Notes to the Consolidated financial statements Group

Note 1 Corporate information

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

Scatec ASA ("the Company"), its subsidiaries and investments in associated companies and joint ventures ("the Group" or "Scatec") is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long- term player, Scatec develops, builds, owns and operates solar, wind and hydro power plants and storage solutions (refer to Note 4 – Operating segments).

Information on the Group's structure is provided in Note 27 – Consolidated subsidiaries.

The Company is listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'. For further details on shareholder matters, refer to Note 23 – Share capital, shareholder information and dividend.

The consolidated financial statements for the full year 2020 were authorised for issue in accordance with a resolution by the Board of Directors on 25 March 2021.

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

Note 2 Summary of significant accounting policies

The accounting principles in the annual report are largely incorporated into the individual notes. Principles and policies that are presented in this note are more general descriptions which do not naturally belong in the individual notes.

Statement of compliance and basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments financial instruments measured at fair value.

The segment financials are reported on a proportionate basis in line with how the management team assesses the segments' performance. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations based on the Group's economic interest in the subsidiaries. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in the Services and Development & Construction segment mainly reflect deliveries to other companies controlled by Scatec (with from 40% to 100% ownership), for which revenues and profits are eliminated in the consolidated financial statements. The Group uses proportionate financials to improve transparency on underlying value creation across Scatec's business activity. For further description of the proportionate financials as well as a reconciliation between proportionate financials and the consolidated financials please refer to Note 4 - Operating segments and the section on Alternative Performance Measures (APM).

The consolidated financial statements are presented in Norwegian kroner (NOK) and all values are rounded to the nearest million (NOK 1,000,000) except when otherwise indicated. Because of these rounding adjustments, the figures in some columns may not add up to the total of that column.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of 31 December 2020. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights

The Group re-assesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Statement of cash flows

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

Foreign currencies

The Group's consolidated financial statements are presented in NOK, which is also the parent Company's functional currency. For each entity the Group determines the functional currency, and items included in the financial statements of each entity are measured using that functional currency. The functional currency of the subsidiaries is the same as their local currency, except for the subsidiaries in Rwanda, Honduras, Mozambique, Egypt, the Netherlands, Argentina and Jordan, in which USD has been determined to be the functional currency, and Ukraine in which EUR has been determined to be the functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the end of reporting period. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

On consolidation, the assets and liabilities of foreign entities with functional currencies other than NOK are translated into NOK at the rate of exchange prevailing at the end of reporting period and their income statements are translated at average monthly exchange rates. The exchange differences arising on translation for consolidation are recognised in other comprehensive income.
On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition are treated as assets and liabilities of the foreign operation and translated at the exchange rate at the reporting date.

See Note 24 - Non-controlling interests for information on the non-controlling interests share of profit/loss and equity prior to intercompany eliminations.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Dividends

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

Government grants

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Grants are recognised systematically during the grant period. Grants are deducted from the cost which the grant is meant to cover. Grants are recognised either as cost reduction or as a deduction of the asset's carrying amount. Grants received for projects being capitalised are recognised systematically over the asset's useful life.

Business combinations

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, which is measured at acquisition date fair value, and the amount of any non-controlling interests in the acquiree. Acquisition-related costs are booked to operating expenses.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of IFRS 9 Financial Instruments, is measured at fair value with the changes in fair value recognised in the statement of profit or loss in accordance with IFRS 9.

Goodwill is initially measured at cost (being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests and any previous interest held over the net identifiable assets acquired and liabilities assumed). If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Changes in accounting policies and disclosures

New standards and interpretations

The Group applied the changes in IFRS 9.6.8.4-6.8.12 with regards to the reform of IBOR as reference for interest rates. See Note 20 – Derivative financial instruments for more details.

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

Note 3 Key sources of estimation uncertainty, judgements and assumptions

Information about estimation uncertainty, judgements and assumptions in the annual report are largely incorporated into the individual notes. Information that is presented in Note 3 are more general descriptions and information that does not naturally belong in the individual notes.

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

The Company's management believes the following critical accounting items represent the more significant judgements and estimates used in the preparation of the consolidated financial statements:

Consolidation of power plant companies

Scatec's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role through ownership of the power plants. Normally Scatec enter into partnerships for the shareholding of the power plant companies owning the power plants. To be able to fully utilise the business model, Scatec normally seeks to obtain operational and financial control of the power plant companies. Operational control is obtained through governing bodies, shareholder agreements and other contractual arrangements. Other contractual arrangements may include Scatec's role as the developer of the project, EPC provider (construction), operation and maintenance service provider and asset management service provider.

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

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

Even though none of the projects Scatec is involved with are identically structured, the five roles/activities described above constitute the main and relevant activities which affect the variable return. When assessing whether Scatec controls a power plant company as defined by IFRS 10 Consolidated Financial Statements, all facts and circumstances, including the above agreements are analysed. For the power plant companies referred to above, except from the joint venture arrangement with Equinor, Scatec has concluded that it through its involvement controls the entities. Scatec has considered that it has the current ability to direct the relevant activities of the entities and has the ability to affect the variable returns through its power over the companies. The assessment of whether Scatec controls the investee is performed upon first time consolidation and is renewed annually or more often, if and when facts that could impact the conclusion change.

To be able to fully utilise the business model, Scatec normally seeks to obtain operational control of the power plant companies

Further, the following accounting items are discussed in the respective notes:

Accounting item	Note	Estimate/assumptions
Tax	11	Recognition of deferred tax asset
Property, plant and equipment	12	Net present value future cash flows/useful life of solar power plants
Goodwill	13	Net present value future cash flows
Lease	22	Determine whether an arrangement contains a lease

Note 4 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision makers, defined as the Executive Management team. The operating segments are determined based on differences in the nature of their operations, products and services. Scatec manages its operations in four segments: Power Production (PP), Operation & Maintenance (O&M), Development & Construction (D&C) and Corporate.

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

Power Production

The Power Production segment manages the Group's power producing assets and derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Finance and operation of the plants is ring-fenced in power plant companies with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these power plant companies to Scatec, and any other project equity investors in accordance with the shareholding and the terms of the finance documents.

Services

The Services segment comprises Operations & Maintenance (O&M) and Asset Management services provided to solar power plants where Scatec has economic interest.
O&M revenues are generated on the basis of fixed service fees with additional profit-sharing arrangements.
Asset Management services typically include financial reporting to sponsors and lenders, regulatory compliance, environmental and social management, as well as contract management on behalf of the power plant companies.

Development & Construction

The Development & Construction segment derives its revenue from the sale of development rights and construction services to project entities set up to operate the Group's solar power plants. These transactions are primarily made with entities that are under the control of the Group and hence are consolidated. Revenues from transfer of development rights are recognised upon the transfer of title. Revenues from construction services are based on fixed price contracts and are recognised based on a measure of progress on the contract.

Corporate

Corporate consists of the activities of corporate and management services.

Scatec ASA

Power Production

Main activites

- Ownership and management of power producing assets

Assets / projects with revenues recognised

Egypt (51%):
Benban, 380 MW

South Africa Round 4 (46%):
Upington, 258 MW

South Africa Round 1/2 (45%):
Kalkbult, 75 MW
Linde, 40 MW
Dreunberg, 75 MW

Malaysia (100%):
Gurun, 65 MW
Jasin, 66 MW
Merchang, 66 MW
RedSol, 47 MW

Brazil (44%):
Apodi, 162 MW

Ukraine:
Rengy,
47 MW (51%)
Boguslav,
54 MW (100%)
Kamianka,
32 MW (60%)

Services

- Operations and Maintenance services
- Asset Management services

Honduras (51%):
Agua Fria, 60 MW
Los Prados, 35 MW

Jordan:
Oryx, 10 MW (100%)
EJRE/GLAE,
33 MW (50.1%)

Mozambique (52%):
Mocuba, 40 MW

Czech Republic (100%):
Portfolio 20 MW

Rwanda (54%):
ASYV, 9 MW

Development & Construction

- Project developement
- Engineering and Procurement
- Contruction management
- Quality assurance

Argentina (50%):
Guanizuil, 117 MW

Ukraine:
Progressovka, 148 MW (100%)
Chigirin, 55 MW (100%)

Backlog:
670 MW

Pipeline:
9,790 MW

Corporate

- Corporate services
- Management
- Group finance

Eliminations

- Elimination of revenue and profits from internal transactions

Accounting principle

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Sale of project rights (Development & Construction segment)

Where Scatec develops projects or acquire project rights and sell these assets to other entities in the Scatec Group or external parties; revenues from transfer of development rights are recognised upon the transfer of title.

Sale of construction services (Development & Construction segment)

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

Scatec periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for solar modules, labour, subcontractor costs, and other direct costs related to contract performance. Scatec recognises direct material costs as incurred costs when the main direct materials have been installed. When contracts specify that title to direct materials transfer to the customer before installation has been performed, revenue and associated costs are deferred and recognised once those materials are installed and have met any other revenue recognition requirements. Scatec considers direct materials to be installed when they are permanently attached or fitted to the solar power systems as required by engineering designs.

Some construction contracts include product warranties. The expected warranty amounts are recognised as an expense at the time of sale and are adjusted for subsequent changes in estimates or actual outcomes.

The group has currently no ongoing external construction contracts.

Sale of operation and maintenance services (Operation & Maintenance segment)

Scatec delivers services to ensure optimised operations of solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus. These revenues are recognised as the service is provided. The potential performance revenues are considered as variable consideration under IFRS 15 and are recognised when it is highly probable that the recognition will not be reversed in future periods.

Sale of electricity (Power Production segment)

The Group’s power producing assets derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. Revenue is recognised upon delivery of electricity produced to the local operator of the electricity grid. The performance obligation is to deliver a series of distinct goods (power) and the transaction price is the consideration the Group expects to receive. The performance obligation is satisfied over time which entails that revenue should be recognised for each unit delivered at the transaction price. The Group applies a practical expedient under IFRS 15 whereby the revenue from power for most of the contracts is recognised at the amount of which the entity has a right to invoice. Revenues from the sale of electricity are recognised at the time the electricity is supplied on the basis of periodic meter readings. The right to invoice power arises when power is produced and delivered and the right to invoice the consideration will normally correspond directly with the value to the customer.

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

The Group applies the above policies also for intercompany transactions between segments.

Use of proportionate financials

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit; hence interest income/expense is not disclosed per segment. The segment financials are reported on proportionate basis. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced Proportionate Financials as the Group is of the opinion that this method improves earnings visibility. The key differences between the proportionate and the consolidated (IFRS) financials are that:

- Internal gains are eliminated in the consolidated financials but are retained in the proportionate financials. These internal gains primarily relate to gross profit on D&C goods and services delivered to project companies which are eliminated as a reduced group value of the solar plant compared to the stand-alone book value. Similarly, the consolidated financials have lower solar plant depreciation charges than the proportionate financials since the proportionate depreciations are based on solar plant values without elimination of internal gain. Internal gain eliminations also include profit on Operations and Maintenance- and Asset Management services delivered to project companies.
- The consolidated financials are presented on a 100% basis, while the proportionate financials are presented based on Scatec's ownership percentage/economic interest.
- In the consolidated Financials joint venture companies are equity consolidated and are presented with Scatec's share of the net profit on a single line in the statement of profit or loss. In the proportionate financials the joint venture companies are presented in the same way as other subsidiaries on a gross basis in each account in the statement of profit or loss.

See section on "Alternative Performance Measures" for a reconciliation between the consolidated and proportionate financials.

2020	Proportionate financials							
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership interests [3]	Eliminations [4]	Consolidated financials
External revenues	1,708	1	12	5	1,727	1,151	-108	**2,771**
Internal revenues	-	231	861	28	1,118	106	-1,224	**-**
Net income/(loss) from JV and associates	-	-	-	-	-	-	-16	**-16**
Total revenues and other income	1,708	232	873	33	2,844	1,258	-1,348	**2,754**
Cost of sales	-	-	-764	-	-764	-84	847	**-**
Gross profit	1,708	232	109	33	2,080	1,174	-501	**2,754**
Personnel expenses	-28	-75	-85	-72	-259	-4	1	**-262**
Other operating expenses	-276	-75	-52	-113	-517	-204	297	**-423**
EBITDA	1,404	82	-28	-153	1,306	966	-203	**2,069**
Depreciation and impairment	-566	-3	-26	-20	-615	-401	240	**-777**
Operating profit (EBIT)	838	79	-54	-173	690	565	37	**1,292**

2019	Proportionate financials							
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership interests [3]	Eliminations [4]	Consolidated financials
External revenues	1,163	1	2	-	1,165	776	-130	**1,810**
Internal revenues	-	167	4,977	31	5,176	301	-5,477	**-**
Net income/(loss) from JV and associates	-	-	-	-	-	-	-28	**-28**
Total revenues and other income	1,163	168	4,980	31	6,341	1,077	-5,635	**1,783**
Cost of sales	-	-	-4,274	-	-4,274	-228	4,503	**-**
Gross profit	1,163	168	706	31	2,067	848	-1,133	**1,783**
Personnel expenses	-21	-45	-59	-48	-173	8	2	**-163**
Other operating expenses	-167	-59	-57	-40	-323	-126	215	**-234**
EBITDA	976	64	589	-58	1,571	730	-915	**1,386**
Depreciation and impairment	-412	-3	-39	-6	-460	-278	226	**-512**
Operating profit (EBIT)	564	61	550	-64	1,111	452	-689	**874**

1) Residual ownership interest share of the proportionate financials in subsidiaries where Scatec does not have 100% economic interest

2) Eliminations made in the preparation of the group IFRS consolidated financials

Geographical break down of consolidated revenues

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

	External revenue	
NOK million	2020	2019
South Africa	1,040	776
Egypt	629	249
Malaysia	335	224
Honduras	214	206
Jordan	156	149
Ukraine	150	24
Czech Republic	128	118
Mozambique	88	43
Rwanda	22	20
Netherlands	4	-
Other	6	-
Total	2,771	1,810

	Property, plant and equipment	
NOK million	2020	2019
South Africa	3,563	3,430
Egypt	3,086	3,207
Ukraine	3,013	2,358
Malaysia	2,777	2,732
Honduras	1,404	1,511
Jordan	829	896
Mozambique	468	564
Czech Republic	357	261
Norway	271	207
The Netherlands	151	80
Rwanda	139	151
Bangladesh	21	-
Other	7	4
Total	16,086	15,401

Major customers

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

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

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

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

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

The Apodi plant in Brazil commenced operation in 2018. The electricity is sold under a 20-year Power Purchase Agreement with the Brazilian Power Commercialization Chamber (CCEE). The financial commitments of CCEE under the PPA are guaranteed by the Government of Brazil represented by its Ministry of Mines & Energy (MME) under the federal decree 6.353/2008.

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

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

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

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

Note 5 Financial risk management

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

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

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

Market risk

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

Commodity price risk

Scatec's sales of electricity constitute a material share of its revenues. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in the electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long-term, fixed price contracts. Currently, the Group has no exposure to price risk related to electricity sold at market spot rate as all contracts are based on Feed-in-Tariffs (FiTs) or Power Purchase Agreements (PPAs). Some of the off-take agreements that have been entered into for the projects in the Company's portfolio do not contain inflation-based price increase provisions or provisions that only partially allows for inflation-based increases. Some of the countries in which the Company operates, or into which the Company may expand in the future, have in the past experienced high inflation. The fixed price contracts are classified as "own use" contracts (with reference to IFRS 9.2.4), and hence not considered to be in scope of IFRS 9.

While this is further influenced by government support schemes, the future development of the PV industry in general, and the Group in particular, will to a significant degree depend on the development in electricity market prices over time. Electricity prices depend on a number of factors including, but not limited to, availability and costs of primary energy sources (including oil, coal, natural gas and uranium), and the development in cost, efficiency and equipment investment need for other electricity producing technologies, including other renewable energy sources.

A decline in the costs of other sources of electricity, such as fossil fuels or nuclear power, could reduce the wholesale price of electricity. A significant amount of new electricity generation capacity becoming available could also reduce the wholesale price of electricity. Broader regulatory changes to the electricity market (such as changes to integration of transmission allocation and changes to energy trading and transmission charging) could have an impact on electricity prices. A decline in the market price of electricity could materially adversely affect the financial attractiveness of new projects.

Currency risk

Scatec operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group has reported its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, which are USD, ZAR, EUR, MYR, BRL, EGP and CZK, affects its statement of profit or loss, other comprehensive income and consolidated statement of financial position when the results of those subsidiaries are translated into NOK for reporting purposes. There is also an accounting exposure related to translation effects for intercompany balances.

The general policy of the Group is not to hedge foreign currency exposure based on long term cash flows from the power plant companies operating the power plants. For the Group's power plant entities, currency risk is managed separately with the basis of its functional currency and expected cash flows. This is due to the set up of the SPVs with ring-fenced financing and have significant non-controlling interests. To the extent the Group hedges foreign currency exposure, it is based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements. Although, the Company's segment revenues, cost of sales and gross profit may be subject to significant currency fluctuations (inter alia with respect to construction contracts), however the construction contracts are normally structured as multi-currency contracts to achieve a natural hedge of cost of sales.

For currency risk sensitivities, refer to Note 7 - Financial instruments: Measurement and market risk sensitivities.

Interest rate risk

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

Based on the current Group interest bearing debt portfolio, the interest rate hedge ratio (weighted average) is 90% for the period 2020-2035. This includes the NOK 750 million senior unsecured green bond with interest of 3-month NIBOR + 4,75% (interest rate not hedged) and the following non-recourse financing.

The financing established for the Czech power plant entities are at fixed interest rates, whereas the financing for the South African power plant entities are linked to the CPI, which provides a natural hedge as revenues will increase together with interest rates. In addition, interest rate swap contracts have been entered into for parts of the loans. The power plant in Rwanda is financed through fixed rate USD loans. The debt financing of the Agua Fria project in Honduras is USD denominated debt at fixed rate. The projects in Jordan have 70% of the total financing at a fixed rate. The QSP-projects in Malaysia have secured MYR denominated, fixed interest financing through an Islamic green bond, whereas the RedSol project in Malaysia has hedged 80% of the financing at a fixed rate. Financed projects in Brazil have BRL denominated inflation indexed interest rates. The construction bridge loan of the power plant in Argentina is at fixed interest rate until 18 months after scheduled commercial operation date. For the projects in Egypt and Mozambique, interest rate swaps have been used as hedging instruments, bringing the two projects to fixed rate financing at 100%.

For more information on the Group's financial liabilities, refer to Note 18 – Non-recourse financing and Note 19 - Bonds.

For interest-risk sensitivities refer to Note 7 - Financial instruments: Measurement and market risk sensitivities.

Liquidity risk

Liquidity risk is the risk that Scatec will not be able to meet financial obligations when due. The Group manages liquidity risk through a regular review of future commitments and credit facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. In addition to the senior unsecured corporate bond, the Group has additional available funding through a USD 90 million Revolving Credit Facility (RCF). The RCF was refinanced in January 2021 following the acquisition of SN Power and increased to USD 180 million. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The Group also entered into a USD 5 million overdraft facility with Nordea Bank in second quarter 2018. Scatec has per 31 December 2020 not drawn on the revolving credit facility or the overdraft facility. As of 31 December 2020, the Group has total short-term contractual commitments of approximately NOK 10 million in addition to the current payables which are recognised in the Group's balance sheet. For further information on contractual commitments, refer to Note 6 - Guarantees and commitments.

For information about the Group's financial liabilities, refer to Note 19 – Non-recourse financing and Note 20 - Bonds.

In some of the countries where Scatec operates, governments have imposed regulations on repatriation of funds out of the country. This may halt or delay flow of funds between group companies under certain circumstances. Scatec has not experienced any significant delays to date and are seeking to minimise such risk through assessments of the relevant jurisdictions and regulations and adapt accordingly.

A break-down of free and restricted cash is provided in Note 16 – Cash and cash equivalents.

Credit risk

Credit risk is the risk that Scatec's customers or counterparties will cause financial loss by failing to honour their obligations. The Group is exposed to third party credit risk in several instances, including off-take partners who have committed to buy electricity produced by or on behalf of the Group, suppliers and/or contractors who are engaged to construct or operate assets held by the Group, property owners who are leasing land to the Group, banks providing financing and guarantees of the obligations of other parties, insurance companies providing coverage against various risks applicable to the Group's assets, and other third parties who may have obligations towards the Group.

All of the electric power generated by the Group's current portfolio of projects in operation or under construction is, or will be, sold under long-term off-take agreements with public utilities or other partners, or under Feed-in Tariff ("FiT") arrangements, Power Purchase Agreements (PPAs) or similar support mechanisms governed by law. If, for any reason, any of the counterparties to these contracts are unable or unwilling to fulfil their related contractual obligations, refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. For the Group's current projects in operation, the majority of these are supported by government guarantees or have obligations regulated by law. However, there is still a risk of legislative or other political action that may impair their contractual performance.

The Group's main credit risks arise from credit exposures with accounts receivables and deposits with financial institutions. Some of the markets in which the Group operates have in recent years suffered significant constraints which have led to a large number of bankruptcies, involving also well-established market participants.

Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before provisions for bad debt, as well as cash and cash equivalents, equalling NOK 9,218 million at 31 December 2020.

Refer to Note 16 – Trade receivables for information on the provision for bad debt related to trade receivables.

Note 6 Guarantees and commitments

Scatec is often required to provide advance payment, performance and warranty guarantees in connection with construction activities, as well as bid bonds in connection with tender processes. Advance payment, performance and warranty guarantees are mainly issued in relation to construction contracts entered into with project companies where Scatec has a controlling interest. Advance payment guarantees typically represent 15-25% of construction contract value and performance guarantees typically represents 10-15% of the construction contract value. After the power plant is completed and grid connected the performance guarantee is replaced by a warranty guarantee of typically 5-10% of the contract value and is in force for the duration of the warranty period, typically two years from grid connection. While the total nominal exposure from such guarantees may become significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins, in addition to relating to construction activities in which the Group has a solid track record. A bid bond is a guarantee issued to the provider in a tender process. Scatec also sometimes provides equity guarantees to project lender if project debt is disbursed to project companies before equity. This kind of bank guarantee is provided to ensure lenders that equity will be disbursed to the project company. Project companies are in some markets providing development and land lease guarantees.

The Group has provided the following guarantees at 31 December 2020

- Guarantees for advance payments of NOK 210 million (NOK 197 million as of 31 December 2019) related to the construction contracts for power plants in Ukraine
- Performance guarantees NOK 865 million (NOK 1,267 million as of 31 December 2019) primarily related to the construction contracts for power plants in Egypt, Malaysia, South-Africa, Argentina, Ukraine and Brazil
- Warranty guarantees of NOK 166 million (NOK 99 million as of 31 December 2019) related to power plants constructed by Scatec in Honduras, Malaysia and Mozambique
- Bid bonds of NOK 99 million (NOK 68 million as of 31 December 2019) related to tenders/bidding for new projects in Tunisia, Bangladesh, Pakistan, South Africa, Zimbabwe and Botswana
- Other guarantees of NOK 222 million (NOK 538 million as of 31 December 2019) primarily related to equity guarantee and commitment guarantee in Malaysia, PPA guarantee in Honduras and development guarantees in Egypt and Jordan.

The guarantee volumes specified below include both guarantees issued from recourse group to project companies (subsidiaries) and guarantees issued to third parties.

The guarantees have the following duration (closing balance of total guarantee exposure):

Guarantees duration

NOK million	2021	2022	2023	>2023
Advance payment guarantees	210	-	-	-
Performance guarantees	443	422	-	-
Warranty guarantees	166	-	-	-
Bid Bonds	86	13	-	-
Other guarantees	164	-	4	54
Total	1,070	435	4	54

The advance payment guarantees, performance guarantees and warranty guarantees are guarantees granted by fully owned subsidiaries in the group to partly owned subsidiaries. Any exercise of these would therefore only affect the allocation of profits or loss and equity between the majority and non-controlling interests in the group. Bid bonds and other guarantees are granted by consolidated subsidiaries to third parties. In addition to the bank guarantees specified in the table above, Scatec ASA has provided Parent Company Guarantees in relation to construction of power plants.

The guarantees issued from recourse group entities are issued by Nordea Bank under the guarantee facility with Nordea Bank as agent, and Nordea Bank, BNP Paribas and Swedbank as guarantee instrument lenders. DNB was included as instrument lender from closing of the SN Power acquisition in January 2021. The bid bonds, advance payment guarantees, performance guarantees, and warranty guarantees in Bangladesh, Egypt, Brazil, Ukraine, Mozambique, South Africa, Jordan and for the majority of the projects in Malaysia are counter guaranteed by The Norwegian Export Credit Guarantee Agency (GIEK). The financial covenants are:

- Free cash of no less than NOK 100,000,000
- Debt of the Recourse Group to not exceed NOK 2,400,000,000
- Debt to capitalization ratio 50%
- Minimum interest coverage ratio 2,30x

Per 31 December 2020, Scatec was in compliance with all covenants.

Contractual obligations

Scatec has some remaining commitments in contracts with suppliers of equipment and sub-EPC services related to the plants in Malaysia. For contractual obligations for leases, see details in Note 22 Leases.

Contractual obligations

NOK million	2021	2022	2023	>2023
Total purchase of modules, inverters etc	10	-	-	-
Total contractual obligations	10	-	-	-

Note 7 Financial instruments: measurement and market risk sensitivities

Accounting principle

Initial recognition and measurement of financial assets

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI) or fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under IFRS 15.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

At 31 December 2020, the Group has financial assets at amortised cost and at fair value through profit or loss. These categories are described below:

Financial assets at amortised cost (debt instruments)

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment assessment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables and cash and cash equivalents.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Derivatives, including separated embedded derivatives, are also classified as fair value through profit or loss unless they are designated as effective hedging instruments. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. This assessment is conducted through an expected credit loss (ECL) approach, under which forward-looking information is taking into account. Under the ECL-approach an allowance for expected credit losses should be recognised for all debt instruments not held at fair value through profit or loss and contract assets.

Derecognition of financial assets

A financial asset is primarily derecognised and removed from the Group's consolidated statement of financial position when:

- he rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Group has transferred substantially all the risks and rewards of the asset, or

(b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Initial recognition and measurement of financial liabilities

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, payables or, as derivatives designated as hedging instruments in an effective hedge. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement of financial liabilities

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at amortised cost (loans and borrowings)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. The Group has not designated any financial liability as at fair value through profit or loss.

Financial liabilities at amortised cost (loans and borrowings)

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. This is the category most relevant to the Group. Refer to Note 29 Financial instruments by category for details.

Derecognition of financial liabilities

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Definition of equity instrument

Entities within the Group have issued certain instruments as part of the project financing structures to minority shareholders (shareholder loans). These shareholder loans are considered equity instruments only if both of the definitions in IFRS are met. See Note 28 Project equity financing provided by co-investors for further information.

Hedge accounting

The Group uses derivative financial instruments, such as interest rate swaps, to hedge its interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss.

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

Estimation uncertainty

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on the observable yield curves (level 2). Changes in the fair value relate to daily changes in market prices of the derivative contracts and the volume of contracts. The fair value of the Group's derivative financial instruments is based on input from external parties. The table below table summarises the fair value for each class of financial instrument recognised in the consolidated statement of financial position at fair value, split by the fair value hierarchy from IFRS 13.

2020 NOK million	Derivative financial instruments (liability)	Total fair value
Quoted prices in an active market (Level 1)	-	**-**
Inputs other than quoted prices included within Level 1 that are observable (Level 2)	-703	**-703**
Inputs for assets or liabilities that are not based on observable market data (Level 3)	-	**-**
Total fair value at 31 December 2020	-703	**-703**

2019 NOK million	Derivative financial instruments (liability)	Total fair value
Quoted prices in an active market (Level 1)	-	**-**
Inputs other than quoted prices included within Level 1 that are observable (Level 2)	-351	**-351**
Inputs for assets or liabilities that are not based on observable market data (Level 3)	-	**-**
Total fair value at 31 December 2019	-351	**-351**

The contracts in fair value level 2 at 31 December 2020 and 2019 are the Group's derivative contracts. Fair value of these contracts is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date.

During the reporting period ending 31 December 2020, there have been no transfers between the fair value levels.

Market risk sensitivities

In the following overview, a sensitivity analysis shows how profit and loss, or equity would have been affected by changes in the different types of market risk that the Group is exposed to.

For further information related to market risks and how the Group manages these risks, see Note 5 - Financial risk management.

The sensitivities have been calculated based on what Scatec views to be reasonably possible changes in the foreign exchange rates and interest for the coming year.

Currency risk

At the end of 2020 and 2019, currency risk sensitivities for financial instruments were calculated by assuming a +5/-5% change in the foreign exchange rates that the Group was mainly exposed to; a +5% change refers to a weakening of the transaction currency against the functional currency and a -5% change refers to a strengthening of the transaction currency against the functional currency.

NOK million	Profit (loss) before taxes
At 31 December 2020	
EUR - Net gain/(loss) (- 5%)	73
USD - Net gain/(loss) (- 5%)	250
BRL - Net gain/(loss) (- 5%)	3
ZAR - Net gain/(loss) (- 5%)	2
MYR - Net gain/(loss) (- 5%)	6
EUR - Net gain/(loss) (+ 5%)	-73
USD - Net gain/(loss) (+5%)	-250
BRL - Net gain/(loss) (+ 5%)	-3
ZAR - Net gain/(loss) (+ 5%)	-2
MYR - Net gain/(loss) (+ 5%)	-6

NOK million	Profit (loss) before taxes
At 31 December 2019	
EUR - Net gain/(loss) (- 5%)	69
USD - Net gain/(loss) (- 5%)	53
BRL - Net gain/(loss) (- 5%)	7
ZAR - Net gain/(loss) (- 5%)	-1
MYR - Net gain/(loss) (- 5%)	-1
EUR - Net gain/(loss) (+ 5%)	-69
USD - Net gain/(loss) (+5%)	-53
BRL - Net gain/(loss) (+ 5%)	-7
ZAR - Net gain/(loss) (+ 5%)	1
MYR - Net gain/(loss) (+ 5%)	1

Interest rate risk

The Group has a limited exposure related to interest rate risk through liquid assets and interest-bearing financial liabilities as most of the Group's interest- bearing liabilities carry fixed rates. For further information refer to Note 5 - Financial risk management.

Interest rate sensitivities are assessed by calculating the impact that a +1/-1% change in the interest rates would have on net gain/loss before tax on an annual basis.

NOK million		
At 31 December 2020	1%	-1%
Net gain/(loss)	44	-44
At 31 December 2019	1%	-1%
Net gain/(loss)	13	-13

Note 8 Employee benefits

Accounting principle

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, is considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in personnel expenses. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

Salaries and other personnel costs

NOK million	2020	2019
Salaries	256	219
Share-based payment	14	9
Payroll tax	52	29
Pension costs	17	15
Other personnel costs	11	14
Capitalised to PP&E (project assets)	-88	-123
Total personnel expenses	262	163

Management Group remuneration

NOK million	2020	2019
Salary and bonus	26	23
Pension	1	1
Total	27	24

For further details refer to Note 4 Personnel expenses, number of employees and auditor's fee in the separate financial statements for the Parent Company. No severance package agreements have been established with management.

Scatec also has loans and accrued payroll for holiday pay and bonus to key management personnel. The loan balance as per 31 December is NOK 1 million (2019 NOK 3 million) and accrued payroll is NOK 10 million (2019 NOK 16 million).

Long term incentive programs

In line with the terms adopted by the Annual General Meeting of Scatec ASA on 4 May 2016, and prolonged on 30 April 2019, the Board of Directors have established an option program for leading employees of the company. Under the incentive programme and terms adopted in 2016, options were granted October 2016, January 2018 and January 2019. The first award under this program was 757 thousand options, which vested 1/3 1 January 2018, 1/3 1 January 2019 and the final 1/3 1 January 2020. A total of 15 employees were awarded options of which three have subsequently left the Company. The second award under the program was 490 thousand options, which vest 1/3 1 January 2019, 1/3 1 January 2020 and the final 1/3 1 January 2021. A total of 15 employees were awarded options of which one has subsequently left the Company. The third award was 495 thousand options, which vest 1/3 1 January 2020, 1/3 1 January 2021 and the final 1/3 1 January 2022. A total of 24 employees were awarded options of which none have subsequently left the company. The strike price is equivalent to the volume weighted average price of the shares the ten preceding trading days of the grant, and the strike price for the three awards are NOK 28.08, NOK 47.65 and NOK 72.03 respectively.

In line with the terms adopted by the Annual General Meeting of Scatec ASA on 30 April 2019, the Board of Directors continued to implement a share-based incentive programme for leading employees of the company. The first award under the programme, granted in January 2020, was 594 thousand options, which is divided into three tranches whereby 1/3 vests each year over three years with the first tranche vesting 1 January 2021. The strike price of the option was set to NOK 114.83 per share based on the volume weighted average share price over the ten last trading days preceding the grant date. For the options granted in 2020 the assumptions used in calculating the fair value of the options are as follows: 2.5 years for expected lifetime, 33.7% for the expected volatility and 0 for expected dividend. The current grant is the first of three contemplated annual grants of share options in accordance with Scatec's incentive programme. A total of 39 employees were awarded options.

During 2020 the employees exercised 540 thousand options (366 thousand in 2019) at the weighted average strike and share price of NOK 47.02 and NOK 123.40 respectively. For this share-based incentive programme the total number of outstanding options are 1,071 thousand as of 31 December 2020 (1,017 thousand as of 31 December 2019).

The award of options meets the definition of an equity-settled share-based payment transaction (IFRS 2 app. A). To calculate the fair value of the options, the Black-Scholes-Merton option-pricing model is applied on each tranche. Share price (spot), exercise price, expected option lifetime, expected volatility, expected dividend and risk-free interest rate are the input parameters in the model. Expected volatility is calculated on the historical volatility based on the company's own share prices.

The fair value of the awards is expensed as the options vests, and in 2020 NOK 14 million have been expensed. The fair value of the equity instruments is measured at grant date, which was 2 January 2020 for the first award. At grant date the fair value (excluding social security tax) was estimated to NOK 18 million.

For the previously granted awards the fair value of the equity instruments was also measured at grant date, which was 6 October 2016 for the first award, 1 January 2018 for the second grant and 1 January 2019 for the third award, respectively. At grant date the fair value of the first award (excluding social security tax) was estimated to NOK 7 million, the fair value of the second award (excluding social security tax) was estimated to NOK 6 million and the fair value of the third award (excluding social security tax) was NOK 8 million.

Pensions schemes

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

Number of FTE's employed during the financial year

	2020	2019
South Africa	159	95
Norway	94	87
Egypt	41	28
Malaysia	31	26
Ukraine	27	11
Brazil [1]	22	18
Honduras	15	14
Argentina [1]	11	4
The Netherlands	8	5
Mozambique	7	3
Vietnam	6	-
Czech	4	4
France	3	3
Bangladesh	3	1
Jordan	2	2
Rwanda	2	2
Germany	-	1
Total	435	304

1) Equity consolidated joint venture.

Note 9 Other operating expenses

See Note 21 for accounting principles for provisions and contingent liabilities

NOK million	2020	2019
Facilities	142	86
Professional fees [1]	147	62
Other office costs	45	34
Travel costs	11	18
Social development contributions	33	12
O&M external fees	7	5
Other costs	39	17
Total other operating expenses	423	234

1) Professional fees increased in 2020, mainly driven by NOK 82 million of transaction costs related to the acquisition of SN Power.

Scatec has in 2020 recognised government grants of NOK 3 million in cost reductions and NOK 5 million as deductions of the development asset's carrying amount.

Remuneration to the auditors (EY and other independent auditors):

NOK million	2020	2019
Audit services	7	6
Other attestation services	1	1
Tax services	7	1
Other services	7	1
Total remuneration	22	9

VAT is not included in the numbers above. Non-audit fee for 2020 mainly relates to due diligence services in connection with the acquisition of SN Power.

Note 10 Financial income and expenses

See Note 7 Financial instruments: Measurement and market risk sensitivities and Note 18 Non-recourse financing for details on accounting principles and estimates.

NOK million	2020	2019
Interest income	48	66
Other financial income	8	-
Interest and other financial income	57	66

NOK million	2020	2019
Interest expenses [1)]	1 131	704
Change in fair value of forward exchange contracts	7	33
Other financial expenses	51	6
Interest and other financial expenses	1 189	744
Foreign exchange losses (+) / gain (-)	398	13
Net financial expenses	1 530	690

1) Interest expenses increased in 2020, as new power plants started operation.

Refer to Note 18 – Non-recourse financing and Note 7 – Financial instruments: Measurement and market risk sensitivities for further information on project financing and interest rate sensitivity. Refer to Note 19 – Bonds and Note 15 – Cash for further information on corporate financing.

Note 11 Tax

Accounting principle

Income tax expense comprises current tax and change in net deferred tax.

Current income tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases. The amount of net deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the consolidated statement of financial position date. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Current and change in net deferred tax are recognised as expense or income in the consolidated statement of profit or loss, except where they relate to items recognised in other comprehensive income or directly to equity, in which case the tax is also recognised as other comprehensive income or directly to equity.

Estimation uncertainty

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

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

The Group has NOK 4,110 million (2019: NOK 2,461 million) of tax losses carried forward. When assessing the probability of utilising these losses several factors are considered. These factors include, if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward, if the losses may be used to offset taxable income elsewhere in the Group. The majority of the Group's tax losses are related to favourable tax rules for depreciation of solar power plants and its reversal is merely a timing effect. At year-end 2020 the Group has recorded a valuation allowance of NOK 108 million (2019: NOK 40 million) related to tax losses carried forward which are not expected to be used to offset future taxable income.

NOK million	2020	2019
Tax payable	-142	-140
Change in deferred tax	25	91
Withholding tax	-13	-5
Taxes related to previous years	-	26
Income tax expense	-130	-29
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	-238	184
Nominal tax rate (22%)	52	-40
Tax effect of:		
Permanent differences	-138	-10
Tax rate different from Norwegian rate	-14	23
Current tax on dividend received and withholding tax	-13	-5
Valuation allowance loss carried forward	-9	-18
Correction of previous years taxes	5	2
Share of net income from associated companies	-4	-6
Tax incentives received related to previous years income	-	24
Use and capitalisation of previously unrecognised losses carried forward	-	4
Other items	-10	-2
Calculated tax expense	-130	-29
Effective tax rate	-55%	16%

The Group recognised an income tax expense of NOK 130 million in 2020, equivalent to an effective tax rate of negative 55%. The main reason for the negative tax rate is non-deductible expenses related to the acquisition of SN Power and non-deductible interest costs. In addition, the effective tax rate is influenced by the effect of 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 receives special tax incentives intended to promote investments in renewable energy. The effective tax rate has been and will be impacted by the volume of construction activities as the tax rate in the construction companies normally is higher than in the power plant companies. This means that the full tax expense on the internal profit will not be eliminated and hence increases the effective tax rate during construction. The opposite effect will occur when the eliminated internal profit is reversed through lower depreciation at the tax rate of the power plant company. Further, the profit/loss from JV, which are reported net after tax, has an impact on the effective tax rate depending on the relative size of the profit/loss relative to the consolidated profit.

Significant components of deferred tax assets

NOK million	2020	2019
Deferred tax assets		
Tax losses carried forward	905	566
Valuation allowance of deferred tax assets	-108	-40
Financial instruments	191	76
Property, plant and equipment	376	327
Construction projects	89	2
Lease liabilities	30	33
Bad debt provision	-	2
Other items	19	8
Offsetting of tax balances [1]	-780	-192
Total deferred tax assets	722	781

Significant components of deferred tax liabilities

NOK million	2020	2019
Deferred tax liabilities		
Property, plant and equipment	950	560
Construction projects	31	45
Financial instruments	2	19
Other items	3	5
Offsetting of tax balances [1]	-780	-192
Total deferred tax liabilities	205	438

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

Specification of tax loss carried forward

NOK million	2020		2019	
Country	Loss carried forward	Deferred tax asset	Loss carried forward	Deferred tax asset
South Africa	2,083	579	1,266	350
Ukraine	704	160	4	1
Norway	700	150	392	86
Jordan	464	15	369	19
Netherlands	140	-	89	-
France	19	-	18	-
Italy	15	-	14	-
Egypt	2	-	307	69
Total at 31 December	4,110	905	2,461	526

The losses carried forward in South Africa and Jordan are mainly related to accelerated depreciation rates for solar plant assets compared to the accounting depreciations which is determined by the useful life of the assets. The accelerated tax depreciations result in a deferred tax liability for property, plant and equipment and at the same time a taxable loss which can be carried forward. The tax loss carried forward in Egypt from 2019 was caused by accelerated tax depreciations for solar plants compared to the accounting treatment. However, the tax depreciations for solar plants was in 2020 changed to a less accelerated profile, in line with the accounting depreciations. This reversed the tax loss carried forward and corresponding temporary difference on property, plant and equipment in Egypt from 2019.

The tax losses in Egypt and Jordan can be carried forward for 5 years while losses in Netherlands can be carried forward for 9 years. All other tax losses in the group can be carried forward indefinitely. The losses carried forward in South Africa and Ukraine are recognised in full, based on expected future taxable profits that will more than offset accumulated losses and/or by using tax loss carry back mechanisms. In Jordan, the tax loss carried forward is not fully recognised based on the short duration these tax losses can be carried forward. In Norway, interest limitation rules came into force in 2014. The Group has at the end of 2019 capitalised approximately NOK 6 (7) million in deferred tax asset related to deferred interest expenses, which can be carried forward for 10 years until 2027.

Movement in net deferred tax asset

NOK million	2020	2019
Net deferred tax asset at 1 January	343	181
Recognised in the consolidated statement of profit or loss	25	91
Deferred tax on financial instruments recognised in other comprehensive income	98	58
Recognised in the consolidated statement of changes in equity	41	6
Translation differences	9	7
Net deferred tax asset at end of period	517	343

Note 12 Property, plant and equipment

Accounting principle

Property, plant and equipment (PPE)

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. The initial cost of an asset comprises its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of a decommissioning obligation, if any, and, for qualifying assets, borrowing costs incurred in the construction period. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use are undertaken and continue to be capitalised until the date in which development of the relevant asset is complete. All other borrowing costs are recognised in the profit or loss in the period in which they incur.

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

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component. Depreciation of a solar power plant commences when the plant is ready for management's intended use, normally at the date of grid connection and commissioning. The residual value of the plant is taken into consideration when calculating the annual depreciation.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is de-recognised.

Solar plants under development

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

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

Asset retirement obligations

Provision for asset retirement costs are recognised when the Group has an obligation to dismantle and remove a solar power plant and to restore the site on which it is located. The asset retirement cost is capitalised as part of the carrying value of the solar power plant and depreciated over the useful life of the plants. Expenditures related to asset retirement obligations are expected to be paid in the period between 2033 and 2044. The expected timing is based on the duration of the existing PPAs but could be extended dependent on the development of the power markets post the current PPA regime.

Scatec's future asset retirement obligation depends on several uncertain factors such as the possible existence of a power market for the plants after the end of the PPA, future recycling arrangements for solar panels and/or their second-hand value, future value of steel and copper as well as future development of interest and currency exchange rates. As a result, the initial recognition of the liability and the capitalised cost associated with the removal obligations, and the subsequent adjustments, involve the application of significant judgement. The calculation of the asset retirement obligation is done on a plant by plant basis, taking into consideration relevant project specifics.

Intangible assets
Intangible assets mainly consist of software.

Impairment of property, plant and equipment
For impairment of property, plant and equipment, the Group assesses assets or groups of assets for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not be recoverable. Individual assets are grouped to a level that provides separately identifiable and largely independent cash flows. In assessing whether a write-down of the carrying amount of a potentially impaired asset is required, the asset's carrying amount is compared to the recoverable amount which is the higher of fair value less costs to sell and value in use.

Impairments are reversed to the extent that conditions for impairment are no longer present.

For accounting principles related to right to use lease assets, details are provided in Note 22 Leases.

Estimation uncertainty
Estimated useful life of solar power plants
The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively.

When determining the useful life of a plant, the following factors are considered:

a) expected usage of the plant. Usage is assessed by reference to the asset's expected capacity, physical output as well as market regulations and maturity;
b) expected physical wear and tear, which depends on operational factors and the repair and maintenance programme;
c) technical or commercial obsolescence;
d) legal or similar limits on the use of the plants, such as the expiry dates of related leases.

The power plants currently in operation have 10 to 25 years off-take agreements. Whether or not these agreements will be extended is not currently known. The technical useful life for the power plants is deemed to be at least 25 years. In most of these markets the sale of electricity depends on having a PPA, hence, the length of the PPA is deemed to be the decisive factor. Consequently, the Group currently depreciates the solar power plants over the length of the PPA.

This assessment is made on a plant by plant basis.

Impairments
Solar power plants and projects under development/construction are tested for impairment to the extent that indicators of impairment exist. Factors which trigger impairment testing include but is not limited to political changes, macroeconomic fluctuations, changes to the Group's strategy, project delays, spending beyond budget, the power plant underperforming in terms of production, changes to tariffs and similar.

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from comparable transactions for similar assets or bids received by the Group. The value in use calculation is based on a discounted cash flow (DCF) model. The estimated future cash flows are based on budgets and forecasts and are adjusted for risks specific to the asset and discounted using a post-tax discount rate. Country risk is adjusted for in the discount rate. The use of post-tax discount rates in determining value in use does not result in a materially different determination of the need for, or the amount of, impairment that would be required if pre-tax discount rates had been used.

The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows.

Property, plant and equipment 31 December 2020

NOK million	Solar power plants	Solar power plants under development and construction	Intangible assets, equipment and other assets	Total
Accumulated cost at 1 January 2020	13,118	3,631	270	**17,019**
Additions	149	1,581	44	**1,774**
Transfers	2,936	-2,936	-	**-**
Cost of disposed assets	-25	-	-1	**-26**
Effect of movements in foreign exchange	-240	-132	-4	**-376**
Accumulated cost at 31 December 2020	15,938	2,142	309	**18,390**
Accumulated depreciation and impairment losses at 1 January 2020	1,534	35	49	**1,618**
Depreciation for the year	727	-	38	**765**
Impairment losses	-	11	-	**11**
Accumulated depreciation and impairment losses disposed assets	-3	-	-1	**-4**
Effect of movements in foreign exchange	-85	-	-2	**-86**
Accumulated depreciation and impairment losses at 31 December 2020	2,173	46	84	**2,304**
Carrying amount at 31 December 2020	13,765	2,096	225	**16,086**
Estimated useful life (years)	20-25	N/A	3-10	
Accumulated cost at 1 January 2019	6,432	3,598	76	**10,106**
Right-of-use assets recognised at initial application	121	-	61	**182**
Additions	129	6,333	131	**6,593**
Transfers	6,400	-6,400	-	**-**
Cost of disposed assets	-	-6	-	**-6**
Effect of movements in foreign exchange	36	106	2	**144**
Accumulated cost at 31 December 2019	13,118	3,631	270	**17,019**
Accumulated depreciation and impairment losses at 1 January 2019	1,057	17	23	**1,097**
Depreciation for the year	454	-	25	**479**
Impairment losses	6	23	4	**33**
Accumulated depreciation and impairment losses disposed assets	-	-	-	**-**
Effect of movements in foreign exchange	17	-5	-3	**9**
Accumulated depreciation and impairment losses at 31 December 2019	1,534	35	49	**1,618**
Carrying amount at 31 December 2019	11,584	3,596	221	**15,401**
Estimated useful life (years)	10-25	N/A	3-10	

The power plant companies in Argentina and Brazil are accounted for using the equity method, hence not included in the above table.

During 2020 the Group capitalised borrowing costs amounting to NOK 92 million, corresponding to 100% of directly attributable cost to acquired assets.

The carrying value of development projects that have not yet reached the construction phase was NOK 275 million at 31 December 2020 (31 December 2019: NOK 181 million).

The power plant entities' assets, including solar power plants, are pledged as security for the non-recourse financing.

Solar power plants under development and construction includes NOK 23 million of capitalised right to transmit electricity

Impairments

During 2020, the Group impaired equipment amounting to NOK 11 million (2019: NOK 33 million) mainly related to discontinued development of some projects.

Note 13 Impairment testing goodwill

Accounting principle

Goodwill and intangible assets with an indefinite useful life are not amortised on a regular basis but are tested for impairment annually as of 31 December or more frequently if there are circumstances indicating that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to the goodwill cannot be reversed in future periods. As of 31 December 2020 and 2019, the Group had no other intangible assets with indefinite useful life.

Estimation uncertainty

Whereas project development and certain subcontracting require local knowledge and presence, a major part of the work related to the completion of solar power projects is of a generic nature and can be provided through a common methodology and platform independent of project and market. Consequently, the goodwill is allocated to and impairment tested on the global EPC cash generating unit, which is part of the Development & Construction operating segment.

The recoverable amount has been determined based on value in use calculations. The estimated cash flows correspond to the business plan for 2021, which is based on the Group's project backlog. The business plan is approved by the Board of Directors. Cash revenues have been calculated based on estimated project volumes and an average margin related to project execution. Cash expenses have been calculated based on budgeted cost of sales and operating expenses attributable to project execution activities. To the best of management's judgement, capital expenditure and changes in working capital are insignificant in relation to this calculation and are therefore excluded. The discounted free cash flows exceed the carrying amount and the asset is not impaired. A sensitivity analysis has also been performed, to determine if a reasonable change in key assumptions would cause the units' carrying amount to exceed the recoverable amount. A reduction in the estimated growth rate by 20 percentage points, a reduction in the estimated EBITDA margin by 20 percentage points or an increase in WACC after tax by 2 percentage point would not lead to impairment loss.

The following table shows the allocation of the total goodwill acquired in business combinations for impairment testing purposes, including to which segment the goodwill relates.

Carrying value of goodwill at 31 December

NOK million	2020	2019
Development and construction	**25**	24
Total at 31 December	**25**	24

The goodwill is associated with the acquisition of Solarcompetence GmbH October 2007. The goodwill was determined to be related to know-how (employees), the record of accomplishment of the company acquired, as well as synergies. The purpose of the acquisition was to gain control of a competence centre that had documented results from delivering engineering, procurement and construction services related to large solar power projects.

Note 14 Investments in JV and associated companies

Accounting principle

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies. A joint venture (JV) is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control. The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. The carrying value of the investments includes share capital and loans, and are subsequently adjusted for further investments and the Group's share of the net income of the associate or joint venture. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

When the Group's share of a loss exceeds the Group's investment in an associate or joint venture, the amount carried in the Group's statement of financial position is reduced to zero and further losses are not recognised unless the Group has an obligation to cover any such loss.

Any change in OCI of those investees is presented as part of the Group's OCI. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

The Group determines whether it is necessary to recognise an impairment loss on its investment in its associate or joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the associate or joint venture should be impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value, and then recognises the loss as "Net income/(loss) from JV and associates" in the statement of profit or loss.

Investments in JV and associated companies

The consolidated financial statements include the Group's share of profits/losses from joint ventures and associated companies, accounted for using the equity method. The tables below shows the material JV and associated companies recognised in the Group, the carrying amount of the investments and the stand alone financial information for the entities.

Company	Registered office	2020	2019
Kube Energy AS	Oslo, Norway	25%	25%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50%	50%
Apodi I Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Scatec Solar Solutions Brazil BV	Amsterdam, Netherlands	50%	50%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50%	50%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50%	50%
Cordilleras Solar VIII S.A (Argentina)	Buenos Aires, Argentina	50%	50%

Carrying amount of investments in material JV and associated companies

NOK million	Brazil	Argentina	Other	Total
Carrying amount of investments in JV and associated companies 31 December 2018	547	-	197	745
Argentina reclassified from category Other	-	197	-197	-
Addition of invested capital	-	59	-	59
Share of profit/loss for the year	9	-38	1	-28
Distributions to owners	-55	-	-	-55
Items charged to equity	-12	19	-	8
Carrying amount of investments in JV and associated companies 31 December 2019	490	236	2	728
Addition of invested capital	16	23	-	39
Share of profit/loss for the year	-5	-12	-	-16
Distributions to owners	-51	-	-	-51
Items charged to equity	-47	-40	-	-86
Carrying amount of investments in JV and associated companies 31 December 2020	404	207	2	613

100% figures of summarised financial information for material JV and associated companies (stand alone basis)

	Brazil JV companies		Argentina JV companies	
NOK million	2020	2019	2020	2019
Revenues	190	255	24	104
Operating expenses	-162	-189	-35	-70
Operating profit/(loss)	28	66	-11	34
Net financial items	-69	-68	-21	-37
Profit before income tax	-41	-2	-32	-3
Income tax	-12	-8	-14	-4
Profit/(loss) after tax	-53	-9	-46	-7
Non-controlling interests	-	1	-	-
Profit/loss (100%) after non-controlling interests	-53	-9	-46	-7
Scatec's Share	-26	-5	-23	-4
Less elimination of unrealised internal profit between joint venture companies	-1	-2	-	-6
Plus, profit from sale of services from consolidated to joint venture companies	14	16	12	3
Less impairment	-	-	-	-31
Effect on fluctuation in exchange rate	9	-	-1	-
Net profit/loss (100%) after non-controlling interests	-5	9	-12	-38

100% figures of summarised financial positions for material JV companies (standalone basis)

NOK million	Brazil JV companies 31.12.2020	Brazil JV companies 31.12.2019	Argentina JV companies 31.12.2020	Argentina JV companies 31.12.2019
Non-current assets	1,161	1,599	1,060	946
Current assets	18	58	87	165
Cash and cash equivalents	46	127	34	21
Total assets	1,225	1,783	1,180	1,133
Non-current liabilities	866	1,237	317	267
Current liabilities	53	104	678	645
Total liabilities	918	1,341	996	912
Total Equity	306	442	185	221
Non-controlling-interests	30	40	-	-
Total equity excluding NCI	276	402	185	221
Scatec's share of equity	138	201	92	110
Elimination of unrealised internal profit between JV companies	-25	-35	-37	-8
Fair value measurement at first time recognition of JV	125	166	-	-
Loan to JV	166	158	151	133
Net investment in JV	404	490	207	235

Note 15 Cash and cash equivalents

Accounting principle

Cash includes cash in hand and at bank. Cash equivalents are short-term liquid investments that can be immediately converted into a known amount of cash and have a maximum term to maturity of three months.

Restricted cash is cash reserved for a specific purpose and therefore not available for immediate and general use by the Group.

Refer to Note 29 Financial instruments by category for the accounting principles for financial instruments.

NOK million	2020	2019
Cash in power plant companies in operation	1,741	1,567
Cash in power plant companies under development / construction	11	420
Other restricted cash	87	78
Free cash	5,949	758
Total cash and cash equivalents	7,788	2,824

Cash in power plant companies in operation includes free cash, restricted cash in proceeds accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements.

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

Other restricted cash comprises restricted deposits for withholding tax, guarantees, VAT and rent, NCI's share of free cash as well as collateralised shareholder financing of power plant companies not yet distributed to the power plant companies.

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

NOK million	2020	2019
Free cash at beginning of the period	758	1,039
Proportionate share of cash flow to equity O&M	65	53
Proportionate share of cash flow to equity D&C	-15	471
Proportionate share of cash flow to equity CORP	-153	-91
Project development capex	-156	-135
Equity contributions/collateralised for equity commitments in power plant companies	-756	-869
Distributions from power plant companies	346	241
Share capital increase, net after transaction cost and tax	6,576	1,300
Dividend distribution	-131	-108
Working capital / Other	-584	-1,143
Free cash at end of the period	5,949	758
Available under credit facilities	813	836
Total free cash and undrawn credit facilities at the end of the period	6,762	1,594

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

Equity contributions to power plant companies consist of equity injections and shareholder loans.

Net cash effect from Working Capital/Other is mainly related to ongoing construction projects.

Guarantee facility

In the first quarter of 2020, Scatec refinanced the guarantee facility and intercreditor agreement that was established in 2017. The guarantee facility has Nordea Bank as agent and issuer, with Nordea Bank, Swedbank and BNP Paribas as guarantee instrument lenders. DNB was included as instrument lender from closing of the SN Power acquisition in January 2021. The guarantee facility is mainly used to provide advance payment-, performance- and warranty bonds under construction agreements, as well as trade letter of credits. The intercreditor agreement is entered into by Scatec, the issuing banks under the guarantee facility and GIEK. GIEK can issue counter indemnity in favour of the issuing banks on behalf of the relevant instrument lenders.

Revolving credit facility

In the first quarter of 2020 Scatec refinanced the USD 90 million revolving credit facility (RCF) with Nordea Bank as agent and Nordea Bank, Swedbank and BNP Paribas as equal Lenders. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The new facility is ESG (Environmental, Social and Governance) linked and has a three years tenor. The facility margin is linked to the following ESG KPIs:

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

Scatec has not drawn on the revolving credit facility per 31 December 2020.

At closing of the SN Power transaction in January 2021, the USD 90 million RCF was increased to USD 180 million.

Overdraft facility

In second quarter 2018 Scatec entered into a USD 5 million overdraft facility with Nordea Bank. The overdraft interest is the 7-day interbank offer rate plus a margin of 2.5%. Scatec has not drawn on the overdraft facility per 31 December 2020.

Green bond

In the fourth quarter of 2017 Scatec issued a NOK 750 million senior unsecured green bond with maturity in November 2021, and the bond was classified as current liabilities per 31 December 2020. The bond carries an interest of 3-month NIBOR + 4.75%, to be settled on a quarterly basis. The bond was listed on the Oslo Stock Exchange 6 April 2018 with ticker SSO02 G.

At 31 December 2020, Scatec was in compliance with all financial covenants for the above facilities. The book equity of the recourse group, as defined in the facility agreements, was NOK 11,196 million per year end.

During 2020, interest amounting to NOK 98 million (68) was expensed for the bond, overdraft- and revolving credit facility. The increased interest expenses relates to arrangement fees for securing the financing package of the acquisition of SN Power.

The NOK 750 bond was refinanced in the first quarter of 2021, when Scatec completed a EUR 250 million senior unsecured green bond issue with maturity in August 2025. The bonds carry an interest of 3 months EURIBOR + 2,50%.

Refer to bond agreement available on www.scatec.com/investor/debt for further information and definitions.

Note 16 Trade receivables

NOK million	2020	2019
Accounts receivables	**435**	336
Provision for bad debt	**-**	-
Accrued income and other receivables	**189**	124
Total trade receivables	**623**	461

Information on credit risk and foreign exchange risk regarding accounts receivables is further provided in Note 5 - Financial risk management. Accrued income represents contract assets related to energy production in the last month of the year, which is invoiced in January the following year.

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

NOK million	Total	Not due	Overdue
2020	**435**	**254**	**181**
2019	336	221	115

The overdue receivables are mainly related to sale of electricity from the Rengy and Bugoslav plants in Ukraine, and Agua Fria and Los Prados plants in Honduras. The PPA payments for the IPPs in Honduras and Ukraine are secured by a sovereign guarantee and the collection risk is hence considered to be low. Accordingly, no allowance has been made for the overdue payments.

	Overdue			
NOK million	Less than 30 days	30 - 60 days	60 - 90 days	More than 90 days
2020	**20**	**34**	**19**	**108**
2019	9	1	20	85

Note 17 Other non-current and current asset

Accounting principle

Contingent assets arising from past events that will only be confirmed by future uncertain events and are not wholly within the Group's control, are not recognised, but are disclosed when an inflow of economic benefits is probable. Reference is given to Note 2 Summary of significant accounting policies for the accounting principles of current versus non-current classification.

Other non-current assets comprise the following:

NOK million	2020	2019
Non-current assets from related parties (ref Note 26)	1	3
Loan to non-controlling interests	45	36
Other non-current receivables	97	110
Total other non-current assets	144	149

Other current assets comprise the following:

NOK million	2020	2019
Prepayments related to assets under development/construction	18	519
Receivables from public authorities/prepaid taxes, VAT etc	457	579
Other receivables and prepaid expenses	187	113
Total other current assets	663	1,211

Prepayments related to assets under construction mainly reflects working capital components on the construction contracts for the projects in Ukraine.

Note 18 Non-recourse financing

Non-recourse financing has key advantages including a clearly defined risk profile

See Note 7 Financial instruments: Measurement and market risk sensitivities for accounting principle.

The table below specifies non-recourse financing at 31 December 2020 and 2019.

NOK million	Interest rate [3]	Maturity date	2020	2019
Loan facilities (ZAR) - South Africa portfolio, Kalkbult, Linde and Dreunberg [1, 2]	12.61%	31.12.2029	1,887	2,191
Loan facilities (CZK) – Czech portfolio [1]	5.25%	11.05.2029	334	352
Loan facilities (USD) - Gigawatt Global Rwanda Ltd (ASYV) [1]	8.20%	11.01.2030	109	117
Loan facilities (USD) – Jordan portfolio [1]	5.84%	10.01.2032	672	740
Loan facilities (USD) – Produccion De Energia S.A (Aqua Fria) [1]	6.59%	31.12.2026	394	464
Loan facilities (MYR) – Quantum Solar Park (Semenanjung) SDN. BHD.	6.14%	23.02.2035	1,906	2,036
Loan facilities (USD) - Aswan portfolio Egypt [1) 2]	6.75%	31.10.2036	2,845	2,952
Loan facilities (USD) - Central Solar de Mocuba, Mozambique [2]	6.41%	31.01.2035	452	477
Loan facilities (ZAR) - South Africa Upington [1]	8.14%	31.03.2037	2,283	2,385
Loan facilities (MYR) – Red Sol	4.04%	31.12.2028	240	242
Loan facilities (EUR) - Ukraine [1]	6.41%	31.12.2028	1,142	1,106
Total non-recourse financial liabilities			12,263	13,064
Of which non-current non-recourse financial liabilities			11,350	12,228
Of which current non-recourse financial liabilities [5]			913	837

1) The rate of interest is a calculated average.
2) The rate of interest is a calculated including interest rate swap agreements.
3) All loans are fixed or swapped to fixed rate interests, except for the loans in South Africa Upington where the interest rates are inflation-linked to match the profile of the PPA indexations.
4) Parts of the loans in South Africa Upington are structured as CPI-linked loans where the principal loan amount is uplifted based on the yearly observed CPI factor. Hence, the effective interest including the CPI factor is higher than the nominal interest rate of the loan. For 2020 the CPI factor applied to the loans was 3.0%.
5) The amounts include accrued interest per 31 December.

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

The project entities' assets are pledged as security for the non-recourse financing. The Group's book value of the pledged solar power plants is NOK 14,877 million at 31 December 2020 (31 December 2019 NOK 14,263 million).

Repayment structure

The table below specifies the repayment structure of the non-recourse financing.

NOK million	Loan repayment	Interest payment	Total
2021	767	740	**1,507**
2022	789	724	**1,513**
2023	869	672	**1,541**
2024	946	619	**1,565**
2025	973	558	**1,531**
2026	1,035	495	**1,530**
2027	1,000	430	**1,430**
2028	1,039	368	**1,407**
2029	781	300	**1,082**
2030	629	254	**883**
2031	623	214	**837**
2032	579	177	**756**
2033	565	141	**706**
2034	588	103	**691**
2035	624	66	**691**
2036	192	28	**221**
2037	135	6	**141**
Total future loan repayment	12,134	5,897	**18,031**

The tables below specify the payment structure of principal and interests per project of the non-recourse financing. The difference between total debt repayments and book value of debt primarily relates to accrued interest expenses and fees to be amortised.

Principal repayments

NOK million	South Africa portfolio; Kalkbult, Linde and Dreunberg	Czech portfolio	Asyv, Rwanda	Jordan portfolio	Agua Fria, Honduras	QSP, Malaysia	Egypt portfolio	Mocuba, Mozam-bique	South Africa portfolio; Upington	Red sol, Malaysia	Ukraine portfolio	Total
2021	184	34	6	47	60	101	68	26	61	18	163	**767**
2022	194	36	6	47	61	102	81	24	70	19	148	**789**
2023	212	38	7	50	63	102	134	27	68	20	149	**869**
2024	222	40	8	52	67	123	162	28	77	20	147	**946**
2025	227	43	9	54	74	113	169	27	95	21	141	**973**
2026	235	45	11	57	72	124	180	29	111	22	149	**1,035**
2027	231	48	12	60	-	124	192	30	125	22	155	**1,000**
2028	245	50	13	64	-	124	204	32	135	84	88	**1,039**
2029	136	21	15	67	-	146	216	33	148	-	-	**781**
2030	-	-	21	71	-	146	195	30	165	-	-	**629**
2031	-	-	3	74	-	147	201	33	166	-	-	**623**
2032	-	-	-	41	-	147	210	35	146	-	-	**579**
2033	-	-	-	-	-	147	220	36	161	-	-	**565**
2034	-	-	-	-	-	148	230	38	172	-	-	**588**
2035	-	-	-	-	-	85	340	17	183	-	-	**624**
2036	-	-	-	-	-	-	-	-	192	-	-	**192**
2037	-	-	-	-	-	-	-	-	135	-	-	**135**
Total	1,887	356	110	684	396	1,880	2,801	446	2,211	225	1,139	**12,134**

Interest payments

NOK million	South Africa portfolio; Kalkbult, Linde and Dreunberg	Czech portfolio	Asyv, Rwanda	Jordan portfolio	Agua Fria, Honduras	QSP, Malaysia	Egypt portfolio	Mocuba, Mozam-bique	South Africa portfolio; Upington	Red sol, Malaysia	Ukraine portfolio	Total
2021	156	17	9	37	25	107	162	11	134	69	13	**740**
2022	140	15	9	35	21	101	190	11	133	57	12	**724**
2023	123	14	8	32	17	96	184	10	130	48	11	**672**
2024	106	12	7	29	12	90	176	9	128	39	11	**619**
2025	86	10	7	26	8	83	164	8	126	30	10	**558**
2026	67	8	6	23	3	76	152	8	122	21	9	**495**
2027	47	5	5	20	-	70	140	7	117	12	8	**430**
2028	27	3	4	17	-	63	127	6	111	3	7	**368**
2029	8	0	3	13	-	55	112	5	103	-	-	**300**
2030	-	-	1	9	-	46	98	4	95	-	-	**254**
2031	-	-	-	5	-	38	84	3	84	-	-	**214**
2032	-	-	-	1	-	29	70	2	74	-	-	**177**
2033	-	-	-	-	-	20	55	1	64	-	-	**141**
2034	-	-	-	-	-	11	40	0	52	-	-	**103**
2035	-	-	-	-	-	2	26	-	39	-	-	**66**
2036	-	-	-	-	-	-	4	-	24	-	-	**28**
2037	-	-	-	-	-	-	-	-	6	-	-	**6**
Total	759	83	59	249	85	888	1,784	88	1,544	278	80	**5,897**

Covenants

Czech portfolio

The Facilities Agreement contains financial covenants including, but not limited to: lock-in and default Debt Service Coverage Ratio (DSCR) of 1.30:1 and minimum (adjusted) Equity Ratio of 20%, as well as funding on debt service reserve account. The Agreement contains further restrictions on, inter alia, environmental compliance, changes of business and certain corporate acts, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial reporting and information.

Scatec Solar SA 166 (Pty) Ltd. (Kalkbult)

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: DSCR of 1.30:1, Loan Life Coverage Ratio (LLCR) of 1.30:1 and Project Life Coverage Ratio (PLCR) of 1.40:1; 50% distribution cash sweep if DSCR is between 1.30:1 and 1.20:1; lock-in and full cash sweep ratios: DSCR of 1.20:1, LLCR of 1.20:1 and PLCR of 1.35:1; and default ratios: DSCR of 1.10:1, LLCR of 1.15:1 and PLCDR of 1.30:1 as well as funding on debt service and maintenance reserve accounts. The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Simacel 155 (Pty) Ltd. (Linde)

The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: senior DSCR of 1.30:1 (total meaning senior + subordinated DSCR of 1.15:1), senior LLCR of 1.30:1 (total LLCR of 1.20:1), and senior PLCR of 1.40:1 (total PLCR of 1.30:1); 50% distribution cash sweep if DSCR is between 1.30:1 and 1.20:1; lock-in and full cash sweep ratios: senior DSCR of 1.20:1 (total DSCR of 1.10:1), senior LLCR of 1.20:1 (total LLCR of 1.15:1) and senior PLCR of 1.35:1 (total PLCR of 1.25:1); and default ratios: senior DSCR of 1.10:1 (total DSCR of 1.05:1), senior LLCR of 1.15:1 (total of LLCR 1.10:1) and senior PLR of 1.30:1 (total PLCR of 1.20:1), as well as funding on debt service and maintenance reserve accounts. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar SA 166 (Pty) Ltd.

Simacel 160 (Pty) Ltd. (Dreunberg)
The Loan Facility and the Common Terms Agreements contain financial covenants similar to those mentioned above for Simacel 155 (Pty) Ltd RF. The restrictions and undertakings contained in the Facility Agreements are similar to those listed for Scatec Solar SA 166 (Pty) Ltd.

Gigawatt Global Rwanda Ltd (ASYV)
The loan agreement includes financial covenants requiring that the borrower must ensure that on each Calculation Date from the Financial Completion Date: Historic Audited DSCR and Historic Unaudited DSCR must exceed 1.10:1; and Projected Minimum DSCR must exceed 1.10:1.

Produccion De Energia S.A (Aqua Fria)
The loan facilities agreement contains financial covenants included, but not limited to: maintain a Minimum Debt Service Coverage of 1.10:1; maintain a Financial Debt to Total Assets not more than 70%.

Jordan portfolio (Oryx/EJRE/GLAE)
The loan agreement includes financial covenants requiring that the borrower must ensure that on each Calculation Date from the Commercial Operation Date: Historic Unaudited DSCR (HUDSCR) and Forecast Minimum DSCR (PMDSCR) must exceed 1.10:1.

Quantum Solar Park (Semenanjung) SDN. BHD.
The loan agreement contains financial covenants included, but not limited to: maintain a Financial Service Coverage Ratio (FSCR) of minimum 1.25:1. FSCR with cash post distribution: min 1.5x. FSRA (Finance Service Reserve Account) of 6 months, and to maintain a financial Gearing of no more than 80/20. The agreement contains further restriction on MRA to be funded in stages after COD, no changes to shareholders structure, no other financial indebtedness and no material amendments to project documents.

Egypt portfolio
The Loan Facilities and the Common Terms Agreements contain financial covenants including, but not limited to: Default Ratios: the Six Month Historic DSCR is equal to or exceeds 1.15:1, the Twelve Month Historic DSCR is equal to or exceeds 1.15:1, the Twelve Month Projected DSCR is equal to or exceeds 1.15:1, until the Financial Completion Date the projects maintain a Debt to Equity Ratio of not more than 75:25. Distribution Conditions: Historic and Projected DSCRs exceed 1.20:1

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Mozambique:
The loan agreement contains financial covenants including, but not limited to: Default ratios: For any calculation period, the historic DSCR must exceed 1.10:1 or LLCR must exceed 1.20:1. Distribution conditions: The prospective and Historic DSCR exceed 1.20:1 and LLCR exceed 1.30:1.

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

South Africa Upington portfolio
The Loan Facility and the Common Terms Agreements contain financial covenants including, but not limited to: minimum compliance ratios: senior historic DSCR of 1.10:1, senior projected DSCR of 1.10:1 and senior LLCR of 1.15:1.

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

Ukraine portfolio
The Loan Facilities and the Common Terms Agreements (CTA) contain financial covenants including, but not limited to: Default Ratios: the Twelve Month Historic DSCR is equal to or exceeds 1.10:1, the Twelve Month Projected DSCR is equal to or exceeds 1.10:1, until the Final Maturity Date the projects maintain a Debt to Equity Ratio of not more than 70:30. Distribution Conditions: restricted until Financial Completion Date, thereafter the Historic and Projected DSCRs must exceed 1.20:1.

The Agreements contain further restrictions on, inter alia, hedging policies, asset sales and entering into new activities, amendments to the key agreements, insurance policies, pledges and guarantees, additional financial indebtedness, project accounts, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial, operational and environmental reporting and information.

During 2020 the Ukraine project companies failed to meet the DSRA loan covenant, due to missing payments of revenues following a delayed funding of the offtaker as well as project completion delay. Consequently, the company obtained waivers to temporarily delay the measurement of the DSRA covenant requirement. Accordingly, the companies were not in breach with any covenants at 31 December 2020.

Red Sol, Malaysia:
The Facility Agreement contains financial covenants including, but not limited to: Default Ratios: the Twelve Month Historic DSCR is equal to or exceeds 1.10:1, the Twelve Month Projected DSCR is equal to or exceeds 1.10:1, until the first Repayment Date the projects maintain a Debt to Equity Ratio of not more than 73:27. Distribution Conditions: Historic and Projected DSCRs exceed 1.15:1.

The Agreements contain further restrictions on, inter alia, hedging policies, subsidiaries and new activities, amendments to the key agreements and insurance policies, new consents, pledges and guarantees, financial indebtedness and giving financial support, capital expenditures and changes of shareholder structure and auditors, as well as a number of undertakings related to e.g. budgets, financial and operational reporting and information.

All power plant companies were in compliance with the financial covenants at 31 December 2020. Refer to the definitions chapter for description of the abbreviations.

Note 19 Bonds

In 2017 Scatec completed a NOK 750 million senior unsecured green bond issue with maturity in November 2021. The bonds carry an interest of 3 months NIBOR + 4.75%, to be settled on a quarterly basis. The bond is listed on the Oslo Stock Exchange.

Since the bond matures within one year from the balance sheet date, the bond is classified as current liabilities in the balance sheet.

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

a) Minimum liquidity: Scatec shall maintain free cash of minimum NOK 50 million
b) Maximum debt to capitalisation ratio: Scatec shall maintain a debt to capitalisation ratio of maximum 50%
c) Minimum interest coverage ratio: Scatec shall maintain a cash flow interest coverage ratio of minimum 2.

Per 31 December 2020, Scatec was in compliance with all of the bond's covenants. The book equity of the recourse group, as defined in the loan agreement, was NOK 11,196 million per year end, and the debt to capitalization ratio was 6% per year end.

During 2020, interest amounting to NOK 43 million was expensed (2019: 50 million).

The loan is carried at amortised cost with the total fees of NOK 9 million being amortised over the 4-year period until maturity.

The NOK 750 million bond was refinanced in the first quarter of 2021, when Scatec completed a EUR 250 million senior unsecured green bond issue with maturity in August 2025. The bonds carry an interest of 3 months EURIBOR + 2,50%.

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

Refer to Note 15 – Cash and cash equivalents, for description of other sources of corporate funding.

Note 20 Derivative financial instruments

For details on accounting principles and accounting estimates related to derivatives, reference is given to Note 7 Financial instruments: Measurement and market risk sensitivity.

Per 31 December 2020 and 2019 Scatec did not have any derivative financial assets. For a specification of the derivative financial liabilities see table below:

Derivative financial liabilities

NOK million	2020	2019
Interest rate swap contracts		
Current portion	131	31
Non-current portion	572	320
Total derivative financial liabilities	703	351

To manage certain interest rate and related to the financing of solar power plants in the project entities, the Group has entered into interest rate swap derivative contracts designated as hedging instruments.

The tables above show the market value of the derivatives for the year ending 2020 and 2019, carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right to offset these cash flows.

Interest rate Swaps - South Africa

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 were NOK 2,350 million (2019 NOK 2,286 million). The fixed interest rates vary from 8.4% to 8.7%, and the floating rates is based on to 3-month JIBAR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Interest rate Swaps - Egypt

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 was NOK 1,570 million (2019 NOK 1,437). The fixed interest swap rate varies from 3.1% to 3.5%, and the main floating rates based on 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Interest rate Swaps - Mozambique

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 was NOK 357 million (2019 NOK 385). The fixed interest swap rate is 3.3%, and the floating rate is based on 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Interest rate Swaps - Malaysia

The notional principal amount of the outstanding interest rate swap contracts at 31 December 2020 was NOK 238 million (2019 NOK 233 million). The fixed interest swap rate is 4.3%, and the floating rate is based on 6-month KLIBOR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Reconciliation of hedging reserve - interest rate swap contracts

NOK million	2020	2019
Opening balance	-268	-87
Recycling during the year to profit or loss, gross	121	9
Recycling during the year to profit or loss, tax effect	-33	-2
Unrealised gain/(loss) during the year	-469	-249
Unrealised gain/(loss) during the year, tax effect OCI	128	62
Closing balance	-522	-268
Of which equity holders of the parent company	-261	-130

The interest rate swap contracts described in this note are exposed to the IBOR reform, as the fair values of the interest rate swaps today are based on the following reference rates; 6-month KLIBOR, 6-month USD Libor and 3-month JIBAR, and a change from these reference rates to the new reference rates described in the IBOR reform could affect the fair value of the financial instruments. The notional amounts for interest rate swap contracts based on 6-month USD Libor, 6-month KLIBOR 3-month JIBAR are NOK 1 927 million, NOK 238 million and NOK 2 350 million respectively. The Group pays attention to the development of the IBOR-reform, and will consider to initiate any actions deemed appropriate. Based on a preliminary assessment, the Group does not expect that the IBOR reform will cause a material change in the fair value of the Group's interest rate swaps.

Note 21 Other non-current and current liabilities

Accounting principle

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance expenses in the consolidated statement of profit or loss.

Contingent liabilities arising from past events and for which it is not probable that an outflow of resources will be required to settle the obligation, if any, are not recognised but disclosed with indication of uncertainties relating to amounts and timing involved. Disclosures are not given if the possibility of an outflow in settlement is remote.

For accounting principles regarding asset retirement obligations, see Note 12 Property, plant and equipment.

For accounting principles regarding leases, see Note 22 Leases.

Other non-current liabilities comprise the following:

NOK million	2020	2019
Shareholder loan from non-controlling interests (ref Note 28)	717	761
Non-current lease liability	227	231
Asset retirement obligations	266	215
Other long-term provisions and accruals	365	254
Total other non-current liabilities	1,575	1,460

Other current liabilities comprise the following:

NOK million	2020	2019
Current liabilities to related parties (ref Note 8)	10	16
Accrued expenses related to solar power plants	295	449
Public dues other than income taxes	114	88
Accrued interest expenses	6	6
Accrued payroll	29	36
Current lease liability	35	14
Other accrued expenses	363	293
Total other current liabilities	852	902

Liabilities related to solar power plants reflects both working capital requirements for development/construction contracts and cost accruals on completed projects.

Note 22 Leases

Accounting principle

IFRS 16 requires a lessee to account for lease contracts by recognizing a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees are required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset. IFRS 16 affects mainly the accounting for office and land leases for the Group.

Identifying a lease

At the inception of a contract, The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To determine whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- The agreement creates enforceable rights of payment and obligations
- The identified asset is physically distinct
- It has the right to obtain substantially all of the economic benefits from use of the asset
- It has the right to direct the use of the asset
- The supplier does not have a substantive right to substitute the asset throughout the period of use

Recognition of leases and exemptions

At the lease commencement date, the Group recognises a lease liability and corresponding right-of-use asset for all lease agreements in which it is the lessee, except for the following exemptions applied:

- Short-term leases (defined as 12 months or less)
- Low value assets

For these leases, the Group recognises the lease payments as other operating expenses in the statement of profit or loss when they incur.

Measuring the lease liability

The lease liability is initially measured at the present value of future lease payments for the right to use the underlying asset during the lease term. The lease term represents the non-cancellable period of the lease, together with periods covered by an option to extend the lease when the Group is reasonably certain to exercise this option.

The lease payments included in the measurement of the lease liability includes fixed lease payments and variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date. The Group does not include variable lease payments in the lease liability arising from future events, such as lease payments which depend on production volume. Instead, the Group recognises these costs in profit or loss in the period in which the event that triggers those payments occurs. Land leases where the lease payment is based on power production have been excluded from the liability measure.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications, or to reflect adjustments in lease payments due to an adjustment in an index or rate.

Measuring the right-of-use asset

For accounting principles on right-of-use asset, see Note 12 Property, plant and equipment. The right-of-use asset is initially measured at cost and include the amount of the initial measurement of the lease liability and lease pre-payments made at or before the commencement date.

The right-of-use asset is subsequently measured at cost less accumulated depreciation and any impairment losses.

Group as a lessor - Leases previously classified as operating leases under IAS 17 and IFRIC 4

The groups Power Purchase Agreements in Jordan and Malaysia have a pricing mechanism which require power produced above a certain volume to be made available to the buyers at a discount. Hence, the pricing is not "contractually fixed per unit" and these two contracts were accounted for as operational leases as set forth by IFRIC 4. IFRIC 4 was superseded by IFRS 16 as of 1 January 2019 and the group has concluded that these contracts do not contain leases based on the guidance in IFRS 16, and these contracts are no longer accounted for as leases. This change does however not have an impact on the presentation in the financial accounts as operating lease revenues were presented together with revenues from sale of electricity in the statement of profit and loss.

Estimation uncertainty

When calculating the lease liability, the discount factor is a significant estimate. In the absence of an identifiable discount rate, implicit in the lease agreement, the discount rate used is the Groups incremental borrowing rate. The incremental borrowing rate has been estimated by each subsidiary on an individual basis. For subsidiaries with solar parks, the interest rate from the non-recourse loan has been central when estimating the incremental borrowing rate. For other subsidiaries, non-secured debt has been used as a benchmark for the discount rate for lease agreements.

In addition, several of the groups lease agreements contain options to extend the lease agreement beyond the contractual lease term. The group has evaluated all these options, but it's not deemed reasonably certain that the group will exercise the option, and hence, the period covered by the option has not been included in the lease liability.

Reconciliation of movement in lease liabilities

NOK million	2020	2019
Lease liability at the beginning of the year	**245**	170
Lease agreements entered into during the year	**37**	97
Lease payments made during the year	**-36**	-29
Interest expense on lease liabilities	**18**	11
Effect of movements in foreign exchange	**-2**	-4
Lease liability at the end of the year	**262**	245

Reconciliation of movement in right-of-use asset for 2020

NOK million	Land	Office & cars	Total
Right-of-use asset at the beginning of the year	125	115	**240**
Additions	44	15	**59**
Depreciation for the year	-10	-23	**-33**
Effect of movements in foreign exchange	-2	-	**-3**
Right-of-use asset at the end of the year	157	107	**264**

Leases in the income statement

NOK million	2020	2019
Operating expenses		
Short term- low value and variable lease payment expenses	-29	-24
Depreciation expenses		
Depreciation of right-of-use assets (land lease)	-10	-6
Depreciation of right-of-use assets (office lease and other)	-23	-14
Total depreciation	-33	-20
Financial expenses		
Interest expense on lease liability	-18	-11
Total lease expense in the income statement	-80	-55

Leases in the statement of financial position

NOK million	2020	2019
Assets		
Right-of-use assets – land lease	157	125
Right-of-use assets – office lease and other	107	115
Total right-of-use assets	264	240

NOK million	2020	2019
Liabilities		
Non-current liabilities		
Lease liabilities (see Note 21 Other non-current and current liabilities)	227	231
Current liabilities		
Lease liabilities (see Note 21 Other non-current and current liabilities)	35	14
Lease liabilities included in the balance sheet	262	245

Leases in the statement of cash flows

NOK million	2020	2019
Cash flow from operating activities		
Short-term and variable lease payments	29	20
Cash flow from financing activities		
Lease payments on lease liability	36	29

Maturity analysis – Undiscounted contractual cash flows

NOK million	2020	2019
One year	35	33
One to two years	33	39
Two to three years	28	31
Three to four years	27	22
Four to five years	27	22
More than five years	230	209
Total undiscounted lease liabilities	381	357
Lease liabilities included in the balance sheet	262	245

Note 23 Share capital, shareholder information and dividend

At year-end 2020 the total number of shareholders in Scatec was 12,622. The total number of outstanding shares was 158,335,667 at par value NOK 0.025 per share as of 31 December 2020.

In January 2020, Scatec increased the share capital by NOK 26 million (554,517 new shares) as part of the share option program.

In May 2020, Scatec increased the share capital by NOK 1,968 million through a private placement consisting of 12,000,000 new shares at a price of NOK 164 per share.

In October and November 2020, the Group increased the share capital through a private placement of NOK 4,750 million consisting of 20,652,478 shares at a price of NOK 230 per share.

The tables below show the largest shareholders of Scatec ASA and shares held by Management and Board of Directors at 31 December 2020.

Shareholder	Number of shares	Ownership
EQUINOR ASA	20,776,200	13.12%
SCATEC INNOVATION AS	19,482,339	12.30%
FOLKETRYGDFONDET	16,411,708	10.37%
STATE STREET BANK AND TRUST COMP	5,700,215	3.60%
STATE STREET BANK AND TRUST COMP	5,328,760	3.37%
STATE STREET BANK AND TRUST COMP	4,981,163	3.15%
THE BANK OF NEW YORK MELLON	4,595,900	2.90%
ARGENTOS AS	3,045,616	1.92%
CACEIS BANK	2,316,954	1.46%
JPMORGAN CHASE BANK, N.A., LONDON	2,030,834	1.28%
J.P. MORGAN BANK LUXEMBOURG S.A.	1,862,790	1.18%
UBS SECURITIES LLC	1,639,942	1.04%
CLEARSTREAM BANKING S.A.	1,455,242	0.92%
STOREBRAND NORGE I VERDIPAPIRFOND	1,403,732	0.89%
VERDIPAPIRFONDET ALFRED BERG GAMBA	1,195,190	0.75%
UBS AG	1,160,930	0.73%
STATE STREET BANK AND TRUST COMP	1,116,126	0.70%
VERDIPAPIRFONDET KLP AKSJENORGE IN	1,107,659	0.70%
CACEIS BANK	1,054,061	0.6%
GOLDMAN SACHS & CO. LLC	1,048,483	0.66%
Total 20 largest shareholders	97,713,844	61.71%
Total other shareholders	60,621,823	38.29%
Total shares outstanding	158,335,667	100%

Board of Directors	Number of Shares	Ownership
John Andersen, Jr. 1)	-	0.00%
Jan Skogseth	23,000	0.01%
Gisele Marchand	2,586	0.00%
John Giverholt	4,000	0.00%
Maria Moræus Hanssen 2)	2,760	0.00%
Total at 31 December 2020	32,346	0.02%

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

2) Held through the controlled company MMH Nysteen Invest AS

Management		Number of Shares	Ownership
Raymond Carlsen [1]	Chief Executive Officer	3,105,290	1.96%
Mikkel Tørud	Chief Financial Officer	223,817	0.14%
Terje Pilskog [2]	EVP Project Development & Project Finance	510,877	0.32%
Roar Haugland [3]	EVP Sustainability Business & HSSE	186,639	0.12%
Torstein Berntsen [4]	EVP Power Production	695,486	0.44%
Snorre Valdimarsson	EVP General Counsel	12,000	0.01%
Pål Helsing	EVP Solutions	4,877	0.00%
Toril Haaland	EVP People & Organisation	3,577	0.00%
Total at 31 December 2020		4,742,563	3.00%

1) Held through the controlled company Argentos AS, whereof 59,674 shares held by Raymond Carlsen directly.
2) Held through the controlled company Océmar AS, whereof 877 shared held by Terje Pilskog directly.
3) Held through the controlled company Buzz Aldrin AS, whereof 877 shares are held by Roar Haugland directly.
4) Held through the controlled company Belito AS, whereof 17,877 shares are held by Torstein Berntsen directly. In addition, 895 shares are held by Torstein Berntsen's spouse. These are not included in the total presented in the table above.

Refer to Note 8 – Employee benefits for information on share options granted to the management.

Dividend

The Group's objective is to pay shareholders consistent and growing cash dividends. From 2021, Scatec will adjust its dividend policy to pay out a minimum of 25 % of the cash distributions received from the power plants.

For 2019 the General Meeting resolved to pay a dividend NOK 0.95 per share, totalling NOK 131 million, and the share was traded excluding dividend rights (ex-date) on 22 July 2020. The dividend was paid on 3 August 2020.

On 1 February 2021, the Board of Directors announced its intention to propose a dividend of NOK 1.09 per share to the Annual General Meeting, totalling NOK 173 million.

Note 24 Non-controlling interests

Accounting principle

Non-controlling interests are calculated on the respective subsidiaries' stand-alone reporting, adjusted for intercompany transactions – i.e. unrealised profits and losses for the Group are not taken into account. Furthermore, unrealised intercompany profits relating to depreciable assets (solar power plants) are viewed as being realised gradually over the remaining economic life of the asset. Consequently, the specification of non-controlling interest in the group financial statements will differ from the non-controlling interests calculated based on the respective subsidiaries' stand-alone reporting.

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

Non-controlling interests

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

Consolidation of power plant companies are identified as a significant judgement for the consolidated financial statements, please refer to Note 3 for further information.

In the table below the non-controlling interests are presented in groups for companies that share the same non-controlling interests.

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation		2020	2019
Egypt				
Aswan Solar Power SAE	Egypt	In operation	49%	49%
Daraw Solar Power SAE (Philadelphia)	Egypt	In operation	49%	49%
Kom Ombo Renewable Energy SAE (Kom Ombo)	Egypt	In operation	49%	49%
Red Sea Solar Power SAE (Red Sea)	Egypt	In operation	49%	49%
Upper Egypt Solar Power SAE (Sun Infinite)	Egypt	In operation	49%	49%
Zafarana Solar Power SAE (Zafarana)	Egypt	In operation	49%	49%
Daraw BV	Netherlands	In operation	49%	49%
Egypt Solar BV	Netherlands	In operation	49%	49%
Kom Ombo BV	Netherlands	In operation	49%	49%
Upper Egypt BV	Netherlands	In operation	49%	49%
Zafarana B.V.	Netherlands	In operation	49%	49%
Red Sea Solar Power B.V.	Netherlands	In operation	49%	49%
Honduras Agua Fria				
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	In operation	60%	60%
Honduras Los Prados				
Fotovoltaica Surena S.A	Honduras	In operation	30%	30%
Generaciones Energeticas S.A	Honduras	In operation	30%	30%
Energias Solares S.A	Honduras	In operation	30%	30%
Fotovoltaica Los Prados S.A	Honduras	Under development	30%	30%
Foto Sol S.A	Honduras	Under development	30%	30%
Jordan				
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	In operation	49.9%	49.9%
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	In operation	49.9%	49.9%
Mozambique				
Central Solar de Mocuba (Mocuba)	Mozambique	In operation	47.5%	47.5%
Rwanda				
Gigawatt Global Rwanda (ASYV)	Rwanda	In operation	46.0%	46.0%
South Africa Upington				
Scatec Solar South Africa BV	Netherlands	In operation	30%	30%
Dyason's Klip 1	South Africa	In operation	54.5%	54.5%
Dyason's Klip 2	South Africa	In operation	54.5%	54.5%
Sirius Solar PV Project One (RF) (Pty) Ltd	South Africa	In operation	54.5%	54.5%
Scatec Solar Construction	South Africa	In operation	49%	49.0%
Scatec Solar Operations (Pty) Ltd	South Africa	In operation	49%	49.0%
South Africa Linde/Dreunberg				
Scatec Solar SA 164 (Pty) Ltd	South Africa	In operation	19.3%	19.3%
Simacel 155 (Pty) Ltd (Linde)	South Africa	In operation	55.6%	55.6%
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	In operation	55.6%	55.6%

Name	Country of incorporation and operation		2020	2019
South Africa Kalkbult				
Scatec Solar SA 165 (Pty) Ltd	South Africa	In operation	23.4%	23.4%
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	In operation	54%	54%
South Africa other				
Scatec Solar SA 163 (Pty) Ltd	South Africa	In operation	8%	8%
Ukraine				
Scatec Solar Ukraine B.V.	Netherland	Under construction	40%	40%
Chysta Energhiaa 2011 LLC	Ukraine	Under construction	40%	40%
Rengy Solar BV	Netherland	In operation	49%	49%
Rengy Bioenergy LLC	Ukraine	In operation	49%	49%

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

Total balances of material non-controlling interest

NOK million	2020	2019
Egypt	-71	-63
Honduras Agua Fria	97	96
Honduras Los Prados	204	218
Jordan	135	135
Mozambique	7	12
Rwanda	9	12
South Africa Upington	256	148
South Africa Linde / Dreunberg	64	119
South Africa Kalkbult	-11	6
South Africa other	-14	-20
Ukraine, Rengy	-5	-8
Ukraine, other	2	7
Total non-controlling interest	673	663

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

NOK million	2020	2019
Egypt	-4	-8
Honduras Agua Fria	5	7
Honduras Los Prados	10	7
Jordan	3	-
Mozambique	4	3
Rwanda	-2	-3
South Africa Upington	-2	41
South Africa Linde / Dreunberg	47	72
South Africa Kalkbult	57	78
South Africa other	1	1
Ukraine, Rengy	-4	-3
Ukraine, other	-5	1
Total non-controlling interest	110	194

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

Summarised statement of profit or loss for 2020 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/ (loss) for the period	Other compre-hensive income	Total compre-hensive income	Profit/loss attributable to non-controlling interests	Dividends paid to non-controlling interests [1]
Egypt	628	-262	366	-277	89	-7	-	-7	-4	-
Honduras Agua Fria	127	-67	60	-53	8	8	-	8	5	-
Honduras Los Prados	87	-53	34	-1	32	32	-	32	10	-
Jordan	119	-123	28	-41	-45	-47	-	-29	3	-
Mozambique	90	-43	47	-37	10	9	-	9	4	-
Rwanda	22	-12	9	-14	-5	-5	-	-5	-2	-
South Africa Upington	933	-749	216	-171	13	3	-60	-57	-2	-
South Africa Linde / Dreunberg	392	-123	269	-137	133	98	-44	54	48	69
South Africa Kalkbult	335	-81	254	-91	163	119	-15	114	57	79
South Africa other	58	-35	23	-7	17	12	-	12	1	-
Ukraine, Rengy	87	-44	43	-44	-1	-	-	-	-4	-
Ukraine, other	-	-2	-2	-10	-12	-11	-	-11	-5	-

1) Excluding repayments of shareholders loans

Summarised statement of profit or loss for 2019 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/ (loss) for the period	Other compre-hensive income	Total compre-hensive income	Profit/loss attributable to non-controlling interests	Dividends paid to non-controlling interests [1]
Egypt	251	-114	136	-138	-2	-13	-	-13	-8	-
Honduras Agua Fria	131	-62	69	-57	12	12	-	12	7	-
Honduras Los Prados	75	-48	27	-2	26	25	-	25	7	-
Jordan	113	-52	62	-38	24	3	-	3	-	-
Mozambique	43	-23	20	-14	6	6	-	6	3	-
Rwanda	20	-11	8	-13	-5	-7	-	-7	-3	-
South Africa Upington	1,689	-1,595	94	21	114	82	-	82	41	-
South Africa Linde / Dreunberg	424	-119	305	-152	153	114	-25	89	72	96
South Africa Kalkbult	351	-79	272	-99	173	125	-6	119	78	83
South Africa other	53	-41	12	1	14	11	-	11	1	-
Ukraine, Rengy	24	-14	10	-8	2	2	-	2	-3	-
Ukraine, other	-	-1	-1	4	3	2	-	2	1	-

1) Excluding repayments of shareholders loans

Summarised statement of financial position as at 31 December 2020

NOK million	Property, plant and equipment	Other non-current asstes	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Attributable to Non-controlling interests	Attributable to Equity holders of the parent
Egypt	3,280	2,036	451	53	-2,845	-3,134	-135	**-185**	-92	-94
Honduras Agua Fria	662	-	110	55	-394	-268	-2	**162**	97	65
Honduras Los Prados	671	12	20	36	-	-41	-2	**695**	204	491
Jordan	865	-194	246	1	-685	64	-44	**253**	135	118
Mozambique	535	25	93	33	-452	-196	-28	**10**	7	4
Rwanda	146	-	5	3	-109	-53	-	**-8**	9	-17
South Africa Upington	2,470	410	234	246	-2,283	-172	-119	**775**	256	518
South Africa Linde / Dreunberg	1,142	-116	170	92	-1,161	-268	-51	**199**	85	116
South Africa Kalkbult	467	48	123	66	-726	-231	-31	**8**	-11	19
South Africa other	-	129	29	6	-	-94	-6	**64**	-14	79
Ukraine, Rengy	387	182	21	71	-304	-361	-1	**-4**	-5	1
Ukraine, other	316	143	3	21	-184	-274	-17	**9**	2	6

Summarised statement of financial position as at 31 December 2019

NOK million	Property, plant and equipment	Other non-current asstes	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Attributable to Non-controlling interests	Attributable to Equity holders of the parent
Egypt	3,659	1,714	456	88	-2,952	-2,988	-103	**-126**	-63	-64
Honduras Agua Fria	726	-	103	91	-464	-296	-	**159**	96	64
Honduras Los Prados	722	11	13	52	-	-50	-5	**743**	218	524
Jordan	741	18	254	17	-580	-104	-42	**304**	135	168
Mozambique	569	13	120	59	-477	-185	-75	**23**	12	11
Rwanda	158	-	5	4	-117	-51	-1	**-2**	12	-13
South Africa Upington	2,312	478	116	1 104	-2,385	-764	-567	**293**	148	145
South Africa Linde / Dreunberg	1,499	79	186	100	-1,337	-221	-30	**277**	119	158
South Africa Kalkbult	908	51	132	70	-854	-199	-17	**91**	6	85
South Africa other	1	123	15	6	-	-88	-2	**56**	-20	76
Ukraine, Rengy	414	145	52	46	-318	-304	-30	**4**	-8	11
Ukraine, other	257	100	15	40	-193	-188	-12	**19**	7	13

Note 25 Earnings per share

Earnings per share is calculated as profit/(loss) attributable to the equity holders of the parent company divided by the average number of shares outstanding.

Diluted earnings per share is affected by the option program for equity-settled share-based payment transaction, refer to Note 8 Employee benefits.

NOK million	2020	2019
Profit/(loss) attributable to the equity holders of the company and for the purpose of diluted shares	-478	-39
Weighted average number of shares outstanding for the purpose of basic earnings per share	135.9	125.1
Earnings per share for income attributable to the equity holders of the company - basic (NOK)	-3.51	-0.31
Effect of potential dilutive shares:		
Weighted average number of shares outstanding for the purpose of diluted earnings per share	135.9	125.1
Earnings per share for income attributable to the equity holders of the company - diluted (NOK)	-3.51	-0.31

Note 26 Transactions with related parties

The Scatec Group has during 2020 and 2019, had transactions with the following related parties:

Related party	Nature of transaction
Scatec Solar Brazil B.V. (associate)	Financing
Scatec Solar Solutions Brazil B.V (associate)	Financing
Scatec Solar Solutions Brazil SDE (associate)	Financing
Apodi I (associate)	Financing
Apodi II (associate)	Financing
Apodi III (associate)	Financing
Apodi IV (associate)	Financing
Scatec Equinor Solutions Argentina S.A (associate)	Financing
Cordillera Solar VIII S.A (associate)	Financing
Key management employees	Loans and salaries

The most significant related parties transactions in 2020 and 2019 are loans to associated companies. The loan balance as per 31 December 2020 was NOK 170 million. For further information on the investments in associated companies, see Note 14 - Investments in associated companies.

Scatec also has loans and accrued payroll to key management personnel. The loan balance as per 31 December 2020 is NOK 1 million (2019 NOK 3 million), and accrued payroll is NOK 10 million (2019 NOK 16 million).

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

Note 27 Consolidated subsidiaries

The following subsidiaries are included in the consolidated financial statements. Consolidated economic interests correspond to the voting interests if not otherwise stated. For companies on level 2 in the table below (i.e. subsidiaries of the ultimate Parent's subsidiaries), the economic interests stated is the mathematically indirect consolidated economic interests.

Company	Registered office	Consolidated economic interests 2020 [1]
Scatec Solar Solutions GmbH	Regensburg, Germany	100.00%
Scatec Solar S.r.l.	Rome, Italy	100.00%
BFL.F S.r.l.	Rome, Italy	100.00%
Scatec Solar s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP01 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP02 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP03 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PP04 s.r.o.	Prague, Czech Republic	100.00%
Signo Solar PV1 s.r.o.	Prague, Czech Republic	100.00%
Scatec Solar India Ltd.	New Delhi, India	100.00%
Tourves PV SAS	St Raphael, France	100.00%
Scatec Solar SAS France	Paris, France	100.00%
Scatec Solar Jordan (EPC)	Amman, Jordan	100.00%
Scatec Solar AS/ Jordan PSC	Amman, Jordan	100.00%
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%
Scatec Solar Africa (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100.00%
Scatec Solar SA 163 (Pty) Ltd.	Cape Town, South Africa	92.00%
Scatec Solar SA (pty) Ltd.	Sandton, South Africa	100.00%
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South Africa	76.60%
Scatec Solar SA 166 (Pty) Ltd.	Sandton, South Africa	46.00%
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South Africa	80.70%
Simacel 155 (Pty) Ltd.	Sandton, South Africa	44.40%
Simacel 160 (Pty) Ltd.	Sandton, South Africa	44.40%
Scatec Solar Rwanda Ltd	Kigali, Rwanda	100.00%
Gigawatt Global Rwanda Ltd	Rwamagana, Rwanda	54.03%
Scatec Solar Honduras SA	Tegucigalpa.Honduras	100.00%
Produccion de Energia Solar Demas Renovables S.A,.	Tegucigalpa.Honduras	40.00%
Fotovoltaica Surena S.A.	Tegucigalpa.Honduras	70.00%
Generaciones Energeticas S.A.	Tegucigalpa.Honduras	70.00%
Fotovoltaica Los Prados S.A.	Tegucigalpa.Honduras	70.00%
Foto Sol S.A.	Tegucigalpa.Honduras	70.00%
Energias Solares S.A.	Tegucigalpa.Honduras	70.00%
Scatec Solar Mali SAS	Bamako, Mali	100.00%
Segou Solaire S.A.	Bamako, Mali	50.00%
Scatec Solar DMCC	United Arab Emirates	100.00%
Central Solar de Mocuba S.A.	Maputo, Mozambique	52.50%
Scatec Solar Mozambique Limitada	Mocuba, Mozambique	100.00%

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Company	Registered office	Consolidated economic interests 2020 [1]
Scatec Solar Netherlands B.V.	Amsterdam, The Netherlands	100.00%
Scatec Sukhur B.V. Offshore Holdco	Amsterdam, The Netherlands	100.00%
Scatec Solar Nigeria B.V.	Amsterdam, The Netherlands	70.00%
Scatec Solar Solutions Egypt LLC	Cairo, Egypt	100.00%
Egypt Solar B.V.	Amsterdam, The Netherlands	51.00%
Aswan Solar Power SAE	Cairo, Egypt	51.00%
Upper Egypt 2 B.V.	Amsterdam, The Netherlands	51.00%
Upper Egypt Solar Power	Cairo, Egypt	51.00%
Kom Ombo 2 B.V.	Amsterdam, The Netherlands	51.00%
Kom Ombo Renewable Energy SAE	Cairo, Egypt	51.00%
Daraw B.V.	Amsterdam, The Netherlands	51.00%
Philadelphia Power SAE	Cairo, Egypt	51.00%
Zafarana 2 B.V.	Amsterdam, The Netherlands	51.00%
Zafarana Power SAE	Cairo, Egypt	51.00%
Red Sea Solar Power 2 B.V.	Amsterdam, The Netherlands	51.00%
Red Sea Solar Power SAE.	Cairo, Egypt	51.00%
Scatec Solar Mali B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Malaysia B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Solutions Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park Semenanjung Sdn Bhd [4]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Kedah) Sdn Bhd [4]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Melaka) Sdn Bhd [4]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Terengganu) Sdn Bhd [4]	Kuala Lumpur, Malaysia	100.00%
Red Sol	Kuala Lumpur, Malaysia	100.00%
Scatec Solar South Africa B.V.	Amsterdam, The Netherlands	70.00%
Dyason's Klip 1 (Pty) Ltd	Cape Town, South Africa	45.50%
Dyason's Klip 2 (Pty) Ltd	Cape Town, South Africa	45.50%
Sirius Solar PV Project One (RF) (Pty) Ltd	Cape Town, South Africa	45.50%
Scatec Solar Construction R4	Cape Town, South Africa	51.00%
Scatec Solar Operations R4	Cape Town, South Africa	51.00%
Scatec Solar Brazil II B.V. [3]	Amsterdam, The Netherlands	50.00%
Apodi I Energia SPE S.A. [3]	Jaboatão dos Guararapes, Brazil	43.75%
Apodi II Energia SPE S.A. [3]	Jaboatão dos Guararapes, Brazil	43.75%
Apodi III Energia SPE S.A. [3]	Jaboatão dos Guararapes, Brazil	43.75%
Apodi IV Energia SPE S.A. [3]	Jaboatão dos Guararapes, Brazil	43.75%
Scatec Solar Brazil II Solutions B.V. [3]	Amsterdam, The Netherlands	50.00%
Scatec Solar Brazil Servicos de Engenharia Ltda [3]	Recife, Brazil	50.00%
Scatec Solar Argentina B.V.	Amsterdam, The Netherlands	100.00%
Scatec Equinor Solutions Argentina S.A. [3]	Buenos Aires, Argentina	50.00%
Cordillera Solar VIII S.A. [3]	Buenos Aires, Argentina	50.00%
Scatec Solar Ukraine B.V.	Amsterdam, The Netherlands	60.00%
Scatec Solar Solutions Ukraine LLC	Kyiv, Ukraine	100.00%
Chysta Energhiaa 2011 LLC	Kamianka, Ukraine	60.00%
Atlas Capital Energy LLC	Nova Zburiivka, Ukraine	100.00%
Greenteco SES LLC	Kyiv, Ukraine	100.00%
Boguslav Energy LLC	Bohuslav, Ukraine	100.00%
Rengy Solar B.V.	Amsterdam, The Netherlands	51.00%
Rengy Bioenergy LLC	Kyiv, Ukraine	51.00%
Progressovka Solar B.V.	Amsterdam, The Netherlands	100.00%
PV Progressovka Agro LLC	Kyiv, Ukraine	100.00%
PV Progressovka Alpha LLC	Berezanka, Ukraine	100.00%
PV Progressovka Beta LLC	Berezanka, Ukraine	100.00%
PV Progressovka Gamma LLC	Berezanka, Ukraine	100.00%

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Company	Registered office	Consolidated economic interests 2020 [1]
Scatec Solar Vietnam B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Bangladesh B.V.	Amsterdam, The Netherlands	100.00%
Memphis Solar B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Qway B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Nicaragua B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Akadyr B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Kherson B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Boguslav B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Chigirin B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Guatemala B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Brazil Solidao B.V.	Amsterdam, The Netherlands	100.00%
Release Management B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Release Africa B.V.	Amsterdam, The Netherlands	100.00%
Scatec Solar Bangladesh Solutions Ltd [2]	Dhaka, Bangladesh	100.00%
Bangla Sun Solar Energy Ltd [2]	Dhaka, Bangladesh	100.00%
Scatec Solar Solutions Vietnam Co. Ltd. [2]	Ho Chi Minh City, Vietnam	100.00%

1) For projects under development the economic interest may be subject to change

2) Companies established/consolidated in 2020

3) Joint venture companies refer to Note 14 Investments in JV and associated companies

4) The consolidated economic interest in the Malaysian project companies represents Scatec's share of the contributed equity and retained earnings in the project companies as of the reporting date. Scatec's average economic interest through the PPA tenor is estimated to be 95% based on the Group's right to economic return obtained through shareholdings and other contractual arrangements. The average economic interest may be subject to change. Refer to Note 2 for further description of the project's investment structure.

For information on associated companies and joint venture companies, refer to Note 14 Investments in JV and associated companies.

Note 28 Project equity financing provided by co-investors

In relation to the structuring and financing of the power plant companies in the Group, financial instruments are issued to both the controlling and non-controlling interests. Such financing can be both paid-in equity and shareholder loans. Repayment of shareholder loans are at the discretion of the power plant company, accordingly these shareholder loans are accounted for as equity.

At 31 December 2020, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognised in equity	Financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	54	54	-	-
Simacel 155 (Pty) Ltd (Linde)	South Africa	23	23	-	-
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	40	40	-	-
Gigawatt Global Rwanda (ASYV)	Rwanda	15	4	10	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	79	1	78	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	37	1	36	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	225	96	-	140
Los Prados, Honduras	Honduras	196	196	-	-
Aswan Solar Power SAE (BB1)	Egypt	6	6	-	-
Zafarana Solar Power SAE (ZAF1)	Egypt	94	5	-	89
Red Sea Solar Power SAE (ZAF2)	Egypt	94	5	-	89
Upper Egypt Solar Power (BB2)	Egypt	76	6	-	70
Kom Ombo Renewable Energy SAE (BB3)	Egypt	99	5	-	94
Daraw Solar Power SAE (BB4)	Egypt	97	8	-	88
Kamianka / Chysta Energiya	Ukraine	50	1	-	49
Rengy Bioenergy	Ukraine	83	1	-	82
Central Solar de Mocuba, Mozambique	Mozambique	42	26	-	16
Dyason's Klip 1	South Africa	112	112	-	-
Dyason's Klip 2	South Africa	114	114	-	-
Sirius Solar PV Project One	South Africa	111	111	-	-
Total project financing from non-controlling interests		1,658	816	124	717

At 31 December 2019, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognised in equity	Financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	58	58	-	-
Simacel 155 (Pty) Ltd (Linde)	South Africa	25	25	-	-
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	43	43	-	-
Gigawatt Global Rwanda (ASYV)	Rwanda	15	5	11	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	81	1	80	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	38	1	37	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	246	99	-	148
Los Prados, Honduras	Honduras	220	219	-	1
Aswan Solar Power SAE (BB1)	Egypt	6	6	-	-
Zafarana Solar Power SAE (ZAF1)	Egypt	110	5	-	105
Red Sea Solar Power SAE (ZAF2)	Egypt	110	5	-	105
Upper Egypt Solar Power (BB2)	Egypt	110	6	-	104
Kom Ombo Renewable Energy SAE (BB3)	Egypt	111	5	-	107
Daraw Solar Power SAE (BB4)	Egypt	108	8	-	100
Kamianka / Chysta Energiya	Ukraine	33	1	-	31
Rengy Bioenergy	Ukraine	45	1	-	43
Central Solar de Mocuba, Mozambique	Mozambique	43	26	-	17
Dyason's Klip 1	South Africa	49	49	-	-
Dyason's Klip 2	South Africa	2	2	-	-
Sirius Solar PV Project One	South Africa	53	53	-	-
Total project financing from non-controlling interests		1,508	619	128	761

For the year 2020, interest expenses on financing from co-investors of NOK 56 million have been expensed (NOK 55 million for 2019), of which NOK 1 million is recognised directly in equity (NOK 1 million for 2019).

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

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

Note 29 Financial instruments by category

For details on accounting principles and estimation uncertainty for financial instruments, see Note 7 Financial instruments – Measurement and market risk sensitivities.

NOK million	Measurement category	2020	2019
Assets			
Derivatives			
Foreign exchange forward contracts	Fair value through profit or loss	-	-
Debt instruments			
Cash and cash equivalents	Amortised cost	7,788	2,824
Accounts receivable	Amortised cost	435	336
Other debt instruments and receivables	Amortised cost	789	852
Total financial assets		9,012	4,012
Total current		8,868	3,863
Total non-current		144	149
Liabilities			
Interest bearing loans and borrowings			
Bonds	Amortised cost	748	745
Non-recourse financing loans	Amortised cost	12,263	13,065
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	703	351
Other financial liabilities			
Trade and other financial liabilities	Amortised cost	1,478	1,649
Total financial liabilities		15,191	15,810
Total current		2,553	1,448
Total non-current		12,638	14,362

Financial instruments and their carrying amounts are recognised in the consolidated statement of financial position at 31 December, with categories as defined by IFRS 9, as presented above. There are no significant differences between total carrying value and fair value for financial instruments measured at amortised cost.

The table above provides a reconciliation of the movement of liabilities arising from financing activities, disaggregated by cash and non-cash movements. Please refer to Note 22 Leases for a reconciliation of lease liabilities.

2020			Non-cash changes			
NOK million	2019	Cashflows	Foreign exchange movement	Fair value changes	Other/ Reclassifi-cations	2020
Non-recourse financing	13,064	-543	-374	-	116	**12,263**
Bond	745	-	-	-	3	**748**
Derivatives (net) [1]	351	-121	-	469	4	**703**
Shareholder loan from non-controlling interests [2]	761	-14	-30	-	1	**717**
Total liabilities arising from financial liabilities	14,921	-679	-404	469	124	**14,431**

2019			Non-cash changes			
NOK million	2018	Cashflows	Foreign exchange movement	Fair value changes	Other/ Reclassifi-cations	2019
Non-recourse financing	9,007	3,646	210	-	202	**13,064**
Bond	743	-	-	-	2	**745**
Derivatives (net) [1]	25	-	-	326	-	**351**
Shareholder loans from non-controlling interests [2]	564	196	-	-	11	**761**
Current liabilities to non-controlling interests	83	-84	1	-	-	**-**
Total liabilities arising from financial liabilities	10,782	3,758	211	326	215	**14,921**

1) Cashflows on derivatives consist of settlement of interest as part of the interest rate swaps. These interests are classified together with interest payments on non-recourse financing and included in *Interest paid* in the consolidated statements of cash flow.

2) Cashflows on shareholder loans from non-controlling interest are together with equity contributions included in *Proceeds from non-controlling interest shareholder financing* in the consolidated statements of cash flow.

Note 30 Subsequent events

Accounting principle

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

Acquisition of SN Power

On 29 January 2021, Scatec ASA acquired 100% of the shares of SN Power AS, a leading hydropower developer and Independent Power Producer (IPP), from Norfund for a total equity value of USD 1,166 million. The transaction includes SN Power's portfolio of hydropower assets in the Philippines, Laos and Uganda with a total gross capacity of 1.4 GW (net 0.5 GW) and gross median production of 6.1 TWh (net 1.8 TWh).

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

Scatec and SN Power have a unique and complementary portfolio of assets, geographical footprint and capabilities, and will together hold a large project pipeline across solar, hydro, wind and storage. The combined company will have 450 employees, power plants in 14 countries and gross 3.3 GW of plants in operation and under construction. When all plants are in full operation from early 2021, the median annual production is expected to be 4.1 TWh.

Since SN Power was acquired after the reporting period, the revenue and profit for 2020 does not include any amounts from SN Power.

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

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

The remaining financing of the acquisition is cash.

The purchase price of the acquisition will be subject to certain adjustments which have not been finalised prior to the to the release of this report, including adjustments for working capital in the acquired companies based on the audited financial statements of SN Power for 2020. Consequently, the table below which shows the fair value of the identifiable assets and liabilities of SN Power and the Purchase Price Allocation, must be considered preliminary. The assessment of the preliminary PPA has been made using balance sheet figures for the period ending December 2019. The purchase price adjustments are further described in the prospectus which was published in connection with the financing of the transaction. The prospectus is available on our website at www.scatec.com.

Goodwill arising from the acquisition relates mainly to the portfolio of identified project development opportunities and assembled workforce. The goodwill is not deductible for tax purposes.

Preliminary purchase price allocation for the acquisition of SN Power

NOK million	
Assets	
Non-current assets	
Property, plant and equipment	3
Goodwill	129
Investments in JV and associated companies	9,637
Other non-current assets	96
Total non-current assets	9,866
Current assets	
Trade and other receivables	308
Cash and cash equivalents	269
Total current assets	577
Total assets	10,442
Total equity	10,259
Liabilities	
Non-current liabilities	
Financial liabilities	15
Other non-current liabilities	2
Total non-current liabilities	17
Current liabilities	
Trade and other payables	92
Income tax payable	57
Other current liabilities	17
Total current liabilities	166
Total equity and liabilities	10,442

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 will be 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.

Increase in RCF

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.

Responsibility statement

We confirm to the best of our knowledge, that the consolidated financial statements for 2020 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period and their impact on the financial statements, key risk and uncertainty factors that Scatec is facing during the next accounting period.

Oslo, 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)