First quarter

2023

Scatec in brief

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

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

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

A consistent growth path towards 2027

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

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

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

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

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

Our role on the pathway to net zero

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

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

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

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

Asset portfolio[1]

	Technology	Capacity MW	Economic interest [2]
In operation			
Philippines		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%
Botswana		60	100%
Total		**953**	**54%**
Grand total		**5,595**	**51%**
Projects in pipeline		**13,166**	

Segment overview

Development & Construction

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

Power Production

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

Services

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

Corporate

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

1) Asset portfolio as per reporting date
2) Scatec's share of the total estimated economic return from its subsidiaries. For projects under development the economic interest may be subject to change

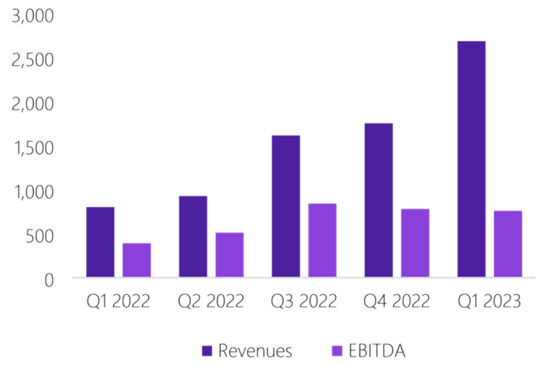
Strong operational performance

Highlights

- Total proportionate EBITDA increased by 92% to NOK 765 million (398) [1)]
- Power production EBITDA increased 40% to NOK 686 million (490)
- NOK 1.7 billion of revenues from projects under construction with a margin increase to 11% compared to Q4'22
- Net Zero targets approved by SBTi and Net Zero Strategy announced
- Refinanced USD 193 million bridge facility with green term loan and green bond
- Delivering on strategic pillar to optimise portfolio

Proportionate revenues and EBITDA

NOK million



Key figures

NOK million	Q1 2023	Q4 2022	Q1 2022	FY 2022
Proportionate Financials [2)]				
Revenues and other income	**2,706**	1,765	809	5,133
Power Production [4)]	**882**	1,032	728	3,697
Services	**82**	85	66	312
Development & Construction	**1,728**	627	5	1,069
Corporate	**13**	20	10	56
EBITDA [2)]	**765**	786	398	2,550
Power Production	**686**	821	490	2,835
Services	**21**	16	16	74
Development & Construction	**96**	-20	-75	-221
Corporate	**-39**	-30	-34	-138
Operating profit (EBIT)	**405**	469	-772	460
Power Production	**383**	515	-554	917
Services	**20**	14	15	68
Development & Construction	**49**	-22	-193	-358
Corporate	**-47**	-39	-40	-167
Net interest- bearing debt [2)]	**20,279**	18,215	14,992	18,215
Scatec share of distribution from operation companies	**202**	402	479	1,231
Power Production (GWh)	**887**	979	868	3,898
Power Production (GWh) 100% [3)]	**2,106**	2,243	2,136	9,381
Consolidated Financials				
Revenues and other income	**919**	993	759	3,751
EBITDA [2)]	**629**	689	433	2,555
Operating profit (EBIT)	**353**	458	-716	723
Profit/(loss)	**-98**	-433	-1,062	-1,228
Net interest- bearing debt [2)]	**22,257**	19,578	15,285	19,578
Basic earnings per share	**-1.02**	-2.26	-7.13	-8.40

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

Comments to the Proportionate Financials

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

Power Production

Power production reached 887 GWh in the first quarter 2023 compared to 868 GWh in the same quarter last year.

Revenues increased by NOK 154 million to NOK 882 million compared to the same quarter last year, mainly explained by improved hydrology in the Philippines, high payment level in Ukraine, higher irradiation in South Africa and foreign currency effects.

Operating expenses decreased by NOK 40 million, compared to the same quarter last year, mainly explained by a credit loss provision of NOK 87 million in Ukraine in the first quarter 2022 partially offset by negative foreign currency effects and increased operational expenses related to the Release assets.

Total EBITDA reached NOK 686 million, an increase of NOK 197 million compared to the same quarter last year driven by increased revenue and reduced operating expenses as explained above.

EBIT reached NOK 383 million, an increase of NOK 938 million compared to the same quarter last year, mainly explained by a NOK 770 million impairment of the assets in Ukraine in the first quarter 2022 and an increase in EBITDA as explained above, partially offset by increased depreciation resulting from new assets in operation and foreign exchange effects.

Development & Construction (D&C)

D&C revenues reached NOK 1,728 million in the first quarter 2023 compared to NOK 5 million in the same quarter last year. The gross margin in the first quarter 2023 was 11 percent, generated from the projects under construction in South Africa, Brazil, and Pakistan.

Total operating expenses of NOK 94 (76) million in the quarter comprised of approximately NOK 73 million (58) for early-stage project development and NOK 21 million (18) related to construction activities.

Total EBITDA reached NOK 96 million in the first quarter 2023, an increase from a negative EBITDA of 75 million in the same quarter last year driven by the increased revenue explained above.

Scatec has decided to discontinue development of projects in Brazil and Oman and recognised an impairment charge of NOK 44 million in the first quarter 2023 in relation to these projects. See page 11 under the description of pipeline for more details.

Services

The increase in revenues and operating expenses in the segment compared to the same quarter last year is driven by additional asset management revenues in South Africa and Brazil and the addition of a third party O&M contract in Egypt.

Corporate

The increase in revenues for the first quarter 2023 compared with the same quarter last year is mainly driven by higher activities across the group. First quarter operating expenses compared to the same quarter last year reflect the strengthening of corporate functions throughout the first half of 2022. Operating expenses in the first quarter were broadly in line with the fourth quarter 2022.

Outlook

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

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

Power Production

Second quarter 2023 power production is estimated at 800-900 GWh on proportionate basis.

In the Philippines, EBITDA for the second quarter 2023 is estimated at NOK 10-50 million based on weak hydrology and power market prices approximately 20 percent higher compared to the same quarter last year. Increased power prices are estimated to have a negative effect on EBITDA in the second quarter as contract sales volumes are estimated to exceed production volumes, as normal during the dry season, resulting in a net purchase of power in the market to cover the exceeding contract volumes.

Additionally, the EBITDA estimate for the Philippines do not include any revenues from ancillary services. At the end of the first quarter 2023 the National Grid Corporation of the Philippines decided to suspend purchase of ancillary services until the new contracts awarded to Scatec and other service providers in the auctions held in March 2023 becomes effective. Revenues from ancillary services are estimated to return in the third quarter 2023 following effectiveness of the new contracts.

GWh	Q1 2023	Q2 2023E	2023E
Proportionate	887	800-900	3,500-3,900
100% basis	2,106	1,900-2,100	8,600-9,400

NOK million	2022	2023E
Proportionate EBITDA	2,835	2,850-3,150

The full year 2023 EBITDA estimate has increased by NOK 150 million reflecting actual first quarter performance, estimated second quarter performance and currency exchange rates as per the end of the first quarter 2023. The full year estimate is further based on estimated unchanged performance in Ukraine for the remaining of 2023 compared to previous estimate, and do not include any accounting effects from the sale of the Upington power plant in South Africa.

Development & Construction

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

At the end of the first quarter 2023 the remaining not booked construction contract value was approximately NOK 6.4 billion (7.8) 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 reduction from the previous quarter is explained by D&C revenues recognised in the quarter and foreign currency effects. In line with previous communication, Scatec estimates to generate an average D&C gross margin of 10-12 percent for the three power plants currently under construction. For new projects starting construction, Scatec estimates to generate an average D&C gross margin of 8-10 percent.

Estimated 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. In the second quarter 2023, revenue recognition is estimated to increase substantially compared to the previous quarter.

More details on projects under construction and in backlog can be found on page 10-12 in the report.

Services & Corporate

2023 EBITDA for Services is estimated to be between NOK 80 million and NOK 90 million.

2023 EBITDA for Corporate is estimated to be between NOK -140 million and NOK -150 million.

1) EBITDA estimates are based on currency rates as of end of the fourth quarter 2022.

ESG performance

ESG Performance Report 2022 published

Scatec's ESG Performance Report was published on March 22, 2023. The report summarises key performance, results and targets related to the Company's most material ESG risks and opportunities. The report is supported by an online report with more detailed information to each of the ESG topics.

The Company also published its first EU Taxonomy Report detailing the assessments and screening undertaken of its economic activities reported per financial key performance indicators (KPIs). Scatec's revenue is 100%, capex 91% and opex 86% aligned to the Taxonomy.

Refer to the Company's corporate website under "ESG resources" for all published reports.

Net Zero target approved by SBTi

Scatec's Net Zero targets were approved by the Science Based Target Initiative (SBTi) on 20 January 2023. The Company set its climate ambitions in line with the latest climate science from the IPCC to limit warming to 1.5 degrees, requiring Scatec to minimise direct emissions by 2030 and achieve net zero emissions across the value chain by 2040.

Detailing the Company's high-level plan and initiatives to reach its targets, the Net Zero Strategy was published along with all 2022 annual reports. Read more on Scatec's corporate website and in the online report.

In addition, the Company's Task Force on Climate-Related Financial Disclosures (TCFD) Report 2022 on financially material climate-related risks and opportunities, was also published.

ESG reporting

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

	Indicator [1]	Unit	Q1 2023	Q4 2022	Q1 2022	FY 2022	Targets 2023
E	Environmental and social assessments	% completed in new projects	100	100	100	100	100
	GHG emissions avoided[2]	mill tonnes CO2e	0.5	0.5	0.5	2.0	2.0
	Water withdrawal	mill litres (water-stressed[3] areas)	1.8	2.8	2.0	11.3	N/A
S	Lost Time Incident Frequency (LTIF)	per mill hours (12 months rolling)	0.7	0.7	1.8	0.7	≤ 2.1
	Hours worked	mill hours (12 months rolling)	5.8	4.5	2.7	4.5	N/A
	Female managers	% of females in mgmt. positions	29	29	26	29	N/A[4]
G	Whistleblowing channel	number of reports received	6	2	3	8	N/A
	Corruption incidents	number of confirmed incidents	0	0	0	0	0
	Supplier environmental and social screening[5]	number of suppliers screened through EcoVadis	41	35	17	35	N/A

1) For a definition of each indicator in the table see ESG Performance Indicators under other definitions on page 37.
2) The figure includes the actual annual production for all renewable power projects where Scatec has operational control.
3) As per the WRI Aqueduct Water Risk Atlas, Scatec reports on water withdrawal for projects located within water-stressed areas in South Africa and Jordan.
4) The Company has a gender equality target for 2023 that 35% of new hires (including internal promotions) on management level are female employees.
5) Total contracted and potential suppliers of key procurement categories screened through the EcoVadis supplier management platform.

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

The GHG emissions avoided from the power plants where Scatec has operational control reached 0.54 million tonnes at the end of first quarter 2023. For all projects where Scatec has an ownership stake, 1.0 mill tonnes of GHG emissions were avoided.

Water withdrawal in water-stressed areas, South Africa and Jordan, reached 1.8 mill litres in first quarter 2023, broadly in line with first quarter 2022.

The Company delivered more than 5.8 million working hours with no fatalities or serious injuries (12 months rolling). The lost time incident frequency rate (LTIF) was 0.7 per million working hours. The improvement in lost time incident frequency (LTIF) rate compared to first quarter 2022 is attributable to increased working hours from projects under construction in Brazil, Pakistan and South Africa, as well as safe working conditions maintained with a limited number of lost time incidents observed.

The six whistleblowing reports received in the first quarter relate to alleged conflicts of interest, internal financial controls and the workplace environment. All reports are in the process of being investigated.

Scatec continues with targeted actions to ensure that its supply partners follow the Company's integrity standards and are not sourcing components from Xinjiang. Refer to Scatec's corporate website for its ESG Performance Report 2022 and online report with further information on its work within the area of human and labour rights.

At the end of the first quarter 2023, 41 contracted and potential suppliers of key procurement categories were assessed via the EcoVadis supplier management platform, up from 35 in the previous quarter.

Russian war in Ukraine

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

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

Approximately 95% of the power plants owned and operated by Scatec are intact and available, however power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. The Ministry of Energy of Ukraine issued in 2022 regulations that decreased the required amounts to be paid to the renewable power producers. Scatec has therefore from March 2022 only recognised revenue from power production in Ukraine in accordance with actual paid amounts and expect to do so until the new regulations are lifted. The payment level for the first quarter 2023 was 60 % in addition to a payment of NOK 36 million of unrecognised proportionate revenue from previous periods. This is an increase in the total average payment level from 42% from full year 2022. In the first quarter 2023, proportionate revenues and EBITDA in Ukraine amounted to NOK 66 million and NOK 49 million respectively.

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 2023, no further credit loss provisions have been made. Total outstanding receivables in Ukraine of NOK 177 million has increased with NOK 10 million during the first quarter 2023, mainly because of foreign exchange differences.

The Russian invasion triggered an impairment assessment and Scatec recognised in the first quarter last year 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 first quarter 2023 there has not been any significant events that have triggered an additional impairment.

Scatec's power plant companies in Ukraine are not in compliance with covenants in the loan agreements for the non-recourse project debt at quarter-end. The situation is unchanged from last year. As of 31 March 2023, all non-recourse financing in Ukraine, amounting to NOK 1,026 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 standstill.

Other matters

Potential PPA changes and overdue receivables in Honduras

Scatec has over time experienced delayed payments from the state owned off-taker in Honduras (ENEE) and overdue receivables have accumulated to a varying degree since second quarter 2020. In December 2022 NOK 214 million of outstanding receivables were paid. At the end of first quarter 2023 overdue receivables was NOK 114 million.

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

Negotiations have continued and matured during the first quarter 2023 where a new agreement can include changes to tariff level and PPA tenor. The outcome of the negotiations is not concluded, and an unfavorable result may have negative impact on the future financial performance of the assets.

Covenants

Except for Ukraine, Scatec was in compliance with financial covenants for both the recourse and non-recourse debt on 31 March 2023. Refer to Note 4 Financing for more details.

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

Drawdown on non-recourse facility in Brazil

In the first quarter 2023, Scatec made the first drawdown under a USD 243 million non-recourse loan facility, to partly finance construction of the 531 MW Mendubim project in Brazil, after signing the loan documents in November 2022. The loan is provided by IDB Invest, part of the Inter-American Development Bank Group, Banco Santander, and BNP Paribas.

Delivering on optimising portfolio

During the quarter Scatec has progressed several initiatives under the strategic pillar to optimise our portfolio which was presented at the 2022 Capital Markets Update. This includes the sale of Scatec's 42 percent share in the Upington power plant in South Africa, high grading the pipeline, and progressing the initiative to establishment Release as a separate platform. In addition, Scatec is launching an efficiency programme which includes a target to reduce operating expenses by NOK 150 million compared to the current level. These initiatives will ensure that Scatec remains competitive and cost efficient and will support the Company's growth ambitions towards 2027.

Overview of project portfolio[1)]

Project stage	Q1 2023 Capacity (MW)	Q4 2022 Capacity (MW)
In operation	3,375	3,375
Under construction	1,267	1,267
Project backlog[2)]	953	953
Project pipeline[2)]	13,166	15,712
Total	**18,761**	21,307

Total annual production from the 5,315 MW, excluding green hydrogen and BESS, in operation, under construction and in backlog, is expected to reach about 14,100 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.

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

Under construction

Sukkur, Pakistan 150 MW solar

Construction of the Sukkur project in Pakistan has continued to progress and ramped-up for all disciplines during the first quarter. Activities included module installations, electrical work, and termination work of inverters. More than 850 contractors and Scatec employees are involved in the construction work on site.

On 18 April the construction site in Pakistan was affected by an extreme weather event with strong winds which caused some physical damage to the structures on site. All people on the site are safe from the incident. The power plants are insured against physical damage and delayed start-up, including subsequent loss of revenue. The extent and the entailing effects of the damages were still being investigated on the reporting date, but no material changes to the budget or timeline are expected.

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 continued to progress during the first quarter for the Mendubim solar project, in partnership with Equinor and Hydro Rein. Main civil work activities are close to completion, interconnection works, and supply chain activities are advancing as planned and the first modules and inverters will shortly arrive on site. Currently, more than 900 contractors and Scatec employees are involved in the construction work on site.

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

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

1) Status per reporting date
2) See other definitions

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

Construction has continued to progress in the first quarter 2023 for the Kenhardt solar and battery storage project, including finalising preparation activities for substructure installation, module installations and grid connection works. The first battery modules for the storage system were shipped according to plan. There are about 1,500 workers on site, including Scatec employees, contractors, and individuals from the local community employed for construction work.

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

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

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

Release

Release has a project portfolio of 26.5 MW under construction, of which the main project consists of 18 MW remaining under a 36 MW solar and 20 MWh battery project in Cameroon, with a contract with ENEO the main utility of Cameroon.

Philippines, 20 MW BESS

Construction of the 20 MW battery energy storage system (BESS) at the Magat hydropower plant is progressing well. 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 have provided 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 project finance processes and component price development.

Grootfontein, South Africa, 273 MW solar

In October 2021, Scatec was awarded preferred bidder status on three solar projects totalling 273 MW by the Department of Mineral Resources and Energy in South Africa under the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP). In December 2022, the power purchase and implementation agreements for the projects were signed.

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

Tunisia portfolio, 360 MW solar

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

Scatec has engaged with the Tunisian authorities to negotiate the PPA tariff in order to improve the economics of the projects. These discussions are ongoing.

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

Egypt, 100 MW green hydrogen facility

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

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

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

Botswana, 60 MW solar

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

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

Pipeline

Location	Q1 2023 Capacity (MW)	Q4 2022 Capacity (MW)
Asia	4,560	4,800
Latin America/Europe	2,599	3,315
Middle East and North Africa	2,211	2,560
Sub-Saharan Africa	3,796	5,037
Total pipeline	13,166	15,712

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 13,166MW across technologies. During the quarter, we have high graded the pipeline with focus on project location, timeline, maturity and value creation and have taken out less attractive projects. This includes the green ammonia project in Oman in partnership with Acme which has been discontinued and removed from the pipeline during the quarter. Scatec's partner has decided to progress with the project before debt financing is secured, which is not in line with Scatec's risk policy. Scatec has retained an option to participate in a potential second phase of the project.

This resulted in a decrease of the pipeline of 2.5 GW compared to the previous quarter. Approximately 85% of the projects in the pipeline are located within our focus markets.

Solution	Q1 2023 Capacity (MW)	Q4 2022 Capacity (MW)
Solar	4,259	5,005
Wind	5,983	6,223
Hydro	1,443	2,684
Green Hydrogen[1)]	1,181	1,500
Release	300	300
Total	13,166	15,712

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	Q1 2023	Q4 2022	Q1 2022	FY 2022
Revenues	841	773	724	3,002
Net income/(loss) from JVs and associated	78	220	35	749
EBITDA	629	689	433	2,555
Operating profit (EBIT)	353	458	-716	723
Net financial items	-350	-875	-295	-1,818
Profit before income tax	2	-417	-1,011	-1,095
Profit/(loss) for the period	-98	-433	-1,062	-1,228
Profit/(loss) to Scatec	-163	-359	-1,133	-1,334
Profit/(loss) to non-controlling interests	65	-74	71	106

Revenues

Revenues from power sales was NOK 841 million (724) in the first quarter 2023, an increase of 16% compared to the same quarter last year. The increase is mainly explained by higher revenues from Ukraine, higher irradiation in South Africa and foreign currency effects.

Net income from joint venture investments (JVs) and associated companies was NOK 78 million (35) in the first quarter 2023, an increase of 43 million compared to the same quarter last year. The main driver for the increase in net income is improved hydrology in the Philippines.

Operating profit

Consolidated operating expenses amounted to NOK 290 million (325) in the first quarter, including NOK 148 million (216) in cost for operation of existing power plants. The decrease in operating expenses for existing power plants is mainly due to a credit loss provision of NOK 98 million on accounts receivable recognised in Ukraine in the first quarter 2022. Operating expenses in the first quarter 2023 also include NOK 89 million (72) 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 53 million (37) in the first quarter 2023. The increase from same quarter last year reflects the strengthening of corporate functions.

The increase in EBITDA of NOK 196 million compared to the same quarter last year is driven by the increase in revenue and decrease in operating expenses as explained above.

Depreciation, amortisation and impairment for the first quarter of NOK 276 million (1,149) have decreased compared to the same period last year primarily as a result of impairment expense of NOK 932 million, of which 116 million related to discontinued development of projects in Mali, Bangladesh and India and NOK 816 million related to the solar power plants in Ukraine. In the first quarter 2023 the Group recognised an impairment loss of NOK 44 million in relation to the discontinued development projects in Brazil and Oman.

EBIT was NOK 353 million (-716) in the first quarter 2023, an increase of 1,069 million compared to the same quarter last year mainly caused by impairment expense and credit loss provision recognised in the first quarter 2022.

Net financial expenses

NOK million	Q1 2023	Q4 2022	Q1 2022	FY 2022
Interest and other financial income	149	45	16	115
Interest and other financial expenses	-466	-677	-342	-1,666
Net foreign exchange gain/(losses)	-34	-244	30	-268
Net financial expenses	-350	-875	-295	-1,818

Interest and other financial income of NOK 149 million (16) mainly relates to an unrealised gain of NOK 115 million on USD/ZAR currency hedging contract in RMIPPP which was entered in the third quarter 2022. Remaining increase is attributable to increased interest income on cash balances.

Interest and other financial expenses of NOK 466 million (342) consist of interest expenses of NOK 413 million (310) and other financial expenses of NOK 53 million (32). Scatec manages interest rate risk with a hedge ratio of approximately 80% for the non-recourse project level debt and approximately 20% for the corporate debt. The increase in interest expenses of NOK 103 million compared with the same quarter last year is explained by NOK 90 million related to increased interest rates on unhedged debt and NOK 13 million in foreign currency effects.

The net foreign exchange losses of NOK 34 million are primarily driven by unrealised losses from translation of monetary assets and liabilities denominated in foreign currencies.

Profit before tax and net profit

The Group recognised a tax expense of NOK 100 million (50) in the first quarter. 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, currency effects and effects from non-recognised tax losses. 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 6 Income tax expense.

Net profit for the first quarter was negative NOK 98 million (-1,062) while profit attributable to Scatec was negative NOK 163 million (-1,133). The allocation of profits between NCI and Scatec is impacted by the fact that non-controlling interests (NCI) only represent shareholdings in the power plants that are fully consolidated, while Scatec also carries the cost of project development, construction, operation & maintenance and corporate functions. Profits allocated to NCI neither include net income from JVs and associated companies.

Impact of foreign currency movements in the quarter

During the first quarter, NOK depreciated against the key currencies USD, EUR, MYR, PHP and BRL compared to the average rates and closing rates from the fourth quarter of 2022.

On a net basis, the movement in average rates positively affected the consolidated revenues by approximately NOK 26 million, while the net impact on net profit was positively affected by approximately NOK 1 million.

Following the movements of the closing rates, the Group has recognised a foreign currency translation gain of NOK 798 million (-140) in other comprehensive income in the first quarter related to the conversion of the subsidiaries' statements of financial position from the respective functional currencies to the Group's presentation currency.

Consolidated statement of financial position

Assets

NOK million	31 March 2023	31 December 2022
Property, plant and equipment	18,015	17,310
Investments in JVs and associated companies	11,774	10,674
Other non-current assets	2,173	2,233
Total non-current assets	31,962	30,218
Other current assets	2,069	2,380
Cash and cash equivalents	3,656	4,132
Assets held for sale	2,276	-
Total current assets	8,001	6,512
Total assets	39,962	36,730

The increase in non-current assets is primarily driven by construction activities in South Africa, Release and Pakistan, in addition to currency translations from weakening of NOK against USD, EUR and MYR. The increase is partly offset by the transfer of NOK 1,893 million balance related to Upington solar power plant to held for sale, impairment of discontinued development projects of NOK 44 million and quarterly depreciation of NOK 225 million. See Note 3 Property, plant and equipment and Note 9 Disposal group held for sale for more information.

The balance of investments in JVs and associated companies increased due to appreciation of the functional currencies in the JVs and investments related to Mendubim project in Brazil. Net income from JVs and associated companies was NOK 78 million in the first quarter 2023 and NOK 82 million was received as dividend. See Note 8 Investments in joint ventures and associated companies for full reconciliation.

The increase in current assets is primarily driven by classification of assets related to Upington solar power plant as held for sale.

The cash balance decreased by NOK 476 million compared to 31 December 2022. Cash outflows are mainly related to construction of plants and payment of non-recourse financing and dividends to NCI. Operating activities contribute positively with NOK 1,130 million in cash inflow in the first quarter of 2023. See the consolidated statement of cash flows for further details and Note 5 Cash, cash equivalents for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Equity and liabilities

NOK million	31 March 2023	31 December 2022
Equity	9,246	8,803
Corporate financing	8,196	7,987
Non-current non-recourse project financing	12,651	13,297
Other non-current liabilities	2,914	2,604
Total non-current liabilities	23,761	23,888
Corporate financing	373	-
Current non-recourse project financing	2,020	1,963
Other current liabilities	2,188	2,076
Liabilities of disposal group held for sale	2,374	-
Total current liabilities	6,955	4,039
Total liabilities	30,716	27,927
Total equity and liabilities	39,962	36,730
Book equity ratio	23%	24%

Total equity increased by NOK 443 million compared to 31 December 2022, driven by positive other comprehensive income which is partly offset by negative result for the period. Further details are in the consolidated statement of changes in equity.

Corporate financing consists of unsecured green bonds and financing secured in relation to the acquisition of SN Power in

2021. Changes in balance in the first quarter 2023 is primarily due to refinancing of Bridge-to-Bond facility and foreign currency translation. See Note 4 Financing for further details.

Total non-recourse financing decreased as of 31 March 2023 as a result of classification of NOK 2,270 million related to Upington as held for sale, partially offset by drawdown of NOK 1,214 million in project debt to the RMIPPP project in South Africa. Down payments of NOK 240 million have decreased the balance in the first quarter 2023. The non-current portion of the Ukrainian debt is classified as current due to breach of covenants. See section Russian War in Ukraine above and Note 4 Financing for further details.

Consolidated cash flow

NOK million	Q1 2023	Q4 2022	Q1 2022	FY 2022
Operating activities	**1,130**	-362	441	756
Investing activities	**-2,121**	-605	-53	-1,406
Financing activities	**418**	-1	-360	221
Net increase/(decrease) in cash and cash equivalents	**-573**	-968	28	-428

Net cash flow from consolidated operating activities amounted to NOK 1,130 million (441) in the first quarter 2023, compared to EBITDA of NOK 629 million (433). The difference is primarily explained by net income from JVs and associated companies and changes in other assets and liabilities.

Net cash flow from consolidated investing activities was negative NOK 2,121 million (-53) in the quarter, mainly driven by investments in property, plant and equipment and investments in JV and associated companies mainly related to projects under construction, partly offset by distributions from JVs.

Net cash flow from financing activities was positive NOK 418 million (-360) in the quarter. The main financing activities in the first quarter are increased non-recourse financing related to the construction of Kenhardt in South Africa, payment of interests and repayment of non-recourse financing in project companies as well as payment of dividend to NCI.

Cash and cash equivalents at the end of the first quarter 2023 was NOK 3,656 million of which NOK 1,414 was free cash. Additionally, the Company had available undrawn credit facilities of NOK 1,932 million resulting in NOK 3,346 million in total available liquidity.

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

Proportionate cash flow to equity

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

NOK million	Q1 2023	Q4 2022	Q1 2022	FY 2022
Power Production	**250**	357	391	1,487
Services	**18**	13	13	58
Development & Construction	**88**	-18	-33	-149
Corporate	**-157**	-105	-69	-347
Total	**198**	246	302	1,050

1) See Alternative Performance Measures appendix for definition

The cash flow to equity in the Power Production segment decreased compared to the same quarter last year, primarily explained by NOK 363 million from debt refinancing of assets in South Africa and Vietnam included in the first quarter last year, partly offset by higher EBITDA in the first quarter this year compared to first quarter last year.

The cash flow to equity in Services slightly increased compared to the same quarter last year, mainly explained by higher EBITDA due to the expansion of the operational portfolio.

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

The cash flow to equity in the Corporate segment decreased compared to same quarter last year, mainly explained by increased operating expenses and interest expenses on corporate funding in addition to inclusion of normalised debt repayments for the year.

The power plant companies have in the first quarter 2023 distributed NOK 202 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	Q1 2023	Q1 2022	FY 2022
Revenues	2	841	724	3,002
Net income/(loss) from JVs and associated companies	8	78	35	749
Total revenues and other income		919	759	3,751
Personnel expenses	2	-149	-117	-528
Other operating expenses	2	-141	-208	-668
Depreciation, amortisation and impairment	2, 3	-276	-1,149	-1,832
Operating profit (EBIT)		353	-716	723
Interest and other financial income		149	16	115
Interest and other financial expenses		-466	-342	-1,666
Net foreign exchange gain/(losses)		-34	30	-268
Net financial expenses		-350	-295	-1,818
Profit/(loss) before income tax		2	-1,011	-1,095
Income tax (expense)/benefit	6	-100	-50	-132
Profit/(loss) for the period		-98	-1,062	-1,228
Profit/(loss) attributable to:				
Equity holders of the parent		-163	-1,133	-1,334
Non-controlling interest		65	71	106
Basic earnings per share (NOK) [1)]		-1.02	-7.13	-8.40
Diluted earnings per share (NOK) [1)]		-1.02	-7.13	-8.40

1) Based on average 158.9 million shares outstanding for the purpose of earnings per share in Q1 2023

Interim consolidated statement of comprehensive income

NOK million	Notes	Q1 2023	Q1 2022	FY 2022
Profit/(loss) for the period		-98	-1,062	-1,228
Other comprehensive income:				
Items that may subsequently be reclassified to profit or loss				
Net movement of cash flow hedges		-220	266	664
Income tax effect	6	53	-56	-150
Foreign currency translation differences		798	-140	472
Net other comprehensive income to be reclassified		631	70	986
Total comprehensive income for the period net of tax		533	-992	-242
Attributable to:				
Equity holders of the parent		497	-1,147	-648
Non-controlling interest		37	156	406

Interim consolidated statement of financial position

NOK million	Notes	31 March 2023	31 December 2022
Assets			
Non-current assets			
Deferred tax assets	6	792	860
Property, plant and equipment	3	18,015	17,310
Goodwill and intangible assets		806	758
Investments in JVs and associated companies	8	11,774	10,674
Other non-current assets		576	616
Total non-current assets		31,962	30,218
Current assets			
Trade and other receivables	2	547	497
Other current assets		1,523	1,883
Cash and cash equivalents	5	3,656	4,132
Assets classified as held for sale	9	2,276	-
Total current assets		8,001	6,512
Total assets		39,962	36,730

Interim consolidated statement of financial position

NOK million	Notes	31 March 2023	31 December 2022
Equity and liabilities			
Equity			
Share capital		4	4
Share premium		9,830	9,819
Total paid in capital		9,834	9,823
Retained earnings		-2,394	-2,231
Other reserves		1,331	671
Total other equity		-1,063	-1,560
Non-controlling interests		475	540
Total equity		9,246	8,803
Non-current liabilities			
Deferred tax liabilities	6	789	743
Corporate financing	4	8,196	7,987
Non-recourse project financing	4	12,651	13,297
Other financial liabilities		166	12
Other interest-bearing liabilities	4	249	231
Other non-current liabilities		1,710	1,618
Total non-current liabilities		23,761	23,888
Current liabilities			
Corporate financing	4	373	-
Non-recourse project financing	4	2,020	1,963
Income tax payable	6	138	37
Trade and other payables		453	594
Other financial liabilities		1	108
Other interest-bearing liabilities	4	249	231
Other current liabilities		1,347	1,106
Liabilities directly associated with assets classified as held for sale	9	2,374	-
Total current liabilities		6,955	4,039
Total liabilities		30,716	27,927
Total equity and liabilities		39,962	36,730

Oslo, 4 May 2023

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 2022	4	9,775	-493	95	-111	9,271	649	9,919
Profit for the period	-	-	-1,133	-	-	-1,133	71	-1,062
Other comprehensive income	-	-	-	-134	120	-14	84	70
Total comprehensive income	-	-	-1,133	-134	120	-1,147	156	-991
Share capital increase	-	5	-	-	-	5	-1	3
Share-based payment	-	11	-	-	-	11	-	11
Dividend distribution	-	-	-	-	-	-	-389	-389
At 31 March 2022	4	9,791	-1,625	-39	9	8,140	414	8,554
At 1 January 2023	4	9,819	-2,231	472	199	8,263	540	8,803
Profit for the period	-	-	-163	-	-	-163	65	-98
Other comprehensive income	-	-	-	753	-93	660	-29	631
Total comprehensive income	-	-	-163	1,225	-93	497	37	533
Share-based payment	-	11	-	-	-	11	-	11
Dividend distribution	-	-	-	-	-	-	-80	-80
Purchase of NCIs shares in group companies	-	-	-	-	-	-	-22	-22
At 31 March 2023	4	9,830	-2,394	1,225	106	8,771	475	9,246

Interim consolidated statement of cash flow

NOK million	Notes	Q1 2023	Q1 2022	FY 2022
Cash flow from operating activities				
Profit before taxes		2	-1,011	-1,095
Taxes paid	6	-6	-	-170
Depreciation and impairment	3	276	1,149	1,832
Proceeds from disposal of fixed assets	3	12	3	45
Net income from JVs and associated companies	8	-78	-35	-749
Interest and other financial income		-149	-16	-115
Interest and other financial expenses		466	342	1,666
Unrealised foreign exchange (gain)/loss		34	-30	268
Increase/(decrease) in other assets and liabilities		573	39	-926
Net cash flow from operating activities		1,130	441	756
Cash flow from investing activities				
Interest received		34	16	115
Investments in property, plant and equipment	3	-1,951	-170	-1,986
Distributions from JV and associated companies	8	82	118	669
Investments in JV and associated companies	8	-286	-18	-204
Net cash flow from investing activities		-2,121	-53	-1,406
Cash flow from financing activities				
Proceeds from non-controlling interests		-	-	18
Repayments to non-controlling interests		-22	-1	-8
Interest paid		-411	-224	-1,108
Proceeds from non-recourse project financing	4	1,214	358	3,468
Repayment of non-recourse project financing	4	-240	-94	-1,175
Payments of principal portion of lease liabilities		-6	-6	-26
Interest paid on lease liabilities		-5	-4	-20
Net proceeds from corporate financing	4	-32	-	-
Dividends paid to equity holders of the parent company and non-controlling interests		-80	-389	-929
Net cash flow from financing activities		418	-360	221
Net increase/(decrease) in cash and cash equivalents		-573	28	-428
Effect of exchange rate changes on cash and cash equivalents		193	-13	389
Cash transferred to assets held for sale	9	-96	-	-
Cash and cash equivalents at beginning of the period		4,132	4,171	4,171
Cash and cash equivalents at end of the period	5	3,656	4,186	4,132

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 first quarter 2023 were authorised by the Board of Directors for issue on 4 May 2023.

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

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

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

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

In the process of applying the Group's accounting policies, management 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 2 of the 2022 annual report for further information on judgements, including control assessments made in previous years.

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

Note 2 Operating segments

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

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

Q1 2023

	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues [2]	882	3	-	-	885	298	-346	4	841
Internal revenues	-	79	1,728	13	1,821	377	-73	-2,125	-
Net income from JVs and associates [1]	-	-	-	-	-	-	78	-	78
Total revenues and other income	882	82	1,728	13	2,706	675	-341	-2,121	919
Cost of sales [2]	-	1	-1,538	-	-1,537	-350	50	1,838	-
Gross profit	882	83	190	14	1,168	325	-291	-283	919
Personnel expenses	-35	-33	-64	-32	-163	-2	21	-4	-149
Other operating expenses	-161	-29	-30	-21	-240	-55	61	93	-141
EBITDA	686	21	96	-39	765	267	-210	-194	629
Depreciation and impairment	-303	-1	-47	-8	-360	-62	129	17	-276
Operating profit (EBIT)	383	20	49	-47	405	205	-80	-177	353

The Group has continued to recognise revenue from power production in Ukraine to the extent Scatec believe it is probable to collect the consideration, which is equal to actual paid amounts. The recognised amount in the first quarter of 2023 was NOK 64 million in the proportionate financials (NOK 72 million in the consolidated financials), which is also in line with the paid amounts for the month.

The Group has recognised an impairment charge of NOK 44 million in both the proportionate and consolidated financials in the D&C segment related to a discontinued development projects Brazil and Oman.

Q1 2022

	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues [2]	728	2	-	1	732	278	-286	-	724
Internal revenues	-	63	5	9	77	6	-11	-72	-
Net income from JVs and associates [1]	-	-	-	-	-	-	34	-	34
Total revenues and other income	728	66	5	10	809	284	-262	-72	759
Cost of sales [2]	-1	-	-5	-	-6	-	3	3	-
Gross profit	727	65	-	10	803	284	-260	-69	759
Personnel expenses	-23	-26	-53	-27	-128	-2	15	-2	-117
Other operating expenses	-213	-23	-23	-18	-278	-52	51	71	-208
EBITDA	490	16	-75	-34	398	230	-195	-	433
Depreciation and impairment	-1,044	-1	-118	-7	-1,170	-127	115	33	-1,149
Operating profit (EBIT)	-554	15	-193	-40	-772	103	-80	33	-716

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

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

FY 2022

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

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

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

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

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

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

Q1 2022

Proportionate financials - NOK million	Reported Q1 2022	Adjustment	Adjusted Q1 2022
External revenues - Power Production	933	-205	728
Cost of sales - Power Production	-207	205	-1
EBITDA	490	-	490

FY 2022

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

Note 3 Property, plant and equipment

NOK million	Power plants	Power plants under development and construction	Other fixed assets	Total
Carrying value at 31 December 2022	15,083	1,997	229	17,310
Additions	43	1,900	7	1,951
Disposals	-12	-	-	-12
Transfer of assets classified as held for sale	-1,893	-	-	-1,893
Transfer between asset classes	122	-122	-	-
Depreciation and amortisation	-213	-	-11	-225
Impairment losses	-	-44	-	-44
Effect of movements in foreign exchange rates	802	110	13	927
Carrying value at 31 March 2023	13,933	3,842	238	18,015
Estimated useful life (years)	20-30	N/A	3-5	

Impairment losses

In the first quarter of 2023, Scatec recognised an impairment loss of NOK 44 million related to discontinued development projects in Brazil and Oman. For the same quarter last year, NOK 116 million was impaired related to discontinued development projects.

For assets in operations, impairment indicators are identified for assets in Ukraine, but there have not been any significant events that have triggered any additional impairment. In the first quarter of 2022, Scatec recognised an impairment loss of NOK 742 million related to the solar power plants in Ukraine.

Transfer of assets classified as held for sale

Assets classified as held for sale relate to sale of Upington solar power plant. Refer to Note 9 Disposal group held for sale for further information.

Note 4 Financing

Corporate financing

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

The book equity of the recourse group, as defined in the facility agreements, was NOK 11 514 million on 31 March 2023. Scatec was in compliance with financial covenants for recourse debt on quarter end.

The listed Green Bond has a coupon rate of 3M EURIBOR + 2.5 % margin. The USD 150 million Green Term Loan is amortised through semi-annual repayments of USD 7.5 million starting in Q1 2023.

Refinancing of the Bridge-to-Bond facility

In Q1 2023, Scatec fully refinanced the USD 193 million Bridge-to-Bond facility related to the acquisition of SN Power.
On 2 February 2023, Scatec refinanced USD 100 million of the USD 193 million Bridge-to-Bond facility with a new USD 100 million green term loan with maturity in the fourth quarter 2027 provided by DNB, Nordea and Swedbank. The new term loan is amortised through semi-annual repayments of USD 5 million starting from 2024.

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

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

	Currency	Denominated currency value (million)	Maturity	Carrying value 31 March 2023 (NOK million)	Carrying value 31 December 2022 (NOK million)
Green Bond EUR (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	2,816	2,625
Green Bond NOK (to be listed)	NOK	1,000	Q1 2027	986	-
Total unsecured bonds				3,802	2,625
Green Term Loan (maturity 2025)	USD	143	Q1 2025	1,484	1,481
Green Term Loan (maturity 2027)	USD	100	Q4 2027	1,030	-
Bridge to Bond	USD	193	-	-	1,906
Total secured financing				2,514	3,387
Vendor Financing (Norfund)	USD	200	Q1 2028	2,088	1,975
Total unsecured financing				2,088	1,975
Revolving credit facility	USD	180	Q3 2025	-	-
Overdraft facility	USD	5		-	-
Total secured back-stop bank facilities				-	-
Total Principal amount				8,404	7,987
Accrued interest				164	112
Total Corporate financing [1)]				8,569	8,099
As of non-current				8,196	8,099
As of current				373	-

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

Non-recourse financing

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

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

NOK million	As of 31 March 2023	As of 31 December 2022
Non-current liabilities		
Non-recourse project financing	12,651	13,297
Current liabilities		
Non-recourse project financing	2,020	1,963

The current non-recourse debt as of 31 March 2023 includes NOK 1,026 million in non-recourse debt in Ukraine. All of Scatec's power plant companies in Ukraine with non-recourse financing are not in compliance with several covenants in the loan agreements for the non-recourse project debt at the first quarter 2023. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised "stand still". In all other countries, Scatec was in compliance with financial covenants for non-recourse debt on 31 March 2023.

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

Other financing

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

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

Note 5 Cash, cash equivalents

NOK million	31 March 2023	31 December 2022
Cash in power plant companies in operation	1,907	2,057
Cash in power plant companies under development/construction	114	109
Other restricted cash	221	223
Free cash	1,414	1,743
Total cash and cash equivalents	3,656	4,132

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

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

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

As of 31 March 2023, NOK 186 million of the total cash is related to companies in Ukraine (of this is NOK 176 million cash in power plants).

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

NOK million	Q1 2023	Q1 2022	FY 2022
Distributions received by Scatec ASA from the power plant companies	202	479	1,231
Cash flow to equity D&C [1)]	88	-33	-149
Cash flow to equity Services [1)]	18	13	58
Cash flow to equity Corporate [1)]	-157	-69	-347
Working capital/other [2)]	-16	-67	16
Cash flow from operations	135	323	809
Capitalised expenditures and Scatec's share of equity investments in projects under development	-129	-105	-454
Scatec's share of equity investments in projects under construction	-302	-2	-543
Cash flow from investments	-431	-107	-996
Net proceeds from corporate financing [3)]	-32	-	-
Dividend distribution to Scatec ASA shareholders	-	-	-404
Cash flow from financing	-32	-	-404
Change in cash and cash equivalents	-329	216	-592
Free cash at beginning of period	1,743	2,335	2,335
Free cash at end of period	1,414	2,550	1,743
Available undrawn credit facilities	1,932	1,612	1,827
Total free cash and undrawn credit facilities at the end of period	3,346	4,162	3,570

1) Proportionate share of cash flow to equity is defined in Alternative Performance Measures Appendix. See note 3 in Scatec's Annual Report 2022 for revenue recognition policies
2) Working capital/other in Q1 2023 is mainly explained by working-capital movements related to the RMIPPP construction-project in South Africa, foreign currency effects and other deviations between cashflow to equity and actual cashflow in the D&C, Corporate and Service segment.
3) Net proceeds from financing in Q1 2023 consist of net cash flows from refinancing less semi-annual repayment on the Green Term Loan.

Note 6 Income tax expense

Effective tax rate

NOK million	Q1 2023	Q1 2022	FY 2022
Profit before income tax	2	-1,011	-1,095
Income tax (expense)/benefit	-100	-50	-132
Equivalent to a tax rate of (%)	NA	NA	NA

Movement in deferred tax

NOK million	Q1 2023	Q1 2022	FY 2022
Net deferred tax asset at the beginning of the period	117	159	159
Recognised in the consolidated statement of profit or loss	21	5	108
Deferred tax on financial instruments recognised in OCI	53	-56	-150
Deferred tax transferred to assets classified as held for sale	-193	-	-
Translation differences	5	-3	-
Net deferred tax asset at the end of the period	3	105	117

The Group recognised tax expense of NOK 100 million (50) in the first quarter. 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, currency effects and effects from non-recognised tax losses. Further, the profit/loss from JVs and associates are reported net after tax which also impacts the effective tax rate.

The underlying tax rates in the companies in operation are in the range of 0% to 33%. In some markets, Scatec receives special tax incentives intended to promote investments in renewable energy. The effective tax rate will be impacted by the volume of construction activities as the tax rate in the construction companies normally is higher than in the power plant companies. This means that the full tax expense on the internal profit will not be eliminated and hence increase the effective tax rate during construction. The opposite effect will occur when the eliminated internal profit is reversed through lower depreciation at the tax rate of the power plant company.

Note 7 Related parties

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

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

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

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

Note 8 Investments in joint 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	31 March 2023	31 December 2022
Kube Energy AS	Oslo, Norway	25.00%	25.00%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50.00%	50.00%
Apodi I Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Mendubim Holding B.V. 1)	Amsterdam, Netherlands	33.33%	33.33%
Mendubim Geração de Energia Ltda. 1)	Assu, Brazil	33.33%	33.33%
Mendubim (I-XIII) Energia Ltda. 1)	Assu, Brazil	33.33%	33.33%
Mendubim Solar EPC Ltda. 1)	Assu, Brazil	33.33%	33.33%
Scatec Solar Solutions Brazil B.V.	Amsterdam, Netherlands	50.00%	50.00%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50.00%	50.00%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50.00%	50.00%
Cordilleras Solar VIII S.A	Buenos Aires, Argentina	50.00%	50.00%
Theun-Hinboun Power Company	Vientiane, Laos	20.00%	20.00%
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50.00%	50.00%
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.70%	16.70%
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – RES Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50.00%	50.00%
SN Power Uganda Ltd.	Kampala, Uganda	51.00%	51.00%
Bujagali Energy Ltd.	Jinja, Uganda	28.28%	28.28%
Compagnie Générale D`Hydroelectricité de Volobé SA	Antananarivo, Madagascar	12.75%	12.75%
Ruzizi Holding Power Company Ltd	Kigali, Rwanda	20.40%	20.40%
Ruzizi Energy Ltd	Kigali, Rwanda	20.40%	20.40%
SN Power Africa Ltd	Nairobi, Kenya	51.00%	51.00%
SN Power Invest Netherlands B.V.	Amsterdam, Netherlands	51.00%	51.00%
SN Development B.V.	Amsterdam, Netherlands	51.00%	51.00%

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

Country	Carrying value 31 December 2022	Additions/ disposals	Net income from JV and associated companies	Dividends	Net movement of cash flow hedges recognised in OCI	Foreign currency translations	Carrying value 31 March 2023
Philippines	6,535	48	20	-47	-	591	7,147
Laos	1,822	-	11	-35	-	105	1,902
Uganda	1,292	-	43	-	-10	75	1,400
Brazil	625	221	7	-	-	49	901
Other 2)	400	17	-2	-	-	9	424
Total	10,674	286	78	-82	-10	828	11,774

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

The joint ventures in the Philippines are subject to tax reviews by the local tax authorities on a regular basis, and one entity received a final assessment notice related to the year 2019 of NOK 178 million equivalent (at 31 March 2023) in March 2022. The matter is disputed, and the amount is not included in net income from JV and associated companies for the year.

In the first quarter 2023, Scatec made the first drawdown under a USD 243 million non-recourse loan facility, to partly finance construction of the 531 MW Mendubim project in Brazil, after signing the loan documents in November 2022. The loan is provided by IDB Invest, part of the Inter-American Development Bank Group, Banco Santander, and BNP Paribas.

The joint venture in Argentina between Scatec and Equinor is partly financed by a non-recourse construction loan of NOK 767 million (including accrued interest) on 31 March 2023 provided by Equinor. The financing is pledged in the shares of the project company. During the first quarter 2023 the maturity date of the loan was extended to September 2023. The sponsors are currently working on different alternatives for the project which includes a potential sale.

Note 9 Disposal group held for sale

On 2 February 2023, Scatec signed an agreement with a subsidiary of STANLIB Infrastructure Fund II, managed by STANLIB Asset Management Proprietary Limited ("Stanlib"), to sell its 42% equity share in the 258 MW Upington solar power plant for a gross consideration of ZAR 979 million (NOK 569 million). The transaction is in line with Scatec's strategy to optimise the portfolio as presented at the Capital Markets Update in September 2022 and will release capital for new investments in renewable energy. The associated assets and liabilities of the subsidiaries are presented as held for sale as per 31 March 2023.

NOK million	Carrying value 31 March 2023
Assets classiied as held for sale	
Deferred tax assets	196
Property, plant and equipment	1,893
Trade and other receivables	87
Other current assets	3
Cash and cash equivalents	96
Total assets of disposal group held for sale	2,276
Liabilities directly associated with assets clasified as held for sale	
Non-current non-recourse project financing	2,165
Current portion og non-recoure project financing	105
Financial liabilities	16
Other current and non-current liabilities	88
Total liabilities of disposal group held for sale	2,374

The transaction is expected to be completed in the second quarter of 2023 and is expected to generate a net accounting gain of approximately NOK 791 million on a consolidated basis and NOK 348 million on a proportionate basis. The difference is primarily explained by the D&C margin related to the projects which has been eliminated in the consolidated statement of financial positions. The final accounting effects will be determined after closing of the transaction.

Note 10 Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statements for the first quarter 2023.

Alternative Performance Measures

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

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

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

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

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

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

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

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

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

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

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

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

Proportionate Financials

The Group's segment financials are reported on a proportionate basis. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Services and Development & Construction segments mainly reflect deliveries to other companies controlled by Scatec (with between 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 first quarter 2023 Scatec reports a proportionate operating profit of NOK 405 million compared with an operating profit of NOK 353 million in the consolidated financials. To arrive at the proportionate operating profit from the consolidated operating profit the Group has:

1. added back to the proportionate statement of profit or loss the internal gain on transactions between group companies with a positive amount of NOK 182 million,

2. removed the non-controlling interests share of the operating profit of NOK 205 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 78 million with Scatec's share of the Operating profit from the joint venture companies with NOK 153 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 Q1 historical financial information 2023 published on Scatec's web page.

Reconciliation of Alternative Performance Measures (consolidated figures)

NOK million	Q1 2023	Q1 2022	FY 2022
EBITDA			
Operating profit (EBIT)	353	-716	723
Depreciation, amortisation and impairment	276	1,149	1,832
EBITDA	629	433	2,555
Total revenues and other income	919	759	3,751
EBITDA margin	68%	57%	68%
Gross interest-bearing debt			
Non-recourse project financing	12,651	10,636	13,297
Corporate financing	8,196	7,128	7,987
Non-recourse project financing - current	2,020	1,708	1,963
Corporate financing - current	373	-	-
Other non-current interest-bearing liabilities	249	-	231
Other current interest-bearing liabilities	249	-	231
Gross interest-bearing debt associated with assets classified as held for sale	2,270	-	-
Gross interest-bearing debt	26,008	19,471	23,708
Net interest-bearing debt			
Gross interest-bearing debt	26,008	19,471	23,708
Cash and cash equivalents	3,656	4,186	4,132
Cash and cash equivalents associated with assets classified as held for sale	96	-	-
Net interest-bearing debt	22,257	15,285	19,578
Net working capital			
Trade and other account receivables	547	634	497
Other current receivables	1,470	651	1,863
Trade and accounts payable	-453	-719	-594
Income taxes payable	-138	-44	-37
Other current liabilities	-1,347	-840	-1,106
Non-recourse project financing - current	-2,020	-1,708	-1,963
Corporate financing - current	-373	-	-
Other current interest-bearing liabilites	-249	-	-231
Net working capital associated with assets classified as held for sale	-26	-	-
Net working capital	-2,590	-2,025	-1,571

1) Excluding current portion of derivatives of NOK 53 million in Q1 2023

Break-down of proportionate cash flow to equity

Q1 2023

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

Q4 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	821	16	-20	-30	786
Net interest expenses	-193	-	-	-107	-303
Normalised loan repayments	-237	-	-	-	-237
Proceeds from refinancing	-	-	-	-	-
Normalised income tax payment	-34	-3	4	32	-1
Cash flow to equity	357	13	-18	-105	246

Q1 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	490	16	-75	-34	398
Net interest expenses	-199	0	0	-57	-256
Normalised loan repayments	-192	0	0	0	-192
Proceeds from refinancing	307	0	0	0	307
Normalised income tax payment	-15	-3	42	21	45
Cash flow to equity	391	13	-33	-69	302

FY 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,835	74	-221	-138	2,550
Net interest expenses	-780	-1	-5	-316	-1,101
Normalised loan repayments	-815	-	-	-	-815
Proceeds from refinancing	363	-	-	-	363
Normalised income tax payment	-116	-15	78	106	53
Cash flow to equity	1,487	58	-149	-347	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

The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial banks or multilateral development banks). The project sites and concessions have been secured and negotiations related to power sales and other project implementation agreements are in various stages of completion.

Lost time injury (LTI)

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

Scatec's economic interest

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

Cash in power plant companies in operation

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

Cash in power plant companies under development/construction

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

Project equity

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

Recourse Group

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

Definition of project milestones

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

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

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

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

ESG Performance Indicators

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

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

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

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

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

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

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

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

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