Scatec

Third quarter

2021

About Scatec

Scatec is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long-term player, Scatec develops, builds, owns and operates solar, wind and hydro power plants and storage solutions. Scatec has more than 3.5 GW in operation and under construction on four continents and more than 500 employees. The company is targeting 15 GW capacity in operation or under construction by the end of 2025. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'. To learn more, visit www.scatec.com.

Asset portfolio[1]

	Technology	Capacity MW	Economic interest [2]
In operation			
Philippines [3]		642	50%
Laos [3]		525	20%
South Africa		448	45%
Egypt		380	51%
Ukraine		336	89%
Uganda [3]		255	28%
Malaysia		244	100%
Brazil [3]		162	44%
Argentina [3]		117	50%
Honduras		95	51%
Jordan		43	62%
Mozambique		40	53%
Vietnam		39	100%
Czech Republic		20	100%
Rwanda		9	54%
Total		**3,355**	**52%**
Under construction			
Pakistan		150	75%
Mexico		9	100%
Total		**159**	**76%**
Projects in backlog			
India		900	50%
South Africa		540	51%
Tunisia		360	55%
Bangladesh		62	65%
Mali		33	64%
Lesotho		20	48%
Total		**1,915**	**52%**
Grand total		**5,429**	**52%**
Projects in pipeline		**13,930**	

Segment overview

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

Power Production
The power plants produce electricity for sale primarily under long term power purchase agreements (PPAs), with state owned utilities or corporate off-takers, or under government-based feed-in tariff schemes. The weighted average remaining PPA duration for power plants in operation is 18 years. The electricity produced from the power plants in the Philippines is sold on bilateral contracts and in the spot market under a renewable operating license, and as ancillary services.

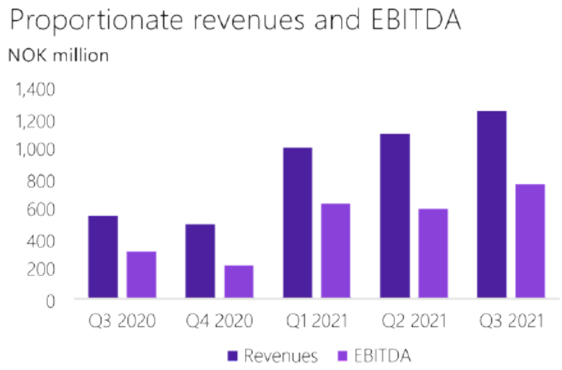
Services
The Services segment comprises Operations & Maintenance (O&M) and Asset Management services provided to power plants where Scatec has economic interests. O&M revenues are generated on the basis of fixed service fees with additional profit-sharing arrangements. Asset Management services typically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

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

1) Asset portfolio as per reporting date.
2) Scatec's share of the total estimated economic return from its subsidiaries. For projects under development the economic interest may be subject to change.
3) Projects are equity consolidated, for further details see page 16. All other projects in the table are fully consolidated.

Q3'21 – Strong operational performance

- Solid plant performance and grid connection of new solar plants led to power production of 1,065 GWh up 2.5x from the same quarter last year
- Proportionate revenues of NOK 1,254 million (556)[1] and EBITDA of NOK 767 million (319)
- Adjusted timelines of financial close for project backlog
- Scatec partnership with Fertiglobe and the Sovereign fund of Egypt to jointly develop a hydrogen facility
- Despite cost inflation, renewables continue to be a very competitive source energy in Scatec's core markets



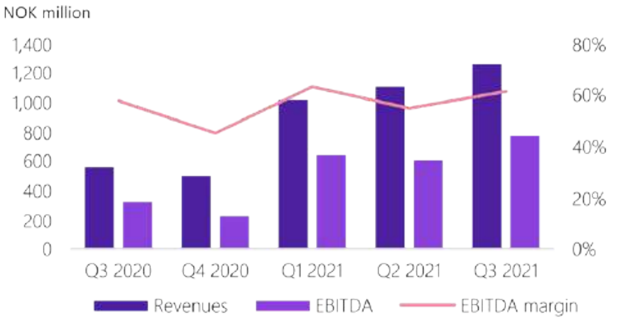
Key figures

NOK million	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Proportionate Financials [2]					
Revenues and other income	1,254	1,101	556	3,365	2,347
Power Production	1,130	969	457	3,023	1,306
Services	69	68	60	194	186
Development & Construction	43	51	30	118	827
Corporate	11	13	9	31	28
EBITDA [2]	767	601	319	2,004	1,082
Power Production	823	660	379	2,186	1,084
Services	22	24	22	63	72
Development & Construction	-53	-54	-27	-167	10
Corporate	-25	-28	-54	-79	-84
Operating profit (EBIT)	436	364	159	1,206	627
Net interest- bearing debt [2]	15,529	15,619	6,266	15,529	6,266
Scatec proportionate share of cash flow to equity [2]	302	177	80	1,050	345
Power Production (GWh)	1,065	860	430	2,778	1,185
Power Production (GWh) 100% [3]	2,691	2,318	793	7,156	2,155
Consolidated Financials					
Revenues and other income	1,059	874	724	2,764	2,075
EBITDA [2]	827	670	538	2,128	1,621
Operating profit (EBIT)	558	470	343	1,473	1,048
Profit/(loss)	169	110	-24	321	193
Net interest- bearing debt [2]	15,274	15,337	9,746	15,274	9,746
Basic earnings per share	0.83	0.59	-0.43	1.52	0.61

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.

Group – Proportionate financials

NOK million	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Revenues and other income	**1,254**	1,101	556	3,365	2,347
Gross profit [1) 2)]	**1,084**	897	530	2,888	1,624
Operating expenses	**-317**	-296	-211	-884	-541
EBITDA [2)]	**767**	601	319	2,004	1,082
EBITDA margin [2)]	**61%**	55%	57%	60%	46%
D&A and impairment	**-331**	-236	-161	-797	-455
EBIT	**436**	364	159	1,206	627
Cash flow to equity [2)]	**302**	177	80	1,050	345



1) Equivalent to Net revenues.
2) See Alternative Performance Measures for definition.

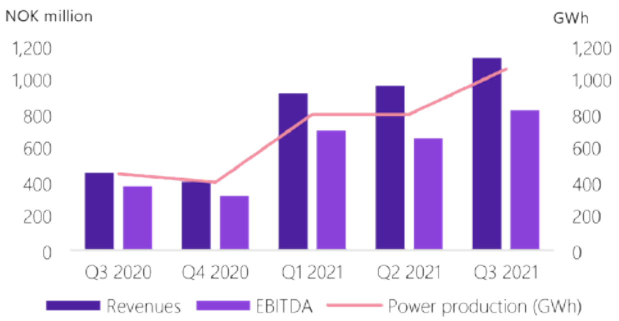
The Group's revenues increased by NOK 698 million compared with the same quarter last year, reflecting the inclusion of the SN Power hydro assets in January 2021 and new solar power plants that started operation during the year.

The increase in operating expenses and depreciation compared with the same quarter last year is mainly driven by the new power plants in the portfolio, acquisition of SN Power, and strengthened project development and corporate functions. In addition, an impairment charge of NOK 50 million related to discontinued development projects were recorded in the third quarter.

EBITDA, EBITDA-margin and cash flow to equity increased compared to the same quarter last year. This was mainly explained by increased revenues and EBITDA in the Power Production segment, whereas activity in the other segments was relatively stable. See page 11 for further comments on cash flow to equity.

Power Production – Proportionate financials

NOK million	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Revenues and other income	**1,130**	969	457	3,023	1,306
Net revenues [1)]	**999**	808	457	2,651	1,306
Operating expenses	**-176**	-149	-78	-465	-222
EBITDA [1)]	**823**	660	379	2,186	1,084
EBITDA margin [1)]	**73%**	68%	83%	72%	83%
D&A and impairment	**-272**	-227	-149	-720	-417
EBIT	**551**	432	230	1,466	667
Cash flow to equity [1)]	**377**	252	134	1,310	374



1) See Alternative Performance Measures for definition.

Power production capacity increased by 1,814 MW compared to the end of last year mainly driven by the acquisition of SN Power. Power production reached 1,065 GWh in the third quarter, compared to 430 GWh in the same quarter last year. Revenues and EBITDA increased by NOK 673 million and NOK 444 million respectively driven by the SN Power acquisition and new solar plants in operation.

Compared with the previous quarter the EBITDA increased by NOK 163 million, mainly explained by stronger performance at the Philippine hydropower plants and new plants in operation in Ukraine and Argentina. Power production and EBITDA in the Philippines increased compared to the second quarter, although production ended about 10% below the 5-year seasonal average due to low inflows in the beginning of the quarter. Achieved power prices for energy sales remained fairly stable with around 80% of the expected year ahead production sold through bilateral contracts.

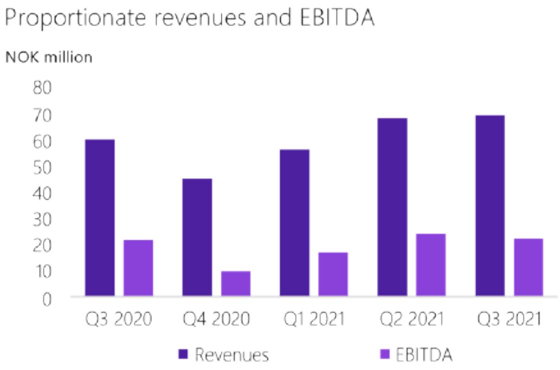
Depreciation and impairment for the third quarter increased by NOK 123 million compared to the same quarter last year and NOK 45 million compared to the second quarter. The increase compared to the previous quarter is related to depreciation of new solar plants in operation (NOK 30 million), and increased amortisation of excess values related to the SN Power purchase price allocation (NOK 15 million). See page 16 for a specification of financial performance for each country in the portfolio.

Services – Proportionate financials

NOK million	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Revenues and other income	**69**	68	60	194	186
Operating expenses	**-47**	-44	-39	-130	-114
EBITDA 1)	**22**	24	22	63	72
EBITDA margin 1)	**32%**	35%	36%	33%	39%
D&A and impairment	**-1**	-1	-1	-4	-2
EBIT	**21**	23	21	60	70
Cash flow to equity 1)	**18**	19	17	51	57

Revenues in the Services segment remained steady from the previous quarter, with the increase from the third quarter last year driven by the expansion of the operational portfolio.

Operating expenses in the segment mainly constitute fixed expenses such as personnel and recurring maintenance cost, and were broadly in line with the previous quarter.



1) See Alternative Performance Measures for definition.

Development & Construction (D&C) – Proportionate financials

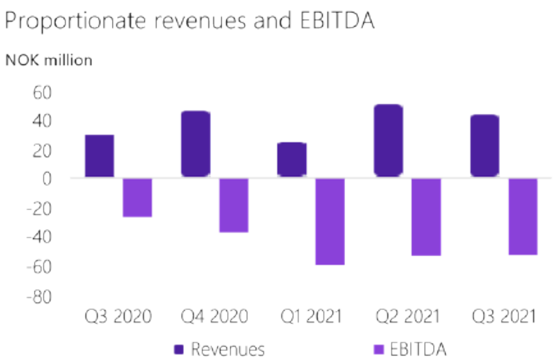
NOK million	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Revenues and other income	**43**	51	30	118	827
Gross Profit 1)	**4**	7	4	12	103
Gross Margin 1)	**10%**	14%	13%	10%	12%
Operating expenses	**-58**	-61	-31	-178	-94
EBITDA 1)	**-53**	-54	-27	-167	10
D&A and impairment	**-52**	-2	-7	-56	-21
EBIT	**-105**	-56	-33	-222	-11
Cash flow to equity 1)	**-30**	-37	-19	-118	13

D&C revenues increased slightly compared to the same quarter last year and declined from the previous quarter. The limited revenues in the third quarter reflect that construction of the 150 MW Sukkur project in Pakistan was held back by an ongoing land demarcation process for the public land made available for the project.

Operating expenses comprised of approximately NOK 44 million for early-stage project development and NOK 14 million related to the construction business.

The EBITDA reduction compared to the same quarter last year is primarily due to additional hydropower project development after the acquisition of SN Power, and a strong pipeline growth.

Depreciation, amortisation and impairment amounted to NOK 52 million, whereof NOK 50 million relates to impairment of discontinued development projects totaling 166 MW in Brazil and Ukraine.



1) See Alternative Performance Measures for definition.

Corporate – Proportionate financials

NOK million	Q3 2021	Q2 2021	Q3 2020	YTD 2021	YTD 2020
Revenues and other income	**11**	13	9	31	28
Operating expenses	**-36**	-42	-63	-110	-112
EBITDA [1]	**-25**	-28	-54	-79	-84
D&A and impairment	**-6**	-6	-5	-18	-14
EBIT	**-31**	-35	-59	-97	-98
Cash flow to equity [1]	**-62**	-57	-52	-192	-99

1) See Alternative Performance Measures appendix for definition.

Revenues in the corporate segment are earned through corporate services rendered to the Groups subsidiaries.

Operating expenses decreased by NOK 27 million compared to the same quarter last year. The decrease is mainly related to transaction costs in Q3 2020 related to the acquisition of SN Power.

Short term guidance

Power Production

The estimated production for fourth quarter and full year 2021 is based on production from a portfolio with a capacity of 3,355 GW in operation at the end of third quarter 2021.

GWh	Q3 2021	Q4 2021E	2021E
Proportionate	**1,065**	1,000 - 1,100	3,770 - 3,870
100% basis	**2,691**	2,550 - 2,750	9,700 - 9,900

Hydrology and production in Q4 in the Philippines are expected to be slightly above 5-year average, partly offset by higher-than-normal maintenance cost.

Services

Revenues in the Services segment are expected to reach approximately NOK 260 million in 2021 with an EBITDA margin of 30-35%.

Development & Construction

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

At the end of third quarter the remaining not booked construction contract value was approximately NOK 450 million related to the Sukkur project in Pakistan. Due to delays related to the ongoing land demarcation process of the public land made available for the Sukkur project, construction on site is now expected to start in the first quarter 2022. No other power plant projects are expected to generate D&C revenues in the fourth quarter 2021, and fourth quarter revenues are expected to be broadly in line with the third quarter.

D&C revenues will increase when new projects move into construction in 2022.

Corporate

Full year 2021 EBITDA for Corporate is expected to be NOK -110 million.

ESG performance

Scatec tops ESG 100 rating

The Governance Group, in September 2021, published its annual analysis of ESG reporting – ESG 100 – rating the 100 largest companies on the Oslo Stock Exchange. Scatec was awarded with top rating (A+), placing the company as the leader in ESG reporting in Norway alongside Norsk Hydro. The extensive analysis evaluates information across 13 indicators related to environmental, social and governance topics reported by the companies. The full report can be downloaded at www.thegovgroup.org.

Climate risk

Scatec is performing an internal assessment of climate related risks and opportunities in the Company's entire value chain. Key long-term climate risks identified include extreme weather, such as lightning, flooding and extreme winds, in addition to changing precipitation patterns and higher temperatures that may lead to less overall water availability and stronger extreme rainfall. The Company is updating its approach to mapping risks at the project level to ensure climate risk is integrated into the general project development and risk management process.

Environmental policy

During the quarter, Scatec also published a new Environmental Policy statement detailing the Company's commitment, standards and ambitions towards climate change and energy, biodiversity, waste and resource management as well as water. The policy is available under the ESG resources section on the Company's corporate website.

Overdue receivables

Reference is made to Scatec's quarterly reports in 2020 and information on delayed payments in Honduras and Ukraine. Scatec has in the third quarter 2021 experienced increased delays in payments from the state-owned off-takers of power in these countries. Overdue payments have accumulated in these two markets to a varying degree since the second quarter 2020. At the end of the third quarter 2021, the accumulated overdue receivables amounted to NOK 191 million and represented 4% of proportionate Power Production revenues recognised over the last 18 months. Payments are secured by sovereign guarantees and Scatec's past experience is that delayed payments are being paid in full. The off-takers in both countries are in the process of securing new financing to settle outstanding debt to renewables operators. Scatec therefore expects the outstanding amounts to be paid in full and no allowance has hence been recognised in the third quarter financials.

In Ukraine and Honduras, the project companies have obtained waivers from the lenders, and the power plant companies were in compliance with the financial covenants set out under the non-recourse project finance agreement at the end of the third quarter.

COVID-19

Scatec has not experienced any material effects related to COVID-19 on its operations of power plants in the third quarter 2021. The COVID-19 situation is however influencing the markets where Scatec develops projects and is causing delays in government approvals for some of the projects in backlog and pipeline. It has further led to cost inflation and supply chain disruptions which led to a decision to not move forward with projects totalling 166 MW in Brazil and Ukraine.

Acquisition of SN Power

In January 2021, Scatec ASA completed the acquisition of 100% of the shares of SN Power AS, a leading hydropower developer and Independent Power Producer (IPP), from Norfund for a total consideration of USD 1,200 million (NOK 10,371 million).

The transaction is structured so that the economic risk of the acquired companies was transferred to Scatec 1 January 2021, and SN Power is consequently included in the proportionate segment financials from 1 January 2021.

See note 1 – Organisation and basis for preparation regarding basis for preparation, note 2 - Operating segments for a full reconciliation between the proportionate and the IFRS financials and note 8 - Business combination for further information about the acquisition and the fair value of the identifiable assets and liabilities of SN Power and the Purchase Price Allocation.

Outlook

Despite the pandemic, global investment in low-carbon energy transition reached USD 500 billion in 2020 according to Bloomberg New Energy Finance (BNEF), a 9% increase from the previous year. Investments are expected to remain at this level in 2021.

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

Bloomberg New Energy Finance (BNEF) expects global solar new build to accelerate and see new installations of around 191 GW in 2021, up from 141 GW in 2020. For wind, new installations reached a record-setting 97 GW in 2020 with an additional 88 GW expected in 2021. The global energy storage market also set new records in 2020 with 5.3 GW in new capacity, expected to more than double to 11 GW in 2021.

Global hydropower new build reached 20.6 GW in 2020, and the International Energy Agency (IEA) forecasts an increase of 28 GW in 2021. In a recent report, IEA highlights that around half of the economically viable potential of hydropower globally is yet untapped. The potential is particularly high in emerging and developing economies. To reach IEA's net-zero emission by 2050, significant investments are required to build an estimated additional 477 GW of hydropower capacity globally by 2030.

Around 75% of new capacity is expected to come from large-scale projects in Asia and Africa, with the Asia Pacific region outside of China expected to add more than 64 GW, and Africa to add more than 19 GW. Combined with wind and solar power, hydropower offers unmatched flexibility in renewable power production.

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

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

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

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