Consolidated financial statements Group

Consolidated statement of profit and loss

1 JANUARY - 31 DECEMBER

NOK million	Note	2022	2021
Revenues	3	3,002	3,038
Net income/(loss) from JV and associated companies	3, 13	749	765
Total revenues and other income		3,751	3,803
Personnel expenses	4	-528	-397
Other operating expenses	5	-668	-503
Depreciation, amortisation and impairment	9, 10, 11	-1,832	-892
Operating profit (EBIT)		723	2,012
Interest and other financial income	6	115	47
Interest and other financial expenses	6	-1,666	-1,368
Net foreign exchange gain/(loss)	18, 6	-268	69
Net financial expenses		-1,818	-1,253
Profit/(loss) before income tax		-1,095	759
Income tax (expense)/benefit	7	-132	-303
Profit/(loss) for the period		-1,228	456
Profit/(loss) attributable to:			
Equity holders of the parent		-1,334	388
Non-controlling interest	27	106	68
Basic earnings per share (NOK)	8	-8.40	2.45
Diluted earnings per share (NOK)	8	-8.40	2.43

Consolidated statement of comprehensive income

1 JANUARY - 31 DECEMBER

NOK million	Notes	2022	2021
Profit/(loss) for the period		-1,228	456
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss			
Net movement of cash flow hedges	20	664	386
Income tax effect from net movement of cash flow hedges	7	-150	-108
Foreign currency translation differences		472	40
Net other comprehensive income to be reclassified		986	317
Total comprehensive income for the year, net of tax		-242	773
Attributable to:			
Equity holders of the parent		-648	595
Non-controlling interest	27	406	178

Consolidated statement of financial position

NOK million	Note	31 December 2022	31 December 2021
Assets			
Non-current assets			
Deferred tax assets	7	860	748
Property, plant and equipment	9	17,310	15,885
Goodwill and intangible assets	10	758	797
Investments in JVs and associated companies	13	10,674	9,745
Other non-current assets	16, 28	616	210
Total non-current assets		30,218	27,385
Current assets			
Trade and other receivables	15	497	740
Other current assets	16, 28	1,883	734
Cash and cash equivalents	14	4,132	4,171
Total current assets		6,512	5,645
Total assets		36,730	33,030

Consolidated statement of financial position

NOK million	Note	31 December 2022	31 December 2021
Equity and liabilities			
Equity			
Paid in capital			
Share capital	25	4	4
Share premium		9,819	9,775
Total paid in capital		9,823	9,779
Other equity			
Retained earnings		-2,231	-493
Other reserves		671	-16
Total other equity		-1,560	-508
Non-controlling interests	27	540	649
Total equity		8,803	9,919
Non-current liabilities			
Deferred tax liabilities	7	743	589
Corporate financing	21	7,987	7,264
Non-recourse project financing	22	13,297	10,708
Other financial liabilities	19, 20	12	249
Other interest-bearing liabilities	17	231	-
Other non-current liabilities	17, 28	1,618	1,387
Total non-current liabilities		23,888	20,197
Current liabilities			
Non-recourse project financing	22	1,963	1,147
Income tax payable	7	37	24
Trade and other payables		594	812
Other financial liabilities	19, 20	108	90
Other interest-bearing liabilities	17	231	-
Other current liabilities	17, 28	1,106	841
Total current liabilities		4,039	2,913
Total liabilities		27,927	23,110
Total equity and liabilities		36,730	33,030

Oslo, 21 March 2023

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)
Espen Gundersen
Maria Moræus Hanssen

Jørgen Kildahl
Mette Krogsrud
Gisele Marchand

Jan Skogseth
Terje Pilskog (CEO)

Consolidated statement of changes in equity

					Other reserves				
NOK million	Note	Share capital	Share premium	Retained earnings	Foreign currency translation	Hedging reserves	Total	Non-controlling interests	Total equity
At 1 January 2021		4	9,720	-708	40	-261	8,794	673	9,467
Profit for the period		-	-	388	-	-	388	68	456
Other comprehensive income		-	-	1	55	150	207	110	317
Total comprehensive income		-	-	390	55	150	595	178	773
Share-based payment	4	-	12	-	-	-	12	-	12
Share capital increase	25	-	42	-	-	-	42	-	42
Share purchase program		-	-1	-	-	-	-1	-	-1
Dividend distribution	25	-	-	-173	-	-	-173	-217	-390
Capital increase from NCI	27	-	-	-	-	-	-	14	14
At 31 December 2021		4	9,775	-493	95	-111	9,271	649	9,919
At 1 January 2022		4	9,775	-493	95	-111	9,271	649	9,919
Profit for the period		-	-	-1,334	-	-	-1,334	106	-1,228
Other comprehensive income		-	-	-	377	309	686	300	986
Total comprehensive income		-	-	-1,334	377	309	-648	406	-242
Share-based payment	4	-	39	-	-	-	39	-	39
Share capital increase	25	-	5	-	-	-	5	-	5
Dividend distribution	25	-	-	-404	-	-	-404	-526	-929
Capital increase from NCI	27	-	-	-	-	-	-	11	11
At 31 December 2022		4	9,819	-2,231	472	199	8,263	540	8,803

Consolidated statement of cash flow

NOK million	Notes	2022	2021
Cash flow from operating activities			
Profit before taxes		-1,095	759
Taxes paid	7	-170	-234
Depreciation and impairment	9, 10, 11	1,832	892
Net gain/loss from sale of fixed assets	9	45	9
Net income from JV and associated companies	13	-749	-765
Interest and other financial income	6	-115	-47
Interest and other financial expenses	6	1,666	1,368
Unrealised foreign exchange (gain)/loss	6	268	-69
Increase/(decrease) in current assets and current liabilities		-926	158
Net cash flow from operating activities		756	2,072
Cash flows from investing activities			
Interest received	6	115	47
Consideration paid for SN Power, net of cash acquired	21	-	-7,848
Investments in property, plant and equipment	9	-1,986	-967
Distributions from JV and associated companies	13	669	819
Investments in JV and associated companies	13	-204	-131
Net cash flow used in investing activities		-1,406	-8,081
Cash flow from financing activities			
Proceeds from non-controlling interests	23	18	-
Distributions to non-controlling interests	23	-8	-12
Interest paid	19	-1,108	-1,180
Proceeds from non-recourse project financing	22, 19	3,468	43
Repayment of non-recourse project financing	22, 19	-1,175	-750
Payments of principal portion on lease liabilities	11	-26	-25
Interest paid on lease liabilities	11	-20	-15
Net proceeds from corporate financing	21, 19	-	4,699
Share capital increase	25	-	42
Dividends paid to equity holders of the parent company and non-controlling interests	25	-929	-390
Net cash flow from financing activities		221	2,413
Net increase/(decrease) in cash and cash equivalents		-428	-3,597
Effect of exchange rate changes on cash and cash equivalents		389	-20
Cash and cash equivalents at beginning of the period		4,171	7,788
Cash and cash equivalents at end of the period	14	4,132	4,171

Notes to the Consolidated financial statements Group

Note 1 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 and joint ventures ("the Group" or "Scatec") is a leading renewable energy solution provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 4.6 GW in operation and under construction across four continents today (refer to Note 3 – Operating segments).

Information on the Group's structure is provided in Note 26 – Consolidated subsidiaries.

The Company is listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'. For further details on shareholder matters, refer to Note 25 – Share capital, shareholder information and dividend.

The consolidated financial statements for the full year 2022 were authorised for issue in accordance with a resolution by the Board of Directors on 21 March 2023.

The Company is pursuing an integrated business model across the complete lifecycle of renewable power plants including project development, financing, construction, ownership, and operation and maintenance.

Note 2 Basis for preparation, basis of consolidation and key sources of estimation uncertainty

Basis for preparation

The Scatec Group's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and interpretations issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). In compliance with the Norwegian Accounting Act, additional disclosure requirements are included in the notes to the financial statements of Scatec ASA.

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value.

The statement of cash flows is prepared under the indirect method.

The segment financials are reported on a proportionate basis in line with how the management team assesses the segments performance. For further description of the proportionate financials as well as a reconciliation between proportionate financials and the consolidated financials please refer to Note 3 - Operating segments and the section on Alternative Performance Measures (APM).

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 consolidated financial statements are presented in Norwegian kroner (NOK) and on consolidation, the assets and liabilities of foreign entities with functional currencies are translated into NOK at the rate of exchange prevailing at the end of reporting period and their income statements are translated at average monthly exchange rates.

All values are rounded to the nearest million (NOK 1,000,000) except when otherwise indicated. Because of these rounding adjustments, the figures in some columns may not add up to the total of that column.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of 31 December 2022. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies.

All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Estimation uncertainty

In preparation of the Group's consolidated financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions and estimates are based on historical experience, current trends and other relevant factors available when the consolidated financial statements are prepared. The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below and in individual notes. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the financial statements when the changes in assumptions occur.

Information about estimation uncertainty, judgements and assumptions in the annual report are largely incorporated into the individual notes.

The Company's management believes the following critical accounting items represent the more significant judgements and estimates not naturally belonging in the individual notes, but used in the preparation of the consolidated financial statements:

Consolidation of power plant companies

Scatec's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role through ownership of the power plants. Normally Scatec enter partnerships for the shareholding of the power plant companies. To be able to fully utilise the business model, Scatec normally seeks to obtain operational and financial 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.

Scatec would normally seek to undertake the following distinct roles in its projects:

1. As the largest shareholder providing equity financing to the project
2. As (joint) developer, including obtaining project rights, land permits, off taker agreements and other local approvals
3. As EPC contractor, responsible for the construction of the project
4. As provider of operation & maintenance services to the projects, responsible for the day to day operations of the plant
5. As provider of management services to the power plant companies

Even though none of the projects Scatec is involved with are identically structured, the five roles/activities described above constitute the main and relevant activities which affect the variable return. When assessing whether Scatec controls a power plant company, all facts and circumstances, including the above agreements are analysed. For the power plant companies consolidated in the financial statement, Scatec has concluded that it through its involvement controls the entities. Scatec has considered that it has the current ability to direct the relevant activities of the entities and has the ability to affect the variable returns through its power over the companies. The assessment of whether Scatec controls the investee is performed upon first time consolidation and is renewed annually or more often, if and when facts that could impact the conclusion change.

Please see individual notes and sections "Estimation uncertainty" for further details around other estimations, judgements and assumptions.

Note 3 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision makers, defined as the Executive 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.

Power Production

The Power Production segment manages the Group's power producing assets and derives its revenue from the production and sale of solar, winds and hydro generated electricity based on long-term Power Purchase Agreements or Feed-in-tariffs. 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.

Revenue is recognised upon delivery of electricity produced to the local operator of the electricity grid. The performance obligation is to deliver a series of distinct goods (power) and the performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. Revenue is recognised upon transfer of electricity produced to the local operator of the electricity grid, based on periodic meter readings. The Group applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. The right to invoice power arises when power is produced and delivered on to the electricity grid. The right to invoice the consideration will normally correspond directly with the value delivered to the customer.

Delivery is deemed complete when all the risks and rewards associated with ownership have been transferred to the buyer as contractually agreed, compensation has been contractually established and collection of the resulting receivable is probable. For all sales contracts the Group had per the end of year, indexation of tariffs is recognised when they come into force.

Finance and operation of the plants is mainly 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 power production plants where Scatec has economic interest. The services are delivered to ensure optimised operations of power producing assets through a complete and comprehensive range of services for technical and operational management.

O&M revenues are generated based on 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.

Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus. These revenues are recognised as the service is provided. The potential performance revenues from the profit-sharing agreements are considered as variable consideration under IFRS 15 and are recognised when it is highly probable that the recognition will not be reversed in future periods.

Development & Construction

The Development & Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Group's power production plants. These transactions are primarily made with entities that are under the control of the Group and hence eliminated when consolidated.

Construction services include operations where Scatec is responsible for the total scope of a turnkey installation of a power plant through a contract covering Engineering, Procurement and Construction. Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The percentage of completion of a contract is determined by actual cost incurred over total estimated costs to complete.

Scatec periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for modules, labor, subcontractor costs, and other direct costs related to contract performance. Scatec recognises direct material costs as incurred costs when the main direct materials have been installed. Scatec considers direct materials to be installed when they are permanently attached or fitted to the power production systems as required by engineering designs.

Some construction contracts include product warranties. The expected warranty amounts are recognised as an expense at the time of sale and are adjusted for subsequent changes in estimates or actual outcomes. The group has currently ongoing construction projects in Pakistan, Brazil and South Africa, as well as projects related to Release in Cameroon and South Africa.

Corporate

Corporate consists of the activities of corporate and management services.

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.

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 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 and to improve transparency on underlying value creation across Scatec's business activity.

Revenues from transactions between group companies, where Scatec is deemed to hold a controlling interest, are presented as internal revenues in the segment reporting. 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. No operating segments have been aggregated to form these reporting segments.

The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in the Services and Development & Construction segment mainly reflect deliveries to other companies controlled by Scatec, or which revenues and profits are eliminated in the consolidated financial statements. The key differences between the proportionate and the consolidated (IFRS) financials are that:

- In the consolidated financials fully consolidated companies are presented on a 100% basis. In the proportionate financials the fully consolidated companies are presented based on Scatec's ownership percentage/economic interest. The residual ownerships interests in the table below represent the share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest.
- In the consolidated financials joint venture and associate 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 and associate 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 table below is the column elimination of equity consolidated entities the elimination of proportionate financials from equity consolidated entities adjusted for Scatec's share of net income/(loss).
- 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. Hence, the consolidated financials have lower book value of solar plants and corresponding lower depreciation charges because internal gain is eliminated. Internal gain eliminations also include profit on Operations and Maintenance - and Asset Management services delivered to project companies.
- 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 on proportionate basis.

Bridge proportionate – to consolidated financials 2022

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	4,513	18	5	7	4,542	1,120	-2,661	-	3,002
Internal revenues	8	294	1,064	49	1,415	188	-138	-1,465	-
Net income from JV and associates [1]	-	-	-	-	-	-	749	-	749
Total revenues and other income	4,521	312	1,069	56	5,957	1,309	-2,050	-1,465	3,751
Cost of sales	-852	1	-962	1	-1,813	-145	914	1,044	-
Gross profit [2]	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
D&A and impairment	-1,918	-6	-137	-29	-2,090	-414	510	162	-1,832
Operating profit (EBIT)	917	68	-358	-167	460	519	-306	49	723

1) Refer to Note 13 Investments in joint venture and associated companies for details on Net income from JV and associates

2) Equivalent to Net revenues

In 2022 the Group has recognised an impairment charge of NOK 770 million in the Power Production segment in the proportionate financials related to the solar power plants and intangible assets in Ukraine. In the consolidated financials the impairment charge amounts to NOK 816 million as disclosed in the Note 12 Impairment testing.

The Group has also recognised an impairment charge (in both consolidated and proportionate financials in the D&C segment) of NOK 132 million related to discontinued development projects in Lesotho, Bangladesh, Mali and India.

From March the Group has recognised revenue from power production in Ukraine to the extent that Scatec believe it is probable to collect consideration. The recognised amount is NOK 129 million in proportionate financials (NOK 146 million in the consolidated financials) in the period from March to December, which is in line with the paid amounts for the period. Total revenue from power production in Ukraine in the proportionate financials for 2022 is NOK 153 million (NOK 175 million in the consolidated financials).

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

Bridge proportionate – to consolidated financials 2021

2021	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues [3]	3,889	5	3	6	3,903	1,162	-2,025	-1	3,038
Internal revenues	1	256	134	36	426	34	-22	-438	-
Net income from JV and associates [1]	-	-	-	-	-	-	765	-	765
Total revenues and other income	3,890	260	137	42	4,329	1,196	-1,282	-439	3,803
Cost of sales [3]	-270	1	-120	-	-389	-10	274	126	-
Gross profit [2]	3,620	261	16	42	3,939	1,186	-1,009	-313	3,803
Personnel expenses	-99	-97	-162	-92	-449	-7	49	10	-397
Other operating expenses	-572	-90	-78	-65	-804	-208	208	302	-503
EBITDA	2,949	75	-223	-114	2,686	970	-752	-1	2,903
D&A and impairment	-972	-5	-78	-26	-1,081	-330	369	151	-892
Operating profit (EBIT)	1,977	70	-301	-140	1,606	640	-383	149	2,012

3) Refer to Note 29 for details of the change in presentation of revenue and cost of sales for the electricity sold on bilateral contracts in the Philippines

Geographical break down of consolidated revenues and PPE

In presenting information based on geographical areas, revenues from external customers are attributed to the country of the legal entity recording the sales. The allocation of property, plant and equipment is based on the geographical location of the assets. Projects that have not yet reached construction are allocated to the parent company being the main developer. The tables and information below include consolidated subsidiaries.

Consolidated revenues per country

	External revenue	
NOK million	2022	2021
South Africa	1,106	1,135
Egypt	644	596
Malaysia	346	348
Ukraine	175	303
Honduras	200	197
Jordan	158	143
Czech Republic	128	122
Mozambique	93	83
Vietnam	83	70
Rwanda	23	20
Netherlands	29	5
Other	16	16
Total	3,002	3,038

Property, plant and equipment per country

	Property, plant and equipment	
NOK million	2022	2021
South Africa	4,155	3,245
Egypt	3,411	3,074
Malaysia	2,728	2,683
Ukraine	1,922	2,616
Honduras	1,302	1,359
Jordan	905	820
Mozambique	558	456
Vietnam	454	444
Norway	428	348
Cameroon	427	98
Pakistan	375	108
Czech Republic	336	330
Netherlands	160	158
Rwanda	141	136
Other	8	12
Total	17,310	15,885

Major customers

In South Africa, revenues (3 plants which commenced operations in 2013 and 2014 and 3 plants which commenced operations in 2020) are earned under 20-year Power Purchase Agreements (PPA) with Eskom Holdings (South African incumbent utility), which was awarded under the Renewable Independent Power Producer Procurement Programme (REIPPPP) administrated by the Department of Energy. Eskom's financial commitments under the PPA are guaranteed by the South African National Treasury under the Implementation Agreement.

The Benban plant in Egypt commenced operation in 2019. The electricity is sold under a 25-year Power Purchase Agreement with Egyptian Electricity Transmission Company, S.A.E. The financial commitments of Egyptian Electricity Transmission Company, S.A.E under the PPA are guaranteed by the sovereign guarantee from The Ministry of Finance under the Egyptian Law.

The Gurun plant in Malaysia commenced operation in 2018, the Merchang and Jasin plant commenced operation in 2019, and RedSol commenced operations in 2020. The electricity is sold under 21-year Power Purchase Agreements with the country's largest electricity utility, Tenaga Nasional Berhad (TNB). The PPA is not guaranteed by the Government as TNB is a reputable AAA rated listed company in Malaysia.

The Rengy plant in Ukraine commenced operation in 2019, Boguslav and Kamianka commenced operations in 2020 and Chigrin and Progressovka commenced operations in 2021. The electricity is sold under Power Purchase Agreement's all ending 31 December 2029 with the state-owned company Guaranteed Buyer. The financial commitments of Guaranteed Buyer under the PPA are guaranteed by the State under the law on Alternative Energy Sources and the *Law on Electric Energy Market.*

The Agua Fria power plants in Honduras commenced operations in 2015, whereas the Los Prados plants in Honduras commenced operation in 2018. The electricity from the plants is sold under a 20-year Power Purchase Agreement with the utility Empresa Nacional de Energia Electricia (ENEE). The financial commitments of ENEE under the PPA are guaranteed by the sovereign guarantee executed by the Honduran attorney general and the secretary of finance, approved by the National Congress of Honduras.

The Oryx, GLAE and EJRE power plants in Jordan commenced operations in 2016. The electricity is sold under a 20-year Power Purchase Agreement with National Electric Power Company (NEPCO). NEPCO's financial commitments under the PPA are guaranteed by the Government of Jordan represented by its Ministry of Finance under the Government Guarantee Agreement.

The Czech power plants commenced operations in 2009 (1 plant) and 2010 (3 plants) and have entered into power purchase agreements with utilities CEZ Distribuce and EON Distribuce, based on the terms of the Czech Energy Act and Czech Renewable Energy Act. This legislation requires the utilities to purchase the power produced from renewable energy sources for a period of 20 years at the Feed-in-Tariff (FiT) prescribed by law and applicable regulation, adjusted annually.

The Mocuba plant in Mozambique commenced operation in 2019. The electricity is sold under a 25-year Power Purchase Agreement with Electricidade de Moçambique (EDM). The financial commitments of EDM under the PPA are guaranteed by The Mozabican government under the concession agreement approved under law 88/2016 of 5 December 2016 for 30 years.

The Dam Nai wind farm in Vietnam was acquired by SN Power on 27 January 2021 and has a capacity of 39.4 MW. The wind farm was constructed in two phases and Phase I started operations in October 2017 (7.9 MW) and Phase II in December 2018 (31.5 MW). The electricity is sold under a 20-year Power Purchase Agreement with Vietnam Electricity; a state-owned company established by the government in Vietnam.

The ASYV power plant in Rwanda commenced operations in 2014. The power is sold under a 25-year Power Purchase Agreement with the state-owned utility EWSA, with an annual price adjustment of 100% of Rwandan CPI. EWSA's financial commitments under the PPA are guaranteed by the Government of Rwanda represented by its Ministry of Finance and Economic Planning under the Government Guarantee Agreement.

Note 4 Employee benefits

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company.

The cost of equity-settled transactions is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period. To calculate the fair value of the options that meets the definition of an equity-settled share-based payment transaction (IFRS 2 app. A), the BlackScholes-Merton option-pricing model is applied on each tranche. Share price (spot), exercise price, expected option lifetime, expected volatility, expected dividend and risk-free interest rate are the input parameters in the model.

Salaries and other personnel costs

NOK million	2022	2021
Salaries	463	363
Share-based payment	39	27
Payroll tax	43	31
Pension costs	38	24
Other personnel costs	31	21
Capitalised to PP&E (project assets)	-87	-68
Total	528	397

Salaries and personnel expenses for the management

NOK million	2022	2021
Salary and bonus	45	35
Pension	2	1
Total	47	36

For further details on employee benefits and management remuneration, refer to Note 4 Personnel expenses, number of employees and auditor's fee in the separate financial statements for the Parent Company. Reference is also given to the separate remuneration report issued by the parent company. No severance package agreements have been established with management.

Long term incentive programmes

In line with the terms adopted by the Annual General Meeting of Scatec ASA on 4 May 2016, and prolonged in the following years, the Board of Directors have established an option programme for leading employees of the company. Options are vested in tranches over a three-year period, with the first tranche vesting one year from award. As of 31 December 2022, there are options not fully vested from the grants awarded in 2020 and onwards. Each share option gives the right to subscribe for and be allotted one share in Scatec ASA. The strike prices are equivalent to the volume weighted average price of the shares the ten preceding trading days of the grant.

Date granted	Amount	Strike price
02/01/2019	494,510	72.03
02/01/2020	595,140	114.83
04/01/2021	251,242	314.91
24/02/2021	32,999	314.91
06/05/2021	219,566	244.28
04/01/2022	1,049,596	150.79
28/03/2022	10,000	134.53

The options awarded in 2019 are fully vested.

A total of 26 employees were awarded options in 2019 of which 3 has subsequently left the Company. A total of 39 employees were awarded options in 2020 of which 5 have subsequently left the company. A total of 82 employees were awarded options in 2021 of which 10 have subsequently left the company. A total of 98 employees were awarded options in 2022 of which 13 have subsequently left the company.

For the options granted in 2022 the assumptions used in calculating the fair value of the options are as follows: 2.98 years (2.84 years) for expected lifetime, 49.02% (44.87%) for the expected volatility and 0 (0) for expected dividend. The calculations are based on average values.

During 2022 the employees exercised 51 thousand options (515 thousand) at the weighted average strike and share price of NOK 89.26 and NOK 130.30 (NOK 80.10 and NOK 279.18) respectively. Total number of outstanding options under the long-term incentive programme is 1,767 thousand (978 thousand) as of 31 December 2022, whereas 430 thousand are vested at the weighted average strike price of NOK 158.19. The fair value of the options is expensed over the vesting period, and in 2022 NOK 39 million (27) have been expensed.

Summary of movements in options

	Opening balance	Granted	Exercised	Forfeited	Closing balance	Closing balance vested options
Numbers of instruments	997,258	1,090,607	-50,818	-269,782	1,767,265	429,604
Weighted average strike price	186.84	147.07	89.26	183.04	165.68	158.19

Pensions schemes

The Group has established pension schemes that are classified as defined contribution plans. Contributions to defined contribution schemes are recognised in the consolidated statement of profit and loss in the period in which the contribution amounts are earned by the employees.

Number of FTE's employed during the financial year in the consolidated entities

	2022	2021
South Africa	219	179
Norway	146	116
Egypt	72	48
Ukraine	45	37
Malaysia	33	34
Netherlands	28	17
Honduras	20	18
India	11	5
Vietnam	9	8
France	9	4
Mozambique	7	7
Pakistan	6	4
Other	26	25
Total	631	502

Note 5 Other operating expenses

NOK million	2022	2021
Facilities	210	182
Professional fees	175	138
Other office costs	74	56
Travel costs	32	14
Social development contributions	18	54
O&M external fees	23	20
Impairment of expected credit loss	98	-
Other costs	38	39
Total other operating expenses	668	503

The impairment of expected credit loss is related to receivables in Ukraine, refer to note 15 Trade receivables for further details.

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Grants are recognised either as cost reduction or as a deduction of the asset's carrying amount. Scatec has in 2022 recognised government grants of NOK 27 million (4) in cost reductions and NOK 29 million (58) as deductions of the development and construction asset's carrying amount.

Remuneration to the auditors (PwC and other independent auditors)

NOK million	2022	2021
Audit services	9	9
Other attestation services	1	-
Tax services	1	3
Other services	1	1
Total remuneration	11	13

VAT is not included in the numbers above. The Scatec Group changed group auditor from EY to PwC as of 2022.

Note 6 Financial income and expenses

NOK million	2022	2021
Interest income	92	43
Other financial income	23	4
Interest and other financial income	115	47
Interest expenses	1,424	1,303
Change in fair value of forward exchange contracts	89	-2
Other financial expenses	154	67
Interest and other financial expenses	1,666	1,368
Net foreign exchange gain/(loss)	-268	69
Net fiancial expenses	1,818	1,253

The increase in other financial expenses is mainly explained by non-recurring fees recognised for the refinancing of the power plants in Egypt, South Africa and Vietnam. See Note 18 Financial risk management for interest rate sensitivity. See Note 22 Non-recourse financing for details on project financing and Note 21 for details on corporate financing.

Note 7 Tax

Accounting principle

Income tax expense comprises current tax and change in net deferred tax. The amount of net deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the consolidated statement of financial position date. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Estimation uncertainty

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits.

When assessing the probability of utilising these losses several factors are considered, including if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward and/or if the losses may be used to offset taxable income elsewhere in the Group. The majority of the Group's tax losses are related to favorable tax rules for depreciation of power plants and its reversal is merely a timing effect. Refer to paragraph below under specification of tax losses carried forward for further description.

Uncertain tax positions and potential tax exposures are analysed individually and, the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and assets to be received (disputed tax positions for which payment has already been made), are recognised within current tax or net deferred tax as appropriate.

Effective tax rate

NOK million	2022	2021
Tax payable	-197	-84
Change in deferred tax	108	-232
Withholding tax	-45	-49
Adjustments of tax concerning previous years	1	63
Income tax expense	-132	-303
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	-1,095	759
Nominal tax rate (22%)	241	-167
Tax effect of:		
Permanent differences	-28	-25
Tax rate different from Norwegian rate	-39	-5
Current tax on dividend received and withholding tax	-45	-49
Valuation allowance loss carried forward	-248	-177
Adjustments of tax concerning previous years	-	-
Share of net income from associated companies	165	168
Non-recognised tax effects from impairment in Ukraine	-175	-
Use and capitalisation of previously unrecognised losses carried forward	14	9
Other items	-27	-11
Currency translation	11	-46
Calculated tax expense	-132	-303
Effective tax rate	NA	40%

The Group recognised an income tax expense of NOK -132 million (-303) in 2022. The difference between the Group's actual tax expense and a calculated tax expense based on the Norwegian tax rate of 22% is mainly due to different tax rates in the jurisdictions in which the companies operates, withholding taxes paid on dividends, currency effects, effects from non-recognised tax losses and revised assessment of deferred tax assets. Further, the profit/loss from JVs and associates are reported net after tax which also impacts the effective tax rate. The effective tax rate is also impacted by non-recognised deferred tax asset related to the impairment of the assets in Ukraine.

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 has been and 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 increases 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.

Significant components of deferred tax assets

NOK million	2022	2021
Tax losses carried forward	1,997	1,724
Valuation allowance of deferred tax assets	-458	-530
Financial instruments	48	87
Property, plant and equipment and intangible	60	100
Construction projects	124	-
Lease liabilities	61	51
Other items	40	14
Offsetting of tax balances [1]	-1,012	-699
Total deferred tax assets	860	748

Significant components of deferred tax liabilities

NOK million	2022	2021
Property, plant and equipment and intangible	1,658	1,282
Construction projects	-	1
Financial instruments	88	4
Other items	6	1
Offsetting of tax balances [1)]	-1,012	-699
Total deferred tax liabilities	743	589

1) Deferred tax assets and liabilities are offset to the extent that the deferred taxes related to the same fiscal authority and there is a legally enforceable right to offset current tax assets against current tax liabilities

Specification of tax loss carried forward

NOK million	2022		2021	
Country	Loss carried forward	Deferred tax asset	Loss carried forward	Deferred tax asset
Norway	2,890	251	2,054	260
South Africa	2,690	753	2,444	675
Ukraine	2,048	369	899	162
Egypt	1,371	143	1,050	78
Jordan	453	23	480	18
Netherlands	214	-	339	-
Malaysia	168	-	231	-
Other	11	-	18	-
Total	9,845	1,540	7,514	1,195

The Group has NOK 9,845 million (7,514) of tax losses carried forward. The balances are offset against taxable temporary differences within the same fiscal authority.

In Norway a net deferred tax asset balance of NOK 226 million is recognised which is primarily related to tax losses carried forward (NOK 251 million) and partly offset by other temporary differences.

In South Africa a net deferred tax asset of NOK 73 million is recognised. The difference between net position and deferred tax asset related to tax losses carried forward (NOK 753 million) is mainly due to offsetting temporary differences on property, plant and equipment.

Net deferred tax asset balance in Ukraine is NOK 58 million and is related to tax losses carry forward (NOK 369 million) offset by the increased deferred tax liability on property, plant and equipment.

Net deferred tax liability in Egypt of NOK 309 million is primarily related to temporary differences on property, plant and equipment as well as on the financial instruments.

The losses carried forward in countries with power plant assets are mainly related to accelerated depreciation rates for power plant assets compared to the accounting depreciations which are determined by the useful life of the assets. The increase in losses carried forward for the Group in 2022 mainly derives from losses in Ukraine entities and in Scatec ASA. We assessed the probability of utilising the tax losses in all countries where tax losses were recognised to ensure that tax losses are recorded to the extent that the Group expects there will be sufficient future taxable profits available to utilise the losses. At year-end 2022 the Group has recorded a valuation allowance of NOK -458 million (-530) related to tax losses carried forward which are not expected to be used to offset future taxable income. The valuation allowance is recognised in Norway (NOK 203 million), Egypt (NOK 166 million), Malaysia (NOK 40 million) and in other countries.

The tax losses in Egypt and Jordan can be carried forward for 5 years while losses in Netherlands can be carried forward indefinitely. The Group had at the end of 2022 capitalised approximately NOK 6 million (6) in deferred tax asset related to deferred interest expenses, which can be carried forward for 10 years until 2027 in Norway. All other tax losses in the group can be carried forward indefinitely.

Movement in net deferred tax asset

NOK million	2022	2021
Net deferred tax asset at 1 January	159	517
Recognised in the consolidated statement of profit or loss	108	-232
Deferred tax other comprehensive income	-150	-108
Deferred tax on excess values from acquisition of SN Power	-	-19
Translation differences	-	2
Net deferred tax asset at 31 December	117	159

Note 8 Earnings per share

NOK million	2022	2021
Profit/(loss) attributable to the equity holders of the company and for the purpose of diluted shares	-1,334	388
Weighted average number of shares outstanding for the purpose of calculating basic earnings per share	158.9	158.8
Earnings per share for income attributable to the equity holders of the company - basic (NOK)	-8.40	2.45
Effect of potential dilutive shares:		
Weighted average number of shares outstanding for the purpose of calculating diluted earnings per share	158.9	159.7
Earnings per share for income attributable to the equity holders of the company - diluted (NOK)	-8.40	2.43

Diluted earnings per share is affected by the option programme for equity-settled share-based payment transactions, refer to Note 4 Employee benefits. There is no diluted effect on earnings per share in case of loss.

Note 9 Property, plant and equipment

Accounting principle

Power plants in operation

The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of an asset retirement obligation and, for qualifying assets, borrowing costs incurred in the construction period. All other borrowing cosats are recognised in the profit or loss in the period in which they incur.

Maintenance expenses are recognised in the statement of profit or loss as incurred. Replacement of damaged components is accounted for as an impairment with capitalisation of the replacement cost as a new item of PPE.

Depreciation of a power plant commences when the plant is ready for management's intended use, normally at the date of grid connection and commissioning.

Asset retirement obligations

Asset retirement costs is recognised when the Group has an obligation to dismantle and remove a power plant and to restore the site on which it is located. Expenditures related to asset retirement obligations are expected to be paid in the period between 2030 and 2046.

Power plants under development

Expenses relating to research activities (project opportunities) are recognised in the statement of profit or loss as they incur. Expenses relating to development activities (project pipeline and backlog) are capitalised to the extent that the project is technically and commercially viable and the Group has sufficient resources to complete the development work.

Expenses that are capitalised include the costs of materials, direct wage costs and other directly attributable expenses.

Other fixed assets

Other fixed assets mainly include office lease, fixtures and equipment. For accounting principles related to right to use lease assets, details are provided in Note 11 Leases.

Estimation uncertainty

Estimated useful life of power plants

The estimated useful lives of power plants are reviewed on an annual basis and changes in useful lives are accounted for prospectively.

In most of these markets the sale of electricity depends on having a PPA, hence, the length of the PPA is deemed to be the critical factor for determine useful life. The power plants currently in operation have 15 to 25 years off-take agreements. Whether or not these agreements will be extended is not currently known. Technical useful life for the power plants is deemed to be at least 30 years, a factor also considered when assessing depreciation period. The assessment is made on a plant by plant basis, and most of the Group's power plants are depreciated over the length of the PPA. Existing Ukrainian regulation allow to choose to sell electricity under a PPA agreement or directly in the electricity spot market, thus the solar plants in Ukraine are not dependent on an PPA agreement and will be able to sell produced electricity in the existing electricity spot market in the country during and/or after expiry of the current PPA contracts. There are no limitations on the terms and validity of the market energy sales agreements. Consequently, the Group has revised the estimated useful life of its five solar plants in Ukraine from 25 to 30 years per 31 December 2022. This change in estimate will be applied prospectively from 1 January 2023 and will not result in any restatement to the current or prior year consolidated financial statements.

Capitalisation of development costs

Expenses relating to development activities (project pipeline and backlog) are capitalised to the extent that the project is technically and commercially viable and the Group has sufficient resources to complete the development work. The assessment of project viability is based on completion of key development activities and includes management judgment.

The carrying value of development projects that have not yet reached the construction phase was NOK 232 million (364) at 31 December 2022.

Asset retirement obligations

Scatec's future asset retirement obligation depends on several factors such as the possible existence of a power market for the plants after the end of the PPA, future recycling arrangements and/or their second-hand value, future value of steel and copper as well as future development of interest and currency exchange rates. The calculation of the asset retirement obligation includes significant judgment and is done on a plant-by-plant basis, taking into consideration relevant project specifics.

Impairments

Power plants and projects under development/ construction are tested for impairment to the extent that indicators of impairment exist, please refer to Note 12 Impairment testing for details.

During 2022, the Group impaired NOK 742 million related to solar power plants in Ukraine and NOK 132 million (76) related to discontinued development projects.

Property, plant and equipment

NOK million	Power plants	Power plants under development and construction	Other fixed assets	Total
Accumulated cost at 1 January 2022	18,026	698	316	**19,040**
Additions	141	1,783	62	**1,986**
Transfers	233	-233	-	**-**
Disposals	-	-45	-	**-45**
Effect of movements in foreign exchange rates	1,427	48	36	**1,511**
Accumulated cost at 31 December 2022	19,828	2,250	414	**22,492**
Accumulated depreciation and impairment losses at 1 January 2022	2,918	116	118	**3,152**
Depreciation for the year	818	-	46	**864**
Impairment losses	742	113	19	**872**
Effect of movements in foreign exchange rates	264	22	4	**291**
Accumulated depreciation and impairment losses at 31 December 2022	4,743	251	186	**5,179**
Carrying amount at 31 December 2022	15,083	1,997	229	**17,310**
Estimated useful life (years)	20-25	N/A	3-5	
Accumulated cost at 1 January 2021	15,938	2,142	290	**18,370**
Additions	620	435	10	**1,065**
Transfers [1)]	1,572	-1,856	18	**-266**
Disposals	-	-2	-10	**-12**
Effect of movements in foreign exchange rates	-103	-21	8	**-116**
Accumulated cost at 31 December 2021	18,026	698	316	**19,040**
Accumulated depreciation and impairment losses at 1 January 2021	2,173	46	82	**2,301**
Depreciation for the year	766	-	37	**803**
Impairment losses	6	70	-	**76**
Accumulated depreciation and impairment losses disposals	-	-	-3	**-3**
Effect of movements in foreign exchange rates	-26	-1	3	**-24**
Accumulated depreciation and impairment losses at 31 December 2021	2,918	116	118	**3,152**
Carrying amount at 31 December 2021	15,106	580	198	**15,885**
Estimated useful life (years)	20-30	N/A	3-5	

1) NOK 266 million of Transfer of assets relates to reclassification of concept assets for Release and right to transmit electricity from PPE to intangible assets in 2021. Of the NOK 266 million, approximately NOK 90 million are additions in 2021. Refer to note 10.

Note 10 Goodwill and other intangible assets

Overview

The Group's goodwill is associated with the acquisitions of Solar competence GmbH in 2007 and SN Power in 2021. The Group had no other intangible assets with an indefinite useful life than goodwill as of 31 December 2022 and 2021.

The Group's Other intangible assets consist of renewable operating license, right to transmit electricity, software and internally developed asset related to the Release concept with a finite useful life. The estimated useful life of intangible assets with a finite lifetime are reviewed on an annual basis, and are amortised over 3-25 years.

In 2022, the Group impaired NOK 74 million of other intangible assets in Ukraine related to the right to transmit electricity for the power solar plants. No impairment charges were recognised in 2021 related to intangible assets. Please refer to Note 12 Impairment testing.

Estimation uncertainty

There is considerable estimate uncertainty associated to the value of intangible assets. Please refer to Note 12 Impairment testing for assessment of recoverable amount.

Carrying value of goodwill and other intangible assets

NOK million	Goodwill	Other intangible assets	Total
Accumulated cost at 1 January 2022	321	492	813
Effect of movements in foreign exchange	35	33	68
Accumulated cost at 31 December 2022	357	525	889
Accumulated depreciation and impairment losses at 1 January 2022	-	16	16
Depreciation for the year	-	26	26
Impairment losses	-	74	74
Effect of movements in foreign exchange	-	8	8
Accumulated depreciation and impairment losses at 31 December 2022	-	124	124
Carrying amount at 31 December 2022	357	401	758
Accumulated cost at 1 January 2021	25	20	45
Additions	290	198	488
Transfer[1)]	-	266	266
Effect of movements in foreign exchange	6	8	14
Accumulated cost at 31 December 2021	321	492	813
Accumulated depreciation and impairment losses at 1 January 2021	-	5	5
Depreciation for the year	-	11	11
Accumulated depreciation and impairment losses at 31 December 2021	-	16	16
Carrying amount at 31 December 2021	321	476	797
Estimated useful life	N/A	3-25	

1) NOK 266 million relates to reclassification of assets related to the Release concept and right to transmit electricity from Property, plant and equipment to Intangible assets

Note 11 Lease

Accounting principle

The group primarily leases office and land where the power production plants are located, accounted for in accordance with IFRS 16. IFRS 16 requires a lessee to account for lease contracts by recognising a liability representing the future lease payments, and an asset representing the right to use the underlying asset.

The Group applies the recognition exemptions and recognises the lease payments as other operating expenses in the statement of profit or loss for leases of low value and leases with lease term less than 12 months.

The future lease payments includes fixed lease payments and variable lease payments that depends on an index or a rate. The Group does not include variable lease payments dependent on future events in the lease liability. Instead, the Group recognises these costs in profit or loss in the period in which the event that triggers those payments occurs. Land leases where the lease payment is based on power production have been excluded from the liability measure.

Estimation uncertainty

When calculating the lease liability and the right-of-use asset, the discount factor is a significant estimate. In the absence of an identifiable discount rate, implicit in the lease agreement, the discount rate used is the Group's incremental borrowing rate. The incremental borrowing rate has been estimated by each subsidiary on an individual basis. For power producing entities, the interest rate on the non-recourse loans has been central when estimating the incremental borrowing rate. For other subsidiaries, non-secured debt has been used as a benchmark for the discount rate.

Several of the Group's lease agreements contain options to extend the lease agreement beyond the contractual lease term. As the extension period is 20-25 years ahead for land leases it is uncertain whether the option will be exercised. The Group has evaluated all these options, but it's not deemed reasonably certain that the Group will exercise the options, and hence, the period covered by these options has not been included in the lease liability. The Group reevaluate the options on a continuously basis.

Reconciliation of movement in right-of-use asset

NOK million	Land	Office & cars	Total
Right-of-use asset at 1 January 2022	138	90	228
Additions	67	21	88
Depreciation for the year	-10	-25	-36
Effect of movement in foreign exchange and other changes	8	14	21
Right-of-use asset at 31 December 2022	202	98	301

Reconciliation of movement in lease liabilities

NOK million	2022	2021
Lease liability at 1 January	246	262
Lease agreements entered into during the year	65	18
Lease payments made during the year	-46	-41
Interest expense on lease liabilities	18	15
Effect of movement in foreign exchange and other changes	30	-8
Lease liability at 31 December	313	246

Leases in the income statement

NOK million	2022	2021
Operating expenses		
Short term- low value and variable lease payment expenses	-41	-39
Depreciation expenses		
Depreciation of right-of-use assets (land lease)	-10	-8
Depreciation of right-of-use assets (office lease and other)	-25	-23
Total depreciation	-36	-31
Financial expenses		
Interest expense on lease liability	-18	-15
Total lease expense in the income statement	-94	-85

Leases in the statement of financial position

NOK million	2022	2021
Assets		
Right-of-use assets - land lease	202	138
Right-of-use assets - office lease and other	98	90
Total right-of-use assets	301	228

The land lease portion of the Right-of-use asset is presented under “power plants” and “Power plants under development and construction” in note 9, while the office lease portion of the Right-of-use asset is presented under the line “Other fixed assets”.

Liabilities		
Non-current liabilities		
Lease liabilities (see Note 17 Other non-current and current liabilities)	270	206
Current liabilities		
Lease liabilities (see Note 17 Other non-current and current liabilities)	43	39
Lease liabilities included in the balance sheet	313	246

Leases in the statement of cash flows

NOK million	2022	2021
Cash flow from operating activities		
Short-term and variable lease payments	41	39
Cash flow from financing activities		
Payments of principal portion on lease liabilities	26	26
Interest paid on lease liabilities	20	15

Maturity analysis – Undiscounted contractual cash flows

NOK million	2022	2021
One year	38	38
One to two years	42	31
Two to three years	37	28
Three to four years	36	28
Four to five years	34	27
More than five years	315	206
Total undiscounted lease liabilities	501	358
Lease liabilities included in the balance sheet	313	246

Note 12 Impairment testing

Accounting policy

The Group assesses property, plant and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Goodwill and intangible assets with an indefinite useful life are tested for impairment annually or more frequently if there are circumstances indicating that the carrying amount may be impaired. The recoverable amount is the higher of the assets fair value less costs to sell and its value in use.

An impairment loss is recognised when an asset or cash generating units carrying value exceeds the recoverable amount.

Per 31 December 2022 and 2021, the Group had no intangible assets with indefinite useful life other than goodwill.

Estimation uncertainty

Factors which trigger impairment testing include, but is not limited to, political changes, macroeconomic fluctuations, changes to the Group's strategy, project delays, underperforming, changes to tariffs and similar. Value in use calculation is based on a discounted cash flow model. The future cash flows include a number of estimates and assumptions, including future market conditions, discount rates and estimated useful life and others. Climate risks such as more extreme weather and changes to the market for renewable energy may impact the future cash flows. The estimates are based on the Group's budgets and long-term outlooks approved by management. The recoverable amount is sensitive to changes in discount rate, expected production rates, demand and price forecasts for power assets with variable income.

The Group monitors changes in government legislation related to climate matters on a continuous basis. Legal changes may impact key assumptions in the value in use calculations in future periods.

Impairment test – plants in operation

Tests for impairment have been performed for CGUs with mandatory annual tests and the CGUs where impairment indicators have been identified. The recoverable amount for these units have been determined estimating the value in use of the assets and comparing against the carrying value of the CGUs.

Impairment indicators were identified during 2022 for Scatec's five solar plants in Ukraine triggered by Russia's invasion on 24 February 2022. The situation in Ukraine at the end of December 2022 is still very challenging and highly uncertain, and Scatec's top priority is the safety of our Ukrainian employees. The outcome of the situation and the impact of Scatec's assets are highly uncertain.

Per 31 December 2022, approximately 95 percent of the power plants are intact and available, but power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. For the months after the invasion the Ukrainian off-taker has approximately paid 42% of the revenues

generated on the defined Feed-in-Tariff for Scatec's assets. The payments levels have increased during the year and the payment level in November and December were 83% and 69% respectively.
In the fourth quarter 2022, the impairment tests from the first quarter 2022 were updated with new information on cash flow assumptions and WACC. Three scenarios have been assessed and weighted to arrive at the value in use for the solar power plants. The main assumptions used in the impairment test were:

Future cash flows: The solar power plants in Ukraine operate under 10-years Feed-in-Tariffs (tariff) which all end in 2029. For the cash flow periods after 2029, the estimates are based on available power market data and Scatec's long-term power market outlook.

In a best-case scenario, we assume a continued reduction in government payment for the power produced with a 65% payment level in 2023 before the situation stabilises and return to normal level from the beginning of 2024. The revenues not paid for 2022 and 2023 are assumed to be deferred and paid in 2024 and 2025. In a mid-case scenario, it is assumed cash flow to be reduced also in 2024-2026 with a 65% payment level before we return to normal level of cash flows from the beginning of 2027. In a worst-case scenario, no future revenues are assumed. The three scenarios have been equally weighted to reflect the high uncertainty on the impact of Scatec's assets in Ukraine.

Discount rate: The value in use calculations include significant estimate uncertainty, which has been reflected in the future cash flow assumptions and estimates and not in the discount rate.
The after-tax discount rate applied in on the cash flows was 8.7%. This corresponds to the average pre-tax discount rate of 9.4%.

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

Sensitivity: The value in use calculation is sensitive to changes in discount rate. Sensitivity analysis shows that an increase in the discount rate of 1% would results in an increased impairment charge of NOK 170 million, assuming all other factors remain unchanged. The sensitivity analysis is for indicative purposes only.

Impairment: A total impairment charge of NOK 816 million was recognised in the first quarter, whereof NOK 742 million related to solar power plants and NOK 74 million related to intangible assets. Intangible assets in Ukraine relate to right to transmit electricity for the solar power plants. The recoverable amount for the solar power plants and intangible assets in Ukraine were NOK 2,107 million as per 31 December 2022.

NOK million	Power plants in Ukraine	Other Intangible assets in Ukraine	Total
Carrying value at 31 December 2022	2,681	242	2,923
Impairment charge	-742	-74	-816
Recoverable amount at 31 December 2022	1,939	168	2,107

Scatec has secured Political Violence Insurance (PVI) in Ukraine which covers physical damage of the power plants up to a predetermined amount. The insurance covers the replacement value for rebuilding the power plants as well as for business interruptions for 12 months for Rengy and Progressovka. As communicated in the first quarter 2022 report, the Political Violence Insurance for Boguslav, Kamianka and Chigirin expired on 31 May 2022. Given the uncertainty in Ukraine, (international) insurance markets are no longer able to provide this cover going forward, hence Scatec has not been able to renew the Political Violence Insurance for these assets. This means that if Scatec suffered war related damages at these sites, this would no longer be covered by (PV) insurance.

For information related to revenues and receivables refer to Note 3 Operating segments, Note 22 Non-recourse financing for financing commitments, covenants and guarantees and Note 14 for cash in this report.

Impairment test – development projects

In 2022 Scatec impaired NOK 132 million related to discontinued development projects in Lesotho, Mali, Bangladesh and India.

Annual mandatory impairment test - goodwill

The goodwill of the Group mainly relates to the acquisition of SN Power AS in 2021 (NOK 331 million). The goodwill relates to the portfolio of identified project development opportunities and assembled workforce. Consequently, the goodwill is allocated to and tested for impairment on the global Development & Construction operating segment. The goodwill has been tested for impairment with the following key assumptions and estimates:

Discount rate: The discount rates are based on the Weighted Average Cost of Capital (WACC) methodology. The discount rate used in the impairment calculations represent the current market assessment of the risks specific to a group of CGUs, taking into consideration any individual risks of the underlying assets that have not been incorporated in the cash flow estimates. Discount rates used in the value in use calculation is based on a discount rate after tax.

The pre-tax discount rate applied in 2022 is 7.4%.

Future cash flows: The recoverable amount has been determined based on the value in use calculations. The estimated cash flows correspond to the business plan a five-year period, which is based on the Group's project backlog and pipeline. The business plan is approved by the Board of Directors. Cash revenues have been calculated based on estimated project volumes and an average margin related to project execution. Cash expenses have been calculated based on budgeted operating expenses attributable to project execution activities. To the best of management's judgement, capital expenditure and changes in working capital are insignificant in relation to this calculation and are therefore excluded. The discounted free cash flows exceed the carrying amount and the asset is not impaired.

Sensitivity: The Group is of the view that no reasonably likely change in the key assumptions listed above would cause the carrying value to materially exceed the recoverable amount for any of the CGUs. An increase in WACC by 2 percentage point would not lead to impairment loss.

The Group has not recognised any impairments related to goodwill in 2022 or 2021 as the recoverable amounts exceed the carrying amount.

Note 13 Investments in joint venture and associated companies

Accounting principle

A joint venture or associate is an entity over which the Group has joint control or significant influence. The Group's investments in its associates and joint ventures are 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 associate or joint venture.

Estimation uncertainty

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Refer to Note 2 Key sources of estimation uncertainty for significant judgements related to the assessment of whether Scatec controls an entity. There is also considerable estimate uncertainty associated with the estimation of the excess values included in the net investment in joint venture and associated companies. The excess values mainly relate to water rights, and the estimated useful life of the water rights are reviewed on an annual basis and amortised over the remaining concession period.

The tables below show the material joint ventures and associated companies recognised in the Group and the reconciliation of the carrying amount.

Material joint ventures and associated companies

Company	Registered office	2022	2021
Kube Energy AS	Oslo, Norway	25.00%	25.00%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50.00%	50.00%
Apodi I Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Mendubim Holding B.V. 1)	Amsterdam, Netherlands	33.33%	51.00%
Mendubim Geração de Energia Ltda. 1)	Assu, Brazil	33.33%	50.00%
Mendubim (I-XIII) Energia Ltda. 1)	Assu, Brazil	33.33%	-
Mendubim Solar EPC Ltda. 1)	Assu, Brazil	33.33%	-
Scatec Solar Solutions Brazil B.V.	Amsterdam, Netherlands	50.00%	50.00%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50.00%	50.00%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50.00%	50.00%
Cordilleras Solar VIII S.A	Buenos Aires, Argentina	50.00%	50.00%
Theun-Hinboun Power Company	Vientiane, Laos	20.00%	20.00%
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50.00%	50.00%
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.70%	16.70%
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – RES Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50.00%	50.00%
SN Power Uganda Ltd.	Kampala, Uganda	51.00%	51.00%
Bujagali Energy Ltd.	Jinja, Uganda	28.28%	28.28%
Compagnie Générale D`Hydroelectricité de Volobé SA	Antananarivo, Madagascar	12.75%	12.75%
Ruzizi Energy Ltd	Kigali, Rwanda	20.40%	20.40%
SN Power Africa Ltd	Nairobi, Kenya	51.00%	51.00%
SN Power Invest Netherlands B.V.	Amsterdam, Netherlands	51.00%	100.00%
SN Development B.V.	Amsterdam, Netherlands	51.00%	-

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

Carrying amount of investments in material joint venture and associated companies

Country	Carrying value 31 December 2021	Additions/ disposals	Net income from joint venture and associated companies	Dividends	Net movement of cash flow hedges recognized in OCI	Foreign currency translations	Carrying value 31 December 2022
Philippines	6,366	-46	472	-402	-	144	**6,535**
Laos	1,632	1	79	-86	-	195	**1,822**
Uganda	1,101	-1	155	-182	85	134	**1,292**
Other 2)	646	251	42	-	-	87	**1,026**
Total	9,745	204	749	-669	85	560	**10,674**

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

100% figures of summarised profit and loss for material joint venture and associated companies (standalone basis)

2022 NOK million	Philippines	Uganda	Laos	Other
Revenues	4,010	1,234	1,257	681
Operating expenses	-407	-93	-169	-156
Operating profit/(loss)	1,576	877	842	109
Net financial items	-224	45	-16	126
Profit before income tax	1,352	923	826	236
Income tax	-197	-6	-123	95
Profit/(loss) after tax	1,155	917	703	331
Scatec’s share of profit/(loss) after tax	579	259	141	179
Amortisaton of excess values (net of tax) - Scatec`s share	-105	-22	-61	-
Elimination of internal transacitions and internal profit	-2	-82	-1	-136
Net profit/(loss)	472	155	79	42

2021 NOK million	Philippines	Uganda	Laos	Other
Revenues	3,582	1,103	1,486	280
Operating expenses	-355	-70	-178	-91
Operating profit/(loss)	1,556	822	1,090	137
Net financial items	-302	-113	28	-130
Profit before income tax	1,254	709	1,118	7
Income tax	-145	-20	-168	18
Profit/(loss) after tax	1,109	689	950	25
Scatec’s share of profit/(loss) after tax	545	195	195	14
	-	-	-	
SN Power January figures not included in consolidated figures	-86	-47	-17	-
Amortisaton of excess values (net of tax) - Scatec`s share	-58	-44	-53	-
Elimination of internal transacitions and internal profit	50	34	9	30
Net profit/(loss)	451	138	133	44

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 December 2022) in March 2022. The matter is disputed, and the amount is not included in net income from JV and associated companies for the year. Under the Share Purchase Agreement with Norfund, Scatec has secured full indemnity against historical tax claims in the Philippines up until the SN Power acquisition closing.

Scatec has in Argentina a non-recourse construction financing from Equinor of NOK 614 million (at 31 December 2022) that has been extended after COD and is due in May 2023. The financing from Equinor is pledged in the shares of the project company. The sponsors are currently working on different alternatives for the project and expect to find a solution before due date of the financing.

100% figures of summarised financial positions for material joint venture and associated companies (standalone basis)

2022 NOK million	Philippines	Uganda	Laos	Other
Non-current assets	7,764	7,825	4,193	6,839
Current assets	837	269	188	516
Cash and cash equivalents	901	427	744	319
Total assets	9,501	8,521	5,125	7,674
Non-current liabilities	5,351	5,197	729	1,785
Current liabilities	893	362	792	1,209
Total liabilities	6,243	5,559	1,521	2,994
Total Equity	3,258	2,962	3,604	4,680
Scatec share of equity	1,614	841	722	2,133
Excess value at acquistion date of SN Power	3,319	127	239	-
Excess values from previous acquisitions	1,674	304	979	-
Amortisation of excess values	-182	-44	-146	-
Loan to joint venture as investment	69	-	1	410
Other / foreign currency translation	41	65	26	-14
Elimination of equity investments	-	-	-	-1,504
Net investment in joint venture	6,535	1,292	1,822	1,026

2021 NOK million	Philippines	Uganda	Laos	Other
Non-current assets	7,766	7,104	3,973	2,911
Current assets	497	235	265	125
Cash and cash equivalents	633	419	678	57
Total assets	8,895	7,758	4,915	3,093
Non-current liabilities	5,528	5,313	1,238	1,918
Current liabilities	829	64	707	445
Total liabilities	6,086	5,377	1,945	2,363
Total Equity	2,808	2,381	2,970	730
Scatec share of equity	1,392	674	594	346
Excess value at acquistion date of SN Power	3,319	127	239	-
Excess values from previous acquisitions	1,674	304	979	-
Amortisation of excess values	-65	-19	-64	-
Loan to joint venture as investment	137	2	-	-
Other / foreign currency translation	-91	14	-115	300
Net investment in joint venture	6,366	1,101	1,632	646

Note 14 Cash and cash equivalents

Accounting principle

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. Restricted cash is cash reserved for a specific purpose and therefore not available for immediate and general use by the Group. Refer to Note 21 Financial instruments by category for the accounting principles for financial instruments.

Cash and cash equivalents

NOK million	2022	2021
Cash in power plant companies in operation	2,057	1,711
Cash in power plant companies under development / construction	109	34
Other restricted cash	223	91
Free cash	1,743	2,335
Total cash and cash equivalents	4,132	4,171

Cash in power plant companies in operation includes free cash, restricted cash in proceeds 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** comprise 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.

Reconciliation of movement in free cash at Group level (in recourse group as defined in bond & loan facilities)

NOK million	2022	2021
Distributions received by Scatec ASA from the power plant companies	1,231	1,603
Cash flow to equity D&C [1]	-149	-164
Cash flow to equity Services [1]	58	60
Cash flow to equity Corporate [1]	-347	-252
Working capital/other	16	-556
Cash flow from operations	809	691
Capitalised expenditures and Scatec's share of equity investments in projects under development	-454	-307
Scatec's share of equity investments in projects under construction	-543	-564
Net cash considerations from purchase of SNP	-	-3,262
Cash flow from investments	-996	-4,132
Dividend distribution to Scatec ASA shareholders	-404	-173
Cash flow from financing	-404	-173
Change in cash and cash equivalents	-592	-3,615
Free cash at beginning of period	2,335	5,949
Free cash at end of period	1,743	2,335
Available undrawn credit facilities	1,827	1,632
Total free cash and undrawn credit facilities at the end of period	3,570	3,967

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

Refer to Note 21 Corporate Financing for further information on credit facilities.

Note 15 Trade receivables

Trade receivables are recognised for unconditional amounts due from the customer. Accrued income represents contract assets related to energy production in the last month of the year, which is invoiced in January the following year. Trade receivables are measured at the transaction price determined under IFRS 15.

The assessment of whether there is objective evidence that trade receivables is impaired is conducted based on the expected credit loss (ECL) approach. Under the approach, lifeatime expected credit loss is recognised based on forward-looking information about possible default events. Information on credit risk and foreign exchange risk regarding trade receivables used in the ECL assessment is provided in Note 18 - Financial risk management.

Trade receivables

NOK million	2022	2021
Trade receivables	384	557
Accrued income and other receivables	210	183
Impariment for expected credit loss	(98)	-
Total trade and other receivables	497	740

Ageing of trade receivables at year-end was as follows:

NOK million	Total	Not due	Overdue
2022	384	278	105
2021	557	306	251

Expected credit loss is assessed on an individual instrument basis. There is no evidence of change in credit risk for the performing trade receivables which cover all the outstanding amounts, except for the trade receivables in Ukraine and Honduras. The overdue receivables are mainly related to sale of electricity from power plants in Ukraine and Honduras. In all other countries, there are no indications that the off-takers will not be able to meet their payment obligations, and hence no expected credit loss impairment have been recognised.

Ukraine

On 28 March 2022 the Ministry of Energy of Ukraine issued an Order to reduce the amounts paid to the renewable power producers to 15% of the agreed tariff to cover for operating expenses for the duration of the martial law. On 29 June 2022 the Ministry of Energy issued a new order which increased the payment level from a minimum of 15% to a minimum of 18% after 2 July 2022. The unpaid amounts are postponed to a later period. Due to the uncertainty related to future settlement, Scatec has from 24 February 2022 only recognised revenues in accordance with actual paid amounts and expect to do so until the new regulation is lifted. The payments levels have increased during the year and reached 66% in the fourth quarter 2022. From 24 February 2022 until end of 2022, the average payment level from the off-taker has been 42%.

Due to the high uncertainty related to future settlement of trade receivables and other receivables related to the period prior to the war, Scatec has made an expected loss impairment of NOK 98 million as of 31 December 2022. The impairment is included in other operating expenses in the 2022 figures. Total outstanding receivables in Ukraine has during 2022 decreased from NOK 390 million to NOK 167 million in the consolidated financials, due to payments of trade receivables from the period before the war and changes in other receivables.

Honduras

Scatec has also experienced increased delays in payments from the state-owned off-takers of power in Honduras. Overdue payments have accumulated in Honduras to a varying degree since the second quarter of 2020. At the end of 2022, the total accumulated overdue receivables amounted to NOK 66 million (NOK 153 million) after settlement of NOK 214 million in outstanding amounts in December 2022.

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 and settlement of outstanding receivables. Part of the outstanding receivables was settled in 2022, and the remaining amount is, based on the ongoing negotiations, expected to be settled and risk related to remaining amount is therefore deemed limited. Payments are secured by sovereign guarantees and no expected credit loss impairment has hence been recognised

Ageing of overdue trade receivables at year-end was as follows:

	Overdue				
NOK million	Less than 30 days	30 - 60 days	60 - 90 days	More than 90 days	Total
2022	14	10	11	71	105
2021	10	26	18	198	251

Note 16 Other non-current and current assets

Other non-current assets

NOK million	2022	2021
Loan to non-controlling interest	-	1
Other non-current investments	125	32
Non-current derivative financial assets (ref Note 20)	375	26
Other non-current receivables	116	151
Total other non-current assets	616	210

Other current assets

NOK million	2022	2021
Prepayments related to assets under development/construction	1336	22
Receivables from public authorities/prepaid taxes, VAT etc	235	393
Current derivative financial assets (ref Note 20)	21	0
Other receivables and prepaid expenses	292	320
Total other current assets	1883	734

Prepayments related to assets under development and construction

The prepayments relates to the ongoing construction projects in South Africa and Brazil. The balance comprises upfront payments of project costs under the EPC-contracts.

Note 17 Other non-current and current liabilities

Other non-current liabilities comprise the following:

NOK million	2022	2021
Shareholder loan from co-investors (ref Note 23)	708	610
Non-current lease liability (ref Note 11)	270	206
Asset retirement obligations (ref Note 9)	475	270
Other long-term provisions and accruals	165	301
Total other non-current liabilities	1,618	1,387

Other current liabilities comprise the following:

NOK million	2022	2021
Accrued expenses related to assets under development/construction	237	237
Public dues other than income taxes	76	44
Accrued interest expenses	112	65
Accrued payroll	75	57
Current lease liability (ref Note 11)	43	39
Deferred income	106	103
Other current liabilities and accruals	457	296
Total other current liabilities	1,106	841

Liabilities related to power production plants reflects both working capital requirements for development/construction contracts and cost accruals on completed projects. Accrued interest expenses are related to corporate financing in the parent company.

Asset retirement obligations are provided for in the case where the Group has a legal obligation to dismantle and remove a power plant and restore the site on which it is located at a future date. The estimate for the asset retirement cost is capitalized as part of the carrying value of the power plant and depreciated over the useful life. The estimate is reassessed annually for each power plant, based on updates in assumptions and key input data. The 2022 reassessment has resulted in an increase from NOK 270 million in 2021 to NOK 475 million in 2022, primarily driven by increases in estimated dismantling costs.

Other interest-bearing liabilities include current and non-current portions of the liability to PowerChina of NOK 462 million in total (NOK 231 million in non-current and current other interest-bearing liabilities). Scatec and PowerChina have signed a revised payment plan for the construction loan where part of the loan was paid in August 2022 and of the remaining EUR 44 million, EUR 22 million will be paid at the end of 2023 and EUR 22 million by mid-2025. Scatec ASA has provided a corporate and bank guarantee to PowerChina in support of this obligation. In the third quarter 2022 the construction loan was reclassified from trade payables to other non-current interest-bearing liabilities. In the fourth quarter, EUR 22 million related to the instalment due in 2023 has been reclassified from non-current to current interest-bearing liabilities. Refer to Note 24 Guarantees and commitments for further details.

Note 18 Financial risk management

Through its business activities Scatec is exposed to the following financial risks:

- Market risk (including commodity price risk, currency risk and interest rate risk)
- Liquidity risk
- Credit risk

Guidelines for risk management have been approved by the Board of Directors and are carried out by Scatec's group finance department in cooperation with the individual operational units. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures.

Market risk

Scatec is exposed to various market risks, including fluctuations in commodity prices, foreign currency rates and interest rates that can affect the revenues and costs of operating, investing and financing activities.

Commodity price risk

Scatec's sales of electricity constitute a material share of its revenues. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long term, fixed price contracts. The power plants produce electricity primarily sold under long term bilateral 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 15 years. The electricity produced from the power plants in the Philippines is sold on bilateral contracts in the spot market under a renewable operating license, and as ancillary services.

Some of the off-take agreements entered into do not contain inflation-based price increase provisions or provisions that only partially allows for inflation-based increases. Some of the countries in which the Company operates, or into which the Company may expand in the future, have in the past experienced high inflation. The fixed price contracts are classified as "own use" contracts (with reference to IFRS 9.2.4), and hence not considered to be in scope of IFRS 9.

The price of electricity is influenced by government support schemes, the development of the renewable power production industry and development in prices on other sources of electricity. Transitional climate risk related to new technology and change in power markets is expected to affect power prices. This includes development in cost and efficiency of renewable energy technologies.

A decline in the costs of other sources of electricity and primary energy sources, such as fossil fuel or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity.

Broader regulatory changes to the electricity market, such as climate related regulations, changes to energy trading, allocation of transmission cost and grid capacity, could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the financial attractiveness of new projects.

Currency risk

Scatec operates internationally and is subject to currency exposure when transactions and monetary balances are denominated in currencies other than the functional currency. For the Group's power plant entities, currency risk is managed based on functional currency and expected cash flows. This is done through the setup of the SPVs with natural hedges where non-recourse financing, revenue and other transactions to a large extent is denominated in the same currency. Construction revenues, cost of sales and gross profit may be subject to significant currency fluctuations. However, multi-currency construction contracts contribute to a natural hedge of cost of sales. To the extent that the Group hedges foreign currency exposure, it is based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements.

The Group is also exposed to currency fluctuations with regards to dividend payment from the operating companies and dividend payment to the shareholders of the parent company. The general policy of the Group is not to hedge foreign currency exposure on long term cash flows from the companies operating the power plants.

As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and functional currencies for the reporting entities, which mainly are USD, ZAR, EUR, MYR, BRL, CZK, PHP and VND, affects the consolidated statements when the results of those reporting entities are translated into NOK.

The sensitivity analysis shows the profit and loss effect of reevaluation of monetary items due to changes in currencies the Group is exposed to. The sensitivities have been calculated based on what Scatec views to be reasonably possible changes in the foreign exchange rates for the coming year and net balances in different currencies as of 31 December 2022.

NOK million	Profit (loss) before taxes
At 31 December 2022	
EUR - Net gain/(loss) (5%)	-45
USD - Net gain/(loss) (5%)	3
BRL - Net gain/(loss) (5%)	-4
ZAR - Net gain/(loss) (5%)	-13
MYR - Net gain/(loss) (5%)	-6
EGP - Net gain/(loss) (5%)	-21
UAH - Net gain/(loss) (5%)	-21

NOK million	Profit (loss) before taxes
At 31 December 2021	
EUR - Net gain/(loss) (5%)	154
USD - Net gain/(loss) (5%)	24
BRL - Net gain/(loss) (5%)	-
ZAR - Net gain/(loss) (5%)	-2
MYR - Net gain/(loss) (5%)	-6

Interest rate risk

Scatec is exposed to interest rate risks through funding and cash management activities. The interest rate risk management objective is to keep the borrowing costs at a minimum and to keep the volatility of future interest payments within acceptable limits. The Group manages its interest rate risk by either using long-term financing at fixed rates or using floating to fixed interest rate swaps for either parts or full exposure of external loans.

Based on the current Group interest bearing debt portfolio, the interest rate hedge ratio (weighted average) is 62% for the period 2022-2041. This includes corporate debt of NOK 8.0 billion of which approximately 19% is swapped to fixed rate. Including the JVs, the interest rate hedge ratio (weighted average) is 69%.

The interest rate risk on the debt at the power plant level is predominantly hedged by way of interest rate swaps subject to hedge accounting, fixed rate loans or inflation rate adjusted interest following the indexed PPAs. For more information on the Group's financial liabilities, refer to Note 21 – Corporate Financing and Note 22 – Non-recourse financing.

The sensitivity analysis shows how profit and loss would have been affected by changes in unhedged interest rates.

NOK million	At 31 December 2022	At 31 December 2021
At 31 December 2022	1%	1%
Net gain/(loss)	-65	-27

The impact on the profit and loss including the JVs with a decrease or increase in interest rate of 1% would result in a gain or loss of NOK 65 million.

Interest rate benchmark reform

Scatec is exposed to the effects of the interest rate benchmark reform, in which Interbank offered rates (IBORs) will be phased out and replaced by new reference rates. The Groups subsidiaries and the parent company currently have several contracts which reference IBOR rates. Scatec has identified and implemented necessary changes to contracts that is required to transition to new reference rates. The 3-month USD Libor will cease on 30 June 2023 and is to be replace by Secured Overnight Financing Rate (SOFR). There is no indication that 6-month KLIBOR and 3-month JIBAR will cease in the near future.

Liquidity risk

Liquidity risk is the risk that Scatec will not be able to meet financial obligations when due. The Group manages liquidity risk through a regular review of future commitments, cash flows from operations and credit facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. In addition, the Group has available funding through the USD 180 million Revolving Credit Facility (RCF) and the USD 5 million Overdraft Facility. Scatec has per 31 December 2022 not drawn on the revolving credit facility or the overdraft facility.

For information about the Group's financial liabilities including maturity, refer to Note 21 – Corporate Financing, Note 22 – Non-recourse financing and Note 11 Leases.

In some of the countries where Scatec operates, governments have imposed regulations on repatriation of funds out of the country. This may halt or delay flow of funds between group companies under certain circumstances. Scatec seek to minimise such risk through assessments of the relevant jurisdictions and regulations and adapt accordingly.

Scatec's ability to seek liquidity and comply with financial obligations is related to the capability to comply with extended ESG targets and reporting requirements. Transitional climate risk including new regulations and shifting in global financing may affect Scatec's liquidity.

A break-down of free and restricted cash is provided in Note 14 – Cash and cash equivalents.

Credit risk

Credit risk is the risk that Scatec's customers or counterparties will cause financial loss by failing to honour their obligations. The Group is exposed to third party credit risk in several instances, including off-take partners who have committed to buy electricity produced by or on behalf of the Group, suppliers and/or contractors who are engaged to construct or operate assets held by the Group, property owners who are leasing land to the Group, banks providing financing and guarantees of the obligations of other parties, insurance companies providing coverage against various risks applicable to the Group's assets, and other third parties who may have obligations towards the Group. Except for the energy sold to the whole sale market in the Philippines, most of the electric power generated by the Group's current portfolio of projects in operation or under construction is, or will be, sold under long-term off-take agreements with public utilities or other partners, or under Feed-in Tariff ("FiT") arrangements, Power Purchase Agreements (PPAs) or similar support mechanisms governed by law. If, for any reason, any of the counterparties to these contracts are unable or unwilling to fulfil their contractual obligations, refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. For the Group's current projects in operation, the majority of these are supported by government guarantees or have obligations regulated by law. However, there is still a risk of legislative or other political action that may impair their contractual performance.

The Group's main credit risks arise from credit exposures with accounts receivables and deposits with financial institutions. All major deposits and investments with financial institutions are kept with entities carrying a minimum international credit rating from Moodys/ S&P of at least A-.

Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before expected credit loss provision, as well as cash and cash equivalents, equaling NOK 6,709 million at 31 December 2022.

Refer to Note 15 – Trade receivables for information on the expected credit loss provision related to trade receivables.

Note 19 Financial instruments

Accounting principle

Financial assets

The Group initially measures financial assets at amortised cost, its fair value plus, in the case of a financial asset at fair value through OCI, transaction costs. The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's financial assets at amortised cost mainly include trade receivables and cash and cash equivalents. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment assessment. See note 15 for accounting policy and ECL approach on trade receivables.

Financial assets at fair value through profit or loss include derivatives, including separated embedded derivatives, unless they are designated as effective hedging instruments.

The Group's financial assets at fair value through OCI include effective cash flow hedges.

Financial liabilities

All financial liabilities are initially recognised at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The Group's financial liabilities at fair value through OCI include effective cash flow hedges.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, the exchange or modification is treated as de-recognition of the original liability and recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Estimation uncertainty

Fair value measurement

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy from IFRS 13 based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the reporting period ending 31 December 2022, there have been no transfers between the fair value levels.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on the observable yield curves (level 2). The fair value of a foreign exchange embedded derivative is calculated as the present value of the difference between the forward rate and the spot rate at the balance sheet date (level 2). This imply to take into account input from external parties and compare the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date. Changes in the fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts. Refer to Note 20 Derivative financial instruments for details.

Financial instrument by measurement category

NOK million	Measurement category	2022	2021
Assets			
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	396	26
Debt instruments			
Cash and cash equivalents	Amortised cost	4,132	4,171
Trade receivables	Amortised cost	286	557
Other debt instruments and receivables	Amortised cost	451	759
Total financial assets		5,264	5,513
Total current		4,774	5,303
Total non-current		490	210
Liabilities			
Interest bearing loans and borrowings			
Corporate financing	Amortised cost	7,987	7,264
Non-recourse financing loans	Amortised cost	15,260	11,855
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	28	339
Foreign exchange forward contracts	Fair value – hedging instruments through PL	92	-
Other financial liabilities			
Shareholder loan from non-controlling interests	Amortised cost	708	610
Trade and other financial liabilities	Amortised cost	1,285	1,148
Total financial liabilities		25,360	21,217
Total current		3,008	2,114
Total non-current		22,351	19,103

There are no significant differences between total carrying value and fair value for financial instruments measured at amortised cost.

The table below provides a reconciliation of the movement of liabilities arising from financing activities, disaggregated by cash and non-cash movements. Please refer to Note 11 Leases for a reconciliation of lease liabilities.

Movement in liabilities recognised at amortised cost

2022			Non-cash changes			
NOK million	2021	Cashflows	Foreign exchange movement	Fair value changes	Accrued interest expense/ Reclassifications	2022
Corporate financing	7,264	(298)	903	-	118	**7,987**
Non-recourse financing	11,855	1,483	1,049	-	872	**15,260**
Total liabilities arising from financing activities	19,120	1,185	1,952	-	990	**23,247**

2021			Non-cash changes			
NOK million	2020	Cashflows	Foreign exchange movement	Fair value changes	Accrued interest expense/ Reclassifications	2021
Corporate financing	748	4,448	-	-	2,068	**7,264**
Non-recourse financing	12,263	(1,637)	(103)	-	1,332	**11,855**
Total liabilities arising from financing activities	13,011	2,811	(103)	-	3,400	**19,120**

Note 20 Derivative financial instruments

Hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks related to financing of renewable power production plants. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered and are subsequently re-measured at fair value. The effective portion of cash flow hedges is recognised in OCI and later reclassified to profit or loss when the underlaying hedge item affects profit or loss.

The Group only applies hedge accounting for cash flow hedges that meet the criteria in IFRS 9. At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in expected cash flows from the hedged item. Such hedges are expected to be highly effective in achieving offsetting changes in the expected cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or liability, the gain or loss on the hedge instrument that was recognised in other comprehensive income is reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss. If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecasted transaction occurs.

Derivative financial assets and liabilities

NOK million	2022	2021
Interest rate swap contracts financial assets measured at level 2 in the fair value hierarchy		
Current portion	21	-
Non-current portion	375	26
Total derivative financial assets	396	26

NOK million	2022	2021
Interest rate swap contracts financial liabilities measured at level 2 in the fair value hierarchy		
Current portion	16	90
Non-current portion	12	249
Total Interest rate swap contracts derivative financial liabilities	28	339
Foreign exchange contracts financial liabilities measured at level 2 in the fair value hierarchy		
Current portion	92	-
Non-current portion	-	-
Total Foreign exchange contracts financial liabilities	92	-
Total derivative financial liabilities	120	339

The tables above show the market value of the derivatives for the year ending 2022 and 2021, carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right to offset these cash flows.

Interest rate swaps per country 2022

Country	Notional amount (NOK million)	Fixed rate(s)	Floating rate reference rate(s)	Maturity
Norway	1,457	0.40%	3-month USD LIBOR	2025
South Africa	2,197	8.40% - 8.70%	3-month JIBAR	2024-2028
Egypt	2,471	2.15%	USD-SOFR-COMPOUND	2041
Mozambique	364	3.30%	6-month USD LIBOR	2035
Malaysia	212	4.30%	6-month KLIBOR	2028

Interest rate swaps per country 2021

Country	Notional amount (NOK million)	Fixed rate(s)	Floating rate reference rate(s)	Maturity
Norway	1,323	0.40%	3-month USD LIBOR	2025
South Africa	2,082	8.40% - 8.70%	3-month JIBAR	2024-2028
Egypt	2,811	5.40% - 8.00%	6-month USD LIBOR	2035
Mozambique	346	3.30%	6-month USD LIBOR	2035
Malaysia	216	4.30%	6-month KLIBOR	2028

The Egyptian power plant companies refinanced non-recourse debt by the issuance of USD 334.5 million bond in Q2 2022, of which a USD 250 million tranche is subject to floating interest rates. As part of the refinancing, the power plant companies entered new interest rate swaps matching the interest rate terms on the USD 250 million floating rate tranche.

Reconciliation of hedging reserve - interest rate swap contracts

NOK million	2022	2021
Opening balance	-242	-522
Recycling during the year to profit or loss, gross	348	203
Recycling during the year to profit or loss, tax effect	-85	-61
Unrealised gain/(loss) during the year	353	193
Unrealised gain/(loss) during the year, tax effect OCI	-83	-56
Closing balance	291	-242
Of which equity holders of the parent company	199	-111

The interest rate swap contracts described in this note are exposed to the effects of the Interest Rate Benchmark Reform, as the fair values of interest rate swaps today are based on the following reference rates; 6-month KLIBOR, 3-month USD Libor, 6-month USD Libor and 3-month JIBAR, and a change from these reference rates to the new reference rates described in the Interest Rate Benchmark Reform could affect the fair value of the financial instruments. The Group pays attention to the development of the IBOR transition, and will work with the contractual counterparts on the transition to new reference rates.

Foreign exchange derivatives

Foreign exchange derivatives consist of USD/ZAR currency forward contracts related to the power plants under construction in Kenhardt, South Africa, to mitigate currency exposure on equipment purchases denominated in USD. The foreign exchange derivatives are recognized in the statement of financial position at fair value, with the change in value recognized in the statement of profit and loss as financial income/expense.

Note 21 Corporate financing

	Currency	Denominated currency value (million)	Maturity	Interest terms	Carrying value 31 December 2022 (NOK million)	Carrying value 31 December 2021 (NOK million)
Green Bond (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	3M EURIBOR + 2,50%	2,625	2,475
Total unsecured bonds					2,625	2,475
Green Term Loan	USD	150	Q1 2025		1,481	1,323
Bridge to Bond	USD	193	Q1 2024		1,906	1,702
Total secured acquisition financing					3,387	3,025
Vendor Financing (Norfund)	USD	200	Q1 2028		1,975	1,764
Total unsecured acquisition financing					1,975	1,764
Revolving credit facility	USD	180	Q1 2024		-	-
Overdraft facility	USD	5			-	-
Total secured back-stop bank facilities					-	-
Total					7,987	7,264
As of non current					7,987	7,264
As of current					-	-

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%, margin 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.

During the term of the bond, Scatec shall comply with the following financial covenants at all times:

- Minimum liquidity: free cash of minimum NOK 150 million
- Maximum debt to capitalisation ratio: 50%
- Minimum interest coverage ratio: 3.0x.

Refer to the loan agreement available on www.scatec.com/investor-overview for further information and definitions.

Outstanding acquisition finance

As of 31 December 2022, the following facilities and amounts are outstanding of the initial USD 1,030 million financing package related to the acquisition of SN Power in the first quarter of 2021:

- USD 150 million Green Term Loan provided by Nordea, Swedbank and DNB with maturity in the first quarter of 2025.
- USD 193 million outstanding of the USD 400 million bridge to bond facility provided by Nordea, Swedbank and DNB. The maturity date for the facility was extended to January 2024 in the third quarter of 2022.
- USD 200 million Vendor Financing provided by Norfund with maturity in the first quarter of 2028.

Refer to note 30 Subsequent events for information about refinancing of the bridge to bond facility.

Revolving credit facility

In the first quarter of 2021 Scatec increased the existing revolving credit facility (RCF) from USD 90 million to USD 180 million, with Nordea Bank as agent and Nordea Bank, DNB, Swedbank 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 31 December 2022.

Overdraft facility

In the second quarter of 2018 Scatec entered into a USD 5 million overdraft facility with Nordea Bank. Scatec has not drawn on the overdraft facility per 31 December 2022.

Per 31 December 2022, Scatec was in compliance with all financial covenants for the above facilities. The book equity of the recourse group, as defined in the facility agreements, was NOK 10,598 million per year end. During 2022, interest expense net of gains/(loss) on interest rate swaps amounting to NOK 344 million (250) was expensed for the bond, acquisition finance, overdraft- and revolving credit facility.

Guarantee facilities

The guarantee facility (GFA) has Nordea Bank as agent and issuer, with Nordea Bank, Swedbank, DNB and BNP Paribas as guarantee instrument lenders. The guarantee facility is mainly used to provide advance payment-, performance and warranty bonds under construction agreements, as well as trade letter of credits. In addition to the GFA, Scatec has guarantee facilities with Standard Bank South Africa, Lombard insurance company in South Africa and MBank in Malaysia. These facilities are mostly used to cover short term bid bonds. Refer to note 24 Guarantees for further information

Note 22 Non-recourse financing

See Note 19 Financial instruments for accounting principle for financial liabilities recognised to amortised cost.

The table below specifies non-recourse financing at 31 December 2022 and 2021. The rate of interest is a calculated average per portfolio. All loans are fixed or swapped to fixed rate interests, except for the loans in South Africa Upington where the interest rates are inflation-linked to match the profile of the PPA indexations.

NOK million	Interest rate	Maturity date	2022	2021
Loan facilities (ZAR) - South Africa portfolio Kalkbult. Linde, Dreunberg	10.05%	12/31/2032	1,910	1,616
Loan facilities (ZAR) - South Africa portfolio Upington 1)	8.23%	3/31/2037	2,267	2,157
Loan facilities (ZAR) - South Africa portfolio Kenhardt	10.14%	10/31/2041	2,582	-
Loan facilities (CZK) – Czech portfolio	4.90%	5/11/2029	315	318
Loan facilities (USD) - Gigawatt Global Rwanda Ltd (ASYV)	8.23%	1/11/2030	116	108
Loan facilities (USD) – Jordan portfolio	6.39%	1/10/2032	685	644
Loan facilities (USD) – Produccion De Energia S.A (Aqua Fria)	7.21%	10/31/2026	387	346
Loan facilities (MYR) – Quantum Solar Park (Semenanjung) SDN.	6.02%	4/30/2035	1,784	1,796
Loan facilities (MYR) – Red Sol	4.22%	12/23/2028	264	267
Loan facilities (USD) - Aswan portfolio Egypt	5.21%	3/31/2041	3,138	2,847
Loan facilities (USD) - Central Solar de Mocuba, Mozambique	6.45%	1/31/2035	468	438
Loan facilities (EUR) - Ukraine	6.86%	12/31/2029	987	969
Loan facilities (VND) - Vietnam	6.00%	1/31/2035	356	347
Total non-recourse financial liabilites			15,260	11,854
Of which non-current non-recourse financial liabilities			13,297	10,708
Of which current non-recourse financial liabilities			1,963	1,147

1) Parts of the loans in South Africa Upington are structured as CPI-linked loans where the principal loan amount is uplifted based on the yearly observed CPI factor. Hence, the effective interest including the CPI factor is higher than the nominal interest rate of the loan. For 2021 the CPI factor applied to the loans was 1.17%.

Scatec mainly uses non-recourse financing for constructing and/or acquiring assets, exclusively using as guarantee the assets and cash flows of the special purpose vehicle 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 companies operating in the Czech Republic, the non-recourse financing agreements include a cross default clause within the Czech group. Please refer to Note 24 Guarantees and commitments for information on the use of parent company guarantees in favor of power plant companies.

The project entities' assets are pledged as security for the non-recourse financing. The Group's book value of the pledged power plants is NOK 15,676 million (14,508) at 31 December 2022.

Repayment structure

NOK million	Loan repayment	Interest payment	Total
2023	1066	1088	**2,154**
2024	951	1111	**2,062**
2025	1010	1031	**2,041**
2026	1085	966	**2,051**
2027	1017	892	**1,909**
2028	1173	821	**1,994**
2029	996	702	**1,698**
2030	1010	636	**1,646**
2031	1111	563	**1,674**
2032	849	489	**1,338**
2033	787	435	**1,222**
2034	908	377	**1,285**
2035	852	312	**1,164**
2036	738	256	**994**
2037	713	196	**909**
2038	503	148	**651**
2039	519	106	**625**
2040	405	64	**468**
2041	469	23	**492**
Total future loan repayment	16,161	10,217	**26,378**

Covenants

Scatec has financial covenants related to the non-recourse financing in the different countries, for example different Debt Service Coverage Ratios (DSCR) and Equity ratios. The Agreements also contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as several undertakings related to e.g., budgets, financial and operational reporting and information.

Except for Ukraine, Scatec was in compliance with financial covenants for the non-recourse debt on 31 December 2022.

Ukraine

Scatec's power plant companies in Ukraine are not in compliance with covenants in the loan agreements for the non-recourse project debt at year-end. The situation is unchanged from the first quarter 2022, when NOK 603 million of the non-recourse financing was reclassified from non-current to current. As of 31 December 2022, all non-recourse financing (including accrued interest) in Ukraine, amounting to NOK 987 million, continues to be classified as current in the consolidated financials. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised "stand still"

Note 23 Project financing provided by co-investors

In relation to the structuring and financing of the power plant companies in the Group, financial instruments are issued to both the controlling and non-controlling interests. Such financing can be both paid-in equity and shareholder loans. Issued capital and shareholder loans are considered equity instruments if repayment is on the discretion of the power plant company.

At 31 December 2022, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognized in equity	Shareholder loan recognized as financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	54	54	0	0
Simacel 155 (Pty) Ltd (Linde)	South Africa	21	21	0	0
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	41	41	0	0
Gigawatt Global Rwanda (ASYV)	Rwanda	20	5	15	0
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	91	1	90	0
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	43	1	42	0
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	265	111	0	155
Los Prados	Honduras	207	207	0	0
Aswan Solar Power SAE (BB1)	Egypt	33	33	0	0
Zafarana Solar Power SAE (ZAF1)	Egypt	89	37	0	52
Red Sea Solar Power SAE (ZAF2)	Egypt	167	33	0	134
Upper Egypt Solar Power (BB2)	Egypt	100	36	0	64
Kom Ombo Renewable Energy SAE (BB3)	Egypt	97	43	0	54
Daraw Solar Power SAE (BB4)	Egypt	79	40	0	40
Egypt Green Hydrogen	Egypt	44	0	0	44
Kamianka / Chysta Energiya	Ukraine	59	1	0	58
Rengy Bioenergy	Ukraine	83	1	0	82
Central Solar de Mocuba, Mozambique	Mozambique	49	29	0	20
Dyason's Klip 1	South Africa	111	111	0	0
Dyason's Klip 2	South Africa	112	112	0	0
Sirius Solar PV Project One	South Africa	110	110	0	0
Helios Power (Private) Limited	Pakistan	14	14	0	1
Meridian Energy (Private) Limited	Pakistan	14	14	0	1
HNDS Energy (Private) Limited	Pakistan	14	14	0	1
Total project financing from co-investors		1,921	1,070	147	708

At 31 December 2021, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognized in equity	Shareholder loan recognized as financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	52	52	0	0
Simacel 155 (Pty) Ltd (Linde)	South Africa	20	20	0	0
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	40	40	0	0
Gigawatt Global Rwanda (ASYV)	Rwanda	17	5	12	0
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	81	1	80	0
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	38	1	37	0
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	226	99	0	127
Los Prados	Honduras	192	192	0	0
Aswan Solar Power SAE (BB1)	Egypt	29	29	0	0
Zafarana Solar Power SAE (ZAF1)	Egypt	119	33	0	86
Red Sea Solar Power SAE (ZAF2)	Egypt	98	29	0	68
Upper Egypt Solar Power (BB2)	Egypt	83	33	0	50
Kom Ombo Renewable Energy SAE (BB3)	Egypt	124	38	0	86
Daraw Solar Power SAE (BB4)	Egypt	65	35	0	29
Kamianka / Chysta Energiya	Ukraine	52	1	0	51
Rengy Bioenergy	Ukraine	85	1	0	84
Central Solar de Mocuba, Mozambique	Mozambique	43	26	0	17
Dyason's Klip 1	South Africa	107	107	0	0
Dyason's Klip 2	South Africa	108	108	0	0
Sirius Solar PV Project One	South Africa	106	106	0	0
Helios Power (Private) Limited	Pakistan	9	6	0	3
Meridian Energy (Private) Limited	Pakistan	9	6	0	3
HNDS Energy (Private) Limited	Pakistan	9	6	0	3
Total project financing from co-investors		1,711	973	130	610

For the year 2022, interest expenses on financing from co-investors of NOK 45 million have been expensed (NOK 38 million for 2021), of which NOK 2 million is recognised directly in equity (NOK 1 million for 2021).

The equity and loan financing provided by the co-investors is repaid according to a pre-determined waterfall structure, meaning that the financing presented above will be settled after external non-recourse financing, and only when distributable cash as defined by the financing agreements is available. Normally this would occur twice a year.

For some of the project companies in the above table the co-investor funding has been provided indirectly through jointly owned holding companies.

Note 24 Guarantees and commitments

Guarantee exposure

The amounts specified below are total exposure on guarantees issued by Scatec ASA at each balance sheet date based on when the guarantees expire. The guarantees expire haphazardly during the year. The fair value of the guarantees is immaterial on a consolidated basis; hence no liability is recognised.

NOK million	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Bid Bonds	401	170	170	0
SPV Performance / Commitments	256	202	202	156
O&M Performance (3rd party)	16	-	-	-
Other Payment Guarantees	1,800	1,620	46	46
Total	2,474	1,992	418	202

Guarantees

For projects under development, Scatec is often required to issue bid bonds to secure commitment during submission of project bids. The bid bonds are mainly related to projects under development in Tunisia, South Africa, India, Brazil and Egypt.

Guarantees are issued to secure power plant company performance for plants in operations. This includes SPV performance and commitment guarantees to cover the obligations under PPAs and Implementation Agreements. These obligations are connected to project performance where Scatec is in control and hold the O&M and asset management agreements. SPV performance gurantee mainly relate to the project in Botswana and RMIPPP in South Africa.

In addition, Scatec provides payment guarantees. This includes for equity injection in project companies where project lenders disburse debt before equity is paid in and Debt Service Reserve to replace cash reserves in the project companies. The main outstanding payment guarantees are related to the RMIPPP project in South Africa, as well as to Power China and Sukkur. The payment guarantee of NOK 264 million to Power China is related to the construction loan on the Progressovska solar plant in Ukraine.

For four of the power plants in Ukraine, Scatec has provided additional corporate guarantees of NOK 58 million related to establishment of debt service reserve accounts and contingent equity.

Guarantee facility

The guarantees issued by Scatec ASA and other recourse group entities are issued under the guarantee facility with Nordea Bank as agent, and Nordea Bank, BNP Paribas, Swedbank and DNB as guarantee instrument lenders.

In addition to this facility, Scatec have guarantee facilities with other financial institutions in countries where Scatec operates. These facilities are mostly used to cover short term bid bonds.

The Norwegian Export Credit Guarantee Agency (Eksfin) normally counter guarantee for the guarantees issued by the banks. Eksfin can issue counter indemnity of 50% in favor of the issuing banks. The financial covenants in the Guarantee Facility Agreement are:

- Free cash of no less than NOK 150,000,000
- Debt to capitalization ratio 50%
- Minimum interest coverage ratio 3.0x

Per 31 December 2022, Scatec was in compliance with all covenants in the Guarantee Facility Agreement.

Note 25 Share capital, shareholder information and dividend

Share capital and shareholder information

At year-end 2022 the total number of shareholders in Scatec was 16,463 (16,487). The total number of outstanding shares was 158,917,275 (158,864,018) at par value NOK 0.025 per share as of 31 December 2022.

In February 2022, Scatec increased the share capital by issuing 53,257 new shares as part of the share option programme. In May 2022, Scatec bought back 89,200 shares at an average volume weighted price per share of NOK 93.78 related to the employee share purchase programme.

Refer to Note 12 – Equity and shareholder information in the Parent financial statement for an overview of the largest shareholders of Scatec ASA and shares held by Management and Board of Directors at 31 December 2022.

Refer to Note 4 – Employee benefits for information on share options granted to the management.

Dividend

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised, and the distribution is no longer at the discretion of the Company. As per the corporate laws in Norway, a distribution is authorised when it is approved by the General Meeting.

The Group's objective is to pay shareholders consistent and growing cash dividends. On 2 February 2023, the Board of Directors announced its intention to propose to the Annual General Meeting to change the payment ratio from 25% to 15% of free cash distributed from producing power plants, this to support Scatec's growth ambitions while retaining the Group's objective to pay shareholder dividends.

On 2 February 2022, the Board of Directors announced its intention to propose a dividend of NOK 2.54 per share to the Annual General Meeting, totaling NOK 404 million. The amount was paid out in May 2022.

Note 26 Consolidated subsidiaries

The consolidated financial statement of Scatec comprises more than 200 legal companies that are controlled by Scatec. The following table include material consolidated subsidiaries, including material holding companies. Consolidated economic interests correspond to the voting interests if not otherwise stated. For subsidiaries of the ultimate Parent's subsidiaries, the economic interests stated is the mathematically indirect consolidated economic interests. For information on associated companies and joint venture companies, refer to Note 13 Investments in JV and associated companies

Company	Registered office	Consolidated economic interests 2022
SN Power AS	Oslo, Norway	100.00%
Scatec Solar Netherlands BV	Amsterdam, Netherlands	100.00%
Release Management B.V.	Amsterdam, Netherlands	100.00%
Release Africa B.V.	Amsterdam, Netherlands	100.00%
Release South Africa Pty (Ltd)	Cape Town, South Africa	100.00%
Release Cameroon SARL	Douala, Cameroon	100.00%
Signo Solar PP01 s.r.o.	Prague, Czech	100.00%
Scatec Solar s.r.o.	Prague, Czech	100.00%
Signo Solar PP01 s.r.o.	Prague, Czech	100.00%
Signo Solar PP02 s.r.o.	Prague, Czech	100.00%
Signo Solar PP03 s.r.o.	Prague, Czech	100.00%
Signo Solar PP04 s.r.o.	Prague, Czech	100.00%
Signo Solar PV1 s.r.o.	Prague, Czech	100.00%
Scatec Solar Solutions Ukraine LLC	Kyiv, Ukraine	100.00%
Chysta Energhiaa 2011 LLC	Kyiv, Ukraine	60.00%
Boguslav Energy LLC	Bohuslav, Ukraine	100.00%
Greenteco SES LLC	Kyiv, Ukraine	100.00%
Rengy Bioenergy LLC	Kyiv, Ukraine	51.00%
PV Progressovka Gamma LLC	Berezanka, Ukraine	100.00%
PV Progressovka ALpha LLC	Berezanka, Ukraine	100.00%
PV Progressovka Beta LLC	Berezanka, Ukraine	100.00%
Scatec Solar Jordan (EPC)	Amman, Jordan	100.00%
Scatec Solar AS/ Jordan PSC	Amman, Jordan	100.00%
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%
Scatec Solar Africa (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100.00%
Scatec Solar SA 163 (Pty) Ltd.	Sandton, South Africa	92.00%
Scatec Solar SA (pty) Ltd.	Sandton, South Africa	100.00%
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South Africa	76.60%
Scatec Solar SA 166 (Pty) Ltd.	Sandton, South Africa	46.00%
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South Africa	80.70%
Simacel 155 (Pty) Ltd.	Sandton, South Africa	44.40%
Simacel 160 (Pty) Ltd.	Sandton, South Africa	44.40%
Dyason's Klip 1 (Pty) Ltd	Cape Town, South Africa	45.50%
Dyason's Klip 2 (Pty) Ltd	Cape Town, South Africa	45.50%
Scatec Solar Construction R4	Cape Town, South Africa	51.00%
Scatec Solar Operations R4	Cape Town, South Africa	51.00%
Sirius Solar PV Project One (RF) (Pty) Ltd	Cape Town, South Africa	45.50%
Scatec Hybrid EPC (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Kenhardt 1 (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Kenhardt 2 (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Kenhardt 3 (Pty) Ltd	Cape Town, South Africa	100.00%

Continues on following page

Company	Registered office	Consolidated economic interests 2022
Scatec Solar Honduras SA	Tegucigalpa, Honduras	100.00%
Energias Solares S.A.	Tegucigalpa, Honduras	70.00%
Fotovoltaica Los Prados S.A.	Tegucigalpa, Honduras	70.00%
Fotovoltaica Surena S.A.	Tegucigalpa, Honduras	70.00%
Generaciones Energeticas S.A.	Tegucigalpa, Honduras	70.00%
Produccion de Energia Solar Demas Renovables S.A	Tegucigalpa, Honduras	40.00%
Central Solar de Mocuba S.A.	Maputo, Mozambique	52.50%
Scatec Solar Mozambique Limitada	Maputo, Mozambique	100.00%
Scatec Solar Solutions Egypt LLC	Cairo, Egypt	100.00%
Aswan Solar Power SAE	Cairo, Egypt	51.00%
Daraw Solar Power SAE	Cairo, Egypt	51.00%
Kom Ombo Renewable Energy SAE	Cairo, Egypt	51.00%
Red Sea Solar Power SAE.	Cairo, Egypt	51.00%
Upper Egypt Solar Power	Cairo, Egypt	51.00%
Zafarana Power SAE	Cairo, Egypt	51.00%
Scatec Solar Solutions Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Kedah) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Melaka) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Terengganu) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park Semenanjung Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Red Sol	Kuala Lumpur, Malaysia	100.00%
Helios Power Ltd	Clifton Karachi, Pakistan	100.00%
HNDS Energy Ltd	Clifton Karachi, Pakistan	100.00%
Meridian Energy Ltd	Clifton Karachi, Pakistan	100.00%
Scatec Solar Pvt Ltd (Pakistan)	Clifton Karachi, Pakistan	100.00%
Scatec Solar Solutions Vietnam Co. Ltd.	Ho Chi Minh City, Vietnam	100.00%
Dam Nai Wind Power JSC	Ninh Thuan, Vietnam	100.00%

1) The consolidated economic interest in the Malaysian project companies represents Scatec's share of the contributed equity and retained earnings in the project companies as of the reporting date. Scatec's average economic interest through the PPA tenor is estimated to be 95% based on the Group's right to economic return obtained through shareholdings and other contractual arrangements. The average economic interest may be subject to change.

Note 27 Non-controlling interests

Non-controlling interests

Scatec's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role trough ownership of the solar power plants. Normally Scatec enter into partnerships for the shareholding of the power plant company owning the power plants while maintaining control, leading to material non-controlling interest.

Consolidation of power plant companies are identified as a significant judgement for the consolidated financial statements, please refer to Note 2 for further information.

Note 26 Consolidated subsidiaries include all material entities with an NCI share. The NCI share is the share of interest not owned by Scatec.

Accumulated balances of non-controlling interest and the allocation of profit and loss are presented below by sub-group. The change in NCI balance from year to year is driven by the NCIs share of profit or loss and other comprehensive income, capital injections from- and dividends paid to NCIs, as well as foreign exchange differences.

Accounting principle

Non-controlling interests are calculated on the respective subsidiaries' stand-alone reporting, before eliminations of intercompany transactions. Furthermore, unrealised intercompany profits relating to depreciable assets (power plants) are viewed as being realised gradually over the remaining economic life of the asset. Consequently, the specification of non-controlling interest in the group financial statements will differ from the non-controlling interests calculated based on the respective subsidiaries' stand-alone reporting.

When recognising a non-controlling interest through an acquisition, the difference between the cost of the non-controlling interest and the non-controlling interest's share of the assets and liabilities is reflected in the consolidated statement of financial position at the date of acquisition as an equity transaction.

Total balances of material non-controlling interest

NOK million	2022	2021
Egypt	99	-24
Honduras	323	318
Jordan	183	149
Mozambique	56	-5
Pakistan	30	11
Rwanda	5	7
South Africa	-48	178
Ukraine	-108	14
Total non-controlling interests	540	649

Profit/(loss) allocated to material non-controlling interest

NOK million	2022	2021
Egypt	-6	-41
Honduras	4	8
Jordan	13	10
Mozambique	12	-1
Pakistan	-4	-6
Rwanda	-2	-3
South Africa	188	82
Ukraine	-97	18
Total non-controlling interests	106	68

Financial information of subsidiaries that have material non-controlling interests is provided below:

Summarised statement of profit or loss for 2022 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Profit/loss attributable to non-controlling interest	Dividends paid to non-controlling interest 1)
Egypt	637	(281)	356	(353)	3	(13)	(6)	-
Honduras	200	(132)	68	(52)	16	16	4	-
Jordan	121	(62)	59	(33)	27	25	13	-
Mozambique	91	(43)	48	(3)	46	26	12	-
Pakistan	-	(4)	(4)	(11)	(15)	(15)	(4)	-
Rwanda	23	(13)	10	(15)	(5)	(5)	(2)	-
South Africa	1,842	(1,154)	688	(84)	602	584	188	526
Ukraine	47	(176)	(129)	(89)	(217)	(221)	(97)	-

1) Excluding repayments of shareholders loans

Summarised statement of profit or loss for 2021 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Profit/loss attributable to non-controlling interest	Dividends paid to non-controlling interest 1)
Egypt	596	(250)	345	(215)	130	(85)	(42)	-
Honduras	196	(128)	68	(44)	24	24	8	-
Jordan	109	(56)	54	(32)	22	20	10	-
Mozambique	82	(40)	42	(41)	1	(2)	(1)	-
Pakistan	-	(34)	(34)	(1)	(34)	(25)	(6)	-
Rwanda	20	(12)	8	(14)	(5)	(5)	(3)	-
South Africa	1,245	(628)	617	(369)	248	217	83	209
Ukraine	119	(47)	73	(22)	50	38	18	-

1) Excluding repayments of shareholders loans

Summarised statement of financial position as at 31 December 2022

									Attributable to	
NOK million	Property, plant and equipment	Other non-current asstes	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Non-controlling interests	Equity holders of the parent
Egypt	3,360	1,712	485	114	(3,138)	(2,078)	(160)	296	99	197
Honduras	1,287	9	268	103	(387)	(325)	(27)	929	323	605
Jordan	888	(0)	373	22	(685)	(78)	(93)	427	183	244
Mozambique	555	8	135	17	(468)	(80)	(68)	100	56	44
Pakistan	363	11	97	18	-	(161)	(209)	120	30	90
Rwanda	139	1	11	4	(116)	(55)	(3)	(20)	5	(25)
South Africa	4,048	1,143	762	3,257	(6,759)	(731)	(2,297)	(577)	(48)	(531)
Ukraine	414	387	17	(11)	(377)	(937)	242	(265)	(108)	(157)

Summarised statement of financial position as at 31 December 2021

									Attributable to	
NOK million	Property, plant and equipment	Other non-current asstes	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Non-controlling interests	Equity holders of the parent
Egypt	3,035	1,226	316	94	(2,847)	(1,854)	(84)	(113)	(24)	(89)
Honduras	1,194	3	40	186	(346)	(271)	(15)	791	318	473
Jordan	792	-	298	21	(658)	(49)	(79)	325	149	176
Mozambique	478	4	99	11	(438)	(84)	(105)	(35)	(5)	(29)
Rwanda	137	-	5	4	(108)	(56)	(1)	(19)	7	(26)
South Africa	3,819	774	466	503	(3,773)	(807)	(325)	657	178	479
Ukraine	578	361	63	77	(404)	(639)	(22)	14	14	(0)

Note 28 Transactions with 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.

See Note 26 for information about consolidated subsidiaries. Intercompany balances and transactions between consolidated companies are eliminated in the consolidated accounts.

See Note 13 Investments in JV and associated companies for overview of the companies included and further information about the investments. Transactions with joint ventures and associates are primarily financing provided to the companies and dividends received from the companies. Transactions also include sale of development rights, asset management and OM services from consolidated entities to equity consolidated entities.

For remuneration to Management, see Note 4 Employee benefits and further details in Note 4 - Personnel expenses in the Parent financial statement. The Note also includes remuneration to Board of Directors. The company has no significant agreements with companies in which a board member has a material interest. Scatec has loans to Executive Management given in relation to the long-term incentive programme amounting to NOK 0.2 million (0.2) as of 31 December 2022.

Note 29 Change in accounting policies

Presentation of external revenues and cost of sales in the proportionate segment financials

The hydropower companies in the Philippines are presented in the condensed interim consolidated financial statements as investments in JVs and associated companies which are accounted for using the equity method. The companies were acquired as part of the business combination of 100% of the shares of SN Power AS, which effectively took place on 29 January 2021.

The Group has re-assessed its accounting policy for the presentation of external revenues and cost of sales in the proportionate financials. The power market settlement mechanism for bilateral contracts in the Philippines applies net settlement within the settlement period although all volumes are reported gross.

On 1 January 2022, the Group elected to voluntarily change the method of accounting for external revenues and cost of sales related to electricity sold on bilateral contracts in the proportionate financials.

The Group had previously accounted for such external revenues and cost of sales on a gross basis in accordance with the reported volumes. Going forward the Group will present the figures net in accordance with the financial settlement mechanism. The change has no impact on net revenues or EBITDA.

The Group believes that the net presentation provides more relevant information to the users of the proportionate financials as it will reduce the fluctuation in external revenues from the business in the Philippines and is more aligned to the practices adopted by its peers.

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

The voluntary change in accounting policies is applied retrospectively in 2021 as follows

Proportionate financials - NOK million	Reported FY 2021	Adjustment	Adjusted FY 2021
External revenues - Power Production	4,176	-287	3,890
Cost of sales - Power Production	-556	287	-269
EBITDA - Power Production	2,949	-	2,949

New standards and interpretations

The Group have elected early adoption of the amendments to IAS 1 and IFRS Practice Statement 2 compromising accounting policy information. The material accounting principles in the Annual Report are largely incorporated into the individual notes.

The Group have not elected to early adopt Amendments to IAS 1 *Presentation of Financial Statements* effective from 1 January 2024. Requirements related to classification and disclosed of non-current and current liabilities with covenants is not expected to have material effect on the Group in 2022.

There are no other new standards, not yet adopted, expected to have material effect for the Group in 2022.

Note 30 Subsequent events

Accounting principle

Subsequent events are viewed as new information on the Groups financial position that becomes known after the reporting period. In evaluating such, the Group distinguishes between *adjusting* and *non-adjusting* events after the reporting period. Adjusting events refer to those that provide evidence of conditions that existed at the end of the reporting period, whereas non-adjusting events refer to those that are indicative of conditions that arose after the reporting period. Events after the reporting period that do not affect the Groups financial position at the end of the reporting period, but which will affect the Groups financial position in the future, are disclosed if significant.

Adjusting subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting subsequent event

Refinancing of Bridge-to-Bond USD 193 million

On 2 February 2023, Scatec refinanced USD 100 million of the USD 193 million Bridge-to-Bond facility with a new USD 100 million term loan with maturity in the fourth quarter 2027 provided by DNB, Nordea and Swedbank. The new term loan is amortised through semiannual repayments of USD 5 million starting from 2024. The existing USD 180 million Revolving Credit Facility, provided by the same banks and BNP Paribas, is further extended by 1.5 years with maturity in the third quarter of 2025.

On 10 February 2023, Scatec placed NOK 1,000 million in new unsecured green bonds to refinance the remaining USD 93 million of the Bridge-to-Bond facility established when Scatec acquired SN Power in 2021. The new bonds have maturity in February 2027 and carries a coupon rate of 3-month NIBOR plus 6.60%.

Sale of Upington in South Africa

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 solar plant in Upington reached COD in 2020 and were awarded in the fourth bidding round under the Renewable Energy Independent Power Producer Programme. The plant generates approximately one third of the proportionate power production EBITDA in South Africa for Scatec. Scatec will continue to provide Operations & Maintenance and Asset Management services to the Upington power plant. South Africa remains a focus market for Scatec, and the Company continues to build scale by investing into new projects, including the Kenhardt and Grootfontein projects.

The transaction is expected to generate a net accounting gain of approximately NOK 760 million on a consolidated basis and NOK 310 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 on closing of the transaction. Norfund is also selling its 18% equity share to Stanlib as part of the same transaction. The transaction is subject to the customary consents and is expected to close in the first half of 2023.

Parent company financial statements

Statement of income

1 JANUARY – 31 DECEMBER

NOK million	Note	2022	2021
Revenues	3	751	166
Total revenues		751	166
Costs of sales		-797	-104
Personnel expenses	4	-268	-209
Other operating expenses	5, 6, 17	-201	-143
Depreciation, amortisation and impairment	9, 11	-150	-53
Operating profit/(loss)		-665	-343
Interest and other financial income	7, 17	1,570	402
Interest and other financial expenses	6, 7, 17	-1,311	-262
Net foreign exchange gain/(loss)		-5	33
Profit/(loss) before tax		-411	-171
Income tax (expense)/benefit	8	-68	97
Profit/(loss) for the period		-480	-74
Allocation of profit/(loss) for the period			
Dividend	13	308	404
Transfer to/(from) other equity	13	-788	-478
Total allocation of profit/(loss) for the period		-480	-74

Statement of financial position

1 JANUARY – 31 DECEMBER

NOK million	Note	2022	2021
Non-current assets			
Deferred tax assets	8	226	261
Property plant and equipment	9	73	60
Investments in subsidiaries, joint ventures and associated companies	10	15,000	14,666
Loan to group companies	17	2,327	2,633
Interest rate swap (cash flow hedge)	14	115	26
Other non-current receivables		63	57
Total non-current assets		17,804	17,702
Current assets			
Inventory	11	1,390	311
Trade and other receivables	6	42	49
Trade and other receivables group companies	3, 17	498	301
Other current assets		46	64
Cash and cash equivalents	12	811	1,620
Total current assets		2,787	2,345
Total assets		20,591	20,048

Statement of financial position

AS OF 31 DECEMBER

NOK million	Note	2022	2021
Paid in capital			
Share capital	13	5	4
Share premium	13	11,378	10,122
Total paid in capital		11,382	10,126
Other equity			
Other equity	13	-1,203	-385
Reserve for valuation variances		85	20
Total other equity		-1,117	-365
Total equity		10,265	9,761
Non-current liabilities			
Corporate financing	14	7,987	7,264
Liabilities to group companies	17	350	549
Other non-current liabilities		3	4
Total non-current liabilities		8,339	7,818
Current liabilities			
Trade and other payables		431	16
Trade payables group companies		60	127
Public duties payable		18	19
Dividend	13	308	404
Other current liabilities	15	1,170	1,903
Total current liabilities		1,987	2,469
Total liabilities		10,326	10,287
Total equity and liabilities		20,591	20,048

Oslo, 21 March 2023

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Espen Gundersen

Maria Moræus Hanssen

Jørgen Kildahl

Mette Krogsrud

Gisele Marchand

Jan Skogseth

Terje Pilskog (CEO)

Statement of cash flow

1 JANUARY – 31 DECEMBER

NOK million	Notes	2022	2021
Cash flow from operating activities			
Profit/(loss) before tax		-411	-171
Depreciation, amortisation and impairment	9	150	53
Interest and other financial income	7	-1,570	-402
Interest and other financial expenses	7	1,311	262
Foreign exchange gain/(loss)		5	-33
Increase)/decrease in inventories	11	-1,079	-125
(Increase)/decrease in trade and other receivables		-285	-22
Increase/(decrease) in trade and other payables		147	146
Taxes paid	8	-	-
(Increase)/decrease in current assets and current liabilities / other adjustments		1,067	261
Net cash flow from operating activities		-665	-31
Cash flows from investing activities			
Investments in property, plant and equipment	9	16	-56
Net increase in loans to subsidiaries	17	-301	-100
Interest received		175	127
Investments in subsidiaries and associated companies	10	-675	-8,577
Dividends from and capital decrease in subsidiaries	7	1,384	277
Net cash flow used in investing activities		599	-8,329
Cash flow from financing activities			
Proceeds from share capital increase	13	5	41
Dividends paid to equity holders	13	-404	-173
Interest paid		-344	-251
Proceeds from corporate financing	14	-	4,699
Net cash flow from financing activities		-743	4,316
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		1,620	5,664
Cash and cash equivalents at end of period		811	1,620
Net increase/(decrease) in cash and cash equivalents		-809	-4,044

Notes to the parent company financial statements

Note 1 General information

Scatec ASA is incorporated and domiciled in Norway. The address of its registered office is Askekroken 11, NO-0277 OSLO, Norway. Scatec was established on 2 February 2007.

Scatec ASA ("the Company"), its subsidiaries and investments in associated companies and joint ventures ("the Group" or "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.

The Company is listed on the Oslo Stock Exchange.

The consolidated financial statements for the full year 2022 were authorized for issue in accordance with a resolution by the Board of Directors on 21 March 2022.

Note 2 Accounting principles

Basis for preparation

The financial statements of Scatec ASA are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Principles (NGAAP). The financial statements have been prepared on a historical cost basis.

Accounting estimates and judgements

In preparing the financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses, and related disclosures. Therefore, future actual results may differ from current figures.

Foreign currency translation

The functional currency of the Company is US dollar (USD). USD is the currency which primarily affects the financials including corporate financing, income from dividends and revenue from construction activities. The financial statements are presented in NOK. The assets and liabilities are translated into NOK at the rate of exchange prevailing at the end of reporting period and their income statement is translated at average exchange rates. The exchange differences arising on translation are recognised in equity.

Revenues and cost of sales

Scatec ASA develops project rights that are the basis for construction of power plants. Revenues from sale of project rights are recognised upon the transfer of title. Projects in work in progress are expensed as cost of sale upon the transfer of title or when a project is abandoned and impaired.

Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete. Incurred costs include all direct materials, costs for modules, labour, subcontractor costs, and other direct costs related to contract performance. Scatec recognises direct material costs as incurred costs when the direct materials have been installed when they are permanently attached or fitted to the power systems as required by engineering designs.

Scatec ASA periodically revise contract margin estimates and immediately recognises any losses on onerous contracts. Some construction contracts include product warranties. The expected warranty amounts are expensed at the time of sale and are adjusted for subsequent changes in assumptions or actual outcomes.

Further, Scatec ASA derives revenues from the allocation of headquarter costs to its subsidiaries. Revenues from the sale of intercompany services are recognised when the services are delivered.

Employee benefits

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Company has pension plans for employees that are classified as defined contribution plans. Contributions to defined contribution schemes are recognised in the statement of profit or loss in the period in which the contribution amounts are earned by the employees.

The Board of Directors has established an option program for leading employees of the company. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period.

For further information on accounting principle and share options refer to Note 4 – Employee benefits in the consolidated financials.

For further information refer Note 4 – Personnel expenses, number of employees and auditor's fee.

Interest income and expenses
Interest income and expenses are recognised in the income statement as they accrue, based on the effective interest method.

Income tax expense
Income tax expense comprises current tax and changes in deferred tax. Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. In order for a deferred tax asset to be recognised based on future taxable profits, convincing evidence is required.

Balance sheet classification
Current assets and liabilities consist of receivables and payables due within one year, as well as project rights. Other balance sheet items are classified as non-current assets and liabilities.

Property, plant and equipment
Property, plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses. Property, plant and equipment are depreciated on a straight-line basis over their expected useful life, from the date the assets are taken into use.

Subsidiaries and investment in associated companies
Subsidiaries are entities controlled by Scatec ASA. Subsidiaries and investment in associated companies are accounted for using the cost method and are recognised at cost less impairment. The cost is increased when funds are added through capital increases. Dividends to be received are recognised at the date the dividend is declared by the general meeting of the subsidiary. To the extent that the dividend relates to distribution of results from the period Scatec ASA has owned the subsidiary, it is recognised as income. Dividends which are repayment of invested capital are recognised as a reduction of the investment in the subsidiary.

Inventories
Inventories are measured at the lower of cost and net realisable value. Inventories consist primarily of project assets in various stages of development. Capitalised development costs include legal, consulting, permitting, and other similar costs such as interconnection or transmission upgrade costs as well as directly attributable payroll expenses, travel expenses and other expenses related to developing the project rights.

Scatec reviews project assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The Company considers a project commercially viable if it is anticipated to be realised with a margin once it is either fully developed or fully constructed. Scatec considers a partially developed project commercially viable if the anticipated selling price is higher than the carrying value of the related project assets. A number of factors are assessed to determine if the project will be profitable, the most notable is whether there are any changes in environmental, ecological, permitting, or regulatory conditions that impact the project.

Cash and cash equivalents
Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months. In the statement of cash flows, the overdraft facility is presented gross as part of changes in current liabilities.

Financial liabilities
Interest-bearing borrowings are initially recognised at cost. After initial recognition, such financial liabilities are measured at amortised costs using the effective interest method.

Transaction costs are taken into account when calculating amortised cost. Trade payables are carried at cost.

Dividends

Distribution of dividends is resolved by a majority vote at the Annual General Meeting of the shareholders of Scatec ASA, based on a proposal from the Board of Directors.

Dividends are recognised as a liability at the reporting date of the financial year that the proposal of dividend relates to. Additional proposed dividends based on the previous fiscal year approved financial statements (i.e. between 1 January and the date that the current year financial statements will be approved) are recognised as a liability at the balance sheet date.

Events after the reporting period

New information on the Company's financial position on the end of the reporting period which becomes known after the reporting period, is recorded in the annual accounts. Events after the reporting period that do not affect the Company's financial position on the end of the reporting period, but which will affect the Company's financial position in the future, are disclosed if significant.

Statement of cash flow

The cash flow statement is prepared using the indirect method.

Note 3 Revenues

Revenue by business area

NOK million	2022	2021
Services	732	153
Other revenue	19	13
Sum	751	166

Services comprise EPC services, sale of project rights and management services – all rendered to Group companies and associates.

Revenue by geographical distribution

NOK million	2022	2021
Pakistan	153	67
Netherlands	63	25
South-Africa	459	22
Ukraine	3	15
Egypt	6	7
Brazil	31	6
Argentina	4	5
Malaysia	4	3
Honduras	1	2
Mozambique	1	1
France	1	-
India	1	-
Phillipines	1	-
Rwanda	4	-
Sum	732	153

Refer to Note 14 - Transactions with related parties for further information.

Note 4 Personnel expenses, number of employees and auditor's fee

Personnel expenses

NOK million	2022	2021
Salaries	216	171
Share-based payment	39	27
Payroll tax	31	19
Pension costs	18	14
Other benefits and personnel costs	3	6
Capitalised to inventory	-39	-28
Total personnel expenses	268	209

The average number of FTEs that has been employed in the company through 2022 was 146 (116).

Pension costs

The Company has a defined contribution plan in line with the requirement of the law. NOK 18 million (14) is expensed related to the defined contribution plan in 2022.

Paid salaries and personnel expenses for the management of Scatec ASA

2022 NOK thousand	Title	Salary [1]	Annual bonus accrued [2]	Number of options awarded	Exercise of share options	Outstanding share options	Other benefits [3]	Pension cost	Loans outstanding
Raymond Carlsen [4]	Chief Executive Officer	2,418	-	43	-	-	4,678 [a]	80	-
Terje Pilskog [5]	Chief Executive Officer	3,460	1,163	39	-	84	15	170	23
Mikkel Tørud	Chief Financial Officer	2,939	936	30	-	80	15	169	23
Snorre Valdimarsson	EVP General Counsel	2,483	-	26	-	66	15	169	23
Roar Haugland	EVP Sustainable Business & HSSE	2,244	720	23	-	62	15	172	23
Torstein Berntsen [6]	EVP MENA/Green H2	2,575	840	27	-	68	15	174	23
Pål Helsing	EVP Solutions	2,568	828	27	-	68	15	169	23
Toril Haaland	EVP People & Organisation	2,104	684	22	-	57	2,086 [b]	170	23
Ann Mari Lillejord [7]	EVP Latam/Europe	1,266	443	14	-	14	10	112	23
Kate Bragg [7]	EVP People, Strategy & Digital	1,560	522	10	-	10	15	162	23
Pål Strøm [8]	EVP Operations & Maintenance	1,781	597	12	-4	26	15	166	-
Jarl Arve Korberg [9]	EVP Project Development Hydropower	628	-	-	-	-	1	18	-

2021 NOK thousand	Title	Salary [1]	Annual bonus accrued [2]	Number of options awarded	Exercise of share options	Outstanding share options	Other benefits [3]	Pension cost	Loans outstanding
Raymond Carlsen	Chief Executive Officer	3,995	1,345	18	-59	68	15	157	22
Mikkel Tørud	Chief Financial Officer	2,718	949	13	-43	50	15	165	22
Snorre Valdimarsson	EVP General Counsel	2,292	799	11	-34	40	15	162	22
Terje Pilskog	EVP Project Development & Project Finance	2,594	901	12	-38	45	15	162	22
Roar Haugland	EVP Sustainable Business & HSSE	2,105	732	10	-34	38	15	164	22
Torstein Berntsen	EVP Power Production & Asset	2,383	827	11	-36	41	15	172	22
Pål Helsing	EVP Solutions	2,396	829	11	-21	41	15	160	22
Toril Haaland	EVP People & Organisation	1,978	689	9	-18	35	15	161	22
Jarl Arve Kosberg	EVP Hydropower Project Development	1,943	647	13	-	13	13	143	22

1) Including paid out holiday allowance and car allowance.

2) Changed to accrued bonus. 2021 report showed actual paid out bonus.

3) Other benefits include benefits such as insurance and free phone.

a) Including severance package (3 800) and vested stock Options converted to cash payment (839),

b) Including severance package

4) Until 30.04.22,

5) CEO from 01.05.22. EVP Project Development before CEO

6) Interim EVP Mena/Green H2 from 21.11.22

7) Joined EMT 01.05.2022

8) Joined EMT 21.11.2022

9) Left EMT 31.01.2022

Remuneration for the Board of Directors [1)]

NOK thousand	2022				2021			
	Board remuner-ation	Audit committee	Remuner-ation committee	Nominatio n committee	Board remuner-ation	Audit committee	Remuner-ation committee	Nomination committee
John Andersen jr.	557	90	75	-	530	65	50	-
Jan Skogseth	357	-	55	-	340	-	35	-
Gisele Marchand	357	150	-	-	340	90	-	-
Maria Moræus	357	-	55	-	340	-	35	-
Jørgen Kildahl	357	90	-	-	340	65	-	-
Mette Krogsrud	357	-	55	-	-	-	-	-
Espen Gundersen	357	90	-	-	-	-	-	-
Kristine Ryssdal	-	-	-	60	-	-	-	57
Svein Høgseth	-	-	-	40	-	-	-	39
Mats Holm	-	-	-	40	-	-	-	39
Annie Bersagel	-	-	-	40	-	-	-	39

1) Annual fees paid for 2021 and accrued for 2022 respectively.

For more information about remuneration to management, refer to Note 4 Employee benefits in the consolidated financial statement of the Group and the Remuneration Report for 2022.

Audit

NOK million	2022	2021
Audit fees	2	3
Other attestation services	-	-
Tax services	2	2
Other services	-	-
Total	4	5

PwC replaced Ernst & Young as the Company`s auditor in 2022. The audit fee for 2022 is related to both former auditor Ernst & Young and current auditor PwC.

VAT is not included in the numbers above.

Note 5 Other operating expenses

NOK million	2022	2021
Facilities	27	23
Professional fees	100	51
IT and communications	43	36
Travel costs	11	4
O&M costs	-	1
Other costs	20	28
Total other operating expenses	201	143

Note 6 Provision for bad debt

The Company has during 2022 recognised NOK 6.8 million in realised bad debt losses on receivables related to discontinued development projects.

Per 31 December 2022 the Company recognised an impairment loss of NOK 607 million for receivables to group companies in Ukraine as a result of increased collection risk associated with Russia's invasion in Ukraine. The situation in Ukraine at the end of December 2022 is still very challenging and highly uncertain. The outcome of the situation and the impact of Scatec's assets are highly uncertain. Refer to Note 12 in the consolidated financial statement of the Group for details related to the impairment testing.

No further provision for bad debt has been made as the collection risk of the outstanding receivables is considered low.

Note 7 Financial income and expenses

Interest and other financial income

NOK million	2022	2021
Interest income from group companies	156	114
Other interest income	19	13
Gain/(loss) on sale of financial investments	7	-2
Dividend from group companies	1,384	277
Gain from financial investment	3	-
Total interest and other financial income	1,570	402

Interest and other financial expenses

NOK million	2022	2021
Interest expenses from group companies	-	-1
Other interest expenses	-346	-250
Impairment of financial assets	-949	-
Other financial expenses	-17	-11
Total interest and other financial expenses	-1,311	-262

The write down of financial assets in 2022 is related to Scatec Solar Netherlands BV investments in Ukraine. The write-down is related to both impairment of shares (NOK 341 million) and impairment of receivables to group companies in Ukraine (NOK 607 million). Refer to Note 12 in the consolidated financial statement of the Group for details related to the impairment testing.

During 2022, interest amounting to NOK 346 million (250) was expensed for corporate financing, refer to Note 21 Corporate Financing in the consolidated financial statement of the Group for further details. The increase in interest expenses is primarily explained by increase in interest rates.

Note 8 Tax

NOK million	2022	2021
Income tax expense:		
Current taxes	-	-
Withholding tax on received dividends	21	10
Change in deferred tax	34	-104
Taxes related to previous years	13	-3
Total tax expense/(income)	68	-97
Tax basis:		
Profit before taxes	-411	-171
Permanent differences [1]	-434	-297
Changes in temporary differences	-2	-16
Increase of tax losses carried forward	846	484
Tax base	-	-
Current taxes according to statutory tax rate (22%)	-	-

1) Net permanent differences are related to non-taxable dividends partly offset by non-deductible impairment loss on investments and receivables in Ukraine and share based payment expenses.

Reconciliation of nominal statutory tax rate to effective tax rate

NOK million	2022	2021
Expected income tax expense according to statutory tax rate (22%)	-90	-38
Non-taxable expense/ (income)	-85	-65
Allowance for losses carried forward	219	25
Withholding tax on received dividends	21	10
Taxes related to previous years	13	-3
Foreign exchange variations between functional and tax currency	-10	-26
Income tax expense/(income)	68	-97
Effective tax rate (%)	16.55%	56.71%

Temporary differences as of 31 December

NOK million	2022	2021	Change
Tax loss carried forward	-2,146	-1,301	846
Allowance for deferred tax assets	1,106	114	-992
Work in progress	-	6	6
Shared based payments and amortised Interests on corporate financing	4	-4	-8
Total temporary differences	-1,037	-1,185	-148
Recognised tax liability/(asset)	-226	-261	-34

The change in deferred tax asset is recognised in tax expense, except for changes which are related to transaction cost from capital increases which are booked directly to equity.

Significant management judgement is required to determine the amount of deferred tax assets that can be recognised based upon the likely timing and the level of future taxable profits. Reference is made to Note 7 in the Consolidated financial statements for the assessment of estimation uncertainty. We assessed the probability of utilising the tax losses to ensure that deferred taxare recognised to the extent that Scatec ASA expects there will be sufficient future taxable profits available to utilise the losses. The tax losses in Norway can be carried forward indefinitely.

Note 9 Property, plant and equipment

Office equipment

NOK million	2022	2021
Accumulated cost at 1 January	87	75
Additions	16	11
Foreign currency translation	10	2
Accumulated cost at 31 December	114	87
Accumulated depreciation at 1 January	28	19
Depreciations for the year	10	7
Foreign currency translation	4	2
Accumulated depreciation at 31 December	42	28
Carrying amount at 31 December	73	60
Estimated useful life (years)	3-10	3-10

Note 10 Investments in subsidiaries, joint ventures and associated companies

The table below include material subsidiaries of Scatec ASA. Ownership interest corresponds to voting interest if not otherwise stated.

NOK million Company	Registered office	Ownership interest	Carryring value 2022	Carrying value 2021
SN Power AS	Norway	100.00%	1,050	2,595
Scatec Solar Netherlands BV	Netherlands	100.00%	12,268	10,933
Release Management BV	Netherlands	100.00%	623	409
Scatec Solar SA (pty) Ltd.	Sandton, South-Africa	100.00%	3	-
Scatec Solar SA 163 (Pty) Ltd.	South-Africa	100.00%	18	1
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South-Africa	80.70%	82	5
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South-Africa	76.60%	110	7
Gigawatt Global Rwanda Ltd	Rwanda	54.00%	8	7
Scatec Solar Mozambique Limitada	Mozambique	0.50%	9	9
Scatec Solar SAS	Paris, France	100.00%	82	-
Scatec Solar Jordan	Amman, Jordan	100.00%	39	44
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%	95	86
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%	42	38
Aswan Solar Power SAE (BB1)	Egypt	-	-	2
Scatec Solar Honduras S.A.	Honduras	100.00%	3	3
Produccion de Energia Solar Demas Renovables S.A	Honduras	40.00%	69	62
Fotovoltaica Los Prados	Honduras	70.00%	82	74
Fotovoltaica Surena	Honduras	70.00%	159	150
Generaciones Energeticas S.A	Honduras	70.00%	152	144
Energias Solares S.A	Honduras	70.00%	94	88
Foto Sol S.A	Honduras	70.00%	6	6
Scatec Solar PV1 S.R.O	Prague, Czech	100.00%	2	-
Scatec Solar S.R.O	Prague, Czech	100.00%	1	-
			15,000	14,666

Per 31 December 2022, carrying value of the investment in Scatec Solar Netherlands B.V. has been impaired by NOK 341 million related to the Company`s investments in Ukraine. For details of the assessment and significant assumptions reference is made to Note 12 Impairment testing in the Consolidated financial statements.

A list of all material companies in the Scatec Group is listed in Note 26 Consolidated subsidiaries of the Consolidated financial statements.

NOK million Associates and joint ventures	Office	Ownership	Carrying value 2022	Carrying value 2021
Kube Energy AS	Oslo, Norway	25%	2	2
Total			2	2

Note 11 Inventory

The carrying value of projects under development are presented as inventories and are stated at the lower of cost and net realisable value. The project assets are related to solar, hydro and wind power plants under development and construction. The increase from last year is mainly explained by construction in South Africa and Pakistan.

Project geography

NOK million	2022	2021
Asia	303	149
Europe	12	38
West Africa	8	34
South Africa	990	49
North Africa	56	24
South America	18	16
East Africa	2	-
Carrying value of inventory at 31 December 2021	1,390	311

Impairment charges in 2022 were NOK 140 million (45) for development projects in Ukraine, Mali, Bangladesh and India.

Note 12 Cash and cash equivalents

NOK million	2022	2021
Restricted cash	58	37
Free cash	753	1,584
Total cash and cash equivalents	811	1,620

Scatec ASA has not drawn on the revolving credit facility per 31 December 2022.

For more information about external financing and facilities, refer to Note 21 Corporate Financing in the consolidated financial statement of the Group.

Note 13 Equity and shareholder information

Nok million	Issued capital	Share premium	Other equity	Total equity
Equity as of 31 December 2021	4	10,122	-365	**9,761**
Profit/(loss) for the period	-	-	-480	**-480**
Share-based payment	-	39	-	**39**
Capital increase from exercised employee share options, net of transaction cost after tax [1]	-	5	-	**5**
Accrued dividend	-	-	-308	**-308**
Reserve for valuation variances	-	-	70	**70**
Foreign currency translation	1	1,212	-35	**1,177**
Equity as of 31 December 2022	5	11,378	-1,118	**10,265**

1) On 9 February 2022 as part of the Group's incentive program, NOK 5 million was raised in a share capital net of transaction cost after tax, through an exercise of employee share options consisting of 30 379 new shares at a price of NOK 69,99 per share, 22 878 new shares at a price of NOK 112,79 per share. At 31 December 2022, the share capital amounted to NOK 3,972 million. All shares rank in parity with one another and carry one vote per share.

On 2 February 2023, the Board of Directors announced its intention to propose a dividend of NOK 1,94 per share to the Annual General Meeting.

On 29 April 2022, the Annual General Meeting of Scatec ASA resolved to pay a dividend of NOK 2,54 per share, totaling NOK 404 million. The dividend was paid to the shareholders on 10 May 2022. This equal to amount accrued for in 2021.

The table below show the largest shareholders of Scatec ASA at 31 December 2022.

Shareholder	Number of shares	Ownership
EQUINOR ASA	20,776,200	13.07%
SCATEC INNOVATION AS	19,482,339	12.26%
FOLKETRYGDFONDET	13,521,678	8.51%
State Street Bank and Trust Comp	3,618,391	2.28%
CLEARSTREAM BANKING S.A.	3,399,872	2.14%
The Bank of New York Mellon	3,267,711	2.06%
VERDIPAPIRFONDET DNB MILJØINVEST	3,099,748	1.95%
J.P. Morgan SE	2,875,587	1.81%
RAIFFEISEN BANK INTERNATIONAL AG	2,622,845	1.65%
Euroclear Bank S.A./N.V.	2,546,789	1.60%
Pictet & Cie (Europe) S.A.	2,525,354	1.59%
State Street Bank and Trust Comp	2,414,283	1.52%
JPMorgan Chase Bank	2,384,753	1.50%
State Street Bank and Trust Comp	2,310,681	1.45%
The Bank of New York Mellon SA/NV	2,197,886	1.38%
Citibank Europe plc	2,158,187	1.36%
ARGENTOS AS	2,000,000	1.26%
VERDIPAPIRFONDET STOREBRAND NORGE	1,517,574	0.95%
VPF DNB AM NORSKE AKSJER	1,514,033	0.95%
VERDIPAPIRFONDET DNB NORGE	1,508,210	0.95%
Total 20 largest shareholders	95,742,121	60.25%
Total other shareholders	63,175,154	39.75%
Total shares outstanding	158,917,275	100%

The tables below show shares held by Management and Board of Directors at 31 December 2022.

Board of Directors	Number of shares	Ownership
John Andersen, Jr. 1)	-	0.00%
Jan Skogseth	23,000	0.01%
Gisele Marchand	3,586	0.00%
Maria Moræus Hanssen 2)	5,510	0.00%
Jørgen Kildahl	3,000	0.00%
Mette Krogsrud	1,000	0.00%
Espen Gundersen	10,000	0.01%
Total at 31 December 2022	46,096	0.03%

1) Related parties control 19,482,339 shares through Scatec Inovation AS.

2) Held through the controlled company MMH Nysteen Invest AS.

Management	Number of shares	Ownership
Raymond Carlsen 1)	2,000,593	1.26%
Terje Pilskog 2)	542,204	0.34%
Mikkel Tørud	227,544	0.14%
Roar Haugland 3)	79,566	0.05%
Torstein Berntsen 4)	711,813	0.45%
Snorre Valdimarsson	12,025	0.01%
Pål Helsing	6,204	0.00%
Toril Haaland	4,904	0.00%
Jarl Kosberg	419	0.00%
Ann-Mari Lillejord	10,129	0.01%
Kate Bragg	920	0.00%
Pål Strøm	1,844	0.00%
Total at 31 December 2022	3,598,165	2.26%

1) End date 31.04.2022. Held through the controlled company Argentos AS, whereof 593 shares held by Raymond Carlsen directly

2) Held through the controlled company Océmar AS, whereof 2,204 shares held by Terje Pilskog directly

3) Held through the controlled company Buzz Aldrin AS, whereof 2,204 shares held by Roar Haugland directly

4) Held through the controlled company Belito AS, whereof 19,204 shares held by Torstein Berntsen directly. In addition, 895 shares are held by held by Torstein Berntsen's spouse. These are not included in the total presented in the table above.

Refer to Note 4 – Personnel expenses, number of employees and auditor's fee for information on share options granted to the management.

Note 14 Corporate financing

For information about Corporate financing refer to Note 21 Corporate financing in the consolidated financial statement of the Group.

For information about interest rate swap refer to Note 20 Derivative financial instruments in the consolidated financial statement of the Group.

Note 15 Other current liabilities

Nok million	2022	2021
Deferred income EPC projects	997	128
Liabilities to co-developers	-	19
Accrued interest expenses	118	52
Vacation allowances, bonus accruals etc.	49	41
Other	7	43
Liability to Norfund [1)]	-	1,620
Total current liabilities	1,170	1,903

1) Norfund's 49% ownership stake in SN Power's Sub-Saharan Africa hydro assets which will be exchanged for shares in the Sub-Saharan Africa JV without cash impact after completion of agreed restructuring activities.

Note 16 Guarantees, contractual obligations and contingent liabilities

Scatec ASA issue certain guarantees on behalf of the Group. The amounts specified below are total exposure on guarantees issued by Scatec ASA at each balance sheet date based on when the guarantees expire. The guarantees expire haphazardly during the year.

NOK million	31.12.2022	31.12.2023	31.12.2024	31.12.2025
Advance Payment guarantees	81	-	-	-
Performance guarantees	1,629	-	-	-
Warranty Guarantees	352	176	-	-
Bid Bonds	401	170	170	0
SPV Performance / Commitments	256	202	202	156
O&M Performance (3rd party)	16	-	-	-
Other Payment Guarantees (including 25 MEUR to Power China)	1,838	1,658	46	46
Total	4,574	2,205	418	202

The guarantees are mainly related to EPC performance, EPC payments, plant performance, bid bonds related to bid performance and payment guarantees. Guarantees issued as security for performance on EPC contracts entered between project companies and construction companies include:

- Advance Payment Guarantees in exchange for advance payment under the EPC contract (typically represents 15%- 20% of the contract value),
- Performance Guarantees to cover contract obligations (typically represents 10%-15% of the contract value)
- Warranty Bonds (typically 5%-10% of the contract value) to cover operational performance for the first two years of operation.

The performance guarantees issued by Scatec ASA mainly relate to the RMIPPP project in South Africa that expire in Q4 2023.

See note 24 Guarantee and commitments in the consolidated financial statement of the Group for more information on the other guarantees issued to third parties.

Contractual obligations

Scatec ASA has contractual obligations primarily through office lease.

NOK million	2023	2024	2025	>2025
Leases (office rental)	14	14	14	60
Total contractual oblications	14	14	14	60

Further, as an EPC contractor Scatec ASA may enter into purchase commitments with suppliers of equipment and sub-EPC services related to the plants under construction.

Contingent liabilities

Scatec ASA have no material contingent liabilities.

Note 17 Transactions with related parties

Related parties	Transactions
Subsidiaries, joint ventures and associates	Management, development and EPC services and financing
Key management personnel	Loan and payroll
Board of Directors	Board remuneration

Transactions with related parties

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2022 and 2021 are:

Subsidiaries – EPC services

In 2022 Scatec ASA sold EPC services amounting to NOK 572 million. The company has been EPC contractor for the construction of power plants in South-Africa and Pakistan. During 2022 total revenue on these contracts amounted to NOK 543 million.
Scatec ASA sold EPC services amounting to NOK 76 million in total during 2021. Scatec ASA has been EPC contractor for the construction of power plants in Ukraine, Egypt, Malaysia and Pakistan. During 2021 total revenue on these contracts amounted to NOK 73 million.

Subsidiaries – development services

During 2022 the company sold development project rights amounting to NOK 26 million, of which NOK 16 million relates to the transfer of rights for the Pakistan projects.

Subsidiaries - management service income

Scatec ASA has during 2022 charged NOK 48 million (31) for corporate services provided to its subsidiaries and associates.

Subsidiaries and associates – financing

In the course of the ordinary business, inter-company financing is provided from Scatec ASA to its subsidiaries. Long-term financing is interest bearing and priced at arm's length. Refer to Note 6 for specification of interest income/expenses from/to subsidiaries and Note 9 Investments in subsidiaries, joint ventures and associated companies.

Refer to Note 4 – Personnel expenses, number of employees and auditor's fee for information regarding transactions with key management personnel and board members.

Note 18 Subsequent events

Adjusting subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting subsequent event

Refinancing of Bridge-to-Bond USD 193 million

On 2 February 2023, Scatec refinanced USD 100 million of the USD 193 million Bridge-to-Bond facility and on 10 February 2023, Scatec placed NOK 1,000 million in new unsecured green bonds to refinance the remaining USD 93 million of the Bridge-to-Bond facility. Refer to note 30 Subsequent events in the consolidated financial statement of the Group

Sale of Upington in South Africa

On 2 February 2023, Scatec signed an agreement 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). Refer to note 30 Subsequent events in the consolidated financial statement of the Group.

Responsibility statement

We confirm to the best of our knowledge, that the consolidated financial statements for 2022 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period and their impact on the financial statements, key risk and uncertainty factors that Scatec is facing during the next accounting period.

Oslo, 21 March 2023

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman) Espen Gundersen Maria Moræus Hanssen

Jørgen Kildahl Mette Krogsrud Gisele Marchand

Jan Skogseth Terje Pilskog (CEO)

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 3 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 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 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 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 2022 Scatec reports a proportionate operating profit of NOK 460 million compared with an operating profit of NOK 723 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 80 million. Where NOK 106 million comprise Scatec's share of gross profit on D&C contracts, NOK -146 million comprise increased depreciation charges from internal gains and NOK -41 million comprise other items.

2. removed the non-controlling interests share of the operating profit of NOK 519 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 749 million with Scatec's share of the Operating profit from the joint venture companies with NOK 1,086 million.

See Note 3 for further information on the reporting of proportionate financial figures, including reconciliation of the proportionate financials against the consolidated financials.

Consolidated Financials

NOK million	2022	2021
EBITDA		
Operating profit (EBIT)	723	2,012
Depreciation, amortisation and impairment	1,832	892
EBITDA	2,555	2,903
Total revenues and other income	3,751	3,803
EBITDA margin	68%	76%
Gross profit		
Total revenues and other income	3,751	3,803
Cost of sales	-	-
Gross profit	3,751	3,803
Gross interest-bearing debt		
Non-recourse project financing	13,297	10,708
Bonds	7,987	7,264
Non-recourse project financing - current	1,963	1,147
Other non-current interest-bearing liabilities	231	-
Other current interest-bearing liabilities	231	-
Gross interest-bearing debt	23,709	19,120
Net interest-bearing debt		
Gross interest-bearing debt	23,709	19,120
Cash and cash equivalents	4,132	4,171
Net interest-bearing debt	19,578	14,949
Net working capital		
Trade and other receivables	497	740
Other current assets	1,863	734
Trade and other payable	-594	-812
Income tax payable	-37	-24
Other current liabilities	-1,106	-841
Non-recourse project financing-current	-1,963	-1,147
Other current interest-bearing liabilitie	-231	-
Net working capital	-1,571	-1,351

Break-down of proportionate cash flow to equity

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

FY 2021

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,949	75	-223	-114	2,686
Net interest expenses	-776	1	-8	-217	-1,000
Normalised loan repayments	-790	-	-	-	-790
Proceeds from refinancing	397	-	-	-	397
Normalised income tax payment	-140	-16	68	78	-9
Cash flow to equity	1,640	60	-164	-252	1,284

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 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.

Auditor's Report

To the General Meeting of Scatec ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Scatec ASA, which comprise:

- the financial statements of the parent company Scatec ASA (the Company), which comprise the statement of financial position as at 31 December 2022, the statement of income and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Scatec ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, the consolidated statements of profit and loss, comprehensive income, changes in equity and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the financial statements give a true and fair view of the financial position of the Group as at 31 December 2022, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU.

Our opinion is consistent with our additional report to the Audit Committee.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company and the Group as required by relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

To the best of our knowledge and belief, no prohibited non-audit services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided.

We have been the auditor of the Company for 1 year from the election by the general meeting of the shareholders on 29 April 2022 for the accounting year 2022.

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment assessment Ukrainian assets	
The war in Ukraine triggered an impairment assessment of the solar power plants in Ukraine. As a result, Scatec recognized impairments of NOK 813 million, equal to approximately 28% of the carrying value of the assets before impairment. The future operational performance of the solar power plants, and the outcome of the war in Ukraine, have a significant impact on the estimated future cash flows. Significant assumptions used in forecasting future cash flows are future revenues and country risk, in particular the country risk related to the ongoing war. Management used weighted scenarios to estimate the value in use for the solar power plants. We focused on impairment assessment of Ukrainian assets due to the level of estimation uncertainty, complexity and subjectivity related to determination of the assets' value in use. Management's impairment testing, including the use of scenarios and the sensitivity of key assumptions, is explained in note 12 to the consolidated financial statements.	We obtained and challenged management's impairment assessment and the process by which this was performed. We assessed management's accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 – Impairment of assets, were met. In order to assess each of the assumptions in the impairment assessment, we interviewed management and challenged their assumptions. We used external market data to assess the assumptions used to build the discount rate. We concluded that the discount rate was within an appropriate range. We evaluated management's assumptions related to future revenues, and checked current and historical prices in the Power Purchase Agreements (PPA) to corroborate the power rates assessed by management within the PPA duration. For power prices beyond the PPA period, we examined external market forecasts for the power market in Ukraine. We considered that power rates used by management were within an appropriate range. Further, we discussed management's expectations regarding the future utilisation of the assets and their ability to earn revenue in the near future. Management's expectations about future development were corroborated to, and found to be in line with, information from reliable external sources which discuss the various possible outcomes of the war. We performed an analysis of the significant assumptions to evaluate the implied sensitivity of the valuation models. Naturally, to foresee the outcome of the war with a reasonable degree of certainty, is at best a highly judgmental exercise. The assessed values are therefore sensitive to changes in the probabilities for

different possible outcomes used in the valuation model and for changes in the discount rate.

We also assessed the related disclosures provided, in particular disclosures about key assumptions and sensitivities, and found them to be adequate and in accordance with the accounting requirements.

IFRS 10 control assessment

The Group has entered into partnerships for shareholding of project companies owning solar power plants. Scatec seeks to obtain operational and financial control of the project companies also when Scatec's ownership is less than 50% of the shares.

Based on the criteria in IFRS 10 regarding control, other factors than ownership can be decisive as to whether Scatec has control. Management's assessment of control is based on shareholder agreements and other contractual arrangements. Assessments of control are performed when new project are acquired, and an annual reassessment is performed for material project companies.

We focused on this area because of the complexity involved in the assessments, the use of management judgement, and the impact these assessments may have on classification and presentation of the project companies in the consolidated financial statements.

We evaluated and challenged management's assessment of control for new project companies, and the annual reassessment for material project companies. We performed inquiries on the process to assess the requirements for control in IFRS 10 and the procedures described below.

We reviewed shareholder agreements and other key contractual agreements such as development, financing, Engineering, Procurement and Construction (EPC) and Operation & Maintenance (O&M) agreements.

We assessed management's evaluation against IFRS 10 criteria: power, exposure or rights to variable returns, and the ability to use power to affect returns. Our procedures included evaluating whether the role that Scatec has in the projects is defined in the contract, to understand the ability of Scatec to direct relevant activities. In addition, we tested the negotiated terms and conditions outlined in the agreements, to conclude on exposure to variable returns.

We evaluated the information provided in disclosures and found that the description in notes 2, and 13 to the consolidated financial statement are consistent with the assessments performed by management.

Other Information

The Board of Directors and the Managing Director (management) are responsible for the information in the Board of Directors' report and the other information accompanying the financial statements. The other information comprises information in the annual report, but does not include the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the information in the Board of Directors' report nor the other information accompanying the financial statements.

In connection with our audit of the financial statements, our responsibility is to read the Board of Directors' report and the other information accompanying the financial statements. The purpose is to consider if there is material inconsistency between the Board of Directors' report and the other information accompanying the financial statements and the financial statements or our knowledge obtained in the audit, or whether the Board of Directors' report and the other information accompanying the financial statements otherwise appear to be materially misstated. We are required to report if there is a material misstatement in the Board of Directors' report or the other information accompanying the financial statements. We have nothing to report in this regard.

Based on our knowledge obtained in the audit, it is our opinion that the Board of Directors' report

- is consistent with the financial statements and
- contains the information required by applicable statutory requirements.

Our opinion on the Board of Director's report applies correspondingly to the statements on Corporate Governance and Corporate Social Responsibility.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for the preparation and true and fair view of the consolidated financial statements of the Group in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern. The financial statements of the Company use the going concern basis of accounting insofar as it is not likely that the enterprise will cease operations. The consolidated financial statements of the Group use the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's or the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company or the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

Report on Compliance with Requirement on European Single Electronic Format (ESEF)

Opinion

As part of the audit of the financial statements of Scatec ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name scatecasa-2022-12-31-en.zip, have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU)

2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

In our opinion, the financial statements, included in the annual report, have been prepared, in all material respects, in compliance with the ESEF regulation.

Management's Responsibilities
Management is responsible for the preparation of the annual report in compliance with the ESEF regulation. This responsibility comprises an adequate process and such internal control as management determines is necessary.

Auditor's Responsibilities
For a description of the auditor's responsibilities when performing an assurance engagement of the ESEF reporting, see: https://revisorforeningen.no/revisjonsberetninger

Oslo, 21 March 2023
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorised Public Accountant