

The Scatec logo is positioned in the top left corner of a large purple circular graphic. It consists of a stylized sun icon with rays above the word "Scatec" in a bold, white, sans-serif font.

Scatec

Annual Report

2020



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About Scatec

Scatec is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long-term player, Scatec develops, builds, owns and operates solar, wind and hydro power plants and storage solutions. In the first half of 2021, Scatec will have a total of 3.3 GW in operation on four continents and more than 500 employees. The company is targeting 15 GW capacity in operation or under construction by the end of 2025. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'.

Our vision

Improving our future

Our mission

To deliver competitive and sustainable renewable energy globally, to protect our environment and to improve quality of life through innovative integration of reliable technology

Our values

Predictable
Working together
Driving results
Changemakers

Key facts

Employees
at year-end

435

In operation
at year-end

1.6
GW

FY 2020
power production

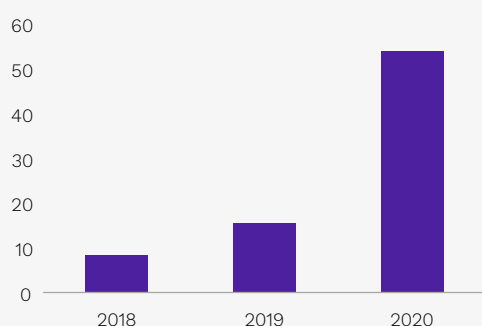
2,911
GWh

Project pipeline
& backlog¹⁾

10.5
GW

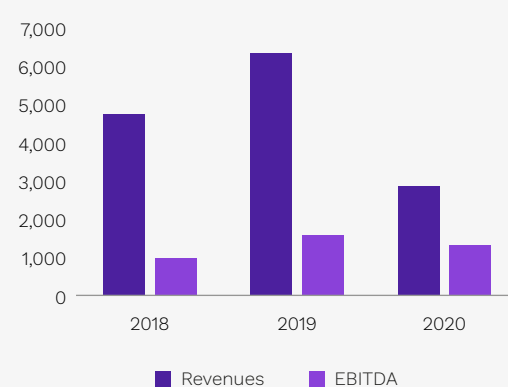
Market capitalisation at year-end

NOK BILLION



Proportionate Revenues & EBITDA

NOK MILLION



Proportionate financials

NOK million	FY 2020	FY 2019	FY 2018
PROPORTIONATE FINANCIALS²⁾			
Revenues and other income	2,844	6,341	4,725
EBITDA ²⁾	1,306	1,571	961
Operating profit (EBIT)	690	1,111	773
Profit/(loss)	-435	530	398
Net interest-bearing debt ²⁾	1,851	7,312	4,214
Power production (GWh)	1,602	926	318
Scatec proportionate share of cash flow to equity ²⁾	324	794	481
CONSOLIDATED FINANCIALS³⁾			
Revenues and other income	2,754	1,783	1,213
EBITDA ²⁾	2,069	1,386	902
Basic earnings per share (NOK)	-3.51	-0.31	1.29
Power Production (GWh) ⁴⁾	2,911	1,655	681

1) Includes Hydropower pipeline after closing of SN Power acquisition.

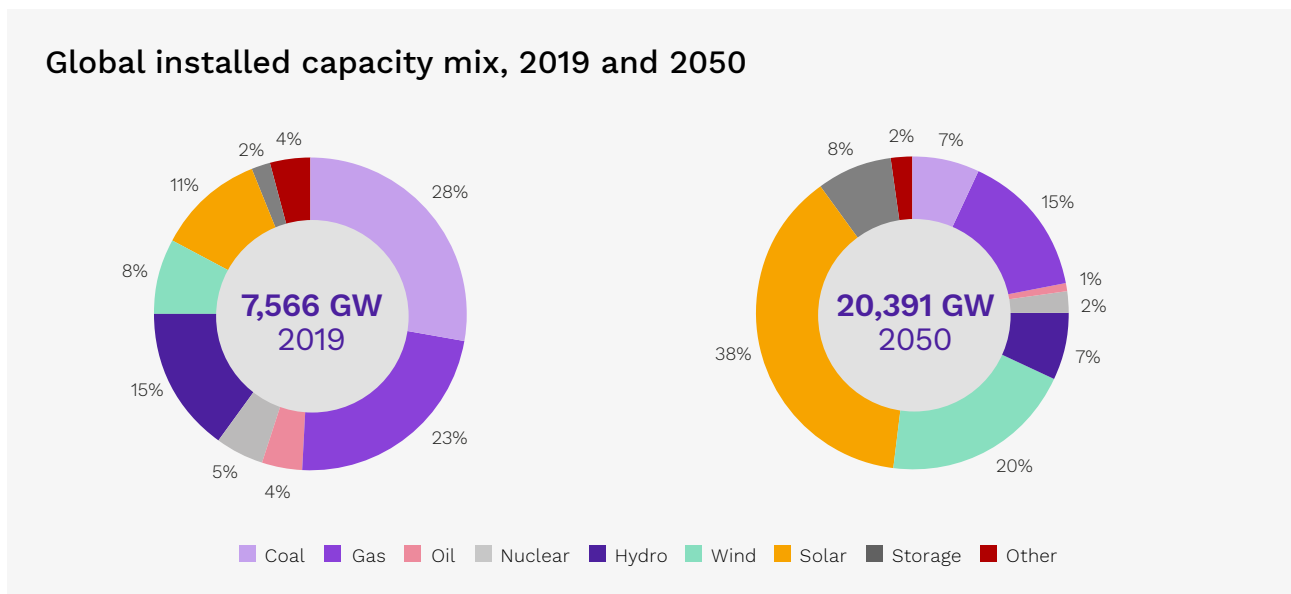
2) See Alternative Performance Measures appendix for definition

3) Refer to note 4 Operating segments in the consolidated financial statements for a reconciliation between proportionate and consolidated financials.

4) Production volume on a 100% basis of all consolidated entities, including from JV companies.

Market outlook

Renewable energy is expected to see continued strong growth in 2021, primarily marked by wind and solar reaching new highs in installed capacity. The growth is driven by increasing energy demand, cost reductions and an enabling policy environment as countries set the stage to meet net-zero commitments.



Sources in article: Bloomberg New Energy Finance: New Energy Outlook 2020, Energy, Vehicles, Sustainability – 10 Predictions for 2021, Solar: The Things to Watch in 2021, 4Q 2020 Global Wind Market Outlook, 2H 2020 Energy Storage Market outlook, Long-Term Energy Storage Outlook 2020, IEA Renewables 2020: Hydropower, bioenergy, CSP and geothermal.

According to Bloomberg New Energy Finance (BNEF), global electricity demand saw a 5% drop in 2020, but it is expected to grow again in 2022 with a 60% increase towards 2050. The rising demand is largely driven by consumption growth in non-OECD countries and will primarily be met by renewable energy supply. Solar, wind, hydro and energy storage are estimated to represent 73% of the global energy mix, solar and wind accounting for 58% and hydro and energy storage contributing another 15%.

The estimated ten-fold increase in renewables' share of installed capacity from 2019 to 2050 is primarily led by the falling costs of solar, wind and storage solutions. Currently,

either solar or wind is the most cost competitive new electricity generation in countries representing 76% of GDP and 90% of the global electricity production.

Wind, solar, hydro and storage are expected to work complementary in the renewable energy market throughout the outlook for 2050

The energy transition attracted investments of more than USD 500 billion in 2020. Out of the total, renewable energy accounted for USD 300 billion, which is a new level expected to remain in 2021.



Solar

Despite the testing waters of the COVID-19 pandemic, 2020 was another booming year for solar totaling 132 GW of new-build globally. This year is expected to set new records, BNEF forecasting 2021 to see new installations of between 151 GW to 194 GW, reaching 200 GW by 2022. The accelerated growth is driven by increased underlying demand, delayed projects from 2020 and the adoption of national plans to meet net-zero commitments. The levelised cost of electricity for utility-scale PV is expected to drop more than 50% by 2050 and solar capacity will continue to grow, averaging 5.3% year-on-year with an average annual deployment of 246 GW. By 2050, global investments in solar PV is expected to reach 4.2 trillion USD, of which 62% will be directed towards utility-scale projects.



Wind

New wind installations reached 73 GW in 2020 as governments strived to design green economic recovery packages. Wind is expected to reach new record-high levels in 2021, estimated at 84 GW. 2021 will be dominated by onshore installations, amounting to 75 GW. Improved efficiency and lowered equipment, development and financing costs for onshore wind will continue to drive prices down. Wind is expected to attract around 5.9 trillion USD in investments globally by 2050, approximately 40% more than the estimate for solar, being less capital-intensive.



Storage

The global energy storage market saw a substantial development in 2020 with 4.6 GW/9.4GWh in new capacity. Although at a slower pace between 2020-2022 due to the COVID-19 pandemic, the market is expected to continue growing and reach approximately 1.7 TW/5.8 TWh in cumulative installations by 2050. Utility-scale projects will account for 70% of global installations. Countries in the Asia Pacific will cover the main bulk of installed capacity, driven by power market deregulation, low cost of batteries and policy commitments to net-zero. Globally, energy storage is expected to attract USD 964 billion in investments by 2050, of which USD 485 billion will be towards energy-shifting batteries, typically used in higher renewable energy system.



Hydro

Global hydropower new build reached approximately 18 GW in 2020 and is forecasted to further increase in 2021 and 2022 at an average of 28 GW per year, largely driven by growth in China and other Asian countries. With increased installed capacity, global hydropower generation is expected to grow by 10% towards 2025, increasing from 4,250 TWh in 2019 to 4,650 TWh in 2025. As such, hydropower will represent 16% of the global electricity generation by 2025. Global investments in hydro is expected to reach around USD 150 billion between 2020 and 2050.

Acquisition of leading hydropower player SN Power

Late January 2021, Scatec completed its largest transaction, the USD 1.1 billion acquisition of SN Power from Norfund. The transaction was announced in October 2020 and forms an important part of Scatec's broadened growth strategy, to become a global player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions.

With this transaction, Scatec sees great potential in broader project origination and geographical expansion into growth markets in Asia, Africa and Latin America. SN Power adds scale, hydropower competence and significant cash flow from operating plants. The companies are also a strong cultural fit, both rooted in Norway's industrial tradition and ambitious frontrunners in renewable energy in emerging markets.

Scatec and SN Power have a unique and complementary portfolio of assets, geographical footprint and capabilities, and have access to a significant project pipeline of almost 10 GW across solar, hydro, wind and storage. The new company has 485 employees¹⁾, power plants in 14 countries and 3.3 GW of plants in operation or under construction. When all plants are in full operation from first half of 2021, the expected median annual production is 4.1 TWh.

Expanding competence and organisation

In the coming years, we will grow the company whilst retaining our fast-moving and dynamic DNA. Competence development and building new technology capabilities are



key strategic pillars to succeed. To fully integrate former SN Power, we are conducting a thorough global onboarding process and various culture development integration activities. In addition, we are broadening our interactive gamified learning portfolio and external learning sources for all, as well as increasing leadership development initiatives and ensuring clear competence development goals for everyone.

Compelling strategic benefits

Hydropower has inherently attractive characteristics including storage, perpetual asset life, and low operational risk and gearing. Further, hydropower and solar PV are complementary technologies, resulting in new project opportunities, for instance the installation of floating solar on existing hydro reservoirs and thereby also capturing hybridisation benefits.

Floating solar is becoming mainstream technology and has several benefits such as attractive cost, reduced environmental and social impact, utilisation of existing infrastructure when combined with hydropower and it benefits from positive cooling and evaporation effects. Scatec already has a test facility on the Magat dam in the Philippines and there is significant potential for floating solar installations on our existing hydropower facilities. Hybridisation of solar and hydropower allows for sharing of infrastructure to reduce cost and the conversion of incidental power to firm power with a higher market value. If solar panels covered 1% of the surface area of the hydro

1) At date of transaction close

reservoirs in Africa, it would represent a doubling compared to the existing hydropower capacity and an increase in electricity generation from these dams by 50%²⁾.

The technological and geographical diversification further enhances cash flow resilience and increases optionality with respect to profitable growth. It also leverages the long-standing emerging market expertise gained through hydropower production and Scatec's solid Engineering, Procurement and Construction (EPC) track record. With SN Power, Scatec also strengthen its position as a frontrunner in renewable energy and as a partner for governments and other stakeholders.

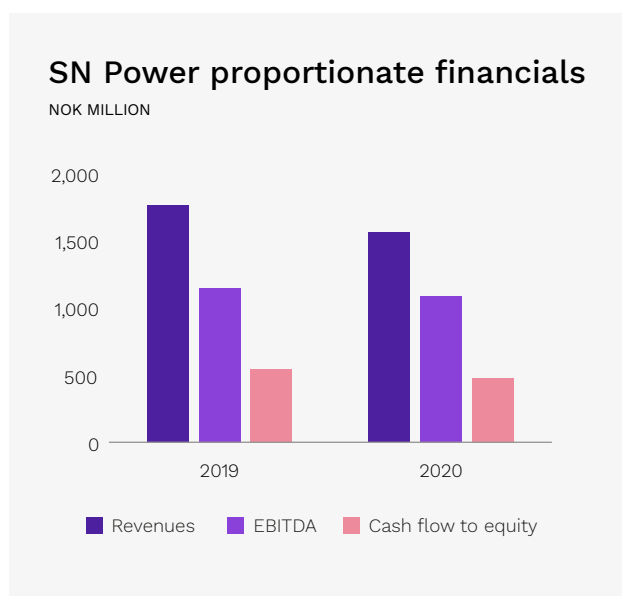


SN Power's 2020 results

In 2020 SN Power reached revenues of NOK 1,562 million (1,766), EBITDA of NOK 1,092 million (1,149) and Cash Flow to Equity of NOK 477 million (541), measured on Scatec's proportionate basis. The performance of 2020 is influenced by reduced water in-flow in the first nine months of the year, combined with COVID-19 impact on power demand and prices in the Philippines. In 2020 net power production reached 1.4 TWh compared to the median net annual production of 1.8 TWh.

Financing

The acquisition is fully funded through cash available and the following facilities; a USD 200 million vendor note, a USD 150 million green term loan, and a USD 400 million acquisition finance facility from Nordea, DNB and Swedbank. The acquisition finance is partially refinanced by the proceeds from the EUR 250 million bond issue announced in February 2021. Refer to note 30 Subsequent events for further details about the acquisition.



Country	Power plant	Gross capacity	Median net production	Economic interest
Philippines	Benguet & Magat	642 MW	810 GWh	50%
Laos	Theun Hinboun	525 MW	600 GWh	20%
Uganda	Bujagali	255 MW	420 GWh	28.3%

2) Source: Elsevier, Renewable Energy volume 169 - Assessment of floating solar photovoltaics potential in existing hydropower reservoirs in Africa

Building a global leader in renewable energy

In a year otherwise characterised by global crisis caused by COVID-19, we have expanded our strategy and made the greatest acquisition since our establishment. Our ambition is to become a global player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions.

We expect the world to be powered by renewable energy in 2050. The Bloomberg New Energy Outlook estimates a 60 percent increase in global electricity demand, with 91 percent of the growth taking place in non-OECD countries. 75 percent of the demand will be covered by renewables. At the same time, the market share of fossil energy sources will decline from 64 percent, to 20 percent. This snapshot of the future forms the backdrop for what we aim to achieve going forward: becoming a global player in renewable energy, with a focus on growth economies.

2020 was a transformational year for Scatec. We went from mainly being a large-scale solar player to building a global leader in renewables. We broadened our growth strategy and acquired major hydropower player SN Power from Norfund. Our role in contributing to a more sustainable future grows with our expansion - and I am impatient. Impatient because the world is in urgent need of clean energy to reach the goals set in the Paris Agreement in order to improve our future and to combat climate change.

Building a global leader in challenging times

Renewable markets have shown a remarkable resilience to the crisis caused by COVID-19. In contrast to all other energy sources, renewables experienced growth in 2020, according to the IEA. For Scatec, the pandemic has had limited impact on our operations and ability to deliver power to our customers. And although some might say that a global crisis is the time to sit still and not rock the boat, I believe that there is no better time than right now to set ambitious targets and immediately follow up with actions.

Despite challenging circumstances, we grew our project pipeline from 5.2 GW to almost 10 GW during 2020,

whereof 2.5 GW was added from SN Power. We completed our first solar hybrid plants for two UN organisations in South Sudan, we started commercial operation of the 54 MW Boguslav project in Ukraine and completed the 258 MW Uppington solar power complex in South Africa. With SN Power integrated, we will significantly increase scale and cash flow from operating plants and in the first half of 2021 we now have a total of 3.3 GW in operation in 14 countries.

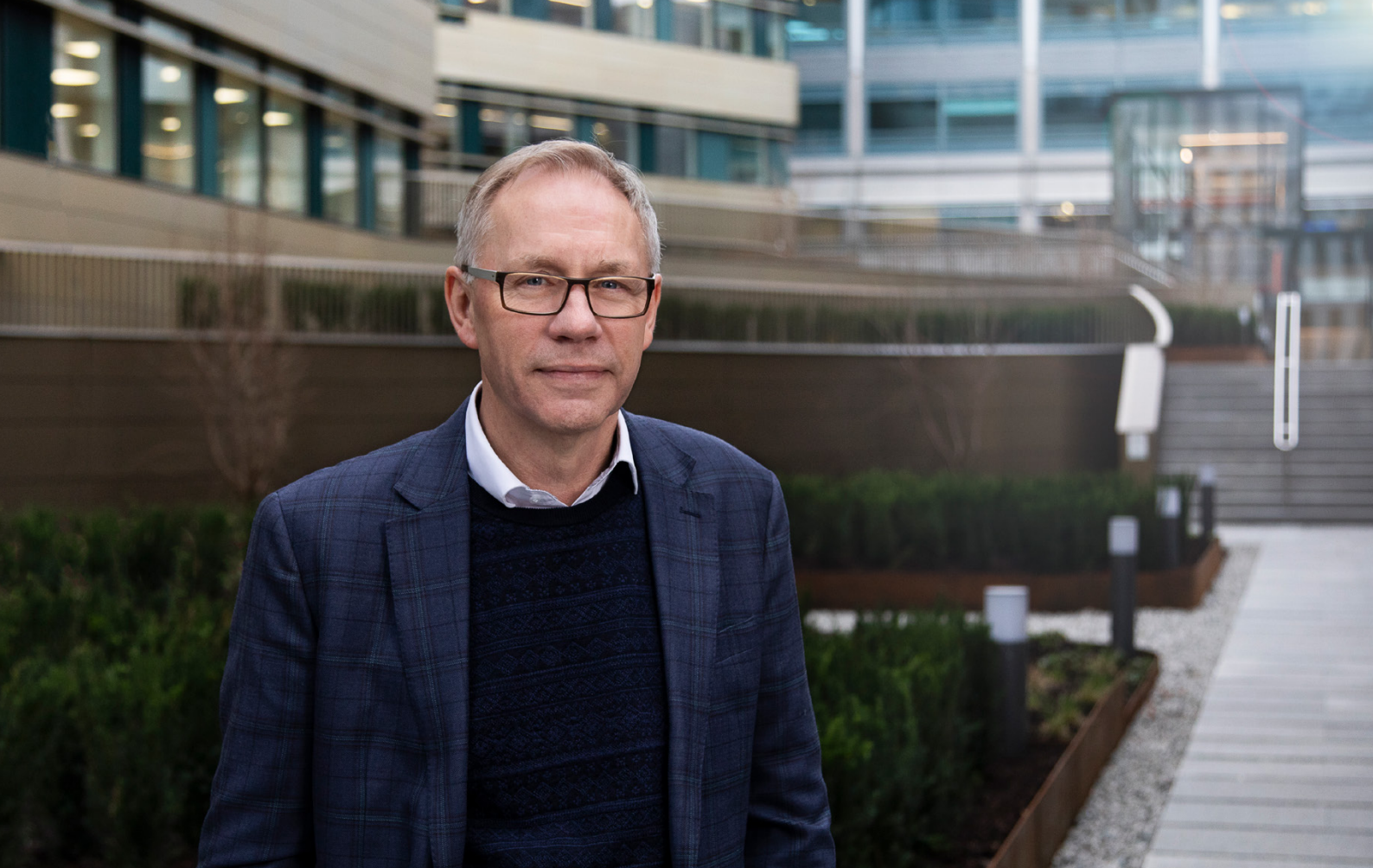
We maintain a solid financial position with available liquidity of NOK 3.9 billion post the SN Power transaction. In 2020, we completed two successful private placements and refinanced our credit facilities at attractive terms, including a new USD 180 million ESG-linked facility. The latter reflects how sustainability and finance are becoming ever more intertwined. Our revenues saw a decrease of 55% in 2020 due to much lower construction activity, while the EBITDA margin increased to 46% due to significantly higher contributions from power production.

A NOK 100 billion business plan towards 2025

We have strong confidence in our operations and broadened growth strategy, and we confirmed our current 4.5 GW capacity target for 2021 and raised our target to 15 GW by the end of 2025 at our Capital Markets Update in March 2021. The business plan is supported by our track record of strong growth and a solid project pipeline across solar, wind, hydro and storage in high-growth markets globally.

Sustainability at the core our operations

In 2020, ESG investments skyrocketed, showing an immense faith in the capability of green technology to solve climate change. As a renewables company, we are inherently a part of the solution to climate change, while we at the same time provide jobs and secure livelihoods



in the communities where we operate. However, that does not absolve us from our responsibility to operate in a truly sustainable manner. We are proud to share that our integrated and systematic sustainability efforts are yielding results.

We were recognised for our sustainability work in 2020 by, for instance, achieving top scores from international ESG rating agencies such as MSCI and Sustainalytics. Moreover, we were recognised for our leadership in corporate sustainability by the Carbon Disclosure Project by securing a place on the prestigious 'A' List for tackling climate change.

I encourage you to read more in our sustainability report at <http://sustainabilityreport2020.scatec.com>.

People power our success

I would like to take the opportunity to thank our partners, stakeholders and friends of Scatec. We rely heavily on our suppliers and contractors to support delivering on our goals, and we appreciate their efforts knowing that this has been a challenging year for many of them, too.

At Scatec, we have always recognised that people are a key asset, and this past year further underlines the

importance of our people. Our achievements during 2020 can largely be attributed to each individual employee's effort and I am both impressed by my colleagues and grateful to be part of such an amazing team.

Late January, we welcomed our new colleagues from SN Power who adds solid experience within hydropower and other solutions such as floating solar. We are building a stronger, broader and even more diverse team across renewable energy technologies and bringing the best from both companies to fully integrate into a leading renewable player.

Although we are still in the midst of a pandemic, we are optimistic about the future and even more so about the outlook for renewables. We can promise that Scatec will do its utmost to improve our future as we grow as a global leader in renewable energy.

Raymond Carlsen, CEO

Our people – a key asset for further growth

Scatec's ability to drive people's development is critical to delivering on our strategy. In 2020, we broadened our strategy with the aim of accelerating growth and becoming a global leader in renewable energy. Our people will play a crucial role in achieving our goals.

During the year, we expanded our team with 100 highly skilled full-time employees, increasing the total number of permanent employees to 435. Women make up 30% of all full-time employees. We have a young, diverse and dynamic workforce with an average age of 37 and a total of 41 nationalities.

We embrace diversity and inclusion in our practices, policies, and procedures including, but not limited to, hiring processes, performance and rewards, learning and development programmes and other initiatives. In 2020, we updated our HR policy to include a section on diversity and inclusion, and in 2021 we will further strengthen our efforts by launching a diversity and inclusion policy. Further information on diversity and inclusion is available in the [Statement on equality and anti-discrimination](#), as well as [Scatec's Diversity & Inclusion policy](#).

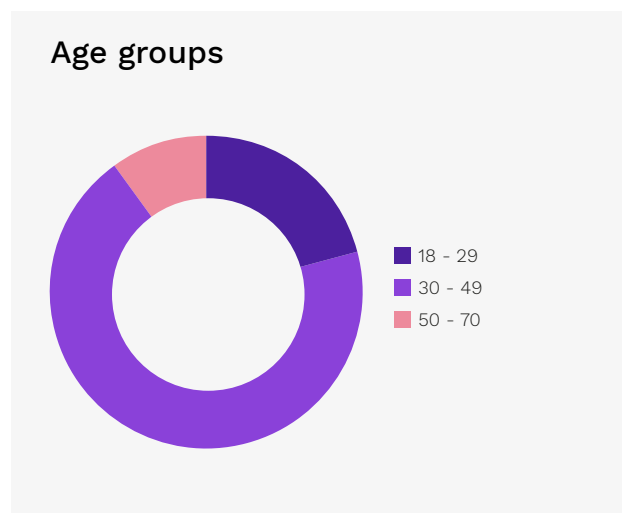
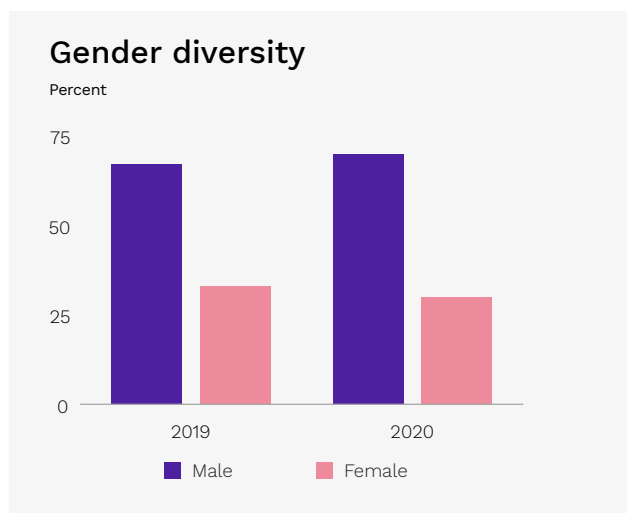
Although the pandemic had limited impact on our business and operations, it has been a different year in terms of how we execute our work. Everyone misses various aspects of being in the office and we all share the need for an adequate workspace and common arenas. Scatec

has focused on meeting this need through initiatives such as online exercise for employees, grants for home office equipment, online social events and regular lunch learning sessions.

In 2020, our employee engagement survey presented how most employees find Scatec a great place to work. Being able to compare with previous years, the results showed a positive trend on all questions. The questions with the highest scores were the following: 95% of employees are proud to tell others that they work at Scatec, 88% say Scatec is a great place to work, and 84% say management keeps them informed about important issues and changes. We are proud of these results in a year otherwise dominated by uncertainty.

A continuous dialogue between leader and employee is essential for enabling improvement. Our performance development process is the structured embodiment of this dialogue, and it includes all employees every year.

Training is key for driving people's development. Our e-learning courses were diligently used throughout the year, with a total of 1,490 hours of mandatory and other training time. The courses cover a variety of topics such as human rights, introduction to Scatec, and various IT and project-related trainings. In 2020, we added two gamified trainings to our e-learning portfolio to raise the general knowledge among employees on two key topics: our Code





In 2020, we expanded our global team by 100 highly skilled employees to 435, representing 41 different nationalities.

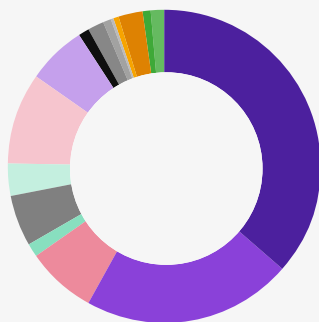
of Conduct and IT security. The trainings were an immense success, with 528 users and an average of 51.1 plays per user for the Code of Conduct training, and 464 users and 49.3 plays on average for the IT security training.

Cultivating and promoting sound leadership is a key priority for Scatec, because leadership as a competence is critical for delivering on our strategy and reaching targets as we grow into a global renewables company. A key leadership development initiative includes our global leadership development programme with 22 participants running for nine months. In addition, the leadership development

modules and master classes offered were completed by 100 employees in 2020.

Scatec is a truly global company, and in 2021 a key focus will be to strengthen our competence across various renewables technologies, and to successfully integrate new colleagues into the organisation following the acquisition of SN Power from Norfund. Our diverse, global and flexible workforce will remain our most important asset for delivering on our growth strategy. Empowering our people and enhancing their competence and abilities are among the most important investments we make.

Geographic distribution of employees



- South Africa
- Norway
- Malaysia
- Mozambique
- Brazil
- Honduras
- Egypt
- Ukraine
- Czech
- The Netherland:
- France
- Jordan
- Rwanda
- Argentina
- Bangladesh
- Vietnam

Sustainability highlights

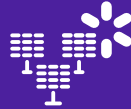
Read more about Scatec's sustainability efforts in the Sustainability Report 2020 available on: <http://sustainabilityreport2020.scatec.com>

CLIMATE ACTION



Broadening renewable energy offerings

Acquisition of major hydropower player
SN Power



1.6 mill tonnes GHG emissions avoided

From solar plants in operation year end 2020



Net zero target by 2050 ¹⁾

More than 50% by 2030
Net zero by 2050

#1 FOR LOW RISK AND TOP ESG RATINGS



ESG risk rating:

Low risk

#1 of 450 – Utilities

#1 of 48 – Renewable power producers



ESG Rating:

A- (excellent)

Status: Prime

Prime threshold: C+



ESG rating:

AAA

Top rating

Highest scoring range relative to global peers

IMPROVING ESG PERFORMANCE



Supplier engagement

on key ESG risks and climate reporting



TRIF: 1.1

LTIF: 0.6



3 community solar projects

2 in Honduras & Brazil
1 in planning in South Africa



71% ²⁾

completion human rights corporate training

1) The climate target is in line with the 1.5°C scenario: Reduce scope 1 & 2 emissions by more than 50% by 2030 and reach net zero by 2050. Refer to page 29 the Sustainability Report 2020 for more details.

2) Refer to page 21 in the Sustainability Report 2020 for further details about human rights training.

Report from the Board of Directors



Highlights 2020

- Proportionate revenues of NOK 2,844 million (6,341) and EBITDA of NOK 1,306 million (1,571)
- Proportionate Power production of 1,602 GWh, up 73% from 2019
- Entered into an agreement to acquire leading hydropower player SN Power
- New solar plants in commercial operation in Malaysia, Ukraine and South Africa
- Additional 320 MW in Argentina and Ukraine under completion
- High project development activity in large growth markets - project backlog and pipeline increased to 10.5 GW
- Raised equity of NOK 6,718 million to fund the acquisition of SN Power and further growth

Key figures

NOK million	FY 2020	FY 2019
PROPORTIONATE FINANCIALS ¹⁾		
Total revenues and other income	2,844	6,341
Power Production	1,708	1,163
Services	232	168
Development & Construction	873	4,980
Corporate	33	31
EBITDA	1,306	1,571
Power Production	1,404	976
Services	82	64
Development & Construction	-28	589
Corporate	-153	-58
Operating profit (EBIT)	690	1,111
Profit/(loss)	-435	530
Net interest-bearing debt	1,851	7,312
Power production (GWh)	1,602	926
SSO proportionate share of cash flow to equity	324	794
CONSOLIDATED FINANCIALS ²⁾		
Revenues and other income	2,754	1,783
EBITDA	2,069	1,386
Operating profit (EBIT)	1,292	874
Profit/ (loss)	-368	155
Net interest-bearing debt	5,223	10,986
Basic earnings per Share (NOK)	-3.51	-0.31
Power Production (GWh)	2,911	1,655

1) See Alternative Performance Measures appendix for definition.

2) Refer to note 4 Operating segments in the consolidated financial statements for a reconciliation between proportionate and consolidated financials.

Financial review

Presentation of Accounts

Pursuant to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the Financial Statements have been prepared under the assumption that the Scatec Group is a going concern and that this assumption was appropriate at the date of approval of the Financial Statements. The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) with Norwegian Kroner (NOK) as reporting currency. The notations Scatec, Scatec Group, the Company and the Group are used interchangeably throughout the document. Figures in parentheses are for the corresponding period of the previous year.

Segment and proportionate financials

Scatec reports on three operating business segments: Power Production (PP), Services and Development & Construction (D&C), as well as Corporate and Eliminations.

Revenues and costs related to deliveries of D&C and Services to companies deemed to be controlled by Scatec are eliminated in the Consolidated Group Financial Statements.

To improve reporting transparency on underlying value creation across Scatec's business activities, the Company is reporting on proportionate financials in addition to consolidated financials. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries based on Scatec's economic interest in the subsidiaries. Proportionate reporting is in line with how the Management Team assesses the performance of the segments. Please refer to note 4 Operating Segments for further descriptions of the proportionate financials as well as reconciliation to the IFRS financial statement.



Group – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	2,844	6,341
Operating expenses	-775	-497
EBITDA	1,306	1,571
D&A and impairment	-615	-460
EBIT	690	1,111
Cash flow to equity	324	794

Key ratios

Percent	2020	2019
EBITDA margin	46%	25%
EBIT margin	24%	18%

2020 proportionate revenues were NOK 2,844 million, a decreased by 55% from 2019 with lower construction activity, partly offset by higher power production revenues.

With a larger portfolio of power plants in operation, both revenues and EBITDA increased in Power Production, while decreasing in the Development & Construction segment. This change in segment mix resulted in a higher EBITDA margin for the Group compared with the previous year.

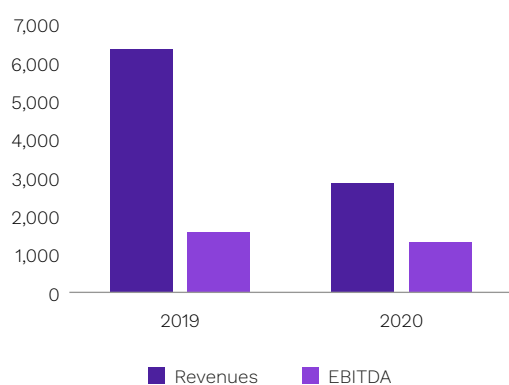
Operating expenses increased in 2020, as new power plants started operation and NOK 82 million of transaction costs related to the acquisition of SN Power were expensed.

Net profit was impacted by a currency loss of NOK 398 million primarily driven by a reduced NOK value of USD cash balances held in Scatec ASA for the USD based settlement of the SN Power transaction.

Scatec's proportionate share of cash flow to equity was NOK 324 million in 2020, down from NOK 794 million in 2019.

Revenues & EBITDA by year

NOK MILLION



Power Production – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	1,708	1,163
Operating expenses	-304	-187
EBITDA	1,404	976
D&A and impairment	-566	-412
EBIT	838	564
Cash flow to equity	427	361

Key ratios

Percent	2020	2019
EBITDA margin	82%	84%
EBIT margin	49%	48%

Production

MWh	2020	2019
MWh produced	2,911	1,655
-net to Scatec	1,602	926

Power Production revenues increased to NOK 1,708 million (1,163) in 2020 while EBITDA increased by 44 percent to NOK 1,404 million (976). Installed capacity was 1,574 MW at year-end and full year production on proportionate basis reached 1,602 GWh, up from 926 GWh in 2019. The increase in production volumes and revenues is driven by the growth in production capacity.

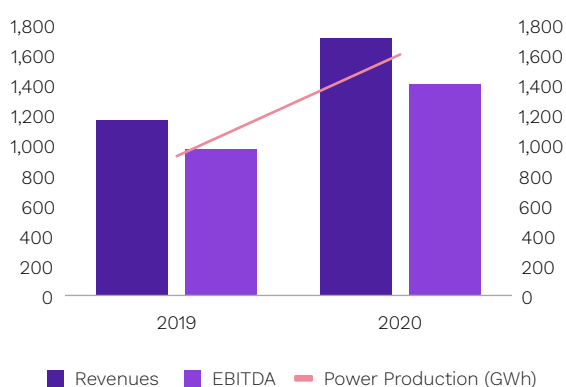
For the existing power plants, the change in production volume from last year is small and driven by regular operational variability. The reported revenues for 2020 are reflecting sale of electricity from solar power plants in Brazil, Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa and Ukraine.

Operating expenses and depreciation increased from last year in line with the increase in revenues.

Scatec's proportionate share of cash flow to equity from Power Production was NOK 427 million, up from NOK 361 million in 2019. The increase in cash flow to equity is less than the increase in EBITDA due to increased debt service.

Revenues & EBITDA by year

NOK MILLION



Services – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	232	168
Operating expenses	-150	-104
EBITDA	82	64
D&A and impairment	-3	-3
EBIT	79	61
Cash flow to equity	65	53

Key ratios

Percent	2020	2019
EBITDA margin	35%	38%
EBIT margin	34%	36%

Revenues in the Service segment reached NOK 232 million (168). The revenue growth year-on-year is explained by the growing portfolio of producing assets.

Operating expenses amounted to NOK 150 million (104). The increase year-on-year is mainly due to new power plants reaching commercial operation as well as costs related to preparations for growth in the operational portfolio.

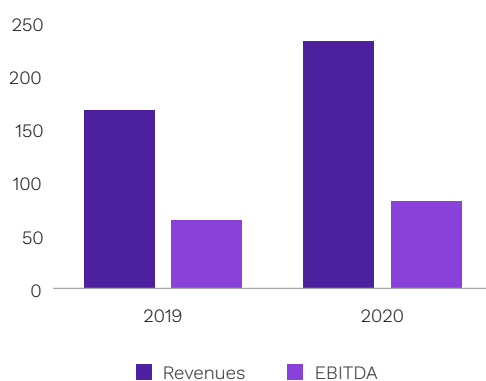
Operating expenses in the segment mainly constitute fixed expenses such as personnel and recurring maintenance cost reflecting fixed maintenance schedules.

EBITDA reached NOK 82 million (64), corresponding to an EBITDA margin of 35% (38%).

Scatec's proportionate share of cash flow to equity from Services was NOK 65 million in 2020, up from NOK 53 million in 2019.

Revenues & EBITDA by year

NOK MILLION



Development & Construction (D&C) – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	873	4,980
Cost of sales	-764	-4,274
Gross profit	109	706
Operating expenses	-137	-117
EBITDA	-28	589
D&A and impairment.	-26	-39
EBIT	-54	550
Cash flow to equity	-15	471

Key ratios

Percent	2020	2019
Gross margin	12%	14%
EBITDA margin	-3%	12%
EBIT margin	-6%	11%

Revenues in Development & Construction was NOK 873 million (4,980) and EBITDA NOK -28 million (589) in 2020. The decrease is explained by low construction activity during the year.

At the end 2020 the accumulated progress across ongoing construction projects was 99%, with minor activities remaining in Argentina and Ukraine. These plants are currently estimated to be completed in second quarter 2021.

The increase in operating expenses reflects increased spending on development of project pipeline across several markets and renewable technologies.

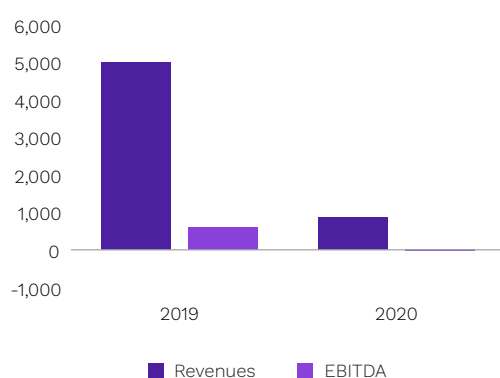
Project development spending, including amounts capitalised reached NOK 259 million in the year.

The gross margin was 12% which is in line with earlier guidance.

Scatec's proportionate share of cash flow to equity from D&C was NOK -15 million, a decrease from NOK 471 million in 2019.

Revenues & EBITDA by year

NOK MILLION



Corporate – Proportionate financials

Corporate activities mainly relate to corporate and management services. The segment reported an operating loss of NOK -173 million (-64) in 2020.

Corporate - Key figures

NOK million	2020	2019
Revenues and other expenses	33	31
Operating expenses	-186	-89
EBITDA	-153	-58
D&A and impairment	-20	-6
EBIT	-173	-64
Cash flow to equity	-153	-91

Revenues in the corporate segment refers to management fees charged to the other operating segments for corporate services rendered across the Group.

Corporate incurred NOK 186 million (89) in operating expenses, including NOK 82 million in transaction costs related to the acquisition of SN Power. The increase also reflects strengthening of corporate functions to support the Company's growth.

Consolidated financial statements

Consolidated income statement

Unless otherwise indicated, the below information describes the development for the continuing operations of the Scatec Group in 2020, and the corresponding figures for 2019.

NOK million	2020	2019
Total revenues and other income	2,754	1,783
EBITDA	2,069	1,386
Operating profit (EBIT)	1,292	874
Profit before income tax	-238	184
Profit/(loss) for the period	-368	155
Profit/(loss) to Scatec	-478	-39
Profit/(loss) to non-controlling interests	110	194

Revenues

Scatec reported net revenues of NOK 2,754 million (1,783) in 2020, mainly reflecting sales of electricity from solar power plants in Brazil, Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa and Ukraine. Revenues from power sales increased compared to 2019, driven by the increased production capacity.

Net income from associated companies in Argentina and Brazil increased from NOK -28 million in 2019 to NOK -16 million in 2020. The solar power plant in Argentina is under construction and has been further delayed in 2020 due to the COVID-19 outbreak, and is currently estimated to be completed in second quarter of 2021. For further details, refer to note 14 Investments in JVs and associated companies.

Operating profit

The Group has in recent periods invested in both early stage development activities and also strengthening of the organisation following the significant growth of the company. This mainly explains the growth in operating expenses compared to last year.

Consolidated operating expenses increased to NOK 685 million (397) for 2020 mainly driven by the added capacity during the period.

The Company is not engaged in research activities and has not recognised such costs in 2020 or 2019.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 2,069 million in 2020, an increase from an EBITDA of NOK 1,386 million in 2019.

Depreciation, amortisation and impairment amounted to NOK 777 million in 2020, compared to NOK 512 million in 2019. The increase is mainly explained by depreciation of solar plants that have been grid connected in 2020.

Operating profit (EBIT) ended at NOK 1,292 million in 2020, up from NOK 874 million in 2019.

Net financial items

NOK million	2020	2019
Financial income	57	66
Financial expenses	-1,189	-744
Foreign exchange gains/(losses)	-398	-13
Net financial expenses	-1,530	-690

Net financial expenses amounted to NOK 1,530 million in 2020, compared to NOK 690 million in 2019.

Financial income was NOK 57 million (66) for 2020, and mainly reflect interest income on cash balances.

Financial expenses mainly consist of interest expenses on non-recourse financing and has increased compared to 2019 due to financing of new solar plants under construction.

The increase in foreign exchange loss in 2020 is primarily driven a reduced NOK value of USD cash balances held in Scatec ASA for the USD based settlement of the SN Power transaction in 2021. The currency losses are also driven by Scatec ASA's shareholder loans to project companies which are provided in the respective projects' currencies.

Profit before tax and net profit

The effective tax rate was -55% (16%) for the full year 2020. The difference between the actual tax expense of the year and a calculated tax expense based on the Norwegian tax rate of 22% is explained by a number of factors, including a non-recurring tax expense related to non-deductible interest cost, non-deductibility of transaction cost from the SN Power acquisition and withholding taxes paid on dividends received from subsidiaries. The tax cost is also influenced by taxable profits and -losses in tax jurisdictions with different tax rates which offset each other in the group but leaves a net tax expense to be recognised. The underlying tax rates in the companies in operation are in the range of 0% to 33%. In some markets, Scatec also receives special tax incentives intended to promote investments in renewable energy. For further details, refer to note 11 Tax.

Non-controlling interests (NCI) represent financial investors in solar power plants. The allocation of profits between NCI and Scatec are impacted by the fact that NCI only have shareholdings in solar power plants, while Scatec also carries the cost of project development, construction, operation & maintenance and corporate functions.

Other comprehensive income comprises items that may subsequently be reclassified to profit or loss, amounted to negative NOK 394 million (-162) in 2020. This relates to after-tax net movement of cash flow hedges of negative NOK 278 million (-175) and foreign currency translation differences of NOK -116 million (12).

Total comprehensive income was thus negative NOK 762 million for 2020 of which negative NOK 698 million was attributable to Scatec, while negative NOK 65 million is attributable to non-controlling interests. This compares to a total comprehensive income of negative NOK 7 million

for 2019, of which negative NOK 117 million was attributable to Scatec and NOK 109 million to non-controlling interests.

Consolidated statement of cash flow

Cash flow

Net cash flow from consolidated operating activities amounted to NOK 1,671 million (1,860) in 2020, compared to EBITDA of NOK 2,069 million. The difference between the operating cash flow and EBITDA is primarily explained by changes in working capital, mainly related to power plants under construction.

Net cash flow from consolidated investing activities was negative NOK 1,704 million (-6,439) driven by lower construction activities on new power plants compared to last year.

Net cash flow from financing activities amounted to NOK 4,984 million (4,232), driven primarily by the issue of share capital of NOK 6,576 million (1,307). Net repayments and proceeds from non-recourse financing amounted to NOK -543 million (-3,646) and net proceeds from NCI financing to NOK 159 million (307). Further, interest payments were NOK 894 million (711) and dividends NOK 280 million (288).

In total, the Group's cash balance increased by NOK 4,951 million (-348). Of the total cash balance of NOK 7,788 million (2,824), NOK 1,752 million (1,987) was restricted cash in power plant companies, NOK 87 million (78) represented other restricted cash while NOK 5,949 million (758) represented free cash at the group level.

Proportionate share of cash flow to equity

Scatec's proportionate share of cash flow to equity, defined as EBITDA minus interest expenses, normalised debt instalments and tax (i.e. before changes in net working capital), is an alternative performance measure that seeks to estimate the Group's ability to generate funds for the group, available for equity investments in new solar power plant projects and/or for shareholder dividends over time. Scatec's proportionate share of cash flow to equity totaled NOK 324 million (794) in 2020.

NOK million	2020	2019
Power production	427	361
Services	65	53
Development & Construction	-15	471
Corporate	-153	-91
Total	324	794

Consolidated statement of financial position

Assets

NOK million	2020	2019
Property, plant and equipment	16,086	15,401
Other non-current assets	1,503	1,682
Total non-current assets	17,590	17,083
Other current assets	1,286	1,671
Cash and cash equivalents	7,788	2,824
Total current assets	9,074	4,495
Total assets	26,663	21,578

Total assets amounted to NOK 26,663 million at year-end 2020, up from NOK 21,578 million at the end of 2019.

Overall, non-current assets totaled NOK 17,590 million (17,083), of which NOK 16,086 million (15,401) was Property, Plant & Equipment (PP&E). The 3% net increase of non-current assets is mainly driven by the new plants in South Africa, Ukraine and Malaysia. This is partly offset by depreciation of the operating power plants.

Current assets amounted to NOK 9,074 million (4,495), with cash and cash equivalents amounting to NOK 7,788 million (2,824). Other current assets decreased by 23% compared to 2019, mainly driven by working capital changes related to construction projects. The cash balance has increased with NOK 4,964 million since last year, primarily following the private placements completed during the second and fourth quarter 2020. Part of the cash holdings is subject to restrictions or is collateralised, while free unrestricted cash was NOK 5,949 million (758) at the end of 2020.

Current and non-current financial assets and liabilities in the balance sheet relates to interest rate derivatives in the Egyptian, Malaysian, Mozambican and South African power plant companies. Other power plants are funded through fixed rate interest loans. Other current assets and liabilities mainly relate to working capital items such as prepayments and accruals.

Equity and liabilities

NOK million	2020	2019
Equity	9,467	3,640
Non-current non-recourse project financing	11,350	12,228
Other non-current liabilities	2,351	2,962
Total non-current liabilities	13,701	15,190
Current non-recourse project financing	913	837
Other current liabilities	2,582	1,913
Total current liabilities	3,495	2,750
Total liabilities	17,196	17,939
Total equity and liabilities	26,663	21,578
Book equity ratio	35.5%	16.7%

Total equity stood at NOK 9,467 million (3,640) at the end of 2020, corresponding to an equity ratio of 36% (17%).

The increase in equity and equity ratio are mainly driven by the private placements during the second and fourth quarter 2020.

Total non-current liabilities amounted to NOK 13,701 million (15,190) at the end of 2020, of which non-recourse project financing accounted for NOK 11,350 million (12,228). Total current liabilities came in at NOK 3,495 million (2,750), of which NOK 913 million (837) was in non-recourse project financing.

Parent Company

Scatec ASA prepares its financial statements according to Norwegian Generally Accepted Accounting Principles (NGAAP). Scatec ASA is a holding company comprising parts of corporate services, management and group finance. In addition, Scatec ASA provides certain services related to project development and construction for its subsidiaries.

Scatec ASA reported revenues of NOK 622 million and operating loss (EBIT) of NOK 23 million in 2020, compared to revenues of NOK 2,964 million and operating Profit (EBIT) of NOK 107 million in 2019.

Revenues decreased from 2019 to 2020 due to lower constructing activities.

All revenues are group internal and based on agreements established between Scatec ASA and its subsidiaries, joint ventures and associated companies. The scope of the agreements includes delivery of the main components of the solar power plants (inverter system, modules and structures) and management services as well as services related to project development and construction, including

but not limited to permitting, financial modelling, production of bidding documents, debt and equity financing, evaluation of tax issues, structuring of securities and guarantees, legal services, advice on tendering of components as well as grid connection studies.

Operating expenses increased to NOK 238 million, from NOK 179 million in 2019, reflecting the increased number of employees and activities following the Company's growth.

Profit after tax reached NOK 516 million, compared to a profit after tax of NOK 138 million in 2019.

Total equity for the parent company Scatec ASA stood at NOK 9,915 million at 31 December 2020, up from NOK 3,088 million in 2019, mainly caused by capital increases during the year. Total assets amounted to NOK 11,658 million at 31 December 2020, up from NOK 5,913 million a year earlier. The increase reflects increased cash from the share capital increases.

Scatec ASA had 94 permanent full-time employees in 2020, up from 89 in 2019. The sickness leave rate in 2020 was 2%, broadly in line with previous years. Scatec ASA focuses on equal opportunities irrespective of gender. There should be no discrimination related to gender in cases such as compensation, promotion or recruitment. In Scatec ASA females made up 46% of the employees in 2020, which is on the same level as last year.

Organisation

Scatec has an international and diverse workforce which at the end of 2020 was represented by 41 nationalities and 435 employees in 16 countries. The organisation was strengthened across key functions and regions by expanding our team by 100 highly skilled full-time employees during the year. The organisation remains flexible, and the young and dynamic workforce continues to deliver strong results and growth.

2020 was characterised by a different working situation for most employees, and Scatec's focus has been to facilitate for an adequate workspace and interaction with colleagues through initiative such as online exercise for employees, grants for home office equipment and regular lunch learning sessions. Human capital development was strengthened through various learning initiatives, among them two new gamified trainings.

The Company's reporting on diversity and equal opportunity is available in the Statement of equality and anti-discrimination on <https://scatec.com/sustainability/esg-resources/> and in the Company's 2020 Sustainability report.

Sustainability

Sustainability is an integral part of Scatec's business model, which represents a positive contribution towards meeting the climate challenge and bridging the global energy gap. The Company generates clean, cost-effective and reliable electricity and strive to conduct its business in a responsible manner across all operations guided by several internationally recognised frameworks and principles.

Scatec is committed to develop and operate all projects in line with the IFC Performance Standards and the Equator Principles, and collaborate with partners that have the same high standards for projects and their potential impact. The Company develops Environmental and Social Impact Assessments and Action Plans for all projects, which are carefully monitored internally and externally by the project and financing partners. Scatec has been a member of the UN Global Compact since 2018, which reinforces global commitment to responsible business conduct in the four areas: Labour conditions, human rights, environment and anti-corruption.

For 2020, an overall focus was to strengthen the existing corporate Environmental and Social Management System (ESMS) for more efficient and systematic management of environmental and social risks. A key focus for 2021 will be to further develop the ESMS to support new technologies including wind and hydro.

Scatec works systematically to disclose relevant information related to Environmental, Social and Governance (ESG) aspects. In 2020, the Company was rated with A, among the top 100 largest companies on the Oslo Stock Exchange excelling at ESG reporting by the Governance Group, in their annual analysis of companies' ESG reporting. Scatec was also rated with top ESG performance ratings by leading, global rating agencies including Sustainalytics, MSCI and ISS ESG.

The Company's reporting on sustainability work and performance is in accordance with the Global Reporting Initiative (GRI) Standards and the Task Force on Climate Related Financial Disclosures (TCFD). The next section provides a summary of the sustainability work and results in 2020. For extensive information, refer to the Sustainability Report 2020.

Health, Safety, Security and Environment (HSSE)

Health and Safety is a key priority for Scatec and the Company is continuously working to achieve the goal of zero harm to personnel, materials and the environment. Scatec takes responsibility, set requirements and monitor HSSE performance in the development, construction and

operations phases of the projects. Further, the health and safety standards are defined and communicated to employees and contractors.

Scatec delivered approximately 3.3 million working hours with no fatalities or serious injuries involving disabilities in 2020. The year was characterised by lower construction activities than previous year, with main activities in Ukraine, Malaysia and Argentina. In total two hand injuries were recorded which led to lost time incidents (LTI).

In 2020, the projects under construction in Malaysia, Argentina, South Africa, and Ukraine were engaging close to 3,800 workers during the construction phase, of whom about 60% were local and unskilled labour.

The rate of recordable work-related injuries amounted to 1.1 per million working hours, down from 1.5 in 2019. The decrease reflects among others several initiatives launched during the year to strengthen the HSE culture across the company, as well as accumulating extensive experience from the global network of the Company's project portfolio. None of the two Lost Time Injuries were classified as high potential incidents¹⁾.

The sickness leave rate remained moderate at 1% world-wide (0.7% in 2019), broadly in line with previous years.

Scatec works systematically to strengthen its approach to security management and emergency preparedness. The pandemic naturally reduced the number of travels during the year as Scatec imposed a general travel ban from first quarter. A small number of business-critical travels were required in 2020 and a strict travel approval checklist was established. For countries with a high-risk rating by Scatec's third-party risk advisor, special security measures apply for all travel.

One of the most serious risks employees are facing when travelling is related to traffic. In 2020, two serious near misses related to motor vehicle accidents were registered. Scatec continuously work to manage risk related to traffic, this includes transportation safety management plans for all locations that also require subcontractors to have a plan for transportation safety and initiatives in place to promote safe travelling among their employees.

COVID-19 impacts

The impact of COVID-19 on Scatec's operations has been limited during 2020. The Company has followed

and implemented the respective national authorities' advice and recommendations regarding COVID-19. Scatec established a special corporate crisis incident management team early 2020 to monitor and advice on the COVID-19 pandemic. During the course of the year, the emergency response organisation and -plans on all levels of the company have been mobilised. The Company, together with its external risk advisors, regularly assess risks related to global health issues such as pandemics. In general, Scatec is always following the recommendations from relevant national authorities and takes a pro-active approach to contribute to minimise any risk or impact of such health issues. The Company has contingency plans in place to safeguard personnel and assets and has cooperation agreements with external partners in place for global support.

Business ethics and anti-corruption

Working systematically to prevent corruption and unethical practices in all projects and operations is a fundamental principle in Scatec. The Company's main financial collaborators such as Norfund, the International Finance Corporation (IFC), member of the World Bank Group, and other leading development banks are also widely acknowledged for high ethical standards and rigorous due diligence requirements.

Scatec is committed to a zero tolerance policy of corruption. In recognition of this commitment, an Anti-Corruption Program has been implemented, that provides a guide through how Scatec is working to manage the corruption risks in its activities.

The Company regularly assess sustainability risks within its supply chain. The main risks include corruption, violations of labour rights, and poor social and environmental performance. The Company seeks to mitigate these risks through its supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits and monitoring during production.

Scatec has a whistleblower channel available to all employees and stakeholders of the Company, both through internal channels and the corporate website. This channel is operated by a neutral third party. All whistleblowers have the option to be anonymous. In 2020, seven reports were received through the whistleblower channel, of which two related to potential discrimination. All reports were investigated according to the established investigation procedure.

1) Incident which under slightly different circumstances could have led to a fatality or major loss

In 2020, a new Code of Conduct was implemented, and it was also translated into Spanish, Portuguese, Ukrainian and Arabic. One of the 2020 targets was to hold mandatory Code of Conduct trainings for all employees, and this goal was achieved by offering an advanced gamified Code of Conduct training. The training is interactive and engaging, and it includes dilemma training and mini games. This implementation of gamified training was very successful. For extensive information, refer to the Sustainability Report 2020.

Human rights and social issues

Key elements in Scatec's project work are human rights and social issues. Such issues are normally mainly related to labour rights, land resettlement, local community acceptance, and health and safety.

Scatec has a publicly available grievance mechanism for all projects through the corporate website and at each local project site. The grievance mechanism is targeted towards individuals, communities and companies who have feedback or concerns regarding the Company's projects. This is a channel to present issues to the administration of the projects and the channel is directly supervised by Scatec's corporate Sustainability unit. In 2020, 79 grievances were registered. The majority of the grievances were related to projects under development and under construction, generally representing the phases with most feedback and concerns from project stakeholders. More than 80% of the grievances were solved by engaging with local communities on a regular basis, following up with sub-contractors and communicating Scatec's processes and principles. At the end of 2020, 14 grievances were still in process of being resolved. At the annual reporting date, four grievances in Egypt and one in Mozambique are still being addressed and processed according to Scatec's procedures and are expected to be resolved within the next quarter.

To further strengthen its work related to human rights and social issues, Scatec launched an interactive corporate human rights training for all employees in 2020. The training provides a background to human rights and focuses on business and human rights, and the specific role human rights play within Scatec and its operations, using a case study to enhance learning for employees.

We also collaborated with a third party to develop and standardise a human rights training for security personnel in 2020. The training is in line with the Voluntary Principles

on Security and Human Rights. The roll out of the training is planned for the second quarter of 2021. Scatec is also working to standardise training to other exposed groups, primarily community workers (CLOs and social staff).

Climate

The Company's renewable energy plants contribute to the reduction of greenhouse gas emissions in every country where Scatec operates.

The total greenhouse gas (GHG) emissions from Scatec's activities in 2020, including scope 1, 2 and air travel in scope 3, were estimated to 7,359 tonnes (11,021 tonnes in 2019²⁾) with the majority coming from electricity usage and transportation. The Company sees a substantial decrease from last year, primarily due to the pandemic; reduced traveling and electricity usage.

Simultaneously, the GHG emissions avoided from our operating solar plants reached about 1.6 million tonnes in 2020, a significant increase from 870,000 tonnes in 2019. This figure is calculated based on local grid emissions factors from the International Energy Agency (IEA).

Scatec reported to the Carbon Disclosure Project (CDP) for the first time in 2020 and was awarded top score and a place on the prestigious 'A' List for tackling climate change. This demonstrates the Company's commitment to climate action and increased transparency for management of risks and opportunities posed by climate change.

In 2020, Scatec set ambitious climate goals in line with the Science Based Target Initiative to reduce scope 1 and 2 emissions by more than 50% by 2030 and to be carbon neutral by 2050. The Company also expanded its reporting on scope 3 emissions by engaging with key suppliers. This work remains a key priority for 2021, and a roadmap for reducing emissions will be developed as well as continued close collaborations with key suppliers on climate matters.

Corporate governance

The Board of Directors has made a strong commitment to ensure trust in the Company and to enhance shareholder value through effective decision-making and open communication between the management, the Board of Directors, the shareholders and other stakeholders. The Company's framework for corporate governance is intended to decrease business risk, maximise value and utilise the Company's recourses in an efficient, sustainable manner, to the benefit of shareholders, employees and

2) In 2019, due to a change in the calculation methodology for office electricity in South Africa, an additional 49 tonnes of GHG emissions should have been reported.

society at large. The Company's corporate governance framework is subject to annual reviews and discussions by the Board of Directors. The Company comply with the Norwegian Code of Practice for Corporate Governance and the Board of Directors' Corporate Governance report is available on the corporate website under the Investor section.

Share capital and the Scatec share

Scatec ASA is listed on the Oslo Stock Exchange under the ticker "SCATC". The share capital of Scatec was NOK 3,958,392 divided on 158,335,667 shares at year end 2020, each with a nominal value of NOK 0.025. All shares are of the same class and with equal voting and dividend rights. Per 31 December 2020, the number of shareholders were 12,622. Refer to Note 23 - Share capital, shareholder information and dividend for further information.

Scatec aims at informing all interested parties about important events and the Company's developments through annual reports and quarterly financial presentations, stock exchange notices and other Company updates. Further information can be found in the investor section of Scatec's website at www.scatec.com/investor.

Dividend policy

The Group's objective is to pay shareholders consistent and growing cash dividends. Scatec's dividend policy is to, over time, pay its shareholders dividends representing 50% of free cash distributed from the producing power plant companies.

In line with the dividend policy, the Board of Directors have resolved to propose to the 2021 Annual General Meeting of Scatec that a dividend of NOK 1.09 per share should be paid for 2020. From 2021, Scatec will adjust its dividend policy to pay out a minimum of 25 % of the cash distributions received from the power plants.

Risk factors and risk management

Scatec has extensive policies and procedures in place as part of its operating system to actively manage risks related to the various parts of the Company's operations. Key risks are addressed and discussed in the monthly management review, and policies are reviewed and approved by the Board of Directors on a regular basis. The daily follow up of these policies, including internal control and audits, is carried out by Scatec's management team, the Finance function, Legal and other relevant functions.

The Company is exposed to a variety of operational, political and financial risks through its business activities. The main business is related to projects and most of the risks are identified, reported and actively managed through all phases of the projects. All projects report status on risk management as part of their monthly reporting process, starting from when the project is moved into project backlog. On Group level, an annual risk review as well as quarterly reviews of risks are performed by the Executive Management Team based on regular risk reporting from the projects and functions, and the reviews are reported to the Board of Directors.

In 2020, DNV GL awarded ISO 9001, ISO 14001 and ISO 45001 certifications to Scatec. This certification results from a yearly audit process by DNV GL which is designed to assess and confirm the compliance of the Company to these three standards for Quality, Environmental and Health & Safety Management respectively. Risk Management is an integral part of the standards and compliance clearly indicates a well-functioning risk management framework and processes within the organisation.

Operational and market risk

The main operational risks relate to the performance of operating power plants, timely completion of power plants under construction and progress in the transitioning of projects in backlog and pipeline through financial close and into construction.

The business of the Company is project related and most of the risks that the business is exposed to is contained and actively managed within individual projects.

The company has very limited exposure to the power market risk. Scatec has entered into long-term fixed price contracts for the sale of electricity from all its power plants in operation at year end 2020 and the entry into such contracts is a prerequisite for financing and construction of the projects in the backlog and pipeline per reporting date. All existing electricity sales contracts are entered into with state-owned utilities typically under regulation of various state programmes to promote renewable energy. Sovereign guarantees are normally provided to support the obligations of the state-owned utilities. Consequently, Scatec is subject to political risk in the countries it operates.

Market risk mainly relates to the attractiveness of renewable projects in the various markets as derived from development in power prices, including feed-in-tariffs in key markets, relative to the prices of key components such as fixed and floating solar modules, wind turbines and batteries. Scatec manages this risk through balancing the commitments on sourcing of projects and components with the commitments on the off-take and financing of the power plants, and through developing a robust portfolio of diversified and attractive project opportunities in different markets. The Company has established a solid project pipeline, but further growth of the business will depend on a number of factors such as project availability, access to competitive financing, component availability and pricing, price development for alternative sources of energy and the regulatory framework in the relevant markets

Scatec operates in several regions of the world with complex risk environments. This primarily relates to political, compliance, integrity and security risk. The Company mitigates these risks through comprehensive due diligence processes whereby country risk, permits, project agreements, partners, execution plans, security and all other relevant aspects of the project are carefully assessed. These assessments are done in close cooperation with several advisors including global risk and security consultancies.

Scatec acknowledges cybercrime to be a potential risk to the company. This risk is mitigated proactively by deploying security patches to all computers and network equipment in addition to continuous monitoring the equipment for security issues. Scatec's IT partner's Security Operations Center (ISOC) monitors all data traffic passing through the firewalls 24/7 in addition to surveillance of the general threat level across Scatec's global networks.

The Company, together with its external risk advisor, regularly assesses risks related to global health issues such as pandemics. The Company has contingency plans in place to safeguard personnel and assets, as well as cooperation agreements with external partners for global support.

Political risk

Scatec holds assets and operates in many jurisdictions, and the Company's operations are subject to international and national laws and regulations applied by various government authorities in connection with obtaining licenses and permits, government guarantees and other obligations regulated by law.

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. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with changes in regulatory requirements in the jurisdictions where the Company operates, and this can have an adverse effect on the Group's operations, business, financial performance and prospects.

The Company mitigates political risk in emerging markets through partnerships with multilateral development banks as project finance lenders and/or through establishing project risk insurance cover from the World Bank and others.

Financial risk

Through its business activities, Scatec is mainly exposed to financial risk, including currency risk, credit risk; liquidity risk and interest rate risk. Financial risk management is based on the objective of reducing negative cash flow effects and to a less extent negative accounting effects of these risks. For description and management of financial risk, refer to Note 5 – Financial risk management.

Project portfolio

The renewable market continues to grow strongly, and Scatec is continuously developing a large project pipeline across several markets.

Project overview

Project stage	Q4'20 Capacity ¹⁾ (MW)	Q4'19 Capacity (MW)
In operation	1,574	1,193
Under construction	320	711
Project backlog ²⁾	670	568
Project pipeline ²⁾	9,790	5,206

Project backlog is defined as projects with a secure off-take agreement and assessed to have more than 90% likelihood of reaching financial close and subsequent realisation.

The table below shows solar plant projects under construction and in backlog with details on capital expenditure and annual production.

Due to COVID-19, there was some further delays in certain third-party services and deliveries during the year, which in addition to travel constraints and local regulations impacted completion of high voltage connection and hence grid connection, commissioning and testing of the new solar plants. The Company's current estimate is that the remaining power plants under construction will reach commercial operation dates in the second quarter 2021.

The company has measures in place at all sites and locations to limit the spread of the virus, keep people safe, and ensure continued stable operations of the power plants. Power supply is defined as critical infrastructure in all countries where Scatec are operating, and power production and general maintenance have continued as normal. All solar plants require few operators and are remotely monitored and supported 24/7 by the Company's global Control & Monitoring Centre in Cape Town, South Africa.

For extensive information about the projects under construction and in backlog, refer to the fourth quarter 2020 report on www.scatec.com/Investor.

Location	Capacity (MW)	Currency	CAPEX (100%, million)	Annual production (100%, GWh)	Debt leverage	Scatec economic interest
In Operation	1,574	NOK ³⁾	19,960	3,200	72%	59%
Under construction						
Ukraine portfolio	203	EUR	177	248	65%	95%
Guanizuil, Argentina	117	USD	103	310	60%	50%
Total under construction	320	NOK ³⁾	2,736	558		82%
Backlog						
Tunisia	360	EUR	240	900	70%	100%
Pakistan	150	USD	100	300	75%	75% ⁴⁾
Ukraine	65	EUR	74	65	70%	65% ⁴⁾
Bangladesh	62	USD	68	85	70%	65% ⁴⁾
Mali	33	EUR	50	60	75%	64% ⁴⁾
Total backlog	670	NOK ³⁾	4,810	1,410		86%
Total	2,564	NOK ³⁾	27,507	5,168		69%

1) Status per reporting date.

2) See Other Definitions for definition.

3) All exchange rates to NOK are as of 31 December 2020.

4) Expected economic interest at financial close of project.

Total annual revenues from the 2,564 MW of solar plants in operation, under construction and in backlog is expected to reach about NOK 4,200 million (on 100% basis) based on 10-25-year Power Purchase Agreements (PPAs). Scatec will build, own and operate all power plants in the project backlog and pipeline.

Project pipeline

Location	Q4'20 Capacity ¹⁾ (MW)	Q4'19 Capacity (MW)
Latin America	1,100	960
Africa and the Middle East	3,862	2,198
Europe & Central/South Asia	1,280	463
South East Asia	3,548	1,585
Total pipeline	9,790	5,206

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 9,790 MW. The pipeline increased by 800 MW over the last quarter with new projects added mainly in South Africa and Vietnam. In addition, 2,470 MW of pipeline was added from SN Power with 997 MW in Africa and 1,473 in South East Asia.

Historically, about 50% of projects in pipeline have been realised. The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial banks or multilateral development banks). The project sites have typically been secured and Scatec is in a position to participate in bilateral negotiations for a long-term power sales agreement with off-takers, feed-in-tariff schemes, or tender processes. For detailed information about Scatec's project pipeline and main markets, refer to the fourth quarter 2020 report on www.scatecsolar.com/Investor.

Short term guidance

For 2021, Power production is expected to reach 1,750 – 1,790 GWh on proportionate basis from plants in operation at year end 2020, compared to 1,602 GWh in 2020. Production volumes will continue to grow as plants of 320 MW under construction are being grid connected and starting commercial operations in first half of 2021.

Outlook

Renewable energy is expected to see continued strong growth in 2021, primarily marked by wind and solar reaching new highs in installed capacity. The growth is driven by increasing energy demand, cost reductions and an enabling policy environment as countries set the stage to meet net-zero commitments.

According to Bloomberg New Energy Finance (BNEF), global electricity demand saw a 5% drop in 2020, but it is expected to grow again in 2022 with a 60% increase towards 2050. The rising demand is largely driven by consumption growth in non-OECD countries and will primarily be met by renewable energy supply. Solar, wind, hydro and energy storage is expected to work complementary and are estimated to represent 73% of the global energy mix in 2050, with solar and wind accounting for 58% and hydro and energy storage contributing another 15%.

The energy transition attracted investments of more than USD 500 billion in 2020. Out of the total, renewable energy accounted for 61%, a new level which is expected to remain in 2021. A total of USD 15.1 trillion, of which about 73% in renewables, is estimated to be invested in new capacity between 2020 and 2050, with an average of almost USD 500 billion per year. Around 92% of this is estimated for electricity generating capacity and 8% for storage.

In 2020, Scatec broadened its growth strategy and entered into an agreement to acquire SN Power. With SN Power integrated, Scatec significantly increases scale and cash flow from operating plants with a total of 3.3 GW in operation and under construction. In addition, the first wind project was added to the portfolio, and Scatec is investing in other renewable energy solutions such as floating solar, storage and containerised solar through the Release concept.

In March 2021, Scatec announced a NOK 100 billion business plan towards 2025 and updated its financial and operational targets. The current 4.5 GW capacity target for 2021 was confirmed and a new target of 15 GW by the end of 2025 was introduced. The business plan is supported by Scatec's track record of strong growth and a solid project pipeline across solar, wind, hydro and storage in high-growth markets globally. The 12 GW of new capacity, will require an estimated NOK 100 billion in investments, of which NOK 15-20 billion will be funded by Scatec equity. Solid long term cash flows from operating power plants and margins from development and construction of new plants are expected to fund a major part of this equity.

1) Includes Hydropower pipeline after closing of SN Power acquisition.

Subsequent events

Acquisition of SN Power

Scatec completed the acquisition of SN Power from Norfund 29 January 2021. The transaction was announced in October 2020 and forms an important part of Scatec's broadened growth strategy, to become a global player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions.

Scatec and SN Power have a unique and complementary portfolio of assets, geographical footprint and capabilities, and will together have access to a large project backlog and pipeline of more than 10 GW across solar, hydro, wind and storage. In 2020 SN Power reached revenues of NOK 1,562 million (1,766), EBITDA of NOK 1,092 million (1,149) and Cash Flow to Equity of NOK 477 million (541), measured on Scatec's proportionate basis¹⁾. The performance of 2020 is influenced by reduced water in-flow in the first nine months of the year, combined with COVID-19 impact on power demand and prices in the Philippines. In 2020, net power production reached 1.4 TWh compared to the median net annual production of 1.8 TWh.

The acquisition is fully funded through cash available and the following facilities; a USD 200 million vendor note, a USD 150 million green term loan, and a USD

400 million acquisition finance facility from Nordea, DNB and Swedbank.

Placement of senior unsecured green bond

On 9 February 2021, Scatec completed a EUR 250 million senior unsecured bond issue with maturity in August 2025. The bond will have a coupon of 3 months EURIBOR plus a margin of 250 bps. The proceeds from the bond issue was used for i) refinancing of the NOK 750 million outstanding bond as of the balance sheet date, see details in note 19 – Bonds, ii) to partially refinance the acquisition facility totalling USD 400 million for the acquisition of SN Power and iii) for other eligible activities as set out in [Scatec's Green Financing Framework](#).

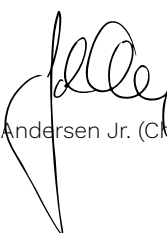
Revolving credit facility increased

In January 2021, following the closing of the acquisition of SN Power, Scatec ASA refinanced its RCF with Nordea, DNB, Swedbank and BNPP, and increased the facility from USD 90 million to USD 180 million. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks.

Refer to note 30 Subsequent events for further details about this section.

Oslo, 25 March 2021

The Board of Directors of Scatec ASA



John Andersen Jr. (Chairman)



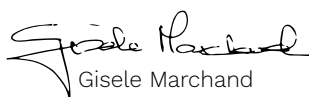
John Giverholt



Maria Moræus Hanssen



Jan Skogseth

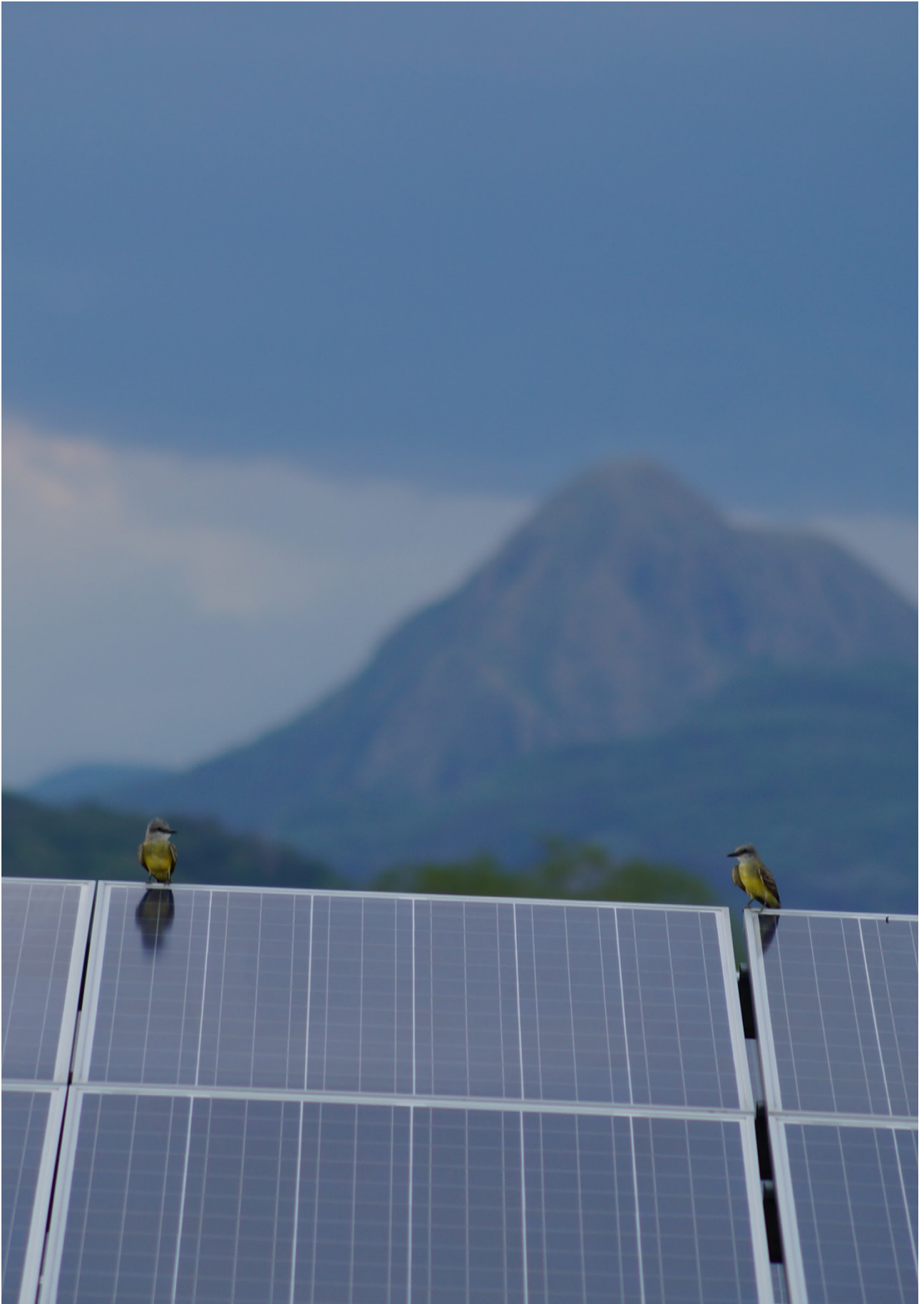


Gisele Marchand



Raymond Carlsen (CEO)

¹⁾ Measured on a pro-forma basis, based on preliminary unaudited financial information for 2020.



Executive Management



Raymond Carlsen

Chief Executive Officer

Raymond Carlsen became CEO of Scatec in 2009. Carlsen was previously partner and responsible for developing Aker ASA's portfolio of energy related businesses. He was also responsible for Aker Solutions' Subsea division, a USD 2 billion revenue business with 5,000 employees and operations in more than 15 countries. He has more than 30 years of industrial experience from management positions. Carlsen holds a Master of Science degree from Florida Institute of Technology.

Number of shares in Scatec: 3,105,290

Number of share options: 67,849



Mikkel Tørud

Chief Financial Officer

Mikkel Tørud became CFO of Scatec in 2014. Tørud was previously SVP of Business Development and Investor Relations and member of Group Management in REC. Prior to REC he was commercial advisor in BP and management consultant in PA Consulting Group. He has extensive experience from finance, investor relations, corporate communications and business development. Tørud holds a Master of Science degree in Industrial Economics and Technology Management from the Norwegian University of Science and Technology.

Number of shares in Scatec: 223,817

Number of share options: 49,553



Jarl Kosberg

EVP Project Development Hydropower

Jarl Kosberg became EVP Project Development Hydropower in Scatec in 2021. He has more than 35 years' experience from international energy projects and leadership positions from Exxon, Aker & Kvaerner, Statkraft & SN Power and Green Resource and from 2008 to 2016, Kosberg headed the Projects and Construction area of SN Power and Statkraft. Kosberg holds a Master in Marine & Mechanical Engineering from the Norwegian University of Science and Technology in Trondheim, Norway and a Bachelor in Business Administration.

Number of shares in Scatec: 0

Number of share options: 12,854



Pål Helsing

EVP Solutions

Pål Helsing became EVP of Solutions of Scatec in 2015. Helsing was previously President of Kongsberg Oil and Gas Technologies AS and a member of the Kongsberg Group Executive Management Team. Before that, he held several executive positions within Aker Solutions. Helsing holds a Bachelor of Science Civil from Glasgow University and a Business Economics degree from BI Norwegian Business School.

Number of shares in Scatec: 4,877

Number of share options: 41,381

Note: The number of shares and share options are quoted per 18 March 2021.



Roar Haugland

EVP Sustainable Business & HSSE

Roar Haugland became EVP of Sustainable Business & HSSE of Scatec in 2010. He has more than 20 years of experience from leading positions in business development, sales and management from large multinational companies like HP and IBM. Haugland holds a Master of Science in Mechanical Engineering from the Norwegian University of Science and Technology.

Number of shares in Scatec: 186,639

Number of share options: 38,491



Snorre Valdimarsson

EVP General Counsel

Snorre Valdimarsson has served as General Counsel since 2009. Prior to joining Scatec, Valdimarsson worked at the Norwegian law firm Selmer, focusing on M&A, debt and equity capital markets. He has a decade of experience in structuring, financing and realising renewable energy projects globally. Valdimarsson holds a Master in Law from the University of Bergen, Norway.

Number of shares in Scatec: 12,000

Number of share options: 40,407



Terje Pilskog

EVP Project Development Solar & Wind

Terje Pilskog became EVP for Project Development Solar & Wind of Scatec in 2013. He was previously SVP of REC Systems and Business Development at Renewable Energy Corporation ASA. Prior to REC, he was Associate Partner at the management consulting company McKinsey & Co. Pilskog holds a Master of Science in Business Administration from BI Norwegian Business School.

Number of shares in Scatec: 510,877

Number of share options: 44,579



Toril Haaland

EVP People & Organisation

Toril Haaland became EVP of People & Organisation of Scatec in 2018. She has more than 20 years of leading HR experience from major international companies, latest General Electric Company (GE). Prior to GE she served eight years with Hewlett Packard. Haaland holds degrees in Leadership, Business and HR from BI Norwegian Business School.

Number of shares in Scatec: 3,577

Number of share options: 35,144



Torstein Berntsen

EVP Power Production

Torstein Berntsen became EVP of Power production of Scatec Solar in 2014. He was previously the CFO in Scatec Solar ASA and Scatec AS. Prior to this Berntsen was Senior Manager at Ernst and Young and he previously held the position as Audit Manager at Arthur Andersen. Berntsen holds a Master of Science in Business Administration and is a state authorised public accountant from the Norwegian School of Economics (NHH).

Number of shares in Scatec: 695,486 ¹⁾

Number of share options: 40,909

¹⁾ Together with related parties, Berntsen holds a total of 696,381 shares in Scatec.

Board of Directors



John Andersen Jr.

Chairman

Mr. Andersen is the CEO of Scatec Innovation AS and has been Chairman of the Board of Scatec ASA since May 2014. He is the former Chief Operating Officer of the REC Group, where he held several executive management positions during his 12 years with the company. Prior to the REC Group, he held various management positions in Borregaard. Mr. Andersen holds a Master of Business and Economics from BI Norwegian Business School.

- **Director in Scatec since:** 2013 (Chairman since 2014)
- **Member of:** Audit Committee, Organisation and Remuneration Committee and ESG Committee
- **Independent of Executive Management**
- **Current Board positions:** Chair of Scatec Innovation AS portfolio companies, including NorSun AS, HIPtec AS, REEtec AS, Keep-it AS and Norsk Titanium AS.
- **Number of shares in Scatec:** 0¹⁾
- **Board meetings attended in 2020:** 23



Jan Skogseth

Board Member

Mr. Skogseth has more than 35 years of experience from the Oil, Gas and Renewable industries ranging from oil companies to supplier industries, both in Norway and internationally. He was President and CEO for Aibel from 2008 to 2017 and played a key role in establishing new presence and business for the company on several continents. Mr. Skogseth holds a Master of Science Mechanical Engineering from South Dakota School of Mines and Technology.

- **Director in Scatec since:** 2016
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Gassco AS. Board member: Sparebank 1 SR Bank ASA and PSW Group AS.
- **Number of Shares in Scatec:** 23,000
- **Board meetings attended in 2020:** 22



Gisele Marchand

Board Member

Mrs. Marchand has worked as full time non-executive board member and advisor since 2018. She has extensive top management experience from positions in financial institutions like DNB ASA (VP in charge of corporate and retail banking), the Government Pension Fund (CEO), Eksportfinans ASA (CEO) as well as the law firm Haavind AS (CEO). She has also extensive board experience from the last 20 years in different quoted and non-quoted companies and was former vice chair on the Norwegian Stock Exchange. Mrs. Marchand holds a Bachelor's degree in Business from Copenhagen Business School.

- **Director in Scatec since:** 2018
- **Member of:** Audit Committee and ESG Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Gjensidige Insurance ASA, Norgesgruppen Finans Holding AS and Boligbygg KF. Board member: Norgesgruppen ASA, Selvaag Bolig ASA, Eiendomsspar AS and Victoria Eiendom AS.
- **Number of shares in Scatec:** 2,586
- **Board meetings attended in 2020:** 23

Note: The number of shares is quoted per year end 2020.

1) Related parties' control 19,482,339 shares through Scatec Innovation AS.



John Giverholt

Board Member

Mr. Giverholt served as CEO and Member of Group Executive Board of Ferd AS until 2017. Before that he was CFO of Ferd AS and is a member of the Advisory Board of Ferd AS. He has extensive experience from leading positions in Norsk Hydro, Arthur Andersen & Co, Orkla ASA and DNB ASA. Mr. Giverholt holds a B.Sc. from the University of Manchester and is a state authorised public accountant from the Norwegian School of Economics (NHH).

- **Director in Scatec since:** 2018
- **Member of:** Audit Committee and ESG Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Gammel Nok AS, Ortomedic AS, Formica Capital AB.
Board member: Awilhelmsen AS, Aars AS, Ferd Sosiale Entreprenører AS, Fredensborg AS, Heimstaden AB, Heimstaden Bostad AB and Carusel AS.
- **Number of shares in Scatec:** 4,000
- **Board meetings attended in 2020:** 23



Maria Moræus Hanssen

Board Member

Mrs. Moræus Hanssen has an extensive experience from the international oil & gas industry, including 6 years as CEO of GdF Suez E&P Norge as, ENGIE E&P International SA (Paris) and DEA AG (Hamburg). She had previously held executive positions in Norsk Hydro, Statoil (Equinor), Aker ASA and served as Deputy CEO and COO for the newly merged Wintershall DEA when she moved back to Norway end of 2019. Mrs. Moræus Hanssen holds a Master of Petroleum Engineering from Norwegian University of Science and Technology and Master of Petroleum Economics from IFP School (Paris).

- **Director in Scatec since:** 2020 (elected at the Annual General Meeting 28 April 2020)
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Watefront AS, Oslobygg Kf, Board member: MMH Nysteen Invest AS, Schlumberger Limited and Alfa Laval AB.
- **Number of shares in Scatec:** 2,760 ¹⁾
- **Board meetings attended in 2020:** 17

Note: The number of shares is quoted per year end 2020.

1) Including related parties

Consolidated financial statements Group



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Consolidated statement of profit or loss

1 JANUARY – 31 DECEMBER

NOK million	Note	2020	2019
Revenues	4	2,771	1,810
Net income/(loss) from JV and associated companies	4, 14	-16	-28
Total revenues and other income		2,754	1,783
Personnel expenses	8	-262	-163
Other operating expenses	9	-423	-234
Depreciation, amortization and impairment	12, 13	-777	-512
Operating profit (EBIT)		1,292	874
Interest and other financial income	10	57	66
Interest and other financial expenses	10	-1,189	-744
Net foreign exchange gain/(loss)	5, 10	-398	-13
Net financial expenses		-1,530	-690
Profit before income tax		-238	184
Income tax (expense)/benefit	11	-130	-29
Profit/(loss) for the period		-368	155
Profit/(loss) attributable to:			
Equity holders of the parent		-478	-39
Non-controlling interests	24	110	194
Basic earnings per share (NOK)	25	-3.51	-0.31
Diluted earnings per share (NOK)	25	-3.51	-0.31

Consolidated statement of comprehensive income

1 JANUARY – 31 DECEMBER

NOK million	Note	2020	2019
Profit/(loss) for the period		-368	155
Other comprehensive income:			
Items that may be subsequently reclassified to profit or loss			
Net movement of cash flow hedges	20	-376	-233
Income tax effect	11	98	58
Foreign currency translation differences		-116	12
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-394	-162
Total comprehensive income for the year, net of tax		-762	-7
Attributable to:			
Equity holders of the parent		-698	-117
Non-controlling interests		-65	109

Consolidated statement of financial position

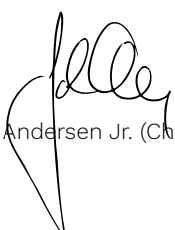
NOK million	Note	As of 31 December 2020	As of 31 December 2019
Assets			
Non-current assets			
Deferred tax assets	11	722	781
Property, plant and equipment - in solar projects	12	15,861	15,180
Property, plant and equipment - other	12	225	221
Goodwill	13	25	24
Investments in JV and associated companies	14	612	728
Other non-current assets	17, 26	144	149
Total non-current assets		17,590	17,083
Current assets			
Trade and other receivables	16	623	461
Other current assets	17, 26	663	1,211
Cash and cash equivalents	15	7,788	2,824
Total current assets		9,074	4,495
Total assets		26,663	21,578

Consolidated statement of financial position

NOK million	Note	As of 31 December 2020	As of 31 December 2019
Equity and liabilities			
Equity			
Paid in capital			
Share capital	23	4	3
Share premium		9,720	3,108
Total paid in capital		9,724	3,111
Other equity			
Retained earnings		-708	-134
Other reserves		-221	-2
Total other equity		-929	-136
Non-controlling interests	24	673	663
Total equity		9,467	3,640
Non-current liabilities			
Deferred tax liabilities	11	205	437
Non-recourse project financing	18	11,350	12,228
Bonds	19	-	745
Other financial liabilities	7,20	572	320
Other non-current liabilities	21, 26	1,575	1,460
Total non-current liabilities		13,701	15,190
Current liabilities			
Bonds	19, 30	748	-
Trade and other payables		760	888
Income tax payable	11	90	92
Non-recourse project financing	18	913	837
Other financial liabilities	7,20	131	31
Other current liabilities	21, 26	852	902
Total current liabilities		3,495	2,750
Total liabilities		17,196	17,939
Total equity and liabilities		26,663	21,578

Oslo, 25 March 2021

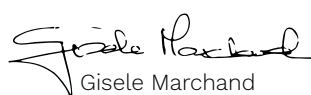
The Board of Directors of Scatec ASA


John Andersen Jr. (Chairman)


John Giverholt


Marja Møræus Hanssen


Jan Skogseth


Gisele Marchand


Raymond Carlsen (CEO)

Consolidated statement of changes in equity

NOK million	Other reserves						Total	Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Foreign currency translation	Hedging reserves				
At 1 January 2019	3	1,795	8	123	-44	1,884	591	2,475	
Profit for the period	-	-	-39	-	-	-39	193	155	
Other comprehensive income	-	-	3	5	-86	-77	-85	-162	
Total comprehensive income	-	-	-36	5	-86	-117	108	-7	
Share-based payment	-	7	-	-	-	7	-	7	
Share capital increase	-	1,330	-	-	-	1,330	-	1,330	
Transaction cost, net after tax	-	-23	-	-	-	-23	-	-23	
Share purchase program	-	-1	-	-	-	-1	-	-1	
Dividend distribution	-	-	-108	-	-	-108	-180	-288	
Purchase of NCI's shares in group companies	-	-	2	-	-	2	-3	-1	
Capital increase from NCI	-	-	-	-	-	-	147	147	
At 31 December 2019	3	3,108	-134	128	-130	2,975	663	3,640	
At 1 January 2020	3	3,108	-134	128	-130	2,975	663	3,640	
Profit for the period	-	-	-478	-	-	-478	110	-368	
Other comprehensive income	-	-	-1	-89	-131	-220	-174	-394	
Total comprehensive income	-	-	-478	-89	-131	-698	-65	-762	
Share-based payment	-	14	-	-	-	14	-	14	
Share capital increase	1	6,743	-	-	-	6,744	-	6,744	
Transaction cost, net after tax	-	-144	-	-	-	-144	-	-144	
Share purchase program	-	-1	-	-	-	-1	-	-1	
Dividend distribution	-	-	-131	-	-	-131	-148	-279	
Purchase of NCI's shares in group companies	-	-	35	-	-	35	-	35	
Capital increase from NCI	-	-	-	-	-	-	221	221	
At 31 December 2020	4	9,720	-708	40	-261	8,794	673	9,467	

Nature and purpose of reserves included in total equity

Share premium

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

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 on derivatives used in the Group's cash flow hedging.

Consolidated statement of cash flow

NOK million	Note	2020	2019
Cash flow from operating activities			
Profit before taxes		-238	184
Taxes paid	11	-214	-61
Depreciation and impairment	12,13	777	512
Net proceeds from sale of fixed assets	12	26	6
Net income from associated companies	14	16	28
Interest and other financial income	10	-57	-66
Interest and other financial expenses	10	1,189	744
Unrealised foreign exchange (gain)/loss	10	398	13
(Increase)/decrease in current assets and current liabilities		-226	501
Net cash flow from operating activities		1,671	1,860
Cash flows from investing activities			
Interest received		57	76
Investments in property, plant and equipment	12	-1,774	-6,502
Net investments and distributions from associated companies	14, 23	12	-14
Net cash flow used in investing activities		-1,704	-6,439
Cash flow from financing activities			
Proceeds from non-controlling interest shareholder financing ¹⁾	28	159	307
Interest paid		-894	-711
Proceeds from non-recourse project financing	18	135	3,937
Repayment of non-recourse project financing	18	-678	-291
Payments of principal portion on lease liabilities	22	-18	-18
Interest paid on lease liabilities	22	-18	-11
Share capital increase ²⁾	23	6,576	1,307
Dividends paid to equity holders of the parent company and non-controlling interests	23	-279	-288
Net cash flow from financing activities		4,984	4,232
Net increase/(decrease) in cash and cash equivalents		4,951	-348
Effect of exchange rate changes on cash and cash equivalents		13	-131
Cash and cash equivalents at beginning of the period		2,824	3,303
Cash and cash equivalents at end of the period	15	7,788	2,824

1) Includes both equity contributions and shareholder loans. Please refer to Note 28 for further information on project equity financing provided by coinvestors.

2) The amounts of share capital increase are presented net of transaction cost of NOK 128 million (2019: NOK 29 million).

Notes to the Consolidated financial statements Group

Note 1 Corporate information

Scatec ASA was founded in 2007 and is incorporated and domiciled in Norway. The address of its registered office is Askekroken 11, NO-0277 OSLO, Norway.

Scatec ASA (“the Company”), its subsidiaries and investments in associated companies and joint ventures (“the Group” or “Scatec”) is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long- term player, Scatec develops, builds, owns and operates solar, wind and hydro power plants and storage solutions (refer to Note 4 – Operating segments).

Information on the Group’s structure is provided in Note 27 – Consolidated subsidiaries.

The Company is listed on the Oslo Stock Exchange under the ticker symbol ‘SCATC’. For further details on shareholder matters, refer to Note 23 – Share capital, shareholder information and dividend.

The consolidated financial statements for the full year 2020 were authorised for issue in accordance with a resolution by the Board of Directors on 25 March 2021.



The Company is pursuing an integrated business model across the complete lifecycle of solar, wind and hydro power plants and storage solutions including project development, financing, construction, ownership, and operation and maintenance.

Note 2 Summary of significant accounting policies

The accounting principles in the annual report are largely incorporated into the individual notes. Principles and policies that are presented in this note are more general descriptions which do not naturally belong in the individual notes.

Statement of compliance and basis of preparation

The Scatec Group’s consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). In compliance with the Norwegian Accounting Act, additional disclosure requirements are included in the notes to the financial statements of Scatec ASA.

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments financial instruments measured at fair value.

The segment financials are reported on a proportionate basis in line with how the management team assesses the segments’ performance. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations based on the Group’s economic interest in the subsidiaries. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in the Services and Development & Construction segment mainly reflect deliveries to other companies controlled by Scatec (with from 40% to 100% ownership), for which revenues and profits are eliminated in the consolidated financial statements. The Group uses proportionate financials to improve transparency on underlying value creation across Scatec’s business activity. For further description of the proportionate financials as well as a reconciliation between proportionate financials and the consolidated financials please refer to Note 4 - Operating segments and the section on Alternative Performance Measures (APM).

The consolidated financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest million (NOK 1,000,000) except when otherwise indicated. Because of these rounding adjustments, the figures in some columns may not add up to the total of that column.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity,

income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Statement of cash flows

The statement of cash flows is prepared under the indirect method.

Foreign currencies

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, except for the subsidiaries in Rwanda, Honduras, Mozambique, Egypt, the Netherlands, Argentina and Jordan, in which USD has been determined to be the functional currency, and Ukraine in which EUR has been determined to be the functional 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 end of reporting period. 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 end of reporting period and their income statements are translated at average monthly 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.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

See Note 24 - Non-controlling interests for information on the non-controlling interests share of profit/loss and equity prior to intercompany eliminations.

Current versus non-current classification

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 the 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.

Dividends

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in Norway, a distribution is authorised when it is approved by the General Meeting.

Government grants

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Grants are recognised either as cost reduction or as a deduction of the asset's carrying amount. Grants received for projects being capitalised are recognised systematically over the asset's useful life.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured

as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are booked to operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Changes in accounting policies and disclosures New standards and interpretations

The Group applied the changes in IFRS 9.6.8.4-6.8.12 with regards to the reform of IBOR as reference for interest rates. See Note 20 – Derivative financial instruments for more details.

There are no new standards, not yet adopted, expected to have material effect for the Group.

Note 3 Key sources of estimation uncertainty, judgements and assumptions

Information about estimation uncertainty, judgements and assumptions in the annual report are largely incorporated into the individual notes. Information that is presented in Note 3 are more general descriptions and information that does not naturally belong in the individual notes.

In preparation of the Group's consolidated financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions, estimates and judgements are based on historical experience, current trends and other factors that the Company's management believes to be relevant at the time the consolidated financial statements are prepared. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below and in individual notes. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the financial statements when the changes in assumptions occur.

The Company's management believes the following critical accounting items represent the more significant judgements and estimates used in the preparation of the consolidated financial statements:

Consolidation of power plant companies

Scatec's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role through ownership of the power plants. Normally Scatec enter into partnerships for the shareholding of the power

plant companies owning the power plants. To be able to fully utilise the business model, Scatec normally seeks to obtain operational and financial control of the power plant companies. Operational control is obtained through governing bodies, shareholder agreements and other contractual arrangements. Other contractual arrangements may include Scatec's role as the developer of the project, EPC provider (construction), operation and maintenance service provider and asset management service provider.

Scatec would normally seek to undertake the following distinct roles in its projects:

1. As the largest shareholder providing equity financing to the project
2. As (joint) developer, including obtaining project rights, land permits, off taker agreements and other local approvals
3. As EPC contractor, responsible for the construction of the project
4. As provider of operation & maintenance services to the projects, responsible for the day to day operations of the plant
5. As provider of management services to the power plant companies

Even though none of the projects Scatec is involved with are identically structured, the five roles/activities described above constitute the main and relevant activities which affect the variable return. When assessing whether Scatec controls a power plant company as defined by IFRS 10 Consolidated Financial Statements, all facts and circumstances, including the above agreements are analysed. For the power plant companies referred to above, except from the joint venture arrangement with Equinor, Scatec has concluded that it through its involvement controls the entities. Scatec has considered that it has the current ability to direct the relevant activities of the entities and has the ability to affect the variable returns through its power over the companies. The assessment of whether Scatec controls the investee is performed upon first time consolidation and is renewed annually or more often, if and when facts that could impact the conclusion change.



To be able to fully utilise the business model, Scatec normally seeks to obtain operational control of the power plant companies

Further, the following accounting items are discussed in the respective notes:

Accounting item	Note	Estimate/assumptions
Tax	11	Recognition of deferred tax asset
Property, plant and equipment	12	Net present value future cash flows/useful life of solar power plants
Goodwill	13	Net present value future cash flows
Lease	22	Determine whether an arrangement contains a lease

Note 4 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision makers, defined as the Executive Management team. The operating segments are determined based on differences in the nature of their operations, products and services. Scatec manages its operations in four segments: Power Production (PP), Operation & Maintenance (O&M), Development & Construction (D&C) and Corporate.

Revenues from transactions between group companies in the D&C, O&M and PP segments, where Scatec is deemed to hold a controlling interest, are presented as internal 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 with lenders and co-investors in each power plant company. No operating segments have been aggregated to form these reporting segments.

Power Production

The Power Production segment manages the Group's power producing assets and derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Finance and operation of the plants is ring-fenced in power plant companies with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt

service are distributed from these power plant companies to Scatec, and any other project equity investors in accordance with the shareholding and the terms of the finance documents.

Services

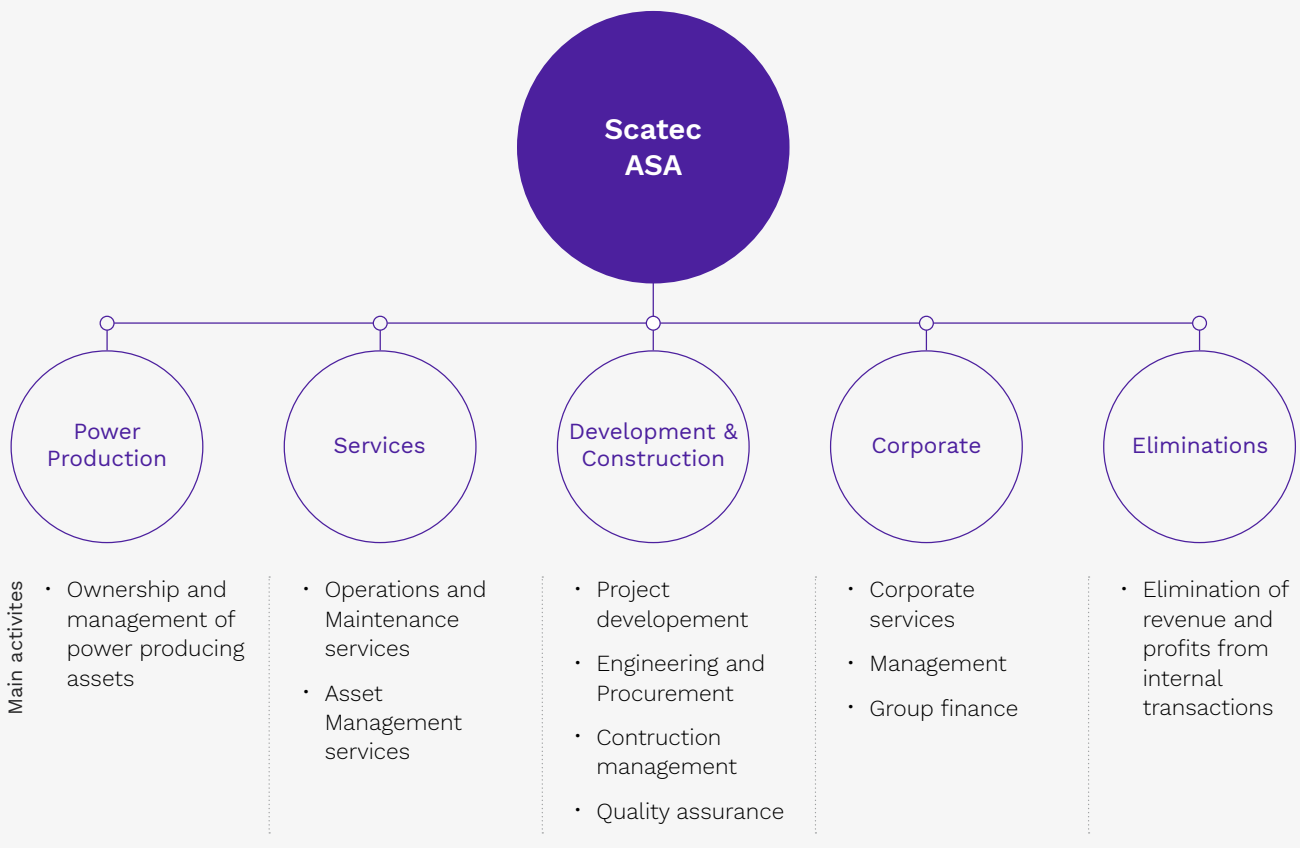
The Services segment comprises Operations & Maintenance (O&M) and Asset Management services provided to solar power plants where Scatec has economic interest. O&M revenues are generated on the basis of fixed service fees with additional profit-sharing arrangements. Asset Management services typically include financial reporting to sponsors and lenders, regulatory compliance, environmental and social management, as well as contract management on behalf of the power plant companies.

Development & Construction

The Development & Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Group's solar power plants. These transactions are primarily made with entities that are under the control of the Group and hence are consolidated. Revenues from transfer of development rights are recognised upon the transfer of title. Revenues from construction services are based on fixed price contracts and are recognised based on a measure of progress on the contract.

Corporate

Corporate consists of the activities of corporate and management services.



Assets / projects with revenues recognised

Egypt (51%):
Benban, 380 MW

South Africa Round 4 (46%):
Uppington, 258 MW

South Africa Round 1/2 (45%):
Kalkbult, 75 MW
Linde, 40 MW
Dreunberg, 75 MW

Malaysia (100%):
Gurun, 65 MW
Jasin, 66 MW
Merchang, 66 MW
RedSol, 47 MW

Brazil (44%):
Apodi, 162 MW

Ukraine:
Rengy, 47 MW (51%)
Boguslav, 54 MW (100%)
Kamianka, 32 MW (60%)

Honduras (51%):
Agua Fria, 60 MW
Los Prados, 35 MW

Jordan:
Oryx, 10 MW (100%)
EJRE/GLAE, 33 MW (50.1%)

Mozambique (52%):
Mocuba, 40 MW

Czech Republic (100%):
Portfolio 20 MW

Rwanda (54%):
ASYV, 9 MW

Argentina (50%):
Guanizuil, 117 MW

Ukraine:
Progressovka, 148 MW (100%)
Chigirin, 55 MW (100%)

Backlog:
670 MW

Pipeline:
9,790 MW

Accounting principle

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Sale of project rights (Development & Construction segment)

Where Scatec develops projects or acquire project rights and sell these assets to other entities in the Scatec Group or external parties; revenues from transfer of development rights are recognised upon the transfer of title.

Sale of construction services (Development & Construction segment)

Where Scatec is responsible for the total scope of a turn-key installation of a solar power plant through a contract covering Engineering, Procurement and Construction; Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete.

Scatec periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for solar modules, labour, subcontractor costs, and other direct costs related to contract performance. Scatec recognises direct material costs as incurred costs when the main direct materials have been installed. When contracts specify that title to direct materials transfer to the customer before installation has been performed, revenue and associated costs are deferred and recognised once those materials are installed and have met any other revenue recognition requirements. Scatec considers direct materials to be installed when they are permanently attached or fitted to the solar power systems as required by engineering designs.

Some construction contracts include product warranties. The expected warranty amounts are recognised as an expense at the time of sale and are adjusted for subsequent changes in estimates or actual outcomes.

The group has currently no ongoing external construction contracts.

Sale of operation and maintenance services (Operation & Maintenance segment)

Scatec delivers services to ensure optimised operations of solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus. These revenues are recognised as the service is provided. The potential performance revenues are considered as variable consideration under IFRS 15 and are recognised when it is highly probable that the recognition will not be reversed in future periods.

Sale of electricity (Power Production segment)

The Group's power producing assets derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Revenue is recognised upon delivery of electricity produced to the local operator of the electricity grid. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration the Group expects to receive. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. The Group 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. Revenues from the sale of electricity are recognised at the time the electricity is supplied on the basis of periodic meter readings. 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.

Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. For all sales contracts the Group had per the end of year, indexation of tariffs is recognised when they come into force.

The Group applies the above policies also for intercompany transactions between segments.

Use of proportionate financials

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit; hence interest income/expense is not disclosed per segment. The segment financials are reported on proportionate basis. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced Proportionate Financials as the Group is of the opinion that this method improves earnings visibility. The key differences between the proportionate and the consolidated (IFRS) financials are that:

- Internal gains are eliminated in the consolidated financials but are retained in the proportionate financials. These internal gains primarily relate to gross profit on D&C goods and services delivered to project companies which are eliminated as a reduced group value of the solar plant compared to the stand-alone book value. Similarly, the consolidated financials have lower solar plant depreciation charges than the proportionate financials since the proportionate depreciations are based on solar plant values without elimination of internal gain. Internal gain eliminations also include profit on Operations and Maintenance- and Asset Management services delivered to project companies.
- The consolidated financials are presented on a 100% basis, while the proportionate financials are presented based on Scatec's ownership percentage/economic interest.
- In the consolidated Financials joint venture companies are equity consolidated and are presented with Scatec's share of the net profit on a single line in the statement of profit or loss. In the proportionate financials the joint venture companies are presented in the same way as other subsidiaries on a gross basis in each account in the statement of profit or loss.

See section on "Alternative Performance Measures" for a reconciliation between the consolidated and proportionate financials.

2020								
Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership interests ¹⁾	Eliminations ²⁾	Consolidated financials
External revenues	1,708	1	12	5	1,727	1,151	-108	2,771
Internal revenues	-	231	861	28	1,118	106	-1,224	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	-16	-16
Total revenues and other income	1,708	232	873	33	2,844	1,258	-1,348	2,754
Cost of sales	-	-	-764	-	-764	-84	847	-
Gross profit	1,708	232	109	33	2,080	1,174	-501	2,754
Personnel expenses	-28	-75	-85	-72	-259	-4	1	-262
Other operating expenses	-276	-75	-52	-113	-517	-204	297	-423
EBITDA	1,404	82	-28	-153	1,306	966	-203	2,069
Depreciation and impairment	-566	-3	-26	-20	-615	-401	240	-777
Operating profit (EBIT)	838	79	-54	-173	690	565	37	1,292

2019								
Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership interests ¹⁾	Eliminations ²⁾	Consolidated financials
External revenues	1,163	1	2	-	1,165	776	-130	1,810
Internal revenues	-	167	4,977	31	5,176	301	-5,477	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	-28	-28
Total revenues and other income	1,163	168	4,980	31	6,341	1,077	-5,635	1,783
Cost of sales	-	-	-4,274	-	-4,274	-228	4,503	-
Gross profit	1,163	168	706	31	2,067	848	-1,133	1,783
Personnel expenses	-21	-45	-59	-48	-173	8	2	-163
Other operating expenses	-167	-59	-57	-40	-323	-126	215	-234
EBITDA	976	64	589	-58	1,571	730	-915	1,386
Depreciation and impairment	-412	-3	-39	-6	-460	-278	226	-512
Operating profit (EBIT)	564	61	550	-64	1,111	452	-689	874

1) Residual ownership interest share of the proportionate financials in subsidiaries where Scatec does not have 100% economic interest

2) Eliminations made in the preparation of the group IFRS consolidated financials

Geographical break down of consolidated revenues

In presenting information based on geographical areas, revenues from external customers are attributed to the country of the legal entity recording the sales. The allocation of property, plant and equipment is based on the geographical location of the assets. Projects that have not yet reached construction are allocated to the parent company being the main developer.

NOK million	External revenue	
	2020	2019
South Africa	1,040	776
Egypt	629	249
Malaysia	335	224
Honduras	214	206
Jordan	156	149
Ukraine	150	24
Czech Republic	128	118
Mozambique	88	43
Rwanda	22	20
Netherlands	4	-
Other	6	-
Total	2,771	1,810

NOK million	Property, plant and equipment	
	2020	2019
South Africa	3,563	3,430
Egypt	3,086	3,207
Ukraine	3,013	2,358
Malaysia	2,777	2,732
Honduras	1,404	1,511
Jordan	829	896
Mozambique	468	564
Czech Republic	357	261
Norway	271	207
The Netherlands	151	80
Rwanda	139	151
Bangladesh	21	-
Other	7	4
Total	16,086	15,401

Major customers

In South Africa, revenues (3 plants which commenced operations in 2013 and 2014 and 3 plants which commenced operations in 2020) are earned under 20-year Power Purchase Agreements (PPA) with Eskom Holdings (South African incumbent utility), which was awarded

under the Renewable Independent Power Producer Procurement Programme (REIPPPP) administrated by the Department of Energy. Eskom's financial commitments under the PPA are guaranteed by the South African National Treasury under the Implementation Agreement.

The Czech power plants commenced operations in 2009 (1 plant) and 2010 (3 plants) and have entered into power purchase agreements with utilities CEZ Distribuce and EON Distribuce, based on the terms of the Czech Energy Act and Czech Renewable Energy Act. This legislation requires the utilities to purchase the power produced from renewable energy sources for a period of 20 years at the Feed-in-Tariff (FiT) prescribed by law and applicable regulation, adjusted annually.

The ASYV power plant in Rwanda commenced operations in 2014. The power is sold under a 25-year Power Purchase Agreement with the state-owned utility EWSA, with an annual price adjustment of 100% of Rwandan CPI. EWSA's financial commitments under the PPA are guaranteed by the Government of Rwanda represented by its Ministry of Finance and Economic Planning under the Government Guarantee Agreement.

The Agua Fria power plant in Honduras commenced operations 2015, whereas the Los Prados plant in Honduras commenced operation in 2018. The electricity from both plants is sold under a 20-year Power Purchase Agreement with the utility Empresa Nacional de Energía Eléctrica (ENEE). The financial commitments of ENEE under the PPA are guaranteed by the sovereign guarantee executed by the Honduran attorney general and the secretary of finance, approved by the National Congress of Honduras.

The Oryx, GLAE and EJRE power plants in Jordan commenced operations in 2016. The electricity is sold under a 20-year Power Purchase Agreement with National Electric Power Company (NEPCO). NEPCO's financial commitments under the PPA are guaranteed by the Government of Jordan represented by its Ministry of Finance under the Government Guarantee Agreement.

The Apodi plant in Brazil commenced operation in 2018. The electricity is sold under a 20-year Power Purchase Agreement with the Brazilian Power Commercialization Chamber (CCEE). The financial commitments of CCEE

under the PPA are guaranteed by the Government of Brazil represented by its Ministry of Mines & Energy (MME) under the federal decree 6.353/2008.

The Gurun plant in Malaysia commenced operation in 2018, the Merchang and Jasin plant commenced operation in 2019, and RedSol commenced operations in 2020. The electricity is sold under 21-year Power Purchase Agreements with the country's largest electricity utility, Tenaga Nasional Berhad (TNB). The PPA is not guaranteed by the Government as TNB is a reputable AAA rated listed company in Malaysia.

The Benban plant in Egypt commenced operation in 2019. The electricity is sold under a 25-year Power Purchase Agreement with Egyptian Electricity Transmission Company, S.A.E. The financial commitments of Egyptian Electricity Transmission Company, S.A.E under the PPA are guaranteed by the sovereign guarantee from The Ministry of Finance under the Egyptian Law.

The Rengy plant in Ukraine commenced operation in 2019, whereas Boguslav and Kamianka commenced operations in 2020. The electricity is sold under Power Purchase Agreement's all ending 31 December 2029 with the state-owned company Guaranteed Buyer. The financial commitments of Guaranteed Buyer under the PPA are guaranteed by the State under the law on *Alternative Energy Sources* and the *Law on Electric Energy Market*.

The Mocuba plant in Mozambique commenced operation in 2019. The electricity is sold under a 25-year Power Purchase Agreement with *Electricidade de Moçambique (EDM)*. The financial commitments of EDM under the PPA are guaranteed by *The Mozabican government* under the concession agreement approved under law 88/2016, of 5 December 2016 for 30 years.

Note 5 Financial risk management

Through its business activities Scatec is exposed to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Guidelines for risk management have been approved by the Board of Directors and are carried out by Scatec's group finance department in cooperation with the individual operational units. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Market risk

Scatec is exposed to various market risks, including fluctuations in commodity prices, foreign currency rates and interest rates that can affect the revenues and costs of operating, investing and financing.

Commodity price risk

Scatec's sales of electricity constitute a material share of its revenues. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term, fixed price contracts. Currently, the Group has no exposure to price risk related to electricity sold at market spot rate as all contracts are based on Feed-in-Tariffs (FiTs) or Power Purchase Agreements (PPAs). Some of the off-take agreements that have been entered into for the projects in the Company's portfolio do not contain inflation-based price increase provisions or provisions that only partially allows for inflation-based increases. Some of the countries in which the Company operates, or into which the Company may expand in the future, have in the past experienced high inflation. The fixed price contracts are classified as "own use" contracts (with reference to IFRS 9.2.4), and hence not considered to be in scope of IFRS 9.

While this is further influenced by government support schemes, the future development of the PV industry in general, and the Group in particular, will to a significant degree depend on the development in electricity market prices over time. Electricity prices depend on a number of

factors including, but not limited to, availability and costs of primary energy sources (including oil, coal, natural gas and uranium), and the development in cost, efficiency and equipment investment need for other electricity producing technologies, including other renewable energy sources.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the financial attractiveness of new projects.

Currency risk

Scatec operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group has reported its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, which are USD, ZAR, EUR, MYR, BRL, EGP and CZK, affects its statement of profit or loss, other comprehensive income and consolidated statement of financial position when the results of those subsidiaries are translated into NOK for reporting purposes. There is also an accounting exposure related to translation effects for intercompany balances.

The general policy of the Group is not to hedge foreign currency exposure based on long term cash flows from the power plant companies operating the power plants. For the Group's power plant entities, currency risk is managed separately with the basis of its functional currency and expected cash flows. This is due to the set up of the SPVs with ring-fenced financing and have significant non-controlling interests. To the extent the Group hedges foreign currency exposure, it is based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements. Although, the Company's segment revenues, cost of sales and gross profit may be subject to significant currency fluctuations (inter alia with respect to construction contracts), however the construction contracts are normally structured as multi-currency contracts to achieve a natural hedge of cost of sales.

For currency risk sensitivities, refer to Note 7 - Financial instruments: Measurement and market risk sensitivities.

Interest rate risk

Scatec is exposed to interest rate risks through funding and cash management activities. The interest rate risk management objective is to minimise borrowing costs and to keep the volatility of future interest payments within acceptable limits. The Group manages its interest rate risk by either using long-term financing at fixed rates or using floating to fixed interest rate swaps for either parts or full exposure of external loans.

Based on the current Group interest bearing debt portfolio, the interest rate hedge ratio (weighted average) is 90% for the period 2020-2035. This includes the NOK 750 million senior unsecured green bond with interest of 3-month NIBOR + 4,75% (interest rate not hedged) and the following non-recourse financing.

The financing established for the Czech power plant entities are at fixed interest rates, whereas the financing for the South African power plant entities are linked to the CPI, which provides a natural hedge as revenues will increase together with interest rates. In addition, interest rate swap contracts have been entered into for parts of the loans. The power plant in Rwanda is financed through fixed rate USD loans. The debt financing of the Agua Fria project in Honduras is USD denominated debt at fixed rate. The projects in Jordan have 70% of the total financing at a fixed rate. The QSP-projects in Malaysia have secured MYR denominated, fixed interest financing through an Islamic green bond, whereas the RedSol project in Malaysia has hedged 80% of the financing at a fixed rate. Financed projects in Brazil have BRL denominated inflation indexed interest rates. The construction bridge loan of the power plant in Argentina is at fixed interest rate until 18 months after scheduled commercial operation date. For the projects in Egypt and Mozambique, interest rate swaps have been used as hedging instruments, bringing the two projects to fixed rate financing at 100%.

For more information on the Group's financial liabilities, refer to Note 18 – Non-recourse financing and Note 19 – Bonds.

For interest-risk sensitivities refer to Note 7 - Financial instruments: Measurement and market risk sensitivities.

Liquidity risk

Liquidity risk is the risk that Scatec will not be able to meet financial obligations when due. The Group manages

liquidity risk through a regular review of future commitments and credit facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. In addition to the senior unsecured corporate bond, the Group has additional available funding through a USD 90 million Revolving Credit Facility (RCF). The RCF was refinanced in January 2021 following the acquisition of SN Power and increased to USD 180 million. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The Group also entered into a USD 5 million overdraft facility with Nordea Bank in second quarter 2018. Scatec has per 31 December 2020 not drawn on the revolving credit facility or the overdraft facility. As of 31 December 2020, the Group has total short-term contractual commitments of approximately NOK 10 million in addition to the current payables which are recognised in the Group's balance sheet. For further information on contractual commitments, refer to Note 6 - Guarantees and commitments.

For information about the Group's financial liabilities, refer to Note 19 – Non-recourse financing and Note 20 - Bonds.

In some of the countries where Scatec operates, governments have imposed regulations on repatriation of funds out of the country. This may halt or delay flow of funds between group companies under certain circumstances. Scatec has not experienced any significant delays to date and are seeking to minimise such risk through assessments of the relevant jurisdictions and regulations and adapt accordingly.

A break-down of free and restricted cash is provided in Note 16 – Cash and cash equivalents.

Credit risk

Credit risk is the risk that Scatec'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, suppliers and/or contractors who are engaged to construct or operate assets held by the Group, property owners who are leasing land to 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.

All of the electric power generated by the Group's current portfolio of projects in operation or under construction is,

or will be, sold under long-term off-take agreements with public utilities or other partners, or under Feed-in Tariff ("FiT") arrangements, Power Purchase Agreements (PPAs) or similar support mechanisms governed by law. If, for any reason, any of the counterparties to these contracts are unable or unwilling to fulfil their related contractual obligations, refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. For the Group's current projects in operation, the majority of these are supported by government guarantees or have obligations regulated by law. However, there is still a risk of legislative or other political action that may impair their contractual performance.

The Group's main credit risks arise from credit exposures with accounts receivables and deposits with financial institutions. Some of the markets in which the Group operates have in recent years suffered significant constraints which have led to a large number of bankruptcies, involving also well-established market participants.

Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before provisions for bad debt, as well as cash and cash equivalents, equalling NOK 9,218 million at 31 December 2020.

Refer to Note 16 – Trade receivables for information on the provision for bad debt related to trade receivables.

Note 6 Guarantees and commitments

Scatec is often required to provide advance payment, performance and warranty guarantees in connection with construction activities, as well as bid bonds in connection with tender processes. Advance payment, performance and warranty guarantees are mainly issued in relation to construction contracts entered into with project companies where Scatec has a controlling interest. Advance payment guarantees typically represent 15-25% of construction contract value and performance guarantees typically represents 10-15% of the construction contract value. After the power plant is completed and grid connected the performance guarantee is replaced by a warranty guarantee of typically 5-10% of the contract value and is in force for the duration of the warranty period, typically two years from grid connection. While the total nominal exposure from such guarantees may become significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins, in addition to relating to construction activities in which the Group has a solid track record. A bid bond is a guarantee issued to the provider in a tender process. Scatec also sometimes provides equity guarantees to project lender if project debt is disbursed to project companies before equity. This kind of bank guarantee is provided to ensure lenders that equity will be disbursed to the project company. Project companies are in some markets providing development and land lease guarantees.

The Group has provided the following guarantees at 31 December 2020

- Guarantees for advance payments of NOK 210 million (NOK 197 million as of 31 December 2019) related to the construction contracts for power plants in Ukraine
- Performance guarantees NOK 865 million (NOK 1,267 million as of 31 December 2019) primarily related to the construction contracts for power plants in Egypt, Malaysia, South-Africa, Argentina, Ukraine and Brazil
- Warranty guarantees of NOK 166 million (NOK 99 million as of 31 December 2019) related to power plants constructed by Scatec in Honduras, Malaysia and Mozambique
- Bid bonds of NOK 99 million (NOK 68 million as of 31 December 2019) related to tenders/bidding for new projects in Tunisia, Bangladesh, Pakistan, South Africa, Zimbabwe and Botswana
- Other guarantees of NOK 222 million (NOK 538 million as of 31 December 2019) primarily related to equity guarantee and commitment guarantee in Malaysia, PPA guarantee in Honduras and development guarantees in Egypt and Jordan.

The guarantee volumes specified below include both guarantees issued from recourse group to project companies (subsidiaries) and guarantees issued to third parties.

The guarantees have the following duration (closing balance of total guarantee exposure):

Guarantees duration

NOK million	2021	2022	2023	>2023
Advance payment guarantees	210	-	-	-
Performance guarantees	443	422	-	-
Warranty guarantees	166	-	-	-
Bid Bonds	86	13	-	-
Other guarantees	164	-	4	54
Total	1,070	435	4	54

The advance payment guarantees, performance guarantees and warranty guarantees are guarantees granted by fully owned subsidiaries in the group to partly owned subsidiaries. Any exercise of these would therefore only affect the allocation of profits or loss and equity between the majority and non-controlling interests in the group. Bid bonds and other guarantees are granted by consolidated subsidiaries to third parties. In addition to the bank guarantees specified in the table above, Scatec ASA has provided Parent Company Guarantees in relation to construction of power plants.

The guarantees issued from recourse group entities are issued by Nordea Bank under the guarantee facility with Nordea Bank as agent, and Nordea Bank, BNP Paribas and Swedbank as guarantee instrument lenders. DNB was included as instrument lender from closing of the SN Power acquisition in January 2021. The bid bonds, advance payment guarantees, performance guarantees, and warranty guarantees in Bangladesh, Egypt, Brazil, Ukraine,

Mozambique, South Africa, Jordan and for the majority of the projects in Malaysia are counter guaranteed by The Norwegian Export Credit Guarantee Agency (GIEK). The financial covenants are:

- Free cash of no less than NOK 100,000,000
- Debt of the Recourse Group to not exceed NOK 2,400,000,000
- Debt to capitalization ratio 50%
- Minimum interest coverage ratio 2,30x

Per 31 December 2020, Scatec was in compliance with all covenants.

Contractual obligations

Scatec has some remaining commitments in contracts with suppliers of equipment and sub-EPC services related to the plants in Malaysia. For contractual obligations for leases, see details in Note 22 Leases.

Contractual obligations

NOK million	2021	2022	2023	>2023
Total purchase of modules, inverters etc	10	-	-	-
Total contractual obligations	10	-	-	-

Note 7 Financial instruments: measurement and market risk sensitivities

Accounting principle

Initial recognition and measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At 31 December 2020, the Group has financial assets at amortised cost and at fair value through profit or loss. These categories are described below:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment assessment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Derivatives, including separated embedded derivatives, are also classified as fair value through profit or loss unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

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
- **Level 2** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. This assessment is conducted through an expected credit loss (ECL) approach, under which forward-looking information is taken into account. Under the ECL-approach an allowance for expected credit losses should be recognised for all debt instruments not held at fair value through profit or loss and contract assets.

Derecognition of financial assets

A financial asset is primarily derecognised and removed from the Group's consolidated statement of financial position when:

- the rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Initial recognition and measurement of financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or, as 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.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This is the category most relevant to the Group. Refer to Note 29 Financial instruments by category for details.

Derecognition of financial liabilities

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 de-recognition 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.

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Definition of equity instrument

Entities within the Group have issued certain instruments as part of the project financing structures to minority shareholders (shareholder loans). These shareholder loans are considered equity instruments only if both of the definitions in IFRS are met. See Note 28 Project equity financing provided by co-investors for further information.

Hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

The Group only applies hedge accounting for cash flow hedges that meet the criteria in IFRS 9. At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in expected cash flows from the hedged item. Such hedges are expected to be highly effective in achieving offsetting changes in the expected cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective

throughout the financial reporting periods for which they were designated. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or liability, the gain or loss on the hedge instrument that was recognised in other comprehensive income is reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss. If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecasted transaction occurs.

Estimation uncertainty

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on the observable yield curves (level 2). Changes in the fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts. The fair value of the Group's derivative financial instruments is based on input from external parties. The table below summarises the fair value for each class of financial instrument recognised in the consolidated statement of financial position at fair value, split by the fair value hierarchy from IFRS 13.

2020	Derivative financial instruments (liability)	Total fair value
NOK million		
Quoted prices in an active market (Level 1)	-	-
Inputs other than quoted prices included within Level 1 that are observable (Level 2)	-703	-703
Inputs for assets or liabilities that are not based on observable market data (Level 3)	-	-
Total fair value at 31 December 2020	-703	-703

2019	Derivative financial instruments (liability)	Total fair value
NOK million		
Quoted prices in an active market (Level 1)	-	-
Inputs other than quoted prices included within Level 1 that are observable (Level 2)	-351	-351
Inputs for assets or liabilities that are not based on observable market data (Level 3)	-	-
Total fair value at 31 December 2019	-351	-351

The contracts in fair value level 2 at 31 December 2020 and 2019 are the Group's derivative contracts. Fair value of these contracts is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date.

During the reporting period ending 31 December 2020, there have been no transfers between the fair value levels.

Market risk sensitivities

In the following overview, a sensitivity analysis shows how profit and loss, or equity would have been affected by changes in the different types of market risk that the Group is exposed to.

NOK million	Profit (loss) before taxes
At 31 December 2020	
EUR - Net gain/(loss) (- 5%)	73
USD - Net gain/(loss) (- 5%)	250
BRL - Net gain/(loss) (- 5%)	3
ZAR - Net gain/(loss) (- 5%)	2
MYR - Net gain/(loss) (- 5%)	6
EUR - Net gain/(loss) (+ 5%)	-73
USD - Net gain/(loss) (+5%)	-250
BRL - Net gain/(loss) (+ 5%)	-3
ZAR - Net gain/(loss) (+ 5%)	-2
MYR - Net gain/(loss) (+ 5%)	-6

Interest rate risk

The Group has a limited exposure related to interest rate risk through liquid assets and interest-bearing financial liabilities as most of the Group's interest-bearing liabilities carry fixed rates. For further information refer to Note 5 - Financial risk management.

NOK million		
At 31 December 2020	1%	-1%
Net gain/(loss)	44	-44
At 31 December 2019	1%	-1%
Net gain/(loss)	13	-13

For further information related to market risks and how the Group manages these risks, see Note 5 - Financial risk management.

The sensitivities have been calculated based on what Scatec views to be reasonably possible changes in the foreign exchange rates and interest for the coming year.

Currency risk

At the end of 2020 and 2019, currency risk sensitivities for financial instruments were calculated by assuming a +5/-5% change in the foreign exchange rates that the Group was mainly exposed to; a +5% change refers to a weakening of the transaction currency against the functional currency and a -5% change refers to a strengthening of the transaction currency against the functional currency.

NOK million	Profit (loss) before taxes
At 31 December 2019	
EUR - Net gain/(loss) (- 5%)	69
USD - Net gain/(loss) (- 5%)	53
BRL - Net gain/(loss) (- 5%)	7
ZAR - Net gain/(loss) (- 5%)	-1
MYR - Net gain/(loss) (- 5%)	-1
EUR - Net gain/(loss) (+ 5%)	-69
USD - Net gain/(loss) (+5%)	-53
BRL - Net gain/(loss) (+ 5%)	-7
ZAR - Net gain/(loss) (+ 5%)	1
MYR - Net gain/(loss) (+ 5%)	1

Interest rate sensitivities are assessed by calculating the impact that a +1/-1% change in the interest rates would have on net gain/loss before tax on an annual basis.

Note 8 Employee benefits

Accounting principle

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 cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that

will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, is considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in personnel expenses. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

Salaries and other personnel costs

NOK million	2020	2019
Salaries	256	219
Share-based payment	14	9
Payroll tax	52	29
Pension costs	17	15
Other personnel costs	11	14
Capitalised to PP&E (project assets)	-88	-123
Total personnel expenses	262	163

Management Group remuneration

NOK million	2020	2019
Salary and bonus	26	23
Pension	1	1
Total	27	24

For further details refer to Note 4 Personnel expenses, number of employees and auditor's fee in the separate financial statements for the Parent Company. No severance package agreements have been established with management.

Scatec also has loans and accrued payroll for holiday pay and bonus to key management personnel. The loan balance as per 31 December is NOK 1 million (2019 NOK 3 million) and accrued payroll is NOK 10 million (2019 NOK 16 million).

Long term incentive programs

In line with the terms adopted by the Annual General Meeting of Scatec ASA on 4 May 2016, and prolonged on 30 April 2019, the Board of Directors have established an option program for leading employees of the company. Under the incentive programme and terms adopted in 2016, options were granted October 2016, January 2018 and January 2019. The first award under this program was 757 thousand options, which vested 1/3 1 January 2018, 1/3 1 January 2019 and the final 1/3 1 January 2020. A total of 15 employees were awarded options of which three have subsequently left the Company. The second award under the program was 490 thousand options, which vest 1/3 1 January 2019, 1/3 1 January 2020 and the final 1/3 1 January 2021. A total of 15 employees were awarded options of which one has subsequently left the Company. The third award was 495 thousand options, which vest 1/3 1 January 2020, 1/3 1 January 2021 and the final 1/3 1 January 2022. A total of 24 employees were awarded options of which none have subsequently left the company. The strike price is equivalent to the volume weighted average price of the shares the ten preceding trading days of the grant, and the strike price for the three awards are NOK 28.08, NOK 47.65 and NOK 72.03 respectively.

In line with the terms adopted by the Annual General Meeting of Scatec ASA on 30 April 2019, the Board of Directors continued to implement a share-based incentive programme for leading employees of the company. The first award under the programme, granted in January 2020, was 594 thousand options, which is divided into three tranches whereby 1/3 vests each year over three years with the first tranche vesting 1 January 2021. The strike price of the option was set to NOK 114.83 per share based on the volume weighted average share price over the ten last trading days preceding the grant date. For the options granted in 2020 the assumptions used in calculating the fair value of the options are as follows: 2.5 years for expected lifetime, 33.7% for the expected volatility and 0 for expected dividend. The current grant is the first of three contemplated annual grants of share options in accordance with Scatec's incentive programme. A total of 39 employees were awarded options.

During 2020 the employees exercised 540 thousand options (366 thousand in 2019) at the weighted average strike and share price of NOK 47.02 and NOK 123.40 respectively. For this share-based incentive programme the total number of outstanding options are 1,071 thousand as of 31 December 2020 (1,017 thousand as of 31 December 2019).

The award of options meets the definition of an equity-settled share-based payment transaction (IFRS 2 app. A). To calculate the fair value of the options, the Black-Scholes-Merton option-pricing model is applied on each tranche. Share price (spot), exercise price, expected option lifetime, expected volatility, expected dividend and risk-free interest rate are the input parameters in the model. Expected volatility is calculated on the historical volatility based on the company's own share prices.

The fair value of the awards is expensed as the options vests, and in 2020 NOK 14 million have been expensed. The fair value of the equity instruments is measured at grant date, which was 2 January 2020 for the first award. At grant date the fair value (excluding social security tax) was estimated to NOK 18 million.

For the previously granted awards the fair value of the equity instruments was also measured at grant date, which was 6 October 2016 for the first award, 1 January 2018 for the second grant and 1 January 2019 for the third award, respectively. At grant date the fair value of the first award (excluding social security tax) was estimated to NOK 7 million, the fair value of the second award (excluding social security tax) was estimated to NOK 6 million and the fair value of the third award (excluding social security tax) was NOK 8 million.

Pensions schemes

The Group has established pension schemes that are classified as defined contribution plans. Contributions to 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.

Number of FTE's employed during the financial year

	2020	2019
South Africa	159	95
Norway	94	87
Egypt	41	28
Malaysia	31	26
Ukraine	27	11
Brazil ¹⁾	22	18
Honduras	15	14
Argentina ¹⁾	11	4
The Netherlands	8	5
Mozambique	7	3
Vietnam	6	-
Czech	4	4
France	3	3
Bangladesh	3	1
Jordan	2	2
Rwanda	2	2
Germany	-	1
Total	435	304

1) Equity consolidated joint venture.

Note 9 Other operating expenses

See Note 21 for accounting principles for provisions and contingent liabilities

NOK million	2020	2019
Facilities	142	86
Professional fees ¹⁾	147	62
Other office costs	45	34
Travel costs	11	18
Social development contributions	33	12
O&M external fees	7	5
Other costs	39	17
Total other operating expenses	423	234

1) Professional fees increased in 2020, mainly driven by NOK 82 million of transaction costs related to the acquisition of SN Power.

Scatec has in 2020 recognised government grants of NOK 3 million in cost reductions and NOK 5 million as deductions of the development asset's carrying amount.

Remuneration to the auditors (EY and other independent auditors):

NOK million	2020	2019
Audit services	7	6
Other attestation services	1	1
Tax services	7	1
Other services	7	1
Total remuneration	22	9

VAT is not included in the numbers above. Non-audit fee for 2020 mainly relates to due diligence services in connection with the acquisition of SN Power.

Note 10 Financial income and expenses

See Note 7 Financial instruments: Measurement and market risk sensitivities and Note 18 Non-recourse financing for details on accounting principles and estimates.

NOK million	2020	2019
Interest income	48	66
Other financial income	8	-
Interest and other financial income	57	66

NOK million	2020	2019
Interest expenses ¹⁾	1 131	704
Change in fair value of forward exchange contracts	7	33
Other financial expenses	51	6
Interest and other financial expenses	1 189	744
Foreign exchange losses (+) / gain (-)	398	13
Net financial expenses	1 530	690

1) Interest expenses increased in 2020, as new power plants started operation.

Refer to Note 18 – Non-recourse financing and Note 7 – Financial instruments: Measurement and market risk sensitivities for further information on project financing and interest rate sensitivity. Refer to Note 19 – Bonds and Note 15 – Cash for further information on corporate financing.

Note 11 Tax

Accounting principle

Income tax expense comprises current tax and change in net deferred tax.

Current income tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases. The amount of net deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the consolidated statement of financial position date. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and change in net deferred tax are recognised as expense or income in the consolidated statement of profit or loss, except where they relate to items recognised in other comprehensive income or directly to equity, in which case the tax is also recognised as other comprehensive income or directly to equity.

Estimation uncertainty

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits.

Uncertain tax positions and potential tax exposures are analysed individually and, the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and assets to be received (disputed tax positions for which payment has already been made), are recognised within current tax or net deferred tax as appropriate.

The Group has NOK 4,110 million (2019: NOK 2,461 million) of tax losses carried forward. When assessing the probability of utilising these losses several factors are considered. These factors include, if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward, if the losses may be used to offset taxable income elsewhere in the Group. The majority of the Group's tax losses are related to favourable tax rules for depreciation of solar power plants and its reversal is merely a timing effect. At year-end 2020 the Group has recorded a valuation allowance of NOK 108 million (2019: NOK 40 million) related to tax losses carried forward which are not expected to be used to offset future taxable income.

NOK million	2020	2019
Tax payable	-142	-140
Change in deferred tax	25	91
Withholding tax	-13	-5
Taxes related to previous years	-	26
Income tax expense	-130	-29
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	-238	184
Nominal tax rate (22%)	52	-40
Tax effect of:		
Permanent differences	-138	-10
Tax rate different from Norwegian rate	-14	23
Current tax on dividend received and withholding tax	-13	-5
Valuation allowance loss carried forward	-9	-18
Correction of previous years taxes	5	2
Share of net income from associated companies	-4	-6
Tax incentives received related to previous years income	-	24
Use and capitalisation of previously unrecognised losses carried forward	-	4
Other items	-10	-2
Calculated tax expense	-130	-29
Effective tax rate	-55%	16%

The Group recognised an income tax expense of NOK 130 million in 2020, equivalent to an effective tax rate of negative 55%. The main reason for the negative tax rate is non-deductible expenses related to the acquisition of SN Power and non-deductible interest costs. In addition, the effective tax rate is influenced by the effect of taxable profits and -losses in tax jurisdictions with different tax rates which offset each other in the group but leaves a net tax expense to be recognised.

The underlying tax rates in the companies in operation are in the range of 0% to 33%. In some markets, Scatec receives special tax incentives intended to promote investments in

renewable energy. The effective tax rate has been and will be impacted by the volume of construction activities as the tax rate in the construction companies normally is higher than in the power plant companies. This means that the full tax expense on the internal profit will not be eliminated and hence increases the effective tax rate during construction. The opposite effect will occur when the eliminated internal profit is reversed through lower depreciation at the tax rate of the power plant company. Further, the profit/loss from JV, which are reported net after tax, has an impact on the effective tax rate depending on the relative size of the profit/loss relative to the consolidated profit.

Significant components of deferred tax assets

NOK million	2020	2019
Deferred tax assets		
Tax losses carried forward	905	566
Valuation allowance of deferred tax assets	-108	-40
Financial instruments	191	76
Property, plant and equipment	376	327
Construction projects	89	2
Lease liabilities	30	33
Bad debt provision	-	2
Other items	19	8
Offsetting of tax balances ¹⁾	-780	-192
Total deferred tax assets	722	781

Significant components of deferred tax liabilities

NOK million	2020	2019
Deferred tax liabilities		
Property, plant and equipment	950	560
Construction projects	31	45
Financial instruments	2	19
Other items	3	5
Offsetting of tax balances ¹⁾	-780	-192
Total deferred tax liabilities	205	438

1) Deferred tax assets 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 assets against current tax liabilities.

Specification of tax loss carried forward

NOK million	2020		2019	
	Loss carried forward	Deferred tax asset	Loss carried forward	Deferred tax asset
Country				
South Africa	2,083	579	1,266	350
Ukraine	704	160	4	1
Norway	700	150	392	86
Jordan	464	15	369	19
Netherlands	140	-	89	-
France	19	-	18	-
Italy	15	-	14	-
Egypt	2	-	307	69
Total at 31 December	4,110	905	2,461	526

The losses carried forward in South Africa and Jordan are mainly related to accelerated depreciation rates for solar plant assets compared to the accounting depreciations which is determined by the useful life of the assets. The accelerated tax depreciations result in a deferred tax liability for property, plant and equipment and at the same time a taxable loss which can be carried forward. The tax loss carried forward in Egypt from 2019 was caused by

accelerated tax depreciations for solar plants compared to the accounting treatment. However, the tax depreciations for solar plants was in 2020 changed to a less accelerated profile, in line with the accounting depreciations. This reversed the tax loss carried forward and corresponding temporary difference on property, plant and equipment in Egypt from 2019.

The tax losses in Egypt and Jordan can be carried forward for 5 years while losses in Netherlands can be carried forward for 9 years. All other tax losses in the group can be carried forward indefinitely. The losses carried forward in South Africa and Ukraine are recognised in full, based on expected future taxable profits that will more than offset accumulated losses and/or by using tax loss carry

back mechanisms. In Jordan, the tax loss carried forward is not fully recognised based on the short duration these tax losses can be carried forward. In Norway, interest limitation rules came into force in 2014. The Group has at the end of 2019 capitalised approximately NOK 6 (7) million in deferred tax asset related to deferred interest expenses, which can be carried forward for 10 years until 2027.

Movement in net deferred tax asset

NOK million	2020	2019
Net deferred tax asset at 1 January	343	181
Recognised in the consolidated statement of profit or loss	25	91
Deferred tax on financial instruments recognised in other comprehensive income	98	58
Recognised in the consolidated statement of changes in equity	41	6
Translation differences	9	7
Net deferred tax asset at end of period	517	343

Note 12 Property, plant and equipment

Accounting principle

Property, plant and equipment (PPE)

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs incurred in the construction period. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalised until the date in which development of the relevant asset is complete. All other borrowing costs are recognised in the profit or loss in the period in which they incur.

Maintenance expenses are recognised in the statement of profit or loss as incurred. Replacement of damaged components is accounted for as an impairment of the replaced components with capitalization of the replacement cost as a new item of PPE.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component. Depreciation of a solar power plant commences when the plant is ready for management's intended use, normally

at the date of grid connection and commissioning. The residual value of the plant is taken into consideration when calculating the annual depreciation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is de-recognised.

Solar plants under development

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

Expenses that are capitalised include the costs of materials, direct wage costs and other directly attributable expenses.

Asset retirement obligations

Provision for asset retirement costs are recognised when the Group has an obligation to dismantle and remove a solar power plant and to restore the site on which it is

located. The asset retirement cost is capitalised as part of the carrying value of the solar power plant and depreciated over the useful life of the plants. Expenditures related to asset retirement obligations are expected to be paid in the period between 2033 and 2044. The expected timing is based on the duration of the existing PPAs but could be extended dependent on the development of the power markets post the current PPA regime.

Scatec's future asset retirement obligation depends on several uncertain factors such as the possible existence of a power market for the plants after the end of the PPA, future recycling arrangements for solar panels and/or their second-hand value, future value of steel and copper as well as future development of interest and currency exchange rates. As a result, the initial recognition of the liability and the capitalised cost associated with the removal obligations, and the subsequent adjustments, involve the application of significant judgement. The calculation of the asset retirement obligation is done on a plant by plant basis, taking into consideration relevant project specifics.

Intangible assets

Intangible assets mainly consist of software.

Impairment of property, plant and equipment

For impairment of property, plant and equipment, the Group assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped to a level that provides separately identifiable and largely independent cash flows. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount which is the higher of fair value less costs to sell and value in use.

Impairments are reversed to the extent that conditions for impairment are no longer present.

For accounting principles related to right to use lease assets, details are provided in Note 22 Leases.

Estimation uncertainty

Estimated useful life of solar power plants

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively.

When determining the useful life of a plant, the following factors are considered:

- a) expected usage of the plant. Usage is assessed by reference to the asset's expected capacity, physical output as well as market regulations and maturity;
- b) expected physical wear and tear, which depends on operational factors and the repair and maintenance programme;
- c) technical or commercial obsolescence;
- d) legal or similar limits on the use of the plants, such as the expiry dates of related leases.

The power plants currently in operation have 10 to 25 years off-take agreements. Whether or not these agreements will be extended is not currently known. The technical useful life for the power plants is deemed to be at least 25 years. In most of these markets the sale of electricity depends on having a PPA, hence, the length of the PPA is deemed to be the decisive factor. Consequently, the Group currently depreciates the solar power plants over the length of the PPA.

This assessment is made on a plant by plant basis.

Impairments

Solar power plants and projects under development/construction are tested for impairment to the extent that indicators of impairment exist. Factors which trigger impairment testing include but is not limited to political changes, macroeconomic fluctuations, changes to the Group's strategy, project delays, spending beyond budget, the power plant underperforming in terms of production, changes to tariffs and similar.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from comparable transactions for similar assets or bids received by the Group. The value in use calculation is based on a discounted cash flow (DCF) model. The estimated future cash flows are based on budgets and forecasts and are adjusted for risks specific to the asset and discounted using a post-tax discount rate. Country risk is adjusted for in the discount rate. The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows.

Property, plant and equipment 31 December 2020

NOK million	Solar power plants	Solar power plants under development and construction	Intangible assets, equipment and other assets	Total
Accumulated cost at 1 January 2020	13,118	3,631	270	17,019
Additions	149	1,581	44	1,774
Transfers	2,936	-2,936	-	-
Cost of disposed assets	-25	-	-1	-26
Effect of movements in foreign exchange	-240	-132	-4	-376
Accumulated cost at 31 December 2020	15,938	2,142	309	18,390
Accumulated depreciation and impairment losses at 1 January 2020	1,534	35	49	1,618
Depreciation for the year	727	-	38	765
Impairment losses	-	11	-	11
Accumulated depreciation and impairment losses disposed assets	-3	-	-1	-4
Effect of movements in foreign exchange	-85	-	-2	-86
Accumulated depreciation and impairment losses at 31 December 2020	2,173	46	84	2,304
Carrying amount at 31 December 2020	13,765	2,096	225	16,086
Estimated useful life (years)	20-25	N/A	3-10	
Accumulated cost at 1 January 2019	6,432	3,598	76	10,106
Right-of-use assets recognised at initial application	121	-	61	182
Additions	129	6,333	131	6,593
Transfers	6,400	-6,400	-	-
Cost of disposed assets	-	-6	-	-6
Effect of movements in foreign exchange	36	106	2	144
Accumulated cost at 31 December 2019	13,118	3,631	270	17,019
Accumulated depreciation and impairment losses at 1 January 2019	1,057	17	23	1,097
Depreciation for the year	454	-	25	479
Impairment losses	6	23	4	33
Accumulated depreciation and impairment losses disposed assets	-	-	-	-
Effect of movements in foreign exchange	17	-5	-3	9
Accumulated depreciation and impairment losses at 31 December 2019	1,534	35	49	1,618
Carrying amount at 31 December 2019	11,584	3,596	221	15,401
Estimated useful life (years)	10-25	N/A	3-10	

The power plant companies in Argentina and Brazil are accounted for using the equity method, hence not included in the above table.

During 2020 the Group capitalised borrowing costs amounting to NOK 92 million, corresponding to 100% of directly attributable cost to acquired assets.

The carrying value of development projects that have not yet reached the construction phase was NOK 275 million at 31 December 2020 (31 December 2019: NOK 181 million).

The power plant entities' assets, including solar power plants, are pledged as security for the non-recourse financing.

Solar power plants under development and construction includes NOK 23 million of capitalised right to transmit electricity

Impairments

During 2020, the Group impaired equipment amounting to NOK 11 million (2019: NOK 33 million) mainly related to discontinued development of some projects.

Note 13 Impairment testing goodwill

Accounting principle

Goodwill and intangible assets with an indefinite useful life are not amortised on a regular basis but are tested for impairment annually as of 31 December or more frequently if there are circumstances indicating that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to the goodwill cannot be reversed in future periods. As of 31 December 2020 and 2019, the Group had no other intangible assets with indefinite useful life.

Estimation uncertainty

Whereas project development and certain subcontracting require local knowledge and presence, a major part of the work related to the completion of solar power projects is of a generic nature and can be provided through a common methodology and platform independent of project and market. Consequently, the goodwill is allocated to and impairment tested on the global EPC cash generating unit, which is part of the Development & Construction operating segment.

The recoverable amount has been determined based on value in use calculations. The estimated cash flows correspond to the business plan for 2021, which is based on the Group's project backlog. The business plan is approved by the Board of Directors. Cash revenues have been calculated based on estimated project volumes and an average margin related to project execution. Cash expenses have been calculated based on budgeted cost of sales and operating expenses attributable to project execution activities. To the best of management's judgement, capital expenditure and changes in working capital are insignificant in relation to this calculation and are therefore excluded. The discounted free cash flows exceed the carrying amount and the asset is not impaired. A sensitivity analysis has also been performed, to determine if a reasonable change in key assumptions would cause the units' carrying amount to exceed the recoverable amount. A reduction in the estimated growth rate by 20 percentage points, a reduction in the estimated EBITDA margin by 20 percentage points or an increase in WACC after tax by 2 percentage point would not lead to impairment loss.

The following table shows the allocation of the total goodwill acquired in business combinations for impairment testing purposes, including to which segment the goodwill relates.

Carrying value of goodwill at 31 December

NOK million	2020	2019
Development and construction	25	24
Total at 31 December	25	24

The goodwill is associated with the acquisition of Solarcompetence GmbH October 2007. The goodwill was determined to be related to know-how (employees), the record of accomplishment of the company acquired, as

well as synergies. The purpose of the acquisition was to gain control of a competence centre that had documented results from delivering engineering, procurement and construction services related to large solar power projects.

Note 14 Investments in JV and associated companies

Accounting principle

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture (JV) is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying value of the investments includes share capital and loans, and are subsequently adjusted for further investments and the Group's share of the net income of the associate or joint venture. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

When the Group's share of a loss exceeds the Group's investment in an associate or joint venture, the amount carried in the Group's statement of financial position is reduced to zero and further losses are not recognised

unless the Group has an obligation to cover any such loss.

Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture should be impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Net income/(loss) from JV and associates" in the statement of profit or loss.

Investments in JV and associated companies

The consolidated financial statements include the Group's share of profits/losses from joint ventures and associated companies, accounted for using the equity method. The tables below shows the material JV and associated companies recognised in the Group, the carrying amount of the investments and the stand alone financial information for the entities.

Company	Registered office	2020	2019
Kube Energy AS	Oslo, Norway	25%	25%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50%	50%
Apodi I Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Scatec Solar Solutions Brazil BV	Amsterdam, Netherlands	50%	50%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50%	50%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50%	50%
Cordilleras Solar VIII S.A (Argentina)	Buenos Aires, Argentina	50%	50%

Carrying amount of investments in material JV and associated companies

NOK million	Brazil	Argentina	Other	Total
Carrying amount of investments in JV and associated companies 31 December 2018	547	-	197	745
Argentina reclassified from category Other	-	197	-197	-
Addition of invested capital	-	59	-	59
Share of profit/loss for the year	9	-38	1	-28
Distributions to owners	-55	-	-	-55
Items charged to equity	-12	19	-	8
Carrying amount of investments in JV and associated companies 31 December 2019	490	236	2	728
Addition of invested capital	16	23	-	39
Share of profit/loss for the year	-5	-12	-	-16
Distributions to owners	-51	-	-	-51
Items charged to equity	-47	-40	-	-86
Carrying amount of investments in JV and associated companies 31 December 2020	404	207	2	613

100% figures of summarised financial information for material JV and associated companies (stand alone basis)

NOK million	Brazil JV companies		Argentina JV companies	
	2020	2019	2020	2019
Revenues	190	255	24	104
Operating expenses	-162	-189	-35	-70
Operating profit/(loss)	28	66	-11	34
Net financial items	-69	-68	-21	-37
Profit before income tax	-41	-2	-32	-3
Income tax	-12	-8	-14	-4
Profit/(loss) after tax	-53	-9	-46	-7
Non-controlling interests	-	1	-	-
Profit/loss (100%) after non-controlling interests	-53	-9	-46	-7
Scatec's Share	-26	-5	-23	-4
Less elimination of unrealised internal profit between joint venture companies	-1	-2	-	-6
Plus, profit from sale of services from consolidated to joint venture companies	14	16	12	3
Less impairment	-	-	-	-31
Effect on fluctuation in exchange rate	9	-	-1	-
Net profit/loss (100%) after non-controlling interests	-5	9	-12	-38

100% figures of summarised financial positions for material JV companies (standalone basis)

NOK million	Brazil JV companies		Argentina JV companies	
	31.12.2020	31.12.2019	31.12.2020	31.12.2019
Non-current assets	1,161	1,599	1,060	946
Current assets	18	58	87	165
Cash and cash equivalents	46	127	34	21
Total assets	1,225	1,783	1,180	1,133
Non-current liabilities	866	1,237	317	267
Current liabilities	53	104	678	645
Total liabilities	918	1,341	996	912
Total Equity	306	442	185	221
Non-controlling-interests	30	40	-	-
Total equity excluding NCI	276	402	185	221
Scatec's share of equity	138	201	92	110
Elimination of unrealised internal profit between JV companies	-25	-35	-37	-8
Fair value measurement at first time recognition of JV	125	166	-	-
Loan to JV	166	158	151	133
Net investment in JV	404	490	207	235

Note 15 Cash and cash equivalents

Accounting principle

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

Restricted cash is cash reserved for a specific purpose and therefore not available for immediate and general use by the Group.

Refer to Note 29 Financial instruments by category for the accounting principles for financial instruments.

NOK million	2020	2019
Cash in power plant companies in operation	1,741	1,567
Cash in power plant companies under development / construction	11	420
Other restricted cash	87	78
Free cash	5,949	758
Total cash and cash equivalents	7,788	2,824

Cash in power plant companies in operation includes free cash, restricted cash in proceeds accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements.

Cash in power plant companies under development and construction comprise shareholder financing and draw down on loan facilities to settle outstanding external EPC invoices.

Other restricted cash comprises restricted deposits for withholding tax, guarantees, VAT and rent, NCI's share of free cash as well as collateralised shareholder financing of power plant companies not yet distributed to the power plant companies.

Reconciliation of movement in free cash at Group level (in recourse group as defined in bond & loan facilities)

NOK million	2020	2019
Free cash at beginning of the period	758	1,039
Proportionate share of cash flow to equity O&M	65	53
Proportionate share of cash flow to equity D&C	-15	471
Proportionate share of cash flow to equity CORP	-153	-91
Project development capex	-156	-135
Equity contributions/collateralised for equity commitments in power plant companies	-756	-869
Distributions from power plant companies	346	241
Share capital increase, net after transaction cost and tax	6,576	1,300
Dividend distribution	-131	-108
Working capital / Other	-584	-1,143
Free cash at end of the period	5,949	758
Available under credit facilities	813	836
Total free cash and undrawn credit facilities at the end of the period	6,762	1,594

Proportionate share of cash flow to equity is defined in Alternative Performance Measures Appendix.

Equity contributions to power plant companies consist of equity injections and shareholder loans.

Net cash effect from Working Capital/Other is mainly related to ongoing construction projects.

Guarantee facility

In the first quarter of 2020, Scatec refinanced the guarantee facility and intercreditor agreement that was established in 2017. The guarantee facility has Nordea Bank as agent and issuer, with Nordea Bank, Swedbank and BNP Paribas as guarantee instrument lenders. DNB was included as instrument lender from closing of the SN Power acquisition in January 2021. The guarantee facility is mainly used to provide advance payment-, performance- and warranty bonds under construction agreements, as well as trade letter of credits. The intercreditor agreement is entered into by Scatec, the issuing banks under the guarantee facility and GIEK. GIEK can issue counter indemnity in favour of the issuing banks on behalf of the relevant instrument lenders.

Revolving credit facility

In the first quarter of 2020 Scatec refinanced the USD 90 million revolving credit facility (RCF) with Nordea Bank as agent and Nordea Bank, Swedbank and BNP Paribas as equal Lenders. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The new facility is ESG (Environmental, Social and Governance)

linked and has a three years tenor. The facility margin is linked to the following ESG KPIs:

- A targeted level for LTIFR (Lost time incident frequency rate) for the Group
- Anti-Corruption training for all employees
- Environmental and social baseline studies and risk assessment on all power plants by external experts

Scatec has not drawn on the revolving credit facility per 31 December 2020.

At closing of the SN Power transaction in January 2021, the USD 90 million RCF was increased to USD 180 million.

Overdraft facility

In second quarter 2018 Scatec entered into a USD 5 million overdraft facility with Nordea Bank. The overdraft interest is the 7-day interbank offer rate plus a margin of 2.5%. Scatec has not drawn on the overdraft facility per 31 December 2020.

Green bond

In the fourth quarter of 2017 Scatec issued a NOK 750 million senior unsecured green bond with maturity in November 2021, and the bond was classified as current liabilities per 31 December 2020. The bond carries an interest of 3-month NIBOR + 4.75%, to be settled on a quarterly basis. The bond was listed on the Oslo Stock Exchange 6 April 2018 with ticker SSO02 G.

At 31 December 2020, Scatec was in compliance with all financial covenants for the above facilities. The book equity of the recourse group, as defined in the facility agreements, was NOK 11,196 million per year end.

During 2020, interest amounting to NOK 98 million (68) was expensed for the bond, overdraft- and revolving credit facility. The increased interest expenses relates to arrangement fees for securing the financing package of the acquisition of SN Power.

The NOK 750 bond was refinanced in the first quarter of 2021, when Scatec completed a EUR 250 million senior unsecured green bond issue with maturity in August 2025. The bonds carry an interest of 3 months EURIBOR + 2,50%.

Refer to bond agreement available on www.scatec.com/investor/debt for further information and definitions.

Note 16 Trade receivables

NOK million	2020	2019
Accounts receivables	435	336
Provision for bad debt	-	-
Accrued income and other receivables	189	124
Total trade receivables	623	461

Information on credit risk and foreign exchange risk regarding accounts receivables is further provided in Note 5 - Financial risk management. Accrued income represents contract assets related to energy production in the last month of the year, which is invoiced in January the following year.

Ageing of trade receivables at year-end was as follows:

NOK million	Total	Not due	Overdue
2020	435	254	181
2019	336	221	115

The overdue receivables are mainly related to sale of electricity from the Rengy and Bugoslav plants in Ukraine, and Agua Fria and Los Prados plants in Honduras. The PPA payments for the IPPs in Honduras and Ukraine are secured by a sovereign guarantee and the collection risk is hence considered to be low. Accordingly, no allowance has been made for the overdue payments.

NOK million	Overdue			
	Less than 30 days	30 - 60 days	60 - 90 days	More than 90 days
2020	20	34	19	108
2019	9	1	20	85

Note 17 Other non-current and current asset

Accounting principle

Contingent assets arising from past events that will only be confirmed by future uncertain events and are not wholly within the Group's control, are not recognised, but are disclosed when an inflow of economic benefits is probable. Reference is given to Note 2 Summary of significant accounting policies for the accounting principles of current versus non-current classification.

Other non-current assets comprise the following:

NOK million	2020	2019
Non-current assets from related parties (ref Note 26)	1	3
Loan to non-controlling interests	45	36
Other non-current receivables	97	110
Total other non-current assets	144	149

Other current assets comprise the following:

NOK million	2020	2019
Prepayments related to assets under development/construction	18	519
Receivables from public authorities/prepaid taxes, VAT etc	457	579
Other receivables and prepaid expenses	187	113
Total other current assets	663	1,211

Prepayments related to assets under construction mainly reflects working capital components on the construction contracts for the projects in Ukraine.

Note 18 Non-recourse financing



Non-recourse financing has key advantages including a clearly defined risk profile

See Note 7 Financial instruments: Measurement and market risk sensitivities for accounting principle.

The table below specifies non-recourse financing at 31 December 2020 and 2019.

NOK million	Interest rate ³⁾	Maturity date	2020	2019
Loan facilities (ZAR) – South Africa portfolio, Kalkbult, Linde and Dreunberg ^{1, 2)}	12.61%	31.12.2029	1,887	2,191
Loan facilities (CZK) – Czech portfolio ¹⁾	5.25%	11.05.2029	334	352
Loan facilities (USD) – Gigawatt Global Rwanda Ltd (ASYV) ¹⁾	8.20%	11.01.2030	109	117
Loan facilities (USD) – Jordan portfolio ¹⁾	5.84%	10.01.2032	672	740
Loan facilities (USD) – Produccion De Energia S.A (Aqua Fria) ¹⁾	6.59%	31.12.2026	394	464
Loan facilities (MYR) – Quantum Solar Park (Semenanjung) SDN. BHD.	6.14%	23.02.2035	1,906	2,036
Loan facilities (USD) – Aswan portfolio Egypt ^{1) 2)}	6.75%	31.10.2036	2,845	2,952
Loan facilities (USD) – Central Solar de Mocuba, Mozambique ²⁾	6.41%	31.01.2035	452	477
Loan facilities (ZAR) – South Africa Upington ¹⁾	8.14%	31.03.2037	2,283	2,385
Loan facilities (MYR) – Red Sol	4.04%	31.12.2028	240	242
Loan facilities (EUR) – Ukraine ¹⁾	6.41%	31.12.2028	1,142	1,106
Total non-recourse financial liabilities			12,263	13,064
Of which non-current non-recourse financial liabilities			11,350	12,228
Of which current non-recourse financial liabilities⁵⁾			913	837

1) The rate of interest is a calculated average.

2) The rate of interest is a calculated including interest rate swap agreements.

3) All loans are fixed or swapped to fixed rate interests, except for the loans in South Africa Upington where the interest rates are inflation-linked to match the profile of the PPA indexations.

4) Parts of the loans in South Africa Upington are structured as CPI-linked loans where the principal loan amount is uplifted based on the yearly observed CPI factor. Hence, the effective interest including the CPI factor is higher than the nominal interest rate of the loan. For 2020 the CPI factor applied to the loans was 3.0%.

5) The amounts include accrued interest per 31 December.

Scatec uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group.

The project entities' assets are pledged as security for the non-recourse financing. The Group's book value of the pledged solar power plants is NOK 14,877 million at 31 December 2020 (31 December 2019 NOK 14,263 million).

Repayment structure

The table below specifies the repayment structure of the non-recourse financing.

NOK million	Loan repayment	Interest payment	Total
2021	767	740	1,507
2022	789	724	1,513
2023	869	672	1,541
2024	946	619	1,565
2025	973	558	1,531
2026	1,035	495	1,530
2027	1,000	430	1,430
2028	1,039	368	1,407
2029	781	300	1,082
2030	629	254	883
2031	623	214	837
2032	579	177	756
2033	565	141	706
2034	588	103	691
2035	624	66	691
2036	192	28	221
2037	135	6	141
Total future loan repayment	12,134	5,897	18,031

The tables below specify the payment structure of principal and interests per project of the non-recourse financing. The difference between total debt repayments and book value of debt primarily relates to accrued interest expenses and fees to be amortised.

Principal repayments

NOK million	South Africa portfolio; Kalkbult, Linde and Dreunberg	Czech portfolio	Asyv, Rwanda	Jordan portfolio	Agua Fria, Honduras	QSP, Malaysia	Egypt portfolio	Mocuba, Mozambique	South Africa portfolio; Upington	Red sol, Malaysia	Ukraine portfolio	Total
2021	184	34	6	47	60	101	68	26	61	18	163	767
2022	194	36	6	47	61	102	81	24	70	19	148	789
2023	212	38	7	50	63	102	134	27	68	20	149	869
2024	222	40	8	52	67	123	162	28	77	20	147	946
2025	227	43	9	54	74	113	169	27	95	21	141	973
2026	235	45	11	57	72	124	180	29	111	22	149	1,035
2027	231	48	12	60	-	124	192	30	125	22	155	1,000
2028	245	50	13	64	-	124	204	32	135	84	88	1,039
2029	136	21	15	67	-	146	216	33	148	-	-	781
2030	-	-	21	71	-	146	195	30	165	-	-	629
2031	-	-	3	74	-	147	201	33	166	-	-	623
2032	-	-	-	41	-	147	210	35	146	-	-	579
2033	-	-	-	-	-	147	220	36	161	-	-	565
2034	-	-	-	-	-	148	230	38	172	-	-	588
2035	-	-	-	-	-	85	340	17	183	-	-	624
2036	-	-	-	-	-	-	-	-	192	-	-	192
2037	-	-	-	-	-	-	-	-	135	-	-	135
Total	1,887	356	110	684	396	1,880	2,801	446	2,211	225	1,139	12,134

Interest payments

NOK million	South Africa portfolio; Kalkbult, Linde and Dreunberg	Czech portfolio	Asyv, Rwanda	Jordan portfolio	Agua Fria, Honduras	QSP, Malaysia	Egypt portfolio	Mocuba, Mozambique	South Africa portfolio; Upington	Red sol, Malaysia	Ukraine portfolio	Total
2021	156	17	9	37	25	107	162	11	134	69	13	740
2022	140	15	9	35	21	101	190	11	133	57	12	724
2023	123	14	8	32	17	96	184	10	130	48	11	672
2024	106	12	7	29	12	90	176	9	128	39	11	619
2025	86	10	7	26	8	83	164	8	126	30	10	558
2026	67	8	6	23	3	76	152	8	122	21	9	495
2027	47	5	5	20	-	70	140	7	117	12	8	430
2028	27	3	4	17	-	63	127	6	111	3	7	368
2029	8	0	3	13	-	55	112	5	103	-	-	300
2030	-	-	1	9	-	46	98	4	95	-	-	254
2031	-	-	-	5	-	38	84	3	84	-	-	214
2032	-	-	-	1	-	29	70	2	74	-	-	177
2033	-	-	-	-	-	20	55	1	64	-	-	141
2034	-	-	-	-	-	11	40	0	52	-	-	103
2035	-	-	-	-	-	2	26	-	39	-	-	66
2036	-	-	-	-	-	-	4	-	24	-	-	28
2037	-	-	-	-	-	-	-	-	6	-	-	6
Total	759	83	59	249	85	888	1,784	88	1,544	278	80	5,897

Covenants

Czech portfolio

The Facilities Agreement contains financial covenants including, but not limited to: lock-in and default Debt Service Coverage Ratio (DSCR) of 1.30:1 and minimum (adjusted) Equity Ratio of 20%, as well as funding on debt service reserve account. The Agreement contains further restrictions on, inter alia, environmental compliance, changes of business and certain corporate acts, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial reporting and information.

Scatec Solar SA 166 (Pty) Ltd. (Kalkbult)

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: DSCR of 1.30:1, Loan Life Coverage Ratio (LLCR) of 1.30:1 and Project Life Coverage Ratio (PLCR) of 1.40:1; 50% distribution cash sweep if DSCR is between 1.30:1 and 1.20:1; lock-in and full cash sweep ratios: DSCR of 1.20:1, LLCR of 1.20:1 and PLCR of 1.35:1; and default ratios: DSCR of 1.10:1, LLCR of 1.15:1 and PLCDR of 1.30:1 as well as funding on debt service and maintenance reserve accounts. The Agreements contain further

restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Simacel 155 (Pty) Ltd. (Linde)

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: senior DSCR of 1.30:1 (total meaning senior + subordinated DSCR of 1.15:1), senior LLCR of 1.30:1 (total LLCR of 1.20:1), and senior PLCR of 1.40:1 (total PLCR of 1.30:1); 50% distribution cash sweep if DSCR is between 1.30:1 and 1.20:1; lock-in and full cash sweep ratios: senior DSCR of 1.20:1 (total DSCR of 1.10:1), senior LLCR of 1.20:1 (total LLCR of 1.15:1) and senior PLCR of 1.35:1 (total PLCR of 1.25:1); and default ratios: senior DSCR of 1.10:1 (total DSCR of 1.05:1), senior LLCR of 1.15:1 (total of LLCR 1.10:1) and senior PLR of 1.30:1 (total PLCR of 1.20:1), as well as funding on debt service and maintenance reserve accounts. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar SA 166 (Pty) Ltd.

Simacel 160 (Pty) Ltd. (Dreunberg)

The Loan Facility and the Common Terms Agreements contain financial covenants similar to those mentioned above for Simacel 155 (Pty) Ltd RF. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar SA 166 (Pty) Ltd.

Gigawatt Global Rwanda Ltd (ASYV)

The loan agreement includes financial covenants requiring that the borrower must ensure that on each Calculation Date from the Financial Completion Date: Historic Audited DSCR and Historic Unaudited DSCR must exceed 1.10:1; and Projected Minimum DSCR must exceed 1.10:1.

Produccion De Energia S.A (Aqua Fria)

The loan facilities agreement contains financial covenants included, but not limited to: maintain a Minimum Debt Service Coverage of 1.10:1; maintain a Financial Debt to Total Assets not more than 70%.

Jordan portfolio (Oryx/EJRE/GLAE)

The loan agreement includes financial covenants requiring that the borrower must ensure that on each Calculation Date from the Commercial Operation Date: Historic Unaudited DSCR (HUDSCR) and Forecast Minimum DSCR (PMDSCR) must exceed 1.10:1.

Quantum Solar Park (Semenanjung) SDN. BHD.

The loan agreement contains financial covenants included, but not limited to: maintain a Financial Service Coverage Ratio (FSCR) of minimum 1.25:1. FSCR with cash post distribution: min 1.5x. FSRA (Finance Service Reserve Account) of 6 months, and to maintain a financial Gearing of no more than 80/20. The agreement contains further restriction on MRA to be funded in stages after COD, no changes to shareholders structure, no other financial indebtedness and no material amendments to project documents.

Egypt portfolio

The Loan Facilities and the Common Terms Agreements contain financial covenants including, but not limited to: Default Ratios: the Six Month Historic DSCR is equal to or exceeds 1.15:1, the Twelve Month Historic DSCR is equal to or exceeds 1.15:1, the Twelve Month Projected DSCR is equal to or exceeds 1.15:1, until the Financial Completion Date the projects maintain a Debt to Equity Ratio of not more than 75:25. Distribution Conditions: Historic and Projected DSCRs exceed 1.20:1

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities,

amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Mozambique:

The loan agreement contains financial covenants including, but not limited to: Default ratios: For any calculation period, the historic DSCR must exceed 1.10:1 or LLCR must exceed 1.20:1. Distribution conditions: The prospective and Historic DSCR exceed 1.20:1 and LLCR exceed 1.30:1.

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

South Africa Upington portfolio

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: senior historic DSCR of 1.10:1, senior projected DSCR of 1.10:1 and senior LLCR of 1.15:1.

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Ukraine portfolio

The Loan Facilities and the Common Terms Agreements (CTA) contain financial covenants including, but not limited to: Default Ratios: the Twelve Month Historic DSCR is equal to or exceeds 1.10:1, the Twelve Month Projected DSCR is equal to or exceeds 1.10:1, until the Final Maturity Date the projects maintain a Debt to Equity Ratio of not more than 70:30. Distribution Conditions: restricted until Financial Completion Date, thereafter the Historic and Projected DSCRs must exceed 1.20:1.

The Agreements contain further restrictions on, inter alia, hedging policies, asset sales and entering into new activities, amendments to the key agreements, insurance

policies, pledges and guarantees, additional financial indebtedness, project accounts, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial, operational and environmental reporting and information.

During 2020 the Ukraine project companies failed to meet the DSRA loan covenant, due to missing payments of revenues following a delayed funding of the offtaker as well as project completion delay. Consequently, the company obtained waivers to temporarily delay the measurement of the DSRA covenant requirement. Accordingly, the companies were not in breach with any covenants at 31 December 2020.

Red Sol, Malaysia:

The Facility Agreement contains financial covenants including, but not limited to: Default Ratios: the Twelve

Month Historic DSCR is equal to or exceeds 1.10:1, the Twelve Month Projected DSCR is equal to or exceeds 1.10:1, until the first Repayment Date the projects maintain a Debt to Equity Ratio of not more than 73:27. Distribution Conditions: Historic and Projected DSCRs exceed 1.15:1.

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

All power plant companies were in compliance with the financial covenants at 31 December 2020. Refer to the definitions chapter for description of the abbreviations.

Note 19 Bonds

In 2017 Scatec completed a NOK 750 million senior unsecured green bond issue with maturity in November 2021. The bonds carry an interest of 3 months NIBOR + 4.75%, to be settled on a quarterly basis. The bond is listed on the Oslo Stock Exchange.

Since the bond matures within one year from the balance sheet date, the bond is classified as current liabilities in the balance sheet.

During the term of the bonds, Scatec shall comply with the following financial covenants at all times:

- a) Minimum liquidity: Scatec shall maintain free cash of minimum NOK 50 million
- b) Maximum debt to capitalisation ratio: Scatec shall maintain a debt to capitalisation ratio of maximum 50%
- c) Minimum interest coverage ratio: Scatec shall maintain a cash flow interest coverage ratio of minimum 2.

Per 31 December 2020, Scatec was in compliance with all of the bond's covenants. The book equity of the recourse group, as defined in the loan agreement, was NOK 11,196 million per year end, and the debt to capitalization ratio was 6% per year end.

During 2020, interest amounting to NOK 43 million was expensed (2019: 50 million).

The loan is carried at amortised cost with the total fees of NOK 9 million being amortised over the 4-year period until maturity.

The NOK 750 million bond was refinanced in the first quarter of 2021, when Scatec completed a EUR 250 million senior unsecured green bond issue with maturity in August 2025. The bonds carry an interest of 3 months EURIBOR + 2,50%.

Refer to the loan agreement available on www.scatec.com/investor-overview for further information and definitions.

Refer to Note 15 – Cash and cash equivalents, for description of other sources of corporate funding.

Note 20 Derivative financial instruments

For details on accounting principles and accounting estimates related to derivatives, reference is given to Note 7 Financial instruments: Measurement and market risk sensitivity.

Per 31 December 2020 and 2019 Scatec did not have any derivative financial assets. For a specification of the derivative financial liabilities see table below:

Derivative financial liabilities

NOK million	2020	2019
Interest rate swap contracts		
Current portion	131	31
Non-current portion	572	320
Total derivative financial liabilities	703	351

To manage certain interest rate and related to the financing of solar power plants in the project entities, the Group has entered into interest rate swap derivative contracts designated as hedging instruments.

The tables above show the market value of the derivatives for the year ending 2020 and 2019, carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right to offset these cash flows.

Interest rate Swaps - South Africa

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 were NOK 2,350 million (2019 NOK 2,286 million). The fixed interest rates vary from 8.4% to 8.7%, and the floating rates is based on to 3-month JIBAR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Interest rate Swaps - Egypt

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 was NOK 1,570 million (2019 NOK 1,437). The fixed interest swap rate varies from 3.1% to 3.5%, and the main floating rates based on 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Interest rate Swaps - Mozambique

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 was NOK 357 million (2019 NOK 385). The fixed interest swap rate is 3.3%, and the floating rate is based on 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Interest rate Swaps - Malaysia

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 was NOK 238 million (2019 NOK 233 million). The fixed interest swap rate is 4.3%, and the floating rate is based on 6-month KLIBOR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Reconciliation of hedging reserve - interest rate swap contracts

NOK million	2020	2019
Opening balance	-268	-87
Recycling during the year to profit or loss, gross	121	9
Recycling during the year to profit or loss, tax effect	-33	-2
Unrealised gain/(loss) during the year	-469	-249
Unrealised gain/(loss) during the year, tax effect OCI	128	62
Closing balance	-522	-268
Of which equity holders of the parent company	-261	-130

The interest rate swap contracts described in this note are exposed to the IBOR reform, as the fair values of the interest rate swaps today are based on the following reference rates; 6-month KLIBOR, 6-month USD Libor and 3-month JIBAR, and a change from these reference rates to the new reference rates described in the IBOR reform could affect the fair value of the financial instruments. The notional amounts for interest rate swap contracts

based on 6-month USD Libor, 6-month KLIBOR 3-month JIBAR are NOK 1 927 million, NOK 238 million and NOK 2 350 million respectively. The Group pays attention to the development of the IBOR-reform, and will consider to initiate any actions deemed appropriate. Based on a preliminary assessment, the Group does not expect that the IBOR reform will cause a material change in the fair value of the Group's interest rate swaps.

Note 21 Other non-current and current liabilities

Accounting principle

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses in the consolidated statement of profit or loss.

Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation, if any, are not recognised but disclosed with indication of uncertainties relating to amounts and timing involved. Disclosures are not given if the possibility of an outflow in settlement is remote.

For accounting principles regarding asset retirement obligations, see Note 12 Property, plant and equipment.

For accounting principles regarding leases, see Note 22 Leases.

Other non-current liabilities comprise the following:

NOK million	2020	2019
Shareholder loan from non-controlling interests (ref Note 28)	717	761
Non-current lease liability	227	231
Asset retirement obligations	266	215
Other long-term provisions and accruals	365	254
Total other non-current liabilities	1,575	1,460

Other current liabilities comprise the following:

NOK million	2020	2019
Current liabilities to related parties (ref Note 8)	10	16
Accrued expenses related to solar power plants	295	449
Public dues other than income taxes	114	88
Accrued interest expenses	6	6
Accrued payroll	29	36
Current lease liability	35	14
Other accrued expenses	363	293
Total other current liabilities	852	902

Liabilities related to solar power plants reflects both working capital requirements for development/construction contracts and cost accruals on completed projects.

Note 22 Leases

Accounting principle

IFRS 16 requires a lessee to account for lease contracts by recognizing a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 affects mainly the accounting for office and land leases for the Group.

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Recognition of leases and exemptions

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.

Measuring the lease liability

The lease liability is initially measured at the present value of future lease payments for the right to use the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement of the lease liability includes fixed lease payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. 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 costs in profit or loss in the period in which the event that triggers those payments occurs. Land leases where the lease payment is based on power production have been excluded from the liability measure.

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.

Measuring the right-of-use asset

For accounting principles on right-of-use asset, see Note 12 Property, plant and equipment. The right-of-use asset is initially measured at cost and include the amount of the initial measurement of the lease liability and lease pre-payments made at or before the commencement date.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses.

Group as a lessor - Leases previously classified as operating leases under IAS 17 and IFRIC 4

The groups Power Purchase Agreements in Jordan and Malaysia have a pricing mechanism which require power produced above a certain volume to be made available to the buyers at a discount. Hence, the pricing is not “contractually fixed per unit” and these two contracts were accounted for as operational leases as set forth by IFRIC 4. IFRIC 4 was superseded by IFRS 16 as of 1 January

2019 and the group has concluded that these contracts do not contain leases based on the guidance in IFRS 16, and these contracts are no longer accounted for as leases. This change does however not have an impact on the presentation in the financial accounts as operating lease revenues were presented together with revenues from sale of electricity in the statement of profit and loss.

Estimation uncertainty

When calculating the 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. The incremental borrowing rate has been estimated by each subsidiary on an individual basis. For subsidiaries with solar parks, the interest rate from the non-recourse loan has been central when estimating the incremental borrowing rate. For other subsidiaries, non-secured debt has been used as a benchmark for the discount rate for lease agreements.

In addition, several of the groups lease agreements contain options to extend the lease agreement beyond the contractual lease term. The group has evaluated all these options, but it's not deemed reasonably certain that the group will exercise the option, and hence, the period covered by the option has not been included in the lease liability.

Reconciliation of movement in lease liabilities

NOK million	2020	2019
Lease liability at the beginning of the year	245	170
Lease agreements entered into during the year	37	97
Lease payments made during the year	-36	-29
Interest expense on lease liabilities	18	11
Effect of movements in foreign exchange	-2	-4
Lease liability at the end of the year	262	245

Reconciliation of movement in right-of-use asset for 2020

NOK million	Land	Office & cars	Total
Right-of-use asset at the beginning of the year	125	115	240
Additions	44	15	59
Depreciation for the year	-10	-23	-33
Effect of movements in foreign exchange	-2	-	-3
Right-of-use asset at the end of the year	157	107	264

Leases in the income statement

NOK million	2020	2019
Operating expenses		
Short term- low value and variable lease payment expenses	-29	-24
Depreciation expenses		
Depreciation of right-of-use assets (land lease)	-10	-6
Depreciation of right-of-use assets (office lease and other)	-23	-14
Total depreciation	-33	-20
Financial expenses		
Interest expense on lease liability	-18	-11
Total lease expense in the income statement	-80	-55

Leases in the statement of financial position

NOK million	2020	2019
Assets		
Right-of-use assets – land lease	157	125
Right-of-use assets – office lease and other	107	115
Total right-of-use assets	264	240

NOK million	2020	2019
Liabilities		
Non-current liabilities		
Lease liabilities (see Note 21 Other non-current and current liabilities)	227	231
Current liabilities		
Lease liabilities (see Note 21 Other non-current and current liabilities)	35	14
Lease liabilities included in the balance sheet	262	245

Leases in the statement of cash flows

NOK million	2020	2019
Cash flow from operating activities		
Short-term and variable lease payments	29	20
Cash flow from financing activities		
Lease payments on lease liability	36	29

Maturity analysis – Undiscounted contractual cash flows

NOK million	2020	2019
One year	35	33
One to two years	33	39
Two to three years	28	31
Three to four years	27	22
Four to five years	27	22
More than five years	230	209
Total undiscounted lease liabilities	381	357
Lease liabilities included in the balance sheet	262	245

Note 23 Share capital, shareholder information and dividend

At year-end 2020 the total number of shareholders in Scatec was 12,622. The total number of outstanding shares was 158,335,667 at par value NOK 0.025 per share as of 31 December 2020.

In January 2020, Scatec increased the share capital by NOK 26 million (554,517 new shares) as part of the share option program.

In May 2020, Scatec increased the share capital by NOK 1,968 million through a private placement consisting of 12,000,000 new shares at a price of NOK 164 per share.

In October and November 2020, the Group increased the share capital through a private placement of NOK 4,750 million consisting of 20,652,478 shares at a price of NOK 230 per share.

The tables below show the largest shareholders of Scatec ASA and shares held by Management and Board of Directors at 31 December 2020.

Shareholder	Number of shares	Ownership
EQUINOR ASA	20,776,200	13.12%
SCATEC INNOVATION AS	19,482,339	12.30%
FOLKETRYGDFONDET	16,411,708	10.37%
STATE STREET BANK AND TRUST COMP	5,700,215	3.60%
STATE STREET BANK AND TRUST COMP	5,328,760	3.37%
STATE STREET BANK AND TRUST COMP	4,981,163	3.15%
THE BANK OF NEW YORK MELLON	4,595,900	2.90%
ARGENTOS AS	3,045,616	1.92%
CACEIS BANK	2,316,954	1.46%
JPMORGAN CHASE BANK, N.A., LONDON	2,030,834	1.28%
J.P. MORGAN BANK LUXEMBOURG S.A.	1,862,790	1.18%
UBS SECURITIES LLC	1,639,942	1.04%
CLEARSTREAM BANKING S.A.	1,455,242	0.92%
STOREBRAND NORGE I VERDIPAPIRFOND	1,403,732	0.89%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,195,190	0.75%
UBS AG	1,160,930	0.73%
STATE STREET BANK AND TRUST COMP	1,116,126	0.70%
VERDIPAPIRFONDET KLP AKSJENORGE IN	1,107,659	0.70%
CACEIS BANK	1,054,061	0.6%
GOLDMAN SACHS & CO. LLC	1,048,483	0.66%
Total 20 largest shareholders	97,713,844	61.71%
Total other shareholders	60,621,823	38.29%
Total shares outstanding	158,335,667	100%

Board of Directors	Number of Shares	Ownership
John Andersen, Jr. ¹⁾	-	0.00%
Jan Skogseth	23,000	0.01%
Gisele Marchand	2,586	0.00%
John Giverholt	4,000	0.00%
Maria Moræus Hanssen ²⁾	2,760	0.00%
Total at 31 December 2020	32,346	0.02%

1) Related parties control 19,482,339 shares through Scatec Innovation AS.

2) Held through the controlled company MMH Nysteen Invest AS

Management		Number of Shares	Ownership
Raymond Carlsen ¹⁾	Chief Executive Officer	3,105,290	1.96%
Mikkel Tørud	Chief Financial Officer	223,817	0.14%
Terje Pilskog ²⁾	EVP Project Development & Project Finance	510,877	0.32%
Roar Haugland ³⁾	EVP Sustainability Business & HSSE	186,639	0.12%
Torstein Berntsen ⁴⁾	EVP Power Production	695,486	0.44%
Snorre Valdimarsson	EVP General Counsel	12,000	0.01%
Pål Helsing	EVP Solutions	4,877	0.00%
Toril Haaland	EVP People & Organisation	3,577	0.00%
Total at 31 December 2020		4,742,563	3.00%

1) Held through the controlled company Argentos AS, whereof 59,674 shares held by Raymond Carlsen directly.

2) Held through the controlled company Océmar AS, whereof 877 shares held by Terje Pilskog directly.

3) Held through the controlled company Buzz Aldrin AS, whereof 877 shares are held by Roar Haugland directly.

4) Held through the controlled company Belito AS, whereof 17,877 shares are held by Torstein Berntsen directly. In addition, 895 shares are held by Torstein Berntsen's spouse. These are not included in the total presented in the table above.

Refer to Note 8 – Employee benefits for information on share options granted to the management.

Dividend

The Group's objective is to pay shareholders consistent and growing cash dividends. From 2021, Scatec will adjust its dividend policy to pay out a minimum of 25 % of the cash distributions received from the power plants.

For 2019 the General Meeting resolved to pay a dividend NOK 0.95 per share, totalling NOK 131 million, and the share was traded excluding dividend rights (ex-date) on 22 July 2020. The dividend was paid on 3 August 2020.

On 1 February 2021, the Board of Directors announced its intention to propose a dividend of NOK 1.09 per share to the Annual General Meeting, totalling NOK 173 million.

Note 24 Non-controlling interests

Accounting principle

Non-controlling interests are calculated on the respective subsidiaries' stand-alone reporting, adjusted for intercompany transactions – i.e. unrealised profits and losses for the Group are not taken into account. Furthermore, unrealised intercompany profits relating to depreciable assets (solar power plants) are viewed as being realised gradually over the remaining economic life of the asset. Consequently, the specification of non-controlling interest in the group financial statements will differ from the non-controlling interests calculated based on the respective subsidiaries' stand-alone reporting.

When recognising a non-controlling interest through an acquisition, the difference between the cost of the non-controlling interest and the non-controlling interest's share of the assets and liabilities is reflected in the consolidated statement of financial position at the date of acquisition as an equity transaction.

Non-controlling interests

Scatec's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role through ownership of the solar power plants. Normally Scatec enter into partnerships for the shareholding of the power plant company owning the power plants while maintaining control, leading to material non-controlling interest.

Consolidation of power plant companies are identified as a significant judgement for the consolidated financial statements, please refer to Note 3 for further information.

In the table below the non-controlling interests are presented in groups for companies that share the same non-controlling interests.

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation		2020	2019
Egypt				
Aswan Solar Power SAE	Egypt	In operation	49%	49%
Daraw Solar Power SAE (Philadelphia)	Egypt	In operation	49%	49%
Kom Ombo Renewable Energy SAE (Kom Ombo)	Egypt	In operation	49%	49%
Red Sea Solar Power SAE (Red Sea)	Egypt	In operation	49%	49%
Upper Egypt Solar Power SAE (Sun Infinite)	Egypt	In operation	49%	49%
Zafarana Solar Power SAE (Zafarana)	Egypt	In operation	49%	49%
Daraw BV	Netherlands	In operation	49%	49%
Egypt Solar BV	Netherlands	In operation	49%	49%
Kom Ombo BV	Netherlands	In operation	49%	49%
Upper Egypt BV	Netherlands	In operation	49%	49%
Zafarana B.V.	Netherlands	In operation	49%	49%
Red Sea Solar Power B.V.	Netherlands	In operation	49%	49%
Honduras Agua Fria				
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	In operation	60%	60%
Honduras Los Prados				
Fotovoltaica Surena S.A	Honduras	In operation	30%	30%
Generaciones Energeticas S.A	Honduras	In operation	30%	30%
Energías Solares S.A	Honduras	In operation	30%	30%
Fotovoltaica Los Prados S.A	Honduras	Under development	30%	30%
Foto Sol S.A	Honduras	Under development	30%	30%
Jordan				
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	In operation	49.9%	49.9%
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	In operation	49.9%	49.9%
Mozambique				
Central Solar de Mocuba (Mocuba)	Mozambique	In operation	47.5%	47.5%
Rwanda				
Gigawatt Global Rwanda (ASYV)	Rwanda	In operation	46.0%	46.0%
South Africa Upington				
Scatec Solar South Africa BV	Netherlands	In operation	30%	30%
Dyason's Klip 1	South Africa	In operation	54.5%	54.5%
Dyason's Klip 2	South Africa	In operation	54.5%	54.5%
Sirius Solar PV Project One (RF) (Pty) Ltd	South Africa	In operation	54.5%	54.5%
Scatec Solar Construction	South Africa	In operation	49%	49.0%
Scatec Solar Operations (Pty) Ltd	South Africa	In operation	49%	49.0%
South Africa Linde/Dreunberg				
Scatec Solar SA 164 (Pty) Ltd	South Africa	In operation	19.3%	19.3%
Simacel 155 (Pty) Ltd (Linde)	South Africa	In operation	55.6%	55.6%
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	In operation	55.6%	55.6%

Name	Country of incorporation and operation		2020	2019
South Africa Kalkbult				
Scatec Solar SA 165 (Pty) Ltd	South Africa	In operation	23.4%	23.4%
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	In operation	54%	54%
South Africa other				
Scatec Solar SA 163 (Pty) Ltd	South Africa	In operation	8%	8%
Ukraine				
Scatec Solar Ukraine B.V.	Netherland	Under construction	40%	40%
Chysta Energhiaa 2011 LLC	Ukraine	Under construction	40%	40%
Rengy Solar BV	Netherland	In operation	49%	49%
Rengy Bioenergy LLC	Ukraine	In operation	49%	49%

Accumulated balances of non-controlling interest and the allocation of profit and loss are presented below, where they are presented by sub-group. The change in NCI balance from year to year is driven by the NCIs share of profit or loss and other comprehensive income, capital injections from- and dividends paid to NCIs, as well as foreign exchange differences.

Total balances of material non-controlling interest

NOK million	2020	2019
Egypt	-71	-63
Honduras Agua Fria	97	96
Honduras Los Prados	204	218
Jordan	135	135
Mozambique	7	12
Rwanda	9	12
South Africa Upington	256	148
South Africa Linde / Dreunberg	64	119
South Africa Kalkbult	-11	6
South Africa other	-14	-20
Ukraine, Rengy	-5	-8
Ukraine, other	2	7
Total non-controlling interest	673	663

Profit/(loss) allocated to material non-controlling interest

NOK million	2020	2019
Egypt	-4	-8
Honduras Agua Fria	5	7
Honduras Los Prados	10	7
Jordan	3	-
Mozambique	4	3
Rwanda	-2	-3
South Africa Upington	-2	41
South Africa Linde / Dreunberg	47	72
South Africa Kalkbult	57	78
South Africa other	1	1
Ukraine, Rengy	-4	-3
Ukraine, other	-5	1
Total non-controlling interest	110	194

Financial information of subsidiaries that have material non-controlling interests is provided below:

Summarised statement of profit or loss for 2020 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Other comprehensive income	Total comprehensive income	Profit/loss attributable to non-controlling interests	Dividends paid to non-controlling interests ¹⁾
Egypt	628	-262	366	-277	89	-7	-	-7	-4	-
Honduras Agua Fria	127	-67	60	-53	8	8	-	8	5	-
Honduras Los Prados	87	-53	34	-1	32	32	-	32	10	-
Jordan	119	-123	28	-41	-45	-47	-	-29	3	-
Mozambique	90	-43	47	-37	10	9	-	9	4	-
Rwanda	22	-12	9	-14	-5	-5	-	-5	-2	-
South Africa Upington	933	-749	216	-171	13	3	-60	-57	-2	-
South Africa Linde / Dreunberg	392	-123	269	-137	133	98	-44	54	48	69
South Africa Kalkbult	335	-81	254	-91	163	119	-15	114	57	79
South Africa other	58	-35	23	-7	17	12	-	12	1	-
Ukraine, Rengy	87	-44	43	-44	-1	-	-	-	-4	-
Ukraine, other	-	-2	-2	-10	-12	-11	-	-11	-5	-

1) Excluding repayments of shareholders loans

Summarised statement of profit or loss for 2019 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Other comprehensive income	Total comprehensive income	Profit/loss attributable to non-controlling interests	Dividends paid to non-controlling interests ¹⁾
Egypt	251	-114	136	-138	-2	-13	-	-13	-8	-
Honduras Agua Fria	131	-62	69	-57	12	12	-	12	7	-
Honduras Los Prados	75	-48	27	-2	26	25	-	25	7	-
Jordan	113	-52	62	-38	24	3	-	3	-	-
Mozambique	43	-23	20	-14	6	6	-	6	3	-
Rwanda	20	-11	8	-13	-5	-7	-	-7	-3	-
South Africa Upington	1,689	-1,595	94	21	114	82	-	82	41	-
South Africa Linde / Dreunberg	424	-119	305	-152	153	114	-25	89	72	96
South Africa Kalkbult	351	-79	272	-99	173	125	-6	119	78	83
South Africa other	53	-41	12	1	14	11	-	11	1	-
Ukraine, Rengy	24	-14	10	-8	2	2	-	2	-3	-
Ukraine, other	-	-1	-1	4	3	2	-	2	1	-

1) Excluding repayments of shareholders loans

Summarised statement of financial position as at 31 December 2020

NOK million	Property, plant and equipment	Other non-current assets	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Attributable to	
									Non-controlling interests	Equity holders of the parent
Egypt	3,280	2,036	451	53	-2,845	-3,134	-135	-185	-92	-94
Honduras Agua Fria	662	-	110	55	-394	-268	-2	162	97	65
Honduras Los Prados	671	12	20	36	-	-41	-2	695	204	491
Jordan	865	-194	246	1	-685	64	-44	253	135	118
Mozambique	535	25	93	33	-452	-196	-28	10	7	4
Rwanda	146	-	5	3	-109	-53	-	-8	9	-17
South Africa Uppington	2,470	410	234	246	-2,283	-172	-119	775	256	518
South Africa Linde / Dreunberg	1,142	-116	170	92	-1,161	-268	-51	199	85	116
South Africa Kalkbult	467	48	123	66	-726	-231	-31	8	-11	19
South Africa other	-	129	29	6	-	-94	-6	64	-14	79
Ukraine, Rengy	387	182	21	71	-304	-361	-1	-4	-5	1
Ukraine, other	316	143	3	21	-184	-274	-17	9	2	6

Summarised statement of financial position as at 31 December 2019

NOK million	Property, plant and equipment	Other non-current assets	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Attributable to	
									Non-controlling interests	Equity holders of the parent
Egypt	3,659	1,714	456	88	-2,952	-2,988	-103	-126	-63	-64
Honduras Agua Fria	726	-	103	91	-464	-296	-	159	96	64
Honduras Los Prados	722	11	13	52	-	-50	-5	743	218	524
Jordan	741	18	254	17	-580	-104	-42	304	135	168
Mozambique	569	13	120	59	-477	-185	-75	23	12	11
Rwanda	158	-	5	4	-117	-51	-1	-2	12	-13
South Africa Uppington	2,312	478	116	1 104	-2,385	-764	-567	293	148	145
South Africa Linde / Dreunberg	1,499	79	186	100	-1,337	-221	-30	277	119	158
South Africa Kalkbult	908	51	132	70	-854	-199	-17	91	6	85
South Africa other	1	123	15	6	-	-88	-2	56	-20	76
Ukraine, Rengy	414	145	52	46	-318	-304	-30	4	-8	11
Ukraine, other	257	100	15	40	-193	-188	-12	19	7	13

Note 25 Earnings per share

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

Diluted earnings per share is affected by the option program for equity-settled share-based payment transaction, refer to Note 8 Employee benefits.

NOK million	2020	2019
Profit/(loss) attributable to the equity holders of the company and for the purpose of diluted shares	-478	-39
Weighted average number of shares outstanding for the purpose of basic earnings per share	135.9	125.1
Earnings per share for income attributable to the equity holders of the company - basic (NOK)	-3.51	-0.31
Effect of potential dilutive shares:		
Weighted average number of shares outstanding for the purpose of diluted earnings per share	135.9	125.1
Earnings per share for income attributable to the equity holders of the company - diluted (NOK)	-3.51	-0.31

Note 26 Transactions with related parties

The Scatec Group has during 2020 and 2019, had transactions with the following related parties:

Related party	Nature of transaction
Scatec Solar Brazil B.V. (associate)	Financing
Scatec Solar Solutions Brazil B.V (associate)	Financing
Scatec Solar Solutions Brazil SDE (associate)	Financing
Apodi I (associate)	Financing
Apodi II (associate)	Financing
Apodi III (associate)	Financing
Apodi IV (associate)	Financing
Scatec Equinor Solutions Argentina S.A (associate)	Financing
Cordillera Solar VIII S.A (associate)	Financing
Key management employees	Loans and salaries

The most significant related parties transactions in 2020 and 2019 are loans to associated companies. The loan balance as per 31 December 2020 was NOK 170 million. For further information on the investments in associated companies, see Note 14 - Investments in associated companies.

Scatec also has loans and accrued payroll to key management personnel. The loan balance as per 31 December 2020 is NOK 1 million (2019 NOK 3 million), and accrued payroll is NOK 10 million (2019 NOK 16 million).

All related party transactions have been carried out as part of the normal course of business and at arm's length terms.

Note 27 Consolidated subsidiaries

The following subsidiaries are included in the consolidated financial statements. Consolidated economic interests correspond to the voting interests if not otherwise stated. For companies on level 2 in the table below (i.e. subsidiaries of the ultimate Parent's subsidiaries), the economic interests stated is the mathematically indirect consolidated economic interests.

Company	Registered office	Consolidated economic interests 2020 ¹⁾
Scatec Solar Solutions GmbH	Regensburg, Germany	100.00%
Scatec Solar S.r.l.	Rome, Italy	100.00%
BFL.F S.r.l.	Rome, Italy	100.00%
Scatec Solar s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP01 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP02 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP03 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP04 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PV1 s.r.o.	Prague, Czech Republic	100.00%
Scatec Solar India Ltd.	New Delhi, India	100.00%
Tourves PV SAS	St Raphael, France	100.00%
Scatec Solar SAS France	Paris, France	100.00%
Scatec Solar Jordan (EPC)	Amman, Jordan	100.00%
Scatec Solar AS/ Jordan PSC	Amman, Jordan	100.00%
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%
Scatec Solar Africa (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100.00%
Scatec Solar SA 163 (Pty) Ltd.	Cape Town, South Africa	92.00%
Scatec Solar SA (pty) Ltd.	Sandton, South Africa	100.00%
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South Africa	76.60%
Scatec Solar SA 166 (Pty) Ltd.	Sandton, South Africa	46.00%
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South Africa	80.70%
Simacel 155 (Pty) Ltd.	Sandton, South Africa	44.40%
Simacel 160 (Pty) Ltd.	Sandton, South Africa	44.40%
Scatec Solar Rwanda Ltd	Kigali, Rwanda	100.00%
Gigawatt Global Rwanda Ltd	Rwamagana, Rwanda	54.03%
Scatec Solar Honduras SA	Tegucigalpa, Honduras	100.00%
Produccion de Energia Solar Demas Renovables S.A.,	Tegucigalpa, Honduras	40.00%
Fotovoltaica Surena S.A.	Tegucigalpa, Honduras	70.00%
Generaciones Energeticas S.A.	Tegucigalpa, Honduras	70.00%
Fotovoltaica Los Prados S.A.	Tegucigalpa, Honduras	70.00%
Foto Sol S.A.	Tegucigalpa, Honduras	70.00%
Energias Solares S.A.	Tegucigalpa, Honduras	70.00%
Scatec Solar Mali SAS	Bamako, Mali	100.00%
Segou Solaire S.A.	Bamako, Mali	50.00%
Scatec Solar DMCC	United Arab Emirates	100.00%
Central Solar de Mocuba S.A.	Maputo, Mozambique	52.50%
Scatec Solar Mozambique Limitada	Mocuba, Mozambique	100.00%

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Company	Registered office	Consolidated economic interests 2020 ¹⁾
Scatec Solar Netherlands B.V.	Amsterdam, The Netherlands	100.00%
Scatec Sukhur B.V. Offshore Holdco	Amsterdam, The Netherlands	100.00%
Scatec Solar Nigeria B.V.	Amsterdam, The Netherlands	70.00%
Scatec Solar Solutions Egypt LLC	Cairo, Egypt	100.00%
Egypt Solar B.V.	Amsterdam, The Netherlands	51.00%
Aswan Solar Power SAE	Cairo, Egypt	51.00%
Upper Egypt 2 B.V.	Amsterdam, The Netherlands	51.00%
Upper Egypt Solar Power	Cairo, Egypt	51.00%
Kom Ombo 2 B.V.	Amsterdam, The Netherlands	51.00%
Kom Ombo Renewable Energy SAE	Cairo, Egypt	51.00%
Daraw B.V.	Amsterdam, The Netherlands	51.00%
Philadelphia Power SAE	Cairo, Egypt	51.00%
Zafarana 2 B.V.	Amsterdam, The Netherlands	51.00%
Zafarana Power SAE	Cairo, Egypt	51.00%
Red Sea Solar Power 2 B.V.	Amsterdam, The Netherlands	51.00%
Red Sea Solar Power SAE.	Cairo, Egypt	51.00%
Scatec Solar Mali B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Malaysia B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Solutions Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park Semenanjung Sdn Bhd ⁴⁾	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Kedah) Sdn Bhd ⁴⁾	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Melaka) Sdn Bhd ⁴⁾	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Terengganu) Sdn Bhd ⁴⁾	Kuala Lumpur, Malaysia	100.00%
Red Sol	Kuala Lumpur, Malaysia	100.00%
Scatec Solar South Africa B.V.	Amsterdam, The Netherlands	70.00%
Dyason's Klip 1 (Pty) Ltd	Cape Town, South Africa	45.50%
Dyason's Klip 2 (Pty) Ltd	Cape Town, South Africa	45.50%
Sirius Solar PV Project One (RF) (Pty) Ltd	Cape Town, South Africa	45.50%
Scatec Solar Construction R4	Cape Town, South Africa	51.00%
Scatec Solar Operations R4	Cape Town, South Africa	51.00%
Scatec Solar Brazil II B.V. ³⁾	Amsterdam, The Netherlands	50.00%
Apodi I Energia SPE S.A. ³⁾	Jaboatão dos Guararapes, Brazil	43.75%
Apodi II Energia SPE S.A. ³⁾	Jaboatão dos Guararapes, Brazil	43.75%
Apodi III Energia SPE S.A. ³⁾	Jaboatão dos Guararapes, Brazil	43.75%
Apodi IV Energia SPE S.A. ³⁾	Jaboatão dos Guararapes, Brazil	43.75%
Scatec Solar Brazil II Solutions B.V. ³⁾	Amsterdam, The Netherlands	50.00%
Scatec Solar Brazil Servicos de Engenharia Ltda ³⁾	Recife, Brazil	50.00%
Scatec Solar Argentina B.V.	Amsterdam, The Netherlands	100.00%
Scatec Equinor Solutions Argentina S.A. ³⁾	Buenos Aires, Argentina	50.00%
Cordillera Solar VIII S.A. ³⁾	Buenos Aires, Argentina	50.00%
Scatec Solar Ukraine B.V.	Amsterdam, The Netherlands	60.00%
Scatec Solar Solutions Ukraine LLC	Kyiv, Ukraine	100.00%
Chysta Energhiaa 2011 LLC	Kamianka, Ukraine	60.00%
Atlas Capital Energy LLC	Nova Zburiivka, Ukraine	100.00%
Greenteco SES LLC	Kyiv, Ukraine	100.00%
Boguslav Energy LLC	Bohuslav, Ukraine	100.00%
Rengy Solar B.V.	Amsterdam, The Netherlands	51.00%
Rengy Bioenergy LLC	Kyiv, Ukraine	51.00%
Progressovka Solar B.V.	Amsterdam, The Netherlands	100.00%
PV Progressovka Agro LLC	Kyiv, Ukraine	100.00%
PV Progressovka Alpha LLC	Berezanka, Ukraine	100.00%
PV Progressovka Beta LLC	Berezanka, Ukraine	100.00%
PV Progressovka Gamma LLC	Berezanka, Ukraine	100.00%

Continues on following page

Continued from previous page

Company	Registered office	Consolidated economic interests 2020 ¹⁾
Scatec Solar Vietnam B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Bangladesh B.V.	Amsterdam, The Netherlands	100.00%
Memphis Solar B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Qway B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Nicaragua B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Akadyr B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Kherson B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Boguslav B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Chigirin B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Guatemala B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Brazil Solidao B.V.	Amsterdam, The Netherlands	100.00%
Release Management B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Release Africa B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Bangladesh Solutions Ltd ²⁾	Dhaka, Bangladesh	100.00%
Bangla Sun Solar Energy Ltd ²⁾	Dhaka, Bangladesh	100.00%
Scatec Solar Solutions Vietnam Co. Ltd. ²⁾	Ho Chi Minh City, Vietnam	100.00%

1) For projects under development the economic interest may be subject to change

2) Companies established/consolidated in 2020

3) Joint venture companies refer to Note 14 Investments in JV and associated companies

4) The consolidated economic interest in the Malaysian project companies represents Scatec's share of the contributed equity and retained earnings in the project companies as of the reporting date. Scatec's average economic interest through the PPA tenor is estimated to be 95% based on the Group's right to economic return obtained through shareholdings and other contractual arrangements. The average economic interest may be subject to change. Refer to Note 2 for further description of the project's investment structure.

For information on associated companies and joint venture companies, refer to Note 14 Investments in JV and associated companies.

Note 28 Project equity financing provided by co-investors

In relation to the structuring and financing of the power plant companies in the Group, financial instruments are issued to both the controlling and non-controlling interests. Such financing can be both paid-in equity and shareholder loans. Repayment of shareholder loans are at the discretion of the power plant company, accordingly these shareholder loans are accounted for as equity.

At 31 December 2020, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognised in equity	Financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	54	54	-	-
Simacel 155 (Pty) Ltd (Linde)	South Africa	23	23	-	-
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	40	40	-	-
Gigawatt Global Rwanda (ASYV)	Rwanda	15	4	10	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	79	1	78	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	37	1	36	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	225	96	-	140
Los Prados, Honduras	Honduras	196	196	-	-
Aswan Solar Power SAE (BB1)	Egypt	6	6	-	-
Zafarana Solar Power SAE (ZAF1)	Egypt	94	5	-	89
Red Sea Solar Power SAE (ZAF2)	Egypt	94	5	-	89
Upper Egypt Solar Power (BB2)	Egypt	76	6	-	70
Kom Ombo Renewable Energy SAE (BB3)	Egypt	99	5	-	94
Daraw Solar Power SAE (BB4)	Egypt	97	8	-	88
Kamianka / Chysta Energiya	Ukraine	50	1	-	49
Rengy Bioenergy	Ukraine	83	1	-	82
Central Solar de Mocuba, Mozambique	Mozambique	42	26	-	16
Dyason's Klip 1	South Africa	112	112	-	-
Dyason's Klip 2	South Africa	114	114	-	-
Sirius Solar PV Project One	South Africa	111	111	-	-
Total project financing from non-controlling interests		1,658	816	124	717

At 31 December 2019, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognised in equity	Financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	58	58	-	-
Simacel 155 (Pty) Ltd (Linde)	South Africa	25	25	-	-
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	43	43	-	-
Gigawatt Global Rwanda (ASYV)	Rwanda	15	5	11	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	81	1	80	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	38	1	37	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	246	99	-	148
Los Prados, Honduras	Honduras	220	219	-	1
Aswan Solar Power SAE (BB1)	Egypt	6	6	-	-
Zafarana Solar Power SAE (ZAF1)	Egypt	110	5	-	105
Red Sea Solar Power SAE (ZAF2)	Egypt	110	5	-	105
Upper Egypt Solar Power (BB2)	Egypt	110	6	-	104
Kom Ombo Renewable Energy SAE (BB3)	Egypt	111	5	-	107
Daraw Solar Power SAE (BB4)	Egypt	108	8	-	100
Kamianka / Chysta Energiya	Ukraine	33	1	-	31
Rengy Bioenergy	Ukraine	45	1	-	43
Central Solar de Mocuba, Mozambique	Mozambique	43	26	-	17
Dyason's Klip 1	South Africa	49	49	-	-
Dyason's Klip 2	South Africa	2	2	-	-
Sirius Solar PV Project One	South Africa	53	53	-	-
Total project financing from non-controlling interests		1,508	619	128	761

For the year 2020, interest expenses on financing from co-investors of NOK 56 million have been expensed (NOK 55 million for 2019), of which NOK 1 million is recognised directly in equity (NOK 1 million for 2019).

The equity and loan financing provided by the co-investors is repaid according to a pre-determined waterfall structure, meaning that the financing presented above will be settled after external non-recourse financing, and only when distributable cash as defined by the financing agreements is available. Normally this would occur twice a year.

For some of the project companies in the above table the co-investor funding has been provided indirectly through jointly owned holding companies.

Note 29 Financial instruments by category

For details on accounting principles and estimation uncertainty for financial instruments, see Note 7 Financial instruments – Measurement and market risk sensitivities.

NOK million	Measurement category	2020	2019
Assets			
Derivatives			
Foreign exchange forward contracts	Fair value through profit or loss	-	-
Debt instruments			
Cash and cash equivalents	Amortised cost	7,788	2,824
Accounts receivable	Amortised cost	435	336
Other debt instruments and receivables	Amortised cost	789	852
Total financial assets		9,012	4,012
Total current		8,868	3,863
Total non-current		144	149
Liabilities			
Interest bearing loans and borrowings			
Bonds	Amortised cost	748	745
Non-recourse financing loans	Amortised cost	12,263	13,065
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	703	351
Other financial liabilities			
Trade and other financial liabilities	Amortised cost	1,478	1,649
Total financial liabilities		15,191	15,810
Total current		2,553	1,448
Total non-current		12,638	14,362

Financial instruments and their carrying amounts are recognised in the consolidated statement of financial position at 31 December, with categories as defined by IFRS 9, as presented above. There are no significant differences between total carrying value and fair value for financial instruments measured at amortised cost.

The table above provides a reconciliation of the movement of liabilities arising from financing activities, disaggregated by cash and non-cash movements. Please refer to Note 22 Leases for a reconciliation of lease liabilities.

2020 NOK million	2019	Cashflows	Non-cash changes			2020
			Foreign exchange movement	Fair value changes	Other/Reclassifications	
Non-recourse financing	13,064	-543	-374	-	116	12,263
Bond	745	-	-	-	3	748
Derivatives (net) ¹⁾	351	-121	-	469	4	703
Shareholder loan from non-controlling interests ²⁾	761	-14	-30	-	1	717
Total liabilities arising from financial liabilities	14,921	-679	-404	469	124	14,431

2019	Non-cash changes					2019
	NOK million	2018	Cashflows	Foreign exchange movement	Fair value changes	
Non-recourse financing	9,007	3,646	210	-	202	13,064
Bond	743	-	-	-	2	745
Derivatives (net) ¹⁾	25	-	-	326	-	351
Shareholder loans from non-controlling interests ²⁾	564	196	-	-	11	761
Current liabilities to non-controlling interests	83	-84	1	-	-	-
Total liabilities arising from financial liabilities	10,782	3,758	211	326	215	14,921

1) Cashflows on derivatives consist of settlement of interest as part of the interest rate swaps. These interests are classified together with interest payments on non-recourse financing and included in *Interest paid* in the consolidated statements of cash flow.

2) Cashflows on shareholder loans from non-controlling interest are together with equity contributions included in *Proceeds from non-controlling interest shareholder financing* in the consolidated statements of cash flow.

Note 30 Subsequent events

Accounting principle

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

Acquisition of SN Power

On 29 January 2021, Scatec ASA acquired 100% of the shares of SN Power AS, a leading hydropower developer and Independent Power Producer (IPP), from Norfund for a total equity value of USD 1,166 million. The transaction includes SN Power's portfolio of hydropower assets in the Philippines, Laos and Uganda with a total gross capacity of 1.4 GW (net 0.5 GW) and gross median production of 6.1 TWh (net 1.8 TWh).

The acquisition forms an important part of Scatec's broadened growth strategy, with an ambition to become a global large-scale player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions.

Scatec and SN Power have a unique and complementary portfolio of assets, geographical footprint and capabilities, and will together hold a large project pipeline across solar, hydro, wind and storage. The combined company will have 450 employees, power plants in 14 countries and gross 3.3 GW of plants in operation and under construction. When all plants are in full operation from early 2021, the median annual production is expected to be 4.1 TWh.

Since SN Power was acquired after the reporting period, the revenue and profit for 2020 does not include any amounts from SN Power.

Financing of the SN Power acquisition includes the following debt facilities:

- USD 200 million Vendor Financing provided by Norfund with a tenor of 7 years from closing
- USD 150 million Green Term Loan provided by Nordea, Swedbank and DNB with maturity 4 years from closing
- USD 400 million acquisition finance provided by Nordea, Swedbank and DNB with a tenor of 18 months from closing

The remaining financing of the acquisition is cash.

The purchase price of the acquisition will be subject to certain adjustments which have not been finalised prior to the release of this report, including adjustments

for working capital in the acquired companies based on the audited financial statements of SN Power for 2020. Consequently, the table below which shows the fair value of the identifiable assets and liabilities of SN Power and the Purchase Price Allocation, must be considered preliminary. The assessment of the preliminary PPA has been made using balance sheet figures for the period ending December 2019. The purchase price adjustments are

further described in the prospectus which was published in connection with the financing of the transaction. The prospectus is available on our website at www.scatec.com.

Goodwill arising from the acquisition relates mainly to the portfolio of identified project development opportunities and assembled workforce. The goodwill is not deductible for tax purposes.

Preliminary purchase price allocation for the acquisition of SN Power

NOK million	
Assets	
Non-current assets	
Property, plant and equipment	3
Goodwill	129
Investments in JV and associated companies	9,637
Other non-current assets	96
Total non-current assets	9,866
Current assets	
Trade and other receivables	308
Cash and cash equivalents	269
Total current assets	577
Total assets	10,442
Total equity	10,259
Liabilities	
Non-current liabilities	
Financial liabilities	15
Other non-current liabilities	2
Total non-current liabilities	17
Current liabilities	
Trade and other payables	92
Income tax payable	57
Other current liabilities	17
Total current liabilities	166
Total equity and liabilities	10,442

Placement of senior unsecured green bond

On 9 February 2021, Scatec completed a EUR 250 million senior unsecured bond issue with maturity in August 2025. The bond will have a coupon of 3 months EURIBOR plus a margin of 250 bps. The proceeds from the bond issue will be used for i) refinancing of the NOK 750 million outstanding bond as of the balance sheet date, see details in Note 19 – Bonds, ii) to partially refinance the acquisition facility totalling USD 400 million for the acquisition of SN Power, and iii) for other eligible activities as set out in Scatec's Green Financing Framework.

Increase in RCF

In January 2021, following the closing of the acquisition of SN Power, Scatec ASA refinanced its RCF with Nordea, DNB, Swedbank and BNPP, and increased the facility from USD 90 million to USD 180 million. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks.

Parent company financial statements



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Statement of income

1 JANUARY – 31 DECEMBER

NOK million	Note	2020	2019
Revenues	3	622	2,964
Total revenues		622	2,964
Costs of sales	2	-437	-2,653
Personnel expenses	4	-156	-100
Other operating expenses	6, 14, 15	-82	-79
Depreciation, amortisation and impairment	5, 10	-10	-24
Operating profit/(loss)		-23	107
Interest and other financial income	7, 14	977	188
Interest and other financial expenses	7, 14	-107	-73
Foreign exchange gain/(loss)		-345	-66
Profit before tax		462	156
Income tax (expense)/benefit	8	56	-18
Profit/(loss) for the period		518	138
Allocation of profit/(loss) for the period			
Dividend	12	173	-
Transfer to/(from) other equity	12	355	138
Total allocation of profit/(loss) for the period		518	138

Statement of financial position

1 JANUARY – 31 DECEMBER

NOK million	Note	2020	2019
Non-current assets			
Deferred tax assets	8	157	49
Property plant and equipment	5	57	48
Investments in subsidiaries	9	2,620	1,984
Loan to group companies	14	2,533	2,672
Other non-current receivables		63	28
Total non-current assets		5,430	4,782
Current assets			
Inventory	10	186	274
Trade and other receivables	15	103	17
Trade and other receivables group companies	3,15	245	330
Other current assets		30	16
Cash and cash equivalents	11	5,664	494
Total current assets		6,228	1,131
Total assets		11,658	5,913

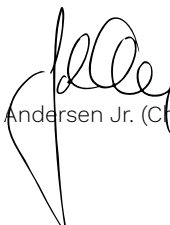
Statement of financial position

AS OF 31 DECEMBER

NOK million	Note	2020	2019
Paid in capital			
Share capital	12	4	3
Share premium	12	9,720	3,108
Total paid in capital		9,724	3,111
Other equity			
Other equity	12	191	-23
Total other equity		191	-23
Total equity		9,915	3,088
Non-current liabilities			
Bonds	16	-	745
Liabilities to group companies	14	413	369
Other non-current liabilities		4	4
Total other non-current liabilities		417	1,118
Current liabilities			
Trade and other payables		5	178
Trade payables group companies		109	1,005
Public duties payable		41	23
Dividend	12	173	-
Other current liabilities	17	252	501
Other current financial liabilities	16	748	-
Total current liabilities		1,327	1,008
Total Liabilities		1,744	2,825
TOTAL EQUITY AND LIABILITIES		11,658	5,913

Oslo, 25 March 2021

The Board of Directors of Scatec ASA


John Andersen Jr. (Chairman)


John Giverholt


Maria Møræus Hanssen


Jan Skogseth


Gisele Marchand


Raymond Carlsen (CEO)

Statement of cash flow

1 JANUARY – 31 DECEMBER

NOK million	Note	2020	2019
Cash flow from operating activities			
Profit before taxes		462	156
Depreciation, amortisation and impairment	5	10	24
Interest and other financial income	7	-519	-185
Interest and other financial expenses	7	6	70
Foreign exchange gain/(loss)		310	66
(Increase)/decrease in inventories	10	88	71
(Increase)/decrease in trade receivables	15	-36	295
Increase/(decrease) in trade payables		-1,008	167
Taxes paid	8	-11	-
Other items		1,005	-838
Net cash flow from operating activities		307	-173
Cash flows from investing activities			
Investments in property, plant and equipment	5	-17	-28
Proceeds from sale of fixed assets		-	-
Net increase in loans to subsidiaries	14	139	-956
Interests received		-141	80
Investments in subsidiaries and associated companies	9	-636	-185
Dividends from and capital decrease in subsidiaries	9	-282	203
Net cash flow from investing activities		-938	-888
Cash flows from financing activities			
Proceeds from share capital increase	12	6,576	1,307
Dividends paid to equity holders	12	-131	-108
Interest paid		101	-68
Proceeds from bond issue	16	-	-
Reclassification of bond	16	-745	-
Net cash flow from financing activities		5,801	1,130
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		494	425
Cash and cash equivalents at end of period		5,664	494
Net increase/(decrease) in cash and cash equivalents		5,170	69

Notes to the parent company financial statements

Note 1 General information

Scatec ASA is incorporated and domiciled in Norway. The address of its registered office is Askekroken 11, NO-0277 OSLO, Norway. Scatec was established on 2 February 2007.

Scatec ASA (“the Company”), its subsidiaries and investments in associated companies and joint ventures (“the Group” or “Scatec”) is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long-

term player, Scatec develops, builds, owns and operates solar, wind and hydro power plants and storage solutions.

The Company is listed on the Oslo Stock Exchange.

The consolidated financial statements for the full year 2020 were authorised for issue in accordance with a resolution by the Board of Directors on 25 March 2021.

Note 2 Accounting principles

Statement of compliance

The financial statements of Scatec ASA 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.

Revenues and cost of sales

Scatec ASA develops project rights that are the basis for construction of solar PV plants. Revenues are partly derived from the sale of these project rights. These transactions are primarily made with project companies which are under the control of the Group. Revenues are recognised upon the transfer of title. The accumulated cost of project rights is expensed upon the transfer of title or when a project is abandoned and impaired. Cost of sales consists of capitalised payroll expenses, travel expenses and external expenses that are directly attributable to developing the project rights, such as legal fees, expenses incurred for obtaining permits etc.

Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete. These transactions are primarily made with project companies which are under the control of the Group.

Scatec ASA periodically revise contract profit estimates and immediately recognises any losses on contracts.

Incurring costs include all direct materials, costs for solar modules, labour, subcontractor costs, and other direct costs related to contract performance. Scatec recognises direct material costs as incurred costs when the direct materials have been installed. When contracts specify that title to direct materials transfer to the customer before installation has been performed, revenue and associated costs are deferred and recognised once those materials are installed and have met any other revenue recognition requirements. Scatec considers direct materials to be installed when they are permanently attached or fitted to the solar power systems as required by engineering designs.

Some construction contracts include product warranties. The expected warranty amounts are recognised as an expense at the time of sale and are adjusted for subsequent changes in estimates or actual outcomes.

Further, Scatec ASA derives revenues from the allocation of headquarter costs to its subsidiaries. Revenues from the sale of intercompany services are recognised when the services are delivered.

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 recognised in the statement of profit or loss in the period in which the contribution amounts are earned by the employees.

The Board of Directors has established an option program for leading employees of the company. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other

conditions attached to an award, but without an associated service requirement, is considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share. A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in personnel expenses. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

For further information refer Note 4 – Personnel expenses, number of employees and auditor's fee.

For further information on share options refer to Note 8 – Employee benefits in the consolidated financials.

Interest income and expenses

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

Income tax expense

Income tax expense in the statement of income for the year comprises current tax and changes in deferred tax. Income tax expense is recognised in the statement of income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amounts for assets to be received (disputed tax positions for which payment has already been made) in each case are recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recorded in the period in which they are earned or incurred and are presented in net finance expenses in the statement of income.

Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected

manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required.

Balance sheet classification

Current assets and liabilities consist of receivables and payables due within one year as well as project rights. Other balance sheet items are classified as non-current assets and liabilities.

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at cost, less accumulated amortisation/depreciation and accumulated impairment losses. Intangible assets and property, plant and equipment acquired separately are carried initially at cost.

Intangible assets and property, plant and equipment are amortised/depreciated on a straight-line basis over their expected useful life, from the date the assets are taken into use. The expected useful life of the assets is reviewed on an annual basis and changes in useful life are accounted for prospectively.

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component.

An item of intangible assets and property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in the statement of income in the period the item is derecognised.

Subsidiaries and investment in associated companies

Subsidiaries are all entities controlled by Scatec ASA. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Subsidiaries and investment in associated companies are accounted for using the cost method and are recognised at cost less impairment. The cost price is increased when funds are added through capital increases. Dividends to be received are recognised either as income or a reduction of the investment in the subsidiary, at the date the dividend is declared by the general meeting of the subsidiary. To the extent that the dividend relates to distribution of results from the period Scatec ASA has owned the subsidiary, it is recognised as income. Dividends which are repayment of invested capital are recognised as a reduction of the investment in the subsidiary.

Financial assets and liabilities

Scatec ASA assesses at each balance sheet date whether a financial asset or a group of financial assets should be impaired. For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables has been incurred, the carrying amount of the assets are reduced. Interest-bearing borrowings are initially recognised at cost. After initial recognition, such financial liabilities are measured at amortised costs using the effective interest method. Transaction costs are taken into account when calculating amortised cost. Trade payables are carried at cost.

Other current assets

Inventories are measured at the lower of cost and net realisable value and comprise costs of solar PV project assets that are intended for sale. Project assets consist primarily of costs relating to solar power projects in various stages of development that is capitalised prior to the sale of the solar power project to a third party for further project development or prior to the signing of a project construction contract. These costs include costs for land and costs for developing a solar power plant. Development costs can include legal, consulting, permitting, and other similar costs such as interconnection or transmission upgrade costs as well as directly attributable payroll expenses.

Scatec reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers a project commercially viable if it is anticipated to be realised for a profit once it is either fully developed or fully constructed. Scatec considers a partially developed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. A number of factors are assessed to determine if the project will be profitable, the most notable of which is whether there are any changes in environmental,

ecological, permitting, or regulatory conditions that impact the project. Such changes could cause the cost of the project to increase or the selling price of the project to decrease. The accumulated cost of a project is expensed as cost of sales either when it is sold or when a project is impaired.

Cash and cash equivalents

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. In the statement of cash flows, the overdraft facility is presented gross as part of changes in current liabilities.

Dividends

Distribution of dividends is resolved by a majority vote at the Annual General Meeting of the shareholders of Scatec ASA, based on a proposal from the Board of Directors.

Dividends are recognised as a liability at the reporting date of the financial year that the proposal of dividend relates to. Additional proposed dividends based on the previous fiscal year approved financial statements (i.e. between 1 January and the date that the current year financial statements will be approved) are recognised as a liability at the balance sheet date.

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.

Statement of cash flow

The cash flow statement is prepared using the indirect method.

Note 3 Revenues

Revenue by business area

NOK million	2020	2019
Services	616	2,964
Other revenue	6	0
Sum	622	2,964

Services comprise EPC services, sale of project rights and management services – all rendered to Group companies and associates.

Revenue by geographical distribution

NOK million	2020	2019
South- Africa	291	806
Ukraine	140	788
Malaysia	118	140
Argentina	22	15
Mozambique	16	81
Netherlands	15	10
Egypt	5	1,155
Jordan	3	0
Brazil	4	8
Honduras	2	-39
Sum	616	2,964

The negative revenues from Honduras in 2019 is related to an initiated change order which was cancelled during the year.

Refer to Note 14 - Transactions with related parties for further information.

Note 4 Personnel expenses, number of employees and auditor's fee

Personnel expenses

NOK million	2020	2019
Salaries	127	114
Share-based payment	14	7
Payroll tax	46	25
Pension costs	10	9
Other benefits and personnel costs	2	4
Capitalised to inventory	-42	-58
Total personnel expenses	156	100

The average number of FTEs that has been employed in the company through 2020 was 94 (89).

Pension costs

The Company has a defined contribution plan in line with the requirement of the law. NOK 10 million is expensed related to the defined contribution plan in 2020 (2019 NOK 9 million).

Salaries and personnel expenses for the management of Scatec ASA

2020										
NOK thousand	Title	Salary ¹⁾	Bonus	Number of options awarded ²⁾	Exercise of share options	Out-standing share options	Other benefits ³⁾	Pension cost	Loans out-standing	
	Raymond Carlsen	Chief Executive Officer	3,557	1,418	48	-82	109	45	156	0
	Mikkel Tørud	Chief Financial Officer	2,454	930	36	-61	80	45	156	273
	Snorre Valdimarsson	EVP General Counsel	2,024	768	29	-47	64	42	157	432
	Terje Pilskog	EVP Project Development & Project Finance	2,225	845	32	-53	71	45	158	316
	Roar Haugland	EVP Sustainable Business & HSSE	1,924	722	28	-47	62	43	161	0
	Torstein Berntsen	EVP Power Production	2,026	768	29	-51	66	43	164	370
	Pål Helsing	EVP Solutions	2,069	776	30	-11	51	43	157	0
	Toril Haaland	EVP People & Organisation	1,707	660	25	-9	43	42	157	0

2019										
NOK thousand	Title	Salary ¹⁾	Bonus	Number of options awarded ²⁾	Exercise of share options	Out-standing share options	Other benefits ^{3),4)}	Pension cost	Loans out-standing	
	Raymond Carlsen	Chief Executive Officer	3,464	1,230	52	-64	142	54	152	11
	Mikkel Tørud	Chief Financial Officer	2,411	847	38	-48	106	48	151	750
	Snorre Valdimarsson	EVP General Counsel	1,939	708	30	-37	82	52	152	861
	Terje Pilskog	EVP Project Development & Project Finance	2,144	737	33	-42	92	53	152	740
	Roar Haugland	EVP Sustainable Business & HSSE	1,863	657	30	-37	81	53	155	11
	Torstein Berntsen	EVP Power Production	1,990	699	32	-40	87	52	155	784
	Pål Helsing	EVP Solutions	2,035	707	32	-	32	6,325	152	11
	Toril Haaland	EVP People & Organisation	1,587	300	27	-	27	18	152	11

1) Including paid out holiday allowance, car allowance.

2) See below for further information

3) Other benefits include benefits such as insurance, free phone, and synthetic shares.

4) Pål Helsing did not participate in the share option program launched in 2016 but did as a substitute earn synthetic options during the 36 months period from 1 December 2015 until 30 November 2018. The gain on these synthetic options was paid out in 2019, which is the reason this number deviates considerably from earlier years.

Remuneration for the Board of Directors ¹⁾

NOK thousand	2020				2019			
	Board remuneration	Audit committee	Remuneration committee	Nomination committee	Board remuneration	Audit committee	Remuneration committee	Nomination committee
John Andersen jr.	480	59	32	-	455	57	31	-
Mari Thjømøe	-	-	-	-	285	57	-	-
John Giverholt	300	59	-	-	285	-	31	-
Jan Skogseth	300	-	32	-	285	-	31	-
Gisele Marchand	300	59	-	-	285	57	-	-
Maria Moræus Hanssen	300	-	32	-	-	-	-	-
Alf Inge Gjerde	-	-	-	53,5	-	-	-	52
Hilde Myrberg	-	-	-	-	-	-	-	36
Svein Høgseth	-	-	-	37	-	-	-	36
Kristine Ryssdal	-	-	-	37	-	-	-	-

1) Annual fees paid in 2019 and 2020 respectively.

Audit

NOK million	2020	2019
Audit fees	2	2
Other attestation services	1	1
Tax services	7	-
Other services	7	1
Total	17	4

VAT is not included in the numbers above.

Non-audit for 2020 fee mainly relates to due diligence services in connection with the acquisition of SN Power.

Remuneration policy and concept for the accounting year 2020

In accordance with the Norwegian Public Limited Liability Companies Act section 6-16 a) the Board of Directors intends to present the following statement regarding remuneration of the Executive Management Team to the Annual General Meeting.

1. General

This declaration is prepared by the Board of Directors in Scatec ASA (“**Scatec**”) in accordance with the Norwegian Public Limited Liability Companies Act (the “**Companies Act**”) section 6-16a, for consideration at the Annual General Meeting on 20 April 2021.

Principles in this declaration regarding allocation of shares, subscription rights, options and any other form of remuneration stemming from shares or the development of the share price in the company or in other group companies are binding for the Board of Directors when approved by the General Meeting. Such guidelines are described in section 3.1.2. Other guidelines are precatory for the Board of Directors. If the Board of Directors in an agreement deviates from these guidelines, the reasons for this shall be stated in the minutes of the Board of Directors’ meeting.

The principles set out for determination of salaries and other remuneration applies for the Chief Executive Officer, the Chief Financial Officer, and the Executive Vice Presidents of Scatec (together “**Executive Management**”), as of today eight individuals, for the financial year 2020 and until new principles are resolved by the General Meeting in accordance with the Companies Act.

2. The main principles of the company’s remuneration policy for Executive Management

Executive Management remuneration in Scatec shall be determined based on the following main principles:

2.1 Executive Management remuneration shall be competitive, but not leading

Executive Management remuneration shall, as a general guideline, be suitable to attract and retain skilled leaders. The salaries for the Executive Management should be comparable with levels in similar businesses.

2.2 Executive Management remuneration is to be motivational

Executive Management remuneration should be structured to motivate the Executive Management to strive to realise the Company’s strategic goals. The main element of Executive Management remuneration should be the base salary, although additional variable incentives should be available to motivate the Executive Management’s efforts on behalf of the company.

3. Principles regarding benefits that can be offered in addition to regular salary

Scatec has sought to structure a plan combining base salary, short term incentive and share based long term incentive to ensure (i) to motivate the Executive Management to strive to realise the Company’s strategic goals including financial results, (ii) to be suitable to attract and retain skilled leaders taking into account the international market the Company participates in, and (iii) alignment with a representative average for management salaries for comparable Executive Management in similar businesses, and in the respective local market.

Variable remuneration, short term and long term, is linked to value generation for shareholders over time. The variable remuneration is determined both by the achievement of individual and companywide key performance indicators and goals. It is fundamental that Executive Management, both individually and as a team, have influence on achievement of the key performance indicators and goals.

The long-term incentives are tied to the development of the share price of the Company.

3.1 Additional benefits

3.1.1 Short Term Incentive - Bonus scheme

As part of the incentive and retention plan in effect from 2016, the Executive Management is part of a bonus arrangement based on key performance indicators both on the Company’s overall and financial performance as well as the individual’s performance. The bonus shall not exceed fifty percent (50%) of the annual base salary.

3.1.2 Long Term Incentive – Option Program

The Company has implemented a share option plan approved by the Board of Directors. The current scheme was approved and initiated in 2020.

The Executive Management and other key employees, may be allocated options over a three-year period corresponding to up to 2,500,000 shares of the Company, equivalent to approximately 1.6 percent of the total outstanding shares. Annually approximately 1/3 of the options are awarded, with corresponding vesting periods of 12, 24 and 36 months. (Outstanding options are cancelled in the event of exit from the company.) The strike price of each annual award is based on the volume weighted average share price of the shares on Oslo Stock Exchange the ten preceding trading days of the grant date. The number of options awarded to each Executive Management member is calculated so that the value of the options is expected to correspond to fifty percent of the employee's base salary based on a pre-defined share price increase over the tenor of the option plan.

The option plan is designed to create an ownership culture to ensure alignment between shareholders and the Top Management of the Company. The option plan is an important tool to attract and retain high calibre employees.

It is intended that the Board of Directors may use its authorisation to increase the share capital of the Company and/or buy own shares to settle options being exercised under the Option Plan.

3.1.3 Pension plans and insurance

The Company has established a pension scheme in accordance with the Norwegian Occupation Pension Act. The pension scheme is based on a defined contribution for all Norwegian employees. The pension scheme covers salaries from 0G (1G: NOK 101,351) to 12G (NOK 1,216,212) and is therefore in accordance with Norwegian legislation.

The Company may, but currently has not, sign early retirement agreements for Executive Management.

The Company may compensate the Executive Management and the manager's family, as defined as close associates pursuant to the Norwegian Securities Trading Act section 2-5 no. 1 and 2, for health and life insurance plans in line with standard conditions for executive positions, in addition to mandatory occupational injury insurance required under Norwegian Law.

3.1.4 Severance schemes

Agreements may be signed regarding severance pay for the Company's CEO and other members of the Executive Management in order to attend to the Company's needs, at all times, to ensure that the selection of managers is in commensuration with the Company's needs. Pursuant to the Norwegian Working Environment Act, such agreements will not have a binding effect on executives other than the CEO. Severance schemes shall aim to be set up so that they are acceptable internally and externally. An agreement on severance pay shall, if this is relevant, normally be entered into when establishing employment relationships, but may in special cases also be agreed upon termination of employment.

The period for the severance scheme is assessed based on what will be sufficient for the relevant Executive Management member to accept an agreement on reduced notice of termination. However, in addition to salary and other benefits during the term of notice, such schemes are not to give entitlement to severance pay for more than twelve (12) months.

3.1.5 Benefits in kind

Executive Management may be offered the benefits in kind that are common for comparable positions, e.g. free telephone service, home PC, free broadband service, newspapers.

3.1.6 Executive management remuneration in other Scatec companies

Other companies in the Scatec group are to follow the main principles for the determining of management salaries and remuneration as set out in this declaration. Scatec aims at coordinating management remuneration policy and the schemes used for variable benefits throughout the group.

Note 5 Property, plant and equipment

Office equipment

NOK million	2020	2019
Accumulated cost at 01.01	59	32
Additions	17	27
Disposed assets at cost	-	-
Accumulated cost at 31 December	76	59
Accumulated depreciation at 01.01	10	5
Depreciations for the year	9	5
Accumulated depreciation disposed assets	-	-
Accumulated depreciation at 31 December	19	10
Carrying amount at 31 December	57	48
Estimated useful life (years)	3-10	3-10

Note 6 Other operating expenses

NOK million	2020	2019
Facilities	14	11
Professional fees	6	22
IT and communications	26	25
Travel costs	2	7
Other costs	34	14
Total other operating expenses	82	79

Note 7 Financial income and expenses

Interest and other financial income

NOK million	2020	2019
Interest income from group companies	132	75
Other interest income	9	8
Gain on sale of financial investments	35	-
Dividend from group companies	282	105
Gain from financial investment	519	-
Total interest and other financial income	977	188

Interest and other financial expenses

NOK million	2020	2019
Interest expenses from group companies	-4	-3
Other interest expenses	-98	-69
Other financial expenses	-6	-1
Total interest and other financial expenses	-107	-73

The increase in interest income from group companies is mainly related to an increase in funding of group companies in Ukraine.

The gain on sale of financial investments is related to the sale of 49% of the shares in Scatec Solar Operations, South-Africa, to H1 Manco Proprietary Ltd, South-Africa.

The Write down of financial investment is due to the liquidation of Scatec Solar Solutions GmbH, Germany. When Scatec Solar Solutions GmbH was liquidated, the net positions Scatec ASA had towards the company was a debt of NOK Million 519 which is written down and recognised as a gain during 2020.

During 2020, interest amounting to NOK 98 million (68) was expensed for the bond, overdraft- and revolving credit facility. The increase interest expenses relate to arrangement fees for securing the financing package of the acquisition of SN Power.

Note 8 Tax

NOK million	2020	2019
Income tax expense:		
Current taxes (including CFC)	-	-
Withholding tax on received dividends	11	4
Change in deferred tax	-67	14
Total tax expense(income)	-56	18
Tax basis:		
Profit before taxes	462	156
Net non-deductible income and expenses ¹⁾	-958	-131
Changes in temporary differences	185	-140
Increase of tax losses carried forward	311	115
Tax base	-	-
Current taxes according to statutory tax rate (22%)	-	-

1) Net non-deductible income and expenses for 2020 and 2019 are mainly related to non-taxable dividends partly offset by non-deductible share based payment expenses. The items also include tax-deduction on transaction costs from capital increase recognised in equity. In addition, for 2020 there was an income from the liquidation of Scatec Solar Solutions GmbH, Germany.

Reconciliation of nominal statutory tax rate to effective tax rate

NOK million	2020	2019
Expected income tax expense according to statutory tax rate (22%)	102	34
Tax effect of non-deductible expenses	-170	-24
Withholding tax on received dividends/CFC	11	5
Taxes related to previous years	1	3
Income tax expense(income)	-56	18
Effective tax rate (%)	12.3%	9.0%

Temporary differences as of 31 December:

NOK million	2020	2019	Change
Tax loss carried forward	-700	-392	-308
Receivables	-	-3	3
Property, plant and equipment	2	2	-
Work in progress	10	174	-164
Shared based payments and amortised Interests on bond and revolver	-25	-3	-22
Total temporary differences	-713	-222	491
Recognised tax liability/(asset)	-157	-49	-108

The change in deferred tax asset is recognised in tax expense, except for changes which are related to transaction cost from capital increases which are booked directly to equity.

NOK 29 million of the tax losses carried forward expire in 2024. The remaining tax loss can be carried forward indefinitely.

Note 9 Investments in subsidiaries, joint ventures and associated companies

The table below sets forth Scatec ASA's ownership interest in subsidiaries. Ownership interest corresponds to voting interest if not otherwise stated.

NOK million				
Company	Registered office	Ownership interest	Carrying value 2020	Carrying value 2019
Scatec Solar Solutions GmbH	Regensburg, Germany	100%	0	44
Scatec Solar Italy S.R.L.	Rome, Italy	100%	-	-
Scatec Solar S.R.O.	Prague, Czech	100%	6	25
SPV 1 Solar S.R.O.	Prague, Czech	100%	2	2
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	-	-
Scatec Solar North America Inc.	California, USA	100%	-	-
Tourves SPV SAS	St Raphael, France	100%	-	-
Scatec Solar SAS	Paris, France	100%	-	-
Scatec Solar AS/Jordan PSC	Amman, Jordan	100%	44	54
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.1%	75	72
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.1%	33	34
Scatec Luxemburg Holding SA	Luxemburg	100%	-	-
Scatec Solar Asia Pacific Pte Ltd	Singapore	-	-	-
Scatec Solar Africa (Pty) Ltd	South Africa	100%		
Scatec Solar 163 (Pty) Ltd	South Africa	92%	16	16
Scatec Solar Operations (Pty) Ltd	South Africa	51%		
Scatec Solar Construction (Pty) Ltd	South Africa	51%		
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	100%	3	3
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	76.7%	96	96
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	80.7%	71	71
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	-	-
Scatec Solar Corporation	Tokyo, Japan	100%	-	-
Scatec Solar Rwanda Ltd	Rwanda	100%	-	-
Gigawatt Global Rwanda Ltd	Rwanda	57%	27	26
Scatec Solar Honduras SA	Honduras	100%	22	22
Produccion de Energia Solar Demas Renovables SA Honduras		40%	60	60
Fotovoltaica Surena S.A.	Honduras	70%	153	170
Generaciones Energeticas S.A.	Honduras	70%	148	164
Fotovoltaica Los Prados S.A.	Honduras	70%	67	72
Foto Sol S.A.	Honduras	70%	3	6
Energias Solares S.A.	Honduras	70%	90	99
Scatec Solar DMCC	United Arab Emirates	100%	-	-
Scatec Solar Netherlands B.V.	The Netherlands	100%	1,523	934
Release Management BV	The Netherlands	100%	170	5
Aswan PV Power SAE	Egypt	25%	2	2
Scatec Solar Mozambique Limitada	Mozambique	0.5%	8	8
Scatec Solar Mali S.A.	Mali	100%	-	-
Scatec Solar West Africa	Mali	51%		
Segou Solaire S.A.	Mali	50%	-	-
			2,620	1,984

A complete list of all companies in Scatec Group is listed in Note 27 Consolidated subsidiaries of the Consolidated financial statements.

NOK million				
Associates and joint ventures	Office	Ownership	Carrying value 2020	Carrying value 2019
Kube Energy AS	Oslo, Norway	25%	2	2
Total			2	2

Note 10 Inventory

The carrying value of projects under development are presented as inventories and are stated at the lower of cost and net realisable value. The project assets are related to solar power plants under development and construction.

Project geography

NOK million	2020	2019
Europe	92	66
West Africa	44	42
Asia	39	37
North Africa	7	1
South America	4	-
Middle East	0	14
East Africa	0	1
South-Africa	0	113
Carrying value inventory at 31.12	186	274

The impairments done during 2020 were NOK 2 million (2019: NOK 19 million). The impairments are presented in Depreciation, amortisation and impairment.

Note 11 Cash and cash equivalents

NOK million	2020	2019
Restricted cash	29	49
Free cash	5,635	444
Total cash and cash equivalents	5,664	494

In the first quarter of 2020, Scatec refinanced the guarantee facility and intercreditor agreement that was established in 2017. The guarantee facility has Nordea Bank as agent and issuer, Nordea Bank, Swedbank and BNP Paribas as guarantee instrument lenders. The guarantee facility is mainly used to provide advanced payment-, performance- and warranty bonds under construction agreements, as well as trade letter of credits. The intercreditor agreement is entered into by Scatec, the issuing banks under the guarantee facility and GIEK. GIEK can issue counter indemnity in favour of the issuing banks on behalf of the relevant instrument lenders.

In the first quarter of 2020 Scatec refinanced the USD 90 million revolving credit facility (RCF) with Nordea Bank as agent and Nordea Bank, Swedbank and BNP Paribas as equal Lenders. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The new facility is ESG (Environmental, Social and Governance) linked and has a three years tenor. The facility margin is linked to the following ESG KPIs:

- A targeted level for LTIFR (Lost time incident frequency rate) for the Group
- Anti-Corruption training for all employees
- Environmental and social baseline studies and risk assessment on all power plants by external experts

Scatec has not drawn on the revolving credit facility per 31 December 2020.

At closing of the SN Power transaction, the USD 90 million RCF was increased to USD 180 million.

The financing of the SNP Power acquisition includes the following facilities:

- USD 200 million Vendor Financing provided by Norfund with a tenor of 7 years from closing
- USD 150 million Green Term Loan provided by Nordea, Swedbank and DNB with maturity 4 of years from closing
- USD 400 million acquisition finance provided by Nordea, Swedbank and DNB

In second quarter 2018 Scatec entered into a USD 5 million overdraft facility with Nordea Bank. The overdraft interest is the 7-day interbank offer rate plus a margin of 2.5%. Scatec has not drawn on the overdraft facility per 31 December 2020.

At 31 December 2020, Scatec was in compliance with all financial covenants. The book equity of the recourse group, as defined in the facility agreements, was NOK 11,196 million per year end.

During 2020, interest amounting to NOK 98 million (68) was expensed for the bond, overdraft- and revolving credit facility. The increase in interest expenses relate to arrangement fees for securing the financing package of the acquisition of SN Power.

Refer to bond agreement available on www.scatec.com/investor/debt for further information and definitions.

Ref Note 16 for further information on the bonds.

Note 12 Equity and shareholder information

NOK million	Issued capital	Share premium	Other equity	Total equity
Equity as of 31.12.2019	3	3,108	-23	3,088
Profit/(loss) for the period	-	-	518	518
Share-based payment	-	14	-	14
Capital increase from exercised employee share options, net of transaction cost after tax ¹⁾	-	26	-	26
Private placement, net of transaction cost after tax ²⁾	1	6,575	-	6,576
Share purchase program	-	-1	-	-1
Accrued dividend			-173	-173
Additional dividend paid			-131	-131
Equity as of 31.12.2020	4	9,720	191	9,915

1) On 31 January 2020, as part of the Group's incentive program, a share capital increase raised NOK 26 million net of transaction cost after tax, through an exercise of employee share options consisting of 222,553 new shares at a price of NOK 28.08 per share, 169,086 new shares at a price of NOK 47.65 per share and 162,878 new share at a price of NOK 72.03 per share.

2) During the second and fourth quarters 2020 Scatec successfully raised NOK 6,576 million net of transaction cost after tax, through a private placement consisting of 12 million new shares at a price of NOK 164 per share in second quarter and 20,652 million new shares at a price of 230 per shares in fourth quarter. At 31 December 2020, the share capital amounted to NOK 3,958 million. All shares rank in parity with one another and carry one vote per share.

On 16 July 2020, the Annual General Meeting of Scatec ASA resolved to pay a dividend of NOK 0.95 per share, totalling NOK 131 million. The dividend was paid to the shareholders on 3 August 2020.

The tables below show the largest shareholders of Scatec ASA and shares held by Management and Board of Directors at 31 December 2020.

On 2 February 2021, the Board of Directors announced its intention to propose a dividend of NOK 1.09 per share to the Annual General Meeting.

Shareholder	Number of shares	Ownership
EQUINOR ASA	20,776,200	13.12%
SCATEC INNOVATION AS	19,482,339	12.30%
FOLKETRYGDFONDET	16,411,708	10.37%
STATE STREET BANK AND TRUST COMP	5,700,215	3.60%
STATE STREET BANK AND TRUST COMP	5,328,760	3.37%
STATE STREET BANK AND TRUST COMP	4,981,163	3.15%
THE BANK OF NEW YORK MELLON	4,595,900	2.90%
ARGENTOS AS	3,045,616	1.92%
CACEIS BANK	2,316,954	1.46%
J.P.MORGAN CHASE BANK, N.A., LONDON	2,030,834	1.28%
J.P.MORGAN BANK LUXEMBOURG S.A	1,862,790	1.18%
UBS SECURITIES LLC	1,639,942	1.04%
CLEARSTREAM BANKING S.A.	1,455,242	0.92%
STOREBRAND NORGE I VERDIPAPIRFOND	1,403,732	0.89%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,195,190	0.75%
UBS AG	1,160,930	0.73%
STATE STREET BANK AND TRUST COMP	1,116,126	0.70%
VERDIPAPIRFONDET KLP AKSJENORGE IN	1,107,659	0.70%
CACEIS BANK	1,054,061	0.67%
GOLDMAN SACHS & CO. LLC	1,048,483	0.66%
Total 20 largest shareholders	97,713,844	61.71%
Total other shareholders	60,621,823	38.29%
Total shares outstanding	158,335,667	100.00%

Board of Directors	Number of shares	Ownership
John Andersen, Jr. ¹⁾	-	0.00%
Jan Skogseth	22,000	0.01%
Gisele Marchand	2,586	0.00%
John Giverholt	4,000	0.00%
Maria Moræus Hanssen ²⁾	2,760	0,00%
Total at 31 December 2020	32,346	0,02%

1) Related parties control 19,482,339 shares through Scatec Inovation AS.

2) Held through the controlled company MMH Nysteen Invest AS.

Management		Number of shares	Ownership
Raymond Carlsen ¹⁾	Chief Executive Officer	3,105,290	1,63%
Mikkel Tørud	Chief Financial Officer	223,817	0.14%
Terje Pilskog ²⁾	EVP Project Development & Project Finance	510,877	0.32%
Roar Haugland ³⁾	EVP Sustainable Business & HSSE	186,639	0.12%
Torstein Berntsen ⁴⁾	EVP Power Production	695,486	0.44%
Snorre Valdimarsson	EVP General Counsel	12,000	0.01%
Pål Helsing	EVP Solutions	4,877	0,00%
Toril Haaland	EVP People & Organisation	3,577	0,00%
Total at 31 December 2020		4,742,563	3,00%

1) Held through the controlled company Argentos AS, whereof 59,674 shares held by Raymond Carlsen directly

2) Held through the controlled company Océmar AS, whereof 877 shares held by Terje Pilskog directly

3) Held through the controlled company Buzz Aldrin AS, whereof 877 shares held by Roar Haugland directly

4) Held through the controlled company Belito AS, whereof 17,877 shares held by Torstein Berntsen directly. In addition, 895 shares are held by held by Torstein Berntsen's spouse. These are not included in the total presented in the table above.

Refer to Note 4 – Personnel expenses, number of employees and auditor's fee for information on share options granted to the management.

Note 13 Guarantees, contractual obligations, contingent liabilities

Scatec is often required to provide advance payment, performance and warranty guarantees in connection with construction activities, as well as bid bonds in connection with tender processes. These guarantees are issued under the guarantee facility established by Scatec ASA. Outstanding advance payment, performance and warranty guarantees are mainly issued in relation to construction contracts entered into with project companies where Scatec has a controlling interest. Advance payment guarantees typically represent 15-25% of construction contract value and performance guarantees typically represents 10-15% of the construction contract value. After the power plant is completed and grid connected the performance guarantee is replaced by a warranty guarantee of typically 5-10% of the contract value and is in force for the duration of the warranty period typically two years from grid connection. While the total nominal exposure from such guarantees may become significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins and the contracts relate to construction activities where Scatec has a solid track record. A bid bond is a guarantee issued to the provider in a tender process. Scatec ASA is also providing equity guarantees to project lenders, if project debt is disbursed to project companies before equity.

When required, Scatec ASA is providing a parent guarantee on behalf of subsidiaries for their fulfilment of contractual obligations.

Scatec ASA has provided the following guarantees at 31 December 2020

- Guarantees for advance payments of NOK 210 million (NOK 197 million as of 31 December 2019) related to the construction contracts for power plants in Ukraine
- Performance guarantees NOK 593 million (NOK 859 million as of 31 December 2019) primarily related to the construction contracts for power plants in Egypt, Malaysia, South-Africa, Ukraine and Brazil.
- Warranty guarantees of NOK 166 million (NOK 80 million as of 31 December 2019) related to power plants constructed by Scatec in Honduras, Malaysia and Mozambique
- Bid bonds of NOK 99 million (NOK 66 million as of 31 December 2019) related to tenders/bidding for new projects in Tunisia, Bangladesh, Pakistan, South Africa, Zimbabwe and Botswana
- Other guarantees of NOK 80 million (NOK 477 million as of 31 December 2019) primarily related to equity guarantee and commitment guarantee in Malaysia and development guarantees in Egypt and Jordan.

The guarantee volumes specified below include both guarantees issued from recourse group to project companies (subsidiaries) and guarantees issued to third parties.

The guarantees have the following duration (closing balance of total guarantee exposure):

Guarantee duration				
NOK million	2021	2022	2023	>2023
Advance payment guarantees	210	-	-	-
Performance guarantees	229	363	-	-
Warranty guarantees	166	-	-	-
Bid Bonds	86	13	-	-
Other guarantees	67	-	4	9
Total	758	376	4	9

The advance payment guarantees, performance guarantees and warranty guarantees are guarantees granted by fully owned subsidiaries in the group to partly owned subsidiaries. Any exercise of these would therefore only affect the allocation of profits or loss and equity between the majority and non-controlling interests in the group. Bid bonds and other guarantees are granted by consolidated subsidiaries to third parties. In addition to the bank guarantees specified in the table above, Scatec ASA has provided Parent Company Guarantees in relation to construction of power plants.

The guarantees issued from recourse group entities are issued by Nordea Bank under the guarantee facility with Nordea Bank as agent, and Nordea Bank, BNP Paribas and Swedbank as guarantee instrument lenders. DNB was included as instrument lender from closing of the SN Power acquisition in January 2021. The bid bonds, advance payment guarantees, performance guarantees, and warranty guarantees in Bangladesh, Egypt, Brazil, Ukraine, Mozambique, South Africa, Jordan and for the majority of the projects in Malaysia are counter guaranteed by The Norwegian Export Credit Guarantee Agency (GIEK). The financial covenants are:

- Free cash of no less than NOK 100,000,000
- Debt of the Recourse Group does not exceed NOK 2,400,000,000
- Debt to capitalization ratio 50%
- Minimum interest coverage ratio 2,30x

Per 31 December 2020, Scatec was in compliance with all covenants.

Contractual obligations

Scatec ASA has contractual obligations primarily through office lease. Further, the group commitments in contracts with suppliers of equipment and sub-EPC services related to the plants under construction in South Africa.

Contractual obligations

NOK thousand	2021	2022	2023	>2023
Leases (office rental)	19	18	12	75
Total purchase modules, inverters etc	6	-	-	-
Total contractual obligations	25	18	12	75

Note 14 Transactions with related parties

Related parties

Subsidiaries and associates
Key management personnel

Transactions

Management, development and EPC services and financing
Loan and payroll

Transactions with related parties

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2020 and 2019 are:

Subsidiaries – EPC services

Scatec ASA sold EPC services amounting to NOK 576 million in total during 2020 (2019: NOK 2,916 million). Scatec ASA has been EPC contractor for the construction of power plants in Ukraine, Malaysia, and South Africa. During 2020 total revenues on these contracts amounted to NOK 544 million (2019: NOK 2,879 million). In 2020 the company continued to deliver construction services to subsidiaries in Malaysia, South Africa, Jordan, Brazil, Egypt, Ukraine, and Argentina contracted as a sub-contractor. The revenues for 2020 amounted to NOK 31 million (2019: NOK 37 million).

Subsidiaries – development services

During 2020 the company did not reach Financial close on any projects.

During 2019 Scatec ASA sold development project rights amounting to NOK 15 million. The sale of rights related to the financial close and transfer of rights for the Boguslav, Chigrin and Progressovka projects in Ukraine amounting to NOK 15 million.

Subsidiaries - management service income

Scatec ASA has during 2020 charged NOK 22 million for corporate services provided to its subsidiaries (2019: NOK 30 million).

Subsidiaries and associates - financing

In the course of the ordinary business, inter-company financing is provided from Scatec to its subsidiaries. Long-term financing is interest bearing and priced at arm's length. Refer to Note 7 for specification of interest income/expenses from/to subsidiaries and Note 9 Investments in subsidiaries, joint ventures and associated companies.

Scatec Innovation AS – consultancy services

Scatec ASA acquired certain consultancy services to maintain the global trademark Scatec ASA from Scatec Innovation AS, NOK 43 thousand for 2020. For the year ended 31 December 2020 the company incurred fair share of travel agency service cost of NOK 139 thousand (2019 NOK 227 thousand). Travel agency service is presented as other operating expenses in the statement of income. As per 31 December 2020 the trade payables to Scatec Innovation AS was NOK 0 thousand (2019: NOK 0 thousand). In connection with the Scatec ASA equity issue in 2019 and 2020, Scatec ASA entered a share lending agreement with the joint book-runners and Scatec Innovation AS.

Refer to Note 4 for information regarding transactions with key management personnel.

Note 15 Provision for bad debt

No provision for bad debt has been made as the collection risk is considered low.

Note 16 Bonds

In 2017 Scatec completed a NOK 750 million senior unsecured green bond issue with maturity in November 2021. The bonds carry an interest of 3 months NIBOR + 4.75%, to be settled on a quarterly basis. The bond is listed on the Oslo Stock Exchange.

Since the bond matures within one year from the balance sheet date, the bond is classified as current liabilities in the balance sheet.

During the term of the bonds, Scatec shall comply with the following financial covenants at all times:

- a) **Minimum liquidity:** Scatec shall maintain free cash of minimum NOK 50 million
- b) **Maximum debt to capitalisation ratio:** Scatec shall maintain a debt to capitalisation ratio of maximum 50%
- c) **Minimum interest coverage ratio:** Scatec shall maintain a cash flow interest coverage ratio of minimum 2.

Per 31 December 2020, Scatec was in compliance with all of the bond's covenants. The book equity of the recourse group, as defined in the loan agreement, was NOK 11,196 million per year end, and the debt to capitalization ratio was 6% per year end.

During 2020, interest amounting to NOK 43 million was expensed (2019: 50 million).

The loan is carried at amortised cost with the total fees of NOK 9 million being amortised over the 4-year period until maturity.

The NOK 750 million bond was refinanced in the first quarter of 2021, when Scatec completed a EUR 250 million senior unsecured green bond issue with maturity in August 2025. The bonds carry an interest of 3 months EURIBOR + 2,50%.

Refer to the loan agreement available on www.scatec.com/investor-overview for further information and definitions.

Refer to Note 11 – Cash and cash equivalents, for description of other sources of corporate funding.

Note 17 Other current liabilities

NOK million	2020	2019
Deferred income EPC projects	103	422
Liabilities to co-developers	16	4
Accrued interest expenses	6	6
Vacation allowances, bonus accruals etc.	29	26
Other	98	43
Total current liabilities	252	501

Note 18 Subsequent events


For information about subsequent events, refer to Note 30 Subsequent events in the consolidated financial statement of the Group.

Responsibility statement

We confirm to the best of our knowledge, that the consolidated financial statements for 2020 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period and their impact on the financial statements, key risk and uncertainty factors that Scatec is facing during the next accounting period.

Oslo, 25 March 2021

The Board of Directors of Scatec ASA



John Andersen Jr. (Chairman)



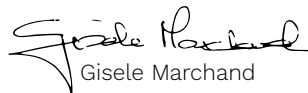
John Giverholt



Maria Moræus Hanssen



Jan Skogseth



Gisele Marchand



Raymond Carlsen (CEO)

Alternative Performance Measures

Scatec discloses alternative performance measures (APMs) in addition to those normally required by IFRS. This is based on the Group's experience that APMs are frequently used by analysts, investors and other parties for supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the Group. Management also uses these measures internally to drive performance in terms of long-term target setting. 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. Disclosures of APMs are subject to established internal control procedures.

Definition of alternative performance measures used by the Group for enhanced financial information

Cash flow to equity: is a measure that seeks to estimate value creation in terms of the Group's ability to generate funds for equity investments in new solar power plant projects and/or for shareholder dividends over time. Management believes that the cash flow to equity measure provides increased understanding of the Group's ability to create funds from its investments. The measure is defined as EBITDA less net interest expense, normalised loan repayments and normalised income tax payments. The definition excludes changes in net working capital, investing activities and fair value adjustment of first-time recognition of joint venture investments. Normalised loan repayments are calculated as the annual repayment divided by four quarters for each calendar year. However, loan repayments are normally made bi-annually. Loan repayments will vary from year to year as the payment plan is based on a sculpted annuity. Net interest expense is here defined as interest income less interest expenses, excluding shareholder loan interest expenses, non-recurring fees and accretion expenses on asset retirement obligations. Normalised income tax payment is calculated as operating profit (EBIT) less normalised net interest expense multiplied with the nominal tax rate of the jurisdiction where the profit is taxed.

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments.

EBITDA margin: is defined as EBITDA divided by total revenues and other income.

EBITDA and EBITDA margin are used for providing consistent information of operating performance which is comparable to other companies and frequently used by other stakeholders.

Gross profit: is defined as total sales revenue including net gain/loss from sale of project assets and net gain/loss from associates minus the cost of goods sold (COGS). The measurement of gross profit is used to measure project profitability in the D&C segment. Refer to Note 4 Operating Segments for further details.

Gross interest-bearing debt: is defined as the Group's total debt obligations and consists of non-current and current external non-recourse financing and external corporate financing, irrespective of its maturity as well as bank overdraft and discounted notes.

Net interest-bearing debt (NIBD): is defined as total interest-bearing debt, less cash and cash equivalents. NIBD does not include shareholder loans.

Net working capital includes trade- and other receivables, other current assets, trade- and other payables, income tax payable, and other current liabilities.

Proportionate Financials: The group's segment financials are reported on a proportionate basis. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Services and Development & Construction segment mainly reflect deliveries to other companies controlled by Scatec (with from 39% to 100% economic interest), for which revenues and profits are eliminated in the Consolidated Financial Statements. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced Proportionate Financials as the Group is of the opinion that this method improves earnings visibility. The key differences between the proportionate and the consolidated IFRS financials are that;

- Internal gains are eliminated in the consolidated financials but are retained in the proportionate financials. These internal gains primarily relate to gross profit on D&C goods and services delivered to project companies which are eliminated as a reduced group value of the solar plant compared to the stand-alone book value. Similarly, the consolidated financials have lower solar plant depreciation charges than the proportionate financials since the proportionate depreciations are based on solar plant values without elimination of internal gain. Internal gain eliminations also include profit on Services delivered to project companies.
- The consolidated financials are presented on a 100% basis, while the proportionate financials are presented based on Scatec's ownership percentage/economic interest.
- In the consolidated financials joint venture companies (Brazil and Argentina) are equity consolidated and are presented with Scatec's share of the net profit on a single line in the statement of profit or loss. In the proportionate financials the joint venture companies are presented in the same way as other subsidiaries on a gross basis in each account in the statement of profit or loss.

For 2020 Scatec reports a proportionate operating profit of NOK 690 million compared with an operating profit of NOK 1,292 million in the consolidated financials. To arrive at the proportionate operating profit from the consolidated operating profit the Group has;

1. added back to the proportionate statement of profit or loss the internal gain on transactions between group companies with a negative amount of NOK 68 million ¹⁾,
2. removed the non-controlling interests share of the operating profit of NOK 565 million to only leave the portion corresponding to Scatec's ownership share,
3. replaced the consolidated net profit from joint venture companies of negative NOK 16 million with Scatec's share of the Operating profit from the joint venture companies with NOK 15 million.

See Note 4 for further information on the reporting of proportionate financial figures, including reconciliation of the proportionate financials against the consolidated financials.

A bridge from proportionate to consolidated key figures including APMs like gross interest-bearing debt, net interest-bearing debt and net-working capital is included in the Q4 report for 2020 on page 19.

¹⁾ Where NOK 109 million comprise Scatec's share of gross profit on D&C contracts, NOK -129 million comprise increased depreciation charges from internal gains and NOK -48 million comprise other items.

Reconciliation of Alternative Performance Measures (consolidated figures)

NOK million	2020	2019
EBITDA		
Operating profit (EBIT)	1,292	874
Depreciation, amortisation and impairment	777	512
EBITDA	2,069	1,386
Total revenues and other income	2,754	1,783
EBITDA margin	75%	78%
Gross profit		
Total revenues and other income	2,754	1,783
Cost of sales	-	-
Gross profit	2,754	1,783
Gross interest-bearing debt		
Non-recourse project financing	11,350	12,228
Bonds	748	745
Non-recourse project financing - current	913	837
Gross interest-bearing debt	13,011	13,810
Net interest-bearing debt		
Gross interest-bearing debt	13,011	13,810
Cash and cash equivalents	7,788	2,824
Net interest-bearing debt	5,223	10,986
Net working capital		
Trade and other receivables	623	461
Other current assets	663	1,211
Trade and other payables	-760	-888
Income tax payable	-90	-92
Other current liabilities	-852	-902
Non-recourse project financing-current	-913	-837
Net working capital	-1,330	-1,047

Break-down of proportionate cash flow to equity

FY 2020					
NOK million	Power Production	Operation & Maintenance	Development & Construction	Corporate	Total
EBITDA	1,404	82	-28	-153	1,306
Net interest expenses	-542	1	1	-58	-598
Normalised loan repayments	-382	-	-	-	-382
Normalised income tax payment	-53	-18	12	58	-2
Cash flow to equity	427	65	-15	-153	324

FY 2019 ¹⁾					
NOK million	Power Production	Operation & Maintenance	Development & Construction	Corporate	Total
EBITDA	976	64	589	-58	1,571
Net interest expenses	-333	2	4	-61	-388
Normalised loan repayments	-229	-	-	-	-229
Normalised income tax payment	-53	-12	-122	27	-160
Cash flow to equity	361	53	471	-91	794

1) 2019 is restated in line with the new segment structure

Other definitions

Backlog

Project backlog	Project backlog is defined as projects with a secure off-take agreement assessed to have more than 90% likelihood of reaching financial close and subsequent realisation.
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Pipeline

Project pipeline	Project pipeline is defined as projects that do not yet have a 90% probability of reaching financial close and subsequent realisation. However, the Group has verified feasibility and business cases for the projects.
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The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial bank or a multilateral development bank). The project sites have typically been secured and Scatec is in a position to participate in bilateral negotiations for a long-term power sales agreement with an off-taker, feed-in-tariff schemes, or tender processes.

Lost time injury (LTI)

Lost time injury (LTI)	An occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more.
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Definition of project milestones

Commercial Operation Date (COD):	A scheduled date when certain formal key milestones have been reached, typically including grid compliance, approval of metering systems and technical approval of plant by independent engineers. Production volumes have reached normalised levels sold at the agreed off-taker agreement price. This milestone is regulated by the off-taker agreement with the power off-taker. In the annual report grid connection is used as a synonym to COD.
Financial close (FC):	The date on which all conditions precedent for drawdown of debt funding has been achieved and equity funding has been subscribed for, including execution of all project agreements. Notice to proceed for commencement of construction of the solar power plant will normally be given directly thereafter. Projects in Scatec defined as "backlog" are classified as "under construction" upon achievement of financial close.
Start of Production (SOP):	The first date on which the solar power plant generates revenues through sale of power under the off-take agreement. Production volumes and/or the price of the power may be lower than when commercial operation date (COD) is reached. This milestone is regulated by the off-take agreement with the power off-taker. This milestone may be reached prior to COD if the construction of a power plant is completed earlier than anticipated in the off-take agreement.
Take Over Date (TOD):	The date on which the EPC contractor hands over the power plant to the power plant company. COD must have been reached, in addition to delivery of training and all technical documentation before TOD takes place. The responsibility for Operations & Maintenance (O&M) of the plant is handed over from the EPC contractor to the O&M contractor at the TOD. This milestone will normally occur shortly after the COD date.

Definitions of project finance terms

Debt Service Cover Ratio (DSCR): The amount of cash flow available to meet annual interest and principal payments on debt.

Loan Life Cover Ratio (LLCR): A ratio used to estimate the ability of a borrowing company to repay an outstanding loan. It is calculated by dividing the net present value (NPV) of the money available for debt repayment by the amount of senior debt owed by the company.

Project Life Cover Ratio (PLCR): A ratio of the net present value (NPV) of the cash flow over the remaining full life of the project to the outstanding debt balance in the period.

Other Definitions

Cash in power plant companies in operation: Comprise restricted cash in proceed accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar. These cash and cash equivalents are only available to the Group through distribution as determined by shareholder and non-recourse financing agreements.

Cash in power plant companies under development/construction: Comprise shareholder financing and draw down on term loan facilities by power plant companies to settle outstanding external EPC invoices.

Full-Time Equivalent Employee (FTE): An employee which have a contract with the company with no end date.

Net gain project sale: is defined as sales revenue less costs from sale of project assets.

Project equity: Project equity comprise of equity and shareholder loans in solar power plant companies.

Recourse Group: Recourse Group means all entities in the Group, excluding solar park companies (each a recourse group company).

Scatec's economic interest: Scatec's share of the total estimated economic return from its subsidiaries. For projects in development and construction the economic interest is subject to change from the development of the financial model.

Auditor's report



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Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Scatec ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Scatec ASA comprising the financial statements of the parent company and the Group. The financial statements of the parent company comprise the statement of financial position as at 31 December 2020, the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

The consolidated financial statements comprise the statement of financial position as at 31 December 2020, statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion,

- ▶ the financial statements are prepared in accordance with the law and regulations
- ▶ the 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.



Control assessments of project companies

The group has entered into partnerships for shareholding of project companies owning solar power plants. Scatec seeks to obtain operational and financial control of the project companies also when Scatec owns less than 50 % of the shares. Based on the criteria in IFRS 10 regarding control, other factors than ownership can be decisive as to whether Scatec has control. Management's assessment of control is based on shareholder agreements and other contractual arrangements. Assessments are performed for new project companies, and an annual reassessment is performed for material project companies.

The assessments are complex and involve significant use of management judgment, and due to the significant impact on classification and presentation of the project companies in the consolidated financial statements, the control assessments are considered a key audit matter.

We have evaluated management's assessments of control for material project companies. For these projects, we have considered economic interest, shareholder agreements and other key contractual agreements such as development, financing, Engineering, Procurement and Construction (EPC) and Operation & Maintenance (O&M) agreements with the criteria in IFRS 10 regarding control.

We evaluated the information provided in disclosure and that the description in the notes 2, 3 and 27 are consistent with the assessments performed by management.

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 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.



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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, 25 March 2021
ERNST & YOUNG AS

A handwritten signature in blue ink, appearing to read 'Petter Larsen', is positioned above the printed name.

Petter Larsen
State Authorised Public Accountant

The Scatec logo features the word "Scatec" in a bold, white, sans-serif font. The letter "S" is stylized with three short, curved lines above it, resembling a sun or a signal. The background of the logo area is a gradient from light pink to purple, with a diagonal split between the two colors. In the bottom right corner, there is a partial view of solar panels and two white, rounded rectangular shapes.

Scatec

www.scatec.com