

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 2021 were authorised by the Board of Directors for issue on 29 April 2021.

Basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement and presentation principles consistent with International Financial 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 2020.

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. From 1 January

2021 the functional currency of Scatec ASA is determined to be US Dollars, being the currency which primarily affects the financials of the company. Up until 31 December 2020 the functional currency of Scatec ASA was Norwegian kroner (NOK). 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

The preparation of condensed interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

Judgements

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 owning the power plants. To be able to utilise the business model fully, 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 as defined by IFRS 10 Consolidated Financial Statements, the Group's roles and activities are analysed in line with the requirements and definitions in IFRS 10.

Refer to note 3 of the 2020 annual report for further information on judgements, including control assessments made in previous years.

Acquisition of SN Power

Scatec ASA acquired 100% of the shares of SN Power AS on 29 January 2021. SN Power AS was acquired from Norfund for a total consideration of USD 1,200 million (NOK 10,371 million). See 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.

Completion of the acquisition as defined in the Share Purchase Agreement (SPA) was made on 29 January 2021. At completion the control and legal ownership of SN Power were transferred to

Scatec ASA and 29 January 2021 serves as the transaction date under IFRS from which SN Power has been included in the consolidated figures for of the group.

Estimates and assumptions

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 estimate is 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.

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 maker, 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.

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

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit; hence interest income/expense is not disclosed per segment.

The acquisition of SN Power from January 2021 is structured so that the economic risk of the acquired companies is transferred to Scatec from 1 January 2021. Consequently SN Power is included in the proportionate segment financials from 1 January 2021. In the Group consolidated IFRS financials the date of inclusion is 29 January 2021, which is the date of completion when Scatec obtained control over the project companies as defined by IFRS. A full reconciliation between the proportionate and the IFRS

financials including the effect of January 2021 is provided in the tables below.

Power Production

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

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

Services

The Services segment comprises Operations & Maintenance (O&M) and Asset Management services provided to solar and

hydro power plants where Scatec has economic interest. 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.

Development & Construction

The Development and Construction segment derives its revenue from the sale of development rights and construction services to power plant companies set up to operate the Group's solar, wind and hydro power plants. These transactions are primarily made with companies that are under the control of the Group and hence are being consolidated. Revenues from transfer of development rights are recognised upon the transfer of title. Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method.

Corporate

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

No segments have been aggregated to form these reporting segments. Revenues from transactions between the D&C, Services and PP segments, where Scatec is deemed to hold a controlling interest, are presented as internal revenues in the segment reporting and eliminated in the consolidated statement of profit or loss. These transactions are based on international contract standards and terms negotiated at arm's length with lenders and co-investors in each power plant company.

Use of proportionate financials

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

Q3 2021

NOK million	Proportionate financials				Total	Residual ownership for fully consolidated entities ¹⁾	Elimination of equity consolidated entities ²⁾	Other eliminations ³⁾	Consolidated financials
	Power Production	Services	Development & Construction	Corporate					
External revenues ⁵⁾	1,130	1	1	2	1,133	304	-591	-	846
Internal revenues	-	69	43	9	121	7	-8	-121	-
Net income from JV and associates	-	-	-	-	-	-	212	-	212
Total revenues and other income	1,130	69	43	11	1,254	311	-386	-121	1,059
Cost of sales	-132	-	-39	-	-170	-	135	36	-
Gross profit ⁶⁾	999	70	4	11	1,084	311	-252	-85	1,059
Personnel expenses	-23	-25	-36	-22	-106	-2	10	-	-98
Other operating expenses	-153	-23	-21	-14	-211	-49	48	78	-134
EBITDA	823	22	-53	-25	767	261	-194	-7	827
Depreciation and impairment ⁴⁾	-272	-1	-52	-6	-331	-85	111	36	-268
Operating profit (EBIT)	551	21	-105	-31	436	176	-83	29	558

1) Residual ownerships interests share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest.

2) Elimination of proportionate financials from equity consolidated entities adjusted for Scatec's share of net income/(loss)

3) Other eliminations made in the preparation of the Groups IFRS consolidated financials

4) Included in the Power Production segment is amortisation of excess values related to the acquisition of SN Power and included in Development & Construction segment is the impairment of NOK 50 million related to discontinued development of projects in Brazil and Ukraine

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

6) Equivalent to Net revenues

Q3 2020

NOK million	Proportionate financials				Total	Residual ownership for fully consolidated entities ¹⁾	Elimination of equity consolidated entities ²⁾	Other eliminations ³⁾	Consolidated financials
	Power Production	Services	Development & Construction	Corporate					
External revenues	457	-	5	2	463	290	-19	-2	731
Internal revenues	-	60	25	7	93	6	-4	-95	-
Net income from JV and associates	-	-	-	-	-	-	-7	-	-7
Total revenues and other income	457	60	30	9	556	296	-30	-97	724
Cost of sales	-	-	-26	-	-25	-	-	25	-
Gross profit	457	60	4	9	530	296	-30	-72	724
Personnel expenses	-9	-18	-21	-24	-71	-1	2	-1	-71
Other operating expenses	-69	-21	-10	-40	-140	-50	6	68	-116
EBITDA	379	22	-27	-54	319	245	-22	-4	538
Depreciation and impairment	-149	1	-7	-5	-161	-82	7	41	-195
Operating profit (EBIT)	230	21	-33	-59	159	163	-16	37	343

1) Residual ownerships interests share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest

2) Elimination of proportionate financials from equity consolidated entities adjusted for Scatec's share of net income/(loss)

3) Other eliminations made in the preparation of the Groups IFRS consolidated financials

YTD 2021

NOK million	Proportionate financials				Total	Residual ownership for fully consolidated entities ¹⁾	Elimination of equity consolidated entities ²⁾	Other eliminations ^{3) 5)}	Consolidated financials
	Power Production	Services	Development & Construction	Corporate					
External revenues ⁷⁾	3,023	3	3	8	3,036	863	-1,623	-1	2,276
Internal revenues	-	191	116	22	329	20	-15	-335	-
Net income fra JV and associates ⁶⁾	-	-	-	-	-	-	489	-	489
Total revenues and other income	3,023	194	118	31	3,365	884	-1,149	-336	2,764
Cost of sales	-371	-	-106	-	-477	-	376	101	-
Gross profit ⁸⁾	2,651	194	12	31	2,888	884	-772	-235	2,764
Personnel expenses	-70	-70	-112	-66	-317	-6	33	10	-280
Other operating expenses	-395	-61	-67	-44	-567	-143	138	216	-357
EBITDA	2,186	63	-167	-79	2,004	735	-602	-9	2,128
Depreciation and impairment ⁴⁾	-720	-4	-56	-18	-797	-249	275	116	-655
Operating profit (EBIT)	1,466	60	-222	-97	1,206	486	-327	107	1,473

1) Residual ownerships interests share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest

2) Elimination of proportionate financials from equity consolidated entities adjusted for Scatec's share of net income/(loss)

3) Other eliminations made in the preparation of the Groups IFRS consolidated financials

4) Included in the Power Production segment is amortisation of excess values related to the acquisition of SN Power and included in Development & Construction segment is the impairment of NOK 50 million related to discontinued development of projects in Brazil and Ukraine

5) The proportionate amount of total revenues, EBITDA, EBIT and net profit included for the SN Power entities for January 2021 are NOK 184 million, NOK 119 million, NOK 92 million and NOK 45 million respectively. Of this a net profit of NOK 57 million from equity consolidated entities and NOK -12 million is from fully consolidated entities

6) Refer to note 9 – Investments in joint venture and associated companies for details on Net income from JV and associates

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

8) Equivalent to Net revenues

YTD 2020

NOK million	Proportionate financials				Total	Residual ownership for fully consolidated entities ¹⁾	Elimination of equity consolidated entities ²⁾	Other eliminations ³⁾	Consolidated financials
	Power Production	Services	Development & Construction	Corporate					
External revenues	1,306	-	11	4	1,321	831	-59	-9	2,083
Internal revenues	-	186	816	24	1,026	304	-21	-1,309	-
Net income from JV and associates	-	-	-	-	-	-	-9	-	-8
Total revenues and other income	1,306	186	827	28	2,347	1,135	-89	-1,318	2,075
Cost of sales	-	-	-724	-	-723	-271	15	980	-
Gross profit	1,306	186	103	28	1,624	864	-75	-338	2,075
Personnel expenses	-20	-56	-60	-52	-188	-1	5	1	-184
Other operating expenses	-202	-58	-34	-60	-354	-142	18	207	-270
EBITDA	1,084	72	10	-84	1,082	720	-52	-130	1,621
Depreciation and impairment	-417	-2	-21	-14	-455	-239	23	99	-573
Operating profit (EBIT)	667	70	-11	-98	627	481	-30	-31	1,048

1) Residual ownerships interests share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest

2) Elimination of proportionate financials from equity consolidated entities adjusted for Scatec's share of net income/(loss)

3) Other eliminations made in the preparation of the Groups IFRS consolidated financials

FY 2020

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

1) Residual ownerships interests share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest

2) Elimination of proportionate financials from equity consolidated entities adjusted for Scatec's share of net income/(loss)

3) Other eliminations made in the preparation of the Groups IFRS consolidated financials

Note 3 Property, plant and equipment

Scatec operates solar, wind and hydro power plants in Europe, South East Asia, Middle East, Africa and South America. The power plant companies in Argentina, Brazil, Philippines, Laos and Uganda are equity consolidated and not included in the below table.

On 29 January 2021, Scatec ASA acquired 100% of the shares of SN Power AS, which had a portfolio of wind and hydro. The 39 MW Dam Nai Wind project in Vietnam is fully consolidated and included in the below table. The hydro power plants in Philippines, Laos and Uganda are equity consolidated and not included in the below table.

In Ukraine the 32 MW Kamianka project started commercial operation from 1 January 2021. In July 2021, the 148 MW Progressovka and the 55 MW Chigrin started commercial operation. All plants were classified as "Power Plants" per 30 September 2021.

In the third quarter 2021 an impairment charge of NOK 50 million for "Power plant under development" was recorded related to development projects in Brazil and Ukraine. Total impairments charges per 30 September 2021 was NOK 56 million. In 2020, total impairments amounted to NOK 11 million.

NOK million	Power plants ^{1) 3)}	Power plants under construction ³⁾	Power plants under development	Intangible assets, equipment and other assets	Total
Carrying value at 31 December 2020	13,765	1,822	275	225	16,086
Additions from consolidated SNP entities ²⁾	412	-	-	152	564
Additions	45	76	233	39	393
Disposals	-	-	-2	-2	-4
Transfer between asset classes ³⁾	1,780	-1,775	-5	-	-
Depreciation	-563	-	-	-36	-599
Impairment losses	-6	-	-50	-	-56
Effect of foreign exchange currency translation adjustments	50	-28	7	14	43
Carrying value at 30 September 2021	15,483	95	458	392	16,428
Estimated useful life (years)	20-25	N/A	N/A	3-20	

1) Power plants includes NOK 46 million of capitalised right to transmit electricity

2) Additions following the acquisition of SN Power, mainly related to assets in Dam Nai

3) Transfer between assets include reclassification of internal profit elimination of NOK 550 million between Power plants under construction to Power plants related to plants completed in previous years.

The 117 MW Guanizuil IIA project started operation from 16 July 2021 and is classified as "Investments in JV and associated companies" in the interim consolidated statement of financial position per September 30, 2021. The plant is owned and operated 50% by Scatec and 50% by Equinor.

The Progressovka project has been a collaboration with PowerChina Guizhou Engineering Co. Ltd., who has provided

construction financing and Engineering Procurement and Construction (EPC) services to the project. The Construction financing from PowerChina is classified as trade and other payables in statement of financial position, and amounts to NOK 668 million on 30 September 2021. The loan is due 1 June 2022 and Scatec is working on securing long term financing with a local or international bank group.

Note 4 Net financial expenses and liabilities and significant fair value measurements

Scatec uses non-recourse financing for constructing and/or acquiring assets in power plant companies, exclusively using as guarantee the assets and cash flows of the power plants carrying out the activities financed. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed. For four of the five solar power companies operating in the Czech Republic and three of the four solar power companies in Malaysia, the non-recourse financing agreements include a cross default clause within the Czech and Malaysian group respectively.

The power plant companies' assets are pledged as security for the non-recourse financing. The repayment plan for the debt is a sculpted annuity; hence the sum of loan and interest repayments are not stable from year to year. Repayments are normally made twice a year. The maturity date for the loans ranges from 2028 to 2038.

NOK 908 million of the Group's total non-recourse debt is due within 12 months and is presented as current in the statement of financial position, together with accrued interest.

On 30 September 2021, Scatec was in compliance with all financial covenants for both the recourse and non-recourse debt.

In the second quarter 2021, Scatec and co-sponsors reached an in-principle agreement with the lenders for Kamianka and

Boguslav, where debt service and covenants were adapted to the updated forecast of future cash flows of the power plants. The same adjustments are in process of being implemented on the remaining projects in Ukraine.

The Rengy, Chigrin, Kamianka and Boguslav projects in Ukraine that failed to meet certain loan covenants on 31 March 2021 are compliant with all covenants on 30 September 2021. The non-recourse debt of NOK 921 million in Ukraine which was classified as current on 31 March 2021 are classified as non-current in the statement of financial position on 30 September 2021.

During the third quarter of 2021 the Group has drawn a total of NOK 193 million on the non-recourse financing for the construction projects in the Group.

Refer to note 5 – Cash, cash equivalents and corporate funding for information on the Group's credit facilities and the new senior unsecured green bond issued in the first quarter of 2021.

Derivative financial instruments (including interest rate swaps and forward exchange contracts) are valued at fair value on Level 2 of the fair value hierarchy, in which the fair value is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date. Note 7 in the annual report for 2020 provides details for each class of financial assets and financial liabilities, and how these assets and liabilities are grouped.

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Interest income	8	10	24	34	48
Other financial income	-	1	8	5	8
Financial income	8	11	32	39	57
Interest expenses	-325	-261	-971	-789	-1,131
Forward exchange contracts	-	-1	2	-8	-7
Other financial expenses	-18	-13	-46	-30	-51
Financial expenses	-343	-275	-1,015	-826	-1,189
Foreign exchange gains/(losses)	6	-69	31	82	-398
Net financial expenses	-328	-333	-952	-705	-1,530

Note 5 Cash, cash equivalents and corporate funding

NOK million	As of 30 September 2021	As of 31 December 2020
Cash in power plant companies in operation	1,928	1,741
Cash in power plant companies under development/construction	20	11
Other restricted cash	63	87
Free cash	2,321	5,949
Total cash and cash equivalents	4,332	7,788

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-re-course financing agreements.

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.

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

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

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Free cash at beginning of period	2,361	1,933	5,949	758	758
Free cash in acquired SN Power entities at 1 January 2021	-	-	491	-	-
Proportionate share of cash flow to equity ¹⁾ Services	18	17	51	57	65
Proportionate share of cash flow to equity ¹⁾ D&C	-30	-19	-118	13	-15
Proportionate share of cash flow to equity ¹⁾ CORP	-62	-52	-192	-99	-153
Project development capex	-130	-67	-236	-175	-156
Equity contributions to power plant companies ²⁾	-21	-104	-481	-673	-756
Distributions from power plant companies ³⁾	328	70	1,257	233	346
Share capital increase, net after transaction cost	-	-	-	1,953	6,575
Dividend distribution	-	-131	-173	-131	-131
Net cash considerations from acquisition of SN Power	-8	-	-3,709	-	-
Working capital / Other	-134	237	-518	-52	-584
Drawn on credit facilities	-	-	-	-	-
Free cash at end of the period	2,321	1,885	2,321	1,885	5,949
Available undrawn credit facilities	1,622	1,600	1,622	1,600	813
Total free cash and undrawn credit facilities at the end of the period	3,943	3,485	3,943	3,485	6,762

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

2) Equity contributions to power plant companies consist of equity injections and shareholder loans. The amount for 2021 includes equity paid by SN Power before 29 January 2021 for the acquisition of the Dam Nai project in Vietnam.

3) The amount includes NOK 516 million - net of withholding taxes of NOK 62 million - paid by the project companies in Philippines before 29 January 2021, where NOK 397 million are additional distributions subsequent to a refinancing of the projects