group's activities.

2.3 Foreign currency translation

(a) Functional currency and presentation currency

The Group's single-entity financial statements are measured in the currency of the primary economic environment in which the entity operates (functional currency). The consolidated financial statements are presented in NOK, which represents both the parent company's functional currency and presentation currency.

(b) Transactions and balance sheet items

Foreign currency transactions are translated into the functional currency using the exchange rates in force at the transaction date. Foreign exchange gains and losses that arise from the payment of such transactions and the translation of monetary items (assets and liabilities) in foreign currencies at the rates in effect at the balance sheet date are recognised in income. The company has decided that recognising these items in operating profit reduces the comparability of the comparative figures and the quality of information on operations and has thus chosen to recognise all these items as financial items. Norges Bank's rates are used to translate foreign currency. These items are included in financial income/expenses and disclosed separately in the finance note (Note 24).

Foreign exchange gains and losses that relate to new borrowings and cash and cash equivalents are presented in the income statement as financial income and financial expenses.

(c) Group companies

The income statement and balance sheet of all group entities (none of which are subject to hyperinflation) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) The balance sheet is translated using the closing rate at the balance sheet date.
(ii) The income statement is translated at the average exchange rate (if the average rate does not provide a reasonable estimate of the cumulative effects of using the transaction rate, the transaction rate is used).
(iii) Translation differences are recognised in other comprehensive income and disclosed separately.

2.4 Property, plant and equipment

The Group owns buildings in the form of moveable plastic halls. Property, plant and equipment mainly comprises a laboratory, manufacturing machinery and IT equipment. These items are recognised at cost less depreciation. The acquisition cost includes costs that are directly attributable to the acquisition of the operating asset.

Subsequent expenditure is added to the carrying amount of the operating asset or recognised separately in the balance sheet, when it is probable that the future economic benefits relating to the expenditure will flow to the Group, and the expenditure can be reliably measured. Amounts relating to replaced parts are recognised in income. Other repair and maintenance expenses are recognised in income in the period in which the expenses are incurred.

Depreciation on other operating assets is calculated using the straight-line method so as to write down their cost to residual value over their estimated useful economic lives, as follows:

- Buildings 10 years
- Machinery and equipment 10–15 years
- Operating equipment, fixtures, tools, office machines 3–8 years

The useful economic life of property, plant and equipment and the residual value are reviewed at each balance sheet date and adjusted as required.

If an operating asset's carrying amount is greater than its estimated recoverable amount, it is written down to the recoverable amount (Note 2.6).

Gains and losses on disposals are recognised on a net basis under other income and represent the difference between the sales price and the carrying amount.

2.5 Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets of the acquired business at the date of acquisition. Goodwill arising on the acquisition of subsidiaries is classified as an intangible asset. Goodwill is tested annually for impairment and recognised at cost less accumulated impairments. Impairments of goodwill are not reversed. Gains or losses on the disposal of an entity include the book value of goodwill relating to the divested entity.

For subsequent testing of the need to write down goodwill, this will be allocated to the relevant cash-generating units. This allocation is made to the cash-generating units or groups of cash-generating units that are expected to benefit from the acquisition in which goodwill arose. Each subsidiary in the Group is defined as a cash-generating unit.

(b) Licences

Separately acquired brands and licences are recognised at the historical acquisition cost. Brands and licences that are acquired in a business combination are recognised in the balance sheet at fair value at the acquisition date. Brands and licences have a limited useful economic life and are recognised in the balance sheet at cost less accumulated amortisation. Brands and licences are amortised on a straight-line basis over their expected useful economic lives (10 to 15 years).

Acquired software licences are recognised in the balance sheet at the cost of the specific software (including expenses of preparing the software for operation). These costs are amortised over their expected useful economic lives (3 to 5 years).

(c) Capitalised development costs

Costs of developing general technology are expensed as they arise. Development costs that are directly attributable to the design and testing of an identifiable and unique technology that is controlled by the Group are recognised in the balance sheet as an intangible asset when the following criteria are met:

(i) the technical conditions for completing the intangible asset so as to make it available for use or sale;
(ii) the enterprise intends to complete the intangible asset and take it into use or sell it;
(iii) the enterprise is able to take into use or sell the intangible asset;
(iv) the intangible asset is likely to generate future economic benefits; the enterprise shall be able to demonstrate that a market exists for the products derived from the intangible asset or the intangible asset itself, or if it will be used internally, the utility of the intangible asset;
(v) availability of sufficient technical, financial and other resources to complete the development of and to take into use or sell the intangible asset;
(vi) the enterprise's ability to reliably measure the expenses that are attributable to the intangible asset while it is under development.

Expenses recognised in the balance sheet are amortised using the straight-line method over the expected useful economic life (10 years).

(d) Software

Software maintenance costs are expensed as they arise. Development costs directly attributable to the design and testing of identifiable and unique software that is controlled by the Group are recognised in the balance sheet as an intangible asset when the following criteria are met:

(i) it is technically feasible to complete the development of the software so that it is available for use;
(ii) management intends to complete the development of the software and take it into use or sell it;
(iii) the software can be used or sold;
(iv) it can be demonstrated that the software will generate probable future economic benefits;
(v) adequate technical, financial and other resources are available to complete the development and take into use or sell the software; and
(vi) the costs can be reliably measured.

Directly attributable expenses that are recognised in the balance sheet as part of the software include remuneration of employees who develop the software and a proportionate share of relevant overheads.

Other development costs that do not satisfy the criteria for recognition in the balance sheet are expensed as they are incurred. Development costs that have been expensed cannot subsequently be recognised as an asset in the balance sheet.

Internally developed software is amortised on a straight-line basis over its expected useful economic life (maximum 3 years).

2.6 Impairment of non-financial assets

Intangible assets with an indefinite useful economic life, for example goodwill, are not amortised, but are subject to an annual impairment test. Property, plant and equipment and intangible assets that are depreciated or amortised are assessed for impairment when there is any indication that future earnings do not support the carrying amount.

Impairments are recognised in the income statement as the difference between the carrying amount and recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Development costs are capitalised based on the royalty relief method. Under this method, Rainpower estimates the amount the Group saves in royalty expenses by owning the technology itself. A value in use is subsequently calculated based on the present value of the royalty expenses saved over the lifetime of the technology.

2.7 Financial instruments

2.7.1 Financial assets

In accordance with IFRS 9, financial assets must be classified into one of three measurement categories:

• Fair value with value changes through profit or loss

• Fair value with value changes through other comprehensive income (OCI)

• Amortised cost

The measurement category must be determined upon initial recognition of the asset. In the case of financial assets, one differentiates between debt instruments, derivatives and equity instruments, where debt instruments are all financial assets that are not derivatives or equity instruments. Financial assets are classified on the basis of the contractual terms and conditions for the financial assets and the business model used to manage the portfolio of which the assets are a part

2.7.2 Financial liabilities

As a general rule, financial liabilities should be measured at amortised cost with the exception of financial derivatives measured at fair value and financial liabilities it has been decided to recognise at fair value with value changes through profit or loss and OCI. Where it has been decided that financial liabilities will be recognised at fair value through profit or loss, changes in value that are due to changes in the company's own credit risk will be recognised in OCI, unless this creates or reinforces an 'accounting mismatch'

2.8 Derivatives

Derivatives are recognised in the balance sheet at fair value at the time the derivative contract is entered into, and subsequently on an ongoing basis at fair value. Changes in fair value of derivatives that do not qualify for hedge accounting are recognised in income under financial items as a change in the fair value of financial assets and derivatives. The category includes foreign exchange contracts.

2.9 Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is calculated using the first-in, first-out principle (FIFO). For completed inventories and work in progress, cost comprises expenses of product design, material consumption, direct payroll costs, other direct costs and indirect production costs (based on normal capacity). The net realisable value is the estimated sales price less costs of completion and sale.

2.10 Trade receivables

Trade receivables are initially recognised at transaction price in the balance sheet. Upon subsequent measurement, accounts receivable are assessed at amortized cost using an effective interest rate method less provisions for losses incurred. The interest element is not taken into account if it is immaterial. Provisions for losses are recognised when there are objective indications that the Group will not receive settlement in accordance with the original terms. Provisions for losses are recognised on the basis of an assessment of the individual receivables. The provision comprises the difference between the nominal value and the recoverable amount. The carrying amount of trade receivables is reduced by recognising a provision. Changes to the provision will be recognised in income as a reduction in contract revenue. A provision is recognised for losses on receivables once it becomes clear that a trade receivable is no longer payable. Any subsequent amounts received for receivables previously recognised as losses will be recorded in income from contracts.

2.11 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank deposits.

2.12 Share capital and premiums

Ordinary shares are classified as equity.

Expenses that are directly attributable to the issuance of new shares or options less taxes are entered against the equity as a reduction in the proceeds.

2.13 Trade payables

Trade payables are valued at fair value on first-time recognition in the balance sheet. On subsequent measurement, trade payables are recognised at amortised cost using the effective interest method.

2.14. Loans

Loans are recognised at fair value when they are disbursed, less any transaction costs. In subsequent periods, loans are recognised at amortised cost, calculated using the effective interest rate. The difference between the disbursed loan amount (less transaction costs) and the redemption value is recognised in income over the term of the loan.

Fees relating to the establishment of drawdown facilities are recognised in the balance sheet if it is probable that the facility will be utilised. The fees are subsequently recognised as part of the cost of the loan. If it is not deemed probable that all or part of the drawdown facility will be utilised, the fee is recognised in the balance sheet under prepaid liquidity services and expensed over the period for which the right applies.

Loans are classified as current liabilities unless there is an unconditional right to postpone payment of the debt by more than 12 months from the date of the balance sheet.

2.15 Payable and deferred tax

The tax expense for the period comprises tax payable and the change in deferred tax liabilities and deferred tax assets. Tax is recognised in income, except when it relates to items that are recognised directly in equity. If this is the case, the tax is also recognised directly in equity.

The tax expense is calculated in accordance with the applicable tax legislation and regulations adopted or substantially adopted by the tax authorities at the reporting date. Taxable income is calculated in accordance with the legal regulations in the countries where the company's subsidiaries operate and generate taxable income. Management evaluates the Group's tax positions for each period, taking into account situations where the applicable tax legislation is subject to interpretation. Provisions are recognised for expected tax payments based on management assessments.

Deferred tax is recognised on all temporary differences between the tax-written down and consolidated accounting values of assets and liabilities using the liability method. Deferred tax is not recognised in the balance sheet if it arises on initial recognition of an asset or liability in a transaction other than a business combination, which at the time of the transaction affects neither the accounting nor the taxable profit or loss. Deferred tax is determined by applying the tax rates and tax laws that have been adopted or substantially adopted at the balance sheet date, and which are assumed to apply when the deferred tax asset is realised or when the deferred tax is settled.

Deferred tax assets are recognised in the balance sheet to the extent that it is likely that future taxable revenues will be generated, and that the temporary differences can be deducted from these revenues.

Deferred tax is calculated on temporary differences on investments in subsidiaries except when the Group controls the timing of the reversal of the temporary differences, and it is probable that these will not be reversed in the foreseeable future.

2.16 Pension liabilities, bonus schemes and other compensation schemes for employees

(a) Pension liabilities

The Group's companies operate various pension schemes. The pension schemes are generally financed through payments to insurance companies or pension funds.

The Group operates defined-contribution schemes. A defined-contribution scheme is a pension scheme where the Group pays a fixed contribution to a separate legal entity. The Group has no legal or other obligation to pay further contributions should the entity have insufficient funds to pay all employees their benefits in line with their entitlements for the current and for previous periods. Changes in pension liabilities are recognised in income or expensed on an ongoing basis.

For defined-contribution schemes, the Group pays contributions to publicly or privately administered pension insurance schemes on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as payroll costs when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Liabilities relating to AFP early retirement schemes are part of a defined-benefit scheme run by several employers. However, since the company's share of these liabilities cannot be measured, the scheme is recognised as if it were a defined-contribution scheme.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal, or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits falling due more than 12 months after the balance sheet date are discounted to the present value.

(c) Bonus schemes

The Group recognises a liability and an expense for bonuses based on a calculation that takes into account the return attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where past practice has created a constructive obligation.

2.17 Provisions

Provisions for guarantee liabilities are recognised based on individual and collective assessments. As part of the collective assessment, a provision is recognised for guarantee liabilities on types of contracts and projects that historically have included guarantee costs. The provision for guarantee liabilities is based on the historical guarantee cost. The guarantee liability recognised in the balance sheet is reviewed each year.

In cases where several obligations of the same nature exist, the probability that the obligation will be settled will be determined by assessment of obligations of the same nature as a whole. A provision is recognised for the Group even if the probability of settlement with respect to any one item included in the same class of obligations may be small.

Provisions are measured as the net present value of the expected payments to redeem the obligations. A pre-tax discount rate is used that reflects the current market situation and risk specific to the obligation. An increase in the obligation as the result of a change in the time value is recognised as a finance cost.

2.18 Construction contracts (IFRS 15)

Rainpower's business primarily comprises product development, engineering services and production of turbines and electro-mechanical system solutions. All customer contracts in scope of IFRS 15 are assessed using the five-step model. The deliveries in the contracts are assessed to identify distinct performance obligations, and this assessment may involve significant judgement. Only approved customer contracts with a firm commitment are basis for revenue recognition. Variation orders are included when they have been approved by the customer, either in writing or through specification in the underlying contract. Contracts that are entered into as fixed-price contracts are settled on an ongoing basis, as control is transferred to the customer over time as the performance obligation is satisfied. Along with this method contract costs are recognised in the balance sheet on an ongoing basis and the calculated contribution is recognised in income in line with the project's degree of completion. (For the discussion of implementation impacts see Note 2.1 bullet 2). In addition to that the time and materials method is commonly used for contract on a less firm scope under which incurred man-hours and consumed material are rechargeable at an agreed rate to the customer. These two methods are seen as to best reflect the pattern of transfer of control of goods and services to the customer.

The Group uses the following method to calculate the degree of completion for defined scope construction contracts. A weighted average of hours spent and purchases for the project to date is used to measure the degree of completion. Incurred costs relating to future activities in a project are ignored when determining the degree of completion. These costs are classified as inventories, advance payments or other current assets, depending on their nature.

- For contracts where the contract revenue (less any losses on loss-making contracts) exceeds the invoiced amount, the excess amount is recognised in the balance sheet as "Contract customer assets" under the category "Project inventories".
- For contracts where the contract expenses exceed the costs incurred by the company, the excess amount is recognised as a provision under "Provisions for contract costs".
- For contracts where the invoiced amount exceeds the contract revenue (less any losses on loss-making contracts), the excess amount is recognised in the balance sheet under "Prepayments from customers".
- If the outcome of a construction contract cannot be reliably measured, contract revenue is established as the value of the contract cost to the extent that it is probable that the costs can be reclaimed.
- If the profit on a construction contract can be reliably estimated, revenues and expenses are recognised in income over the contract period. If it is probable that the contract costs will exceed the contract revenue, the expected loss is recognised immediately.

Contract changes and requirements and incentive-based payments are included in contract revenue to the extent that this has been agreed with the client, is highly probable and can be reliably measured.

Expected liquidated damages (LD), which are penalties for not achieving defined milestones on time or defined performance at project delivery, are recognized as a reduction of revenue unless it is highly probable LDs will not be incurred. The expected LD provision has a judgemental component to it as the enforcement of an LD is often dependant on the ultimate project delivery as well as client relationship, contractual position and status of negotiations.

Total estimated cost to contract completion (estimate at completion – EAC) have a judgemental component to it. This is due to the fact that the prognosis of EAC is sensitive to the capability of the organisation to accurately execute the engineering and design phase, the availability of skilled resources, manufacturing capacity and quality, productivity as well as performance of sub suppliers. Major changes to the EAC can significantly impact the revenue recognition for contracts that apply the above described percentage of completion method. The company has project control methods in place in order to minimize the risk of misjudgement of EAC.

2.19 Leases

The lease liability represents the net present value of the lease payments to be made over the remaining lease period. The right-of-use asset is depreciated over the lease term and is subject to impairment testing. The lease payments previously included as operating expense in the income statement are reported as depreciation and financial expense under IFRS 16. The cash outflows for leases under IFRS 16 is presented as repayment of interest-bearing liabilities within financing activities in the cashflow statement. Interest paid is still classified as cash outflows within operating activities.

The various rights of use are subject to impairment testing as of the transition date.

See Note 2.1 IFRS 16 Leases and Note 24 Leasing for more information about new standard from 1 January 2019.

2.20 Public subsidies

Public subsidies are recognised at fair value when it is reasonably certain that the subsidy will be received and that the Group will satisfy all the attached conditions.

Public subsidies relating to future costs are recognised in the balance sheet and income statement in the period that most closely matches the costs the subsidies are intended to compensate.

Public subsidies relating to the purchase of property, plant and equipment are deducted from the cost of the asset, which is thus recognised net in the balance sheet. Subsidies indirectly reduce the depreciation charge due to the fact that they reduce the cost of the asset on which depreciation is based.

2.21 Dividends

Dividend payments made to the company's shareholders are classified as liabilities from the date the dividend is adopted by the general meeting.

Note 3 Financial risk management

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, fair value interest rate risk and floating interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of capital markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses financial derivatives to hedge some financial risk exposures. The Group does not hold an effective hedge contract per 31 December 2019 and therefore does not perform hedge accounting.

A central finance department is responsible for risk management in accordance with guidelines approved by Group management. The Group's finance department identifies, evaluates and hedges financial risk in close collaboration with the various operating units. Group management prepares written policies for overarching risk management, and issues written guidelines for specific areas such as foreign exchange risk, use of financial derivatives and other financial instruments.

(a) Market risk

(i) Foreign currency risk

The Group operates internationally and is exposed to foreign exchange risk in multiple currencies. The main currencies to which the Group is exposed are EUR, CHF, USD, SEK, CAD and CNY (CHF, SEK, CAD and CNY: no derivatives as of 31 December 2019). Foreign exchange risk attaches to future commercial transactions, long-term construction contracts and recognised assets and liabilities.

Management has prepared guidelines instructing the Group companies to manage foreign exchange risk relating to the companies' functional currencies. Group companies are required to consider hedging all foreign exchange risk through the central finance department. The finance department assesses each case with financial consultants at the Group's main bank. In order to manage foreign exchange risk on future commercial transactions and recognised assets and liabilities, the Group companies use forward exchange contracts entered into with external banks. A foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency other than the entity's functional currency.

The Group's risk management policy is to hedge a substantial portion of the expected transactions (primarily export sales) in each main currency over the term of the contract when management deems this appropriate.

(ii) Variable and fixed interest rate risk

Since the Group does not have any significant interest-bearing assets, the Group's results and cash from operating activities are largely unaffected by changes in the market interest rate.

However, interest rate risk attaches to current borrowings and overdrafts, and overdue trade payables on which interest is charged. Overall interest rate risk is deemed to be low.

(b) Credit risk

Rainpower's client base primarily comprises Norwegian hydropower companies. Major Norwegian clients are not subject to credit checks on entering into contracts. Credit checks are performed on smaller and new clients using Dun & Bradstreet's credit rating system. The credit rating of major international clients is also assessed, including by reviewing their balance sheets and recent years' results. All clients on major projects (>NOK 10 million) are subject to an approval-to-bid process, in which Rainpower assesses all relevant risk aspects.

Some international projects use letters of credit to secure payments from clients.

(c) Liquidity risk

Prudent management of liquidity risk involves maintaining adequate holdings of liquid and tradable securities, securing access to financing opportunities in the form of a sufficient number of guaranteed drawdown facilities and the ability to close market positions. The Group's central finance department maintains flexibility in financing by ensuring that guaranteed drawdown facilities are available.

In order to be able to make payments to operation-critical suppliers, management monitors the Group's liquidity reserves (comprising the loan facility (Note 18) and cash equivalents (Note 5)) using weekly rolling forecasts based on expected cash flows. These forecasts are further compared with available liquidity in the Group and continually monitored. This is performed at local level in the operating companies in accordance with practice and restrictions imposed by the Group. These restrictions vary by location in order to take into account liquidity in the market where the unit operates.

The table below specifies the Group's loans and derivative financial liabilities with net settlement, classified by maturity structure. Classification is based on contractual maturity. The amounts in the table are non-discounted contractual cash flows. Balances that mature within 12 months equate to the carrying amounts due to the fact that the effect of discounting is immaterial. Public charges and liabilities are not included in the table.

NOK1,000	< 1 year	1-2 years	2-5 years	More than 5 years	Total
31 December 2019					
Borrowing	8 394	4 500	57 500	-	70 394
Trade payables	99 729	-	-	-	99 729
Total	**108 123**	**4 500**	**57 500**	**-**	**170 123**
31 December 2018					
Borrowings	13 393	59 000	-	-	72 393
Derivative financial instruments	4 354	-	-	-	4 354
Trade payables	61 951	-	-	-	61 951
Total	**79 698**	**59 000**	**-**	**-**	**138 698**

The table below provides a breakdown of the Group's derivatives that will be settled gross, classified by maturity structure. Classification is based on contractual maturity.

NOK 1,000	< 1 year	1-2 years	2-5 years	More than 5 years
31 December 2019				
Forward foreign exchange contracts - held for trading purposes				
Outflow	-	-	-	-
Inflow	-	-	-	-
31 December 2018				
Forward foreign exchange contracts - held for trading purposes				
Outflow	4 354	-	-	-
Inflow	4 035	-	-	-

The amounts in the table are non-discounted cash flows. Balances that mature within 12 months equate to the carrying amounts due to the fact that the effect of discounting is immaterial.

3.2 Risk associated with asset management

The Group's aim with regard to asset management is to ensure continuing operations for the Group and thus a return for the owners and other stakeholders, and to maintain an optimal capital structure in order to reduce capital costs.

In order to improve its capital structure, the Group may adjust the level of dividend paid to shareholders, refund capital to the shareholders, issue new shares or sell assets in order to repay loans.

In the same way as in other groups in the industry, asset management is monitored based on the Group's level of gearing. Gearing is calculated by dividing net liabilities by total assets. Net liabilities are calculated as total liabilities (net interest-bearing liabilities) minus cash and cash equivalents. Total assets are calculated as total equity, as shown in the balance sheet, plus net liabilities.

NOK 1,000	Notes	2019	2018
Borrowings	16	70 394	72 393
Cash and cash equivalents	5	-14 459	-20 053
Net debt		55 935	52 340
Total equity		92 440	142 343
Total capital		**148 375**	**194 683**
Gearing		37,7 %	26,9 %

3.3 Assessment of fair value

IFRS 7 requires disclosure of fair value calculations based on the following categories:

- (Level 1) Listed price in an active market for identical assets or liabilities.
- (Level 2) Valuation based on observable factors other than listed prices (used in Level 1), either directly or indirectly.
- (Level 3) Valuation based on factors not retrieved from observable markets.

The following table shows the company's assets and liabilities measured at fair value:

31 December 2019 NOK 1,000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
Forward foreign exchange contracts - held for trading purposes	-	-	-	-
Total	-	-	-	-
Financial liabilities at fair value through profit and loss				
Forward foreign exchange contracts - held for trading purposes	-	-	-	-
Total	-	-	-	-

31 December 2018 NOK 1,000	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets at fair value through profit and loss				
Forward foreign exchange contracts - held for trading purposes	-	-	-	-
Total	-	-	-	-
Financial liabilities at fair value through profit and loss				
Forward foreign exchange contracts - held for trading purposes	-	316	-	316
Total	-	**316**	-	**316**

The fair value of financial instruments that are traded in active markets is based on the market prices at the balance sheet date. A market is deemed to be active if the market rates are easily and regularly available from stock markets, brokers and similar. The market price used for financial assets is the current bid price. These instruments are included in Level 1.

The fair value of financial instruments that are not traded in an active market is determined using various valuation methods. These valuation methods maximise the use of observable data where this is available and are based to the least possible extent on the company's own estimates. If all the material data inputs that are required to determine the fair value of an instrument are observable, then the instrument will be included in Level 2.

If one or more of the significant data inputs are not based on observable market data, the instrument will be included in Level 3.

Particular valuation methods that are used to assess financial instruments include:

- The fair value of foreign exchange contracts is calculated by applying the effective rates in the forward market at the balance sheet date.

- The nominal value less impairments for incurred losses on trade receivables and trade payables is deemed broadly to equate to the fair value of the items. The fair value of financial liabilities (as calculated for the purposes of the notes) is estimated by discounting the future contractually agreed cash flows applying the Group's alternative market interest rate for comparable financial instruments.

Note 4 Important accounting estimates and judgements

Estimates and judgements are evaluated continuously based on past experience and other factors, including expectations of future events that are deemed probable under the current circumstances.

4.1 Important accounting estimates and assumptions

The Group makes estimates and assumptions about the future. By their very nature, the accounting estimates that are made as a result of the above processes will rarely fully correspond with final outcomes. Estimates and assumptions that involve a significant risk of a material change in the carrying amount of assets and liabilities during the next financial year are discussed below.

(a) Estimated impairments of goodwill

The group performs annual tests to assess whether the value of goodwill is impaired, cf. Note 2.6. The recoverable amount from cash-generating units (CGUs) is established by calculating their value in use. These calculations require extensive use of estimates. Changes in assumptions and estimates relating to goodwill could materially impact the value of goodwill in the balance sheet.

(b) Estimated impairments of capitalised development costs

The Group performs an annual judgement of capitalized development costs, see Note 2.6.

Changes in assumptions and estimates relating to capitalised development costs could materially impact the book value of this item.

(c) Revenue recognition

Revenue from construction contracts is recognised on an ongoing basis. Under this method, the Group makes judgements on costs, revenues and degrees of completion.

(d) Deferred tax assets

Deferred tax assets are booked based on the company's estimated ability to utilize the tax assets within a reasonable short-time period, 3-5 years period. The estimation is based on given prerequisites and forecasts prepared as part of the impairment testing of goodwill. The assumptions are thoroughly described in Note 17 Taxes.

(e) Leasing

The company has applied significant judgment when determining impairment of the right-of-use asset, cf. 2.1 IFRS 16 Leases and Note 24, Leasing. Impairment is assessed for separable parts of leased buildings that have been or will be vacated in the near future. Further, judgment is involved when determining lease term for contracts that has extension or termination options.

Determination of the discount rate also include judgment.

Note 5 Cash and cash equivalents

NOK 1,000	2019	2018
Cash and cash equivalents	14 459	20 053
Sum	**14 459**	**20 053**

The Group has established a group cash-pooling scheme. The companies covered by the scheme are jointly and severally liable for liabilities under the scheme. Deposits and liabilities under the group cash-pooling scheme are offset.

Restricted tax deduction funds as of 31 December 2019 amounted to NOK 1.221 million (2018: NOK 5.986 million). There were no other restricted funds as of 31 December 2019 or 31 December 2018.

Non-utilised drawdowns on the overdraft facility as of 31 December 2019 amounted to NOK 30.000 million (2018: NOK 28.938 million).

Note 6 Inventories

NOK 1,000	2019	2018
Goods, production materials	3 266	2 528
Total	**3 266**	**2 528**

Note 7 Property, plant and equipment

NOK 1,000	Property and buildings	Equipment and machinery	Fixtures and fittings	Sum
Cost at 31 December 2018	**9 557**	**41 319**	**10 252**	**61 127**
Corrections/reclassifications opening balance	-	-1 557	6 628	5 071
Additions and transfers	928	624	1 065	1 669
Disposal at cost	-4 720	-348	-236	-5 305
Effect of changes in foreign exchange	-	53	-20	961
Cost at 31 December 2019	**5 765**	**40 090**	**17 688**	**63 544**
Accumulated depreciation and impairment losses at 31 December 2018	**7 690**	**37 120**	**8 751**	**53 562**
Corrections/reclassifications opening balance	-	-1 437	6 508	5 071
Depreciation	950	2 035	752	3 737
Accumulated depreciation and impairment disposed assets	-4 720	-348	-236	-5 305
Effect of changes in foreign exchange	-	50	-15	35
Accumulated depreciation and impairment losses at 31 December 2019	**3 920**	**37 420**	**15 760**	**57 100**
Carrying amount at 31 December 2019	**1 845**	**2 670**	**1 928**	**6 443**
Estimated useful lives (years)	10 år	10-15 år	3-8 år	

Note 8 Intangible assets

NOK 1,000	Goodwill	Capitalized development	Other	Total
Cost at 31 December 2018	**227 231**	**97 634**	**15 712**	**340 577**
Additions and transfers	-	4 844	1 263	6 107
Disposal at cost		-10 858		-10 858
Effect of changes in foreign exchange	-2			-2
Cost at 31 December 2019	**227 228**	**91 620**	**16 975**	**335 824**
Accumulated amortization and impairment losses at 31 December 2018	**17 500**	**61 273**	**15 712**	**94 485**
Disposal at cost		-10 858		-10 858
Amortisation and impairments for the year	0	11 368	63	11 432
Accumulated amortization and impairment losses at 31 December 2019	**17 500**	**61 783**	**15 775**	**95 058**
Carrying amount at 31 December 2019	**209 728**	**29 837**	**1 200**	**240 766**

The average residual amortisation period for capitalised development is 5 years.

Impairment test for goodwill and other intangible assets

The Group tests goodwill with an infinite useful economic life for impairment each year, or more often if there are internal or external indications that the asset has fallen in value. Other intangible assets are amortised over their expected useful economic lives and are tested for impairment if conditions have arisen during the period that indicate impairment.

a) Goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified by each Group subsidiary. Breakdown of goodwill per CGU:

NOK 1,000	2019	2018
Rainpower Norge AS	186 338	186 338
Hymatek Controls AS	20 844	20 844
Rainpower Technology AS	2 455	2 455
Rainpower Kristinehamn AB	91	94
Total	**209 728**	**209 731**

The recoverable amount of the CGUs is calculated based on the value the asset will generate for the Group (value in use) in the future. Liquidity forecasts (before tax) are used based on updated budgets and management's assessment of future cash flows per cash-generating unit and market developments in general. The period used for the cash-generating units is 5 years, at the end of which a terminal value is assumed that represents management's estimate of future earnings in perpetuity. When determining the terminal value, a growth rate of 1,5 percent has been used. The annual impairment testing of goodwill did not result in any impairment losses.

Key assumptions applied in calculating recoverable amounts in 2019:

	Rainpower Norge AS		Hymatek Controls AS	
	2019	2018	2019	2018
WACC (post-tax)	9,0 %	8,6 %	9,0 %	8,6 %
WACC (pre-tax)	11,5 %	11,0 %	11,5 %	11,0 %
Growth rate (after 5 years)	1,5 %	1,5 %	1,5 %	1,5 %

Sensitivity analysis:

The impairment testing is affected by changes in discount rate, growth rates and cashflows following Rainpower's ability to secure new orders as forecasted, and cost levels.

Sensitivity have been tested when applying the following changes to the key assumptions:

- Increase in used post-tax discount rate
- Reduced long-term growth rate to 0%
- Decrease in forecasted free cashflows during the four year period from 2021-2024, including the terminal value.

Change in assumption - impairment:

NOK 1,000	Rainpower Norge AS	Hymatek Controls AS
Discount rate (WACC)		
Increase +1%	0	0
Increase +2%	0	0
Increase +3%	-13 628	0
Growth rate after 5 yrs		
Reduced to zero growth	0	0
Expected EBIT after 1 year		
Reduction 10%	0	0
Reduction 20%	0	0
Reduction 30%	-30 463	0

b) Capitalized development

The book value of internally developed technology was NOK 29.837 million as of 31 December 2019 (2018: NOK 36.361 million). Internally developed technology is amortised for up to 10 years. The actual economic life of the technology may, however, be longer or shorter, depending on the development of competing alternative technology and general developments in society

Capitalized development costs are tested for impairment.

Impairments of capitalized development costs in 2019:

Projects under development were reviewed in 2019 to identify any need to recognise an impairment for projects not deemed to have any future value in use. Impairment of total NOK 1.9 million was recognised for the 2019 financial year.

c) Other intangible assets

Other intangible assets comprise licences and software. The recoverable amount of assets is calculated using the methods outlined above. Of other intangible assets, only licences have not been fully amortised at the balance sheet date.

Note 9 Financial instruments by category

The following principles have been applied in the subsequent measurement of financial instruments recognised in the balance sheet:

The carrying amount of financial assets:

NOK 1,000	Note	Balance at 31.12.2019	Financial assets at fair value through profit and loss	Amortised cost
Trade receivables	10	80 680	-	80 680
Other receivables	10	19 775	-	19 775
Cash and cash equivalents	5	14 459	-	14 459
Total		**114 914**	-	**114 914**

NOK 1,000	Note	Balance at 31.12.2018	Financial assets at fair value through profit and loss	Amortised cost
Trade receivables	10	70 144	-	70 144
Other receivables	10	11 994	-	11 994
Cash and cash equivalents	5	20 053	-	20 053
Total		**102 191**	-	**102 191**

Carrying amount of financial liabilities:

NOK 1,000	Note	Balance at 31.12.2019	Derivatives at fair value through profit and loss	Amortised cost
Borrowings	16	70 394	-	70 394
Overdraft	16	-	-	-
Trade payable	14	99 729	-	99 729
Fair value of currency contracts		-	-	-
Total		**170 123**	**-**	**170 123**

NOK 1,000	Note	Balance at 31.12.2018	Derivatives at fair value through profit and loss	Amortised cost
Borrowings	16	71 331	-	71 331
Overdraft	16	1 062	-	1 062
Trade payable	14	61 951	-	61 951
Fair value of currency contracts		316	316	-
Total		**134 660**	**316**	**134 344**

Note 10 Trade and other receivables

NOK 1,000	2019	2018
Trade receivables	83 458	70 347
Bad debt provision	-2 778	-203
Trade receivables net	80 680	70 144
Customer contract assets	95 409	114 723
Prepayments and accruals	13 367	6 763
Other receivables	6 408	5 231
Total	**195 864**	**196 861**

As of 31 December 2019, trade receivables of NOK 55.984 million (2018: NOK 42.666 million) were overdue, but not impaired. The bulk of these receivables have been paid in 2020.

Aging of trade receivables:

NOK 1,000	2019	2018
Not due	2 777	27 681
Past due 0-30 days	57 052	15 504
Past due 31-90 days	14 374	10 272
Past due more than 91 days	9 254	16 891
Total	**83 458**	**70 347**

Carrying amount of the Group's trade and other receivables per currency:

NOK 1,000	2019	2018
NOK	39 322	45 090
EUR	4 251	-6 732
USD	5 172	5 211
CNY	19 953	24 010
SEK	26 066	12 000
CAD	1 271	11
CHF	2 543	826
MZN	4 655	1 722
Total	**103 232**	**82 138**

Movement in bad debt provision:

NOK 1,000	2019	2018
At 1 January	203	824
Provisions made during the year	2 575	-622
At 31 December	**2 778**	**203**

The movement of bad debt is connected to a dispute in Turkey. This has previous years been included in contract loss provision, and does not represent new risk in 2019.

Note 11 Construction contracts

Accrued contract revenue in the statement of comprehensive income for the period amounted to NOK 500.108 million (2018: NOK 367.289 million).

NOK 1,000	2019	2018
Construction contracts in progress, asset	95 409	114 723
Construction contracts in progress, liability	-145 000	-166 968
Net construction work in progress	**-49 591**	**-52 245**

The amount mentioned above is composed of the following:

Accrued expenses plus recognized margin	1 649 245	1 637 309
Contract income invoiced	-1 588 096	-1 572 403
Provisions for incurred project costs and loss-making contracts	-110 740	-117 151
Net construction work in progress	**-49 591**	**-52 245**

Advance payments from customers related to work not carried out on construction contracts	34 260	49 817
Service / warranty	5 953	6 926

Expected expenditure for future guarantee work relating to sales/completed projects is expensed against the corresponding item in the balance sheet. The provision is based on historical figures for guarantees and is classified as a current liability in the statement of financial position.

Issued bank guarantees relating to construction contracts totalled NOK 231.746 million (2018: NOK 226.467 million). Provisions for loss-making contracts amounted to NOK 5.298 million (2018: NOK 13.473 million) and are recognised in the line "Provisions for incurred project costs and loss-making contracts" above.

Note 12 Equity and shareholders

As of 31 December 2019, Rainpower Holding AS's share capital amounted to NOK 50,980,773 including non-registered shares, each share with a nominal value of NOK 1.

Rainpower Holding AS has one share category and all shares grant voting rights. Shareholders have the right to receive all proposed dividends and each share grants one vote at the company's general meeting.

Share capital of Rainpower Holding AS as of 31 December 2019 comprised the following:

	Number of shares	Nominal value	Carrying amount
Ordinary shares	50 980 773	1,00	50 980 773
Total	**50 980 773**		**50 980 773**

Ownership structure
The shareholders as of 31 December 2019 were:

	Ordinary shares	Share holdings	Voting rights
Ard Group AS	34 423 507	67,5 %	67,5 %
Zhejiang Fuchunjiang Hydropower Equiptment Co. Ltd.	16 319 292	32,0 %	32,0 %
Verdane Capital IX AB	237 974	0,5 %	0,5 %
Total	**50 980 773**	**100,0 %**	**100,0 %**

Note 13 Investments in subsidiaries

Subsidiary	Country	Registered office	Ownership share	Acquisition Date/ Foundation date
Rainpower Technology AS	Norway	Trondheim	100 %	20.12.07
Hymatek Controls AS	Norway	Oslo	100 %	17.06.13
Rainpower AS	Norway	Kjeller	100 %	20.12.07
Rainpower Norge AS	Norway	Kjeller	100 %	20.12.07
Hangzhou Rainpower Technology Co Ltd *	China	Hangzhou	100 %	21.08.08
Rainpower North America Inc	Canada	Ontario	100 %	06.06.11
Rainpower Switzerland A.G	Switzerland	Vaud	100 %	08.11.11
Rainpower Hydro Enerji ve Ticartet Limited Sirketi	Turkey	Istanbul	100 %	01.12.10
Rainpower Kristinehamn AB	Sweden	Kristinehamn	100 %	31.12.11

* 40% share acquired in 2019

Note 14 Trade payables and other current liabilities

NOK 1,000	2019	2018
Trade payable	96 650	58 271
Trade payable to related parties	3 078	3 681
Total accounts payable	**99 729**	**61 951**
Holiday allowance	18 286	16 097
Service / warranty	5 953	6 926
Rent obligations	1 236	5 890
Other current liabilities	6 902	7 513
Total other current liabilities	**32 377**	**36 426**

Note 15 Financial liabilities

Net liabilities

NOK 1,000	2019	2018
Cash and cash equivalents	14 459	20 052
Current borrowings	-8 394	-10 393
Non-current borrowings	-62 000	-62 000
Net debt	**-55 935**	**-52 341**

	Cash and bank deposit	Current liabilities to financial institutions	Non-current liabilities to financial institutions	Sum
Net debt 01.01.2019	**20 052**	**-10 393**	**-62 000**	**-52 341**
Cash flows	-5 971	2 130		-3 842
Translation differences	378	-131		248
Net debt 31.12.2019	**14 459**	**-8 394**	**-62 000**	**-55 935**

Financial liabilities and the period in which they mature

NOK 1,000	Overdue items	Due in 1 - 30 days	Due in 31 - 90 days	Due in more than 90 days	Total
Borrowings				70 394	**70 394**
Trade payable	69 176	27 474			**96 650**
Trade payable to related parties	3 078				**3 078**
Public duties	-	11 915	13 363		**25 278**
Holiday pay				18 286	**18 286**
Rent obligations				1 236	**1 236**
Short term leasing liabilities		1 307	2 614	11 470	**15 391**
Total	**72 255**	**40 696**	**15 977**	**30 992**	**159 920**

Amendments to IAS 7 Statement of Cash Flows related to the IASB's disclosure initiative, which were published in January 2016 and effective as of 1 January 2017, introduce additional disclosure requirements for changes in financial liabilities. Rainpower has implemented the changes on the date they entered into force.

Note 16 Borrowings

NOK 1,000	2019	2018
NOK borrowings	62 000	62 000
USD short-term borrowings	8 394	9 331
Multi currency credit facility	-	1 062
Total	**70 394**	**72 393**

Variable interest rate as of 31 December 2019 was 4,40 percent for bank loans.

The total exposure, including bank loans, with the Group's main bank is secured against mortgages on operating equipment, inventories and trade receivables. Security has also been pledged on the shares in Rainpower Holding AS, including the shares in subsidiaries.

Carrying amount of assets pledged as security:

NOK 1,000	2019	2018
Trade receivables	80 680	70 144
Property, plant and equipment	6 443	7 566
Inventories	3 266	2 528
Total	**90 389**	**80 238**

The company's covenants are based on requirements for minimum liquidity and maximum investments. These figures are reported to the credit institution each quarter. The company was not in breach of any of the covenants during 2019 and as of 31 December 2019.

The Group is exposed to interest rate changes with respect to borrowings based on the following maturity structure:

NOK 1,000	2019	2018
Due in less than 1 year	8 394	10 393
Due in 1 to 5 years	62 000	62 000
Due in more than 5 years	-	-
Total	**70 394**	**72 393**

Free deduction is agreed until 31.12.2020.

Note 17 Tax

Breakdown of tax expense

NOK 1,000	2019	2018
Current income tax	4 708	3 641
Change in deferred tax	20 027	-11 871
Total	**24 736**	**-8 230**

The tax on the Group's profit or loss before tax differs from the amount that would have resulted if the Group's weighted average tax rate had been applied. The difference is reconciled below:

NOK 1,000	2019	2018
Income before taxes	**-38 915**	**-58 821**
Expected income taxes at statutory tax rate	-8 593	-13 496
Non-deductible expenses	343	3 263
Tax law changes	-	1 243
Prior year assessment	-316	-
Unrecognized and unused tax losses and deductible temporary differences previously recognized as deferred tax assets	33 048	-
Paid withholding tax	254	760
Total income tax expense	**24 736**	**-8 230**
Effective tax rate	-64 %	14 %

Breakdown of deferred tax assets and deferred tax liabilities

NOK 1,000	Property, plant and equipment	Tax losses carry-forward	Projects under construction	Gain/loss account	Derivatives	Other	Total
Deferred tax at 31 December 2019							
Deferred tax asset	-	18 568	-	-	-	4 182	**22 750**
Deferred tax liability	529	-	-14 443	-1 895	-	-	**-15 810**
Net asset (liability) at 31 December 2019	**529**	**18 568**	**-14 443**	**-1 895**	**-**	**4 182**	**6 941**
Deferred tax at 31 December 2018							
Deferred tax asset	383	51 866	-	-	-	4 889	**57 139**
Deferred tax liability	-1 960	-	-27 422	-1 695	-	-17	**-31 094**
Net asset (liability) at 31 December 2018	**-1 577**	**51 866**	**-27 422**	**-1 695**	**-**	**4 872**	**26 045**

Breakdown of changes in net deferred tax during the year:

NOK 1.000	2019	2018
Net deferred tax asset (liability) at 1 January	26 045	15 052
Recognized in profit and loss	-20 027	11 871
Currency translation differences and other	924	-878
Net deferred tax asset (liability) at 31 December	**6 941**	**26 045**

Deferred tax assets and deferred tax liabilities are offset if they relate to the same tax regime and there is a legal basis for offsetting. After offset, deferred tax assets and liabilities by tax regime are presented as follows in the balance sheet:

NOK 1,000	2019	2018
Deferred tax assets	6 941	29 140
Deferred tax liabilities	-	3 095

Deferred tax assets are recognised if it is expected that sufficient taxable profits will be available from the reversal of taxable temporary differences or future taxable income to utilize such assets. The financial statements for the year ending 2019 reflect a partly write down of the Company's deferred tax assets, given the uncertainty to the company's ability to fully utilize the tax assets within a reasonable short-time period, 5-7 years. Deferred tax asset not recognised as of 31.12.2019 is NOK 33 million.

Deferred tax asset – Norway tax regime:

NOK 1,000	Tax losses carry-forward	Projects under construction	Other temporary differences	Total	Tax rate	Deferred tax asset IFRS	Deferred tax asset Local GAAP
Rainpower AS	-	-	-	-	22 %	-	-
Rainpower Norge AS	61 063	-65 883	4 820	-	22 %	-	-
Hymatek Controls AS	1 347	-3 654	896	-1 411	22 %	-310	-1 913
Rainpower Holding AS	16 310	-	-	16 310	22 %	3 588	3 588
Rainpower Technology	-	-	-	-	22 %	-	-
Norway tax regime	**78 721**	**-69 537**	**5 716**	**14 900**		**3 278**	**1 675**
Rainpower Kristinehamn AB (Sweden tax regime)	5 679	-	-	5 679	22 %	1 249	1 249
Rainpower Hangzhou (Chinese tax regime)	-	3 421	-	3 421	25 %	855	855
Rainpower Group - elimination	-	-	7 083	7 083	22 %	1 558	1 224
Total deferred tax assets	**84 400**	**-66 117**	**12 799**	**31 083**		**6 941**	**5 003**

The deferred tax assets in Rainpower AS, Rainpower Norge AS and Rainpower Technology AS have been derecognized in 2019, amounting to NOK 33 million. The group expects positive results within a few year, to fully utilize the tax losses carried forward, but set-back after Covid 19 in beginning of 2020 has given a delay in the estimates. Accounting standards require a derecognition if the asset is not expected to be fully utilized within a 5-7 years period. The table above presents deferred tax assets after the derecognition made in 2019.

Note 18 Sales revenue

Distribution by business areas:

NOK 1,000	2019	2018
Sales, project management, design, engineering, assembly and commissioning of mechanical hydropower equipment	488 621	367 289
Other Income	1 278	9 793
Total	**489 899**	**377 081**

Geographical distribution:

NOK 1,000	2019	2018
Norway	388 596	251 525
Nordic	54 749	49 163
Europe	9 934	44 501
North America	1 528	413
Central America	1 349	-
South America	24 403	10 765
Africa	3 607	1 540
Asia	5 733	19 175
Total	**489 899**	**377 081**

Note 19 Other income

NOK 1,000	2019	2018
Subletting premises	-	1 231
Insurance refund	381	8 350
Other	897	212
Other operating revenue	**1 278**	**9 793**

Note 20 Public subsidies

Public subsidies are recognised as a reduction in development costs in the balance sheet.

NOK 1,000	2019	2018
Skattefunn	1 757	1 199
Norges forskningsråd	2 579	780
Total public grants	**4 337**	**1 979**

Note 21 Personnel expenses, number of employees, other remunerations

NOK 1,000	2019	2018
Salary	134 924	127 878
Social security contribution	19 950	19 266
Pension cost	6 808	5 979
Other employee benefits	6 453	3 551
Personnel expenses	**168 135**	**156 674**
Number of employees	**197**	**193**

Remuneration to Board of Directors and CEO 2019

NOK 1,000	Salary	pension	Other benefits
Svein Sivertsen, chairman[1]	-	-	-
Jon Christian Thaulow, chairman[2]	-	-	-
Børre Nordheim-Larsen, board member	-	-	-
Jing Chen, board member	-	-	-
Henning Jømsen, board member	-	-	-
Vidar Borhaug, CEO[3]	1 700	51	4
Einar Wahlstrøm, CEO[4]	1 217	51	4
Sum	**2 917**	**102**	**8**

Kommentarer:
1) Chairman from 11.01.2019
2) Chariman until 11.01.2019
3) CEO from 01.03.19
4) CEO until 28.02.19

Auditor's remuneration

PricewaterhouseCoopers is the auditor of the group. The table below presents expenses for audit and other services to the auditor.

NOK 1,000	2019	2018
Audit fee	1 450	1 625
Tax services	94	51
Other assurance services	15	32
Other non-audit services	439	-
Total	**1 998**	**1 707**

Note 22 Pensions

Pension benefits

Rainpower is obliged to operate an occupational pension scheme in accordance with the Norwegian Act on Mandatory Occupational Pensions, and the company's pension scheme satisfies the requirements of this Act.

The Group operates a defined-contribution scheme in all companies. Premiums recognised as an expense totalled NOK 6.808 million for 2019 (2018: NOK 5.979 million). At year-end, 170 employees are covered by the pension scheme.

The company also has an early retirement (AFP) pension scheme that covers all the company's employees. The AFP scheme is deemed to be a defined-benefit multi-enterprise scheme, but is being recognised as a defined-contribution scheme until sufficient reliable information exists to enable the Group to recognise its proportionate share of the pension cost, pension liability and pension assets under the scheme. The company's obligations have therefore not been recognised as a liability. The company no longer has any liability recognised in the balance sheet relating to this scheme as of 31 December 2019.

Note 23 Financial income and expenses

NOK 1,000	2019	2018
Interest income bank deposit	3 589	1 627
Interest income current financial assets and other financial items	33	105
Other foreign exchange gains	23 499	19 342
Financial income	**27 120**	**21 073**
Interests overdraft facility	6 751	2 353
Interest expenses current financial liabilities and other finance expenses	4 146	691
Interest expenses bank loans	3 098	3 049
Loss derivative financial instruments		-1
Other foreign exchange losses	23 161	25 193
Financial expense	**37 155**	**31 285**

Note 24 Leasing

IFRS 16 Leasing implemented in 2019 has significantly changed how the company accounts for its lease contracts. The company leases a number of office buildings in addition to manufacturing and service sites. The company also leases machines and vehicles.

IFRS 16 requires all contracts that contain a lease to be recognized on the balance sheet as a right-of-use asset and other liabilities (current and non-current). Fixed non-lease components built into the lease contract will be separated, and will not be recognized as part of the obligation. The lease obligation will be discounted at the bank's marginal lending rate. The group makes use of the exemptions in recognition of short-term (defined as 12 months or less) and low-value leases (below USD 5.000). Leases that are covered by these exemptions are recognized on a continuous basis as other operating costs. Comparative figures for 2018 have not been restated to reflect IFRS 16. The right of use is measured at the same value as the lease liability and the entire effect tis taken to the opening balance in 2019. This choice is valid for all agreements.

Right-of-use asset and lease liabilities

The movement in the right-of-use assets and lease liabilities since implementation is summarized below.

Right of use

NOK 1,000	Land and buildings	Machinery and vehicles	Other	Sum
Balance at transition to IFRS 16 on 1 January 2019	**95 921**	**3 186**	**134**	**99 241**
Additions and transfers	424	1 078	47	1 549
Cost at 31 December 2019	**96 345**	**4 264**	**181**	**100 790**
Accumulated depreciation and impairment losses at 1 january 2019	-	-	-	-
Depreciation	15 448	1 043	84	16 575
Accumulated depreciation and impairment losses at 31 December 2019	**15 448**	**1 043**	**84**	**16 575**
Carrying amount at 31 December 2019	**80 897**	**3 221**	**98**	**84 216**

Lease liability

NOK 1,000	2019
Balance at transition to IFRS 16 on 1 January 2019	**99 241**
Additions	1 549
Lease payments in period	-18 671
Interest	3 619
Currency translation differences	-1
Carrying amount at 31 December 2019	**85 736**

Amounts recognized in the income statement

The following amounts are recognized in the income statement related to leasing:

Effects on earnings

NOK 1,000	2019
Interest expense	3 619
Depreciations	16 575
Total cost from lease liabilities	**20 193**

Effects of IFRS 16

NOK 1,000	2019
Redused operationg expenses under IAS 17	-18 673
Increased lease expense under IFRS 16	20 193
Change in profit before tax in period	**1 521**

Maturity analysis leasing liabilities, undiscounted cashflow:

NOK 1,000	2019
Less than 1 year	15 686
1-2 years	11 355
2-3 years	11 015
3-4 years	10 741
4-5 years	10 543
More than 5 år	41 482
Total undiscounted lease liabilities at 31 Decsember 2019	**100 821**

Note 25 Related parties

The Rainpower Group's related parties comprise subsidiaries (see Note 13), the parent company and other companies in the Ard Group and the board and members of Group management (see Note 21).

Intercompany transactions are conducted on commercial terms and in accordance with the arm's length principle.

The Group has conducted transactions with the following related parties:

Companies controlled by owner

NOK 1,000	2019	2018
Services received	8 461	9 245
Goods	3 608	3 249
Total	**12 069**	**12 493**

Balance sheet items with related parties as of 31 December:

NOK 1,000	2019	2018
Short term loan to Ard Group AS	-	-

Payables to related parties (note 16)

NOK 1,000	2019	2018
Accounts payable to companies controlled by same owner	**3 078**	**3 733**

No provision was recognised for losses on receivables with related parties in 2019 and 2018.

Note 26 Significant events and disputes

The Group is involved in certain disputes in connection with foreign projects, where provisions have been made in the accounts using our best estimate, and the provisions on the balance sheet are classified as part of the impaired receivables, cf. Note 10 and project costs incurred and loss-making contracts, cf. Note 11.

Note 27 Events after the date of the balance sheet

The spread of the COVID-19 virus caused global disruption, with negative consequences both for human health and economic activity. As of June 2020, we have not yet seen the end of, and therefore not yet the full extent of the Covid-19 outbreak.

Our office in Hangzhou and our suppliers in China were affected by the lockdown in China in February. In Norway and Europe the Covid-19 escalated in March. Measures and recommendations from local government have affected the activity in Rainpower and our suppliers from February and onwards. At the date of this report Rainpower and our suppliers have returned to productions.

From a financial reporting perspective, the COVID-19 pandemic and the market uncertainty has adversely affected the financial performance of the company.

Note 28 Going concern

The full-year order intake was NOK 588 million in 2019, up from NOK 399 million in the prior year. This proves that both domestic and international customers are optimistic about the future, trusting Rainpower to supply our specialized Hydro Power technology. Constant environmental efforts on clean energy will over time give positive market conditions for hydro power plants. The increased optimism with both energy producers and the supplier industry is supporting the belief in estimates and the group's strategy and ambitions.

The order backlog was NOK 623 million at the end of 2019 versus NOK 472 million in 2018. The order backlog provides security for sufficient activity level through 2020 and lays a good foundation for further growth in accordance with the company's strategy going forward.

Subsequent to 31.12.2019 the financial performance for the group is adversely affected by the extraordinary situation caused by Covid 19. At this stage it is hard to quantify the lasting impact of COVID-19 for Rainpower. Continued travel restrictions and a slowing world economy will inevitably affect our order intake, operations, project executions and financial performance in various ways. Currently, most of Rainpower's projects are fully operational, despite some projects which have been postponed by our clients.

In general the tender activity in 2020 has been as expected but we have experienced that the final investment decision are being delayed. This has resulted in a lower order intake as of May 2020 (NOK 60 million less) than budget. The covid-19 outbreak has affected most of our projects and have caused delay in deliveries, cost increase and reduced margin in 2020. The financial ambitions for 2020 has been adjusted accordingly to reflect the extraordinary situation.

As a result of the Covid-19 impact, the company has in 2020 applied for and been awarded a state guaranteed loan of NOK 50 million to secure the liquidity situation and secure the business going forward. The loan will be paid in four withdraws during 2020. As of June 22 NOK 30 million has been received. The loan has no amortization the first year, until April 2021 and will be repaid on a quarterly basis until the maturity date January 2023. In addition, the company has renegotiated and renewed its NOK loan of NOK 62 million. The loan matures March 31st 2021. The loans are subject to financial covenants in 2020.

At the end of the year, the Group's available liquidity, including unutilised drawdown rights, amounted to NOK 45 million. Based on contracted orders on hand, agreed renewed terms with the bank and issuance of a new loan, the liquidity situation is expected to be sufficient throughout the year. The state guaranteed loan of NOK 50 million received in 2020 is considered sufficient to secure the liquidity situation throughout 2020. The available, unutilised guarantee limit at the end of the year was NOK 103 million and is expected to be sufficient to cover the expected incoming orders.

The company will continue its work to strengthen its monitoring of projects, costs and liquidity. The Board of Rainpower Holding AS has initiated and started a process, in dialogue and collaboration with SEB Corporate Finance, to strengthen the Group's financial balance and financial situation. Independent of the conclusion of this process, positive or negative conclusion, Rainpower and SEB will mutually agree the common next steps for Rainpower Group. The outcome of these processes is an important prerequisite for the company's ability to continue with the established strategy.

In the current business environment, several events and conditions have been identified that serve as significant risk factors for the company;

- Further development and impact of the COVID 19 situation, impacting;
  - Timing of new order intake
  - Potential delays and cost increase of existing backlog
  - Supply chain predictability
- Liquidity situation and outcome of the ongoing process to improve the company's financial situation

Management and the Board of Directors have initiated several actions to mitigate the uncertainty of going concern, including

- Improved the short-term liquidity situation by Covid-19 loan
- Increased monitoring of the liquidity and mitigation actions to reduce the liquidity risk.
- Initiated a process to strengthen the financial situation by a capital injection during 2020
- Cost saving initiatives

All of the above risk elements are being addressed in detail by the management.

Based on an overall assessment of risk factors and the measures implemented and planned, the Board has concluded that the going concern assumption can be applied in accordance with section 3-3a of the Norwegian Accounting Act, and the annual financial statements have been prepared on this basis..

RAINPOWER HOLDING AS

INCOME STATEMENT

NOK 1,000	NOTE	2019	2018
Other operating revenue	6	11 594	7 840
Total operating revenue		11 594	7 840
Employee benefit expense	1	1 364	4 396
Other operating expenses	1	8 460	9 219
Total operating expenses		9 824	13 616
Operating profit		**1 770**	**-5 776**
Interest income from related parties		249	671
Other interest income		15	0
Other financial income	9	48	194
Other interest expenses		1 167	1 474
Other financial expenses	9	89	42
Net financial items		-945	-650
Profit before taxes		**825**	**-6 426**
Income tax expense	3	181	-1 089
Profit/(loss) for the period		**643**	**-5 338**
Transfers and allocations			
To/from equity	4	-643	5 338
Total transfers and allocations		643	-5 338

BALANCE SHEET

NOK 1,000	NOTE	31.12.2019	31.12.2018
ASSETS			
Non-current assets			
Deferred tax asset	3	3 588	3 770
Investments in group companies	2	260 153	250 153
Total non-current assets		**263 741**	**253 922**
Current assets			
Trade receivables	6	3 046	1 779
Intercompany receivables	6	13 195	9 331
Other receivables		1 558	1 765
Cash and cash equivalents	7	1	184
Total current assets		**17 800**	**13 060**
TOTAL ASSETS		**271 541**	**266 982**
EQUITY AND LIABILITIES			
Share capital	4, 5	50 991	47 595
Share premium	4	188 463	176 226
Total equity		**239 454**	**223 821**
Non-current liabilities			
Non-current borrowings	8	18 000	18 000
Total non-current liabilities		**18 000**	**18 000**
Current liabilities			
Current borrowings	8	8 394	9 331
Trade payable	6	2 155	1 192
Accrued public duties		0	319
Intercompany payables	6	3 512	13 057
Other current liabilities	6	16	1 261
Total current liabilities		**14 077**	**25 162**
Total liabilities		**32 077**	**43 162**
TOTAL EQUITY AND LIABILITIES		**271 541**	**266 982**

The Board of Directors of Rainpower Holding AS, June 22th 2020

Bjarte Røyrvik
Chairman

Morten Hassum
Board member

Jing Chen
Board member

Henning Jørnsen
Board member

Vidar Borhaug
CEO

STATEMENT OF CASH FLOWS

NOK 1,000	2019	2018
Cash flow from operating activities		
Profit before income tax	825	-6 426
Change in trade and other receivables	-1 266	761
Change in trade payable and other payables	963	206
Other accruals and prepayment	2 154	-1 603
Net cash generated from operating activities	**2 675**	**-7 063**
Cash flows from investing activities		
Payments on group loan receivable	-	-
Net cash used in investing activities	-	-
Cash flows from financing activities		
Proceeds from issue of share capital	15 000	7 500
Net change in group cash pool	-17 859	2 564
Repayment of borrowings	-	-3 000
Net cash used in financing activities	**-2 859**	**7 064**
Net change in cash and cash equivalents	**-183**	**1**
Cash and cash equivalents at the beginning of the period	**184**	183
Net change in cash and cash equivalents	-183	1
Cash and cash equivalents in the balance sheet as of year end	**1**	**184**
This consists of:		
Bank deposits	1	184

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Accounting policies

All items in the annual financial statements are valued and accrued in accordance with the provisions of the Norwegian Accounting Act and generally accepted accounting practice.

Classification
Assets intended for permanent ownership or use and receivables that mature more than one year after the balance sheet date are recognised as non-current assets. Other assets are classified as current assets. Liabilities that mature more than one year after the end of the accounting period are recognised as long-term liabilities.

Depreciation of property, plant and equipment
Property, plant and equipment is valued at cost less depreciation, which is calculated based on the assets' cost and expected useful economic lives.

Receivables
Receivables are recognised in the balance sheet at nominal value less confirmed and expected losses.

Pensions
The company operates a defined-contribution scheme that is expensed on an ongoing basis.

Foreign currencies
Monetary items denominated in foreign currencies are translated using the exchange rate in force at the balance sheet date.

Tax expense and deferred tax
The tax expense is based on the profit/loss recognised in the income statement and comprises tax payable and changes in net deferred tax.

Deferred tax relating to buildings is not recognised if the timing of the reversal of temporary differences is controlled by the company, and it is probable that these differences will not reverse in the foreseeable future. Deferred tax liabilities and deferred tax assets are presented net in the balance sheet.

Operating revenues and expenses
Revenue is recognised in accordance with the accruals principle, which is normally at the time of delivery of products and services. Costs are recognised in accordance with the matching principle, i.e. costs are recognised in the same period in which associated revenues are recognised.

Subsidiaries and associates
Subsidiaries, associates and joint ventures are valued using the cost method in the single-entity financial statements. Investments are recognised at the cost of the shares adjusted for any impairments where necessary. Group contributions paid to subsidiaries, less tax, are added to the cost of the shares in the balance sheet. Group contributions/dividends are recognised in income in the same year that a proposed payment is recognised in the subsidiary/associate. If a dividend/Group contribution significantly exceeds the share of the post-acquisition retained earnings, the excess amount is deemed to be a repayment of invested capital and is deducted from the investment value in the balance sheet.

Group ownership structure
Rainpower Holding AS is owned 67.5 per cent by Ard Group AS (org.no. 998 474 272). Ard Group AS is a wholly owned subsidiary of Dyranut AS (org.no. 996 311 627).

Statement of cash flows
The statement of cash flows has been prepared based on the indirect method. Cash and cash equivalents include bank deposits not included in the group cash-pooling scheme. Cash-pooling scheme balances are classified as a receivable/liability due from/to companies in the same group.

Liabilities
With the exception of certain provisions, liabilities are recognised in the balance sheet at their nominal amount.

Notes to the financial statements

Note 1 Personnel expenses, number of employees, remuneration, etc.

	2019	2018
Salary	1 221	3 668
Social security contribution	114	531
Pension cost	30	104
Other emplyee benefits	-	93
Personnel expenses	**1 364**	**4 396**

There are no employees in Rainpower Holding AS as of December 31.

Remuneration paid to the CEO

	2019	2018
Salary	1 217	2 098
Pension cost	37	105
Other emplyee benefits	4	66
Total benefits	**1 258**	**2 269**

The CEO as of year-end is employed and remunerated from a subsidiary in the group.

No loans have been extended to and no security has been pledged on behalf of the CEO, Chairman of the Board or other related parties. No single loan/security comprises more than 5 per cent of the company's equity.

Auditor's remuneration

	2019	2018
Audit fee	486	482
Tax services	50	-
Other assurance services	15	-
Other non-audit services	54	19
Total	**604**	**501**

Note 2 Investments

Subsidiary	Registered office	Ownership share	Investment at 31 December
Rainpower AS	Kjeller	100 %	208 603
Rainpower Technology AS	Trondheim	100 %	9 250
Hymatek Controls AS	Oslo	100 %	32 300
Total			**250 153**

Note 3 Tax

Income tax expense	2019	2018
Current income tax		
Change in deferred tax	181	-1 089
Income tax	**181**	**-1 089**
Taxable income		
Income (loss) before taxes	825	-6 426
Permanent differences	-	948
Change in temporary differences	-	726
Use of carry-formard tax losses	-825	
Taxable income	**-0**	**-4 752**
Tax payable in the balance sheet:		
Payable taxes current year result	-	-
Total tax payable in the balance sheet	**-**	**-**
Reconciliation of tax expense:		
Income (loss) before taxes	825	-6 426
Expected income taxes at statutory tax rate	181	-1 478
Non-deductible expenses	-	218
Tax law changes	-	171
Total	**181**	**-1 089**
Effective tax rate	22,00 %	20,33 %

Tax effect of temporary differences and tax losses carried forward giving rise to deferred tax liabilities and deferred tax assets, specified by type of temporary difference:

	31.12.2019	31.12.2018	Change
Tax loss carry forward	-16 310	-17 135	-825
Basis for deferred tax	**-16 310**	**-17 135**	**-825**
Deferred tax	**-3 588**	**-3 770**	**-181**
Tax law changes	-	171	

Rainpower Holding AS is the top holding company of Rainpower group. The company main target is to offer an appropriate owning structure and to offer financing to other group companies, based on arm-length principles. The basis for the tax positions of Rainpower Holding AS is explained through the presentation of the temporary tax differences in the tax note and consist to a full extent of tax losses carried forward, amounting to NOK 16.3 million. Net deferred tax assets are recognized only to the extent that it is probable they will be utilized against future taxable profits. Income from group contribution is securing the tax losses carried forward to be fully off-set.

Note 4 Equity

	Share capital	Share premium	Non-reg. cap issue	Total
Equity 01.01.2019	45 900	170 421	7 500	223 821
Profit/(loss) for the year		643		643
Non-registered shares	5 081	17 419	-7 500	15 000
Equity 31.12.2019	**50 981**	**188 483**	**-**	**239 464**

Note 5 Shareholders

Share capital of Rainpower Holding AS as of 31 December 2019 comprised the following:

	Number of shares	Nominal value	Carrying amount
Ordinary shares	50 980 773	0,001	50 981
Total	**50 980 773**		**50 981**

Ownership structure

The shareholders as of 31 December 2019 were:

	Ordinary shares	Share holdings	Voting rights
Ard Group AS	34 423 507	67,5 %	67,5 %
Zhejiang Fuchunjiang Hydropower Equiptment Co. Ltd.	16 319 292	32,0 %	32,0 %
Verdane Capital IX AB	237 974	0,5 %	0,5 %
Total	**50 980 773**	**100,0 %**	**100,0 %**

Note 6 Intragroup balances

Balance sheet items relating to transactions with related parties

	Accounts receivable		Other receivables / Group receivables	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Group companies	3 046	1 779	13 195	9 331
Total	**3 046**	**1 779**	**13 195**	**9 331**

	Accounts payable		Other current liabilities / group cash pool	
	31.12.2019	31.12.2018	31.12.2019	31.12.2018
Group companies	1 953	985	3 512	13 057
Total	**1 953**	**985**	**3 512**	**13 057**

Sale of goods and services to related parties

	2019	2018
Group companies	11 594	7 839
Total	**11 594**	**7 839**

Note 7 Restricted funds

Restricted bank deposits

	31.12.2019	31.12.2018
Employees tax deduction,deposited in a separate bank acct	1	184

Note 8 Pledged assets and guarantees etc.

The total exposure, including bank loans, with the Group's main bank is secured against mortgages on operating equipment, inventories and a factoring agreement. Security has also been pledged on the shares in Rainpower AS and the shares in subsidiaries.

The Group has an overdraft facility of NOK 30 million. As of 31 December 2019, the Group has drawn a total of NOK 0 on the credit facility.

None of the company's long-term liabilities mature later than in five years.

Debts secured by mortgage	31.12.2019	31.12.2018
Non-current borrowings	-18 000	-18 000
Current borrowings	-8 394	-9 331
Total	**-26 394**	**-27 331**

Subsequent to 31.12.2019 the company has renegotiated and renewed its loan. Free deduction is agreed until 31.12.2020. The loan matures March 31st 2021.

Charged interest in 2019 is equivalent to NOK 1,1 million.

Note 9 Foreign currency

For the financial year, NOK 0,048 million in exchange gains and NOK 0,085 million in foreign exchange losses have been recognised. The respective comparative figures for 2018 were NOK 0,194 million in foreign exchange gains and NOK 0,041 million in foreign exchange losses.

Note 10 Going concern

The annual financial statements have been prepared in accordance with the going concern principle. Please refer to the discussion in the Report from the Board of Directors for further comments on the going concern assumption.

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To the General Meeting of Rainpower Holding AS

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Rainpower Holding AS, which comprise:

- The financial statements of the parent company Rainpower Holding AS (the Company), which comprise the balance sheet as at 31 December 2019, the income statement and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- The consolidated financial statements of Rainpower Holding AS and its subsidiaries (the Group), which comprise the consolidated statement of financial positions as at 31 December 2019, consolidated statement of income, other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion:

- The financial statements are prepared in accordance with the law and regulations.
- The accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.
- The accompanying consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and its financial performance and its cash flows for the year then ended in accordance with simplified application of international accounting standards according to section 3-9 of the Norwegian Accounting Act.

Basis for Opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by laws and regulations, and we have fulfilled our other 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 opinion.

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State authorised public accountants, members of The Norwegian Institute of Public Accountants, and authorised accounting firm

Material Uncertainty Related to Going Concern

We draw attention to Note 28 in the financial statements and the Board of Directors' report, which indicates that the group has significant liquidity risk and a need for refinancing and / or capital injection to ensure proper equity and liquidity going forward. This relationship and other circumstances described in the annual report and notes indicate that there is material uncertainty that may create doubts about the group's ability to continue operations. Our opinion is not modified in respect of this matter.

Other information

Management is responsible for the other information. The other information comprises information in the annual report, except the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we 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 Directors and the Managing Director for the Financial Statements

The Board of Directors and the Managing Director (Management) are responsible for the preparation in accordance with law and regulations, including fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and fair presentation of the consolidated financial statements of the Group in accordance with simplified application of international accounting standards according to the Norwegian Accounting Act section 3-9, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and 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 these financial statements.

For further description of Auditor's Responsibilities for the Audit of the Financial Statements reference is made to https://revisorforeningen.no/revisjonsberetninger

Report on Other Legal and Regulatory Requirements

Opinion on the Board of Directors' report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors' report concerning the financial statements and the going concern assumption is consistent with the financial statements and complies with the law and regulations.

Opinion on Registration and Documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements *(ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to produce a proper and clearly set out registration and documentation of the Company's accounting information in accordance with the law and bookkeeping standards and practices generally accepted in Norway.

Oslo, 26 June 2020
PricewaterhouseCoopers AS

Vidar Lorentzen
State Authorised Public Accountant
(This document is signed electronically)

Securely signed with Brevio

Revisjonsberetning RPH

Signers:

Name	*Method*	*Date*
Lorentzen, Vidar	BANKID_MOBILE	2020-06-29 22:00

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