

# Notes to the parent company financial statements

## Note 1 General information

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

Scatec ASA (“the Company”), its subsidiaries and investments in associated companies and joint ventures (“the Group” or “Scatec”) is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long-

term player, Scatec develops, builds, owns and operates solar, wind and hydro power plants and storage solutions.

The Company is listed on the Oslo Stock Exchange.

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

## Note 2 Accounting principles

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### Statement of compliance

The financial statements of Scatec ASA are prepared in accordance with the Norwegian Accounting Act of 1998 and Norwegian Generally Accepted Accounting Principles (NGAAP).

### Basis for preparation

The financial statements have been prepared on a historical cost basis.

### Accounting estimates and judgements

In preparing the financial statements, assumptions and estimates that have had effect on the amounts and presentation of assets and liabilities, income and expenses and contingent liabilities must be made. Actual results could differ from these assumptions and estimates.

### Foreign currency translation

The functional currency and presentation currency of the Company is Norwegian kroner (NOK). Transactions in foreign currency are translated at the rate applicable on the transaction date. Monetary items in a foreign currency are translated into NOK using the exchange rate applicable on the balance sheet date. Non-monetary items that are measured at their historical cost expressed in a foreign currency are translated into NOK using the exchange rate applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign

currency are translated using the exchange rate applicable on the balance sheet date.

### Revenues and cost of sales

Scatec ASA develops project rights that are the basis for construction of solar PV plants. Revenues are partly derived from the sale of these project rights. These transactions are primarily made with project companies which are under the control of the Group. Revenues are recognised upon the transfer of title. The accumulated cost of project rights is expensed upon the transfer of title or when a project is abandoned and impaired. Cost of sales consists of capitalised payroll expenses, travel expenses and external expenses that are directly attributable to developing the project rights, such as legal fees, expenses incurred for obtaining permits etc.

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. These transactions are primarily made with project companies which are under the control of the Group.

Scatec ASA 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 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.

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

### Employee benefits

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

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

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

For further information on share options refer to Note 8 – Employee benefits in the consolidated financials.

### Interest income and expenses

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

### Income tax expense

Income tax expense in the statement of income for the year comprises current tax and changes in deferred tax. Income tax expense is recognised in the statement of income.

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. 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 virtually certain amounts for assets to be received (disputed tax positions for which payment has already been made) in each case are recognised within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recorded in the period in which they are earned or incurred and are presented in net finance expenses in the statement of income.

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, subject to the initial recognition exemption. The amount of 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 balance sheet date.

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

### Balance sheet classification

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

### Intangible assets and property, plant and equipment

Intangible assets and property, plant and equipment are stated at cost, less accumulated amortisation/depreciation and accumulated impairment losses. Intangible assets and property, plant and equipment acquired separately are carried initially at cost.

Intangible assets and property, plant and equipment are amortised/depreciated on a straight-line basis over their expected useful life, from the date the assets are taken into use. The expected useful life of the assets is reviewed on an annual basis and changes in useful life are accounted for prospectively.

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.

An item of intangible assets and 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 derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognised in the statement of income in the period the item is derecognised.

### Subsidiaries and investment in associated companies

Subsidiaries are all entities controlled by Scatec ASA. Control is achieved when the Company 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.

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

### Financial assets and liabilities

Scatec ASA assesses at each balance sheet date whether a financial asset or a group of financial assets should be impaired. For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables has been incurred, the carrying amount of the assets are reduced. Interest-bearing borrowings are initially recognised at cost. After initial recognition, such financial liabilities are measured at amortised costs using the effective interest method. Transaction costs are taken into account when calculating amortised cost. Trade payables are carried at cost.

### Other current assets

Inventories are measured at the lower of cost and net realisable value and comprise costs of solar PV project assets that are intended for sale. Project assets consist primarily of costs relating to solar power projects in various stages of development that is capitalised prior to the sale of the solar power project to a third party for further project development or prior to the signing of a project construction contract. These costs include costs for land and costs for developing a solar power plant. Development costs can include legal, consulting, permitting, and other similar costs such as interconnection or transmission upgrade costs as well as directly attributable payroll expenses.

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

ecological, permitting, or regulatory conditions that impact the project. Such changes could cause the cost of the project to increase or the selling price of the project to decrease. The accumulated cost of a project is expensed as cost of sales either when it is sold or when a project is impaired.

### Cash and cash equivalents

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

### Dividends

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

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

### Events after the reporting period

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

### Statement of cash flow

The cash flow statement is prepared using the indirect method.

## Note 3 Revenues

### Revenue by business area

NOK million	2020	2019
Services	616	2,964
Other revenue	6	0
Sum	622	2,964

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

### Revenue by geographical distribution

NOK million	2020	2019
South- Africa	291	806
Ukraine	140	788
Malaysia	118	140
Argentina	22	15
Mozambique	16	81
Netherlands	15	10
Egypt	5	1,155
Jordan	3	0
Brazil	4	8
Honduras	2	-39
Sum	616	2,964

The negative revenues from Honduras in 2019 is related to an initiated change order which was cancelled during the year.

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

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

### Personnel expenses

NOK million	2020	2019
Salaries	127	114
Share-based payment	14	7
Payroll tax	46	25
Pension costs	10	9
Other benefits and personnel costs	2	4
Capitalised to inventory	-42	-58
Total personnel expenses	156	100

The average number of FTEs that has been employed in the company through 2020 was 94 (89).

### Pension costs

The Company has a defined contribution plan in line with the requirement of the law. NOK 10 million is expensed related to the defined contribution plan in 2020 (2019 NOK 9 million).

### Salaries and personnel expenses for the management of Scatec ASA

2020										
NOK thousand	Title	Salary <sup>1)</sup>	Bonus	Number of options awarded <sup>2)</sup>	Exercise of share options	Out-standing share options	Other benefits <sup>3)</sup>	Pension cost	Loans out-standing	
	Raymond Carlsen	Chief Executive Officer	3,557	1,418	48	-82	109	45	156	0
	Mikkel Tørud	Chief Financial Officer	2,454	930	36	-61	80	45	156	273
	Snorre Valdimarsson	EVP General Counsel	2,024	768	29	-47	64	42	157	432
	Terje Pilskog	EVP Project Development & Project Finance	2,225	845	32	-53	71	45	158	316
	Roar Haugland	EVP Sustainable Business & HSSE	1,924	722	28	-47	62	43	161	0
	Torstein Berntsen	EVP Power Production	2,026	768	29	-51	66	43	164	370
	Pål Helsing	EVP Solutions	2,069	776	30	-11	51	43	157	0
	Toril Haaland	EVP People & Organisation	1,707	660	25	-9	43	42	157	0

2019										
NOK thousand	Title	Salary <sup>1)</sup>	Bonus	Number of options awarded <sup>2)</sup>	Exercise of share options	Out-standing share options	Other benefits <sup>3),4)</sup>	Pension cost	Loans out-standing	
	Raymond Carlsen	Chief Executive Officer	3,464	1,230	52	-64	142	54	152	11
	Mikkel Tørud	Chief Financial Officer	2,411	847	38	-48	106	48	151	750
	Snorre Valdimarsson	EVP General Counsel	1,939	708	30	-37	82	52	152	861
	Terje Pilskog	EVP Project Development & Project Finance	2,144	737	33	-42	92	53	152	740
	Roar Haugland	EVP Sustainable Business & HSSE	1,863	657	30	-37	81	53	155	11
	Torstein Berntsen	EVP Power Production	1,990	699	32	-40	87	52	155	784
	Pål Helsing	EVP Solutions	2,035	707	32	-	32	6,325	152	11
	Toril Haaland	EVP People & Organisation	1,587	300	27	-	27	18	152	11

1) Including paid out holiday allowance, car allowance.

2) See below for further information

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

4) Pål Helsing did not participate in the share option program launched in 2016 but did as a substitute earn synthetic options during the 36 months period from 1 December 2015 until 30 November 2018. The gain on these synthetic options was paid out in 2019, which is the reason this number deviates considerably from earlier years.

Remuneration for the Board of Directors <sup>1)</sup>

NOK thousand	2020				2019			
	Board remuneration	Audit committee	Remuneration committee	Nomination committee	Board remuneration	Audit committee	Remuneration committee	Nomination committee
John Andersen jr.	480	59	32	-	455	57	31	-
Mari Thjømøe	-	-	-	-	285	57	-	-
John Giverholt	300	-	32	-	285	-	31	-
Jan Skogseth	300	-	32	-	285	-	31	-
Gisele Marchand	300	59	-	-	285	57	-	-
Maria Moræus Hanssen	300	59	-	-	-	-	-	-
Alf Inge Gjerde	-	-	-	53,5	-	-	-	52
Hilde Myrberg	-	-	-	-	-	-	-	36
Svein Høgseth	-	-	-	37	-	-	-	36
Kristine Ryssdal	-	-	-	37	-	-	-	-

1) Annual fees paid in 2019 and 2020 respectively.

## Audit

NOK million	2020	2019
Audit fees	2	2
Other attestation services	1	1
Tax services	7	-
Other services	7	1
Total	17	4

VAT is not included in the numbers above.

Non-audit for 2020 fee mainly relates to due diligence services in connection with the acquisition of SN Power.

## Remuneration policy and concept for the accounting year 2020

In accordance with the Norwegian Public Limited Liability Companies Act section 6-16 a) the Board of Directors intends to present the following statement regarding remuneration of the Executive Management Team to the Annual General Meeting.

### 1. General

This declaration is prepared by the Board of Directors in Scatec ASA (“**Scatec**”) in accordance with the Norwegian Public Limited Liability Companies Act (the “**Companies Act**”) section 6-16a, for consideration at the Annual General Meeting on 20 April 2021.

Principles in this declaration regarding allocation of shares, subscription rights, options and any other form of remuneration stemming from shares or the development of the share price in the company or in other group companies are binding for the Board of Directors when approved by the General Meeting. Such guidelines are described in section 3.1.2. Other guidelines are precatory for the Board of Directors. If the Board of Directors in an agreement deviates from these guidelines, the reasons for this shall be stated in the minutes of the Board of Directors’ meeting.

The principles set out for determination of salaries and other remuneration applies for the Chief Executive Officer, the Chief Financial Officer, and the Executive Vice Presidents of Scatec (together “**Executive Management**”), as of today eight individuals, for the financial year 2020 and until new principles are resolved by the General Meeting in accordance with the Companies Act.

### 2. The main principles of the company’s remuneration policy for Executive Management

Executive Management remuneration in Scatec shall be determined based on the following main principles:

#### 2.1 Executive Management remuneration shall be competitive, but not leading

Executive Management remuneration shall, as a general guideline, be suitable to attract and retain skilled leaders. The salaries for the Executive Management should be comparable with levels in similar businesses.

#### 2.2 Executive Management remuneration is to be motivational

Executive Management remuneration should be structured to motivate the Executive Management to strive to realise the Company’s strategic goals. The main element of Executive Management remuneration should be the base salary, although additional variable incentives should be available to motivate the Executive Management’s efforts on behalf of the company.

### 3. Principles regarding benefits that can be offered in addition to regular salary

Scatec has sought to structure a plan combining base salary, short term incentive and share based long term incentive to ensure (i) to motivate the Executive Management to strive to realise the Company’s strategic goals including financial results, (ii) to be suitable to attract and retain skilled leaders taking into account the international market the Company participates in, and (iii) alignment with a representative average for management salaries for comparable Executive Management in similar businesses, and in the respective local market.

Variable remuneration, short term and long term, is linked to value generation for shareholders over time. The variable remuneration is determined both by the achievement of individual and companywide key performance indicators and goals. It is fundamental that Executive Management, both individually and as a team, have influence on achievement of the key performance indicators and goals.

The long-term incentives are tied to the development of the share price of the Company.

#### 3.1 Additional benefits

##### 3.1.1 Short Term Incentive - Bonus scheme

As part of the incentive and retention plan in effect from 2016, the Executive Management is part of a bonus arrangement based on key performance indicators both on the Company’s overall and financial performance as well as the individual’s performance. The bonus shall not exceed fifty percent (50%) of the annual base salary.

### 3.1.2 Long Term Incentive – Option Program

The Company has implemented a share option plan approved by the Board of Directors. The current scheme was approved and initiated in 2020.

The Executive Management and other key employees, may be allocated options over a three-year period corresponding to up to 2,500,000 shares of the Company, equivalent to approximately 1.6 percent of the total outstanding shares. Annually approximately 1/3 of the options are awarded, with corresponding vesting periods of 12, 24 and 36 months. (Outstanding options are cancelled in the event of exit from the company.) The strike price of each annual award is based on the volume weighted average share price of the shares on Oslo Stock Exchange the ten preceding trading days of the grant date. The number of options awarded to each Executive Management member is calculated so that the value of the options is expected to correspond to fifty percent of the employee's base salary based on a pre-defined share price increase over the tenor of the option plan.

The option plan is designed to create an ownership culture to ensure alignment between shareholders and the Top Management of the Company. The option plan is an important tool to attract and retain high calibre employees.

It is intended that the Board of Directors may use its authorisation to increase the share capital of the Company and/or buy own shares to settle options being exercised under the Option Plan.

### 3.1.3 Pension plans and insurance

The Company has established a pension scheme in accordance with the Norwegian Occupation Pension Act. The pension scheme is based on a defined contribution for all Norwegian employees. The pension scheme covers salaries from 0G (1G: NOK 101,351) to 12G (NOK 1,216,212) and is therefore in accordance with Norwegian legislation.

The Company may, but currently has not, sign early retirement agreements for Executive Management.

The Company may compensate the Executive Management and the manager's family, as defined as close associates pursuant to the Norwegian Securities Trading Act section 2-5 no. 1 and 2, for health and life insurance plans in line with standard conditions for executive positions, in addition to mandatory occupational injury insurance required under Norwegian Law.

### 3.1.4 Severance schemes

Agreements may be signed regarding severance pay for the Company's CEO and other members of the Executive Management in order to attend to the Company's needs, at all times, to ensure that the selection of managers is in commensuration with the Company's needs. Pursuant to the Norwegian Working Environment Act, such agreements will not have a binding effect on executives other than the CEO. Severance schemes shall aim to be set up so that they are acceptable internally and externally. An agreement on severance pay shall, if this is relevant, normally be entered into when establishing employment relationships, but may in special cases also be agreed upon termination of employment.

The period for the severance scheme is assessed based on what will be sufficient for the relevant Executive Management member to accept an agreement on reduced notice of termination. However, in addition to salary and other benefits during the term of notice, such schemes are not to give entitlement to severance pay for more than twelve (12) months.

### 3.1.5 Benefits in kind

Executive Management may be offered the benefits in kind that are common for comparable positions, e.g. free telephone service, home PC, free broadband service, newspapers.

### 3.1.6 Executive management remuneration in other Scatec companies

Other companies in the Scatec group are to follow the main principles for the determining of management salaries and remuneration as set out in this declaration. Scatec aims at coordinating management remuneration policy and the schemes used for variable benefits throughout the group.



## Note 5 Property, plant and equipment

### Office equipment

NOK million	2020	2019
Accumulated cost at 01.01	59	32
Additions	17	27
Disposed assets at cost	-	-
Accumulated cost at 31 December	76	59
Accumulated depreciation at 01.01	10	5
Depreciations for the year	9	5
Accumulated depreciation disposed assets	-	-
Accumulated depreciation at 31 December	19	10
Carrying amount at 31 December	57	48
Estimated useful life (years)	3-10	3-10

## Note 6 Other operating expenses

NOK million	2020	2019
Facilities	14	11
Professional fees	6	22
IT and communications	26	25
Travel costs	2	7
Other costs	34	14
Total other operating expenses	82	79

## Note 7 Financial income and expenses

### Interest and other financial income

NOK million	2020	2019
Interest income from group companies	132	75
Other interest income	9	8
Gain on sale of financial investments	35	-
Dividend from group companies	282	105
Gain from financial investment	519	-
<b>Total interest and other financial income</b>	<b>977</b>	<b>188</b>

### Interest and other financial expenses

NOK million	2020	2019
Interest expenses from group companies	-4	-3
Other interest expenses	-98	-69
Other financial expenses	-6	-1
<b>Total interest and other financial expenses</b>	<b>-107</b>	<b>-73</b>

The increase in interest income from group companies is mainly related to an increase in funding of group companies in Ukraine.

The gain on sale of financial investments is related to the sale of 49% of the shares in Scatec Solar Operations, South-Africa, to H1 Manco Proprietary Ltd, South-Africa.

The Write down of financial investment is due to the liquidation of Scatec Solar Solutions GmbH, Germany. When Scatec Solar Solutions GmbH was liquidated, the net positions Scatec ASA had towards the company was a debt of NOK Million 519 which is written down and recognised as a gain during 2020.

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

## Note 8 Tax

NOK million	2020	2019
<b>Income tax expense:</b>		
Current taxes (including CFC)	-	-
Withholding tax on received dividends	11	4
Change in deferred tax	-67	14
Total tax expense(income)	-56	18
<b>Tax basis:</b>		
Profit before taxes	462	156
Net non-deductible income and expenses <sup>1)</sup>	-958	-131
Changes in temporary differences	185	-140
Increase of tax losses carried forward	311	115
Tax base	-	-
Current taxes according to statutory tax rate (22%)	-	-

1) Net non-deductible income and expenses for 2020 and 2019 are mainly related to non-taxable dividends partly offset by non-deductible share based payment expenses. The items also include tax-deduction on transaction costs from capital increase recognised in equity. In addition, for 2020 there was an income from the liquidation of Scatec Solar Solutions GmbH, Germany.

### Reconciliation of nominal statutory tax rate to effective tax rate

NOK million	2020	2019
Expected income tax expense according to statutory tax rate (22%)	102	34
Tax effect of non-deductible expenses	-170	-24
Withholding tax on received dividends/CFC	11	5
Taxes related to previous years	1	3
Income tax expense(income)	-56	18
Effective tax rate (%)	12.3%	9.0%

### Temporary differences as of 31 December:

NOK million	2020	2019	Change
Tax loss carried forward	-700	-392	-308
Receivables	-	-3	3
Property, plant and equipment	2	2	-
Work in progress	10	174	-164
Shared based payments and amortised Interests on bond and revolver	-25	-3	-22
Total temporary differences	-713	-222	491
Recognised tax liability/(asset)	-157	-49	-108

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

NOK 29 million of the tax losses carried forward expire in 2024. The remaining tax loss can be carried forward indefinitely.

## Note 9 Investments in subsidiaries, joint ventures and associated companies

The table below sets forth Scatec ASA's ownership interest in subsidiaries. Ownership interest corresponds to voting interest if not otherwise stated.

NOK million				
Company	Registered office	Ownership interest	Carrying value 2020	Carrying value 2019
Scatec Solar Solutions GmbH	Regensburg, Germany	100%	0	44
Scatec Solar Italy S.R.L.	Rome, Italy	100%	-	-
Scatec Solar S.R.O.	Prague, Czech	100%	6	25
SPV 1 Solar S.R.O.	Prague, Czech	100%	2	2
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	-	-
Scatec Solar North America Inc.	California, USA	100%	-	-
Tourves SPV SAS	St Raphael, France	100%	-	-
Scatec Solar SAS	Paris, France	100%	-	-
Scatec Solar AS/Jordan PSC	Amman, Jordan	100%	44	54
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.1%	75	72
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.1%	33	34
Scatec Luxemburg Holding SA	Luxemburg	100%	-	-
Scatec Solar Asia Pacific Pte Ltd	Singapore	-	-	-
Scatec Solar Africa (Pty) Ltd	South Africa	100%		
Scatec Solar 163 (Pty) Ltd	South Africa	92%	16	16
Scatec Solar Operations (Pty) Ltd	South Africa	51%		
Scatec Solar Construction (Pty) Ltd	South Africa	51%		
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	100%	3	3
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	76.7%	96	96
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	80.7%	71	71
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	-	-
Scatec Solar Corporation	Tokyo, Japan	100%	-	-
Scatec Solar Rwanda Ltd	Rwanda	100%	-	-
Gigawatt Global Rwanda Ltd	Rwanda	57%	27	26
Scatec Solar Honduras SA	Honduras	100%	22	22
Produccion de Energia Solar Demas Renovables SA Honduras		40%	60	60
Fotovoltaica Surena S.A.	Honduras	70%	153	170
Generaciones Energeticas S.A.	Honduras	70%	148	164
Fotovoltaica Los Prados S.A.	Honduras	70%	67	72
Foto Sol S.A.	Honduras	70%	3	6
Energias Solares S.A.	Honduras	70%	90	99
Scatec Solar DMCC	United Arab Emirates	100%	-	-
Scatec Solar Netherlands B.V.	The Netherlands	100%	1,523	934
Release Management BV	The Netherlands	100%	170	5
Aswan PV Power SAE	Egypt	25%	2	2
Scatec Solar Mozambique Limitada	Mozambique	0.5%	8	8
Scatec Solar Mali S.A.	Mali	100%	-	-
Scatec Solar West Africa	Mali	51%		
Segou Solaire S.A.	Mali	50%	-	-
			2,620	1,984

A complete list of all companies in Scatec Group is listed in Note 27 Consolidated subsidiaries of the Consolidated financial statements.

NOK million				
Associates and joint ventures	Office	Ownership	Carrying value 2020	Carrying value 2019
Kube Energy AS	Oslo, Norway	25%	2	2
<b>Total</b>			<b>2</b>	<b>2</b>

## Note 10 Inventory

The carrying value of projects under development are presented as inventories and are stated at the lower of cost and net realisable value. The project assets are related to solar power plants under development and construction.

### Project geography

NOK million	2020	2019
Europe	92	66
West Africa	44	42
Asia	39	37
North Africa	7	1
South America	4	-
Middle East	0	14
East Africa	0	1
South-Africa	0	113
<b>Carrying value inventory at 31.12</b>	<b>186</b>	<b>274</b>

The impairments done during 2020 were NOK 2 million (2019: NOK 19 million). The impairments are presented in Depreciation, amortisation and impairment.

## Note 11 Cash and cash equivalents

NOK million	2020	2019
Restricted cash	29	49
Free cash	5,635	444
Total cash and cash equivalents	5,664	494

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, Nordea Bank, Swedbank and BNP Paribas as guarantee instrument lenders. The guarantee facility is mainly used to provide advanced payment-, performance- and warranty bonds under construction agreements, as well as trade letter of credits. The intercreditor agreement is entered into by Scatec, the issuing banks under the guarantee facility and GIEK. GIEK can issue counter indemnity in favour of the issuing banks on behalf of the relevant instrument lenders.

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, the USD 90 million RCF was increased to USD 180 million.

The financing of the SNP Power acquisition includes the following 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 of years from closing
- USD 400 million acquisition finance provided by Nordea, Swedbank and DNB

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.

At 31 December 2020, Scatec was in compliance with all financial covenants. 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 increase in interest expenses relate to arrangement fees for securing the financing package of the acquisition of SN Power.

Refer to bond agreement available on [www.scatec.com/investor/debt](http://www.scatec.com/investor/debt) for further information and definitions.

Ref Note 16 for further information on the bonds.

## Note 12 Equity and shareholder information

NOK million	Issued capital	Share premium	Other equity	Total equity
Equity as of 31.12.2019	3	3,108	-23	3,088
Profit/(loss) for the period	-	-	518	518
Share-based payment	-	14	-	14
Capital increase from exercised employee share options, net of transaction cost after tax <sup>1)</sup>	-	26	-	26
Private placement, net of transaction cost after tax <sup>2)</sup>	1	6,575	-	6,576
Share purchase program	-	-1	-	-1
Accrued dividend			-173	-173
Additional dividend paid			-131	-131
Equity as of 31.12.2020	4	9,720	191	9,915

1) On 31 January 2020, as part of the Group's incentive program, a share capital increase raised NOK 26 million net of transaction cost after tax, through an exercise of employee share options consisting of 222,553 new shares at a price of NOK 28.08 per share, 169,086 new shares at a price of NOK 47.65 per share and 162,878 new share at a price of NOK 72.03 per share.

2) During the second and fourth quarters 2020 Scatec successfully raised NOK 6,576 million net of transaction cost after tax, through a private placement consisting of 12 million new shares at a price of NOK 164 per share in second quarter and 20.652 million new shares at a price of 230 per shares in fourth quarter. At 31 December 2020, the share capital amounted to NOK 3,958 million. All shares rank in parity with one another and carry one vote per share.

On 16 July 2020, the Annual General Meeting of Scatec ASA resolved to pay a dividend of NOK 0.95 per share, totalling NOK 131 million. The dividend was paid to the shareholders on 3 August 2020.

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

On 2 February 2021, the Board of Directors announced its intention to propose a dividend of NOK 1.09 per share to the Annual General Meeting.

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%
J.P.MORGAN 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	0.67%
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	100.00%

Board of Directors		Number of shares	Ownership
John Andersen, Jr. <sup>1)</sup>		-	0.00%
Jan Skogseth		22,000	0.01%
Gisele Marchand		2,586	0.00%
John Giverholt		4,000	0.00%
Maria Moræus Hanssen <sup>2)</sup>		2,760	0,00%
<b>Total at 31 December 2020</b>		<b>32,346</b>	<b>0,02%</b>

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

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

Management		Number of shares	Ownership
Raymond Carlsen <sup>1)</sup>	Chief Executive Officer	3,105,290	1,63%
Mikkel Tørud	Chief Financial Officer	223,817	0.14%
Terje Pilskog <sup>2)</sup>	EVP Project Development & Project Finance	510,877	0.32%
Roar Haugland <sup>3)</sup>	EVP Sustainable Business & HSSE	186,639	0.12%
Torstein Berntsen <sup>4)</sup>	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%
<b>Total at 31 December 2020</b>		<b>4,742,563</b>	<b>3,00%</b>

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 shares held by Terje Pilskog directly

3) Held through the controlled company Buzz Aldrin AS, whereof 877 shares held by Roar Haugland directly

4) Held through the controlled company Belito AS, whereof 17,877 shares held by Torstein Berntsen directly. In addition, 895 shares are held by held by Torstein Berntsen's spouse. These are not included in the total presented in the table above.

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

## Note 13 Guarantees, contractual obligations, contingent liabilities

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. These guarantees are issued under the guarantee facility established by Scatec ASA. Outstanding 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 and the contracts relate to construction activities where Scatec has a solid track record. A bid bond is a guarantee issued to the provider in a tender process. Scatec ASA is also providing equity guarantees to project lenders, if project debt is disbursed to project companies before equity.

When required, Scatec ASA is providing a parent guarantee on behalf of subsidiaries for their fulfilment of contractual obligations.



### Scatec ASA 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 593 million (NOK 859 million as of 31 December 2019) primarily related to the construction contracts for power plants in Egypt, Malaysia, South-Africa, Ukraine and Brazil.
- Warranty guarantees of NOK 166 million (NOK 80 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 66 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 80 million (NOK 477 million as of 31 December 2019) primarily related to equity guarantee and commitment guarantee in Malaysia 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):

Guarantee duration				
NOK million	2021	2022	2023	>2023
Advance payment guarantees	210	-	-	-
Performance guarantees	229	363	-	-
Warranty guarantees	166	-	-	-
Bid Bonds	86	13	-	-
Other guarantees	67	-	4	9
<b>Total</b>	<b>758</b>	<b>376</b>	<b>4</b>	<b>9</b>

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 does 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 ASA has contractual obligations primarily through office lease. Further, the group commitments in contracts with suppliers of equipment and sub-EPC services related to the plants under construction in South Africa.

### Contractual obligations

NOK thousand	2021	2022	2023	>2023
Leases (office rental)	19	18	12	75
Total purchase modules, inverters etc	6	-	-	-
Total contractual obligations	25	18	12	75

## Note 14 Transactions with related parties

### Related parties

Subsidiaries and associates  
Key management personnel

### Transactions

Management, development and EPC services and financing  
Loan and payroll

### Transactions with related parties

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2020 and 2019 are:

#### Subsidiaries – EPC services

Scatec ASA sold EPC services amounting to NOK 576 million in total during 2020 (2019: NOK 2,916 million). Scatec ASA has been EPC contractor for the construction of power plants in Ukraine, Malaysia, and South Africa. During 2020 total revenues on these contracts amounted to NOK 544 million (2019: NOK 2,879 million). In 2020 the company continued to deliver construction services to subsidiaries in Malaysia, South Africa, Jordan, Brazil, Egypt, Ukraine, and Argentina contracted as a sub-contractor. The revenues for 2020 amounted to NOK 31 million (2019: NOK 37 million).

#### Subsidiaries – development services

During 2020 the company did not reach Financial close on any projects.

During 2019 Scatec ASA sold development project rights amounting to NOK 15 million. The sale of rights related to the financial close and transfer of rights for the Boguslav, Chigrin and Progressovka projects in Ukraine amounting to NOK 15 million.

#### Subsidiaries - management service income

Scatec ASA has during 2020 charged NOK 22 million for corporate services provided to its subsidiaries (2019: NOK 30 million).

#### Subsidiaries and associates - financing

In the course of the ordinary business, inter-company financing is provided from Scatec to its subsidiaries. Long-term financing is interest bearing and priced at arm's length. Refer to Note 7 for specification of interest income/expenses from/to subsidiaries and Note 9 Investments in subsidiaries, joint ventures and associated companies.

### Scatec Innovation AS – consultancy services

Scatec ASA acquired certain consultancy services to maintain the global trademark Scatec ASA from Scatec Innovation AS, NOK 43 thousand for 2020. For the year ended 31 December 2020 the company incurred fair share of travel agency service cost of NOK 139 thousand (2019 NOK 227 thousand). Travel agency service is presented as other operating expenses in the statement of income. As per 31 December 2020 the trade payables to Scatec Innovation AS was NOK 0 thousand (2019: NOK 0 thousand). In connection with the Scatec ASA equity issue in 2019 and 2020, Scatec ASA entered a share lending agreement with the joint book-runners and Scatec Innovation AS.

Refer to Note 4 for information regarding transactions with key management personnel.

## Note 15 Provision for bad debt

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

## Note 16 Bonds

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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](http://www.scatec.com/investor-overview) for further information and definitions.

Refer to Note 11 – Cash and cash equivalents, for description of other sources of corporate funding.

## Note 17 Other current liabilities

NOK million	2020	2019
Deferred income EPC projects	103	422
Liabilities to co-developers	16	4
Accrued interest expenses	6	6
Vacation allowances, bonus accruals etc.	29	26
Other	98	43
<b>Total current liabilities</b>	<b>252</b>	<b>501</b>

## Note 18 Subsequent events

For information about subsequent events, refer to Note 30 Subsequent events in the consolidated financial statement of the Group.