



ÅRSREGNSKAPET FOR REGNSKAPSÅRET 2020 - GENERELL INFORMASJON

Enheten

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

Regnskapsår

Årsregnskapets periode: 01.01.2020 - 31.12.2020

Konsern

Mørselskap 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: 25.06.2021

Grunnlag for avgivelse

År 2020: Årsregnskapet er elektronisk innlevert
År 2019: Tall er hentet fra elektronisk innlevert årsregnskap fra 2020

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, 24.05.2022



Resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Annen driftsinntekt	6	10 892 000	11 594 000
Sum inntekter		10 892 000	11 594 000
Kostnader			
Lønnskostnad	1		1 364 000
Annen driftskostnad	1	10 392 000	8 460 000
Sum kostnader		10 392 000	9 824 000
Driftsresultat		500 000	1 770 000
Finansinntekter og finanskostnader			
Renteinntekt fra foretak i samme konsern		238 000	249 000
Annen renteinntekt		67 000	15 000
Annen finansinntekt	9	611 000	48 000
Sum finansinntekter		916 000	312 000
Nedskrivning av finansielle eiendeler	2	165 000 000	
Annen rentekostnad		941 000	1 167 000
Annen finanskostnad	9	701 000	90 000
Sum finanskostnader		166 642 000	1 257 000
Netto finans		-165 726 000	-945 000
Ordinært resultat før skattekostnad		-165 226 000	825 000
Skattekostnad på ordinært resultat	3	3 609 000	182 000
Ordinært resultat etter skattekostnad		-168 835 000	643 000
Årsresultat		-168 835 000	643 000
Overføringer og disponeringer			
Tilleggsutbytte		8 500 000	
Overføringer til/fra annen egenkapital		-177 335 000	643 000
Sum overføringer og disponeringer		-168 835 000	643 000



Balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Utsatt skattefordel	3		3 588 000
Sum immaterielle eiendeler			3 588 000
Finansielle anleggsmidler			
Investering i datterselskap	2	150 153 000	250 153 000
Sum finansielle anleggsmidler		150 153 000	250 153 000
Sum anleggsmidler		150 153 000	253 741 000
Omløpsmidler			
Varer			
Fordringer			
Kundefordringer	6	1 828 000	3 046 000
Kundefordringer mot selskap i samm	6	10 632 000	13 195 000
Andre kortsiktige fordringer		1 500 000	1 558 000
Sum fordringer		13 960 000	17 799 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	7	1 000	1 000
Sum bankinnskudd, kontanter og lignende		1 000	1 000
Sum omløpsmidler		13 961 000	17 800 000
SUM EIENDELER		164 114 000	271 541 000
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	4, 45	510 000	50 981 000
Overkurs	4	61 619 000	188 483 000



Balanse

Beløp i: NOK	Note	2020	2019
Sum innskutt egenkapital		62 129 000	239 464 000
Sum egenkapital		62 129 000	239 464 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	7		18 000 000
Sum annen langsiktig gjeld			18 000 000
Sum langsiktig gjeld		0	18 000 000
Kortsiktig gjeld			
Gjeld til kredittinstitusjoner	7	23 136 000	8 394 000
Leverandørgjeld	6	4 193 000	2 155 000
Skyldige offentlige avgifter		704 000	
Utbytte		8 500 000	
Kortsiktig konserngjeld	6	65 000 000	3 512 000
Annen kortsiktig gjeld		452 000	16 000
Sum kortsiktig gjeld		101 985 000	14 077 000
Sum gjeld		101 985 000	32 077 000
SUM EGENKAPITAL OG GJELD		164 114 000	271 541 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
RESULTATREGNSKAP			
Inntekter			
Salgsinntekter	11, 18	523 903 000	488 621 000
Annen inntekt	19	6 846 000	1 278 000
Sum inntekter		530 749 000	489 899 000
Kostnader			
Varekostnad	25	341 177 000	272 581 000
Lønnskostnad	21, 22	178 583 000	168 135 000
Avskrivning	7, 8, 24	75 815 000	31 749 000
Annen driftskostnad	21, 25	45 224 000	46 314 000
Sum kostnader		640 799 000	518 779 000
Driftsresultat		-110 050 000	-28 880 000
Finansinntekter og finanskostnader			
Annen renteinntekt	23	1 316 000	3 621 000
Andre agioeffekter	23	40 689 000	23 499 000
Sum finansinntekter		42 005 000	27 120 000
Annen rentekostnad	23	12 557 000	14 093 000
Andre agioeffekter	23	53 915 000	23 062 000
Sum finanskostnader		66 472 000	37 155 000
Netto finans		-24 467 000	-10 035 000
Ordinært resultat før skattekostnad		-134 517 000	-38 915 000
Skattekostnad på ordinært resultat	17	5 784 000	24 736 000
Ordinært resultat etter skattekostnad		-140 301 000	-63 651 000
Årsresultat		-140 301 000	-63 651 000
Omregningsdifferanser		4 270 000	985 000
Sum resultatkomponenter for IFRS-foretak		4 270 000	985 000
Totalresultat		-136 031 000	-62 666 000



Konsernets resultatregnskap

Beløp i: NOK	Note	2020	2019
Overføringer og disponeringer			
Overføringer til/fra annen egenkapital		-136 031 000	-62 666 000
Sum overføringer og disponeringer		-136 031 000	-62 666 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EIENDELER			
Anleggsmidler			
Immaterielle eiendeler			
Balanseført utvikling	8, 20	26 563 000	29 837 000
Andre immaterielle eiendeler	8	1 514 000	1 200 000
Utsatt skattefordel	17	2 120 000	6 941 000
Goodwill	8	159 737 000	209 728 000
Sum immaterielle eiendeler		189 934 000	247 706 000
Varige driftsmidler			
Bruksrett leieavtaler	24	74 245 000	84 216 000
Tomter, bygninger og annen fast eiendom	7	1 141 000	1 845 000
Maskiner og anlegg		1 803 000	2 670 000
Driftsløsøre, inventar, verktøy, kontormaskiner og lignende	7	2 453 000	1 928 000
Sum varige driftsmidler		79 642 000	90 659 000
Sum anleggsmidler		269 576 000	338 365 000
Omløpsmidler			
Varer			
Varer	6	2 224 000	3 266 000
Sum varer		2 224 000	3 266 000
Fordringer			
Kundefordringer	9, 10	46 727 000	80 680 000
Utført, ikke fakturert arbeid	10, 11	95 769 000	95 409 000
Andre fordringer	9, 10	18 904 000	19 775 000
Sum fordringer		161 400 000	195 864 000
Bankinnskudd, kontanter og lignende			
Bankinnskudd, kontanter og lignende	5, 9	14 015 000	14 459 000
Sum bankinnskudd, kontanter og lignende		14 015 000	14 459 000
Sum omløpsmidler		177 639 000	213 589 000
SUM EIENDELER		447 215 000	551 954 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
BALANSE - EGENKAPITAL OG GJELD			
Egenkapital			
Innskutt egenkapital			
Aksjekapital	12	510 000	50 981 000
Overkurs		200 619 000	200 619 000
Sum innskutt egenkapital		201 129 000	251 600 000
Opptjent egenkapital			
Annen egenkapital		-243 739 000	-158 160 000
Sum opptjent egenkapital		-243 739 000	-158 160 000
Sum egenkapital		-42 610 000	93 440 000
Gjeld			
Langsiktig gjeld			
Annen langsiktig gjeld			
Gjeld til kredittinstitusjoner	3, 9, 15, 16	45 017 000	62 000 000
Langsiktig leasing gjeld	24	64 679 000	70 346 000
Sum annen langsiktig gjeld		109 696 000	132 346 000
Sum langsiktig gjeld		109 696 000	132 346 000
Kortsiktig gjeld			
Gjeld til kreditinstitusjoner	3, 9, 15, 16	73 077 000	8 394 000
Leverandørgjeld	3, 9, 14, 15, 25	121 012 000	99 729 000
Skyldige offentlige avgifter	15	33 702 000	25 278 000
Forskudd fra kunder	11	25 683 000	34 260 000
Avsatte prosjektkostnader	11	81 376 000	110 740 000
Finansielle derivater			
Kortsiktig leasing gjeld	24	12 549 000	15 391 000
Annen kortsiktig gjeld	11, 14, 15	32 730 000	32 376 000



Konsernets balanse

Beløp i: NOK	Note	2020	2019
Sum kortsiktig gjeld		380 129 000	326 168 000
 Sum gjeld		 489 825 000	 458 514 000
 SUM EGENKAPITAL OG GJELD		 447 215 000	 551 954 000



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.



Annual report 2020



RAINPOWER

Optimizes the value of sustainable hydropower energy



BOARD OF DIRECTORS' report 2020

A year marked by Covid-19 and the operational challenges posed by the pandemic, and the search for new owners.

- Covid-19 impacted Rainpower's operations and global markets substantially throughout the year.
- The financial situation is secured with Aker Horizons as the new sole owner of Rainpower Group

About Rainpower

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 at Kvaerner Brug.

The Rainpower Group comprises eleven companies in seven countries. The Group is headquartered at Lillestrøm, has production facilities at Sørumsand and a turbine laboratory in Trondheim. The departments responsible for sales, design work and engineering services are located at Lillestrøm 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).

Rainpower's employees boast unique expertise in turbine technology and control systems. 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.

Changed ownership and recapitalization of Rainpower Group

Because of the Covid-19 impact, the company received a state guaranteed loan of NOK 50 million in 2020 to secure the liquidity situation and secure the business going forward. In addition, loan agreements with SEB were renegotiated and renewed until March 2021. In connection with this renewal, the Board of Rainpower Holding AS initiated and started a process, in dialogue and collaboration with SEB Corporate Finance, to strengthen the Company's financial balance and financial situation. The outcome of this process was considered as an important prerequisite for the company's ability to continue with the established strategy.

On 26 March 2021, Aker Horizons entered as new owners of Rainpower. The transaction was announced in January and finalized in March 2021. Aker Horizons is an investment company with mandate for an active ownership to build future-oriented companies. Their ambition is to be a driving force for decarbonisation through companies that develop and deliver industrial solutions within renewables and green technology. Aker Horizons is listed on Oslo stock exchange with Aker ASA as the main owner.

AH Åtte AS, a 100% owned subsidiary of Aker Horizons acquired 100 percent of the shares in Rainpower Holding AS and contributed with NOK 100 million in capital. In connection with the acquisition, Rainpower was recapitalized with renewal of the company's loan agreements and increased credit facilities. Borrowings of NOK 112.5 is converted to a subordinated loan, which is considered as an equity injection. In total, the recapitalization



improves the company's Equity with NOK 212 million. In addition, the company is issued a new RCF of NOK 40 million.

With Aker Horizons as new owners and the renegotiated agreements with our lenders, the financial situation in Rainpower is secured. Aker Horizons' ambition is to use Rainpower as a platform to build a next generation technology company to optimize hydropower developments and operations.

2020 operational summary

The year was marked by the Covid-19 pandemic and its impacts on the world. The year has been challenging for Rainpower, our customers, suppliers and our competitors.

At the beginning of 2020, the situation in Rainpower was promising with a sufficient backlog of NOK 612 million, with several projects awarded in 2019 securing high activity going forward for all our locations. New strategy with increased focus to grow in the international market was implemented. New contract won in Sweden early January and optimism in the international market with high bid activity.

Then the Corona virus arrived and the world locked down. For Rainpower it started already late January, with the lockdown in China, which affected our office in Hangzhou and our local suppliers. The lock-down in China was followed by further outbreak in Europe and Norway, and the local governments implemented measures in March and April to avoid further spread of the virus. Travel restrictions and a slowing world economy adversely affected our order intake, operations, projects executions and financial performance in 2020.

During March Rainpower implemented mitigation plans, maintain cash flows and reduce the negative financial effect caused by the pandemic. Projects were paused due to projects officially delayed by our clients or by our suppliers, and all non-critical activities were paused. A temporary workforce reduction was implemented in end of March, initially affecting 66 employees, including contractors terminated.

In addition to the corona virus, the power prices in Norway and Europe dropped significantly, by a mild and unusually wet winter in the Nordics. Investment decisions for upgrades or new plant investment were postponed and new order intake for Rainpower did not materialize as expected.

The pandemic has caused great strain on the vast majority of our operations, and Rainpower applied for granted a state guaranteed loan of NOK 50 million to secure the liquidity situation and secure the business going forward. A capital injection from the previous shareholders was no longer an option, and the loan was crucial for the business to continue.

Characterization of the first half 2020

- The hydropower market turned cold in Norway and International, causing a significantly drop in order inbound
- Projects put on hold and stopped by our clients
- Production paused due to measures from local government in China, Norway and Europe
- Temporary lay-offs in Norway
- Ransomware attack encrypting our servers and our main system applications
- Currency fluctuations affecting sourcing cost in project and financial cost

The second half of 2020 was characterized by high activity to resume and gain lost time on all projects affected by the lock-downs. The wave of projects to execute has hit us hard, and the company experienced an unforeseen capacity constraint through the fall and into 2021. The capacity constraint was solved by engaging temporary employees and hired-in contractors, both in engineering, workshop and at site. This has been crucial for Rainpower ability to execute to the best and deliver according to contract milestones and obligations. The financial downside is that this way of organizing is cost consuming and has led to pressure on our liquidity and profitability. The project profitability has deteriorated during the second half, with many projects becoming onerous project. This has especially been the case for the small hydro projects delivered by the Norwegian subsidiaries Rainpower Norge AS and Hymatek Controls AS.



Characterization of the second half 2020

- Pressure to accelerate project execution to regain lost production time
- High activity with several projects in progress towards finalization/commissioning
- Capacity constraints and high number of hired-in resources
- Cost increase and reduced profitability
- Liquidity constraints requiring close dialogue with main critical suppliers
- Extensive M&A process, requiring management focus

Strategy and Market outlook

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 hydropower 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, combined with an efficient supply from our office in Hangzhou - China

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 have 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, but still a strong need for upgrades of existing plants. In emerging economies outside of Europe, opportunities and a basis for growth still exist.

In the wake of the Coronavirus pandemic, market conditions have remained difficult during the year, but we now see a potential for improvement. The Norwegian market seems to be picking up, and the tender activity in the international market is increasing. Our customers will have better incentives for making investment decisions as the power prices have returned to a normal level and new tax incentives are implemented in Norway. We do experience a much-needed market optimism.

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. The market seems to acknowledge the advantage of Hydropower's capacity to store water for later energy production, which is a solid fundament for the need for a flexible and stable energy production.

We see a very attractive market with possibilities for our customers. Rainpower will seek to identify and develop concepts for upgrading the hydropower installed base to reflect the needs of future power markets, including an increasing need for flexibility to rapidly respond to swings in intermittent renewable power generation and for cost-effective and sustainable power storage solutions.

In collaboration with leading industrial software company, Cognite, Rainpower will develop a portfolio of applications for optimization of operations, response time, distribution, and trading. Further Rainpower will establish a concept development and engineering insight team to become a key partner for the hydropower industry, in addition to building an integrated portfolio of operations technologies for next generation dynamic power plants.

This gives us confidence in accelerating the growth ambitions for the company.



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 operating revenue of 2020 was NOK 530.7 million compared to NOK 489.9 million in 2019, representing an 8.3% growth. Backlog of NOK 612 million in beginning of the year secured the activity in 2020 despite the pandemic measures and drop in order intake.

Earnings before interests, depreciations and taxes (EBITDA) ended negative of NOK -34.2 million compared with NOK 2.9 million in 2019. The combination of liquidity and capacity constraints, currency fluctuations and operational delay and issues contributed to a negative profitability in 2020.

Depreciation, amortization and Impairment in 2020 amounted to NOK 75.8 million (2019: NOK 31.7), including a write-down of Goodwill of NOK 50 million. EBIT was NOK -110.0 million in 2020, compared with NOK -28.9 million in 2019.

Net financial items was NOK -24.5 in 2020 (2019: NOK -10.0 million). The loss before tax was NOK -134.5 million compared with NOK -38.9 million in 2019.

Total equity was NOK -42.2 million at the end of 2020, compared with NOK 93.4 million at the end of 2019, corresponding to an equity ratio of -9.5%, down from 16.9% a year earlier. Subsequent to 31.12.2020, the company is recapitalized, with a total equity improvement of NOK 212 million in March 2021. In April, an extraordinary dividend of NOK 8.5 million was paid to the new owners, agreed as part of the recapitalization.

The consolidated equity is negative per 31.12.2020 and Board of Directors has acted in accordance with the "Boards Obligation to act on loss of equity" as required in the Norwegian Company limited Liabilities act § 3-5. The General assembly is informed about the financial situation and the Recapitalization of the company, which has strengthened the financial situation.

As preparation for the planned restructuring of the company the General assembly in Rainpower Holding AS approved in meeting held April 14th 2020 to reduce the Share capital by NOK 50.470.965,27, from NOK 50.980.773,00 to NOK 509.807,73, by reducing the nominal value of each share from NOK 1 to NOK 0.01. The reduction amount was transferred to funds and constitutes other equity.

The financial statements for the year ending 2020 reflects a partly write down of goodwill of NOK 50 million, goodwill related to the Norwegian subsidiary Rainpower Norge AS.

During the last period of 2020 the company did not comply with financial covenant attached to the interest bearing loans and borrowings. The dialog with the lenders has been positive during this period, supporting the recapitalization process, including renewal of loan agreements.

Cashflow

Consolidated cash flows 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 negative in 2020, NOK -32.7 million, compared with NOK 3.8 million in 2019. Net cash flow from investing activities totalling NOK -7.4 million, compared with NOK -10.3 million in 2019. Investment in technology development and IT amounted to NOK 5.2 million, compared with NOK 6.1 million a year earlier. Cash flow from financing activities of NOK 39.7 million in 2020 (2019: NOK 0.9 million).

Net current operating assets developed negatively mainly due to reclassification of borrowings from non-current liabilities in previous year to current liability in 2020. Net operating assets was NOK -187.8 million at the end of

- 4 -

Rainpower Holding



2020 compared with NOK -112.6 million in 2019. 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 2020.

The liquidity situation is considered as satisfactory after the recapitalization made subsequent to 31.12.2020.

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 loss of NOK 168.8 million in 2020, mainly consisting of investment write-down of NOK 165 million related booked value of the Norwegian subsidiary Rainpower Norge AS. The write-down is made as a result of the yearly impairment test for 2020.

Going concern assumption

The 2020 earnings was negatively impacted by the covid-19 situation and the decline in the power prices turning the hydropower market cold in the Nordic area. Hydropower investments and order inbound in 2020 did not materialize as expected, which will affect the activity level and revenue volume planned for the second half of 2021.

The Group's financial projections used in its going concern evaluation are based on certain assumptions about the future, including those related to future contract awards, contract pricing, execution of projects and the availability of funding. In general, the market situation and tender activity in 2021 have returned to a normal level, and the order intake during the first months in 2021 is in line with our expectations. The existing order backlog and the new orders won in 2021 provide security for sufficient activity level throughout 2021. The project execution is still challenging for some projects, causing pressure on the Group's profitability and the financial performance in 2021. The financial ambition for 2021 has been adjusted accordingly and taken into account in this evaluation.

In 2020 the management and the Board of Directors initiated several actions to improve the liquidity and the financial situation to secure the going concern. The outcome of these actions and processes is positive and the financial balance and financial situation have been strengthened.

- New owner contributed with NOK 100 million in capital injection, March 2021
- Loan agreements renegotiated and renewed, including partly conversion of debt to equity, and increased credit facilities.

The company will continue its work to strengthen its monitoring of projects, costs and liquidity, and improve the profitability going forward. Based on contracted orders on hand, completed recapitalization including capital injection and renewal of loan agreements with increased loan facility, the liquidity situation is expected to be sufficient throughout the year.

Based on the overall assessment and the outcome of the recapitalization, the board's assessment is that the conditions for continued operations has been complied with, and the accounts have been presented under this assumption. In accordance with the Norwegian Accounting Act section 3-3a, the board of directors confirms that the annual accounts are prepared in accordance with the going-concern assumption.

Health, Safety, Security and Environment

Employees

At the end of 2020, the Rainpower Group had 193 employees. Of these employees, 162 were employed in Norway and 31 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 metalwork, 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 second year, 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 continuously improve its HSE performance. Significant importance is attached to the risk assessment of work assignments and facilities. One lost-time injury was recorded in 2020 (2019: two lost-time injuries). The Group accords a high priority to following up sickness absence. Overall sickness absence in the Group in 2020 amounted to 1.7 percent, down from 1.9 percent in 2019. The Group's short-term absence (1–16 days) amounted to 0.2 percent, while long-term absence (more than 16 days) comprised 1.5 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 2020, 14.0 percent of the Group's workforce were women (2019: 11.3 percent). As of 31 December 2020, two women were part of the management team and one woman was part of the Board of Directors. In 2020, the company 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.

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 management 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 2020 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 influence 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 variations of the Norwegian krone, the Group is facing changed 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 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.



Subsequent events

Subsequent to 31.12.2020, Aker Horizons entered as new owners of Rainpower, with 100% ownership, with ambition to build a next generation technology company to optimize hydropower developments and operations. The company has been recapitalized through capital injection and renewed loan agreements with SEB.

The group subsidiary in Canada, North America Rainpower Inc. was dissolved by way of voluntary dissolution under the Business Corporations Act on February 8th, 2021.

The Board of Directors of Rainpower Holding AS, June 18th 2021

Karl-Petter Løken

Karl-Petter Løken
Chairman

Vidar Borhaug

Vidar Borhaug
CEO

Rainpower Holding -



CONSOLIDATED FINANCIAL STATEMENTS

Income Statement

Consolidated statement for the year ended December 31

NOK 1,000	NOTE	2020	2019
CONSOLIDATED STATEMENT OF INCOME			
Sales revenues	11,18	523 903	488 621
Other income	19	6 846	1 278
Total operating revenue		530 749	489 899
Cost of sales	25	341 177	272 581
Personnel expenses	21,22	178 583	168 135
Depreciation and amortization	7,8	25 815	31 749
Impairment	8	50 000	-
Other operating expenses	21,25	45 225	46 314
Total operating expenses		640 799	518 780
Operating profit		-110 050	-28 881
Financial income	23	42 005	27 120
Financial expenses	23	-66 472	-37 155
Net financial items		-24 467	-10 035
Loss before taxes		-134 517	-38 915
Income tax expenses	17	-5 784	-24 736
Loss for the period		-140 301	-63 651
Shareholders of Rainpower Holding AS		-140 301	-63 651

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	31.12.2020	31.12.2019
OTHER COMPREHENSIVE INCOME			
Loss for the period		-140 301	-63 651
Translation differences (can be reclassified to traditional income statement)		4 270	985
Total comprehensive income for the year		-136 031	-62 666
Shareholders of Rainpower Holding AS		-136 031	-62 666

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	31.12.2020	31.12.2019
Non-current assets			
Research and development	8,20	26 563	29 837
Other intangible assets	8	1 514	1 200
Deferred tax assets	17	2 120	6 941
Goodwill	8	159 737	209 728
Right-of-use assets	24	74 245	84 216
Property, plant and equipment	7	5 397	6 443
Total non-current assets		269 576	338 365
Current assets			
Inventories	6	2 224	3 266
Customer contract assets	10,11	95 769	95 409
Trade receivables	9,10	46 727	80 680
Other receivables	9,10	18 904	19 775
Cash and cash equivalents	5,9	14 015	14 459
Total current assets		177 639	213 589
TOTAL ASSETS		447 215	551 954

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



NOK 1,000	NOTE	31.12.2020	31.12.2019
Equity attributable to the company's shareholders			
Share capital	12	510	50 981
Share premium account		200 619	200 619
Retained earnings		-243 739	-158 160
Total equity		-42 610	93 440
Non-current liabilities			
Non-current borrowings	3,9,15,16	45 017	62 000
Non-current lease liabilities	24	64 679	70 346
Total non-current liabilities		109 696	132 346
Current liabilities			
Current borrowings	3,9,15,16	73 077	8 394
Trade payables	3,9,14,15,25	121 012	99 729
Accrued public duties	15	33 702	25 278
Prepayments from customers	11	25 683	34 260
Customer contract liabilities	11	81 376	110 740
Current lease liabilities	24	12 549	15 391
Other current liabilities	11,14,15	32 730	32 377
Total current liabilities		380 129	326 169
Total liabilities		489 825	458 514
TOTAL EQUITY AND LIABILITIES		447 215	551 954

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

The Board of Directors of Rainpower Holding AS, June 18th 2021

Karl-Petter Løken
Karl-Petter Løken
Chairman

Vidar Borhaug
Vidar Borhaug
CEO



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 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
At 1 January 2020		50 981	200 619	-158 160	-	93 440
Profit/loss for the period				-140 301		-140 301
Translation differences				4 269		4 269
Capital reduction		-50 471		50 471		-
Other				-18		-18
Balance at 31. December 2020	12	510	200 619	-243 739	-	-42 610

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	2020	2019
Cash flow from operating activities			
Loss before income tax		-134 517	-38 915
Depreciation, amortisation and impairments	7,8,25	75 815	31 749
Taxes paid	17	-779	-4 708
Change in inventories	6	1 042	-738
Net change in customer contract assets and liabilities	11	-29 724	12 903
Change in trade and other receivables	10	34 824	-18 317
Change in trade payable and other current payables	14	21 483	21 727
Translation differences		4 269	985
Other accruals and prepayments		-5 120	-878
Net cash generated from operating activities		-32 707	3 808
Cash flows from investing activities			
Purchase of property, plant and equipment	7	-2 158	-4 166
Purchase of intangible assets	8	-706	-1 263
Payments for capitalized development	8	-4 533	-4 844
Net cash used in investing activities		-7 397	-10 274
Cash flows from financing activities			
Net change in overdraft facilities	15	5 940	-1 062
Proceeds from borrowings	15	50 000	-
Repayments of non-current borrowings	15	-3 269	-984
Payment of lease liabilities	24	-12 994	-10 846
Proceeds from issue of shares		-	15 000
Dividends paid, purchase of shares from non-controlling interests		-18	-1 236
Net cash used in financing activities		39 659	873
Net change in cash and cash equivalents		-445	-5 593
Cash and cash equivalents at the beginning of the period		14 459	20 052
Net change in cash and cash equivalents		-445	-5 593
Cash and cash equivalents at end of the period		14 014	14 459
Available overdraft facilities		24 060	30 000

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 Lillestrøm 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 Nordahl Bruns gate 10 in Lillestrøm. The company was founded on 16 May 2011.

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.

Changes in accounting policies and disclosures:

There are no changes in the accounting policies for the consolidated financial statement for the year ending December 31, 2020 as compared to the accounting policies for the 2019 reporting year.

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.

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 23).

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. 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.



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 2020 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, USD, SEK and CNY. 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 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 16) 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 by central finance department with input and assistance from local finance team in each of the main 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 trade payables 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 2020					
Borrowing	76 827	8 750	32 517	-	118 094
Trade payables	121 012	-	-	-	121 012
Total	197 839	8 750	32 517	-	239 106

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	2020	2019
Borrowings	16	118 094	70 394
Cash and cash equivalents	5	-14 015	-14 459
Net debt		104 079	55 935
Total equity		-42 610	93 440
Total capital		61 469	149 375
Gearing		169,3 %	37,4 %

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 company does not have assets or liabilities measured at fair value as per 31, December 2020

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

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	2020	2019
Cash and cash equivalents	14 015	14 459
Sum	14 015	14 459

The Group has 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 2020 amounted to NOK 1.5 million (2019: NOK 1.2 million). There were no other restricted funds as of 31 December 2020 or 31 December 2019.

Non-utilised drawdowns on the overdraft facility as of 31 December 2020 amounted to NOK 24.1 million (2019: NOK 30 million).

Note 6 Inventories

NOK 1,000	2020	2019
Goods, production materials	2 224	3 266
Total	2 224	3 266



Note 7 Property, plant and equipment

NOK 1.000	Property and buildings	Equipment and machinery	Fixtures and fittings	Sum
Cost at 31 December 2019	5 765	40 091	17 688	63 544
Corrections/reclassifications opening balance	-8	-3 475	-201	-3 684
Additions and transfers	104	588	1 466	2 158
Disposal at cost	-	-54	-6 747	-6 801
Effect of changes in foreign exchange	-	-206	112	-94
Cost at 31 December 2020	5 860	36 943	12 319	56 122
Accumulated depreciation and impairment losses at 31 December 2019	3 920	37 420	15 760	57 100
Corrections/reclassifications opening balance	-8	-3 475	-201	-3 684
Depreciation	808	1 456	941	3 204
Accumulated depreciation and impairment disposed assets	-	-54	-6 732	-6 787
Effect of changes in foreign exchange	-	-206	98	-108
Accumulated depreciation and impairment losses at 31 December 2020	4 720	35 140	9 866	49 725
Carrying amount at 31 December 2020	1 141	1 803	2 453	5 397
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 2019	227 228	90 883	16 975	335 086
Additions and transfers		4 533	706	5 239
Disposal at cost		-6 014	-12 747	-18 762
Effect of changes in foreign exchange	10		-12	-3
Cost at 31 December 2020	227 238	89 402	4 922	321 561
Accumulated amortization and impairment losses at 31 December 2019	17 500	61 046	15 775	94 321
Disposal at cost		-6 014	-12 751	-18 765
Amortisation and impairments for the year	50 000	7 807	384	58 191
Accumulated amortization and impairment losses at 31 December 2020	67 500	62 839	3 408	133 747
Carrying amount at 31 December 2020	159 737	26 563	1 514	187 814

The average residual amortisation period for capitalised development is 4 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.

The year was challenging due to the COVID-19 pandemic and market conditions impacted by the pandemic. The number of prospects reduced as the investment decisions were postponed. This affected Rainpowers order intake in 2020 and the financial performance. The outlook is better and the market is returning to a more normal activity



with increased number of prospects. The outlook in Norway has improved as a result of the Norwegian Government's tax relief and incentives within the hydropower business. Following the financial performance in 2020 the impairment testing of the assets resulted in impairment losses of NOK 50 million for intangible assets - Goodwill.

a) Goodwill

The year was challenging due to the COVID-19 pandemic and market conditions impacted by the pandemic. The number of prospects reduced as the investment decisions were postponed. This affected Rainpowers order intake in 2020 and the financial performance. The outlook is better and the market is returning to a more normal activity with increased number of prospects. The outlook in Norway has improved as a result of the Norwegian Government's tax relief and incentives within the hydropower business. Following the financial performance in 2020 the impairment testing of the assets resulted in impairment losses of NOK 50 million for intangible assets - Goodwill.

Goodwill is allocated to the Group's cash-generating units (CGUs) identified by each Group subsidiary. The CGUs identified when testing goodwill represent the level where synergies are expected and goodwill is monitored.

Breakdown of goodwill per CGU:

NOK 1,000	2020	2019	Change
Rainpower Norge AS/Rainpower Technology AS	138 793	188 793	-50 000
Hymatek Controls AS	20 844	20 844	-
Rainpower Kristinehamn AB	100	91	9
Total	159 737	209 728	-49 991

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. Cashflow 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 2 percent has been used. In particular, future cashflows are uncertain as they are impacted by market developments beyond Rainpower's control. The forecasted cashflows are based on firm orders in the backlog and identified prospects in addition to expected service revenue.

Key assumptions applied in calculating recoverable amounts in 2020:

	Rainpower Norge AS		Hymatek Controls AS	
	2020	2019	2020	2019
WACC (post-tax)	6,5 %	9,0 %	8,5 %	9,0 %
WACC (pre-tax)	10,9 %	11,5 %	10,9 %	11,5 %
Growth rate (after 5 years)	2,0 %	1,5 %	2,0 %	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 1,5%
- Decrease in forecasted cashflows during the four year period from 2022-2025, including the terminal value.

Sensitivity testing has been performed by changing one assumption and keeping the others constant.



Change in assumption - possible need for impairment

NOK 1,000	Rainpower Norge AS	Hymatek Controls AS
Discount rate (WACC)		
Increase +1%	-25 322	0
Increase +2%	-44 234	0
Increase +3%	-59 128	-26 803
Growth rate after 5 yrs		
Reduced to 1,5%	-11 548	0
Expected EBIT after 1 year		
Reduction 10%	-17 245	0
Reduction 20%	-33 967	-3 994
Reduction 30%	-50 658	-36 111

b) Capitalized development

The book value of internally developed technology was NOK 26.6 million as of 31 December 2020 (2019: NOK 29.8 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 2020:

Projects under development were reviewed in 2020 to identify any need to recognise an impairment for projects not deemed to have any future value in use. No impairment recognised in 2020.

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 31.12.2020	Financial assets at fair value through profit and loss	Amortised cost
Trade receivables	10	46 727	-	46 727
Other receivables	10	18 904	-	18 904
Cash and cash equivalents	5	14 015	-	14 015
Total		79 646	-	79 646

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



Carrying amount of financial liabilities:

NOK 1,000	Note	Balance at 31.12.2020	Derivatives at fair value through profit and loss	Amortised cost
Borrowings	16	112 153	-	112 153
Overdraft	16	5 940	-	5 940
Trade payable	14	121 012	-	121 012
Total		239 106	-	239 106

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
Total		170 123	-	170 123

The nominal value of the Borrowings as per 31.12.2020 is NOK 117 million.

Note 10 Trade and other receivables

NOK 1,000	2020	2019
Trade receivables	47 859	83 458
Bad debt provision	-1 132	-2 778
Trade receivables net	46 727	80 680
Customer contract assets	95 769	95 409
Prepayments and accruals	11 641	13 367
Other receivables	7 263	6 408
Total	161 400	195 864

As of 31 December 2020, trade receivables of NOK 30.2 million (2019: NOK 56.0 million) were overdue, but not impaired. The bulk of these receivables have been paid in 2020.

Aging of trade receivables:

NOK 1,000	2020	2019
Trade receivables	47 859	83 458
NOK 1,000	2020	2019
Not due	17 662	27 474
Past due 0-30 days	22 197	32 356
Past due 31-90 days	4 406	14 374
Past due more than 91 days	3 594	9 254
Total	47 859	83 458

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

NOK 1,000	2020	2019
NOK	31 930	39 322
EUR	516	4 251
USD	9 494	5 172
CNY	11 074	19 953
SEK	10 839	26 066
CAD	3	1 271
CHF	1 624	2 543
TRY	935	-
MZN	349	4 655
Total	66 764	103 232



Movement in bad debt provision:

NOK 1,000	2020	2019
At 1 January	2 778	203
Provisions made during the year	-1 645	2 575
At 31 December	1 132	2 778

Bad debt provision in 2019 connected to a dispute in Turkey has been written down/realized as part of Loss of trade receivables. The court rejected Rainpowers appeal and we have decided to take the loss and close the case.

Note 11 Construction contracts

Accrued contract revenue in the statement of comprehensive income for the period amounted to NOK 523.9 million (2019: NOK 488.6 million).

NOK 1,000	2020	2019
Construction contracts in progress, asset	95 769	95 409
Construction contracts in progress, liability	-107 059	-145 000
Net construction work in progress	-11 290	-49 591

The amount mentioned above is composed of the following:

Accrued expenses plus recognized margin	1 198 191	1 649 245
Contract income invoiced	-1 128 105	-1 588 096
Provisions for incurred project costs and loss-making contracts	-81 376	-110 740
Net construction work in progress	-11 290	-49 591

Advance payments from customers related to work not carried out on construction contracts	25 683	34 260
Service- / warranty provision	6 332	5 953

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 180.7 million (2019: NOK 231.7 million). Provisions for loss-making contracts amounted to NOK 8.4 million (2019: NOK 5.3 million) and are recognised in the line "Provisions for incurred project costs and loss-making contracts" above.

Note 12 Equity and shareholders

As preparation for the planned restructuring of the company the General assembly in Rainpower Holding AS approved in meeting held April 14th 2020 to reduce the Share capital by NOK 50.470.965,27, from NOK 50.980.773,00 to NOK 509.807,73, by reducing the nominal value of each share from NOK 1 to NOK 0.01. The reduction amount was transferred to funds and constitutes other equity.

As of 31 December 2020, Rainpower Holding AS's share capital amounted to NOK 509,808 including non-registered shares, each share with a nominal value of NOK 0,01.

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 2020 comprised the following:

	Number of shares	Nominal value	Carrying amount
Ordinary shares	50 980 773	0,01	509 808
Total	50 980 773		509 808

Ownership structure

The shareholders as of 31 December 2020 were:

	Ordinary shares	Share holdings	Voting rights
Ard Group AS	34 423 507	67,5 %	67,5 %
Zhejiang Fuchunjiang Hydropower Equipment 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 %

Subsequent to year end, Aker Horizons entered as a new solely owner of the Rainpower group.

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 Ticaret Limited Sirketi	Turkey	Istanbul	100 %	01.12.10
Rainpower Kristinehamn AB	Sweden	Kristinehamn	100 %	31.12.11

Subsequent to year end, the group subsidiary in Canada, North America Rainpower Inc. was dissolved by way of voluntary dissolution under the Business Corporations Act on February 8th, 2021.

Note 14 Trade payables and other current liabilities

NOK 1,000	2020	2019
Trade payable	110 375	96 650
Trade payable to related parties	10 637	3 078
Total accounts payable	121 012	99 729
Holiday allowance	22 299	18 286
Service- / warranty provision	6 332	5 953
Other current liabilities	4 098	8 138
Total other current liabilities	32 730	32 377



Note 15 Financial liabilities

Net liabilities

NOK 1,000	2020	2019
Cash and cash equivalents	14 015	14 459
Current borrowings	-73 077	-8 394
Non-current borrowings	-45 017	-62 000
Net debt	-104 079	-55 935

	Cash and bank deposit	Current borrowings from financial institutions	Non-current borrowings from financial institutions	Sum
Net debt 01.01.2020	14 459	-8 394	-62 000	-55 935
Cash flows	-382	-6 372	-45 017	-51 772
Reclassification		-62 000	62 000	-
Translation differences	-62	3 689		3 628
Net debt 31.12.2020	14 015	-73 077	-45 017	-104 079

The company received a state guaranteed loan of NOK 50 million in 2020 to secure the liquidity situation and secure the business going forward. In addition, loan agreements with SEB were renegotiated and renewed until March 2021. Loans to SEB was reclassified from Non-current borrowings to Current borrowings in 2020. Subsequent to year end, all loan agreements were renegotiated with maturity in 2026.

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			67 136	50 958	118 094
Trade payable	75 561	34 814			110 375
Trade payable to related parties	6 268	2 757	1 368	244	10 637
Public duties		12 459		21 243	33 702
Holiday pay				22 299	22 299
Short term leasing liabilities		325	650	11 574	12 549
Total	81 829	50 355	69 154	106 318	307 656

Rainpower has been granted deferral of VAT in 2020 as part of the Government measures implemented to support businesses during the Covid-19 crisis. The granted deferral period is until 30 June 2021, where the businesses can chose to pay all in full when suited or pay six equal instalments over a 6 months period, with first instalment 31 July 2021. Total VAT deferral 2020 is NOK 21.2 million.

Note 16 Borrowings

Terms and debt repayment schedule per 31 December 2020:

NOK 1,000	Amount in NOK	Nominal interest rate	Year of maturity	Instalments
NOK Bank loan - SEB	62 000	3 months NIBOR + 2,9%	2021	Freeze instalment
NOK State guaranteed loan - SEB/GIEK	45 017	3 months NIBOR + 2,9%	2023	Quarterly
USD short-term borrowings - SEB	5 136	3 months NIBOR + 2,9%	2021	Freeze instalment
Multi currency overdraft facility with SEB	5 940	3 months NIBOR + 2,9%	2021	n/a
Total	118 094			

The nominal value of State guaranteed loan as per 31.12.2020 is NOK 50 million.

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's subsidiaries.



Carrying amount of assets pledged as security:

NOK 1,000	2020	2019
Trade receivables	46 727	80 680
Property, plant and equipment	5 397	6 443
Inventories	2 224	3 266
Total	54 348	90 389

The company's covenants are based on requirements for minimum liquidity and maximum investments. These figures are reported to the credit institution each quarter. During the last period of 2020 the company did not comply with financial covenant. The dialog with the lenders has been positive during this period, supporting the recapitalization process, including renewal of loan agreements.

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

NOK 1,000	2020	2019
Due in less than 1 year	76 827	8 384
Due in 1 to 5 years	41 267	62 000
Due in more than 5 years	-	-
Total	118 094	70 384

Subsequent to year end the loan agreements are renewed and the maturity dates listed above are changed.

Note 17 Tax

Breakdown of tax expense

NOK 1,000	2020	2019
Current income tax	779	4 708
Change in deferred tax	5 005	20 027
Total	5 784	24 736

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	2020	2019
Income before taxes	-134 517	-38 915
Expected income taxes at statutory tax rate	-29 755	-8 593
Non-deductible expenses	11 306	343
Prior year assessment	3 749	-316
Unrecognized and unused tax losses and deductible temporary differences	20 391	33 048
Paid withholding tax	93	254
Total income tax expense	5 784	24 736
Effective tax rate	-4 %	-64 %



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	Other	Not included in deferred tax asset	Total
Deferred tax at 31 December 2020							
Deferred tax asset	1 040	77 918	-	-	4 573	-53 439	30 092
Deferred tax liability	-5 961	-	-20 495	-1 516	-	-	-27 972
Net asset (liability) at 31 December 2020	-4 921	77 918	-20 495	-1 516	4 573	-53 439	2 120
Deferred tax at 31 December 2019							
Deferred tax asset	1 143	52 926	-	-	4 182	-33 048	25 203
Deferred tax liability	-1 924	-	-14 443	-1 895	-	-	-18 262
Net asset (liability) at 31 December 2019	-781	52 926	-14 443	-1 895	4 182	-33 048	6 941

Breakdown of changes in net deferred tax during the year:

NOK 1,000	2020	2019
Net deferred tax asset (liability) at 1 January	6 941	26 045
Recognized in profit and loss	-5 005	-20 027
Currency translation differences and other	184	924
Net deferred tax asset (liability) at 31 December	2 120	6 941

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	2020	2019
Deferred tax assets	2 120	6 941
Deferred tax liabilities	-	-

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 2020 reflects 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.

Deferred tax asset – Norway tax regime:

NOK 1,000	Tax losses carry-forward	Projects under construction	Other temporary differences	Unrecognized and unused tax losses and deductible temporary differences	Total	Tax rate	Deferred tax asset
Rainpower AS	79 645	-	16	-79 661	-0	22 %	-0
Rainpower Norge AS	214 977	-75 835	7 091	-146 234	-0	22 %	-0
Hymatek Controls AS	31 388	-17 326	1 387	-15 448	0	22 %	0
Rainpower Holding AS	16 537	-	-	-16 537	-	22 %	-
Rainpower Technology	8 989	-	153	-9 143	-	22 %	-
Norway tax regime	351 536	-93 161	8 548	-267 023	-0		-0
Rainpower Kristinehamn AB (Sweden tax regime)	2 637	-	-	-	2 637	22 %	580
Rainpower Hangzhou (Chinese tax regime)	-	-	-	-	-	25 %	-
Rainpower Group - elimination	-	-	-17 121	24 120	6 998	22 %	1 540
Total deferred tax assets booked	354 173	-93 161	-8 474	-242 903	9 635		2 120

The deferred tax assets in Rainpower Holding AS has been derecognized in 2020, amounting to NOK 3.6 million. The group expects positive results within some years, to fully utilize the tax losses carried forward, but set-back



after Covid-19 has given a delay in the estimates. Accounting standards require de-recognition if the asset is not expected to be fully utilized within a 5-7 years period.

Total Deferred tax asset not recognised as of 31.12.2020 is NOK 53 million.

Note 18 Sales revenue

Distribution by business areas:

NOK 1,000	2020	2019
Revenue from customer contracts	523 903	488 621
Other income	6 846	1 278
Total	530 749	489 899

Geographical distribution:

NOK 1,000	2020	2019
Norway	415 529	388 596
Nordic	47 528	54 749
Europe	9 981	9 934
North America	2 409	1 528
Central America	-	1 349
South America	52 367	24 403
Africa	96	3 607
Asia	2 838	5 733
Total	530 749	489 899

Note 19 Other income

NOK 1,000	2020	2019
Subletting premises	35	-
Insurance refund	442	381
Government grant	6 130	-
Other	239	897
Other operating revenue	6 846	1 278

Government grant is related to the initial recognition of the Covid-19 loan at fair value. The difference between the fair value of the loan liability and the cash received is recognized as government grant according to IAS 20.

Note 20 Public subsidies

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

NOK 1,000	2020	2019
Skattefunn	1 063	1 757
Innovasjon Norge	480	-
Norges forskningsråd	709	2 579
Total public grants	2 252	4 337



Note 21 Personnel expenses, number of employees, other remunerations

NOK 1,000	2020	2019
Salary	146 421	134 924
Social security contribution	20 467	19 950
Pension cost	7 391	6 808
Other employee benefits	4 304	6 453
Personnel expenses	178 583	168 135
Number of employees	211	197

There were no loans to employees as of December 31, 2020.

Remuneration to Board of Directors and CEO 2020

Board of Directors and CEO 2020

NOK 1,000	Salary	Pension	Other benefits
Svein Sivertsen, chairman ¹⁾	-	-	-
Bjarte Røyrvik, chairman ²⁾	-	-	-
Børre Nordheim-Larsen, board member ³⁾	-	-	-
Trond Morten Hassum, board member ⁴⁾	-	-	-
Jing Chen, board member	-	-	-
Henning Jømsen, board member	-	-	-
Vidar Borhaug, CEO	2 193	52	4
Sum	2 193	52	4

Kommentarer:

- 1) Chairman until 02.06.2020
- 2) Chairman from 02.06.2020
- 3) Board member until 02.06.2020
- 4) Board member from 02.06.2020

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	2020	2019
Audit fee	1 485	1 450
Tax services	-	94
Other assurance services	134	15
Other non-audit services	-	439
Total	1 619	1 998



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 in Norway satisfies the requirements of this Act.

The Group operates a defined-contribution scheme in all companies in Norway and in Sweden. Premiums recognised as an expense totalled NOK 7.391 million for 2020 (2019: NOK 6.808 million). At year-end, 171 employees are covered by the pension scheme.

The company also has an early retirement (AFP) pension scheme that covers all the company's employees in Norway. 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.

In China social securities are paid according to the Labor Law of China, with no extra pension liability after retirement.

Note 23 Financial income and expenses

NOK 1,000	2020	2019
Interest income bank deposit	1 253	3 589
Other interest income	63	33
Foreign exchange gains	40 689	23 499
Financial income	42 005	27 120
Interests overdraft facility	3 582	6 751
Interest expenses bank loans	4 614	3 098
Other interest expenses	3 891	4 146
Foreign exchange losses	54 385	23 161
Financial expense	66 472	37 155

Note 24 Leasing

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.



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
Cost at 31 December 2019	96 345	4 264	182	100 791
Additions and transfers	4 067		419	4 486
Disposal at cost	-10 820	-439	-66	-11 325
Cost at 31 December 2020	89 593	3 825	535	93 953
Accumulated depreciation and impairment losses at 31 December 2019	15 448	1 043	84	16 574
Depreciation	13 440	906	75	14 421
Disposal at cost	-10 820	-439	-27	-11 286
Accumulated depreciation and impairment losses at 31 December 2020	18 068	1 510	131	19 708
Carrying amount at 31 December 2020	71 526	2 315	405	74 244

Lease liability NOK 1,000	2020	2019
Balance at 31 December 2019	85 736	99 241
Additions	4 486	1 549
Lease payments in period	-16 178	-18 671
Interest	3 185	3 619
Currency translation differences	-0	-1
Carrying amount at 31 December 2020	77 228	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	2020	2019
Interest expense	3 185	3 619
Depreciations	14 420	16 575
Total cost from lease liabilities	17 604	20 193
Effects of IFRS 16 NOK 1,000	2020	2019
Reduced operating expenses under IAS 17	-16 142	-18 673
Increased lease expense under IFRS 16	17 604	20 193
Change in profit before tax in period	1 462	1 521



Maturity analysis leasing liabilities, undiscounted cashflow:

NOK 1,000	2020	2019
Less than 1 year	12 784	15 686
1-2 years	12 444	11 355
2-3 years	12 069	11 015
3-4 years	10 635	10 741
4-5 years	10 568	10 543
More than 5 år	30 955	41 482
Total undiscounted lease liabilities at 31 December	88 453	100 821

Rainpower group's headquarter was moved from Kjeller to Lillestrøm during summer 2020. This gave reduced lease cost per year and lower lease liabilities compared to previous years.

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.

Total related party transactions:

Companies controlled by owner

NOK 1,000	2020	2019
Services received	12 292	8 461
Goods	14 600	3 608
Total	26 892	12 069

Balance sheet items with related parties as of 31 December:

NOK 1,000	2020	2019
Accounts payable to companies controlled by same owner	10 637	3 078

No provision was recognised for losses on receivables with related parties in 2020 and 2019.

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 receivables, cf. Note 10 and project costs incurred and loss-making contracts, cf. Note 11.

For legal disputes, in which the Group assesses it to be probable that an economic outflow will be required to settle the obligation, provisions are made based on management's best estimate.



Note 27 Subsequent events

Subsequent events are viewed as new information on the company's financial position that becomes known after the reporting period. In evaluating such, the Group distinguishes between adjusting and non-adjusting events after the reporting period. Adjusting events refer to those that provide evidence of conditions that existed at the end of the reporting period, whereas non-adjusting events refer to those that are indicative of conditions that arose after the reporting period. Events after the reporting period that do not affect the company's financial position at the end of the reporting period, but which will affect the company's financial position in the future, are disclosed if significant.

Changed ownership and recapitalization

On 26 March 2021 Aker Horizons entered as new owners of Rainpower. Aker Horizons' ambition is to use Rainpower as a platform to build a next generation technology company to optimize hydropower developments and operations. The transaction was announced in January and was finalized 26 March 2021.

AH Atte AS, a 100% owned subsidiary of Aker Horizons acquired 100 percent of the shares in Rainpower Holding AS and contributed with NOK 100 million in capital. In connection with the acquisition Rainpower was recapitalized with renewal of the company's loan agreements with our lenders, and increased credit facilities. Borrowings of NOK 112,5 is converted to a subordinated loan which is considered as an equity injection. In total the recapitalization improves the company's Equity with NOK 212 million. In addition the company is issued a new RCF of NOK 40 million. In April, an extraordinary dividend of NOK 8.5 million was paid to the new owners, agreed as part of the recapitalization.

Company dissolution

The group subsidiary in Canada, North America Rainpower Inc. was dissolved by way of voluntary dissolution under the Business Corporations Act on February 8th, 2021.

Note 28 Going concern

The 2020 earnings was negatively impacted by the covid-19 situation and the decline in the power prices turning the hydropower market cold in the Nordic area. Hydropower investments and order inbound in 2020 did not materialize as expected, which will affect the activity level and revenue volume planned for the second half of 2021.

The Group's financial projections used in its going concern evaluation are based on certain assumptions about the future, including those related to future contract awards, contract pricing, execution of projects and the availability of funding. In general, the market situation and tender activity in 2021 have returned to a normal level, and the order intake during the first months in 2021 is in line with our expectations. The existing order backlog and the new orders won in 2021 provide security for sufficient activity level throughout 2021. The project execution is still challenging for some projects, causing pressure on the Group's profitability and the financial performance in 2021. The financial ambition for 2021 has been adjusted accordingly and taken into account in this evaluation.

In 2020 the management and the Board of Directors initiated several actions to improve the liquidity and the financial situation to secure the going concern. The outcome of these actions and processes is positive and the financial balance and financial situation have been strengthened.

- New owner contributed with NOK 100 million in capital injection, March 2021
- Loan agreements renegotiated and renewed, including partly conversion of debt to equity, and increased credit facilities.

The company will continue its work to strengthen its monitoring of projects, costs and liquidity, and improve the profitability going forward. Based on contracted orders on hand, completed recapitalization including capital injection and renewal of loan agreements with increased loan facility, the liquidity situation is expected to be sufficient throughout the year.



Based on the overall assessment and the outcome of the recapitalization, the board's assessment is that the conditions for continued operations has been complied with, and the accounts have been presented under this assumption. In accordance with the Norwegian Accounting Act section 3-3a, the board of directors confirms that the annual accounts are prepared in accordance with the going-concern assumption.



 RAINPOWER HOLDING AS

INCOME STATEMENT

NOK 1,000	NOTE	2020	2019
Other operating revenue	6	10 892	11 594
Total operating revenue		10 892	11 594
Personnel expenses	1	0	1 364
Other operating expenses	1	10 392	8 460
Total operating expenses		10 392	9 824
Operating profit		500	1 770
Interest income from subsidiaries		238	249
Other interest income		67	15
Other financial income	9	611	48
Write-down on investments in subsidiaries	2	165 000	-
Other interest expenses		941	1 167
Other financial expenses	9	702	89
Net financial items		-165 727	-945
Loss before taxes		-165 226	825
Income tax expense	3	3 609	181
Profit/(loss) for the period		-168 835	643
Transfers and allocations			
Provision for dividends	4	8 500	-
To/from equity	4	-177 335	643
Total transfers and allocations		-168 835	643



BALANCE SHEET

NOK 1,000	NOTE	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Deferred tax asset	3	-	3 588
Investments in group companies	2	150 153	250 153
Total non-current assets		150 153	253 741
Current assets			
Trade receivables	6	1 828	3 046
Intercompany receivables	6	10 632	13 195
Other receivables		1 501	1 558
Cash and cash equivalents		1	1
Total current assets		13 961	17 800
TOTAL ASSETS		164 114	271 541
EQUITY AND LIABILITIES			
Share capital	4, 5	510	50 981
Share premium	4	61 619	188 483
Total equity		62 129	239 464
Non-current liabilities			
Non-current borrowings	7	-	18 000
Total non-current liabilities		-	18 000
Current liabilities			
Current borrowings	7	23 136	8 394
Trade payable	6	4 193	2 155
Accrued public duties		704	0
Provision for dividends		8 500	-
Intercompany payables	6	65 000	3 512
Other current liabilities		452	16
Total current liabilities		101 985	14 077
Total liabilities		101 985	32 077
TOTAL EQUITY AND LIABILITIES		164 114	271 541

The Board of Directors of Rainpower Holding AS, June 16th 2021

Karl-Petter Løken
Karl-Petter Løken
Chairman

Vidar Borhaug
Vidar Borhaug
CEO



STATEMENT OF CASH FLOWS

NOK 1,000	2020	2019
Cash flow from operating activities		
Profit before income tax	-165 226	825
Taxes paid	-20	-
Write-down of long-term financial assets	165 000	-
Change in trade and other receivables	1 218	-1 266
Change in trade payable and other payables	2 038	963
Other accruals and prepayment	955	2 154
Net cash generated from operating activities	3 964	2 675
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
Net change in group cash pool	-695	-17 859
Repayment of borrowings	-3 270	-
Net cash used in financing activities	-3 964	-2 859
Net change in cash and cash equivalents	-0	-183
Cash and cash equivalents at the beginning of the period	1	184
Net change in cash and cash equivalents	-0	-183
Cash and cash equivalents in the balance sheet as of year end	1	1



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.

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.

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

	2020	2019
Salary	-	1 221
Social security contribution	-	114
Pension cost	-	30
Personnel expenses	-	1 364

There are no employees in Rainpower Holding AS as of December 31 2020.

Remuneration paid to the CEO

	2020	2019
Salary	-	1 217
Pension cost	-	37
Other employee benefits	-	4
Total benefits	-	1 258

The CEO 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

	2020	2019
Audit fee	446	486
Tax services	-	50
Other assurance services	57	15
Other non-audit services	-	54
Total	503	604

Note 2 Investments

Subsidiary	Registered office	Ownership share	Investment at 31 December
Rainpower AS	Lillestrøm	100 %	88 603
Rainpower Technology AS	Trondheim	100 %	9 250
Hymatek Controls AS	Oslo	100 %	52 300
Total			150 153

After completion of the impairment testing as of 31.12.2020, the carrying amount of shares in Rainpower AS are written down by NOK 165 million.

The company has made group contribution to the following companies within the group:

Rainpower Norge AS	NOK 45 million
Hymatek Control AS	NOK 20 million



Note 3 Tax

Income tax expense	2020	2019
Current income tax	20	-
Change in deferred tax	3 588	181
Income tax	3 609	181
Taxable income		
Income (loss) before taxes	-165 226	825
Permanent differences	165 000	-
Change in temporary differences	-	-
Use of carry-forward tax losses	-	-825
Taxable income	-226	-
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	-165 226	825
Expected income taxes at statutory tax rate	-36 350	181
Non-deductible expenses	36 300	-
Paid withholding tax	20	-
Unrecognized and unused tax losses and deductible temporary differences	3 638	-
Total	3 609	181
Effective tax rate	-2,18 %	22,00 %

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:

	31.12.2020	31.12.2019
Tax loss carry forward	-16 537	-16 310
Unrecognized and unused tax losses and deductible temporary differences	16 537	-
Basis for deferred tax	-	-16 310
Deferred tax	-	-3 588

Rainpower Holding AS is the 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 deferred tax assets in Rainpower Holding AS has been derecognized in 2020, amounting to NOK 3.6 million. The group expects positive results within some years, to fully utilize the tax losses carried forward, but set-back after Covid 19 has given a delay in the estimates. Accounting standards require de-recognition if the asset is not expected to be fully utilized within a 5-7 years period..



Note 4 Equity

	Share capital	Share premium	Total
Equity 01.01.2020	50 981	188 483	239 464
Capital reduction	-50 471	50 471	-
Provision for dividends		-8 500	-8 500
Loss for the year		-168 835	-168 835
Equity 31.12.2020	510	61 619	62 129

Note 5 Shareholders

Share capital of Rainpower Holding AS as of 31 December 2020 comprised the following:

	Number of shares	Nominal value	Carrying amount
Ordinary shares	50 980 773	0,01	510
Total	50 980 773		510

Carrying amount in NOK 1,000

Ownership structure

The shareholders as of 31 December 2020 were:

	Ordinary shares	Share holdings	Voting rights
Ard Group AS	34 423 507	67,5 %	67,5 %
Zhejiang Fuchunjiang Hydropower Equipment 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	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Group companies	1 828	3 046	10 632	13 195
Total	1 828	3 046	10 632	13 195

	Accounts payable		Other current liabilities / group cash pool	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Related parties	3 533	1 953	-	3 512
Group contribution			65 000	
Total	3 533	1 953	65 000	3 512

Sale of goods and services to related parties

	2020	2019
Group companies	10 892	11 594
Total	10 892	11 594



Note 7 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 2020, the Group has drawn a total of NOK 5,9 million on the credit facility.

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

Debts secured by mortgage	31.12.2020	31.12.2019
Non-current borrowings	-	-18 000
Current borrowings	-23 136	-8 394
Total	-23 136	-26 394

Charged interest in 2020 is equivalent to NOK 0,9 million.

Subsequent to 31.12.2020 the company has been recapitalized including renewal of loan agreements. Ref to note 16 Borrowings in the consolidated financial statement of the Group.

Rainpower is often required to provide advance payment, performance and warranty guarantees in connection with construction activities. These guarantees are issued under the guarantee facility established by Rainpower Holding AS. Outstanding advance payment, performance and warranty guarantees are mainly issued in relation to construction contracts entered into with project companies. Total guarantees as per 31.12.2020 was NOK 180,7 million.

Note 8 Foreign currency

For the financial year, NOK 0,6 million in exchange gains and NOK 0,70 million in foreign exchange losses have been recognised. The respective comparative figures for 2018 were NOK 0,1 million in foreign exchange gains and NOK 0,1 million in foreign exchange losses.

Note 9 Going concern

The annual financial statements is 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 and Note 28 Going concern in the consolidated financial statement of the Group.

Note 10 Subsequent events

For information about subsequent events, refer to Note 27 Subsequent events in the consolidated financial statement of the Group.



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 2020, 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 financial positions as at 31 December 2020, the income statement, other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the 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 2020, 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 2020, 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

*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*



Independent Auditor's Report - Rainpower Holding AS



accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 a true and fair view 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 true and fair view 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.

(2)



Independent Auditor's Report - Rainpower Holding AS



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, 18 June 2021

PricewaterhouseCoopers AS

Vidar Lorentzen
State Authorised Public Accountant

(This document is signed electronically)

(3)