Guarantee facility

In the first quarter of 2021, Scatec amended the guarantee facility and intercreditor agreement that was established in 2017, to also include DNB as instrument lender. The guarantee facility has Nordea Bank as agent and issuer, Nordea Bank, Swedbank, BNP Paribas and DNB as guarantee instrument lenders. The guarantee facility is mainly used to provide advanced payment-, performance- and warranty bonds under construction agreements, as well as trade letter of credits. The intercreditor agreement is entered into by Scatec, the issuing banks under the guarantee facility and Eksfin. Eksfin can issue counter indemnity in favour of the issuing banks on behalf of the relevant instrument lenders.

Revolving credit facility

In the first quarter of 2021, at the closing of the SN Power acquisition, Scatec increased the existing revolving credit facility (RCF) to USD 180 million, with Nordea Bank as agent and Nordea Bank, Swedbank, DNB and BNP Paribas as equal Lenders. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The facility is ESG (Environmental, Social and Governance) linked and has a three year tenor. The facility margin is linked to the following ESG KPIs:

- A targeted level for LTIFR (Lost time incident frequency rate) for the Group
- Anti-Corruption training for all employees
- Environmental and social baseline studies and risk assessment on all power plants by external experts

Scatec has not drawn on the revolving credit facility per 30 September 2021.

Acquisition Finance related to the SN Power transaction

The following financing package in the total amount of USD 1,030 million was signed in the fourth quarter of 2020, to cater for the SN Power acquisition:

- USD 150 million Green Term Loan provided by Nordea, Swedbank and DNB with maturity in the first quarter of 2025.
- USD 400 million bridge to bond facility provided by Nordea, Swedbank and DNB with maturity in June 2022 with option of automatic extension of six months until December 2022. USD 207 million of the facility was repaid following the EUR 250 million bond issue in the first quarter of 2021.
- USD 300 million bridge to equity facility provided by Nordea, Swedbank and DNB with maturity in June 2022. The facility was repaid in full following the private placement in October 2020.
- USD 200 million Vendor Financing provided by Norfund with maturity in the first quarter of 2028.

Green bond

In the first quarter of 2021 Scatec issued a EUR 250 million senior unsecured green bond with maturity in August 2025. The bond carries a coupon of 3-months EURIBOR (with no floor) + 2.50%, to be settled on a quarterly basis. The bond was listed on the Oslo Stock Exchange 23 June 2021 with ticker SCATC03 ESG. The proceeds from the bond issue were used to

- redeem in whole the NOK 750 million senior unsecured green bond issued in 2017, with ticker SSO02 ESG, including any call premium and accrued interest.
- to partially refinance the bridge to bond facility that was committed in 2020 in relation to the acquisition of SN Power.
- cover for other eligible activities as set out in Scatec's Green Financing Framework.

Per 30 September 2021, Scatec was in compliance with financial covenants related to the above facilities. The book equity of the recourse group, as defined in the facility agreements, was NOK 11,042 million per quarter end.

During the third quarter of 2021, interest amounting to NOK 57 million (NOK 52 million in previous quarter) was expensed for the bond, overdraft- and revolving credit facility and the vendor note.

Refer to bond agreement available on https://scatec.com/investor/investor-overview/ for further information and definitions.

Note 6 Income tax expense

The Group recognised a tax expense of NOK 61 million (NOK 34 million) in the third quarter, corresponding to an effective tax rate of 26% (340%). The tax expense for the first nine months was NOK 200 million.

The difference between effective tax expense for the quarter and calculated tax expense based on the Norwegian tax rate of 22% is due to different tax rates in the jurisdictions in which the companies operates, withholding taxes paid on dividends, revised assessment of deferred tax asset and currency effects. 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.

Effective tax rate

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Profit before income tax	230	10	521	343	-238
Income tax (expense)/benefit	-61	-34	-200	-150	-130
Equivalent to a tax rate of (%)	26%	340%	38%	44%	-55%

Movement in deferred tax

NOK million	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
Net deferred tax asset at beginning of period	275	432	517	343	343
Recognised in the consolidated statement of profit or loss	-14	-3	-161	-83	25
Deferred tax on financial instruments recognised in OCI	-12	-19	-79	102	98
Deferred tax on excess values from acquisition of SN Power	-	-	-19	-	-
Recognised in the consolidated statement of changes in equity	-	-	-	9	41
Translation differences	3	5	-6	41	9
Net deferred tax asset at end of period	251	414	251	414	517

Note 7 Related parties

Scatec has related party transactions and balances with equity consolidated companies in Argentina, Brazil, Laos, Madagascar, Uganda, Philippines and Rwanda, mainly loans which are included in the carrying value of the investments.

In addition, Scatec has transactions and balances with key management. Note 26 in the annual report for 2020 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 28 in the annual report for 2020.

All related party transactions have been carried out as part of the normal course of business and at arm's length.

Note 8 Business combinations

Acquisition of SN Power

On 29 January 2021, Scatec ASA acquired 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 included SN Power's portfolio of hydropower assets in the Philippines, Laos and Uganda with a total gross capacity of 1.4 GW (net 0.5 GW) and gross median production of 6.1 TWh (net 1.8 TWh) and the wind farm Dam Nai. Dam Nai was acquired by SN Power on 27 January 2021 and has a capacity of 39.4 MW.

The acquisition forms an important part of Scatec's broadened growth strategy, with an ambition to become a global large-scale player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions.

Scatec and SN Power have a unique and complementary portfolio of assets, geographical footprint and capabilities, and will together hold a large project pipeline across solar, hydro, wind and storage.

Financing of the SN Power acquisition includes the following debt facilities:

- USD 200 million Vendor Financing provided by Norfund with a tenor of 7 years from closing
- USD 150 million Green Term Loan provided by Nordea, Swedbank and DNB with maturity 4 years from closing
- USD 400 million acquisition finance provided by Nordea, Swedbank and DNB with a tenor of 18 months from closing, with option of automatic extension of six months until December 2022

The remaining financing of the acquisition was cash.

The purchase price of the acquisition could still be subject to certain adjustments which have not been finalised prior to the release of this report, including adjustments for working capital in the acquired companies based on the audited financial statements of SN Power for 2020. Consequently, the table below which shows the fair value of the identifiable assets and liabilities of SN Power and the purchase price allocation, must be considered preliminary.

The assessment of the preliminary purchase price allocation has been made using balance sheet figures at the transaction date 29 January 2021. The purchase price adjustments are further described in the prospectus which was published in connection with the financing of the transaction. The prospectus also includes a further description of the transaction, including pro forma financial information with a preliminary purchase price allocation. The prospectus is available on our website at www.scatec.com.

Scatec recognised NOK 219 million in goodwill related to the acquisition of SN Power. Goodwill is recorded in functional currency and as a result, changes in currency exchange rates affect the value of goodwill in NOK. Goodwill arising from the acquisition relates mainly to the portfolio of identified project development opportunities and assembled workforce. The goodwill is not deductible for tax purposes.

Refer to note 1 – Organisation and basis for preparation and note 2 – Operating segments for details regarding how the SN Power figures are included in both the consolidated – and proportionate financials.

Preliminary purchase price allocation for the acquisition of SN Power

NOK million	29 January 2021
Assets	
Non-current assets	
Property, plant and equipment	431
Goodwill & other intangible assets	352
Investments in JV and associated companies	9,172
Other non-current assets	71
Total non-current assets	10,026
Current assets	
Trade and other receivables	101
Cash and cash equivalents	826
Total current assets	927
Total assets	10,953
Total equity	10,371
Liabilities	
Non-current liabilities	
Deferred tax liabilities	19
Non-recourse project financing	318
Financial liabilities	1
Other non-current liabilities	50
Total non-current liabilities	387
Current liabilities	
Non-recourse financing	57
Trade and other payables	7
Other current liabilities	131
Total current liabilities	195
Total equity and liabilities	10,953

Note 9 Investments in joint venture and associated companies

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

The tables below show the material joint ventures and associated companies recognised in the Group and the reconciliation of the carrying amount. For the first nine months of 2021, net income from the newly acquired joint ventures in Laos, Philippines and Uganda includes the share of profit for the period from 29 January to 30 September 2021.

Company	Registered office	30 September 2021	31 December 2020
Kube Energy AS	Oslo, Norway	25%	25%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50%	50%
Apodi I Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Scatec Solar Solutions Brazil BV	Amsterdam, Netherlands	50%	50%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50%	50%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50%	50%
Cordilleras Solar VIII S.A (Argentina)	Buenos Aires, Argentina	50%	50%
Theun-Hinboun Power Company	Vientiane, Laos	20%	-
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50%	-
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.7 %	-
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50%	-
SN Aboitiz Power – RES Inc	Manila, Phillippines	50%	-
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50%	-
SN Power Uganda Ltd. 1)	Kampala, Uganda	51%	-
Bujagali Energy Ltd. 1)	Jinja, Uganda	28.28%	-
Campganie Générale D`Hydroelectrciite de Volobe SA 1)	Antananarivo, Madagascar	12.75%	-
Ruzizi Holding Power Company Ltd 1)	Kigali, Rwanda	20.4 %	-
Ruzizi Energy Ltd 1)	Kigali, Rwanda	20.4 %	-

1) The ownership reflects that Norfund retains a 49% stake in these investments, as communicated in the acquisition announcement (16 October 2020). Refer to note 1 for further details.

Country	Carrying value 31 December 2020	Additions/ disposals	Net income from JV and associated companies	Dividends	Net movement of cash flow hedges recognized in OCI	Foreign currency translations	Carrying value 30 September 2021
Brazil and Argentina	610	-18	-12	-	-	1	581
Laos	-	1,571	108	-112	-	33	1,599
Philippines	-	6,596	297	-350	-	-233	6,311
Uganda	-	1,080	96	-79	26	22	1,145
Other	2	27	-	-	-	-	29
Total	612	9,256	489	-540	26	-178	9,665

Note 10 Subsequent events

No events have occurred after the balance sheet date with significant impact on the interim financial statements for the third quarter of 2021.

Alternative Performance Measures

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

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

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

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

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

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

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

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

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

Net revenues: include energy sales revenues net of significant cost items directly linked to the energy sales volume (such as cost of energy purchase) in the PP segment. Refer to note 2 Operating Segments for further details.

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

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

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

Proportionate Financials

The group's segment financials are reported on a proportionate basis. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Services and Development & Construction segment mainly reflect deliveries to other companies controlled by Scatec (with from 39% to 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 (Brazil, Argentina, Phillipines, Uganda, Laos) are equity consolidated and are presented with Scatec's share of the net profit on a single line in the statement of profit or loss. In the proportionate financials the joint venture companies are presented in the same way as other subsidiaries on a gross basis in each account in the statement of profit or loss.

In the third quarter of 2021 Scatec reports a proportionate operating profit of NOK 436 million compared with an operating profit of NOK 558 million in the consolidated financials. To arrive at the proportionate operating profit from the consolidated operating profit the Group has;

1. added back to the proportionate statement of profit or loss the internal gain on transactions between group companies with a negative amount of NOK 35 million [1],

2. removed the non-controlling interests share of the operating profit of NOK 176 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 212 million with Scatec's share of the Operating profit from the joint venture companies with NOK 300 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 on page 18.

1) Where NOK 4 million comprise Scatec's share of gross profit on D&C contracts, NOK -36 million comprise increased depreciation charges from internal gains and NOK -3 million comprise other items.

Reconciliation of Alternative Performance Measures (consolidated figures)

NOK million	Notes	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
EBITDA						
Operating profit (EBIT)		558	343	1,473	1,048	1,292
Depreciation, amortisation and impairment		268	195	655	573	777
EBITDA		827	538	2,128	1,621	2,069
Total revenues and other income		1,059	724	2,764	2,075	2,754
EBITDA margin		78%	74%	77%	78%	75%
Gross profit						
Total revenues and other income		1,059	724	2,764	2,075	2,754
Cost of sales		-	-	-	-	-
Gross profit		1,059	724	2,764	2,075	2,754
Gross interest-bearing debt						
Non-recourse project financing		11,427	11,455	11,427	11,455	11,350
Corporate financing		7,272	747	7,272	747	748
Non-recourse project financing-current		908	1,545	908	1,545	913
Gross interest-bearing debt		19,607	13,748	19,607	13,748	13,011
Net interest-bearing debt						
Gross interest-bearing debt		19,607	13,748	19,607	13,748	13,011
Cash and cash equivalents		4,332	4,002	4,332	4,002	7,788
Net interest-bearing debt		15,274	9,746	15,274	9,746	5,223
Net working capital						
Trade and other receivables		823	781	823	781	623
Other current assets		857	672	857	672	663
Trade and other payable		-769	-806	-769	-806	-760
Income tax payable		-27	-24	-27	-24	-90
Other current liabilities		-782	-927	-782	-927	-852
Non-recourse project financing-current		-908	-1,545	-908	-1,545	-913
Net working capital		-806	-1,850	-806	-1,850	-1,329

Break-down of proportionate cash flow to equity

Q3 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	823	22	-53	-25	767
Net interest expenses	-205	-	-	-56	-261
Normalised loan repayments	-199	-	-	-	-199
Proceeds from refinancing [1)]	-	-	-	-	-
Normalised income tax payment	-42	-5	23	19	-5
Cash flow to equity	377	18	-30	-62	302

1) Refer to Note 5 Cash and cash equivalents.

Q2 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	660	24	-54	-28	601
Net interest expenses	-182	-	5	-46	-223
Normalised loan repayments	-193	-	-	-	-193
Proceeds from refinancing [1)]	-	-	-	-	-
Normalised income tax payment	-32	-5	11	18	-8
Cash flow to equity	252	19	-37	-57	177

1) Refer to Note 5 Cash and cash equivalents.

Q3 2020

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	379	22	-27	-54	319
Net interest expenses	-128	-	-	-13	-141
Normalised loan repayments	-99	-	-	-	-99
Normalised income tax payment	-19	-5	7	16	-
Cash flow to equity	134	17	-19	-52	80

YTD 2021

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

1) Refer to Note 5 Cash and cash equivalents.

YTD 2020

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	1,084	72	10	-84	1,082
Net interest expenses	-381	1	1	-47	-427
Normalised loan repayments	-280	-	-	-	-280
Normalised income tax payment	-50	-15	2	32	-31
Cash flow to equity	374	58	13	-99	345

Other definitions

Backlog

Project backlog is defined as projects with a secure off-take agreement assessed to have more than 90% probability of reaching financial close and subsequent realisation.

Pipeline

Historically, about 50% of projects in pipeline have been realised. The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial banks or multilateral development banks). The project sites and concessions have been secured and negotiations related 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 power plant companies.

Recourse Group

Recourse Group means all entities in the Group, excluding power plant 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.

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