Scatec

Second quarter and first half

2022

Scatec in brief

Scatec is a leading renewable energy solutions 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 installed capacity across four continents today. We are committed to grow our renewable energy capacity, delivered by our 700 passionate employees and partners 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'.

Set for further growth

Over the last 15 years, we have been at the forefront of development and investment in renewable energy in emerging economies. We have applied our market understanding and ability to build sustainable sources of energy, while at the same time systemised our way of working in these countries to make them our home markets.

We are building our growth strategy on our strong market position in selected core markets characterised by high demand for new power, a carbon intensive power sector, and a regulatory framework supporting international private capital targeting renewable based infrastructure. We have a long-term perspective on all of our investments based on profitability and potential impact on the environment, people, local communities, and other stakeholders

Over time we have gained a key competitive advantage through a deep understanding of how to realise opportunities and manage risks related to operations in complex environments. Our core competence is to holistically assess and manage a broad range of aspects, to bring new investment opportunities forward and ensure that long lasting renewable assets can be financed and built. Leveraging on this key competitive advantage is a fundamental part of our strategy.

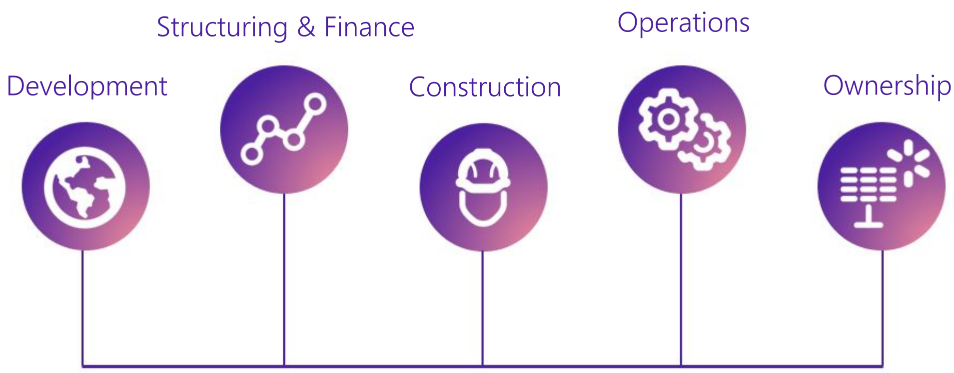
Furthermore, we work alongside policymakers, community members, financial institutions, suppliers, as well as utilities and other end-consumers, as we strive to create growth, generate value and build a greener future for all.

We have developed a business model which allow us to capture the total value of a renewable project while keeping transactional and operational control. This business model is to develop, build, own, and operate renewable energy plants in emerging economies and primarily sell the power under long term power purchase agreements (PPAs).

With operations in emerging economies and across renewable technologies, we are exposed to a variety of risks. Our ability to manage these has over time developed into a key competitive advantage which is fundamental for our success.

We have a strong commitment to generate shareholder value through profitable growth. To deliver on this commitment we stay selective when investing and scrutinise all our investment opportunities against our investment criteria. We target an average project equity IRR of 12-16 per cent based on cash flow from power production, and a development & construction margin of 10-12 per cent.

Our integrated business model



Asset portfolio[1]

	Technology	Capacity MW	Economic interest [2]
In operation			
Philippines		642	50%
Laos		525	20%
South Africa		448	45%
Egypt		380	51%
Ukraine		336	89%
Uganda		255	28%
Malaysia		244	100%
Brazil		162	44%
Argentina		117	50%
Honduras		95	51%
Jordan		43	62%
Mozambique		40	53%
Vietnam		39	100%
Czech Republic		20	100%
Rwanda		9	54%
Total		3,355	52%
Under construction			
South Africa (new)		540	51%
Brazil (new)		531	33%
Pakistan		150	75%
Release		45	100%
Total		1,266	50%
Projects in backlog			
Tunisia		360	55%
South Africa		273	51%
Egypt (new)	H_2	260	52%
Lesotho		20	48%
Philippines (new)		20	50%
Total		933	53%
Grand total		5,554	51%
Projects in pipeline		14,786	

Segment overview

Development & Construction

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

Power Production

The power plants produce electricity for sale primarily under long term power purchase agreements (PPAs), with state owned utilities or corporate off-takers, or under government-based feed-in tariff schemes. The weighted average remaining PPA duration for power plants in operation is 17 years. 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.

Services

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

Corporate

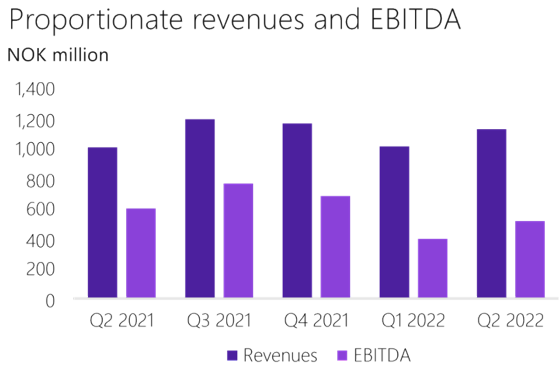
Corporate consists of activities such as corporate services, management, and group finance.

1) Asset portfolio as per reporting date

2) Scatec's share of the total estimated economic return from its subsidiaries. For projects under development the economic interest may be subject to change

Stable operations and ramping up for construction

- Proportionate revenues of NOK 1,130 million (1,007)[1] and EBITDA of NOK 517 million (601)
- Solid operations with production increase of 7%
- Construction of new power plants started in South Africa, Brazil and Pakistan
- Power-to-X progressing well
  - Term sheet with Yara for offtake in Oman
  - 100 MW green hydrogen in Egypt moved into backlog



Key figures

NOK million	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Proportionate Financials [2]					
Revenues and other income	1,130	1,014	1,007	2,144	1,961
Power Production [4]	1,015	933	875	1,948	1,742
Services	79	66	68	145	124
Development & Construction	25	5	51	30	75
Corporate	12	10	13	22	19
EBITDA [2]	517	398	601	915	1,237
Power Production	617	490	660	1,107	1,363
Services	20	16	24	36	41
Development & Construction	-81	-75	-54	-156	-113
Corporate	-39	-34	-28	-73	-54
Operating profit (EBIT)	230	-772	364	-542	771
Power Production	340	-554	432	-214	915
Services	18	15	23	33	39
Development & Construction	-81	-193	-56	-274	-117
Corporate	-47	-40	-35	-87	-66
Net interest- bearing debt [2]	17,112	14,992	15,619	17,112	15,619
Scatec share of distribution from operation companies	194	479	206	673	929
Power Production (GWh)	916	868	860	1,784	1,714
Power Production (GWh) 100% [3]	2,291	2,136	2,318	4,427	4,465
Consolidated Financials					
Revenues and other income	836	759	874	1,595	1,706
EBITDA [2]	547	433	670	981	1,302
Operating profit (EBIT)	336	-716	470	-380	915
Profit/(loss)	-68	-1,062	110	-1,130	152
Net interest- bearing debt [2]	17,234	15,285	15,337	17,234	15,337
Basic earnings per share	-0.61	-7.13	0.59	-7.74	0.70

1) Amounts from same period last year in brackets
2) See Alternative Performance Measures appendix for definition
3) Production volume on a 100% basis from all entities, including JV companies
4) Revenue from power production for 2021 has been adjusted due to change in accounting policy as disclosed in Note 10

Comments to the Proportionate Financials

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

Power Production

Second quarter operations were stable with high availability of the power plants. Power production reached 916[1)] GWh in the second quarter compared to 860 GWh in the same quarter last year.

Revenues increased by NOK 140 million to NOK 1,015 million in the second quarter mainly driven by significantly higher power sales in the Philippines, a new power plant in Argentina and foreign currency effects, partly offset by lower revenues in Ukraine after the Russian invasion.

In the Philippines, production for the quarter ended 20% above the 5-year average explained by improved hydrology and re-allocation of production volumes from ancillary services to spot sales to optimise revenues However, total power production ended below the contracted sales volumes, as expected, and power was therefore purchased in the market. This led to cost of sales of NOK 198 million, an increase of NOK 131 million compared to the same period last year.

Total gross profit for the quarter ended at NOK 810 million, broadly in line with the same period last year.

Foreign currency effects, NOK 13 million of non-recurring costs and operating expenses for new power plants in Ukraine and Argentina, led to an increase in operating expenses of NOK 44 million compared to the same quarter last year.

EBITDA reached NOK 617 million, a decrease of NOK 43 million compared to the same quarter last year driven by the factors explained above.

Power production reached 1,784 GWh in the first half of 2022 compared to 1,714 GWh in the same period last year. Revenues in the first half of 2022 have increased compared to the same period last year, mainly explained by higher contracted sales volume in the Philippines. The increased revenue in the Philippines is more than offset by higher cost of power purchases, which had a negative impact on gross profit. Grid connection of new capacity in Ukraine and Argentina, is offset by the effects of the Russian invasion in Ukraine.

In the first quarter 2022 a credit loss provision of NOK 87 million in Ukraine was recognised. EBITDA in the first half of 2022 is explained by the developments referred to above.

EBIT in first half of 2022 was further affected by a partial impairment of NOK 770 million, recognised in the first quarter, related to solar power plants and other intangible assets in Ukraine. Refer to Note 2 Operating segments and Note 4 Impairment for further details.

No further impairments or credit loss provisions related to Ukraine were recognised during the second quarter 2022.

For further details on financial results on a country-by-country basis please refer to Scatec's 'Q2 2022 historical financial information' published on Scatec's web page.

Development & Construction (D&C)

D&C revenues remained marginal due to low construction activity during the second quarter and the first half of 2022.

Strong focus on pipeline growth and ramp-up of construction activities compared to previous periods impacted operating expenses and EBITDA in the quarter and first half of 2022.

In the second quarter, operating expenses comprised of approximately NOK 56 million (44) for early-stage project development and NOK 27 million (17) related to the construction segment.

In the first quarter 2022 Scatec decided to discontinue development of projects in Mali, Bangladesh and India, and an impairment of NOK 116 million was recognised.

On 5 April, Scatec took final investment decision for the 20 MW battery energy storage system at the Magat hydropower plant in the Philippines. On 8 July, Scatec signed a PPA for the 531 MW Mendubim project in Brazil. On 19 July, Scatec closed financing for the 540 MW/225 MW solar and battery project in South Africa.

Services

The moderate increase in revenues and operating expenses in the segment compared to the same quarter last year is driven by an expansion of the operational portfolio. The same reason applies to the development of the revenues and operating expenses in the first half of the year compared to the same period last year.

Corporate

The revenues in the second quarter 2022 was broadly in line with the same quarter last year.

Second quarter operating expenses increased by NOK 9 million compared to the same quarter last year, reflecting the continued strengthening of corporate function as the asset portfolio and project pipeline grows.

The same explains the development of the revenues and operating expenses in the first half of the year compared to the same period last year.

1) Production figures include all power produced in Ukraine.

Short term guidance

Power Production

Third quarter power production is expected between 1,060 – 1,160 GWh on proportionate basis.

Third quarter production in the Philippines is expected to reach 280-320 GWh, around 25% above the five-year average and 45% above the third quarter 2021. The increase is driven by favourable hydrology and re-allocation of production volumes from ancillary services to spot sales to optimise revenues. Expected production is well above contracted sales volumes for the third quarter and excess production will be sold in the spot market at prices which are expected to remain at a high level.

The full year 2022 EBITDA guidance[1)] mid-point has increased by NOK 150 million reflecting currency exchange rates as per the end of the second quarter.

GWh	Q2 2022	Q3 2022E	2022E
Proportionate	916	1,060 - 1,160	3,900 - 4,100
100% basis	2,291	2,600 - 2,800	9,750 - 10,150

NOK million	2021	2022E
Proportionate EBITDA	2,949	2,500 - 2,700

Development & Construction

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

At time of reporting the remaining not booked construction contract value was approximately NOK 8.9 billion related to the 150 MW Sukkur project in Pakistan, the 531 MW Mendubim project in Brazil and the 540 MW / 225MW/1,140MWh solar + battery project in South Africa. In line with previous guidance, Scatec expects to generate an average D&C gross margin of 10-12%. All major contracts for sourcing of components and installation work for these projects are now being placed and prices locked in.

Expected construction time for the new power plants is 18 months and D&C revenues and margins are recognised on a "percentage of completion" basis with construction progress typically following an "S-curve". This implies less revenue recognition in the first and last phase of the construction period.

More details on projects under construction and in backlog can be found on page 9 and 10 in the report.

Service & Corporate

2022 EBITDA for Services is expected to be in line with 2021. 2022 EBITDA for Corporate is expected to be slightly below 2021.

1) EBITDA guidance is based on currency rates as of end of the second quarter 2022.

ESG performance

EU Taxonomy update

100 percent of Scatec's revenues, operating expenses and investments are derived from Taxonomy eligible activities. In 2021, third-party assessments were carried out to evaluate the Company's alignment to the EU Taxonomy.

The assessment of the "Do no Significant Harm" (DNSH) principle of the EU Taxonomy Annex 1 Technical screening criteria confirmed that all six hydropower assets are aligned with the Taxonomy DNSH criteria, but lack a detailed site-specific climate risk assessment.

Two site-specific climate risk assessments were completed by end of second quarter 2022 and the remaining four are now under development. The two completed site assessments did not identify any major climate risks related to safety or power production. The remaining assessments will be finalised over the next few months.

Transparency Act

The Transparency Act, a Norwegian law that requires larger companies to report on the work they conduct to ensure compliance with fundamental human rights and decent working conditions, entered into force on 1 July 2022.

During the first half of 2022, Scatec engaged a third party to conduct a gap analysis against the Transparency Act and its requirements from the OECD Guidelines for Multinational Enterprises. The purpose of the analysis was to identify any potential gaps to ensure compliance.

The analysis confirmed that Scatec's human rights due diligence processes are largely aligned with the requirements of the OECD Guidelines for Multinational Enterprises, meaning that most of the Company's systems and procedures are in compliance, with only smaller adjustments needed to be fully compliant. Scatec is currently working to implement the recommendations from the gap analysis and expect full compliance by year end. A summary of the results from the gap analysis can be found on our corporate website under "ESG resources" and "Transparency Act".

Biodiversity

During the second quarter 2022, Scatec launched its first biodiversity gamified training course, mandatory for all employees. The training explores key potential biodiversity issues that may arise at different stages of a project development cycle and aims to increase awareness and understanding of Scatec's standards and requirements.

Ecovadis Platinum Sustainability rating

In July, Scatec was awarded Ecovadis' Platinum Medal, the highest recognition for sustainability ratings, placing the Company among the top 1 percent rated worldwide. EcoVadis is a global leading provider of business sustainability ratings, and intelligence and collaborative performance improvement tools for global supply chains. The rating agency evaluates companies according to a comprehensive set of criteria across environment, labour and human rights, ethics and sustainable procurement practices.

ESG reporting

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

	Indicator [1]	Unit	Q2 2022	Q1 2022	YTD 2022	YTD 2021	FY 2021	Targets 2022
E	Environmental and social assessments	% completed in new projects	100	100	100	100	100	100
	GHG emissions avoided[2]	mill tonnes CO2e	0.4	0.5	0.9	0.9[3]	2.0	2.1
	Water consumption	mill litres (water-stressed areas)	3.4	2.0[4]	5.4	5.4	11.0	N/A
S	Lost Time Incident Frequency (LTIF)	per mill hours	1.1	1.8	1.1	1.5	1.9	≤ 2.1
	Hours worked	mill hours (12 months rolling)	2.8	2.7	2.8	2.7	2.5	N/A
	Female managers	% of females in mgmt. positions	27	26	27	28	27	32
G	Whistleblowing channel	number of incidents reported	0	3	3	7	7	N/A
	Corruption incidents	number of confirmed incidents	0	0	0	0	0	0
	Supplier E&S screening[5]	% of suppliers screened through EcoVadis	65	59	65	N/A	N/A	100

1) For a definition of each indicator in the table see ESG Performance Indicators under other definitions on page 41
2) The figure includes the actual annual production for all renewable power projects where Scatec has operational control
3) GHG emissions avoided in 2021 included all renewable power projects where Scatec has an ownership share. YTD 2021 figure is amended aligned with 2022 reporting.
4) Water consumption for Q1 2022 included double counting of water withdrawal in two projects. Figure is corrected in table.
5) Contracted and potential suppliers of key procurement categories screened through a supplier management platform.

During second quarter 2022, Scatec conducted Environmental and Social Impact Assessments (ESIAs) and due diligence or baseline studies for projects located in South Africa, Brazil, India, Cameroon, Rwanda and the Philippines. All assessments were conducted in close dialogue with project and financing partners for all new projects under development with a certain level of maturity. All projects assessed during the second quarter are Category B projects according to the IFC Performance Standards, with potential limited adverse social or environmental impact.

The GHG emissions avoided from the renewable power projects where Scatec has operational control amounted to 0.4 million tonnes, broadly in line with first quarter 2022, as no projects reached commercial operation date during second quarter 2022. First half of the year is also consistent with the same period last year.

The increase in water consumption in second quarter 2022 is due to an amended schedule for module cleaning cycles for power projects in Jordan, compared to first quarter 2022. Module cleaning cycles are weather dependent and favourable conditions may reduce the number of cycles required. Scatec reports on water extraction for projects located in water-stressed areas, namely South Africa and Jordan. Water consumption remains in line with first half 2021.

The Company delivered more than 2.8 million working hours with no fatalities or serious injuries (12 months rolling), with first half of 2022 slightly higher than the same period last year. The lost time incident frequency rate (LTIF) was 1.07 per million working hours. The improvement from last quarter is due to solid performance by maintaining safe working conditions with a limited number of lost time incidents.

The percentage of female employees in management positions globally increased from 26% to 27% at the end of second quarter 2022. The increase from first quarter 2022 is the result of several targeted initiatives to achieve the Company’s 2022 target of 32%.

Scatec continued to assess suppliers on four key sustainability areas including Environment, Labour and Human Rights, Ethics, and Sustainable Procurement via the EcoVadis platform. At the end of the second quarter 2022, 65% of contracted and potential suppliers of key procurement categories were assessed. The remaining suppliers are expected to be assessed over the next quarters.

Scatec continued its strong efforts and collaborations to address the alleged forced labour issues in the solar PV production industry in Xinjiang, China. The third party traceability mapping of the Company’s key solar module suppliers for upcoming projects that was initiated earlier this year is progressing well. During the quarter, Scatec continued to monitor and evaluate the traceability mapping process closely, and the final outcome will form part of Scatec’s supplier selection process, prior to any contract signing. The Company engages regularly on the matter with industry peers, investors and other key stakeholders through weekly updates on progress and key initiatives.

Russian war in Ukraine

On 24 February, Russia attacked Ukraine, a war that has now been going on for months. We witness a country under siege and countless lives lost in defence of their home. This situation has given rise to a major humanitarian and geopolitical crisis.

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

Approximately 95% of the power plants are intact and available, however power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. On 28 March 2022 the Ministry of Energy of Ukraine issued an Order to reduce the amounts paid to the renewable power producers to 15% of the agreed tariff to cover for operating expenses for the duration of the martial law. The payment level will increase from 15% to 18% from 2 July 2022 according to a new Order issued by the Ministry of Energy on 29 June 2022. The unpaid amounts are postponed to a later period. Due to the uncertainty related to future settlement, Scatec has from 24 February 2022 only recognised revenues in accordance with the Order and expect to do so until the new regulation is lifted.

The Russian invasion triggered an impairment assessment in the first quarter 2022 and Scatec recognised an impairment charge of NOK 770 million in the proportionate financials (NOK 816 million in the consolidated financials) related to tangible and intangible assets in Ukraine. In the second quarter 2022 there has not been any significant events that have triggered an additional impairment. After the impairment recognised in the first quarter 2022, total fixed assets and intangible assets in Ukraine amounts to NOK 2,082 million in the consolidated financials as of 30 June 2022. Refer to Note 4 Impairment for details on the impairment of the plants.

Scatec recognised an expected credit loss provision in the first quarter 2022 with respect to trade and other receivables which amounted to NOK 87 million in the proportionate financials (NOK 98 million in the consolidated financials). In the second quarter there has not been any significant events that have triggered an additional loss provision. The provision is included in other operating expenses in the first half year figures. Total outstanding receivables related to Ukraine after the provision is NOK 267 million in the consolidated financials as of 30 June 2022. Refer to Note 2 Operating Segments for more details.

Scatec's power plant companies in Ukraine are not in compliance with several covenants in the loan agreements for the non-recourse project debt at quarter-end. The situation is unchanged from the first quarter 2022, when NOK 603 million of the non-recourse financing was reclassified from non-current to current. Total current non-recourse financing in Ukraine on 30 June 2022 is NOK 986 million in the consolidated financials. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised "stand still".

Additionally in Ukraine, please refer to first quarter report and annual report for information related to the construction loan provided by PowerChina Guizhou Engineering Co ("PowerChina") to Scatec for the Progressovska power plant in Ukraine. Scatec and PowerChina has agreed a revised payment plan for the construction loan where 40% of the loan is paid up front and the remaining 60% is extended 1.5 to 3 years out in time.

Other matters

COVID-19

Scatec has not experienced any material effects related to COVID-19 on its operations of power plants in the second quarter and first half of 2022. The COVID-19 situation has however influenced the markets where Scatec develops projects and has been causing delays in government approvals for some of the development projects.

Potential PPA changes and overdue receivables in Honduras

In May 2022, a new Energy law came into force as introduced by the new Government of Honduras. In accordance with the new law, the state owned off-taker has proposed certain changes to the existing PPAs for all renewable power plants in the country, including Scatec's solar plants Agua Fria and Los Prados.

Currently an initial re-negotiation process has commenced with an aim to reach an agreement on certain changes to the PPA. A new agreement can include changes to tariff level, PPA tenor and terms for payment of the outstanding receivables.

Scatec has over time experienced delayed payments from the state owned off-taker in Honduras. Overdue receivables have accumulated to a varying degree since the second quarter 2020. At the end of the second quarter 2022, the accumulated overdue receivables in Honduras in the consolidated financials amounted to NOK 214 million compared to NOK 172 million at the end of the fourth quarter 2021. The outstanding receivables are secured by sovereign guarantees, but any payment may also depend on the outcome of the re-negotiation process referred to above.

Reference is made to Scatec's Annual Report 2021 regarding information on delayed payments in Honduras.

1) In the Q1 2022 report the comparable figures were presented on a proportionate basis.

Covenants

Except for Ukraine, Scatec was in compliance with financial covenants for both the recourse and non-recourse debt on 30 June 2022. Refer to Note 5 Financing for more details.

For further information related to Scatec's policies and procedures to actively manage risks related to the various parts of the Company's operation, please refer to the 2021 Annual Report (the Board of Directors' report and Note 6).

Scatec strategy and growth target

Scatec's strategy and project pipeline has developed significantly over the last 18 months and the company will present an updated strategy and growth targets to the capital market on 29 September 2022.

Overview of project portfolio[1)]

MW	Q2 2022 Capacity (MW)	Q1 2022 Capacity (MW)
In operation	3,355	3,355
Under construction	1,266	195
Project backlog[2)]	933	1,723
Project pipeline[2)]	14,786	14,553
Total	20,340	19,826

Total annual production from the 5,274 MW of solar, wind and hydro in operation, under construction and in backlog is expected to reach about 14,000 GWh (on 100% basis).

Projects under construction and backlog[1)]

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

Total initial capex for the projects under construction amounts to approximately NOK 15.3 billion on a 100% basis. The capex will be financed by non-recourse project debt and equity from the sponsors with an expected average leverage of 67%. Scatec is holding an average of 50% of the equity in the projects under construction equivalent to an initial equity investment of NOK 2.5 billion, of which NOK 2.0 billion were remaining as per the end of the second quarter. The remaining portion is well covered by expected D&C margins, cash flow from operations and free cash.

All figures in NOK are based on currency rates per the end of second quarter 2022, part from RMIPPP which is based on currency rates per 19 July 2022 when the project reached financial close.

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

Under construction

Sukkur, Pakistan 150 MW solar

Construction of the 150 MW Sukkur project in Pakistan is ramping up after a long-lasting demarcation process with local governments has been resolved. The environmental and social management work for the project has revolved around the completion of a physical resettlement of households living within the project boundaries. The process is implemented in accordance with the IFC Performance Standards.

Power will be sold to Pakistan Authorities under a 25-year PPA. Capex for the project is approximately USD 110 million to be financed by approximately 70% non-recourse project finance debt and equity from the sponsors. The capex has increased, and Scatec is working to improve value creation of the project to a more attractive level.

Scatec will have an ownership share of 75% in the project and provide EPC services as well as Operation & Maintenance (O&M) and Asset Management (AM) services to the power plants.

Mendubim, Brazil 531 MW solar

In Brazil, the 531 MW Mendubim solar project, in partnership with Equinor and Hydro Rein, was moved into construction after the end of the quarter following signing of a 20-year PPA with Alunorte. The PPA will cover approximately 60% of the power produced with the remaining volume to be sold in the Brazilian power market.

The estimated total capital expenditure for the project is USD 430 million to be financed by a mix of non-recourse project debt and equity from partners.

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

1) Status per reporting date
2) See other definitions

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

In July 2022 Scatec started construction of the RMIPPP project after reaching financial close. Once operational the project will have a total solar capacity of 540 MW and battery storage capacity of 225MW/1,140MWh, and provide 150 MW of dispatchable power to the Kenhardt region under a 20-year Power Purchase Agreement with Eskcom, a South African state-owned power utility.

The project has a total capex of about ZAR 16.4 billion (USD 962 million) to be financed by equity from the owners and approximately ZAR 12.4 billion (USD 727 million) in non-recourse project debt. Equity will be paid in after final drawdown of the project debt. The debt will be provided by a group of Lenders which includes The Standard Bank Group as arranger and British International Investments.

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

At financial close estimated first year revenues from the facility have increased 17% reflecting the currency- and interest rate adjustment mechanism in the PPA.

Release

Release by Scatec continues to deliver under several contracts and has finalised construction of 18 MW under a 36 MW solar and 20 MWh battery contract with ENEO, the main utility of Cameroon. Total initial capex for the projects under construction amounts to approximately USD 47 million of which approximately USD 12 million is remaining.

Backlog

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

REIPPPP Round 5, South Africa, 273 MW solar

In October 2021, Scatec was awarded preferred bidder status on three solar projects totalling 273 MW by the Department of Mineral Resources and Energy in South Africa under the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP).

The power will be sold under 20-year PPAs. Scatec will own 51% of the equity in the projects with H1 Holdings, our local Black Economic Empowerment partner owning 46,5% and a Community Trust holding 2.5%. Scatec will be the EPC provider and provide O&M as well as AM services to the power plants.

Tunisia portfolio, 360 MW solar

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

Scatec will have an ownership share of 51% of the project and provide EPC, O&M and AM services to the project company.

Lesotho, 20 MW solar

The "Neo 1" solar PV project will be Lesotho's first public-private, utility-scale solar plant. The project is owned by Scatec, Norfund, One Power Lesotho, the Lesotho Pension Fund and Izuba Energy.

Scatec will be the lead equity investor in the project as well as the EPC contractor and provide O&M and AM services to the power plant. The electricity will be sold to the Lesotho Electricity Company (LEC) through a 25-year PPA.

Egypt, 100 MW green hydrogen facility

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

During the second quarter 2022 the partners signed a binding term sheet with Fertiglobe for a 20-year offtake agreement for 100% of the volumes produced. The green hydrogen will be used as feedstock for production of green ammonia.

Scatec will be the lead equity investor in the project and provide EPC services for the solar plant, while Orascom Construction will be the EPC provider for hydrogen and wind. Scatec will further provide O&M and AM services for the project alongside key technology providers and project partners.

Philippines, 20 MW BESS

The 20 MW battery energy storage system (BESS) at the Magat hydropower plant is Scatec's first BESS project connected to a hydropower plant. The project has been developed by SN Aboitiz Power, a joint venture between Scatec and AboitizPower. Engineering, procurement and construction agreement has been signed with Hitachi Energy for the construction of the project. The Bank of the Philippine Islands and China Banking Corporation will provide debt financing. The facility will be capable of dispatching energy to the grid at times of peak demand and is expected to be used primarily for ancillary services.

Pipeline

Location	Q2 2022 Capacity (MW)	Q1 2022 Capacity (MW)
Latin America	1,376	2,247
Africa and the Middle East	6,471	6,648
Europe & Central/South Asia	2,226	930
Southeast Asia	4,713	4,728
Total pipeline	14,786	14,553

Solution	Q2 2022 Capacity (MW)	Q1 2022 Capacity (MW)
Solar	6,298	5,924
Wind	5,540	5,000
Hydro	2,148	2,569
Power-to-X	500	760
Release	300	300
Total	14,786	14,553

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 14,786 MW across technologies. During the quarter we have assessed the pipeline and taken out less strategic projects and added capacity in core focus areas. This resulted in an increase of 233 MW compared to the previous quarter.

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

Consolidated statement of profit and loss

Profit and loss

NOK million	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Revenues	720	724	736	1,445	1,429
Net income/(loss) from JVs and associated	116	35	138	150	276
EBITDA	547	433	670	981	1,302
Operating profit (EBIT)	336	-716	470	-380	915
Net financial items	-380	-295	-279	-675	-623
Profit before income tax	-44	-1,011	191	-1,055	292
Profit/(loss) for the period	-68	-1,062	110	-1,130	152
Profit/(loss) to Scatec	-97	-1,133	93	-1,230	111
Profit/(loss) to non-controlling interests	29	71	17	100	41

Revenues

Revenues from power sales was NOK 720 million (736) in the second quarter, a decrease of NOK 16 million compared to the same quarter last year. The decrease in revenues is mainly explained by lower revenue in Ukraine due to the Russian invasion partly offset by increased capacity in Ukraine and foreign currency effects.

Revenues for the first half of NOK 1,445 million (1,429), is negatively impacted by the Russian invasion in Ukraine and positively impacted by one more month of production from the Dam Nai Wind power plant in Vietnam acquired on 29 January 2021. Revenues generated in the first half of 2022 were on or above revenues in the same period last year for all other power generating countries.

Net income from joint venture investments (JVs) and associated companies was NOK 116 million (138) in the second quarter, a decrease of 22 million compared to the same quarter last year. The main driver is decreased net income in the Philippines. This is partly offset by increased capacity from plants in Argentina.

Net income from JVs and associated companies have decreased by NOK 126 million in the first half of 2022 compared to the same period last year, explained by the decrease of net income in the Philippines.

Operating profit

EBITDA is NOK 547 million (670), a decrease of 123 million compared to the same quarter last year mainly caused by lower net income from JVs and associated companies, lower revenues from Ukraine and increased operating expenses.

In the first half of 2022, EBITDA of NOK 981 million (1,302) is affected by a loss provision of NOK 98 million on accounts receivable in Ukraine, recognised in the first quarter, and higher corporate cost and cost related to D&C. Refer to Note 2 Operating segments for more details.

Consolidated operating expenses amounted to NOK 289 million (204) in the second quarter. The amount includes NOK 158 million (106) in cost for operation of existing power plants. Operating expenses also include NOK 81 million (64) for early-stage development of new projects and construction related expenses, with project pipeline development as the main cost driver. Corporate expenses amounted to NOK 51 million (34).

For the first half of 2022 consolidated operating expenses amounted to NOK 614 million (404). The amount includes NOK 368 million (214) in cost for operation of existing power plants. Operating expenses also include NOK 151 million (116) for early-stage development of new projects and construction related expenses. Corporate expenses amounted to NOK 95 million (72).

Depreciation, amortisation and impairment for the second quarter of NOK 211 million (200) was stable compared to last year. In the first half of 2022 these costs amounted to NOK -1,361 million (387). In the first quarter the Group recognised an impairment expense of NOK 932 million (0), of which 116 million related to discontinued development of projects in Mali, Bangladesh and India and NOK 816 million related to the solar power plants in Ukraine. Refer to Note 4 Impairment for further details.

Net financial items

NOK million	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Financial income	22	16	9	39	31
Financial expenses	-374	-342	-322	-716	-679
Foreign exchange gains/(loss)	-28	30	34	2	25
Net financial items	-380	-295	-279	-675	-623

Financial expenses mainly consist of interest expenses related to non-recourse financing and corporate funding. The increase in financial expenses compared to the same quarter last year is mainly explained by non-recurring fees recognised for the refinancing of the power plants in Egypt and Vietnam. The increase is also explained by currency effects and interest rate increases on corporate funding partially offset by interest margin reductions after refinancing in Egypt and South Africa. The same explains the development of the financial expenses in the first half of the year compared to the same period last year.

Profit before tax and net profit

The Group recognised a tax expense of NOK 24 million (81) in the second quarter, corresponding to an effective tax rate of 55% (-

42%). The difference between the Group's actual tax expense and a calculated tax expense based on the Norwegian tax rate of 22% is explained by different tax rates in the jurisdictions in which the companies operate, withholding taxes paid on dividends, movements in deferred tax balances and currency effects. The profit/loss from JVs and associates are reported net after tax which also impacts the effective tax rate. For further details, refer to Note 7 Income tax expense. For the first half of 2022 a tax expense of NOK 75 million (140) is recognised.

Net loss for the first quarter was NOK 68 million (110) while loss attributable to Scatec was NOK 97 million (93). The allocation of profits between NCI and Scatec is impacted by the fact that non-controlling interests (NCI) only represent shareholdings in the power plants that are fully consolidated and do not include net income from JVs and associated companies.

Impact of foreign currency movements in the quarter

On a net basis in the quarter the foreign currency movements affected consolidated revenues positively by NOK 40 million, while the net profit was affected positively by NOK 25 million.

Following the movements in currencies in the first quarter, the Group has recognised a foreign currency translation gain of NOK 789 million (188) in other comprehensive income related to the conversion of the subsidiaries' statements of financial position from the respective functional currencies to the Group's presentation currency.

Consolidated statement of financial position

Assets

NOK million	30 June 2022	31 December 2021
Property, plant and equipment	16,329	15,885
Investments in JVs and associated companies	10,480	9,745
Other non-current assets	2,005	1,755
Total non-current assets	28,814	27,385
Other current assets	1,421	1,474
Cash and cash equivalents	3,784	4,171
Total current assets	5,205	5,645
Total assets	34,019	33,030

There are significant changes in the statement of financial position driven by foreign currency translation, and depreciation of NOK against functional currencies such as USD, MYR, and ZAR in the entities holding the assets impacting the balances in the quarter and first half of 2022. Property, plant and equipment have, net of currency effects, decreased in the first half of 2022. The decrease relates to the NOK 742 million impairment of the Ukrainian solar plants, impairment of development projects of NOK 116 million and yearly depreciation of NOK 418 million. See Note 3 Property, plant and equipment and Note 4 Impairment for more information.

The increased value of investments in JVs and associated companies is mainly explained by appreciation of the functional currencies in the JVs. Net income from JVs and associated companies was NOK 150 million in the first half of 2022 and NOK 209 million was paid as dividend. See Note 9 Investments in joint ventures and associated companies for full reconciliation.

The cash balance has decreased compared to 31 December 2021. Operating activities contribute positively with NOK 727 million in cash inflow for the first half of 2022. Cash outflows are mainly payment of non-recourse financing, dividends to NCI and payment of dividend to equity holders of the parent company. See the consolidated statement of cash flows for further details and Note 6 Cash, cash equivalents for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Equity and liabilities

NOK million	30 June 2022	31 December 2021
Equity	9,036	9,919
Corporate financing	7,932	7,264
Non-current non-recourse project financing	11,280	10,708
Other non-current liabilities	2,242	2,225
Total non-current liabilities	21,453	20,197
Current non-recourse project financing	1,807	1,147
Other current liabilities	1,723	1,767
Total current liabilities	3,530	2,913
Total liabilities	24,982	23,110
Total equity and liabilities	34,019	33,030
Book equity ratio	27%	30%

Total equity decreased by NOK 883 million compared to 31 December 2021, driven by the dividend distributions to the equity holders of the parent company and NCI. Negative result for the period of NOK 1,130 million is partly offset by positive net other comprehensive income. This also explains the decreased book equity ratio. Further details are in the consolidated statement of changes in equity.

Corporate financing consists of a listed green bond as well as financing secured in relation to the previous year's acquisition of SN Power. In the first quarter 2022, the maturity date for the Bridge to Bond facility was extended to July 2023. Changes in balance as of the second quarter 2022 is due to foreign currency translation. See Note 5 Financing for further details.

Total non-recourse financing increased in the first quarter 2022 as a result of the refinancing in South Africa and the increase in the first half of 2022 is also explained by foreign currency translation. The non-current portion of the Ukrainian debt was reclassified to current during the first quarter 2022 due to breach of covenants. See Note 5 Financing for further details.

Consolidated cash flow

NOK million	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Operating activities	**286**	441	767	727	1,017
Investing activities	**-116**	-53	-462	-170	-8,086
Financing activities	**-985**	-360	-887	-1,345	3,488
Net increase/(decrease) in cash and cash equivalents	**-816**	28	-582	**-788**	**-3,581**

Net cash flow from consolidated operating activities amounted to NOK 286 million (767) in the second quarter 2022, compared to EBITDA of NOK 547 million (670). The difference is primarily explained by net income from JVs and associated companies and changes in other assets and liabilities. For the first half of 2022 net cash flow from consolidated operating activities amounted to NOK 727 million (1,017), compared to EBITDA of NOK 981 million (1,302).

Net cash flow from consolidated investing activities was negative NOK 116 million (-462) in the second quarter and negative NOK 170 million (-8,086) in the first half of 2022, driven by investments in property, plant and equipment, partly offset by distributions from JVs.

Net cash flow from financing activities was negative NOK 985 million (-887) in the second quarter and negative NOK 1,345 million (3,488) in the first half of 2022. The main financing activities in the period was refinancing of the non-recourse debt in South Africa, repayment of non-recourse financing in project companies and payment of dividend to equity holders of the parent company and NCI.

See the consolidated statement of cash flow and Note 6 for details related to cash movements.

Proportionate cash flow to equity

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

NOK million	Q2 2022	Q1 2022	Q2 2021	YTD 2022	YTD 2021
Power Production	**269**	391	252	660	933
Services	**15**	13	19	29	33
Development & Construction	**-63**	-33	-37	-96	-88
Corporate	**-82**	-69	-57	-151	-130
Total	**139**	302	177	**441**	**748**

1) See Alternative Performance Measures appendix for definition

The cash flow to equity in the Power Production segment slightly increased compared to the same quarter last year, primarily explained by the refinancing in Vietnam of NOK 56 million partly offset by lower EBITDA and higher net interest expenses. For the first half the cash flow to equity decreased compared to first half last year, mainly explained by the decrease in EBITDA. Cash flow to equity in the first half 2022 also includes NOK 307 million from debt refinancing of assets in South Africa. The first half 2021 included NOK 397 million from debt refinancing of assets in the Philippines.

The cash flow to equity in Services was approximately at the same level as compared to the same quarter and first half last year. The cash flow to equity in the D&C segment for the second quarter and first half of 2022 was impacted by low construction activity and currently limited revenues in addition to increased development and construction costs. The cash flow to equity for the Corporate segment for the second quarter and first half of 2022 primarily relates to operating expenses and interest expenses on corporate funding.

The power plant companies have in the second quarter and first half of 2022 distributed NOK 194 million and NOK 673 million to Scatec ASA. Scatec has not hedged the currency exposure on the expected cash distributions from the power plant companies.

Condensed interim financial information

Interim consolidated statement of profit and loss

NOK million	Notes	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Revenues	2	720	736	1,445	1,429	3,038
Net income/(loss) from JVs and associated companies	9	116	138	150	276	765
Total revenues and other income		836	874	1,595	1,706	3,803
Personnel expenses	2	-139	-100	-256	-182	-397
Other operating expenses	2	-150	-104	-358	-222	-503
Depreciation, amortisation and impairment	2, 3, 4	-211	-200	-1,361	-387	-892
Operating profit (EBIT)		336	470	-380	915	2,012
Interest and other financial income		22	9	39	31	47
Interest and other financial expenses		-374	-322	-716	-679	-1,368
Net foreign exchange gain/(losses)		-28	34	2	25	69
Net financial expenses		-380	-279	-675	-623	-1,253
Profit/(loss) before income tax		-44	191	-1,055	292	759
Income tax (expense)/benefit	7	-24	-81	-75	-140	-303
Profit/(loss) for the period		-68	110	-1,130	152	456
Profit/(loss) attributable to:						
Equity holders of the parent		-97	93	-1,230	111	388
Non-controlling interest		29	17	100	41	68
Basic earnings per share (NOK) [1)]		-0.61	0.59	-7.74	0.70	2.45
Diluted earnings per share (NOK) [1)]		-0.61	0.58	-7.74	0.69	2.43

1) Based on average 158.9 million shares outstanding for the purpose of earnings per share in Q2 2022

Interim consolidated statement of comprehensive income

NOK million	Notes	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Profit/(loss) for the period		-68	110	-1,130	152	456
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges		213	-44	480	264	386
Income tax effect	7	-53	7	-109	-67	-108
Foreign currency translation differences		789	188	649	125	40
Net other comprehensive income to be reclassified		949	151	1,020	321	317
Total comprehensive income for the period net of tax		880	261	-110	473	773
Attributable to:						
Equity holders of the parent		724	246	-423	331	595
Non-controlling interest		157	15	313	142	178

Interim consolidated statement of financial position

NOK million	Notes	30 June 2022	31 December 2021
Assets			
Non-current assets			
Deferred tax assets	7	798	748
Property, plant and equipment	3, 4	16,329	15,885
Goodwill and intangible assets	4	759	797
Investments in JVs and associated companies	9	10,480	9,745
Other non-current assets		448	210
Total non-current assets		28,814	27,385
Current assets			
Trade and other receivables	2	739	740
Other current assets		682	734
Cash and cash equivalents	6	3,784	4,171
Total current assets		5,205	5,645
Total assets		34,019	33,030

Interim consolidated statement of financial position

NOK million	Notes	30 June 2022	31 December 2021
Equity and liabilities			
Equity			
Share capital		4	4
Share premium		9,801	9,775
Total paid in capital		9,805	9,779
Retained earnings		-2,127	-493
Other reserves		792	-16
Total other equity		-1,335	-508
Non-controlling interests		566	649
Total equity		9,036	9,919
Non-current liabilities			
Deferred tax liabilities	7	729	589
Corporate financing	5	7,932	7,264
Non-recourse project financing	5, 6	11,280	10,708
Other financial liabilities		15	249
Other non-current liabilities		1,498	1,387
Total non-current liabilities		21,453	20,197
Current liabilities			
Non-recourse project financing	5	1,807	1,147
Income tax payable	7	28	24
Trade and other payables	5	820	812
Other financial liabilities		45	90
Other current liabilities		830	841
Total current liabilities		3,530	2,913
Total liabilities		24,982	23,110
Total equity and liabilities		34,019	33,030

Oslo, 25 July 2022

The Board of Directors Scatec ASA

Interim 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 2021	4	9,720	-708	40	-261	8,794	673	9,467
Profit for the period	-	-	111	-	-	111	41	152
Other comprehensive income	-	-	-	118	101	219	101	320
Total comprehensive income	-	-	111	118	101	330	142	472
Share capital increase	-	42	-	-	-	42	-	42
Share-based payment	-	13	-	-	-	13	-	13
Dividend distribution	-	-	-173	-	-	-173	-159	-332
Capital increase from NCI	-	-	-	-	-	-	18	18
At 30 June 2021	4	9,775	-770	158	-160	9,007	675	9,681
At 1 January 2022	4	9,775	-493	95	-111	9,271	649	9,919
Profit for the period	-	-	-1,230	-	-	-1,230	100	-1,130
Other comprehensive income	-	-	-	595	212	807	213	1,020
Total comprehensive income	-	-	-1,230	595	212	-423	313	-110
Share capital increase	-	5	-	-	-	5	-	5
Share-based payment	-	21	-	-	-	21	-	21
Dividend distribution	-	-	-404	-	-	-404	-404	-808
Capital increase from NCI	-	-	-	-	-	-	9	9
At 30 June 2022	4	9,801	-2,127	690	101	8,470	566	9,036

Interim consolidated statement of cash flow

NOK million	Notes	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Cash flow from operating activities						
Profit before taxes		-44	191	-1,055	292	759
Taxes paid	7	-43	-44	-43	-59	-234
Depreciation and impairment	3, 4	211	200	1,361	387	892
Proceeds from disposal of fixed assets	3	-3	-	-	3	9
Net income from JVs and associated companies	9	-116	-138	-150	-276	-765
Interest and other financial income		-22	-9	-39	-31	-47
Interest and other financial expenses		374	322	716	679	1,368
Unrealised foreign exchange (gain)/loss		28	-34	-2	-25	-69
Increase/(decrease) in other assets and liabilities		-100	280	-61	47	158
Net cash flow from operating activities		286	767	727	1,017	2,072
Cash flow from investing activities						
Interest received		22	9	39	31	47
Consideration paid for SN Power, net of cash acquired [1)]		-	-	-	-7,560	-7,848
Investments in property, plant and equipment	3	-208	-622	-378	-771	-967
Distributions from JV and associated companies	9	91	279	209	400	819
Investments in JV and associated companies	9	-21	-128	-39	-186	-131
Net cash flow from investing activities		-116	-462	-170	-8,086	-8,081
Cash flow from financing activities						
Proceeds from non-controlling interests		12	25	12	25	25
Distributions to non-controlling interests		-2	-	-3	-34	-37
Interest paid		-369	-367	-593	-554	-1,180
Proceeds from non-recourse project financing	5	27	-	385	37	43
Repayment of non-recourse project financing	5	-225	-262	-319	-375	-750
Payments of principal portion of lease liabilities		-6	-6	-12	-12	-25
Interest paid on lease liabilities		-4	-4	-8	-8	-15
Net proceeds from corporate financing [2)]	5	-	-30	-	4,699	4,699
Share capital increase		-	-	-	42	42
Dividends paid to equity holders of the parent company and non-controlling interests		-419	-244	-808	-332	-390
Net cash flow from financing activities		-985	-887	-1,345	3,488	2,413
Net increase/(decrease) in cash and cash equivalents		-816	-582	-788	-3,581	-3,596
Effect of exchange rate changes on cash and cash equivalents		414	-8	401	-14	-20
Cash and cash equivalents at beginning of the period		4,186	4,783	4,171	7,788	7,788
Cash and cash equivalents at end of the period	6	3,784	4,192	3,784	4,192	4,171

1) Consideration paid for SN Power was net of NOK 826 million of cash in acquired companies

2) Net proceeds from corporate financing include proceeds from issuance of EUR 250 million green bond, USD 400 million bridge to bond facility and USD 150 green term loan, as well as redemption of NOK 750 million green bond and partial repayment of the USD 400 million bridge to bond facility. See Note 5 Financing

Notes to the condensed interim consolidated financial statements

Note 1 Organisation and basis for preparation

Corporate information

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

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

The condensed interim consolidated financial statements for the second quarter were authorised by the Board of Directors for issue on 25 July 2022.

Basis of preparation

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

These condensed interim consolidated financial statements are condensed and do not include all of the information and notes required by IFRS for a complete set of consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements.

The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for 2021, except for revenue recognition policy applied in the Philippines. Refer to Note 10 Change in accounting policy for further details.

The functional currency of the companies in the Group is determined based on the nature of the primary economic environment in which each company operates. The presentation currency of the Group is Norwegian kroner (NOK). All amounts are presented in NOK million unless otherwise stated.

As a result of rounding adjustments, the figures in some columns may not add up to the total of that column.

Significant estimates and judgements

In the preparation of the condensed interim consolidated financial statements in conformity with IFRS, management has made estimates and assumptions and applied judgements, that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

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

Consolidation of power plant companies

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

When assessing whether Scatec controls a power plant company, the Group's roles and activities are analysed in line with the requirements and definitions in IFRS 10. Refer to note 3 of the 2021 annual report for further information on judgements, including control assessments made in previous years.

Seasonality in operations

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

Note 2 Operating segments

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

The segment financials are reported on proportionate basis. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from all its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced proportionate financials as the Group is of the opinion that this method improves earnings visibility. Proportionate financials are further described in the APM section of this report

Q2 2022

	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues	1,010	5	5	2	1,021	272	-573	-	720
Internal revenues	5	75	20	10	109	8	-13	-104	-
Net income from JVs and associates [1]	-	-	-	-	-	-	116	-	116
Total revenues and other income	1,015	79	25	12	1,130	280	-471	-104	836
Cost of sales	-204	1	-23	-	-226	-6	200	30	-
Gross profit [2]	810	81	3	12	904	275	-269	-73	836
Personnel expenses	-33	-31	-57	-33	-155	-3	19	-1	-139
Other operating expenses	-160	-29	-26	-18	-232	-57	57	82	-150
EBITDA	617	20	-81	-39	517	215	-193	8	547
Depreciation and impairment	-277	-2	-	-7	-287	-97	122	50	-211
Operating profit (EBIT)	340	18	-81	-47	230	118	-69	58	336

Q2 2021

	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues [3]	875	1	2	6	884	280	-427	-1	736
Internal revenues	-	67	49	7	123	8	-4	-127	-
Net income from JVs and associates [1]	-	-	-	-	-	-	138	-	138
Total revenues and other income	875	68	51	13	1,007	289	-293	-129	874
Cost of sales	-67	-	-43	-	-110	-	69	42	-
Gross profit [2]	808	68	7	13	897	289	-226	-86	874
Personnel expenses	-23	-23	-40	-26	-112	-2	11	3	-100
Other operating expenses	-126	-21	-21	-16	-184	-45	47	78	-104
EBITDA	660	24	-54	-28	601	242	-168	-5	670
Depreciation and impairment	-227	-1	-2	-6	-236	-85	86	35	-200
Operating profit (EBIT)	432	23	-56	-35	364	157	-82	30	470

YTD 2022

NOK million	Proportionate financials: Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues	1,943	7	5	3	1,958	550	-1,064	-	1,445
Internal revenues	5	138	25	19	186	14	-24	-176	-
Net income from JVs and associates [1]	-	-	-	-	-	-	150	-	150
Total revenues and other income	1,948	145	30	22	2,144	564	-938	-176	1,595
Cost of sales	-411	1	-27	-	-437	-6	408	34	-
Gross profit [2]	1,537	146	3	22	1,707	559	-529	-142	1,595
Personnel expenses	-56	-57	-110	-60	-283	-5	34	-3	-256
Other operating expenses	-373	-52	-49	-36	-510	-109	108	153	-358
EBITDA	1,107	36	-156	-73	915	445	-387	8	981
Depreciation and impairment	-1,321	-3	-118	-14	-1,457	-224	237	83	-1,361
Operating profit (EBIT)	-214	33	-274	-87	-542	221	-149	91	-380

In the first quarter 2022 the Group has recognised an impairment charge of NOK 770 million in the Power Production segment in the proportionate financials related to the solar power plants and intangible assets in Ukraine. In the consolidated financials the impairment charge amounts to NOK 816 million as disclosed in Note 4 Impairment.

The Group also recognised an impairment charge of NOK 116 million in the first quarter 2022 in both consolidated and proportionate financials (D&C segment), related to discontinued development projects in Bangladesh, Mali and India.

From March the Group has recognised revenue from power production in Ukraine to the extent that Scatec believe it is probable to collect consideration. The recognised amount was NOK 3 million in March and NOK 22 million in the second quarter, which is also in line with the paid amounts for the period. Total revenue from power production in Ukraine for the first half of 2022 is NOK 54 million.

Scatec has further recognised an expected credit loss provision in the first quarter of 2022 with respect to trade and other receivables related to Ukraine which amount to NOK 87 million in the proportionate financials (NOK 98 million in the consolidated financials), which is included in other operating expenses. Total outstanding receivables on 30 June 2022 related to Ukraine following the provision is NOK 267 million.

YTD 2021

NOK million	Proportionate financials: Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues [3]	1,742	3	2	6	1,753	559	-882	-1	1,429
Internal revenues	-	122	73	13	208	13	-7	-214	-
Net income from JVs and associates [1]	-	-	-	-	-	-	276	-	276
Total revenues and other income	1,742	124	75	19	1,961	573	-613	-215	1,706
Cost of sales	-90	-	-68	-	-157	-	92	65	-
Gross profit [2]	1,652	125	7	19	1,804	573	-521	-150	1,706
Personnel expenses	-47	-45	-76	-44	-211	-4	23	10	-182
Other operating expenses	-242	-38	-45	-30	-356	-95	90	138	-222
EBITDA	1,363	41	-113	-54	1,237	474	-408	-2	1,302
Depreciation and impairment	-448	-2	-4	-12	-466	-163	163	79	-387
Operating profit (EBIT)	915	39	-117	-66	771	311	-244	78	915

FY 2021

NOK million	Proportionate financials: Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues 3)	3,889	5	3	6	3,903	1,162	-2,025	-1	3,038
Internal revenues	1	255	134	36	426	34	-22	-438	-
Net income from JVs and associates 1)	-	-	-	-	-	-	765	-	765
Total revenues and other income	3,890	260	137	42	4,329	1,196	-1,282	-439	3,803
Cost of sales	-270	1	-120	-	-389	-10	274	126	-
Gross profit 2)	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
Depreciation and impairment	-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) Refer to Note 9 – Investments in joint ventures and associated companies for details on Net income from JVs and associates

2) Equivalent to Net revenues

3) Refer to Note 10 – Change in accounting policy for details of the change in presentation of revenue and cost of sales for the electricity sold on bilateral contracts in the Philippines

Note 3 Property, plant and equipment

NOK million	Power plants	Power plants under development and construction	Other fixed assets	Total
Carrying value at 31 December 2021	**15,106**	**580**	**198**	**15,885**
Additions	40	296	41	**378**
Disposals	-	-	-	**-**
Transfer between asset classes	35	-35	-	**-**
Depreciation and amortisation	-397	-	-21	**-418**
Impairment losses	-742	-97	-19	**-858**
Effect of movements in foreign exchange rates	1,252	65	26	**1,342**
Carrying value at 30 June 2022	**15,294**	**810**	**225**	**16,329**
Estimated useful life (years)	20-25	N/A	3-5	

Impairment losses

In the first quarter of 2022, Scatec recognised an impairment loss of NOK 858 million for Property, plant and equipment, of which NOK 742 million is related to the solar power plants in Ukraine and NOK 116 million related to discontinued development projects. For the first half of 2021 impairment losses amounted to NOK 6 million.

Please refer to Note 4 Impairment for further details.

Note 4 Impairment

Accounting policy

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. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use.

Impairment test

Tests for impairment have been performed for CGUs where impairment indicators have been identified. The recoverable amount for these units has been determined estimating the value in use of the assets and comparing against the carrying value of the CGUs.

Impairment indicators were identified during the first half of 2022 for Scatec's five solar power plants in Ukraine triggered by Russia's invasion on 24 February 2022. The situation in Ukraine at the end of the second quarter is still very challenging and highly uncertain, and Scatec's top priority is the safety of our Ukrainian employees. The outcome of the situation and the impact of Scatec's assets are highly uncertain.

Per 30 June 2022, approximately 95 percent of the power plants is intact and available, but power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. For the months after the invasion the Ukrainian off-taker has approximately paid 20% of the revenues generated on the defined Feed-in-Tariff for Scatec's assets.

Three scenarios have been assessed and weighted to arrive at the value in use for the solar power plants. The main assumptions used in the impairment test were:

Future cash flows: The solar power plants in Ukraine operate under 10-years Feed-in-Tariffs (tariff) which all end in 2029. For the cash flow periods after 2029, the estimates are based on available power market data and Scatec's long-term power market outlook.

In a best-case scenario, we assume a continued reduction in government payment for the power produced with an 85% decrease in cash flow in 2022 and 2023 before the situation stabilises and return to normal level from the beginning of 2024. In a mid-case scenario, it is assumed cash flow to be reduced also in 2024-2026 with a 50% reduction in cash flow before we return to normal level of cash flows from the beginning of 2027. In a worst-case scenario, no future revenues are assumed. The three scenarios have been equally weighted to reflect the high uncertainty on the impact of Scatec's assets in Ukraine.

Discount rate: The after-tax discount rate applied in the impairment test was 7.2%.

The value in use calculations include significant estimate uncertainty, which has been reflected in the future cash flow assumptions and estimates and not in the discount rate.

Sensitivity: The value in use calculation is sensitive to changes in discount rate. Sensitivity analysis shows that an increase in the discount rate of 1% would results in an increased impairment charge of NOK 159 million, assuming all other factors remain unchanged. The sensitivity analysis is for indicative purposes only.

Impairment: A total impairment charge of NOK 816 million was recognised in the first quarter, whereof NOK 742 million related to solar power plants and NOK 74 million related to intangible assets. Intangible assets in Ukraine relate to right to transmit electricity for the solar power plants. The recoverable amount for the solar power plants and intangible assets in Ukraine were NOK 2,082 million as per 30 June 2022.

In the second quarter 2022 there has not been any significant events that have triggered an additional impairment.

NOK million	Power plants in Ukraine	Other Intangible assets in Ukraine	Total
Carrying value at 30 June 2022	2,655	243	2,898
Impairment charge	-742	-74	-816
Recoverable amount at 30 June 2022	1,913	169	2,082

Scatec has secured Political Violence Insurance (PVI) in Ukraine which covers physical damage of the power plants up to a predetermined amount as described in the Note 32 Subsequent event in Scatec's annual report of 2021. The insurance covers the replacement value for rebuilding the power plants as well as for business interruptions for 6-12 months. As communicated in the first quarter 2022 report, the Political Violence Insurance for Boguslav, Kamianka and Chigirin expired on 31 May 2022. Given the uncertainty in Ukraine, (international) insurance markets are no longer able to provide this cover going forward, hence Scatec has not been able to renew the Political Violence Insurance for these assets. This means that if Scatec suffered war related damages at these sites, this would no longer be covered by (PV) insurance.

For further details regarding Scatec's exposure in Ukraine please refer to Note 32 Subsequent event in Scatec's annual report of 2021. For changes in balances from year-end 2021 to 30 June 2022 not resulting from normal changes in operating activities please refer to Note 2 Operating segment for information related to revenues and receivables, Note 5 Financing for financing commitments, covenants and guarantees and Note 6 Cash, cash equivalents for cash in this report.

Further, Scatec impaired NOK 116 million related to discontinued development projects in Mali, Bangladesh and India in the first quarter 2022.

Note 5 Financing

Corporate financing

The table below gives an overview of the corporate financing carried out by the Group. The maturity date for the Bridge to Bond facility was extended to July 2023 in the first quarter of 2022. The listed Green Bond has 3M EURIBOR + 2.5 % margin interest rate terms. The book equity of the recourse group, as defined in the facility agreements, was NOK 10 949 million on 30 June 2022. Scatec was in compliance with financial covenants for recourse debt on quarter end.

	Currency	Denominated currency value (million)	Maturity	Carrying value 30 June 2022 (NOK million)	Carrying value December 2021 (NOK million)
Green Bond (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	2,559	2,475
Total unsecured bonds				2,559	2,475
Green Term Loan	USD	150	Q1 2025	1,484	1,323
Bridge to Bond	USD	193	Q3 2023	1,910	1,702
Total secured acquisition financing				3,393	3,025
Vendor Financing (Norfund)	USD	200	Q1 2028	1,979	1,764
Total unsecured acquisition financing				1,979	1,764
Revolving credit facility	USD	180	Q1 2024	-	-
Overdraft facility	USD	5		-	-
Total secured back-stop bank facilities				-	-
Total				7,932	7,264
As of non current				7,932	7,264
As of current				-	-

Non-recourse financing

Scatec uses non-recourse financing for constructing and/or acquiring assets in power plant companies. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed.

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

NOK million	As of 30 June 2022	As of 31 December 2021
Non-current liabilities		
Non-recourse project financing	11,280	10,708
Current liabilities		
Non-recourse project financing	1,807	1,147

The current non-recourse debt as of 30 June 2022 includes NOK 986 million in non-recourse debt in Ukraine. NOK 603 million of the non-recourse financing was reclassified from non-current to current in Q1 2022. All of Scatec's power plant companies in Ukraine are not in compliance with several covenants in the loan agreements for the non-recourse project debt at Q2 2022. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised "stand still". In all other countries, Scatec was in compliance with financial covenants for non-recourse debt on 30 June 2022.

In the first quarter of 2022, Scatec refinanced the non-recourse debt facilities for the solar power plants Kalkbult, Dreunberg and Linde in South Africa with the existing lenders. Scatec's share of proceeds from the refinancing, based on its 45 per cent ownership in the power plants, amounts to ZAR 540 million (NOK 323 million). Key amended terms include increased debt amounts, reduced margins, increased tenors, and release of cash from debt reserve accounts, implying minor impact to expected future dividends from the power plants.

In the second quarter of 2022, Scatec refinanced the non-recourse debt facilities for the solar power plants in Egypt through the issuance of a 19-year USD 334.5 million non-recourse Green Project Bond. Key amended terms include increased debt amounts, reduced margins, increased tenors which will improve Scatec's and its project partner's future cash distributions from the power plants.

In the second quarter of 2022, Scatec refinanced the USD 37 million non-recourse debt facilities for the Dam Nai Wind power plant. The leverage is unchanged, but the debt is held by new lenders to better terms improving the cash return.

Refer to Note 9 Investments in joint venture and associated companies for details on non-recourse financing related to joint ventures and associated companies.

Other financing

Please refer to first quarter report and annual report for information related to the construction loan provided by PowerChina Guizhou Engineering Co ("PowerChina") to Scatec for the Progressovska power plant in Ukraine. Scatec and PowerChina has agreed a revised payment plan for the construction loan where 40% of the loan is paid up front and the remaining 60% is extended 1.5 to 3 years out in time.

Scatec has no other recourse construction financing arrangements for other projects. Refer to Note 26 Guarantees and commitments and Note 32 Subsequent events in the 2021 Annual Report for further details.

Note 6 Cash, cash equivalents

NOK million	30 June 2022	31 December 2021
Cash in power plant companies in operation	1,709	1,711
Cash in power plant companies under development/construction	23	34
Other restricted cash	70	91
Free cash	1,981	2,335
Total cash and cash equivalents	3,784	4,171

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

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

Other restricted cash comprises restricted deposits for withholding tax, guarantees, VAT and rent, NCI's share of free cash as well as collateralised shareholder financing of power plant companies not yet distributed to the power plant companies. Net cash effect from Working Capital/Other is mainly related to ongoing construction projects.

As of 30 June 2022, NOK 90 million of cash is related to power plant companies in Ukraine.

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

NOK million	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Distributions received by Scatec ASA from the power plant	194	206	673	929	1,603
Cash flow to equity D&C [1]	-63	-37	-96	-88	-164
Cash flow to equity Services [1]	15	19	29	33	60
Cash flow to equity Corporate [1]	-82	-57	-151	-130	-252
Working capital/other [2]	-9	-185	-77	-384	-556
Cash flow from operations	56	-54	378	360	691
Capitalised expenditures in projects under development	-53	-86	-158	-106	-307
Scatec's share of equity investments or shareholder loans in projects under construction	-168	-101	-170	-460	-564
Net cash considerations from purchase of SNP	-	-143	-	-3,210	-3,262
Cash flow from investments	-221	-330	-328	-3,776	-4,132
Share capital increase in Scatec ASA, net after transaction	-	-	-	-	-
Dividend distribution to Scatec ASA shareholders	-404	-173	-404	-173	-173
Drawdown of credit facilities in Scatec ASA	-	-	-	-	-
Cash flow from financing	-404	-173	-404	-173	-173
Change in cash and cash equivalents	-569	-557	-354	-3,589	-3,615
Free cash at beginning of period	2,550	2,918	2,335	5,949	5,949
Free cash at end of period	1,981	2,361	1,981	2,360	2,335
Available undrawn credit facilities	1,830	1,588	1,830	1,588	1,632
Total free cash and undrawn credit facilities at the end of	3,811	3,949	3,811	3,949	3,967

1) Proportionate share of cash flow to equity is defined in Alternative Performance Measures Appendix. See note 3 in Scatec's Annual Report 2021 for revenue recognition policies

2) Working capital/other is mainly explained by deviations between cashflow to equity and actual cashflow in the D&C segment

Note 7 Income tax expense

Effective tax rate

NOK million	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Profit before income tax	**-44**	191	**-1,055**	292	759
Income tax (expense)/benefit	**-24**	-81	**-75**	-140	-303
Equivalent to a tax rate of (%)	55%	-42%	7%	-48%	40%

Movement in deferred tax

NOK million	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
Net deferred tax asset at the beginning of the period	**104**	397	**159**	517	517
Recognised in the consolidated statement of profit or loss	**-17**	-116	**-12**	-147	-232
Deferred tax on financial instruments recognised in OCI	**-53**	7	**-109**	-67	-108
Deferred tax on excess values from acquisition of SN Power	**-**	-	**-**	-19	-19
Translation differences	**35**	-13	**31**	-9	2
Net deferred tax asset at the end of the period	**69**	275	**69**	275	159

The Group recognised a tax expense of NOK 24 million (81) in the second quarter, corresponding to an effective tax rate of 55% (-42%). The tax expense for the first half year of 2022 is NOK 75 million (140). The difference between effective tax expense for the quarter and calculated tax expense based on the Norwegian tax rate of 22% is impacted by different tax rates in the jurisdictions in which the companies operate, withholding taxes paid on dividends and currency effects. Further, the profit/loss from JVs and associates are reported net after tax which also impacts the effective tax rate. The difference between effective tax expense for the first half year of 2022 and a calculated tax expense based on the Norwegian tax rate of 22% is mainly due to non-recognised deferred tax asset related to the impairment of the assets in Ukraine.

Note 8 Related parties

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

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

In addition, Scatec has transactions and balances with Executive Management and Board of Directors. The Company has no significant agreements with companies in which a board member has a material interest. Note 30 in the annual report for 2021 provides details of transactions with related parties and the nature of these transactions.

For further information on project financing provided by co-investors, refer to Note 25 in the annual report for 2021.

Note 9 Investments in joint venture and associated companies

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

Company	Registered office	30 June 2022	31 December 2021
Kube Energy AS	Oslo, Norway	25.00%	25.00%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50.00%	50.00%
Apodi I Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Mendubim Holding B.V. 1)	Amsterdam, Netherlands	50.00%	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%	20.00%
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50.00%	50.00%
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.70%	16.70%
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – RES Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50.00%	50.00%
SN Power Uganda Ltd.	Kampala, Uganda	51.00%	51.00%
Bujagali Energy Ltd.	Jinja, Uganda	28.28%	28.28%
Compagnie Générale D`Hydroelectricité de Volobé SA	Antananarivo, Madagascar	12.75%	12.75%
Ruzizi Holding Power Company Ltd	Kigali, Rwanda	20.40%	20.40%
Ruzizi Energy Ltd	Kigali, Rwanda	20.40%	20.40%
SN Power Africa Ltd	Nairobi, Kenya	51.00%	51.00%
SN Power Invest Netherlands B.V.	Amsterdam, Netherlands	51.00%	100.00%

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

Country	Carrying value 31 December 2021	Additions/ disposals	Net income from JV and associated companies	Dividends	Net movement of cash flow hedges recognised in OCI	Foreign currency translations	Carrying value 30 June 2022
Philippines	6,366	-15	23	-67	-	270	6,577
Laos	1,632	-	54	-51	-	195	1,831
Uganda	1,101	-1	56	-91	57	138	1,260
Other 2)	646	56	17	-	-	93	812
Total	9,745	39	150	-209	57	698	10,480

2) Other includes Brazil, Argentina, Madagascar, Rwanda, Norway and Kenya

The joint ventures in the Philippines are subject to tax reviews by the local tax authorities on a regular basis, and one entity received a final assessment notice related to the year 2019 of NOK 180 million equivalent (at 30 June 2022) in March 2022. The matter is disputed, and the amount is not included in net income from JV and associated companies for the quarter. Under the Share Purchase Agreement with Norfund, Scatec has secured full indemnity against historical tax claims in the Philippines up until the SN Power acquisition closing.

Scatec has in Argentina a non-recourse construction financing from Equinor of NOK 613 million that has been extended after COD and is due in May 2023. The financing from Equinor is pledged in the shares of the project company. The sponsors are currently working on different refinancing alternatives and expect to find a solution before due date next year.

Note 10 Change in accounting policy

Presentation of external revenues and cost of sales in the proportionate segment financials

The hydropower companies in the Philippines are presented in the condensed interim consolidated financial statements as investments in JVs and associated companies which are accounted for using the equity method. The companies were acquired as part of the business combination of 100% of the shares of SN Power AS, which effectively took place on 29 January 2021.

The Group has re-assessed its accounting policy for the presentation of external revenues and cost of sales in the proportionate financials. The power market settlement mechanism for bilateral contracts in the Philippines applies net settlement within the settlement period although all volumes are reported gross.

On 1 January 2022, the Group elected to voluntarily change the method of accounting for external revenues and cost of sales related to electricity sold on bilateral contracts in the proportionate financials.

The Group had previously accounted for such external revenues and cost of sales on a gross basis in accordance with the reported volumes. Going forward the Group will present the figures net in accordance with the financial settlement mechanism. The change has no impact on net revenues or EBITDA.

The Group believes that the net presentation provides more relevant information to the users of the proportionate financials as it will reduce the fluctuation in external revenues from the business in the Philippines and is more aligned to the practices adopted by its peers.

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

The voluntary change in accounting policies is applied retrospectively in 2021 as follows:

Q2 2021

Proportionate financials - NOK million	Reported Q2 2021	Adjustment	Adjusted Q2 2021
External revenues - Power Production	969	-94	875
Cost of sales - Power Production	-161	94	-67
EBITDA - Power Production	660	-	660

YTD 2021

Proportionate financials - NOK million	Reported Q2 2021 YTD	Adjustment	Adjusted Q2 2021 YTD
External revenues - Power Production	1,892	-150	1,742
Cost of sales - Power Production	-240	150	-90
EBITDA - Power Production	1,363	-	1,363

FY 2021

Proportionate financials - NOK million	Reported FY 2021	Adjustment	Adjusted FY 2021
External revenues - Power Production	4,176	-287	3,890
Cost of sales - Power Production	-556	287	-269
EBITDA	2,949	-	2,949

Note 11 Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statements for the second quarter and first half of 2022.

On 8 July, Scatec and partners (Equinor and Hydro Rein) signed PPA and started construction activities at the Mendubim solar project in Brazil.

On 15 July, Scatec and partners (ACME and Yara) signed a term sheet for offtake from the first phase of green ammonia from Oman.

On 19 July, Scatec announce that construction is starting of the three Kenhardt projects in the Northern Cape Province of South Africa under the Risk Mitigation Independent Power Producer Procurement Programme (RMIPPP) after reaching financial close.

Responsibility statement

We confirm to the best of our knowledge, that the condensed interim financial statement for the period 1 January 2022 to 30 June 2022 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period and their impact on the financial statements, key risk and uncertainty factors that Scatec is facing during the next accounting period.

Oslo, 25 July 2022

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Espen Gundersen

Maria Moræus Hanssen

Jørgen Kildahl

Mette Krogsrud

Gisele Marchand

Jan Skogseth

Terje Pilskog (CEO)

Alternative Performance Measures

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

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

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

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

Cash flow to equity: is a measure that seeks to estimate value creation in terms of the Group's ability to generate funds for equity investments in new power plant projects and/or for shareholder dividends over time. Management believes that the cash flow to equity measure provides increased understanding of the Group's ability to create funds from its investments. The measure is defined as EBITDA less net interest expense, normalised loan repayments and normalised income tax payments, plus any proceeds from refinancing. The definition excludes changes in net working capital, investing activities and fair value adjustment of first-time recognition of joint venture investments. Normalised loan repayments are calculated as the annual repayment divided by four quarters for each calendar year. However, loan repayments are normally made bi-annually. Loan repayments will vary from year to year as the payment plan is based on a sculpted annuity. Net interest expense is here defined as interest income less interest expenses, excluding shareholder loan interest expenses, non-recurring fees and accretion expenses on asset retirement obligations. Normalised income tax payment is calculated as operating profit (EBIT) less normalised net interest expense multiplied with the nominal tax rate of the jurisdiction where the profit is taxed

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments.

EBITDA margin: is defined as EBITDA divided by total revenues and other income.

EBITDA and EBITDA margin are used for providing consistent information of operating performance which is comparable to other companies and frequently used by other stakeholders.

Gross profit: is defined as total sales revenue including net gain/loss from sale of project assets and net gain/loss from associates minus the cost of goods sold (COGS). Gross profit is used to measure project profitability in the D&C segment.

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 2 Operating Segments for further details.

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

Net interest-bearing debt (NIBD): is defined as gross interest-bearing debt, less cash and cash equivalents. NIBD does not include shareholder loans.

Net working capital includes trade- and other receivables, other current assets, trade- and other payables, income tax payable and other current liabilities.

Proportionate Financials

The Group's segment financials are reported on a proportionate basis. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Services and Development & Construction segments mainly reflect deliveries to other companies controlled by Scatec (with between 39% and 100% economic interest), for which revenues and profits are eliminated in the Consolidated Financial Statements. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from all its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced Proportionate Financials as the Group is of the opinion that this method improves earnings visibility. The key differences between the proportionate and the consolidated IFRS financials are that;

- Internal gains are eliminated in the consolidated financials but are retained in the proportionate financials. These internal gains primarily relate to gross profit on D&C goods and services delivered to project companies which are eliminated as a reduced group value of the power plant compared to the stand-alone book value. Similarly, the consolidated financials have lower power plant depreciation charges than the proportionate financials since the proportionate depreciations are based on power plant values without elimination of internal gain. Internal gain eliminations also include profit on Services delivered to project companies.

- The consolidated financials are presented on a 100% basis, while the proportionate financials are presented based on Scatec's ownership percentage/economic interest.

- In the consolidated financials joint venture companies are equity consolidated and are presented with Scatec's share of the net profit on a single line in the statement of profit or loss. In the proportionate financials the joint venture companies are presented in the same way as other subsidiaries on a gross basis in each account in the statement of profit or loss.

In the second quarter of 2022 Scatec reports a proportionate operating profit of NOK 230 million compared with an operating profit of NOK 336 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 60 million,

2. removed the non-controlling interests share of the operating profit of NOK 118 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 116 million with Scatec's share of the Operating profit from the joint venture companies with NOK 188 million.

See Note 2 for further information on the reporting of proportionate financial figures, including reconciliation of the proportionate financials against the consolidated financials.

A bridge from proportionate to consolidated key figures including APMs like gross interest-bearing debt, net interest-bearing debt and net-working capital is included in Scatec's Q2 historical financial information 2022 published on Scatec's web page.

Reconciliation of Alternative Performance Measures (consolidated figures)

NOK million	Q2 2022	Q2 2021	YTD 2022	YTD 2021	FY 2021
EBITDA					
Operating profit (EBIT)	336	470	-380	915	2,012
Depreciation, amortisation and impairment	211	200	1,361	387	892
EBITDA	547	670	981	1,302	2,903
Total revenues and other income	836	874	1,595	1,706	3,803
EBITDA margin	65%	77%	61%	76%	76%
Gross profit					
Total revenues and other income	836	874	1,595	1,706	3,803
Cost of sales	-	-	-	-	-
Gross profit	836	874	1,595	1,706	3,803
Gross interest-bearing debt					
Non-recourse project financing	11,280	11,507	11,280	11,507	10,708
Corporate financing	7,932	7,179	7,932	7,179	7,264
Non-recourse project financing-current	1,807	844	1,807	844	1,147
Gross interest-bearing debt	21,019	19,530	21,019	19,530	19,120
Net interest-bearing debt					
Gross interest-bearing debt	21,019	19,530	21,019	19,530	19,120
Cash and cash equivalents	3,784	4,192	3,784	4,192	4,171
Net interest-bearing debt	17,234	15,337	17,234	15,337	14,949
Net working capital					
Trade and other receivables	739	664	739	664	740
Other current assets	682	894	682	894	734
Trade and other payable	-820	-783	-820	-783	-812
Income tax payable	-28	-14	-28	-14	-24
Other current liabilities	-830	-722	-830	-722	-841
Non-recourse project financing-current	-1,807	-844	-1,807	-844	-1,147
Net working capital	-2,063	-804	-2,063	-804	-1,351

Break-down of proportionate cash flow to equity

Q2 2022

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

Q1 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	490	16	-75	-34	398
Net interest expenses	-199	-	-	-57	-256
Normalised loan repayments	-192	-	-	-	-192
Proceeds from refinancing	307	-	-	-	307
Normalised income tax payment	-15	-3	42	21	45
Cash flow to equity	391	13	-33	-69	302

Q2 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	660	24	-54	-28	601
Net interest expenses	-182	-	5	-46	-223
Normalised loan repayments	-193	-	-	-	-193
Proceeds from refinancing	-	-	-	-	
Normalised income tax payment	-32	-5	11	18	-8
Cash flow to equity	252	19	-37	-57	177

YTD 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	1,107	36	-156	-73	915
Net interest expenses	-402	-1	0	-124	-527
Normalised loan repayments	-378	-	-	-	-378
Proceeds from refinancing	363	-	-	-	363
Normalised income tax payment	-31	-7	60	47	68
Cash flow to equity	660	29	-96	-151	441

YTD 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	1,363	41	-113	-54	1,237
Net interest expenses	-368	-	-1	-115	-484
Normalised loan repayments	-394	-	-	-	-394
Proceeds from refinancing	397	-	-	-	397
Normalised income tax payment	-64	-9	26	40	-7
Cash flow to equity	933	33	-88	-130	748

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 to power sales and other project implementation agreements are in various stages of completion.

Lost time injury (LTI)

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

Scatec's economic interest

Scatec's share of the total estimated economic return from its subsidiaries. For projects in development and construction the economic interest is subject to change from the development of the financial model.

Cash in power plant companies in operation

Comprise restricted cash in proceed accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar. These cash and cash equivalents are only available to the Group through distribution as determined by shareholder and non-recourse financing agreements.

Cash in power plant companies under development/construction

Comprise shareholder financing and draw down on term loan facilities by power plant companies to settle outstanding external EPC invoices.

Project equity

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

Recourse Group

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

Definition of project milestones

Commercial Operation Date (COD): A scheduled date when certain formal key milestones have been reached, typically including grid compliance, approval of metering systems and technical approval of plant by independent engineers. Production volumes have reached normalised levels sold at the agreed off-taker agreement price. This milestone is regulated by the off-taker agreement with the power off-taker. In the quarterly report grid connection is used as a synonym to COD.

Financial close (FC): The date on which all conditions precedent for drawdown of debt funding has been achieved and equity funding has been subscribed for, including execution of all project agreements. Notice to proceed for commencement of construction of the power plant will normally be given directly thereafter. Projects in Scatec defined as "backlog" are classified as "under construction" upon achievement of financial close.

Start of Production (SOP): The first date on which the power plant generates revenues through sale of power under the off-take agreement. Production volumes and/or the price of the power may be lower than when commercial operation date (COD) is reached. This milestone is regulated by the off-take agreement with the power off-taker. This milestone may be reached prior to COD if the construction of a power plant is completed earlier than anticipated in the off-take agreement.

Take Over Date (TOD): The date on which the EPC contractor hands over the power plant to the power plant company. COD must have been reached, in addition to delivery of training and all technical documentation before TOD takes place. The responsibility for Operations & Maintenance (O&M) of the plant is handed over from the EPC contractor to the O&M contractor at the TOD. This milestone will normally occur shortly after the COD date.

ESG Performance Indicators

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

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

Water consumption (in mill liters within water-stressed areas): As per the Water Risk Filter and Aqueduct Water Risk Atlas, the Company reports on water usage by source in South Africa and Jordan.

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

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

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

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

Supplier E&S screening (number of suppliers): The percentage of contracted and potential suppliers of key procurement categories (such as solar modules, steel structures, trackers and wind turbines) screened and rated through EcoVadis.

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