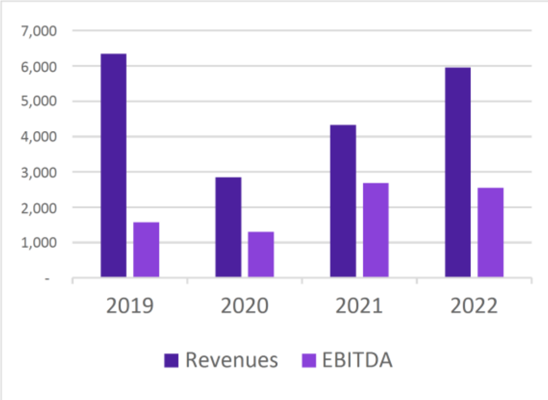
Report from the Board of Directors

Highlights 2022

- Proportionate revenues of NOK 5,957 million (4,329) and EBITDA of NOK 2,550 million (2,686) [1]
- Stable operational performance across the portfolio, while financials were impacted by the Russian invasion of Ukraine
- Started construction of new power plants totalling 1.2 GW in South Africa, Brazil, and Pakistan, representing 25% of Scatec's NOK 10 billion 2027 equity investment target
- Announced sharpened strategy and revised growth targets
- Received 'A' score in ESG reporting by Position Green, and recognised with 'A' score by CDP
- The Board proposes dividends of NOK 1.94 per share and adjusted dividend policy for 2023 and onwards

Proportionate revenues and EBITDA by year



Key figures

NOK million	FY 2022	FY 2021
Proportionate Financials[2]		
Total revenues and other income	5,957	4,329
Power Production[4]	4,521	3,890
Services	312	260
Development & Construction	1,069	137
Corporate	56	42
EBITDA	2,550	2,686
Power Production	2,835	2,949
Services	74	75
Development & Construction	-221	-223
Corporate	-138	-114
Operating profit (EBIT)	460	1,606
Power Production	917	1,977
Services	68	70
Development & Construction	-358	-301
Corporate	-167	-140
Profit/loss	-1,213	285
Net interest- bearing debt [2]	18,215	15,175
Power production (GWh) [3]	3,898	3,823
Scatec share of distribution from operation companies	1,231	1,603
Consolidated Financials		
Revenues and other income	3,751	3,803
EBITDA [2]	2,555	2,903
Operating profit (EBIT)	723	2,012
Profit/(loss)	-1,228	456
Net interest- bearing debt [2]	19,578	14,949
Basic earnings per share (NOK)	-8.40	2.45
Power Production (GWh)	9,381	9,729

1) Amounts from same period last year in brackets
2) See Alternative Performance Measures appendix for definition
3) Production volume on a 100% basis from all entities, including JV companies
4) Revenue from power production for 2021 has been adjusted due to change in accounting policy as disclosed in Note 29

Introduction

Scatec is a leading renewable energy solutions provider, accelerating access to reliable and affordable clean energy in emerging 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. We are committed to grow our renewable energy capacity, delivered by our close to 800 passionate employees and partners who are driven by a common vision of 'Improving our Future'.

2022 Summary

Business strategy and growth

- Sharpened strategy centred around growing renewables in our focus markets, advancing green hydrogen and optimising our portfolio
- Started construction of new power plants in South Africa, Brazil and Pakistan, totalling 1.2 GW, and finalised 10 percent of the construction work during 2022
- The green hydrogen project in Egypt with an electrolyser capacity of 100 MW was further progressed and moved into backlog
- Project pipeline and backlog of 16.7 GW was further matured during the year, with 85% held in our focus markets

Operational

- Stable operations and production in line with guidance across the asset portfolio
- Total proportionate power production of 3,898 GWh generating an EBITDA of NOK 2,835 million
- Financial performance in Ukraine impacted by the Russian invasion

Organisation and people

- Terje Pilskog started as new CEO on 1 May 2022
- Executive Management Team expanded to strengthen regional set-up
- Expanded the full-time workforce with 156 employees to 778 employees during 2022
- 50 different nationalities, a truly global company
- 29% female employees in management positions at the end 2022, compared to the 2022 target of 32%.
- DEIB programme launched to enhance attributes that are already embedded in our culture
- 2022 Statement on Equality and Non-discrimination is available on the corporate website

Climate

- Annual GHG emissions avoided from our power plants reached 4.7 million tonnes (100%)
- On the 'A' List for tackling climate change by the Carbon Disclosure Project (CDP)
- Climate targets approved by SBTi in January 2023 – minimise direct emissions by 2030 and net zero across the value chain by 2040

EU Taxonomy[1] and reporting

- All revenues, opex and investments are derived from EU Taxonomy eligible activities
- Scatec's revenue is 100%, Capex 91% and Opex 86% aligned to the Taxonomy
- Detailed site-specific climate risk assessments completed for all solar, wind and hydropower projects
- Quarterly reporting on key ESG indicators externally
- Received 'A' score in ESG reporting by Position Green
- Limited assurance on all GRI indicators according to ISAE 3000

HSSE

- Delivered more than 4.5 million working hours with no fatalities or serious injuries during 2022
- The lost time incident frequency rate (LTIF) was 0.7 per million working hours resulting from three incidents
- Certified to ISO 9001, 45001 and 14001 by DNV

Human rights/supply chain

- Addressed forced labour concerns in China – collaboration with key suppliers on traceability
- Well prepared to report according to Transparency act as per 2023 requirements[2]
- EcoVadis supplier management programme implemented to screen suppliers of key procurement categories
- 151 grievances received, 87% were resolved and the remaining in the process of being resolved

Anti-corruption and Compliance

- Scatec provides mandatory anti-corruption and code of conduct training to all employees. 100% of all employees have completed the training

1) For details, please refer to our EU Taxonomy Report 2022 available under ESG resources on the Company's website

2) For the third party gap analysis summary and Scatec's action taken towards best practice and compliance to the Transparency Act, refer to the Company's ESG Performance Report 2022

Group – Proportionate Financials

Please refer to Note 3 for details of the segment financials.

Power Production

Power Production revenues increased to NOK 4,521 million (3,890) in 2022. The reported revenues for 2022 are reflecting sale of electricity from solar power plants in Brazil, Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa, Argentina and Ukraine, from hydro power plants in Philippines, Uganda and Laos and wind power in Vietnam. The increased revenues compared to 2021 is mainly explained by the Philippines, driven by significantly higher power sales at higher power prices, new power plants in operation and foreign currency effects, partly offset by lower revenues in Ukraine due to the ongoing war, and lower water inflow and production in Laos.

In the Philippines, power is purchased in the power market in periods when contract sales volumes exceed production volumes, which generally occur during the dry season in the first half of the year, and sold in the market when production volumes exceed contract sales volumes, which generally occur during the wet season in the second half of the year. Production is further optimised to catch the highest possible spot prices which creates variances between actual production volumes and contract sales volumes in any given period. As such, some power will also be bought in the market in periods when production volumes exceed contract sales volumes and sold in the market when production volumes fall short of contract sales volumes. The purchase of power is captured in costs of sales. High power production and high power prices in the Philippines in 2022 lead to cost of sales of NOK 852 million (270) and gross profit of NOK 3,669 million (3,620).

Operating expenses increased from last year due to more plants in operation and a credit loss provision of NOK 87 million on accounts receivable in Ukraine.

Power Production EBITDA decreased to NOK 2,835 million (2,949) in 2022 explained by the factors above.

Additionally, the decreased EBIT compared to 2021 is mainly explained by an impairment charge of NOK 770 million in the first quarter 2022 triggered by the Russian invasion of Ukraine.

Installed capacity was 3,375 MW at year-end and full year production on proportionate basis reached 3,898 GWh, up from 3,823 GWh in 2021. The increase in production volumes is mainly driven by the Philippines, Argentina and Ukraine partly offset by a decrease in Laos and minor variations across the other power plants.

Scatec's proportionate share of cash flow to equity from Power Production was NOK 1,487 million, down from NOK 1,640 million in 2021. The decreased cash flow to equity compared to last year is mainly explained by the decrease in EBITDA. Cash flow to equity in 2022 includes NOK 363 million from debt refinancing of assets in South Africa and Vietnam. In 2021, NOK 397 million from debt refinancing of assets in the Philippines was included.

For further details on financial results on a country-by-country basis please refer to Scatec's Q1 to Q4 2022 historical financial information' published on Scatec's web page.

Development & Construction (D&C)

Revenues in Development & Construction ended at NOK 1,069 million (137) and gross profit at NOK 106 million (16) in 2022. The increase in revenues is explained by the projects under construction in South Africa, Brazil, and Pakistan.

Operating expenses increased from last year due to higher spending on new project opportunities and higher construction activity. In 2022, operating expenses comprised of approximately NOK 237 million (179) for early-stage project development and NOK 90 million (60) related to construction activities.

EBITDA for the year amounted to NOK -221 million (-223) in 2022 explained by the factors above.

Scatec's proportionate share of cash flow to equity from D&C was negative NOK 149 million, compared to negative NOK 164 million in 2021.

Services

Revenues in the Services segment reached NOK 312 million (260). The revenue growth is explained by the growing portfolio of producing assets.

Operating expenses of NOK 237 million (186) in the segment mainly constitute fixed expenses such as personnel and recurring maintenance cost reflecting fixed maintenance schedules. The increase in operating expenses is explained by the growing portfolio of producing assets.

EBITDA reached NOK 74 million (75), corresponding to an EBITDA margin of 24% (29%). The decrease in EBITDA margin compared with last year is explained by slightly higher operating expenses and a general reduction of margins on new contracts in the portfolio.

Scatec's proportionate share of cash flow to equity from Services was NOK 58 million in 2022, slightly decreased from NOK 60 million in 2021.

Corporate

Corporate consists of activities such as corporate services, management, and group finance. The segment reported an EBITDA of NOK -138 million (-114) in 2022.

Revenues in the corporate segment refers to management fees charged to other operating segments for corporate services rendered across the Group. Corporate incurred NOK 193 million (156) in operating expenses. The increase in operating expenses reflects continued strengthening of corporate function with a growing asset portfolio and project pipeline, and higher construction activities.

Consolidated financial statements

Consolidated income statement

NOK million	2022	2021
Revenues	3,002	3,038
Net income/(loss) from JV and associated companies	749	765
Total revenues and other income	3,751	3,803
EBITDA	2,555	2,903
Operating profit (EBIT)	723	2,012
Profit before income tax	-1,095	759
Profit/(loss) for the period	-1,228	456
Profit/(loss) to Scatec	-1,334	388
Profit/(loss) to non-controlling interests	106	68

Revenues

Revenues from power sales was NOK 3,751 million (3,803) in 2022, broadly in line with last year.

Operating Profit

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 2,555 million in 2022, a decrease from NOK 2,903 million in 2021. The EBITDA was negatively impacted by a credit loss provision of NOK 98 million on accounts receivable in Ukraine, recognised in the first quarter 2022, and higher operating expenses related to construction activities and strengthening of corporate function with a growing asset portfolio and project pipeline.

Depreciation, amortisation and impairment amounted to NOK 1,832 million in 2022, compared to NOK 892 million in 2021. The increase is mainly explained by impairments during 2022. In 2022, the Group recognised an impairment expense of NOK 948 million (76), of which 132 million related to discontinued development of projects in Mali, Bangladesh, India and Lesotho and NOK 816 million related to the solar power plants in Ukraine. Refer to Note 12 Impairment for further details.

Operating profit (EBIT) ended at NOK 723 million in 2022, down from NOK 2,012 million in 2021 explained by the factors as above.

Net financial items

NOK million	2022	2021
Interest and other financial income	115	47
Interest and other financial expenses	-1,666	-1,368
Net foreign exchange gains/(losses)	-268	69
Net financial expenses	-1,818	-1,253

The net financial expenses for the year are impacted by significant currency movements and increased interest rates compared with last year.

Interest and other financial income of NOK 115 million (47) mainly relates to income on cash balances.

Interest and other financial expenses of NOK 1,666 million (1,368) consist of interest expenses of NOK 1,424 million (NOK 1,303 million), an unrealised non-cash loss of NOK 89 million (-) on an USD/ZAR currency hedging contract related to RMIPPP, and other financial expenses of NOK 154 million (NOK 67 million). Scatec manages interest rate risk with a hedge ratio of approximately 80% for the non-recourse project level debt and approximately 20% for the corporate debt. The increase in interest expenses compared with last year is primarily explained by increased debt after refinancing in Egypt and South Africa and increased interest rates on unhedged debt at the corporate level. 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.

The increase in foreign exchange losses in 2022 from positive NOK 69 million to negative NOK 268 million primarily driven by significant movements of USD and EUR against local currencies in countries where the group has USD and EUR as functional currencies. The losses for the year are mainly unrealised losses, primarily incurred in Egypt and Ukraine on translation of monetary assets and liabilities denominated in local currencies.

Profit before tax and net profit

The tax expense amounted to NOK 132 million in 2022, down from NOK 303 million in 2021. The difference between tax expense and calculated tax expense based on the Norwegian tax rate of 22% is impacted by different tax rates in the jurisdictions in which the companies operate, withholding taxes paid on dividends, currency effects and effects from non-recognised tax losses. Further, the profit/loss from JVs and associates are reported net after tax which also impacts the effective tax rate. The difference between effective tax expense for the year 2022 and a calculated tax expense based on the Norwegian tax rate of 22% is also impacted by non-recognised deferred tax asset related to the impairment of the assets in Ukraine. For further details, refer to Note 7 Tax.

Non-controlling interests (NCI) represent equity-investors in power plants co-owned by Scatec. The allocation of profits between NCI and Scatec is impacted by the fact that non-controlling interests (NCI) only represent shareholdings in the power plants that are fully consolidated, while Scatec also carries the cost of project development, construction, operation & maintenance and corporate functions. Profits allocated to NCI do not include net income from JVs and associated companies.

Other comprehensive income, which comprises items that may subsequently be reclassified to profit or loss, amounted to NOK 986 million (317) in 2022. This relates to after-tax net movement of cash flow hedges of positive NOK 514 million (278) and foreign currency translation differences of NOK 472 million (40). During the year, NOK depreciated against the key currencies USD, MYR and BRL compared to the average rates of last year. On a net basis, the movement in average rates positively affected the translation of consolidated revenues to NOK by approximately NOK - 304 million, while the net impact on translation of net profit was approximately NOK - 84 million.

Total comprehensive income was thus negative NOK 242 million (773) for 2022 of which negative NOK 648 million (595) was attributable to Scatec, while NOK 406 (178) million is attributable to non-controlling interests.

Consolidated statement of cash flow

Cash flow

NOK million	2022	2021
Net cash flow from operating activities	756	2,072
Net cash flow from investing activities	-1,406	-8,081
Net cash flow from financing activities	221	2,413
Net increase/(decrease) in cash and cash equivalents	-428	-3,597

Net cash flow from consolidated operating activities amounted to NOK 756 million (2,072) in 2022, compared to EBITDA of NOK 2,550 million (2,686). The difference is primarily explained by change in net income from JVs and associated companies and changes in other assets and liabilities.

Net cash flow from consolidated investing activities was negative NOK 1,406 million (8,081) driven by investments in property, plant and equipment related to power plants under construction in South Africa, Pakistan and Release projects and investments in associates and JV, mainly related to Mendubim. This was partly offset by distributions from JVs. The 2021 figures include a consideration of NOK 7,848 million paid for SN Power.

Net cash flow from financing activities amounted to NOK 221 million (2,413). The main financing activities in 2022 is issuance of new debt in South Africa, refinancing of the existing non-recourse debt in South Africa, payment of interests and repayment of non-recourse financing in project companies as well as payment of dividend to equity holders of the parent company and NCI.

In total, the Group's cash balance was reduced by NOK 428 million (-3,597). Of the total cash balance of NOK 4,132 million (4,171), NOK 2,057 million (1,711) was restricted cash in power plant companies, NOK 223 million (91) represented other restricted cash while NOK 1,743 million (2,335) represented free cash at the Group level.

Proportionate share of cash flow to equity

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

NOK million	2022	2021
Power production	1,487	1,640
Services	58	60
Development & Construction	-149	-164
Corporate	-347	-252
Sum	1,050	1,284

The cash flow to equity for Power Production for 2022 decreased compared to last year, mainly explained by the decrease in EBITDA and lower refinancing proceeds. Cash flow to equity in 2022 includes NOK 363 million from debt refinancing of assets in South Africa and Vietnam. The full year 2021 included NOK 397 million from debt refinancing of assets in the Philippines.

The cash flow to equity in Services was approximately at the same level compared to last year. The cash flow to equity in the D&C segment for 2022 was impacted by construction activity in addition to increased development and construction costs.

The cash flow to equity for the Corporate segment for 2022 primarily relates to operating expenses and interest expenses on corporate funding. The increase for the Corporate segment in

2022 is primarily explained by the increased interest rates on unhedged debt.

Consolidated statement of financial position

Assets

NOK million	2022	2021
Property, plant and equipment and intangible assets	18,068	16,682
Investments in JV and associated companies	10,674	9,745
Other non-current assets	1,476	957
Total non-current assets	30,218	27,385
Other current assets	2,380	1,474
Cash and cash equivalents	4,132	4,171
Total current assets	6,512	5,645
Total assets	36,730	33,030

Total assets amounted to NOK 36,730 million at year-end 2022, up from NOK 33,030 million at the end of 2021.

Non-current assets totaled NOK 30,218 million (27,385), the increase in non-current assets is primarily driven by construction activities in South Africa, Release and Pakistan, in addition to currency translations from weakening of NOK against USD, EUR and MYR. The increase is partly offset by NOK 742 million impairment of the Ukrainian solar plants, impairment of development projects of NOK 132 million and yearly depreciation of NOK 864 million. See Note 9 Property, plant and equipment and Note 12 Impairment for more information.

The balance of investments in JVs and associated companies have increased due to appreciation of the functional currencies in the JVs, and investments in JVs mainly related to Mendubim. Net income from JVs and associated companies was NOK 749 million in 2022 and NOK 669 million was received as dividend. See Note 13 Investments in joint venture and associated companies for full reconciliation.

Current assets amounted to NOK 6,512 million (5,645). The increase in current assets is primarily driven by working capital changes related to the construction of the RMIPPP project in South Africa. The cash balance is stable compared to 31 December 2021. Operating activities contribute positively with NOK 756 million in cash inflow for the financial year 2022. Cash outflows are mainly related to construction of plants and payment of non-recourse financing, dividends to NCI and payment of dividend to equity holders of the parent company. See the consolidated statement of cash flows for further details and Note 14 Cash, cash equivalents for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Equity and liabilities

NOK million	2022	2021
Equity	8,803	9,919
Non-current non-recourse project financing	13,297	10,708
Non-current corporate financing	7,987	7,264
Other non-current liabilities	2,604	2,224
Total non-current liabilities	23,888	20,197
Current non-recourse project financing	1,963	1,147
Current corporate financing	-	-
Trade payables and other current liabilities	2,076	1,766
Total current liabilities	4,039	2,913
Total liabilities	27,927	23,110
Total equity and liabilities	36,730	33,030
Book equity ratio	24%	30%

Total equity decreased by NOK 1,117 million compared to 31 December 2021, driven by negative total comprehensive income for the period and dividend distributions to the equity holders of the parent company and NCI. Further details are given in the consolidated statement of changes in equity.

Corporate financing consists of a listed green bond as well as financing secured in relation to the acquisition of SN Power in 2021. Changes in balance in 2022 is due to foreign currency translation. See Note 21 Corporate Financing for further details.

Total non-recourse financing increased as of 31 December 2022 mainly as a result of issuance of NOK 3 080 million in project debt to the RMIPPP project in South Africa. Down payments of NOK 1,175 million have decreased the balance in 2022. The non-current portion of the Ukrainian debt was reclassified to current during the first quarter 2022 due to breach of covenants. See Note 21 for further details.

Parent Company

Scatec ASA prepares its financial statements according to Norwegian Generally Accepted Accounting Principles (NGAAP). Scatec ASA is a holding company comprising parts of corporate services, management and group finance. In addition, Scatec ASA provides certain services related to project development and construction for its subsidiaries.

Scatec ASA reported revenues of NOK 751 million and operating loss (EBIT) of NOK 665 million in 2022, compared to revenues of NOK 166 million and operating loss (EBIT) of NOK 343 million in 2021.

Revenues increased from 2021 to 2022 due to higher construction activity. All revenues are Group internal and based on agreements established between Scatec ASA and its subsidiaries, joint ventures and associated companies.

Cost of sales and operating expenses (excluding depreciation, amortisation and impairment) increased to NOK 1,266 million from NOK 456 million in 2021, reflecting higher construction activity. The number of employees increased from 116 to 146 following the Company's growth.

The Company recognised a write down of NOK 948 million booked to interest and other financial expenses in 2022. 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). External interest expense was NOK 363 million (250). Dividends from subsidiaries was NOK 1,384 million in 2022 up from NOK 277 million in 2021. Profit after tax was NOK -480 million, compared to a profit after tax of NOK -74 million in 2021.

Total equity for the parent company Scatec ASA stood at NOK 10,265 million at 31 December 2022, up from NOK 9,761 million in 2021. Total assets amounted to NOK 20,591 million at 31 December 2022, up from NOK 20,048 million a year earlier.

Overview of project portfolio

Project stage	2022 Capacity (MW)	2021 Capacity (MW)
In operation	3,375	3,355
Under construction	1,267	195
Project backlog	953	1,818
Project pipeline	15,712	14,775
Total	21,307	20,144

Total annual production from the 5,315 MW of solar, wind and hydro in operation, under construction and in backlog, is expected to reach about 14,100 GWh (on 100% basis).

Projects under construction and backlog

Project backlog is defined as projects with a secure off-take agreement and assessed to have more than 90% likelihood of reaching financial close. When financial close is obtained the project moves into construction generally with Scatec as the turn-key Engineering, Procurement & Construction (EPC) provider. Prior to financial close, environmental and social baseline studies or impact assessments (ESIAs) are conducted to identify potential environmental and social risks and impacts of the Company's activities. During construction Scatec is compensated for early-stage development expenditures and construction services through a Development & Construction (D&C) margin. The D&C margin is used as a funding source for Scatec's equity investment in the project company.

Total initial capex for the projects under construction amounts to approximately NOK 15.3 billion on a 100% basis. The capex will be financed by non-recourse project debt and equity from the sponsors with an expected average leverage of approximately 65%. Scatec is holding an average of 50% of the equity in the projects under construction equivalent to an initial equity investment of NOK 2.5 billion, of which NOK 1.7 billion were remaining at the end of 2022. The remaining portion is well covered by expected D&C margins, cash flow from operations and free cash.

All figures in NOK have been updated based on currency rates per the end of 2022.

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

Under construction

Sukkur, Pakistan 150 MW solar

Construction of the 150 MW Sukkur project in Pakistan has progressed during 2022. Key activities included groundworks, piling, orders for main equipment, and tracker installations ramped up towards the end of the year. Most of the material and equipment have arrived on site, such as modules, trackers, inverters and cables. At the end of 2022 there were about 700 contractors and Scatec employees involved in construction work on site, and 250,000 safe manhours completed without lost time incidents.

Power from the solar power plant will be sold to Pakistan Authorities under a 25-year PPA. Capex for the project is approximately USD 110 million to be financed by approximately 70% non-recourse project finance debt and equity from the sponsors.

Scatec owns 75% of the project and provide EPC services as well as Operation & Maintenance (O&M) and Asset Management (AM) services to the power plants.

Mendubim, Brazil 531 MW solar

Construction activities have progressed well during 2022 for the 531 MW Mendubim solar project, in partnership with Equinor and Hydro Rein. Key construction activities included drainage, foundations, levelling and road works, and clearance work for a transmission line. All purchase orders for main equipment have been placed. More than 500 contractors and Scatec employees are involved in the construction work on site.

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

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

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

In July 2022 Scatec started construction of the RMIPPP project after reaching financial close. Construction activities in 2022, included piling, orders for main equipment, work on modules substructure foundations, grid connections and access roads. More than 500 Scatec employees and contractors are working on site. All site labour is sourced from the local community, and the project has established a dedicated community communication hub in Kenhardt.

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

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

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

Release

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

Philippines, 20 MW BESS

Construction of the 20 MW battery energy storage system (BESS) at the Magat hydropower plant is progressing well. The facility is Scatec's first BESS project connected to a hydropower plant, and has been developed by SN Aboitiz Power, a joint venture between Scatec and AboitizPower.

Hitachi Energy is providing engineering, procurement, and construction services for the project. The Bank of the Philippine Islands and China Banking Corporation have provided debt financing. The facility will be capable of dispatching energy to the grid at times of peak demand and is expected to be used primarily for ancillary services.

Backlog

Construction start of the backlog projects relies on final governmental approval processes, completion of project finance processes and component price development.

During the fourth quarter 2022 a 60 MW solar project in Botswana has been added to the backlog.

Grootfontein, South Africa, 273 MW solar

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

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

Tunisia portfolio, 360 MW solar

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

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

Scatec will have an ownership share of 51% of the project and provide EPC, O&M and AM services to the project company.

Egypt, 100 MW green hydrogen facility

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

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

The estimated total capital expenditure for the project is USD 430 million to be financed by 75% non-recourse project debt and equity from partners.

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

Botswana, 60 MW solar

In August 2022, Scatec signed a binding 25-year PPA with Botswana Power Corporation, a state-owned utility in Botswana, for a 60 MW solar power plant at Selebi-Phikwe. The solar project is the first of its kind in the country.

The estimated total capital expenditure for the project is BWP 640 million (USD 49 million) to be financed by 70% non-recourse project debt and equity from partners.

Scatec currently owns 100% of the project, and will provide EPC services, as well as Asset Management and O&M services.

Pipeline

Location	2022 Capacity (MW)	2021 Capacity (MW)
Latin America	**1,276**	2,147
Africa and the Middle East	**7,597**	5,389
Europe & Central/South Asia	**2,975**	1,690
Southeast Asia	**3,864**	5,549
Total pipeline	**15,712**	14,775

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 15,712 MW across technologies. Approximately 85% of the projects in the pipeline are located within our focus markets.

Solution	2022 Capacity (MW)	2021 Capacity (MW)
Solar	**5,005**	6,311
Wind	**6,223**	5,150
Hydro	**2,684**	2,514
Green Hydrogen[1)]	**1,500**	500
Release	**300**	300
Total	**15,712**	14,775

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

Other matters

Russian war in Ukraine

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

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

Approximately 95% of the power plants owned and operated by Scatec are intact and available, however power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. 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%.

1) Renewable capacity for use in production of green hydrogen and green ammonia

The Russian invasion triggered an impairment assessment in the first quarter 2022 and Scatec recognised an impairment charge of NOK 770 million in the proportionate financials (NOK 816 million in the consolidated financials) related to tangible and intangible assets in Ukraine. On 31 December 2022 the impairment tests have been updated with new information on cash flow assumptions and discount rates, however no further impairments have been recognised. After the impairment recognised in the first quarter 2022, total fixed assets and intangible assets in Ukraine amounts to NOK 2,107 million in the consolidated financials as of 31 December 2022. Refer to Note 12 Impairment for details on the impairment of the plants.

Scatec recognised an expected credit loss provision in the first quarter 2022 with respect to trade and other receivables which amounted to NOK 87 million in the proportionate financials (NOK 98 million in the consolidated financials). In the period second to fourth quarter 2022 no further loss provisions have been made. The provision 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 (excluding the credit loss provision) in the consolidated financials, due to payments of accounts receivables from the period before the war and changes in other receivables. Refer to Note 3 Operating Segments for more details.

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 in Ukraine, amounting to NOK 964 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".

Additionally in Ukraine, please refer to the first quarter report and the annual report 2021 for information related to the construction loan provided by PowerChina Guizhou Engineering Co ("PowerChina") to Scatec for the Progressovska power plant in Ukraine. Scatec and PowerChina has 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 17 Other Non-current and current liabilities and Note 24 Guarantees and commitments for further details.

Potential PPA changes and overdue receivables in Honduras

Scatec has over time experienced delayed payments from the state owned off-taker in Honduras (ENEE) and overdue receivables have accumulated to a varying degree since second quarter 2020. During 2022, the off taker has paid on average two thirds of total recognised revenues until December when additional NOK 214 million of outstanding receivables were paid. As a result, a large part of the accumulated overdue receivables in Honduras in the consolidated financials was settled and decreased from NOK 232 million at the end of the third quarter 2022 and NOK 172 million at the end of fourth quarter 2021 to NOK 66 million at the end of the fourth quarter 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 for all renewable power plants in the country, including Scatec's solar plants Agua Fria and Los Prados.

Negotiations have continued and matured during the fourth quarter with proposed changes to the PPA and settlement of outstanding receivables. A new agreement can include changes to tariff level and PPA tenor. As described above, part of outstanding receivables is settled, and remaining amount is subject to the ongoing negotiations. The outcome of the negotiations is not concluded, and an unfavorable result may have negative impact on payment of outstanding receivables by ENEE and the future financial performance of the assets.

Covenants

Except for Ukraine, Scatec was in compliance with financial covenants for both the recourse and non-recourse debt on 31 December 2022. Refer to Note 21 Corporate financing and Note 22 Non-recourse financing for more details.

COVID-19

Scatec has not experienced any material effects related to COVID-19 on its operations of power plants in 2022. The COVID-19 situation has however influenced the markets where Scatec develops projects and has been causing delays in government approvals for some of the development projects.

Organisation

Scatec has an international and diverse workforce which at the end of 2022 was represented by 50 nationalities and 778 employees in 29 countries. The organisation was strengthened across key functions and regions by expanding the team by 156 highly skilled full-time employees during the year. In addition to the full-time workforce, Scatec had 146 short-term employees and 61 consultants supporting its functions. The organisation remains flexible, and the workforce continues to deliver strong results and growth.

The Company's reporting on diversity and equal opportunity is available in the Statement of equality and non-discrimination on https://scatec.com/sustainability/esg-resources/. For further information on work environment, including HSSE, statistics refer to the Company's 2022 ESG Performance report.

Risk factors and risk management

In Scatec, risk management is an integrated part of our operating system. The company has over the last years systemised the approach to risk management through policies and procedures, which are followed up by the management team and relevant functions including Solutions, Finance, Internal Audit, Legal, Sustainability, HSSE, Compliance and O&M. The main risk management policies are reviewed and approved by the Board of Directors on a regular basis.

With integrated operations within emerging economies and across renewable technologies, we are exposed to a variety of risks. Scatec's ability to manage these risks is fundamental for the Company's success and has over time developed into a key competitive advantage for Scatec. Scatec capitalise on the experience from complex environments and risk management systems to de-risk an opportunity and move it forward.

As part of the risk management system, all risks related to a project are identified and addressed in management- and project- reviews and reported upon on a regular basis. These reports represent an important part of Scatec's decision gate reviews. An annual and quarterly risk review are performed by the Executive Management Team, and the output of the reviews are reported to the Board of Directors.

Insurance

Scatec uses comprehensive global insurance programmes as risk mitigating tools which covers a broad range of potential risks such as general third-party liability, professional indemnity, directors' and officers' liability, cyber security, and in certain countries political violence insurance.

Scatec's operational assets are insured through the programmes against physical damage, including natural catastrophes and weather-related events, through a property damage & business interruption insurance. A similar insurance programme is also designed for projects under construction which cover physical damage, loss of income and transportation risks.

Below we have summarised the key inherent risks that Scatec is exposed to as per year end 2022 and key mitigation activities.

Project development risk

Scatec's growth relies on successful project development which is impacted by a number of factors including availability of attractive sites, grid capacity and securing interconnection, power prices, component prices, interest rate level, government approval process, permits and access to competitive financing. Scatec manages this risk through a well-proven approach to screening of new projects as well as holding a large and broad project pipeline.

Component price risk

From the date when Scatec enters into long-term contract for the sale of electricity and to the date of the investment decision the Company is exposed to the risk of component price fluctuations and supply chain disruptions.

Scatec manages such risk by seeking to work with a broad set of suppliers and contractors and ensure that both capex and EPC budgets for new projects hold sufficient contingencies to absorb the most likely price fluctuations in the relevant timeframe. The resilience to price fluctuations do however vary between projects.

During 2022 Scatec decided not to move forward with several projects in backlog as a result of increasing component prices. Additionally, Scatec has entered into negotiations with the Tunisian authorities to increase the PPA tariff for the Tunisian projects. At the same time Scatec started construction of new projects in South Africa, Brazil, Pakistan and the Philippines which, despite cost increases, meet return and margin within guidance.

Compliance and integrity risk

Scatec is opposed all forms of corruption and strives to meet the highest ethical standards across its business activities. As a global company, it has implemented an Anti-Corruption Compliance Programme designed to meet the risks of diverse and challenging business environments.

The Scatec Code of Conduct sets out the commitment to prevent corruption and places clear requirements on its employees. The Company trains employees on how to manage the corruption risks they may face, and encourages them to ask for guidance if they are unsure, and reminds them of their duty to speak-up if they suspect misconduct. In 2022, Scatec focused on tightening internal controls around high-risk partners and activities, and in

2023 the focus will be on targeted training for exposed positions within the Company.

Scatec expects all business partners and suppliers to conduct their activities in a way that is consistent with the Code of Conduct and embeds this contractually in its Supplier Conduct Principles. The Company screens all potential suppliers and systematically assesses higher-risk business partners to avoid unsuitable third parties. The assessment goes beyond corruption to include environment, labour, human rights and sanction risks. Scatec mitigates potential risks through transparent and fair tender processes, robust contracting, pre-production audits and monitoring during production.

Scatec's whistleblower channel is available to all employees, suppliers, partners, customers and external stakeholders through internal channels and the corporate website. The channel is operated by a neutral third-party to protect the anonymity of reporters, should they so wish, and is available in multiple languages. All reports are taken seriously and investigated according to an established investigation procedure.

Scatec's finance partners, including Norfund and the World Bank International Finance Corporation, are widely acknowledged for having high ethical standards and rigorous due diligence requirements and, together with partners, Scatec ensures that its projects and operations are conducted with integrity.

Political risk

Scatec sells electricity to state-owned utilities typically supported by sovereign guarantees. The Company's financial performance therefore relies on government adherence to contractual obligations and various laws and regulations.

Consequently, Scatec is subject to political risk in the countries it operates. Scatec mitigates political risk through a comprehensive contractual framework for each individual project and asset. Risk is also mitigated through partnerships with multilateral development banks as project finance lenders and/or through establishing project risk insurance cover from the World Bank and others. A large and broad asset portfolio also gives diversification effects and reduces the overall political risk related to the asset portfolio.

Cyber risk

Cyber risk is an increasing concern in society today. The main cyber risks in 2022 were ransomware/cryptolocker, phishing, supply chain attacks and zero-day vulnerabilities.

To mitigate these risks Scatec is protecting and monitoring all endpoints with a well-known EDR (Endpoint Detection and Response) solution, and another dedicated tool to reveal crypto locker activity at an early stage. All user accounts are protected with multi-factor authentication and users yearly need to complete IT security awareness training.

Scatec's offices and managed power plants are all connected to the global enterprise network where all network traffic is passing through next-generation firewalls that are monitored by our service providers Security Operations Center (SOC) at all times. All computers, servers and network devices are updated regularly by following the best-practice schedules by the vendors. Any urgent security vulnerabilities are patched immediately. The network is protected against distributed denial-of-service (DDoS) attacks and all the central server infrastructure is backed up to three different physical locations. The security set-up is audited by third party experts on a regular basis. Scatec has not had any major cyber incidents in 2022.

Financial risk

Through its business activities, Scatec is exposed to financial risk, mainly currency risk, credit risk, liquidity risk and interest rate risk. Financial risk management is based on the objective of reducing negative cash flow effects and to a less extent negative accounting effects of these risks.

For a more detailed description and management of financial risk, refer to Note 18 Financial risk management.

Power market price risk

The Company has exposure to power market price risk. Scatec has entered into long-term fixed price contracts for the sale of electricity from most of its power plants in operation at year end 2022. In the Philippines, Scatec has exposure to the long-term power market price with about 70-80% of the electricity from power plants sold under 1 - 3 year contracts to hedge the short to mid-term market price exposure.

Health, Safety and Security risk

Through the construction of large-scale renewable energy plants with between 500-5,000 workers on the project site, and when providing operations and maintenance services during the operational phase, the Company is exposed to health and safety risk. Scatec is continuously working to achieve the goal of zero harm to personnel, materials and the environment. Scatec takes responsibility, sets requirements and monitors HSSE performance in the development, construction and operations phases of the projects. Further, the health and safety standards are defined and communicated to employees and contractors.

Contractor management is identified as a key risk area for the Company, and Scatec continuously works to monitor that all subcontractors operate in accordance with its corporate policy and principles.

For countries with a high-risk rating, Scatec follows special security measures for all travel in line with the recommendations of the Company's third-party risk advisor. Scatec works systematically to strengthen its approach to security management and emergency preparedness.

Climate risk

Scatec's business model and strategy is based on the need to transition from fossil fuels to reduce greenhouse gas (GHG) emissions, a key climate opportunity. However, climate risk, both physical risk and transition risk, could also have a range of potential impacts on Scatec's business. The most serious climate-related risks involve the physical impact of extreme weather events, including droughts and floods. Extreme weather can cause physical damage to the plants and directly affect power generations. The risk is mitigated through adequate engineering in the design phase, regular inspections and emergency plans. Transitional risks such as increased regulation, new technologies and changes to markets also affect Scatec. As climate ambitions increase, there is likely to be increased competition that can affect among others component prices and power prices. Refer to our Task Force on Climate related Financial Disclosure (TCFD) report 2022 for corporate climate risk assessments and more information. For further environmental and social responsibilities refer to the 2022 ESG Performance report.

Other risks

Other inherent risk with low likelihood and/or lower potential business impact is briefly described here.

Risk of war and civil unrest – Scatec is generally not making investments in regions with high risk of war and civil unrest. This risk is assessed before starting development of new project opportunities. The risk has unfortunately materialised in Ukraine where Russia started a military invasion in February 2022. Refer to 'Other matters' for update on Ukraine.

Human rights – the risk relating to the breach of fundamental human rights in renewable energy projects and the supply chain. The main risk relating to the Company's supply chain is related to labour and working conditions in exposed regions such as Xinjiang, China. The Company conducts human rights due diligence in projects and the supply chain as per the Transparency Act requirements and has a corporate human rights policy aligned with the United Nations Guiding Principles on Business and Human Rights.

Pandemic risk - Scatec with its external risk advisors, regularly assess risks related to global health issues such as pandemics. The impact of COVID-19 on Scatec's operations has been limited as we operate critical infrastructure. The COVID-19 situation has however influenced the markets where Scatec develops projects and has caused delays in government approvals for some of the development projects.

Corporate governance

The Board of Directors has made a strong commitment to ensure trust in the Company and to enhance shareholder value through effective decision-making and open communication between the management, the Board of Directors, the shareholders and other stakeholders. The Company's framework for corporate governance is intended to decrease business risk, maximise value and utilise the Company's recourses in an efficient, sustainable manner, to the benefit of shareholders, employees and society at large. The Company's corporate governance framework is subject to annual reviews and discussions by the Board of Directors. The Company comply with the Norwegian Code of Practice for Corporate Governance and the Board of Directors' Corporate Governance report is available on the corporate website under the Investor section.

Scatec ASA has purchased and maintains a Directors and Officers Liability Insurance on behalf of the members of the Board of Directors and CEO. The insurance additionally covers any employee acting in a managerial capacity and includes subsidiaries owned with more than 50%. The insurance policy is issued by a reputable, specialised insurer with appropriate rating.

Market outlook

According to Bloomberg New Energy Finance (BNEF), global investments in the low-carbon energy transition reached USD 1.1 trillion in 2022, 31 per cent up from last year. Despite the record high investment, it is below what is needed for the net zero target. BNEF's Net Zero Scenario calls for USD 194 trillion of investments in the energy transition to 2050.

The demand for renewables is growing rapidly, spurred on by increasingly urgent climate warnings, along with escalating economical and geopolitical factors. The relative competitiveness of renewables has strengthened over time, and it is now the most cost-efficient power source in much of the world.

BNEF expects global solar new build to accelerate and see new installations of around 316 GW in 2023, up from an estimated 268 GW in 2022. For wind, new installations are expected to reach 110 GW, up from 98 GW in 2022. The global energy storage market is expected to continue to grow, estimated installations in 2023 increase to 28 GW from 16 GW in 2022.

Hydropower will continue to play an important role in the energy transition. International Renewable Energy Agency IRENA estimates in the 2022 Outlook, capacity to increase to 1,500 GW by 2030.

Green hydrogen and green ammonia are set to play a major role in decarbonisation of hard-to-abate sectors globally in the coming years, driven by volatile gas prices, cheap renewables, ambitious net zero targets and an increasing number of national hydrogen strategies being adopted. Global demand for green hydrogen and green ammonia is expected to reach more than 500 million tonnes and 200 million tonnes, respectively, by 2050.

Long term, BNEF expects all renewables to see massive growth and to dominate the power sector in 2050. In its Net Zero Scenario, BNEF highlights six key actions to be on track to reach net zero by 2050:

- Accelerate deployment of mature climate solutions
- Support the development of new climate solutions
- Manage the transitions or phase-out of carbon-intensive activities
- Create appropriate climate transition governance structures
- Support the transition in emerging markets and developing countries
- Scale up the supply of critical materials

Forward-looking statements reflect current views about future events and are, by their nature, subject to significant risks and uncertainties because they relate to events and depend on circumstances that will occur in the future. Although Scatec believes that these assumptions were reasonable when made, the Group cannot assure that the future results, level of activity or performances will meet these expectations.

Scatec growth targets and outlook

In September 2022 Scatec announced a sharpened strategy and updated growth targets. Scatec will continue to develop, build, own and operate renewable energy in emerging markets and secure long-term, profitable, and sustainable growth in the strategy period towards 2027. The strategy outlines three primary focus areas; i) grow renewables, ii) advance green hydrogen and iii) optimise portfolio, including financial ambitions and targets.

i. Scatec will continue to grow its renewables business, including solar, wind and hydro, by building scale in selected focus markets to improve predictability and value creation.
ii. Scatec will build on its core strengths to take a leadership role in green hydrogen by developing prime locations in emerging markets, securing long-term offtake, and funding, and applying the integrated business model.
iii. Scatec will optimise its portfolio, by simplifying and consolidating, capturing additional value in power markets, and scaling and launching Release as an independent platform.

Scatec targets to invest NOK 10 billion of equity in new power plants with a required return of 1.2 times the cost of equity. The company has a solid financial platform for growth, including a diversified asset portfolio, prudent financial risk management, continued focus on cost discipline, and solid cash flow.

For the full year 2023 Scatec is estimated to generate proportionate power production EBITDA of NOK 2,700 – 3,000 million based on an estimated power production of 3,500 – 3,900 GWh.

Share capital and the Scatec share

Scatec ASA is listed on the Oslo Stock Exchange under the ticker "SCATC". The share capital of Scatec was NOK 3,972,932 divided on 158,917,275 shares at year end 2022, each with a nominal value of NOK 0.025. All shares are of the same class and with equal voting and dividend rights. Per 31 December 2022, the number of shareholders were 16,463. Refer to Note 25 - Share capital, shareholder information and dividend for further information. During 2022 Scatec's share price declined by 50 percent.

Scatec aims at informing all interested parties about important events and the Company's developments through annual reports and quarterly financial presentations, stock exchange notices and other Company updates. Further information can be found in the investor section of Scatec's website at www.scatec.com/investor.

Dividend policy

In line with the current dividend policy, the Board of Directors have resolved to propose to the 2023 Annual General Meeting of Scatec that a dividend of NOK 1,94 per share should be paid for 2022. The Board of Directors have further proposed to change the payment ratio from 25% to 15% of free cash distributed from producing power plants, to support Scatec's growth ambitions while retaining the Group's objective to pay shareholder dividends.

Financial review

Presentation of Accounts

Pursuant to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the Financial Statements have been prepared under the assumption that the Scatec Group and Scatec ASA is a going concern and that this assumption was appropriate at the date of approval of the Financial Statements. The Group reports its Consolidated Financial Statements in accordance with International Financial Reporting Standards (IFRS) with Norwegian Kroner (NOK) as reporting currency. The notations Scatec, Scatec Group, the Company and the Group are used interchangeably throughout the document. Figures in parentheses are for the corresponding period of the previous year.

Segment and proportionate financials

Scatec reports on four operating business segments: Power Production (PP), Services, Development & Construction (D&C) and Corporate.

To improve earnings visibility and reporting transparency on underlying value creation across Scatec's business activities, the Company is reporting on proportionate financials in addition to consolidated financials. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries based on Scatec's economic interest in the subsidiaries. Proportionate reporting is in line with how the Management Team assesses the performance of the segments. Please refer to Note 3 Operating Segments for further descriptions of the proportionate financials as well as reconciliation to the IFRS financial statement.

Subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting events

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 semi-annual 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. Please refer to note 30 Subsequent events for further details.

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)