Second quarter and first half

2023

Scatec in brief

As a leading renewable energy provider, Scatec is dedicated to accelerating access to reliable and affordable clean energy in emerging markets. In September 2022 we released our updated strategy that puts Scatec on a course to capture even more value in the green transition in the period towards 2027.

At the heart of this strategy is our role as a long-term player in the markets where we operate – developing, building, owning and operating renewable energy plants with 4.4 GW in operation and under construction across four continents.

Our passionate employees and network of partners work to fulfil our strategy, driven by a common vision of 'Improving our Future'. It's part of our Scatec DNA to continually seize new opportunities for growth. With our sharpened strategy, we now do so with greater focus and an even clearer intention to create value.

A consistent growth path towards 2027

With more than 15 years of experience from operating in emerging markets, we understand how to adapt amidst rapidly changing conditions. Our strategic approach takes this experience into account, coupled with our intention to achieve ambitious targets and access scale benefits in our markets.

Scatec remains a selective investor. We target to invest NOK 10 billion of equity into new power plants towards 2027 that generate long-term profitable returns of 1.2 times the cost of project equity.

We aim to build stronger and longer-term positions in selected emerging markets, where we see a clear green agenda and potential to build scale and apply our integrated business model. These markets are South Africa, The Philippines, Brazil, Poland, Egypt, and Hydro Africa. Beyond these focus markets, we will maintain our opportunistic approach, applying strict guidelines on potential projects in terms of size and value creation.

We have a history as a pioneer in the solar industry, but have expanded to also develop wind, hydro and storage projects. Further, we are now set on being a frontrunner in Green Hydrogen as well. Our goal is to build some of the first large-scale facilities in the world.

Scatec is well-positioned for growth with its solid financial platform. Our sharpened strategy is what guides us in consistently being at our strongest, driving results and remaining ready to seize emerging opportunities.

Our role on the pathway to net zero

This is a critical time for renewable energy companies. We have an important role to play in helping the world achieve its climate targets. Reducing greenhouse gas emissions to our atmosphere will require investment, innovation, technology, and a massive cultural shift. We have set ourselves a net zero climate target that is validated and approved by the Science Based Target Initiative (SBTi).

We believe that emerging markets are essential in this journey. At Scatec, we create opportunities for emerging markets through renewable energy – not only as they work towards the clean energy transition, but also to boost their economies, create jobs and meet growing energy needs.

We are passionate about what we do and the role we play in delivering clean and affordable energy, and across our globally dispersed teams we call ourselves 'changemakers'.

We know that with the right people and the right focus, we can improve the future. This work has already begun with our strategic actions towards 2027, and it's what will take us far beyond, into the net zero future.

Asset portfolio[1]

	Technology	Capacity MW	Economic interest [2]
In operation			
Philippines[3]		649	50%
Laos		525	20%
South Africa[4]		190	45%
Egypt		380	51%
Ukraine		336	89%
Uganda		255	28%
Malaysia		244	100%
Brazil		162	44%
Argentina		117	50%
Honduras		95	51%
Jordan		43	62%
Mozambique		40	53%
Vietnam		39	100%
Czech Republic		20	100%
Release		20	100%
Rwanda		9	54%
Total		**3,124**	**52%**
Under construction			
South Africa		540	51%
Brazil		531	33%
Pakistan		150	75%
Release		26	100%
Philippines[5]		24	50%
Total		**1,271**	**47%**
Projects in backlog			
Tunisia		360	51%
South Africa		273	51%
Egypt	H_2	260	52%
Botswana		60	100%
Total		**953**	54%
Grand total		**5,348**	**52%**
Projects in pipeline		**12,172**	

Segment overview

Development & Construction

The Development & Construction segment derives its revenues from the sale of development rights and construction services delivered to power plant projects where Scatec has economic interests.

Power Production

The power plants produce electricity for sale primarily under long term power purchase agreements (PPAs), with state owned utilities or corporate off-takers, or under government-based feed-in tariff schemes. The weighted average remaining PPA duration for power plants in operation excluding the Philippines is approximately 15 years. The electricity produced from the power plants in the Philippines is sold on shorter bilateral contracts and in the spot market under a renewable operating license, and as ancillary services.

Services

The Services segment comprises Operations & Maintenance (O&M) and Asset Management services provided to power plants where Scatec has economic interests and to third party power producers. 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.

Corporate

Corporate consists of activities such as corporate services, management, and group finance.

1) Asset portfolio as per reporting date
2) Scatec's share of the total estimated economic return from its subsidiaries. For projects under development the economic interest may be subject to change
3) The Ambuklao power plant has been upgraded from 105 MW to 112.5 MW in Q2'23 after a series of tests validated the higher capacity
4) The 258 MW Upington solar plants have been removed after closing the transaction for the sale in Q2'23
5) The BESS facility in the Philippines which was finalised in Q2'23 was upgraded from 20 MW to 24 MW during the construction period

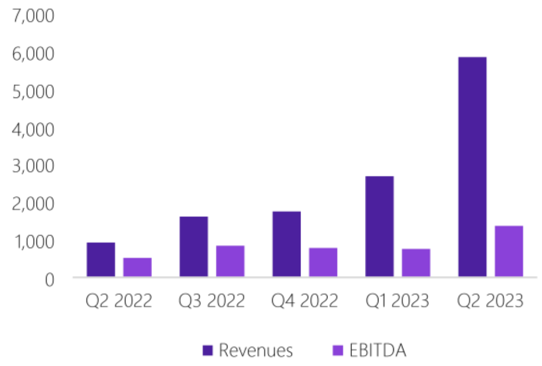
Strong construction progress

Highlights

- All-time high proportionate EBITDA of NOK 1.4 billion (517)[1)]
- Power production EBITDA increased by 55% to NOK 959 million (617)
- NOK 4.6 billion of revenues from projects under construction with a gross margin of 12%
- Impairment of JV in Argentina due to ongoing sales process
- NOK 2.9 billion solar project Grootfontein reached financial close
- NOK 546 million received from Upington divestment
- Cost efficiency programme implemented

Proportionate revenues and EBITDA

NOK million



Key figures

NOK million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Proportionate Financials [2)]					
Revenues and other income	**5,870**	2,706	932	8,575	1,741
Power Production [4)]	**1,169**	882	817	2,051	1,545
Services	**95**	82	79	177	145
Development & Construction	**4,594**	1,728	25	6,322	30
Corporate	**12**	13	12	26	22
EBITDA [2)]	**1,379**	765	517	2,144	915
Power Production	**959**	686	617	1,645	1,107
Services	**33**	21	20	54	36
Development & Construction	**461**	96	-81	557	-156
Corporate	**-73**	-39	-39	-112	-73
Operating profit (EBIT)	**700**	405	230	1,105	-542
Power Production	**302**	383	340	684	-214
Services	**31**	20	18	51	33
Development & Construction	**449**	49	-81	499	-274
Corporate	**-82**	-47	-47	-129	-87
Net interest- bearing debt [2)]	**20,327**	20,279	17,112	20,327	17,112
Scatec share of distribution from operation companies	**180**	202	194	382	673
Power Production (GWh)	**873**	887	916	1,757	1,784
Power Production (GWh) 100% [3)]	**2,111**	2,106	2,291	4,217	4,427
Consolidated Financials					
Revenues and other income	**1,230**	919	836	2,150	1,595
EBITDA [2)]	**904**	629	547	1,533	981
Operating profit (EBIT)	**686**	353	336	1,039	(380)
Profit/(loss)	**402**	-98	-68	304	(1,130)
Net interest- bearing debt [2)]	**21,457**	22,256	17,234	21,457	17,234
Basic earnings per share	**1.90**	(1.02)	(0.61)	0.87	(7.74)

1) Amounts from same period last year in brackets
2) See Alternative Performance Measures appendix for definition
3) Production volume on a 100% basis from all entities, including JV companies
4) Revenue from Power Production for 2022 has been adjusted due to change in accounting policy as disclosed in Note 2

Comments to the Proportionate Financials

Please refer to Note 2 for details of the segment financials.

Power Production

Power production reached 873 GWh in the second quarter compared to 916 GWh in the same quarter last year.

Revenues and other income increased by NOK 352 million to NOK 1,169 million in the second quarter compared to the same quarter last year. The increase is mainly driven by a gain of NOK 315 million related to the strategic sale of the Upington solar plants in South Africa, NOK 76 million in increased revenues in Ukraine and foreign currency effects, partly offset by NOK 95 million in reduced revenues in the Philippines driven by 25 percent lower production and absence of ancillary services.

Operating expenses increased by NOK 17 million to NOK 211 million compared to the same quarter last year mainly explained by foreign currency effects.

EBITDA reached NOK 959 million, an increase by NOK 342 million compared to the same quarter last year driven by the factors above.

Scatec has a 50/50 joint venture with Equinor in Argentina which owns and operates a 117 MW solar power plant. The power plant was grid connected in 2021. During construction, Equinor provided a non-recourse bridge loan to the joint venture which must be re-financed. Given the increasingly challenging political and economic situation in Argentina, this re-financing has not been possible. Therefore, a sales process was initiated and during the second quarter firm offers from potential buyers have been received. These came in significantly below the current total book value of the project. Consequently, Scatec has recognised an impairment charge of NOK 350 million in the second quarter, corresponding to the full book value of the equity investment. In the consolidated financials, the impairment charge is presented as a part of "Net income from JVs and associated companies".

Power production reached 1,757 GWh in the first half compared to 1,784 GWh in the same period last year. Revenues in the first half increased by NOK 506 million to NOK 2,051 million compared to the same period last year, mainly explained by the sale of the Upington solar plants in South Africa, increased contribution from Ukraine and foreign currency effects, partly offset by lower revenues in Philippines due to weaker hydrology and higher prices.

EBITDA increased by NOK 538 million to NOK 1,645 million in the first half of 2023 explained by the factors above. For further details on financial results on a country-by-country basis please refer to Scatec's 'Q2 2023 historical financial information published on Scatec's web page.

Development & Construction (D&C)

D&C revenues reached NOK 4,594 million in the second quarter compared to NOK 25 million in the same quarter last year due to high accumulated progress of the projects under construction in South Africa, Brazil, and Pakistan. The gross margin was 12 percent in the second quarter.

Total operating expenses of NOK 91 (83) million in the quarter comprised of approximately NOK 67 million (56) for early-stage project development and NOK 24 million (27) related to construction activities.

Development & Construction EBITDA reached NOK 461 million in the second quarter, increased from a negative EBITDA of 81 million in the same quarter last year driven by the increased revenue explained above. Scatec has decided to discontinue development of certain projects in Brazil and Madagascar and recognised an impairment charge of NOK 11 million in the second quarter in relation to these projects. See page 11 under the description of pipeline for more details.

In the first half D&C revenues reached NOK 6,322 million compared to NOK 30 million in the same period last year, reflecting high construction activity for the projects under construction in South Africa, Brazil, and Pakistan. The gross margin in the first half was 12 percent.

EBITDA reached NOK 557 million, an increase from a negative EBITDA of 156 million in the same period last year.

During the first half of 2023 Scatec discontinued development of projects in Brazil, Oman and Madagascar and recognised an impairment charge of NOK 55 million.

Services

The increase in revenues and operating expenses in the segment compared to the same quarter last year is mainly driven by asset management services provided to the projects under construction and foreign currency effects. The same reason applies to the development of the revenues and operating expenses in the first half compared to the same period last year.

Corporate

Corporate revenues in the second quarter were broadly in line with the same quarter last year. Operating expenses increased by NOK 34 million compared to the same quarter last year, mainly driven by non-recurring costs related to cost efficiency programme launched in May 2023.The same factors explain development of revenues and operating expenses in the first half compared to the same period last year.

Outlook

All figures related to estimated performance are based on the Company's current assumptions and are subject to change.

All figures related to Power Production, Services and Corporate are further based on assets in operations as per the end of the second quarter 2023 and includes effects from asset sales but excludes any estimated contribution from new projects starting operations during 2023.

Power Production

Third quarter 2023 power production is estimated at 1,000-1,100 GWh on a proportionate basis.

In the Philippines, EBITDA for the third quarter 2023 is estimated at NOK 180-240 million reflecting lower prices and limited ancillary services compared to the same quarter last year. Ancillary services is estimated to recommence at the end of the third quarter 2023. The EBITDA estimate includes a settlement of disputed water fee charges of NOK 40 million payable to the National Irrigation Administration for the lease of the Magat Dam in the Philippines.

GWh	Q2 2023	Q3 2023E	2023E
Proportionate	873	1,000-1,100	3,400-3,800
100% basis	2,111	2,100-2,300	8,200-9,000

NOK million	2022	2023E
Proportionate EBITDA	2,835	3,100-3,400

The full year 2023 EBITDA estimate has increased by NOK 250 million reflecting actual second quarter performance, including the gain from the sale of the Upington solar plants, and revised estimates for Ukraine, the Philippines and Laos for the second half of 2023.

The full year 2023 power production estimate is reduced by 100 GWh on proportionate basis and 400 GWh on 100 percent basis, mainly explained by lower estimated production in Laos in the second half 2023.

Development & Construction

D&C revenues and margins are dependent on progress on development and construction projects.

At the end of the second quarter 2023 the value of the remaining construction contract was approximately NOK 1.8 billion (6.4) related to the 150 MW Sukkur project in Pakistan, the 531 MW Mendubim project in Brazil and the 540 MW / 225MW/1,140MWh solar + battery project in South Africa. The difference in remaining contract value from the previous quarter of NOK 4.6 billion equals the progress of the contracts and D&C revenue recognised in the quarter. In line with previous communication, Scatec estimates to generate an average D&C gross margin of 10-12 percent for the three power plants currently under construction. For new projects starting construction, Scatec estimates to generate an average D&C gross margin of 8-10 percent.

More details on projects under construction and in backlog can be found on page 9-11 in the report.

Services & Corporate

The FY 2023 EBITDA estimate for Services has been increased by NOK 15 million reflecting improved performance in South Africa and effects from the cost efficiency programme launched in May 2023.

2023 EBITDA for Services is estimated to be between NOK 95 million and NOK 105 million.

The FY 2023 EBITDA estimate for Corporate has been reduced by NOK 15 million reflecting non-recurring costs of NOK 31 million in the second quarter 2023, partly offset by reduced estimated operating costs for the second half of 2023. Both effects are related to the cost efficiency programme launched in May 2023.

2023 EBITDA for Corporate is estimated to be between NOK -155 million and NOK -165 million.

1) EBITDA estimates are based on currency rates as of end of the second quarter 2023

ESG performance

Transparency Act Statement published

The Norwegian law that entered into force in July 2022 requires larger companies to report on the work conducted to ensure compliance with fundamental human rights and decent working conditions. Scatec published its first Transparency Act Statement detailing the Company's governance around human rights, approach to due diligence, salient human rights risks within its own operations and supply chain, and work undertaken during 2022. The Statement is available on the Company's corporate website under 'ESG resources'.

Corporate Sustainability Reporting Directive

During second quarter 2023, Scatec continued its preparatory work towards the requirements of the EU's Corporate Sustainability Reporting Directive (CSRD), applicable to the Company from FY 2024. The Company's double materiality analysis will be completed during third quarter with a focus on both impact and financial materiality, through engagements with internal and external stakeholders.

ESG reporting

Scatec reports on the Company's results and performance across material ESG topics on a quarterly basis.

	Indicator [1]	Unit	Q2 2023	Q1 2023	Q2 2022	FY 2022	Targets 2023
E	Environmental and social assessments	% completed in new projects	100	100	100	100	100
	GHG emissions avoided[2]	mill tonnes CO2e	0.4	0.5	0.4	2.0	2.0
	Water withdrawal	mill litres (water-stressed[3] areas)	2.0	1.8	3.4	11.3	N/A
S	Lost Time Incident Frequency (LTIF)	per mill hours (12 months rolling)	0.8	0.7	1.1	0.7	≤ 2.1
	Hours worked	mill hours (12 months rolling)	7.7	5.8	2.8	4.5	N/A
	Female managers	% of females in mgmt. positions	29	29	27	29	N/A[4]
G	Whistleblowing channel	number of reports received	11	9[5]	0	8	N/A
	Corruption incidents	number of confirmed incidents	0	0	0	0	0
	Supplier environmental and social screening[6]	number of suppliers screened through EcoVadis	43	41	26	35	N/A

1) For a definition of each indicator in the table see ESG Performance Indicators under other definitions on page 40.
2) The figure includes the actual annual production for all renewable power projects where Scatec has operational control.
3) As per the WRI Aqueduct Water Risk Atlas, Scatec reports on water withdrawal for projects located within water-stressed areas in South Africa and Jordan.
4) The Company has a gender equality target for 2023 that 35% of new hires (including internal promotions) on management level are female employees.
5) The number of reports received through the whistleblowing channel in first quarter 2023 was incorrectly reported as six. The restatement is presented in the table above as nine reports received.
6) Total contracted and potential suppliers of key procurement categories screened through the EcoVadis supplier management platform.

During second quarter 2023, new projects in India and Botswana were subject to E&S desktop screening, due diligences and impact assessments. These new projects are Category B projects according to the IFC Performance Standards, with potential limited adverse E&S impact.

The GHG emissions avoided from the power plants where Scatec has operational control amounted to 0.4 million tonnes in second quarter 2023. For all projects where Scatec has an ownership stake, 0.92 mill tonnes of GHG emissions were avoided.

Water withdrawal in water-stressed areas, South Africa and Jordan, reached 2.0 mill litres in second quarter 2023, largely in line with first quarter.

During second quarter 2023, 7.7 million working hours were exceeded with no fatalities or serious injuries (12 months rolling).

The lost time incident frequency rate (LTIF) was 0.8 per million working hours, slightly higher than first quarter.

The whistleblowing reports received in second quarter 2023 relate to conflicts of interest, the workplace environment and safety. The majority of reports were investigated and closed, with two remaining reports currently under review.

Scatec continues with targeted actions to ensure that its supply partners follow the Company's integrity standards and are not sourcing components from Xinjiang. At the end of the second quarter 2023, 43 contracted and potential suppliers of key procurement categories were assessed in four ESG areas via the EcoVadis supplier management platform.

Ukraine

On 24 February 2022, Russia attacked Ukraine, and started a war that has now been going on for more than a year. We witness a country under siege and countless lives lost in defense of their homes. This situation has given rise to a major humanitarian and geopolitical crisis.

Scatec currently operates five solar power plants with a total capacity of 336 MW, located in the central and southern parts of the country. The situation is very challenging and highly uncertain, and Scatec's top priority is the safety of our Ukrainian employees. All of Scatec's employees are accounted for.

Approximately 95% of the power plants owned and operated by Scatec are intact and available, however power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. The Ministry of Energy of Ukraine issued in 2022 regulations that decreased the required amounts to be paid to the renewable power producers. Scatec has therefore from March 2022 only recognised revenue from power production in Ukraine in accordance with actual paid amounts and expect to do so until the new regulations are lifted. In the first half of 2023, proportionate revenues and EBITDA in Ukraine amounted to NOK 159 million and NOK 125 million respectively. The payment level for the first half was 60 percent of invoiced revenues in addition to a payment of NOK 36 million of unrecognised proportionate revenue from previous periods.

In June 2023, Scatec started selling power from the Progressovka power plant in the spot market, reaching a payment level of 100 percent, with revenues being settled in full every ten days. The decision to sell into the spot market was made based on changes in the local law which enabled Scatec to pause the PPA (while still being able to re-enter the PPA).

Scatec's power plant companies in Ukraine are not in compliance with covenants in the loan agreements for the non-recourse project debt at quarter-end. The situation is unchanged from last year. As of 30 June 2023, all non-recourse financing in Ukraine, amounting to NOK 975 million, continues to be classified as current in the consolidated financials. NOK 77 million of the debt was repaid in the second quarter. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised standstill.

Other matters

Potential PPA changes and overdue receivables in Honduras

Scatec has over time experienced delayed payments from the state owned off-taker in Honduras (ENEE) and overdue receivables have accumulated to a varying degree since second quarter 2020. In December 2022 NOK 214 million of outstanding receivables were paid and outstanding receivables are partly settled during the first half of 2023. At the end of second quarter 2023 overdue receivables was NOK 138 million.

In May 2022, a new Energy law came into force as introduced by the new Government of Honduras. In accordance with the new law, the state owned off-taker has proposed certain changes to the existing PPAs for all renewable power plants in the country, including Scatec's solar plants Agua Fria and Los Prados. Negotiations have continued and matured during the first half of 2023 where a new agreement can include changes to tariff level and PPA tenor. The outcome of the negotiations is not concluded, and an unfavorable result may have negative impact on the future financial performance of the assets.

Covenants

Except for Ukraine, Scatec was in compliance with financial covenants for both the recourse and non-recourse debt on 30 June 2023. Refer to Note 4 Financing for more details.

For further information related to Scatec's policies and procedures to actively manage risks related to the various parts of the Company's operation, please refer to the 2022 Annual Report.

Delivering on strategy

During the quarter Scatec has continued to progress several strategic initiatives. This includes closing of the previously announced transaction to divest Scatec's 42 percent share in the Upington solar plants in South Africa for a consideration of NOK 546 million and further high grading of the pipeline. Additionally, Scatec finalised a major part of the efficiency programme with a target to reduce operating expenses by NOK 150 million from the first quarter 2024 compared to the first quarter 2023 level.

Subsequent to the end of the second quarter, Scatec signed an agreement to sell its 52.5% equity share in the 40 MW Mocuba solar power plant in Mozambique for a consideration of NOK 85 million.

Additionally in July 2023, Scatec signed an agreement to raise USD 102 million in funding for Release from Climate Fund Managers (CFM) to accelerate its growth ambitions. Release was established by Scatec in 2019 to offer a flexible leasing solution of pre-assembled and modular solar and battery equipment for the mining and utilities market. CFM is a leading climate-centric blended finance fund manager backed by FMO, the Dutch Development Bank, and Sanlam Infraworks, part of the Sanlam Group of South Africa. CFM invested in Release via its Climate Investor One (CIO) fund; a blended finance vehicle focused on renewable energy infrastructure in emerging markets. CFM will contribute USD 55 million in equity for a 32 percent stake in Release, while Scatec will retain the majority shareholding of 68 percent. CFM will also provide shareholder loans totalling USD 47 million, part of which will be on concessional terms. The proceeds from the transactions will remain in Release to finance further growth. Closing of the transaction is expected in the second half of 2023, subject to customary conditions precedent. For further details refer to Note 10 Subsequent events.

These initiatives will free up capital for new value accretive investments within renewable energy, ensure that Scatec remains competitive and cost efficient, and support the Company's growth ambitions towards 2027.

Overview of project portfolio[1)]

Project stage	Q2 2023 Capacity (MW)	Q1 2023 Capacity (MW)
In operation[2)]	3,124	3,375
Under construction[3)]	1,271	1,267
Project backlog[4)]	953	953
Project pipeline[4)]	12,172	13,166
Total	17,520	18,761

Total annual production from the 5,064 MW, excluding green hydrogen and BESS, in operation, under construction and in backlog, is expected to reach about 13,500 GWh (on 100% basis).

Projects under construction and backlog[1)]

Project backlog is defined as projects with a secure off-take agreement and assessed to have more than 90 percent likelihood of reaching financial close. When financial close is obtained the project moves into construction generally with Scatec as the turn-key Engineering, Procurement & Construction (EPC) provider. Prior to financial close, environmental and social baseline studies or impact assessments (ESIAs) are conducted to identify potential environmental and social risks and impacts of the Company's activities. During construction Scatec is compensated for early-stage development expenditures and construction services through a Development & Construction (D&C) margin. The D&C margin is used as a funding source for Scatec's equity investment in the project company.

For more information about the projects under construction and in backlog, refer to our website: scatec.com/investor.

Under construction

Sukkur, Pakistan 150 MW solar

Construction of the Sukkur project in Pakistan has continued to progress during the second quarter. All modules have been installed, and the main focus in the quarter was closing minor activities and reaching mechanical completion, with cold commissioning activities starting in parallel.

On 18 April the construction site in Pakistan was affected by an extreme weather event with strong winds which caused some physical damage to the structures on site. All people on the site are safe from the incident. The investigation of these damages is ongoing including verification of the technical integrity of the equipment. The power plants are insured against physical damage and delayed start-up, including subsequent loss of revenue.

Power from the solar power plant will be sold to Pakistan Authorities under a 25-year PPA. Capex for the project is approximately USD 110 million to be financed by approximately 70% non-recourse project finance debt and equity from the sponsors.

Scatec owns 75% of the project and provide EPC services as well as Operation & Maintenance (O&M) and Asset Management (AM) services to the power plants.

Mendubim, Brazil 531 MW solar

Construction activities had solid progress during the second quarter for the Mendubim solar project, in partnership with Equinor and Hydro Rein. Main civil work activities are completed, and the electro-mechanical and interconnection works are advancing as planned. All photovoltaic equipment has been shipped, and approximately one third has arrived at site. Currently, close to 1,000 contractors and Scatec employees are involved in the construction work on site.

The 20-year PPA signed with Alunorte, will cover approximately 60% of the power produced with the remaining volume to be sold in the Brazilian power market. The estimated total capital expenditure for the project is USD 430 million to be financed by a mix of non-recourse project debt and equity from partners.

All three partners have an equal economic interest of 33.3% in the power plant and will jointly provide EPC services. Scatec will further provide O&M as well as AM services to the power plants together with Equinor.

Kenhardt, South Africa, 540 MW solar with 225 MW/1,140 MWh battery storage

During the second quarter, construction activities for the Kenhardt project have entered an advanced stage, with start-up of cold commissioning activities of the first of the three projects. Fabrication of the battery units are complete and have been

1) Status per reporting date
2) In Q2'23, the 258 MW Upington solar plants have been removed after closing the transaction for the sale, and the Ambuklao power plant has been upgraded from 105 MW to 112.5 MW after a series of tests validated the higher capacity
3) The BESS facility in the Philippines which was finalised in Q2'23 has been upgraded from 20 MW to 24 MW during the construction period in Q2'23
4) See other definitions

shipped to site, and key equipment of the energy storage system has been installed for the first project. Module installations continue to progress, and grid connection activities are on track. The project is at peak construction with approximately 2,600 workers on site.

Once operational the project will provide 150 MW of dispatchable power to the Kenhardt region under a 20-year Power Purchase Agreement with Eskom, the South African state-owned power utility.

The project has a total capex of about ZAR 16.4 billion (USD 962 million) to be financed by equity from the owners and non-recourse project debt. Equity will be paid in after final drawdown of the project debt. Lenders includes The Standard Bank Group as arranger and British International Investment.

Scatec will own 51% of the equity, and H1 Holdings, Scatec's local Black Economic Empowerment partner, will hold the remaining 49%. Scatec will be the EPC provider and provide O&M and AM services to the power plants together with H1.

Release

Release has a project portfolio of 26.5 MW under construction, which consists of 18 MW remaining under a 36 MW solar and 20 MWh battery project in Cameroon, with a contract with ENEO the main utility of Cameroon and an 8.5 MW project in Mexico. During the quarter, 10 MWh of battery storage for the project in Cameroon was completed.

Philippines, 24 MW BESS

During the second quarter, the construction of the battery energy storage system (BESS) at the Magat hydropower plant was completed and testing for ancillary services is expected to begin in August and commercial operation in first quarter 2024. During construction the BESS has been upgraded to 24 MW. The facility is Scatec's first BESS project connected to a hydropower plant, and has been developed by SN Aboitiz Power, a joint venture between Scatec and AboitizPower.

Backlog

Construction start of the backlog projects relies on final governmental approval processes, completion of project finance processes and component price development.

Grootfontein, South Africa, 273 MW solar

In October 2021, Scatec was awarded preferred bidder status on three solar projects totalling 273 MW by the Department of Mineral Resources and Energy in South Africa under the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP). In December 2022, the power purchase and implementation agreements for the projects were signed, and in June 2023 the projects reached financial close. Construction start is expected during the first quarter of 2024 to align the construction timeline with a predetermined grid connection schedule.

The power will be sold under 20-year PPAs. Scatec will own 51% of the equity in the projects with H1 Holdings, our local Black Economic Empowerment partner owning 46.5% and a Community Trust holding 2.5%. Scatec will be the EPC provider and provide O&M as well as AM services to the power plants.

Tunisia portfolio, 360 MW solar

In December 2019, Scatec was awarded three solar projects in Tunisia totalling 360 MW. The three projects will hold 20-year PPAs with Société Tunisienne de l'Electricité et du Gaz (STEG).

Scatec has engaged with the Tunisian authorities to negotiate the PPA tariff in order to improve the economics of the projects. These discussions are still ongoing in parallel with securing additional financial support from relevant international programmes.

Scatec currently own 100% of project and will provide EPC, O&M and AM services to the project company. Scatec is aiming to reduce its ownership in the project by inviting equity partners.

Egypt, 100 MW green hydrogen facility

Scatec has partnered with, Fertiglobe, The Sovereign Fund of Egypt and Orascom Construction to develop, build, own and operate a 100 MW green hydrogen production facility in Ain Sokhna in Egypt. When the project is fully developed the facility will be powered by 260 MW of solar and wind capacity.

The partners have signed a term sheet with Fertiglobe for a 20-year offtake agreement for 100% of the volumes produced. The green hydrogen will be used as feedstock for production of green ammonia.

Scatec will be the lead equity investor in the project with an ownership share of 52% and provide EPC services in collaboration with Orascom Construction. Scatec will further provide O&M and AM services for the project alongside key technology providers and project partners.

Botswana, 60 MW solar

In August 2022, Scatec signed a binding 25-year PPA with Botswana Power Corporation, a state-owned utility in Botswana, for a 60 MW solar power plant at Selebi-Phikwe.

The solar project is the first of its kind in the country.

Scatec currently own 100% of the project, and will provide EPC services, as well as Asset Management and O&M services. Scatec is aiming to reduce its ownership in the project by inviting equity partners.

Pipeline

Location	Q2 2023 Capacity (MW)	Q1 2023 Capacity (MW)
Asia	4,395	4,560
Latin America/Europe	1,890	2,599
Middle East and North Africa	2,211	2,211
Sub-Saharan Africa	3,676	3,796
Total pipeline	12,172	13,166

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 12,172 MW across technologies. During the quarter, Scatec has continued to high grade the pipeline with focus on project location, timeline, maturity and value creation and have taken out less attractive projects. This resulted in a decrease of the pipeline of 1 GW compared to the previous quarter. Approximately 85% of the projects in the pipeline are located within our focus markets.

Solution	Q2 2023 Capacity (MW)	Q1 2023 Capacity (MW)
Solar	4,150	4,259
Wind	5,383	5,983
Hydro	1,158	1,443
Green Hydrogen[1)]	1,181	1,181
Release	300	300
Total	12,172	13,166

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 where project finance is available. The project sites and concessions have been secured and negotiations related to power sales and other project implementation agreements are in various stages of completion.

1) Renewable capacity for use in production of green hydrogen and green ammonia

Consolidated statement of profit and loss

Profit and loss

NOK million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Revenues	**848**	841	720	1,689	1,445
Net gain/(loss) from sale of project assets	**744**	-	-	744	-
Net income/(loss) from JVs and associated	**-362**	78	116	-283	150
EBITDA	**904**	629	547	1,533	981
Operating profit (EBIT)	**686**	353	336	1,039	-380
Net financial items	**-242**	-350	-380	-592	-675
Profit before income tax	**444**	2	-44	446	-1,055
Profit/(loss) for the period	**402**	-98	-68	304	-1,130
Profit/(loss) to Scatec	**302**	-163	-97	139	-1,230
Profit/(loss) to non-controlling interests	**100**	65	29	165	100

Revenues

Revenues from power sales was NOK 848 million (720) in the second quarter 2023, an increase of 18% compared to the same quarter last year driven by increased contribution from Ukraine and positive foreign currency effects. The same effects contribute to the increase in revenues from power sales to NOK 1,689 million (1,445) for the first half of 2023.

The sale of the 258 MW Upington solar plants in South Africa contributed with a net income from sale of project assets of NOK 744 million in the consolidated financial statement in the first half, compared to no income from sale of project assets last year.

Net income from joint ventures (JVs) and associated companies was negative NOK 362 million (116) in the second quarter, a decrease of 478 million compared to the same quarter last year. The change is mainly driven by lower production and absence of ancillary services in the Philippines, and a NOK 350 million impairment of solar power plants in Argentina. For the first half of 2023 net income from JVs and associated companies was negative NOK 283 million, a decrease of NOK 433 million compared to the same period last year also affected by lower revenues in the Philippines and the impairment of the solar power plants in Argentina, see Note 8 Investments in joint ventures and associated companies for further details.

Operating profit

Consolidated operating expenses amounted to NOK 326 million (289) in the second quarter. The increase compared to the same quarter last year is driven by non-recurring costs related to the cost efficiency program launched in May 2023. For the first half of 2023 consolidated operating expenses amounted to NOK 616 million (614).

EBITDA reached NOK 904 million in the second quarter and for the first half of 2023 EBITDA increased by NOK 552 million to NOK 1,533 million explained by the factors above.

Depreciation, amortisation and impairment for the second quarter 2023 of NOK 218 million (211) is in line with last year. For the first half depreciation, amortisation and impairment decreased compared to the same period last year due to impairment expense of NOK 932 million, of which 116 million related to discontinued development of projects in Mali, Bangladesh and India and NOK 816 million related to the solar power plants in Ukraine in 2022. In the first half of 2023 the Group recognised an impairment loss of NOK 44 million in relation to the discontinued development projects.

Net financial expenses

NOK million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Interest and other financial income	**179**	149	22	329	39
Interest and other financial expenses	**-479**	-466	-374	-944	-716
Net foreign exchange gain/(losses)	**57**	-34	-28	23	2
Net financial expenses	**-242**	-350	-380	-592	-675

Interest and other financial income of NOK 179 million (22) include a gain of NOK 139 million on USD/ZAR currency hedging contracts in RMIPPP which were entered in the third quarter 2022, of which NOK 79 million was realised during the quarter. For the first half of 2023, the gain on the USD/ZAR currency hedging contracts amounted to NOK 254 million. Compared with the second quarter and first half of last year, increased interest income on cash balances have also contributed positively to interest and other financial income.

Interest and other financial expenses of NOK 479 million (374) consist of interest expenses of NOK 414 million (326) and other financial expenses of NOK 65 million (48). Scatec manages interest rate risk with a hedge ratio of approximately 80% for the non-recourse project level debt and approximately 20% for the corporate debt. The increase in interest expenses of NOK 88 million compared with the same quarter last year is mainly explained by higher interest cost on unhedged corporate debt. Interest expenses for the first half have increased due to the same factors.

The net foreign exchange gains of NOK 57 million in second quarter and NOK 23 million in the first half are driven by unrealised gains from translation of monetary assets and liabilities denominated in foreign currencies.

Profit before tax and net profit

The Group recognised a tax expense of NOK 42 million (24) in the second quarter. The difference between the Group's actual tax expense and the calculated tax expense based on the Norwegian tax rate of 22% is mainly driven by the sale of Upington solar plants in South Africa which is tax exempted. For further details, refer to Note 6 Income tax expense.

Net profit for the second quarter was NOK 402 million (-68) while profit attributable to Scatec was NOK 302 million (-97). The allocation of profits between NCI and Scatec is impacted by the fact that non-controlling interests (NCI) only represent shareholdings in the power plants that are fully consolidated, while Scatec also carries the cost of project development, construction, operation & maintenance and corporate functions. Profits allocated to NCI neither include net income from JVs and associated companies.

Impact of foreign currency movements in the quarter

During the second quarter, NOK depreciated against the key currencies USD, EUR, MYR, PHP and BRL compared to the average rates last quarter. On a net basis, the movement in rates positively affected the consolidated revenues in the quarter by approximately NOK 12 million, while the net impact on net profit was negatively affected by approximately NOK 1 million.

Following the movements of the closing rates, the Group has recognised a foreign currency translation gain of NOK 126 million (789) in other comprehensive income in the second quarter related to the conversion of the subsidiaries' statements of financial position from the respective functional currencies to the Group's presentation currency.

Consolidated statement of financial position

Assets

NOK million	30 June 2023	31 December 2022
Property, plant and equipment	21,804	17,310
Investments in JVs and associated companies	11,693	10,674
Other non-current assets	2,322	2,233
Total non-current assets	35,819	30,218
Other current assets	2,634	2,380
Cash and cash equivalents	4,026	4,132
Assets held for sale	792	-
Total current assets	7,452	6,512
Total assets	43,271	36,730

The increase in property, plant and equipment is mostly driven by construction activities in South Africa, Release and Pakistan. The increase is partly offset by the NOK 1.8 billion balance disposal of the Upington solar plants and depreciation of NOK 437 million. See Note 3 Property, plant and equipment for more information.

The balance of investments in JVs and associated companies increased due to appreciation of the functional currencies in the JVs and investments related to the Mendubim project in Brazil. Net income from JVs and associated companies was negative NOK 283 million in the first half and NOK 181 million was received in dividend. See Note 8 Investments in joint ventures and associated companies for full reconciliation.

Per the end of the second quarter the cash balance decreased by NOK 106 million compared to 31 December 2022. Cash outflows are mainly related to construction of plants, payment of non-recourse financing and dividends. See the consolidated statement of cash flows for further details and Note 5 Cash, cash equivalents for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Equity and liabilities

NOK million	30 June 2023	31 December 2022
Equity	9,956	8,803
Corporate financing	8,422	7,987
Non-current non-recourse project financing	14,037	13,297
Other non-current liabilities	2,624	2,604
Total non-current liabilities	25,083	23,888
Corporate financing	284	-
Current non-recourse project financing	1,873	1,963
Other current liabilities	5,472	2,076
Liabilities of disposal group held for sale	603	-
Total current liabilities	8,232	4,039
Total liabilities	33,315	27,927
Total equity and liabilities	43,271	36,730
Book equity ratio	23%	24%

Total equity increased by NOK 1,153 million compared to 31 December 2022, driven by the total comprehensive income for the period. Further details are in the consolidated statement of changes in equity.

Corporate financing consists of unsecured green bonds, secured green term loans and financing secured in relation to the acquisition of SN Power in 2021. Changes in balance in the first half of 2023 is primarily due to refinancing of Bridge-to-Bond facility and foreign currency translation. See Note 4 Financing for further details.

Total non-recourse financing increased as of 30 June 2023 as a result of drawdown of NOK 3,703 million in project debt to the RMIPPP project in South Africa. This was partially offset by the sale of Upington solar plants including NOK 2,212 million in non-recourse financing and down payments of NOK 949 million in the first half of 2023. The Ukrainian debt is classified as current due to breach of covenants. See section Ukraine above and Note 4 Financing for further details.

The increase in other current liabilities of NOK 3,396 million in the second quarter is driven by the high construction activity.

Consolidated cash flow

NOK million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Operating activities	**3,334**	1,130	286	4,463	727
Investing activities	**-3,982**	-2,121	-116	-6,103	-170
Financing activities	**1,021**	418	-985	1,439	-1,345
Net increase/(decrease) in cash and cash equivalents	372	-573	-816	-201	-788

Net cash flow from consolidated operating activities amounted to NOK 3,334 million (286) in the second quarter 2023, compared to EBITDA of NOK 904 million (547). The difference is primarily explained changes in other assets and liabilities related to construction activities mainly in South Africa. The same is affecting the cash flow from operating activities for the first half of 2023.

Net cash flow from consolidated investing activities was negative NOK 3,982 million (-116) in the quarter and negative NOK 6,103 million (-170) in the first half of 2023, mainly driven by investments in property, plant and equipment. The sale of Upington contributed positively with net cash of NOK 439 million in the second quarter 2023.

Net cash flow from financing activities was positive NOK 1,021 million (-985) in the quarter. The main financing activities in the second quarter and first half of 2023 are drawdown of debt on the RMIPPP project in South Africa, payment of interests and repayment of non-recourse financing in project companies as well as payment of dividend to NCI.

Cash and cash equivalents at the end of the second quarter 2023 was NOK 4,026 million of which NOK 1,746 was free cash. Additionally, the Group had available undrawn credit facilities of NOK 1,990 million resulting in NOK 3,736 million in total available liquidity.

See the consolidated statement of cash flow and Note 5 for details related to cash movements.

Proportionate cash flow to equity

Scatec's "proportionate share of cash flow to equity" 1), is an alternative performance measure that seeks to estimate the Group's ability to generate funds for equity investments in new power plant projects and/or for shareholder dividends over time.

NOK million	Q2 2023	Q1 2023	Q2 2022	YTD 2023	YTD 2022
Power Production	**689**	250	269	940	660
Services	**27**	18	15	44	29
Development & Construction	**366**	88	-63	454	-96
Corporate	**-209**	-157	-82	-366	-151
Total	**872**	198	139	**1,073**	**441**

1) See Alternative Performance Measures appendix for definition

The cash flow to equity in the Power Production segment increased compared to the same quarter last year, primarily explained by the gain from sale of Upington in the second quarter 2023. Cash flow to equity for the first half of 2023 have increased compared to the same period last year, mainly explained by the same factor.

The cash flow to equity in Services increased compared to the periods second quarter and first half of 2022, mainly explained by expansion of the operational portfolio and currency effects.

The cash flow to equity in the D&C segment increased from last year mainly related to increased EBITDA from the projects under construction in South Africa, Brazil and Pakistan.

The cash flow to equity in the Corporate segment decreased compared to same quarter last year, mainly explained by non-recurring costs related to cost efficiency program, increased interest expenses on corporate funding in addition to inclusion of normalised debt repayments for the year.

The power plant companies have in the second quarter 2023 and first half of 2023 distributed NOK 180 million and NOK 382 million to Scatec ASA. Scatec has not hedged the currency exposure on the expected cash distributions from the power plant companies.

Condensed interim financial information

Interim consolidated statement of profit and loss

NOK million	Notes	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Revenues	2	848	720	1,689	1,445	3,002
Net gain/(loss) from sale of project assets	9	744	-	744	-	-
Net income/(loss) from JVs and associated companies	8	-362	116	-283	150	749
Total revenues and other income		1,230	836	2,150	1,595	3,751
Personnel expenses	2	-181	-139	-331	-256	-528
Other operating expenses	2	-145	-150	-286	-358	-668
Depreciation, amortisation and impairment	2, 3	-218	-211	-494	-1,361	-1,832
Operating profit (EBIT)		686	336	1,039	-380	723
Interest and other financial income		179	22	329	39	115
Interest and other financial expenses		-479	-374	-944	-716	-1,666
Net foreign exchange gain/(losses)		57	-28	23	2	-268
Net financial expenses		-242	-380	-592	-675	-1,818
Profit/(loss) before income tax		444	-44	446	-1,055	-1,095
Income tax (expense)/benefit	6	-42	-24	-143	-75	-132
Profit/(loss) for the period		402	-68	304	-1,130	-1,228
Profit/(loss) attributable to:						
Equity holders of the parent		302	-97	139	-1,230	-1,334
Non-controlling interest		100	29	165	100	106
Basic earnings per share (NOK) [1)]		1.90	-0.61	0.87	-7.74	-8.40
Diluted earnings per share (NOK) [1)]		1.90	-0.61	0.87	-7.74	-8.40

1) Based on average 158.9 million shares outstanding for the purpose of earnings per share in Q2 2023

Interim consolidated statement of comprehensive income

NOK million	Notes	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Profit/(loss) for the period		402	-68	304	-1,130	-1,228
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges		137	213	-82	480	664
Income tax effect	6	-31	-53	22	-109	-150
Foreign currency translation differences		126	789	924	649	472
Net other comprehensive income to be reclassified		233	949	864	1,020	986
Total comprehensive income for the period net of tax		634	880	1,168	-110	-242
Attributable to:						
Equity holders of the parent		460	724	957	-423	-648
Non-controlling interest		174	157	211	313	406

Interim consolidated statement of financial position

NOK million	Notes	30 June 2023	31 December 2022
Assets			
Non-current assets			
Deferred tax assets	6	842	860
Property, plant and equipment	3	21,804	17,310
Goodwill and intangible assets		833	758
Investments in JVs and associated companies	8	11,693	10,674
Other non-current assets		647	616
Total non-current assets		35,819	30,218
Current assets			
Trade and other receivables	2	607	497
Other current assets		2,026	1,883
Cash and cash equivalents	5	4,026	4,132
Assets classified as held for sale	9	792	-
Total current assets		7,452	6,512
Total assets		43,271	36,730

Interim consolidated statement of financial position

NOK million	Notes	30 June 2023	31 December 2022
Equity and liabilities			
Equity			
Share capital		4	4
Share premium		9,829	9,819
Total paid in capital		9,833	9,823
Retained earnings		-2,401	-2,231
Other reserves		1,490	671
Total other equity		-911	-1,560
Non-controlling interests		1,035	540
Total equity		9,956	8,803
Non-current liabilities			
Deferred tax liabilities	6	839	743
Corporate financing	4	8,422	7,987
Non-recourse project financing	4	14,037	13,297
Other financial liabilities		154	12
Other interest-bearing liabilities	4	257	231
Other non-current liabilities		1,374	1,618
Total non-current liabilities		25,083	23,888
Current liabilities			
Corporate financing	4	284	-
Non-recourse project financing	4	1,873	1,963
Income tax payable	6	141	37
Trade and other payables		3,040	594
Other financial liabilities		2	108
Other interest-bearing liabilities	4	257	231
Other current liabilities		2,030	1,106
Liabilities directly associated with assets classified as held for sale	9	603	-
Total current liabilities		8,232	4,039
Total liabilities		33,315	27,927
Total equity and liabilities		43,271	36,730

Oslo, 17 August 2023

The Board of Directors Scatec ASA

Interim consolidated statement of changes in equity

NOK million	Share capital	Share premium	Retained earnings	Other reserves: Foreign currency translation	Other reserves: Hedging reserves	Total	Non-controlling interests	Total equity
At 1 January 2022	4	9,775	-493	95	-111	9,271	649	9,919
Profit for the period	-	-	-1,230	-	-	-1,230	100	-1,130
Other comprehensive income	-	-	-	595	212	807	213	1,020
Total comprehensive income	-	-	-1,230	595	212	-423	313	-110
Share capital increase	-	5	-	-	-	5	-	5
Share-based payment	-	21	-	-	-	21	-	21
Dividend distribution	-	-	-404	-	-	-404	-404	-808
Capital increase from NCI	-	-	-	-	-	-	9	9
At 30 June 2022	4	9,801	-2,127	690	101	8,470	566	9,036
At 1 January 2023	4	9,819	-2,231	472	199	8,263	540	8,803
Profit for the period	-	-	139	-	-	139	165	304
Other comprehensive income	-	-	-	847	-28	818	46	864
Total comprehensive income	-	-	138	847	-28	957	211	1,168
Share-based payment	-	10	-	-	-	10	-	10
Dividend distribution	-	-	-308	-	-	-308	-80	-388
Capital increase from NCI	-	-	-	-	-	-	363	363
At 30 June 2023	4	9,829	-2,401	1,318	171	8,922	1,035	9,956

Interim consolidated statement of cash flow

NOK million	Notes	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Cash flow from operating activities						
Profit before taxes		444	-44	446	-1,055	-1,095
Taxes paid	6	-129	-43	-135	-43	-170
Depreciation and impairment	3	218	211	494	1,361	1,832
Proceeds from disposal of fixed assets	3	43	-3	55	-	45
Net income from JVs and associated companies	8	362	-116	283	-150	-749
Gain from sale of project assets	9	-744	-	-744	-	-
Interest and other financial income		-179	-22	-329	-39	-115
Interest and other financial expenses		479	374	944	716	1,666
Unrealised foreign exchange (gain)/loss		-57	28	-23	-2	268
Increase/(decrease) in other assets and liabilities [1]		2,897	-100	3,470	-61	-926
Net cash flow from operating activities		3,334	286	4,463	727	756
Cash flow from investing activities						
Interest received		40	22	74	39	115
Investments in property, plant and equipment [1]	3	-4,481	-208	-6,432	-378	-1,986
Proceeds from sale of project assets, net of cash disposed	9	439	-	439	-	-
Distributions from JV and associated companies	8	99	91	181	209	669
Investments in JV and associated companies	8	-79	-21	-365	-39	-204
Net cash flow from investing activities		-3,982	-116	-6,103	-170	-1,406
Cash flow from financing activities						
Proceeds from non-controlling interests		154	12	154	12	18
Repayments to non-controlling interests		-5	-2	-26	-3	-8
Interest paid		-588	-369	-999	-593	-1,108
Proceeds from non-recourse project financing	4	2,488	27	3,703	385	3,468
Repayment of non-recourse project financing	4	-709	-225	-949	-319	-1,175
Payments of principal portion of lease liabilities		-6	-6	-13	-12	-26
Interest paid on lease liabilities		-5	-4	-10	-8	-20
Net proceeds from corporate financing	4	-	-	-32	-	-
Dividends paid to equity holders of the parent company and non-controlling interests		-308	-419	-388	-808	-929
Net cash flow from financing activities		1,021	-985	1,439	-1,345	221
Net increase/(decrease) in cash and cash equivalents		372	-816	-201	-788	-428
Effect of exchange rate changes on cash and cash equivalents		46	414	239	401	389
Cash transferred to assets held for sale	9	-48	-	-144	-	-
Cash and cash equivalents at beginning of the period		3,656	4,186	4,132	4,171	4,171
Cash and cash equivalents at end of the period	5	4,026	3,784	4,026	3,784	4,132

1) Investments in property, plant and equipment mainly relates to construction activities in South Africa recognised by percentage of completion.

Notes to the condensed interim consolidated financial statements

Note 1 Organisation and basis for preparation

Corporate information

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

Scatec ASA ("the Company"), its subsidiaries and investments in associated companies ("the Group" or "Scatec") is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long-term player, Scatec develops, builds and operates renewable power plants and integrates technologies.

The condensed interim consolidated financial statements for the second quarter 2023 were authorised by the Board of Directors for issue on 17 August 2023.

Basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement, and presentation principles consistent with International Financing Reporting Standards as adopted by the European Union ("IFRS") for interim reporting under International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed interim consolidated financial statements are unaudited.

These condensed interim consolidated financial statements are condensed and do not include all of the information and notes required by IFRS for a complete set of consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements. The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for 2022.

The functional currency of the companies in the Group is determined based on the nature of the primary economic environment in which each company operates. The presentation currency of the Group is Norwegian kroner (NOK). All amounts are presented in NOK million unless otherwise stated. As a result of rounding adjustments, the figures in some columns may not add up to the total of that column.

Significant estimates and judgements

In the preparation of the condensed interim consolidated financial statements in conformity with IFRS, management has made estimates and assumptions and applied judgements, that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management makes judgements of which the following have the most significant effect on the amounts recognised in the condensed interim financial statements.

Consolidation of power plant companies

Scatec's value chain comprises all downstream activities such as project development, financing, construction and operations, as well as having an asset management role through ownership of the power plants. Normally Scatec enters into partnerships for the shareholding of the power plant companies. To be able to fully utilise the business model, Scatec normally seeks to obtain operational 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.

When assessing whether Scatec controls a power plant company, the Group's roles and activities are analysed in line with the requirements and definitions in IFRS 10. Refer to note 2 of the 2022 annual report for further information on judgements, including control assessments made in previous years.

Seasonality in operations

Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. The Group's operating results are impacted by external factors, such as seasonal variations and weather conditions.

Note 2 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision makers, defined as the Group 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), Services, Development & Construction (D&C) and Corporate.

The segment financials are reported on proportionate basis. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from all its subsidiaries, associates and joint ventures 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. Proportionate financials are further described in the APM section of this report.

Q2 2023

	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues	854	8	1	1	864	288	-303	-	848
Net gain/(loss) from sale of project assets	315	-	-	-	315	-	-	429	744
Internal revenues	-	87	4,593	11	4,691	1,169	-62	-5,798	-
Net income/(loss) from JVs and	-	-	-	-	-	-	-362	-	-362
Total revenues and other income	1,169	95	4,594	12	5,870	1,457	-728	-5,369	1,230
Cost of sales [2]	-	1	-4,042	-	-4,041	-1,139	52	5,128	-
Gross profit	1,169	97	552	12	1,830	318	-675	-246	1,230
Personnel expenses	-39	-34	-64	-61	-200	-3	25	-4	-181
Other operating expenses	-171	-29	-27	-24	-252	-58	66	100	-145
EBITDA	959	33	461	-73	1,379	258	-584	-150	904
Depreciation and impairment	-657	-2	-12	-9	-679	-98	502	57	-218
Operating profit (EBIT)	302	31	449	-82	700	162	-83	-93	686

Q2 2022

	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues [2]	812	5	5	2	823	272	-375	-	720
Internal revenues	5	75	20	10	109	8	-13	-104	-
Net income/(loss) from JVs and associates	-	-	-	-	-	-	116	-	116
Total revenues and other income	817	79	25	12	932	280	-273	-104	836
Cost of sales [2]	-6	1	-23	-	-28	-6	2	30	-
Gross profit	810	81	3	12	904	275	-269	-73	836
Personnel expenses	-33	-31	-57	-33	-155	-3	19	-1	-139
Other operating expenses	-160	-29	-26	-18	-232	-57	57	82	-150
EBITDA	617	20	-81	-39	517	215	-193	8	547
Depreciation and impairment	-277	-2	-	-7	-287	-97	122	50	-211
Operating profit (EBIT)	340	18	-81	-47	230	118	-69	58	336

YTD 2023

NOK million	Proportionate financials Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues	1,736	11	1	1	1,749	586	-649	4	1,689
Net gain/(loss) from sale of project assets	315	-	-	-	315	-	-	429	744
Internal revenues	-	166	6,321	25	6,512	1,546	-135	-7,923	-
Net income/(loss) from JVs and associates	-	-	-	-	-	-	-283	-	-283
Total revenues and other income	2,051	177	6,322	26	8,575	2,132	-1,068	-7,492	2,150
Cost of sales	-	2	-5,580	-	-5,578	-1,489	102	6,965	-
Gross profit	2,051	180	742	26	2,999	645	-966	-529	2,150
Personnel expenses	-74	-67	-128	-93	-363	-5	46	-8	-331
Other operating expenses	-332	-58	-57	-45	-492	-113	127	193	-286
EBITDA	1,645	54	557	-112	2,144	527	-794	-344	1,533
Depreciation and impairment	-960	-3	-59	-17	-1,039	-160	631	74	-494
Operating profit (EBIT)	684	51	499	-129	1,105	367	-163	-270	1,039

The Group has continued to recognise revenue from power production in Ukraine to the extent Scatec believes it is probable to collect the consideration, which is equal to actual paid amounts. The recognised amount in the second quarter of 2023 was NOK 95 million in the proportionate financials (NOK 105 million in the consolidated financials), which is also in line with the paid amounts. Total revenue from power production in Ukraine for the first half of 2023 is NOK 159 (NOK 177 million in the consolidated financials).

In the second quarter the Group has recognised an impairment charge of NOK 350 million in the Power Production segment in the proportionate financials (NOK 350 million in the consolidated financials included in the net income/(loss) from JVs and associated companies). For further information refer to Note 8 Investments in joint ventures and associated companies. In the first half of 2023 the Group has also recognised an impairment charge of NOK 55 million in the proportionate financials (NOK 44 million in the consolidated financials) in the D&C segment related to discontinued development projects.

YTD 2022

NOK million	Proportionate financials Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues [2)]	1,540	7	5	3	1,555	550	-661	-	1,445
Internal revenues	5	138	25	19	186	14	-24	-176	-
Net income/(loss) from JVs and associates	-	-	-	-	-	-	150	-	150
Total revenues and other income	1,545	145	30	22	1,741	564	-535	-176	1,595
Cost of sales [2)]	-8	1	-27	-	-34	-6	5	34	-
Gross profit	1,537	146	3	22	1,707	559	-529	-142	1,595
Personnel expenses	-56	-57	-110	-60	-283	-5	34	-3	-256
Other operating expenses	-373	-52	-49	-36	-510	-109	108	153	-358
EBITDA	1,107	36	-156	-73	915	445	-387	8	981
Depreciation and impairment	-1,321	-3	-118	-14	-1,457	-224	237	83	-1,361
Operating profit (EBIT)	-214	33	-274	-87	-542	221	-149	91	-380

In the first half of 2022 the Group recognised an impairment charge of NOK 770 million in the Power Production segment in the proportionate financials related to the solar power plants and intangible assets in Ukraine. In the consolidated financials the impairment charge amounted to NOK 816 million.

Scatec also recognised an expected credit loss provision in the first half of 2022 with respect to trade and other receivables related to Ukraine which amounted to NOK 87 million in the proportionate financials (NOK 98 million in the consolidated financials), which is included in other operating expenses.

FY 2022

NOK million	Proportionate financials: Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues 2)	3,689	18	5	7	3,718	1,120	-1,837	-	3,002
Internal revenues	8	294	1,064	49	1,415	188	-138	-1,465	-
Net income/(loss) from JVs and associates	-	-	-	-	-	-	749	-	749
Total revenues and other income	3,697	312	1,069	56	5,133	1,309	-1,226	-1,465	3,751
Cost of sales 2)	-28	1	-962	1	-989	-145	90	1,044	-
Gross profit	3,669	312	106	57	4,144	1,163	-1,136	-421	3,751
Personnel expenses	-125	-120	-215	-113	-574	-9	68	-12	-528
Other operating expenses	-709	-118	-112	-81	-1,020	-221	253	320	-668
EBITDA	2,835	74	-221	-138	2,550	933	-815	-113	2,555
Depreciation and impairment	-1,918	-6	-137	-29	-2,090	-414	510	162	-1,832
Operating profit (EBIT)	916	68	-358	-167	460	519	-306	49	723

1) Refer to Note 8 – Investments in joint ventures and associated companies for details on Net income from JVs and associates
2) Refer to the section below for details of the change in presentation of revenue and cost of sales for Philippines

Change in accounting policy for external revenues and cost of sales in Power Production segment

The Group has re-assessed its accounting policy for the presentation of external revenues and cost of sales in the proportionate financials. The change is motivated by changes in management internal reporting of revenue from the hydropower companies in the Philippines. The power market settlement mechanism in the Philippines is net for all power sales and purchases within the reporting period, although all volumes are reported gross. The Group previously accounted for such external revenues and cost of sales on a gross basis in accordance with reported volumes. Going forward the Group will present the figures net in accordance with the financial settlement mechanism. The change has no impact on gross profit or EBITDA.

The Group believes that net presentation provides more relevant information to the users of the proportionate financials as it reduces the fluctuations in external revenues reported in the Philippines and is more aligned to the practices adopted by peers.

The Group has applied the change retrospectively to the proportionate financials. The change is not applicable to the consolidated financials as the investments in the Philippine JVs are accounted for using the equity method.

Q2 2022

Proportionate financials - NOK million	Reported Q2 2022	Adjustment	Adjusted Q2 2022
External revenues - Power Production	1,010	-198	812
Cost of sales - Power Production	-204	198	-6
EBITDA	617	-	617

YTD 2022

Proportionate financials - NOK million	Reported YTD 2022	Adjustment	Adjusted YTD 2022
External revenues - Power Production	1,943	-403	1,540
Cost of sales - Power Production	-411	403	-8
EBITDA	1,107	-	1,107

FY 2022

Proportionate financials - NOK million	Reported FY 2022	Adjustment	Adjusted FY 2022
External revenues - Power Production	4,513	-824	3,689
Cost of sales - Power Production	-852	824	-28
EBITDA	2,835	-	2,835

Note 3 Property, plant and equipment

NOK million	Power plants	Power plants under development and construction	Other fixed assets	Total
Carrying value at 31 December 2022	15,083	1,997	229	17,310
Additions	52	6,343	36	6,432
Disposals	-1,864	-	-	-1,864
Transfer of assets classified as held for sale	-603	-	-	-603
Transfer between asset classes	175	-175	-	-
Depreciation and amortisation	-411	-2	-24	-437
Impairment losses	-	-44	-	-44
Effect of movements in foreign exchange rates	935	56	19	1,010
Carrying value at 30 June 2023	13,366	8,176	261	21,804
Estimated useful life (years)	20-30	N/A	3-5	

Impairment losses

In the first quarter of 2023, Scatec recognised an impairment charge of NOK 44 million related to discontinued development projects.

In the second quarter of 2023 Scatec recognised impairment charges of NOK 11 million of discontinued development projects and NOK 350 million on the solar power plant in Argentina. These impairment charges are recognised in Joint ventures which are equity consolidated. Consequently the recognised impairment charges are presented as a part of "Net income from JVs and associated companies" and not included in the table above.

In the first half of 2022, Scatec recognised impairment charges of NOK 116 million of discontinued development projects and NOK 742 million related to the solar power plants in Ukraine.
In the second quarter of 2023, impairment indicators are identified for assets in Ukraine, but no significant events have triggered additional impairment.

Sale of assets

Disposal of assets relate to the sale of Upington solar plants recognised in the second quarter of 2023. Refer to Note 9 Sale of project assets and disposal group held for sale for further information.

Assets classified as held for sale

Assets classified as held for sale relate to sale of Mozambique solar power plant. Refer to Note 9 Sale of project assets and disposal group held for sale for further information.

Note 4 Financing

Corporate financing

The table below gives an overview of the corporate financing carried out by the Group. The loan balances include the non-current and current portion.

The book equity of the recourse group, as defined in the facility agreements, was NOK 11 574 million on 30 June 2023. Scatec was in compliance with financial covenants for recourse debt on quarter end.

The listed EUR Green Bond has a coupon rate of 3M EURIBOR + 2.5 % margin. The USD 150 million Green Term Loan is amortised through semi-annual repayments of USD 7.5 million.

Bridge to Bond facility

In the first quarter of 2023, Scatec fully refinanced the USD 193 million Bridge-to-Bond facility related to the acquisition of SN Power. On 2 February 2023, Scatec refinanced USD 100 million of the USD 193 million Bridge-to-Bond facility with a new USD 100 million green term loan with maturity in the fourth quarter 2027 provided by DNB, Nordea and Swedbank. The new term loan is amortised through semi-annual repayments of USD 5 million starting from 2024.

On 10 February 2023 Scatec ASA issued NOK 1 billion of new senior unsecured green bonds to refinance the remaining USD 93 million of the bridge facility. Interests will be paid on a quarterly basis, with no repayments of principal before maturity. The new bonds have maturity in February 2027 with a coupon rate of 3m NIBOR + 660 bps. With the new bond, Scatec ASA has entered into a cross-currency interest rate swap contract in which the principal of NOK 1 billion was swapped to USD 97.5 million, and interest payments based on NIBOR rates are swapped to SOFR-based rates.

The existing USD 180 million Revolving Credit Facility, provided by the same banks and BNP Paribas, was further extended by 1.5 years with maturity in the third quarter of 2025.

	Currency	Denominated currency value (million)	Maturity	Carrying value 30 June 2023 (NOK million)	Carrying value 31 December 2022 (NOK million)
Green Bond EUR (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	2,903	2,625
Green Bond NOK (Ticker: ISIN NO0012837030)	NOK	1,000	Q1 2027	987	-
Total unsecured bonds				3,890	2,625
Green Term Loan (maturity 2025)	USD	143	Q1 2025	1,528	1,481
Green Term Loan (maturity 2027)	USD	100	Q4 2027	1,069	-
Bridge to Bond	USD	193	-	-	1,906
Total secured financing				2,596	3,387
Vendor Financing (Norfund)	USD	200	Q1 2028	2,151	1,975
Total unsecured financing				2,151	1,975
Revolving credit facility	USD	180	Q3 2025	-	-
Overdraft facility	USD	5		-	-
Total secured back-stop bank facilities				-	-
Total Principal amount				8,637	7,987
Accrued interest				69	112
Total Corporate financing [1)]				8,706	8,099
As of non-current				8,422	8,099
As of current				284	-

1) Accrued interest has been reclassified from Other current liabilities to Corporate financing in the statement of financial position in 2023.

Non-recourse financing

As a main rule, Scatec uses non-recourse financing for constructing and/or acquiring assets in power plant companies. 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.

The table below shows the non-current non-recourse debt and the current non-recourse debt due within 12 months including accrued interest. The maturity date for the loans ranges from 2028 to 2041.

NOK million	As of 30 June 2023	As of 31 December 2022
Non-current liabilities		
Non-recourse project financing	**14,037**	13,297
Current liabilities		
Non-recourse project financing	**1,873**	1,963

The current non-recourse debt as of 30 June 2023 includes NOK 975 million in non-recourse debt in Ukraine. All of Scatec's power plant companies in Ukraine with non-recourse financing are not in compliance with several covenants in the loan agreements for the non-recourse project debt at the second quarter of 2023. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised "stand still". In all other countries, Scatec was in compliance with financial covenants for non-recourse debt on 30 June 2023.

Refer to Note 8 Investments in joint ventures and associated companies for details on non-recourse financing related to joint ventures and associated companies, including a non-recourse construction financing from Equinor related to the solar power plant in Argentina.

Other financing

Please refer to the Annual Report of 2022 for information related to the construction loan provided by PowerChina Guizhou Engineering Co ("PowerChina") to Scatec for the Progressovska power plant in Ukraine. In 2022, Scatec and PowerChina signed a revised payment plan for the construction loan where part of the loan was paid in August 2022 and the remaining outstanding amount will be paid in two tranches, EUR 22 million will be paid at the end of 2023 and EUR 22 million by mid-2025. Scatec ASA has provided a corporate and bank guarantee to PowerChina in support of this obligation.

Scatec has no other recourse construction financing arrangements for other projects. Refer to Note 24 Guarantees and commitments in the 2022 Annual Report for further details.

Note 5 Cash, cash equivalents

NOK million	30 June 2023	31 December 2022
Cash in power plant companies in operation	1,670	2,057
Cash in power plant companies under development/construction	370	109
Other restricted cash	240	223
Free cash	1,746	1,743
Total cash and cash equivalents	4,026	4,132

Cash in power plant companies in operation includes 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 distributions as determined by shareholder and non-recourse financing agreements.

Cash in power plant companies under development and construction comprises 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. Net cash effect from Working Capital/Other is mainly related to ongoing construction projects.

As of 30 June 2023, NOK 99 million of the total cash is related to companies in Ukraine (of this is NOK 90 million cash in power plants).

Movement in free cash at group level (in recourse group as defined in bond & loan facilities)

NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Distributions received by Scatec ASA from the power plant companies	180	194	382	673	1,231
Cash flow to equity D&C [1]	366	-63	454	-96	-149
Cash flow to equity Services [1]	27	15	44	29	58
Cash flow to equity Corporate [1]	-209	-82	-366	-151	-347
Working capital/other [2]	165	-9	117	-77	16
Cash flow from operations	528	56	631	378	809
Capitalised expenditures and Scatec's share of equity investments in projects under development	-21	-53	-150	-158	-454
Scatec's share of equity investments in projects under construction	-413	-168	-715	-170	-543
Proceeds from disposals of project assets	546	-	546	-	-
Cash flow from investments	111	-221	-320	-328	-996
Dividend distribution to Scatec ASA shareholders	-308	-404	-308	-404	-404
Cash flow from financing	-308	-404	-308	-404	-404
Change in cash and cash equivalents	331	-569	3	-354	-592
Free cash at beginning of period	1,414	2,550	1,743	2,335	2,335
Free cash at end of period	1,746	1,981	1,746	1,981	1,743
Available undrawn credit facilities	1,990	1,830	1,990	1,830	1,827
Total free cash and undrawn credit facilities at the end of period	3,736	3,811	3,736	3,811	3,570

1) Proportionate share of cash flow to equity is defined in Alternative Performance Measures Appendix. See note 3 in Scatec's Annual Report 2022 for revenue recognition policies

2) Working capital/other in Q2 2023 is mainly explained by working-capital movements related to the RMIPPP construction-project in South Africa, foreign currency effects and other deviations between cashflow to equity and actual cashflow in the D&C, Corporate and Service segment.

Note 6 Income tax expense

Effective tax rate

NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Profit before income tax	444	-44	446	-1,055	-1,095
Income tax (expense)/benefit	-42	-24	-143	-75	-132
Equivalent to a tax rate of (%)	10%	NA	32%	NA	NA

Movement in deferred tax

NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
Net deferred tax asset at the beginning of the period	3	104	117	159	159
Recognised in the consolidated statement of profit or loss	30	-17	51	-12	108
Deferred tax on financial instruments recognised in OCI	-31	-53	22	-109	-150
Deferred tax transferred to assets classified as held for sale	-	-	-193	-	-
Translation differences	1	35	6	31	-
Net deferred tax asset/(liability) at the end of the period	3	69	3	69	117

The Group recognised tax expense of NOK 42 million (24) in the second quarter, corresponding to an effective tax rate of 10%. The tax expense for the first half year of 2023 is NOK 143 million (75). The difference between the effective tax expense for the quarter and the calculated tax expense based on the Norwegian tax rate of 22% is mainly driven by the gain on the sale of Upington solar plants in South Africa which is tax exempted and further differences in tax rates between the jurisdictions in which the companies operate, withholding taxes paid on dividends and currency effects. The profit/loss from JVs and associates are reported net after tax which also impacts the effective tax rate.

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.

Note 7 Related parties

Related parties include affiliates, associates, joint ventures, and other companies where the Group have significant influence, as well as the Executive Management and the Board of Directors. All related party transactions have been carried out as part of the normal course of business and at arm's length terms.

Transactions with joint ventures and associates are primarily financing provided to the companies and dividends received from the companies.

In addition, Scatec has transactions and balances with Executive Management and Board of Directors. The Company has no significant agreements with companies in which a board member has a material interest. Note 28 in the Annual Report for 2022 provides details of transactions with related parties and the nature of these transactions.

For further information on project financing provided by co-investors, refer to Note 23 in the Annual Report for 2022.

Note 8 Investments in joint ventures and associated companies

The consolidated financial statements include the Group's share of profit/loss from joint ventures and associated companies where the Group has joint control or significant influence, accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and subsequently adjusted for further investments, distributions and the Group's share of the net income from the investment.

The tables below show the material joint ventures and associated companies recognised in the Group and the reconciliation of the carrying amount.

Company	Registered office	30 June 2023	31 December 2022
Kube Energy AS	Oslo, Norway	25.00%	25.00%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50.00%	50.00%
Apodi I Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Mendubim Holding B.V. 1)	Amsterdam, Netherlands	33.33%	33.33%
Mendubim Geração de Energia Ltda. 1)	Assu, Brazil	33.33%	33.33%
Mendubim (I-XIII) Energia Ltda. 1)	Assu, Brazil	33.33%	33.33%
Mendubim Solar EPC Ltda. 1)	Assu, Brazil	33.33%	33.33%
Scatec Solar Solutions Brazil B.V.	Amsterdam, Netherlands	50.00%	50.00%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50.00%	50.00%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50.00%	50.00%
Cordilleras Solar VIII S.A	Buenos Aires, Argentina	50.00%	50.00%
Theun-Hinboun Power Company	Vientiane, Laos	20.00%	20.00%
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50.00%	50.00%
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.70%	16.70%
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – RES Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50.00%	50.00%
SN Power Uganda Ltd.	Kampala, Uganda	51.00%	51.00%
Bujagali Energy Ltd.	Jinja, Uganda	28.28%	28.28%
Compagnie Générale D`Hydroelectricité de Volobé SA	Antananarivo, Madagascar	12.75%	12.75%
Ruzizi Holding Power Company Ltd	Kigali, Rwanda	20.40%	20.40%
Ruzizi Energy Ltd	Kigali, Rwanda	20.40%	20.40%
SN Power Africa Ltd	Nairobi, Kenya	51.00%	51.00%
SN Power Invest Netherlands B.V.	Amsterdam, Netherlands	51.00%	51.00%
SN Development B.V.	Amsterdam, Netherlands	51.00%	51.00%

1) Mendubim project structure includes 13 SPVs, EPC and an operating company.

Country	Carrying value 31 December 2022	Additions/ disposals	Net income/(loss) from JV and associated companies	Dividends	Net movement of cash flow hedges recognised in OCI	Foreign currency translations	Carrying value 30 June 2023
Philippines	6,535	1	-41	-47	-	722	7,170
Laos	1,822	1	39	-35	-	162	1,988
Uganda	1,292	-2	85	-99	1	118	1,395
Brazil	625	334	4	-	-	94	1,058
Other 2)	400	31	-370	-	-	24	82
Total	10,674	365	-283	-181	1	1,120	11,693

2) Other includes Argentina, Madagascar, Rwanda, Norway, Kenya and the Netherlands.

The joint ventures in the Philippines are subject to tax reviews by the local tax authorities on a regular basis, and one entity received a final assessment notice related to the year 2019 of NOK 193 million equivalent (at 30 June 2023) in March 2022. The matter is disputed, and the amount is not included in net income from JVs and associated companies for the period.

Scatec has a 50/50 joint venture with Equinor in Argentina which owns and operates a 117 MW solar power plant. The power plant was grid connected in 2021. During construction, Equinor provided a non-recourse bridge loan to the joint venture which must be re-financed. Given the increasingly challenging political and economic situation in Argentina, this re-financing has not been possible. Therefore, a sales process was initiated and during the second quarter firm offers from potential buyers have been received. These came in significantly below the current total book value of the project. Consequently, Scatec has recognised an impairment charge of NOK 350 million in the second quarter, corresponding to the full book value of the equity investment.

Note 9 Sale of project assets and disposal group held for sale

Sale of project assets

On 2 February 2023, Scatec signed an agreement with a subsidiary of STANLIB Infrastructure Fund II, managed by STANLIB Asset Management Proprietary Limited ("Stanlib"), to sell its 42% equity share in the 258 MW Upington solar plants. The closing of the transaction took place on 31 May 2023. Total consideration, net after sales cost amounted to ZAR 973 million (NOK 546 million). The transaction has generated a net accounting gain of NOK 744 million on a consolidated basis and NOK 315 million on a proportionate basis.

With effect from the closing date, the consolidation of the project companies ceased, decreasing the total assets with NOK 2,165 million, decreasing total liabilities with NOK 2,277 million, and increasing equity with NOK 198 million.

Disposal group held for sale

On 18 July 2023, Scatec signed an agreement with Globeleq to sell its 52.5% equity share in the 40 MW Mocuba solar power plant in Mozambique for a gross consideration of USD 8.5 million (NOK 85 million), in line with the Group's strategy. The associated assets and liabilities of the subsidiary are presented as held for sale as per 30 June 2023.

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NOK million	Carrying value 30 June 2023
Assets classified as held for sale	
Property, plant and equipment	603
Trade and other receivables	30
Other current assets	15
Cash and cash equivalents	144
Total assets of disposal group held for sale	792
Liabilities directly associated with assets clasified as held for sale	
Non-current non-recourse project financing	407
Current portion of non-recoure project financing	92
Other current and non-current liabilities	103
Total liabilities of disposal group held for sale	603

The transaction is subject to the customary consents and is expected to be completed in the first half of 2024. The transaction is expected to generate a net accounting gain of approximately USD 4 million on a consolidated basis and USD 3 million on a proportionate basis. The final accounting effects will be determined after closing of the transaction.

Note 10 Subsequent events

On 18 July, Scatec signed an agreement to sell the Mozambique solar power plant to Globeleq for USD 8.5 million in line with the Groups strategy. The transaction is expected to generate a net accounting gain of approximately USD 4 million on a consolidated basis and USD 3 million on a proportionate basis. The final accounting effects will be determined on closing of the transaction. The transaction is subject to the customary consents and is expected to close in the first half of 2024.

On 19 July, Release by Scatec ("Release") signed an agreement to raise USD 102 million (NOK 1 billion) in funding from Climate Fund Managers ("CFM") to further accelerate its growth ambitions. Release was established by Scatec ASA ("Scatec") in 2019 to offer a flexible leasing solution of pre-assembled and modular solar and battery equipment for the mining and utilities market. After closing of the transaction, Release will be accounted for as a joint venture investment in the group accounts of Scatec, which will generate an accounting gain of approximately USD 40 million in the consolidated financials at closing. There will be no impact on the proportionate financials from the transaction. Closing of the transaction is expected in the second half of 2023, subject to customary conditions precedent.

Responsibility statement

We confirm to the best of our knowledge, that the condensed interim financial statement for the period 1 January to 30 June 2023 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 to the best of our knowledge, 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, 17 August 2023

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Espen Gundersen

Maria Moræus Hanssen

Jørgen Kildahl

Mette Krogsrud

Gisele Marchand

Morten Henriksen

Terje Pilskog (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 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, plus any proceeds from refinancing. 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). Gross profit is used to measure project profitability in the D&C segment.

Gross interest-bearing debt: is defined as the Group's total debt obligations and consists of non-current and current external non-recourse financing, external corporate financing and other interest-bearing liabilities, irrespective of its maturity as well as bank overdraft.

Net interest-bearing debt (NIBD): is defined as gross 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 segments mainly reflect deliveries to other companies controlled by Scatec (with between 33% and 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 all 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 power plant compared to the stand-alone book value. Similarly, the consolidated financials have lower power plant depreciation charges than the proportionate financials since the proportionate depreciations are based on power 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 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.

In the second quarter 2023 Scatec reports a proportionate operating profit of NOK 700 million compared with an operating profit of NOK 686 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 positive amount of NOK 519 million,

2. removed the non-controlling interests share of the operating profit of NOK 591 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK -362 million with Scatec's share of the Operating profit from the joint venture companies with NOK 275 million.

See Note 2 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 Scatec's Q2 historical financial information 2023 published on Scatec's web page.

Reconciliation of Alternative Performance Measures (consolidated figures)

NOK million	Q2 2023	Q2 2022	YTD 2023	YTD 2022	FY 2022
EBITDA					
Operating profit (EBIT)	686	336	1,039	-380	723
Depreciation, amortisation and impairment	218	211	494	1,361	1,832
EBITDA	904	547	1,533	981	2,555
Total revenues and other income	1,230	836	2,150	1,595	3,751
EBITDA margin	74%	65%	71%	61%	68%
Gross interest-bearing debt					
Non-recourse project financing	14,037	11,280	14,037	11,280	13,297
Corporate financing	8,422	7,932	8,422	7,932	7,987
Non-recourse project financing - current	1,873	1,807	1,873	1,807	1,963
Corporate financing - current	284	-	284	-	-
Other non-current interest-bearing liabilities	257	-	257	-	231
Other current interest-bearing liabilities	257	-	257	-	231
Gross interest-bearing debt associated with disposal group held for sale	499	-	499	-	-
Gross interest-bearing debt	25,628	21,019	25,628	21,019	23,708
Net interest-bearing debt					
Gross interest-bearing debt	25,628	21,019	25,628	21,019	23,708
Cash and cash equivalents	4,026	3,784	4,026	3,784	4,132
Cash and cash equivalents associated with disposal group held for sale	144	-	144	-	-
Net interest-bearing debt	21,457	17,234	21,457	17,234	19,578
Net working capital					
Trade and other account receivables	607	739	607	739	497
Other current receivables [1)]	1,912	682	1,912	682	1,863
Trade and accounts payable	-3,040	-820	-3,040	-820	-594
Income taxes payable	-141	-28	-141	-28	-37
Other current liabilities	-2,031	-830	-2,031	-830	-1,106
Non-recourse project financing - current	-1,873	-1,807	-1,873	-1,807	-1,963
Corporate financing - current	-284	-	-284	-	-
Other current interest-bearing liabilites	-257	-	-257	-	-231
Net working capital associated with disposal group held for sale	-139	-	-139	-	-
Net working capital	-5,246	-2,063	-5,246	-2,063	-1,571

1) Excluding current portion of derivatives of NOK 115 million in Q2 2023

Break-down of proportionate cash flow to equity

Q2 2023

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	959	33	461	-73	1,379
Net interest expenses	-187	1	5	-148	-328
Normalised loan repayments	-287	-	-	-39	-326
Proceeds from refinancing and sale of project assets	546	-	-	-	546
Less proportionate gain on sale of project assets	-315	-	-	-	-315
Normalised income tax payment [1)]	-26	-7	-100	50	-83
Cash flow to equity	689	27	366	-209	872

1) Normalised income tax payment excludes a normalised tax on gain on sale of project assets reflecting that the transaction is tax exempted.

Q1 2023

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	686	21	96	-39	765
Net interest expenses	-180	1	3	-128	-304
Normalised loan repayments	-234	-	-	-39	-273
Proceeds from refinancing	-	-	-	10	10
Normalised income tax payment	-22	-5	-11	38	-
Cash flow to equity	250	18	88	-157	198

Q2 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	617	20	-81	-39	517
Net interest expenses	-203	0	0	-68	-271
Normalised loan repayments	-186	-	-	-	-186
Proceeds from refinancing and sale of project assets	56	-	-	-	56
Normalised income tax payment	-16	-4	18	25	23
Cash flow to equity	269	15	-63	-82	139

YTD 2023

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	1,645	54	557	-112	2,144
Net interest expenses	-367	1	8	-275	-632
Normalised loan repayments	-521	-	-	-78	-599
Proceeds from refinancing and sale of project assets	546	-	-	10	556
Less proportionate gain on sale of project assets	-315	-	-	-	-315
Normalised income tax payment [1)]	-47	-12	-111	89	-81
Cash flow to equity	940	44	454	-366	1,073

1) Normalised income tax payment excludes a normalised tax on gain on sale of project assets reflecting that the transaction is tax exempted.

YTD 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	1,107	36	-156	-73	915
Net interest expenses	-402	-1	-	-124	-527
Normalised loan repayments	-378	-	-	-	-378
Proceeds from refinancing	363	-	-	-	363
Normalised income tax payment	-31	-7	60	47	68
Cash flow to equity	660	29	-96	-151	441

Other definitions

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

Pipeline
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 and concessions have been secured and negotiations related to power sales and other project implementation agreements are in various stages of completion.

Lost time injury (LTI)
An occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more.

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.

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.

Project equity
Project equity comprise of equity and shareholder loans in power plant companies.

Recourse Group
Recourse Group means all entities in the Group, excluding renewable energy companies (each a recourse group company).

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 quarterly 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 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 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.

ESG Performance Indicators

E&S impact assessments (% completed in new projects): Environmental and Social Impact Assessments (ESIAs), due diligence or baseline studies to identify potential environmental and social risks and impacts of our activities (in accordance with the IFC Performance Standards and Equator Principles).

GHG emissions avoided (in mill tonnes of CO2): Actual annual production from renewable power projects where Scatec has operational control multiplied by the country and region-specific emissions factor (source IEA).

Water withdrawal (in mill liters within water-stressed areas): As per the WRI Aqueduct Water Risk Atlas, the Company reports on water withdrawal by source for projects located within water-stressed areas in South Africa and Jordan.

Lost Time Incident Frequency (per mill hours): The number of lost time incidents per million hours worked for all renewable power projects where Scatec has operational control.

Hours worked (mill hours - 12 months rolling): The total number of hours worked by employees and contractors for all renewable power projects where Scatec has operational control for the last 12 months.

Female management (% of females in mgmt. positions): The total number of female managers as a percentage of all managers.

Corruption incidents: The number of confirmed incidents of corruption from reports received via Scatec's publicly available whistleblower function (on the Company's corporate website) managed by an independent third party.

Supplier E&S screening (number of suppliers): The number of contracted and potential suppliers of key procurement categories screened and rated through the EcoVadis supplier assessment platform.

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