Annual Report

2021

Content

Our vision

Improving our future

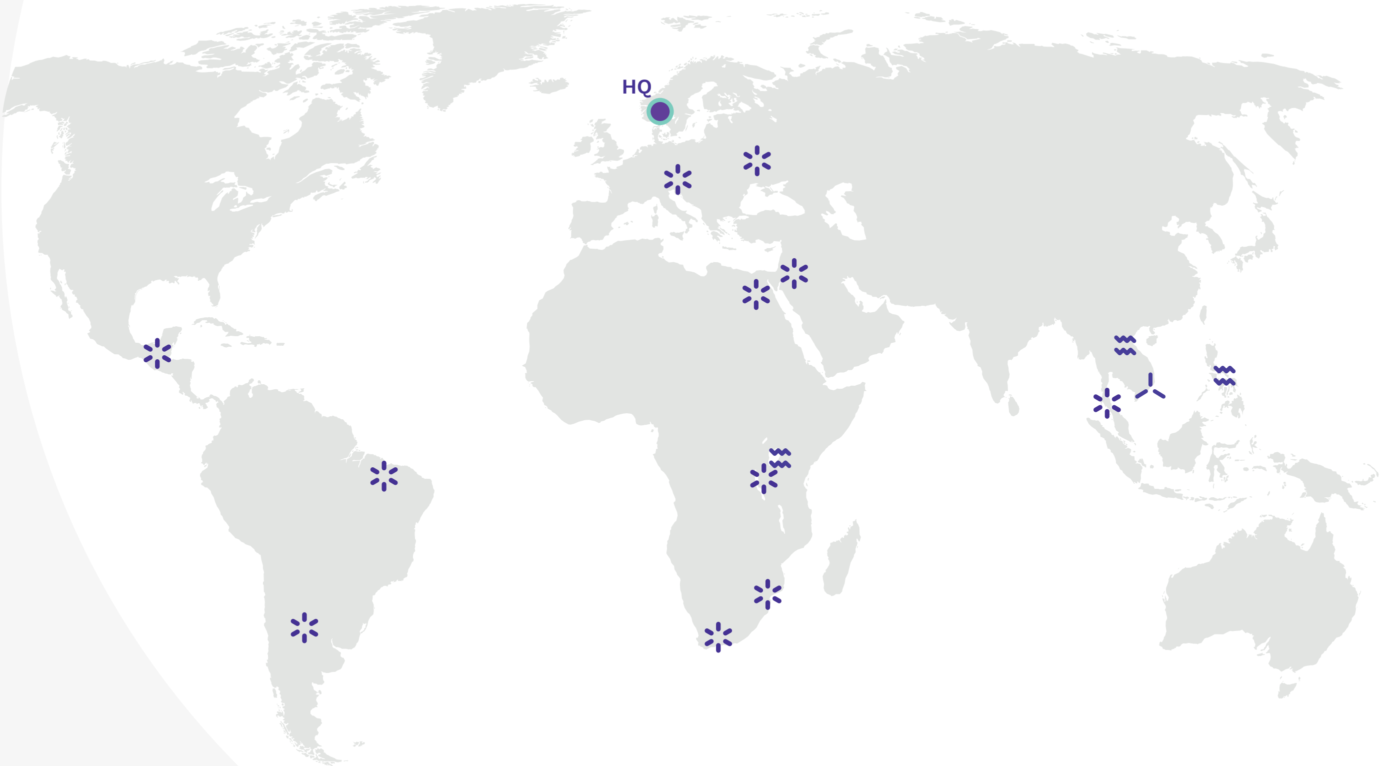
Our mission

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

Our values

Driving results   Changemakers   Predictable   Working together

Scatec in brief



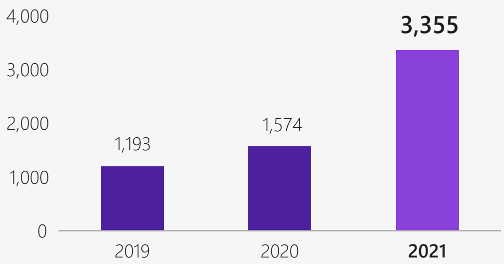
Scatec is a leading renewable energy solution provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 3.5 GW of installed capacity across four continents today. We are targeting 15 GW of renewable capacity to be in operation or under construction by the end of 2025, delivered by our 600 passionate employees who are driven by a common vision of 'Improving our Future'. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'.

Performance highlights

Operational and financial

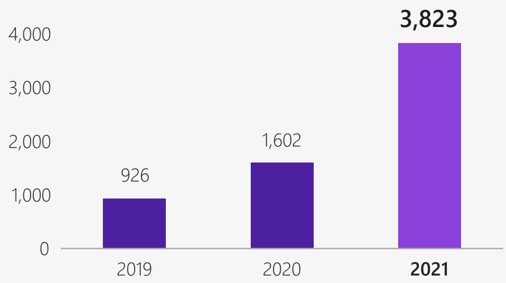
Plants in operation

MW



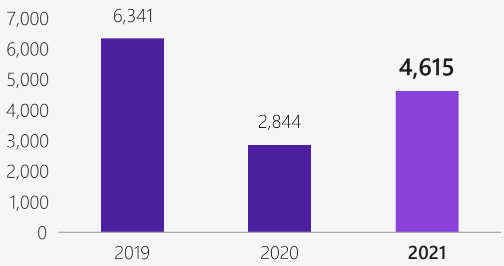
Power production

GWh



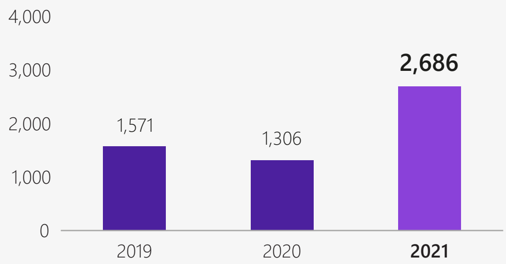
Revenues

NOK MILLION



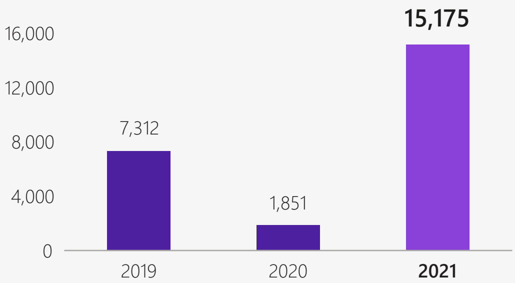
EBITDA

NOK MILLION



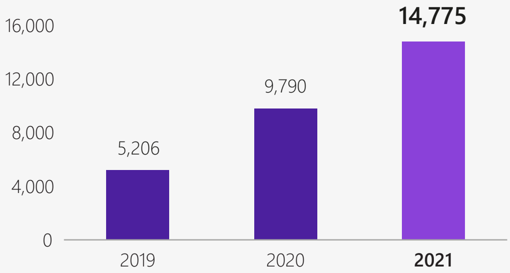
Net interest-bearing debt

NOK MILLION



Project pipeline

MW



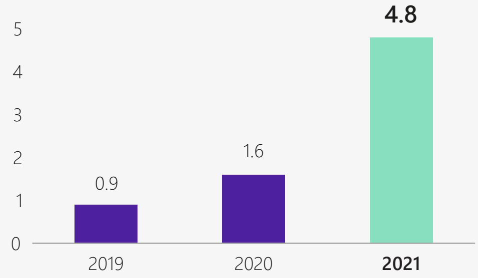
Note: MW in operation and pipeline figures are presented on a 100% basis, while the remaining figures are proportionate to Scatec

Performance highlights

Environmental, social and governance

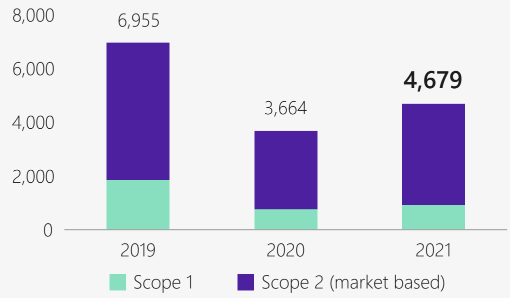
GHG emissions avoided

MILLION TONNES



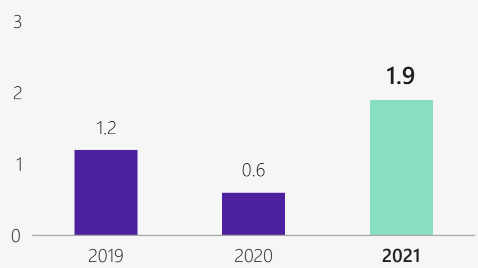
Scope 1 & 2 emissions

tCO2e



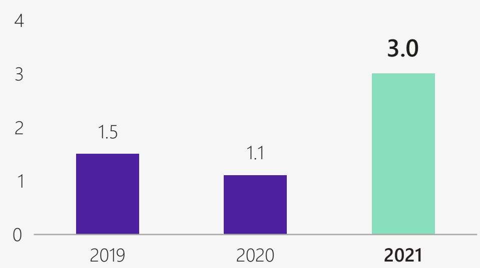
Lost time incident frequency (LTIF)

PER MILLION HOURS

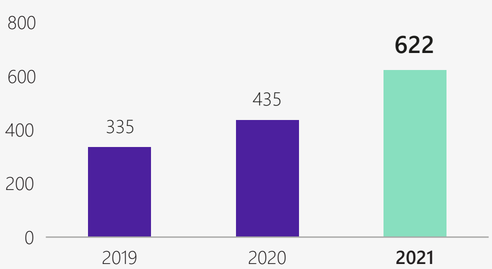


Total recordable injury frequency (TRIF)

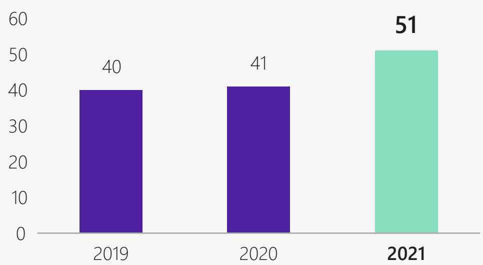
PER MILLION HOURS



Number of employees



Nationalities



For detailed information about our ESG results, see ESG Performance Report 2021.

Note: The 2021 GHG emissions avoided figure includes annual production for all projects on a 100% basis.

2021 marked a year of change

In 2021 Scatec developed from a pure solar player to a leading provider of renewable energy solutions with a multi-technology platform following the acquisition of SN Power and several strategic initiatives within Power-to-X.

First quarter

- The acquisition of SN Power was completed
- Announced a new target of 15 GW capacity and a NOK 100 billion business plan towards 2025
- Presented 32 ESG targets for 2021
- Power-to-X was introduced as a new strategic growth area

Second quarter

- First large-scale hybrid project of 540 MW solar and 225 MW storage awarded in South Africa
- Committed to reach net zero by 2050
- 320 MW of solar in Ukraine and Argentina started commercial operations
- Initiated development of offshore wind in Southeast Asia

2021

Third quarter

- Scatec and partner to develop a 100 MW hydrogen facility in Egypt
- Ranked number one in ESG reporting among the 100 largest companies on the Oslo Stock Exchange
- Awarded 273 MW of solar in Round 5 in South Africa
- Backlog projects delayed and 4.5 GW target not met due to prolonged approval processes and cost inflation

Fourth quarter

- Received an 'A' score for tackling climate change by CDP
- Release by Scatec started delivery of 45 MW redeployable solar in Cameroon, Chad and South Africa
- 803 MW in Brazil and South Africa were added to project backlog while 900 MW in India was put on hold
- Continued to pursue several new Power to X opportunities

People

We expanded our full-time workforce with 187 highly skilled employees, increasing the total number to 622.

Asset portfolio

Our asset portfolio increased by 320 MW of solar power, now totalling 3,355 MW.

GHG emissions

Our power plants contributed to 4.8 million tonnes GHG emissions avoided.

Hybrid solution in South Africa

In June 2021 we proved that tailored made renewable energy solutions are cost competitive in direct competition with conventional energy.

In a technology agnostic tender in South Africa known as RMIPPP, we were one of the winning bidders with a 540 MW solar and 225 MW storage solution. The only solution entirely based on renewable energy.

Once operational we will dispatch 150 MW of capacity between 5:00 am to 9:30 pm under a 20-year PPA. Construction start for the project is expected in 2022.

Release enters Cameroon

Our Release concept provides pre-assembled and containerised solar PV and battery equipment under short- to medium term lease agreements.

In 2021 Release entered into a lease agreement with ENEO in Cameroon to deliver two hybrid solar and storage plants totalling 36 MW solar and 20 MW storage solution.

The project will supply reliable, clean and cost competitive energy to the Maroua and Guider in the Grand-North of Cameroon which is struggling with power shortages.

Letter from the CEO

Solid progress in an unpredictable global landscape

In 2021, Scatec embarked on its transformation from a pure solar power company into a leading renewable energy solutions provider with a broad technological footprint. We raised our capacity target to 15 GW by the end of 2025 and made solid operational progress during the year.

According to the Bloomberg New Energy Outlook, 85 per cent of the world's energy production will have to come from renewable energy if we are to reach the global net-zero objective by 2050. Huge investments in wind, solar and batteries are vital to reach this goal, and emerging economies will play a fundamental role in this transition.

Scatec is a renewable power producer. We deliver affordable and clean energy to emerging markets, where our energy production also covers important social needs. We are sustainable by nature, and sustainability is integrated all parts of our business.

We acquired SN Power to leverage our expertise and track record in emerging markets, as well as to capture growth in hydropower and hybrid solutions. This transaction was completed in January 2021 and transformed Scatec from a large-scale solar player into a more diversified renewable energy solutions provider. The process of merging SN Power's team with Scatec's has gone very well and we are now operating as a fully integrated unit.

Continued strong growth

By the end of 2021, we had 3.5 GW of solar, wind and hydro power plants installed across 15 countries, generating predictable cash flows under long-term contracts. In sum, Scatec is now more robust than it was just a year ago, with a much broader diversification across technologies and geographies.

Going forward, our focus is to scale up and further strengthen our market position in our core geographical markets that account for 70 per cent of our project backlog and pipeline, and which are critical to the green transition: South Africa, Brazil, India, the Philippines, Vietnam, and Egypt. The common denominators for these markets are a strong and growing demand for power to support economic development, a carbon-intensive power sector that is ripe for low-carbon alternatives, and a regulatory framework that seeks international capital for the renewables targets to be achieved.

On the basis of this, we set a target in 2021 for 15 GW of renewable capacity to be in operation or under construction by the end of 2025, equivalent to NOK 100 billion of gross capital expenditure. This is ambitious but realistic given our strong platform and the positive market outlook.

2021 marked a year of change

We took important steps towards our objective in 2021. We brought projects in Ukraine and Argentina into production, and thanks to our new hydropower assets, power production more than doubled compared to 2020.

We did however experience prolonged government approval processes and cost inflation which caused delays in progression of several of our backlog projects. This in combination with a wider negative market sentiment towards "green" stocks unfortunately impacted shareholder returns in 2021.

Despite last years challenges the outlook for Scatec remains strong. Our project pipeline increased by 50 per cent to almost 15 GW during the year, and new projects in South Africa and Brazil entered our project backlog, which stood at 1.9 GW by the end of 2021. A main priority for 2022 is to progress this project backlog into construction.

The market advance for Release was another highlight last year. Release commenced delivery of redeployable solar and battery solutions in Cameroon, Chad and South Africa in 2021. Although the outlook remains positive, conservative industries are having an impact on the market adoption rate. However, higher energy prices are beneficial for Release, and we also expect growing interest as soon as the first plants are operational and demonstrating their value.

We are also investing in technology that can make tomorrow's energy mix even more sustainable. Our "Power-to-X" strategy aims to enable and realise industrial projects that help to reduce carbon emission through provision of competitive renewable energy. We have already embarked on several exciting initiatives in Egypt under the "Power-to-X" umbrella, including desalination of seawater, and the production of hydrogen and ammonia powered by renewable energy. Such development projects underline Scatec's position as a frontrunner that helps to identify new and profitable renewable energy solutions.

Thinking of Ukraine

At the time of writing this summary, Russian troops have invaded Ukraine. In light of these tragic events and the growing number of lost lives, a lot of our day-to-day matters suddenly seem trivial. At Scatec, we will always prioritise people ahead of our assets, and we are deeply concerned for the wellbeing of our Ukrainian employees and their families. We are now doing everything we can to assist our local team with the main priority of keeping our colleagues safe.

Finally, I would like to extend my thanks to our employees and business partners that are continuing to support Scatec. We welcomed more than 170 employees last year and our people have once again demonstrated their flexibility, continuously adapting to the changing nature of COVID-19 restrictions throughout 2021. Many of our partners and employees around the world have recently reached out to express concern for our colleagues in Ukraine. I greatly appreciate your support and I am grateful for being part of such a supportive team.

Raymond Carlsen, CEO

"Scatec is now more robust than it was just a year ago, with a much broader diversification across technologies and geographies."

Energy transition

Exponential growth of renewable energy

The demand for renewables is expected to grow exponentially within emerging economies in the coming decades in order to meet new energy demand, replace existing power production based on conventional energy and decarbonise hard-to-abate industries.

Renewables growth to accelerate

The world is facing a stark challenge: the 1.5 degree goal of the Paris Agreement, which requires rapid transformation of all industries but especially energy production, which accounts for approximately 70 per cent of total global emissions. This global energy transition requires attractive incentives from governments, clear direction from global leaders, and widespread collaboration between multiple players.

To achieve the goal of net zero emissions by 2050, 85 per cent of the world's energy production will have to come from renewable energy, according to BloombergNEF, which will require total investments of USD 150 trillion in total.

By 2030, this means annual global installation of some 500 gigawatts (GW) of wind power, more than 450 GW of solar PV power, and about 240 GW of batteries.

Emerging markets leading the way

In addition to the environmental perspective, demand for renewables is also driven by economical and geopolitical factors. The relative competitiveness of renewables has strengthened over time compared to conventional energy and is now the most cost-efficient source of energy in many locations and particularly in emerging economies. Authorities in many countries are also seeing the benefit of not relying on imported fossil fuels given price volatility and geopolitical unrest. Emerging economies will be fundamental in this transition, in which accelerating demand for new renewable energy will be driven by high economic growth, rapidly increasing populations, and improving living standards, in combination with initiatives to reduce the use of fossil fuels.

Power-to-X becoming increasingly important

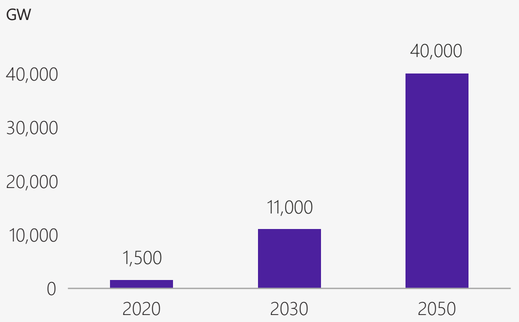
Beyond renewable energy, there is a growing need to accelerate the decarbonisation of hard-to-abate industries through Power-to-X solutions such as the production of green hydrogen, ammonia, and other critical feedstocks powered by renewable energy. Industry analysts forecast that global demand for green hydrogen and green ammonia will reach 550 million tonnes and 200 million tonnes respectively by 2050.

Emerging economies with attractive renewable resources and strategic locations close to end markets are expected to take the lead in this development and become large producers and exporters of green hydrogen and green fuel in the years to come.

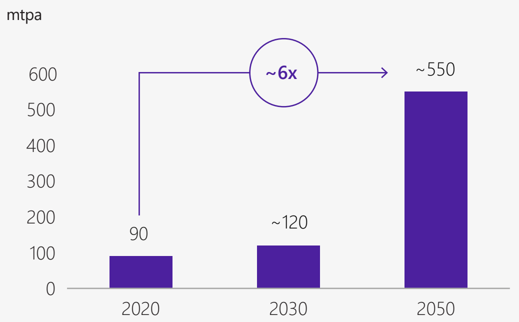
Renewables must be deployed with respect for nature and social inclusion and in close cooperation with society as a whole. The impact of renewable power plants on biodiversity and local communities needs to be understood and minimised, and economic development and job creation are essential in order for renewable deployment to gain support.

This is the context for Scatec's strategy.

Accumulated installed wind & solar capacity



Hydrogen production



Strategy

Set for further growth

We are a leading renewable energy solution provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own, and operate renewable energy plants.

Multi-technology approach

Over the last 15 years, we have been at the forefront of solar development and investment in emerging economies. We have decoded the complexity and systemised our way of working in these countries to make them our home markets.

We have further developed our strategy in an effort to become a broader provider of renewable energy solutions, as demonstrated by our acquisition of SN Power in 2021, which secured us attractive hydropower assets and a large project pipeline in several markets.

We currently have solar, wind, and hydro power plants with 3.5 GW of capacity installed in 15 countries and generating predictable, diversified cash flows under long-term contracts. We seek to continue a high rate of responsible growth in our core markets. Our long-term perspective on all of our investments is based on profitability and potential impact on the environment, people, local communities, and other stakeholders.

Growth target with a long-term perspective

On the basis of these foundations, we have set ourselves the ambitious target of 15 GW of renewable capacity either in operation or under construction by the end of 2025, equivalent to NOK 100 billion in gross capital expenditure.

The key reason for our success is our passionate people who pursue new opportunities with persistence and confidence to meet our goals.

We are motivated to generate value-creating sustainable growth by building on our heritage and spearheading the development of renewable energy solutions. We have grown rapidly but have remained agile and flexible so that we can move quickly when new opportunities arise.

Power-to-X becoming increasingly attractive

We see a megatrend unfolding within Power-to-X and are now building a position in this market with our renewable expertise, business model, and market presence. We are currently developing green hydrogen, green fuels, and fresh water through sea water desalination in Egypt, and we have further early-stage Power-to-X opportunities under development that will have significant potential in the years to come.

Leveraging our experience from complex environments

Over time we have gained a key competitive advantage through our profound understanding of how to exploit the opportunities and manage the risks related to operations in complex environments. This includes their environmental and social, commercial and contractual, financial, technical, compliance, and health and safety aspects. Our core competence is to holistically assess and manage all of these aspects, bring new investment opportunities forward, and ensure that long-lasting renewable assets can be financed and built. Leveraging this key competitive advantage is a fundamental component of our strategy.

Partnership model a key success factor

Another important success factor is our partnership model whereby we partner with policy-makers, communities, financial institutions, and suppliers, as well as with utilities and other end consumers, to support Scatec's growth, value creation, and risk mitigation through project origination, equity and debt financing, and project execution.

Responsible investments part of our DNA

Our strong commitment to develop and operate all of our assets in line with IFC Performance Standards and the Equator Principles is embedded in the key pillars of our strategy. We develop an environmental and social impact assessment and action plan for each project, which is carefully monitored by us and our partners. We have been a member of the UN Global Compact since 2018, which reinforces our global commitment to responsible business conduct in four areas: labour conditions, human rights, the environment, and anti-corruption.

Markets & customers

Building scale in our core markets

We are scaling up and strengthening our position in our core markets and adapting our offering to be able to provide new solutions to a more diverse customer base.

Building scale in six core markets

One of our key focus areas is building a strong market position in six core markets that are critical to the green transition: South Africa, Brazil, India, the Philippines, Vietnam, and Egypt. These markets exhibit a high demand for new power to support economic development, a carbon-intensive power sector that needs to undergo a transition in order to satisfy climate policies and targets, and a regulatory framework that supports the use of international private capital for the realisation of a renewable-based infrastructure. In these markets, greater levels of deregulation also enable corporates to source energy independently of state-owned utilities.

70 per cent of our project backlog and pipeline are held in these core markets, and our experienced teams and partners are utilising a deep understanding of the energy market to secure attractive new sites at an early stage so as to expand our pipeline further. We are also pursuing opportunities outside our core markets which we deem attractive from a size and return perspective.

Expanding our customer base

Although our customers have been predominantly governments and state-owned utilities, we are now adapting our offering in order to provide new solutions to a more diverse customer base. Examples of this include our collaboration with Fertiglobe in Egypt and Norsk Hydro in Brazil and our Release concept, which addresses the demand for more affordable, sustainable, and flexible solutions from corporate offtakers, including the mining industries in Africa and Latin America.

Advancing Power-to-X

During 2021 we advanced our Power-to-X strategy through several new initiatives, which included green hydrogen and ammonia.

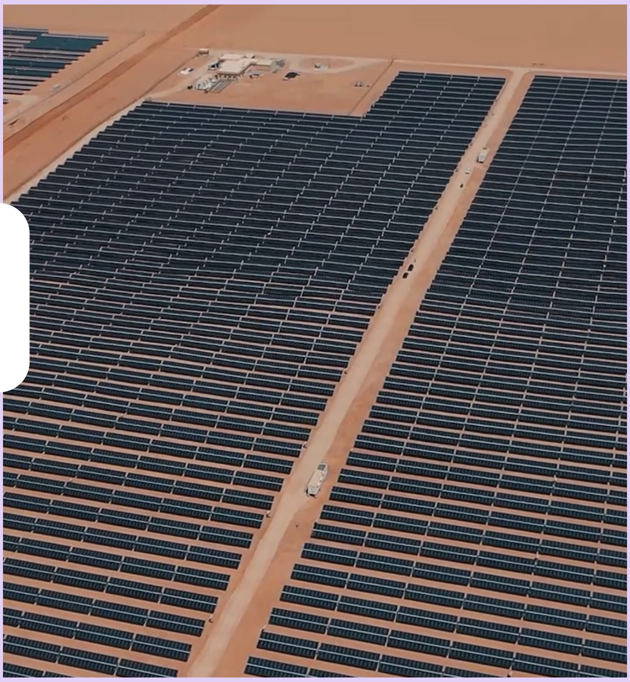
Green hydrogen

We partnered with Fertiglobe, Orascom and Sovereign Fund of Egypt to develop a 100 MW green hydrogen facility in Egypt. The hydrogen will be used as feedstock for green ammonia production and sold under a long-term contract to EBIC, a subsidiary of Fertiglobe.

Green ammonia

We are developing a large-scale green ammonia production facility with SCZONE and the Ministry of Electricity and Renewable Energy in close proximity to the Suez Canal in Egypt.

We have further partnered with ACME to develop a large-scale green ammonia facility in Oman.




FROM MSS 1.2
TO PoC 1
Aegis
TRANSFORMER
SWITCH
SWITCH
CIRCUIT BREAKER
CABLE TEST ACCESS
CABLE TEST ACCESS
Scatec
release
BY SCATEC

Our integrated business model

Capturing the full project value

Over time we have developed a business model which allows us to capture the total value of a renewable project while retaining control over health and safety matters and managing the potential effects on people, communities, and the environment. Our business model involves the development, construction, ownership, and operation of renewable energy plants in emerging economies and the sale of power predominantly under long-term power purchase agreements (PPAs). Our approach is to offer the most cost-efficient solution for each project which could either be a single technology or a combination of several integrated renewables technologies.

Development

In the initial phase of a project, we always start with environmental studies and social impact assessments to ensure that the projects meet our strict criteria. We secure attractive locations, grid connections, and licences and permits and initiate discussions with potential long-term partners. We negotiate commercially viable PPAs with potential off-takers and start plant design. All project details are summarised in a business case which is benchmarked against our investment criteria. It is our strong conviction that early-stage development is crucial for sustainable value creation.

Structuring & financing

In the next phase, we use our experience to structure and integrate all project documents in collaboration with banks and equity partners in order to raise equity and predominately non-recourse financing for the project. Another key task is optimising project cash flows in order to maximise returns. Once these have been agreed with our financing partners, a final investment decision is made, and the project reaches financial close. Further development work, as well as engineering and construction planning, is performed in parallel with readying the project for construction.

Construction

During construction, we typically assume the role of turn-key engineering, procurement, and construction (EPC) provider for the power plant dependent on project structure and technology. This ensures that we have full control over risk mitigating actions, costs, quality, and progression as well as maintaining a strong emphasis on health, safety, security, and environmental issues.

Operations

Once commissioned, the power plant commences commercial operation and we are often responsible for operations and for maintenance and asset management services, with the aim of maximising the performance and availability of the plant. These services are delivered under long-term service contracts with pre-agreed commercial terms.

Ownership

As owner of the power plants, we receive annual dividends based on cash flows that are generated under the long-term PPAs or through the sale of power in the power market.

People and Organisation

A diverse, global, and agile workforce

Our people are the backbone of Scatec. Our skilled, passionate, and ambitious employees are the foundation of our competitive advantage and growth strategy.

During 2021, we expanded our team internationally by 187 full-time employees, increasing the total number of employees to 622. With their 51 different nationalities, our employees represent true diversity.

In order to meet our growth targets, we implemented a new People and Organisation strategy during 2021 that reflects our aims for growth in our core markets.

We are focusing on strengthening our organisation, developing our people, and reinforcing our culture. We will build on our heritage and create a robust organisation with solid leaders who are ready to take on the challenge of taking Scatec to the next level. The strategy also sets out key activities for achieving our goals in respect of diversity, equity, inclusion, and belonging (DEIB).

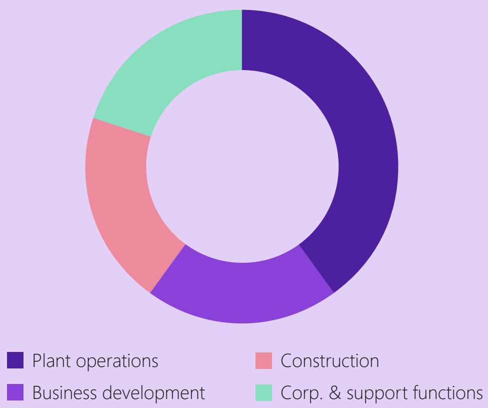
We will continue to recruit business development resources in our core markets to capitalise on new project opportunities early on. We are strengthening our employer brand to ensure long-term access to talent and offer unique career opportunities by promoting growth and development. When we recruit, we look for top candidates who have both a cultural and a business understanding of the markets where we operate. We do this to reduce risk and accelerate growth.

Our organisation has unique competencies in navigating complex markets. Our business model for developing, building, owning, and operating renewable energy plants has provided us with knowledge and experience of a kind that few others can offer, and we empower our teams to work across functions and borders alike.

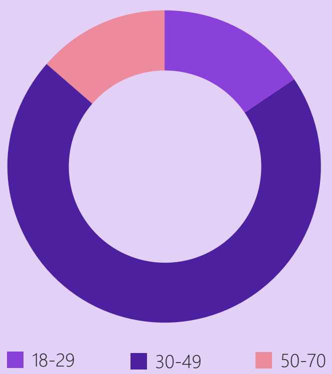
Our leadership development framework facilitates horizontal career moves, which facilitates the development of broader skillsets, multi-functional competencies, and a stronger company culture.

2021 marked a year of change in Scatec and our diverse, global, and agile workforce will remain our key strength. We are implementing our people strategy which will contribute to fulfil our business plan.

Employees per function



Age groups



622
employees

27%
female managers

51
nationalities

Investment and funding approach

Multiple sources of value creation

We have a strong commitment to generate shareholder value through profitable growth. To deliver on this commitment, we invest selectively and scrutinise all of our investment opportunities to ensure that the project portfolio meets our investment criteria.

We have a project equity IRR target of 12–16 per cent, which is based on cash flow from power production and excludes other sources of revenue identified in our integrated business model.

We define the individual cost of equity for each project based on a standardised methodology that takes into account the relevant cost of debt, currency, leverage, and country risk premium.

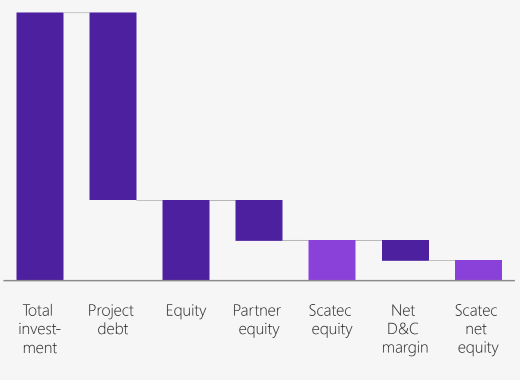
Our renewable energy power plants are normally established in dedicated project companies and are financed by equity from Scatec and co-investors, representing 20–30 per cent of the investment, and predominately by ring-fenced non-recourse project debt, representing the remaining 70–80 per cent of the total investment.

We seek to retain a majority ownership of the assets, with the remaining equity and debt provided by commercial and multilateral finance institutions that are attracted by the return rates and the environmental and social benefits of the renewable projects.

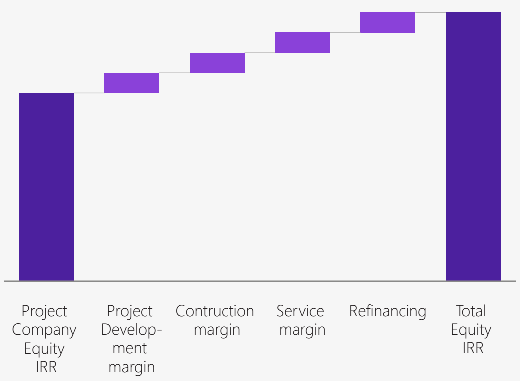
In our role as EPC provider we aim to achieve a gross Development & Construction margin of 10–12 per cent which can be used to fund a substantial part of our equity investment in the project. Revenues from this segment typically represent 50–75 per cent of project capex.

When combining the effects of several revenue sources, total project return is typically higher than the stand-alone project equity IRR. This illustrates the robustness of our integrated business model.

Illustration of funding structure



Sources of value creation



Risk and risk management

Integrated risk management

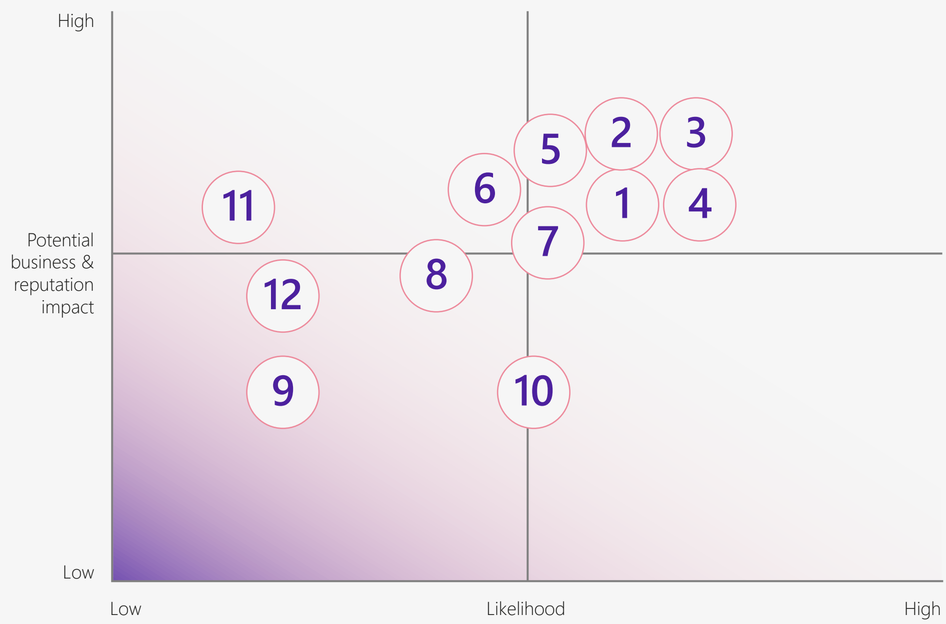
At Scatec, risk management is an integrated part of the operating system. Over the years we have systematised our approach to risk management through policies and procedures that are followed up by our management team and relevant functions, including Solutions, Finance, Internal Audit, Legal, Sustainability, HSSE, Compliance, and O&M. Our main risk management policies are reviewed and approved by the Board of Directors on a regular basis.

Our integrated operations in emerging economies and renewable technologies mean that we are exposed to a variety of risks. Our ability to manage these risks is fundamental to our success and over time has developed into a key competitive advantage for Scatec. We capitalise on our experience of complex environments and risk management systems in order to de-risk an opportunity and move it forward.

In accordance with our risk management system, all project risks are identified and addressed in management and project reviews and reported upon on a regular basis. These reports are an important part of our decision gate reviews. Annual and quarterly risk reviews are performed by the Executive Management Team, and the conclusions of the reviews are reported to the Board of Directors.

In the matrix below we have summarised the main inherent risks affecting Scatec as at year end 2021. Please see the Report from the Board of Directors for more details on risk mitigation.

Scatec Risk Matrix year end 2021



1. Project Development risk
2. Component price risk
3. Compliance & integrity risk
4. Political risk
5. Cyber risk
6. Financial risk
7. Power market price risk
8. Health, Safety and Security risk
9. War and civil unrest
10. Climate risk on operation
11. Human rights in supply chain
12. Pandemic / COVID-19 risk


MAGAT DAM
1982

Our company targets

15GW
in operation and under construction by end of 2025

12-16%
project equity Internal Rate of Return (IRR)

≤3.1
Total Recordable Injury Frequency (TRIF) [1] in 2022

100 billion
NOK in gross investments by end of 2025

10-12%
Development and Construction (D&C) margin

≤2.1
Lost Time Incident Frequency (LTIF) [1] in 2022

3.0 billion
NOK Power Production EBITDA in 2022

32%
female leaders by end of 2022

≤1.4
High potential incidents in 2022

1) Per million hours

Climate target in line with the 1.5°C scenario

NET ZERO
By 2040

2030

Scope 1 & 2:
Zero emissions

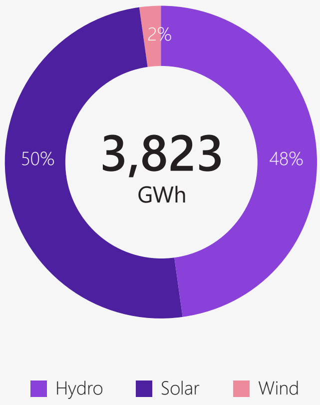
Scope 3:
>40% reduction/ kWh

2040

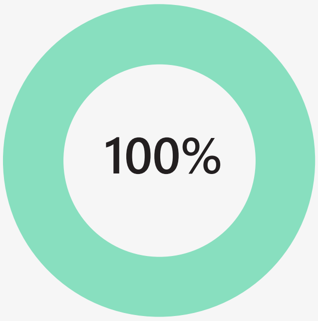
Scope 3:
>97% reduction/ kWh

A diversified asset portfolio based on long-term contracts

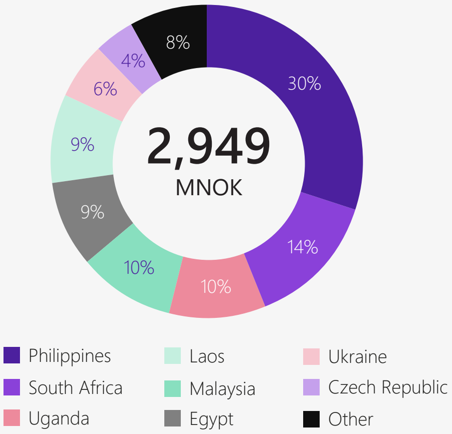
Power production by technology



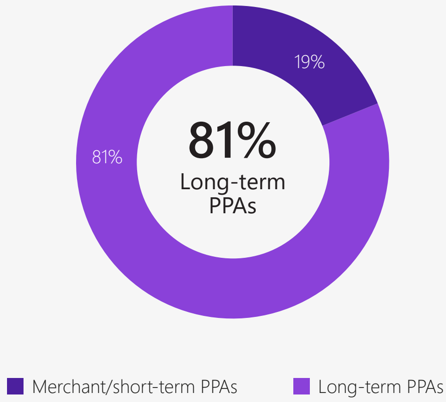
Share of renewable energy



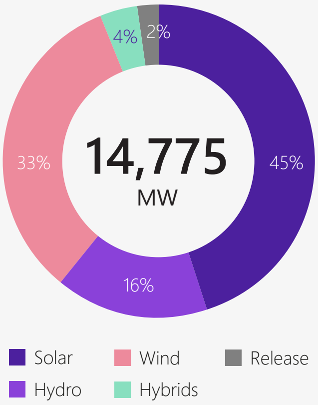
Power production EBITDA distribution



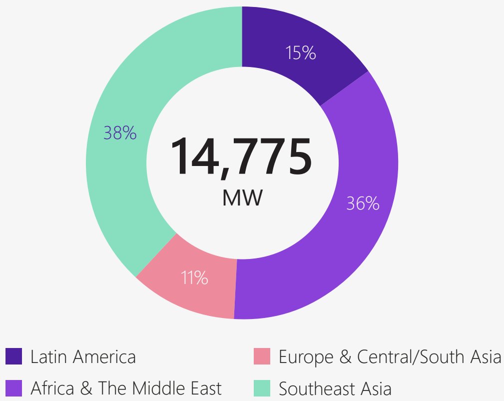
Offtake structure



Pipeline by technology



Pipeline by region



Power plants in operation

Country	Technology	Capacity MW	Economic interest	Remaining PPA tenor
Philippines		642	50%	NA [1]
Laos		525	20%	10
South Africa		448	45%	16
Egypt		380	51%	22
Ukraine		336	89%	9
Uganda		255	28%	20
Malaysia		244	100%	18
Brazil		162	44%	16
Argentina		117	50%	20
Honduras		95	51%	14
Jordan		43	62%	14
Mozambique		40	53%	22
Vietnam		39	100%	16
Czech Republic		20	100%	8
Rwanda		9	54%	17
Total		**3,355**	**52%**	

Projects under construction

Country	Technology	Capacity MW	Economic interest	PPA tenor
Pakistan		150	75%	25
Release		45	100%	NA
Total		**195**	**61%**	

Projects in backlog

Country	Technology	Capacity MW	Economic interest	PPA tenor
South Africa		813	51%	20
Brazil		530	33%	20
Tunisia		360	55%	20
Bangladesh		62	65%	20
Mali		33	64%	25
Lesotho		20	48%	25
Total		**1,818**	**47%**	

1) Short-term bilateral contracts

Executive Management

Raymond Carlsen

Chief Executive Officer

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

Number of shares in Scatec: 3,128,209
Number of share options: 111,032

Mikkel Tørud

Chief Financial Officer

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

Number of shares in Scatec: 226,636
Number of share options: 79,898

Pål Helsing

EVP Solutions

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

Number of shares in Scatec: 5,296
Number of share options: 68,225

Roar Haugland

EVP Sustainable Business & HSSE

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

Number of shares in Scatec: 187,058
Number of share options: 61,833

Note: The number of shares and share options are quoted per 17 March 2022.

Snorre Valdimarsson

EVP General Counsel

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

Number of shares in Scatec: 12,419
Number of share options: 66,084

Terje Pilskog

EVP Project Development

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

Number of shares in Scatec: 511,296
Number of share options: 73,757

Toril Haaland

EVP People & Organisation

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

Number of shares in Scatec: 3,996
Number of share options: 57,319

Torstein Berntsen

EVP Power Production

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

Number of shares in Scatec: 67,753 [1)]
Number of share options: 67,753

Note: The number of shares and share options are quoted per 17 March 2022.

1) Together with related parties, Berntsen holds a total of 711,800 shares in Scatec ASA.

Board of Directors

John Andersen Jr.

Chairman

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

- Director in Scatec since: 2013 (Chairman since 2014)
- Member of: Audit Committee, Organisation and Remuneration Committee and ESG Committee
- Independent of Executive Management
- Current Board positions: Chair of Scatec Innovation AS portfolio companies, including NorSun AS, HIPtec AS, REEtec AS, TEGma AS and Norsk Titanium AS.
- Number of shares in Scatec: 0 [1)]
- Board meetings attended in 2021: 11

Jan Skogseth

Board Member

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

- Director in Scatec since: 2016
- Member of: Organisation and Remuneration Committee
- Independent of Executive Management and main shareholders
- Current Board Positions: Chair: Gassco AS. Board member: Sparebank 1 SR Bank ASA and Nammo AS.
- Number of Shares in Scatec: 23,000
- Board meetings attended in 2021: 11

Gisele Marchand

Board Member

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

- Director in Scatec since: 2018
- Member of: Audit Committee and ESG Committee
- Independent of Executive Management and main shareholders
- Current Board Positions: Chair: Gjensidige Forsikring ASA, Norgesgruppen Finans Holding AS, Nationaltheatret AS and Boligbygg KF. Board member: Norgesgruppen ASA, Selvaag Bolig ASA, Eiendomsspar AS and Victoria Eiendom AS.
- Number of shares in Scatec: 2,586
- Board meetings attended in 2021: 11

Note: The number of shares is quoted per year end 2021.

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

Maria Moræus Hanssen

Board Member

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

- Director in Scatec since: 2020
- Member of: Organisation and Remuneration Committee
- Independent of Executive Management and main shareholders
- Current Board Positions: Chair: Wastefront AS, Oslobygg Kf, National Museum of Art (Stiftelsen Nasjonalmuseet for kunst). Board member: MMH Nysteen Invest AS, Schlumberger Limited, Alfa Laval AB and Eco-stor AS.
- Number of shares in Scatec: 2,760 [2)]
- Board meetings attended in 2021: 10

Jørgen Kildahl

Board Member

Mr. Kildahl is a Senior Advisor in Energy Infrastructure Partners. He has extensive leadership experience from the energy sector, including more than 5 years as EVP in E.ON SE and 11 years in Statkraft AS, whereof 6 years as CEO of Statkraft Energi AS. Mr. Kildahl holds a MSc in Economics, is a Chartered Financial Analyst and holds an MBA from the Norwegian School of Economics, and concluded the Advanced Management Program at Harvard Business School.

- Director in Scatec since: 2021 (elected at the Annual General Meeting 20 April 2021)
- Member of: Audit Committee and ESG Committee
- Independent of Executive Management and main shareholders
- Current Board Positions: Ørsted AS, Telenor ASA and Alpiq AG.
- Number of shares in Scatec: 2,000
- Board meetings attended in 2021: 7

Note: The number of shares is quoted per year end 2021.

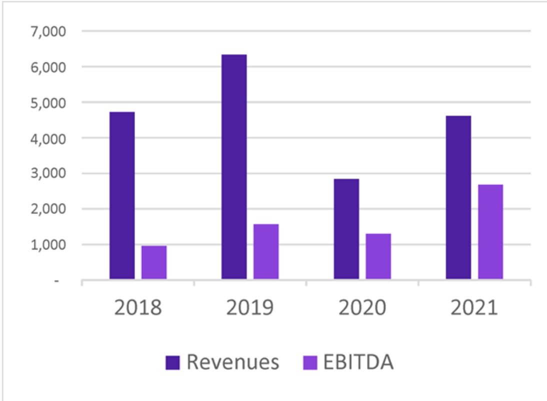
2) Including related parties

Report from the Board of Directors

Highlights 2021

- Proportionate revenues of NOK 4,615 million (2,844) and EBITDA of NOK 2,686 million (1,306)
- Proportionate Power production of 3,823 GWh, up 2.5x from last year
- Acquisition of SN Power completed with the hydro assets contributing to strong growth
- New solar plants started commercial operation in Ukraine and Argentina
- 2025 growth target announced – 15 GW capacity and investments of NOK 100 billion
- Building pipeline and pursing several new Power to X opportunities in Egypt and the Middle East
- The Board proposes dividends of NOK 2.54 per share, totaling NOK 401 million to be paid out in 2022

Proportionate revenues and EBITDA by year



Key figures

NOK million	FY 2021	FY 2020
Proportionate Financials		
Total revenues and other income	4,615	2,844
Power Production	4,176	1,708
Services	260	231
Development & Construction	137	873
Corporate	42	33
EBITDA	2,686	1,306
Power Production	2,949	1,404
Services	75	82
Development & Construction	-223	-28
Corporate	-114	-153
Operating profit (EBIT)	1,606	690
Power Production	1,977	838
Services	70	79
Development & Construction	-301	-54
Corporate	-140	-173
Profit/loss	285	-435
Net interest- bearing debt	15,175	1,851
Power production (GWh)	3,823	1,602
Scatec proportionate share of cash flow to equity[1)]	1,284	324
Consolidated Financials		
Revenues and other income	3,803	2,754
EBITDA	2,903	2,069
Operating profit (EBIT)	2,012	1,292
Profit/(loss)	456	-368
Net interest- bearing debt	14,949	5,223
Basic earnings per Share (NOK)	2.45	-3.51
Power Production (GWh)	9,729	2,911

1) See Alternative Performance Measures appendix for definition

Introduction

Scatec is a leading renewable energy solution provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 3.5 GW of installed capacity across four continents today. We are targeting 15 GW of renewable capacity to be in operation or under construction by the end of 2025, delivered by our 600 passionate employees who are driven by a common vision of 'Improving our Future'.

2021 Summary

Business growth

- Acquisition of SN Power completed with the hydro assets contributing to strong growth
- 2025 target announced – 15 GW capacity and investments of NOK 100 billion
- Project pipeline increased by more than 50% to 14.8 GW across all renewable technologies
- Some project delays due to prolonged governmental approval processes and cost inflation

Operational

- Stable operations and production in line with expectations across the asset portfolio
- Power production up 2.5x from last year
- Commercial operation of new solar power plants in Argentina and Ukraine

Organisation and people

- Expanded the full-time workforce with 187 employees, to a total of 622 employees at the end of 2021
- 51 different nationalities, a truly global company
- 27% female employees in management positions at the end 2021, compared to target of 32%.
- Launched 50/50 Female Leadership Programme
- 2021 Statement on Equality and Non-discrimination is available on our corporate website
- Developed a new People and Organisation Strategy

Climate

- Annual GHG emissions avoided from our power plants reached 4.8 million tones
- On the 'A' List for tackling climate change by the Carbon Disclosure Project (CDP)
- Set climate ambitions in line with the 1.5 degree target; zero scope 1 and 2 emissions by 2030 and net zero across the supply chain by 2040

EU Taxonomy and reporting

- All revenues, opex and investments are derived from EU Taxonomy eligible activities – and we expect full compliance at year end 2022
- Ranked number one in ESG reporting out of the 100 largest companies on the Oslo Stock Exchange

HSSE

- Delivered more than 2.5 million working hours with no fatalities or serious injuries during 2021
- The lost time incident frequency rate (LTIF) was 1.9 per million working hours resulting from five incidents
- Certified to ISO 9001, 45001 and 14001 by DNV

Human rights/supply chain

- Further strengthened our human rights due diligence process and training
- Addressed forced labor concerns in China; alternative sourcing, audits, peer collaboration and updates of governing documents
- New suppliers screened on environmental and social criteria - environmental and social assessments conducted for all new projects
- 28 grievances received, 79% were resolved as per the publication of the report

Anti-corruption

- Scatec provides mandatory anti-corruption and code of conduct training to all employees. 89% of all employees have completed the training

Group – Proportionate Financials

2021 proportionate revenues were NOK 4,615 million, up from NOK 2,844 million in 2020. The increase reflects the acquisition of SN Power in January 2021 and new solar plants in Ukraine and Argentina which started operation during the year.

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

The increase in operating expenses and depreciation compared with 2020 is mainly driven by the new power plants in operation, strengthened project development and corporate functions.

Scatec's proportionate share of cash flow to equity was NOK 1,284 million in 2021, up from NOK 324 million in 2020. This is mainly explained by the factors above in addition to NOK 397 million from refinancing of assets in the Philippines.

Power Production

Power Production revenues increased to NOK 4,176 million (1,708) in 2021, while EBITDA increased by 48% to NOK 2,949 million (1,404). Installed capacity was 3,355 MW at year-end and full year production on proportionate basis reached 3,823 GWh, up from 1,602 GWh in 2020. The increase in production volumes and revenues is mainly driven by the acquisition of SN Power.

For the existing power plants, the change in production volume from last year is small and driven by regular operational variability. The reported revenues for 2021 are reflecting sale of electricity from solar power plants in Brazil, Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa, Argentina and Ukraine, from hydro power plants in Philippines, Uganda and Laos and wind power in Vietnam. Operating expenses and depreciation increased from last year in line with more plants in operation.

Scatec's proportionate share of cash flow to equity from Power Production was NOK 1,640 million, up from NOK 427 million in 2020. The increase in cash flow to equity is less than the increase in EBITDA due to increased debt service.

Services

Revenues in the Service segment reached NOK 260 million (231). The revenue growth is explained by the growing portfolio of producing assets.

Operating expenses of NOK 186 million (149) in the segment mainly constitute fixed expenses such as personnel and recurring maintenance cost reflecting fixed maintenance schedules.

EBITDA reached NOK 75 million (82), corresponding to an EBITDA margin of 29% (36%). The decrease in EBITDA margin compared with last year is mainly due to growth of centralised service costs required to support the growing portfolio.

Scatec's proportionate share of cash flow to equity from Services was NOK 60 million in 2021, down from NOK 65 million in 2020.

Development & Construction (D&C)

Revenues in Development & Construction was NOK 137 million (873) and EBITDA NOK -223 million (-28) in 2021. The decrease is explained by low construction activity during the year.

The increase in operating expenses reflects increased spending on opportunity projects across several markets and renewable technologies.

Project development spending, including amounts capitalised reached NOK 318 million (245) in the year.

Scatec 's proportionate share of cash flow to equity from D&C was NOK -164 million, a decrease from NOK -15 million in 2020.

Corporate

Corporate activities mainly relate to corporate and management services. The segment reported an operating loss of NOK 114 million (153) in 2021.

Revenues in the corporate segment refers to management fees charged to the operating segments for corporate services rendered across the Group. Corporate incurred NOK 156 million (186) in operating expenses. In 2020 corporate included non-recurring transaction cost related to the SN Power acquisition. The change in operating expenses from 2020 to 2021 also reflects the strengthening of corporate functions to support the Company's growth.

Consolidated financial statements

Consolidated income statement

NOK million	2021	2020
Total revenues and other income	3,803	2,754
EBITDA	2,903	2,069
Operating profit (EBIT)	2,012	1,292
Profit before income tax	759	-238
Profit/(loss) for the period	456	-368
Profit/(loss) to Scatec	388	-478
Profit/(loss) to non-controlling interests	68	110

Revenues

Scatec reported net revenues of NOK 3,803 million (2,754) in 2021. The increase in revenues is explained by the commercial operation of new solar parks at Kamianka, Chigrin and Progressovka in Ukraine, and the acquisition of the Dam Nai wind power plant in Vietnam.

Net income from associated companies increased from NOK -16 million in 2020 to NOK 765 million in 2021. The increase is explained by net income from joint venture investments and associated companies that were part of the SN Power acquisition (operating power plants in the Philippines, Laos and Uganda) and commercial of the new solar park Cordillera in Argentina.

Operating Profit

The Group has in 2021 strengthen the organisation and the corporate functions following the significant growth of the Company. Also, the Group has increased its spending on opportunity projects, which explains the growth in operating expenses to NOK 900 million compared to NOK million 685 last year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 2,903 million in 2021, an increase from EBITDA of NOK 2,069 million in 2020.

Depreciation, amortisation and impairment amounted to NOK 892 million in 2021, compared to NOK 777 million in 2020. The increase is mainly explained by depreciation of the new solar plants which started operation in 2021.

Operating profit (EBIT) ended at NOK 2,012 million in 2021, up from NOK 1,292 million in 2020.

Net financial items

NOK million	2021	2020
Financial income	47	57
Financial expenses	-1,368	-1,189
Foreign exchange gains/(losses)	69	-398
Net financial expenses	-1,253	-1,530

Net financial expenses amounted to NOK 1,253 million in 2021, compared to NOK 1,530 million in 2020. Financial expenses primarily consist of interest expenses on non-recourse financing and corporate funding. The increase in interest expense is mainly driven by the acquisition of SN Power.

The decrease in foreign exchange losses in 2021 from negative NOK 398 million to positive NOK 69 million is primarily driven by change of functional currency in Scatec ASA from NOK to USD from 1 January 2021.

Profit before tax and net profit

The effective tax rate was -40% (55%) for the full year 2021. The difference between the actual tax expense of the year and a calculated tax expense based on the Norwegian tax rate of 22% is explained by a number of factors, including withholding taxes paid on dividends received from subsidiaries, revised assessment of deferred tax assets and currency effects. The tax cost is also influenced by taxable profits and -losses in tax jurisdictions with different tax rates which offset each other in the group but leaves a net tax expense to be recognised. The underlying tax rates in the companies in operation are in the range of 0% to 33%. In some markets, Scatec also receives special tax incentives intended to promote investments in renewable energy. For further details, refer to Note 7 Tax.

Non-controlling interests (NCI) represent financial investors in power plants. The allocation of profits between NCI and Scatec is impacted by the fact that NCI only represent shareholdings in the power plants that are fully consolidated and not includes net income from JVs and associates

Other comprehensive income comprises items that may subsequently be reclassified to profit or loss, amounted to NOK 317 million (-394) in 2021. This relates to after-tax net movement of cash flow hedges of negative NOK 386 million (-380) and foreign currency translation differences of NOK 40 million (-112).

Total comprehensive income was thus NOK 773 million (-762) for 2021 of which NOK 595 million (-698) was attributable to Scatec, while NOK 178 (-65) million is attributable to non-controlling interests.

Consolidated statement of cash flow

Cash flow

NOK million	FY 2021	FY 2020
Net cash flow from operating activities	2,072	1,671
Net cash flow from investing activities	-8,081	-1,704
Net cash flow from financing activities	2,413	4,984
Net increase/(decrease) in cash and cash equivalents	-3,597	4,951

Net cash flow from consolidated operating activities amounted to NOK 2,072 million (1,671) in 2021, compared to EBITDA of NOK 2,686 million (1,306). The difference is primarily explained by increased net income from JVs and associated companies and changes in other assets and liabilities.

Net cash flow from consolidated investing activities was negative NOK -8,081 million (-1,704) driven by net investments in, and distributions from JVs, and investments in property, plant and equipment.

Net cash flow from financing activities amounted to NOK 2,413 million (4,984), driven primarily by net proceeds from corporate financing of NOK 4,699 million related to the acquisition of SN Power, repayments and proceeds from non-recourse project financing amounted to NOK -707 million (-543) and NOK 1,180 million (894).

In total, the Group's cash balance was reduced by NOK 3,597 million (4,951). Of the total cash balance of NOK 4,171 million (7,788), NOK 1,711 million (1,741) was restricted cash in power plant companies, NOK 91 million (87) represented other restricted cash while NOK 2,335 million (5,949) represented free cash at the Group level.

Proportionate share of cash flow to equity

Scatec's "proportionate share of cash flow to equity", 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. Scatec's proportionate share of cash flow to equity totaled NOK 1,284 million (324) in 2021.

NOK million	2021	2020
Power production	1,640	427
Services	60	65
Development & Construction	-164	-15
Corporate	-252	-153
Sum	1,284	324

Consolidated statement of financial position

Assets

NOK million	2021	2020
Property, plant and equipment and intangible assets	16,682	16,112
Investments in JV and associated companies	9,745	612
Other non-current assets	983	865
Total non-current assets	27,385	17,590
Other current assets	1,474	1,286
Cash and cash equivalents	4,171	7,788
Total current assets	5,645	9,074
Total assets	33,030	26,663

Total assets amounted to NOK 33,030 million at year-end 2021, up from NOK 26,663 million at the end of 2020.

Non-current assets totaled NOK 27,385 million (17,590), the increase is mainly driven by the acquisition of SN Power and increased investments in JVs and associated companies. See Note 13 for an overview of investments in joint ventures and associated companies and split per country.

Current assets amounted to NOK 5,645 million (9,074). Other current assets increased compared to 2020, mainly driven by the acquisition of SN Power, working capital changes and increase in outstanding receivables in Honduras.

The cash balance has decreased by NOK 3,617 million since 31 December 2020, primarily following the acquisition of SN Power. In addition to the cash balance as of year-end at NOK 4,171 million, the Group had NOK 1,632 million in available undrawn credit facilities. See Note 15 for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Other current assets and liabilities mainly relate to working capital items such as trade receivables, prepayments and accruals.

Equity and liabilities

NOK million	2021	2020
Equity	9,919	9,467
Non-current non-recourse project financing	10,708	11,350
Non-current corporate financing	7,264	-
Other non-current liabilities	2,224	2,351
Total non-current liabilities	20,197	13,701
Current non-recourse project financing	1,147	913
Current corporate financing	-	748
Trade payables and other current liabilities	1,766	1,834
Total current liabilities	2,913	3,495
Total liabilities	23,110	17,196
Total equity and liabilities	33,030	26,663
Book equity ratio	30%	36%

Total equity increased by NOK 452 million compared with 31 December 2020, driven by the profit and other comprehensive income in the period. The decreased book equity ratio is explained by the increase in total equity and liabilities following the acquisition of SN Power.

Total non-current liabilities amounted to NOK 20,197 million (13,701) at the end of 2021, of which non-recourse project financing accounted for NOK 10,708 million (11,350). The NOK 6,516 million increase in corporate financing compared with 31 December 2020 mainly relates to financing of the acquisition of SN Power which, at closing date of the acquisition, comprised of a USD 400 million bridge to bond facility, a USD 150 million Green Term Loan and a USD 200 million Vendor Financing. In the first quarter 2021, Scatec successfully completed a EUR 250 million senior unsecured green bond issue with maturity in August 2025, which was listed on the Oslo Stock Exchange on 23 June 2021. Proceeds from the bond issue were used for repayment of USD 207 million of the bridge to bond facility, redemption of the NOK 750 million senior unsecured green bond issued in 2017, and other eligible activities as set out in Scatec's Green Financing Framework. See Note 23 for further details.

Parent Company

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

Scatec ASA reported revenues of NOK 166 million and operating loss (EBIT) of NOK -343 million in 2021, compared to revenues of NOK 622 million and operating loss (EBIT) of NOK -63 million in 2020.

Revenues decreased from 2020 to 2021 due to lower construction activity. All revenues are Group internal and based on agreements established between Scatec ASA and its subsidiaries, joint ventures and associated companies.

Operating expenses decreased to NOK 455 million, from NOK 675 million in 2020, reflecting the reduced construction activity. The number of employees increased from 94 to 116 following the Company's growth.

Profit after tax reached NOK -74 million, compared to a profit after tax of NOK 518 million in 2020.

Total equity for the parent company Scatec ASA stood at NOK 9,761 million at 31 December 2021, down from NOK 9,915 million in 2020. Total assets amounted to NOK 20,048 million at 31 December 2021, up from NOK 11,658 million a year earlier. The increase mainly relates to investments in subsidiaries following the acquisition of SN Power.

Organisation

Scatec has an international and diverse workforce which at the end of 2021 was represented by 51 nationalities and 622 employees in 26 countries. The organisation was strengthened across key functions and regions by expanding the team by 187 highly skilled full-time employees during the year. In addition to the full-time workforce, Scatec had 105 short-term employees and 56 consultants supporting its functions. The organisation remains flexible, and the young and dynamic workforce continues to deliver strong results and growth.

The Company's reporting on diversity and equal opportunity is available in the Statement of equality and anti-discrimination on https://scatec.com/sustainability/esg-resources/ and in the Company's 2021 ESG Performance report.

Risk factors and risk management

In Scatec, risk management is an integrated part of our operating system. We have over the years systemised our approach to risk management through policies and procedures, which are followed up by our management team and relevant functions including Solutions, Finance, Internal Audit, Legal, Sustainability, HSSE, Compliance and O&M. The main risk management policies are reviewed and approved by the Board of Directors on a regular basis.

With integrated operations within emerging economies and across renewable technologies, we are exposed to a variety of risks. Our ability to manage these risks is fundamental for our success and has over time developed into a key competitive advantage for Scatec. We capitalise on our experience from complex environments and risk management systems to de-risk an opportunity and move it forward.

As part of our risk management system, all risks related to a project are identified and addressed in management- and project- reviews and reported upon on a regular basis. These reports represent an important part of our decision gate reviews. An annual and quarterly risk review are performed by the Executive Management Team, and the output of the reviews are reported to the Board of Directors.

Below we have summarised the key inherent risks that Scatec is exposed to as per year end 2021 and key mitigation activities.

Project development risk

Scatec's growth relies on successful project development which is impacted by a number of factors including availability of attractive sites, grid capacity and securing interconnection, power prices, component prices, interest rate level, government approval process, permits and access to competitive financing. Scatec manages this risk through a well-proven approach to screening of new projects as well as holding a large and broad project pipeline.

Component price risk

From the date when Scatec enters into long-term contract for the sale of electricity and the date of the investment decision the Company is exposed to the risk component price fluctuations and supply chain disruptions.

Scatec manages such risk by seeking to work with a broad set of suppliers and contractors and ensure that both capex and EPC budgets for new projects hold sufficient contingencies to absorb the most likely price fluctuations in the relevant timeframe.

Compliance and integrity risk

Scatec is opposed all forms of corruption and strives to meet the highest ethical standards across our business activities. As a global company, we have implemented an Anti-Corruption Compliance Programme designed to meet the risks of diverse and challenging business environments.

The Scatec Code of Conduct sets out our commitment to prevent corruption and places clear requirements on our employees. We train our employees on how to manage the corruption risks they may face, we encourage them to ask for guidance if they are unsure, and we remind them of their duty to speak-up if they suspect misconduct. In 2021 we made a Code of Conduct eLearning available for all employees and, in 2022, we will focus on tightening internal controls around high-risk partners and activities.

Scatec expects all business partners and suppliers to conduct their activities in a way that is consistent with our Code of Conduct and we embed this contractually in our Supplier Conduct Principles. We screen all potential suppliers and systematically assess higher-risk business partners to avoid unsuitable third parties. Our assessment goes beyond corruption to include environment, labour, human rights and sanction risks. We mitigate these risks through our supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits and monitoring during production.

Our whistle-blower channel is available to all employees, suppliers, partners and customers through internal channels and our corporate website. The channel is operated by a neutral third-party to protect the anonymity of reporters, should they so wish, and is available in multiple languages. All reports are taken seriously and investigated according to an established investigation procedure.

Our finance partners, including Norfund and the World Bank International Finance Corporation, are widely acknowledged for having high ethical standards and rigorous due diligence requirements and, together, we ensure that our projects and operations are conducted with integrity.

Political risk

Scatec sells electricity to state-owned utilities typically supported by sovereign guarantees. The Company's financial performance therefor relies on government adherence to contractual obligations and various laws and regulations.

Consequently, Scatec is subject to political risk in the countries it operates. Scatec mitigates political risk through a comprehensive contractual framework for each individual project and asset. Risk is also mitigated through partnerships with multilateral development banks as project finance lenders and/or through establishing project risk insurance cover from the World Bank and others. A large and broad asset portfolio also gives diversification effects and reduces the overall political risk related to the asset portfolio.

Cyber risk

Cyber risk is an increasing concern in today's society. Scatec's IT partner's Security Operations Center (ISOC) monitors all data traffic passing through the firewalls 24/7 in addition to surveillance of the general threat level across Scatec's global networks. The security set-up is audited by third party experts on a regular basis.

Financial risk

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

For a more detailed description and management of financial risk, refer to Note 19 – Financial risk management.

Power market price risk

The Company has moderate exposure to power market price risk. Scatec has entered into long-term fixed price contracts for the sale of electricity from most of its power plants in operation at year end 2021. In the Philippines, Scatec has long term power market price exposure as about 70-80% of the electricity from power plants are sold under 1 - 3 year contracts to hedge the short to mid-term market price exposure.

Health, Safety and Security risk

Through the construction of large-scale renewable energy plants with between 500-5000 workers on the project site, the Company is exposed to health and safety risk. Scatec is continuously working to achieve the goal of zero harm to personnel, materials and the environment. Scatec takes responsibility, sets requirements and monitors HSSE performance in the development, construction and operations phases of the projects. Further, the health and safety standards are defined and communicated to employees and contractors.

Contractor management is identified as a key risk area for the Company, and Scatec continuously works to monitor that all subcontractors operate in accordance with its corporate policy and principles.

For countries with a high-risk rating, Scatec follows special security measures for all travel in line with the recommendations of the Company's third-party risk advisor. Scatec works systematically to strengthen its approach to security management and emergency preparedness.

Other risks

Other inherent risk with low likelihood and/or lower potential business impact is briefly described here.

Risk of war and civil unrest – Scatec is generally not making investments of regions with high risk of war and civil unrest. This risk is assessed before starting development of new project opportunities. The risk has unfortunately materialised in Ukraine where Russia started a military invasion in February 2022.

Climate change impact - climate change could have a range of potential impacts on Scatec's business. The most serious climate-related risks involve the physical impact of extreme weather events, including droughts and floods. Scatec conducts corporate climate risk assessments Refer to our Task Force on Climate related Financial Disclosure (TCFD) report 2021 for more information.

Human rights – the risk relating to the breach of fundamental human rights in renewable energy projects and the supply chain. The main risk relating to the Company's supply chain is related to labour and working conditions in exposed regions such as Xinjiang, China. The Company conducts human rights due diligence in projects and the supply chain and has a corporate human rights policy aligned with the United Nations Guiding Principles on Business and Human Rights.

Pandemic risk - Scatec with its external risk advisors, regularly assess risks related to global health issues such as pandemics. The impact of COVID-19 on Scatec's operations has been limited as we operate critical infrastructure. The COVID-19 situation has however influenced the markets where Scatec develops projects and has caused delays in government approvals for some of the development projects.

Corporate governance

The Board of Directors has made a strong commitment to ensure trust in the Company and to enhance shareholder value through effective decision-making and open communication between the management, the Board of Directors, the shareholders and other stakeholders. The Company's framework for corporate governance is intended to decrease business risk, maximise value and utilise the Company's recourses in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large. The Company's corporate governance framework is subject to annual reviews and discussions by the Board of Directors. The Company comply with the Norwegian Code of Practice for Corporate Governance and the Board of Directors' Corporate Governance report is available on the corporate website under the Investor section.

Scatec ASA has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and CEO. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50%. The insurance policy is issued by a reputable, specialised insurer with appropriate rating.

Market outlook

Global new installation of renewable energy capacity reached 315 GW in 2021 according to Bloomberg New Energy Finance (BNEF).

Although global cost inflation is impacting the renewables industry the cost impact on other energy sources is even stronger. Consequently, the relative competitiveness of the fuel independent electricity form solar, wind and hydropower has strengthened over the last few quarters.

Bloomberg New Energy Finance (BNEF) expects global solar new build to accelerate and see new installations of around 228 GW in 2022, up from an estimated 183 GW in 2021. For wind, new installations reached an estimated 93 GW in 2021 and is expected to grow by 9% each year up to 2030, cumulative capacity surpassing 1,000 GW already in 2023. The global energy storage market grows at unprecedented rates, with an estimated 11 GW of new capacity installed in 2021 and 345 GW to be added up to 2030.

Global hydropower new build reached an estimated 28 GW in 2021, according to the International Energy Agency (IEA). In a recent report, IEA highlights that around half of the economically viable potential of hydropower globally is yet untapped. The potential is particularly high in emerging and developing economies. To reach IEA's net-zero emission by 2050, significant investments are required to build an estimated additional 477 GW of hydropower capacity globally by 2030.

Long term, BNEF expects all renewables to see massive growth and to supply 85% of energy in 2050 in a green scenario[1]. In its latest New Energy Outlook 2021 report, BNEF highlights that the following milestones would need to be achieved every year on average through 2030 to be on track to reach net zero by 2050:

- New wind power of 505 GW
- Solar PV of 455 GW
- Batteries of 245 GW

To achieve the goal of net zero emissions by 2050, 85 per cent of the world's energy production will have to come from renewable energy, according to Bloomberg NEF, which will require total investments of USD 150 trillion in total.

Green hydrogen and green ammonia are set to play a major role in decarbonisation of hard-to-abate sectors globally in the coming years, driven by volatile gas prices, cheap renewables, ambitious net zero targets and an increasing number of national hydrogen strategies being adopted. IRENA's 1.5°C scenario envisages that clean hydrogen could meet up to 12% of final energy consumption by 2050.

Scatec mid-term growth target

In March 2021, Scatec announced a new target to reach 15 GW by the end of 2025 and a NOK 100 billion investment plan to fund the growth target. The business plan is supported by Scatec's track record of strong growth and the solid project pipeline across solar, wind, hydro and storage in high-growth markets globally.

The 15 GW target implies 12 GW of new capacity, with NOK 15-20 billion of a total NOK 100 billion in investments to be funded by Scatec equity. Solid long term cash flows from operating power plants and margins from development and construction of new facilities are expected to fund a large part of Scatec's equity investments.

Share capital and the Scatec share

Scatec ASA is listed on the Oslo Stock Exchange under the ticker "SCATC". The share capital of Scatec was NOK 3,958,392 divided on 158,864,018 shares at year end 2021, each with a nominal value of NOK 0.025. All shares are of the same class and with equal voting and dividend rights. Per 31 December 2021, the number of shareholders were 16,487. Refer to Note 27 - Share capital, shareholder information and dividend for further information.

In 2021, the Scatec share price was negatively affected by a weak sector development as well as delayed construction start for several of Scatec's backlog projects.

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

Dividend policy

The Group's objective is to pay shareholders consistent and growing cash dividends. Scatec's dividend policy is to, over time, pay its shareholders dividends representing minimum 25% of the cash distributions received from the power plants each year. In line with the dividend policy, the Board of Directors have resolved to propose to the 2022 Annual General Meeting of Scatec that a dividend of NOK 2.54 per share should be paid for 2021.

[1] Green Scenario is a clean-electricity and green-hydrogen net-zero pathway. Here, hydrogen produced from water using electrolyzers powered by wind and solar is applied in sectors such as industry and heavy transport, as well as in power generation to complement electrification.

Financial review

Presentation of Accounts

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

Segment and proportionate financials

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

To improve earnings visibility and reporting transparency on underlying value creation across Scatec's business activities, the Company is reporting on proportionate financials in addition to consolidated financials. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries based on Scatec's economic interest in the subsidiaries. Proportionate reporting is in line with how the Management Team assesses the performance of the segments. Please refer to Note 3 Operating Segments for further descriptions of the proportionate financials as well as reconciliation to the IFRS financial statement.

Subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting event

On 24 February 2022, Russia invaded Ukraine where Scatec currently operate five solar power plants, located in the central and southern parts of the country. The situation is extremely challenging, and Scatec's top priority is the safety of our Ukrainian employees. The outcome is still highly uncertain, but the event may significantly impact Scatec's financial performance in Ukraine, including restructuring of the loan for Chigirin. Based on the current circumstances we anticipate to be in breach of loan covenants as of end of Q1 2022 and we have a continuous and constructive dialogue with the lenders on this matter.

Oslo, 17 March 2022

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)	Jørgen Kildahl	Maria Moræus Hanssen
Jan Skogseth	Gisele Marchand	Raymond Carlsen (CEO)

Consolidated financial statements Group

Consolidated statement of profit and loss

1 JANUARY - 31 DECEMBER

NOK million	Note	2021	2020
Revenues	3	3,038	2,771
Net income/(loss) from JV and associated companies	3, 13	765	-16
Total revenues and other income		3,803	2,754
Personnel expenses	4	-397	-262
Other operating expenses	5	-503	-423
Depreciation, amortisation and impairment	9, 10, 11	-892	-777
Operating profit (EBIT)		2,012	1,292
Interest and other financial income	6	47	57
Interest and other financial expenses	6	-1,368	-1,189
Net foreign exchange gain/(loss)	19, 6	69	-398
Net financial expenses		-1,253	-1,530
Profit/(loss) before income tax		759	-238
Income tax (expense)/benefit	7	-303	-130
Profit/(loss) for the period		456	-368
Profit/(loss) attributable to:			
Equity holders of the parent		388	-478
Non-controlling interest	29	68	110
Basic earnings per share (NOK)	8	2.45	-3.51
Diluted earnings per share (NOK)	8	2.43	-3.51

Consolidated statement of comprehensive income

1 JANUARY - 31 DECEMBER

NOK million	Notes	2021	2020
Profit/(loss) for the period		456	-368
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss			
Net movement of cash flow hedges	22	386	-376
Income tax effect from net movement of cash flow hedges	7	-108	98
Foreign currency translation differences		40	-116
Net other comprehensive income to be reclassified		317	-394
Total comprehensive income for the year, net of tax		773	-762
Attributable to:			
Equity holders of the parent		595	-698
Non-controlling interest	29	178	-65

Consolidated statement of financial position

NOK million	Note	As of 31 December 2021	As of 31 December 2020
Assets			
Non-current assets			
Deferred tax assets	7	748	722
Property, plant and equipment	9	15,885	16,071
Goodwill and intangible assets	10	797	40
Investments in JVs and associated companies	13	9,745	612
Other non-current assets	17, 30	210	144
Total non-current assets		27,385	17,590
Current assets			
Trade and other receivables	16	740	623
Other current assets	17, 30	734	663
Cash and cash equivalents	15	4,171	7,788
Total current assets		5,645	9,074
Total assets		33,030	26,663

Consolidated statement of financial position

NOK million	Note	As of 31 December 2021	As of 31 December 2020
Equity and liabilities			
Equity			
Paid in capital			
Share capital	27	4	4
Share premium		9,775	9,720
Total paid in capital		9,779	9,724
Other equity			
Retained earnings		-493	-708
Other reserves		-16	-221
Total other equity		-508	-929
Non-controlling interests	29	649	673
Total equity		9,919	9,467
Non-current liabilities			
Deferred tax liabilities	7	589	205
Corporate financing	23	7,264	-
Non-recourse project financing	24	10,708	11,350
Other financial liabilities	20, 21, 22	249	572
Other non-current liabilities	18, 30	1,387	1,575
Total non-current liabilities		20,197	13,701
Current liabilities			
Corporate financing	23	-	748
Non-recourse project financing	24	1,147	913
Income tax payable	7	24	90
Trade and other payables		812	760
Other financial liabilities	20, 21, 22	90	131
Other current liabilities	18, 30	841	852
Total current liabilities		2,913	3,495
Total liabilities		23,110	17,196
Total equity and liabilities		33,030	26,663

Oslo, 17 March 2022

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman) Jørgen Kildahl Maria Moræus Hanssen

Jan Skogseth Gisele Marchand Raymond Carlsen (CEO)

Consolidated statement of changes in equity

				Other reserves				
NOK million	Share capital	Share premium	Retained earnings	Foreign currency translation	Hedging reserves	Total	Non-controlling interests	Total equity
At 1 January 2020	3	3,108	-134	128	-130	2,975	663	3,640
Profit for the period	-	-	-478	-	-	-478	110	-368
Other comprehensive income	-	-	-	-89	-131	-219	-174	-394
Total comprehensive income	-	-	-478	-89	-131	-698	-65	-762
Share-based payment	-	14	-	-	-	14	-	14
Share capital increase	1	6,743	-	-	-	6,744	-	6,744
Transaction cost, net after tax	-	-144	-	-	-	-144	-	-144
Share purchase program	-	-1	-	-	-	-1	-	-1
Dividend distribution	-	-	-131	-	-	-131	-148	-279
Purchase of NCIs shares in group companies	-	-	35	-	-	35	-	35
Capital increase from NCI	-	-	-	-	-	-	221	221
At 31 December 2020	4	9,720	-708	40	-261	8,794	673	9,467
At 1 January 2021	4	9,720	-708	40	-261	8,794	673	9,467
Profit for the period	-	-	388	-	-	388	68	456
Other comprehensive income	-	-	1	55	150	206	110	317
Total comprehensive income	-	-	390	55	150	595	178	773
Share-based payment	-	12	-	-	-	12	-	12
Share capital increase	-	42	-	-	-	42	-	42
Share purchase program	-	-1	-	-	-	-1	-	-1
Dividend distribution	-	-	-173	-	-	-173	-217	-390
Capital increase from NCI	-	-	-	-	-	-	14	14
At 31 December 2021	4	9,775	-493	95	-111	9,271	649	9,919

Consolidated statement of cash flow

NOK million	Notes	2021	2020
Cash flow from operating activities			
Profit before taxes		759	-238
Taxes paid	7	-234	-214
Depreciation and impairment	9, 10, 11	892	777
Net gain/loss from sale of fixed assets	9	9	26
Net income from JV and associated companies	13	-765	16
Interest and other financial income	6	-47	-57
Interest and other financial expenses	6	1,368	1,189
Unrealised foreign exchange (gain)/loss	6	-69	398
(Increase)/decrease in current assets and current liabilities		158	-226
Net cash flow from operating activities		2,072	1,671
Cash flows from investing activities			
Interest received	6	47	57
Consideration paid for SN Power, net of cash acquired	23, 14	-7,848	-
Investments in property, plant and equipment	9	-967	-1,774
Distributions from JV and associated companies	13	819	51
Investments in JV and associated companies	13	-131	-39
Net cash flow used in investing activities		-8,081	-1,704
Cash flow from financing activities			
Net proceeds from non-controlling interests shareholder financing	25	-12	159
Interest paid		-1,180	-894
Proceeds from non-recourse project financing	24	43	135
Repayment of non-recourse project financing	24	-750	-678
Payments of principal portion on lease liabilities	11	-25	-18
Interest paid on lease liabilities	11	-15	-18
Net proceeds from corporate financing	23	4,699	-
Share capital increase [1)]	27	42	6,576
Dividends paid to equity holders of the parent company and non-controlling interests	27	-390	-280
Net cash flow from financing activities		2,413	4,984
Net increase/(decrease) in cash and cash equivalents		-3,597	4,951
Effect of exchange rate changes on cash and cash equivalents		-20	13
Cash and cash equivalents at beginning of the period		7,788	2,824
Cash and cash equivalents at end of the period	15	4,171	7,788

1) The amounts of share capital increase are presented net of transaction cost of NOK 0 million (128) in 2021

Notes to the Consolidated financial statements Group

Note 1 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 and joint ventures ("the Group" or "Scatec") is a leading renewable energy solution provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 3.5 GW of installed capacity across four continents today (refer to Note 3 – Operating segments).

Information on the Group's structure is provided in Note 28 – Consolidated subsidiaries.

The Company is listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'. For further details on shareholder matters, refer to Note 27 – Share capital, shareholder information and dividend.

The consolidated financial statements for the full year 2021 were authorised for issue in accordance with a resolution by the Board of Directors on 17 March 2022.

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

Note 2 Key sources of estimation uncertainty, judgements and assumptions

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

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

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

Consolidation of power plant companies

Scatec's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role through ownership of the power plants. Normally Scatec enter partnerships for the shareholding of the power plant companies. To be able to fully utilise the business model, Scatec normally seeks to obtain operational and financial control of the power plant companies. Operational control is obtained through governing bodies, shareholder agreements and other contractual arrangements. Other contractual arrangements may include Scatec's role as the developer of the project, EPC provider (construction), operation and maintenance service provider and asset management service provider.

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

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

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

Please see individual notes and sections “Estimation uncertainty” for further details around other estimations, judgements and assumptions.

Note 3 Operating segments

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

From January 2021, the group has incorporated the hydro and wind producing assets in the Power Production segment, other activities related to the development, construction and operations of the wind and hydro plants are incorporated in the different segments according to its nature, as defined below.

Power Production

The Power Production segment manages the Group’s power producing assets and derives its revenue from the production and sale of solar, winds and hydro generated electricity based on long-term Power Purchase Agreements or Feed-inTariffs. In addition, the segment includes revenues from the Release concept, and energy trading activities. The electricity is primarily sold on long-term Power Purchase Agreements or feed-in-tariffs except for in the Philippines where the electricity is sold on bilateral contracts, in the spot market and as ancillary services.

Revenue is recognised upon delivery of electricity produced to the local operator of the electricity grid. The performance obligation is to deliver a series of distinct goods (power) and the performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. Revenue is recognised upon transfer of electricity produced to the local operator of the electricity grid, based on periodic meter readings. The Group applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer.

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

Finance and operation of the plants is mainly ring-fenced in power plant companies with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these power plant companies to Scatec, and any other project equity investors in accordance with the shareholding and the terms of the finance documents.

Services

The Services segment comprises Operations & Maintenance (O&M) and Asset Management services provided to solar and hydro power plants where Scatec has economic interest. The services are delivered to ensure optimised operations of solar and hydro power producing assets through a complete and comprehensive range of services for technical and operational management.

O&M revenues are generated based on 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.

Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus. These revenues are recognised as the service is provided. The potential performance revenues from the profit-sharing agreements are considered as variable consideration under IFRS 15 and are recognised when it is highly probable that the recognition will not be reversed in future periods.

Development & Construction

The Development & Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Group's solar, wind and hydro power plants. These transactions are primarily made with entities that are under the control of the Group and hence eliminated when consolidated.

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

Scatec periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for modules, labor, subcontractor costs, and other direct costs related to contract performance. Scatec recognises direct material costs as incurred costs when the main direct materials have been installed. Scatec considers direct materials to be installed when they are permanently attached or fitted to the solar power systems as required by engineering designs.

Some construction contracts include product warranties. The expected warranty amounts are recognised as an expense at the time of sale and are adjusted for subsequent changes in estimates or actual outcomes. The group has currently ongoing construction projects in Pakistan and related to Release in Cameroon, Chad and South Africa.

Corporate

Corporate consists of the activities of corporate and management services.

No segments have been aggregated to form these reporting segments. Revenues from transactions between the D&C, Services and PP segments, where Scatec is deemed to hold a controlling interest, are presented as internal revenues in the segment reporting, and eliminated in the consolidated statement of profit or loss.

Use of proportionate financials

The segment financials are reported on proportionate basis. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced Proportionate Financials as the Group is of the opinion that this method improves earnings visibility and to improve transparency on underlying value creation across Scatec's business activity.

Revenues from transactions between group companies, where Scatec is deemed to hold a controlling interest, are presented as internal revenues in the segment reporting. These transactions are based on international contract standards and terms negotiated at arm's length with lenders and co-investors in each power plant company. No operating segments have been aggregated to form these reporting segments.

The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in the Services and Development & Construction segment mainly reflect deliveries to other companies controlled by Scatec, or which revenues and profits are eliminated in the consolidated financial statements. The key differences between the proportionate and the consolidated (IFRS) financials are that:

- In the consolidated financials fully consolidated companies are presented on a 100% basis. In the proportionate financials the fully consolidated companies are presented based on Scatec's ownership percentage/economic interest. The residual ownerships interests in the table below represent the share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest.
- In the consolidated financials joint venture and associate 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 and associate 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 table below is the column elimination of equity consolidated entities the elimination of proportionate financials from equity consolidated entities adjusted for Scatec's share of net income/(loss).
- 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. Hence, the consolidated financials have lower book value of solar plants and corresponding lower depreciation charges because internal gain is eliminated. Internal gain eliminations also include profit on Operations and Maintenance - and Asset Management services delivered to project companies.
- The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit; hence interest income/expense is not disclosed on proportionate basis.

The acquisition of SN Power from January 2021 is structured so that the economic risk of the acquired companies is transferred to Scatec from 1 January 2021. Consequently, SN Power is included in the proportionate segment financials from 1 January 2021. In the Group consolidated IFRS financials the date of inclusion is 29 January 2021, which is the date of completion when Scatec obtained control over the project companies as defined by IFRS. The proportionate amount of total revenues, EBITDA, EBIT and net profit included for the SN Power entities for January 2021 are NOK 184 million, NOK 119 million, NOK 92 million and NOK 45 million respectively. Of this a net profit of NOK 57 million from equity consolidated entities and NOK -12 million is from fully consolidated entities

Bridge proportionate – to consolidated financials 2021

2021 NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
	Proportionate financials								
External revenues [1]	4,176	5	3	6	4,189	1,162	-2,312	-1	3,038
Internal revenues	-	256	134	36	426	34	-22	-438	-
Net income from JV and associates [2]	-	-	-	-	-	-	765	-	765
Total revenues and other income	4,176	260	137	42	4,615	1,196	-1,569	-439	3,803
Cost of sales	-557	1	-120	-	-676	-10	560	126	-
Gross profit [3]	3,620	261	16	42	3,939	1,186	-1,009	-313	3,803
Personnel expenses	-99	-97	-162	-92	-449	-7	49	10	-397
Other operating expenses	-572	-90	-78	-65	-804	-208	208	302	-503
EBITDA	2,949	75	-223	-114	2,686	970	-752	-1	2,903
D&A and impairment [4]	-972	-5	-78	-26	-1,081	-330	369	151	-892
Operating profit (EBIT)	1,977	70	-301	-140	1,606	640	-383	149	2,012

1) In addition to ancillary services and spot market sales, the reported revenues and cost of sales from the Philippines reflect the power market settlement mechanism for bilateral contracts – implying that both the sale and a buy transaction related to the gross contract business is included and not eliminated

2) Refer to Note 13 Investments in joint venture and associated companies for details on Net income from JV and associates

3) Equivalent to Net revenues

4) Included in the Power Production segment is amortisation of excess values related to the acquisition of SN Power (ref Note 13) and included in Development & Construction segment is the impairment of discontinued development of projects (ref Note 12)

Bridge proportionate – to consolidated financials 2020

2020 NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
	Proportionate financials								
External revenues	1,708	1	12	5	1,727	1,131	-77	-10	2,771
Internal revenues	-	231	861	28	1,118	310	-25	-1,403	-
Net income from JV and associates	-	-	-	-	-	-	-16	-	-16
Total revenues and other income	1,708	232	873	33	2,844	1,442	-119	-1,414	2,754
Cost of sales	-	-	-764	-	-764	-271	17	1,017	-
Gross profit	1,708	232	109	33	2,080	1,171	-102	-396	2,754
Personnel expenses	-28	-75	-85	-72	-259	-3	6	-7	-262
Other operating expenses	-276	-75	-52	-113	-517	-189	26	256	-423
EBITDA	1,404	82	-28	-153	1,306	979	-69	-147	2,069
D&A and impairment	-566	-3	-26	-20	-615	-321	29	131	-777
Operating profit (EBIT)	838	79	-54	-173	690	658	-40	-16	1,292

Geographical break down of consolidated revenues and PPE

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

Consolidated revenues per country

	External revenue	
NOK million	2021	2020
South Africa	1,135	1,040
Egypt	596	629
Malaysia	348	335
Ukraine	303	150
Honduras	197	214
Jordan	143	156
Czech Republic	122	128
Mozambique	83	88
Vietnam	70	-
Rwanda	20	22
Other	21	10
Total	3,038	2,771

Property, plant and equipment per country

	Property, plant and equipment	
NOK million	2021	2020
South Africa	3,245	3,563
Egypt	3,074	3,086
Malaysia	2,683	2,777
Ukraine	2,616	3,013
Honduras	1,359	1,404
Jordan	820	829
Mozambique	456	468
Vietnam	444	-
Norway	348	271
Czech Republic	330	357
Netherlands	256	151
Rwanda	136	139
Pakistan	108	-
Other	12	12
Total	15,885	16,070

Major customers

In South Africa, revenues (3 plants which commenced operations in 2013 and 2014 and 3 plants which commenced operations in 2020) are earned under 20-year Power Purchase Agreements (PPA) with Eskom Holdings (South African incumbent utility), which was awarded under the Renewable Independent Power Producer Procurement Programme (REIPPPP) administrated by the Department of Energy. Eskom's financial commitments under the PPA are guaranteed by the South African National Treasury under the Implementation Agreement.

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

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

The Rengy plant in Ukraine commenced operation in 2019, Boguslav and Kamianka commenced operations in 2020 and Chigrin and Progressovka commenced operations in 2021. The electricity is sold under Power Purchase Agreement's all ending 31 December 2029 with the stateowned company Guaranteed Buyer. The financial commitments of Guaranteed Buyer under the PPA are guaranteed by the State under the law on Alternative Energy Sources and the *Law on Electric Energy Market*.

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

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

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

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

The Dam Nai wind farm in Vietnam was acquired by SN Power on 27 January 2021 and has a capacity of 39.4 MW. The wind farm was constructed in two phases and Phase I started operations in October 2017 (7.9 MW) and Phase II in December 2018 (31.5 MW). The electricity is sold under a 20-year Power Purchase Agreement with Vietnam Electricity; a state-owned company established by the government in Vietnam.

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

Note 4 Employee benefits

Accounting principle

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company.

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate option-pricing model. That cost is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, is considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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

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

Salaries and other personnel costs

NOK million	2021	2020
Salaries	363	256
Share-based payment	27	14
Payroll tax	31	52
Pension costs	24	17
Other personnel costs	21	11
Capitalised to PP&E (project assets)	-68	-88
Total	397	262

Paid salaries and personnel expenses for the management

NOK million	2021	2020
Salary and bonus	35	26
Pension	1	1
Total	36	27

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

Long term incentive programmes

In line with the terms adopted by the Annual General Meeting of Scatec ASA on 4 May 2016, and prolonged in the following years, the Board of Directors have established an option programme for leading employees of the company. Options are vested in tranches over a three-year period, with the first tranche vesting one year from award. As of 31 December 2021, there are options not fully vested from the grants awarded in 2019 and onwards. The strike prices are equivalent to the volume weighted average price of the shares the ten preceding trading days of the grant.

	1/2/2019	1/2/2020	1/4/2021	2/24/2021	5/6/2021
Amount	494,510	595,140	251,242	32,999	219,566
Strike price	72.03	114.83	314.91	314.91	244.28

A total of 26 employees were awarded options in 2019 of which 3 has subsequently left the Company. A total of 39 employees were awarded options in 2020 of which 5 have subsequently left the company. A total of 82 employees were awarded options in 2021 of which 10 have subsequently left the company.

For the options granted in 2021 the assumptions used in calculating the fair value of the options are as follows: 2.84 years (2.5 years) for expected lifetime, 44.87% (33.7%) for the expected volatility and 0 (0) for expected dividend.

During 2021 the employees exercised 515 thousand options (540 thousand) at the weighted average strike and share price of NOK 80.10 and NOK 279.18 (NOK 47.02 and NOK 123.40) respectively. Total number of outstanding options under the long-term incentive programme is 978 thousand (1,071 thousand) as of 31 December 2021. The fair value of the options are expensed over the vesting period, and in 2021 NOK 27 million (14) have been expensed.

Pensions schemes

The Group has established pension schemes that are classified as defined contribution plans. Contributions to defined contribution schemes are recognised in the consolidated statement of profit and loss in the period in which the contribution amounts are earned by the employees.

Number of FTE's employed during the financial year in the consolidated entities

	2021	2020
South Africa	179	159
Norway	116	94
Egypt	48	41
Malaysia	34	31
Ukraine	37	27
Honduras	18	15
Netherlands	17	8
Vietnam	8	6
Mozambique	7	7
Thailand	5	-
India	5	-
Other	28	12
Total	502	400

Note 5 Other operating expenses

NOK million	2021	2020
Facilities	182	142
Professional fees	138	147
Other office costs	56	45
Travel costs	14	11
Social development contributions	54	33
O&M external fees	20	7
Other costs	39	39
Total other operating expenses	503	423

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Grants are recognised either as cost reduction or as a deduction of the asset's carrying amount. Scatec has in 2021 recognised government grants of NOK 4 million (3) in cost reductions and NOK 58 million (5) as deductions of the development and construction asset's carrying amount. NOK 40 million of the amount deducted from development and construction asset's relates to the Sukkur project in Pakistan under development.

Remuneration to the auditors (EY and other independent auditors)

NOK million	2021	2020
Audit services	9	7
Other attestation services	-	1
Tax services	3	7
Other services	1	7
Total remuneration	13	22

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

Note 6 Financial income and expenses

NOK million	2021	2020
Interest income	43	48
Other financial income	4	8
Interest and other financial income	47	57
Interest expenses	1,303	1,131
Change in fair value of forward exchange contracts	-2	7
Other financial expenses	67	51
Interest and other financial expenses	1,368	1,189
Net foreign exchange gain/(loss)	69	-398
Net fiancial expenses	1,253	1,530

See Note 19 Financial risk management for interest rate sensitivity. See Note 24 Non-recourse financing for details on project financing and Note 23 for details on corporate financing.

Note 7 Tax

Accounting principle

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

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

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

Estimation uncertainty

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits. Uncertain tax positions and potential tax exposures are analysed individually and, the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and assets to be received (disputed tax positions for which payment has already been made), are recognised within current tax or net deferred tax as appropriate.

When assessing the probability of utilising these losses several factors are considered, including all available positive and negative evidence. These factors include, if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward and/or if the losses may be used to offset taxable income elsewhere in the Group. The majority of the Group's tax losses are related to favorable tax rules for depreciation of solar power plants and its reversal is merely a timing effect. At year-end 2021 the Group has recorded a valuation allowance of NOK 530 million (108) related to tax losses carried forward which are not expected to be used to offset future taxable income.

NOK million	2021	2020
Tax payable	-84	-142
Change in deferred tax	-232	25
Withholding tax	-49	-13
Adjustments of tax concerning previous years	63	-
Income tax expense	-303	-130
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	759	-238
Nominal tax rate (22%)	-167	52
Tax effect of:		
Permanent differences	-25	-138
Tax rate different from Norwegian rate	-5	-14
Current tax on dividend received and withholding tax	-49	-13
Valuation allowance loss carried forward	-177	-9
Adjustments of tax concerning previous years	-	5
Share of net income from associated companies	168	-4
Use and capitalisation of previously unrecognised losses carried forward	9	-
Other items	-11	-3
Currency translation	-46	-7
Calculated tax expense	-303	-130
Effective tax rate	40%	-55%

The Group recognised an income tax expense of NOK 303 million (130) in 2021, equivalent to an effective tax rate of 40%. The difference between the Group's actual tax expense and a calculated tax expense based on the Norwegian tax rate of 22% is mainly due to different tax rates in the jurisdictions in which the companies operates, withholding taxes paid on dividends, currency effects, revised assessment of deferred tax asset and change in taxable depreciation profile for one of the operating power plants. Further, 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. The effective tax rate has been and will be impacted by the volume of construction activities as the tax rate in the construction companies normally is higher than in the power plant companies. This means that the full tax expense on the internal profit will not be eliminated and hence increases the effective tax rate during construction. The opposite effect will occur when the eliminated internal profit is reversed through lower depreciation at the tax rate of the power plant company.

Significant components of deferred tax assets

NOK million	2021	2020
Tax losses carried forward	1,724	1,013
Valuation allowance of deferred tax assets	-530	-108
Financial instruments	87	191
Property, plant and equipment and intangible	100	268
Construction projects	-	89
Lease liabilities	51	30
Other items	14	19
Offsetting of tax balances [1]	-699	-780
Total deferred tax assets	748	722

Significant components of deferred tax liabilities

NOK million	2021	2020
Property, plant and equipment and intangible	1,282	950
Construction projects	1	31
Financial instruments	4	2
Other items	1	3
Offsetting of tax balances [1]	-699	-780
Total deferred tax liabilities	589	206

1) Deferred tax assets and liabilities are offset to the extent that the deferred taxes relate to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities.

Specification of tax loss carried forward

NOK million	2021		2020	
Country	Loss carried forward	Deferred tax asset	Loss carried forward	Deferred tax asset
South Africa	2,444	675	2,083	579
Norway	2,054	260	700	150
Egypt	1,050	78	2	-
Ukraine	899	162	704	160
Jordan	480	18	464	15
Netherlands	339	-	-	-
Malaysia	231	-	140	-
Other	18	-	34	-
Total	7,514	1,195	4,127	905

The Group has NOK 7,514 million (4,127) of tax losses carried forward. The losses carried forward in countries with power plant assets are mainly related to accelerated depreciation rates for power plant assets compared to the accounting depreciations which is determined by the useful life of the assets. The increase in losses carried forward for the Group in 2021 mainly derives from losses in recourse group companies and revised taxable depreciation profile for one of the operating power plants.

The tax losses in Egypt and Jordan can be carried forward for 5 years while losses in Netherlands can be carried forward for 6 years. The Group had at the end of 2021 capitalised approximately NOK 6 million (6) in deferred tax asset related to deferred interest expenses, which can be carried forward for 10 years until 2027 in Norway. All other tax losses in the group can be carried forward indefinitely.

The Group has recognized tax assets on unused tax losses to the extent that the Group expects there will be sufficient future taxable profits available to utilise the losses.

Movement in net deferred tax asset

NOK million	2021	2020
Net deferred tax asset at 1 January	517	343
Recognised in the consolidated statement of profit or loss	-232	25
Deferred tax other comprehensive income	-108	98
Deferred tax on excess values from acquisition of SN Power	-19	0
Recognised in the consolidated statement of changes in equity	0	41
Translation differences	2	9
Net deferred tax asset at 31 December	159	517

Note 8 Earnings per share

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

Diluted earnings per share is affected by the option programme for equity-settled share-based payment transaction, refer to Note 4 Employee benefits.

NOK million	2021	2020
Profit/(loss) attributable to the equity holders of the company and for the purpose of diluted shares	388	-478
Weighted average number of shares outstanding for the purpose of basic earnings per share	158.8	135.9
Earnings per share for income attributable to the equity holders of the company - basic (NOK)	2.45	-3.51
Effect of potential dilutive shares:		
Weighted average number of shares outstanding for the purpose of diluted earnings per share	159.7	135.9
Earnings per share for income attributable to the equity holders of the company - diluted (NOK)	2.43	-3.51

Note 9 Property, plant and equipment

Accounting principle

Power plants in operation

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

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

Each component of an item of power plants in operation with a cost that is significant in relation to the total cost of the item is depreciated separately on a straightline basis over the estimated useful life of the component. Depreciation of a power plant commences when the plant is ready for management's intended use, normally at the date of grid connection and commissioning. The residual value of the plant is taken into consideration when calculating the annual depreciation.

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

Power plants under development

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

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

Asset retirement obligations
Provision for asset retirement costs are recognised when the Group has an obligation to dismantle and remove a power plant and to restore the site on which it is located. The asset retirement cost is capitalised as part of the carrying value of the power plant and depreciated over the useful life of the plants. Expenditures related to asset retirement obligations are expected to be paid in the period between 2030 and 2046.

Other fixed assets
Other fixed assets mainly include right of use assets. For accounting principles related to right to use lease assets, details are provided in Note 11 Leases.

Estimation uncertainty

Estimated useful life of power plants
The estimated useful lives of power plants are reviewed on an annual basis and changes in useful lives are accounted for prospectively.

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

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

The power plants currently in operation have 15 to 25 years off-take agreements. Whether or not these agreements will be extended is not currently known. The technical useful life for the power plants is deemed to be at least 25 years. In most of these markets the sale of electricity depends on having a PPA, hence, the length of the PPA is deemed to be the critical factor for determine useful life. Most of the Group's power plants are depreciated over the length of the PPA. The assessment is made on a plant by plant basis.

Asset retirement obligations
Scatec's future asset retirement obligation depends on several factors such as the possible existence of a power market for the plants after the end of the PPA, future recycling arrangements and/or their second-hand value, future value of steel and copper as well as future development of interest and currency exchange rates. The calculation of the asset retirement obligation includes significant judgment and is done on a plant-by-plant basis, taking into consideration relevant project specifics.

Impairments
Power plants and projects under development/ construction are tested for impairment to the extent that indicators of impairment exist, please refer to Note 12 Impairment testing for details.

Property, plant and equipment

NOK million	Power plants	Power plants under development and construction	Other fixed assets	Total
Accumulated cost at 1 January 2021	15,938	2,142	290	**18,370**
Additions	620	435	10	**1,065**
Transfers [1)]	1,572	-1,856	18	**-266**
Cost of disposed assets	-	-2	-10	**-12**
Effect of movements in foreign exchange	-103	-21	8	**-116**
Accumulated cost at 31 December 2021	18,026	698	316	**19,040**
Accumulated depreciation and impairment losses at 1 January 2021	2,173	46	82	**2,301**
Depreciation for the year	766	-	37	**803**
Impairment losses	6	70	-	**76**
Accumulated depreciation and impairment losses disposed assets	-	-	-3	**-3**
Effect of movements in foreign exchange	-26	1	3	**-24**
Accumulated depreciation and impairment losses at 31 December 2021	2,918	116	118	**3,152**
Carrying amount at 31 December 2021	15,106	580	198	**15,885**
Estimated useful life (years)	20-25	N/A	3-5	
Accumulated cost at 1 January 2020	13,118	3,631	260	**17,009**
Additions	149	1,581	35	**1,765**
Transfers	2,936	-2,936	0	**-**
Cost of disposed assets	-25	-	-1	**-26**
Effect of movements in foreign exchange	-240	-132	-4	**-376**
Accumulated cost at 31 December 2020	15,938	2,142	290	**18,370**
Accumulated depreciation and impairment at 1 January 2020	1,534	35	45	**1,614**
Depreciation for the year	727	-	39	**766**
Impairment losses	-	11	-	**11**
Accumulated depreciation and impairment losses disposed assets	-3	-	-1	**-4**
Effect of movements in foreign exchange	-85	-	-2	**-87**
Accumulated depreciation and impairment losses at 31 December 2020	2,173	46	82	**2,301**
Carrying amount at 31 December 2020	13,765	2,096	210	**16,071**
Estimated useful life (years)	20-25	N/A	3-5	

1) NOK 266 million of Transfer of assets relates to reclassification of concept assets for Release and right to transmit electricity from PPE to intangible assets in 2021. Of the NOK 266 million, approximately NOK 90 millions are additions in 2021. Refer to note 10.

The Group's power plants accounted for using the equity method are not included in the table above. The carrying value of development projects that have not yet reached the construction phase was NOK 364 million (275) at 31 December 2021. The power plant entities' assets, are pledged as security for the non-recourse financing. During 2021, the Group impaired NOK 76 million (11) mainly related to discontinued development projects.

Note 10 Goodwill and other intangible assets

Accounting principle

Intangible assets acquired separately are measured on initial recognition at cost while the cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Goodwill and other intangible assets with an indefinite useful life are not amortised on a regular basis but are tested for impairment annually or more frequently if there are circumstances indicating that the carrying amount may be impaired. The Group's goodwill derives from business acquisitions. The Group had no other intangible assets with an indefinite useful life than goodwill as of 31 December 2021 and 2020.

Intangible assets with a finite lifetime are amortised over the useful life of the assets and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The Group's Other intangible assets consist of renewable operating license, right to transmit electricity, software and internally developed asset related to the Release concept.

Estimation uncertainty

There is considerable estimate uncertainty associated to the value of intangible assets. The estimated useful life of intangible assets with a finite lifetime are reviewed on an annual basis, and are amortised over 3-25 years. No impairment charges were recognized in 2021 related to intangible assets, please refer to Note 12 Impairment testing.

In 2020, intangible assets with a finite lifetime were presented as part of Property, plant and equipment.

Carrying value of goodwill and other intangible assets

NOK million	Goodwill	Other intangible assets	Total
Accumulated cost at 1 January 2021	25	20	45
Additions	290	198	488
Transfer [1]	-	266	266
Effect of movements in foreign exchange	6	8	14
Accumulated cost at 31 December 2021	321	492	813
Accumulated depreciation and impairment losses at 1 January 1 2021	-	5	5
Depreciation for the year	-	11	11
Accumulated depreciation and impairment losses at 31 December 2021	-	16	16
Carrying amount at 31 December 2021	321	476	797
Accumulated cost at 1 January 2020	24	10	34
Additions and reclassifications	-	10	10
Effect of movements in foreign exchange	1	-	1
Accumulated cost at 31 December 2020	25	20	45
Accumulated depreciation and impairment losses at 1 January 2020	-	4	4
Depreciation for the year	-	1	2
Accumulated depreciation and impairment losses at 31 December 2020	-	5	5
Carrying amount at 31 December 2020	25	15	40
Estimated useful life	N/A	3-25	

1) NOK 266 million relates to reclassification of assets related to the Release concept and right to transmit electricity from Property, plant and equipment to Intangible assets.

The goodwill is associated with the acquisitions of Solar competence GmbH in 2007 and SN Power in 2021. The additions of other intangible assets mainly relate to renewable operating license for Dam Nai (acquired as part of the SN Power acquisition) and reclassification from PPE. Please refer to Note 14 Business Combinations for more details of the SN Power acquisition.

Note 11 Leases

Accounting principle

IFRS 16 requires a lessee to account for lease contracts by recognizing a liability representing the future lease payments, and an asset representing the right to use the underlying asset. The group primarily leases office and land, accounted for in accordance with IFRS 16.

Identifying a lease

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

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee.

The Group applies the recognition exemptions and recognises the lease payments as other operating expenses in the statement of profit or loss for leases of low value and leases with lease term less than 12 months.

Measuring the lease liability

The lease liability is initially measured as the present value of future lease payments made during the lease term. The lease term represents the non-cancellable period of the lease, and periods covered by an option to extend the lease when the Group is reasonably certain to exercise the option.

The future lease payments includes fixed lease payments and variable lease payments that depends on an index or a rate. The Group does not include variable lease payments arising from future events in the lease liability. Instead, the Group recognises these costs in profit or loss in the period in which the event that triggers those payments occurs. Land leases where the lease payment is based on power production have been excluded from the liability measure.

Measuring the right-of-use asset

The right-of-use asset is initially measured at cost and include the amount of the initial measurement of the lease liability and lease pre-payments made at or before the commencement date.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses in accordance with the accounting principles set out in Note 9 Property, plant and equipment.

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

The Groups Power Purchase Agreements in Jordan and Malaysia have a pricing mechanism which require power produced above a certain volume to be made available to the buyers at a discount. Hence, the pricing is not "contractually fixed per unit" and these two contracts were accounted for as operational leases as set forth by IFRIC 4. IFRIC 4 was superseded by IFRS 16 as of 1 January 2019 and the Group has based on the guidance in IFRS 16 concluded that these contracts do not contain leases. The change does however not have an impact on the presentation of revenue as operating lease revenues are presented together with revenues from sale of electricity in the statement of profit and loss.

Estimation uncertainty

When calculating the lease liability and the right-of-use asset, the discount factor is a significant estimate. In the absence of an identifiable discount rate, implicit in the lease agreement, the discount rate used is the Group's incremental borrowing rate. The incremental borrowing rate has been estimated by each subsidiary on an individual basis. For subsidiaries with plants, the interest rate on the non-recourse loans has been central when estimating the incremental borrowing rate. For other subsidiaries, non-secured debt has been used as a benchmark for the discount rate.

In addition, several of the Group's lease agreements contain options to extend the lease agreement beyond the contractual lease term. As the the extension period is 20-25 years ahead for land leases it is uncertain whether the option will be exercised. The Group has evaluated all these options, but it's not deemed reasonably certain that the Group will exercise the options, and hence, the period covered by these options has not been included in the lease liability. The Group reevaluate the options on a continuously basis.

Reconciliation of movement in right-of-use asset in 2021

NOK million	Land	Office & cars	Total
Right-of-use asset at 1 January 2021	157	107	264
Additions	-	11	11
Depreciation for the year	-8	-23	-31
Effect of movement in foreign exchange and other changes	-11	-3	-14
Right-of-use asset at 31 December 2021	138	90	228

Reconciliation of movement in lease liabilities

NOK million	2021	2020
Lease liability at 1 January	262	245
Lease agreements entered into during the year	18	37
Lease payments made during the year	-41	-36
Interest expense on lease liabilities	15	18
Effect of movement in foreign exchange and other changes	-8	-2
Lease liability at 31 Desember	246	262

Leases in the income statement

NOK million	2021	2020
Operating expenses		
Short term- low value and variable lease payment expenses	-39	-36
Depreciation expenses		
Depreciation of right-of-use assets (land lease)	-8	-10
Depreciation of right-of-use assets (office lease and other)	-23	-23
Total depreciation	-31	-33
Financial expenses		
Interest expense on lease liability	-15	-18
Total lease expense in the income statement	-85	-87

Leases in the statement of financial position

NOK million	2021	2020
Assets		
Right-of-use assets - land lease	138	157
Right-of-use assets - office lease and other	90	107
Total right-of-use assets	228	264
Liabilities		
Non-current liabilities		
Lease liabilities (see Note 18 Other non-current and current liabilities)	206	227
Current liabilities		
Lease liabilities (see Note 18 Other non-current and current liabilities)	39	35
Lease liabilities included in the balance sheet	246	262

Leases in the statement of cash flows

NOK million	2021	2020
Cash flow from operating activities		
Short-term and variable lease payments	39	36
Cash flow from financing activities		
Payments of principal portion on lease liabilities	26	16
Interest paid on lease liabilities	15	18

Maturity analysis – Undiscounted contractual cash flows

NOK million	2021	2020
One year	38	35
One to two years	31	33
Two to three years	28	28
Three to four years	28	27
Four to five years	27	27
More than five years	206	230
Total undiscounted lease liabilities	358	381
Lease liabilities included in the balance sheet	246	262

Note 12 Impairment testing

Accounting principle

The Group assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually or more frequently if there are circumstances indicating that the carrying amount may be impaired. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use.

Assets are grouped to the lowest level that provides separately identifiable and independent cash flows, cash-generating units (CGUs). An impairment loss is recognised when an asset or cash generating units carrying value exceeds the recoverable amount. Impairment losses is recognised to the profit and loss.

Impairment losses are reversed to the extent that conditions for impairment are no longer present. Impairments for goodwill are not reversed.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses in accordance with the accounting principles set out in Note 9 Property, plant and equipment.

Estimation uncertainty

Factors which trigger impairment testing include, but is not limited to, political changes, macroeconomic fluctuations, changes to the Group's strategy, project delays, underperforming, changes to tariffs and similar. Value in use calculation is based on a discounted cash flow model. The future cash flows include a number of estimates and assumptions, including future market conditions, discount rates and estimated useful life etc. The estimates are based on the Group's budgets and long-term outlooks approved by management. The recoverable amount is sensitive to changes in discount rate, expected production rates, demand and price forecasts for power assets with variable income.

The group monitors changes in government legislation on a continuous basis related to climate matters. Legal changes may impact key assumptions in the value in use calculations in future periods.

Impairment test

Tests for impairment have been performed for CGUs with mandatory annual tests and the CGUs where impairment indicators have been identified. The recoverable amount for these units have been determined estimating the value in use of the assets and comparing against the carrying value of the CGUs. Impairment of property, plant and equipment in 2021 amounts to NOK 76 million and is mainly related to discontinued development projects.

Annual mandatory impairment test - goodwill

The goodwill of the Group mainly relates to the acquisition of SN Power AS in 2021, which has been allocated to the acquired entities (a group of CGUs) including the hydropower assets in the Philippines, Laos and Uganda, and the wind farm Dam Nai in Vietnam. All CGUs to which the goodwill has been allocated are accounted for as equity investments, except for Dam Nai in Vietnam. The goodwill relates to the portfolio of identified project development opportunities and assembled workforce.

The goodwill has been tested for impairment with the following key assumptions and estimates:

Discount rate: The discount rates are based on the Weighted Average Cost of Capital (WACC) methodology. The discount rate used in the impairment calculations represent the current market assessment of the risks specific to each CGU, taking into consideration any individual risks of the underlying assets that have not been incorporated in the cash flow estimates. Discount rates used in the value in use calculation is based on a discount rate after tax.

The after-tax discount rate applied in 2021 for the CGUs are in the range from; 8% to 12%.

Future cash flows: The cash flows for the electricity sold in Vietnam, Laos and Uganda are based long term, fixed, PPA contracts during the concession periods which end in 2038, 2039 and 2042 respectively. No terminal value is assumed for the power plants.

The electricity produced from the power plants in the Philippines is sold on bilateral contracts, in the spot market and as ancillary services, hence a combination of assumptions is used for the cash flow estimates of these power plants. The cash flow estimates are based on available market data and Scatec's long-term market outlook. In all material respect, the cash flow from the power plants are generated during the renewable operating license with options to extend until 2066.

Sensitivity: The Group is of the view that no reasonably likely change in the key assumptions listed above would cause the carrying value to materially exceed the recoverable amount for any of the CGUs.

The Group has not recognised any impairments related to goodwill in 2021 or 2020 as the recoverable amounts exceed the carrying amount.

Note 13 Investments in joint venture and associated companies

Accounting principle

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture (JV) is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Refer to Note 2 Key sources of estimation uncertainty, judgements and assumptions for significant judgements related to the assessment whether Scatec controls an entity.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying value of the investments includes share capital and loans, and are subsequently adjusted for further investments and the Group's share of the net income of the associate or joint venture. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date.

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

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

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

Estimation uncertainty

There is considerable estimate uncertainty associated to the value of excess values included in the net investment in joint venture and associated companies. The excess values mainly relate to water rights, and the estimated useful life of the water rights are reviewed on an annual basis and amortised over the remaining concession period.

Investments in joint venture and associated companies

The tables below show the material joint ventures and associated companies recognised in the Group and the reconciliation of the carrying amount. For the full year 2021, net income from the newly acquired joint ventures in Laos, Philippines and Uganda includes the share of profit for the period from 29 January to 31 December 2021.

Material joint ventures and associated companies

Company	Registered office	2021	2020
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.	Amsterdam, Netherlands	51.00%	-
Mendubim Geração de Energia Ltda.	Assu, Brazil	50.00%	-
Scatec Solar Solutions Brazil BV	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%	-
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50.00%	-
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.70%	-
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50.00%	-
SN Aboitiz Power – RES Inc	Manila, Phillippines	50.00%	-
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50.00%	-
SN Power Uganda Ltd. 1)	Kampala, Uganda	51.00%	-
Bujagali Energy Ltd. 1)	Jinja, Uganda	28.28%	-
Campganie Générale D`Hydroelectrciite de Volobe SA 1)	Antananarivo, Madagascar	12.75%	-
Ruzizi Holding Power Company Ltd 1)	Kigali, Rwanda	20.40%	-
Ruzizi Energy Ltd 1)	Kigali, Rwanda	20.40%	-
SN Power Africa Ltd 1)	Nairobi, Kenya	51.00%	-

1) The ownership reflects that Norfund retains a 49% stake in these investments, as communicated in the acquisition announcement (16 October 2020).

Carrying amount of investments in material joint venture and associated companies

Country	Carrying value 31 December 2020	Additions/ disposals	Net income from joint venture and associated companies	Dividends	Net movement of cash flow hedges recognized in OCI	Foreign currency translations	Carrying value 31 December 2021
Philippines	-	6,663	451	-547	-	-202	**6,366**
Uganda	-	1,068	138	-160	26	29	**1,101**
Laos	-	1,568	133	-112	-	43	**1,632**
Other 1)	612	-7	44	-	-	-3	**646**
Total	612	9,293	765	-819	26	-133	**9,745**

1) Other includes Brazil, Argentina, Rwanda, Madagascar and Kenya.

100% figures of summarised profit and loss for material joint venture and associated companies (standalone basis)

2021 NOK million	Philippines	Uganda	Laos	Other
Revenues	3,582	1,103	1,486	280
Operating expenses	-355	-70	-178	-91
Operating profit/(loss)	1,556	822	1,090	137
Net financial items	-302	-113	28	-130
Profit before income tax	1,254	709	1,118	7
Income tax	-145	-20	-168	18
Profit/(loss) after tax	1,109	689	950	25
Scatec's share of profit/(loss) after tax	545	195	195	14
SN Power January figures not included in consolidated figures [1)]	-86	-47	-17	-
Amortisaton of excess values (net of tax) - Scatec`s share [1)]	-58	-44	-53	-
Elimination of internal transacitions and internal profit	50	34	9	30
Net profit/loss	451	138	133	44

1) Refer to Note 3 Operating Segment and Note 14 Business Combinations for further details on the acquisition of SN Power.

2020 NOK million	Philippines	Uganda	Laos	Other
Revenues	-	-	-	214
Operating expenses	-	-	-	-197
Operating profit/(loss)	-	-	-	17
Net financial items	-	-	-	-90
Profit before income tax	-	-	-	-73
Income tax	-	-	-	-26
Profit/(loss) after tax	-	-	-	-99
Scatec's share of profit/(loss) after tax	-	-	-	-49
				-
Elimination of internal transacitions and internal profit	-	-	-	32
Net profit/loss	-	-	-	-16

100% figures of summarised financial positions for material joint venture and associated companies (standalone basis)

2021 NOK million	Philippines	Uganda	Laos	Other
Non-current assets	7,766	7,104	3,973	2,911
Current assets	497	235	265	125
Cash and cash equivalents	633	419	678	57
Total assets	8,895	7,758	4,915	3,093
Non-current liabilities	5,258	5,313	1,238	1,918
Current liabilities	829	64	707	445
Total liabilities	6,086	5,377	1,945	2,363
Total Equity	2,808	2,381	2,970	730
Scatec share of equity	1,392	674	594	346
Excess value at acquistion date of SN Power [1)]	3,319	127	239	-
Excess values from previous acquisitions	1,674	304	979	-
Amortisation of excess values	-65	-19	-64	-
Loan to joint venture as investment	137	2	-	-
Other / foregin currency translation	-91	14	-115	309
Net investment in joint venture	6,366	1,101	1,632	-9

1) Refer to Note 14 Business Combinations for further details on the excess values related to the acquisition of SN Power.

2020 NOK million	Philippines	Uganda	Laos	Other
Non-current assets	-	-	-	2,221
Current assets	-	-	-	105
Cash and cash equivalents	-	-	-	80
Total assets	-	-	-	2,405
Non-current liabilities	-	-	-	1,183
Current liabilities	-	-	-	731
Total liabilities	-	-	-	1,914
Total Equity	-	-	-	491
Scatec share of equity				230
				-
Fair value adjustments	-	-	-	125
Loan to joint venture as investment	-	-	-	317
Other / foregin currency translation	-	-	-	-62
Net investment in joint venture	-	-	-	612

Note 14 Business combinations

Accounting policy

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured to fair value of the consideration transferred at the acquisition date, including any amount of non-controlling interests in the acquiree. The acquisition date is the date when control is transferred to the Group.

When the Group acquires a business, a purchase price allocation is carried out, and assets and liabilities are valued to fair value at the time of the acquisition. The Group assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions. Acquisition related costs are booked to operating expenses.

The residual value in the acquisition is goodwill, which is initially measured at cost. After initial recognition, goodwill is measured at cost less any accumulated impairment losses.

Estimation uncertainty

The purchase price allocation is by nature judgmental as it includes allocation of the purchase price to underlying assets and liabilities. The consideration paid is allocated to the acquired assets and liabilities based on their estimated fair values. The purchase price allocation requires management to apply significant judgements about valuation method, estimates and assumptions. There is an inherent uncertainty related to management's estimates of significant assumptions such as discount rate, cash flow estimates and useful life which impact the split of the allocated fair values of the assets.

Acquisition of SN Power

On 29 January 2021, Scatec ASA acquired 100% of the shares of SN Power AS, a leading hydropower developer and Independent Power Producer (IPP), from Norfund for a total consideration of USD 1,211 million (NOK 10,405 million), which was finally agreed in the fourth quarter of 2021. The transaction included SN Power's portfolio of hydropower assets in the Philippines, Laos and Uganda with a total gross capacity of 1.4 GW (net 0.5 GW) and gross median production of 6.1 TWh (net 1.8 TWh) and the wind farm Dam Nai in Vietnam. Dam Nai was acquired by SN Power on 27 January 2021 and has a capacity of 39.4 MW.

The acquisition forms an important part of Scatec's broadened growth strategy, with an ambition to become a global large-scale player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions. Scatec and SN Power have a unique and complementary portfolio of assets, geographical footprint and capabilities, and will together hold a large project pipeline across solar, hydro, wind and storage.

The acquisition was financed by debt and available cash. See Note 23 for overview of the financing of the acquisition.

The table below gives details of net assets acquired and goodwill identified in the acquisition. Excess values of NOK 3,684 million are identified for investments in JVs and associated companies. The excess values relate to water rights and infrastructure assets in the hydropower companies in the Philippines (NOK 3,319 million), Laos (NOK 239 million) and Uganda (NOK 127 million). The hydropower assets in the Philippines are operating under a renewable operating license with options to extend until 2066, and the excess values are amortized over the remaining operating license period. The hydropower assets in Laos and Uganda are operating under concession agreements which end in 2039 and 2042 respectively, and the excess values for Laos and Uganda are amortized over the remaining concession period.

Scatec have recognised USD 34 million (NOK 289 million) in goodwill, mainly related to the portfolio of identified project development opportunities and assembled workforce. Goodwill is recorded in functional currency and as a result, changes in currency exchange rates affect the value of goodwill in NOK. The goodwill is not deductible for tax purposes.

Purchase price allocation for the acquisition of SN Power

NOK million	Book value	Excess value	Fair value
Consideration			
Total consideration			10,405
Amounts of assets and liabilites recognized			
Property, plant and equipment	431		431
Other intangible assets	152		152
Investments in JV and associated companies	5,434	3,684	9,118
Other non-current assets	71		71
Trade and other receivables	101		101
Cash and cash equivalents	826		826
Total assets	7,014	3,684	10,698
Deferred tax liabilities	19		19
Non-recourse project financing	318		318
Other non-current liabilities	21	29	51
Non-recourse financing	57		57
Trade and other payables	7		7
Other current liabilities	60	71	131
Total liabilites	481	101	582
Total identifable net assets at fair value	6,533	3,584	10,116
Goodwill		289	289
Total net assets	6,533	3,872	10,405

Refer to Note 13 for details about profit and loss and financial position at stand alone basis for the acquired joint ventures, including the bridge from Scatec's share of equity at stand alone basis to the carrying value of net investments in joint ventures at Group level.

The proportionate financials include all transactions in the acquired companies since the commencement of the reporting period. Refer to Note 3 for revenue and net income stated as the acquisition took place at the commencement of the reporting period.

Note 15 Cash and cash equivalents

Accounting principle

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. Restricted cash is cash reserved for a specific purpose and therefore not available for immediate and general use by the Group.

Refer to Note 21 Financial instruments by category for the accounting principles for financial instruments.

Cash and cash equivalents

NOK million	2021	2020
Cash in power plant companies in operation	1,711	1,741
Cash in power plant companies under development / construction	34	11
Other restricted cash	91	87
Free cash	2,335	5,949
Total cash and cash equivalents	4,171	7,788

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

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

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

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

NOK million	2021	2020
Free cash at beginning of the period	5,949	758
Free cash in acquired SN Power entities at 1 January 2021	491	-
Proportionate share of cash flow to equity O&M [1)]	60	65
Proportionate share of cash flow to equity D&C [1)]	-164	-15
Proportionate share of cash flow to equity CORP [1)]	-252	-153
Project development capex	-307	-156
Equity contributions to power plant companies	-564	-756
Distributions from power plant companies	1,603	346
Share capital increase, net after transaction cost and tax	-	6,576
Dividend distribution	-173	-131
Net cash considerations from acquisition of SN Power	-3,753	-
Working capital / Other	-556	-584
Free cash at end of the period	2,335	5,949
Available under credit facilities	1,632	813
Total free cash and indrawn credit facilities at the end of the period	3,967	6,762

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

Refer to Note 23 Corporate Financing for further information on credit facilities.

Note 16 Trade receivables

Trade receivables are recognized for unconditional amounts due from the customer. For details on accounting principles and estimation uncertainty for financial instruments, see Note 20 – Financial instruments: measurement.

Trade receivables

NOK million	2021	2020
Accounts receivables	557	435
Accrued income and other receivables	183	189
Total trade receivables	740	623

Information on credit risk and foreign exchange risk regarding accounts receivables is further provided in Note 19 - Financial risk management. Accrued income represents contract assets related to energy production in the last month of the year, which is invoiced in January the following year.

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

NOK million	Total	Not due	Overdue
2021	557	306	251
2020	435	254	181

The overdue receivables are mainly related to sale of electricity from power plants in Ukraine and Honduras.

Scatec has in previous periods experienced increased delays in payments from the state-owned off-taker of power in Ukraine and increased overdue payments. In the fourth quarter of 2021, the off-taker secured new financing and paid a significant amount of the debt and the overdue receivables decreased with NOK 102 million. The remaining overdue amount as of 31 December 2021 is NOK 63 million and no bad debt allowance has hence been recognised in 2021. Refer to Note 32 Subsequent events for an update of the situation in Ukraine.

Scatec has also experienced increased delays in payments from the state-owned off-takers of power in Honduras. Overdue payments have accumulated in Honduras to a varying degree since the second quarter of 2020. At the end of 2021, the total accumulated overdue receivables on a 100%-basis from Honduras amounted to NOK 153 million. Payments are secured by sovereign guarantees and Scatec's experience is that delayed payments in Honduras are being paid in full. Scatec therefore expects the outstanding amounts to be paid in full and no bad debt allowance has hence been recognized.

The provision for bad debt is based on an individual assessment of each receivable. In all other countries, there are no indications that the off-takers will not be able to meet their payment obligations, and hence no provision for bad debt allowance has been recognized.

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

	Overdue			
NOK million	Less than 30 days	30 - 60 days	60 - 90 days	More than 90 days
2021	10	26	18	197
2020	20	34	19	108

Note 17 Other non-current and current asset

Other non-current assets

NOK million	2021	2020
Loan to non-controlling interest	1	45
Other non-current investments	32	2
Other non-current receivables	177	97
Total other non-current assets	210	144

Other current assets

NOK million	2021	2020
Prepayments related to assets under development/construction	22	18
Receivables from public authorities/prepaid taxes, VAT etc	393	457
Other receivables and prepaid expenses	320	187
Total other current assets	734	663

Note 18 Other non-current and current liabilities

Accounting principle

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

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

For accounting principles regarding asset retirement obligations, see Note 9 Property, plant and equipment. For accounting principles regarding leases, see Note 11 Leases.

Other non-current liabilities comprise the following:

NOK million	2021	2020
Shareholder loan from co-investors (ref Note 25)	610	717
Non-current lease liability (ref Note 11)	206	227
Asset retirement obligations (ref Note 9)	270	266
Other long-term provisions and accruals	301	365
Total other non-current liabilities	1,387	1,575

Other current liabilities comprise the following:

NOK million	2021	2020
Accrued expenses related to solar power plants	237	295
Public dues other than income taxes	44	114
Accrued interest expenses	65	6
Accrued payroll	57	39
Current lease liability (ref Note 11)	39	35
Other accrued expenses	399	363
Total other current liabilities	841	852

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

Note 19 Financial risk management

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

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

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

Market risk

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

Commodity price risk

Scatec's sales of electricity constitute a material share of its revenues. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into longterm, fixed price contracts. 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 is 18 years. Some of the off-take agreements that have been entered into do not contain inflation-based price increase provisions or provisions that only partially allows for inflation-based increases. Some of the countries in which the Company operates, or into which the Company may expand in the future, have in the past experienced high inflation. The fixed price contracts are classified as "own use" contracts (with reference to IFRS 9.2.4), and hence not considered to be in scope of IFRS 9. The electricity produced from the power plants in the Philippines is sold on bilateral contracts and in the spot market under a renewable operating license, and as ancillary services.

Price of electricity is influenced by government support schemes, the future development of the renewable power plant industry in general, and the Group in particular, will to a significant degree depend on the development in electricity market prices over time. Electricity prices depend on a number of factors including, but not limited to, availability and costs of primary energy sources (including oil, coal, natural gas and uranium), and the development in cost, efficiency and equipment investment need for other electricity producing technologies, including other renewable energy sources.

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

Currency risk

Scatec operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group has reported its consolidated results in NOK, any change in exchange rates between NOK and functional currencies for the reporting entities, which mainly are USD, ZAR, EUR, MYR, BRL, CZK, PHP and VND, affects the consolidated statements when the results of those reporting entities are translated into NOK.

The sensitivity analysis shows how profit and loss, or equity would have been affected by changes in currencies the Group is exposed to. The sensitivities have been calculated based on what Scatec views to be reasonably possible changes in the foreign exchange rates for the coming year.

NOK million	Profit (loss) before taxes
At 31 December 2021	
EUR - Net gain/(loss) (-5%)	-154
USD - Net gain/(loss) (-5%)	-24
BRL - Net gain/(loss) (-5%)	-
ZAR - Net gain/(loss) (-5%)	2
MYR - Net gain/(loss) (-5%)	6
EUR - Net gain/(loss) (+5%)	154
USD - Net gain/(loss) (+5%)	24
BRL - Net gain/(loss) (+5%)	-
ZAR - Net gain/(loss) (+5%)	-2
MYR - Net gain/(loss) (+5%)	-6

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

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

Interest rate risk

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

Based on the current Group interest bearing debt portfolio, the interest rate hedge ratio (weighted average) is 64% for the period 2022-2035. This includes corporate debt of NOK 7.3 billion of which approximately 24% is swapped to fixed rate. Including the JVs, the interest rate hedge ratio (weighted average) is 70%.

The interest rate risk on the debt at the power plant level is predominantly hedged by way of interest rate swaps, fixed rate loans or inflation rate adjusted interest following the indexed PPAs. For more information on the Group's financial liabilities, refer to Note 23 – Corporate Financing and Note 24 – Non-recourse financing.

The sensitivity analysis shows how profit and loss, or equity would have been affected by changes in interest rates.

NOK million		
At 31 December 2021	1%	-1%
Net gain/(loss)	-27	27
At 31 December 2020	1%	-1%
Net gain/(loss)	44	-44

The impact on the profit and loss, or equity, including the JVs with a decrease or increase in interest rate of 1% would result in a gain of NOK 23 million and loss of NOK 23 million respectively.

Liquidity risk

Liquidity risk is the risk that Scatec will not be able to meet financial obligations when due. The Group manages liquidity risk through a regular review of future commitments, cash flows from operations and credit facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. In addition, the Group has available funding through the USD 180 million Revolving Credit Facility (RCF) and the USD 5 million Overdraft Facility. Scatec has per 31 December 2021 not drawn on the revolving credit facility or the overdraft facility.

For information about the Group's financial liabilities, refer to Note 23 – Corporate Financing and Note 24 – Non-recourse financing.

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

A break-down of free and restricted cash is provided in Note 15 – Cash and cash equivalents.

Credit risk

Credit risk is the risk that Scatec's customers or counterparties will cause financial loss by failing to honour their obligations. The Group is exposed to third party credit risk in several instances, including off-take partners who have committed to buy electricity produced by or on behalf of the Group, suppliers and/or contractors who are engaged to construct or operate assets held by the Group, property owners who are leasing land to the Group, banks providing financing and guarantees of the obligations of other parties, insurance companies providing coverage against various risks applicable to the Group's assets, and other third parties who may have obligations towards the Group. Except for the energy sold to the whole sale market in the Philippines, all of the electric power generated by the Group's current portfolio of projects in operation or under construction is, or will be, sold under long-term off-take agreements with public utilities or other partners, or under Feed-in Tariff ("FiT") arrangements, Power

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

The Group's main credit risks arise from credit exposures with accounts receivables and deposits with financial institutions. All major deposits and investments with financial institutions are kept with entities carrying a minimum International credit rating from Moodys/ S&P of at least A-.

Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before provisions for bad debt, as well as cash and cash equivalents, equaling NOK 5,797 million at 31 December 2021.

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

Note 20 Financial instruments: measurement

Accounting principle

Initial recognition and measurement of financial assets

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

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

Subsequent measurement

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

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

At 31 December 2021, the Group has financial assets at amortised cost and at fair value through profit or loss and to fair value through OCI.

These categories are described below:

Financial assets at amortised cost

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

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

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

Financial assets at fair value through profit or loss

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

Impairment and derecognition of financial assets

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

A financial asset is primarily derecognised and removed from the Group's consolidated statement of financial position when the rights to receive cash flows from the asset have expired, the Group has transferred substantially all the risks and rewards of the asset, or has transferred control of the asset.

Initial recognition and measurement of financial liabilities

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

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

Subsequent measurement of financial liabilities

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading, such as trade and other payables.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. Refer to Note 21 Financial instruments by category for details.

Derecognition of financial liabilities

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

Offsetting of financial instruments

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

Definition of equity instrument

Entities within the Group have issued certain instruments as part of the project financing structures to minority shareholders (shareholder loans). These shareholder loans are considered equity instruments only if both of the definitions in IFRS are met. See Note 25 Project equity financing provided by co-investors for further information.

Estimation uncertainty

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy from IFRS 13 based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

During the reporting period ending 31 December 2021, there have been no transfers between the fair value levels.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on the observable yield curves (level 2). This imply to take into account input from external parties and compare the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date. Changes in the fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts.

As of 31 December 2021 the group had financial assets and financial liabilities related to the interest rate swaps classified as derivate financial instruments on level 2. Refer to Note 22 Derivative financial instruments for details.

Note 21 Financial instruments by category

For details on accounting principles and estimation uncertainty for financial instruments, see Note 20 Financial instruments – Measurement.

NOK million	Measurement category	2021	2020
Assets			
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	26	-
Debt instruments			
Cash and cash equivalents	Amortised cost	4,171	7,788
Accounts receivable	Amortised cost	557	435
Other debt instruments and receivables	Amortised cost	759	789
Total financial assets		5,513	9,012
Total current		5,303	8,868
Total non-current		210	144
Liabilities			
Interest bearing loans and borrowings			
Corporate financing	Amortised cost	7,264	748
Non-recourse financing loans	Amortised cost	11,855	12,263
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	339	703
Other financial liabilities			
Trade and other financial liabilities	Amortised cost	1,422	1,478
Total financial liabilities		20,880	15,191
Total current		2,049	2,553
Total non-current		18,831	12,638

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

The table below provides a reconciliation of the movement of liabilities arising from financing activities, disaggregated by cash and non-cash movements. Please refer to Note 11 Leases for a reconciliation of lease liabilities.

2021			Non-cash changes			
NOK million	2020	Cashflows	Foreign exchange movement	Fair value changes	Other/ Reclassifi-cations	2021
Non-recourse financing	12,263	(708)	(103)	-	403	11,855
Corporate financing	748	4,699	-	-	1,817	7,264
Derivatives (net)	703	(203)	-	(168)	7	339
Shareholder loan from non-controlling interests	717	(122)	15	-	(1)	610
Trade and accounts payables	760	52	-	-	-	812
Total liabilities arising from financing activities	15,191	3,719	(87)	(168)	2,226	20,880

2020			Non-cash changes			
NOK million	2019	Cashflows	Foreign exchange movement	Fair value changes	Other/ Reclassifi-cations	2020
Non-recourse financing	13,064	(543)	(374)	-	116	**12,263**
Corporate financing	745	-	-	-	3	**748**
Derivatives (net)	351	(121)	-	469	4	**703**
Shareholder loan from non-controlling interests	761	(14)	(30)	-	1	**717**
Trade and accounts payables	887	(127)	-	-	-	**760**
Total liabilities arising from finaning activities	15,808	(806)	(404)	469	124	**15,191**

Note 22 Derivative financial instruments

Hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks related to financing of renewable power plants. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered and are subsequently re-measured at fair value. The effective portion of cash flow hedges is recognised in OCI and later reclassified to profit or loss when the underlaying hedge item affects profit or loss.

The Group only applies hedge accounting for cash flow hedges that meet the criteria in IFRS 9. At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in expected cash flows from the hedged item. Such hedges are expected to be highly effective in achieving offsetting changes in the expected cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or liability, the gain or loss on the hedge instrument that was recognised in other comprehensive income is reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss. If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecasted transaction occurs.

Derivative financial assets and liabilities

NOK million	2021	2020
Interest rate swap contracts financial assets measured at level 2 in the fair value hierarchy		
Non-current portion	**26**	-
Total derivative financial assets	**26**	-
Interest rate swap contracts financial liabilities measured at level 2 in the fair value hierarchy		
Current portion	**90**	131
Non-current portion	**249**	572
Total derivative financial liabilities	**339**	703

The tables above show the market value of the derivatives for the year ending 2021 and 2020, carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right to offset these cash flows.

Interest rate Swaps – Norway

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2021 was NOK 1,323 million (0). The fixed interest swap rate is 0.4%, and the floating rate is based on 3-month USD Libor. The maturity profile of the interest rate swap is set up to match the USD 150 million Green Term Loan and maturity is in 2025. Please refer to Note 23 for further information on corporate funding.

Interest rate Swaps - South Africa

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2021 was NOK 2,082 million (2,350). The fixed interest rates vary from 8.4% to 8.7%, and the floating rates is based on to 3-month JIBAR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Interest rate Swaps - Egypt

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2021 was NOK 2,811 million (2,792). The fixed interest swap rate varies from 5.4% to 8.0%, and the main floating rates based on 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Interest rate Swaps - Mozambique

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2021 was NOK 346 million (357). The fixed interest swap rate is 3.3%, and the floating rate is based on 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Interest rate Swaps - Malaysia

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2021 was NOK 216 million (238). The fixed interest swap rate is 4.3%, and the floating rate is based on 6-month KLIBOR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Reconciliation of hedging reserve - interest rate swap contracts

NOK million	2021	2020
Opening balance	-522	-268
Recycling during the year to profit or loss, gross	203	121
Recycling during the year to profit or loss, tax effect	-61	-33
Unrealised gain/(loss) during the year	193	-469
Unrealised gain/(loss) during the year, tax effect OCI	-56	128
Closing balance	-242	-522
Of which equity holders of the parent company	-111	-261

The interest rate swap contracts described in this note are exposed to the IBOR transition, as the fair values of the interest rate swaps today are based on the following reference rates; 6-month KLIBOR, 6-month USD Libor and 3-month JIBAR, and a change from these reference rates to the new reference rates described in the IBOR reform could affect the fair value of the financial instruments. The notional amounts for interest rate swap contracts based on 3-month USD Libor, 6-month USD Libor, 6-month KLIBOR 3-month JIBAR are NOK 1,323, NOK 3,157 million, NOK 216 million and NOK 2,082 million respectively. The Group pays attention to the development of the IBOR transition, and will consider to initiate any actions deemed appropriate. Based on a preliminary assessment, the Group does not expect that the IBOR transition will cause a material change in the fair value of the Group’s interest rate swaps.

Note 23 Corporate financing

	Currency	Denominated currency value (million)	Maturity	Interest terms	Carrying value 2021 (NOK million)	Carrying value 2020 (NOK million)
Bond: (Ticker: SS002 NO0010809684)	NOK	750	Q3 2021	3M NIBOR + 4.75%	-	748
Green Bond (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	3M EURIBOR + 2,50%	2,475	-
Total unsecured bonds					2,475	748
Green Term Loan	USD	150	Q1 2025		1,323	-
Bridge to Bond	USD	193	Q1 2023		1,702	-
Total secured acquisition financing					3,025	-
Vendor Financing (Norfund)	USD	200	Q1 2028		1,764	-
Total unsecured acquisition financing					1,764	-
Revolving credit facility	USD	180	Q1 2024		-	-
Overdraft facility	USD	5			-	-
Total secured back-stop bank facilities					-	-
Total					7,264	748
As of non current					7,264	-
As of current					-	748

Green bond

In the first quarter of 2021 Scatec issued a EUR 250 million senior unsecured green bond with maturity in August 2025. The bond carries a coupon of 3-months EURIBOR (with no floor) + 2.50%, to be settled on a quarterly basis. The bond was listed on the Oslo Stock Exchange 23 June 2021 with ticker SCATC03 ESG. The proceeds from the bond issue were used to

- Redeem in whole the NOK 750 million senior unsecured green bond issued in 2017, with ticker SSO02 ESG, including any call premium and accrued interest.
- To partially refinance the bridge to bond facility that was committed in 2020 in relation to the acquisition of SN Power.
- Cover for other eligible activities as set out in Scatec's Green Financing Framework.

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

- Minimum liquidity: free cash of minimum NOK 150 million
- Maximum debt to capitalisation ratio: 50%
- Minimum interest coverage ratio: 3.0x.

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

Outstanding acquisition finance related to the SN Power acquisition

The following facilities and amounts are currently outstanding of the initial USD 1,030 million financing package related to the acquisition of SN Power in the first quarter of 2021:

- USD 150 million Green Term Loan provided by Nordea, Swedbank and DNB with maturity in the first quarter of 2025.
- USD 193 million outstanding of the USD 400 million bridge to bond facility provided by Nordea, Swedbank and DNB. The first maturity date for the facility is July 2022, with an option to extend maturity with six months to January 2023.
- USD 200 million Vendor Financing provided by Norfund with maturity in the first quarter of 2028.

Revolving credit facility

In the first quarter of 2021 Scatec increased the existing revolving credit facility (RCF) from USD 90 million to USD 180 million, with Nordea Bank as agent and Nordea Bank, DNB, Swedbank and BNP Paribas as equal Lenders. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The facility is ESG (Environmental, Social and Governance) linked and has a three-year tenor. The facility margin is linked to the following ESG KPIs:

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

Scatec has not drawn on the revolving credit facility per 31 December 2021.

Overdraft facility

In the second quarter of 2018 Scatec entered into a USD 5 million overdraft facility with Nordea Bank. Scatec has not drawn on the overdraft facility per 31 December 2021.

Per 31 December 2021, Scatec was in compliance with all financial covenants for the above facilities. The book equity of the recourse group, as defined in the facility agreements, was NOK 11,244 million per year end. During 2021, interest amounting to NOK 250 million (98) was expensed for the bond, acquisition finance, overdraft- and revolving credit facility.

Guarantee facilities

In the first quarter of 2021, Scatec refinanced the guarantee facility and intercreditor agreement that was established in 2017. The guarantee facility (GFA) has Nordea Bank as agent and issuer, with Nordea Bank, Swedbank, DNB and BNP Paribas as guarantee instrument lenders. DNB was included as instrument lender from the closing of the SN Power acquisition in January 2021. The guarantee facility is mainly used to provide advance payment-, performance and warranty bonds under construction agreements, as well as trade letter of credits. The intercreditor agreement is entered into by Scatec, the issuing banks under the guarantee facility and Eksfin (Eksportfinansiering Norge). Eksfin can issue counter indemnity of 50% in favour of the issuing banks. In addition to the GFA, Scatec has guarantee facilities with Standard Bank South Africa, Lombard insurance company in South Africa and MBank in Malaysia. These facilities are mostly used to cover short term bid bonds.

Note 24 Non-recourse financing

See Note 20 Financial instruments: Measurement and market risk sensitivities for accounting principle.

The table below specifies non-recourse financing at 31 December 2021 and 2020. The amounts in the table are nominal amounts and not amortised cost. The rate of interest is a calculated average. All loans are fixed or swapped to fixed rate interests, except for the loans in South Africa Upington where the interest rates are inflation-linked to match the profile of the PPA indexations.

NOK million	Interest rate	Maturity date	2021	2020
Loan facilities (ZAR) - South Africa portfolio, Kalkbult, Linde and Dreunberg	12.26%	12/31/2029	1,616	1,887
Loan facilities (CZK) - Czech portfolio	5.02%	5/11/2029	318	334
Loan facilities (USD) - Gigawatt Global Rwanda Ltd (ASYV)	8.21%	1/11/2030	108	109
Loan facilities (USD) - Jordan portfolio	5.68%	1/10/2032	644	672
Loan facilities (USD) - Produccion De Energia S.A (Aqua Fria)	6.59%	12/31/2026	346	394
Loan facilities (MYR) – Quantum Solar Park (Semenanjung) SDN.	6.13%	2/23/2035	1,796	1,906
Loan facilities (USD) - Aswan portfolio Egypt	6.75%	10/31/2035	2,847	2,845
Loan facilities (USD) - Central Solar de Mocuba, Mozambique	6.41%	1/31/2035	438	452
Loan facilities (ZAR) - South Africa Upington [1)]	8.58%	3/31/2037	2,157	2,283
Loan facilities (MYR) – Red Sol	3.86%	12/31/2028	267	240
Loan facilities (EUR) - Ukraine	6.05%	5/31/2029	969	1,142
Loan facilities (VND) - Vietnam	10.00%	1/31/2035	347	-
Total non-recourse financial liabilites			11,855	12,263
Of which non-current non-recourse financial liabilities			10,708	11,350
Of which current non-recourse financial liabilities			1,147	913

1) Parts of the loans in South Africa Upington are structured as CPI-linked loans where the principal loan amount is uplifted based on the yearly observed CPI factor. Hence, the effective interest including the CPI factor is higher than the nominal interest rate of the loan. For 2021 the CPI factor applied to the loans was 1.17%.

Scatec mainly uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group. Please refer to Note 26 Guarantees and commitments for information on the use of parent company guarantees in favor of power plant companies.

The project entities' assets are pledged as security for the non-recourse financing. The Group's book value of the pledged power plants is NOK 14,508 million (14,877) at 31 December 2021.

Repayment structure

NOK million	Loan repayment	Interest payment	Total
2022	747	737	**1,484**
2023	865	698	**1,563**
2024	950	634	**1,585**
2025	978	574	**1,553**
2026	1033	511	**1,544**
2027	998	444	**1,441**
2028	1160	386	**1,546**
2029	931	305	**1,236**
2030	671	268	**939**
2031	666	214	**880**
2032	621	194	**815**
2033	608	142	**750**
2034	639	124	**763**
2035	642	65	**707**
2036	177	67	**245**
2037	122	45	**167**
Total future loan repayment	11,807	5,409	**17,216**

Covenants

Ukraine portfolio

Due to the previously announced tariff reductions by the authorities in Ukraine, the project level debt for Scatec's solar power plants has been, or is in the process of being, restructured. For the Boguslav, Rengy and Kamianka projects, Scatec has completed the restructuring and is compliant with all covenants on 31 December 2021. For the Chigrin project, Scatec is not in compliance with all financial covenants on 31 December 2021. Project level debt amount of NOK 275 million for the Chigrin project has therefore been classified as current liabilities in the statement of financial position on 31 December 2021. Refer to note 32 Subsequent events for an update of the situation in Ukraine.

The Loan Facilities and the Common Terms Agreements (CTA) contain financial covenants including, but not limited to: Default Ratios: the Twelve Month Historic DSCR is equal to or exceeds 1.10:1, the Twelve Month Projected DSCR is equal to or exceeds 1.10:1, until the Final Maturity Date the projects maintain a Debt to Equity Ratio of not more than 70:30. Distribution Conditions: restricted until Financial Completion Date, thereafter the Historic and Projected DSCRs must exceed 1.20:1. The Agreements contain further restrictions on, inter alia, hedging policies, asset sales and entering into new activities, amendments to the key agreements, insurance 86 Annual Accounts Group policies, pledges and guarantees, additional financial indebtedness, project accounts, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g., budgets, financial, operational and environmental reporting and information.

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

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: DSCR of 1.30 : 1, Loan Life Coverage Ratio (LLCR) of 1.30 : 1 and Project Life Coverage Ratio (PLCR) of 1.40 : 1; 50% distribution cash sweep if DSCR is between 1.30 : 1 and 1.20 : 1; lock-in and full cash sweep ratios: DSCR of 1.20 : 1, LLCR of 1.20 : 1 and PLCR of 1.35 : 1; and default ratios: DSCR of 1.10 : 1, LLCR of 1.15 : 1 and PLCDR of 1.30 : 1 as well as funding on debt service and maintenance reserve accounts. The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Simacel 155 (Pty) Ltd. (Linde)

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

Simacel 160 (Pty) Ltd. (Dreunberg)
The Loan Facility and the Common Terms Agreements contain financial covenants similar to those mentioned above for Simacel 155 (Pty) Ltd RF. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar SA 166 (Pty) Ltd.

South Africa Upington portfolio
The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: senior historic DSCR of 1.10 : 1, senior projected DSCR of 1.10 and senior LLCR of 1.15 : 1.
The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Czech portfolio
The Facilities Agreement contains financial covenants including, but not limited to: lock-in and default Debt Service Coverage Ratio (DSCR) of 1.20: 1 and minimum (adjusted) Equity Ratio of 20%, as well as funding on debt service reserve account. The Agreement contains further restrictions on, inter alia, environmental compliance, changes of business and certain corporate acts, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial reporting and information.

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

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

Produccion De Energia S.A (Aqua Fria)
The loan facilities agreement contains financial covenants included, but not limited to: maintain a Minimum Debt Service Coverage of 1.10; maintain a Financial Debt to Total Assets not more than 70%.

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

Egypt portfolio
The Loan Facilities and the Common Terms Agreements contain financial covenants including, but not limited to: Default Ratios: the Six Month Historic DSCR is equal to or exceeds 1.15:1, the Twelve Month Historic DSCR is equal to or exceeds 1.15:1, the Twelve Month Projected DSCR is equal to or exceeds 1.15:1, until the Financial Completion Date the projects maintain a Debt to Equity Ratio of not more than 75:25. Distribution Conditions: Historic and Projected DSCRs exceed 1.20:1.The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Mozambique:
The loan agreement contains financial covenants including, but not limited to: Default ratios: For any calculation period, the historic DSCR must exceed 1.10:1 or LLCR must exceed 1.20:1. Distribution conditions: The prospective and Historic DSCR exceed 1.20:1 and LLCR exceed 1.30:1.
The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Red Sol, Malaysia:
The Facility Agreement contains financial covenants including, but not limited to: Default Ratios: the Twelve Month Historic DSCR is equal to or exceeds 1.10:1, the Twelve Month Projected DSCR is equal to or exceeds 1.10:1, until the first Repayment Date the projects maintain a Debt to Equity Ratio of not more than 73:27. Distribution Conditions: Historic and Projected DSCRs exceed 1.15:1.
The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Dam Nai Wind Power JSC (Vietnam)
The loan agreement contains financial covenants included, but not limited to: (a) maintaining a current asset over current liabilities ratio of minimum 1 and (b) an adjusted DSCR ratio of minimum 1. Additionally, the lender also require borrower to maintain a DSRA with funds equals to one quarterly principal payment plus three months of interest at any time during the loan tenure.

Note 25 Project financing provided by co-investors

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

At 31 December 2021, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognized in equity	Shareholder loan recognized as financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	52	52	-	-
Simacel 155 (Pty) Ltd (Linde)	South Africa	20	20	-	-
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	40	40	-	-
Gigawatt Global Rwanda (ASYV)	Rwanda	17	5	12	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	81	1	80	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	38	1	37	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	226	99	-	127
Los Prados, Honduras	Honduras	192	192	-	-
Aswan Solar Power SAE (BB1)	Egypt	29	29	-	-
Zafarana Solar Power SAE (ZAF1)	Egypt	119	33	-	86
Red Sea Solar Power SAE (ZAF2)	Egypt	98	29	-	68
Upper Egypt Solar Power (BB2)	Egypt	83	33	-	50
Kom Ombo Renewable Energy SAE (BB3)	Egypt	124	38	-	86
Daraw Solar Power SAE (BB4)	Egypt	65	35	-	29
Kamianka / Chysta Energiya	Ukraine	52	1	-	51
Rengy Bioenergy	Ukraine	85	1	-	84
Central Solar de Mocuba, Mozambique	Mozambique	43	26	-	17
Dyason's Klip 1	South Africa	107	107	-	-
Dyason's Klip 2	South Africa	108	108	-	-
Sirius Solar PV Project One	South Africa	106	106	-	-
Helios Power (Private) Limited	Pakistan	9	6	-	3
Meridian Energy (Private) Limited	Pakistan	9	6	-	3
HNDS Energy (Private) Limited	Pakistan	9	6	-	3
Total project financing from co-investors		1,711	973	130	610

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

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognized in equity	as financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	54	54	-	-
Simacel 155 (Pty) Ltd (Linde)	South Africa	23	23	-	-
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	40	40	-	-
Gigawatt Global Rwanda (ASYV)	Rwanda	15	4	10	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	79	1	78	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	37	1	36	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	236	96	-	140
Los Prados, Honduras	Honduras	196	196	-	-
Aswan Solar Power SAE (BB1)	Egypt	6	6	-	-
Zafarana Solar Power SAE (ZAF1)	Egypt	94	5	-	89
Red Sea Solar Power SAE (ZAF2)	Egypt	94	5	-	89
Upper Egypt Solar Power (BB2)	Egypt	76	6	-	70
Kom Ombo Renewable Energy SAE (BB3)	Egypt	99	5	-	94
Daraw Solar Power SAE (BB4)	Egypt	97	8	-	88
Kamianka / Chysta Energiya	Ukraine	50	1	-	49
Rengy Bioenergy	Ukraine	83	1	-	82
Central Solar de Mocuba, Mozambique	Mozambique	42	26	-	16
Dyason's Klip 1	South Africa	112	112	-	-
Dyason's Klip 2	South Africa	114	114	-	-
Sirius Solar PV Project One	South Africa	111	111	-	-
Total project financing from co-investors		1,660	816	124	717

For the year 2021, interest expenses on financing from co-investors of NOK 38 million have been expensed (NOK 56 million for 2020), of which NOK 1 million is recognised directly in equity (NOK 1 million for 2020).

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

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

Note 26 Guarantees and commitments

Scatec is mainly issuing corporate guarantees as security for EPC and construction contract performance, but may also in exceptional circumstances issue corporate guarantees to support power plant company performance.

Scatec provides the following types of guarantees for EPC contract performance:

- Advance Payment Guarantees in exchange for advance payment under the EPC contract (typically represents 15%-20% of the contract value),
- Performance Guarantees to cover contract obligations (typically represents 10%-15% of the contract value) and
- Warranty Bonds (typically 5%-10% of the contract value) to cover operational performance for the first two years of operation.

Advance payment, performance and warranty guarantees are mainly issued in relation to construction contracts entered with project companies where Scatec has a controlling interest. The total nominal exposure from such guarantees may become significant as the level of construction activities increases.

Scatec is often required to issue Bid Bonds to secure performance during submission of project bids.

For power plants in operation Scatec may offer Commitment Bonds to cover the obligations under PPAs and Implementation Agreements. These obligations are connected

to project performance where Scatec is in control and hold the O&M and Asset management agreements.
In addition, Scatec provides Payment Guarantees for limited situations:

- Equity injection in project companies where project lenders disburse debt before equity is paid in
- Debt Service Reserve to replace cash reserves in the project companies

For the Progressovka solar plant in Ukraine, which reached commercial operation in 2021, Power China provided construction services and supplier financing. Scatec has provided a corporate guarantee to Power China (NOK 638 million) of which a bank guarantee of EUR 20 million is issued in support of this obligation.

For four of the power plants in Ukraine Scatec has provided additional corporate guarantees of NOK 132 million related to establishment of debt service reserve accounts and contingent equity.

Guarantees provided as of 31 December 2021

The volumes of guarantees specified below are bank guarantees issued by Scatec ASA to project companies (subsidiaries) mainly in relation to Scatec provided EPC services.

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

Guarantees duration

NOK million	2022	2023	2024	>2024
Advance payment guarantees	61	-	-	-
Performance guarantees	183	57	-	-
Warranty guarantees	278	-	-	-
Bid Bonds	170	-	-	-
SPV Performance / commitments	30	20	19	19
Other payment guarantees (includes 20 MEUR to Power China)	426	13	9	9
Total	1,148	90	28	28

The guarantees issued by Scatec ASA and other recourse group entities are issued by Nordea Bank under the guarantee facility with Nordea Bank as agent, and Nordea Bank, BNP Paribas, Swedbank and DNB as guarantee instrument lenders. DNB was included as instrument lender from closing of the SN Power acquisition in January 2021.

In addition to this facility, Scatec has guarantee facilities with Standard Bank of South Africa and Lombard, an insurance company in South Africa as well as a commercial bank in Malaysia.

The bid bonds, advance payment guarantees, performance guarantees, and warranty guarantees are for the most part counter guaranteed by The Norwegian Export Credit Guarantee Agency (Eksfin).

The financial covenants in the Guarantee Facility Agreement are:

- Free cash of no less than NOK 150,000,000
- Debt to capitalization ratio 50%
- Minimum interest coverage ratio 3.0x

Per 31 December 2021, Scatec was in compliance with all covenants in the Guarantee Facility Agreement.

Note 27 Share capital, shareholder information and dividend

Share capital and shareholder information

At year-end 2021 the total number of shareholders in Scatec was 16,487 (12,622). The total number of outstanding shares was 158,864,018 (158,335,667) at par value NOK 0.025 per share as of 31 December 2021.

In January 2021, Scatec increased the share capital by 528,351 new shares as part of the share option programme. In May 2021, Scatec bought back 43,907 shares at an average volume weighted price per share of NOK 204,4785 related to the employee share purchase programme.

Refer to Note 12 – Equity and shareholder information in the Parent financial statement for an overview of the largest shareholders of Scatec ASA and shares held by Management and Board of Directors at 31 December 2021.

Refer to Note 4 – Employee benefits for information on share options granted to the management.

Dividend

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

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

On 1 February 2021, the Board of Directors announced its intention to propose a dividend of NOK 1.09 per share to the Annual General Meeting, totalling NOK 173 million. The amount was paid out in April 2021. On 2 February 2022, the Board of Directors announced its intention to propose a dividend of NOK 2.54 per share to the Annual General Meeting, totalling NOK 402 million.

Note 28 Consolidated subsidiaries

The consolidated financial statement of Scatec comprises more than 200 legal companies that are controlled by Scatec. The following table include material consolidated subsidiaries, including material holding companies. Consolidated economic interests correspond to the voting interests if not otherwise stated. For subsidiaries of the ultimate Parent's subsidiaries, the economic interests stated is the mathematically indirect consolidated economic interests. For information on associated companies and joint venture companies, refer to Note 13 Investments in JV and associated companies.

Company	Registered office	Consolidated economic interests 2021
SN Power AS	Oslo, Norway	100.00%
Scatec Solar Netherlands BV	Amsterdam, Netherlands	100.00%
Release Management B.V.	Amsterdam, Netherlands	100.00%
Scatec Solar s.r.o.	Prague, Czech	100.00%
Signo Solar PP01 s.r.o.	Prague, Czech	100.00%
Signo Solar PP02 s.r.o.	Prague, Czech	100.00%
Signo Solar PP03 s.r.o.	Prague, Czech	100.00%
Signo Solar PP04 s.r.o.	Prague, Czech	100.00%
Signo Solar PV1 s.r.o.	Prague, Czech	100.00%
Scatec Solar Solutions Ukraine LLC	Kyiv, Ukraine	100.00%
Chysta Energhiaa 2011 LLC	Kyiv, Ukraine	60.00%
Boguslav Energy LLC	Bohuslav, Ukraine	100.00%
Greenteco SES LLC	Kyiv, Ukraine	100.00%
Rengy Bioenergy LLC	Kyiv, Ukraine	51.00%
PV Progressovka Gamma LLC	Berezanka, Ukraine	100.00%
PV Progressovka ALpha LLC	Berezanka, Ukraine	100.00%
PV Progressovka Beta LLC	Berezanka, Ukraine	100.00%
Scatec Solar Jordan (EPC)	Amman, Jordan	100.00%
Scatec Solar AS/ Jordan PSC	Amman, Jordan	100.00%
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%
Scatec Solar Africa (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100.00%
Scatec Solar SA 163 (Pty) Ltd.	Sandton, South Africa	92.00%
Scatec Solar SA (pty) Ltd.	Sandton, South Africa	100.00%
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South Africa	76.60%
Scatec Solar SA 166 (Pty) Ltd.	Sandton, South Africa	46.00%
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South Africa	80.70%
Simacel 155 (Pty) Ltd.	Sandton, South Africa	44.40%
Simacel 160 (Pty) Ltd.	Sandton, South Africa	44.40%
Dyason's Klip 1 (Pty) Ltd	Cape Town, South Africa	45.50%
Dyason's Klip 2 (Pty) Ltd	Cape Town, South Africa	45.50%
Scatec Solar Construction R4	Cape Town, South Africa	51.00%
Scatec Solar Operations R4	Cape Town, South Africa	51.00%
Sirius Solar PV Project One (RF) (Pty) Ltd	Cape Town, South Africa	45.50%
Scatec Solar Honduras SA	Tegucigalpa, Honduras	100.00%
Energias Solares S.A.	Tegucigalpa, Honduras	70.00%
Fotovoltaica Los Prados S.A.	Tegucigalpa, Honduras	70.00%
Fotovoltaica Surena S.A.	Tegucigalpa, Honduras	70.00%

Continues on following page

Quantum Solar Park (Kedah) Sdn Bhd 1)	Registered office	Consolidated economic interests 2021
Generaciones Energeticas S.A.	Tegucigalpa, Honduras	70.00%
Produccion de Energia Solar Demas Renovables S.A	Tegucigalpa, Honduras	40.00%
Central Solar de Mocuba S.A.	Maputo, Mozambique	52.50%
Scatec Solar Mozambique Limitada	Maputo, Mozambique	100.00%
Scatec Solar Solutions Egypt LLC	Cairo, Egypt	100.00%
Aswan Solar Power SAE	Cairo, Egypt	51.00%
Daraw Solar Power SAE	Cairo, Egypt	51.00%
Kom Ombo Renewable Energy SAE	Cairo, Egypt	51.00%
Red Sea Solar Power SAE.	Cairo, Egypt	51.00%
Upper Egypt Solar Power	Cairo, Egypt	51.00%
Zafarana Power SAE	Cairo, Egypt	51.00%
Scatec Solar Solutions Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Kedah) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Melaka) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Terengganu) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park Semenanjung Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Red Sol	Kuala Lumpur, Malaysia	100.00%
Helios Power Ltd	Clifton Karachi, Pakistan	100.00%
HNDS Energy Ltd	Clifton Karachi, Pakistan	100.00%
Meridian Energy Ltd	Clifton Karachi, Pakistan	100.00%
Scatec Solar Pvt Ltd (Pakistan)	Clifton Karachi, Pakistan	100.00%
Scatec Solar Solutions Vietnam Co. Ltd.	Ho Chi Minh City, Vietnam	100.00%
Dam Nai Wind Power JSC	Ninh Thuan, Vietnam	100.00%
Release Cameroon SARL	Douala, Cameroon	100.00%

1) The consolidated economic interest in the Malaysian project companies represents Scatec's share of the contributed equity and retained earnings in the project companies as of the reporting date. Scatec's average economic interest through the PPA tenor is estimated to be 95% based on the Group's right to economic return obtained through shareholdings and other contractual arrangements. The average economic interest may be subject to change. Refer to Note 31 for further description of the project's investment structure.

Note 29 Non-controlling interests

Accounting principle

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

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

Non-controlling interests

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

Consolidation of power plant companies are identified as a significant judgement for the consolidated financial statements, please refer to Note 2 for further information.

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

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation		2021	2020
Egypt				
Aswan Solar Power SAE	Egypt	In operation	49%	49%
Daraw Solar Power SAE (Philadelphia)	Egypt	In operation	49%	49%
Kom Ombo Renewable Energy SAE (KOM Ombo)	Egypt	In operation	49%	49%
Red Sear Solar Power SAE (Red Sea)	Egypt	In operation	49%	49%
Upper Egypt Solar Power SAE (Sun Infinite)	Egypt	In operation	49%	49%
Zafarana Solar Power SAE (Zafarana)	Egypt	In operation	49%	49%
Daraw BV	Netherlands	In operation	49%	49%
Egypt Solar BV	Netherlands	In operation	49%	49%
Kom Ombo BV	Netherlands	In operation	49%	49%
Zafarana B.V.	Netherlands	In operation	49%	49%
Zafarana B.V.	Netherlands	In operation	49%	49%
Red Sear Solar Power B.V.	Netherlands	In operation	49%	49%
Honduras Agua Fria				
Producción de Energia Solary Demás Renovables, S.A. (Agua Fria)	Honduras	In operation	60%	60%
Honduras Los Prados				
Fotovoltaica Surena S.A	Honduras	In operation	30%	30%
Generaciones Energeticas S.A	Honduras	In operation	30%	30%
Energias Solares S.A	Honduras	In operation	30%	30%
Fotovoltaica Los Prados S.A	Honduras	Under development	30%	30%
Foto Sol S.A	Honduras	Under development	30%	30%
Jordan				
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	In operation	50%	50%
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	In operation	50%	50%
Mozambique				
Central Solar de Mocuba (Mocuba)	Mozambique	In operation	48%	48%
Pakistan				
Helios Power Ltd	Pakistan	Under construction	25%	0%
Meridian Energy Ltd	Pakistan	Under construction	25%	0%
HNDS Energy Ltd	Pakistan	Under construction	25%	0%
Rwanda				
Gigawatt Global Rwanda (ASYV)	Rwanda	In operation	46%	46%
South Africa Upington				
Scatec Solar South Africa BV	Netherland	In operation	30%	30%
Dyason's Klip 1	South Africa	In operation	55%	55%
Dyason's Klip 2	South Africa	In operation	55%	55%
Sirius Solar PV Project One (RF) (Pty) Ltd	South Africa	In operation	55%	55%
Scatec Solar Construction	South Africa	In operation	49%	49%
Scatec Solar Operations (Pty) Ltd	South Africa	In operation	49%	49%
South Africa Linde/Dreunberg				
Scatec Solar SA 164 (Pty) Ltd	South Africa	In operation	19%	19%
Simacel 155 (Pty) Ltd (Linde)	South Africa	In operation	56%	56%
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	In operation	56%	56%

Name	Country of incorporation and operation		2021	2020
South Africa Kalkbult				
Scatec Solar SA 165 (Pty) Ltd	South Africa	In operation	23%	23%
Scatec Solar SA 166 (Pty) (Kalkbult)	South Africa	In operation	54%	54%
South Africa Other				
Scatec Solar SA 163 (Pty) Ltd	South Africa	In operation	8%	8%
Ukraine				
Scatec Solar Ukraine B.V.	Netherland	Under construction	40%	40%
Chysta Enerhiaa 2011 LLC	Ukraine	Under construction	40%	40%
Rengy Bioenergy LLC	Netherland	In operation	49%	49%
Rengy Bioenergy LLC	Ukraine	In operation	49%	49%

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

Total balances of material non-controlling interest

NOK million	2021	2020
Egypt	-24	-71
Honduras	318	302
Jordan	149	135
Mozambique	-5	7
Pakistan	11	-
Rwanda	7	9
South Africa	178	294
Ukraine	14	-3
Total non-controlling interests	649	673

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

NOK million	2021	2020
Egypt	-41	-4
Honduras	8	14
Jordan	10	3
Mozambique	-1	4
Pakistan	-6	-
Rwanda	-3	-2
South Africa	82	104
Ukraine	18	-9
Total non-controlling interests	68	110

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

Summarised statement of profit or loss for 2021 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Profit/loss attributable to non-controlling interest	Dividends paid to non-controlling interest 1)
Egypt	596	(250)	345	(215)	130	(85)	(42)	-
Honduras	196	(128)	68	(44)	24	24	8	-
Jordan	109	(56)	54	(32)	22	20	10	-
Mozambique	82	(40)	42	(41)	1	(2)	(1)	-
Pakistan	-	(34)	(34)	(1)	(34)	(25)	(6)	-
Rwanda	20	(12)	8	(14)	(5)	(5)	(3)	-
South Africa	1,245	(628)	617	(369)	248	217	83	209
Ukraine	119	(47)	73	(22)	50	38	18	-

1) Excluding repayments of shareholders loans

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

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Profit/loss attributable to non-controlling interest	Dividends paid to non-controlling interest 1)
Egypt	628	(262)	366	(277)	89	(7)	(4)	-
Honduras	214	(120)	94	(54)	40	40	14	-
Jordan	119	(123)	28	(41)	(45)	(47)	3	-
Mozambique	90	(43)	47	(37)	10	9	4	-
Pakistan	-	-	-	-	-	-	-	-
Rwanda	22	(12)	9	(14)	(5)	(5)	(2)	-
South Africa	1,719	(988)	763	(405)	325	232	104	148
Ukraine	87	(46)	41	(54)	(13)	(11)	(10)	-

1) Excluding repayments of shareholders loans

Summarised statement of financial position as at 31 December 2021

NOK million	Property, plant and equipment	Other non-current asstes	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Attributable to Non-controlling interests	Attributable to Equity holders of the parent
Egypt	3,035	1,226	316	94	(2,847)	(1,854)	(84)	(113)	(24)	(89)
Honduras	1,194	3	40	186	(346)	(271)	(15)	791	318	473
Jordan	792	-	298	21	(658)	(49)	(79)	325	149	176
Mozambique	478	4	99	11	(438)	(84)	(105)	(35)	(5)	(29)
Pakistan	111	-	33	3	-	(32)	(69)	46	11	34
Rwanda	137	-	5	4	(108)	(56)	(1)	(19)	7	(26)
South Africa	3,819	774	466	503	(3,773)	(807)	(325)	657	178	479
Ukraine	578	361	63	77	(404)	(639)	(22)	14	14	(0)

Summarised statement of financial position as at 31 December 2020

NOK million	Property, plant and equipment	Other non-current asstes	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Attributable to Non-controlling interests	Attributable to Equity holders of the parent
Egypt	3,280	2,036	451	53	(2,845)	(3,134)	(135)	(185)	(92)	(94)
Honduras	1,332	12	130	91	(394)	(310)	(4)	857	301	556
Jordan	865	(194)	246	1	(685)	64	(44)	253	135	118
Mozambique	535	25	93	33	(452)	(196)	(28)	10	7	4
Rwanda	146	-	5	3	(109)	(53)	(0)	(8)	9	(17)
South Africa	4,079	471	555	411	(4,170)	(765)	(207)	1,047	316	732
Ukraine	703	325	24	92	(488)	(634)	(18)	5	(3)	7

Note 30 Transactions with 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.

See Note 28 for information about consolidated subsidiaries. Intercompany balances and transactions between consolidated companies are eliminated in the consolidated accounts.

See Note 13 Investments in JV and associated companies for overview of the companies included and further information about the investments. Transactions with joint ventures and associates are primarily financing provided to the companies and dividends received from the companies.

For remuneration to Management, see Note 4 Employee benefits and further details in Note 4 - Personnel expenses in the Parent financial statement. The Note also includes remuneration to Board of Directors. The company has no significant agreements with companies in which a board member has a material interest. Scatec has loans to Executive Management given in relation to the long-term incentive programme amounting to NOK 0.2 million (1.4) as of 31 December 2021.

Note 31 Basis for preparation and accounting policies

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

Basis for preparation

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

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

The segment financials are reported on a proportionate basis in line with how the management team assesses the segments performance. For further description of the proportionate financials as well as a reconciliation between proportionate financials and the consolidated financials please refer to Note 3 - Operating segments and the section on Alternative Performance Measures (APM).

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of 31 December 2021. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee. The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

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

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

See Note 29 - Non-controlling interests for information on the non-controlling interests share of profit/loss and equity prior to intercompany eliminations.

Statement of cash flows

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

Foreign currencies

The Group's consolidated financial statements are presented in NOK. For each entity the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency.

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

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

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

On consolidation, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange prevailing at the end of reporting period and their income statements are translated at average monthly exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for trading

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

Dividends

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

Changes in accounting policies and disclosures

New standards and interpretations

There are no new standards, not yet adopted, expected to have material effect for the Group in 2021.

Note 32 Subsequent events

Accounting principle

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

Adjusting subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting subsequent event

On 24 February 2022, Russia invaded Ukraine where Scatec currently operate five solar power plants, located in the central and southern parts of the country. The situation is extremely challenging, and Scatec's top priority is the safety of our Ukrainian employees. The outcome is still highly uncertain, but the event may significantly impact Scatec’s financial performance in Ukraine, including restructuring of the loan for Chigirin. Based on the current circumstances we anticipate to be in breach of loan covenants as of end of Q1 2022 and we have a continuous and constructive dialogue with the lenders on this matter.

Please refer to Note 3 Operating segments, Note 24 Non-recourse financing and Note 26 Guarantees and commitments for further details on Scatec’s financial performance and commitments in Ukraine.

The table below includes key financial information of Scatec’s financial position and performance in Ukraine as per 31 December 2021 as well as an overview of insurance coverage. All entities within Ukraine, including both power plant companies and the operating company, are consolidated on a 100% basis in the consolidated statement of financial position. The type of undertaking presented below related to construction financing of Progressovka with recourse to Scatec ASA only exist in Ukraine and is not standard practice.

NOK million	Progressovka[1]	Other Ukraine[2]	Total Ukraine
Production and capacity (100 %)			
Installed capacity	148	187	335
Power production(GWh)	79	125	204
Economic interest	100%	83%	89%
Consolidated statement of profit and loss 2021			
Revenues	66	237	303
EBITDA	43	198	241
Condensed consolidated statement of financial position per 31.12.2021			
Property, plant and equipment	1,245	1,371	2,616
Cash and cash equivalent	34	103	138
Other current - and non-current assets	315	344	659
Total assets	1,594	1,819	3,413
Equity incl. shareholder loans	825	755	1,580
Non-recourse project financing	-	968	968
Trade and other payables	686	24	710
Other current - and non-current liabilities	83	71	155
Total equity and liabilities	1,594	1,819	3,413
Proportionate statement of profit and loss 2021			
Revenues	66	183	249
EBITDA	43	154	197
Corporate guarantees with recourse to Scatec ASA - net			
Corporate guarantee for construction financing[3]	638	-	638
Other guarantees[4]	-	132	132
Insurance coverage - net			
Political Violence Insurance[5]			
Property Damage	891	955	1,846
Business Interruption	199	68	267

Notes	Comments
(1)	Progressovka started producing power and generate revenues in July 2021. In 2021 Progressovka accounted for 26% of total revenues in Ukraine.
(2)	Chigirin started producing power and generate revenues in July 2021. In 2021 Chigirin accounted for 15% of total revenues in Ukraine.
(3)	The Progressovka power plant has been a collaboration with PowerChina Guizhou Engineering Co. Ltd who has provided construction financing and Engineering Procurement and Construction (EPC) services to the project. The construction financing from PowerChina is classified as trade and other payables in the statement of financial position. The amount is due in June 2022 and subject to uncertainty following an assessment by Scatec of the construction performance by PowerChina. The construction financing is covered by a corporate guarantee from Scatec ASA. Scatec has no other recourse construction financing arrangements for other projects.
(4)	Other guarantees consist of Debt Service Reserve Account (DSRA) and Stand-by equity. A Debt Service Reserve Account (DSRA) is a liquidity reserve covering debt service for a given period in case of breach of certain covenants in the loan agreement. The liquidity reserve related to the project financing of Kamianka and Boguslav are covered by bank guarantees issued on behalf of Scatec ASA. Stand-by equity is a contingent liability which can be called upon by the lenders in case of breach of certain covenants in the loan agreement. The reason for including stand-by equity clauses in Ukraine is the limited time between the maturity dates of the FiTs (10 years) and the maturity dates of the project financing (9 years). The stand-by equity amounts in the table above are linked to the project financing of Chigirin and Rengy and are financial obligations with recourse to Scatec ASA.
(5)	Scatec has secured Political Violence Insurance in Ukraine which covers physical damage of the power plants up to a predetermined amount (as stated in the table above). The insurance covers the replacement value for rebuilding the power plants as well as for business interruptions for 6-12 months.

Parent company financial statements

Statement of income

1 JANUARY – 31 DECEMBER

NOK million	Note	2021	2020
Revenues	3	166	622
Total revenues		166	622
Costs of sales	2	-104	-437
Personnel expenses	4	-209	-156
Other operating expenses	5, 14, 15	-143	-82
Depreciation, amortisation and impairment	8, 10	-53	-10
Operating profit/(loss)		-343	-63
Interest and other financial income	6, 14	402	977
Interest and other financial expenses	6, 14	-262	-107
Net foreign exchange gain/(loss)		33	-345
Profit before tax		-171	462
Income tax (expense)/benefit	7	97	56
Profit/(loss) for the period		-74	518
Allocation of profit/(loss) for the period			
Dividend	12	404	173
Transfer to/(from) other equity	12	-478	345
Total allocation of profit/(loss) for the period		-74	518

Statement of financial position

1 JANUARY – 31 DECEMBER

NOK million	Note	2021	2020
Non-current assets			
Deferred tax assets	7	261	157
Property plant and equipment	8	60	57
Investments in subsidiaries	9	14,666	2,620
Loan to group companies	14	2,633	2,533
Interest rate swap (cash flow hedge)	16	26	-
Other non-current receivables		57	63
Total non-current assets		17,702	5,430
Current assets			
Inventory	10	311	186
Trade and other receivables	15	49	103
Trade and other receivables group companies	3, 15	301	245
Other current assets		64	30
Cash and cash equivalents	11	1,620	5,664
Total current assets		2,345	6,228
Total assets		20,048	11,658

Statement of financial position

AS OF 31 DECEMBER

NOK million	Note	2021	2020
Paid in capital			
Share capital	12	4	4
Share premium	12	10,122	9,720
Total paid in capital		10,126	9,724
Other equity			
Other equity	12	-385	191
Reserve for valuation variances		20	-
Total other equity		-365	191
Total equity		9,761	9,915
Non-current liabilities			
Corporate financing	16	7,264	-
Liabilities to group companies	14	549	413
Other non-current liabilities		4	4
Total non-current liabilities		7,818	417
Current liabilities			
Trade and other payables		16	5
Trade payables group companies		127	109
Public duties payable		19	41
Dividend	12	404	173
Other current liabilities	17	1,903	252
Other current financial liabilities	16	-	748
Total current liabilities		2,469	1,327
Total liabilities		10,287	1,744
Total equity and liabilities		20,048	11,658

Oslo, 17 March 2022

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Jørgen Kildahl

Maria Moræus Hanssen

Jan Skogseth

Gisele Marchand

Raymond Carlsen (CEO)

Statement of cash flow

1 JANUARY – 31 DECEMBER

NOK million	Notes	2021	2020
Cash flow from operating activities			
Profit before taxes		-171	462
Depreciation, amortisation and impairment	5	53	10
Interest and other financial income	7	-402	-519
Interest and other financial expenses	7	262	6
Foreign exchange gain/(loss)		-33	310
Increase)/decrease in inventories	10	-125	88
(Increase)/decrease in trade receivables	15	-22	-36
Increase/(decrease) in trade payables		146	-1,008
Taxes paid	8	-	-11
(Increase)/decrease in current assets and current liabilities		261	1,005
Net cash flow from operating activities		-31	307
Cash flows from investing activities			
Investments in property, plant and equipment	5	-56	-17
Net increase in loans to subsidiaries	14	-100	139
Interest received		127	-141
Investments in subsidiaries and associated companies	9	-8,577	-636
Dividends from and capital decrease in subsidiaries	9	277	-282
Net cash flow used in investing activities		-8,329	-938
Cash flow from financing activities			
Proceeds from share capital increase	12	41	6,576
Dividends paid to equity holders	12	-173	-131
Interest paid		-251	101
Proceeds from corporate financing	16	4,699	-745
Net cash flow from financing activities		4,316	5,801
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		5,664	494
Cash and cash equivalents at end of period		1,620	5,664
Net increase/(decrease) in cash and cash equivalents		-4,044	5,170

Notes to the parent company financial statements

Note 1 General information

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

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

The Company is listed on the Oslo Stock Exchange.

The consolidated financial statements for the full year 2021 were authorized for issue in accordance with a resolution by the Board of Directors on 17 March 2022.

Note 2 Accounting principles

Basis for preparation

The financial statements of Scatec ASA are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Principles (NGAAP). The financial statements have been prepared on a historical cost basis.

Accounting estimates and judgements

In preparing the financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses, and related disclosures. Therefore, future actual results may differ from current figures.

Foreign currency translation

The functional currency of the Company is US dollar (USD). The functional currency was changed from NOK in 2021 due to USD being the currency which primarily affects the financials including corporate financing, the acquisition of SN Power and revenues from construction activities. Prior year figures are not restated. Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into USD using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical cost expressed in a foreign currency are translated into USD using the exchange rate applicable on the transaction date. The financial statements are presented in NOK. The assets and liabilities are translated into NOK at the rate of exchange prevailing at the end of reporting period and their income statement is translated at average exchange rates. The exchange differences arising on translation are recognized in equity.

Revenues and cost of sales

Scatec ASA develops project rights that are the basis for construction of power plants. Revenues from sale of project rights are recognised upon the transfer of title. Capitalized project rights are expensed as cost of sale upon the transfer of title or when a project is abandoned and impaired.

Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete. Incurred costs include all direct materials, costs for modules, labour, subcontractor costs, and other direct costs related to contract performance. Scatec recognises direct material costs as incurred costs when the direct materials have been installed. Scatec considers direct materials to be installed when they are permanently attached or fitted to the power systems as required by engineering designs.

Scatec ASA periodically revise contract margin estimates and immediately recognises any losses on onerous contracts. Some construction contracts include product warranties. The expected warranty amounts are expensed at the time of sale and are adjusted for subsequent changes in assumptions or actual outcomes.

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

Employee benefits

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

The Board of Directors has established an option program for leading employees of the company. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period.

For further information on accounting principle and share options refer to Note 4 – Employee benefits in the consolidated financials.

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

Interest income and expenses

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

Income tax expense

Income tax expense comprises current tax and changes in deferred tax. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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

Balance sheet classification

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

Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses.

Intangible assets and property, plant and equipment are depreciated on a straight-line basis over their expected useful life, from the date the assets are taken into use.

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

Subsidiaries and investment in associated companies

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

Other current assets

Inventories are measured at the lower of cost and net realisable value. Inventories consist primarily of project assets in various stages of development. Capitalized development costs include legal, consulting, permitting, and other similar costs such as interconnection or transmission upgrade costs as well as directly attributable payroll expenses, travel expenses and other expenses that are directly attributable to developing the project rights.
Scatec reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers a project commercially viable if it is anticipated to be realised with a

margin once it is either fully developed or fully constructed. Scatec considers a partially developed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. A number of factors are assessed to determine if the project will be profitable, the most notable is whether there are any changes in environmental, ecological, permitting, or regulatory conditions that impact the project.

Cash and cash equivalents

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

Financial liabilities

Interest-bearing borrowings are initially recognised at cost. After initial recognition, such financial liabilities are measured at amortised costs using the effective interest method. Transaction costs are taken into account when calculating amortised cost. Trade payables are carried at cost.

Dividends

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

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

Events after the reporting period

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

Statement of cash flow

The cash flow statement is prepared using the indirect method.

Note 3 Revenues

Revenue by business area

NOK million	2021	2020
Services	153	616
Other revenue	13	6
Sum	166	622

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

Revenue by geographical distribution

NOK million	2021	2020
Pakistan	67	-
Netherlands	25	15
South-Africa	22	291
Ukraine	15	140
Egypt	7	5
Brazil	6	4
Argentina	5	22
Malaysia	3	118
Honduras	2	2
Mozambique	1	16
Jordan	-	3
Sum	153	616

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

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

Personnel expenses

NOK million	2021	2020
Salaries	171	127
Share-based payment	27	14
Payroll tax	19	46
Pension costs	14	10
Other benefits and personnel costs	6	2
Capitalised to inventory	-28	-42
Total personnel expenses	209	156

The average number of FTEs that has been employed in the company through 2021 was 116 (94).

Pension costs

The Company has a defined contribution plan in line with the requirement of the law. NOK 14 million (10) is expensed related to the defined contribution plan in 2021.

Paid salaries and personnel expenses for the management of Scatec ASA

2021 NOK thousand	Title	Salary [1)]	Bonus [2)]	Number of options awarded	Exercise of share options	Out-standing share options	Other benefits [3)]	Pension cost	Loans out-standing
Raymond Carlsen	Chief Executive Officer	3,995	2,763	18	-59	68	15	157	22
Mikkel Tørud	Chief Financial Officer	2,718	1,975	13	-43	50	15	165	22
Snorre Valdimarsson	EVP General Counsel	2,292	1,632	11	-34	40	15	162	22
Terje Pilskog	EVP Project Development & Project Finance	2,594	1,797	12	-38	45	15	162	22
Roar Haugland	EVP Sustainable Business & HSSE	2,105	1,173	10	-34	38	15	164	22
Torstein Berntsen	EVP Power Production & Asset Management	2,383	1,246	11	-36	41	15	172	22
Pål Helsing	EVP Solutions	2,396	1,262	11	-21	41	15	160	22
Toril Haaland	EVP People & Organisation	1,978	1,071	9	-18	35	15	161	22
Jarl Arve Kosberg	EVP Hydropower Project Development	1,943	-	13	-	13	13	143	22

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

1) Including paid out holiday allowance and car allowance.

2) Bonus paid based on performance for the previous year.

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

Remuneration for the Board of Directors [1)]

NOK thousand	2021 Board remuneration	2021 Audit committee	2021 Remuneration committee	2021 Nomination committee	2020 Board remuneration	2020 Audit committee	2020 Remuneration committee	2020 Nomination committee
John Andersen jr.	530	65	50	-	480	59	32	-
John Giverholt	-	-	-	-	300	-	32	-
Jan Skogseth	340	-	35	-	300	-	32	-
Gisele Marchand	340	90	-	-	300	59	32	-
Maria Moræus	340	-	35	-	300	59	-	-
Jørgen Kildahl	340	65	-	-	-	-	-	-
Alf Inge Gjerde	-	-	-	-	-	-	-	54
Kristine Ryssdal	-	-	-	57	-	-	-	37
Svein Høgseth	-	-	-	39	-	-	-	37
Mats Holm	-	-	-	39	-	-	-	-
Annie Bersagel	-	-	-	39	-	-	-	-

1) Annual fees paid for 2020 and accrued for 2021 respectively.

For more information about remuneration to management, refer to Note 4 Employee benefits in the consolidated financial statement of the Group and the Remuneration Report for 2021.

Audit

NOK million	2021	2020
Audit fees	3	2
Other attestation services	0	1
Tax services	2	7
Other services	0	7
Total	5	17

VAT is not included in the numbers above.

Note 5 Other operating expenses

NOK million	2021	2020
Facilities	23	14
Professional fees	51	6
IT and communications	36	26
Travel costs	4	2
O&M costs	1	-
Other costs	28	34
Total other operating expenses	143	82

Note 6 Financial income and expenses

Interest and other financial income

NOK million	2021	2020
Interest income from group companies	114	132
Other interest income	13	9
Gain/(loss) on sale of financial investments	-2	35
Dividend from group companies	277	282
Gain from financial investment	-	519
Total interest and other financial income	402	977

The write down of financial investment in 2020 is due to the liquidation of Scatec Solar Solutions GmbH, Germany. When Scatec Solar Solutions GmbH was liquidated, the net positions Scatec ASA had towards the company was a debt of NOK Million 519 which is written down and recognised as a gain.

Interest and other financial expenses

NOK million	2021	2020
Interest expenses from group companies	-1	-4
Other interest expenses	-250	-98
Other financial expenses	-11	-6
Total interest and other financial expenses	-262	-107

During 2021, interest amounting to NOK 250 million (98) was expensed for corporate financing, refer to Note 23 Corporate Financing in the consolidated financial statement of the Group. The increase in interest expenses is due to the financing package related to the acquisition of SN Power in the first quarter of 2021.

Note 7 Tax

NOK million	2021	2020
Income tax expense:		
Current taxes	-	-
Withholding tax on received dividends	10	11
Change in deferred tax	-104	-67
Taxes related to previous years	-3	-
Total tax expense/(income)	-97	-56

NOK million	2021	2020
Tax basis:		
Profit before taxes	-171	462
Permanent differences [1]	-297	-958
Changes in temporary differences	-16	185
Increase of tax losses carried forward	484	311
Tax base	-	-
Current taxes according to statutory tax rate (22%)	-	-

1) Net non-deductible income and expenses for 2021 and 2020 are mainly related to non-taxable dividends partly offset by non-deductible share based payment expenses. The items also include tax-deduction on transaction costs from capital increase recognised in equity.

Reconciliation of nominal statutory tax rate to effective tax rate

NOK million	2021	2020
Expected income tax expense according to statutory tax rate (22%)	-38	102
Non-taxable income	-65	-170
Allowance for losses carried forward	25	-
Withholding tax on received dividends	10	11
Taxes related to previous years	-3	1
Foreign exchange variations between functional and tax currency	-26	-
Income tax expense/(income)	-97	-56
Effective tax rate (%)	56.71%	12.40%

Temporary differences as of 31 December

NOK million	2021	2020	Change
Tax loss carried forward	-1,301	-700	601
Allowance for deferred tax assets	114	-	-114
Receivables	-	-	-
Property, plant and equipment	-	2	2
Work in progress	6	10	4
Shared based payments and amortised Interests on corporate financing	-4	-25	-21
Total temporary differences	-1,185	-713	472
Recognised tax liability/(asset)	-261	-157	104

The change in deferred tax asset is recognised in tax expense, except for changes which are related to transaction cost from capital increases which are booked directly to equity.

Scatec ASA has recognised tax assets on unused tax losses to the extent that Scatec ASA expects there will be sufficient future taxable profits available to utilise the losses. NOK 29 million of the tax losses carried forward is related to non-deductible interest which will expire in 2024. The remaining tax loss can be carried forward indefinitely.

Note 8 Property, plant and equipment

Office equipment

NOK million	2021	2020
Accumulated cost at 1 January	75	59
Additions	11	17
Foreign currency translation	2	-
Disposed assets at cost	-	-
Accumulated cost at 31 December	87	76
Accumulated depreciation at 1 January	19	10
Depreciations for the year	7	9
Accumulated depreciation disposed assets	-	-
Foreign currency translation	2	-
Accumulated depreciation at 31 December	28	19
Carrying amount at 31 December	60	57
Estimated useful life (years)	3-10	3-10

Note 9 Investments in subsidiaries, joint ventures and associated companies

The table below include material subsidiaries of Scatec ASA. Ownership interest corresponds to voting interest if not otherwise stated.

NOK million Company	Registered office	Ownership interest	Carryring value 2021	Carryring value 2020
SN Power AS	Norway	100.00%	2,595	-
Scatec Solar Netherlands BV	Netherlands	100.00%	10,933	1,523
Release Management BV	Netherlands	100.00%	409	170
Scatec Solar SA (pty) Ltd.	Sandton, South-Africa	100.00%	-	3
Scatec Solar SA 163 (Pty) Ltd.	South-Africa	100.00%	1	16
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South-Africa	80.70%	5	71
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South-Africa	76.60%	7	96
Gigawatt Global Rwanda Ltd	Rwanda	54.00%	7	27
Scatec Solar Mozambique Limitada	Mozambique	53.00%	9	8
Scatec Solar Jordan	Amman, Jordan	100.00%	44	44
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%	86	75
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%	38	33
Aswan Solar Power SAE (BB1)	Egypt	-	2	2
Scatec Solar Honduras S.A.	Honduras	100.00%	3	22
Produccion de Energia Solar Demas Renovables S.A	Honduras	40.00%	62	60
Fotovoltaica Los Prados	Honduras	70.00%	74	67
Fotovoltaica Surena	Honduras	70.00%	150	153
Generaciones Energeticas S.A	Honduras	70.00%	144	148
Energias Solares S.A	Honduras	70.00%	88	90
Foto Sol S.A	Honduras	70.00%	6	3
Scatec Solar PV1 S.R.O	Prague, Czech	100.00%	-	2
Scatec Solar S.R.O	Prague, Czech	100.00%	-	6
			14,666	2,619

A list of all material companies in the Scatec Group is listed in Note 28 Consolidated subsidiaries of the Consolidated financial statements.

NOK million Associates and joint ventures	Office	Ownership	Carrying value 2021	Carrying value 2020
Kube Energy AS	Oslo, Norway	25%	2	2
Total			2	2

Note 10 Inventory

The carrying value of projects under development are presented as inventories and are stated at the lower of cost and net realisable value. The project assets are related to solar, hydro and wind power plants under development and construction.

Project geography

NOK million	2021	2020
Asia	149	39
Europe	38	92
West Africa	34	44
South Africa	49	-
North Africa	24	7
South America	16	4
East Africa	-	-
Carrying value of inventory at 31 December 2021	311	186

Impairment charges in 2021 were NOK 45 million (2) for "Power plant under development" related to development projects in Brazil and Ukraine.

Note 11 Cash and cash equivalents

NOK million	2021	2020
Restricted cash	37	29
Free cash	1,584	5,635
Total cash and cash equivalents	1,620	5,664

Scatec ASA has not drawn on the revolving credit facility per 31 December 2021.

For more information about external financing and facilities, refer to Note 23 Corporate Financing in the consolidated financial statement of the Group.

Note 12 Equity and shareholder information

Nok million	Issued capital	Share premium	Other equity	Total equity
Equity as of 31 December 2020	4	9,720	191	**9,915**
Profit/(loss) for the period	-	-	-75	**-75**
Share-based payment	-	27	-	**27**
Capital increase from exercised employee share options, net of transaction cost after tax [1)]	-	42	-	**42**
Share purchase program	-	-1	-	**-1**
Accrued dividend	-	-	-404	**-404**
Reserve for valuation variances	-	-	20	**20**
Foreign currency translation	-	334	-97	**237**
Equity as of 31 December 2021	4	10,122	-365	**9,761**

1) On 4 February 2021, as part of the Group's incentive program, a share capital increase raised NOK 42 million net of transaction cost after tax, through an exercise of employee share options consisting of 164 907 new shares at a price of NOK 46.70 per share, 165 321 new shares at a price of NOK 71.08 per share and 198 123 new shares at a price of NOK 113.88 per share. At 31 December 2021, the share capital amounted to NOK 3,971 million. All shares rank in parity with one another and carry one vote per share.

On 30 April 2021, the Annual General Meeting of Scatec ASA resolved to pay a dividend of NOK 1,09 per share, totalling NOK 173 million. The dividend was paid to the shareholders on 7 May 2021.

The table below show the largest shareholders of Scatec ASA at 31 December 2021.

Shareholder	Number of shares	Ownership
EQUINOR ASA	20,776,200	13.08%
SCATEC INNOVATION AS	19,482,339	12.26%
FOLKETRYGDFONDET	15,233,197	9.59%
State Street Bank and Trust Comp	3,943,712	2.48%
State Street Bank and Trust Comp	3,696,234	2.33%
The Bank of New York Mellon	3,257,301	2.05%
The Bank of New York Mellon SA/NV	3,180,078	2.00%
ARGENTOS AS	3,068,116	1.93%
CLEARSTREAM BANKING S.A.	2,956,834	1.86%
State Street Bank and Trust Comp	2,335,929	1.47%
RAIFFEISEN BANK INTERNATIONAL AG	2,208,075	1.39%
JPMorgan Chase Bank, N.A., London	2,168,486	1.36%
State Street Bank and Trust Comp	2,108,050	1.33%
Citibank, N.A.	2,009,304	1.26%
VERDIPAPIRFONDET DNB MILJØINVEST	1,747,156	1.10%
Citibank Europe plc	1,427,050	0.90%
CACEIS Bank	1,359,077	0.86%
VERDIPAPIRFONDET KLP AKSJENORGE IN	1,205,458	0.76%
VPF DNB AM NORSKE AKSJER	1,175,227	0.74%
VERDIPAPIRFONDET STOREBRAND NORGE	1,134,841	0.71%
Total 20 largest shareholders	94,472,664	59.47%
Total other shareholders	64,391,354	40.53%
Total shares outstanding	158,864,018	100%

On 2 February 2022, the Board of Directors announced its intention to propose a dividend of NOK 2,54 per share to the Annual General Meeting.

The tables below show shares held by Management and Board of Directors at 31 December 2021.

Board of Directors	Number of shares	Ownership
John Andersen, Jr. [1)]	-	0.00%
Jan Skogseth	23,000	0.01%
Gisele Marchand	2,586	0.00%
Maria Moræus Hanssen [2)]	2,760	0.00%
Jørgen Kildahl	2,000	0.00%
Kristine Ryssdal	225	0.00%
Total at 31 December 2021	30,571	0.02%

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

2) Held through the controlled company MMH Nysteen Invest AS.

Management	Number of shares	Ownership
Raymond Carlsen [1)]	3,128,209	1.97%
Mikkel Tørud	226,636	0.14%
Terje Pilskog [2)]	511,296	0.32%
Roar Haugland [3)]	187,058	0.12%
Torstein Berntsen [4)]	711,800	0.45%
Snorre Valdimarsson	12,419	0.01%
Pål Helsing	5,296	0.00%
Toril Haaland	3,996	0.00%
Jarl Kosberg	419	0.00%
Total at 31 December 2021	4,787,129	3.01%

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

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

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

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

Refer to Note 4 – Personnel expenses, number of employees and auditor's fee for information on share options granted to the management.

Note 13 Guarantees, contractual obligations, contingent liabilities

For information about guarantees, contractual obligations and contingent liabilities refer to Note 26 Guarantee and commitments in the consolidated financial statement of the Group

Contractual obligations

Scatec ASA has contractual obligations primarily through office lease. Further, the group commitments in contracts with suppliers of equipment and sub-EPC services related to the plants under construction in South Africa.

Nok million	2022	2023	2024	>2024
Leases (office rental)	18	12	12	63
Total purchase modules, inverters etc.	-	-	-	-
Total contractual obligations	18	12	12	63

Note 14 Transactions with related parties

Related parties	Transactions
Subsidiaries and associates	Management, development and EPC services and financing
Key management personnel	Loan and payroll
Board of Directors	
Joint ventures	

Transactions with related parties

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2021 and 2020 are:

Subsidiaries – EPC services

Scatec ASA sold EPC services amounting to NOK 76 million in total during 2021. Scatec ASA has been EPC contractor for the construction of power plants in Ukraine, Egypt, Malaysia and Pakistan. During 2021 total revenue on these contracts amounted to NOK 73 million.
In 2020 Scatec ASA sold EPC services amounting to NOK 576 million. The company has been EPC contractor for the construction of power plants in Ukraine, Malaysia and South-Africa. During 2020 total revenue on these contracts amounted to NOK 544 million.

Subsidiaries – development services

During 2021 the company sold development project rights amounting to NOK 10 million. The sale of rights related to the financial close and transfer of rights for the Pakistan projects amounting to NOK 10 million.

Subsidiaries - management service income

Scatec ASA has during 2021 charged NOK 31 million (22) for corporate services provided to its subsidiaries.

Subsidiaries and associates – financing

In the course of the ordinary business, inter-company financing is provided from Scatec ASA to its subsidiaries. Long-term financing is interest bearing and priced at arm's length. Refer to Note 6 for specification of interest income/expenses from/to subsidiaries and Note 9 Investments in subsidiaries, joint ventures and associated companies.

Scatec Innovation AS – consultancy services

Related to the new company name Scatec ASA acquired certain administrative work from Scatec Innovation AS, NOK 605 thousand for 2021. Scatec ASA acquired certain consultancy services to maintain the global trademark Scatec ASA from Scatec Innovation AS, NOK 63 thousand for 2021. For the year ended 31 December 2021 the company incurred fair share of travel agency service cost of NOK 109 thousand (139). Travel agency service is presented as other operating expenses in the statement of income. In connection with the Scatec ASA equity issue in 2020 and 2021, Scatec ASA entered a share lending agreement with the joint book-runners and Scatec Innovation AS.

Refer to Note 4 – Personnel expenses, number of employees and auditor's fee for information regarding transactions with key management personnel.

Note 15 Provision for bad debt

No provision for bad debt has been made as the collection risk is considered low.

Note 16 Corporate financing

For information about Corporate financing refer to Note 23 Corporate financing in the consolidated financial statement of the Group.

For information about interest rate swap refer to Note 22 Derivative financial instruments in the consolidated financial statement of the Group.

Note 17 Other current liabilities

Nok million	2021	2020
Deferred income EPC projects	128	103
Liabilities to co-developers	19	16
Accrued interest expenses	52	6
Vacation allowances, bonus accruals etc.	41	29
Other	43	98
Liability to Norfund 1)	1,620	-
Total current liabilities	1,903	252

1) Norfund's 49% ownership stake in SN Power's Sub-Saharan Africa hydro assets which will be exchanged for shares in the Sub-Saharan Africa JV without cash impact after completion of agreed restructuring activities.

Note 18 Subsequent events

Adjusting subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting subsequent event

On 25 February 2022, Russia invaded Ukraine where Scatec Group currently operates five solar power plants, located in the central and southern parts of the country. Please refer to note 32 in the in the consolidated financial statement of the Group for further details. The indirect carrying value of the investment in Ukraine, through Scatec Solar Netherlands BV, per December 31, 2021, was NOK 1.6 billion, including shareholder loans. Scatec ASA has issued guarantees for the vendor financing for Power China, Stand-by equity and the DSRA as described in Note 32 in the consolidated financial statement of the Group.

Responsibility statement

We confirm to the best of our knowledge, that the consolidated financial statements for 2021 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period and their impact on the financial statements, key risk and uncertainty factors that Scatec is facing during the next accounting period.

Oslo, 17 March 2022

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)	Jørgen Kildahl	Maria Moræus Hanssen
Jan Skogseth	Gisele Marchand	Raymond Carlsen (CEO)

Alternative Performance Measures

Scatec discloses alternative performance measures (APMs) in addition to those normally required by IFRS. This is based on the Group's experience that APMs are frequently used by analysts, investors and other parties for supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the Group. Management also uses these measures internally to drive performance in terms of long-term target setting. APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the Group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

Definition of alternative performance measures used by the Group for enhanced financial information

Cash flow to equity: is a measure that seeks to estimate value creation in terms of the Group's ability to generate funds for equity investments in new 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.

Net revenues: include energy sales revenues net of significant cost items directly linked to the energy sales volume (such as cost of energy purchase) in the PP segment. Refer to note 3for further details.

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

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 segment mainly reflect deliveries to other companies controlled by Scatec (with from 39% to 100% economic interest), for which revenues and profits are eliminated in the Consolidated Financial Statements. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from 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 (Brazil, Argentina, Phillipines, Uganda, Laos) 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 2021 Scatec reports a proportionate operating profit of NOK 1,606 million compared with an operating profit of NOK 2,012 million in the consolidated financials. To arrive at the proportionate operating profit from the consolidated operating profit the Group has;

1. added back to the proportionate statement of profit or loss the internal gain on transactions between group companies with a negative amount of NOK 53 million. Where NOK 16 million comprise Scatec's share of gross profit on D&C contracts, NOK -140 million comprise increased depreciation charges from internal gains and NOK 71 million comprise other items.

2. removed the non-controlling interests share of the operating profit of NOK 640 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 765 million with Scatec's share of the Operating profit from the joint venture companies with NOK 1,051 million.

See Note 3 for further information on the reporting of proportionate financial figures, including reconciliation of the proportionate financials against the consolidated financials.

A bridge from proportionate to consolidated key figures including APMs like gross interest-bearing debt, net interest-bearing debt and net-working capital is included in the Q4 report of 2021 on page 19.

NOK million	2021	2020
EBITDA		
Operating profit (EBIT)	2,012	1,292
Depreciation, amortisation and impairment	892	777
EBITDA	2,903	2,069
Total revenues and other income	3,803	2,754
EBITDA margin	76%	75%
Gross profit		
Total revenues and other income	3,803	2,754
Cost of sales	-	-
Gross profit	3,803	2,754
Gross interest-bearing debt		
Non-recourse project financing	10,708	11,350
Bonds	7,264	748
Non-recourse project financing - current	1,147	913
Gross interest-bearing debt	19,120	13,011
Net interest-bearing debt		
Gross interest-bearing debt	19,120	13,011
Cash and cash equivalents	4,171	7,788
Net interest-bearing debt	14,949	5,223
Net working capital		
Trade and other receivables	740	623
Other current assets	734	662
Trade and other payable	-812	-760
Income tax payable	-24	-90
Other current liabilities	-841	-852
Non-recourse project financing-current	-1,147	-913
Net working capital	-1,351	-1,330

Break-down of proportionate cash flow to equity

FY 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,949	75	-223	-114	2,686
Net interest expenses	-776	1	-8	-217	-1,000
Normalised loan repayments	-790	-	-	-	-790
Proceeds from refinancing [1]	397	-	-	-	397
Normalised income tax payment	-140	-16	68	78	-9
Cash flow to equity	1,640	60	-164	-252	1,284

1) Refer to Note 15

FY 2020

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	1,404	82	-28	-153	1,306
Net interest expenses	-542	1	1	-58	-598
Normalised loan repayments	-382	-	-	-	-382
Normalised income tax payment	-53	-18	12	58	-2
Cash flow to equity	427	65	-15	-153	324

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

Historically, about 50% of projects in pipeline have been realised. The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial banks or multilateral development banks). The project sites and concessions have been secured and negotiations related 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.

Auditor's Report

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Scatec ASA

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Scatec ASA (the Company) which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company comprise the statement of financial position as at 31 December 2021 and the income statement and statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies. The consolidated financial statements of the Group comprise the statement of financial position as at 31 December 2021, statements of profit or loss, statements of comprehensive income, changes in equity and cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable legal requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway,
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2021 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company since 2010 from the election by the general meeting of the shareholders.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for 2021. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the financial statements.

Project control assessment IFRS 10

Basis for the key audit matter
The group has entered into partnerships for shareholding of project companies owning solar power plants. Scatec seeks to obtain operational and financial control of the project companies also when Scatec's owns less than 50 % of the shares. Based on the criteria in IFRS 10 regarding control, other factors than ownership can be decisive as to whether Scatec has control. Management's assessment of control is based on shareholder agreements and other contractual arrangements. Assessments are performed for new project companies, and an annual reassessment is performed for material project companies. The assessments are complex and involve significant use of management judgment, and due to the significant impact on classification and presentation of the project companies in the consolidated financial statements, the control assessments are considered a key audit matter.

Our audit response
We have evaluated management's assessment of control for new project companies and the annual reassessment for material project companies. For new project companies in 2021 we have read the shareholder agreements and other key contractual agreements such as development, financing, Engineering, Procurement and Construction (EPC) and Operation & Maintenance (O&M) agreements. We have compared the terms and conditions in these agreements with the requirements in IFRS 10. We evaluated the information provided in disclosure and that the description in the notes 2, and 28 are consistent with the assessments performed by management.

Business combinations and related purchase price allocations (PPA)

Basis for the key audit matter
During 2021 the Group has finalized the acquisition of SN Power as disclosed in note 14 – Business combinations. The acquisition was completed 29 January 2021 and accounted for as a business combination in accordance with IFRS 3. The purchase price was allocated to estimated fair value of identifiable assets and liabilities, and consideration in excess was recognized as goodwill. Net identifiable assets and liabilities amounts to NOK 10 116 million and NOK 289 million is recognized as goodwill, equal to a total fixed net settlement of NOK 10 405 million. Independent valuations specialists were engaged by the Group to support management with the purchase price allocations. The valuation and identification of net identifiable assets and liabilities and the assumptions used in the allocation of the purchase price require significant

Our audit response
As part of our audit procedures, we obtained an understanding of the valuation process and the valuation methods used, including involvement of our internal valuation specialists. We further reviewed the share purchase agreement, tested assumptions and amounts in the valuations to underlying supporting documentation and compared discount and growth rates against comparable companies and market statistics. We evaluated the identification of net identifiable assets and liabilities and the principles used for recognition and allocation of the purchase price. In addition, we assessed the competence, capabilities and objectivity of the valuation specialists engaged by management. We evaluated the presentation of the Group's disclosures in note 14 – Business combinations to the 2021 consolidated financial statements.

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judgement by management. The business combinations and related purchase price allocations was a key audit matter due to the size of the transaction and the significant judgments and assumptions involved in the valuation and identification of the net identifiable assets and liabilities as part of the completed acquisition of SN Power.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and Chief Executive Officer) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate governance and the statement on corporate social responsibility are consistent with the financial statements and contain the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements of the Company in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway and of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the audit committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirement

Report on compliance with regulation on European Single Electronic Format (ESEF)

Opinion

As part of our audit of the financial statements of Scatec ASA we have performed an assurance engagement to obtain reasonable assurance whether the financial statements included in the annual report, with the file name scatecasa-2021-12-31-en, has been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation given with legal basis in Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements included in the annual report have been prepared, in all material respects, in compliance with the ESEF Regulation.

Management's responsibilities

Management is responsible for the preparation of an annual report and iXBRL tagging of the consolidated financial statements that complies with the ESEF Regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary to enable the preparation of an annual report and iXBRL tagging of the consolidated financial statements that is compliant with the ESEF Regulation.

Auditor's responsibilities

Our responsibility is to express an opinion on whether, in all material respects, the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation based on the evidence we have obtained. We conducted our engagement in accordance with the International Standard for Assurance Engagements (ISAE) 3000 – "Assurance engagements other than audits or reviews of historical financial information". The standard requires us to plan and perform procedures to obtain reasonable assurance that the financial statements included in the annual report have been prepared in accordance with the ESEF Regulation.

As part of our work, we performed procedures to obtain an understanding of the company's processes for preparing its annual report in XHTML format. We evaluated the completeness and accuracy of the iXBRL tagging and assessed management's use of judgement. Our work comprised reconciliation of the iXBRL tagged data with the audited financial statements in human-readable format. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Oslo, 17 March 2022
ERNST & YOUNG AS

Petter Frode Larsen
State Authorised Public Accountant (Norway)

Design and layout: Artbox AS, Photos: Scatec ASA, Ingar Sørensen

Scatec

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