Report from the Board of Directors

Highlights 2020

- Proportionate revenues of NOK 2,844 million (6,341) and EBITDA of NOK 1,306 million (1,571)
- Proportionate Power production of 1,602 GWh, up 73% from 2019
- Entered into an agreement to acquire leading hydropower player SN Power
- New solar plants in commercial operation in Malaysia, Ukraine and South Africa
- Additional 320 MW in Argentina and Ukraine under completion
- High project development activity in large growth markets - project backlog and pipeline increased to 10.5 GW
- Raised equity of NOK 6,718 million to fund the acquisition of SN Power and further growth

Key figures

NOK million	FY 2020	FY 2019
PROPORTIONATE FINANCIALS [1]		
Total revenues and other income	2,844	6,341
Power Production	1,708	1,163
Services	232	168
Development & Construction	873	4,980
Corporate	33	31
EBITDA	1,306	1,571
Power Production	1,404	976
Services	82	64
Development & Construction	-28	589
Corporate	-153	-58
Operating profit (EBIT)	690	1,111
Profit/(loss)	-435	530
Net interest-bearing debt	1,851	7,312
Power production (GWh)	1,602	926
SSO proportionate share of cash flow to equity	324	794
CONSOLIDATED FINANCIALS [2]		
Revenues and other income	2,754	1,783
EBITDA	2,069	1,386
Operating profit (EBIT)	1,292	874
Profit/ (loss)	-368	155
Net interest-bearing debt	5,223	10,986
Basic earnings per Share (NOK)	-3.51	-0.31
Power Production (GWh)	2,911	1,655

1) See Alternative Performance Measures appendix for definition.

2) Refer to note 4 Operating segments in the consolidated financial statements for a reconciliation between proportionate and consolidated financials.

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 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 three operating business segments: Power Production (PP), Services and Development & Construction (D&C), as well as Corporate and Eliminations. Revenues and costs related to deliveries of D&C and Services to companies deemed to be controlled by Scatec are eliminated in the Consolidated Group Financial Statements.

To improve 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 4 Operating Segments for further descriptions of the proportionate financials as well as reconciliation to the IFRS financial statement.

Group – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	**2,844**	6,341
Operating expenses	**-775**	-497
EBITDA	**1,306**	1,571
D&A and impairment	**-615**	-460
EBIT	**690**	1,111
Cash flow to equity	**324**	794

Key ratios

Percent	2020	2019
EBITDA margin	**46%**	25%
EBIT margin	**24%**	18%

2020 proportionate revenues were NOK 2,844 million, a decreased by 55% from 2019 with lower construction activity, partly offset by higher power production revenues.

With a larger portfolio of power plants in operation, both revenues and EBITDA increased in Power Production, while decreasing in the Development & Construction segment. This change in segment mix resulted in a higher EBITDA margin for the Group compared with the previous year.

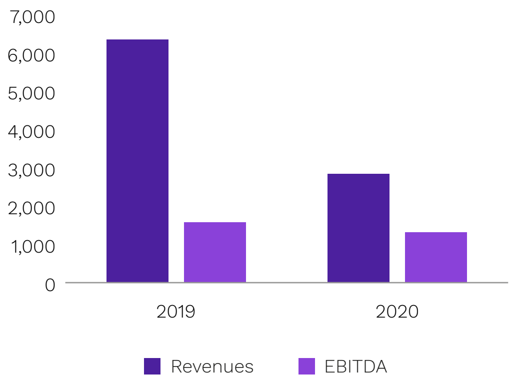
Operating expenses increased in 2020, as new power plants started operation and NOK 82 million of transaction costs related to the acquisition of SN Power were expensed.

Net profit was impacted by a currency loss of NOK 398 million primarily driven by a reduced NOK value of USD cash balances held in Scatec ASA for the USD based settlement of the SN Power transaction.

Scatec's proportionate share of cash flow to equity was NOK 324 million in 2020, down from NOK 794 million in 2019.

Revenues & EBITDA by year

NOK MILLION



Power Production – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	1,708	1,163
Operating expenses	-304	-187
EBITDA	1,404	976
D&A and impairment	-566	-412
EBIT	838	564
Cash flow to equity	427	361

Key ratios

Percent	2020	2019
EBITDA margin	82%	84%
EBIT margin	49%	48%

Production

MWh	2020	2019
MWh produced	2,911	1,655
-net to Scatec	1,602	926

Power Production revenues increased to NOK 1,708 million (1,163) in 2020 while EBITDA increased by 44 percent to NOK 1,404 million (976). Installed capacity was 1,574 MW at year-end and full year production on proportionate basis reached 1,602 GWh, up from 926 GWh in 2019. The increase in production volumes and revenues is driven by the growth in production capacity.

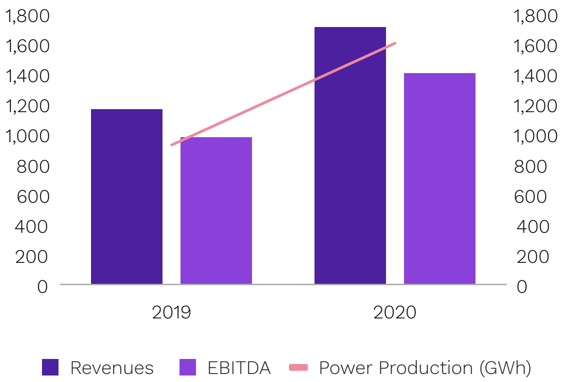
For the existing power plants, the change in production volume from last year is small and driven by regular operational variability. The reported revenues for 2020 are reflecting sale of electricity from solar power plants in Brazil, Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa and Ukraine.

Operating expenses and depreciation increased from last year in line with the increase in revenues.

Scatec's proportionate share of cash flow to equity from Power Production was NOK 427 million, up from NOK 361 million in 2019. The increase in cash flow to equity is less than the increase in EBITDA due to increased debt service.

Revenues & EBITDA by year

NOK MILLION



Services – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	232	168
Operating expenses	-150	-104
EBITDA	82	64
D&A and impairment	-3	-3
EBIT	79	61
Cash flow to equity	65	53

Key ratios

Percent	2020	2019
EBITDA margin	35%	38%
EBIT margin	34%	36%

Revenues in the Service segment reached NOK 232 million (168). The revenue growth year-on-year is explained by the growing portfolio of producing assets.

Operating expenses amounted to NOK 150 million (104). The increase year-on-year is mainly due to new power plants reaching commercial operation as well as costs related to preparations for growth in the operational portfolio.

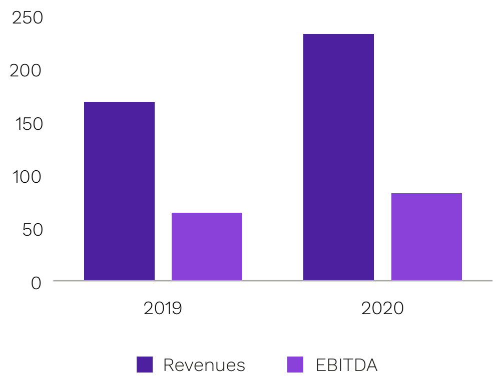
Operating expenses in the segment mainly constitute fixed expenses such as personnel and recurring maintenance cost reflecting fixed maintenance schedules.

EBITDA reached NOK 82 million (64), corresponding to an EBITDA margin of 35% (38%).

Scatec's proportionate share of cash flow to equity from Services was NOK 65 million in 2020, up from NOK 53 million in 2019.

Revenues & EBITDA by year

NOK MILLION



Development & Construction (D&C) – Proportionate financials

Key figures

NOK million	2020	2019
Revenues and other income	873	4,980
Cost of sales	-764	-4,274
Gross profit	109	706
Operating expenses	-137	-117
EBITDA	-28	589
D&A and impairment.	-26	-39
EBIT	-54	550
Cash flow to equity	-15	471

Key ratios

Percent	2020	2019
Gross margin	12%	14%
EBITDA margin	-3%	12%
EBIT margin	-6%	11%

Revenues in Development & Construction was NOK 873 million (4,980) and EBITDA NOK -28 million (589) in 2020. The decrease is explained by low construction activity during the year.

At the end 2020 the accumulated progress across ongoing construction projects was 99%, with minor activities remaining in Argentina and Ukraine. These plants are currently estimated to be completed in second quarter 2021.

The increase in operating expenses reflects increased spending on development of project pipeline across several markets and renewable technologies.

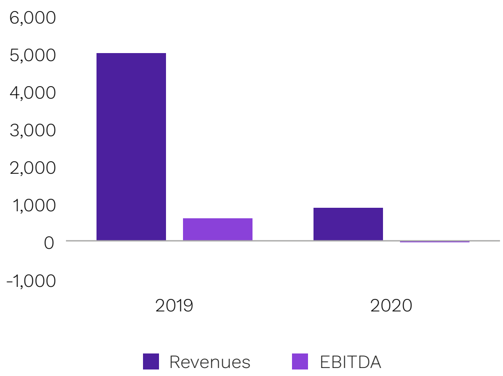
Project development spending, including amounts capitalised reached NOK 259 million in the year.

The gross margin was 12% which is in line with earlier guidance.

Scatec 's proportionate share of cash flow to equity from D&C was NOK -15 million, a decrease from NOK 471 million in 2019.

Revenues & EBITDA by year

NOK MILLION



Corporate – Proportionate financials

Corporate activities mainly relate to corporate and management services. The segment reported an operating loss of NOK -173 million (-64) in 2020.

Corporate - Key figures

NOK million	2020	2019
Revenues and other expenses	33	31
Operating expenses	-186	-89
EBITDA	-153	-58
D&A and impairment	-20	-6
EBIT	-173	-64
Cash flow to equity	-153	-91

Revenues in the corporate segment refers to management fees charged to the other operating segments for corporate services rendered across the Group.

Corporate incurred NOK 186 million (89) in operating expenses, including NOK 82 million in transaction costs related to the acquisition of SN Power. The increase also reflects strengthening of corporate functions to support the Company's growth.

Consolidated financial statements

Consolidated income statement

Unless otherwise indicated, the below information describes the development for the continuing operations of the Scatec Group in 2020, and the corresponding figures for 2019.

NOK million	2020	2019
Total revenues and other income	2,754	1,783
EBITDA	2,069	1,386
Operating profit (EBIT)	1,292	874
Profit before income tax	-238	184
Profit/(loss) for the period	-368	155
Profit/(loss) to Scatec	-478	-39
Profit/(loss) to non-controlling interests	110	194

Revenues

Scatec reported net revenues of NOK 2,754 million (1,783) in 2020, mainly reflecting sales of electricity from solar power plants in Brazil, Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa and Ukraine. Revenues from power sales increased compared to 2019, driven by the increased production capacity.

Net income from associated companies in Argentina and Brazil increased from NOK -28 million in 2019 to NOK -16 million in 2020. The solar power plant in Argentina is under construction and has been further delayed in 2020 due to the COVID-19 outbreak, and is currently estimated to be completed in second quarter of 2021. For further details, refer to note 14 Investments in JVs and associated companies.

Operating profit

The Group has in recent periods invested in both early stage development activities and also strengthening of the organisation following the significant growth of the company. This mainly explains the growth in operating expenses compared to last year.

Consolidated operating expenses increased to NOK 685 million (397) for 2020 mainly driven by the added capacity during the period.

The Company is not engaged in research activities and has not recognised such costs in 2020 or 2019.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 2,069 million in 2020, an increase from an EBITDA of NOK 1,386 million in 2019.

Depreciation, amortisation and impairment amounted to NOK 777 million in 2020, compared to NOK 512 million in 2019. The increase is mainly explained by depreciation of solar plants that have been grid connected in 2020.

Operating profit (EBIT) ended at NOK 1,292 million in 2020, up from NOK 874 million in 2019.

Net financial items

NOK million	2020	2019
Financial income	57	66
Financial expenses	-1,189	-744
Foreign exchange gains/(losses)	-398	-13
Net financial expenses	-1,530	-690

Net financial expenses amounted to NOK 1,530 million in 2020, compared to NOK 690 million in 2019.

Financial income was NOK 57 million (66) for 2020, and mainly reflect interest income on cash balances.

Financial expenses mainly consist of interest expenses on non-recourse financing and has increased compared to 2019 due to financing of new solar plants under construction.

The increase in foreign exchange loss in 2020 is primarily driven a reduced NOK value of USD cash balances held in Scatec ASA for the USD based settlement of the SN Power transaction in 2021. The currency losses are also driven by Scatec ASA's shareholder loans to project companies which are provided in the respective projects' currencies.

Profit before tax and net profit

The effective tax rate was -55% (16%) for the full year 2020. The difference between the actual tax expense of the year and a calculated tax expense based on the Norwegian tax rate of 22% is explained by a number of factors, including a non-recurring tax expense related to non-deductible interest cost, non-deductibility of transaction cost from the SN Power acquisition and withholding taxes paid on dividends received from subsidiaries. The tax cost is also influenced by taxable profits and -losses in tax jurisdictions with different tax rates which offset each other in the group but leaves a net tax expense to be recognised. The underlying tax rates in the companies in operation are in the range of 0% to 33%. In some markets, Scatec also receives special tax incentives intended to promote investments in renewable energy. For further details, refer to note 11 Tax.

Non-controlling interests (NCI) represent financial investors in solar power plants. The allocation of profits between NCI and Scatec are impacted by the fact that NCI only have shareholdings in solar power plants, while Scatec also carries the cost of project development, construction, operation & maintenance and corporate functions.

Other comprehensive income comprises items that may subsequently be reclassified to profit or loss, amounted to negative NOK 394 million (-162) in 2020. This relates to after-tax net movement of cash flow hedges of negative NOK 278 million (-175) and foreign currency translation differences of NOK -116 million (12).

Total comprehensive income was thus negative NOK 762 million for 2020 of which negative NOK 698 million was attributable to Scatec, while negative NOK 65 million is attributable to non-controlling interests. This compares to a total comprehensive income of negative NOK 7 million for 2019, of which negative NOK 117 million was attributable to Scatec and NOK 109 million to non-controlling interests.

Consolidated statement of cash flow

Cash flow

Net cash flow from consolidated operating activities amounted to NOK 1,671 million (1,860) in 2020, compared to EBITDA of NOK 2,069 million. The difference between the operating cash flow and EBITDA is primarily explained by changes in working capital, mainly related to power plants under construction.

Net cash flow from consolidated investing activities was negative NOK 1,704 million (-6,439) driven by lower construction activities on new power plants compared to last year.

Net cash flow from financing activities amounted to NOK 4,984 million (4,232), driven primarily by the issue of share capital of NOK 6,576 million (1,307). Net repayments and proceeds from non-recourse financing amounted to NOK -543 million (-3,646) and net proceeds from NCI financing to NOK 159 million (307). Further, interest payments were NOK 894 million (711) and dividends NOK 280 million (288).

In total, the Group's cash balance increased by NOK 4,951 million (-348). Of the total cash balance of NOK 7,788 million (2,824), NOK 1,752 million (1,987) was restricted cash in power plant companies, NOK 87 million (78) represented other restricted cash while NOK 5,949 million (758) represented free cash at the group level.

Proportionate share of cash flow to equity

Scatec's proportionate share of cash flow to equity, defined as EBITDA minus interest expenses, normalised debt instalments and tax (i.e. before changes in net working capital), is an alternative performance measure that seeks to estimate the Group's ability to generate funds for the group, available for equity investments in new solar power plant projects and/or for shareholder dividends over time. Scatec's proportionate share of cash flow to equity totaled NOK 324 million (794) in 2020.

NOK million	2020	2019
Power production	427	361
Services	65	53
Development & Construction	-15	471
Corporate	-153	-91
Total	324	794

Consolidated statement of financial position

Assets

NOK million	2020	2019
Property, plant and equipment	16,086	15,401
Other non-current assets	1,503	1,682
Total non-current assets	17,590	17,083
Other current assets	1,286	1,671
Cash and cash equivalents	7,788	2,824
Total current assets	9,074	4,495
Total assets	26,663	21,578

Total assets amounted to NOK 26,663 million at year-end 2020, up from NOK 21,578 million at the end of 2019.

Overall, non-current assets totaled NOK 17,590 million (17,083), of which NOK 16,086 million (15,401) was Property, Plant & Equipment (PP&E). The 3% net increase of non-current assets is mainly driven by the new plants in South Africa, Ukraine and Malaysia. This is partly offset by depreciation of the operating power plants.

Current assets amounted to NOK 9,074 million (4,495), with cash and cash equivalents amounting to NOK 7,788 million (2,824). Other current assets decreased by 23% compared to 2019, mainly driven by working capital changes related to construction projects. The cash balance has increased with NOK 4,964 million since last year, primarily following the private placements completed during the second and fourth quarter 2020. Part of the cash holdings is subject to restrictions or is collateralised, while free unrestricted cash was NOK 5,949 million (758) at the end of 2020.

Current and non-current financial assets and liabilities in the balance sheet relates to interest rate derivatives in the Egyptian, Malaysian, Mozambican and South African power plant companies. Other power plants are funded through fixed rate interest loans. Other current assets and liabilities mainly relate to working capital items such as prepayments and accruals.

Equity and liabilities

NOK million	2020	2019
Equity	9,467	3,640
Non-current non-recourse project financing	11,350	12,228
Other non-current liabilities	2,351	2,962
Total non-current liabilities	13,701	15,190
Current non-recourse project financing	913	837
Other current liabilities	2,582	1,913
Total current liabilities	3,495	2,750
Total liabilities	17,196	17,939
Total equity and liabilities	26,663	21,578
Book equity ratio	35.5%	16.7%

Total equity stood at NOK 9,467 million (3,640) at the end of 2020, corresponding to an equity ratio of 36% (17%). The increase in equity and equity ratio are mainly driven by the private placements during the second and fourth quarter 2020.

Total non-current liabilities amounted to NOK 13,701 million (15,190) at the end of 2020, of which non-recourse project financing accounted for NOK 11,350 million (12,228). Total current liabilities came in at NOK 3,495 million (2,750), of which NOK 913 million (837) was in non-recourse project financing.

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 622 million and operating loss (EBIT) of NOK 23 million in 2020, compared to revenues of NOK 2,964 million and operating Profit (EBIT) of NOK 107 million in 2019.

Revenues decreased from 2019 to 2020 due to lower constructing activities.

All revenues are group internal and based on agreements established between Scatec ASA and its subsidiaries, joint ventures and associated companies. The scope of the agreements includes delivery of the main components of the solar power plants (inverter system, modules and structures) and management services as well as services related to project development and construction, including but not limited to permitting, financial modelling, production of bidding documents, debt and equity financing, evaluation of tax issues, structuring of securities and guarantees, legal services, advice on tendering of components as well as grid connection studies.

Operating expenses increased to NOK 238 million, from NOK 179 million in 2019, reflecting the increased number of employees and activities following the Company's growth.

Profit after tax reached NOK 516 million, compared to a profit after tax of NOK 138 million in 2019.

Total equity for the parent company Scatec ASA stood at NOK 9,915 million at 31 December 2020, up from NOK 3,088 million in 2019, mainly caused by capital increases during the year. Total assets amounted to NOK 11,658 million at 31 December 2020, up from NOK 5,913 million a year earlier. The increase reflects increased cash from the share capital increases.

Scatec ASA had 94 permanent full-time employees in 2020, up from 89 in 2019. The sickness leave rate in 2020 was 2%, broadly in line with previous years. Scatec ASA focuses on equal opportunities irrespective of gender. There should be no discrimination related to gender in cases such as compensation, promotion or recruitment. In Scatec ASA females made up 46% of the employees in 2020, which is on the same level as last year.

Organisation

Scatec has an international and diverse workforce which at the end of 2020 was represented by 41 nationalities and 435 employees in 16 countries. The organisation was strengthened across key functions and regions by expanding our team by 100 highly skilled full-time employees during the year. The organisation remains flexible, and the young and dynamic workforce continues to deliver strong results and growth.

2020 was characterised by a different working situation for most employees, and Scatec's focus has been to facilitate for an adequate workspace and interaction with colleagues through initiative such as online exercise for employees, grants for home office equipment and regular lunch learning sessions. Human capital development was strengthened through various learning initiatives, among them two new gamified trainings.

The Company's reporting on diversity and equal opportunity is available in the Statement of equality and anti-discrimination on https://scatec.com/sustainability/esg-resources/ and in the Company's 2020 Sustainability report.

Sustainability

Sustainability is an integral part of Scatec's business model, which represents a positive contribution towards meeting the climate challenge and bridging the global energy gap. The Company generates clean, cost-effective and reliable electricity and strive to conduct its business in a responsible manner across all operations guided by several internationally recognised frameworks and principles.

Scatec is committed to develop and operate all projects in line with the IFC Performance Standards and the Equator Principles, and collaborate with partners that have the same high standards for projects and their potential impact. The Company develops Environmental and Social Impact Assessments and Action Plans for all projects, which are carefully monitored internally and externally by the project and financing partners. Scatec has been a member of the UN Global Compact since 2018, which reinforces global commitment to responsible business conduct in the four areas: Labour conditions, human rights, environment and anti-corruption.

For 2020, an overall focus was to strengthen the existing corporate Environmental and Social Management System (ESMS) for more efficient and systematic management of environmental and social risks. A key focus for 2021 will be to further develop the ESMS to support new technologies including wind and hydro.

Scatec works systematically to disclose relevant information related to Environmental, Social and Governance (ESG) aspects. In 2020, the Company was rated with A, among the top 100 largest companies on the Oslo Stock Exchange excelling at ESG reporting by the Governance Group, in their annual analysis of companies' ESG reporting. Scatec was also rated with top ESG performance ratings by leading, global rating agencies including Sustainalytics, MSCI and ISS ESG.

The Company's reporting on sustainability work and performance is in accordance with the Global Reporting Initiative (GRI) Standards and the Task Force on Climate Related Financial Disclosures (TCFD). The next section provides a summary of the sustainability work and results in 2020. For extensive information, refer to the Sustainability Report 2020.

Health, Safety, Security and Environment (HSSE)

Health and Safety is a key priority for Scatec and the Company is continuously working to achieve the goal of zero harm to personnel, materials and the environment. Scatec takes responsibility, set requirements and monitor 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.

Scatec delivered approximately 3.3 million working hours with no fatalities or serious injuries involving disabilities in 2020. The year was characterised by lower construction activities than previous year, with main activities in Ukraine, Malaysia and Argentina. In total two hand injuries were recorded which led to lost time incidents (LTI).

In 2020, the projects under construction in Malaysia, Argentina, South Africa, and Ukraine were engaging close to 3,800 workers during the construction phase, of whom about 60% were local and unskilled labour.

The rate of recordable work-related injuries amounted to 1.1 per million working hours, down from 1.5 in 2019. The decrease reflects among others several initiatives launched during the year to strengthen the HSSE culture across the company, as well as accumulating extensive experience from the global network of the Company's project portfolio. None of the two Lost Time Injuries were classified as high potential incidents [1)].

The sickness leave rate remained moderate at 1% world-wide (0.7% in 2019), broadly in line with previous years.

Scatec works systematically to strengthen its approach to security management and emergency preparedness. The pandemic naturally reduced the number of travels during the year as Scatec imposed a general travel ban from first quarter. A small number of business-critical travels were required in 2020 and a strict travel approval checklist was established. For countries with a high-risk rating by Scatec's third-party risk advisor, special security measures apply for all travel.

One of the most serious risks employees are facing when travelling is related to traffic. In 2020, two serious near misses related to motor vehicle accidents were registered. Scatec continuously work to manage risk related to traffic, this includes transportation safety management plans for all locations that also require subcontractors to have a plan for transportation safety and initiatives in place to promote safe travelling among their employees.

COVID-19 impacts

The impact of COVID-19 on Scatec's operations has been limited during 2020. The Company has followed and implemented the respective national authorities' advice and recommendations regarding COVID-19. Scatec established a special corporate crisis incident management team early 2020 to monitor and advice on the COVID-19 pandemic. During the cause of the year, the emergency response organisation and -plans on all levels of the company have been mobilised. The Company, together with its external risk advisors, regularly assess risks related to global health issues such as pandemics. In general, Scatec is always following the recommendations from relevant national authorities and takes a pro-active approach to contribute to minimise any risk or impact of such health issues. The Company has contingency plans in place to safeguard personnel and assets and has cooperation agreements with external partners in place for global support.

Business ethics and anti-corruption

Working systematically to prevent corruption and unethical practices in all projects and operations is a fundamental principle in Scatec. The Company's main financial collaborators such as Norfund, the International Finance Corporation (IFC), member of the World Bank Group, and other leading development banks are also widely acknowledged for high ethical standards and rigorous due diligence requirements.

Scatec is committed to a zero tolerance policy of corruption. In recognition of this commitment, an Anti-Corruption Program has been implemented, that provides a guide through how Scatec is working to manage the corruption risks in its activities.

The Company regularly assess sustainability risks within its supply chain. The main risks include corruption, violations of labour rights, and poor social and environmental performance. The Company seeks to mitigate these risks through its supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits and monitoring during production.

Scatec has a whistleblower channel available to all employees and stakeholders of the Company, both through internal channels and the corporate website. This channel is operated by a neutral third party. All whistleblowers have the option to be anonymous. In 2020, seven reports were received through the whistleblower channel, of which two related to potential discrimination. All reports were investigated according to the established investigation procedure.

1) Incident which under slightly different circumstances could have led to a fatality or major loss

In 2020, a new Code of Conduct was implemented, and it was also translated into Spanish, Portuguese, Ukrainian and Arabic. One of the 2020 targets was to hold mandatory Code of Conduct trainings for all employees, and this goal was achieved by offering an advanced gamified Code of Conduct training. The training is interactive and engaging, and it includes dilemma training and mini games. This implementation of gamified training was very successful. For extensive information, refer to the Sustainability Report 2020.

Human rights and social issues

Key elements in Scatec's project work are human rights and social issues. Such issues are normally mainly related to labour rights, land resettlement, local community acceptance, and health and safety.

Scatec has a publicly available grievance mechanism for all projects through the corporate website and at each local project site. The grievance mechanism is targeted towards individuals, communities and companies who have feedback or concerns regarding the Company's projects. This is a channel to present issues to the administration of the projects and the channel is directly supervised by Scatec's corporate Sustainability unit. In 2020, 79 grievances were registered. The majority of the grievances were related to projects under development and under construction, generally representing the phases with most feedback and concerns from project stakeholders. More than 80% of the grievances were solved by engaging with local communities on a regular basis, following up with sub-contractors and communicating Scatec's processes and principles. At the end of 2020, 14 grievances were still in process of being resolved. At the annual reporting date, four grievances in Egypt and one in Mozambique are still being addressed and processed according to Scatec's procedures and are expected to be resolved within the next quarter.

To further strengthen its work related to human rights and social issues, Scatec launched an interactive corporate human rights training for all employees in 2020. The training provides a background to human rights and focuses on business and human rights, and the specific role human rights play within Scatec and its operations, using a case study to enhance learning for employees.

We also collaborated with a third party to develop and standardise a human rights training for security personnel in 2020. The training is in line with the Voluntary Principles on Security and Human Rights. The roll out of the training is planned for the second quarter of 2021. Scatec is also working to standardise training to other exposed groups, primarily community workers (CLOs and social staff).

Climate

The Company's renewable energy plants contribute to the reduction of greenhouse gas emissions in every country where Scatec operates.

The total greenhouse gas (GHG) emissions from Scatec's activities in 2020, including scope 1, 2 and air travel in scope 3, were estimated to 7,359 tonnes (11,021 tonnes in 2019 [2)]) with the majority coming from electricity usage and transportation. The Company sees a substantial decrease from last year, primarily due to the pandemic; reduced traveling and electricity usage.

Simultaneously, the GHG emissions avoided from our operating solar plants reached about 1.6 million tonnes in 2020, a significant increase from 870,000 tonnes in 2019. This figure is calculated based on local grid emissions factors from the International Energy Agency (IEA).

Scatec reported to the Carbon Disclosure Project (CDP) for the first time in 2020 and was awarded top score and a place on the prestigious 'A' List for tackling climate change. This demonstrates the Company's commitment to climate action and increased transparency for management of risks and opportunities posed by climate change.

In 2020, Scatec set ambitious climate goals in line with the Science Based Target Initiative to reduce scope 1 and 2 emissions by more than 50% by 2030 and to be carbon neutral by 2050. The Company also expanded its reporting on scope 3 emissions by engaging with key suppliers. This work remains a key priority for 2021, and a roadmap for reducing emissions will be developed as well as continued close collaborations with key suppliers on climate matters.

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

2) In 2019, due to a change in the calculation methodology for office electricity in South Africa, an additional 49 tonnes of GHG emissions should have been reported.

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.

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 3,958,392 divided on 158,335,667 shares at year end 2020, 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 2020, the number of shareholders were 12,622. Refer to Note 23 - Share capital, shareholder information and dividend for further information.

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

The Group's objective is to pay shareholders consistent and growing cash dividends. Scatec's dividend policy is to, over time, pay its shareholders dividends representing 50% of free cash distributed from the producing power plant companies.

In line with the dividend policy, the Board of Directors have resolved to propose to the 2021 Annual General Meeting of Scatec that a dividend of NOK 1.09 per share should be paid for 2020. From 2021, Scatec will adjust its dividend policy to pay out a minimum of 25 % of the cash distributions received from the power plants.

Risk factors and risk management

Scatec has extensive policies and procedures in place as part of its operating system to actively manage risks related to the various parts of the Company's operations. Key risks are addressed and discussed in the monthly management review, and policies are reviewed and approved by the Board of Directors on a regular basis. The daily follow up of these policies, including internal control and audits, is carried out by Scatec 's management team, the Finance function, Legal and other relevant functions.

The Company is exposed to a variety of operational, political and financial risks through its business activities. The main business is related to projects and most of the risks are identified, reported and actively managed through all phases of the projects. All projects report status on risk management as part of their monthly reporting process, starting from when the project is moved into project backlog. On Group level, an annual risk review as well as quarterly reviews of risks are performed by the Executive Management Team based on regular risk reporting from the projects and functions, and the reviews are reported to the Board of Directors.

In 2020, DNV GL awarded ISO 9001, ISO 14001 and ISO 45001 certifications to Scatec. This certification results from a yearly audit process by DNV GL which is designed to assess and confirm the compliance of the Company to these three standards for Quality, Environmental and Health & Safety Management respectively. Risk Management is an integral part of the standards and compliance clearly indicates a well-functioning risk management framework and processes within the organisation.

Operational and market risk

The main operational risks relate to the performance of operating power plants, timely completion of power plants under construction and progress in the transitioning of projects in backlog and pipeline through financial close and into construction.

The business of the Company is project related and most of the risks that the business is exposed to is contained and actively managed within individual projects.

The company has very limited exposure to the power market risk. Scatec has entered into long-term fixed price contracts for the sale of electricity from all its power plants in operation at year end 2020 and the entry into such contracts is a prerequisite for financing and construction of the projects in the backlog and pipeline per reporting date. All existing electricity sales contracts are entered into with state-owned utilities typically under regulation of various state programmes to promote renewable energy. Sovereign guarantees are normally provided to support the obligations of the state-owned utilities. Consequently, Scatec is subject to political risk in the countries it operates.

Market risk mainly relates to the attractiveness of renewable projects in the various markets as derived from development in power prices, including feed-in-tariffs in key markets, relative to the prices of key components such as fixed and floating solar modules, wind turbines and batteries. Scatec manages this risk through balancing the commitments on sourcing of projects and components with the commitments on the off-take and financing of the power plants, and through developing a robust portfolio of diversified and attractive project opportunities in different markets. The Company has established a solid project pipeline, but further growth of the business will depend on a number of factors such as project availability, access to competitive financing, component availability and pricing, price development for alternative sources of energy and the regulatory framework in the relevant markets

Scatec operates in several regions of the world with complex risk environments. This primarily relates to political, compliance, integrity and security risk. The Company mitigates these risks through comprehensive due diligence processes whereby country risk, permits, project agreements, partners, execution plans, security and all other relevant aspects of the project are carefully assessed. These assessments are done in close cooperation with several advisors including global risk and security consultancies.

Scatec acknowledges cybercrime to be a potential risk to the company. This risk is mitigated proactively by deploying security patches to all computers and network equipment in addition to continuous monitoring the equipment for security issues. Scatec's IT partner's Security Operations Center (ISOC) monitors all data traffic passing through the firewalls 24/7 in addition to surveillance of the general threat level across Scatec's global networks.

The Company, together with its external risk advisor, regularly assesses risks related to global health issues such as pandemics. The Company has contingency plans in place to safeguard personnel and assets, as well as cooperation agreements with external partners for global support.

Political risk

Scatec holds assets and operates in many jurisdictions, and the Company's operations are subject to international and national laws and regulations applied by various government authorities in connection with obtaining licenses and permits, government guarantees and other obligations regulated by law.

Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits, capital transfer restrictions and in monitoring licensees' compliance with the terms thereof. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with changes in regulatory requirements in the jurisdictions where the Company operates, and this can have an adverse effect on the Group's operations, business, financial performance and prospects.

The Company mitigates political risk in emerging markets through partnerships with multilateral development banks as project finance lenders and/or through establishing project risk insurance cover from the World Bank and others.

Financial risk

Through its business activities, Scatec is mainly exposed to financial risk, including 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 description and management of financial risk, refer to Note 5 – Financial risk management.

Project portfolio

The renewable market continues to grow strongly, and Scatec is continuously developing a large project pipeline across several markets.

Project overview

Project stage	Q4'20 Capacity [1] (MW)	Q4'19 Capacity (MW)
In operation	1,574	1,193
Under construction	320	711
Project backlog [2]	670	568
Project pipeline [2]	9,790	5,206

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

The table below shows solar plant projects under construction and in backlog with details on capital expenditure and annual production.

Due to COVID-19, there was some further delays in certain third-party services and deliveries during the year, which in addition to travel constraints and local regulations impacted completion of high voltage connection and hence grid connection, commissioning and testing of the new solar plants. The Company's current estimate is that the remaining power plants under construction will reach commercial operation dates in the second quarter 2021.

The company has measures in place at all sites and locations to limit the spread of the virus, keep people safe, and ensure continued stable operations of the power plants. Power supply is defined as critical infrastructure in all countries where Scatec are operating, and power production and general maintenance have continued as normal. All solar plants require few operators and are remotely monitored and supported 24/7 by the Company's global Control & Monitoring Centre in Cape Town, South Africa.

For extensive information about the projects under construction and in backlog, refer to the fourth quarter 2020 report on www.scatec.com/Investor.

Location	Capacity (MW)	Currency	CAPEX (100%, million)	Annual production (100%, GWh)	Debt leverage	Scatec economic interest
In Operation	1,574	NOK [3]	19,960	3,200	72%	59%
Under construction						
Ukraine portfolio	203	EUR	177	248	65%	95%
Guanizuil, Argentina	117	USD	103	310	60%	50%
Total under construction	320	NOK [3]	2,736	558		82%
Backlog						
Tunisia	360	EUR	240	900	70%	100%
Pakistan	150	USD	100	300	75%	75% [4]
Ukraine	65	EUR	74	65	70%	65% [4]
Bangladesh	62	USD	68	85	70%	65% [4]
Mali	33	EUR	50	60	75%	64% [4]
Total backlog	670	NOK [3]	4,810	1,410		86%
Total	2,564	NOK [3]	27,507	5,168		69%

1) Status per reporting date.
2) See Other Definitions for definition.
3) All exchange rates to NOK are as of 31 December 2020.
4) Expected economic interest at financial close of project.

Total annual revenues from the 2,564 MW of solar plants in operation, under construction and in backlog is expected to reach about NOK 4,200 million (on 100% basis) based on 10-25-year Power Purchase Agreements (PPAs). Scatec will build, own and operate all power plants in the project backlog and pipeline.

Project pipeline

Location	Q4'20 Capacity 1) (MW)	Q4'19 Capacity (MW)
Latin America	1,100	960
Africa and the Middle East	3,862	2,198
Europe & Central/South Asia	1,280	463
South East Asia	3,548	1,585
Total pipeline	9,790	5,206

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 9,790 MW. The pipeline increased by 800 MW over the last quarter with new projects added mainly in South Africa and Vietnam. In addition, 2,470 MW of pipeline was added from SN Power with 997 MW in Africa and 1,473 in South East Asia.

Historically, about 50% of projects in pipeline have been realised. The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial banks or multilateral development banks). The project sites have typically been secured and Scatec is in a position to participate in bilateral negotiations for a long-term power sales agreement with off-takers, feed-in- tariff schemes, or tender processes. For detailed information about Scatec's project pipline and main markets, refer to the fourth quarter 2020 report on www.scatecsolar.com/Investor.

Short term guidance

For 2021, Power production is expected to reach 1,750 – 1,790 GWh on proportionate basis from plants in operation at year end 2020, compared to 1,602 GWh in 2020. Production volumes will continue to grow as plants of 320 MW under construction are being grid connected and starting commercial operations in first half of 2021.

Outlook

Renewable energy is expected to see continued strong growth in 2021, primarily marked by wind and solar reaching new highs in installed capacity. The growth is driven by increasing energy demand, cost reductions and an enabling policy environment as countries set the stage to meet net-zero commitments.

According to Bloomberg New Energy Finance (BNEF), global electricity demand saw a 5% drop in 2020, but it is expected to grow again in 2022 with a 60% increase towards 2050. The rising demand is largely driven by consumption growth in non-OECD countries and will primarily be met by renewable energy supply. Solar, wind, hydro and energy storage is expected to work complementary and are estimated to represent 73% of the global energy mix in 2050, with solar and wind accounting for 58% and hydro and energy storage contributing another 15%.

The energy transition attracted investments of more than USD 500 billion in 2020. Out of the total, renewable energy accounted for 61%, a new level which is expected to remain in 2021. A total of USD 15.1 trillion, of which about 73% in renewables, is estimated to be invested in new capacity between 2020 and 2050, with an average of almost USD 500 billion per year. Around 92% of this is estimated for electricity generating capacity and 8% for storage.

In 2020, Scatec broadened its growth strategy and entered into an agreement to acquire SN Power. With SN Power integrated, Scatec significantly increases scale and cash flow from operating plants with a total of 3.3 GW in operation and under construction. In addition, the first wind project was added to the portfolio, and Scatec is investing in other renewable energy solutions such as floating solar, storage and containerised solar through the Release concept.

In March 2021, Scatec announced a NOK 100 billion business plan towards 2025 and updated its financial and operational targets. The current 4.5 GW capacity target for 2021 was confirmed and a new target of 15 GW by the end of 2025 was introduced. The business plan is supported by Scatec's track record of strong growth and a solid project pipeline across solar, wind, hydro and storage in high-growth markets globally. The 12 GW of new capacity, will require an estimated NOK 100 billion in investments, of which NOK 15-20 billion will be funded by Scatec equity. Solid long term cash flows from operating power plants and margins from development and construction of new plants are expected to fund a major part of this equity.

1) Includes Hydropower pipeline after closing of SN Power acquisition.

Subsequent events

Acquisition of SN Power

Scatec completed the acquisition of SN Power from Norfund 29 January 2021. The transaction was announced in October 2020 and forms an important part of Scatec's broadened growth strategy, to become a global player in solar, hydro, wind and storage solutions, and an integrator of high-value infrastructure solutions.

Scatec and SN Power have a unique and complementary portfolio of assets, geographical footprint and capabilities, and will together have access to a large project backlog and pipeline of more than 10 GW across solar, hydro, wind and storage. In 2020 SN Power reached revenues of NOK 1,562 million (1,766), EBITDA of NOK 1,092 million (1,149) and Cash Flow to Equity of NOK 477 million (541), measured on Scatec's proportionate basis [1]. The performance of 2020 is influenced by reduced water in-flow in the first nine months of the year, combined with COVID-19 impact on power demand and prices in the Philippines. In 2020, net power production reached 1.4 TWh compared to the median net annual production of 1.8 TWh.

The acquisition is fully funded through cash available and the following facilities; a USD 200 million vendor note, a USD 150 million green term loan, and a USD 400 million acquisition finance facility from Nordea, DNB and Swedbank.

Placement of senior unsecured green bond

On 9 February 2021, Scatec completed a EUR 250 million senior unsecured bond issue with maturity in August 2025. The bond will have a coupon of 3 months EURIBOR plus a margin of 250 bps. The proceeds from the bond issue was used for i) refinancing of the NOK 750 million outstanding bond as of the balance sheet date, see details in note 19 – Bonds, ii) to partially refinance the acquisition facility totalling USD 400 million for the acquisition of SN Power and iii) for other eligible activities as set out in Scatec's Green Financing Framework.

Revolving credit facility increased

In January 2021, following the closing of the acquisition of SN Power, Scatec ASA refinanced its RCF with Nordea, DNB, Swedbank and BNPP, and increased the facility from USD 90 million to USD 180 million. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks.

Refer to note 30 Subsequent events for further details about this section.

Oslo, 25 March 2021

The Board of Directors of Scatec ASA

John Andersen Jr. (Chairman)

John Giverholt

Maria Moræus Hanssen

Jan Skogseth

Gisele Marchand

Raymond Carlsen (CEO)

1) Measured on a pro-forma basis, based on preliminary unaudited financial information for 2020.