Scatec

Third quarter

2022

Scatec in brief

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

At the heart of this strategy is our role as a long-term player in the markets where we operate – developing, building, owning and operating renewable energy plants with 4.6 GW in operation and under construction across four continents.

Our 700 employees and network of partners work to fulfil our strategy day in and day out, driven by a common vision of 'Improving our Future'. It's part of our Scatec DNA to continually seize new opportunities for growth. With our sharpened strategy, we now do so with greater focus and an even clearer intention to create value.

A consistent growth path towards 2027

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

Scatec remains a selective investor. We target to invest NOK 10 billion of equity into new power plants towards 2027 that generate long-term profitable returns of 1.2 times the cost of project equity. This investment target corresponds to an average gross new capacity of 1.5 GW annually and is expected to add approximately NOK 3 billion in annual Proportionate Power Production EBITDA.

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

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

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

Our role on the pathway to net zero

This is a critical time for renewable energy companies. We have an important role to play in helping the world achieve its climate targets. Reducing greenhouse gas emissions to our atmosphere will require investment, innovation, technology, and a massive cultural shift. We have set ourselves a net zero climate target that is currently in the process of being validated by the Science Based Target Initiative (SBTi), a process that is expected to be finalised by year end 2022.

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

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

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

Asset portfolio[1]

	Technology	Capacity MW	Economic interest [2]
In operation			
Philippines		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%
Release		20	100%
Rwanda		9	54%
Total		**3,375**	**52%**
Under construction			
South Africa		540	51%
Brazil		531	33%
Pakistan		150	75%
Release		26	100%
Philippines		20	50%
Total		**1,267**	**47%**
Projects in backlog			
Tunisia		360	51%
South Africa		273	51%
Egypt	H_2	260	52%
Total		**893**	51%
Grand total		**5,535**	**51%**
Projects in pipeline		**15,043**	

Segment overview

Development & Construction

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

Power Production

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

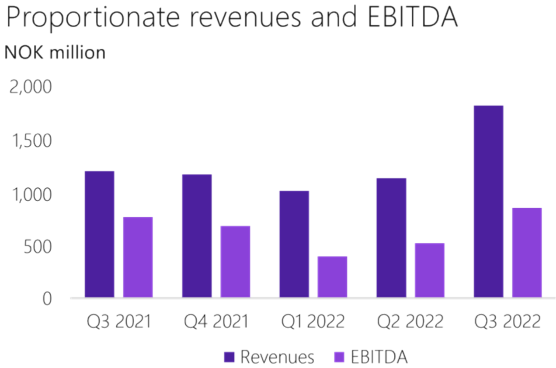
Corporate

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

Strong performance driven by the Philippines

- All-time high proportionate EBITDA of NOK 850 million (767)[1)]
- Philippines EBITDA increased 64 % to NOK 375 million (228) driven by high production and power prices
- Construction activities progressing well in South Africa, Brazil and Pakistan
- Submitted net zero targets to SBTi and awarded A rating on ESG reporting from Position Green
- Announced sharpened strategy and new growth targets



Key figures

NOK million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Proportionate Financials [2)]					
Revenues and other income	1,818	1,130	1,196	3,962	3,158
Power Production [4)]	1,311	1,015	1,072	3,259	2,816
Services	82	79	69	227	194
Development & Construction	412	25	43	441	118
Corporate	13	12	11	35	31
EBITDA [2)]	850	517	767	1,764	2,004
Power Production	907	617	823	2,014	2,186
Services	22	20	22	58	63
Development & Construction	-45	-81	-53	-201	-167
Corporate	-34	-39	-25	-107	-79
Operating profit (EBIT)	534	230	436	-8	1,206
Power Production	616	340	551	402	1,466
Services	21	18	21	54	60
Development & Construction	-63	-81	-105	-337	-222
Corporate	-40	-47	-31	-128	-97
Net interest- bearing debt [2)]	17,865	17,112	15,529	17,865	15,529
Scatec share of distribution from operation companies	156	194	328	829	1,257
Power Production (GWh)	1,135	916	1,065	2,919	2,778
Power Production (GWh) 100% [3)]	2,712	2,291	2,691	7,138	7,156
Consolidated Financials					
Revenues and other income	1,163	836	1,059	2,758	2,764
EBITDA [2)]	886	547	827	1,867	2,128
Operating profit (EBIT)	645	336	558	265	1,473
Profit/(loss)	335	-68	169	-795	321
Net interest- bearing debt [2)]	19,218	17,234	15,274	19,218	15,274
Basic earnings per share	1.60	-0.61	0.83	-6.14	1.52

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

Third quarter operations were stable with high availability of the power plants. Power production reached 1,135[1)] GWh in the third quarter compared to 1,065 GWh in the same quarter last year.

Revenues increased by NOK 239 million to NOK 1,311 million in the third quarter compared to the same quarter last year, mainly driven by significantly higher power sales at higher power prices in the Philippines and foreign currency effects, partly offset by lower revenues in Ukraine and slightly lower production and revenues in South Africa.

In the Philippines, production for the quarter ended 37% above the 5-year average explained by strong hydrology and re-allocation of some production capacity from ancillary services to spot sales. Production volumes ended above the contracted sales volumes, as expected, and excess volumes were sold in the power market at high prices. Power production revenues and gross margin is further optimised, as normal, through shifting production and sales to time periods in the quarter with the highest prices. This optimisation also implies that power is bought in the market in certain time periods to meet the contract sales obligations, even if production exceeded contracted sales volumes for the quarter overall. This purchase of power is captured in costs of sales. Higher production and optimisation thus increase both revenues and cost of sales and resulted in an increase in gross profit for the quarter compared to the same quarter last year and first of half of 2022.

Total gross profit ended at NOK 1,101 million in the third quarter, an increase of NOK 102 million from the same period last year.

Higher operating costs mainly driven by higher production (i.e. water fees and royalties) in the Philippines and foreign currency effects, partially offset by lower operating expenses in Ukraine, led to an increase in operating expenses of NOK 18 million compared to the same quarter last year.

Ukraine contributed with an EBITDA of NOK 27 million in the quarter, down from same quarter last year but up from first half 2022.

EBITDA reached NOK 907 million, an increase of NOK 84 million compared to the same quarter last year driven by the factors explained above.

The increase in EBIT compared to the same quarter last year of NOK 65 million is lower than the increase in EBITDA due to new assets in operation and foreign currency effects.

For further details on financial results on a country-by-country basis please refer to Scatec's 'Q3 2022 historical financial information' published on Scatec's web page.

Development & Construction (D&C)

D&C revenues reached NOK 412 million in the third quarter, generated from the projects under construction in South Africa, Brazil, and Pakistan, which represents 4% of the initial construction contract value based on currency rates per the end of the third quarter 2022. The gross margin for the period was 10 percent.

In the third quarter, operating expenses comprised of approximately NOK 65 million (44) for early-stage project development and NOK 21 million (14) related to construction activities.

In the third quarter 2022 Scatec decided to discontinue development of a 20 MW project in Lesotho and an impairment of NOK 16 million was recognised.

Services

The 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 profitability of the segment in the period reflects seasonal variations.

Corporate

Revenues in the corporate segment refers to management fees charged to the other operating segments for corporate services rendered across the Group. The revenues in the third quarter 2022 increased slightly compared to the same quarter last year. The increase reflects the growth of the Company.

Third quarter operating expenses increased by NOK 11 million compared to the same quarter last year, reflecting the continued strengthening of corporate function with a growing asset portfolio and project pipeline, and intensifying construction activities.

Short term guidance

Power Production

Fourth quarter power production is expected at 1,030 – 1,130 GWh on proportionate basis. In the Philippines production is expected to reach 285-325 GWh, around 30% above the five-year average, partly offset by higher-than-normal operation and maintenance costs. Production is expected well above contracted sales volumes and excess volumes will be sold in the spot market at prices expected to be broadly in line with the previous quarter.

The full year 2022 EBITDA guidance mid-point has been increased by NOK 200 million reflecting the third quarter performance (NOK 100 million) and expected higher production and prices in the Philippines and further positive currency exchange movements into the fourth quarter (NOK 100 million).

GWh	Q3 2022	Q4 2022E	2022E
Proportionate	1,135	1,030-1,130	3,950-4,050
100% basis	2,712	2,450-2,650	9,600-9,800

NOK million	Q3 2022	Q4 2022E	2022E
Proportionate EBITDA[1)]	907	740-840	2,750-2,850

Development & Construction

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

At the end of the third quarter the remaining not booked construction contract value was approximately NOK 9.0 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. The NOK 100 million net increase from the previous quarter is explained by foreign currency effects partially offset by NOK 412 million of D&C revenues recognised in the quarter. In line with previous guidance, Scatec expects to generate an average D&C gross margin of 10-12 percent for the three power plants currently under construction. For new projects starting construction, Scatec expects to generate an average D&C gross margin of 8-10 percent.

Expected construction time for the new power plants is 12 to 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 between NOK 70 million and NOK 75 million.

2022 EBITDA for Corporate is expected to be between NOK -140 million and NOK -145 million.

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

ESG performance

EU Taxonomy update

100 percent of Scatec's revenues, operating expenses and investments are derived from Taxonomy eligible activities. From 2021-2022, detailed third-party assessments were carried out to evaluate the Company's alignment to the criteria of the EU Taxonomy. Refer to our corporate website under "ESG resources" for more information and documentation.

Scatec is currently working to ensure full alignment by carrying out detailed site-specific climate risk assessments for all its hydropower assets.

The final reporting on the proportion of revenues, CAPEX and OPEX that are aligned with the EU Taxonomy will be published in the Company's annual reports. Scatec expects full alignment to the EU Taxonomy at year end.

Key supplier engagement on climate-related topics

As part of Scatec's climate strategy, six climate-related workshops were held with key suppliers during the quarter. The purpose of the engagements is to better understand the climate reporting and ambitions of the Company's suppliers of major procurement categories, and discuss and share potential actions to reduce emissions.

Scatec scores A grade in ESG reporting

Position Green, formerly known as the Governance Group, published its annual analysis of Environment, Social and Governance reporting – ESG 100 – for the top 100 stock-listed companies in Norway, Sweden, and Denmark. This is the fifth time Position Green analyses and rates the 100 largest corporations on the Oslo Stock Exchange on ESG reporting.

The extensive analysis evaluates information based on 14 indicators related to environmental, social and governance topics reported by the companies. Scatec received an A grade that represents "Excellent reporting in line with best practice".

Status of net zero climate target

Scatec's climate target is currently undergoing validation by the Science Based Target Initiative (SBTi) and the process is expected to be finalised by year end 2022. During the quarter, the Company has focused on internal communication of the climate targets, integrating climate requirements into existing development and procurement processes, as well as identifying and analysing emission reduction activities across the existing project portfolio.

ESG reporting

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

	Indicator [1]	Unit	Q3 2022	Q2 2022	YTD 2022	FY 2021	Targets 2022
E	Environmental and social assessments	% completed in new projects	100	100	100	100	100
E	GHG emissions avoided[2]	mill tonnes CO2e	0.4	0.4	1.3	2.0	2.1
E	Water consumption	mill litres (water-stressed areas)	3.0	3.4	8.4	11.0	N/A
S	Lost Time Incident Frequency (LTIF)	per mill hours	0.6	1.1	0.6	1.9	≤ 2.1
S	Hours worked	mill hours (12 months rolling)	3.2	2.8	3.2	2.5	N/A
S	Female managers	% of females in mgmt. positions	29	27	29	27	32
G	Whistleblowing channel	number of incidents reported	3	0	6	7	N/A
G	Corruption incidents	number of confirmed incidents	0	0	0	0	0
G	Supplier E&S screening[3]	number of suppliers screened through EcoVadis	32	26	32	N/A	N/A

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) Contracted and potential suppliers of key procurement categories screened through the EcoVadis supplier management platform. This indicator has been updated since last quarter to show the number of suppliers instead of the percentage of suppliers for a more accurate representation of progress in this area.

During third quarter 2022, Scatec conducted Environmental and Social Impact Assessments (ESIAs) and due diligence or baseline studies for projects located in Brazil, Egypt, Oman, Tunisia, Cameroon, South Africa, Poland and India. Assessments are 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 third 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 mill tonnes, consistent with first and second quarters 2022, as no new projects reached commercial operations date during third quarter 2022. Once fully operational, Scatec's current projects under construction in Brazil, Pakistan and South Africa combined, will contribute to approx. 1 mill tonnes of GHG emissions avoided per year.

Water consumption in third quarter 2022 amounted to 3.0 mill litres, broadly in line with previous quarter. Scatec reports on water extraction for projects located within water-stressed areas in South Africa and Jordan.

The Company delivered more than 3.2 million working hours with no fatalities or serious injuries (12 months rolling). The increase in working hours compared to first and second quarters reflect project site activities commencing in Brazil, Pakistan and South Africa. The lost time incident frequency rate (LTIF) was 0.6 per million working hours. The improvement from last quarter is due to increased working hours during third quarter 2022 and safe working conditions maintained with a limited number of lost time incidents observed.

The percentage of female employees in management positions globally increased to 29% at the end of third quarter 2022, up from 27% last quarter. The increase from the previous quarter is the result of several targeted initiatives including specific focus on diversity, equity, inclusion and belonging (DEIB) training programmes and awareness within the recruitment process.

Scatec continued to assess suppliers on four key sustainability areas including Environment, Labour and Human Rights, Ethics, and Sustainable Procurement via the EcoVadis supplier management platform. At the end of the third quarter 2022, 32 contracted and potential suppliers of key components were assessed, up from 26 last quarter.

During the quarter, Scatec continued its strong efforts and collaborations to address the alleged forced labour issues in the solar PV production industry in Xinjiang, China. A third-party company has conducted a full traceability mapping of the Company's key solar module suppliers for upcoming projects. We have concluded the initial traceability studies with our key suppliers to determine their capacity to provide transparent and traceable supply chains. The outcomes of these initial studies have been positive, and the findings have been included in our supplier selection process and incorporated into the supplier contracts for our projects currently under construction. We, together with our suppliers, believe this is an ongoing topic and as such will be monitored and followed up on a project specific level even after deliveries have concluded.
Scatec has also updated its Supplier Qualification procedure to include traceability mapping of all key suppliers based on the supplier's bills of material. The Company engages regularly on the matter with investors and other key stakeholders through weekly updates on progress and key initiatives.

The Company received three whistleblowing reports during third quarter 2022 with zero confirmed incidents of corruption. The whistleblowing reports relate to potential misconduct in the workplace, and all are in the process of being investigated. The Company continues to raise awareness regarding the Code of Conduct and our zero-tolerance policy for corruption through training, targeted workshops, and communication.

Russian war in Ukraine

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

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

Approximately 95% of the power plants owned and operated by Scatec are intact and available, however power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. 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. On 29 June 2022 the Ministry of Energy issued a new order which increased the payment level from a minimum of 15% to a minimum of 18% after 2 July 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 actual paid amounts and expect to do so until the new regulation is lifted. From 24 February 2022, the average payment level has been 25%.

In the third quarter 2022, proportionate revenues and EBITDA in Ukraine amounted to NOK 41 million and NOK 27 million respectively.

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 and third quarter 2022 no further impairments have been recognized. After the impairment recognised in the first quarter 2022, total fixed assets and intangible assets in Ukraine amounts to NOK 2,117 million in the consolidated financials as of 30 September 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 and third quarter 2022 no further loss provisions have been made. The provision is included in other operating expenses in the first nine months. Total outstanding receivables in Ukraine has not changed since the first quarter 2022 and is NOK 170 million in the consolidated financials as of 30 September 2022. Refer to Note 2 Operating Segments for more details.

Scatec's power plant companies in Ukraine are not in compliance with covenants in the loan agreements for the non-recourse project debt at quarter-end. The situation is unchanged from the first quarter 2022, when NOK 603 million of the non-recourse financing was reclassified from non-current to current. As of 30 September 2022, all non-recourse financing in Ukraine, amounting to NOK 990 million, continues to be classified as current 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 signed a revised payment plan for the construction loan where part of the loan was paid in August 2022 and of the remaining EUR 44 million, EUR 22 million will be paid at the end of 2023 and EUR 22 million by mid-2025. Scatec ASA has provided a corporate and bank guarantee to PowerChina in support of this obligation. In the third quarter 2022 the construction loan was reclassified from trade payables to other non-current interest-bearing liabilities. Refer to Note 5 Financing for details.

Other matters

COVID-19

Scatec has not experienced any material effects related to COVID-19 on its operations of power plants in the third quarter and first nine months 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

Scatec has over time experienced delayed payments from the state owned off-taker in Honduras (ENEE) and overdue receivables have accumulated to a varying degree since second quarter 2020. During 2022, the off-taker has on average paid two thirds of total recognised revenues, and as a result the accumulated overdue receivables in Honduras in the consolidated financials increased to NOK 253 million at the end of the third quarter compared to NOK 233 million at the end of the second quarter 2022 and NOK 188 million at the end of the fourth quarter 2021.

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

Negotiations have continued and matured during the third quarter 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. The outcome of the negotiations is uncertain, and an unfavorable result may have negative impact on payment of outstanding receivables by ENEE and the future financial performance of the assets.

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

Covenants

Except for Ukraine, Scatec was in compliance with financial covenants for both the recourse and non-recourse debt on 30 September 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).

Overview of project portfolio[1]

Project stage	Q3 2022 Capacity (MW)	Q2 2022 Capacity (MW)
In operation	3,375	3,355
Under construction	1,267	1,266
Project backlog[2]	893	933
Project pipeline[2]	15,043	14,786
Total	20,578	20,340

Total annual production from the 5,255 MW of solar, wind and hydro in operation, under construction and in backlog, is expected to reach about 13,900 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 16.2 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 approximately 65%. Scatec is holding an average of 50% of the equity in the projects under construction equivalent to an initial equity investment of NOK 2.7 billion, of which NOK 1.9 billion were remaining as per the end of the third quarter[3]. Scatec's remaining equity investment has been adjusted for paid-in equity of NOK 215 million during the quarter related to projects under construction. The remaining portion is well covered by expected D&C margins, cash flow from operations and free cash.

All figures in NOK have been updated based on currency rates per the end of the third quarter 2022.

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 has ramped up during the third quarter 2022, although with a few weeks delay due to the heavy flooding that occurred in the country. Key activities during the quarter included site levelling, piling and road works, and orders for the main equipment have been placed. At reporting date, Scatec has more than 600 employees and contractors on site.

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

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

Mendubim, Brazil 531 MW solar

Construction activities during the quarter for the 531 MW Mendubim solar project, in partnership with Equinor and Hydro Rein, included site clearance, levelling works for substation area, and fencing. Procurement activities are ongoing, and purchase

1) Status per reporting date
2) See other definitions
3) For competitive reasons the capex amount for the BESS project in the Philippines has been excluded from the figures. The project is fully funded by non-recourse debt and have no impact on total remaining equity investment.

orders for main equipment are being placed. More than 500 contractors and Scatec employees are involved in the construction work on site.

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

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

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. During the third quarter, groundworks has been carried out, access road preparations have been made, piling work has started and purchase orders for the main equipment have been placed. More than 200 contractors and Scatec employees are involved in construction work on site.

Once operational the project will provide 150 MW of dispatchable power to the Kenhardt region under a 20-year Power Purchase Agreement with Eskom, 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 non-recourse project debt. Equity will be paid in after final drawdown of the project debt. Lenders includes The Standard Bank Group as arranger and British International 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.

Release

Release had 26 MW under construction at the end of the third quarter 2022, consisting of 18 MW remaining under a 36 MW solar and 20 MWh battery project in Cameroon, with a contract with ENEO the main utility of Cameroon, and 8 MW in Chad. 18 MW in Cameroon and 1 MW in South Africa were reclassified from Under construction to In operation during the quarter. Remaining capex for the projects under construction was approximately USD 7 million at the end of the third quarter.

Philippines, 20 MW BESS

During the third quarter 2022, the 20 MW battery energy storage system (BESS) at the Magat hydropower plant has started construction. The facility is Scatec's first BESS project connected to a hydropower plant, and has been developed by SN Aboitiz Power, a joint venture between Scatec and AboitizPower.

Hitachi Energy is providing engineering, procurement, and construction services for 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

Backlog

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

During the third quarter 2022 the 20 MW BESS project in the Philippines has been moved to construction, and the 20 MW in Lesotho has been discontinued and removed from backlog based on an updated assessment. Scatec has impaired the capitalised development spending related to the Lesotho project.

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.

Egypt, 100 MW green hydrogen facility

Scatec has partnered with, Fertiglobe, The Sovereign Fund of Egypt and Orascom Construction to develop, build, own and operate a 100 MW green hydrogen production facility in Ain

Sokhna in Egypt. When the project is fully developed the facility will be powered by 260 MW of solar and wind capacity.

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

The estimated total capital expenditure for the project is USD 430 million to be financed by 75% non-recourse project debt and equity from partners.

Scatec will be the lead equity investor in the project with an ownership share of 52% 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.

Pipeline

Location	Q3 2022 Capacity (MW)	Q2 2022 Capacity (MW)
Latin America	1,376	1,376
Africa and the Middle East	6,407	6,471
Europe & Central/South Asia	2,897	2,226
Southeast Asia	4,363	4,713
Total pipeline	15,043	14,786

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 15,043 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 257 MW compared to the previous quarter.

Solution	Q3 2022 Capacity (MW)	Q2 2022 Capacity (MW)
Solar	5,504	6,298
Wind	6,220	5,540
Hydro	2,519	2,148
Green Hydrogen[1)]	500	500
Release	300	300
Total	15,043	14,786

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.

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

Consolidated statement of profit and loss

Profit and loss

NOK million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Revenues	**784**	720	846	2,229	2,276
Net income/(loss) from JVs and associated	**379**	116	212	529	489
EBITDA	**886**	547	827	1,867	2,128
Operating profit (EBIT)	**645**	336	557	265	1,473
Net financial items	**-268**	-380	-328	-943	-952
Profit before income tax	**377**	-44	230	-678	521
Profit/(loss) for the period	**335**	-68	169	-795	321
Profit/(loss) to Scatec	**255**	-97	131	-975	242
Profit/(loss) to non-controlling interests	**80**	29	38	180	79

Revenues

Revenues from power sales was NOK 784 million (846) in the third quarter, a decrease of NOK 62 million compared to the same quarter last year. The decrease in revenues is mainly explained by lower revenue in Ukraine and South Africa, partly offset by positive foreign currency effects. Revenues for the first nine months of 2022 amounted to NOK 2,229 million (2,276) and was impacted by the same factors.

Net income from joint venture investments (JVs) and associated companies was NOK 379 million (212) in the third quarter, an increase of 166 million compared to the same quarter last year. The main driver is increased net income in the Philippines.

Net income from JVs and associated companies have increased by NOK 40 million in the first nine months of 2022 compared to the same period last year, mainly explained by higher net income from Argentina and Uganda, partly offset by lower net income from Philippines and Laos.

Operating profit

EBITDA was NOK 886 million (827), an increase of 59 million compared to the same quarter last year mainly caused by higher net income from JVs and associated companies offset by lower revenues from Ukraine and increased operating expenses.

In the first nine months of 2022, EBITDA of NOK 1,867 million (2,128) was negatively impacted by a credit loss provision of NOK 98 million on accounts receivable in Ukraine, recognised in the first quarter, and higher operating expenses. Refer to Note 2 Operating segments for more details.

Consolidated operating expenses amounted to NOK 277 million (232) in the third quarter. The amount includes NOK 145 million (155) in cost for operation of existing power plants. Operating expenses also include NOK 85 million (42) 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 47 million (28).

For the first nine months of 2022 consolidated operating expenses amounted to NOK 891 million (636). The amount includes NOK 513 million (354) in cost for operation of existing power plants. Operating expenses also include NOK 236 million (172) for early-stage development of new projects and construction related expenses. Corporate expenses amounted to NOK 142 million (108).

Depreciation, amortisation and impairment for the third quarter of NOK 241 million (268) have decreased compared to the same period last year due to lower impairment charges.

For the first nine months of 2022 depreciation, amortisation and impairment amounted to NOK 1,602 million (655). 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. In the third quarter, the Group impaired NOK 16 million related to discontinued development of projects in Lesotho. Refer to Note 4 Impairment for further details.

Net financial items

NOK million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Financial income	**163**	22	8	202	32
Financial expenses	**-405**	-374	-343	-1,121	-1,015
Foreign exchange gains/(loss)	**-26**	-28	6	-24	31
Net financial items	**-268**	-380	-328	-943	-952

The increase in finance income of NOK 155 million in the third quarter 2022 compared to the same quarter last year mainly relates to gain on forward exchange contracts in South Africa and increased interest income on cash balances.

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 increased interest rates, partially offset by interest margin reductions after refinancing in Egypt and South Africa. The hedge ratio is 84% for the non-recourse debt and 19% for the corporate debt. The same factors impacted the first nine months of 2022, in addition to non-recurring fees related to refinancing.

Profit before tax and net profit

The Group recognised a tax expense of NOK 42 million (61) in the third quarter, corresponding to an effective tax rate of 11% (26%). 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 nine months of 2022 a tax expense of NOK 117 million (200) is recognised.

Net profit for the third quarter was NOK 335 million (169) while profit attributable to Scatec was NOK 255 million (131). 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 57 million, while the net profit was affected positively by NOK 53 million.

Following the movements in currencies in the third quarter, the Group has recognised a foreign currency translation gain of NOK 457 million (-157) 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 September 2022	31 December 2021
Property, plant and equipment	17,510	15,885
Investments in JVs and associated companies	11,425	9,745
Other non-current assets	2,433	1,755
Total non-current assets	31,368	27,385
Other current assets	2,420	1,474
Cash and cash equivalents	5,492	4,171
Total current assets	7,913	5,645
Total assets	39,280	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 as of 30 September 2022. Property, plant and equipment have, net of currency effects, decreased in 2022. The decrease relates to the NOK 742 million impairment of the Ukrainian solar plants, impairment of development projects of NOK 132 million and yearly depreciation of NOK 636 million, partly offset by additions of NOK 1,009 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 529 million in the first nine months of 2022 and NOK 288 million was received as dividend. See Note 9 Investments in joint ventures and associated companies for full reconciliation.

The cash balance has increased compared to 31 December 2021. Operating activities contribute positively with NOK 1,118 million in cash inflow for the first nine months of 2022. Cash outflows are mainly related to construction of plants and 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 September 2022	31 December 2021
Equity	9,887	9,919
Corporate financing	8,490	7,264
Non-current non-recourse project financing	13,717	10,708
Other non-current liabilities	2,804	2,225
Total non-current liabilities	25,010	20,197
Current non-recourse project financing	2,039	1,147
Other current liabilities	2,343	1,767
Total current liabilities	4,382	2,913
Total liabilities	29,393	23,110
Total equity and liabilities	39,280	33,030
Book equity ratio	25%	30%

Total equity decreased by NOK 32 million compared to 31 December 2021, driven by positive total comprehensive income for the period, partly offset by dividend distributions to the equity holders of the parent company and NCI. 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 third quarter 2022, the maturity date for the Bridge to Bond facility was extended to January 2024. Changes in balance in 2022 is due to foreign currency translation. See Note 5 Financing for further details.

Total non-recourse financing increased as of 30 September 2022 as a result of issuance of NOK 2 510 million in project debt to the RMIPPP project in South Africa and foreign currency translation. Down payments of NOK 934 million have decreased the balance in 2022. The non-current portion of the Ukrainian debt was reclassified to current during the first quarter 2022 due to breach of covenants. See section Russian War in Ukraine above and Note 5 Financing for further details.

Consolidated cash flow

NOK million	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Operating activities	**391**	441	456	1,118	1,470
Investing activities	**-631**	-53	47	-800	-8,039
Financing activities	**1,569**	-360	-358	222	3,132
Net increase/(decrease) in cash and cash equivalents	**1,328**	28	145	**539**	**-3,437**

Net cash flow from consolidated operating activities amounted to NOK 391 million (456) in the third quarter 2022, compared to EBITDA of NOK 886 million (827). The difference is primarily explained by net income from JVs and associated companies and changes in other assets and liabilities. For the first nine months 2022 net cash flow from consolidated operating activities amounted to NOK 1,118 million (1,470), compared to EBITDA of NOK 1,867 million (2,128).

Net cash flow from consolidated investing activities was negative NOK 631 million (47) in the third quarter and negative NOK 800 million (-8,039) in the first nine months of 2022, driven by investments in property, plant and equipment, partly offset by distributions from JVs.

Net cash flow from financing activities was positive NOK 1,569 million (-358) in the third quarter and positive NOK 222 million (3,132) in the first nine months of 2022. The main financing activities in 2022 is issuance of new debt in South Africa, refinancing of the existing 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	Q3 2022	Q2 2022	Q3 2021	YTD 2022	YTD 2021
Power Production	**469**	269	377	1,130	1,310
Services	**17**	15	18	45	51
Development & Construction	**-34**	-63	-30	-130	-118
Corporate	**-91**	-82	-62	-242	-192
Total	**361**	139	302	**804**	**1,050**

1) See Alternative Performance Measures appendix for definition

The cash flow to equity in the Power Production segment has increased compared to the same quarter last year, primarily explained by higher power sales in the Philippines and foreign currency effects, partly offset by lower revenues in Ukraine after the Russian invasion.

For the first nine months the cash flow to equity decreased compared to the first nine months last year, mainly explained by the decrease in EBITDA. Cash flow to equity in the first nine months 2022 includes NOK 363 million from debt refinancing of assets in South Africa and Vietnam. The first nine months 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 slightly below the first nine months last year. The cash flow to equity in the D&C segment for the third quarter and first nine months of 2022 was impacted by low construction activity in addition to increased development and construction costs. The cash flow to equity for the Corporate segment for the third quarter and first nine months of 2022 primarily relates to operating expenses and interest expenses on corporate funding.

The power plant companies have in the third quarter and first nine months of 2022 distributed NOK 156 million and NOK 829 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	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Revenues	2	784	846	2,229	2,276	3,038
Net income/(loss) from JVs and associated companies	9	379	212	529	489	765
Total revenues and other income		1,163	1,059	2,758	2,764	3,803
Personnel expenses	2	-135	-98	-391	-280	-397
Other operating expenses	2	-142	-134	-500	-357	-503
Depreciation, amortisation and impairment	2, 3, 4	-241	-268	-1,602	-655	-892
Operating profit (EBIT)		645	558	265	1,473	2,012
Interest and other financial income		163	8	202	32	47
Interest and other financial expenses		-405	-343	-1,121	-1,015	-1,368
Net foreign exchange gain/(losses)		-26	6	-24	31	69
Net financial expenses		-268	-328	-943	-952	-1,253
Profit/(loss) before income tax		377	230	-678	521	759
Income tax (expense)/benefit	7	-42	-61	-117	-200	-303
Profit/(loss) for the period		335	169	-795	321	456
Profit/(loss) attributable to:						
Equity holders of the parent		255	131	-975	242	388
Non-controlling interest		80	38	180	79	68
Basic earnings per share (NOK) [1]		1.60	0.83	-6.14	1.52	2.45
Diluted earnings per share (NOK) [1]		1.60	0.82	-6.14	1.52	2.43

1) Based on average 158.9 million shares outstanding for the purpose of earnings per share in Q3 2022

Interim consolidated statement of comprehensive income

NOK million	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Profit/(loss) for the period		335	169	-795	321	456
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges		164	47	643	311	386
Income tax effect	7	-38	-12	-146	-79	-108
Foreign currency translation differences		457	-157	1,107	-32	40
Net other comprehensive income to be reclassified		584	-121	1,604	200	317
Total comprehensive income for the period net of tax		918	48	809	521	773
Attributable to:						
Equity holders of the parent		720	-14	298	316	595
Non-controlling interest		199	62	512	205	178

Interim consolidated statement of financial position

NOK million	Notes	30 September 2022	31 December 2021
Assets			
Non-current assets			
Deferred tax assets	7	934	748
Property, plant and equipment	3, 4	17,510	15,885
Goodwill and intangible assets	4	810	797
Investments in JVs and associated companies	9	11,425	9,745
Other non-current assets		690	210
Total non-current assets		31,368	27,385
Current assets			
Trade and other receivables	2	760	740
Other current assets		1,660	734
Cash and cash equivalents	6	5,492	4,171
Total current assets		7,913	5,645
Total assets		39,280	33,030

Interim consolidated statement of financial position

NOK million	Notes	30 September 2022	31 December 2021
Equity and liabilities			
Equity			
Share capital		4	4
Share premium		9,811	9,775
Total paid in capital		9,815	9,779
Retained earnings		-1,872	-493
Other reserves		1,258	-16
Total other equity		-614	-508
Non-controlling interests		687	649
Total equity		9,887	9,919
Non-current liabilities			
Deferred tax liabilities	7	837	589
Corporate financing	5	8,490	7,264
Non-recourse project financing	5, 6	13,717	10,708
Other financial liabilities		5	249
Other interest-bearing liabilities		464	-
Other non-current liabilities		1,498	1,387
Total non-current liabilities		25,010	20,197
Current liabilities			
Non-recourse project financing	5	2,039	1,147
Income tax payable	7	110	24
Trade and other payables	5	1,063	812
Other financial liabilities		45	90
Other current liabilities		1,125	841
Total current liabilities		4,382	2,913
Total liabilities		29,393	23,110
Total equity and liabilities		39,280	33,030

Oslo, 2 November 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	-	-	242	-	-	242	79	321
Other comprehensive income	-	1	1	-47	120	73	126	200
Total comprehensive income	-	1	243	-47	120	316	205	521
Share capital increase	-	42	-	-	-	42	-	42
Share-based payment	-	12	-	-	-	12	-	12
Dividend distribution	-	-	-173	-	-	-173	-200	-373
Capital increase from NCI	-	-	-	-	-	-	18	18
At 30 September 2021	4	9,775	-638	-7	-141	8,992	696	9,688
At 1 January 2022	4	9,775	-493	95	-111	9,271	649	9,919
Profit for the period	-	-	-975	-	-	-975	180	-795
Other comprehensive income	-	-	-	958	315	1,273	331	1,604
Total comprehensive income	-	-	-976	958	315	298	512	809
Share capital increase	-	5	-	-	-	5	-	5
Share-based payment	-	31	-	-	-	31	-	31
Dividend distribution	-	-	-404	-	-	-404	-481	-884
Capital increase from NCI	-	-	-	-	-	-	8	8
At 30 September 2022	4	9,811	-1,872	1,053	205	9,200	687	9,887

Interim consolidated statement of cash flow

NOK million	Notes	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Cash flow from operating activities						
Profit before taxes		377	231	-678	521	759
Taxes paid	7	-12	-122	-55	-181	-234
Depreciation and impairment	3, 4	241	268	1,602	655	892
Proceeds from disposal of fixed assets	3	19	1	19	4	9
Net income from JVs and associated companies	9	-379	-212	-529	-489	-765
Interest and other financial income		-163	-1	-202	-32	-47
Interest and other financial expenses		405	336	1,121	1,015	1,368
Unrealised foreign exchange (gain)/loss		26	-6	24	-31	-69
Increase/(decrease) in other assets and liabilities		-122	-39	-183	8	158
Net cash flow from operating activities		391	456	1,118	1,470	2,072
Cash flow from investing activities						
Interest received		31	1	70	32	47
Consideration paid for SN Power, net of cash acquired [1)]		-	-	-	-7,560	-7,848
Investments in property, plant and equipment	3	-631	-186	-1,009	-957	-967
Distributions from JV and associated companies	9	79	140	288	540	819
Investments in JV and associated companies	9	-110	92	-149	-94	-131
Net cash flow from investing activities		-631	47	-800	-8,039	-8,081
Cash flow from financing activities						
Proceeds from non-controlling interests		-	-	12	25	25
Distributions to non-controlling interests		-	-1	-3	-35	-37
Interest paid		-239	-226	-832	-779	-1,180
Proceeds from non-recourse project financing	5	2,510	2	2,895	43	43
Repayment of non-recourse project financing	5	-614	-81	-934	-460	-750
Payments of principal portion of lease liabilities		-8	-6	-20	-18	-25
Interest paid on lease liabilities		-4	-4	-12	-12	-15
Net proceeds from corporate financing [2)]	5	-	-	-	4,699	4,699
Share capital increase		-	-	-	42	42
Dividends paid to equity holders of the parent company and non-controlling interests		-76	-42	-884	-373	-390
Net cash flow from financing activities		1,569	-358	222	3,132	2,413
Net increase/(decrease) in cash and cash equivalents		1,328	145	539	-3,437	-3,596
Effect of exchange rate changes on cash and cash equivalents		381	-5	782	-19	-20
Cash and cash equivalents at beginning of the period		3,784	4,192	4,171	7,788	7,788
Cash and cash equivalents at end of the period	6	5,492	4,332	5,492	4,331	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 third quarter and the first nine months of 2022 were authorised by the Board of Directors for issue on 2 November 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

Q3 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	1,311	4	-1	2	1,316	292	-824	-	784
Internal revenues	-	78	412	12	502	52	-65	-489	-
Net income from JVs and associates [1]	-	-	-	-	-	-	379	-	379
Total revenues and other income	1,311	82	412	13	1,818	343	-510	-489	1,163
Cost of sales	-210	-	-370	-	-580	-49	240	390	-
Gross profit [2]	1,101	82	41	13	1,237	294	-270	-99	1,163
Personnel expenses	-30	-32	-56	-25	-143	-2	15	-5	-135
Other operating expenses	-164	-28	-31	-22	-245	-53	69	87	-142
EBITDA	907	22	-45	-34	850	239	-187	-17	886
Depreciation and impairment	-291	-1	-17	-6	-316	-94	125	44	-241
Operating profit (EBIT)	616	21	-63	-40	534	145	-61	26	645

Q3 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]	1,072	1	1	2	1,075	304	-533	-	846
Internal revenues	-	69	43	9	121	7	-8	-121	-
Net income from JVs and associates [1]	-	-	-	-	-	-	212	-	212
Total revenues and other income	1,072	69	43	11	1,196	311	-328	-121	1,059
Cost of sales	-74	-	-39	-	-112	-	77	36	-
Gross profit [2]	999	70	4	11	1,084	311	-252	-85	1,059
Personnel expenses	-23	-25	-36	-22	-106	-2	10	-	-98
Other operating expenses	-153	-23	-21	-14	-211	-49	48	78	-134
EBITDA	823	22	-53	-25	767	261	-194	-7	827
Depreciation and impairment	-272	-1	-52	-6	-331	-85	111	36	-268
Operating profit (EBIT)	551	21	-105	-31	436	176	-83	29	558

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	3,255	10	4	5	3,274	842	-1,887	-	2,228
Internal revenues	4	217	437	30	688	66	-89	-665	-
Net income from JVs and associates [1]	-	-	-	-	-	-	529	-	529
Total revenues and other income	3,259	227	441	35	3,962	908	-1,447	-665	2,758
Cost of sales	-622	1	-397	-	-1,018	-55	648	424	-
Gross profit [2]	2,637	228	44	36	2,945	853	-799	-241	2,758
Personnel expenses	-86	-89	-165	-85	-425	-7	49	-9	-391
Other operating expenses	-537	-80	-80	-58	-755	-162	177	240	-500
EBITDA	2,014	58	-201	-107	1,764	684	-573	-9	1,867
Depreciation and impairment	-1,612	-4	-136	-20	-1,773	-318	362	127	-1,602
Operating profit (EBIT)	402	54	-337	-128	-8	366	-210	117	265

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 (in both consolidated and proportionate financials in the D&C segment) of NOK 16 million related to a discontinued development project in Lesotho in the third quarter 2022 and NOK 116 million in the first quarter 2022 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 in the proportionate financials was NOK 41 million in the third quarter (NOK 48 million in the consolidated financials) and NOK 64 million in proportionate financials (NOK 73 million in the consolidated financials) in the period March to September, which is also in line with the paid amounts for the period. Total revenue from power production in Ukraine in the proportionate financials for the first nine months of 2022 is NOK 89 million (NOK 102 million in the consolidated financials).

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 September 2022 related to Ukraine following the provision is NOK 170 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]	2,816	3	3	8	2,829	864	-1,416	-1	2,276
Internal revenues	-	191	116	22	329	20	-15	-335	-
Net income from JVs and associates [1]	-	-	-	-	-	-	489	-	489
Total revenues and other income	2,816	194	118	31	3,158	884	-942	-336	2,764
Cost of sales	-164	-	-106	-	-270	-	169	101	-
Gross profit [2]	2,651	194	12	31	2,888	884	-772	-235	2,764
Personnel expenses	-70	-70	-112	-66	-317	-6	33	10	-280
Other operating expenses	-395	-61	-67	-44	-567	-143	138	216	-357
EBITDA	2,186	63	-167	-79	2,004	735	-602	-9	2,128
Depreciation and impairment	-720	-4	-56	-18	-797	-249	275	116	-655
Operating profit (EBIT)	1,466	60	-222	-97	1,206	486	-327	107	1,473

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	256	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	13	953	44	1,009
Disposals	-	-19	-	-19
Transfer between asset classes	246	-246	-	-
Depreciation and amortisation	-606	-	-30	-636
Impairment losses	-742	-113	-19	-874
Effect of movements in foreign exchange rates	1,985	107	52	2,144
Carrying value at 30 September 2022	16,003	1,262	245	17,510
Estimated useful life (years)	20-25	N/A	3-5	

Transfer between asset classes

Transfer from power plants under construction to power plants mainly relates to completion of plants in Release.

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. In the third quarter, project development in Lesotho amounting NOK 16 million was impaired. Total impairments charges per 30 September 2021 was NOK 56 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 nine months 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 third 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 September 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 25% 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 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. The after-tax discount rate applied in on the cash flows was 7.2%.

The result of the analysis above equals an impairment assessment including pre-war cash flows discounted at a WACC of 18.4%.

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 2,117 million as per 30 September 2022.

In the third 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 September 2022	2,688	245	2,933
Impairment charge	-742	-74	-816
Recoverable amount at 30 September 2022	1,946	171	2,117

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 September 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 16 million related to a discontinued development project in Lesotho in the third quarter 2022 and NOK 116 million related to discontinued development projects in Mali, Bangladesh and India in the first quarter 2022.

As a consequence of the current macroeconomic environment, the cost of equity, and therefore WACC, has increased during 2022, that may impact the future value in use of some of the power plants in our portfolio.

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 January 2024 in the third 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 11 405 million on 30 September 2022. Scatec was in compliance with financial covenants for recourse debt on quarter end.

	Currency	Denominated currency value (million)	Maturity	Carrying value 30 September 2022 (NOK million)	Carrying value December 2021 (NOK million)
Green Bond (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	2,623	2,475
Total unsecured bonds				2,623	2,475
Green Term Loan	USD	150	Q1 2025	1,620	1,323
Bridge to Bond	USD	193	Q1 2024	2,085	1,702
Total secured acquisition financing				3,706	3,025
Vendor Financing (Norfund)	USD	200	Q1 2028	2,161	1,764
Total unsecured acquisition financing				2,161	1,764
Revolving credit facility	USD	180	Q1 2024	-	-
Overdraft facility	USD	5		-	-
Total secured back-stop bank facilities				-	-
Total				8,490	7,264
As of non current				8,490	7,264
As of current				-	-

Non-recourse financing

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

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

NOK million	As of 30 September 2022	As of 31 December 2021
Non-current liabilities		
Non-recourse project financing	13,717	10,708
Current liabilities		
Non-recourse project financing	2,039	1,147

The current non-recourse debt as of 30 September 2022 includes NOK 990 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 Q3 2022. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalized "stand still". In all other countries, Scatec was in compliance with financial covenants for non-recourse debt on 30 September 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 the Annual Report of 2021 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 have signed a revised payment plan for the construction loan where part of the loan was paid in August 2022 and of the remaining EUR 44 million, EUR 22 million will be paid at the end of 2023 and EUR 22 million by mid-2025. Scatec ASA has provided a corporate and bank guarantee to PowerChina in support of this obligation. In the third quarter 2022 the construction loan was reclassified from trade payables to other non-current interest-bearing liabilities in the consolidated statement of financial position.

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 September 2022	31 December 2021
Cash in power plant companies in operation	1,918	1,711
Cash in power plant companies under development/construction	193	34
Other restricted cash	239	91
Free cash	3,143	2,335
Total cash and cash equivalents	5,492	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 September 2022, NOK 116 million of cash is related to companies in Ukraine.

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

NOK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Distributions received by Scatec ASA from the power plant	156	328	829	1,257	1,603
Cash flow to equity D&C 1)	-34	-30	-130	-118	-164
Cash flow to equity Services 1)	17	18	45	51	60
Cash flow to equity Corporate 1)	-91	-62	-242	-192	-252
Working capital/other 2)	1,471	-134	1,393	-518	-556
Cash flow from operations	1,520	120	1,897	480	691
Capitalised expenditures and Scatec's share of equity investments in projects under development	-143	-130	-301	-236	-307
Scatec's share of equity investments in projects under construction	-215	-21	-385	-481	-564
Net cash considerations from purchase of SNP	-	-8	-	-3,218	-3,262
Cash flow from investments	-358	-159	-686	-3,935	-4,132
Share capital increase in Scatec ASA, net after transaction	-	-	-	-	-
Dividend distribution to Scatec ASA shareholders	-	-	-404	-173	-173
Drawdown of credit facilities in Scatec ASA	-	-	-	-	-
Cash flow from financing	-	-	-404	-173	-173
Change in cash and cash equivalents	1,162	-39	808	-3,628	-3,615
Free cash at beginning of period	1,981	2,361	2,335	5,949	5,949
Free cash at end of period	3,143	2,321	3,143	2,321	2,335
Available undrawn credit facilities	1,998	1,622	1,998	1,622	1,632
Total free cash and undrawn credit facilities at the end of	5,141	3,943	5,141	3,943	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 in Q3 2022 and YTD 2022 is mainly explained by cash inflows in the RMIPPP project in South Africa, payment to PowerChina in August 2022, foreign currency effects and other deviations between cashflow to equity and actual cashflow in the D&C, Corporate and Service segment.

Note 7 Income tax expense

Effective tax rate

NOK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Profit before income tax	377	230	-678	521	759
Income tax (expense)/benefit	-42	-61	-117	-200	-303
Equivalent to a tax rate of (%)	11%	26%	-17%	38%	40%

Movement in deferred tax

NOK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
Net deferred tax asset at the beginning of the period	69	275	159	517	517
Recognised in the consolidated statement of profit or loss	99	-14	87	-161	-232
Deferred tax on financial instruments recognised in OCI	-38	-12	-146	-79	-108
Deferred tax on excess values from acquisition of SN Power	-	-	-	-19	-19
Translation differences	-33	3	-3	-6	2
Net deferred tax asset at the end of the period	97	251	97	251	159

The Group recognised a tax expense of NOK 42 million (61) in the third quarter, corresponding to an effective tax rate of 11% (26%). The tax expense for the first nine months is NOK 117 million (200). 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 nine months of 2022 and a calculated tax expense based on the Norwegian tax rate of 22% is also impacted by 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 September 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	33.33%	50.00%
Mendubim Geração de Energia Ltda. 1)	Assu, Brazil	33.33%	50.00%
Mendubim (I-XIII) Energia Ltda. 1)	Assu, Brazil	33.33%	-
Mendubim Solar EPC Ltda. 1)	Assu, Brazil	33.33%	-
Scatec Solar Solutions Brazil B.V.	Amsterdam, Netherlands	50.00%	50.00%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50.00%	50.00%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50.00%	50.00%
Cordilleras Solar VIII S.A	Buenos Aires, Argentina	50.00%	50.00%
Theun-Hinboun Power Company	Vientiane, Laos	20.00%	20.00%
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50.00%	50.00%
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.70%	16.70%
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – RES Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50.00%	50.00%
SN Power Uganda Ltd.	Kampala, Uganda	51.00%	51.00%
Bujagali Energy Ltd.	Jinja, Uganda	28.28%	28.28%
Compagnie Générale D`Hydroelectricité de Volobé SA	Antananarivo, Madagascar	12.75%	12.75%
Ruzizi Holding Power Company Ltd	Kigali, Rwanda	20.40%	20.40%
Ruzizi Energy Ltd	Kigali, Rwanda	20.40%	20.40%
SN Power Africa Ltd	Nairobi, Kenya	51.00%	51.00%
SN Power Invest Netherlands B.V.	Amsterdam, Netherlands	51.00%	100.00%

1) Mendubim project structure includes 13 SPVs, EPC 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 September 2022
Philippines	6,366	-21	284	-111	-	434	6,952
Laos	1,632	1	87	-86	-	367	2,001
Uganda	1,101	-1	109	-91	92	253	1,463
Other 2)	646	170	49	-	-	144	1,009
Total	9,745	149	529	-288	92	1,198	11,425

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

The joint ventures in the Philippines are subject to tax reviews by the local tax authorities on a regular basis, and one entity received a final assessment notice related to the year 2019 of NOK 205 million equivalent (at 30 September 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 672 million (at 30 September 2022) 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:

Q3 2021

Proportionate financials - NOK million	Reported Q3 2021	Adjustment	Adjusted Q3 2021
External revenues - Power Production	1,130	-58	1,072
Cost of sales - Power Production	-132	58	-74
EBITDA - Power Production	823	-	823

YTD 2021

Proportionate financials - NOK million	Reported Q3 2021 YTD	Adjustment	Adjusted Q3 2021 YTD
External revenues - Power Production	3,023	-207	2,816
Cost of sales - Power Production	-371	207	-164
EBITDA - Power Production	2,186	-	2,186

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 - Power Production	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 third quarter and first nine months of 2022.

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, external corporate financing and other interest-bearing liabilities, irrespective of its maturity as well as bank overdraft.

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

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

Proportionate Financials

The Group's segment financials are reported on a proportionate basis. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Services and Development & Construction segments mainly reflect deliveries to other companies controlled by Scatec (with between 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 third quarter of 2022 Scatec reports a proportionate operating profit of NOK 534 million compared with an operating profit of NOK 645 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 6 million,

2. removed the non-controlling interests share of the operating profit of NOK 145 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 379 million with Scatec's share of the Operating profit from the joint venture companies with NOK 441 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 Q3 historical financial information 2022 published on Scatec's web page.

Reconciliation of Alternative Performance Measures (consolidated figures)

NOK million	Q3 2022	Q3 2021	YTD 2022	YTD 2021	FY 2021
EBITDA					
Operating profit (EBIT)	645	558	265	1,473	2,012
Depreciation, amortisation and impairment	241	268	1,602	655	892
EBITDA	886	827	1,867	2,128	2,903
Total revenues and other income	1,163	1,059	2,758	2,764	3,803
EBITDA margin	76%	78%	68%	77%	76%
Gross profit					
Total revenues and other income	1,163	1,059	2,758	2,764	3,803
Cost of sales	-	-	-	-	-
Gross profit	1,163	1,059	2,758	2,764	3,803
Gross interest-bearing debt					
Non-recourse project financing	13,717	11,427	13,717	11,427	10,708
Corporate financing	8,490	7,272	8,490	7,272	7,264
Non-recourse project financing - current	2,039	908	2,039	908	1,147
Other non-current interest-bearing liabilities	464	-	464	-	-
Gross interest-bearing debt	24,710	19,607	24,710	19,607	19,120
Net interest-bearing debt					
Gross interest-bearing debt	24,710	19,607	24,710	19,607	19,120
Cash and cash equivalents	5,492	4,332	5,492	4,332	4,171
Net interest-bearing debt	19,218	15,274	19,218	15,274	14,949
Net working capital					
Trade and other receivables	760	823	760	823	740
Other current assets [1)]	1,506	856	1,506	856	734
Trade and other payable	-1,063	-769	-1,063	-769	-812
Income tax payable	-110	-27	-110	-27	-24
Other current liabilities	-1,125	-784	-1,125	-784	-841
Non-recourse project financing-current	-2,039	-908	-2,039	-908	-1,147
Net working capital	-2,072	-809	-2,072	-809	-1,351

1) Excluding current portion of derivatives of NOK 158 million in Q3 2022

Break-down of proportionate cash flow to equity

Q3 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	907	22	-45	-34	850
Net interest expenses	-185	-	-2	-84	-272
Normalised loan repayments	-202	-	-	-	-202
Proceeds from refinancing	-	-	-	-	-
Normalised income tax payment	-51	-5	13	27	-15
Cash flow to equity	469	17	-34	-91	361

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

Q3 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	823	22	-53	-25	767
Net interest expenses	-205	-	-	-56	-261
Normalised loan repayments	-199	-	-	-	-199
Proceeds from refinancing	-	-	-	-	
Normalised income tax payment	-42	-5	23	19	-5
Cash flow to equity	377	18	-30	-62	302

YTD 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,014	58	-201	-107	1,764
Net interest expenses	-587	-1	-3	-209	-799
Normalised loan repayments	-578	-	-	-	-578
Proceeds from refinancing	363	-	-	-	363
Normalised income tax payment	-82	-12	74	74	53
Cash flow to equity	1,130	45	-130	-242	804

YTD 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,186	63	-167	-79	2,004
Net interest expenses	-573	1	-1	-172	-745
Normalised loan repayments	-593	-	-	-	-593
Proceeds from refinancing	397	-	-	-	397
Normalised income tax payment	-107	-13	49	59	-12
Cash flow to equity	1,310	51	-118	-192	1,050

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 WRI Aqueduct Water Risk Atlas, the Company reports on water withdrawal 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 number of contracted and potential suppliers of key procurement categories screened and rated through the EcoVadis supplier assessment platform.

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