Cloudberry

Annual report 2020

Cloudberry Clean Energy AS

Content

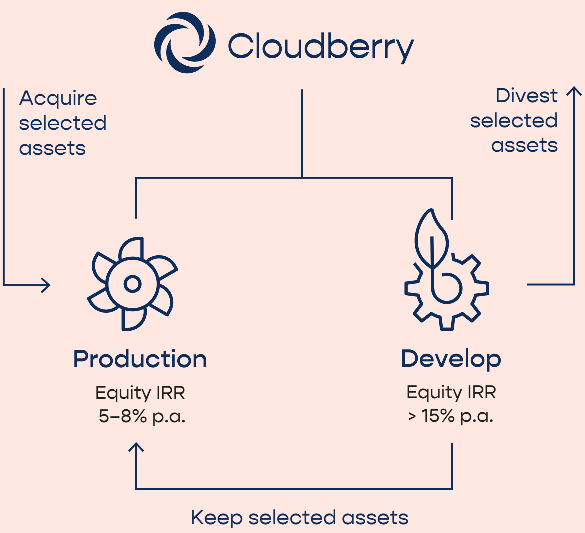
Cloudberry in brief

Cloudberry is a Nordic renewable energy company. We own, develop and operate wind farms and hydropower plants across the Nordics. Our purpose is to provide renewable energy for future generations, and contribute to a long-term sustainable society, whilst creating value for our stakeholders. We believe in the fundamental long-term demand for renewable energy in the Nordics and Europe.

Cloudberry`s business model

Our business model comprises two elements: Cloudberry Develop and Cloudberry Production. Cloudberry Develop completes in-house developments of wind and hydropower assets in Norway and Sweden, up to ready-to-build status. Cloudberry Production retains and operates selected producing assets. We have low overhead costs, and source capacity for construction, operations and maintenance externally. We have a strong commitment to local communities and our integrated value chain ensures local presence and optimization of stakeholder alignment and value creation.

Our Nordic clean renewable platform



Cloudberry`s growth strategy

Our current portfolio consists of 22 hydropower and 2 wind power assets, with a total capacity of 109 MW. This represents a growth of more than seven times our capacity of a year ago. Our portfolio enjoys significant further growth potential, in terms of energy production and the company's project backlog and pipeline. Our growth strategy is built around two pillars of value creation: organic developments and inorganic opportunities.

We are backed by strong owners and an experienced management team and board. Our shares are traded on Euronext Growth Oslo (ticker: CLOUD), and we have initiated the process to prepare for listing on Oslo Børs during 2021.

Letter from the CEO

A year of valuable growth

Cloudberry Clean Energy was founded with the purpose of providing renewable energy for future generations, contributing to a sustainable society for the long term and creating value for stakeholders. In 2020, we made substantial progress in growing our portfolio of wind and hydropower energy in Norway and Sweden. We are proud of the overwhelming support received from all our stakeholders. This is only the beginning, and we continue our growth and efforts to provide clean energy in the next decades.

The global energy transition is well under way, and Europe, in particular, has set ambitious new targets for climate-neutrality. The region needs to double its share of electricity produced from renewable sources by 2030 to meet stricter emissions-reduction targets. The Nordics, with its rich hydro and wind power opportunities, will be an important part of the solution. Cloudberry has a clear ambition to contribute substantially to this expansion through organic greenfield developments, and by supporting structural changes in the Nordic renewable energy industry.

Cloudberry is committed to the renewable energy transition. By the listing of our shares on Euronext Growth in 2020 and on the planned listing on the main list of Euronext Stock Exchange Oslo Børs during 2021, we welcome you all to join this journey with us.

We are proud to be directly contributing to making the region cleaner and more sustainable, as is reflected in our 2020 performance. Cloudberry has established a wind and hydropower production portfolio of approximately 0.5TWh, enough to supply 80,000 homes with green electricity. This has been achieved in spite of the challenges caused by the Covid-19 pandemic and fall in energy prices. Today we have 22 hydro projects and two wind farms in operation or under construction, and by the end of 2021, we expect to have a run-rate of almost 400 GWh of clean renewable energy annually.

Throughout the year, we are aiming to grow our project portfolio even further. Several projects have moved towards concession or construction phase and we are confident that more will begin construction over the next few years. Our bold ambition will see us develop 2,500-megawatt offshore wind power facility in Sweden by 2030. In addition, we see several strategic opportunities for mergers and acquisitions with key players in the Nordics.

Cloudberry will only develop new renewable energy assets in a way which creates local value and is

Our purpose is to provide clean energy for future generations

sustainable for the communities where we operate. We strive to strike the right balance between environmental, social and economic elements to ensure value for all stakeholders. In 2020, we conducted an ESG framework analysis with our key stakeholders and its first iteration is included in this report.

We at Cloudberry are proud to have delivered on our strategy and purpose in our first year. We will continue to contribute to the energy transition by developing more renewable energy projects in 2021 and beyond. We will do so with the same quality and passion that you have seen in 2020.

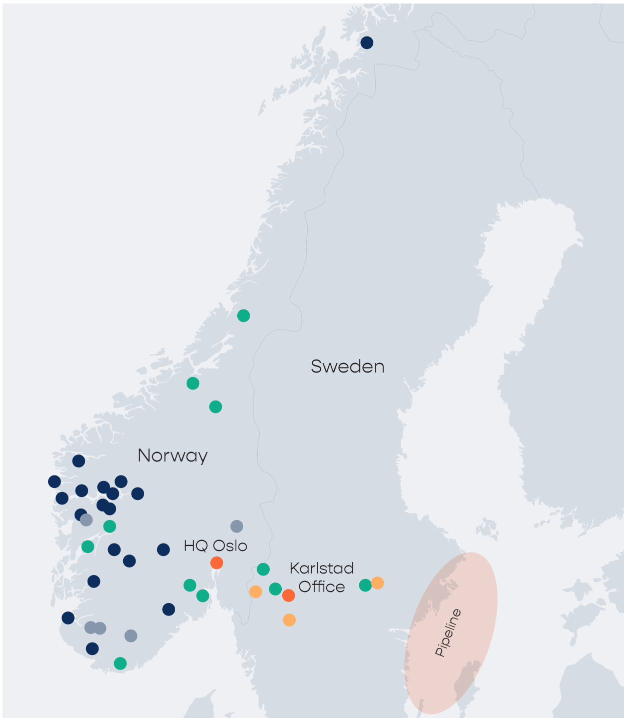
Anders J. Lenborg
Chief Executive Officer

Overview and Key Highlights

In 2020, Cloudberry successfully ramped-up our scalable renewable platform, financed the projects, listed and positioned the company for further growth. By the end of 2020, Cloudberry has secured a near-term portfolio of 109 MW (compared to 15 MW previous year). Cloudberry delivers sustainable growth in the Nordics.

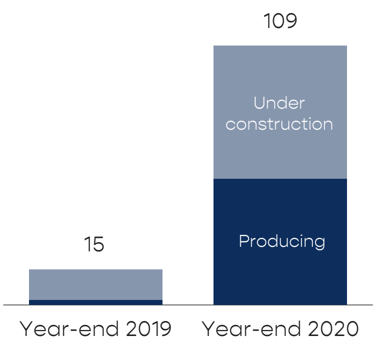
Start of the year

End of the year

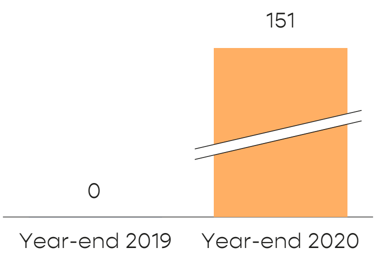


● In production ● Under construction ● Construction permit ● Backlog

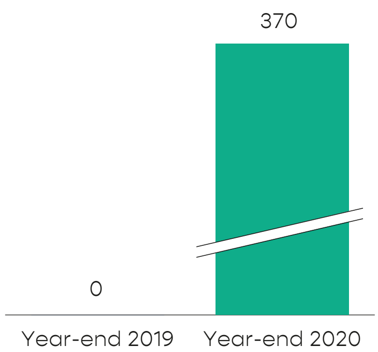
Production under construction
MW, ~50/50 wind and hydro



Construction permit
MW, 100% wind



Project backlog
MW, 100% wind



At the start of the year, the company managed the Nordic infrastructure fund “CB Nordic Renewable & Infrastructure Fund I AS” consisting of two producing hydropower plants and two secured hydropower projects under construction. This was the precursor to Cloudberry Production.

In February, the company purchased 100% of both Cloudberry Production and the established wind developer Scanergy AS, which later became Cloudberry Develop. The purchase allows us to utilise the best elements of already successful businesses with experienced personnel to form a scalable platform for growth in the attractive Nordic renewable energy market.

Cloudberry has strengthened its sustainability management. We have identified our material sustainability topics, established a climate reporting system to monitor the company’s carbon emissions following the guidelines in the Greenhouse Gas Protocol (The GHG Protocol), and initiated assessment of our climate related financial risks and opportunities in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD). The sustainability part in this report describes our approach to sustainability, inspired by the Euronext guidance on ESG reporting of January 2020 and the World Economic Forum (WEF) Stakeholder Capitalism Metrix.

Main developments in 2020

February
Cloudberry Group established

March
Completed equity issue, NOK 158 million

April
Listing on Oslo Børs Merkur Market (today Euronext Growth)

June
Local manager and 34% owner of a large hydro portfolio in Norway

July
Completed equity issue, NOK 200 million

August
Purchase of Skogvind AS (industrial wind developer)

September
Purchase of Åmotsfoss (hydropower)

Re-purchase of Vanern project (100 MW shallow-water project)

December
Completed equity issue, NOK 500 million

Purchase of 15% of Odal Vindpark AS (option until June 2021 for 33.4%)

Key Performance Measures in 2020

Financials	EBITDA	– 30m
	Cash	605m
	Interest bearing debt	263m
	Total equity	1 055m
Sustainability	CO_2 reduction [1]	5378 tons CO_2 eq.
	Direct and indirect emissions 2020	187 tons CO_2 eq.
	Compensated	187 tons CO_2 eq.
Production	Production 2020	21 GWh
	In operation year end 2020	27 MW (96 GWh)
	Secured portfolio	109 MW (376 GWh)
Develop	Construction permits	151 MW (498 GWh)
	Backlog	370 MW

1) EU-27 electricity mix

Shareholders

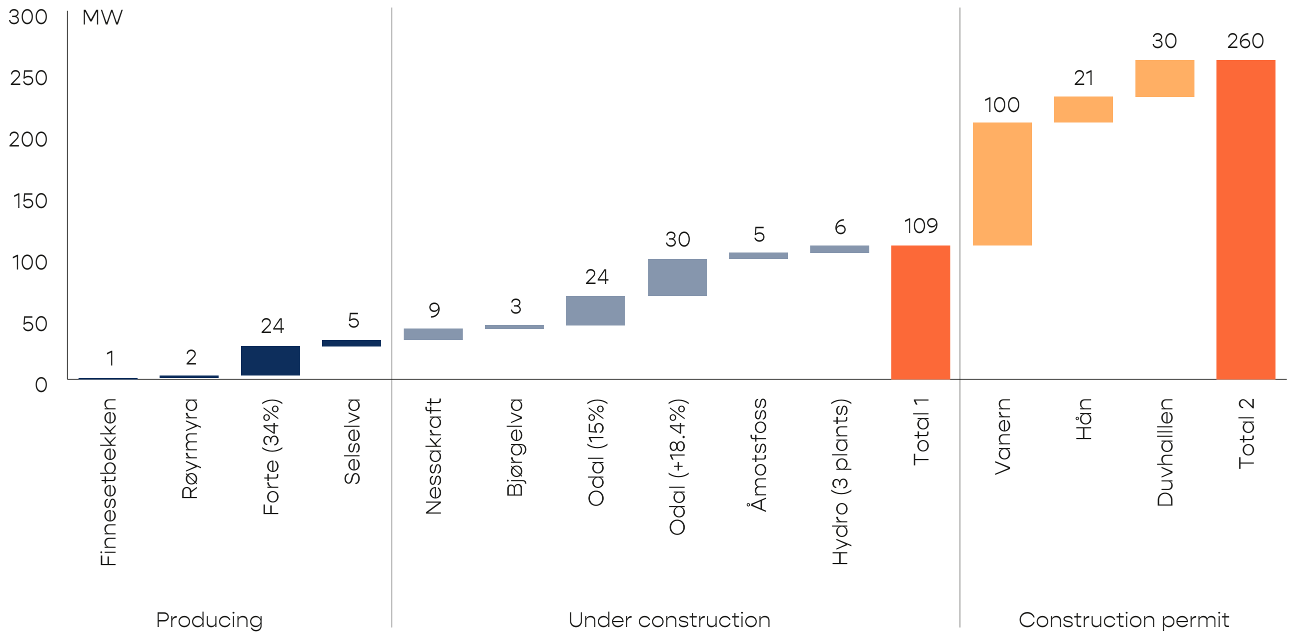
Cloudberry's owners and shareholders (pre-establishment of Cloudberry Clean Energy AS), Havfonn AS and Snefonn AS (the Bergesen family), and Joh Johansson Eiendom AS, have been joined by additional highly valued institutional investors as shareholders of Cloudberry, with Swedbank Robur being our third largest shareholder as of 31 December 2020.

Shareholders 31.12.2020	No. shares	% shares
Joh Johannson Eiendom AS	16 145 780	15.37%
Havfonn AS (Bergesen family)	9 168 596	8.73%
Snefonn AS (Bergesen family)	7 833 273	7.46%
Swedbank Robur [1]	6 700 000	6.38%

1) State Street Bank and Trust Comp account

Adding value from our project portfolio

Cloudberry's strategy is to develop and own producing assets in the Nordic region. The projects are in different phases of the development and financial cycles. The figure and table below summarises the status of our projects by the end of 2020.

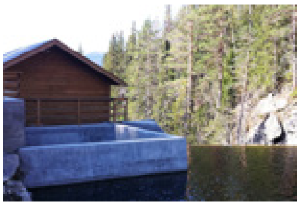
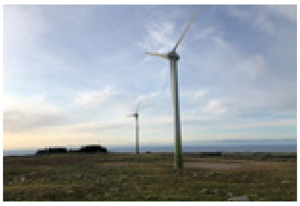
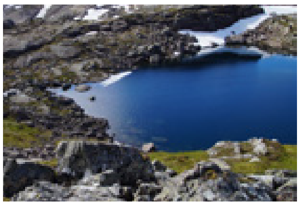
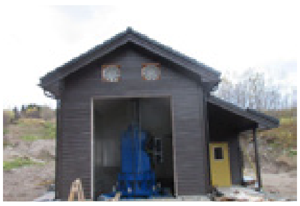


Project	Ownership	Effect (MW)	Est. prod. (GWh)	Signed SPA	Financial Close	Revenue generating	Part of Cloudberry's balance sheet	Status 31.12.2020
Finnesetbekken	100 %	1	3	2019	Completed	2020	Plant & eq.	Producing
Røyrmyra	100 %	2	8	2019	Completed	2020	Plant & eq.	Producing
Forte (14 plants)	34 %	24	85	2020	Completed	H2 2020	Equity method	Producing
Selselva	100 %	5	20	2020	H1 2021	H1 2021	From 2021	Producing
Nessakraft	100 %	9	34	2019	H1 2021	H1 2021	From 2021	Under const.
Bjørgelva	100 %	3	7	2019	H1 2021	H1 2021	From 2021	Under const.
Odal Vind	15.0 %	24	79	2020	Completed	H1 2022	Equity method	Under const.
Odal Vind (option) [1]	18.4 %	30	97	2020	H1 2021	H1 2022	From 2021	Under const.
Åmotfoss	100 %	5	23	2020	H2 2021	H2 2021	From 2021	Under const.
Hydro (3 plants)	100 %	6	20	2020	H1 2021	2021/2022	From 2021	Prod./constr.
Total 1 (Producing/under constr.)		**109**	**376**					
Vanern [2]	100 %	100	348	2021	2021	2023/2024	Inventory	Constr. permit
Hån	100 %	21	70	In house	In house	2022/2023	Inventory	Constr. permit
Duvhalllen	100 %	30	80	In house	In house	2023/2024	Inventory	Constr. permit
Total 2 (incl. constr. permit)		**260**	**874**					

1) Cloudberry purchased 15% of Odal Vindpark AS in December 2020. Option, June 2021 to purchase additional 18.4% (total 33.4%).
2) Rewind Vanern AB owned 100% by Cloudberry per 31.12.2020. SPA signed Jan. 2021 with Downing LLP to divest 80%.

Forte Norway AS is an associated company with Fontavis (member of Swiss Life) where Cloudberry is the local manager and owns 34% of the portfolio. Odal Vindpark AS is an associated company with KLP (Norwegian pension fund) and Akershus Energi that is currently under construction. Cloudberry also signed a Sale and Purchase Agreement with Downing LLP in January 2021 for Rewind Vanern AB, a 100 MW shallow water project in the lake of Vanern, Sweden.

Current portfolio of assets in production and under construction, and projects with construction permit

	Project	Status	Type	Location	Production start	Aquired	Production estimate
	**Finnesetbekken power plant**	●		Nesbyen, Norway	2011	June 2019	**1 MW** 3 GWh
	**Røyrmyra windfarm**	●		Hå, Norway	2016	August 2019	**2 MW** 8 GWh
	**Forte Vannkraft portfolio**	●		Norway	All in production	June 2020	**24 MW** 85 GWh [1]
	**Selselva power plant** [2]	●		Sunnfjord, Norway	2016	December 2020	**5 MW** 20 GWh
	**Bjørgelva power plant**	●		Sørreisa, Norway	Q4 2020	June 2019	**3 MW** 7 GWh
	**Nessakraft**	●		Balestrand, Norway	Q4 2020	June 2019	**9 MW** 34 GWh

	Project	Status	Type	Location	Production start	Aquired	Production estimate
	**Åmotsfoss**			Nissedal, Norway	Q3 2021	September 2020	**5 MW** 23 GWh
	**Hydro portfolio (3 plants)** [2]			Norway	H2 2021	Dec 2020/ Q1 2021	**6 MW** 20 GWh
	**Odal windfarm**			Innlandet, Norway	H1 2022	December 2020	**54 MW** 176 GWh [3]
	**Hån windfarm**			Årjäng, Sweden	2022	Awaiting export licence	**21 MW** 70 GWh
	**Duvhällen windfarm**			Eskilstuna, Sweden	2022/ 2023	Signed MOU, Possibly extended to 165 GWh	**30 MW** [4] 80 GWh [4]
	**Project Vänern**			Karlstad, Sweden	2023	September 2020	**100 MW** 348 GWh

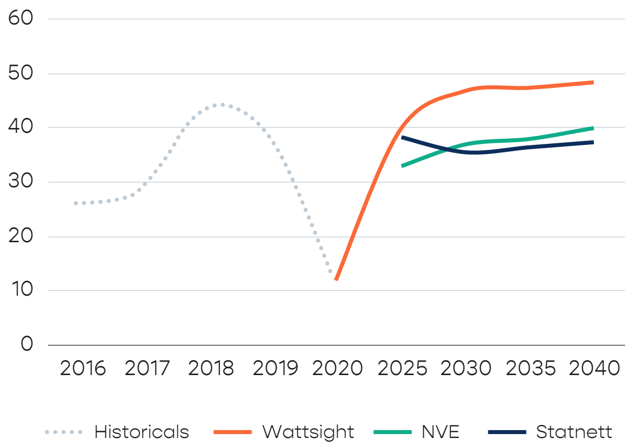
STATUS ● In production ● Under construction ● Construction permit

1) 250 GWh gross (Cloudberry ownership of 34%)
2) Acquisition processes announced in December 2020. Acquistion of Selselva has closed, while the remaning 3 power plants are expected to close in 2021
3) Figure assuming 33.4% ownership (15% owned today, but intention to utilise option to own 33.4% during H1-2021)
4) Current construction permit for 82 GWh/30MW. Possibly extended to 165 GWh/60 MW

Market and power prices

In our view, the demand for clean renewable power in Europe will increase significantly. Businesses are seeking clean energy sources and shifting their strategies towards net-zero carbon emissions, while regulators are speeding up decision making with stricter penalties for emissions.

Norway power price outlook (Southern price area)
EUR/MWh (real 2020)



At the same time, the Nordic and EU power markets are becoming increasingly interconnected. Statnett (the Norwegian transmission system operator, “TSO”) is finalizing significant grid connections to Germany (the NorLink cable, 1400 MW) and the UK (the North Sea Link cable, 1400 MW). Large interconnectors will remove local bottlenecks and reduce the downside risk for Norwegian power producers.

Whilst long-term power price forecasts have been stable during 2020, short-term prices fluctuated. Heavy snowfall/melting, interconnectors under construction or repair and the impact of Covid-19 resulted in historically low prices. When Cloudberry raised capital for its hydro power portfolio in July 2020, power prices were below EUR 10 per MWh but rose to around EUR 40 per MWh by year-end.

Parts of Cloudberry’s production segment is sensitive to short-term changes in electricity pricing. In 2020, about 1/3 of Cloudberry’s fully owned produced volumes were affected by short-term fluctuations in energy pricing, while about 2/3 was fixed on long-term agreements. In our development segment, our projects have low sensitivity to short-term prices and our valuation is based on long-term expectations. Long-term power expectations normally have low volatility, and range between EUR 40 – 50 per MWh (40 – 50 øre per kWh). Cloudberry also uses third-party analysis from Wattsight (Volue Insight) as part of its strategy for financial modelling and decision making.

Executive Management

Anders J. Lenborg Chief Executive Officer

Anders is the founder of Cloudberry. He is an experienced lawyer within the infrastructure and renewable energy section in the Nordics. Anders was previously a partner and Head of the Energy Sector Group at DLA Piper Norway. He holds a law degree from the University of Oslo and a postgraduate diploma from King's College in London.

Christian A. Helland Chief Value Officer

As CVO, Christian is responsible for the finances of the company. Since 2008, he has been a lead investor for renewable projects in the Nordics and Germany. He has 13 years of experience in the investment and finance industries. He was previously partner and portfolio manager at Pareto Asset Management. Christian holds a Master's degree in Systems Engineering from Cornell University, a Master's degree in Business Economics from University of California SB and a Bachelor of Science degree in Mechanical Engineering from University of California, SB.

Suna F. Alkan Chief Sustainability Officer

Suna is responsible for sustainable business and investor relations. She has more than 20 years of experience from positions in sales, human resources and asset management, from international companies such as Microsoft Norway, Adecco Norway, and from the leading Norwegian financial institutions ODIN Fund Management and Pareto Asset Management. Suna holds a Bachelor's degree in Business Administration from BI Norwegian School of Management and Oslo Metropolitan University.

Jon Gunnar Solli Chief Operating Officer

Jon Gunnar is responsible for day-to-day operations of the Cloudberry portfolio. He is a former CFO and investment manager with more than 20 years of experience in the asset management industry. Jon Gunnar was previously a CFO/CIO at OVF, Nordea Asset Management, SpareBank 1 Livsforsikring and Storebrand. He holds a Master's degree in Accounting & Auditing from Norwegian School of Economics (NHH) and is a state authorised public accountant.

Tor-Arne Pedersen Chief Development Officer

Tor-Arne has 30 years' experience within the renewable sector. He is responsible for building twelve hydro power stations and three major wind projects in Sweden and Norway. Tor-Arne holds a Bachelor's degree from Trondheim College of Engineering and a Master's degree from Norwegian School of Economics (NHH)

Board of Directors

Frank J. Berg Chair of the Board

Frank J. Berg has more than 30 years of experience in the energy and utility industry including having spent the last 15 years in the Nordic renewables market. He was previously a partner at Arthur Andersen, and the law firm Selmer, with a particular focus on renewables, infrastructure and sustainability. Frank serves as chairman and board member of a number of companies, including Salten Kraftsamband AS and Nordic Wind Power AS. Frank is Chair of the Board and head of the Audit Committee in Cloudberry. Frank holds a Master's degree in Accounting & Auditing from the Norwegian School of Economics (NHH) and a PED from IMD, Lausanne.

Morten Bergesen Board member

Morten Bergesen has been the CEO of Havfonn and Snefonn, the Bergesen family's investment companies since they were founded in 2003. Since inception, sustainability has been at the core of their investment strategy and a guiding star for their role as active shareholders. Morten is a member of the board of directors of Arendals Fossekompani, the chairperson of Cogen Energia, Bergehus Holding, Klynge and IFM AG. Morten is a member of the Audit Committee in Cloudberry. He holds a degree from BI Norwegian Business School.

Petter W. Borg Board member

Petter W. Borg has more than 35 years of experience in investment banking and asset management. He is the former CEO of Pareto Asset Management, a position he held for 18 years. Petter is the chairperson of Attivo Eiendom, and House of Maverix. In addition, he is a member of the board of directors of Ferd Holding, Grieg Investor, Fearnley Asset Management and Nordic Aquafarms. Petter is head of the Compensation Committee in Cloudberry. Petter holds a degree in Economics from Handelsakademiet.

Benedicte H. Fossum Board member

Benedicte Fossum currently chairs the board of Smartfish AS and is a board member of Alliero AS, Salmo Trace AS and family offices. As one of the founders of Pharmaq AS, she has managerial experience in R&D, M&A, and regulatory affairs from the Norwegian Medicines Agency. She maintains a special interest in sustainability, combining biological and economical perspectives. Benedicte is a member of the Audit Committee in Cloudberry. Benedicte is a veterinarian from the Norwegian University of Life Sciences.

Liv Lønnum Board member

Liv Lønnum is currently working as a political adviser to the Progressive Party's parliamentary group at Stortinget. Part of her responsibility includes energy policy development, with a focus on sustainability. She has been State Secretary/Deputy Minister at the Ministry of Petroleum and Energy and has considerable experience of both business and politics in Norway. She has previously worked at Storebrand ASA, Compass Group and Hammer & Hanborg. Liv is a member of the Compensation Committee in Cloudberry. Liv holds a Bachelor's degree in Economic and Administration from the Norwegian School of Management and York University in Toronto, Canada.

Board of Directors report

Cloudberry Clean Energy is building a Nordic renewable platform for future generations. We own, develop and operate hydro- and wind power assets in the Nordics.

Our business model and strategy

Cloudberry Clean Energy is building a Nordic renewable platform for future generations. We own, develop and operate hydro- and wind power assets in the Nordics.

The company has an integrated business model with two business segments, Develop and Production, enabling a transparent value chain. A sustainable and local approach is key to our strategy, together with a commitment to long-term value creation for all stakeholders.

Develop holds a portfolio of renewable projects in Sweden and Norway and is responsible for developing the projects with external construction partners. Production is the owner of the operating assets, with power sold in the spot market (NordPool) and under fixed price Power Purchase Agreements (PPAs). We cultivate our portfolio to ensure a diversification and balance of risk, returns, assets and geographical scope.

We consider material financial and ESG related factors when making strategic decisions. We are building a robust business through a diversified and balanced portfolio and use competitive financing to deliver sustainable and profitable long-term growth.

We operate in a market with unique characteristics when it comes to renewables. The hydro and the wind resources in the Nordics are among the best in the world. We use our local knowledge and network to grow through greenfield developments and acquisitions. Cloudberry is well positioned for taking part in structural opportunities in the rapidly growing Nordic renewable sector. In this landscape, we use our listing on Euronext Growth (Oslo Børs) to provide access to capital, transparency, and investment opportunities. The company has begun preparations for listing on the Euronext Stock Exchange (Oslo Børs) in 2021.

We believe in being local, focused and agile. Our long-term growth strategy rests upon our ability to create value for all stakeholders, use the best possible technology available, bring down costs, and enhance sustainable operations.

Sustainability at the core of our business

Our purpose is to provide renewable energy for future generations from hydro and wind power in the Nordics, thereby contributing to a sustainable society in the long term, at the same time as creating value for our stakeholders. The development of new renewable production and capacity contributes to the transition to green energy, European and national climate targets, and the UN Sustainable Development Goals. Sustainability is directly linked to our long-term success.

In addition to having a sustainable business model, we are conscious of the need to conduct our business operations in a sustainable way. In 2020, we focused on strengthening our sustainability management and considerable efforts were placed on identifying the aspects that are material to our stakeholders and the business, throughout Cloudberry`s value chain.

Planet
Our operations have had a positive impact on the climate. In 2020, Cloudberry contributed to the reduction of greenhouse gas emissions by producing 21 GWh of renewable energy. The company started measuring its greenhouse gas emissions and established a climate reporting system to monitor its direct and indirect carbon emissions, following the guidelines in the Greenhouse Gas Protocol (The GHG Protocol). The total greenhouse gas emissions from Cloudberry in 2020, including scope 1, 2 and 3, were estimated to be 187 tonnes of CO_2. The main emission source was the concrete from the construction of the two hydropower plants Bjørgelva Kraft and Nessakraft. Cloudberry has compensated for its 2020 direct and indirect emissions by purchasing carbon credits. In 2020, the company assessed its climate related financial risks and opportunities in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

Our activities impact both land areas and river systems. For wind farms, our environmental impact is first and foremost through their visibility in the landscape, their noise and shadows. Hydropower plants impact the water flow, fish and sediment load. The development of wind and hydropower plants utilize land particularly in the construction phase.

The considerable work done with the materiality analysis, measurements of greenhouse gas emissions and the assessment of financial climate risks and opportunities, provide a solid basis for the company in the further development of our sustainable business strategy. We strive to reduce our environmental impact and will determine KPIs in order to monitor our development in this and related governance and management structures.

People
At the end of 2020, Cloudberry has ten full-time employees representing various backgrounds, of whom two are women. The company has a diverse and including work environment which promotes a supportive and open atmosphere and foster free exchange of ideas and collaboration. The Board considers the working environment to be healthy and productive. The company did not have any material health and safety incidents in 2020 and absence due to illness in 2020 was 1,4%. There was one incident amongst our contractors involving a bone fracture. No material damages were recorded during the year.

Covid-19
The impact of the Covid-19 global pandemic is felt everywhere. Given the unprecedented nature of the situation and the resulting economic challenges, the Board and management continuously assess the risks for Cloudberry and actively manage the impact on our development projects and producing assets. Overall, the pandemic had limited impact on Cloudberry`s business in 2020. Some delay in construction work was experienced due to problems arising from the use of a skilled cross-border workforce. It has also been more challenging to maintain continuous contact and discussions with external stakeholders, as in-person meetings are restricted. The company focus on protecting the employees, partners and other stakeholders whilst ensuring that we operate the business in the best possible way.

Governance
In 2021, Cloudberry will implement its first Code of Conduct. It confirms our commitment to sustainability and specifies the ethical requirements for everybody who works for and on behalf of Cloudberry, including employees, board members and business partners. Amongst others, it sets out Cloudberry`s main principles for business ethics, legal compliance, insider trading, anti-corruption and bribery, human and labour rights, non-discrimination, environment, health and safety, and other relevant issues related to the company's operations.

No instances of corruption, or suspicion hereof, were raised in 2020. A whistle-blower channel will be implemented in 2021.

Responsible supplier management was identified as a topic in the materiality assessment. The company`s responsible supply chain approach will be further developed, including an assessment of risks that Cloudberry may pose to labour and human rights.

Prosperity
Prosperity relates to Cloudberry`s role in contributing to societal value creation. We contribute to economic growth by providing decent employment, creating local value, and providing renewable energy to society. Cloudberry recognises that it must continuously improve its sustainability work and intends to comply with international frameworks and standards. Sustainability is at the core of Cloudberry's business, and it is imperative for the company to integrate environmental, social and governance aspects into its business strategy and development.

Cloudberry provides details of its sustainability work in its Annual Report and specifically in the sustainability and corporate governance sections. Cloudberry's reporting requirements under section 3-3 a and c of the Norwegian Accounting Act are as such addressed in this section.

Financial Performance

Financial summary

In 2020 Cloudberry built a listed growth platform for renewable projects in the Nordics. The production and development segments have grown significantly, while keeping costs at a low level with a lean management team.

Cloudberry Production is currently ramping-up production. During 2020, only Finnesetbekken and Røyrmyra (3MW in total) contributed to operational revenue.

No development projects were sold to third parties in 2020, however, a Sale and Purchase Agreement (SPA) with Downing LLP was signed in January 2021 for the sale of 80% of Project Vänern. In addition, Cloudberry Develop finalized the last milestone of the 54 MW Marker windfarm and handed the project over to the Swiss utility, BKW. Cloudberry is currently preparing the final investment decisions for the nearby100% Cloudberry-owned Hån project.

By year-end 2020, the total equity of Cloudberry was NOK 1 055 million (compared to NOK 5 million at the end of 2019). The company has a strong balance sheet and is in a good financial position to execute its secured portfolio.

Key Figures

The below information describes the operations of the consolidated Group in 2020, with the corresponding figures for 2019 in brackets. Figures are presented in NOK million.

Profit and loss

Profit before tax was NOK -34m (NOK -3m). This compromise reported net revenues of NOK 4m (NOK 0m) from sale of power and management services. Operating expenses were NOK 30m (NOK 3m), share of profit from associated companies was NOK -4m, depreciations and amortization were NOK 3m (NOK 0m) and net finance items were NOK -1m (NOK 0m).

EBITDA was NOK -30m (NOK -3m), and EBIT was NOK -33m (NOK -3m). The profit for the year was NOK -34m (NOK -3m). The corresponding figures from 2019 related to management services of the infrastructure fund.

Other comprehensive income consists of items that may subsequently be reclassified to profit and loss and amounts to NOK -2m (NOK 0m). This relates to movements of cash flow hedges with tax effects

Cloudberry Group, consolidated		2020	2019
Revenue	NOK million	4	-
EBITDA	NOK million	-30	-3
Profit for the year	NOK million	-34	-3
Total assets	NOK million	1 397	5
Cash	NOK million	605	5
Interrest bearing debt	NOK million	263	-
Total equity	NOK million	1 055	5
Equity ratio	%	76%	91%
Production during 2020 [1]	GWh	21	-
Secured portfolio (Producing & under construction)	MW	109	15
Secured portfolio (Construction permit)	MW	71	-
Secured portfolio (Backlog)	MW	380	-

1) Including proportionate share of 9 GWh from Forte Vannkraft AS (associated company)

and foreign currency translation differences. Total comprehensive income was NOK -36m (NOK -3m), which was attributable to Cloudberry shareholders, while NOK 0m was attributable to non-controlling interests.

The total loss of NOK 36m is suggested to be allocated to accumulated loss and retained earnings.

Cashflow

Cash flow from operating activities for the year was NOK -4m (NOK -3m). The difference between EBIT and cash flow from operating activities was mainly due to depreciations of NOK 3m, capitalisation of development costs to inventory of NOK -6m and change in other short-term items of total NOK 32m (NOK -0m).

Cash flow from investment activities was NOK -354m, (NOK 0m) and was mainly related to investments in associated companies of NOK -341m in hydro assets and Odal Wind and NOK -12m in subsidiaries.

Cash flow from financing activities amounted to NOK 958m (NOK 8m) and consisted primarily of new equity capital of NOK 906m (NOK 8m), change in net debt of NOK 207m, payment to escrow account of NOK 152m and interest payment NOK -3m.

At-year end, cash and cash equivalents were to NOK 605m (NOK 5m).

Financial position

Total assets at year-end were NOK 1 397m (NOK 5m). The increase from last year primarily reflects acquisitions, business combinations and capital raisings. Non-current assets totalled NOK 435m (NOK 0m) consisting of investment in producing assets and associated companies, while current assets were NOK 962m (NOK 5m), mainly project inventory, other current assets and cash, and cash equivalents.

Total equity was NOK 1 055m (NOK 5m) at year end, corresponding to an equity ratio of 76%.

Total liabilities were NOK 342m, with NOK 283m due within 12 months.

Segments

Cloudberry has two operating business segments: Cloudberry Production (“Production”) and Cloudberry Develop (“Develop”) as well as Cloudberry Clean Energy (“Corporate”).

Cloudberry Production

Cloudberry Production owns long-term yield hydro and wind assets in Norway and Sweden. Power production is sold on a continuous basis through bilateral agreements or through the spot market, Nordpool. Producing assets are entitled to electricity certificates and guarantees of origin. Producing assets are remotely controlled from operational centres and Cloudberry has operational agreements with local partners.

Cloudberry Production, segment		2020
Revenue	NOK million	4
EBITDA	NOK million	-5
Production (100% owned entities)	GWh	12
Production (net to Cloudberry)	GWh	21
Production capacity year-end	MW	27
Secured portfolio (Producing & under construction)	MW	109

Power production

By year end Cloudberry Production had a production portfolio of 27 MW in operation from Finnesetbekken, Røyrmyra and a significant shareholding of Forte Energy Norway AS (“Forte”). The purchase of 34% of Forte was finalized in Q4 2020 and contributed a proportionate production of 9 GWh to Cloudberry during 2020.

Hydro power production for the year from Finnesetbekken was 4 GWh, 28% above normal production level. Production was above the normal level both in the first and second half of the year. 2020 was a year with higher-than-normal precipitation and with the warmest temperatures ever recorded in Norway. This led to high production in 2020, and operation have been generally stable.

Wind power production for the year from Røyrmyra was 4% below normal levels in 2020 with a total production of 8 GWh. The decrease was mainly due an outage in one of the turbines during the first half of the year, with repairs taking longer than normal due to challenges caused by Covid-19. Production in the second half of the year was stable and ended slightly better than normal. Loss related to the breakdown of the turbine was limited, as it was covered by an availability guarantee from the turbine manufacturer and production interruption insurance.

In total, Cloudberry's production was 21 GWh for 2020. Annual production is expected to increase considerably in 2021, following acquisitions made in 2020, as well as the completion of power plants under construction.

Construction projects

Construction of Cloudberry's hydropower plants Åmotsfoss, Nessane, Bjørgelva and the Odal windfarm have progressed according to plan. Covid-19 challenges did not have a material impact on construction progress during 2020. Nessane and Bjørgelva both commenced production and were connected to the grid in December. The two hydropower plants are now in the commissioning period and the plan is a handover to Cloudberry in the first half of 2021.

Realized Power prices

A warmer than normal winter and general business slowdown due to the Covid-19 pandemic led to lower power demand, resulting in lower prices. Higher than normal reservoir levels also contributed to low electricity prices, particularly during first half of the year. Low power prices continued in the third quarter, whilst prices increased in the fourth quarter. For the full year, the average system price ended at NOK 11.5/kWh, the lowest level since 2000. Cloudberry Production has a fixed power price through a power purchase agreement (PPA) covering about 2/3 of Cloudberry's fully owned production in 2020.

M&A activities

2020 was a very active year for Cloudberry, being involved in several merger and acquisition (M&A) processes. In June, an agreement to purchase a 34% ownership in a portfolio of 14 producing hydropower plants (including a power purchase agreement) was entered into. Financial close was achieved in the fourth quarter. In September, an agreement to acquire 100% ownership of Åmotsfoss Kraft AS, a hydropower plant with expected 22,5 GWh of annual production was signed. The power plant is currently under construction and is expected to be handed over after commissioning in the third quarter of 2021.

In December, three purchase agreements were entered into:

- Acquisition of 15% of Odal Vindkraftverk AS, a windfarm with expected annual production of 526 GWh. The transaction included an option to increase the ownership to 33,4% before 30 June 2021. The windfarm is currently under construction, and the first turbines are expected to commence operation in fourth quarter 2021.
- Acquisition of 100% of Selselva Kraft AS (part of the 40 GWh hydro portfolio), a hydropower plant with expected annual production of 20 GWh. The plant is in operation. Financial close was achieved in January 2021 (see subsequent events).
- Acquisition of 100% of Skåråna Kraft AS and two undisclosed hydropower plants (part of the 40 GWh hydro portfolio). The power plants are under construction and are expected to commence operation in fourth quarter 2021. Financial close is expected during 2021. See note 29 subsequent events.

Cloudberry Develop

Cloudberry Develop was established in 2008 and has a significant on- and offshore development portfolio with renewable assets in Sweden and Norway. Since inception, ten projects have been fully developed and sold to infrastructure investors and European insurance companies. Going forward Cloudberry has the option to either sell or maintain in-house projects for long-term cash flow. Larger projects may be farmed down in order to diversify risk.

Cloudberry Develop, segment		2020
Revenue	NOK million	-
EBITDA	NOK million	-8
Construction permits	MW	151
Backlog	MW	370

This segment develops hydro and wind power assets from early stage to obtaining construction permits. Assets developed are then transferred to Cloudberry Production or wholly or partly sold. Construction is normally outsourced to local partners.

Cloudberry Develop is focused on growing and improving the Nordic backlog of renewable projects. To ensure progress, two new employees were hired at the office in Karlstad. The company has a dynamic approach to the project backlog portfolio and projects will either be developed, sold or discontinued based on the projects' characteristics and prospects for further development.

Important projects and events:
On-shore

- Project Hån is located close to Marker wind farm, a project that Cloudberry developed, constructed and later sold to BKW in Årjäng municipality, Sweden. Detailed planning for Hån is underway with final investment decision expected in 2021. The project has received an import license from the Norwegian authorities and awaits a final power export license from the Swedish authorities before construction may start. The estimated annual production is around 70 GWh with an installed capacity of 21 MW. Production is expected to start in 2022. Cloudberry owns 100% of the project.
- Project Duvhällen is located in the Eskilstuna municipality, Sweden. Duvhällen has an approved grid capacity for 30 MW and is awaiting an increase to 60 MW. The estimated annual production is around 83 GWh and 156 GWh based on an installed capacity. Production is expected to start in the Fall of 2023. Cloudberry owns 100% of the project.
- Cloudberry acquired the wind power development company Skogvind AS, adding around 120 MW to a total backlog of 370 MW.

Shallow water & off-shore
The company has been involved in offshore wind power since 2010 and has significant development expertise.

- Project Vänern, a nearshore shallow water wind project located at Stenkalles grund in Lake Vänern, the largest lake in Sweden. The project has received a permit to build 20 wind turbines with a total installed capacity of 100 MW and was repurchased by Cloudberry in 2020. An agreement with Downing LLP was entered into in January 2021 for the sale of 80% of the project. The target is a Financial Investment Decision during 2021 and commercial operation in 2023.
- Project Baltic Sea. Based on the experience and expertise gained from the Väneren project, Cloudberry will explore the opportunity to develop offshore projects in the Baltic Sea. The company has a substantial offshore wind development portfolio of about 2,500 MW in Sweden, and the portfolio is currently not reflected in Cloudberry's balance sheet.

Hydropower
The company has a portfolio of several licensed hydropower projects. An application has been made for an extended deadline for the start of construction of three projects.

Cloudberry Corporate
There was significant corporate activity in 2020. The company has, during the year, built a listed growth platform for renewable projects in the Nordics and secured a significant backlog of well progressed projects in the region. The producing and under construction portfolio has increased 7x during the year and attracted well-known partners as Fontavis (Swiss Life) and Downing LLP.

Cloudberry Corporate, segment		2020
Revenue	NOK million	-
EBITDA	NOK million	-16

By year end, there were four employees in the corporate segment. Cloudberry has outsourced several services in connection with Oslo Børs listing, financing and due diligence processes. The corporate management aims to remain a cost-effective, agile and dynamic team.

Risk Management

Cloudberry is exposed to various risks through its business' value chain, including operational, political and financial risks. Cloudberry has extensive routines and policies in place to actively manage risks. Key risks are discussed, and policies are reviewed and approved by the Board of Directors on a regular basis.

Operational and market risk
All processes throughout the value chain are exposed to operational risk. A key operational risk is related to the operating performance of the producing assets, but there is also risk relating to the process of transitioning development projects from the backlog and pipeline stage. Even though Cloudberry has a solid project pipeline, finalizing the projects is

dependent on a number of factors such as project availability, local authority approvals, environmental impact, suppliers, financing, power prices and the regulatory framework in the relevant market.

Market risk is mainly related to the attractiveness of small-scale hydropower projects and wind projects in the Nordic markets, as derived from the development in power prices relative to the prices of key construction components.

Cloudberry manages the risk through close follow-up and monitoring of operating assets and developing projects. Procedures and guidelines for the business are implemented and reviewed regularly.

Additional information about operational risk is presented in the sustainability section of the Annual Report. See also further information about the operational and market risk in the Group Financial Statement, note 7, and commercial and operational risk in note 8.

Political risk

Cloudberry operates in Sweden and Norway. The company`s activities are subject to the laws and regulations applied by the governmental authorities in connection with obtaining licenses and permits, government guarantees, and other obligations regulated by law in each country. Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits, capital transfer restrictions and in monitoring licensees' compliance with the terms thereof. Cloudberry emphasises the uncertainty these factors have when making investment decisions and continuously monitors changes in the political landscape and includes this in the relevant discussions.

For further information risks related to political and regulations, please confer the Group Financial Statement, note 7 Market risks and note 8 Commercial and operational risk.

Financial risk

Through its business activities, Cloudberry is mainly exposed to market risks including power prices, interest rate risk, currency risk, credit risk and liquidity risk. Financial risk management is based on the objective of reducing negative cash flow effects and, to a lesser extent, negative accounting effects of these risks. Currency and interest rate risks are regulated by means of mandates and managed by using hedging instruments.

Cloudberry's interest rate exposure is related to its debt portfolio and managed based on a balance between keeping interest cost low over time and contributing to stabilise the group's cash flows.

For further details, please confer the Group Financial Statement, note 9 Financial risk.

Corporate Governance

The Board of Directors has a strong commitment to maintaining a high standard of corporate governance. This ensures trust, and effectively and continuously improve communication between management, the Board of Directors, shareholders, and other stakeholders. Cloudberry complies with the Norwegian Code of Practice (NUES) of 17 October 2018.

The Annual Report includes a statement on Cloudberry`s corporate governance principles and practices, including corporate audit, internal control of financial reporting and the work of the Board of Directors.

Going concern

According to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirms that the Financial Statements have been prepared under the assumption that the Cloudberry Group is a going concern, and that this assumption was appropriate at the date of approval of the Financial Statements. The consolidated Financial Statements for the Group include the operations of Cloudberry Clean Energy AS, its subsidiaries fully consolidated and associated companies, which are equity accounted. The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the interpretations issued by the IFRS Interpretation Committee (IFRSIC) applicable to companies reporting under IFRS and also comply with IFRS as issued by the International Accounting Standards Board (IASB). The consolidated accounts are prepared with Norwegian Kroner (NOK) as the reporting currency.

Oslo, 23 March 2021

The Board of Directors of Cloudberry Clean Energy AS

Frank J. Berg Chair of the Board	**Morten Bergesen** Board member	**Petter W. Borg** Board member
Benedicte Fossum Board member	**Liv Lønnum** Board member	**Anders J. Lenborg** CEO Cloudberry Clean Energy AS

Sustainability

As a developer and owner of renewable assets, sustainability is at the core of Cloudberry's business. Our purpose is to provide renewable energy for future generations and our long-term success is linked to operating our business in a sustainable way.

The development of new renewable capacity contributes to the necessary energy transition, European and national climate targets and the UN Sustainable Development Goals (SDGs). Cloudberry`s business contributes to the realisation of several of the multiple UN Sustainability Development Goals:

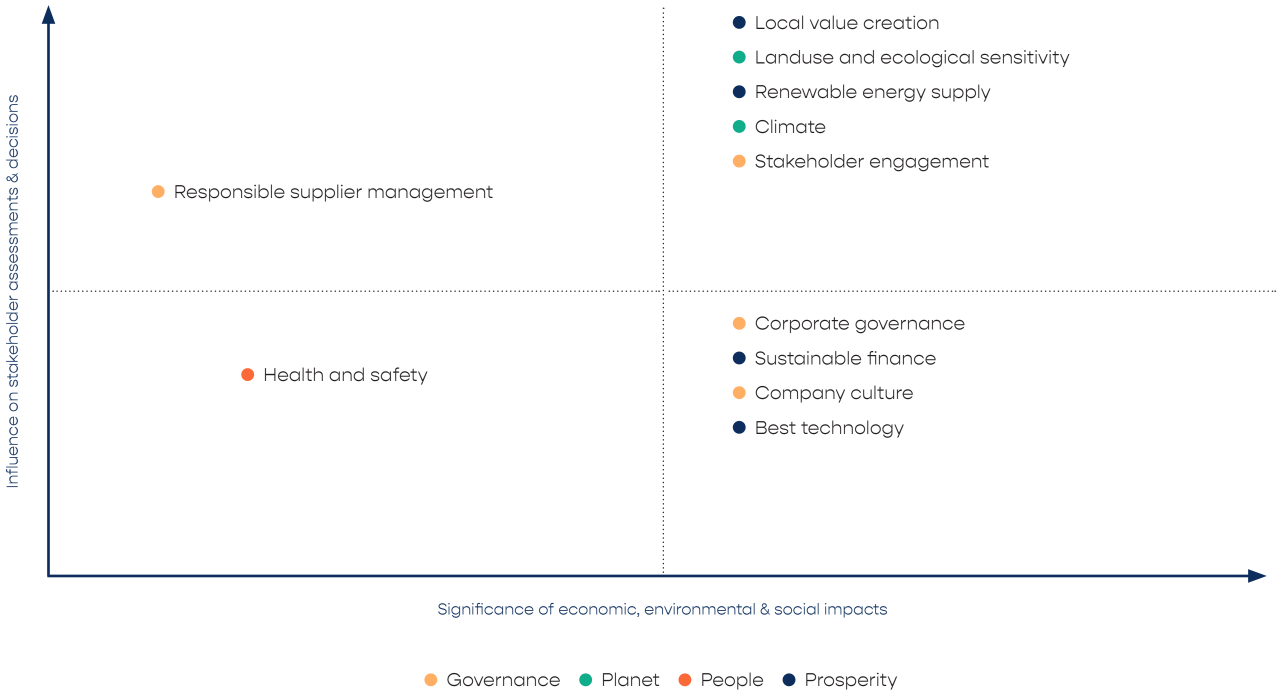
- Goal 7 Affordable and clean energy
- Goal 9 Industry, innovation and infrastructure
- Goal 11 Sustainable cities and communities
- Goal 12 Responsible consumption and production
- Goal 13 Climate action

Through our materiality assessment and analysis of the underlying targets that are relevant to Cloudberry and our stakeholders, we are reassessing our approach to support the UN Sustainability Development Goals and aim to further strengthen our ambitions in 2021.

Even though our business is sustainable by nature, our activities may to some extent negatively impact people, communities and environment. Developing new renewable assets is essential to reduce the global CO_2 emissions. Construction and production do have an impact on biodiversity, land use areas and individuals' interests. Cloudberry is aware of the risks and seeks to understand and evaluate all aspects. We recognise the need to continuously evolve our approach to sustainability and how to conduct our business with regards to our impact on environmental, social and governmental aspects. Cloudberry`s sustainability management has been significantly strengthened in 2020.

In 2020 the company conducted an assessment based upon input from key stakeholders. To ensure alignment with best practice, a specialist sustainability consultancy was assigned. Considerable efforts were made to identify the sustainability topics in our value chain that are material for Cloudberry and our key stakeholders such as authorities, suppliers, landowners and neighbours in addition to financial institutions and investors. The work involved an assessment of macro trends, as well as a benchmark against peers and leaders. Confirming alignment with the expectations of our external stakeholders is pivotal to Cloudberry.

The report was presented to the Board of Directors and its findings were discussed and prioritised in several workshops. The results will provide the basis for our continuous work as Cloudberry continues to develop. This involves strengthening the sustainability strategy, governance and management structures, as well as determining additional KPIs.



The main topics are presented in this report and the matrix above gives an overview of the findings.

The topics in the top right corner are of most strategic importance to Cloudberry and we focus our reporting on the following:

- Local value creation
- Renewable energy supply
- Climate
- Land use and ecological sensitivity
- Stakeholder engagement

In addition, corporate governance, sustainable finance, company culture, best technology and responsible supplier management were identified as important matters for our stakeholders and Cloudberry. Health and safety are of uppermost importance in the supply chain, where Cloudberry has less direct influence. Nevertheless, Cloudberry has a strong focus on the topic and demands our contractors to safeguard this. Please see a closer description of our health and safety management under "People" in this section.

Climate change and renewable energy supply are particularly important to us as this is at the core of Cloudberry's purpose. We have assessed our climate related financial risks and opportunities in line with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

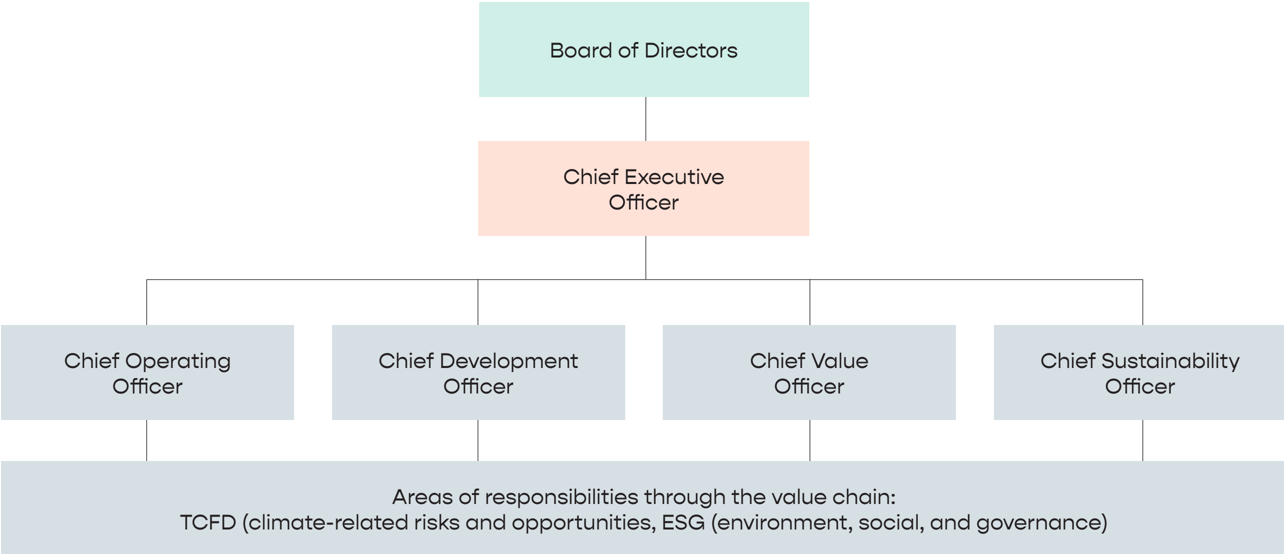
The reporting contains disclosures from the World Economic Forum (WEF) Stakeholder Capitalism's core set of environmental, social and governance metrics, to the extent that they are material, and the information is available at the current stage of development of Cloudberry. The metrics have been organized into four pillars – Principles of Governance, Planet, People and Prosperity – which are aligned with the essential elements of the UN Sustainability Development Goals. In the following, we describe our approach, activities and the way forward related to the identified sustainability topics for the company according to these pillars.

Sustainability Governance

Corporate Governance

Our approach and activities

To achieve our purpose of providing renewable energy for future generations and creating value for our stakeholders and shareholders, an experienced and diverse Board of Directors is imperative. The



Board makes sure that sustainability remains as a key topic for Cloudberry and its management.

At the management level, the CEO monitors the implementation of the sustainability strategy and is responsible for ensuring that climate-related risks and opportunities are fully integrated into the company's long-term business strategy. The CEO oversees and reports to the Board of Directors on the management's progress related to Cloudberry's key strategic sustainability and climate-related objectives. At the operational level, the Chief Sustainability Officer is responsible for managing sustainability.

The activities in 2020 are described in the introduction above in this chapter. For further information on Cloudberry`s purpose, Board of Directors and corporate governance please see the "Corporate Governance" chapter.

Way forward

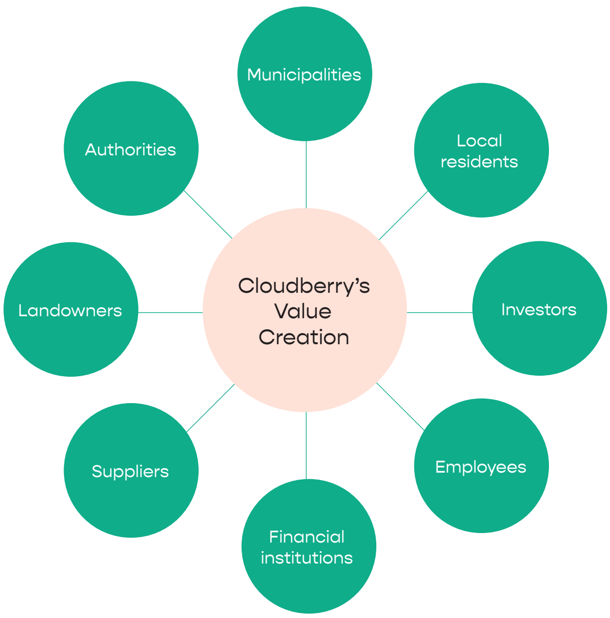
In the beginning of 2021, the Board of Directors will establish an environmental, social and governance committee (ESG-committee) consisting of two board members and the Chief Sustainability Officer. The committee`s mandate is to guide and support the company's work, anchor its commitment and ensure high standards on both strategic and operational levels within environmental, social and governance aspects.

Stakeholder engagement

Our approach

Our success depends on our ability to build trust amongst our stakeholders. It is essential that landowners lend their land to us, local communities have trust in us, people and partners want to work with us, and that investors and creditors value us. It is fundamental to the company to engage timely and openly with our stakeholders. The below illustration provides an overview of Cloudberry's key stakeholders:

Cloudberry's main stakeholders



For Cloudberry it is important to have local presence and to cooperate with regional banks understanding the society and context in which we are present. When exploring an opportunity, we evaluate land-owner interest in having a producing power plant on their grounds, as well as identifying the local attitude towards such establishment. When the formal notification of a project is submitted to the authorities, public meetings are held with the local authorities to inform about the project and to identify any additional local needs that we may accommodate. Cloudberry facilitates access for individual residents to discuss any concerns they may have throughout the process.

Our activities

As part of the materiality assessment, an extensive stakeholder engagement was conducted. Numerous interviews were held with representatives of key stakeholder groups, ranging from local authorities, neighbours, landowners, suppliers, financial service providers and investors. The aim was to gain insight into Cloudberry's impact on them and their expectations of us. In addition, several in depth discussions and workshops were held with our internal stakeholders.

Below is an overview of our external stakeholder's expectations to Cloudberry:

External Stakeholders	Expected of the company	Areas for dialogue	Actions by the company
Landowners	Local value creation in terms of creating job opportunities, possible financial funds for locally initiatives, utilization of their forests, continuous information during the development and construction process.	Meetings with municipalities which local residents and landowners may attend, direct contact with the landowners.	Using local business partners when possible for construction, operations and maintenance. Established a fund to support teams and associations in local areas. Information letter to stakeholders involved locally on progress in projects.
Local residents	Preserve untouched nature, establish a fund that can be used for local initiatives, information flow helping them visualize the impact, fewer and smaller wind turbines.	Meetings for residents through consultation meetings locally, neighborhood meetings to communicate.	Using local business partners when possible for construction, operations and maintenance. Established a fund to support teams and associations in local areas. Information letter to stakeholders involved locally on progress in projects.
Municipalities	Energy supply locally, local value creation such as jobs on projects and infrastructure. Compensation to the local population as part of the development agreement. Open and informative dialogue with the affected population about progress in the development project. Minimize the environmental impact. Implement the authorities wind power plan.	Dialogue and meetings with the municipalities.	The development and production of wind and hydro power is highly regulated both in Norway and Sweden, with stringent environmental regulations. The company maintains a continuous dialogue with authorities and local stakeholders.
Authorities	Describe how the company affects nature and biodiversity. Positive when the company reports annually on environmental impact and carry out its own measurements e.g., on bird populations. Recommend that the company early enters into dialogue with the local community. Initiative for a fund to contribute to local culture and nature initiatives.	Dialogue and meetings with the authorities.	The development and production of wind and hydro power is highly regulated both in Norway and Sweden, with stringent environmental regulations. Thecompany maintains a continuous dialogue with authorities and local stakeholders.

External Stakeholders	Expected of the company	Areas for dialogue	Actions by the company
Suppliers	Focus on safety specifically and generallyon health, safety and environment. Report on waste management.	Regular meetings with partners and suppliers.	Construction meetings and health and safety management on site. Continue to update the company`s routines with regards to health and safety. Health and safety will also be addressed in the Supplier Code of Conduct. Waste management to be reported from 2021.
Investors	Measuring CO_2 emission, energy efficiency, life-cycle assessment and increasing environmental impact. Prioritize developing windfarms in industrial areas.	Meetings (digital) with investors and analysts, company presentations.	Reporting direct and indirect greenhouse gas emissions, compensating emissions by purchasing carbon credits, providing renewable energy and therefore reduce climate emissions, assess climate related financial risks and opportunities, focus to reduce the company`s impact environmentally.
Financial institutions	Ensure that suppliers and partners operate in line with the company's code of conduct. Focus on the company's emissions and HSE routines.	Meetings and presentations.	Beside reporting financially, the company is integrating environmental, social and governance in its reporting to highlight the focus on sustainability management in the company`s business strategy.

Way forward

Cloudberry`s business strategy is continuously evolving. In 2021 the Board of Directors together with the management will further strengthen the sustainability aspects, ensuring continuation of the integral part it plays in our business strategy. The work will include development of governance structures and management of key strategic sustainable and climate-related objectives.

Cloudberry will further systematize our ongoing engagement with our stakeholders. The input we receive will influence our sustainability framework going forward and be reflected in our strategic priorities.

Recently, the debate regarding wind power in Norway has become rather polarized with some stakeholders seeing them as important for the provision of renewable energy whilst others have increasing concerns regarding their visual and environmental impact. Cloudberry maintains close dialogue with our stakeholders to understand and address their concerns.

Company culture

Our approach

Cloudberry sets high ethical standards for everyone who acts on behalf of the company. In this way, we reduce business risk for both the company and the individual and safeguard the company's reputation.

Our activities

Cloudberry finalized its Code of Conduct with final approval by the Board of Directors in March 2021. The code sets out the key expectations to all employees and specifies the ethical requirements for everybody who works for and on behalf of Cloudberry, including suppliers and other business partners. It describes Cloudberry`s main principles on issues such as human and labour rights, health and safety, business ethics, legal compliance, insider trading and other relevant issues related to the company's operations amongst others. During 2020 Cloudberry has neither registered any incidents of corruption, nor discovered any incidents related to previous years where the company, employees or partners have been involved. The "Corporate Governance" chapter gives further information.

Way forward

The Code of Conduct will be fully implemented during 2021. Training sessions will be organised to ensure that all employees are familiar with, and adhere to, the Code and its business ethics. A specific whistleblowing mechanism will be implemented in 2021.

In our work with mapping the stakeholder engagement and materiality analysis, we identified responsible supplier management as an important topic for Cloudberry as we further develop and expand our activities. We expect our suppliers and business partners to follow ethical standards in line with our own and will develop a responsible Supplier Code of Conduct in 2021. The Code will include labour and human rights risks, health and safety, environment and climate and business ethics.

> **"In Cloudberry the representatives have high integrity and are eager to be transparent and engaging. This creates trust!"**
>
> *A stakeholder's feedback from the external engagement process*

Planet

The planet is at the basis of everything we do. Through our production of renewable energy, we positively impact the energy transition which addresses the climate crisis. At the same time, we impact the planet through the construction and production of our wind farms and hydropower plants. Whilst the former significantly outweighs the latter, it is important to us that we reduce our environmental footprint as much as possible.

Climate

Our approach

Climate change is at the core of Cloudberry's strategic positioning as a renewable energy company. We thereby contribute to the necessary energy transition. Yet, our activities have a carbon footprint which we are focusing on reducing. Furthermore, in the years to come, Cloudberry will strive to identify relevant metrics for measuring and managing climate-related risks and opportunities.

Our activities

In 2020, Cloudberry conducted an assessment of the potential financial impact of climate-related risks and opportunities. This initiated the process to adapt the company's reporting, in accordance with the recommendations of the Task Force on Climate-Related Financial Disclosures (TCFD).

TCFD TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES

We have identified and assessed climate-related risks and opportunities. The analysis recognized and defined three physical risks and ten transition risks, including regulatory and legal risks, technological risks, market risks, and reputational risks. All 13 risks were evaluated by the management in order to assess their likelihood of occurrence, time horizon, and potential financial impact. The risk assessment will be further developed in 2021. Going forward, we will also establish a standardized process for annual identification and assessment of climate-related risks, and their integration into our overall risk management.

Cloudberry has performed a preliminary internal assessment concerning the likelihood of occurrence. The financial impact is defined as low when less than NOK 10 million, medium when between NOK 10 and 100 million, and high when the financial impact is higher than NOK 100 million. Moreover, Cloudberry has defined a time horizon where short is within the next three years, medium spans from three to ten years, and long is more than ten years. The likelihood assessments, as well as the definition of financial impact and time horizon, are provisional and may be subject to change in the years to come due to further development and more accurate calculations based on scenario analysis.

Financial Impact	Low	Medium	High
NOK million	< 10	10-100	> 100

The matrix on the following pages provides an overview of Cloudberry's climate-related risks and opportunities, their defined likelihood of occurrence, financial impact, time horizon, as well as the company's plans for risk mitigation and opportunity realization:

TCFD		Risk	Like-lihood 1)	Financial Impact 2)	Time Horizon 3)	Description	Risk mitigation	Opportunity
Physical Risks and Opportunities	Both acute and chronic	Extreme winds	High	Low	Long	Exacerbated wear-and-tear of wind turbines (i.e., increased service and maintenance/ repair costs). Higher risks/costs during construction (e.g., wind days and delayed construction).	We aim for long service contracts with solid counterparts, and we make sure that contracts with contractors have substantial buffers on weather-exposed operations.	Finding solutions for how future wind turbines (or upgrades of older wind turbines) can maximize production based on increased wind strength. It also opens for the opportunity to build wind parks in less sensitive areas
		Extreme rainfall	High	Low	Long	Damage and production loss to hydropower stations (higher insurance premiums), as well as lost revenue from flow over the dams.	The technical standard and capacity of our dams and pipelines are designed to withstand flooding.	More likely to get permits for adding regulation dams to our assets for flood prevention. An opportunity to increase the company's production capacity and be able to take full advantage and be more efficient to produce more power. Overall, increased precipitation might increase revenue for the company.
		Warmer, wetter, and windier	High	High	Long	Wind farms will get more hours of production due to overall higher wind speeds, while the production of hydro plants will increase all over due to increased rainfall and fewer water-frozen days.	Position ourselves and our power plants to maximize the benefits of the increased production potential.	More power production (e.g., if snow is melting to a larger degree than normal, hydropower plants that previously have been water frozen during winters might be able to produce power during the winter as well).

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
3) Time horizon: Short: 0-3 years, Medium: 3-10 years, Long: more than 10 years

TCFD		Risk	Likelihood [1]	Financial Impact [2]	Time Horizon [3]	Description	Risk mitigation	Opportunity
Transitional Risks and Opportunities	Policy and legal	Revised water regulation permits	Medium	Low	Medium	Revision of existing hydropower regulation plans might be more restrictive regarding minimum water flows, reservoir level changes, etc., to better preserve natural habitats, fish spawning, etc.	Cloudberry seeks to stay ahead of laws and regulations in all projects as well as in regular operations by closely following political proposals and industry association's recommendations on new or revised regulations.	
		Revised wind power permitting	High	Low	Short	Following public and political hearings throughout 2019/2020 NVE are likely to be working from a revised and more conservative framework when considering permits for new power production projects.	Cloudberry seeks to be proactive and follow public hearings and industry association's recommendations on coming regulations.	Focus on projects with less conflict, seek industrial areas for developing wind projects, as opposed to hunting for the largest and most windy sites.
		EU Taxonomy	High	High	Short	Suggested criteria threshold for facilities to operate at life cycle emissions lower than 100g CO_2e/kWh, declining to 0g CO_2e/kWh by 2050 and hydropower facilities with a power density above 5 W/m^2 are currently exempt from conducting the Product Carbon Footprint ("PCF") or Greenhouse Gas ("GHG") Lifecycle Assessment. These and "Do no significant harm" may affect negatively on hydropower plants in general, and as such, on our reputation and capital access.	Cloudberry has performed initial analysis of its emissions and impact and is preparing for potential risk mitigation actions. The company continues to follow the EU Taxonomy for sustainable activities and cooperate with national and European hydro associations to secure preparations and be aligned in line with potential outcome and requirements.	Cloudberry is focusing primarily on new and highly efficient plants minimizing CO_2e impact and optimizing uptime and production. An international legislation with common European requirements contributes to a more predictable environment for renewable projects.
		New subsidy schemes	Medium	Medium	Long	Massive climate goal-motivated subsidy schemes may put downwards pressure on revenues (i.e., power prices) of non-subsidized existing assets. Cloudberry considers subsidized offshore wind power as the most likely threat.	Appreciate the location of power plants away from the point of shore entry of coming offshore wind hubs.	Take an active position in such tenders ourselves, as a natural hedge.

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
3) Time horizon: Short: 0-3 years, Medium: 3-10 years, Long: more than 10 years

TCFD		Risk	Likelihood [1]	Financial Impact [2]	Time Horizon [3]	Description	Risk mitigation	Opportunity
Transitional Risks and Opportunities	Technology	Improved production technologies	Medium	Low	Medium	Solar PV will come to be competitive also in the Nordics. Technology related to wind generators is experiencing rapid improvements.	Cloudberry seeks to maintain a portfolio with relevant and efficient technology. Moreover, the company aims to invest in power plants of expected good technical standards and prioritize technical solutions that are well-proven and delivered by reputable suppliers. Technical problems may still occur, which means possible halts in production and/or costly reinvestments that reduce profitability and/or financial position.	Technical improvements and lower cost on turbines will improve the profitability of Cloudberry's development backlog. With well-proven technical solutions, repairs can be made within reasonable time/ cost, and attractive insurance terms are accessible.
Transitional Risks and Opportunities	Market	Lower power prices	Medium	High	Long	Cloudberry cautiously follows the market fundamentals and power price forecasts in the short- and long-term. It is difficult to predict power prices in the short-term (e.g., 2020 weather conditions led to a production surplus that affected power prices). Power prices may rise from increased CO_2 prices or higher electricity demand, or they might fall from an expanded renewable supply.	Positioning Cloudberry's production portfolio so that we are not dependent on one price area nor to one production technology, as a hedge towards locked-in whether depressed prices. PPA to secure fixed income in the short- and medium-term.	40% expected increase in Nordic power consumption by 2040, largely due to the electrification of power-intensive industries, as well as data expansion, etc. Ambitious climate goals will lead to a reduction in fossil fuel consumption. Interconnectors between Norway and Northern Europe. 50% of European power production is expected to come from solar PV and wind by 2040.
Transitional Risks and Opportunities	Market	Access to capital	Medium	Medium	Short	The financial capital market has a fast-growing focus on ESG investments, highlighting the importance of a sustainable business model. The ESG assessments have a major impact on access to capital and the valuation of companies' equity and debt. Investors increasingly take this into account in their investment decisions.	Be aware that it is not sufficient to align Cloudberry's business model with financial market requirements without including all aspects of the ESG segment. In 2020 Cloudberry focused on strengthening its sustainability management.	Continue to develop projects and producing power plants with high environmental quality requirements, which will attract investors and financial business partners and eventually green funding.

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
3) Time horizon: Short: 0-3 years, Medium: 3-10 years, Long: more than 10 years

TCFD		Risk	Likelihood [1]	Financial Impact [2]	Time Horizon [3]	Description	Risk mitigation	Opportunity
Transitional Risks and Opportunities	Reputation	Opposition to wind power	High	Low	Short	Being a public company in Norway, it is likely that we will receive resistance from opponents where we build wind farms (e.g., due to impact on nature).	We will continuously aim to develop projects in areas where we can mitigate potential conflicts. We seek to develop projects near industrial areas, or in areas where there is local support.	Wind power is the best source for new clean power in the Nordics, also in Norway.
		Increased focus on corporate carbon footprints	Medium	Medium	Medium	There is an increased focus on companies' carbon footprint. As a renewable energy company, we are an important part of the green transition, however, it is just as important to reduce our carbon emissions and move towards net-zero in the whole value chain, both in terms of all materials and in terms of conserving biodiversity on all locations.	Cloudberry focus on preserving biodiversity, reducing carbon emissions, and to help others reduce their carbon footprint (by providing green energy). The company is in a process of implementing its Code of Conduct which will include supplier requirements for their carbon footprints.	Cloudberry believes that an environmental strategy shapes confidence from stakeholders and attracts the best workforce and talents who seek a purpose in their professional life.
		Selling GOs	High	Low	Short	May be accused of selling the "renewableness" of our own power production, while at the same time not buying similar for our own consumption.	Cloudberry will decide between buying GoOs for our own consumption or stop selling from our production.	Cloudberry is currently budgeting minimal income from the GO's (green certificates that our plants obtain). This can change as more and more carbon intensive businesses are moving towards net-zero strategies. GO's prices can improve and can be used to reduce/improve companies CO_2 footprint.

1) The likelihood is based on provisional internal assessments and will be further developed through scenario analyses in the years to come
2) Financial impact: Low < 10 mill, Medium 10-100 mill, High > 100 mill
3) Time horizon: Short: 0-3 years, Medium: 3-10 years, Long: more than 10 years

Carbon Emissions
Certain areas of Cloudberry`s business have carbon emissions. Cloudberry started measuring its greenhouse gas emissions in February 2020 in line with the Greenhouse Gas Protocol (The GHG Protocol), following the operational control approach.

In 2020, Cloudberry produced 21 GWh of renewable energy, which is equivalent to reducing 5,565 tCO_2e, relative to baseline emissions from the European electricity mix (EU-27 electricity mix, IEA 2020). After taking into account the total greenhouse gas emissions in Cloudberry's carbon accounting (see the carbon accounting below), the reduction of greenhouse gas emissions from Cloudberry's operations is 5,378 tCO_2e.

Cloudberry's carbon inventory is divided into three main scopes of direct and indirect emissions.

Carbon Accounting	Scope	Unit	2019
Scope 1	Scope 1 Total	tCO_2e	-
Scope 2	Scope 2 Total	tCO_2e	1.4
Scope 3	Scope 3 Total	tCO_2e	185.3
	Total	**tCO_2e**	**186.7**

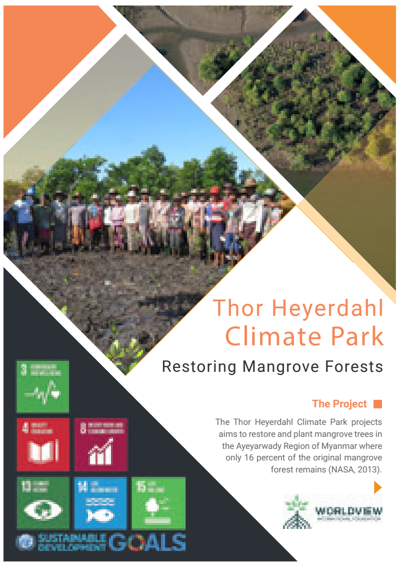
In 2020 Cloudberry's total carbon emissions from Scope 1, 2 and 3 were 186,7 tCO_2e.

Scope 1 covers all direct emission sources, including all use of fossil fuels for stationary combustion and transportation. Cloudberry does not own company cars and there are no other direct greenhouse gas emissions to report in scope 1.

Scope 2 includes indirect emissions related to Cloudberry's purchased energy (i.e., electricity and heating/cooling). This includes purchased energy for its offices in Oslo, Norway and in Karlstad, Sweden, as well as the energy used in the hydropower plants Finnesetbekken Kraftverk and the windfarm Røyrmyra Vindpark. In 2020, Cloudberry reported a total of 34 596,8 kWh and the emissions from electricity were 1,4 tCO_2e in scope 2.

Scope 3 comprises indirect emissions resulting from Cloudberry's value chain activities. In scope 3, category 1 (purchased goods and services), Cloudberry reported 785 m^3 consumption of concrete in 2020. The concrete was used for the construction of the two hydropower plants Bjørgelva Kraft and Nessakraft in Norway. The emissions from the concrete accounts for 97,3% of Cloudberry's total GHG emissions (Scope 1, 2 and 3). In category 1 Cloudberry has also reported the kilometers between service providers' location and the location of corresponding hydro plants and wind farms that received service. This was a total of 11 950 km and accounted for 2,0 tCO_2e. In category 6 (business travel), Cloudberry reported emission from air travel, rental cars and milage allowance, which in total accounted for 1,6 tCO_2e. In category 15 (investments), Cloudberry reported the electricity used in the hydropower plants in Forte Energy Norway AS, where they have a 34% ownership.

The total emissions from Scope 3 were 185,3 tCO_2e. The scope 3 reporting for 2020 is intended as a starting point, and Cloudberry will continue to evaluate and include more aspects of emissions from its value chain activities in 2021.



CLIMATE COMPENSATED ORGANISATION

To compensate for Cloudberry's emissions of 186,7 tCO_2e, we have purchased carbon creditsfrom the VCS project 1764 Thor Heyerdahl Climate Park in Myanmar. The credits from planting mangrove trees, are called "Blue carbon". In addition to the climate effect, the project provides work and income to the local population, better protection against floods/tsunamis, and it restores the ecological balance in vulnerable coastal areas.

The Taxonomy
In March 2020, the European Union published a taxonomy to classify sustainable activities. The EU Taxonomy contains implementation guidance for companies and financial institutions. This includes technical criteria for e.g., production of electricity from hydropower and from wind power. The Taxonomy includes several principles and mitigation criteria's such as threshold for facilities to operate at life cycle emissions lower than 100g CO_2e/kWh, declining to 0g CO_2e/kWh by 2050 and "Do no significant harm assessment". Internal analysis and estimates of life cycle emissions from Cloudberry's hydro and wind projects indicates emissions far below 100g CO_2e/kWh.

The taxonomy report (technical annex chapter 4.5) specifically pinpoint power densities of hydropower. According to the report, hydropower facilities with a power density above 5 W/m^2 are currently exempt from conducting the Product Carbon Footprint ("PCF") or Greenhouse Gas ("GHG") Lifecycle Assessment. Internal analysis and calculations within Cloudberry's hydropower projects resulted in estimated power densities far above 5 W/m^2. In other words, according to the proposed Taxonomy matrix, Cloudberry has highly efficient hydropower plants relative to the impacted areas.

The legislation formalizing this taxonomy has not yet been adopted and Cloudberry will continue to monitor the development of the EU Taxonomy for sustainable activities closely. Meanwhile, Cloudberry is in close dialogue with both national and European organizations and associations and awaits the outcome of the concluded consulting process. The company is aware of the potential consequences for the hydropower sector if the legislation will be formalized and is preparing for potential risk mitigation actions.

Way forward
Cloudberry will monitor national and international climate politics and their potential impact on our strategy and business. We strive to ensure that the company makes the right decisions and assessments on how climate and climate politics might affect us. We are currently strengthening our risk strategy by including the topics identified in the materiality assessment where climate and renewable energy are core topics. The climate-related risk assessment will be established as an annual process, and the identified climate-related risks will be incorporated into our general risk management and reporting.

Cloudberry`s segments Production and Develop will, from 2021, include climate-related risks and opportunities in their business reviews presented to the Board of Directors. As a part of integrated risk management, the Board of Directors will also review and determine how to respond to different climate-related risks including regulatory, legal, and market risks, as well as the physical risks to our assets. The Board of Directors will oversee the expected progress towards the set goals and the plans of action related to the defined climate-related risks and opportunities. The Board of Directors and its work is also described in the corporate governance section later in this report.

The corporate management is responsible for ensuring the implementation of the sustainability objectives and operating effectiveness of the internal control systems and for development of key risk mitigation plans. Ownership and management of all risks will be assigned to specific members of the management. Implementation of risk mitigating actions will be the responsibility of the managers of the individual business segments. The management team will at least half-yearly follow up on key mitigation plans. Progress will be reported in yearly reports and presented in annual board meetings.

In 2021, Cloudberry will use the baseline established in 2020 to determine future emission reducing targets. The targets will be evaluated and confirmed by the Board of Directors along with the governance and management of financial climate risks and opportunities and the overall sustainability strategy.

Land use and ecological sensitivity
The development and operations of wind farms and hydropower plants have an impact on both land areas and river systems. For wind farms, their environmental impact is first and foremost through their visibility in the landscape and their noise and shadow. Hydropower plants impact the water flow, fish and sediment load. The development of both wind and hydro power plants, utilize land particularly in the construction phase.

Nessakraft, Balestrand, Norway

The development and production of wind and hydropower is highly regulated both in Norway and Sweden, with stringent environmental regulations. Cloudberry maintains a continuous dialogue with authorities and local stakeholders. We aim to minimize the environmental footprint from projects and to maximize the local value creation. Below we describe the process of gaining permits for new wind and hydro projects, and how we assess sustainability within each stage of the process.

Our approach

The Identifying stage "Pipeline"

In this stage, the opportunities for a windfarm or a hydropower plant in specific areas are explored and involves assessing the power grid capacity. Our policy is to seek locations where impact evaluations on nature have already been performed in order to limit the size of the area impacted.

Furthermore, we evaluate the landowner's interest for having a producing power plant on their ground, as well as identifying the local political view towards such an establishment. In Sweden, municipal plans for wind power are already in place. Cloudberry seeks to minimize the visual impact and aims to build larger, but fewer, windmills to reduce land use and noise level on the ground whilst seeking to balance the size of the shade area and potential ice throw during cold weather. Wind farms and surrounding infrastructure may also impact the conditions of rare plants, animals and birdlife and may change their conditions of life.

Further studies relating to the environment, nature and wildlife are carried out to identify potential negative consequences of the project. These studies need to conclude with an acceptable risk prior to progressing to the next step, which is negotiating

and entering into an agreement with the landowners and possibly other parties.

The Development stage "Backlog"
In the development stage, the formal notification with a description of the project is submitted to the authorities. Public meetings are held to inform stakeholders. In Norway, The Norwegian Water Resources and Energy Directorate (NVE) handles both wind and hydro power applications, whilst in Sweden, the County Administrative Board handles onshore wind power, and the Land and Environmental Court handles offshore wind power.

Necessary environmental impact assessments (EIA) are carried out and describe any negative environmental consequences e.g., on biodiversity, caused by the construction and operation of the power plant. The EIAs are performed by specialist consultants. The benefits of the project must exceed the perceived negative environmental impact. If the environmental impacts are acceptable and within regulatory requirements, the final application is prepared and submitted to the authorities and the development of the project can proceed.

The Approval stage "Construction Permit"
When a project has been approved, the detailed planning begins. This includes descriptions and drawings of the design of the wind power plant, road sections, foundations, cable trenches, crane sites, or a pipeline, dam, and a power station in the case of a hydropower plant. In the planning phase, it is imperative to consider nature conservation in the construction. This is also an integral part of the negotiations with the suppliers who will carry out the work. The detailed plan must be approved by the authorities before the actual construction begins. Also, local hiking areas are considered when building roads and tracks. We leverage on existing infrastructure, such as roads and networks when possible, and try to reuse excavated masses for roads.

Once the permit is obtained, numerous environmental conditions that the company needs to fulfil in the construction and production phase are specified. For a hydropower plant this may involve monitoring the area around the power station to identify any changes and need for risk reducing initiatives. Cloudberry may adopt additional voluntary actions, such as reducing waterflow and installing fish ladders. At the same time, hydro dams may also have positive impacts such as limiting the risk of flooding during extreme weather and reducing erosion of rivers and streams.

The Construction stage "Under Construction"
In the construction phase, Cloudberry evaluates potential suppliers and seeks to engage local suppliers and contractors as our goal is to create value locally. Safety, health and environment are monitored and followed up by the company and our suppliers, in order to ensure compliance with laws and regulations. In cases of temporary dredging work, we seek to restore the area to the original condition after the construction is completed. In areas close to birds in the breeding season, there is a no-work zone. Similarly, in our nearshore project, spawning seasons for certain fish types are accounted for in the planning. Furthermore, in our offshore wind project, Cloudberry may compensate fishermen for their loss of income when they are not able to fish in the area during construction.

Upon completion of the construction stage, certificates and documentation will be issued by the contractors and suppliers.

The Production stage "Production"
Early in the operational stage, Cloudberry enters into agreements with suppliers for ongoing service and maintenance of electromechanical equipment on the power station.

Cloudberry has a dedicated person responsible for high-voltage installations whilst power notification is handled by the company's management, or the person or service provider they appoint to manage production.

Decommissioning

Cloudberry always develops a plan for decommissioning as we are required to restore areas back to their original condition as far as possible, e.g., cleaning up and replanting. Steel and other metals are recycled and some of the equipment has a second-hand benefit.

Our activities

During 2020, Cloudberry has carried out two green field wind power projects in Sweden. Both projects are within the municipal plans for wind power. One of the projects was terminated in the identifying phase because red-listed birds were found in the area. The second project is under development (backlog), meeting internal Cloudberry requirements as well as the requirements of laws and regulations.

Following a regular inspection by the authorities in 2020, Cloudberry was required to carry out a hydrological survey at the Marker wind farm. The survey resulted in adjustments and repairs and provided a welcomed experience for Cloudberry.

At Åmotsfoss Kraft hydropower plant, we have built a fishing route to protect the biodiversity around the power plant. This is in accordance with the regulations, but nevertheless an important aspect for us to secure the environment in our projects.

Before granting a concession, the relevant regulatory body carries out a thorough and comprehensive evaluation process as mentioned above. Local biodiversity input from local authorities and the local public are taken into consideration. The regulatory authorities will also consider the need and demand for new stable renewable energy. Normally the authorities would not grant concession if a power plant were to be located to adjacent or in a protected area, or if the power plant would have a negative effect on biodiversity.

None of Cloudberry's power plants are located in, or adjacent to, protected areas. There have been observations of rare species in the areas around our power plants and necessary actions have then been taken.

Examples of powerplants and type of area where located

Power plant	Type	Protected area/ watercourse	Adjacent protected area	Marked area nearby	Endangered species observed nearby	Comment
Selselva	Hydro	No	No	No	None	
Bjørgelva	Hydro	No	No	Yes - Mountain grouse	Mountain grouse	Grouse not threatened by hydropower
Finnesetbekken	Hydro	No	No	No	Sea eagle	Sea eagle not threatened by hydropower
Nessane	Hydro	No	No	No	Falagrioma thoracica - insect	Observation in a factory 500m away
Åmotsfoss	Hydro	No	No	No	None	
Ramsliåna	Hydro	No	No	No	Ospekvitkjuke - mushroom in Osp	Drilled waterway, observation 400 m away
Skåråna	Hydro	No	No	Yes - Mountain grouse & Hare	Mountain grouse & Hare	Not threatened by hydropower
Røyrmyra	Wind	No	No	No	Grasshopper, "åkerrikse", quail, clover bumblebee, gras bumblebee	No birds have been observed in the turbines

Åmotsfoss Kraft, Nissedal, Norway

Way forward

The construction of power plants causes unfortunate, but unavoidable, negative environmental consequences. Cloudberry will always strive to find mitigating measures where appropriate. Through good systems for monitoring and reporting, mediating measures can be implemented.

At the Marker wind farm, the regular inspection is instructed to map possible alien species (plants) that might have been brought into the area during the construction work. We will prepare such a report during the summer of 2021, and it will specify any possible need of remedial actions to be taken.

Cloudberry is also developing shallow water offshore wind power projects in the Baltic Sea. In addition, Cloudberry has a large portfolio of promising projects and has developed offshore wind power for more than 10 years.

Cloudberry has entered into a collaboration on construction of offshore wind power in Lake Vänern in Sweden. The detailed planning is progressing and includes environmental issues and requirements as described in the permit. For example, the company consults the Swedish Maritime Administration and the Swedish Transport Agency about necessary protective measures, and they are kept up to date on the progress. The procurement process started early 2021 and will reach a financial investment decision (FID) during 2021.

For all our projects our focus will be maintained on conducting through environmental mapping and analysis in the early stages of development. It is also imperative to have good cooperation with the host municipality and other affected stakeholders, as well as ensuring transparency and involvement from Cloudberry.

People

Cloudberry has ten employees representing various backgrounds from the renewable energy sector. Seven of our employees work out of the main office in Oslo, Norway and three employees work out of the Karlstad office in Sweden. The company currently employ eight men and two women and have recently recruited two female colleagues to join our Karlstad office in the first quarter of 2021. The average age is 46 years. We work in an inspiring and high paced environment. We encourage an open atmosphere to foster free exchange of ideas and collaboration.

Cloudberry facilitates diversity in background, competence and gender across the company and seeks to increase diversity and foster inclusion. Cloudberry believes that diversity contributes to new perspectives and ideas by our employees and creates innovation and further development in the company. The commitment to diversity and inclusion relates to all aspect of diversity i.e., gender, nationality, educational background, age and mind set. We are all committed to equal treatment and have zero tolerance for discrimination and harassment.

Health and Safety

Care for, and the safety of people working for or on behalf of Cloudberry is of paramount importance to us. Our employees are predominantly office-based with low health and safety risks. Our largest health and safety risks are amongst our suppliers and contractors, therefor we are reliant on our partners to have implemented solid health and safety management systems.

Our approach

We work continuously towards our goal of zero injuries. We expect our suppliers to follow standards that are in line with, or better, than our own. Our construction and operation partners have health and safety policies in place and report on a variety of measures to safeguard the workplace during development and ongoing operations. These measures may be training for employees and contractors, procedures for notification of accidents, registration and reporting of nonconformities etc. We have a zero tolerance if workers onsite our projects and powerplants do not comply with the company's safety rules and routines.

Our activities

The health and safety risks in Cloudberry's construction projects and operations and maintenance of our power plants will increase, as the company grows. Cloudberry has safety and health guidelines for work environment ("SHA-plans") on every development project and is continuously improving our framework and reporting routines. On our projects, we have weekly construction meetings and health and safety management on site is part of our regular supplier dialogue to ensure that routines are followed.

In 2020 Cloudberry had no accidents and no recordable incidents, neither on producing plants nor in the development and the construction portfolio involving either employees or contractors. However, we had one incident amongst our contractors involving a bone fracture. We had no incidents causing material damages.

In 2020 the sick leave was 1.4% amongst our 10 employees.

Way forward

Cloudberry aims to prevent incidents and is committed to a workplace without injury or harm. In our view our largest health and safety risks are at our assets and involves both our staff and partners. The likelihood of injuries caused by workplace accidents increases as our company develops and expands. We continue to update our routines with regards to health and safety framework and reporting structures. Health and safety will also be addressed in the Supplier Code of Conduct to safeguard a mutual commitment between Cloudberry and our suppliers and contractors. Furthermore, we will encourage employee engagement and strengthen our focus risk activities and preventive measures, such as providing training to build the required competence.

Prosperity

Our purpose is to provide renewable energy for future generations thereby contributing to a sustainable society for the long term at the same time as creating value for our stakeholders.

Prosperity relates to Cloudberry`s role in contributing to a societal value creation. We contribute to economic growth by providing decent employment, local value creation and renewable energy supply in the ongoing energy transition.

Local value creation

We strive to share our value creation with local communities by providing renewable energy to enable the necessary energy transition. We seek to do this in a sustainable manner. We have a long-term growth strategy as a local business partner, that rests upon our ability to create value for stakeholders.

Our approach

We seek to share our value creation with local communities by creating employment, paying taxes to local municipalities, paying landowners, and using local business partners when possible for construction, operations and maintenance. For the broader society, we provide energy that is renewable and therefore reduce climate emissions and contribute to meeting the SDGs and the Paris Agreement.

Furthermore, Cloudberry seeks to cooperate with local business partners. Lending partners such as local or regional financial institutions are prioritized. We also seek to use local suppliers and contractors whenever possible and contribute to initiatives that are important for local communities. When developing our projects, we seek to identify local stakeholders' needs and try to accommodate these

in our plans. It is also important for us to minimise our impact, for instance by using existing infrastructure. We seek to create financial value for our local stakeholders.

Our activities
By listing Cloudberry on the Euronext Growth in April 2020, we made investments in renewable energy available to other stakeholders beside governmental and institutional investors, in addition to providing access to capital for Cloudberry.

We also seek to create value to the local communities by contributing to common infrastructure solutions. During the construction of the wind park at Årjâng, we contributed locally by building cycle and ski tracks. Similar contribution is planned in Marker municipality. At Odal Vindkraft we have established a fund to contribute to growth and well-being in the local community. Yearly the fund supports teams and associations in the local area, specifically for children and youth, culture and sports, and to sustainability, climate and environment.

Our wind parks also give access for landowners to their forest and thereby improves their forest management.

We are open to discuss the number of turbines being constructed, as well as height and location of the turbines, as we focus on cooperating with our stakeholders and to perform our business in a sustainable manner.

Cloudberry plans to increase the pace of development and will increase the number of employees in the future. We depend on skilled employees with the right competence and experience. We have recently increased the number of employees at both our offices in Oslo and Karlstad. We are preparing Cloudberry for growth in the development of new renewable and sustainable energy projects in the years to come.

Way forward
The Nordic society, like others, are in the transition of switching towards renewable energy supply. Ambitious goals have been set by both the Swedish and Norwegian governments. To reach these goals, the supply from renewable sources must be profitable. The level of cost has been reduced and makes renewable energy competitive. To meet the renewable energy demand and to achieve competitive conditions, we must plan in a ten-year perspective.

Cloudberry sees the benefit of long-term local cooperation in connection with the development of new projects. In Eda municipality in Sweden, a collaboration has been established with an owner of a large sawmill and several forest owners. Development of wind power will ensure power supply to the sawmill and provide an opportunity to increase production with sufficient access to electricity. At the same time, new forest roads will be built, which will make it easier to extract timber. Cloudberry will strive to create value beyond the establishment of wind power where there is a basis for this.

Cloudberry is collaborating with Marker municipality to develop a cycle path. The work is ongoing and the cycle path between Norway and Sweden is in the same route as the power cables for the Hån wind farm project. Hån wind farm is in Sweden but will supply electricity to Norway in underground cables. This collaboration contributes to the realization of a common infrastructure for the wind power project and for outdoor purposes.

At Odal wind park the fund will continue to allocate financial support annually and will create value locally for children and youth.

We will continue to seek opportunities for cooperation with local stakeholders and communities in order to provide value for them when developing new assets.

Renewable energy supply

Our approach
Providing renewable energy is our business, and we contribute to securing renewable energy supply for society. This supports Sweden's[1] goal of producing 100% renewable energy by 2040 and Norway's[2] target to reduce total emissions towards 55% below 1990-levels by 2030. Renewable energy is a priority area for Norway's and Sweden's enhanced climate policy efforts.

1) https://sweden.se/nature/energy-use-in-sweden/
2) https://www.regjeringen.no/en/aktuelt/norge-forsterker-klimamalet-for-2030-til-minst-50-prosent-og-opp-mot-55-prosent/id2689679/

Our activities

During 2020, we supplied 21 GWh of renewable power in Norway. Our producing assets consist of Finnesetbekken hydro plant, Røyrmyra wind farm and 14 hydropower plants in the Forte portfolio, where Cloudberry is a local manager and owns 34% of the portfolio together with Forte Norway AS (associated company with Fontavis, a member of Swiss Life).

During 2020 Cloudberry had the following hydro plant assets under construction:
Bjørgelva (acquisition 2019), Nessakraft (acquisition 2019), Åmotsfoss (acquisition 2020) and three more hydro plants bought in 2020 and to be financially closed during 2021. Odal wind park is currently being constructed in association with KLP (Norwegian pension fund) and Akershus Energi.

Under 2020 Cloudberry has the following projects under development:
Rewind Vanern AB is a shallow water project in the lake of Vänern where Cloudberry signed a Sale and Purchase Agreement ("SPA") with Downing LLP in January 2021, Hån wind park with expected production start in 2022 and Duvhällen wind park with expected production start in 2023.

At the end of 2020, Cloudberry signed a SPA to purchase the producing hydropower plant Selselva Kraft AS, and the acquisition was formalized at the beginning of 2021. Furthermore, Cloudberry purchased Scanergy AS and CB Nordic Renewable & Infrastructure Fund I AS in 2020, and the industrial wind developer Skogvind AS.

As a result, the annual production will increase considerably in 2021, following acquisitions made during 2020, as well as completion of power plants under construction.

Way forward

We will continue to develop our portfolio and ensure timely and safe completion of projects. We will deliver our communicated growth on renewable energy supply and contribute to provide clean renewable energy for future generations.

Cloudberry sees many opportunities for possible further development of renewable projects and acquisitions of existing energy plants.

In line with our business strategy, we continue to develop and grow, with focus on organic development and acquisitions of assets. Through Cloudberry strategic initiatives, we are contributing to the European energy transition and a net zero emission society.

Sustainable Finance

Our approach

In order to ensure that we meet our ambitions, Cloudberry has built a robust, financial platform for sustainable growth. By 2040, we expect a 40% increase in Nordic power consumption, largely due to electrification of energy intensive industries and data center expansion. The ambitious climate goals in the Nordics and the EU will drive a transition from fossil fuels to renewable energy. Combined with higher expected power prices for 2021 and beyond, this is likely to provide supportive fundamentals for value creation and long-term cash generation in the company.

We seek to have an optimised capital structure, taking both return and risk into consideration. We have several long-term alternatives available for financing, depending on project size, transaction type and counterparty, including existing cash and cash flow generation, green bond financing, and farm down and carry arrangements, share consideration and new equity.

Our activities

In 2020 Cloudberry carried out three successful private placements. NOK 158 million in March related to the listing on Euronext Growth, NOK 200 million in July and NOK 500 million in December to finance specific growth opportunities. See detailed information in the governance section and in Group Financial Statement note 22.

On lending and financing of local projects we have during 2020 prioritized to have cooperation with local or regional financial institutions. We refer to the Group Financial Statement with notes for further information.

Way forward

Cloudberry has delivered on its targets in 2020 and has carried out several transactions since the company listed on Euronext Growth in April. The company has ambitions to further growth organically and through acquisitions. To reach a wider shareholder base and to contribute to making investments in renewable energy available to all stakeholders, Cloudberry has initiated a process to prepare for listing on the Oslo Børs Stock Exchange during 2021. A full listing is expected to increase the company's availability to capital at competitive terms in a broader universe of investors.

Cloudberry considers the opportunities for green bonds and direct lending facilities going forward. This may be an alternative to finance our ambitious growth targets.

Best technology

Our approach

In the materiality analysis, we identified the use of best technology as a material topic. This will ensure that we optimise our energy production as well as utilize new technology and digitalization to drive efficiency across the entire value chain whilst causing minimal environmental impact. The choice of the best technologies will be done in close cooperation with our suppliers and partners and our approach will be explored and developed going forward.

Our activities

Technology related to wind generators is experiencing rapid improvements. Cloudberry seeks to maintain a portfolio with relevant and efficient technology and has this as a criteria when entering into partnerships with suppliers of turbines etc on projects to be constructed. When acquiring power plants in production, we invest in assets expected to have good technical standards and prioritize technical solutions that are well-proven and delivered by reputable suppliers.

Way forward

Cloudberry's strategy is to invest in modern development and production technology to reduce maintenance cost and increase insurance. The company is closely following the rapid technology improvements in e.g., wind generators. To secure the company's profitability and financial position, we prioritise securing the best technology at all time.

Odal Vind, Odal, Norway

Corporate Governance

1. Implementation and reporting on corporate governance

Cloudberry Clean Energy AS is incorporated and registered in Norway and is subject to Norwegian law. The company is listed on Euronext Growth Oslo. Cloudberry considers good corporate governance to be the foundation for value creation and trustworthiness. Trading at the Euronext Growth does not require implementation of a specific corporate governance code, such as the Norwegian Code of Practice (NUES). Nonetheless, Cloudberry intends to maintain a high level of corporate governance standard and complies with NUES as the company has initiated the process to prepare for listing on the Euronext Stock Exchange (Oslo Børs) during 2021.

To secure strong and sustainable corporate governance, it is essential that Cloudberry practices a transparent and healthy business with reliable financial reporting compliant with legislation and regulations. Governing structures and guidelines help us to ensure that we run the company in a manner that is justifiable and profitable for our employees, shareholders, partners and overall society. References to specific policies are included in this corporate governance report where relevant. Our corporate governance is based on openness, trustful communication and cooperation between the company and all our stakeholders, and equal treatment of shareholders. The governance regime of Cloudberry is approved by the Board of Directors in the company.

Cloudberry has defined purpose, and commitments define the company's way of working. In combination with the company's culture, this forms the fundamental structure on which the Board and the Management believe Cloudberry should be managed. Cloudberry aims to maintain high ethical standards, and the employees must comply to its guidelines for ethics and corporate social responsibility describing the principles for business practices and personal behaviour within Cloudberry. The employees comply with Cloudberry's principles on issues such as human and labour rights, health and safety, business ethics, legal compliance, insider trading, whistleblowing and other relevant issues related to the company's operations. Cloudberry is in the process of implementing its first Board approved Code of Conduct in the organisation.

The Annual Report of 2020 is its first after establishing Cloudberry Clean Energy AS and integrates our financial and sustainability reporting.

2. Business

Cloudberry is a Nordic renewable energy company owning, developing and operating renewable power assets such as hydropower plants and wind farms in Norway and Sweden.

Cloudberry's operations comply with the objective defined in the articles of association: *The company's objective is to conduct investment activities in the energy sector, including developing and production of renewable energy.*

Cloudberry's purpose is *"To provide clean renewable energy for future generations, developing a sustainable society for the long term and creating value for stakeholders. Our purpose shapes every aspect of how Cloudberry operates".* The company's corporate strategy is to deliver on this purpose, with targets to align strategy execution across the company for the long term.

The company was established in November 2017. The Group currently consists of the company and its two wholly owned subsidiaries Cloudberry Production AS (formerly known as CB Nordic Renewable & Infrastructure Fund I AS) ("CB Production") and Cloudberry Develop AS (formerly known as Scanergy AS) ("CB Develop") with their respective subsidiaries. In February 2020 Cloudberry purchased 100% of the shares in Scanergy AS and CB Nordic Renewable & Infrastructure Fund I AS. The transaction was fully settled with shares in Cloudberry. Post the transactions in February 2020, Cloudberry became a fully integrated renewable company and changed name from Cloudberry Asset Management AS to Cloudberry Clean Energy AS.

Cloudberry's success factor is its continuous ability to grow and mature an in-house development portfolio and scanning for attractive acquisitive and strategic growth opportunities. We have a solid development track record and a large production portfolio with both hydro and wind assets.
Our integrated business model is based on a partnering model for construction, operations and maintenance to ensure risk-sharing, quality, cost and capital efficiency across the value chain. A sustainable and local approach is distinctive for our ownership, development and operations and going hand in hand with a commitment to long-term value creation for all stakeholders. Power produced and transferred to the transmission and distribution network equals our sales volume. Our revenue streams are predominantly determined by power sales volume and actual power price achieved in the spot market (Nord Pool). Over time, Cloudberry seeks a balanced mix between spot pricing and long-term fixed purchase price agreements (PPAs). We cultivate our portfolio to ensure a diversification and balance of risk, returns, asset- and geographical mix.

We consider material financial and ESG related factors relevant and important for our business when we make business decisions. We build robustness through a diversified and balanced portfolio and use competitive financing to deliver sustainable, profitable and long-term growth.

The Company's executive management team consists of five members: Chief Executive Officer, Chief Value Officer, Chief Sustainable Officer, Chief Development Officer and Chief Operating Officer and together the team covers the value chain's processes. The Company's CEO oversees the daily conduct of business, including the effectuation, implementation and follow-up of the objectives and strategies set by the Board of Directors. CEO supervises that Cloudberry`s accounts are in accordance with laws and regulations and provides the Board of Directors with the necessary information to carry out its administration and supervision tasks in a proper manner.

3. Equity and Dividends

Share capital

Cloudberry's share capital is NOK 26,266,334 divided into 105,065,336 ordinary shares.

Capital adequacy

Cloudberry's shareholders' equity on 31 December 2020 amounted to NOK 1,055 million, equivalent to 76% of the company's total assets. The debt ratio was 25%.

Cash equivalents and current financial investments amounted to NOK 605 million

Dividend

No dividend was distributed during 2020. Cloudberry is growing and is using its capital to fund targeted projects. Over time, the intention is to pay its shareholders dividends representing 30 - 50% of free cash distributed from the producing power plant companies.

Authorisations to the Board of Directors

At the company's annual general meeting, on 21 December 2020, the Board of Directors was granted the following authorisation:

- *Authorisation to increase the company's share capital by up to NOK 6 566 583 by issuance of 26 266 332 new shares each with a nominal value of NOK 0.25. The authorisation is effective until the earlier of the Annual General Meeting in 2021 and 30 June 2021.*

For supplementary information on the authorisations, reference is made to the minutes of the annual general meeting held on 21 December 2020, available from the company's website www.cloudberry.no.

4. Equal treatment of Shareholders and transactions with close associates

Cloudberry has one share class and each share in the company carries one vote. All shares carry equal rights, including the right to participate in general meetings.

Pre-emption rights to subscribe

The Company's shareholders have pre- emption rights in share offerings according to the Norwegian Companies Act. Such pre-emption rights may however be set aside, either by the General Meeting or by the Board of Directors if the General Meeting has granted a Board authorisation which allows for this.

Any resolution proposed by the Board to set aside pre-emption rights will be in the common interests of the Company, and the basis for such deviation will be publicly disclosed through a stock exchange notice from the Company.

Transactions with close associates

The Board of Directors shall ensure that any non-immaterial transactions between the Company and shareholders, a shareholder's parent company, members of the Board of Directors, executive personnel or close associates of any such parties are entered into on arms-length terms. Any such transactions shall be described in the Company's financial statements.

Guidelines for directors and executive management

The Board of Directors has adopted Rules of Procedures for the Board of Directors which inter alia includes guidelines for notification by members of the Board of Directors and executive management if they have any material direct or indirect interest in any transaction entered into by the Company.

5. Freely Negotiable Shares

The shares of the company are freely tradeable, and the company's articles of association do not place any restrictions on the shares.

6. General Meetings

The ordinary general meeting will normally be held every year by the end of June and is open to all shareholders. Shareholders who wish to participate in the general meeting must notify the company within the deadline specified in the notice. The deadline must not expire earlier than 5 days before the date of the general meeting. Documents for the agenda of the general meeting will be available to the shareholders on the company's website, therefor the requirements of the Norwegian Companies Act or the articles of association, that the documents shall be sent to the shareholders, will not apply. This also applies to documents that according to the Norwegian Companies Act or the Articles of Association must be included in or attached to the notice of the general meeting. Nevertheless, a shareholder may ask for documents relating to the general meeting's agenda to be sent to him/her.

Shareholders unable to attend may vote by proxy. It shall be stated in the notice of the general meeting whether vote by proxy has been granted, and what guidelines may be laid down for such voting.

The agenda for the annual general meeting is given by the Articles of Association, and the main topics to be considered include the approval of the annual accounts and the Director's Report, including distribution of dividend, and other matters which by law or the articles of association belong to the general meeting.

The Chairman of the Board will normally act as the chairperson for the general meeting. Minutes from the general meetings will be published in accordance with the stock exchange regulations.

In 2020, Cloudberry held its annual general meeting on 24 February. The company also held extra ordinary general meetings on 21 March, 17 June, 9 September and 21 December.

7. Nomination Committee

At the extraordinary general meeting on 17 June, in accordance with the Board's proposal, the general meeting unanimously resolved that that the company should have a Nomination Committee consisting of three members, elected pursuant to section 7 of the company's articles of association. The process of finding candidates for nomination has commenced. The first Nomination Committee will be elected at the general meeting 28 April 2021.

The Nomination Committee is responsible for recommending candidates for the election of Members and Chairman of the Board of Directors, and remuneration to the members of the Board. In its work, the Nomination Committee shall follow the Norwegian Code of Practice for Corporate Governance (NUES).

The objectives, responsibilities and functions of the Committee are further described in the "Instructions for the Nomination Committee", which were adopted by the general meeting on 17 June 2020. The instructions are available from the company's website.

8. Board of directors: Composition and Independence

The current board of Cloudberry has five members, consisting of two women and three men. Composition of the Board of Directors are set out in the table below.

All members are elected for a term of two years and may be re-elected.

Name	Function	Served since	Term expires	Shares	Warrants
Frank J. Berg	Chairperson	2020	2022	3 173 147	-
Petter W. Borg	Board member	2019	2021	1 885 637	-
Morten Bergesen	Board member	2019	2021	17 727 068	-
Benedicte Fossum	Board member	2020	2022	38 095	-
Liv Lønnum	Board member	2020	2022	-	-

Frank J. Berg holds the shares via CCPartner AS
Morten Bergesen holds the shares via Havfonn, Snefonn and CB4 Green Invest AS
Petter W. Borg holds the shares via Caddie Invest AS, Kewa Invest AS and CB4 Green Invest AS (formerly Cloudberry Partners AS)
Benedikte Fossum holds the shares via Mittas AS

The board has experience in the energy and utility industry, renewables, infrastructure, investments and finance industries. The CEO is not a member of the board, but regularly attends the board meetings.

9. The Work of the Board of Directors

The Board of Directors emphasises maintaining a high standard of corporate governance. The Board is responsible for the management of the company and supervises the daily management of the company.

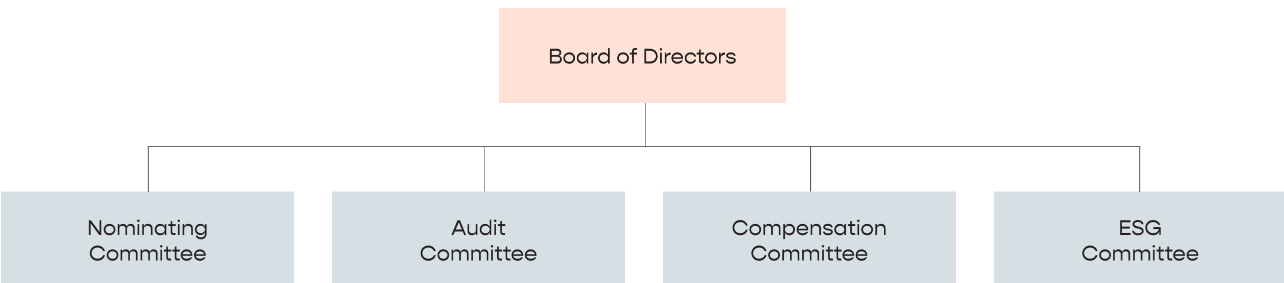
Together with the management, the Board of Directors provides strategic guidance on sustainability in Cloudberry. In 2020 the company performed a business review including climate-related risks and opportunities. This will be an important area of focus and a part of the company's further work. The Board of Directors also prepares for general meetings.

In 2020 the Board of Directors implemented instructions for the Board of Directors and the Chief Executive Officer (CEO). The CEO`s instructions give a description of the tasks allocated to the CEO, including internal responsibilities and duties. The instructions are described in the company's "Instructions for the Board of Directors" and "Instructions for the CEO". The Board of Directors is in process of implementing all instructions in compliance with The Norwegian Corporate Governance Board (NUES).

The meetings of the Board of Directors have emphasised the company's activities, position, financial and operational developments, and objectives of the company with its strategy and implementation. The Board of Directors has established an annual schedule based on quarterly milestones and duties. The Board of Directors had 17 meetings during 2020.

The Board of Directors` performance will be evaluated annually, and the evaluation will be made available to the Nomination Committee.

Audit Committee:
In 2020 the Board of Directors implemented the instructions for the Audit Committee. The Board of Directors established the Audit Committee in January 2021, which will be a subcommittee of the Board of Directors. The committee performs tasks related to financial reporting, the annual accounts and internal control. The Audit Committee has contact with the company's auditor. It will be held minimum four Audit Committee meetings per year.



Compensation Committee:
In 2020 the Board of Directors implemented the instructions for the Compensation Committee. The Board of Directors has in the beginning of 2021 established the Compensation Committee, which will be a subcommittee of the Board of Directors. The Compensation Committee recommends, oversees and approves compensation and remuneration of the company's executive management, and other matters concerning the management. The Compensation Committee shall propose guidelines related to the compensation, which shall be adopted by the Board of Directors.

Environmental, Social and Governance Committee (ESG):
In the beginning of 2021 the Board of Directors will establish an ESG-committee which will contain of two board members plus the Chief Sustainability Officer of the company. The committee's purpose is to ensure a high standard for Cloudberry's strategic and operational aspects with regard to the environment, social conditions and corporate governance (ESG). In 2020 the company implemented instructions for responsible and sustainable investment.

Code of Conduct:
Cloudberry's Code of Conduct is the basis for the company's ethical culture. Our business and investments should be conducted in a highly ethical manner.

The Company´s Board has approved the Code of Conduct and it will be implemented in 2021. The Code applies to all employees in the Cloudberry Group, Board members, business partners and suppliers, stakeholders, and other representatives of the company. Every employee of Cloudberry shall act in compliance with the Code of Conduct. It is expected that we help each other acting in accordance with the Code and give notice of room for improvements or breach of the rules.

Cloudberry is committed to achieving a sustainable development in our operations in all general terms. Business opportunities aimed at promoting a sustainable future shall be a part of Cloudberry's strategic assessments, and we will leverage our competence and expertise towards contributing to developing a sustainable future.

10. Risk Management and Internal Control

Prior to every Board meeting and when needed the CEO reports in writing to the Board of Directors on the company's position and financial status and performance. The Board of Directors is responsible for the company's risk management and internal control systems that apply to the business activities. Through the CEO the Board of Directors is ensuring risk and corporate management and that the company complies with the Companies Act and other applicable laws and regulations in the regions we operate, according to sound ethical principles in terms of administrative, technical, business and personnel matters.

In 2020 Cloudberry employed a Group Accounting Manager who is responsible for group consolidation, internal control and the framework of business risk and opportunities management, reporting to the CVO. The Board of Directors is frequently briefed on this work with regular reporting and its action plans.

In 2020, Cloudberry started the process of identifying and assessing the significance of the climate-related risks and opportunities for the company. The identified risks have been subject to an internal evaluation of the likelihood of occurrence, time horizon, and potential financial impact. The risk assessments are provisional and will be further developed during 2021. The assessments are described under "Planet" in the Sustainability section.

For information on the company's financial risk and risk management, reference is made to the Financial Statements and note 7 Market related risks, note 8 Commercial and operational risks and note 9 Financial risks.

11. Remuneration of the Board of Directors

The Nomination Committee submits its recommendation to the annual general meeting on remuneration of the Board of Directors. The remuneration should reflect the Board's responsibly, experience, time spent and the complexity of the company. The Board's remuneration is not linked to performance and the Board members hold no options in the company.

Board members who participate in the Audit Committee, the Compensation Committee and the ESG Committee receive separate compensation for this.

Detailed information on the remuneration of the Board of Directors can be found in the Financial Statements, note 13.

Members of the Board with specific assignments for the company in addition to their appointment as members of the Board, shall be fully disclosed to the

Board of Directors, and is disclosed under Related Parties. The Chairman of the Board is engaged on a temporary assignment. This is specified with detailed information in note 27 Transaction with related parties. The remuneration for such additional duties will be approved by the Board of Directors is specifically identified in the Financial Statements, note 27.

Members of the Board with specific assignments for the company in addition to their appointment as members of the Board, shall be fully disclosed to the Board of Directors, and is disclosed under Related Parties. The Chair of the Board is engaged on a temporary assignment. This is specified with detailed information in Note 27 (Related Parties). The remuneration for such additional duties will be approved by the Board of Directors and specifically identified in the annual report under Note 27.

12. Remuneration of Executive Personnel

Cloudberry has established principles for the executive remuneration policy. The policy was approved by the extra ordinary general meeting on 17 June 2020. The policy of remuneration is in form of salary, shares, options and other forms of remuneration. The remuneration to executive personnel is based on attracting and retaining relevant expertise to further develop Cloudberry.

The remuneration of the CEO and other executive personnel is reported in the Financial Statements, note 13.

13. Information and Communications

Cloudberry complies with the Oslo Børs Code of Practice for IR of July 2019. The Board of Directors adopted an Investor Relations policy in 2020 with a description of the company's investor information and investor relations policy. The Policy clarifies roles and responsibilities related to financial reporting and contact with the shareholders and the investor market. This is to ensure transparency and equal treatment of the stakeholders.

Cloudberry will each year publish its financial calendar with a list of dates for important events such as financial reporting and general meetings. The company will give a presentation in connection with financial reporting. We practice a silent period of two weeks ahead of result announcements.

Cloudberry provides all financial and other IR information in English. The information posted to our shareholders is posted at the same time at the company's web site and at Euronext Oslo through its information system www.newsweb.no.

14. Take-Overs

In the event of a take-over process, the Board of Directors shall ensure that the shareholders' interests are safeguarded and that all shareholders are treated equally, and that the Company's activities are not unnecessarily interrupted. Shareholders must receive sufficient information and be given sufficient time to assess the relevant offer. The Board of Directors is responsible of ensuring that the shareholders are informed in time to assess the offer. The Board of Directors shall not prevent or oppose any takeover bids for the Company's activities or shares but will make a recommendation as to whether the shareholders should accept the bid.

The Board of Directors has no further guidelines for procedures to be followed in the event of a takeover other than described in the instructions for the Board of Directors.

15. Auditor

The company's external auditor is Ernst & Young AS.

The Board of Directors will require the Company's auditor to annually present to the Audit Committee a review of the Company's internal control procedures, including identified weaknesses and proposals for improvement, as well as the main features of the plan for the audit of the Company.

Furthermore, the Board of Directors will require the auditor to participate in meetings of the Board of Directors that deal with the annual accounts. At least one meeting with the auditor shall be held each year in which no member of the executive management is present.

The Board of Directors has established guidelines in respect of the use of the auditor by the executive management for services other than audit.

The remuneration to the auditor will be approved by the ordinary General Meeting. The Board of Directors will report to the General Meeting details of fees for audit work and any fees for other assignments.

Registered office

Cloudberry's registered main office is Frøyas gate 15, 0273 Oslo, Norway. The company is registered with the Norwegian Register of Business Enterprises under number 919 967 072.

Consolidated financial statements Group

Consolidated statement of profit or loss

1 January - 31 December

NOK 1 000	Note	2020	2019
Sales revenue	12	3 633	279
Other income	12	7	-
Total revenue		3 640	279
Cost of goods sold		-143	-27
Salary and personnel expenses	13	-17 419	-1 981
Other operating expenses	14	-12 343	-877
Net income/(loss) from associated companies	20	-3 556	-
EBITDA		-29 822	-2 606
Depreciation and amortizations	17	-3 289	-7
Operating profit (EBIT)		-33 111	-2 613
Financial income	10, 15	984	5
Financial expenses	10, 15	-2 125	-1
Profit/(loss) before tax		-34 253	-2 609
Income tax expense	16	387	-
Profit/(loss) after tax		-33 865	-2 609
Profit/(loss) for the year from total operations		**-33 865**	**-2 609**
Profit/(loss) attributable to:			
Equity holders of the parent		-33 865	-2 609
Non-controlling interests		-	-
Earnings per share (NOK):			
- Basic	26	-0.87	-9.95
- Diluted	26	-0.87	-9.95

Statement of comprehensive income

1 January - 31 December

NOK 1 000	Note	2020	2019
Profit for the year		-33 865	-2 609
Other comprehensive income			
Tax related to items which will not be reclassified		-	-
Items which may be reclassified over profit and loss in subsequent periods			
Net movement of cash flow hedges	11	1 163	-
Income tax effect	11	-256	-
Exchange differences		-2 542	-
Net other comprehensive income		-1 634	-
Total comprehensive income/(loss) for the year		**-35 500**	**-2 609**
Total comprehensive income/(loss) attributable to:			
Equity holders of the parent company		-35 500	-2 609
Non-controlling interests		-	-

Consolidated statement of financial position

NOK 1 000	Note	31.12.2020	31.12.2019	01.01.2019
ASSETS				
Non-current assets				
Property, plant and equipment	17	58 426	11	18
Goodwill	19	36 933	-	-
Investment in associated companies	20	337 080	-	-
Financial assets and other non-current assets	10	2 358	-	-
Total non-current assets		434 797	11	18
Current assets				
Inventory	18	196 029	-	-
Accounts receivable		2 828	-	-
Other current assets	24	158 081	70	126
Cash and cash equivalents	21	605 126	5 223	129
Total current assets		962 064	5 293	255
TOTAL ASSETS		**1 396 861**	**5 304**	**273**

Consolidated statement of financial position

NOK 1 000	Note	31.12.2020	31.12.2019	01.01.2019
EQUITY AND LIABILITIES				
Equity				
Share capital	22	26 266	950	750
Share premium	22	1 061 675	7 800	-
Total paid in capital		1 087 941	8 750	750
Other equity		-33 230	-3 921	-1 312
Total other equity		-33 230	-3 921	-1 312
Non-controlling interests		-	-	-
Total equity		**1 054 711**	**4 829**	**-562**
Non-current liabilities				
Interest-bearing loans and borrowings	23, 11	26 440	-	-
Lease liabilities long term	25	3 296	-	-
Provisions	24	15 868	-	-
Deferred tax liabilities	16	13 668	-	-
Total non-current liabilities		59 272	-	-
Current liabilities				
Interest-bearing short term financial liabilities	24	236 767	-	-
Current lease liabilities	25	1 105	-	-
Accounts payable and other current liabilities	24	26 162	475	835
Provisions	24	18 845	-	-
Total current liabilities		282 878	475	835
Total liabilities		**342 150**	**475**	**835**
TOTAL EQUITY AND LIABILITIES		**1 396 861**	**5 304**	**273**

Oslo, 23 March 2021

The Board of Directors of Cloudberry Clean Energy AS

Frank J. Berg
Chair of the Board

Morten Bergesen
Board member

Petter W. Borg
Board member

Benedicte Fossum
Board member

Liv Lønnum
Board member

Anders J. Lenborg
CEO
Cloudberry Clean Energy AS

Consolidated statement of cash flows

NOK 1 000	Note	1.1.-31.12.2020	1.1.-31.12.2019
Cash flow from operating activeties			
Operating profit (EBIT)		-33 111	-2 613
Depreciations	17	3 289	7
Net income from associated companies	20	3 556	-
Unrealised foreign exchange (gain)/loss		-1 514	-
Change in inventories		-6 100	-
Change in accounts payable		6 128	-
Change in accounts receivabe		5 477	-611
Change in other accruals		17 960	311
Net cash flow from operating activities		**-4 314**	**-2 906**
Cash flow from investing activeties			
Interest received	15	984	-
Investments in property, plant and equipment	17	-2 842	-
Acquisition of shares in subsidiaries, net liquidity outflow	5	-11 690	-
Investments in associated companies	20	-340 637	-
Net cash flow from (used in) investing activities		**-354 184**	**-**
Cash flow from financing activeties			
Payment to escrow account	24	-152 422	-
Repayment of loan	23	-28 621	-
Short term interest bearing debt	24	236 767	-
Interest paid other than lease	15	-2 394	-
Payment on lease liabilities - interest	25	-153	-
Repayment on lease liabilities	25	-750	-
Share capital increase		905 928	8 000
Net cash flow from financing activities		**958 355**	**8 000**
Total change in cash and cash equivalents		599 856	5 094
Effect of exchange rate changes on cash and cash equivalents		47	-
Cash and cash equivalents at start of period		5 223	129
Cash and cash equivalents at end of period		**605 126**	**5 223**

SIGNIFICANT ACCOUNTING POLICIES

The cash flow statement has been prepared using the indirect method.

Operating activities

Changes in working capital comprise of inventory, short-term interest-free receivables and short-term interest-free liabilities. Effects related to capital expenditures, unrealised changes or reclassifications are not included in changes in working capital.

Investing activities

Acquisition/divestment of shares includes cash and cash equivalents in the investee that are recognised/divested at the transaction date. Hence, this is presented net together with the cash consideration paid or received.

Financing activities

Interest payments from interest rate derivatives, which are used to manage the Group's debt portfolio, are presented as a part of interest paid. Following the implementation of IFRS 16, both the principal portion and the interest portion of payments of lease liabilities are included in financing activities as repayment of debt and interest paid respectively.

Consolidated statement of changes in equity

	Attributable to parent company equity holders									
	Paid in capital		Other Equity							
	Share capital	Share premium	Share based payment	Cash flow hedge reserves	Exch. diff.	Retained earnings	Total other equity	Total	Non-controlling interests	Total equity
Equity as at 01.01 2019:	**750**	**-**	**-**	**-**	**-**	**-1 312**	**-1 312**	**-562**	**-**	**-562**
Sharecapital increase	200	7 800	-	-	-	-	-	8 000	-	8 000
Profit for the period	-	-	-	-	-	-2 609	-2 609	-2 609	-	-2 609
Total comprehensive income	-	-	-	-	-	-2 609	-2 609	-2 609	-	-2 609
Transfer to other equity	-	-	-	-	-	-	-	-	-	-
Equity as at 31.12 2019	**950**	**7 800**	**-**	**-**	**-**	**-3 921**	**-3 921**	**4 829**	**-**	**4 829**
Equity as at 01.01 2020:	**950**	**7 800**	**-**	**-**	**-**	**-3 921**	**-3 921**	**4 829**	**-**	**4 829**
Sharecapital increase	25 316	1 053 875	-	-	-	-	-	1 079 191	4 939	1 084 130
Share based payments in the year	-	-	1 251	-	-	-	1 251	1 251	-	1 251
Loss for the period	-	-	-	-	-	-33 865	-33 865	-33 865	-	-33 865
Other comprehensive income	-	-	-	907	-2 542		-1 634	-1 634	-	-1 634
Total comprehensive income	26 266	1 061 675	1 251	907	-2 542	-37 786	-38 169	1 049 772	4 939	1 054 711
Transaction with non-controlling intrest	-	-	-	-	-	4 041	4 041	4 041	-4 041	-
Transfer to other equity	-	-	-	-	-	898	898	898	-898	-
Equity as at 31.12 2020	**26 266**	**1 061 675**	**1 251**	**907**	**-2 542**	**-32 847**	**-33 230**	**1 054 712**	**-**	**1 054 711**

Nature and purpose of reserves included in total equity

Share premium
Share premium includes net share premium paid as part of capital increases.

Other Equity
Other equity includes share-based payment transaction reserve used to recognise the value of equity-settled and share-based payment transactions provided to employees, including key management personnel, as part of their remuneration. It also includes hedging reserves charged to other comprehensive income and currency translation differences, together with retained earnings.

Foreign currency translation reserve
The foreign currency translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Hedging reserve
The hedging reserve includes mark-to-market revaluation reserve after tax on derivatives used in the Group's cash flow hedging.

Notes to the Consolidated financial statements Group

General

Note 1 General information

Corporate information

Cloudberry Clean Energy AS ("Cloudberry"), its subsidiaries and investments in associated companies ("the Group") is a Nordic renewable power producer and developer. The Company has an integrated business model across the life cycle of hydro- and wind power plants including project development, financing, construction (normally outsourced), ownership and lead manager of operations.

Cloudberry Clean Energy AS is incorporated and domiciled in Norway. The address of its registered office is Frøyas gate 15, NO-0273 Oslo, Norway. Cloudberry Clean Energy AS was established on 10 November 2017. The Company is listed on Euronext Growth with ticker CLOUD.

IFRS in Cloudberry's consolidated financial statement was adopted for the first time in this reporting period, and the effects are presented in note 6 Explanation of transition to IFRS. The consolidated financial statement was approved by the Board of Directors at 23 March 2021.

Note 2 General accounting policies and principles

Basis for preparation

Cloudberry's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations from International Financial Reporting Interpretations Committee (IFRIC) as adopted by the EU.

The statement of profit or loss, statement of comprehensive income, statement of financial position, statement of cash flow, statement of equity and notes provide comparable information in respect of the previous period. The Group was formed through the business combination that took place as of 15 February 2020, hence the comparable financial information for 2019and the IFRS opening balance as of 1 January 2019 are based on the parent company's financial information. See note 5 Business combination and note 6 Explanation of transition to IFRS for further details.

Presentation and classification of items in the financial statements is consistent for the periods presented. Application of the accounting policies by the subsidiaries has been changed where necessary to ensure consistency with Group accounting policies. The functional currency of companies is Cloudberry Group is the Norwegian krone (NOK) and the Swedish krone (SEK). The Group accounts is presented in NOK. Cloudberry is granted an exception from the Norwegian tax authorities from the requirement to report in Norwegian and will present the annual report in English.

The Groups consolidated financial statement is prepared on a going concern basis. When assessing this assumption, management has assessed all available information about the future. This comprises information about net cash flows from existing operations, debt service and obligations. After making this assessment, management has a reasonable expectation that the Group has adequate resources to continue its operational existence for the foreseeable future.

Basis for measurement

The consolidated financial statements have been prepared on a historical cost basis, except for derivative financial instruments, financial assets and financial liabilities that are recognised at fair value. Historical cost is generally based on the fair value of the consideration given when acquiring assets and services.

The preparation of financial statements in conformity with IFRS requires the use of certain accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies.

Classification as current/non-current

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:
- It is expected to be settled in normal operating cycle
- It is held primarily for trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Basis and principles for Consolidation

The consolidated financial statements are comprised of the financial statements of the parent company Cloudberry Clean Energy AS and its subsidiaries, see note 28.

Subsidiaries

Subsidiaries are all entities (including structured entities) over which Cloudberry Group has control. Cloudberry Group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. Subsidiaries are no longer consolidated from the date when control ceases.

Profits and losses resulting from intercompany transactions have been eliminated, as well as unrealised gains on transactions between group companies. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the transferred assets.

Investments in associated companies

Associated companies are companies where the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but not control or joint control over those policies. Investments in associated companies are recognised in the consolidated accounts using the equity method and presented as non-current assets.

Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profit or loss. Dividends received or receivable from associated companies, are recognised as a reduction of the carrying amount of the investment.

Unrealised gains or transactions between the Group and the associated companies are eliminated to the extent of the Groups interest in the entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the assets transferred. Accounting policies of equity accounted investees have been changed were necessary to ensure consistency with the policies adopted by the Group.

Equity accounted investments are reviewed each period to determine whether there is any objective evidence that the net investment is impaired.

Goodwill relating to the associated company is included in the carrying amount of the investment and is not tested for impairment separately.

Transactions with non-controlling interests

Transactions with non-controlling interests, without loss of control, are accounted for as equity transactions. When acquiring shares from a non-controlling interest the difference between the consideration and the shares proportionate value of recognized net assets in the subsidiary as correction of equity in the parent company owners.

Business combinations

In order to consider an acquisition as a business combination, the acquired asset or group of assets must constitute a business, an integrated set of operations and assets conducted and managed for the purpose of providing a return to the investors.

Acquired businesses are included in the financial statements from the transaction date. The transaction date is defined as the date of which the company achieves control over the financial and operating assets. Comparable figures are not adjusted for acquired, sold, or liquidated businesses.

The acquisition method is used to account for all business combinations. The consideration is measured at the fair value of any transferred assets, liabilities or issued equity instruments. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

If the consideration transferred (including any non-controlling interests and the fair value of previous assets) exceeds the fair value of identifiable net assets acquired, this is recognised as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised directly in profit or loss as a bargain purchase gain. If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss.

Goodwill is not depreciated but tested at least annually for impairment. In connection with this, goodwill is allocated to the cash-generating units (CGUs) or groups of CGUs that are expected to benefit from the synergy effect of the acquisition. In accordance with IFRS 3, the estimation of fair value and goodwill may be adjusted up to 12 months after the takeover date if new information has emerged about the facts and circumstances that existed at the time of takeover. Cloudberry makes use of the opportunity to adjust the initial purchase price allocation if necessary.

Acquisition-related costs, except costs related to issue of debt or equity securities, are expensed as incurred.

Segment

Operating segments are reported in a manner consistent with how the Group internally follows up the business. This is how the internal financial reporting to the Group's chief operating decision maker, defined as the Executive Management team, is prepared. The operating segments are determined based on the differences in the nature of their operations. Cloudberry manages its operations in three segments, production, development and corporate.

Foreign currency translation

Functional and presentation currency

The Group's consolidated financial statements are presented in NOK, which is also the parent Company's functional currency. For each entity, the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is the same as their local currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

On consolidation, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange prevailing at the reporting date and their income statements are translated at annual average exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Revenue recognition

Cloudberry accounts for revenue in accordance with IFRS 15 Revenue from Contracts with Customers and applies the five-step method to all revenue stream.

The Group's sales revenues are divided into two categories

1. Sale of hydro and wind generated electricity delivered to the grid, el-certificates and guarantees of origin.

2. Sale of management services within project development or production management serviceses.

The revenues from Production bear the characteristic of delivering power at a certain price. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration Cloudberry expects to receive, at either spot price, regulated price or contract price. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. Cloudberry applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered, and the right to invoice the consideration will normally correspond directly with the value to the customer.

Revenue from management services is recognized when the service is preformed, and Cloudberry has an unconditional right to the consideration settlement.

When the performance obligation is fulfilled and Cloudberry has an unconditional right to the consideration, this is presented separately in the balance sheet as a receivable.

When determining the transaction price for each element in the contract, Cloudberry adjusts for the time value of money if the timing of payment agreed to by the parties provides the customer with a significant benefit of financing. The Group applies a practical approach, and the consideration is not adjusted for a financing component if the period between the transfer for the goods or service and the payment is less than a year.

Other income

Income in the Develop segment is mainly related to the sale of ready-to-build develop projects and is accounted net of inventory costs and presented as other income in accordance with IFRS 10. The projects are often organised in single-purpose-vehicles (SPV) and the net gain and net loss is recognised when control of the project SPV is transferred to the acquirer. Net gain or loss from sale of fixed assets is classified and presented as other income.

Government grants

Government grants are conditional to own generation of power from certain technologies. This includes el certificates and guarantees of origin (GoO). The right to receive the grants are obtained at the time of generation. When the el certificates and GoO are granted they are measured at fair value and recognised as a government grant within "Other income" and inventory. Upon subsequent sales, the sales price is recognised within "sales revenues". Inventory of el-certificates and GoO are measured at the lower of cost and net realisable value with adjustments to el-certs cost.

Share-based compensation

Cloudberry has an equity incentive plan for top management and key employees. The programme includes the issue of warrants for shares in the company. The warrants-scheme is accounted for and reported in accordance with IFRS 2. The renumeration is share-based. The fair value of the warrants is measured at grant date using an appropriate valuation model. In Cloudberry the Black and Scholes model is applied based on the market price to determine the fair value at the grant date. The grant date is determined by the Board of Directors. The fair value of the warrants is recognised as a personnel expense over the duration period, at the same time a corresponding increase in paid in equity is recognised. On each balance date, the Group revises its estimates of the number of warrants that are expected to be exercisable. Any adjustments will be recognised in the income statement and corresponding adjustment to equity. Employer tax is recognised in the profit and loss statement and a provision is recognised in the balance sheet.

Inventory

Cloudberry inventories consist of development projects and government grants of el-certificates and guarantees of origin. Inventories are accounted for in accordance with IAS 2 Inventories. According to IAS 2 inventories are measured at the lower of cost and net realisable value.

The develop projects are part of the Develop business segment and are mainly held for trading. In some cases, when a project is ready to build, Cloudberry decides to keep the project to build and own a producing power plant. When Cloudberry makes the final investment decision (FID), the project will be reclassified from inventory to property plant and equipment and power plant under construction. At the same time the ownership of the project will be transferred from Cloudberry Develop to Cloudberry Production and owned/managed in this business area.

Property, plant and equipment (PPE)

Property, plant, and equipment is measured at historical cost less accumulated depreciation and accumulated impairment losses. Land is not depreciated.

The initial cost of a PPE asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of asset retirement obligation if any, and for qualifying assets, borrowing costs incurred in the construction period. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the group and the cost of the item can be measured reliably.

All repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred. If a separate component is damaged and replaced, the component is derecognised and the carrying amount is charged to the profit and loss statement as an impairment loss in the period. The replacement component is capitalized as a new item of PPE.

Each component of an item of property plant and equipment with a cost that is significantly in relation to the total cost of the item is depreciated separately. Depreciation is calculated using the straight-line method to allocate costs over their estimated useful lives. Depreciation of hydro and wind power plants commences when the plant is ready for managements intended use, normally at the date of the grid connection and commissioning. The depreciation period is adapted to the duration of the landowner contract period.

The assets' residual values and useful lives are reviewed annually and adjusted if appropriate. Gains and losses on disposals are determined by comparing actual proceeds with the carrying amount. Gains and losses on disposal are included in profit or loss.

Capitalisation of borrowing costs

Capitalisation of borrowing costs commence when the activities to prepare the asset for its intended use are undertaken and continue to be capitalized until the date in which the development of the relevant asset is complete. All other borrowing costs are recognised in the profit and loss statement in the period which they incur.

Asset retirement obligation

When Cloudberry is obligated to remove an item of property, plant and equipment as well as to restore the site at the date when the operation ceases, an estimate of the asset retirement obligation (decommissioning obligation) is recognized. The obligation is best estimate of the net present value of the costs that will occur at the closing date. The asset retirement obligation is capitalized as part of the carrying value of the power plant and depreciated over the useful life. For now, in Cloudberry, only wind power assets that have recognised this obligation.

Intangible assets

Intangible assets acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Costs relating to intangible assets, including goodwill, are recognised in the statement of financial position when it is probable that the asset will generate future economic benefits and the costs can be measured reliably.

Intangible assets with an indefinite useful life, such as goodwill and water rights owned are not amortised but are instead tested annually for impairment.

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 is carried at cost less accumulated impairment losses. Goodwill is allocated to cash-generating units for the purpose of the impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

Impairment

Property, plant and equipment and intangible assets with a definite useful life are tested for impairment to the extent that indicators of impairment exist. Factors that trigger impairment testing include but is not limited to changes in long power price estimates, political changes, underperforming power plants in terms of production or macroeconomic fluctuations.

When there are indicators that future earnings cannot justify the carrying value, the recoverable amount is calculated to consider whether an allowance for impairment must be made. The recoverable amount is the higher of the asset's fair value less costs of disposal and its value in use.

Previously impaired non-financial assets, except goodwill, are reviewed for possible reversal of the impairment at each reporting date.

For the purposes of assessing impairment losses, assets are grouped at the lowest level for which there are separately identifiable cash flows (cash-generating units (CGUs)). CGUs in Cloudberry are identified as follows:

Property plant and equipment (Power producing assets)
- Hydropower Power plants sharing the same water flow and/or being subject to the same infrastructure limitation are managed together to optimise power generation.
- Wind farms The individual wind farm.

Inventory of projects
- The individual project with concession
- Groups of similar projects that are connected in progress

Equity accounted companies
- The individual associated company

Goodwill and intangible assets with an indefinite useful life are not depreciated but are considered for impairment once every year and when there are circumstances or indicators implying an impairment test should be performed. Impairment is determined for goodwill by assessing the recoverable amount for each cash-generating unit (CGU) to which the goodwill relates. Impairment losses relating to goodwill cannot be reversed in future periods.

Leases

At the lease commencement date, the Group recognises a lease liability and corresponding right of use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:
- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Lease liabilities
The Group measures the lease liability at the present value of the lease payments for the right to use the underlying asset during the lease term that are not paid at the commencement date. The lease term represents the non-cancellable period of the lease, together with periods covered by an option either to extend or to terminate the lease when the Group is reasonably certain to exercise this option.
In calculating the present value of lease payments, the Group uses the incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable
The lease payments included in the measurement comprise of:
- Fixed lease payments (including in-substance fixed payments), less any lease incentives receivable
- Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date

- Payments of penalties for terminating the lease, if the lease term reflects the Group exercising an option to terminate the lease.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

The Group does not include variable lease payments in the lease liability arising from future events, such as lease payments which depend on production volume. Instead, the Group recognises these variable lease expenses in profit or loss, se under description of water right lease agreement.

Right-of-use assets
The Group recognises right-of-use assets at the commencement date of the lease, i.e. the date the underlying asset is available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The recognised right-of-use assets are depreciated on a straight-line basis over the shorter of its estimated useful life and the lease term.

Water right lease agreements
Cloudberry enters into water-right lease agreements with owners of water rights, which entitles the company to utilise the water in the rivers. The agreements typically have a period varying from 40 to 100 years, starting when the power plant is put into commercial operation.

The agreement with the owners of the water rights has a variable payment depending on the gross revenue of the power plant and is typically around 10% of the gross revenue. In certain agreements the variable payment depends on the net profit of the power plant (not the gross revenue). In these cases, Cloudberry is secured a minimum return on the investment (typically 4 – 7% p.a.) before owners of the water rights are compensated. Excess return above this minimum return is then split between the owners of the water rights and Cloudberry.

When Cloudberry has a commitment to pay rent to the owners of the water rights, we account for this as a regular cost as the commitment arises. Upon expiration of the agreement the owners have the right to purchase the power plant with all rights and technical installations at a price based on certain specific conditions.

Land lease agreements for construction of wind farms Cloudberry enters into lease agreements with land- owners, which entitles the company to utilise the land for construction of wind farms. The agreement typically has a period varying from 25 to 35 years dependent on the concession period, starting when the power plant is put into commercial operation.

The typical agreement with the landowners has a variable payment depending on the gross revenue of the power plant (around 4%). When Cloudberry has a commitment to pay rent to the landowners, we account for this as a regular cost as the commitment arises.

Fixed amount- agreement: In certain cases, Cloudberry can be obligated to pay landowner a fixed annual amount, in such cases it may be accounted according to IFRS 16 lease agreement. For Cloudberry these amounts are insignificant and are accounted annually as lease payment. Upon expiration of the agreement the landowner has the right to purchase the powerplant with all rights and technical installations at a price based on book value at the end of the lease agreement.

Financial instruments

Financial instruments are recognised in the financial statements when the Group becomes party to contractual conditions relating to the financial instrument. Financial assets and financial liabilities are classified based on the type and purpose for holding the instruments at fair value, amortised cost or as a designated hedge accounting instrument (e.g. derivatives used for hedging financial risks).

Financial assets
The group classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss), and
- those to be measured at amortised cost

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

Financial assets recognised at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement. Gains or losses arising from changes in the fair value of the financial instruments at fair value through profit or loss, including interest and dividends, are recognised in the income statement as other gain/losses. Derivatives are always measured at fair value through profit or loss, unless designated as a hedging instrument. When designated as a cash flow hedging instrument measurement is change in fair value are recognised in other comprehensive income.

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial liabilities
The group classifies its financial liabilities at initial recognition in the following categories

- Financial liabilities at fair value through profit or loss
- Loans and borrowings including bank overdrafts
- Payables
- Derivatives designated as hedging instruments in an effective hedge

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Borrowing costs
Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset is includes as a part of cost. Other borrowing costs are recognised as an expense.

Fair value measurement
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, directly or indirectly, in a non-active market

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable and make use of best estimate

Cash and cash equivalents
Cash and cash equivalents include deposits held at call with financial institutions, commercial papers and other interest-bearing securities which normally are due within a period of three months.

Taxes
Income tax is calculated in accordance with ordinary tax rules and by applying the adopted tax rate. The tax expense in the statement of comprehensive income comprises taxes payable and changes in deferred tax liabilities and deferred tax assets. Taxes payable are calculated on the basis of the taxable income for the year. Deferred tax liabilities and deferred tax assets are calculated on the basis of temporary differences between the accounting and tax values and the tax effect of losses carried forward.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Deferred tax assets are recognised to the extent that it is probable that they will be utilised. Tax related to items recognised in other comprehensive income is also recognised in other comprehensive income, while tax related to equity transactions is recognised in equity.

Note 3 Key accounting estimates and judgements

The use of reasonable estimates and judgements is a critical element in preparing the financial statement of the Group. Due to the level of uncertainties inherent in Cloudberry's business activities, management must make certain estimates and judgement that affect the reported values of assets, liabilities, revenues, expenses, and related disclosures.

Management bases its estimates on historical experience, current trends and other various assumptions that the company's management believes to be relevant at the time the consolidated financial statements are prepared.

Long term price forecast for power
One of the critical assumptions used by management in making business decisions is the long-term price forecast for power and the related market developments. The assumption is also critical input for management related to financial statement processes such as:
- Allocation of fair value in business combination: note 5
- Impairment testing: note 19

Management use Volue (former Wattsight), and their base case for long term power price forecasts. Volue is an external source of information which ensures an unbiased estimate. Management review and update the forecast continuously, based on market development.

Fair value measurement
Significant judgement is applied in the valuation of the Group's contracts categorised within level 2 in the fair value hierarchy levels. Where fair value measurement cannot be derived from publicly available information, they are estimated using models and other valuations methods. To the extent possible, the assumptions and inputs used take into account externally verifiable inputs. However, such information is by nature subject to uncertainty, particularly where comparable market-based transactions often do not exist. In such cases management is required to make market-based assumptions to find the best estimates.

Assessments in Business Combinations

Significant management judgement is required in the assessment of a business combination. This includes determining if an acquisition is a business combination or an asset acquisition, determining an acquiring part and determining the allocation of fair value ta assets and liabilities acquired.

Deferred tax assets

Significant management judgement is required when determining the amount of deferred tax asset to be recognised. Deferred tax asset is to be recognised for unused tax losses to the extent that it is probable that taxable profit will be available within reasonable time against which the losses can be utilised. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid and assets to be received are recognised within current tax or deferred tax as appropriate. See note 16.

Lease

When calculating lease liability, the discount factor is a significant estimate. In the absence of an identifiable discount rate, implicit in the lease agreement, the discount rate used is the Groups incremental borrowing rate. Judgement is also used to assess the lease period and the assessment of lease option in the leasing period. See note 25.

Share based payment

The fair value of management warrant programme makes use of an estimation model, Black-Scholes for calculation the call option value at grant date. This model makes use of management estimates for expected life option, volatility, and expected dividend yield. See note 13 Employee benefits and share based payments.

Asset retirement obligation

The calculation of the decommissioning obligation makes use of several estimates, the future cost of decommissioning, the timing of decommissioning, the probability of a landowner call option to purchase the power plant at the end of the lease period and the valuation of net present value with the appropriate discount rate. Management seeks to at least annually evaluate and update with the accessible information all estimates in the calculation.

Application of accounting policy

Due to Cloudberry's business activities, management must apply judgement in determining the appropriate accounting policies in areas where application of the Groups accounting may have a material impact on the accounting treatment in the financial statements. Such areas include:

- Classification of power purchase agreements: note 10
- Classification of energy and other revenues: note 12
- Classification of developing projects: note 17 and 18
- Classification of investments made together with third parties: note 20

Note 4 Operating segments

Cloudberry is a listed Nordic renewable industrial company with strong local roots. Cloudberry manages its operations in three segments Develop, Production and Corporate. The business model is bifocal where Develop completes in-house developments of wind and hydropower assets in Norway and Sweden to the projects are ready-to-build. Production owns and operates selected producing assets with low overhead cost. Capacity for construction, operations and maintenance is normally sourced externally. Combining the two gives a development portfolio to ensure long-term and strategic portfolios of exclusive land-areas and projects, while the ownership in the power plants to ensure long-term cash flows. Corporate ensure management tasks for the Group like financing, marketing, reporting and other corporate activities.

Cloudberry Production ("Production")

The production segment manages the Group's power producing assets and derives its revenue from the production and sale of hydro and wind generated electricity.

By year end Production had a producing portfolio of 27 MW in operation from Finnesetbekken, Røyrmyra and Forte Energy Norway AS ("Forte"). The purchase of 34% of Forte was finalized in Q4 2020 and contributed with a production of 9 GWh to Cloudberry during 2020. The figures represent Productions proportionate share of the Forte portfolio.

Hydro power production from Finnesetbekken totalled 4 GWh in 2020. It was a year with higher-than-normal precipitation and the warmest year ever recorded in Norway. Both these elements were drivers for the very strong production in 2020. Operation of the hydro plant has been stable.

Wind power production from Røyrmyra totalled 8 GWh. This was slightly under predicted normal level and was due to that one of the turbines in Røyrmyra Vindpark was out of production following a breakdown in the front main bearing during 1st half of the year and due to Covid-19, the repair took longer than normal. Production in 2nd half of 2020 was stable and ended up slightly better than normal.

In total, Cloudberry's production ended at 21 GWh for the year. Annual production will increase considerably in 2021, following acquisitions made during 2020, as well as the completion of power plants which are currently under construction.

Cloudberry Develop ("Develop")

Develop was established in 2008 and holds a significant development portfolio with renewable assets in Sweden and Norway both on- and offshore. Develop has since inception fully developed and sold ten projects pre-construction to larger infrastructure investors and European insurance companies. Going forward Cloudberry has the flexibility to either sell or keep the projects in-house to secure long-term cash flows for the Cloudberry Group. Larger project might be farmed down in order to diversify risk.

Develop is responsible for development of hydro and wind power assets from early stage until the projects receive construction permits. Some of the assets developed are then transferred to Production while others are wholly or partly sold. Construction is normally outsourced to local partners.

In 2020 Develop continued the work on project Hån and Duvhällen. These projects are expected to be ready to construct in 2021 to 2022.

In September Develop acquired Scanvind2 AS (now Cloudberry Offshore Wind AS) owning the shallow water offshore wind project Stenkalles in lake Vänern in Sweden. In January 2021, a SPA containing several closing conditions, was entered into with Downing LLP giving them 80% of the shares in Cloudberry Offshore Wind AS upon closing that is expected to take place during second half of 2021. The remaining 20% of this project will, if this transaction is completed, be part of the Cloudberry Production portfolio. In addition to these projects, multiple projects in the backlog and pipeline had further movement and progress during 2020.

Cloudberry Clean Energy ("Corporate")

Corporate consists of the activities of corporate services, management, and group finance. The past year the activities has been focused on ramping up of the Cloudberry Group include listing on Oslo Børs, Merkur Market (now Euronext Growth) and extensive M&A activity with coherent capital raisings. Management has also focused on laying the foundation and framework for the Group strategy and corporate culture. Corporate consists mainly of Cloudberry Clean Energy AS, the parent company accounts. Costs which are by nature related to the segments are allocated to the respective business segment. Allocated costs are mostly salaries for employees related to Production and Develop that are employed in Cloudberry Clean Energy AS.

The table shows the segment reporting for 2020 and the below table for 2019.

NOK 1 000	Production	Develop	Corporate	Other/ Eliminations	Consolidated
Revenue - external	3 430	93	118	-	3 640
Revenue - within the group	200	-	-	-200	-
Total revenue	**3 630**	**93**	**118**	**-200**	**3 640**
Operating expenses ex depreciations and amortisations	-5 155	-8 395	-16 355	-	-30 339
Net income/(loss) from associated companies	-3 556	-	-	-	-3 556
EBITDA	**-5 082**	**-8 302**	**-16 237**	**-200**	**-29 822**
Depreciation and amortisation	-2 217	-203	-870	-	-3 289
Operating Profit (EBIT)	**-7 299**	**-8 505**	**-17 108**	**-200**	**-33 111**
Net financial items external	-1 557	706	-152	-139	-1 142
Net financial item internal	1 000	-1 000	-	-	-
Profit before tax	**-7 856**	**-8 799**	**-17 260**	**-339**	**-34 253**
Total assets	594 527	208 347	593 940	46	1 396 861
Interest bearing debt	263 033	-	4 401	174	267 608
Intrest bearing debt internal	-	19 003	-	-19 003	-

NOK 1 000	Production	Develop	Corporate	Other/ Eliminations	Consolidated
Revenue - external	-	-	279	-	279
Revenue - within the group	-	-	-	-	-
Total revenue	**-**	**-**	**279**	**-**	**279**
Operating expenses ex depreciations and amortisations	-	-	-2 885	-	-2 885
Net income/(loss) from associated companies	-	-	-	-	-
EBITDA	**-**	**-**	**-2 606**	**-**	**-2 606**
Depreciation and amortisation	-	-	-7	-	-7
Operating Profit	**-**	**-**	**-2 613**	**-**	**-2 613**
Net financial items external	-	-	4	-	4
Net financial item internal	-	-	-	-	-
Profit before tax	**-**	**-**	**-2 609**	**-**	**-2 609**
Total assets	-	-	5 304	-	5 304
Interest bearing debt	-	-	-	-	-
Intrest bearing debt internal	-	-	-	-	-

Revenues from transactions between the Production and Develop segments, where Cloudberry is deemed to hold a controlling interest, are presented as within the group revenues in the segment reporting and eliminated in the consolidated statement of profit or loss. These transactions are based on international contract standards and terms negotiated at arm's length

Note 5 Business combinations and other transactions

Founding Cloudberry Group and assessment of the Business Combination

Overview

On 15 February 2020 Cloudberry Asset Management AS (now Cloudberry Clean Energy AS, “Cloudberry”) acquired Scanergy AS (now Cloudberry Develop AS), and CB Nordic Renewable and Infrastructure Fund I AS (now Cloudberry Production AS) through a capital increase. The transaction was 100% settled with shares in Cloudberry. Cloudberry was shortly after (2 April 2020) listed on the Oslo Børs, Merkur Market (Euronext Growth).

The transaction was initiated and carried out by the management in Cloudberry. The management’s intention and plans were to establish a listed, Nordic renewable industrial Group which was capitalized to both develop and own renewable projects. A strong management in Cloudberry with key employees, should grow and coordinate all financing, marketing, reporting and other corporate activities for the whole group.

Determining an acquirer

To determine which of the combining entities that was the acquiring part, required a significant use of judgement. It could be argued that other than Cloudberry Clean Energy AS was the acquirer, but the total weight of the arguments was assessed in favour of the conclusion made. Below is a summary of the arguments that were subject to judgement.

Determining which of the combining entities is the acquiring entity, requires significant use of judgement. Cloudberry Clean Energy AS has been identified as the acquirer based on an assessment of different factors. The main elements in this consideration are based on detailed assessments, of which the following factors are forming the conclusion;

- the composition of senior management of the combined entity. 4 out of 5 members of senior management was the original management team in Cloudberry, and hence Cloudberry dominates the management of the combined entity.
- the combination involved more than two entities, and the entire combination was initiated by the management and owners of Cloudberry,
- the management and owners of Cloudberry planned, initiated and formed the structure for the transaction,
- the composition of the Board of Directors after the business combination - a majority is from Cloudberry,
- Cloudberry issued the equity interests to complete the combination, and
- shortly after the combination Cloudberry became a listed entity, and the plan set by owners and management of Cloudberry was finalised.

Cloudberry acquires CB Nordic Renewable and Infrastructure Fund I AS

On 15 February 2020, Cloudberry Clean Energy AS acquired 100% of the voting shares in CB Nordic renewable and infrastructure fund I AS today Cloudberry Production AS (CBP). CBP is a limited company located in Oslo, Norway. CBP was acquired for NOK 83.5 million.

The acquisition was financed by issuing shares at fair value of NOK 10.74 per share. 7.775 million shares in Cloudberry Clean Energy AS were issued to the former CBP shareholders at a nominal value NOK 0.25 per share (share capital increased by NOK 1.94 million). The fair value of the shares was set at observed market prices with comparable market transactions.

CBP owns two powerplant companies and has entered into a contract for the purchase of two additional power plants. Røyrmyra Vindpark is situated in Hå muncipality in Rogaland. The annual production is 8 GWh. Finnesetbekken Kraftverk is situated in Nesbyen muncipality in Viken. The annual production is 4 GWh. The contract for purchase is Nessakraft (34 GWh), situated in Balestrand municipality, and Bjørgelva Kraftverk (7 GWh), situated in Sørreisa.

Cloudberry acquired Scanergy AS

On 15 February 2020, Cloudberry Clean Energy AS acquired 100% of the voting shares in Scanergy AS (today Cloudberry Develop AS, “CBD”). CBD is a limited company located in Oslo, Norway. CBD was acquired for NOK 132.8 million.

The acquisition was financed by issuing shares at fair value of NOK 10.74 per share. 12.363 million shares in Cloudberry Clean Energy AS were issued to the former Scanergy AS shareholders at a nominal value NOK 0.25 per share (share capital increased by NOK 3,09 million). The fair value of the shares were set at observed market prices with comparable and listed development companies in Sweden and historical and recent transactions. External consultants were engaged for a due diligence of the company.

The company has for the last ten years specialised in the development of renewable projects in Norway and Sweden (primarily wind in Sweden). The management believes the acquisition provides the company with a highly complementary business segment that gives a positive effect on future earnings, in excess of the fair value of acquired net assets. By owning both a development and production company, Cloudberry controls the value chain from early phase development to production and do in a less extend need to participate in competitive bidding rounds for renewable projects. The company has projects ready to construct and an exclusive backlog. In addition to the backlog, CBD has a large pipeline of on- and off-shore projects. Ownership interest equals the share of voting rights.

Cloudberry acquired Skogvind AS

On 31 August 2020, Cloudberry Clean Energy AS acquired 100% of the voting shares in Skogvind AS. Skogvind is a limited company located in Oslo, Norway.

The acquisition was financed by issuing 118,648 Cloudberry shares at fair value of NOK 12.01. The shares in Cloudberry Clean Energy AS were issued to the former Skogvind AS shareholders at a nominal value NOK 0.25 per share (share capital increased by NOK 29.6 thousand)

Skogvind is a wind power player with a focus mainly on the smaller and gentle projects. Skogvind has several agreements with landowners with intention to build wind power plants in Norway with a potential of 120 MW. All projects are in the early stages and no notification has been sent for any of the projects. In addition, a number of other possibilities for wind power projects have been identified.

Skogvind represents an interesting opportunity to expand Cloudberry's development business. It will also provide a better foothold for wind power in the Nordics.

The net assets acquired during 2020 is as follows.

Allocation of cost price for acquisitions in 2020

NOK 1 000	Cloudberry Production AS	Cloudberry Develop AS	Skogvind AS	Total
Acquisition date	15.02.2020	15.02.2020	31.08.2020	
Voting rights/shareholding acquired through the acquisition	100 %	96 %	100 %	
Total voting rights after the acqusition	100 %	96 %	100 %	
Non controlling interests	-	3.6 %	-	
Consideration				
Cash	-	-	-	-
Shares	83 521	132 807	5 435	221 763
Total acquisition cost	83 521	132 807	5 435	221 763
Book value of net assets (se table below)	80 839	37 304	2 068	120 211
Identification of excess value. attributable to:				
Inventory	-	63 994	4 316	68 310
Property, plant and equipment	8 090	-	-	8 090
Other	-4 652	14 467	-	9 815
Gross excess value	3 438	78 461	4 316	86 215
Deferred tax on excess value	-756	-14 952	-950	-16 657
Net excess value	2 681	63 509	3 367	69 557
Fair value of net acquired assets excluding goodwill	83 521	100 813	5 435	189 768
Of which				
Non controlling interest	-	4 939	-	4 939
Controlling interests	83 521	95 874	5 435	184 829
Total acquisition cost	83 521	132 807	5 435	221 763
Fair value of net aquired assets ex goodwill (controlling interests)	83 521	95 874	5 435	184 829
Goodwill	-	36 933	-	36 933

The minority shareholders position of 3.6% in Cloudberry Develop is related to a minority share of 15% in Cloudberry Utväckling AB, a subsidiary of Cloudberry Develop. These shares were acquired 31 December 2020, the transaction price NOK 4.1 million was settled in January 2020. The value of the shares at the acquisition date was NOK 4.9 million. The difference between the carrying amount and the transaction price was accounted as correction of equity in the parent company. See note 24.

Book value net aquired assets in 2020

NOK 1 000	Cloudberry Production AS	Cloudberry Develop AS	Skogvind AS	Total
Property, plants and equipment	44 853	9	-	44 862
Other non-current assets	-	26 304	-	26 304
Financial non-current assets	-	5	-	5
Inventory	-	35 140	133	35 273
Other current assets	1 607	35 417	2 047	39 071
Cash and cash equivalents	65 351	1 558	492	67 402
Acquired assets	111 811	98 433	2 673	212 917
Interest bearing debt, long term	27 738	37 167	-	64 905
Current liabilities	1 375	23 962	605	25 942
Deferred tax liability	974	-	-	974
Other	885	1	-	885
Net asset value aquired assets	**80 839**	**37 304**	**2 068**	**120 211**
Total acquisition cost	83 521	132 807	5 435	221 763
Non cash consideration	83 521	132 807	5 435	221 763
Cash consideration	-	-	-	-
Cash in acquired company	65 351	1 558	492	67 402
Net cash outflow at acquisition	65 351	1 558	492	67 402

Pro forma financial figures

The acquired subsidiaries are consolidated in the Group accounts from the acquisition date. The table below show the profit and loss statement in the company accounts in 2020 which are not included in the Cloudberry consolidated accounts.

NOK 1 000	Cloudberry Production AS	Cloudberry Develop AS	Skogvind AS	Total
Acquisition date	15.02.2020	15.02.2020	31.08.2020	
Gross revenue from 1.1.2020 untill takeover	446	-	3 921	4 367
Salaries from 1.1.2020 untill takeover	-56	-	-491	-547
Other operating expenses from 1.1.2020 untill takeover	-356	-760	-349	-1 465
Net finance from 1.1.2020 untill takeover	-34	-	-	-34
Net income before acquisition not recognized in the Group accounts	**-**	**-760**	**3 081**	**2 320**

The table below show the proforma gross Profit or loss statement before tax if the acquired companies had been fully consolidated from 1 January 2020.

NOK 1 000	Cloudberry Group reported	Net income before acquisition not recognized in the Group accounts	Pro-forma Group figures
Total revenues	3 640	4 367	8 006
Cost of goods sold	-143	-	-143
Salary and personnel expenses	-17 419	-547	-17 966
Other operating expenses	-12 343	-1 465	-13 808
Share of income from associated companies	-3 556	-	-3 556
Depreciations and amortisations	-3 289	-	-3 289
Net finance	-1 141	-34	-1 175
Profit before tax	**-34 253**	**2 321**	**-31 932**

Other acquisitions

Cloudberry acquired Scanvind2 AS

On 22 September 2020, Cloudberry Develop AS acquired 100% of the shares in Scanvind2 AS, (today Cloudberry Offshore Wind AS) a company that develops the offshore wind power project "Rewind Vänern". The project is in shallow water on the largest lake in Sweden in the vicinity of Cloudberry's Karlstad office. The current development plan includes 16-17 turbines with an estimated annual power production around 350 GWh. The project will significantly strengthen the access to clean and renewable energy in the region.

The project was originally initiated by Cloudberry Develop in 2010 and then developed together with local partners. In 2016 the project received a permit to construct a 100 MW shallow-water wind project in Stenkalles grund in Lake Vanern, Sweden. The project was in 2016 sold to the consortium Scanvind2 for further development and planning (seismic studies, net concession and initiation of technical solutions). In 2020 Cloudberry repurchased the project after a long technical review and capitalized the company in order to move the project closer to a final investment decision. See further information in note 27 Related party transaction.

The transaction cost was NOK 34,3 million, of which NOK 7 million was cash settlement, while NOK 27,3 million was settled with Cloudberry shares, this was 2,180 million shares of par value 0.25 and a fair value of NOK 12.50 per share (share capital increase with NOK 0.55 million). Net acquired assets was 34 million, including NOK 54 thousand in cash. Total acquired assets was NOK 59,8 million. The transaction was accounted for as an asset acquisition of a development project and classified as project inventory with construction permit.

Note 6 Explanation of transition to IFRS

This is the Group's first time preparing and presenting the consolidated financial statements in accordance with IFRS.

The accounting principles described in note 2 have been used to prepare the company's consolidated accounts for 2020, comparable figures for 2019 and an IFRS opening balance sheet as at 1 January 2019, which is the Group's date of transition from Norwegian accounting principles (NGAAP) to IFRS.

In connection with the preparation of the IFRS opening balance sheet, the Group has not detected any differences in the conversion from NGAAP previously reported figures to the IFRS converted figures. The equity according to converted IFRS is equal as reported previously according to NGAAP.

Below we will explain the material assessments of converting the balance sheet and profit and loss items.

NOK 1 000	01.01.2019 Effect of transition to IFRS NGAAP	IFRS	31.12.2019 Effect of transition to IFRS NGAAP	IFRS
Assets				
Non - current assets				
Tangible assets	18	18	11	11
Total non - current assets	18	18	11	11
Cash	129	129	5 223	5 223
Other current receivables	126	126	70	70
Total current assets	255	255	5 293	5 293
Assets held for sale	-	-	-	-
Total assets	**273**	**273**	**5 304**	**5 304**
Equity and liabilities				
Share capital	-	-	950	950
Share premium account	750	750	-	-
Other equity	-1 312	-1 312	-	-
Total equity	-562	-562	8 750	8 750
Current Liabilities				
Trade creditors	-	-	58	58
Provisions	835	835	417	417
Total liabilities	835	835	475	475
Total equity and liabilities	**273**	**273**	**9 225**	**9 225**

NOK 1 000	2018 NGAAP	2019 NGAAP	Effect of transition to IFRS	2019 IFRS
Operating revenues	250	279	-	279
Other operating income	-	-	-	-
Total revenue	250	279	-	279
Cost of good sold	-41	-27	-	-27
Salary and personell costs	-1 633	-1 981	-	-1 981
Other operating expenses	-622	-877	-	-877
Depreciation, amortizations	-4	-7	-	-7
Operating profit (loss)	-2 300	-2 892	-	-2 613
Financial income	-	5	-	5
Financial expenses	-12	-1	-	-1
Profit (loss) before tax	-2 062	-2 609	-	-2 609
Tax				
Net profit (loss)	-2 062	-2 609	-	-2 609
Loss on sold operations				
Profit (loss) for the year	**-2 062**	**-2 609**	**-**	**-2 609**

Critical accounting principles that can lead to differences in accounting:

1. *Amortisation of Goodwill*
   The Group has chosen to implement IFRS for all its acquisitions as from 1 January 2019 by applying the transitional rule in IFRS 1. As a result of this, it is no longer permitted to amortise goodwill as of 1 January 2019, and goodwill is instead tested annually for impairment. This is different from NGAAP. The Group did not report any amortisation of Goodwill in the annual accounts in the period and hence there is no difference recognised.

2. *Dividend*
   According to IFRS, the proposed dividend is an equity item, not a liability, while according to NGAAP, proposed dividend is a liability. It was not proposed any dividend in the conversion balance sheets, and therefor there was not recognised any difference in reported equity or liability.

3. *Financial investment*
   All financial investments are assessed at their fair value according to IFRS. No such items were recognised.

4. *Recognition of derivatives*
   According to NGAAP financial derivatives outside hedge accounting were to be valued at the lower of historical cost and the fair value. According to IFRS 9, financial derivatives are to be recognised in the balance sheet at fair value, with fair value changes recognised in the statement of profit and loss when no hedge accounting is applied. The Group did not have any such items and hence there was not recognised any difference in the conversion.

5. *Leases*
   According to IFRS 16, all lease contracts shall be recognised in the balance sheet, with a right to use asset and a lease obligation at the starting point of the lease contract. Exception from this rule is that short term lease contracts (under 12 months), low value leases and leases with a variable amount does not need to be recognised. Lease costs reported under NGAAP are recognised in the profit and loss statement as they incur.

   The lease costs recognised in the Groups accounts in the conversion period were related to short term lease of office rent, and the applied accounting according to NGAAP with costs recognised over the profit and loss statement is the same as accounted for under IFRS when applying the exception for short term leases.

6. *Transaction costs from business combinations*
   According to IFRS 3 acquisition related costs should be expensed as incurred, while according to NGAAP these have been capitalised. No such costs have incurred in the period and therefor no difference is recognised.

7. *Income tax*
   In the PPA for business combinations, deferred tax shall be recognized in nominal values. Discounting deferred tax is not permitted under IFRS but is permitted under GRS [IAS 12.53].

   In addition, deferred tax assets shall be presented separately in the balance sheet if the amount is material. It is not presented as part of the line “intangible assets”. Under GRS, the deferred tax asset is presented as intangible assets.

   No tax asset was recognised in the balance sheet and hence there was no difference in the conversion.

8. *Revenue recognition*
   The basic principle of IFRS 15 is that companies shall recognize revenues in such manner that the consideration is recognized according to a pattern that reflects the transfer of goods or services to the customer. The standard introduces a detailed framework for determining when and how revenue from contracts with customer should be accounted for. The framework is illustrated using a five-step mode.

   According to NGAAP revenue shall be accounted for at fair value of the consideration and the time of the transaction date, and according to when the revenue is earned.

When comparing the revenue recognition according to IFRS and NGAAP there was not discovered any differences in accounting and hence no differences was recognised.

Key risks and financial instruments

Through its business activities, Cloudberry is exposed to various risks, and has engaged in various financial instruments.

The Group focuses on the following risk categories: Market, Operations, Finance and ESG risks. The Group overall risk management programme seek to minimize the potential for adverse effects on the Groups performance. Market risks, including political and regulations risks, and price risks, see note 7, commercial and operational risks, see note 8, and financial risks, see note 9.

Guidelines for risk management and strategy for handling and using financial instruments as a part of the business activities and handling risks have been approved by the Board of Directors. See note 10 Financial instruments and 11 Hedge accounting.

Note 7 Market related risks

Political and regulations risk

The power industry is a highly regulated sector and thus subject to political risk

The power industry is publicly regulated, and regulations may change over time. Thus, there is political risk of investments in the renewable and infrastructure industries in the Nordic countries.

The electricity certificate scheme is subject to political risk

The electricity certification scheme is an aid scheme with intention of increasing the renewable power generation in Norway and Sweden. New renewable power generation in Norway and Sweden, which commence within the end of 2021, will receive electricity certificates. The electricity certification scheme will be discontinued in 2035.

The investment decision related to several of the assets of the Company has been made based on inclusion of electricity certificate revenues. Electricity certificates are traded in a market where the price is determined by the market cross between supply and demand. Demand is based on a quota system determined by political objectives. Revenue from the sale of electricity certificates is consequently subject to political risk.

The guarantee of origin scheme is subject to political risk

In accordance with EU legislation, power plants in the EEA may get approval for guarantees of origin for five years at a time. Energy suppliers may buy such guarantees of origin from the power producer in order to guarantee its customers that the delivered energy is produced from renewable sources.

The relevance of the latest revision of the current European Renewable Energy Directive is currently being assessed by the EEA/EFTA. The revision seems to extend the guarantee of origin scheme, although no decision has been made. The future of the scheme is thus subject to political risk.

The renewable sector is still under development

Unexpected success in other areas of renewable energy may reduce the pressure on the authorities to allow for development of wind parks and hydro power plants. This may affect the Group's future investment opportunities and reduce the second-hand value of its power plants. The same may also hold true for non-renewable or currently unknown energy technologies.

Price risk

Sale of electricity, electricity certificates and guarantees of origin constitute a material share of the Group's revenues.

The profitability of the Group's producing power plants depends on the volume and prices of the electricity produced, the electricity certificates and the guarantees of origin. Although some of the sale will be based on fixed price purchase agreements, the majority of the Group's sale will be exposed to price risk related to electricity sold at spot rates, the market price for electricity certificates and the market price for guarantees of origin. The Group has entered into fixed price contracts for sale of the production of Røyrmyra Vindpark AS, which covers the period until December 2021. The remaining part of the Group's production volume is exposed to fluctuations in the market prices for electricity, electricity certificates and guarantees of origin, unless new fixed terms agreements are entered into.

Electricity prices are inter alia dependent on substitute or adjacent commodity prices such as e.g. oil, gas and coal prices, but also dependent on metrological conditions, CO_2 pricing and other supply and demand factors going into the clearing of the market price of electricity.

Note 8 Commercial and operational risks

Risks related to changes in laws and regulations

Laws and regulations may affect the Group's operations, increase the Group's operating costs, and reduce demand for its services.
Changes in laws and regulations applicable to the Group could increase compliance costs, mandate significant and costly changes to the way the Group implements its services and solutions and threaten the Group's ability to continue to serve certain markets.

For some small-scale power plants and large-scale power plants, license fees and concessionary power must be paid or transferred to the municipality, county or state. Often, such power plants must deliver 10-15% of their power production as concessionary power. The power plant must in such cases sell the concession power at the expected "cost price". Such changes in regulations would affect the Group's profitability.

Changes in tax laws of any jurisdiction in which the Group operates, or any failure to comply with applicable tax legislation, may have a material adverse effect for the Group.
The Group is subject to prevailing tax legislation, treaties and regulations in the jurisdictions in which it is operating, and the interpretation and enforcement thereof. The Group's income tax expenses are based upon its interpretation of the tax laws in effect at the time that the expense is incurred. If applicable laws, treaties or regulations change, or if the Group's interpretation of the tax laws is at variance with the interpretation of the same tax laws by tax authorities, this could have a material adverse effect on the Group's business, results of operations or financial condition. In Norway, it has been announced that the current political majority has agreed to increase the taxes on revenue from wind power. The government is expected to announce a specific proposal during H1 2021.

Operational risks

Power plants are highly technical
Investments in power generation and energy-related infrastructure involve technical and operational risks. The Group will seek to invest in power plants of expected good technical standard to reduce the technical risk of the investment. The Group will prioritize technical solutions that are well-proven and delivered by reputable suppliers, so that any repairs can be made within reasonable timeframes and at reasonable cost, and that it is possible with attractive insurance terms. Despite the aim of choosing sound solutions, technical problems may occur meaning possible stops in production or costly reinvestments that reduce the Group's profitability and/or financial position.

Revenues dependent on metrological conditions
The metrological conditions (rain and wind) at particular sites at which the Group's power plants are located can vary materially from season to season and from year to year. If a site proves to have lower resources than anticipated in the Group's business model or suffers a sustained decline in metrological conditions, such power plants are likely to generate lower electricity volumes and lower revenue than anticipated, which could have a material adverse effect on the Group's business.

Risks related to costs of transmission and distribution
Increases in charges relating to the connection to and use of the electricity transmission and distribution networks and relating to balancing of electricity supply and demand, and/or restrictions on the capacity in such networks available for use by the Group's power plants, may result in higher operating costs, lower revenues and fewer opportunities for growth.

Note 9 Financial risks

Interest rate risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's underlying assets will normally be loan-financed with long term debt obligations with floating rates, which is exposed to the risk of changes in market interest rates.

An increase in interest rates will lead to higher financing costs, which reduces the Group's profitability.

Management wishes to minimize the interest rate risk together with borrowing costs. The Group manages the borrowing cost and interest risk by either using long-term financing at fixed rates or using floating to fixed interest swaps. See details under note 10 and 11, financial instruments and hedge accounting.

Currency risk

The Company presents its financial statements in NOK. However, all trades on Nord Pool, which is the market for trading of power in Norway and Sweden, are settled in Euro, exposing the Group to currency risk (electricity certificates are traded in SEK). Any fluctuations in exchange rates between NOK, SEK and Euro could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

Additionally, the Group has employees and operations in Sweden, which also exposes the Group to currency risk. Any fluctuations in exchange rates between NOK and SEK could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects. The Group may want to do business in other countries in the future, exposing the Group to additional currency risk. Should it choose to do so, any fluctuations in exchange rates between NOK and the relevant foreign currency could materially and adversely affect the Group's business, results of operations, cash flows, financial condition and/or prospects.

The Company does not currently have any currency hedging arrangements in place to limit the exposure to exchange rate fluctuations.

Liquidity risk

Liquidity risk is the risk that Cloudberry will not be able to meet its financial obligations when due. The Group manages liquidity risk through on a regular basis to review of future commitments and the liquidity reserves which consist of cash (see note 21) and borrowing facilities (see note 23). Management prepares minimum quarterly cash flow forecasts that look a minimum of twelve months ahead to handle the liquidity risk. When taking business decisions and entering into contracts Cloudberry evaluates the liquidity needs and makes sure the liquidity needed is in place before entering into contracts.

As of 31 December 2020, the Group has a total of NOK 462 million in contractual commitments, in addition to the current payables which are recognised in the Groups balance sheet. See note 24 Provisions, guarantees and other contractual obligations.

Credit risk

Credit risk is the risk that Cloudberry's customers or counterparties will cause financial loss by failing to honour their obligations. The Group is exposed to third party credit risk in several instances including off-take partners who have committed to buy electricity produced by or on behalf of the Group, banks providing financing and guarantees of the obligations of other parties, insurance companies providing coverage against various risks applicable to the Group's assets, and other third parties who may have obligations towards the Group.

The Group's main credit risks arise from credit exposures with deposits with financial institutions and other short-term receivables. Counterparties in derivative contracts and financial deposits are limited to financial institutions with high creditworthiness.

Note 10 Financial instruments

This note provides an overview of all financial instruments held by the Group.

The table below shows the Groups financial instruments with their carrying amounts recognised in the consolidated financial position at 31 December 2020. The carrying amount for assets and liabilities at amortised cost is believed to be close to fair value.

NOK 1 000	Financial assets at fair value througt profit or loss	Fianancial assts at amortised cost	Liabilities at amortised cost	Derivative financial instruments - hedge accounting	Total
Derivative financial instrument	-	-	-	1 322	1 322
Other non-current asset	-	1 035	-	-	1 035
Total non-current financial assets	-	1 035	-	1 322	2 358
Cash and cash equivalents	-	758 140	-	-	758 140
Total current finacial assets	-	758 140	-	-	758 140
Lease liability short term	-	-	-1 105	-	-1 105
Current borrowings	-	-	-236 767	-	-236 767
Total current financial liabilities	-	-	-237 872	-	-237 872
Lease liability long term	-	-	-3 296	-	-3 296
Financial liability for PPA termination	-	-	-4 641	-	-4 641
Long term borrowings	-	-	-26 266	-	-26 266
Derivatives	-	-	-	-173	-173
Total non current financial liabilities	-	-	-34 203	-173	-34 377
Net financial assets (liabilities)	**-**	**759 175**	**-272 075**	**1 149**	**488 249**

The fair value of the interest rate swaps derivatives is calculated as the present value of the estimated future cash flows based on observable yield curves (level 2). Changes in fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts. The fair value of the Groups derivative financial instruments has been determined by external banks.

The table below summarizes the fair value for each class of financial instrument recognised the fair value hierarchy.

NOK 1 000	Non-current financial investments	Derivative financial instrument (asset)	Derivative financial instrument (liability)	Total fair value
Fair value based on quoted prices in an active market (Level 1)	-	-	-	-
Fair value based on price inputs other that quoted prices (Level 2)	-	1 322	-173	1 149
Fair value based on unobservable inputs (Level 3)	-	-	-	-
Total fair value at 31 December 2020	**-**	**1 322**	**-173**	**1 149**

The contracts at level 2 as of 31 December are the Groups interest rate derivatives. The fair value of interest rate swaps is determined by discounting expected future cash flows to present value through the use of observed market interest rates. Cloudberry's interest rate derivatives are held for hedging purposes, reference to note 11 Hedge accounting.

Purchase Price Agreements (PPA)
Cloudberry has in some cases entered into PPA agreement for the sale of electric power and el certificates at a fixed price. A characteristic to these agreements is that they can be accounted for as a financial instrument or as a contract with customer, depending on the terms and conditions.

"Own use" contracts
Energy contracts that are entered into and continue to be held for the purpose of the receipt or delivery of the power in accordance with Cloudberry's expected purchase, sale or usage requirements are accounted for as own use contracts. These contracts do not qualify for recognition in the statement of financial position in accordance with IFRS 9 but are accounted for as contracts with customers after IFRS 15 and energy purchase. "Own use" contracts will typically have a stable customer base e.g. bilateral industry contracts, and are settled by physical delivery.

The PPA agreement at Røyrmyra was in 2019 agreed terminated from 31 December 2021. A financial liability of NOK 4.6 million is recognised in the balance sheet and will be due in February 2022. See note 24 Provisions, guarantees and other contractual obligations.

Note 11 Hedge accounting

Financial instruments that are designated as hedging instruments or hedged items in hedge accounting are identified based on the intention with entering into a financial instrument. The ineffectiveness from the hedges is recognised in profit and loss.

Cloudberry has in June 2020 entered into an interest swap agreement for the long-term loans related to Røyrmyra and Finnestebekken power plants. See note 23 long term debt.

Cloudberry has in July 2020 entered into an interest swap agreement for expected long term debt which will be drawn at the closing of acquisition of Nessakraft AS. See note 24 debt financing of contractual obligations.

The objective for the interest rate management is to reduce risk (reduce volatility of future interest payments) and to lock future interest costs at attractive levels. The secured debt and the interest rate swap agreement has equal terms, and the hedge effectiveness is fully covered. All interest rate swaps are designated as hedging instruments. All interest rate swaps are recognised at fair value.

The table below shows how the interest rate swap has been accounted for in the statement of comprehensive income. The amounts recognised in OCI is presented net of tax effect.

NOK 1 000	Total hedging gain/loss recognised in OCI	Amount reclassified fro OCI to profit and loss	Line item in the statement of profit and loss
Interest swap for long term debt Røyrmyra and Finnesetbekken	-124	142	Financial expense
Interest swap for long term debt drawn when acquring Nessakraft	1 032	-	-

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of financial assets and liabilities affected, after the impact of hedge accounting. With all other variables held constant, the Group's profit and equity before tax is affected through the impact on floating rate borrowings, as follows

NOK 1 000	Increase in %-points	Effect on profit before tax	Effect on OCI
Interest swap for long term debt Røyrmyra and Finnesetbekken	1 %	-	712
Interest swap for long term debt drawn when acquring Nessakraft	1 %	-	3 337

Please note that the sensitivity applied for the effect on the figures is presented for 2020, the Group did not have interest bearing debt or hedging instruments in 2019.

The following table shows the maturity for nominal cash outflow for the hedged bank loans and the interest rate swap

NOK 1 000	Less than a year	1-2 years	2-3 years	3-4 years	More than 5 years	Total
Bank loan Røyrmyra and Finnesetbekken	-2 139	-2 158	-2 152	-2 137	-25 369	-33 956
Interest swap for long term debt Røyrmyra and Finnesetbekken	-217	-120	-45	-	210	-172
Interest swap for long term debt drawn when acquring Nessakraft	-98	-411	-263	-140	2 264	1 352
Total	**-2 454**	**-2 278**	**-2 197**	**-2 137**	**-25 159**	**-34 226**

Statement of profit or loss and comprehensive income

Note 12 Sales revenues and other operating income

The consolidated revenues are presented in the table below.

NOK 1 000	2020	2019
Power revenue	2 580	-
El certificates and guarantees of origin	743	-
Management fee	310	279
Sales revenues	3 633	279
Sale of power plant project	-	-
Public grants - El certificates and guarantees of origin	8	-
Other	-1	-
Other income	7	-
Total revenue	**3 640**	**279**

For information about the revenue split between Production and Develop see note 4 Business segments.

Sales revenue

Cloudberry has implemented the 5-step model for revenue recognition in accordance with IFRS 15 Revenue from contracts with customers. See accounting principles in note 2.

For Cloudberry there will be mainly two types of revenue generating customer contracts. This is revenue from sale of power, including sale of el certificates and guarantees of origin from a producing power plant and revenue from management services.

For Cloudberry's power producing assets the customer contract is when connected to the grid, the production for spot sale to the grid or a purchase price agreement (PPA) with a contract customer.

The performance obligation is to deliver power, and the consideration is the transaction price which can be spot or a predefined price. The performance obligation is delivered over time, and therefore the consideration will be accounted for when each unit is delivered, a practical approach is the consideration that Cloudberry has the right to invoice at the transaction date. The right to invoice is when the power is produced and delivered to the grid. In the cases that the power is sold at Nord pool, this is defined as the customer. In other cases, the customer is a specific partner.

For PPA agreements, the customer contract is the contract to sell the production to a specific price to the contract party.

Cloudberry also has contracts for management services for producing power plant portfolios. This is accounted for as revenue when the service is provided, and Cloudberry have a contractual right to the consideration. Cloudberry Develop can also in some cases have fee for management services (project management service), in these cases it must be made an assessment of the timing of when the performance obligation is fulfilled. This will be determined from the nature of the assignment in each contract.

When the payment profile for the consideration deviates significantly from the transfer of the services, it is assessed if necessary to separate the finance element in the transaction consideration.

For revenue from sale of power and management services the recognition in most cases coincides with the right to invoice the consideration. Unsatisfied performance obligation will be recognized if any.

Other income

When Cloudberry develops projects in-house or acquire project rights and sell these assets; income from the transfer of the concession to a ready-to-build project or development rights to a project, is recognized upon the transfer of the concession rights or project rights. The income is presented net of the inventory cost related to the project. In 2020 there was no sale of develop projects. When there are conditions precedent to the contract the income is accounted when all material conditions precedent is settled.

Net gain or loss from disposal of fixed assets are presented as other income, there has not been any sale of fixed assets during the year.

Income from grants in 2020 was NOK 8 thousand net of resale.

Note 13 Employee benefits and share based payments

Employee benefits are accrued in the period in which the associated services are rendered by the employ-ees of the Company. The table below shows the employee benefits accrued in the period and the capitalized costs relate to development projects.

NOK 1 000	2020	2019
Salaries	15 141	1 604
Payroll tax	2 069	238
Pension costs	614	83
Share based payment	1 251	-
Other benefits	365	56
Gross personnel expenses	**19 439**	**1 981**
- Capitalized development costs (project inventory)	-2 021	-
Total personnel expenses	**17 419**	**1 981**
Average number of full-time equivalents (FTEs)	8	3
Number of full-time equivalents as 31.12 (FTEs)	10	4

Included in salaries are fees to board members in subsidiaries.

Pension

The Group has an established pension scheme that is classified as a defined contribution plan. The pension scheme is in line with the requirements of the law. Contributions to the defined contribution schemes are rec-ognised in the consolidated statement of profit and loss in the period in which the contribution amounts are earned by the employees. The defined contribution plan does not commit Cloudberry beyond the amounts contributed.

Renumeration of Executive Group management

The renumeration of the Executive Group Management is based on a fixed salary, including personal benefits such as free telephone and health insurance, a variable group performance bonus scheme, pension benefits, and a long-term share-based incentive program.

The table below shows the renumeration in 2020

NOK 1 000	Anders Lenborg (CEO)	Christian Helland (CVO)	Suna Alkan (CSO)	Jon Gunnar Solli (COO)	Tor Arne Pedersen (CDO)	Total
Salary	1 864	1 448	1 306	1 490	1 330	7 437
Bonus	1 150	600	500	600	600	3 450
Pension costs	66	62	69	63	68	328
Share based payment	426	269	120	160	149	1 124
Total reportable benefits paid 2020	**3 506**	**2 378**	**1 995**	**2 314**	**2 147**	**12 340**

The table below shows the renumeration in 2019

NOK 1 000	Anders Lenborg (CEO)	Christian Helland (CVO)	Suna Alkan (CSO)	Jon Gunnar Solli (COO)	Tor Arne Pedersen (CDO)	Total
Salary	609	150	200	563	-	1 522
Bonus	-	-	-	-	-	-
Pension costs	31	8	11	31	-	80
Share based payment	-	-	-	-	-	-
Total reportable benefits paid 2019	**640**	**158**	**211**	**594**	**-**	**1 602**

Please note that Tor Arne Pedersen was hired in 2020, while Suna Alkan and Christian Helland was hired in second half year of 2019.

The Board of Directors have set targeted Key Performance Indicators (KPIs) for the group performance bonus scheme that was applicable for achievements in 2020. The bonus for the Group Management was achieved 100% for 2020. For 2021 the Group has established a compensation committee which will set the targets for 2021.

There has been no payment of renumeration to the Board of Directors in 2020, this will be paid in after the General meeting held in April 2021. The renumeration will then be:
Chairman of the Board: NOK 200 000,-
Vice chairman: NOK 187 500,-
Board member: NOK 175 000,-

The nomination committee will propose the renumeration for the board members for 2021 at the Company general meeting in April 2021.

Chairman of the board, Frank J Berg has a consultant agreement in 2020. This agreement will terminate April 2021. Please see note 27 transactions with related parties.

Share based payments and long-term incentive program

In accordance with the terms adopted by the General Meeting of the Company on 21 March 2020, the Board of Directors has established a share incentive scheme for the executive managers and key employees of the Group. The key conditions are as follows:

The equity incentive plan may cover up to 5% of the issued shares in the Company from time to time. Allocations are proposed by the Board and subject to shareholder approval. The exercise price for the warrants is determined by the Board in its reasonable discretion based on fair market value of the Shares on the date of the Board of Directors proposed allocation of warrants under the program. The determined exercise price is subject to approval by the general meeting in relation with issuance of warrants. The duration of the warrants from grant date is 5 years. The vesting period is 1 year from the grant date.

The value of the warrants in the accounts are calculated at the grant date given a fair value using the Black and Scholes model. The key assumptions applied is 40% volatility and 1% interest rate.

The table shows the outstanding warrants as of 1 January 2020 and 31 December 2020 and movements in the year:

Outstanding warrants 01.01.2020	-
Granted in 2020	2 200 000
Exercised in 2020	-
Expired in 2020	-
Outstanding warrants 31.12.2020	**2 200 000**
Exircisable 31.12.2020	-
Charged to profit and loss statement 2020 (tNOK)	1 460
Charged to equity 2020 (tNOK)	1 251

As of the date of the annual report the following warrants have been issued in 2020.

NOK 1 000	# Warrants	Grant date	Expiry date	Remaining years	Exercise price	Share Price (grant date)
Warrant package #1	775 000	20.03.2020	20.03.2025	4.22	11.1	11.1
Warrant package #2	1 425 000	25.09.2020	25.09.2025	4.74	12.2	13.1
	2 200 000			**4.55**	**11.8**	**12.4**

Per 31 December 2020, the equity incentive plan covers 2.1% of the issued shares in the Company.

Note 14 Other operating expenses

The table shows the breakdown on other operating expenses in 2020 and 2019.

NOK 1 000	2020	2019
Lease short-term and variable	591	133
External accounting and auditing fees	2 350	120
Legal and other fees	7 303	226
Operating and maintenance power plants	689	-
Other	1 410	398
Total other operating expenses	**12 343**	**877**

Other operating expenses in 2020 include Cloudberry's ramp-up costs and the forming of the Cloudberry Group.

a) Significant activity within merger & acquisitions (M&A) and associated financial and legal due diligence costs to third parties.
b) Forming of the Cloudberry Group, converting accounting to IRFS, establishing Cloudberry's sustainability and governance platform
c) Listing at Euronext Growth and preparations for listing at Oslo Børs.

For information about other lease expenses and lease agreements see note 25 Lease agreements.

Expenses related to statutory audit and other auditor services is presented below:

NOK 1 000	2020	2019
Statutory audit	1 439	66
Other assuranse services	26	38
Total auditor costs	**1 465**	**104**

Note 15 Financial items

NOK 1 000	2020	2019
Intrest income	924	4
Other financial income and exchange differences	60	2
Total financial income	**984**	**5**

NOK 1 000	2020	2019
Interest expense	2 580	1
Other financial expense and exchange differences	1 284	-
Capitalized interest	-1 739	-
Total financial expense	**2 125**	**1**

The cash effect of interest payments was NOK 2.4 m and related to loans and borrowings. Please see note 25 Lease agreements, note 10 Financial instruments, note 11 Hedge accounting, note 21 Cash, cash equivalents and corporate funding, note 23 Long term debt, and note 24 Provisions, guarantees and other contractual obligations.

Note 16 Income tax expense

For 2020 the Group had a tax income of NOK 387 thousand. This was mainly related to changes in deferred tax on excess values and tax losses carried forward.

NOK 1 000	2020	2019
Tax expense in the income statement		
Income tax payable	-	-
Change in deferred income tax	387	-
Tax expense in the income statement	**387**	**-**
Reconsiliation of nominal tax rate and effective tax rate		
Profit before income tax	-34 253	-2 609
Nominal tax rate	22 %	22 %
Expected tax expense	7 536	574
Effect on taxes of:		
Permanent differences	-96	-
Not regognized tas asset related to tax losses carried forward	-7 435	-574
Changes related to deferred tax on off-balance sheet items	107	-
Changes related to other deferred tax	275	-
Tax expense in the income statement	**387**	**-**

The appropriate tax rate in Norway and Sweden is 22% and 21,8% respectively.

The table shows the deferred tax asset in the balance sheet.

NOK 1 000	2020	2019
Deferred tax asset		
Inventory valuation	326	-
Property, plant and equipment	2 508	-
Other receivables	7 207	-
Tax loss carried forward	177 235	5
Subtotal	187 277	5
Of which not recognised as tax asset	-86 066	-5
Gross deferred tax asset	**101 211**	**-**
Net deferred tax asset	**23 423**	**-**
Deferred tax liabilities		
Property, plant and equipment	-165 237	-
Other	-3 541	-
Gross deferred tax liabilities	**-168 778**	**-**
Net deferred tax liabilities	**-37 091**	**-**
Reconsiliation to balance sheet		
Deferred tax asset	23 423	-
Deferred tax liability	-37 091	-
Net deferred tax liabilities in the balanse sheet	**-13 668**	**-**

The recognised tax liability in the balance sheet is mainly related to excess value on property plant and equipment and project inventory.

At year end 2020 the Group has recorded a valuation allowance of NOK 86m related to tax losses carried forward.

Deferred tax asset and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax asset against current tax liabilities. See note 2 Accounting principles and note 3 Key accounting estimates and judgement.

Statement of financial position

Note 17 Property, plant and equipment

The table below shows the split of PPE into producing power plants, assets under construction, other equipment and right-to-use office lease.

NOK 1 000	Producing power plants	Power plant under construction	Equipment	Right to use - office lease	Total
Accumulated cost 1.1.2019	-	-	21	-	21
Additions during the year	-	-	-	-	-
Accumulated cost at 31.12.2019	**-**	**-**	**21**	**-**	**21**
Accumulated depreciations and impairment losses at 1.1.2019	-	-	3	-	3
Depreciations for the year	-	-	7	-	7
Accumulated depreciations and impairment losses at 31.12.2019	**-**	**-**	**10**	**-**	**10**
Carrying amount at 31.12.2019	**-**	**-**	**11**	**-**	**11**
Estimated useful life (years)	N/A	N/A	5-10	N/A	

NOK 1 000	Producing power plants	Power plant under construction	Equipment	Right to use - office lease	Total
Accumulated cost 1.1.2020	-	-	21	-	21
Additions from business combinations during the year	58 476	3 167	2 098	-	63 741
Additions during the year	-	2 842	25	5 149	8 016
Accumulated cost at 31.12.2020	**58 476**	**6 008**	**2 145**	**5 149**	**71 778**
Accumulated depreciations and impairment losses at 1.1.2020	-	-	10	-	10
Accumulated depreciations acquired assets during the year	8 743	-	1 310	-	10 052
Depreciations for the year	2 225	-	206	858	3 289
Impairment losses	-	-	-	-	-
Accumulated depreciations and impairment losses at 31.12.2020	**10 967**	**-**	**1 526**	**858**	**13 352**
Carrying amount at 31.12.2020	**47 509**	**6 008**	**618**	**4 291**	**58 426**
Estimated useful life (years)	25-40	N/A	5-10	5	

Please see note 18 Inventory for information about projects with construction permit and backlog. Please see note 25 Lease agreements for information about the office lease.

Included in Producing power plants as of 31 December 2020 are Røyrmyra Windfarm and Finnesetbekken Hydropower plant. The 14 producing hydro power plants included in the Forte portfolio are equity consolidated and hence not included in the table.

Power plants under construction are projects with construction permit and where final investment decision have been made. In some cases, Cloudberry has acquired a completed power producing plant, but which is currently under construction by a third party. In those cases the risk and control of the power plant assets is transferred to Cloudberry and included in the accounts when the power plant is ready to produce. The following plants have been acquired: Nessakraft, Bjørgelva Kraft, Åmotfoss Kraft, Selselva Kraft, Skåråna Kraft and Ramsliåna Kraft. Included in power plants under construction are Cloudberry's costs related to the acquisitions of these plants (the acquisition price will be transferred to Cloudberry's accounts when the plant is ready to produce). The investment in Odal Vindkraft which is under construction is equity consolidated and hence not included in the table.

The carrying amount of an PPE asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, initial estimate of decommissioning obligation (asset retirement costs) and, if any, borrowing costs incurred in the construction period. Each significant component of an item is depreciated separately on a straight-line basis over the estimated useful life of the component. When determining the useful life, Cloudberry considers the useful life of the assets and the commissioning period given the power plant.

Asset retirement obligation capitalised

Provision for asset retirement costs have been made for Røyrmyra Wind farm. The timing is expected at the end of the concession period which also coincide with the expected useful life of the wind asset. The amount is included in the initial cost and is depreciated over the expected useful life on a straight-line basis.

Power plant assets are pledged as security for long term debt, see note 23. For contractual commitments related to power plants under construction, please see note 24 Provisions, guarantees and other contractual obligations and 21 Cash, cash equivalents and corporate funding.

Please note that in the half year report released in September 2020, PPE also included construction permits and backlog, these assets are now classified as inventory.

Note 18 Inventory

Inventory consists of the capitalized costs related to development projects and inventory of government grants of el-certificates and guarantees of origin.

NOK 1 000	2020	2019
Projects	196 021	-
Government grants	8	-
Total	**196 028**	**-**

The table shows the split of project inventory in projects with construction permit and project backlog. The main projects with construction permit are the wind projects: Hån, Duvhallen and the shallow water project Rewind Vänern. The backlog is a significant and risked project pipeline of exclusive projects in Norway and Sweden within hydro and wind. Included in the carrying amount is capitalized external cost related to the project, salary to employees working with project development and borrowing costs.

NOK 1 000	Projects - with construction permit	Projects - Backlog	Total
Project inventory 01.01	-	-	-
Acqusitions during the year	154 737	32 812	187 549
Capitalization (salary, borrowing cost, other expenses)	7 800	672	8 472
Realized	-	-	-
Transfer to PPE	-	-	-
Write down current year	-	-	-
Project inventory 31.12.	**162 537**	**33 484**	**196 021**

Capitalised costs in 2020 consist of NOK 1.7m in borrowing costs, NOK 2.0m in salaries and NOK 4.8m in external fees. The capitalisation rate applied for borrowing costs is 3.2%.

Power plants under development

Expenses related to research activities (project opportunities) are recognised in the statement of profit or loss as they incur. Expenses related to development activities (backlog) are capitalised to the extent that the project qualifies for asset recognition, the Group is technically and commercially viable and has sufficient resources to complete the development work.

For Cloudberry asset recognition of project inventory is done when Cloudberry has a contract with a landowner which gives Cloudberry the exclusive right to continue developing the project and enter a concession application process. Before contract signing and asset recognition, the projects is assessed if it meets the major key success prerequisites and it must also meet the criteria for expected future economic benefits, either from a project sale or from an in-house owned power producing power plant.

The development projects are part of the Develop business segment and are mainly held for trading. A project can be reclassified to held for own use if it is selected to keep as long term producing asset. When a project is ready to build, and Cloudberry makes the final investment decision (FID), the projects will be reclassified to Property, plant and equipment and transferred to Cloudberry Production and owned/managed in this business area. The Production business owns producing assets, these assets are long term assets which are held for power production. These assets are accounted according to IAS 16 Property plant and equipment.

Impairment

For inventory impairment is preformed if net sales value is less than the carrying value of the asset. Cloudberry has implemented a quarterly routine to go through all projects to secure satisfying progress and attention. If a project does not qualify for internally prioritization, but the projects is put on hold or discontinued, the book value is impairment tested and a sales value is assessed. If the sales value, less cost of disposal is less than book value, an impairment loss classified as a write down is recognized over the profit or loss statement.

As per 31 December there was not recognised any impairment loss of inventory.

Note 19 Impairment

Impairment testing is done for assets, grouped at the lowest level for which they generate separately identifiable cash flow, when an impairment indicator is observed. This refers to assets classified as property, plant and equipment, and equity accounted investments. Goodwill is tested at least annually without regards to observed impairment indicators.

Due to recent transactions Cloudberry has performed impairment tests for the following CGUs (cash generating unit) at year end.

Property plant and equipment

Producing power plants and projects under construction are tested for impairment to the extent that indicators of impairment exist. Impairment exists when the carrying value of an asset or CGU exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The subject for the impairment test is each individual hydro or wind power plant.

The fair value less costs of disposal calculation is based on data from comparable transactions for similar assets when this is available, observable and is believed to be a reliable estimate.

The value in use model applied by Cloudberry is a calculation based on a discounted cash flow model, with after tax cash flow from operations compared with the face value of debt. The estimated future cash flows are based on budgets for production and operating costs, external sources for information related to price forecasts, expected inflation and foreign currency and the Groups long term cost of capital. The cash flow is discounted using a post-tax discount rate which is based on an expected WACC with an equity return after tax (Equity IRR) normally in the range 5-10%.

An equity return of 8% and a long-term borrowing rate of 3% p.a. was used as input in the 31.12.2020 impairment test. The impairment test did not cause any write downs of the carrying amount as per 31 December. The recoverable amount is sensitive to the discount rate as well as for the expected cash flows from operations derived from long term power prices and currency.

Investments in associated companies

With application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its associated companies. At each reporting date, the Group determines whether there is an impairment indicator observed which indicates the need for impairment testing. If so, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value, and then recognises the loss as 'Net income(loss) from associated companies in the statement of profit or loss.

The model for calculating the recoverable amount is the same as for producing assets held by the Group. The discounted cash flow model, with after tax cash flow from operations is applied. The estimated future cash flows are based on budgets for production and operations costs, external sources for information related to price forecast, expected inflation and currency, the Groups long term cost of capital and a discount rate post-tax which is based on an expected WACC with an equity return in the range 5-10%.

An equity return of 6.5% and a long-term borrowing rate of 3% p.a. was used as input in the 31.12.2020 impairment test.

The impairment test did not cause any write downs of the carrying amount as per 31 December. The recoverable amount is sensitive to the discount rate as well as for the expected cash flows from operations derived from long term power prices and currency.

Goodwill

For Goodwill, the related segment is defined as the relevant segment CGU.

The table shows the allocation of the total goodwill acquired in business combinations for impairment testing purposes, including to which segment the goodwill relates and the carrying value at 31 December.

NOK 1 000	2020	2019
Goodwill Production	-	-
Goodwill Develop	36 933	-
Total	**36 933**	**-**

The goodwill origins from the acquisition of Scanergy AS in February 2020. The goodwill was determined to be related to the large pipeline of project prospects within wind on land and shallow water, the know-how and business connections (employees), the record of accomplishments over the past 10 years for the company acquired, as well as synergies.

The purpose of the acquisition was to acquire a large development portfolio with projects within both hydro and wind in the Nordics, and within the categories with construction permits, backlog and pipeline, as well as the competence within development projects.

The model for impairment testing goodwill from the Develop segment is the same model as for impairment testing projects. The model is sensitive to inputs such as the expected fair value of ready to build projects, the expected timing of realisation and the applied discount rate.

The impairment test did not cause any impairment loss as per 31 December. The applied WACC is 8%, and an increase of 1% point in WACC would not cause a need for recognition of impairment loss.

For information about the acquisition see note 5 Business Combinations.

Note 20 Investments in associated companies

Cloudberry acquired Forte Energy Norway AS

On 15 November 2020 Cloudberry Production acquired 34% of Forte Energy Norway AS (Forte).

Forte owns 13 producing hydro power assets and one power offtake agreement in Norway, with a combined annual production of around 85 GWh net to Cloudberry. The hydro power assets have an average license life of minimum 51 years.

Cloudberry will be the local manager of the portfolio and has secured appropriate and customary governance mechanisms and rights for its 34% minority share interest. The majority owner of Forte is Fontavis Forte HYDRO S.A R.L. Fontavis is a part of the Swiss Life group.

Shareholders agreement and daily management of Forte

Forte is managed through the Shareholders agreement (SHA) dated 7 July 2020 between Fontavis (66%) and Cloudberry (34%).

The SHA's purpose is to govern the Parties ownership responsibilities. It has the following overall principles:

- The parties shall together prepare a business plan which is updated annually and is to be approved by the Board.
- Cloudberry shall be the local manager of Forte and have the responsibility for day-to-day operational management and supervision (services defined in “Management Agreement”).
- The Board consists of 5 directors, Fontavis shall have the right to appoint three (3), including the chairman, while Cloudberry have the right to appoint two, (2).

The SHA's material substance is that both shareholders must cooperate in decisions about the business activities of Forte, Cloudberry has concluded that it is not joint control, but Cloudberry has significant influence in Forte.

Cloudberry acquired 15% of Odal Vindkraftverk AS

On 23 December 2020 Cloudberry Production acquired 15% of Odal windfarm. Cloudberry has the right to, and intends to, acquire up to a 33.4% shareholding in Odal windfarm by 30 June 2021.

The Odal windfarm is currently under construction in Innlandet, Norway. Installation of 34 turbines with up to 163 MW capacity is expected to be completed within year-end 2021 with electricity production commencing in Q1 2022. The windfarm is constructed together with local and well-known partners KLP and Akershus Energi. Cloudberry will add value as a financial sponsor and industrial partner in the project. With this transaction, Cloudberry enters into all existing agreements for the development of the windfarm, including Cloudberry's share of the contractor guarantees.

Though Cloudberry has only acquired 15% of the shares in this transaction, there are many factors which supports that Cloudberry has significant influence.

These reasons are:

- Cloudberry have the right to one board member and one observer in Odal Vindkraftverk AS
- Cloudberry employee(s) will be included in the project team during the construction phase of the project in order to improve project execution and debt financing
- The parties have a shareholder agreement in place with secured certain rights to Cloudberry
- The option to acquire additional shares was currently exercisable as of 31 December 2020

The table shows the summarized investments in joint ventures and associated companies included in the Groups balance sheet as of 31 December

Name of Entity		Place of business	Consolidated economic interest in 2020	Segment	Princippal Activities
Forte Energy Norway AS with SPV's.	Assosiated company	Norway	34 %	Production	Hydro power
Odal Vindkraftverk AS	Assosiated company	Norway	15 %	Production	Wind power under construction

The shares in Forte Energy Norway are held as collateral for interest bearing short-term debt to Fontavis of NOK 236.8m as per 31 December 2020. See note 24 Provisions, guarantees and other contractual obligations , this debt has been repaid 19 March 2021, see note 29 Subsequent events.

The table show the summarised financial information in the Groups accounts for associated companies. The investments are accounted for using the equity method.

NOK 1 000	Forte Energy Norway AS	Odal Vindkraft AS	Total
Book value as 1 January 2020	-	-	-
Additions of invested capital	237 551	103 086	340 637
Share of Profit/loss for the year	-2 966	-	-2 966
Depreciation of excess value	-591	-	-591
Dividend paid to the owners	-	-	-
Currency translation differences	-	-	-
Items charges to equity	-	-	-
Book value at 31 December 2020	**233 995**	**103 086**	**337 081**
Excess value 31 December 2020	141 194	7 184	148 378
Book value of equity at 31 December in associated company	92 800	95 902	188 703

The table shows the summarized financial information for the equity accounted companies. The figures apply to 100% of the companies' operations.

Revenue and balance total

NOK 1 000	Forte Energy Norway AS	Odal Vindkraft AS	Total
Revenue 2020	4 391	1 900	6 291
Operating profit	-4 988	-4 445	-9 433
Profit for the year 2020	-8 723	-3 400	-12 123
Non current assets 31 December 2020	896 275	458 704	1 354 979
Total current assets 31 December 2020	61 129	47 391	108 520
Total cash and cash equivalents	32 072	217 778	249 850
Long term debt 31 December 2020	693 360	-	693 360
Short term debt 31 December 2020	23 174	84 524	107 698
Equity 31 December 2020	272 942	639 349	912 291

The table shows Cloudberry's share of the summarized financial information on a line for line basis for the equity accounted companies.

Revenue and balance based on share of ownership

NOK 1 000	Forte Energy Norway AS	Odal Vindkraft AS	Total
Revenue 2020	1 493	-	1 493
Operating profit	-1 696	-	-1 696
Profit for the year 2020	-2 966	-	-2 966
Non current assets 31 December 2020	304 733	68 806	373 539
Total current assets 31 December 2020	20 784	7 109	27 892
Total cash and cash equivalents	10 905	32 667	43 571
Long term debt 31 December 2020	235 742	-	235 742
Short term debt 31 December 2020	7 879	12 679	20 558
Equity 31 December 2020	92 800	95 902	188 703

Pro-forma figures 2020 for the investments

Forte Energy Norway AS was established just prior to the acquisition, and hence there is no historical figures for this company that is presented as pro forma.

The investment of 15% in Odal Vindkraft AS was acquired 23 December 2020 and no share of profit and loss has been recognised for Cloudberry in 2020. The pro forma effect on the Group accounts for 2020 had been a loss of NOK 0.5m for the full year.

Note 21 Cash, cash equivalents and corporate funding

The Group has entered into a corporate account agreement with SpareBank 1 SR-Bank in June 2020 for the Norwegian companies. No credit facility is incorporated in this agreement as of 31 December 2020, but a larger facility with SpareBank 1 SR-Bank was completed in March 2021, see note 29 Subsequent Events.

NOK 1 000	2020	2019
Bank deposits	554 556	5 223
KLP fund	50 570	0
Total cash and cash equivalents	**605 126**	**5 223**

The KLP fund is a short-term placement and is readily convertible to cash.

Restricted cash related to escrow account for supplier payment to Odal Windfarm of NOK 152.4m and tax withholdings of NOK 0.6m is not included in cash and cash equivalents, this is classified as other current assets per 31 December. See note 24 Provisions, guarantees and other contractual obligations.

A deposit for office rent of NOK 0.7m is classified as a non-current financial asset.

Note 22 Share capital and shareholder information

The table below show the share capital, share premium and number of shares as of 31 December 2020 and 31 December 2019.

NOK 1 000	2020	2019
Share capital	26 266	950
Share premium	1 061 675	7 800
Share capital and premium at 31 December	**1 087 941**	**8 750**
Number of shares at 31 December	105 065 336	3 800 000

The shares are at par value NOK 0.25.

The following capital increases has taken place in 2020

NOK 1000	Date	Number of shares	Share capital
Number of shares 1 January 2020		3 800 000	950 000
Capital increase	10.mar	20 138 609	5 034 652
Capital increase	26.mar	14 541 889	3 635 472
Capital increase	20.aug	16 666 667	4 166 667
Capital increase	29.sep	2 180 476	545 119
Capital increase	04.des	118 648	29 662
Capital increase	22.des	47 619 047	11 904 762
Number of shares and share capital 31 December 2020		**105 065 336**	**26 266 334**

The table below show the largest shareholders of Cloudberry as of 31 December 2020

20 largest shareholders as of 31 December

	Number of shares	Share of ownership	Share of voting rights
Joh Johannson Eiendom AS	16 145 780	15.4 %	15.4 %
Havfonn AS	9 168 596	8.7 %	8.7 %
Snefonn AS	7 833 273	7.5 %	7.5 %
State Street Bank and Trust Comp	6 783 799	6.5 %	6.5 %
Cloudberry Partners AS	2 900 799	2.8 %	2.8 %
Gjensidige Forsikring ASA	2 857 142	2.7 %	2.7 %
CCPartners AS	2 696 957	2.6 %	2.6 %
Carnegie Investment Bank AB	2 500 000	2.4 %	2.4 %
Danske Invest Norge Vekst	2 380 952	2.3 %	2.3 %
Clearstream Banking S.A	2 253 526	2.1 %	2.1 %
Seb Prime Solutions Sissener Canop	1 725 000	1.6 %	1.6 %
MP Pensjon PK	1 702 380	1.6 %	1.6 %
Gullhauggrenda Invest AS	1 626 190	1.5 %	1.5 %
Klaveness Marine Finance AS	1 598 358	1.5 %	1.5 %
Strømstangen AS	1 342 857	1.3 %	1.3 %
Lenco AS	1 283 546	1.2 %	1.2 %
Asheim Investments AS	1 097 561	1.0 %	1.0 %
NGH Invest AS	1 053 352	1.0 %	1.0 %
Bergen Kommunale Pensjonskasse	1 026 190	1.0 %	1.0 %
Artel AS	1 019 387	1.0 %	1.0 %
Other	36 069 691	34.3 %	34.3 %
Total number of shares	**105 065 336**	**100.0 %**	**100.0 %**

Note 23 Long term debt

The Group has the following long-term loan agreements as of 31 December 2020:

NOK 1 000	Covenants	Maturity date	2020	2019
Secured				
Bank loan, Røyrmyra	1)	2029	18 750	-
Bank loan, Finnsetbekken	2)	2036	7 516	-
Total secured long-term debt			26 266	-
Total long-term debt			26 266	-
Prinsipal repayments			-1 472	-
Total long-term debt excluding principal payments			**24 794**	**-**

The bank loan facilities' terms are at a market floating interest rate with a fixed interest rate swap to reduce the interest rate risk. See note 11 Hedge accounting.

The following financial covenants and collateral apply to the credit facilities:

1) Group consolidated equity ratio, minimum 25%
   Liquidity reserves, minimum of 4% of total borrowings, limited to maximum NOK 10 million
   Collateral in shares in Røyrmyra Vindpark AS, receivables in Cloudberry Production and Røyrmyra Vindpark AS, property plant and equipment and lease agreement in Røyrmyra Vindpark AS.
2) Collateral in property plant and equipment, lease agreement, receivables in Finnesetbekken AS.

The Group was not in any breach with covenants as per 31 December 2020.

Repayment of debt in 2020:
In the business combination with Scanergy AS, see note 5 Business combination, a shareholder debt of NOK 27.2m was acquired. This debt has been repaid in 2020.

Repayments on the current long term loan agreements related to Røyrmyra and Finnesetbekken was NOK 1.4m in 2020.

Note 24 Provisions, guarantees and other contractual obligations

Long term provisions

The table shows the long-term provisions at 31 December

NOK 1 000	2020	2019
PPA contract termination	4 641	-
Resell obligation	9 920	-
Asset retirement obligation	914	-
Other	393	-
Total long term provisions	**15 868**	**-**
Due 1-3 years	14 561	-
Due > 3 years	1 307	-

The PPA contract termination is related to the PPA contract for the power production at Røyrmyra Windfarm. This contract was in 2019 agreed terminated from 2022 and a provision for termination fee is recognised in the purchase price allocation of CB Nordic Renewable and Infrastructure Fund I AS (now Cloudberry Production AS). See note 5 Business combinations.

The provisions for "resell obligation" are related to obligations to prior owners of projects that will be realised. The provisions are based om estimates and are not interest bearing.

The table below show the movements n long term provisions during 2020

NOK 1 000	PPA contract termination obligation	Resell obligation	Asset retirement obligation	Otber	Total
Provisions at 1.1	-	-	-	-	-
Provision made during the year	-	-	-	-	-
Additions of acquisitions	4 641	12 314	883	393	18 231
Provisions reversed during the year	-	-2 394	-	-	-2 394
Interest elements of provisions	-	-	31	-	31
Effects of movement in foreign exchange	-	-	-	-	-
Total provisions 31.12	**4 641**	**9 920**	**914**	**393**	**15 868**

Asset retirement obligation

Provision for asset retirement costs is recognized when the Group has an obligation to dismantle and remove a hydro or wind power plant and to restore the site where it is located after a concession period is over. Because hydro power concessions do not have an expire date, no provision is made for hydro power plants, it is then assumed that the landowner will exercise the call option to acquire the asset when the landowner contract expires and if it is not prolonged.

The provision for asset retirement obligation related to Røyrmyra Wind park was established after the acquisition of the CB Nordic Renewable and Infrastructure Fund I AS (now Cloudberry Production AS), and implementation of IFRS in the consolidated group accounts.

The estimated cost for retirement is based on expected cost at the expiry of the concession, this is based on an estimate of todays cost and adjusted for future inflation and discounted with the Groups estimated long-term borrowing cost. The expected settlement date is at the end of the concession period, end of 2040.

Short term debt and provisions

NOK 1 000	2020	2019
Short term interest-bearing debt	236 767	-
Trade creditors	24 885	475
Accrued salary and bonus	5 363	-
Provision for project costs	6 225	-
Public duties payable	1 990	-
Settlement to buy out minority shareholders	4 070	-
Other	2 474	-
Total short term debt provisions	**281 773**	**475**

The short-term interest-bearing debt is related to the acquisitions of Forte Energy Norway AS, which was given a credit facility at the acquisition, with an applied interest rate of 5% p.a. The amount consists of the principal of NOK 236.8m which is presented as cash inflow from financing activities in the cash flow statement. The shares in Forte Energy Norway are held as collateral for the debt. The debt has been repaid in March 2021. See note 20 Investments in associated companies and note 29 Subsequent events.

Trade creditors is mainly related to invoices from advisors and facilitators used in the equity emission in December 2020.

The minority shareholders position of 15% in Cloudberry Utväckling AB were acquired 31 December 2020, the transaction price NOK 4.1 million was settled in January 2020. The value of the shares at the acquisition date was NOK 4.9 million. The difference between the carrying amount and the transaction price was accounted as correction of equity in the parent company.

Guarantees and other contractual obligations

NOK 1 000		Balance sheet item	Maturity date	2020	2019
Advance payment guarantee suppliers (Odalen)	Escrow account	Cash	June 2021	152 422	-
Bank guarantee Axpo	Bank guarantee	Off-balace	February 2022	4 858	-
Guarantees for office rent	Bank deposit	Non-current financial asset	February 2025	651	-
Total guarantees and deposits				**157 932**	**-**

Other obligations not recognised in the balance sheet is related to financial close of secured portfolio. The Group has per 31. December 2020 signed Sale and Purchase agreement to the following power plants with financial close in 2021. The power plants are under construction and risk of the assets are not yet transferred to Cloudberry. Because the risk is not transferred and there are conditions precedent up until the takeover e.g. that the power plants shall function according to the agreement, the assets and the obligations are not recognised in the balance sheet.

NOK 1 000	Expected settlement	Equity financed	Debt Financed	Total
Purchase of power plants				
Bjørgelva Kraft AS	H1 2021	10 325	24 375	34 700
Nessakraft AS	H1 2021	71 700	90 000	161 700
Åmotfoss	H2 2021	80 000	80 000	160 000
Selselva Kraft	H1 2021	63 600	47 400	111 000
Total		**225 625**	**241 775**	**467 400**

For information about Cloudberry's share of debt in associated companies, please see note 20.

Note 25 Lease agreements

The Group have implemented IFRS 16 when implementing IFRS, see note 6 for effects on implementation.

Cloudberry has recognised the lease agreement for office lease as a lease liability and a corresponding right to use asset. The contract was entered 1 March 2020, and has a duration of 5 years. The rent is prepaid quarterly, and index regulated annually. The discount rate applied is 3%. Cloudberry's option to prolong the lease for 5 additional years has not been included in the calculation of the lease liability.

NOK 1000	
Lease liability at 1.1.2020	-
Lease agreements entered into during the year	5 149
Lease payments during the year	-903
Interest expense on lease liability	154
Lease liability at 31.12.2020	**4 401**

The discount rate used to calculate the present value of future lease payments is the lessees marginal loan rate, which consists of a base rate and a credit premium. The base rate is a market rate based on a combination of the lessees home country and the term of the lease. Credit premiums correspond to market credit premiums for companies with similar credit ratings as lessees. Credit rating is determined through individual credit assessment of the individual lessee. Interest expenses related to the lease obligations are recognized as a separate line in the income statement. The Group presents its lease liabilities as separate line items in the statement of financial position

The table show the cash outflow for the lease office lease agreement.

NOK 1 000	Less than a year	1-2 years	2-3 years	3-4 years	More than 5 years	Total
Variable lease payment expenses	1 105	1 127	1 150	1 173	199	4 753
Total lease expense in the income statement	**1 105**	**1 127**	**1 150**	**1 173**	**199**	**4 753**

Leases in the income statement

NOK 1 000	2020	2019
Operating expenses		
Variable lease payment expenses	365	-
Short term and low value lease expenses	226	-
Depreciation expenses		
Depreciation of right to use asset (office lease)	858	-
Financial expenses		
Interest expenses on lease liability	154	-
Total lease expense in the income statement	**1 603**	**-**

Included in variable lease is rent to landowner where the water right lease is variable. Short term and low value rent are mostly related to office rent in Sweden which is a short-term lease agreement. See note 15 Other operating expenses.

Lease in the statement of financial position

NOK 1 000	2020	2019
Assets		
Right-to-use asset reqognised in the year	5 149	-
Amortisation during the year	-858	-
Right to use asset end of year	4 291	-
Liabilities		
Non-current liabilities	3 296	-
Current lease liability	1 105	-
Total lease liability	**4 401**	**-**

Other information

Note 26 Earnings per share

Earnings per share is calculated as profit/(loss) attributable to the equity holders of the parent company divided by the number of shares outstanding.

Diluted earnings per share is affected by the warrant program for equity settled share-based payments transactions, see note 13 Employee benefits and share based payments.

NOK 1 000	2020	2019
Profit/(loss) attributable to the equity holders of the company	-33 865	-2 609
Wheighted average number of shares outstanding for the purpose of basic earnings per shaer	39 098 584	262 200
Earnings per share for income attributable to the equity holders of the company - basic NOK	-0.87	-9.95
Effect of potential dilutive shares		
Wheighted average number of shares outstanding for the purpose of diluted earnings per share	40 528 735	262 200
Earnings per share for income attributable to the equity holders of the company - diluted NOK	-0.87	-9.95

For information about share capital at 31 December see note 22 Share capital and shareholder information.

Note 27 Transactions with related parties

The Group has during 2020 had transactions with the following related parties

NOK 1 000 Related party	Relation for Cloudberry	Nature of transaction	2020	2019
Bergehus Holding AS	Board member and indirect shareholder	Office lease	970	84
Captiva Financial Services AS	Chairman of the Board & Indirect shareholder	Accounting fee	328	-
CCPartners AS	Chairman of the Board	Consultant agreement	1 154	-
Captiva Energi AS	Chairman of the Board & Indirect shareholder	SPA for aquisition of Skåråna Kraft	80 000	-
ScanVind2 AS	Chairman of the Board	Acquisition of Scanvind 2 AS	34 250	-
Cb4 Green Invest AS	Board members & Indirect shareholders	Acquisition of Skogvind AS	5 435	-
Forte Energy Norway AS	Associated company	Management fee revenue	310	-

All transactions with related parties and within group companies are made on arm's-length basis and in a manner similar to transactions with unrelated third parties.

See note 20 Investments in associated companies for information about management fee to Forte
See note 25 Lease agreements for information about the office lease agreement
See note 5 Business combinations for information about the acquisition of Scanergy AS, Skogvind AS and Scanvind2 AS. The agreements with Captiva and CCPartners will terminate during H1 2021.
See note 13 Employee benefits short term and long-term benefits of management

NOK 1 000	2020	2019
Accounts receivables	388	-
Accounts payable	144	-

As per 31 December there were no employee or shareholder loans.

Transactions within group companies relate to consultant fees (development), loans and finance agreements. All group transactions have been eliminated in the consolidated group accounts.

Current receivables are related to claims arising from purchase and sale of services as well as accrued interest on group loans. Short term receivables are unsecured and non-interest bearing.

Long term loans between group companies and the applied interest rate reflect the risk related to the loan and is at market terms

The group has not made any provisions for losses on current receivables from related parties as of 31 December 2020.

Current liabilities are related to purchase of services and accrued interest on loans.

Note 28 List of subsidiaries and equity accounted companies

The following companies are fully consolidated (subsidiaries) or accounted for with the equity method (associated companies) as per 31 December 2020.

Name of Entity	Accouned as	Place of business	Ownership intrest	Part of Group from date	Segment
Cloudberry Clean Energy AS	Subsiduary	Norway	100 %	24.11.2017	Corporate
Cloudberry Production AS	Subsiduary	Norway	100 %	15.02.2020	Production
Røyrmyra Vindpark AS	Subsiduary	Norway	100 %	15.02.2020	Production
Finnesetbekken Kraftverk AS	Subsiduary	Norway	100 %	15.02.2020	Production
Cloudberry Develop AS	Subsiduary	Norway	100 %	15.02.2020	Develop
Cloudberry Offshore Wind AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Duvhällen Vindpark AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Hån Vindpark AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Hån 22kV AS	Subsiduary	Norway	100 %	15.02.2020	Develop
Cloudberry Utveckling AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Cloudberry Projekt AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Kånna Vindpark AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Ljunga Vindpark AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Cloudberry Offshore Wind AS	Subsiduary	Norway	100 %	22.09.2020	Develop
Rewind Vänern AB	Subsiduary	Sweden	100 %	22.09.2020	Develop
Cloudberry Wind AB	Subsiduary	Sweden	100 %	15.02.2020	Develop
Skogvind AS	Subsiduary	Norway	100 %	31.08.2020	Develop
Rewind Offshore AB	Subsiduary	Sweden	66 %	15.02.2020	Develop
Elgenes Kraftverk AS	Subsiduary	Norway	100 %	15.02.2020	Develop
Finse Kraftverk AS	Subsiduary	Norway	100 %	15.02.2020	Develop
Skiparvik Kraftverk AS [1]	Subsiduary	Norway	100 %	15.02.2020	Develop
Forte Energy Norway AS	Associated Company	Norway	34 %	15.11.2020	Production
Odalen Vindkraftverk AS	Associated Company	Norway	15 %	23.12.2020	Production

1) Skiparvik is owned 40%, but is consolidated 100% Cloudberry cover 100% of the costs. The company will be wind up during 2021.

Acquired companies in 2021

Name of Entity	Accouned as	Place of business	Ownership intrest	Part of Group from date	Segment
Bjørgelva Kraft AS	Subsiduary	Norway	100 %	H1-2021	Production
Næssakraft AS	Subsiduary	Norway	100 %	H1-2021	Production
Åmotfoss AS	Subsiduary	Norway	100 %	H2-2021	Production
Selselva Kraft AS	Subsiduary	Norway	100 %	H1-2021	Production
Skåråna Kraft AS	Subsiduary	Norway	100 %	H2-2021	Production

Entities which will be acquired in 2021 are include in secured portfolio and will be fully consolidated in 2021.

Note 29 Subsequent events

Acquisition of Selselva Kraft AS

On 13 January 2021 Cloudberry completed the transaction for the acquisition of 100% of the shares in Selselva Kraft AS (the "Selselva hydropower plant"). The acquisition cost and the consideration of the shares is NOK 64.2 million, cash settlement. The financing of the hydropower company is covered by estimates 50% debt financing and equity through the announced Private Placement on 14 December 2020. Selselva Kraft AS is a producing hydropower plant located in Sunnfjord municipality in Vestland county with an annual production at a normalized level of 20 GWh. Net acquired assets was NOK 5.7 million, this includes a cash position of 5.6 million. Total assets pr 31 December 2020 vas NOK 59.2 million.

Total revenue in 2020 was NOK 7.6m and profit before interest and tax (EBIT) was NOK 3.8m and profit after tax was NOK 0.7m. (all figures are unaudited at the time of this report).

The pro forma effect on the Group accounts for 2020 had been revenue of NOK 7.6m and EBIT of NOK 3.7 before depreciation and amortization of excess values.

The purchase price allocation is not completed and therefore not presented.

Signed SPA for Stenkalles (Rewind Vänern)

On 15 January 2021 Cloudberry announced that Cloudberry and Downing LLP ("Downing"), on behalf of its managed fund(s), have signed the share purchase agreement (SPA) for the construction and ownership of a 100 MW nearshore, shallow water wind farm in Lake Vänern in southern Sweden. Cloudberry Production will own 20% of the project after commissioning. Total expected sales value of the wind project is around NOK 300 million, subject to actual costs and that the final investment decision related to the project is made. Around NOK 100 million will be paid at the expected financial close during 2021, and the remaining purchase price will be paid after project commissioning in the second half of 2023.

Acquisition of Skåråna Kraft AS

On 24 February Cloudberry completed the transaction for the acquisition of 100% of the Skåråna Kraft AS ("Skåråna hydropower plants"). The acquisition cost and the consideration of the shares is estimated to NOK 23.7 million, cash settlement. The financing of the hydropower company is covered by estimated 50% debt and equity through the announced Private Placement on 14 December 2020. Skåråna Kraft AS has started the construction of two hydropower plants, and according to plan will commence production during fourth quarter of 2021. The plants are located in Lund municipality in Rogaland county with an annual production at a normalized level of 14 GWh. The hydropower plants will benefit from the right to regulate lake Viglandsvatnet upstream of the two plants. Net acquired assets NOK 17 thousand, includes a cash position of NOK 17 thousand. Prelimary capex is expected to NOK 55 million. Of the transaction price of NOK 23.7 million, NOK 6 million is held back in case of cost overrun by the construction entrepreneur. Net cash outflow in February was NOK 17.7 million. The remaining payment of the transaction cost and the capex is expected at 2nd half of 2021.

The power plant is under construction and hence there are any not material items on the profit or loss statement in the company that would affect pro forma figures for 2020 for Cloudberry.

The purchase price allocation is not completed and therefore not presented.

Signed SPA for the acquisition of Ramsliåna Kraft AS and option agreement to acquire Lona Kraft AS

On 2 March Cloudberry signed a Share Purchase Agreement (SPA) to purchase Ramsliåna Kraft AS, a hydropower company in Norway with an expected annual production of 6 GWh. Ramsliåna is currently under construction and production is expected to commence fourth quarter 2021. Financial close is expected post test production and end of 2021. The hydro plant is located in Agder county and is expected to have full year production.

Cloudberry also have signed an option agreement where Cloudberry has the right to acquire Lona Kraft AS, a company that will apply for concession to build a new hydro plant upstream the same river as Ramsliåna.

Investment grade debt financing

On 17 March Cloudberry together with KLP and Akershus Energi raised EUR 90 million in investment grade debt from a syndicate of institutional lenders to partly finance the construction of the Odal windfarm, with an over 20 year tenor and a fixed rate coupon below 3%.

Credit facility agreement

On 23 March Cloudberry entered into the credit facility agreement as part of the financing of its growth strategy. The credit facility agreement is a combination of a MNOK 400 Term Loan and a NOK 300 million Revolving Credit Facility, and the agreement is entered into with SpareBank 1 SR-Bank. The credit facility will strengthen the company`s ability to grow both organically and in-organically. In connection with the new credit facility agreement Cloudberry has repaid a short-term loan of NOK 236 million to Fontavis, a part of Swiss Life.

Parent company financial statements

Statement of profit or loss

1 January - 31 December

NOK 1 000	Note	2020	2019
Revenue	3	118	279
Total revenue		118	279
Cost of goods sold		-	-27
Salary and personnel expenses	4	-16 700	-1 981
Other operating expenses	5	-7 265	-877
EBITDA		-23 848	-2 606
Depreciation and amortizations	8	-12	-7
Operating profit (EBIT)		-23 860	-2 613
Financial income	6	1 161	5
Financial expenses	6	-1 462	-1
Profit/(loss) before tax		-24 162	-2 609
Income tax expense	7	-	-
Profit/(loss) after tax		-24 162	-2 609
Loss brougt forward		-24 162	-2 609
Net brought forward		-24 162	-2 609

Statement of financial position

NOK 1 000	Note	31.12.2020	31.12.2019
ASSETS			
Non-current assets			
Property, plant and equipment	8	24	11
Investment in subsiduaries	9	283 584	-
Investment in associated companies	9	237 551	-
Loan to group companies	15	248 419	-
Total non-current assets		769 578	11
Current assets			
Other current assets		766	-
Receivables group companies	15	467	70
Cash and cash equivalents	10	552 483	5 223
Total current assets		553 716	5 293
TOTAL ASSETS		**1 323 294**	**5 304**

Statement of financial position

NOK 1 000	Note	31.12.2020	31.12.2019
EQUITY AND LIABILITIES			
Equity			
Share capital	11	26 266	950
Sharepremium		1 061 675	7 800
Total paid in capital		1 087 941	8 750
Other equity		-26 832	-3 921
Total other equity		-26 832	-3 921
Total equity		**1 061 110**	**4 829**
Current liabilities			
Interest-bearing short term liabilities	12	236 767	-
Accounts payable	12	18 602	475
Public duties payable	12	877	-
Other current liabilities	12	5 938	-
Total current liabilities		262 184	475
Total liabilities		**262 184**	**475**
TOTAL EQUITY AND LIABILITIES		**1 323 294**	**5 304**

Oslo, 23 March 2021

The Board of Directors of Cloudberry Clean Energy AS

Frank J. Berg
Chair of the Board

Morten Bergesen
Board member

Petter W. Borg
Board member

Benedicte Fossum
Board member

Liv Lønnum
Board member

Anders J. Lenborg
CEO
Cloudberry Clean Energy AS

Statement of cash flows

NOK 1 000	Note	1.1.-31.12.2020	1.1.-31.12.2019
Cash flow from operating activeties			
Operating profit (EBIT)		-23 860	-2 613
Depreciation	8	12	7
Change in accounts payable	12	18 544	58
Change in accounts receivabe		6 597	-361
Change in other accruals		-1 362	5
Net cash flow from operating activities		**-69**	**-2 905**
Cash flow from investing activeties			
Intrest received	6	694	-
Investments in property, plant and equipment	8	-25	-
Acquisition of shares in subsidiaries, net liquidity outflow	9	-277 551	-
Investments in associated companies	9	-248 419	-
Group contributions/dividends received		467	-
Net cash flow from (used in) investing activities		**-524 834**	**-**
Cash flow from financing activeties			
Short term intrestbearing debt	12	236 767	-
Interest paid	6	-1 462	-
Share capital increase	11	836 859	8 000
Net cash flow from financing activities		1 072 163	8 000
Total change in cash and cash equivalents		**547 260**	**5 095**
Cash and cash equivalents at start of period	10	5 223	128
Cash and cash equivalents at end of period	**10**	**552 483**	**5 223**

Notes to the parent company financial statements

Note 1 General information

Corporate information

Cloudberry Clean Energy AS, “the Company” is incorporated and domiciled in Norway. The address of its registered office is Frøyas gate 15, NO-0273 Oslo, Norway. Cloudberry Clean Energy AS was established on 10 November 2017. The Company is listed on Euronext Growth with ticker CLOUD.

Cloudberry Clean Energy AS , its subsidiaries and investments in associated companies (“the Group”) is a Nordic renewable power producer and developer. The Group has an integrated business model across the life cycle of hydro- and wind power plants including project development, financing, construction (normally outsourced), ownership and lead manager of operations.

The financial statement of the Company and the consolidated statements of the Group, presented earlier in this report, was approved by the Board of Directors at 23 March 2021. The statements have been prepared under the assumption that the Cloudberry Group is a going concern, and that this assumption was appropriate at the date of approval of the Financial Statements.

Note 2 General accounting policies and principles

Statement of compliance

The financial statements of Cloudberry Clean Energy AS are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Principles (NGAAP).

Basis for preparation

The financial statements have been prepared on a historical cost basis.

Accounting estimates and judgements

In preparing the financial statements, assumptions and estimates that have had effect on the amounts and presentation of assets and liabilities, income and expenses and contingent liabilities must be made. Actual results could differ from these assumptions and estimates.

Foreign currency translation

The functional currency and presentation currency of the Company is Norwegian kroner (NOK). Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical cost expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated using the exchange rate applicable on the balance sheet date.

Employee benefits

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Company has pension plans for employees that are classified as defined contribution plans. Contributions to defined contribution schemes are recognized in the statement of profit or loss in the period in which the contribution amounts are earned by the employees.

Cloudberry has an equity incentive plan for top management and key employees. The programme includes the issue of warrants for shares in the company.

Interest income and expenses

Interest income and expenses are recognized in the income statement as they are accrued, based on the effective interest method.

Income tax expense

The tax charge in the profit or loss account consists of tax payable for the period and the change in deferred tax. Deferred tax is calculated at the tax rate at 22 % on the basis of tax-reducing and tax-increasing temporary differences that exist between accounting and tax values, and the tax loss carried forward at the end of the accounting year. Tax-increasing and tax-reducing temporary differences that reverse or may reverse in the same period are set off and entered net. The net deferred tax receivable is entered on the balance sheet to the extent that it is likely that it can be utilised.

Classification and valuation of fixed assets

Fixed assets consist of assets intended for long-term ownership and use. Fixed assets are valued at acquisition cost less depreciation and write-downs. Long-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Plant and equipment is capitalised and depreciated over the economic lifetime of the asset. Significant items of plant and equipment that consist of several material components with different lifetimes are broken down in order to establish different depreciation periods for the different components. Direct maintenance of plant and equipment is expensed on an ongoing basis under operating costs, while additions or improvements are added to the asset's cost price and depreciated in line with the asset. Plant and equipment is written down to the recoverable amount in the event of a fall in value that is not expected to be temporary. The recoverable amount is the higher of the net sales value and the value in use. Value in use is the present value of future cash flows related to the asset. The write-down is reversed when the basis for the write-down is no longer present.

Classification and valuation of current assets and liabilities

Current assets and short-term liabilities consist normally of items that fall due for payment within one year of the balance sheet date, as well as items related to the stock cycle. Current assets are valued at the lower of acquisition cost and fair value. Short-term liabilities are entered on the balance sheet at the nominal amount at the time of the transaction.

Subsidiaries and investment in associated companies

Subsidiaries and associated companies are valued using the cost method in the company accounts. The investment is valued at acquisition cost for the shares unless a write-down has been necessary. A write- down to fair value is made when a fall in value is due to reasons that cannot be expected to be temporary and such write-down must be considered as necessary in accordance with good accounting practice. Write- downs are reversed when the basis for the write-down is no longer present.

Dividends, group contributions and other distributions from subsidiaries are posted to income in the same year as provided for in the distributor's accounts. To the extent that dividends/ group contributions exceed the share of profits earned after the date of acquisition, the excess amounts represent a repayment of invested capital, and distributions are deducted from the investment's value in the balance sheet of the parent company

Receivables

Receivables from customers and other receivables are entered at par value after deducting a provision for expected losses. The provision for losses is made on the basis of an individual assessment of the respective receivables.

Short term investments

Short-term investments (shares and interests valued as current assets) are valued at the lower of acquisition cost and fair value on the balance sheet date. Dividends and other distributions received from the companies are posted to income under other financial income

Statement of cash flow

The cash flow statement has been prepared using the indirect method. Cash and cash equivalents consist of cash, bank deposits and other short-term, liquid investments.

Events after the reporting period

New information on the Company's financial position on the end of the reporting period which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Company's financial position on the end of the reporting period, but which will affect the Company's financial position in the future, are disclosed if significant.

Note 3 Sales revenues

NOK 1 000	2020	2019
Fees management	118	279
Total revenue	**118**	**279**

Note 4 Employee benefits and share based payments

Employee benefits are accrued in the period in which the associated services are rendered by the employees of the Company. The table below shows the employee benefits accrued in the period

NOK 1 000	2020	2019
Salaries	12 721	1 604
Payroll tax	1 806	238
Pension costs*	359	83
Share based payment	1 251	-
Other benefits	562	56
Total personell expenses	**16 700**	**1 981**
Average number of full-time equivalents (FTEs)	5	3
Number of full-time equivalents as 31.12 (FTEs)	7	4

Pension

The Company has an established pension scheme that is classified as a defined contribution plan, the pension scheme is in line with the requirements of the law. Contributions to the defined contribution schemes are recognised in the consolidated statement of profit and loss in the period in which the contribution amounts are earned by the employees. The defined contribution plan does not commit the Company beyond the amounts contributed.

Renumeration of Executive Group management

The renumeration of the Executive Group Management is based on a fixed salary, including personal benefits such as free telephone and health insurance, a variable group performance bonus scheme, pension benefits, and a share-based long term incentive program.

The table below shows the renumeration in 2020

NOK 1 000	Anders Lenborg (CEO)	Christian Helland (CVO)	Suna Alkan (CSO)	Jon Gunnar Solli (COO)	Tor Arne Pedersen (CDO)	Total
Salary	1 864	1 448	1 306	1 490	1 330	7 437
Bonus	1 150	600	500	600	600	3 450
Pension costs	66	62	69	63	68	328
Share based payment	426	269	120	160	149	1 124
Total reportable benefits paid 2020	**3 506**	**2 378**	**1 995**	**2 314**	**2 147**	**12 340**

The table below shows the renumeration in 2019

NOK 1 000	Anders Lenborg (CEO)	Christian Helland (CVO)	Suna Alkan (CSO)	Jon Gunnar Solli (COO)	Tor Arne Pedersen (CDO)	Total
Salary	609	150	200	563	-	1 522
Bonus	-	-	-	-	-	-
Pension costs	31	8	11	31	-	80
Share based payment	-	-	-	-	-	-
Total reportable benefits paid 2019	**640**	**158**	**211**	**594**	**-**	**1 602**

The Board of Directors have set the target KPI for the group performance bonus scheme that was applicable for achievements in 2020. The bonus for the Group Management was achieved 100% for 2020. For 2021 the Group has established a compensation committee which will set the targets for 2021.

Share based payments and long-term incentive program

In accordance with the terms adopted by the General Meeting of the Company on 21 March 2020, the Board of Directors has established a share incentive scheme for the executive managers and key employees. The key conditions are as follows:

The equity incentive plan may cover up to 5% of the issued shares in the Company from time to time. Allocations are proposed by the Board and subject to shareholder approval. The exercise price for the warrants is determined by the Board in its reasonable discretion based on fair market value of the Shares on the date of the Board of Directors proposed allocation of warrants under the program. The determined exercise price is subject to approval by the general meeting in relation with issuance of warrants. The duration of the warrants from grant date is 5 years. The vesting period is 1 year from the grant date.

The value of the warrants is at the grant date given a fair value using the Black and Scholes model. The key assumptions applied is 40% volatility and 1% interest rate.

The table shows the outstanding warrants as of 1 January 2020 and 31 December 2020 and movements in the year:

Outstanding warrants 01.01.2020	-
Granted in 2020	2 200 000
Exercised in 2020	-
Expired in 2020	-
Outstanding warrants 31.12.2020	**2 200 000**
Exircisable 31.12.2020	-
Charged to profit and loss statement 2020 (tNOK)	1 460
Charged to equity 2020 (tNOK)	1 251

As of the date of the annual report the following warrants have been issued in 2020.

NOK 1 000	# Warrants	Grant date	Expiry date	Remaining years	Exercise price	Share Price (grant date)
Warrant package #1	775 000	20.03.2020	20.03.2025	4.22	11.1	11.1
Warrant package #2	1 425 000	25.09.2020	25.09.2025	4.74	12.2	13.1
	2 200 000			**4.55**	**11.8**	**12.4**

There has been no payment of renumeration to the Board of Directors in 2020, this will be paid in May 2021.

Note 5 Other operating expenses

The table shows the breakdown on other operating expenses in 2010 and 2019.

NOK 1 000	2020	2019
Rental of office and equipment	1 033	133
External accounting and auditing fees	904	120
Legal and other fees	4 797	226
Other	531	398
Total other operating expenses	**7 265**	**877**

Other operating expenses in 2020 include Cloudberry's ramp-up costs and the forming of the Cloudberry Group.

a) Significant activity within merger & acquisitions (M&A) and associated financial and legal due diligence costs to third parties.
b) Forming of the Cloudberry Group, converting group accounting to IRFS, establishing Cloudberry's sustainability and governance platform
c) Listing at Euronext Growth and preparations for listing at Oslo Børs.

Expenses related to statutory audit and other auditor services is presented below:

NOK 1 000	2020	2019
Statutory audit	522	66
Other assurance services	26	38
Total auditor costs	**548**	**104**

Note 6 Financial items

Financial income

NOK 1 000	2020	2019
Income from subsidiaries	467	-
Intrest income	587	-
Other financial income and exchange differences	3	4
Increase in market value of financial current assets	103	2
Total financial income	**1 161**	**5**

Financial expense

NOK 1 000	2020	2019
Interest expense	921	1
Other financial expense and exchange differences	541	-
Total financial expense	**1 462**	**1**

Note 7 Income tax expense

This years tax expense

NOK 1 000	2020	2019
Tax expense in the income statement		
Entered tax on ordinary profit/loss:	-	-
Payable tax	-	-
Changes in deferred tax assets	-	-
Tax expense on ordinary profit/loss	**-**	**-**
Taxable income:		
Ordinary result before tax	-25 524	-2 609
Permanent differences	-93	-
Changes in temporary differences	5	-8
Received intra-group contribution	467	-
Taxable income	**-25 145**	**-2 617**
Payable tax in the balance:		
Payable tax on this year's result	-103	-
Payable tax on received Group contribution	103	-
Total payable tax in the balance	**-**	**-**

The tax effect of temporary differences and loss for to be carried forward that has formed the basis for deferred tax and deferred tax advantages, specified on type of temporary difference.

NOK 1 000	2020	2019	Difference
Deferred tax asset			
Property, plant and equipment	6	11	5
Accumulated tax loss carried forward	-55 694	-4 679	51 015
Not included in the deferred tax calculation	55 688	4 668	-51 020
Basis for deferred tax asset in the balance sheet	**-**	**-**	**-**
Basis for calculation of deferred tax asset	**-55 688**	**-4 668**	**51 020**
Deferred tax asset	**12 251**	**1 027**	**-11 224**

Deferred tax asset is not recognised in the balance sheet.

Note 8 Property, plant and equipment

NOK 1 000	Equipment	Total
Accumulated cost 1.1.2019	21	21
Additions during the year		-
Accumulated cost at 31.12.2019	**21**	**21**
Accumulated depreciations and impairment losses at 1.1.2019	3	3
Depreciations for the year	7	7
Accumulated depreciations and impairment losses at 31.12.2019	**10**	**10**
Carrying amount at 31.12.2019	**11**	**11**

NOK 1 000	Equipment	Total
Accumulated cost 1.1.2020	21	21
Additions during the year	25	25
Accumulated cost at 31.12.2020	**46**	**46**
Accumulated depreciations and impairment losses at 1.1.2020	10	10
Depreciations for the year	12	12
Accumulated depreciations and impairment losses at 31.12.2020	**23**	**23**
Carrying amount at 31.12.2020	**24**	**24**

Note 9 Subsidiaries and investment in associated companies

Name of Entity		Place of business	Owner share	Share of votes	Purchase cost	Equity	Profit
Cloudberry Production AS	Subsidiary	Oslo, Norway	100 %	100 %	83 521	81 061	650
Cloudberry Develop AS	Subsidiary	Oslo, Norway	100 %	100 %	200 063	121 239	3 664
Forte Energy Norway AS	Associated company	Bærum, Norway	34 %	34 %	237 551	283 997	2 195
					521 135	**486 296**	**6 509**

Note 10 Cash, cash equivalents and corporate funding

NOK 1 000	2020	2019
Free cash	500 668	5 113
KLP fund	50 570	-
Restricted cash	1 244	110
Total cash	**552 483**	**5 223**

KLP fund is a short term placement and the purchase cost is NOK 50 467 thousand and the market value and balance value is NOK 50 570 thousand. The placement is made to receive interest and is cash equivalent. Funds standing on the tax deduction account (restricted funds) and deposit for rent are NOK 1 244 thousand.

Note 11 Equity capital, share capital and shareholder information

NOK 1 000	Share capital	Share premium	Total paid in capital	Other Equity	Retained earnings	Total other equity	Total equity capital
Equity as at 01.01 2019:	750	-	750	-	-1 312	-1 312	-562
Sharecapital increase	200	7 800	8 000	-	-	-	8 000
Profit for the period	-	-	-	-	-2 609	-2 609	-2 609
Equity as at 31.12 2019	**950**	**7 800**	**8 750**	**-**	**-3 921**	**-3 921**	**4 829**
Equity as at 01.01 2020:	950	7 800	8 750	-	-3 921	-3 921	4 829
Sharecapital increase	25 316	1 053 875	1 079 191	-	-	-	1 079 191
Loss for the period	-	-	-	-	-24 162	-24 162	-24 162
Share based payment	-	-	-	1 251	-	1 251	1 251
Equity as at 31.12 2020	**26 266**	**1 061 675**	**1 087 941**	**1 251**	**-28 083**	**-26 832**	**1 061 110**

The table below show the share capital, share premium and number of shares as of 31 December 2020 and 31 December 2019.

NOK 1 000	2020	2019
Share capital	26 266	950
Share premium	1 061 675	7 800
Share capital and premium at 31 December	**1 087 941**	**8 750**
Number of shares at 31 December	105 065 336	3 800 000

The shares are at par value NOK 0,25.

The following capital increases has taken place in 2020

NOK 1 000	Date	Number of shares	Share capital
Number of shares 1 January 2020		3 800 000	950 000
Capital increase	10.mar	20 138 609	5 034 652
Capital increase	26.mar	14 541 889	3 635 472
Capital increase	20.aug	16 666 667	4 166 667
Capital increase	29.sep	2 180 476	545 119
Capital increase	04.des	118 648	29 662
Capital increase	22.des	47 619 047	11 904 762
Number of shares and share capital 31 December 2020		**105 065 336**	**26 266 334**

The table below show the largest shareholders of Cloudberry as of 31 December 2020

20 largest shareholders as of 31 December	Number of Shares	Share of ownership	Share of voting rights
Joh Johannson Eiendom AS	16 145 780	15.4 %	15.4 %
Havfonn AS	9 168 596	8.7 %	8.7 %
SnefonnAS	7 833 273	7.5 %	7.5 %
State Street Bank and Trust Comp	6 783 799	6.5 %	6.5 %
Cloudberry Partners AS	2 900 799	2.8 %	2.8 %
Gjensidige Forsikring ASA	2 857 142	2.7 %	2.7 %
CCPartners AS	2 696 957	2.6 %	2.6 %
Carnegie Investment Bank AB	2 500 000	2.4 %	2.4 %
Danske Invest Norge Vekst	2 380 952	2.3 %	2.3 %
Clearstream Banking S.A	2 253 526	2.1 %	2.1 %
Seb Prime Solutions Sissener Canop	1 725 000	1.6 %	1.6 %
MP Pensjon PK	1 702 380	1.6 %	1.6 %
Gullhauggrenda Invest AS	1 626 190	1.5 %	1.5 %
Klaveness Marine Finance AS	1 598 358	1.5 %	1.5 %
Strømstangen AS	1 342 857	1.3 %	1.3 %
Lenco AS	1 283 546	1.2 %	1.2 %
Asheim Investments AS	1 097 561	1.0 %	1.0 %
NGH Invest AS	1 053 352	1.0 %	1.0 %
Bergen Kommunale Pensjonskasse	1 026 190	1.0 %	1.0 %
Artel AS	1 019 387	1.0 %	1.0 %
Other	36 069 691	34.3 %	34.3 %
Total number of shares	**105 065 336**	**100.0 %**	**100.0 %**

Note 12 Short term debt and provisions

NOK 1 000	2020	2019
Short term interest-bearing debt	236 767	-
Trade creditors	18 602	475
Accrued salary and bonus	5 363	-
Public duties payable	877	-
Other	575	-
Total short term debt provisions	**262 184**	**475**

The short-term interest-bearing debt is related to the acquisitions of Forte Energy Norway AS, which was given a credit facility at the acquisition, with an applied interest rate of 5% p.a. The amount consists of the principal of NOK 236 767. The shares in Forte Energy Norway are held as collateral for the debt. The debt has been repaid in the beginning of March 2021, see note 15 Subsequent events.

Trade creditors is mainly related to invoices from advisors and facilitators used in the equity emission in December 2020.

Note 13 Earnings per share

Earnings per share is calculated as profit/(loss) attributable to the equity holders of the Company divided by the number of shares outstanding.

Diluted earnings per share is affected by the warrant program for equity settled share-based payments transactions, see note 4 Employee benefits

NOK 1 000	2020	2019
Profit/(loss) attributable to the equity holders of the company	-24 162	-2 609
Wheighted average number of shares outstanding for the purpose of basic earnings per shaer	39 098 584	262 200
Earnings per share for income attributable to the equity holders of the company - basic NOK	-0.62	-9.95
Effect of potential dilutive shares		
Wheighted average number of shares outstanding for the purpose of diluted earnings per share	40 528 735	262 200
Earnings per share for income attributable to the equity holders of the company - diluted NOK	-0.62	-9.95

For information about share capital at 31 December see note 11 Equity capital, share capital and shareholder information.

Note 14 Intercompany items between companies in the same group

The Company has the following balance sheet item recognised to group companies

NOK 1 000	2020	2019
Receivabls		
Loans to companies in the same group	248 419	-
Other short-term receivables within the group	467	-
Total	**248 886**	**-**
Liabilities		
Debt to suppliers within the group	251	-
Total	**251**	**-**

As per 31 December there were no employee or shareholder loans.

Note 15 Subsequent events

Repayment of short-term debt to Fontavis

On 19 March Cloudberry Clean Energy AS repaid the short term interest bearing debt of NOK 236.8 million to Fontavis Forte HYDRO S.A R.L. The debt was related to the acquisition of she shares in Forte Energy Norway AS in November 2020.

Note 16 Covid-19

Overall, the pandemic had limited impact on The companys business in 2020. The company focus on protecting the employees, partners and other stakeholders whilst ensuring that we operate the business in the best possible way.

Responsibility statement

We declare to the best of our knowledge that

- the Cloudberry Clean Energy AS consolidated financial statements for 2020 have been prepared in accordance with IFRS and IFRICs as adopted by the European Union, and additional Norwegian disclosure requirements in the Norwegian Accounting Act, and that
- the financial statements for the parent company, Cloudberry Clean Energy AS, for 2020 have been prepared in accordance with the Norwegian Accounting Act and generally accepted accounting practice in Norway, and that
- the information presented in the financial statements gives a true and fair view of the assets, liabilities, financial position and results for Cloudberry Clean Energy AS and the Cloudberry Group for period as a whole, and that
- the Board of Directors' Report includes a true and fair review of the development, performance and financial position of Cloudberry Clean Energy AS and the Cloudberry Group, together with a description of the principal risks and uncertainties that they face

Oslo, 23 March 2021

The Board of Directors of Cloudberry Clean Energy AS

Frank J. Berg
Chair of the Board

Morten Bergesen
Board member

Petter W. Borg
Board member

Benedicte Fossum
Board member

Liv Lønnum
Board member

Anders J. Lenborg
CEO
Cloudberry Clean Energy AS

Alternative performance measures

The alternative performance measures (abbreviated APMs) that hereby are provided by Cloudberry are a supplement to the financial statements that are prepared in accordance with IFRS. This is based on the Group's experience that APMs are frequently used by analysts, investors, and other parties for supplement information.

The purpose of the APMs, both financial and non-financial, is to provide an enhanced insight to the operations, financing, and future prospect for the Group. Management also uses these measures internally for key performance measures (KPIs). They represent the most important measures to support the strategy goals. The financial APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the Group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS.

Cloudberry uses the following APMs

Financial APM:

EBITDA: Net earnings before interest, tax, depreciation, amortisation & impairments
EBIT: Net earnings before interest and tax
Net interest-bearing debt (NIBD): Total interest-bearing debt, less cash and cash equivalents
Equity ratio: Total equity divided by total assets

Non-financial APMs:

Marked Capitalisation: Total market value of all outstanding shares.
Number of shareholders: Number of shareholders as per 31.12
Power Production & GWh: Power delivered to the grid over the defined time period (typically one year). Units measured in gigawatt-hours ("GWh").
Example
A typical 4 Megawatt (MW) turbine produces 3,000 full-load hours during a year.
4 MW x 3,000 hours = 12,000 MWh or 12 GWh.

According to the International Energy Agency (www.iea.org) a European person consume 6 MWh per year. Volue (Wattsight) predicts long-term electricity prices (adjusted for inflation) of EUR 40 - 50 per MWh

Under Construction & secured portfolio: At the time of measure, the power output of the secured portfolio (signed agreements). Units measured in megawatt ("MW").
Construction permits: Total power output to be installed in projects with construction permit. Construction permit is at the stage when concession is granted, but before final investment decision. Units measured in MW.
Backlog: Projects with estimated total effect to be installed that are exclusive and in a concession application process. Units measured in MW.
Direct emissions: Measure in tons of CO_2 equivalent. The use of fossil fuels for transportation or combustion in owned, leased or rented assets. It also includes emission from industrial processes.
Indirect emissions: Measure in tCO_2e. Related to purchased energy; electricity and heating/cooling where the organisation has operational control. The electricity emission factors used are based on electricity production mixes from the International Energy Agency's statistics (IEA Stat).
Emissions from value chain activities are a result of the company's upstream and downstream activities, which are not controlled by the company. Examples are consumption of products, business travel, goods transportation and waste handling.
CO_2 reduction: Refers to the reduction of GHG emissions relative to baseline emissions from the European electricity mix (EU-27 electricity mix, IEA 2020).

Building a better working world

Statsautoriserte revisorer
Ernst & Young AS

Dronning Eufemias gate 6A, NO-0191 Oslo
Postboks 1156 Sentrum, NO-0107 Oslo

Foretaksregisteret: NO 976 389 387 MVA
Tlf: +47 24 00 24 00

www.ey.no
Medlemmer av Den norske revisorforening

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Cloudberry Clean Energy AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Cloudberry Clean Energy AS comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the balance sheet as at 31 December 2020, the income statement, statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements comprise the balance sheet as at 31 December 2020, income statement, statements of comprehensive income, cash flows and changes in equity 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 financial statements present fairly, in all material respects, the financial position of the parent company as at 31 December 2020, and of 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 consolidated financial statements present fairly, in all material respects the financial position of the Group as at 31 December 2020 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU

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 in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. 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 management for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway for the financial statements of the parent company and International Financial Reporting Standards as adopted by the EU for the financial statements of the Group, 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 ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless management either intends to liquidate the Company 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other

3

matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

Opinion on the Board of Directors' report and on the statements on corporate governance and corporate social responsibility

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 and in the statements on corporate governance and corporate social responsibility concerning the financial statements, the going concern assumption and proposal for the allocation of the result 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 ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 23 March 2021
ERNST & YOUNG AS

Asbjørn Ler
State Authorised Public Accountant (Norway)

About the report

Principles for reporting

The enclosed Financial statements and Board of Directors' report, together with the accompanying notes, fulfills Cloudberry Clean Energy's Norwegian statutory requirements for annual reporting.

Regarding our ESG reporting, Cloudberry Clean Energy aims to provide its key stakeholders insight into its ESG management and performance, and we strive to be consistent and transparent in this reporting. The report contains disclosures from the World Economic Forum's[1] core set of ESG metrics. We also report on our performance in implementing the Task Force on Climate-related Financial Disclosures.

1) https://www.weforum.org/reports/measuring-stakeholder-capitalism-towards-common-metrics-and-consistent-reporting-of-sustainable-value-creation

Design and production: Artbox AS

Cloudberry Clean Energy AS
Frøyas gate 15
0273 Oslo, Norway

contact@cloudberry.no
www.cloudberry.no

Cloudberry