Scatec

Annual Report

2023

Content

Our vision

Improving our future

Our mission

To deliver competitive and sustainable renewable energy globally, to protect our environment and to improve quality of life through innovative integration of reliable technology

Our values

Driving results
Changemakers
Predictable
Working together

Scatec is a leading renewable energy provider, accelerating access to reliable and affordable clean energy in emerging markets. We develop, build, own and operate renewable energy plants, with 4.2 GW in operation and under construction across four continents at year end 2023. Additionally, Scatec started construction for 0.3 GW in the first quarter 2024.

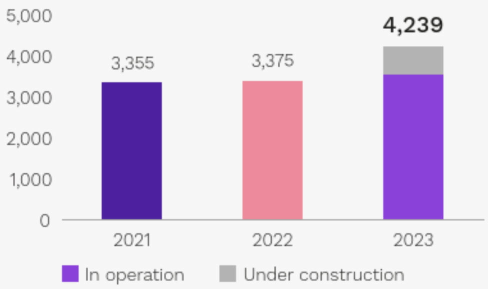
Sustainability is a fundamental part of our organisation, rooted in all our business units and integrated across our value chain. We are committed to grow our renewable energy capacity, delivered by our passionate employees and partners who are driven by a common vision of 'Improving our Future'. Scatec is headquartered in Oslo, Norway and listed on the Oslo Stock Exchange under the ticker symbol 'SCATC'.

Performance highlights

Operational & Financial

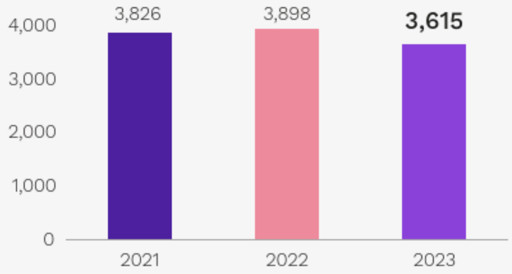
Plants in operation & under construction

MW



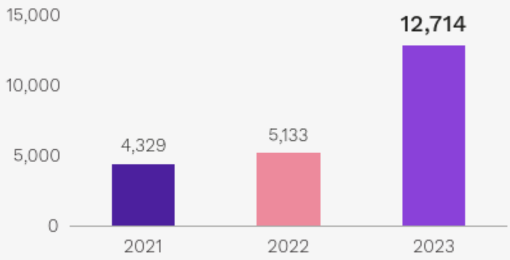
Power production

GWh



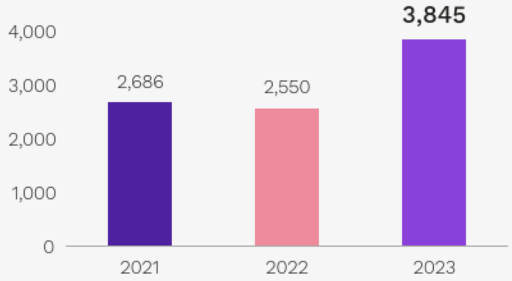
Revenues

NOK MILLION



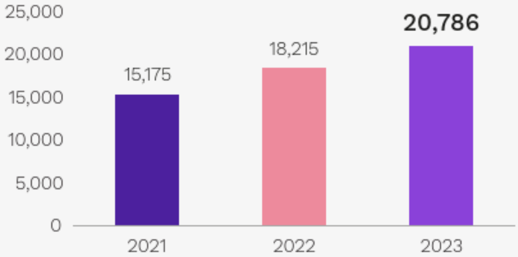
EBITDA

NOK MILLION



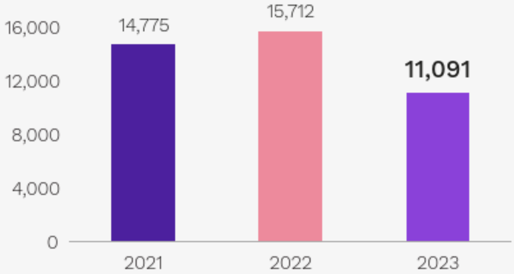
Net interest-bearing debt

NOK MILLION



Project pipeline

MW



For detailed information about operational and financial results, see Report from the Board of Directors

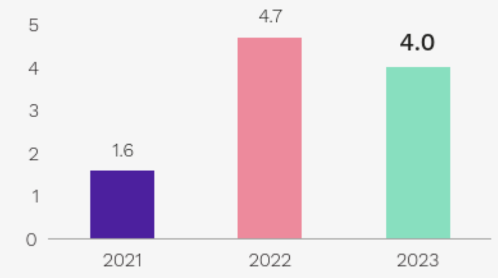
Note: MW in operation and pipeline figures are presented on a 100% basis, while the remaining figures are proportionate to Scatec.

Performance highlights

Environmental, social and governance

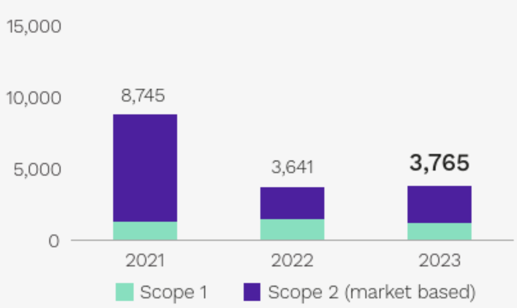
GHG emissions avoided

MILLION TONNES



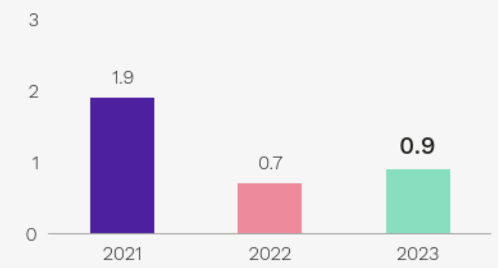
Scope 1 & 2 emissions

tCO2e



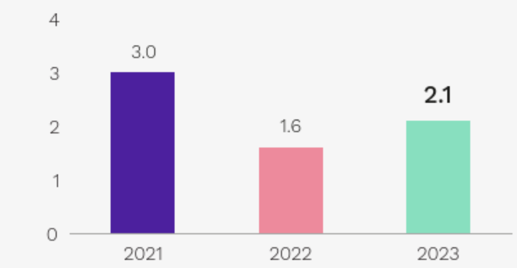
Lost time incident frequency (LTIF)

PER MILLION HOURS

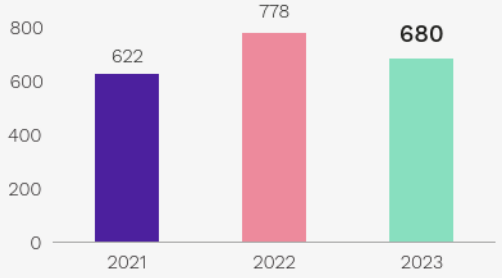


Total recordable injury frequency (TRIF)

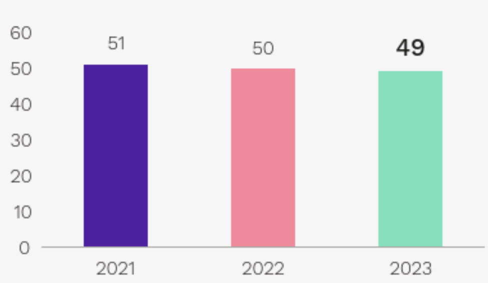
PER MILLION HOURS



Number of employees



Nationalities



For detailed information about our ESG results, see ESG Performance Report 2023

Note: The 2023 GHG emissions avoided figure includes annual production for all projects on a 100% basis.

Letter from the CEO

2023 was a year marked by geopolitical uncertainties, a turbulent macroeconomic environment, and volatile interest rates, but also significant progress for Scatec. In light of the external turbulence, we have strategically positioned the company for continued growth in 2024 with a self-funded and more focused strategy. Further, we have had all-time high construction activity, delivered strong financial results, and secured new projects for further value creating growth through 2024 and onwards. It is a privilege to lead Scatec with its commitment to accelerate the growth of renewable energy to combat climate change based on a clear business model, strong track-record and a competent and talented organisation.

During the year, we have sharpened our strategy, focusing on solar, wind, and batteries to capitalise on a significant drop in solar panel prices, batteries, and transportation costs. We concentrated on core markets to ensure we are well positioned for profitable growth while reducing operational costs. We adjusted our growth ambition to NOK 500-750 million gross equity investments annually while staying committed to delivering attractive returns of 1.2 cost of equity, D&C gross margins of 8-10%, and O&M margins of 25-30%.

Reflecting on 2023, it is with great pride that I share the solid strides made by our global team in delivering on our strategy. Power production generated 3.6 TWh of clean energy from our plants in operation, delivered an EBITDA of NOK 3.2 billion, including gains from sale of assets. The segment underscores our commitment to sustainability, resulting in the avoidance of 4.0 million tonnes of greenhouse gas emissions.

Development and Construction (D&C) achieved all-time high revenues of NOK 8.2 billion with a robust average gross margin of 12%. In our highest-ever construction programme we added a significant capacity increase of 1.2 GW. In South Africa, we started commercial operation of Kenhardt in December 2023, a unique project totalling 540 MW solar and 225 MW/1,140 MWh battery storage. As one of the world's largest hybrid generation and storage facilities, Kenhardt successfully supplies 150 MW of dispatchable power to the grid under a 20-year PPA contract with Eskom. This project, delivered on time and within budget, not only adds value to power production but also contributes significantly to the communities it serves, showcasing Scatec's role in positively impacting people and improving the future.

In Pakistan we completed construction and started commercial operation for the 150 MW Sukkur project in January this year. In Brazil, the 531 MW Mendubim solar plant started commercial operation in March 2024. The combined operational output from these three projects is projected to contribute NOK 750 million annually in EBITDA to Scatec within our power production segment.

During the year, we successfully secured NOK 2.7 billion in new growth funding through strategic measures such as the divestment of non-core assets, capital recycling, and platform funding via new partnerships. Divestments included four solar power plants in South Africa, Mozambique, Argentina, and Rwanda. Our newly established platform, Release, demonstrated the strength of its business model by securing USD 202 million in debt and equity funding and USD 65 million in guarantees through transactions involving our esteemed partners, Climate Fund Managers and IFC.

In 2023, our commitment to HSSE, sustainability and ESG continued. With the approval of our climate targets by the Science Based Target Initiative (SBTi), we embarked on a comprehensive climate roadmap, outlining six key initiatives that underwent assessment for cost drivers, barriers, and urgency. Our primary focus will be on electric vehicles and charging stations, SF6 leakages and supplier engagement, underscoring our dedication to a sustainable future.

In addition, our strategic reporting efforts aligned with strict ESG regulations, including the EU Taxonomy, Transparency Act, and Corporate Sustainability Reporting Directive (CSRD), recognising the positive impact of increased regulations on corporate transparency. Preparing for CSRD implementation in 2024, we conducted a thorough double materiality analysis, engaging with internal and external stakeholders to assess both impact and financial materiality. During the year, we also gained an A+ grade in ESG reporting by Position Green, a top-tier rating in the ESG100 report and an A rating from CDP, highlighting our steadfast commitment to sustainability, transparency and ESG reporting.

Looking ahead to 2024, Scatec is well-positioned for continued growth. Our pipeline has been optimised, with over 1 GW of new solar projects added in the final quarter of last year. Construction has started in South Africa and Botswana, representing NOK 350 million in equity investments and D&C revenues of NOK 2.5 billion. In terms of future profitable growth, we ended a successful year by securing additional projects for 2024, including the award of South Africa's first battery project of 103 MW/412 MWh and a subsequent expansion in Botswana to 120 MW.

Furthermore, we addressed our upcoming 2025 debt maturities in the beginning of 2024 through a refinancing of the USD 150 million Green Term Loan and a NOK 1.75 billion green bond issue with a subsequent buy-back of EUR 136 million of outstanding bonds. These re-financing achievements significantly improves the debt maturity structure on corporate level.

We are poised for continued success in our mission to deliver affordable and clean energy, together with our team of changemakers, customers and partners. I extend my warmest regards to our employees in Ukraine, who continue to excel under challenging conditions, contributing to our achievements.

Terje Pilskog

Terje Pilskog, CEO

It is evident that renewable energy has reached unprecedented levels of competitiveness. To meet the challenges of climate change and address the energy trilemma, the imperative to shift towards green energy has never been more compelling. Let us collectively embrace this opportunity to lead the way towards a sustainable and resilient future.

2023 – delivering on strategy

In 2023, Scatec delivered on key strategic priorities, including recycling of capital, securing attractive growth for 2024 and reached final stages in its largest construction programme in history with 1.2 GW of solar power and 225 MW of battery storage.

Q1

- Signed agreement to sell our 42% equity share in the 258 MW Upington solar power plant in South Africa for a gross consideration of ZAR 973 million
- Refinanced USD 193 million bridge facility with a green term loan and a green bond
- Hans Jakob Hegge entered the role as Scatec's new CFO
- Net Zero targets approved by Science Based Targets initiative and Net Zero Strategy announced

Q2

- Reached financial close for the 273 MW Grootfontein project in South Africa
- Implemented a cost reduction programme with a target to reduce operating expenses by NOK 150 million from first quarter 2024 compared to first quarter 2023 level
- Closed the transaction to divest our 42% share in the Upington solar power plant
- Published first Transparency Act Statement detailing human rights work undertaken during 2022

Q3

- Signed agreement to sell our 52.5% equity share in the 40 MW Mocuba solar power plant in Mozambique for USD 8.5 million
- Release raised USD 102 million in funding to further accelerate growth ambitions and gained a strong partner in Climate Fund Managers
- Scored A+ grade in Position Green's annual analysis of ESG reporting – among the top-rated companies in Scandinavia
- Announced an adjusted, self-funded growth plan, aligning the growth rate with internal funding capacity, targeting NOK 500-750 million of annual equity investments in renewable energy
- Completed double materiality assessment aligned to the Corporate Sustainability Reporting Directive (CSRD) requirements

Q4

- Awarded a 103 MW battery storage project in government tender in South Africa
- Signed an early-stage cooperation agreement for a 1 GW solar and 200 MWh battery storage project in Egypt, at COP28 in Dubai
- Started commercial operation of Kenhardt, one of the world's largest hybrid solar and battery project with 540 MW solar and 225 MW/ 1,140 MWh battery storage
- Release partnered with IFC, and signed a USD 100 million loan agreement and a USD 65 million guarantee facility to support the payment obligations of Release's customers
- Closed the transaction to sell Mocuba in Mozambique
- Reached financial close for the first 60 MW of the 120 MW Mmadinare Solar Complex in Botswana
- Signed agreement to sell our 54% equity share in the 8.5 MW Asyv solar power plant in Rwanda
- Scatec placed on Carbon Disclosure Project's (CDP) A-List with top score

Our strategy

We develop, build own and operate renewable energy in emerging markets

Scatec is a leading renewable energy company. We are dedicated to accelerating the deployment of reliable and affordable clean energy in emerging markets.

Growing renewables

Towards 2027 we will continue to grow our renewables capacity, targeting NOK 500-750 million in annual gross equity investments. Solar PV, wind and battery storage will make up the largest share of our investments due to its complementary profiles and attractive fundamentals. We will utilise our competitive integrated business model and stay committed to delivering attractive returns of 1.2 times the cost of equity, D&C gross margins of 8-10% and O&M margins of 25-30%.

We aim to build stronger and longer-term positions in selected emerging markets, where we see a clear green agenda and potential to build scale and apply our proven model. We are ramping up growth in South Africa, Egypt, Brazil and the Philippines where we have a strong track record and operational portfolios, while we are building positions in India and Poland. Beyond these focus markets, we will maintain our opportunistic approach, applying strict guidelines on potential projects in terms of size and value creation.

Scatec will further grow selectively in green hydrogen and hydropower. Our green hydrogen efforts are focused on Egypt where we have secured projects with excellent renewable energy resources and export hubs to Europe. Within hydropower, Scatec's JVs with Aboitiz in the Philippines and Norfund and BII in Hydro Africa are exploring attractive growth opportunities.

Optimising the portfolio

We further seek to optimise our portfolio through capital recycling. Our capital recycling rationale is to re-invest capital into new value creating projects and also seek to reduce debt on corporate level over time. We will exit selected non-core markets to consolidate the portfolio as illustrated by Scatec's recent divestments of Mozambique, Rwanda, and Argentina. We might also realise selective divestments or farm-downs in our focus markets if it is value creative and does not harm our strategic position, exemplified by the sale of Upington in South Africa.

Our integrated business model

Leveraging our core competences to ensure low risk, sustainable and value accretive operations

Our integrated business model ensures transactional and operational control throughout the project lifecycle which ensure de-risking of the projects from a financial and operational perspective, while managing health and safety matters including the potential impact on people, communities, and the environment.

This business model includes the development, construction, ownership, and operation of renewable energy plants in emerging markets and the sale of power primarily under long-term power purchase agreements (PPAs). Our approach is to offer the most cost-efficient solution for each project, ranging from a single technology to a combination of integrated renewables technologies.

Development

During the initial phase of a project, we secure attractive locations, grid connections, licences and permits and enter discussions with potential long-term partners. Based on this, environmental and social impact assessments and studies are performed to ensure that each project meets our strict HSSE standards. We negotiate commercially viable PPAs with potential off-takers and start plant design. All project details are summarised in a business case which is benchmarked against our investment criteria. It is our strong conviction that early-stage development is crucial for sustainable value creation.

Structuring & financing

We use our experience to structure and integrate all project documents in collaboration with our financing partners to raise equity and predominately non-recourse debt for the project. Further development work, as well as engineering and construction planning, is performed in parallel with readying the project for construction.

Another key task is optimising project cash flows to maximise returns. Once these have been agreed with our financing partners, a final investment decision is made, and the project reaches financial close.

Construction

During construction, Scatec typically assumes the role of turn-key engineering, procurement, and construction (EPC) provider for the power plant, dependent on project structure and technology. This ensures full control over risk mitigating actions, costs, quality, and progression as well as maintaining a strong emphasis on health, safety, security, and environmental issues.

Operations

Once commissioned, the power plant commences commercial operation and Scatec is often responsible for operations and maintenance and asset management services, with the aim of maximising performance. These services are delivered under long- term service contracts with pre-agreed commercial terms.

Ownership

As owner of the power plants we ensure that they are operating according to requirements. We also manage stakeholders and report to our lenders, partners and the authorities. We receive annual dividends based on cash flows generated under the long-term PPAs or through the sale of power in the power market.

Portfolio optimisation

During the operating lifetime of a project, we aim to extract additional value through refinancing of the project debt at improved terms, and through asset rotation with recycling of capital into new investments in renewable energy.

Investment and funding approach

Multiple sources of value creation from the integrated business model

We have a strong commitment to generate shareholder value through profitable and sustainable growth. To deliver on this commitment, we invest selectively and scrutinise all our investment opportunities against our investment criteria.

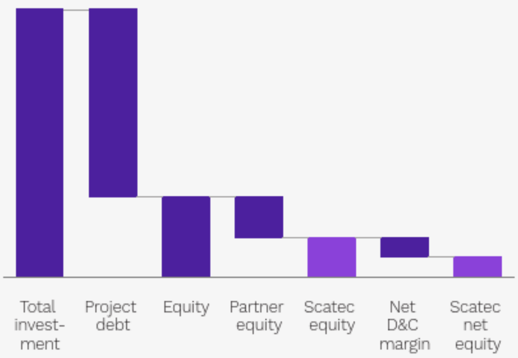
We have a project equity IRR target of 1.2 times the cost of equity in local currency, based on the expected cash flow from power production, and excluding other sources of revenue identified in our integrated business model. The cost of equity is calculated individually for each project based on a standardised CAPM methodology that takes into account e.g., relevant cost of debt, currency, leverage, and country risk premium.

Our renewable energy power plants are normally organised in single purpose vehicles and are predominately financed by equity from Scatec and co-investors representing 20–30 per cent of the investment and non-recourse project debt representing the remaining 70–80 per cent of the total investment.

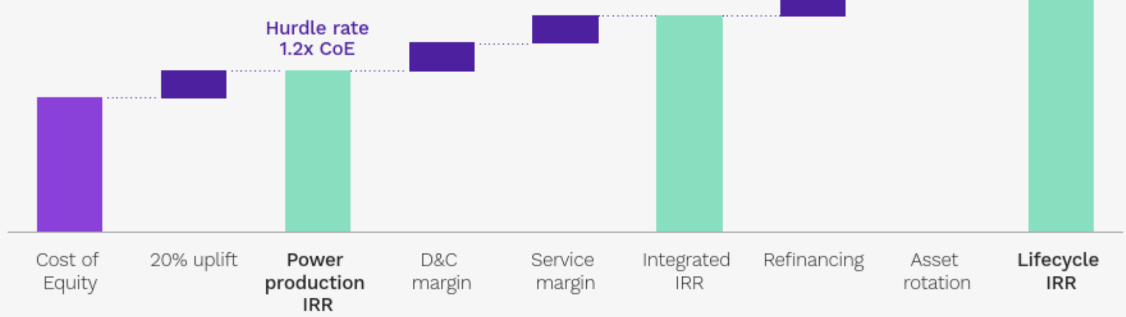
We seek to retain a majority ownership of the assets, with the remaining equity and debt provided by commercial and multilateral finance institutions that are attracted by the return rates and the environmental and social benefits of the renewable projects.

In our role as Developer and EPC provider, we aim to achieve a gross Development & Construction margin of 8-10 per cent which can be used to fund a substantial part of our equity investment in the project. Revenues from this segment represent up to 80 per cent of project capex depending on type of technology and project structure. Once operational we seek additional value uplift to project returns through refinancing at improved terms and asset rotation. When combining the effects of several revenue sources, the total return during the lifetime of a project is typically higher than the stand-alone project equity IRR. This illustrates the robustness of our integrated business model.

Illustration of funding structure



Sources of value creation



Risk and risk management

Integrated risk management

At Scatec, risk management is an integrated part of the operating system. Over the years we have systematised our approach to risk management through policies and procedures controlled by our management team and relevant functions, including Solutions, Finance, Internal Audit, Legal, Sustainability, HSSE, Compliance, and O&M. Our main risk management policies are reviewed and approved by the Board of Directors on a regular basis.

Our integrated operations in emerging economies and renewable technologies mean that we are exposed to a variety of risks. Our ability to manage these risks is fundamental to our success and has over time developed into a key competitive advantage for Scatec. We capitalise on our experience of complex environments and risk management systems to de-risk an opportunity and move it forward.

In accordance with our risk management system, all project risks are identified and addressed in management and project reviews and reported upon on a regular basis. These reports are an important part of our decision gate reviews. Annual and quarterly risk reviews are performed by the Executive Management Team, and the conclusions of the reviews are reported to the Board of Directors.

"Scatec shows resilience and strategic foresight by integrating risk management into its operational DNA. Through policies and cross-functional collaboration, Scatec transforms challenges into competitive advantages, showcasing that in the realm of emerging economies and renewable technologies, mastering risk is key to success. The Board's regular scrutiny ensures a proactive stance, turning uncertainties into opportunities and positioning Scatec as a frontrunner in sustainable growth in complex environments."

– Hans Jakob Hegge, CFO

People and Organisation

Prepared for the Future

Scatec is a values-driven organisation with a commitment to fostering positive change. Our proven track record and extensive experience are integral to our efforts to institutionalise best practices, ensuring their effective application in new situations. Through on-the-job training facilitated by cross-functional teams organised around projects during the development phase, we aim to continuously enhance our capabilities.

Embracing diversity as a vital and inherent aspect of our organisation, we recognise its importance in shaping our collective success. By combining robust functional, technical, and operational expertise with a keen understanding of local markets, we strive to deliver optimal solutions. Our goal is to seamlessly integrate the best of our global capabilities into local contexts, creating a harmonious and impactful approach.

Looking ahead, we envision a multitude of opportunities to leverage our market insights, explore new opportunities, and manage risks effectively. Our unique expertise in navigating complex environments serves as the driving force behind our commitment to actively engage with all stakeholders, including local communities, as we strive to foster a better future. As Scatec employees, we are united by our shared commitment to our integrated business model, enabling us to efficiently navigate the complexities of our renewable energy projects in emerging markets.

As the macro environment undergoes continual shifts, it is imperative to fortify and establish an agile organisation capable of adapting to these changes, aligning with our project portfolio and dynamic markets. Our organisational make-up is aligned with Scatec's overall growth strategy, which was revised in 2023, and as a result we also adjusted the organisation in key markets including Norway and South Africa.

Scatec is placing significant emphasis on the development of both core and new competencies. With a distinctive business model operational in knowledge-intensive markets, our focus has been and will continue to be on nurturing and engaging our employees. The cultivation of robust leadership is deemed essential for steering our business and achieving results through the collective efforts of our people.

Our values, serving as the bedrock of our culture, influence our actions and conduct. Diversity and inclusion are not just values, but strategic imperatives integrated into our culture, providing a competitive edge for Scatec. We are particularly focused on equipping our people to foster this culture and guide us to success in the face of a complex and ever-changing environment.

We will continue to fortify our organisation, develop our talent, and reinforce our culture. Simultaneously, our attention is directed towards empowering our workforce with digital expertise, harnessing technology to optimise workstreams and enhance overall effectiveness.

In 2023, our international team comprised 680 permanent employees. The majority of our employees are located in our offices in South Africa, Egypt, the Philippines, Brazil and Norway. With 49 different nationalities across four continents, we take pride in our diverse workforce, recognising it as a catalyst for our success. Our continuous effort in enhancing gender diversity has resulted in 30% female representation overall and 29% in management levels across our organisation in 2023. We remain steadfast in our dedication to being agents of change within DEIB (Diversity, Equity, Inclusion, Belonging), especially in regions where achieving gender diversity and equality poses a more substantial challenge compared to Norway.

Net zero: From targets to action

In first quarter 2023 Scatec's climate targets were approved by the Science Based Target Initiative

During the year, Scatec developed a climate roadmap for its path to net zero.

The roadmap highlights six key emissions reduction initiatives that the Company will pursue towards 2040.

In 2024, key focus will be on electric vehicles and charging stations, SF6 [1] and engagement with strategic suppliers on climate matters.

- #1: Electric mobility
- #2: SF6
- #3: Biofuel on generators
- #4: Back-up power
- #5: Electricity use
- #6: Supplier engagement

NET ZERO
by 2040

2030	2040
Scope 1: **95%** reduction	Scope 1 & 2: **99%** reduction
Scope 2: **Zero** emissions	
Scope 3: **55%** reduction/ kWh	Scope 3: **97%** reduction/ kWh

1) SF6 gas (Sulfur hexafluoride) is a greenhouse gas that is mainly used in medium and high-voltage switchgears in the electric power grid

Diversity, equity, inclusion and belonging (DEIB) ambassador programme

Scatec launched a companywide DEIB training programme in 2022, focused on gender and other forms of diversity. In 2023 the programme constituted 50 DEIB ambassadors across 4 global regions.

Several programme milestones were reached during the year, including the following:

- Performed over 20 actions on 6 locally chosen DEIB topics - language, diversity (gender, religion, age, and disability), gender violence, microaggressions, diversity in hiring and cultural diversity.
- Changed the status quo in several countries, some examples:
  - Raised the bar on DEIB requirements towards our suppliers
  - 30% working in O&M in our Mendubim project in Brazil are women.
  - Women in Egypt can now choose to work night shifts if they want to

Read more on our corporate website

Energy transition

Renewables are more competitive than ever

The world needs renewable energy to serve a growing population, create economic development in emerging markets and drive the energy transition.

2023 showcased a record year for global renewable capacity additions, with an increase of almost 50% compared to 2022 according to IEA.. At COP28, 130 countries pledged to triple renewable energy capacity by 2030, and for the first time a commitment to transition away from fossil fuels was agreed.

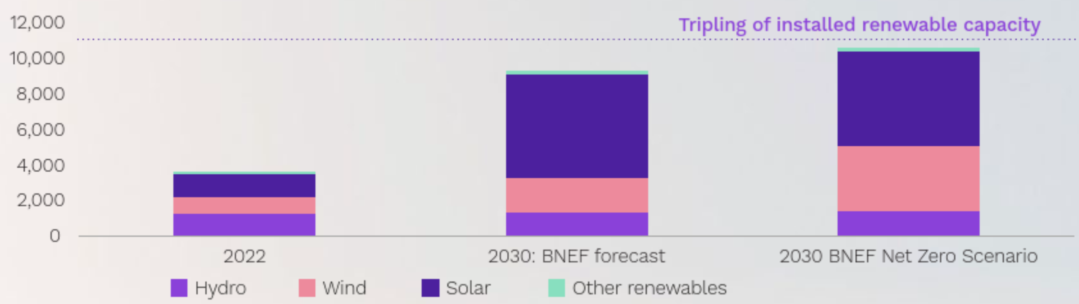
To achieve net-zero emissions by 2050, the world must triple its efforts by 2030, as stated by BNEF.

This requires a significant acceleration, including:

- A doubling of annual investments in renewable energy towards 2030 compared to 2022
- Power grid investment to be nearly three times more in 2030 than it was in 2022
- Battery storage capacity to increase 16.1 times the total deployment at the end of 2022

Global installed renewable capacity, Bloomberg New Energy Finance scenarios

11 TW cumulative renewables capacity by end of 2030 in a tripling scenario

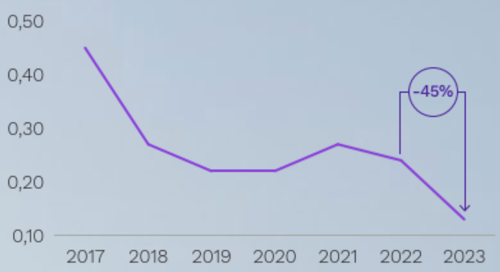


Price drops pave the way for attractive growth

The competitiveness of renewables continued to strengthen in 2023 with prices for solar modules and battery storage system reaching an all-time low during the year, and with significant capacity expansion throughout the value chains estimated to put continued pressure on prices in 2024. Power generated from solar and wind are now the most cost-efficient source of energy in the majority of the markets where Scatec operates.

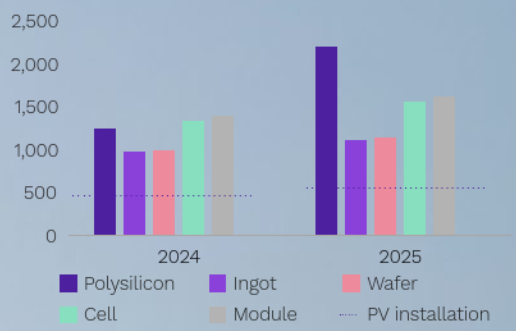
PV module prices

USD/W



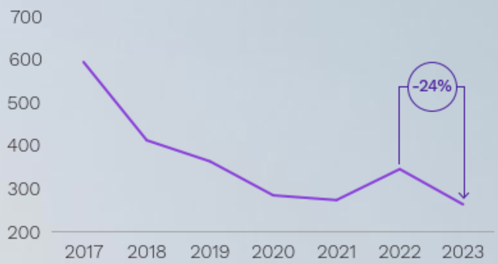
2024 & 2025 Est. solar PV market balance

PV COMPONENT MANUFACTURING CAPACITY VS. INSTALLATION VOLUME, GW



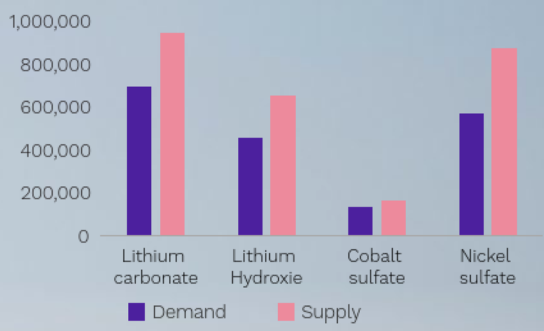
Turnkey energy storage system prices

FOUR-HOUR DURATION SYSTEMS, USD/KWH



2024 Est. battery metals balance

MILLION TONNES



Sources: Bloomberg New Energy Finance and Clean Energy Associates

Further Growth in 2024

Grootfontein, 273 MW solar power project in South Africa

In June 2023, we reached financial close for the Grootfontein project. This was the first REIPPPP solar PV project to reach financial close from the fifth bidding round in South Africa. Initial construction activities started on site at the end of the year, with full construction ramp-up in the beginning of 2024.

The solar power plants are our first assets located in the Western Cape province of the country. The plants will deliver much needed renewable energy to approximately 100,000 households in the region under a 20-year Power Purchase Agreement, leading to a total abatement of 630,000 tonnes of CO2 emissions annually.

Mmadinare Solar Complex, 120 MW solar power project in Botswana

The project is our first project in Botswana and the country's first utility-scale solar project. Botswana is rich in natural resources and has vast solar energy potential with over 3,200 hours of sunshine per year, and an ambition to drive a renewable energy transformation.

During 2023, we reached financial close for the first 60 MW and were awarded a 60 MW extension, taking the total capacity to 120 MW. The Mmadinare Solar Complex will sell power under a 25-year power purchase agreement with Botswana Power Corporation. Construction of the first phase is kicking off in Q1 2024, and the project will be managed and realised by using our experienced team out of South Africa.

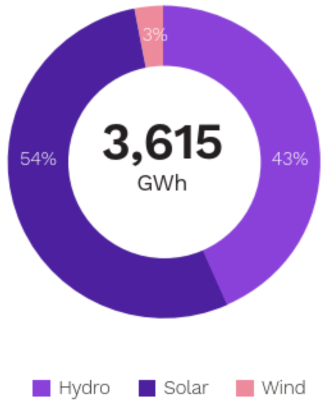
Mogobe, 103 MW/412 MWh battery storage, South Africa

In November 2023, we were awarded our first battery storage project in the first bid window of the Battery Energy Storage Independent Power Producer Procurement Programme (BESIPPPP) in South Africa, by the Department of Mineral Resources and Energy. The power will be dispatched under a 15-year power purchase agreement, with commercial close expected in June 2024.

Building on the experience garnered from our hybrid solar and battery storage projects at Kenhardt, we have established ourselves as a frontrunner in the dispatchable renewable energy landscape of South Africa and the African continent.

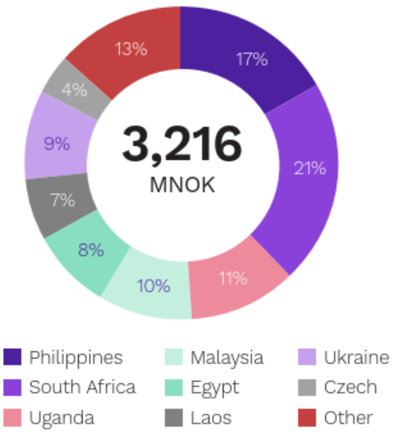
A diversified asset portfolio based on long-term contracts

Power production by technology

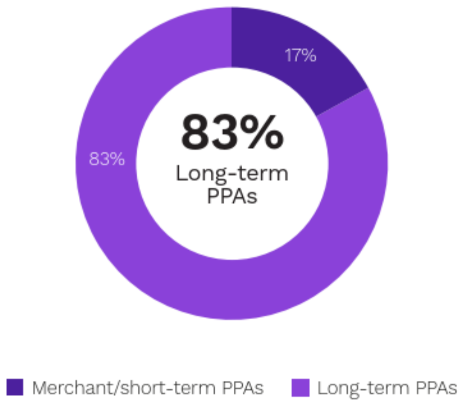


Share of renewable energy

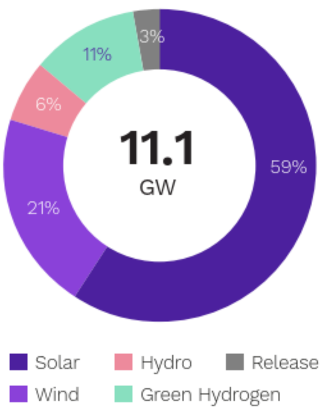
Power production EBITDA distribution



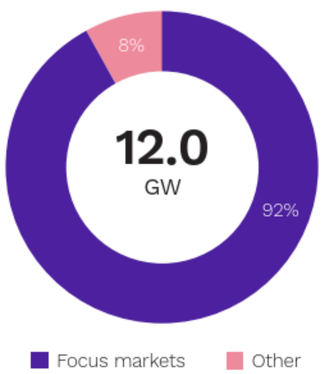
Offtake structure



Pipeline by technology



Pipeline & backlog



Power plants in operation

Country	Technology	Capacity MW	Economic interest	Remaining PPA tenor
South Africa		730	49%	15
Philippines		673	50%	NA [1]
Laos		525	20%	9
Egypt		380	51%	21
Ukraine		336	89%	8
Uganda		255	28%	19
Malaysia		244	100%	17
Brazil		162	44%	15
Honduras		95	51%	13
Jordan		43	62%	13
Vietnam		39	100%	15
Czech Republic		20	100%	7
Release [2]		38	68%	NA [1]
Rwanda		9	54%	16
Total		**3,549**	**52%**	

Projects under construction

Country	Technology	Capacity MW	Economic interest	PPA tenor
Brazil [3]		531	33%	20
Pakistan [4]		150	75%	25
Release [2]		9	68%	NA [1]
Total		**690**	**43%**	

Projects in backlog [5]

Country	Technology	Capacity MW	Economic interest	PPA tenor
Tunisia		120	51%	20
South Africa		273	51%	20
Egypt	H_2	260	52%	20
Botswana		120	100%	25
South Africa		103	51%	15
Total		**876**	**58%**	

1) Short-term bilateral contracts
2) Release has projects in operation in Cameroon and South-Sudan and under construction in Mexico
3) The Mendubim plant started commercial operation 8 March 2024
4) The Sukkur plant started commercial operation 31 January 2024
5) In Q1 2024, construction started for the 273 MW project in South Africa and the first 60 MW in Bostwana

Scatec's Executive management team as of 19 March 2023:

Terje Pilskog

Chief Executive Officer

Terje Pilskog was named CEO of Scatec in 2022, after serving as EVP Project Development since 2013. He was previously SVP of REC Systems and Business Development at Renewable Energy Corporation ASA. Prior to REC, he was Associate Partner at the management consulting company McKinsey & Co. Pilskog holds a Master of Science in Business Administration from BI Norwegian Business School.

Number of shares in Scatec: 542,204
Number of share options: 188,751

Hans Jakob Hegge

Chief Financial Officer

Hans Jakob Hegge became CFO of Scatec 1 March 2023. He was previously the CFO of Hitec Moreld. Prior to Hitec Moreld, he held the positions as Group CFO, US Country Manager and SVP Operations at Equinor. Hegge has more than 25 years of experience from the oil & gas industry, with 19 years in senior management positions in Statoil and Equinor. He has a MSc in Economics and Business Administration from the Norwegian School of Economics (NHH).

Number of shares in Scatec: 10,000
Number of share options: 121,621

Mohamed Amer

EVP Green Hydrogen & Egypt

Mohamed Amer was appointed EVP Green Hydrogen & Egypt in September 2023. He joined Scatec in 2016, a year after the company entered Egypt. Mohamed has held various senior roles in the company including in finance and asset management and green hydrogen. He comes from the role as Global Head of Green Hydrogen and Ammonia and General Manager for the MENA region. Before joining Scatec, Mohamed worked for BP, PwC, and KPMG. Mohamed is Egyptian and resides in Cairo.

Number of shares in Scatec: 419
Number of share options: 66,443

Eliseo (Andy) Ana

EVP Asia

Eliseo (Andy) Ana was appointed EVP Asia in November 2022. Andy joined Scatec in 2021 as SVP Hydropower Project Development, Head of Africa & Latin America and became SVP Global Head Hydropower Project Development in 2022. Prior this he was part of the management team of SN Power since 2018. He previously worked at SN Aboitiz Power. Andy is a Civil Engineer with a PhD in Engineering and an MSc in Water Resources Engineering. He has extensive experience in hydropower planning, development, and construction.

Number of shares in Scatec: 0
Number of share options: 96,963

Roar Haugland

EVP People, Sustainability & Digitalisation

Roar Haugland became EVP of Scatec in 2010. He has more than 20 years of experience from leading positions in business development, sales and management from large multinational companies like HP and IBM. Haugland holds a Master of Science in Mechanical Engineering from the Norwegian University of Science and Technology.

Number of shares in Scatec: 79,566
Number of share options: 116,400

Pål Helsing

EVP Solutions

Pål Helsing became EVP in 2015. Helsing was previously President of Kongsberg Oil and Gas Technologies AS and a member of the Kongsberg Group Executive Management Team. Before that, he held several executive positions within Aker Solutions. Helsing holds a Bachelor of Science Civil from Glasgow University and a Business Economics degree from BI Norwegian Business School.

Number of shares in Scatec: 6,204
Number of share options: 131,741

Ann-Mari Lillejord

EVP Latin America & Europe

Ann-Mari Lillejord was appointed EVP in May 2022. Prior to re-joining Scatec in April 2022 as SVP Project Development, Lillejord was a partner at HitecVision. She previously held commercial roles for Pareto Project Finance and SN Power in Singapore. Lillejord holds a MSc in Economics and Business Administration from the Norwegian School of Economics (NHH).

Number of shares in Scatec: 10,129
Number of share options: 77,525

Siobhan Minnaar

EVP General Counsel

Siobhan became EVP 1 February 2023. She came from the role as SVP Legal at Scatec and joined the company back in 2016. She has worked in the renewables industry for more than a decade, having worked on several large-scale renewable projects globally from inception to completion, M&A, all legal aspects related to project financing, project agreements as well as construction and supply chain contracts. Before joining Scatec, Siobhan worked for more than 7 years at Norton Rose Fulbright. Siobhan is South African and lives in Norway. She holds a LLB from the Nelson Mandela Metropolitan University.

Number of shares in Scatec: 0
Number of share options: 60,416

Pål Strøm

EVP Operations & Maintenance

Pål Strøm was appointed EVP in November 2022. Strøm was previously SVP of O&M for 5 years with responsibility for scaling and broadening the O&M service function in Scatec. Prior to joining Scatec, Strøm worked in Statkraft for 15 years holding various leadership position within both the Markets and Production divisions of the company. Strøm holds an MSc degree in Electrical Engineering from the Norwegian University of Science & Technology (NTNU) and an Executive MBA from the Norwegian Business school (BI).

Number of shares in Scatec: 1,844
Number of share options: 85,514

Board of Directors

John Andersen Jr.

Chairman

John Andersen is the CEO of Scatec Innovation AS and has been Chairman of the Board of Scatec ASA since May 2014. He is the former Chief Operating Officer of the REC Group, where he held several executive management positions during his 12 years with the company. Prior to the REC Group, he held various management positions in Borregaard. Andersen holds a Master of Business and Economics from BI Norwegian Business School.

- **Director in Scatec since:** 2013 (Chairman since 2014)
- **Member of:** Audit & Sustainability Committee, Organisation and Remuneration Committee (Chair)
- **Independent of Executive Management**
- **Current Board positions:** Chair of Scatec Innovation AS portfolio companies, including Norsk Titanium AS, REEtec AS, NorSun AS, and TEGma AS. Board member: Thor Medical ASA and Keep-it AS.
- **Number of shares in Scatec:** 0 [1]
- **Board meetings attended in 2023:** 11/11

Espen Gundersen

Board Member

Espen Gundersen is currently a full time non-executive board member. He played a key role in the international growth and expansion of Tomra Systems in 1999 – 2022, where he had various positions, including CFO from 2003 and Deputy CEO from 2009. Previous experience includes positions in Selmer ASA and Arthur Andersen. He holds an MBA from the Norwegian School of Management, Oslo and Certified Public Accountant from the Norwegian School of Economics (NHH).

- **Director in Scatec since:** 2022
- **Member of:** Audit & Sustainability Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Hexagon Purus ASA, board member: Kitron ASA and Kid ASA
- **Number of Shares in Scatec:** 10,000
- **Board meetings attended in 2023:** 11/11

Maria Moræus Hanssen

Board Member

Maria Moræus Hanssen has an extensive experience from the international oil & gas industry, including 6 years as CEO of GdF Suez E&P Norge as, ENGIE E&P International SA (Paris) and DEA AG (Hamburg). She has previously held executive positions in Norsk Hydro, Statoil (Equinor), Aker ASA and served as Deputy CEO and COO for the newly merged Wintershall DEA when she moved back to Norway end of 2019. She holds a Master of Petroleum Engineering from Norwegian University of Science and Technology and Master of Petroleum Economics from IFP School (Paris).

- **Director in Scatec since:** 2020
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Å Energi AS and National Museum of Art (Stiftelsen Nasjonalmuseet for kunst). Board member: MMH Nysteen Invest AS, SLB Ltd (previous Schlumberger Ltd), and Kosmos Energy LTD
- **Number of shares in Scatec:** 11,040 [2]
- **Board meetings attended in 2023:** 10/11

1) Related parties' control 14,132,339 shares through Scatec Innovation AS
2) Including related parties

Morten Henriksen

Board Member

Henriksen is currently CEO of Gassnova SF. He is a former EVP of Arendals Fossekompani ASA, where he led several industrial acquisitions and an IPO on Euronext Growth. He has a strong technical background with broad experience from international project leadership in the energy space with strong exposure to emerging markets as well as solid commercial experience. He holds a MSc in Electrical Engineering from the Norwegian University of Science & Technology (NTNU).

- **Director in Scatec since:** 2023 (elected at the Annual General Meeting 18 April 2023)
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** VY AS and Kongsberggruppen ASA
- **Number of shares in Scatec:** 5,000
- **Board meetings attended in 2023:** 5/11

Jørgen Kildahl

Board Member

Jørgen Kildahl is a Senior Advisor in Energy Infrastructure Partners. He has extensive leadership experience from the energy sector, including more than 5 years as EVP in E.ON SE and 11 years as EVP in Statkraft AS, whereof 6 years as CEO of Statkraft Energi AS. He holds a MSc in Economics, is a Chartered Financial Analyst and holds an MBA from the Norwegian School of Economics (NHH), and concluded the Advanced Management Program at Harvard Business School.

- **Director in Scatec since:** 2021
- **Member of:** Audit & Sustainability Committee
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Alpiq AG
- **Number of shares in Scatec:** 3,000
- **Board meetings attended in 2023:** 11/11

Mette Krogsrud

Board Member

Mette Krogsrud is currently chair of Korn Ferry Norway. She has more than 25 years leadership experience from a broad range of roles across industries including former positions as Executive Vice President in Schibsted Group and Managing Director in Korn Ferry Norway. She holds a MSc from Norwegian School of Economics (NHH) and MSc in Organisational Change from Ashridge/ Hult Business School, UK.

- **Director in Scatec since:** 2022
- **Member of:** Organisation and Remuneration Committee
- **Independent of Executive Management and main shareholders**
- **Current Board positions:** -
- **Number of shares in Scatec:** 3,000
- **Board meetings attended in 2023:** 11 /11

Gisele Marchand

Board Member

Gisele Marchand has worked as full time non-executive board member and advisor since 2018. She has extensive top management experience from positions in financial institutions like DNB ASA (VP in charge of corporate and retail banking), the Government Pension Fund (CEO), Eksportfinans ASA (CEO) as well as the law firm Haavind AS (CEO). She has also extensive board experience from the last 20 years in different quoted and non-quoted companies and was former vice chair on the Norwegian Stock Exchange. She holds a Bachelor's degree in Business from Copenhagen Business School.

- **Director in Scatec since:** 2017
- **Member of:** Audit & Sustainability Committee (Chair)
- **Independent of Executive Management and main shareholders**
- **Current Board Positions:** Chair: Gjensidige Forsikring ASA, Norgesgruppen Finans Holding AS, Nationaltheatret AS and Boligbygg KF. Board member: Norgesgruppen ASA, Selvaag Bolig ASA, Eiendomsspar AS, Victoria Eiendom AS, and member of the nomination committee of Entra ASA.
- **Number of shares in Scatec:** 3,586
- **Board meetings attended in 2023:** 11/11

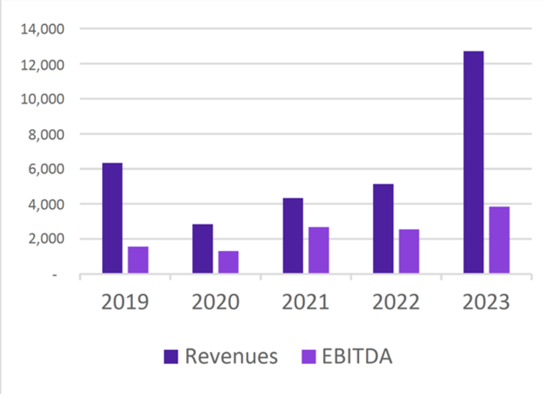
Note: The number of shares is quoted per reporting date

Report from the Board of Directors

Highlights 2023

- Proportionate revenues of NOK 12,714 million (5,133) and EBITDA of NOK 3,845 million (2,550) [1)]
- All time high D&C revenues of NOK 8.2 billion and gross margin of 12% from 40% capacity increase
- Announced self-funded growth plan targeting annual equity investments of NOK 500 – 750 million
- Divested Upington, Mozambique, Argentina, and Rwanda in line with strategy
- Raised USD 202 million of funding + USD 65 million in guarantees for Release
- Secured further growth for 2024 with NOK 350 million equity investment and NOK 2.5 billion D&C revenues
- Awarded 103 MW/412 GWh battery project in South Africa and 60 MW expansion in Botswana

Proportionate revenues and EBITDA by year



Key figures

NOK million	FY 2023	FY 2022
Proportionate Financials[2)]		
Total revenues and other income	12,714	5,133
Power Production[4)]	4,113	3,697
Services	373	312
Development & Construction	8,177	1,069
Corporate	50	56
EBITDA	3,845	2,550
Power Production	3,216	2,835
Services	118	74
Development & Construction	672	-221
Corporate	-162	-138
Operating profit (EBIT)	2,152	460
Power Production	1,631	918
Services	112	68
Development & Construction	607	-358
Corporate	-198	-167
Net interest- bearing debt [2)]	20,786	18,215
Power production (GWh)	3,615	3,898
Scatec share of distribution from operation companies	914	1,231
Consolidated Financials		
Revenues and other income	4,721	3,751
EBITDA [2)]	3,567	2,555
Operating profit (EBIT)	2,625	723
Profit/(loss)	1,122	-1,228
Net interest- bearing debt [2)]	23,284	19,578
Basic earnings per share (NOK)	3.95	-8.40
Power production (GWh) [3)]	8,540	9,381

1) Amounts from same period last year in brackets
2) See Alternative Performance Measures appendix for definition
3) Production volume on a 100% basis from all entities, including JV companies
4) Revenue from power production for 2022 has been adjusted due to change in accounting policy as disclosed in Note 31

Introduction

Scatec is a leading renewable energy provider, accelerating access to reliable and affordable clean energy in emerging markets. The Company develops, builds, owns and operates renewable energy and has 4.2 GW in operation and under construction across four continents at year end 2023. Additionally, Scatec started construction of 0.3 GW in the first quarter 2024. Scatec is committed to grow its renewable energy capacity, delivered by passionate employees and partners who are driven by a common vision of 'Improving our Future'.

2023 Summary

Business strategy and growth

- Aligned growth rate with internal funding capacity, targeting NOK 500-750 million of annual equity investments in renewable energy
- Started commercial operation of Kenhardt, with 540 MW solar + 225 MW/ 1,140 MWh battery storage
- Divested 258 MW solar in South Africa, 40 MW solar in Mozambique and 117 MW solar in Argentina
- Reached financial close and started initial construction work for 273 MW Grootfontein in South Africa, and 60 MW first phase in Botswana
- Awarded tariff for the 103 MW/ 412 MWh battery projects in South Africa and expanded the Botswana solar project to 120 MW

Operational

- Total proportionate power production of 3,615 GWh generating an EBITDA of NOK 3.2 billion including gain on asset sales
- The Philippines affected by el Niño and regulatory changes in the ancillary services market
- Started selling power in the merchant market from the Progressovka power plant in Ukraine
- Implemented NOK 150 million cost reduction programme
- Refinanced USD 193 million bridge to bond with new NOK 1,000 million bond and USD 100 million term loan

Organisation and people

- Hans Jakob Hegge started as new CFO on 1 March 2023
- Permanent workforce reduced to 680 (778) employees resulting from the cost reduction programme
- 49 different nationalities, a truly global company
- 29% female employees in management positions at the end of 2023
- 2023 Statement on Equality and Non-discrimination is available on the corporate website

Climate

- Annual GHG emissions avoided from our power plants reached 4.0 million tonnes (100%)
- On the 'A' List for tackling climate change by the Carbon Disclosure Project (CDP)
- Climate targets approved by SBTi in January 2023 – target to minimise direct emissions by 2030 and net zero across the value chain by 2040
- Net Zero roadmap published detailing the seven key initiatives required to reach our climate targets

EU Taxonomy[1)] and reporting

- The majority of revenues, opex and capex are derived from EU Taxonomy eligible activities
- Scatec's revenue is 94%, capex 97% and opex 97% aligned to the Taxonomy
- Quarterly reporting on key ESG indicators externally
- Received 'A+' score in ESG reporting by Position Green
- Limited assurance on all GRI indicators according to ISAE 3000

HSSE

- Delivered 9.2 million working hours with no fatalities or serious injuries during 2023
- The lost time incident frequency rate (LTIF) was 0.9 per million working hours resulting from eight incidents
- Certified to ISO 9001, 45001 and 14001 by DNV

Human rights/supply chain

- Addressed forced labour concerns in China including collaboration with key suppliers on traceability
- Transparency Act statement published detailing Scatec's work with human rights
- EcoVadis supplier management programme implemented to screen suppliers of key procurement categories
- 92 grievances received, 86% were resolved and the remaining open grievances are being investigated

Anti-corruption and Compliance

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

1) For details, please refer to our EU Taxonomy Report 20223 available under ESG resources on the Company's website. The report has been republished on 30 April 2024 to include pages 22-25.

Group – Proportionate Financials

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

Power Production

Power Production revenues increased to NOK 4,113 million (3,697) in 2023, reflecting sale of electricity from our solar, hydro and wind power plants in Europe, Africa, South-east Asia, and Latin America. Kenhardt reaching commercial operation in Q4 contributed positively to the increase. The revenues also include a gain of NOK 348 million from the sale of project assets in South Africa and Mozambique, insurance proceeds of NOK 39 million in Ukraine, and foreign currency effects. Lower revenues in the Philippines due to weaker hydrology and lower contribution from ancillary services contributed negatively.

Operating expenses were NOK 896 million (834) for the year, negatively impacted by foreign currency effects and an accrual of NOK 40 million for a claim from the National Irrigation Administration in the Philippines related to water fee charges for previous periods for the lease of the Magat Dam.

Underlying EBITDA increase was NOK 93 million for the year, adjusted for divestments and new generation capacity added. Full year power Production EBITDA increased to NOK 3,216 million (2,835) explained by the factors above.

EBIT increased to NOK 1,631 million (916), impacted by an impairment of NOK 350 million related to the divested power plant in Argentina, compared to NOK 770 million in 2022 triggered by the Russian invasion of Ukraine.

Power production had 3,549 MW installed capacity at year-end and delivered 3,615 GWh on a proportionate basis, compared to 3,898 GWh last year. The reduction is explained by the divestments of Upington in South Africa, Guañizuil in Argentina and Mocuba in Mozambique, as well as, lower production in the Philippines due to the effects of el Niño. This was partly offset by additional power production from Kenhardt in South Africa and increased production in Ukraine. The underlying reduction in power production was 147 GWh, mainly driven by the Philippines. The plant availability in 2023 was close to 100%, with no Lost Time Incidents.

For further details on financial results on a country-by-country basis please refer to Scatec's Q1 to Q4 2023 historical financial information' published on Scatec's web page.

Development & Construction (D&C)

Development & Construction delivered strong results after reaching all-time high revenues of NOK 8,177 million (1,069). 2023 was characterised by high construction activities in South Africa, Brazil and Pakistan, and a solid gross margin of 12 percent. Construction of Kenhardt, the largest project in Scatec's history, was finalised and the plants started commercial operation in the fourth quarter. The plants delivered solid operational performance with no Lost Time Incidents.

Total operating expenses were NOK 322 million (327) in 2023. This includes NOK 248 (237) million for early-stage project development and NOK 74 (90) million in construction activity. Development and construction EBITDA for the year was NOK 672 million, a solid increase from a negative EBITDA of NOK -221 million year-on-year explained by the factors above.

Services

Services revenues increased to NOK 373 million (312) and operating expenses to NOK 260 million (238), mainly driven by higher performance bonus in South Africa related to Operations and Maintenance Services, positive net foreign currency effects, higher Asset Management revenues and mobilization fees provided by the projects under development and construction.

Corporate

Corporate revenues were NOK 50 million (56) in 2023, while operating expenses were NOK 213 million (194). The change in operating expenses was mainly driven by the non-recurring costs related to the cost efficiency programme incurred in the second quarter.

Consolidated financial statements

Consolidated income statement

NOK million	2023	2022
Revenues	3,399	3,002
Net gain/(loss) from sale of project assets	1,276	-
Net income/(loss) from JV and associated companies	46	749
EBITDA	3,567	2,555
Operating profit (EBIT)	2,625	723
Profit before income tax	1,008	-1,095
Profit/(loss) for the period	1,122	-1,228
Profit/(loss) to Scatec	628	-1,334
Profit/(loss) to non-controlling interests	494	106

Revenues

Revenues reached NOK 4,721 million (3,751) in 2023. NOK 3,399 million was generated from power sales and the gain from sale of project assets of NOK 1,276 million mainly relates to the divestment of Upington, South Africa, and 32% of the shares in Release.

Operating Profit

EBITDA increased to NOK 3,567 million compared to 2,555 million last year. The EBITDA was positively impacted by the divestments while lower net income from the Philippines and impairment of the power plant in Argentina of NOK 350 million impacted negatively.

Depreciation, amortisation and impairment amounted to NOK 942 million in 2023, compared to NOK 1,832 million in 2022. The decrease is mainly explained by impairments related to Ukraine in 2022. Refer to Note 13 Impairment for further details.

Operating profit (EBIT) ended at NOK 2,625 million in 2023, up from NOK 723 million in 2022 explained by the factors as above.

Net financial items

NOK million	2023	2022
Interest and other financial income	415	115
Interest and other financial expenses	-1,977	-1,666
Net foreign exchange gains/(losses)	-56	-268
Net financial expenses	-1,617	-1,818

Interest and other financial income of NOK 415 million (115) includes interest income on cash balances and gain on the USD/ZAR currency hedging contracts for Kenhardt of NOK 246 million.

Interest and other financial expenses of NOK 1,977 million (1,666) consist of interest expenses of NOK 1,724 million (1,424), and other financial expenses of NOK 253 million (243). In addition, the amount in 2022 includes a loss of NOK 89 million on the USD/ZAR currency hedging contracts related to Kenhardt. The increase in interest expense for the year is mainly driven by higher interest expenses on the corporate debt which is partly offset by lower interest expenses on non-recourse project level debt due to disposal of the Upington solar plants in the second quarter 2023.

The net foreign exchange losses were NOK 56 million (268) for the year are primarily unrealised losses from translation of monetary assets and liabilities denominated in foreign currencies.

Profit before tax and net profit

The Group has recognized a tax benefit of NOK 114 million in 2023, compared to a tax expense of NOK 132 million last year. The decrease in tax expense is driven by a tax benefit attributable to Kenhardt (NOK 457 million) which qualified for the Enhanced renewable energy tax incentive after reaching their Commercial Operating dates in November and December 2023. For further details, refer to Note 7 Tax.

Net profit for the year was NOK 1,122 million compared to a loss of NOK 1,228 million last year. Non-controlling interests (NCI) represent equity-investors in power plants co-owned by Scatec. The allocation of profits between NCI and Scatec is impacted by the fact that NCI primarily own shares in the power plants while Scatec also carries the cost of project development, construction, operation & maintenance and corporate functions. Net income from JVs and associated companies represent Scatec's share of the investment in the JVs and are fully allocated to Scatec. For further details, refer to Note 29 Non-controlling interests.

Other comprehensive income, which comprises items that may subsequently be reclassified to profit or loss, amounted to negative NOK 30 million (986) in 2023. This relates to after-tax net movement of cash flow hedges of negative NOK 223 million (514) and positive foreign currency translation differences of NOK 194 million (472).

Total comprehensive income was NOK 1,092 million (-242) for 2023 of which NOK 704 million (-648) was attributable to Scatec, while NOK 389 (406) million is attributable to non-controlling interests.

Consolidated statement of cash flow

Cash flow

NOK million	2023	2022
Net cash flow from operating activities	2,184	1,637
Net cash flow from investing activities	-6,575	-2,287
Net cash flow from financing activities	3,294	221
Net increase/(decrease) in cash and cash equivalents	-1,097	-428

Net cash flow from consolidated operating activities amounted to NOK 2,184 million (1,637) in 2023, compared to EBITDA of NOK 3,567 million (2,555).

Net cash flow from consolidated investing activities was negative NOK 6,575 million (2,287) mainly driven by investments in property, plant and equipment. Proceeds from sale of project assets had a positive impact of NOK 390 million in the year.

Net cash flow from financing activities was positive NOK 3,294 million (221). The Group drew down on debt related to projects in South Africa and Pakistan and received project funding from non-controlling interests. Further, the cash flow was impacted by drawdown on the Revolving Credit Facility of USD 70 million, payment of interests and repayment of non-recourse financing in project companies.

Cash and cash equivalents were NOK 3,101 million (4,132) at year-end 2023 of which NOK 977 million was free cash at group level. The total cash in power plant companies in operation and under construction was NOK 1,922 million (2,166), while other restricted cash was NOK 203 million (223).

Proportionate share of cash flow to equity

Scatec's "proportionate share of cash flow to equity", is an alternative performance measure that seeks to estimate the Group's ability to generate funds for equity investments in new power plant projects and/or for shareholder dividends over time. Cash flow to equity for all segments reached NOK 1,600 million compared to NOK 1,050 million last year.

NOK million	2023	2022
Power production	1,663	1,487
Services	96	58
Development & Construction	555	-149
Corporate	-716	-347
Sum	1,600	1,050

The cash flow to equity for Power Production increased to NOK 1,663 million in 2023 compared to NOK 1,487 million last year. 2023 was positively impacted by divestments of the Mocuba and Upington plants while 2022 included proceeds of NOK 363 million from refinancing.

The increase in cash flow to equity in Services is mainly explained by higher EBITDA in the segment. The cash flow to equity in the D&C segment reached NOK 555 million (-149) driven by high EBITDA in the projects under construction in South Africa, Brazil and Pakistan.

The cash flow to equity in the Corporate segment decreased compared to last year, mainly explained by increased interest expenses and higher debt repayments on corporate funding for the year.

Consolidated statement of financial position

Assets

NOK million	2023	2022
Property, plant and equipment and intangible assets	22,752	18,068
Investments in JV and associated companies	12,368	10,674
Other non-current assets	1,790	1,476
Total non-current assets	36,911	30,218
Other current assets	1,646	2,380
Cash and cash equivalents	3,101	4,132
Assets held for sale	138	-
Total current assets	4,884	6,512
Total assets	41,795	36,730

Total assets amounted to NOK 41,795 million at year-end 2023, up from NOK 36,730 million at the end of 2022. Non-current assets totaled NOK 36,911 million (30,218). The increase is primarily driven by construction activities in Pakistan and the new Kenhardt plant. The increase is partly offset by the NOK 1.8 billion disposal of Upington in the second quarter and depreciation of NOK 853 million for the year. See Note 10 Property, plant and equipment and Note 14 Investments in joint venture and associated companies.

The balance of investments in JVs and associated companies increased due to investments related to the Mendubim project in Brazil and Release being classified as a joint venture. The effects were partly offset by distributions of dividends. See Note 14 Investments in joint venture and associated companies for full reconciliation.

Current assets amounted to NOK 4,884 million (6,512). Other current assets decreased at year-end with reversal of project accruals as the construction of Kenhardt was completed in the fourth quarter of 2023. See the consolidated statement of cash flows for further details and Note 15 Cash, cash equivalents for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Equity and liabilities

NOK million	2023	2022
Equity	10,570	8,803
Non-current non-recourse project financing	15,026	13,297
Non-current corporate financing	7,947	7,987
Other non-current liabilities	2,617	2,604
Total non-current liabilities	25,590	23,888
Current non-recourse project financing	1,931	1,963
Current corporate financing	1,132	-
Trade payables and other current liabilities	2,443	2,076
Liabilities of disposal group held for sale	129	-
Total current liabilities	5,635	4,039
Total liabilities	31,225	27,927
Total equity and liabilities	41,795	36,730
Book equity ratio	25%	24%

Total equity increased to NOK 10,570 million (8,803). The change in equity is driven by the total comprehensive income for the period and capital increase from non-controlling interest. For further details see consolidated statement of changes in equity.

Corporate financing consists of unsecured green bonds, secured green term loans and financing secured in relation to the acquisition of SN Power in 2021. Changes in 2023 is primarily due to refinancing of Bridge-to-Bond facility, drawdown of the Revolving Credit Facility and foreign currency translation. See Note 23 Corporate Financing for further details.

Total non-recourse financing reached NOK 17 billion at year-end after drawdown of NOK 5.4 billion in project debt in South Africa and NOK 630 million in Pakistan in the year. This was partially offset by the sale of Upington including NOK 2.2 billion in non-recourse financing and repayments. See Note 23 Corporate Financing and 24 Non-recourse Financing for further details.

Parent Company

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

Scatec ASA reported revenues of NOK 6,271 million and operating loss (EBIT) of NOK 169 million in 2023, compared to revenues of NOK 751 million and operating loss (EBIT) of NOK 665 million in 2022. The increase in revenues is driven by high construction activity in South Africa, Pakistan and Brazil. All revenues are group internal and based on agreements established between Scatec ASA and its subsidiaries, joint ventures and associated companies.

Cost of sales and operating expenses was NOK 6,043 million (1,267). The increase is driven by higher construction activity.

Total interest and other financial income were NOK 392 million (1,570) related to interest income on shareholder loans and dividends received. The high dividend in 2022 was driven by proceeds from refinancing. External interest expense was NOK 638 million (346). In 2022 the financial expenses included an impairment of investments and receivables in Ukraine of NOK 948 million. Profit after tax was NOK -399 million, compared to a profit after tax of NOK -480 million in 2022.

Total equity for the parent company Scatec ASA was NOK 10,296 million at 31 December 2023, up from NOK 10,265 million in 2022. Total assets was NOK 21,070 million at 31 December 2023, compared to 20,591 last year.

Overview of project portfolio

Project stage	2023 Capacity (MW)	2022 Capacity (MW)
In operation	3,549	3,375
Under construction	690	1,267
Project backlog	876	953
Project pipeline	11,091	15,712
Total	16,206	21,307

Total annual production from the 4,728 MW in operation, under construction and in backlog, excluding green hydrogen and BESS, is expected to reach about 12,600 GWh (on 100% basis).

Projects under construction and backlog

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

Key events during 2023 were commercial operation start for Kenhardt in South Africa, financial close for the 273 MW Grootfontein solar project, extension of the Mmadinare Solar Complex in Botswana to 120 MW and financial close for the first 60 MW, award of the 103 MW/412 GWh Mogobe battery energy storage project in South Africa, and discontinued development of 240 MW of the 360 MW Tunisia portfolio.

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

Under construction

Sukkur, Pakistan 150 MW solar

At year end 2023, the construction of the Sukkur project in Pakistan approached final stages and started commercial operation on 31 January 2024.

Power from the solar power plant will be sold to Pakistan Authorities under a 25-year PPA. Capex for the project is approximately USD 110 million, financed by approximately 70% non-recourse project finance debt and 30% equity from the sponsors.

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

Mendubim, Brazil 531 MW solar

The construction activities related to the Mendubim solar power plant were near completion at year end 2023 and started commercial operation 8 March 2024.

The 20-year PPA signed with Alunorte, with start-up 1 January 2025, will cover approximately 60% of the power produced with the remaining volume to be sold in the Brazilian power market. The estimated total capital expenditure for the project is USD 430 million and is financed by a mix of non-recourse project debt and equity from partners.

All three partners; Scatec, Equinor and Hydro Rein, have an equal economic interest of 33.3%[1)] in the power plant and will jointly provide EPC services. Scatec will further provide O&M as well as AM services to the power plants together with Equinor.

Release

Release has 8.7 MW of solar under construction in Mexico.

Backlog

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

Grootfontein, South Africa, 273 MW solar

In October 2021, Scatec was awarded preferred bidder status on three solar projects totalling 273 MW by the Department of Mineral Resources and Energy in South Africa under the Renewable Energy Independent Power Producers Procurement Programme (REIPPPP). In December 2022, the power purchase and implementation agreements for the projects were signed, and in June 2023 the projects reached financial close.

At the end of the fourth quarter, Scatec started enabling works for the three projects, and construction activities will be ramped up for all disciplines in the first quarter of 2024.

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

Tunisia portfolio, 120 MW solar

Since the fourth quarter 2022, Scatec has engaged with the Tunisian authorities to negotiate the PPA tariff in order to improve the economics of the three solar projects awarded in 2019, totalling 360 MW. Based on a review of the project portfolio and in close dialogue with the Tunisian government, Scatec decided to discontinue development of 240 MW in the fourth quarter of 2023. The remaining 120 MW hold 20-year PPAs with Société Tunisienne de l'Electricité et du Gaz (STEG) and will continue to be developed based on more favourable project economics.

Scatec currently owns 100% of the projects and will provide EPC, O&M and AM services to the project company. Scatec is aiming to reduce its ownership in the project by inviting equity partners.

Egypt, 100 MW green hydrogen facility

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

The partners have signed a term sheet with Fertiglobe for a 20-year offtake agreement for 100% of the volumes produced. Fertiglobe will use the green hydrogen as feedstock for production of green ammonia. Execution of the project will depend on securing offtake for the green ammonia and the timing of this depends on the development of market mechanisms and demand for green ammonia.

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

Mmadinare Solar Complex, Botswana, 120 MW solar

In August 2022, Scatec signed a binding 25-year PPA with Botswana Power Corporation, a state-owned utility in Botswana, for a 60 MW solar power plant at Selebi-Phikwe. During the third quarter 2023 Scatec was awarded an additional 25-year PPA with Botswana Power Corporation for another 60 MW. In December 2023, Scatec reached financial close for the first 60 MW and have started preliminary site activities. Construction is expected to ramp up in the first quarter 2024. The remaining 60 MW will be developed in a second phase with financial close and

1) In conjunction with the start of commercial operations, Alunorte has exercised its call option for an economic interest of 10% in Mendubim. Following the exercise of the option, Scatec, Equinor and Hydro Rein hold an equal economic interest of 30%.

construction start also expected in 2024. The solar projects are the first of its kind in the country.

Scatec currently owns 100% of the projects, and will provide EPC services, as well as Asset Management and O&M services. Scatec is aiming to reduce its ownership in the projects by inviting equity partners.

Mogobe, South Africa, 103 MW BESS

In November 2023, Scatec was awarded preferred bidder status for a battery energy storage project totalling 103 MW/ 412 MWh by the Department of Mineral Resources and Energy in South Africa under the Battery Energy Storage Independent Power Producer Procurement Programme (BESIPPPP).

The power will be dispatched under a 15-year PPA. Scatec will own 51% of the equity in the project with Perpetua Holding owning 46.5% and a Community Trust holding 2.5%. Scatec will be the engineering, procurement, and construction (EPC) provider and provide operations & maintenance (O&M), as well as asset management (AM) services to the project. According to the Department of Mineral Resources and Energy, commercial close is expected by June 2024.

Pipeline

Location	2023 Capacity (MW)	2022 Capacity (MW)
Asia	834	4,800
Latin America/Europe	2,161	3,315
Middle East and North Africa	2,270	2,560
Sub-Saharan Africa	5,826	5,037
Total pipeline	11,091	15,712

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 11.1 GW across technologies, down from 15.7 GW at the end of last year. This is due to high grading of the pipeline with focus on project locations, shorter timelines, maturity and value creation. Less attractive projects, mainly within offshore wind and hydro, have been taken out and new attractive solar projects in core regions have been added. Consequently, the share of solar in the pipeline has increased to 59%, and the share of projects in our focus markets to above 90%.

Solution	2023 Capacity (MW)	2022 Capacity (MW)
Solar	6,571	5,005
Wind	2,280	6,223
Hydro	700	2,684
Green Hydrogen[1]	1,240	1,500
Release	300	300
Total	11,091	15,712

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

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

For Scatec's policy for research and development expenses, please refer to Note 10 Property, plant and equipment for further information.

Other matters

Russian war in Ukraine

After Russia's attack on Ukraine the war has been going on for two years. Scatec currently operates five solar power plants with a total capacity of 336 MW, located in the central and southern parts of the country. After a remarkable effort by our employees, approximately 95% of the power plants owned and operated by Scatec are intact and available. Revenues from power production in Ukraine have only been recognised in accordance with actual paid amounts since March 2022. In 2023, proportionate revenues and EBITDA in Ukraine amounted to NOK 371 million and NOK 289 million respectively. The payment level reached 66%.

In June 2023, Scatec started selling power from the Progressovka power plant in the merchant market, reaching a payment level of 100 percent, with revenues being settled in full every ten days. The decision to sell into the spot market was made based on changes in the local law which enabled Scatec to pause the PPA, while retaining the option to re-enter the PPA at a later stage.

The Russian invasion triggered an impairment assessment in 2022 and Scatec recognised an impairment charge of NOK 770 million in the proportionate financials (NOK 816 million in the consolidated financials) related to tangible and intangible assets in Ukraine. Per 31 December 2023 the impairment tests have been updated with new information on cash flow assumptions and discount rates, however no further impairments have been recognised. Refer to Note 13 Impairment for details on the impairment of the plants.

As of 31 December 2023, the non-recourse financing in Ukraine of NOK 865 million, continues to be classified as current in the consolidated financials as the power plant companies are in breach with certain covenants. A total of NOK 165 million of the debt has been repaid in 2023. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised standstill.

Potential PPA changes and overdue receivables in Honduras

Scatec has over time experienced delayed payments from the state owned off-taker in Honduras (ENEE) and overdue receivables have accumulated to a varying degree since 2020. In 2023, ENEE has continued to settle outstanding receivables and paid a total of approximately NOK 180 million, leaving the balance at NOK 87 million as of year-end.

In 2022, a new Energy law came into force as introduced by the new Government of Honduras. In accordance with the new law, the state owned off-taker has proposed certain changes to the existing PPAs for all renewable power plants in the country, including Scatec's solar plants Agua Fria and Los Prados.

The negotiations of the PPAs were ongoing in 2023 and on January 31, 2024, amendments to the PPA were signed. Refer to note 32 Subsequent events for further information.

Covenants

Except for Ukraine, Scatec was in compliance with financial covenants for both the recourse and non-recourse debt on 31 December 2023. Refer to Note 23 Corporate financing and Note 24 Non-recourse financing for more details.

Organisation

Scatec has an international and diverse workforce which at the end of 2023 was represented by 49 nationalities and 680 employees across four continents. In May 2023, the Company announced a cost reduction programme, with a target to reduce operating expenses by NOK 150 million from the first quarter 2024 compared to the first quarter 2023. The programme was completed according to plan. As a result, the full-time workforce was reduced in 2023. In addition, Scatec had 171 short-term employees and 42 consultants supporting its functions. The organisation remains flexible, and the workforce continues to deliver strong results and growth.

The Company's reporting on diversity and equal opportunity is available in the Statement of equality and non-discrimination on https://scatec.com/sustainability/esg-resources/. For further information on work environment, including HSSE, statistics refer to the Company's 2023 ESG Performance report.

Risk factors and risk management

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

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

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

Insurance

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

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

Below we have summarised the key inherent risks that Scatec is exposed to as per year end 2023 and key mitigation activities.

Project development risk

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

Component price risk

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

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

Ethics and integrity risk

Scatec strives to meet the highest ethical standards and to conduct business activities in a sustainable and transparent manner.

The Scatec Code of Conduct sets out clear expectations and requirements to promote ethics and integrity, including on protection of the environment, human rights, safety and security, and the Company's zero tolerance for any form of corruption. Employees are trained to manage risks they may face and are encouraged to ask for guidance when they are unsure. All employees have a duty to speak-up if they suspect misconduct.

Further, Scatec expects all business partners and suppliers to conduct their activities in a way that is consistent with the Code of Conduct. Third parties are screened and assessed against potential integrity risks, and contractually required to mitigate such risks.

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

As a global company, operating in diverse markets, Scatec has implemented a robust Anti-Corruption Compliance Programme designed to meet the risks of challenging business environments, including the requirements and tools noted above.

Integrity is imperative to achieve sustainable business. Scatec's reputation, built on integrity, earns the trust of its stakeholders and the communities in which the Company operates. In 2023, Scatec focused on targeted training for exposed positions, and in 2024 focus will be on strengthening the risk assessments process to ensure that integrity risks continue to be identified and adequately mitigated.

Political risk

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

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

Cyber risk

Cyber risk is an increasing concern in society today. The main cyber risks in 2023 were ransomware/cryptolocker, phishing, supply chain attacks and zero-day vulnerabilities.

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

Scatec's offices and managed power plants are all connected to the global enterprise network where all network traffic is passing through next-generation firewalls that are monitored by our service providers Security Operations Center (SOC) at all times. All computers, servers and network devices are updated regularly by following the best-practice schedules by the vendors. Any urgent security vulnerabilities are patched immediately. The network is protected against distributed denial-of-service (DDoS) attacks and all the central server infrastructure is backed up to three different physical locations. The security set-up is audited by third party experts on a regular basis. Scatec has not had any major cyber incidents in 2023.

Financial risk

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

For a more detailed description and management of financial risk, refer to Note 20 Financial risk management.

Power market price risk

The Company has exposure to power market price risk. Scatec has entered into long-term fixed price contracts for the sale of electricity from most of its power plants in operation at year end 2023. In the Philippines, Scatec has exposure to the long-term power market price with about 70-80% of the electricity from power plants sold under 1 - 3 year contracts to hedge the short to mid-term market price exposure. In Ukraine, for the Progressovka plants, changes in the local law in 2023 enabled Scatec to pause the PPA and sell electricity in the spot market while retaining the option to re-enter the PPA at a later stage.

Health, Safety and Security risk

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

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

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

Climate risk

Scatec's business model and strategy is based on the need to transition from fossil fuels to reduce greenhouse gas (GHG) emissions, a key climate opportunity. However, climate risk, both physical risk and transition risk, could also have a range of potential impacts on Scatec's business. The most serious climate-related risks involve the physical impact of extreme weather events, including droughts and floods. Extreme weather can cause physical damage to the plants and directly affect power generations. The risk is mitigated through adequate engineering in the design phase, regular inspections and emergency plans. Transitional risks such as increased regulation, new technologies and changes to markets also affect Scatec. As climate ambitions increase, there is likely to be increased competition that can affect among others component prices and power prices. Refer to our Task Force on Climate related Financial Disclosure (TCFD) report 2023 for corporate climate risk assessments and more information. For further environmental and social responsibilities refer to the 2023 ESG Performance report.

Other risks

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

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

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

Pandemic risk - Scatec with its external risk advisors, regularly assess risks related to global health issues such as pandemics.

Corporate governance

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

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

Market outlook

Renewable energy is key to serve a growing population, create economic development in emerging markets and drive the energy transition.

According to Bloomberg New Energy Finance (BNEF), global investments in the energy transition technologies hit a record of USD 1.8 trillion in 2023, 17 per cent up year-on-year. At COP28, 130 countries pledged to triple renewable energy capacity by 2030, and for the first time it was committed to transition away from fossil fuels.

To stay on track to reach net zero emissions by 2050, BNEF confirms that a tripling is what the world needs. This requires a significant acceleration, including investments in renewable energy and power grids, increased battery storage capacity and scaling up the technology mix for complementary generation.

The competitiveness of renewables continued to strengthen and it is the most cost-efficient power source in most of the world. Fundamentals for renewables remain strong, both solar PV prices and battery storage systems reached all-time low in 2023. Prices are expected to remain low in 2024, as supply of both solar modules and battery input metals is estimated to exceed demand.

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

Scatec growth targets and outlook

In November 2023 Scatec gave a strategy update and announced that the growth rate for the strategy period to 2027 will be funded by internal capacity, targeting NOK 500-750 million of annual equity investments within renewable energy.

Scatec will further consider additional repayments of the corporate debt on top of existing amortisations of approximately NOK 280 million annually.

The revised business plan will be funded by:

- a strong and growing cash flow from operating assets
- enhanced capital recycling activities
- alternative ownership structures with reduced equity
- stakes
- changed dividend policy to no dividend

Scatec continues to utilise the integrated business model and stay committed to delivering attractive returns of 1.2 times cost of equity, D&C gross margins of 8-10% and O&M margins of 25-30%.

For the full year 2024 Scatec is estimated to generate proportionate power production EBITDA of NOK 3,400-3,700 million based on an estimated power production of 4,200-4,600 GWh.

Share capital and the Scatec share

Scatec ASA is listed on the Oslo Stock Exchange under the ticker "SCATC". The share capital of Scatec was NOK 3,972,932 divided on 158,917,275 shares at year end 2023, each with a nominal value of NOK 0.025. All shares are of the same class and with equal voting and dividend rights. Per 31 December 2023, the number of shareholders were 14,846. Refer to Note 27 - Share capital, shareholder information and dividend for further information. During 2023 Scatec's share price increased by 3.2 per cent.

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

Dividend policy

In the third quarter 2023, the Board of Directors changed the dividend policy to no dividend, due to the macro-economic and capital market situation. The dividend policy will be assessed annually by the board based on Scatec's capital situation.

Financial review

Presentation of Accounts

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

Segment and proportionate financials

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

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

Subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting events

Long term incentive programme

In line with the terms adopted by the Annual General Meeting of Scatec ASA in 2023, the Board of Directors continue the share-based incentive programme for leading employees of the company, following the same principles as previous years. On January 3, 2024, a total of 1,515,885 share options were granted to leading employees. Each share option gives the right to subscribe for and be allotted one share in Scatec ASA. The strike price of the options is set to NOK 79.47 per share based on the volume weighted average share price over the ten last trading days preceding the grant date of 3 January 2024. The options will lapse if not exercised by 1 January 2028. The option grant is divided into three tranches whereby 1/3 vests each year over three years, with the first tranche vesting 1 January 2025. The current grant is the second of three contemplated annual grants of share options in accordance with Scatec's share-based incentive programme.

Refinancing of USD 150 million green term loan

On January 25, 2024, Scatec ASA agreed refinancing terms with DNB, Nordea and Swedbank for its USD 150 million green term loan, with USD 135 million outstanding at the end of the fourth quarter 2023. The new green term loan will be amortised through semi-annual repayments of USD 7.5 million with final maturity in the fourth quarter 2027.

Placement of NOK 1,750 million senior unsecured green bonds and buy-back of bonds

On January 31, 2024, Scatec ASA announced the issuance of a NOK 1,750 million 4-year senior unsecured bond with a coupon of 3 months NIBOR + 4.25% p.a. with quarterly interest payments. DNB Markets, Nordea and SpareBank 1 Markets acted as Joint Lead Managers in connection with the placement of the new bond issue. An application was made for the bonds to be listed on Oslo Stock Exchange.

On February 1, 2024, Scatec ASA announced buy-back of EUR 136 million of outstanding bonds with ticker "SCATC03 ESG" (ISIN NO0010931181) which will be cancelled subsequently. Following the transaction, the total nominal outstanding amount is EUR 114 million. The remaining proceeds from the NOK 1,750 million bond issue after the buy-back will be applied towards eligible activities as set out in the Green Financing Framework, including additional repayment of corporate debt.

PPA amendments in Honduras

Reference is made to previous communication around changes to the PPA in Honduras. In May 2022, a new Energy law came into force as introduced by the new Government of Honduras. Per January 31, 2024, a PPA amendment agreement was signed between Scatec's operating entities in Honduras and the off taker ENEE. The key changes to the PPA include a lower tariff, extension of the PPA with five more years and a compensation amount to be paid by the off taker to Scatec's operating entities. In total, the amendments to the PPA in combination with the compensation amount are not expected to have a material adverse effect of the financials of the projects.

Devaluation of the Egyptian pound

On March 6, 2024, the central bank in Egypt announced a full free floating of the local currency, Egyptian Pound (EGP), and the local currency devaluated against USD. Scatec's Benban plants in Egypt are operating under a 25-year Power Purchase Agreement with the Egyptian Electricity Transmission Company, S.A.E, which started operations in 2019. The tariff in the Power Purchase Agreement is denominated in USD but paid in EGP. 30% of the production volume is invoiced in EGP at a fixed rate to USD of 8.88, while 70% of the revenues are invoiced at the official EGP/USD spot rate for the relevant period. Due to devaluations of the EGP since the operations commenced, the fixed-rate part of the revenues constituted approximately NOK 30 million in 2023 representing 10% of Scatec's total proportionate power production revenues in Egypt. This part of the revenues is exposed to further devaluation of the EGP. The non-recourse debt is dominated in USD and not impacted by the devaluation, while Scatec's cash balances in EGP is negatively impacted by a devaluation. The change of the central bank's strategy in Egypt is expected to ease the convertibility of EGP to USD. Please refer to Note 15 Cash and cash equivalent for information on cash balances in Egypt at year-end 2023.

Oslo, 19 March 2024

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Espen Gundersen

Maria Moræus Hanssen

Jørgen Kildahl

Mette Krogsrud

Gisele Marchand

Morten Henriksen

Terje Pilskog (CEO)

Consolidated financial statements Group

Consolidated statement of profit and loss

1 JANUARY - 31 DECEMBER

NOK million	Note	2023	2022
Revenues	3	3,399	3,002
Net gain/(loss) from sale of project assets and divestments	9, 14	1,276	-
Net income/(loss) from JV and associated companies	3, 14	46	749
Total revenues and other income		4,721	3,751
Personnel expenses	4	-570	-528
Other operating expenses	5	-584	-668
Depreciation, amortisation and impairment	10, 11, 12, 13	-942	-1,832
Operating profit (EBIT)		2,625	723
Interest and other financial income	6	415	115
Interest and other financial expenses	6	-1,977	-1,666
Net foreign exchange gain/(loss)	20, 6	-56	-268
Net financial expenses		-1,617	-1,818
Profit/(loss) before income tax		1,008	-1,095
Income tax (expense)/benefit	7	114	-132
Profit/(loss) for the period		1,122	-1,228
Profit/(loss) attributable to:			
Equity holders of the parent		628	-1,334
Non-controlling interest	29	494	106
Basic earnings per share (NOK)	8	3.95	-8.40
Diluted earnings per share (NOK)	8	3.95	-8.40

Consolidated statement of comprehensive income

1 JANUARY - 31 DECEMBER

NOK million	Notes	2023	2022
Profit/(loss) for the period		1,122	-1,228
Other comprehensive income:			
Items that may subsequently be reclassified to profit or loss			
Net movement of cash flow hedges	22	-292	664
Income tax effect from net movement of cash flow hedges	7	69	-150
Foreign currency translation differences		194	472
Net other comprehensive income to be reclassified		-30	986
Total comprehensive income for the year, net of tax		1,092	-242
Attributable to:			
Equity holders of the parent		704	-648
Non-controlling interest	29	389	406

Consolidated statement of financial position

NOK million	Note	31 December 2023	31 December 2022
Assets			
Non-current assets			
Deferred tax assets	7	1,226	860
Property, plant and equipment	10	22,035	17,310
Goodwill and intangible assets	11	717	758
Investments in JVs and associated companies	14	12,368	10,674
Other non-current financial assets	21, 22	299	375
Other non-current assets	17, 30	265	241
Total non-current assets		36,911	30,218
Current assets			
Trade and other receivables	16	478	497
Other current financial assets	21, 22	16	21
Other current assets	17, 30	1,150	1,862
Cash and cash equivalents	15	3,101	4,132
Assets classified as held for sale	9	138	-
Total current assets		4,884	6,512
Total assets		41,795	36,730

Consolidated statement of financial position

NOK million	Note	31 December 2023	31 December 2022
Equity and liabilities			
Equity			
Paid in capital			
Share capital	27	4	4
Share premium		9,847	9,819
Total paid in capital		9,851	9,823
Other equity			
Retained earnings		-1,911	-2,231
Other reserves		747	671
Total other equity		-1,164	-1,560
Non-controlling interests	29	1,884	540
Total equity		10,570	8,803
Non-current liabilities			
Deferred tax liabilities	7	849	743
Corporate financing	23	7,947	7,987
Non-recourse project financing	24	15,026	13,297
Other financial liabilities	21, 22	179	12
Other interest-bearing liabilities	23	247	231
Other non-current liabilities	18, 30	1,343	1,618
Total non-current liabilities		25,590	23,888
Current liabilities			
Corporate financing	23	1,132	-
Non-recourse project financing	24	1,931	1,963
Income tax payable	7	48	37
Trade and other payables		294	594
Other financial liabilities	21, 22	41	108
Other interest-bearing liabilities	23	-	231
Other current liabilities	18, 30	2,060	1,106
Liabilities directly associated with assets classified as held for sale	9	129	-
Total current liabilities		5,635	4,039
Total liabilities		31,225	27,927
Total equity and liabilities		41,795	36,730

Oslo, 19 March 2024

The Board of Directors Scatec ASA

Consolidated statement of changes in equity

NOK million	Note	Share capital	Share premium	Retained earnings	Other reserves: Foreign currency translation	Other reserves: Hedging reserves	Total	Non-controlling interests	Total equity
At 1 January 2022		4	9,775	-493	95	-111	9,271	649	9,919
Profit for the period		-	-	-1,334	-	-	-1,334	106	-1,228
Other comprehensive income		-	-	-	377	309	686	300	986
Total comprehensive income		-	-	-1,334	377	309	-648	406	-242
Share-based payment	4	-	39	-	-	-	39	-	39
Share capital increase	27	-	5	-	-	-	5	-	5
Share purchase program		-	-	-	-	-	-	-	-
Dividend distribution	27	-	-	-404	-	-	-404	-526	-929
Capital increase from NCI	29	-	-	-	-	-	-	11	11
At 31 December 2022		4	9,819	-2,231	472	199	8,263	540	8,803
At 1 January 2023		4	9,819	-2,231	472	199	8,263	540	8,803
Profit for the period		-	-	628	-	-	628	494	1,122
Other comprehensive income		-	-	-	241	-166	75	-105	-30
Total comprehensive income		-	-	628	241	-166	704	389	1,092
Share-based payment	4	-	28	-	-	-	28	-	28
Dividend distribution	27	-	-	-308	-	-	-308	-121	-429
Capital increase from NCI	29	-	-	-	-	-	-	1,076	1,076
At 31 December 2023		4	9,847	-1,911	713	34	8,686	1,884	10,570

Consolidated statement of cash flow

NOK million	Notes	2023	2022 [1]
Cash flow from operating activities			
Profit before taxes		1,008	-1,095
Taxes paid	7	-261	-170
Depreciation and impairment	10, 11, 12	942	1,832
Proceeds from sale of fixed assets	10	68	45
Net income JV and associated companies	14	-46	-749
Gain from sale of project assets	9	-1,276	-
Interest and other financial income	6	-415	-115
Interest and other financial expenses	6	1,977	1,666
Foreign exchange (gain)/loss	6	56	268
(Increase)/decrease in current assets and current liabilities [1]		132	-45
Net cash flow from operating activities		2,184	1,637
Cash flows from investing activities			
Interest received	6	170	115
Investments in property, plant and equipment [1]		-7,145	-2,867
Proceeds from sale of project assets, net of cash disposed [2]	9	390	-
Distributions from JV and associated companies	14	457	669
Investments in JV and associated companies	14	-447	-204
Net cash flow used in investing activities		-6,575	-2,287
Cash flow from financing activities			
Proceeds from non-controlling interests	25	944	18
Distributions to non-controlling interests	25	-35	-8
Interest paid	21	-1,962	-1,108
Proceeds from non-recourse project financing	24, 21	6,038	3,468
Repayment of non-recourse project financing	24, 21	-1,818	-1,175
Payments of principal portion on lease liabilities	12	-21	-26
Interest paid on lease liabilities	12	-27	-20
Net of proceeds and repayments from corporate financing	23, 21	603	-
Dividends paid to equity holders of the parent company and non-controlling interests	27	-429	-929
Net cash flow from financing activities		3,294	221
Net increase/(decrease) in cash and cash equivalents		-1,097	-428
Effect of exchange rate changes on cash and cash equivalents		78	389
Cash transferred to assets held for sale		-12	-
Cash and cash equivalents at beginning of the period		4,132	4,171
Cash and cash equivalents at end of the period	15	3,101	4,132

1) Cash-flows related to prepayments and incurred expenses for construction of new power plants are from 2023 presented as investing activities in line item "Investments in property, plants and equipment". Comparable numbers are correspondingly updated. The comparative amounts for 2022 prior to restatement were NOK -1,986 million for "Investments in property, plant and equipment" and NOK -926 million for "Increase/decrease in current assets and current liabilities".

2) Proceeds from sale of project assets, net of cash disposed, is cash received from sale of project assets less consolidated cash position in disposed projects at the time of disposal.

Notes to the Consolidated financial statements Group

Note 1 Corporate information

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

Scatec ASA ("the Company"), its subsidiaries and investments in associated companies and joint ventures ("the Group" or "Scatec") is a leading renewable energy solution provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 4.2 GW in operation and under construction across four continents today (refer to Note 3 – Operating segments).

Information on the Group's structure is provided in Note 28 – 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 27 – Share capital, shareholder information and dividend.

The consolidated financial statements for the full year 2023 were authorised for issue in accordance with a resolution by the Board of Directors on 19 March 2024.

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

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

Basis for preparation

The Scatec Group's consolidated financial statements have been prepared in accordance with IFRS® Accounting Standards as adopted by the EU (IFRS). In compliance with the Norwegian Accounting Act, additional disclosure requirements are included in the notes to the financial statements of Scatec ASA.

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

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

The functional currency of the companies in the Group is determined based on the nature of the primary economic environment in which each company operates. The consolidated financial statements are presented in Norwegian kroner (NOK) and on consolidation, the assets and liabilities of foreign entities with functional currencies other than NOK are translated at the rate of exchange prevailing at the end of reporting period and their income statements are translated at average monthly exchange rates.

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of 31 December 2023. When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee. Control is achieved when the Group has power over the investee, is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Estimation uncertainty

In preparation of the Group's consolidated financial statements, management has made assumptions and estimates about future events and applied judgements that affect the reported values of assets, liabilities, revenues, expenses and related disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The assumptions and estimates are based on historical experience, current trends and other relevant factors available when the consolidated financial statements are prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes beyond the control of the Group. Such changes are reflected in the financial statements when the changes in assumptions occur.

Information about estimation uncertainty, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are largely incorporated into the individual notes.

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

Consolidation of power plant companies

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

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

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

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

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

Note 3 Operating segments

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

Power Production

The Power Production segment manages the Group's power producing assets and derives its revenue from the production and sale of solar, winds and hydro generated electricity mainly based on long-term Power Purchase Agreements or Feed-in-tariffs. In the Philippines electricity is sold on bilateral contracts, in the spot market and as ancillary services. In Ukraine, for the Progressovka plants, changes in the local law in 2023 enabled Scatec to pause the PPA and sell electricity in the spot market while retaining the option to re-enter the PPA at a later stage. In addition, the segment includes revenues from the Release concept.

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

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

Services

The Services segment comprises Operations & Maintenance (O&M) and Asset Management services provided to power production plants where Scatec has economic interest. The services are delivered to ensure optimised operations of power producing assets through a complete and comprehensive range of services for technical and operational management.

O&M revenues are generated based on fixed service fees with additional profit-sharing arrangements. Asset Management services typically include financial reporting to sponsors and lenders, regulatory compliance, environmental and social management, as well as contract management on behalf of the power plant companies.

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

Development & Construction

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

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

Scatec periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for modules, labor, subcontractor costs, and other direct costs related to contract performance. For items considered to be not distinct, Scatec recognises direct material costs as incurred costs when the main direct materials have been installed. Scatec considers direct materials to be installed when they are permanently attached or fitted to the power production systems as required by engineering designs. For items considered to be distinct, Scatec recognises direct material costs as incurred costs at change of title, dependent on the incoterms in the EPC supply of goods contract.

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

Corporate

Corporate consists of the activities of corporate and management services. No segments have been aggregated to form these reporting segments. Revenues from transactions between the D&C, Services and PP segments, where Scatec is deemed to hold a controlling interest, are presented as internal revenues in the segment reporting, and eliminated in the consolidated statement of profit or loss.

Use of proportionate financials

The segment financials are reported on proportionate basis. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced Proportionate Financials as the Group is of the opinion that this method improves earnings visibility and to improve transparency on underlying value creation across Scatec's business activity.

Revenues from transactions between group companies, where Scatec is deemed to hold a controlling interest, are presented as internal revenues in the segment reporting. These transactions are based on international contract standards and terms negotiated at arm's length with lenders and co-investors in each power plant company.

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

- In the consolidated financials fully consolidated companies are presented on a 100% basis. In the proportionate financials the fully consolidated companies are presented based on Scatec's ownership percentage/economic interest. The residual ownerships interests in the table below represent the share of the proportionate financials in fully consolidated subsidiaries where Scatec do not have 100% economic interest.
- In the consolidated financials joint venture and associate companies are equity consolidated and are presented with Scatec's share of the net profit on a single line in the statement of profit or loss. In the proportionate financials the joint venture and associate companies are presented in the same way as other subsidiaries on a gross basis in each account in the statement of profit or loss based on Scatec economic interest. In the table below elimination of equity consolidated entities column shows the elimination of proportionate financials lines to arrive at Scatec's share of net income/(loss).
- Internal gains from transactions between segments are eliminated in the consolidated financials but are retained in the proportionate financials. These internal gains primarily relate to gross profit on D&C goods and services delivered to project companies. Hence, the consolidated financials have lower book value of solar plants than the proportionate financials and corresponding lower depreciation charges. Internal gain eliminations also include profit on Operations and Maintenance - and Asset Management services delivered to project companies.
- The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit; hence interest income/expense is not disclosed on proportionate basis.

Bridge proportionate – to consolidated financials 2023

2023	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues	3,760	32	4	-	3,796	1,199	-1,601	4	3,399
Net gain/(loss) from sale of project assets	348	-	-	-	348	-	-	928	1,276
Internal revenues	6	341	8,172	50	8,569	1,956	-557	-9,969	-
Net income/(loss) from JVs and associates [1]	-	-	-	-	-	-	46	-	46
Total revenues and other income	4,113	373	8,177	50	12,714	3,155	-2,115	-9,036	4,721
Cost of sales [2]	-	5	-7,182	-	-7,179	-1,888	502	8,565	-
Gross profit	4,113	378	994	50	5,535	1,268	-1,613	-469	4,721
Personnel expenses	-141	-138	-216	-139	-633	-12	94	-20	-570
Other operating expenses	-755	-122	-107	-74	-1,058	-224	314	383	-584
EBITDA	3,216	118	672	-162	3,845	1,032	-1,204	-106	3,567
Depreciation and impairment	-1,585	-6	-65	-36	-1,692	-323	939	135	-942
Operating profit (EBIT)	1,631	112	607	-198	2,152	709	-265	29	2,625

1) Refer to Note 14 Investments in joint venture and associated companies for details on Net income from JV and associates
2) Refer to Note 31 for details of the change in presentation of revenue and cost of sales for the Philippines

The Group has continued to recognise revenue from power production in Ukraine to the extent Scatec believes it is probable to collect the consideration, which is equal to actual paid amounts. The recognised amount in 2023 was NOK 371 million in the proportionate financials (NOK 440 million in the consolidated financials), which is in line with the paid amounts.

The Group has recognised net gain from sale of project assets in total amount of NOK 348 million in the proportionate financials (NOK 1,276 million in the consolidated financials) attributable to the strategic sales of the Upington solar plants in South Africa and Mocuba solar plant in Mozambique, and to the divestment of 32% shareholding in Release, contributing with an accounting gain of NOK 485 million in the consolidated financials. In 2023 the Group recognised an impairment charge of NOK 350 million in the Power Production segment in the proportionate financials (NOK 350 million in the consolidated financials included in the net income/(loss) from JVs and associated companies) related to the power plant in Argentina. The Group has also recognised an impairment charge of NOK 65 million in the proportionate financials (NOK 48 million in the consolidated financials) in the D&C segment related to discontinued development projects.

Bridge proportionate – to consolidated financials 2022

2022	Proportionate financials								
NOK million	Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues 2)	3,689	18	5	7	3,718	1,120	-1,837	-	3,002
Internal revenues	8	294	1,064	49	1,415	188	-138	-1,465	-
Net income/(loss) from JVs and associates 1)	-	-	-	-	-	-	749	-	749
Total revenues and other income	3,697	312	1,069	56	5,133	1,309	-1,226	-1,465	3,751
Cost of sales 2)	-28	1	-962	1	-989	-145	90	1,044	-
Gross profit	3,669	312	106	57	4,144	1,163	-1,136	-421	3,751
Personnel expenses	-125	-120	-215	-113	-574	-9	68	-12	-528
Other operating expenses	-709	-118	-112	-81	-1,020	-221	253	320	-668
EBITDA	2,835	74	-221	-138	2,550	933	-815	-113	2,555
Depreciation and impairment	-1,918	-6	-137	-29	-2,090	-414	510	162	-1,832
Operating profit (EBIT)	916	68	-358	-167	460	519	-306	49	723

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

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

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

Geographical break down of consolidated revenues and PPE

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

Consolidated revenues per country

	External revenue	
NOK million	2023	2022
South Africa	1,073	1,106
Egypt	657	644
Malaysia	364	346
Ukraine	440	175
Honduras	232	200
Jordan	171	158
Czech Republic	150	128
Mozambique	97	93
Vietnam	95	83
Cameroon 1)	58	15
Rwanda	26	23
Netherlands	10	29
Other	26	1
Total	3,399	3,002

1) Revenues in Release Cameroon in 2023 are included for the period January – October, before 32% shareholding in Release was divested. Refer to Note 9 for details.

Property, plant and equipment per country

NOK million	Property, plant and equipment 2023	2022
South Africa	9,554	4,155
Egypt	3,453	3,411
Malaysia	2,570	2,728
Ukraine	1,993	1,922
Honduras	1,293	1,302
Pakistan	961	375
Jordan	866	905
Norway	475	428
Vietnam	422	454
Czech Republic	314	336
Netherlands	70	160
Other	64	8
Mozambique	-	558
Cameroon	-	427
Rwanda	-	141
Total	22,035	17,310

Major customers

In South Africa, revenues (3 plants which commenced operations in 2013 and 2014 and 3 Upington plants which commenced operations in 2020 and disposed in 2023) 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. Kenhardt plants started commercial operation in December 2023 under a 20-year PPA which was awarded under the Risk Mitigation Independent Power Producer procurement programme (RMIPPPP). Eskom's financial commitments under the PPA are guaranteed by the South African National Treasury under the Implementation Agreement.

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

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

The Rengy plant in Ukraine commenced operation in 2019, Boguslav and Kamianka commenced operations in 2020 and Chigrin and Progressovka commenced operations in 2021. The electricity is sold under Power Purchase Agreements 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*. In June 2023, Scatec started selling power from the Progressovka power plant in the spot market, The decision was made based on changes in the local law which enabled Scatec to pause the PPA, while retaining the option to re-enter the PPA at a later stage.

The Agua Fria power plants in Honduras commenced operations in 2015, whereas the Los Prados plants in Honduras commenced operation in 2018. The electricity from the plants is sold under a 20-year Power Purchase Agreement with the utility Empresa Nacional de Energia Electricia (ENEE). The financial commitments of ENEE under the PPA are guaranteed by the sovereign guarantee executed by the Honduran attorney general and the secretary of finance, approved by the National Congress of Honduras.As a result of the new Energy law which came into force in 2022 as introduced by the new Government of Honduras, the negotiations of the PPAs were ongoing during the year.

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

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

The Mocuba plant in Mozambique commenced operation in 2019. The electricity is sold under a 25-year Power Purchase

Agreement with Electricidade de Moçambique (EDM). The financial commitments of EDM under the PPA are guaranteed by The Mozambican government under the concession agreement approved under law 88/2016 of 5 December 2016 for 30 years. In December 2023 Scatec sold its equity share in the Mocuba plant. The consolidation of the project company ceased.

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

The ASYV power plant in Rwanda commenced operations in 2014. The power is sold under a 25-year Power Purchase Agreement with the state-owned utility EWSA, with an annual price adjustment of 100% of Rwandan CPI. EWSA's financial commitments under the PPA are guaranteed by the Government of Rwanda represented by its Ministry of Finance and Economic Planning under the Government Guarantee Agreement. In December 2023 Scatec signed an agreement to sell its equity share in the ASYV plant. The associated assets and liabilities are presented as held for sale as per 31 December 2023.

Note 4 Employee benefits

Salaries and other personnel costs

NOK million	2023	2022
Salaries	518	463
Share-based payment	29	39
Payroll tax	58	43
Pension costs	41	38
Other personnel costs	35	31
Capitalised to PP&E (project assets)	-111	-87
Total	570	528

The Group's pension schemes are classified as defined contribution plans.

Salaries and personnel expenses for the management

NOK million	2023	2022
Salary and bonus	41	45
Pension	2	2
Total	43	47

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

Long term incentive programmes

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

In line with the terms adopted by the Annual General Meeting of Scatec ASA on 4 May 2016, and prolonged in the following years, the Board of Directors have established an option programme for leading employees of the company. Options are vested in tranches over a three-year period, with the first tranche vesting one year from award. As of December 31, 2023, there are options not fully vested from the grants awarded in 2021 and onwards. Each share option gives the right to subscribe for and be allotted one share in Scatec ASA. The strike prices are equivalent to the volume weighted average price of the shares the ten preceding trading days of the grant.

The fair value of the options is expensed over the vesting period. In 2023 NOK 29 million (39) have been expensed.

Date granted	Amount	Strike price	Lapse date
04/01/2021	138,567	314.91	01/01/2025
24/02/2021	7,617	314.91	01/01/2025
06/05/2021	116,176	244.28	01/01/2025
04/01/2022	635,730	150.79	01/01/2026
28/03/2022	10,000	134.53	01/01/2026
27/04/2022	14,353	124.34	01/01/2026
16/05/2022	16,711	96.16	01/01/2026
03/01/2023	1,201,148	80.25	01/01/2027
02/03/2023	67,516	80.25	01/01/2027
Sum	2,207,818		

For the options granted in 2023 the assumptions used in calculating the fair value of the options are as follows: 2.99 years (2.98 years) for expected lifetime, 52.45% (49.02%) for the expected volatility and 0 (0) for expected dividend. The calculations are based on average values.

During 2023 the employees exercised no options, compared to 51 thousand at the weighted average strike and share price of NOK 89.26 and NOK 130.30 in 2022.

See table below for total number of outstanding options under the long-term incentive programme and number of outstanding vested options.

Summary of movements in options

	Opening balance	Granted	Cancelled	Terminated	Closing balance	Closing balance vested options
Numbers of instruments	1,767,265	1,573,057	-120,578	-801,560	2,411,222	603,842
Weighted average strike price	158.19	80.25	67.45	141.09	123.08	172.99

Number of employees in the financial year in the consolidated entities

	2023	2022
South Africa	281	282
Norway	144	146
Egypt	98	74
Ukraine	46	57
Malaysia	29	35
Netherlands	31	28
Honduras	20	20
India	26	11
Vietnam	4	9
France	5	9
Mozambique	8	11
Pakistan	28	24
Other	31	26
Total	751	732

Note 5 Other operating expenses

NOK million	2023	2022
Facilities	210	210
Professional fees	166	175
IT and office costs	78	74
Travel costs	32	32
Social development contributions	21	18
O&M external fees	25	23
Other costs	52	38
Expected credit loss	-	98
Total other operating expenses	584	668

The impairment of expected credit loss in 2022 is related to receivables in Ukraine.

Government grants are recognised when it is reasonably certain that the company will meet the conditions stipulated for the grants and that the grants will be received. Grants are recognised either as cost reduction or as a deduction of the asset's carrying amount. Scatec has in 2023 recognised government grants of NOK 12 million (27) in cost reductions and NOK 10 million (29) grants as deductions of the development and construction asset's carrying amount.

Remuneration to the auditors (PwC and other independent auditors)

NOK million	2023	2022
Audit services	15	9
Other attestation services	2	1
Tax services	1	1
Other services	-	1
Total remuneration	18	11

VAT is not included in the numbers above.

Note 6 Financial income and expenses

NOK million	2023	2022
Interest income	162	92
Change in fair value of forward exchange contracts	246	-
Other financial income	8	23
Interest and other financial income	415	115
Interest expenses	1,727	1,424
Change in fair value of forward exchange contracts	29	89
Other financial expenses	221	154
Interest and other financial expenses	1,977	1,666
Net foreign exchange gain/(loss)	-56	-268
Net fiancial expenses	1,617	1,818

See Note 20 Financial risk management for interest rate sensitivity. See Note 24 Non-recourse financing for details on project financing and Note 23 for details on corporate financing.

Note 7 Tax

Estimation uncertainty

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

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

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

Management uses judgment in assessing the substance of each tax credit scheme. The Group accounts for investment tax credits in current tax in the year when the conditions required to receive the credits are met and they are claimed on the tax return. Investment tax credits that are unused recognised as deferred tax assets to the extent that it is probable that future taxable profit will be available against which unused tax credits can be utilised.

The Group has not identified any significant exposure to Pillar Two income taxes that require disclosure in the consolidated financial statements.

Effective tax rate

NOK million	2023	2022
Tax payable	-230	-197
Change in deferred tax	384	108
Withholding tax	-42	-45
Adjustments of tax concerning previous years	2	1
Income tax expense	114	-132
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	1,008	-1,095
Nominal tax rate (22%)	-222	241
Tax effect of:		
Permanent differences on divestments	270	-
Permanent differences on tax incentive in South Africa	457	-
Other permanent differences	66	-28
Tax rate different from Norwegian rate	-29	-39
Current tax on dividend received and withholding tax	-42	-45
Valuation allowance loss carried forward	-322	-248
Share of net income from associated companies	10	165
Non-recognised tax effects from impairment in Ukraine	-	-175
Use and capitalisation of previously unrecognised losses carried forward	-1	14
Other items	10	-27
Currency translation	-84	11
Calculated tax expense	114	-132
Effective tax rate	-11%	NA

The Group recognised an income tax benefit of NOK 114 million (-132) in 2023. The tax benefit is largely attributable to the Kenhardt plants (NOK 457 million) which qualified for the Enhanced renewable energy tax incentive after reaching Commercial Operating dates in the fourth quarter. This tax incentive granted a 25% additional tax deduction of the plants cost when the assets were put into use in 2023. The incentive will be settled as reduced tax payments in the coming years.

The net gain from the divestment of 32% of the shares in Release (NOK 485 million) and the gain on the sale of

Upington solar plants in South Africa (NOK 744 million) are permanent differences and do not give rise to any tax expense. The items are presented as permanent differences on divestments in the table above.

The remaining difference between the Group's actual tax expense and a calculated tax expense based on the Norwegian tax rate of 22% is mainly due to different tax rates in the jurisdictions in which the companies operates, withholding taxes paid on dividends, currency effects and effects from unrecognised tax losses. Further, the profit/loss from JVs and associates are reported net after tax which also impacts the effective tax rate.

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.

Significant components of deferred tax assets

NOK million	2023	2022
Tax losses carried forward	4,058	1,997
Valuation allowance of deferred tax assets	-623	-458
Financial instruments	58	33
Property, plant and equipment and intangible	120	60
Construction projects	92	124
Lease liabilities	56	61
Other items	5	55
Offsetting of tax balances [1]	-2,540	-1,012
Total deferred tax assets	1,226	860

Significant components of deferred tax liabilities

NOK million	2023	2022
Property, plant and equipment, intangible assets,	3,252	1,658
Financial instruments	74	88
Other items	63	6
Offsetting of tax balances [1]	-2,540	-1,012
Total deferred tax liabilities	849	743

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

Specification of tax loss carried forward

NOK million	2023			2022		
Country	Loss carried forward	Deferred tax asset	Net deferred tax on other differences	Loss carried forward	Deferred tax asset	Net deferred tax on other differences
South Africa	10,322	2,788	-2,187	2,690	753	-680
Norway	2,910	75	-25	2,890	251	-25
Ukraine	2,156	389	-421	2,048	369	-311
Egypt	1,463	158	-499	1,371	143	-452
Jordan	379	17	-55	453	23	-57
Netherlands	303	8	-2	214	-	1
Malaysia	163	-	25	168	-	37
Other	11	-	105	11	-	64
Total	17,708	3,435	-3,058	9,845	1,540	-1,423

The Group has NOK 17,708 million (9,845) of tax losses carried forward. The balances are offset against taxable temporary differences within the same fiscal authority, mainly related to property, plant and equipment.

The losses carried forward in countries with power plant assets are mainly related to accelerated depreciation rates for power plant assets compared to the accounting depreciations which are determined by the useful life of the assets. The increase in losses carried forward for the Group in 2023 mainly derives from losses in Kenhardt plants in South Africa due to accelerated depreciation as the plants were set in operation as well as additional tax deduction as described above. We assessed the probability of utilising the tax losses in all countries where tax losses were recognised to ensure that tax losses are recorded to the extent that the Group expects there will be sufficient future taxable profits available to utilise the losses. At year-end 2023 the Group has recorded a valuation allowance of NOK -623 million (-458) related to tax losses carried forward which are not expected to be used to offset future taxable income. The valuation allowance is recognised in Norway (NOK 400 million), Egypt (NOK 171 million), Malaysia (NOK 39 million) and in other countries.

The tax losses in Egypt and Jordan can be carried forward for 5 years while all other tax losses in the Group can be carried forward indefinitely. All other tax losses in the Group can be carried forward indefinitely.

Movement in net deferred tax asset

NOK million	2023	2022
Net deferred tax asset at 1 January	117	159
Recognised in the consolidated statement of profit or loss	384	108
Deferred tax other comprehensive income	69	-150
Deferred tax transferred to assets classified as held for sale	-193	-
Net deferred tax asset at 31 December	377	117

Note 8 Earnings per share

NOK million	2023	2022
Profit/(loss) attributable to the equity holders of the company and for the purpose of diluted shares	628	-1334
Weighted average number of shares outstanding for the purpose of calculating basic earnings per share	158.9	158.9
Earnings per share for income attributable to the equity holders of the company - basic (NOK)	3.95	-8.40
Effect of potential dilutive shares:		
Weighted average number of shares outstanding for the purpose of calculating diluted earnings per share	158.9	158.9
Earnings per share for income attributable to the equity holders of the company - diluted (NOK)	3.95	-8.40

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

Note 9 Sale of project assets and disposal group held for sale

Sale of project assets

Upington solar power plants in South Africa

On 2 February 2023, Scatec signed an agreement with a subsidiary of STANLIB Infrastructure Fund II, managed by STANLIB Asset Management Proprietary Limited ("Stanlib"), to sell its 42% equity share in the 258 MW Upington solar plants. The closing of the transaction took place on 31 May 2023. Total consideration, net after sales cost amounted to NOK 546 million. The transaction generated a net accounting gain of NOK 744 million on a consolidated basis presented in net gain/(loss) from sale of project assets.
With effect from the closing date, the consolidation of the project companies ceased, decreasing the total assets with NOK 2,165 million, decreasing total liabilities with NOK 2,277 million, and increasing equity with NOK 198 million (Scatec's share). An accumulated foreign currency translation reserve (gain) of NOK 5 million was recycled from other comprehensive income to profit or loss as part of the deconsolidation. The reserve was recorded net with other foreign currency translation differences in other comprehensive income with the opposite entry presented as a foreign exchange income in the statement of profit or loss.

Guañizuil IIA solar power plant in Argentina

On 19 October 2023, Scatec ASA and Equinor ASA sold their shares in the 117 MW Guañizuil IIA solar power plant in

Argentina, as well as their shares in the local operating services company to Central Puerto. The solar power plant was impaired in amount of NOK 350 million, and the sales transaction did not generate any material accounting impact.

Mocuba solar power plant in Mozambique

On 18 July 2023, Scatec signed an agreement with Globeleq to sell its 52.5% equity share in the 40 MW Mocuba solar power plant in Mozambique for a gross consideration of NOK 86 million, in line with the Group's strategy. The closing of the transaction took place on 29 December 2023. The transaction has generated a net accounting gain of NOK 47 million on a consolidated basis presented in net gain/(loss) from sale of project assets. The consolidation of the project company ceased, decreasing the total assets with NOK 785 million, decreasing total liabilities with NOK 588 million, and decreasing equity with NOK 41 million (Scatec's share). An accumulated foreign currency translation reserve (gain) of NOK 21 million was recycled from other comprehensive income to profit or loss as part of the deconsolidation. The reserve was recorded net with other foreign currency translation differences in other comprehensive income with the opposite entry presented as a foreign exchange income in the statement of profit or loss.

Release

On 27 October 2023, Release closed NOK 1.1 billion transaction with Climate Fund Managers ('CFM"). CFM contributed approx. NOK 560 million in equity for a 32% shareholding in Release. Scatec retained the majority shareholding of 68%. CFM will also provide shareholder loans of approx. NOK 480 million, part of which will be on concessional terms. As a result of the transaction and in line with the shareholder agreement, Scatec lost control over Release. All assets and liabilities were deconsolidated and Scatec recognised an investment in joint venture at fair value at the acquisition date. Scatec recognised NOK 307 million of the notional goodwill which is allocated to the investment in Release. Notional goodwill is recorded in functional currency and as a result, changes in currency exchange rates affect the value of notional goodwill in NOK. Notional goodwill is not deductible for tax purposes.

The divestment of the 32% shareholding generated an accounting gain of NOK 485 million in the consolidated financial statements presented in net gain/(loss) from sale of project assets. An accumulated foreign currency translation reserve loss of NOK 10 million was recycled from other comprehensive income to profit or loss as part of the gain on sale.

Refer to Note 14 for details about profit and loss and financial position at stand alone basis for the acquired joint venture, including the bridge from Scatec's share of equity at stand alone basis to the carrying value of net investments in joint ventures at Group level.

Disposal group held for sale

On 19 December 2023, Scatec signed an agreement with Fortis Green Fund I Rwanda Holdings Ltd and Axian Energy Green Ltd to sell its 54% equity share in the 8.5 MW solar power plant in Rwanda for a gross consideration of NOK 14.2 million, in line with the Group's strategy. The associated assets and liabilities of the subsidiary are presented as held for sale as per 31 December 2023. The transaction is subject to the customary consents and is expected to be completed in 2024. Scatec is also exiting from the operations & maintenance and asset management agreements as part of the sale.

NOK million	Carrying value 31 December 2023
Assets classified as held for sale	
Property, plant and equipment	118
Trade and other receivables	7
Other current assets	1
Cash and cash equivalents	12
Total assets of disposal group held for sale	138
Liabilities directly associated with assets classified as held for sale	
Non-current non-recourse project financing	104
Current portion of non-recourse project financing	11
Other current and non-current liabilities	14
Total liabilities of disposal group held for sale	129

Note 10 Property, plant and equipment

Accounting principle

Power plants in operation

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

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

Asset retirement obligations

Asset retirement costs are recognised when the Group has an obligation to dismantle and remove a power plant and to restore the site on which it is located. Expenditures related to asset retirement obligations are expected to be paid in the period between 2030 and 2050.

Other fixed assets

Other fixed assets mainly include office lease, fixtures and equipment. For accounting principles related to right to use lease assets, details are provided in Note 12 Leases.

Estimation uncertainty

Estimated useful life of power plants

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

In most of these markets the sale of electricity depends on having a PPA, hence, the length of the PPA is a relevant factor for determine useful life. The power plants currently in operation have 9 to 25 years off-take agreements. The technical useful life of power plants is subject to several factors such as climatic conditions and maintenance programme; however, it is expected to be 30 years. Technical useful life of storage equipment, such as the BESS (batter energy storage system) on the Kenhardt plant, is highly dependent on usage and number of charging cycles, but is expected to be 25 years.

The assessment is made on a plant-by-plant basis. Most of the Group's power plants are depreciated over the length of the PPA or up to 30 years based on expected usage.

Scatec's operational assets are insured through programmes against physical damage, including natural catastrophes and weather-related events, through a property damage & business interruption insurance. A similar insurance programme is also designed for projects under construction which cover physical damage, loss of income and transportation risks. Thus, potential physical damages of plants will be rebuilt and are not expected to impact useful life of the plants. Other climate related risks have been considered and are currently not assessed to impact useful life of the plants.

Capitalisation of development costs

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. The assessment of project viability is based on completion of key development activities and includes management judgment.

The carrying value of development projects that have not yet reached the construction phase was NOK 332 million (232) at 31 December 2023.

Asset retirement obligations

Scatec's future asset retirement obligation depends on several factors such as the possible existence of a power market for the plants after the end of the PPA, future development of manhour and equipment costs, interest and currency exchange rates. The calculation of the asset retirement obligation includes significant judgment and is done on a plant-by-plant basis, taking into consideration relevant project specifics.

Impairments

Power plants and projects under development/construction are tested for impairment to the extent that indicators of impairment exist, please refer to Note 13 Impairment testing for details.

During 2023, the Group impaired NOK 48 million (132) related to discontinued development projects. In 2022 the Group impaired NOK 742 million related to solar power plants in Ukraine.

Property, plant and equipment

NOK million	Power plants	Power plants under development and construction	Other fixed assets	Total
Accumulated cost at 1 January 2023	19,828	2,250	414	**22,492**
Additions	62	8,674	51	**8,786**
Transfers	9,564	-9,564	-	**-**
Disposals	-3,377	-309	-12	**-3,696**
Transfer of assets classified as held for sale	-214	-	-	**-214**
Effect of movements in foreign exchange rates	33	183	8	**224**
Accumulated cost at 31 December 2023	25,896	1,233	461	**27,590**
Accumulated depreciation and impairment losses at 1 January 2023	4,743	251	186	**5,179**
Depreciation for the year	804	-	48	**853**
Impairment losses	17	48	-	**64**
Accumulated depreciation transfer of assets classified as held for sale	-100	-	-	**-100**
Accumulated depreciation and impairment losses disposed assets	-511	-8	-12	**-531**
Effect of movements in foreign exchange rates	88	-2	1	**87**
Accumulated depreciation and impairment losses at 31 December 2023	5,040	290	224	**5,554**
Carrying amount at 31 December 2023	20,854	943	238	**22,035**
Estimated useful life (years)	20-30	N/A	3-5	
Accumulated cost at 1 January 2022	18,026	698	316	**19,040**
Additions	141	1,783	62	**1,986**
Transfers	233	-233	-	**-**
Disposals	-	-45	-	**-45**
Effect of movements in foreign exchange rates	1,427	48	36	**1,511**
Accumulated cost at 31 December 2022	19,828	2,250	414	**22,492**
Accumulated depreciation and impairment losses at 1 January 2022	2,918	116	118	**3,152**
Depreciation for the year	818	-	46	**864**
Impairment losses	742	113	19	**872**
Effect of movements in foreign exchange rates	264	22	4	**291**
Accumulated depreciation and impairment losses at 31 December 2022	4,743	251	186	**5,179**
Carrying amount at 31 December 2022	15,083	1,997	229	**17,310**
Estimated useful life (years)	20-30	N/A	3-5	

Note 11 Goodwill and other intangible assets

Overview

The Group's goodwill is mainly associated with the acquisitions of SN Power in 2021. The Group had no other intangible assets with an indefinite useful life than goodwill as of 31 December 2023 and 2022.

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

No impairment charges were recognised in 2023 related to intangible assets. In 2022, the Group impaired NOK 74 million of other intangible assets in Ukraine related to the right to transmit electricity for the power solar plants. Please refer to Note 13 Impairment testing.

Estimation uncertainty

There is considerable estimate uncertainty associated to the value of intangible assets. Please refer to Note 13 Impairment testing for assessment of recoverable amount.

Carrying value of goodwill and other intangible assets

NOK million	Goodwill	Other intangible assets	Total
Accumulated cost at 1 January 2023	357	525	882
Additions	-	35	35
Cost of disposed assets	-	-99	-99
Effect of movements in foreign exchange	10	28	38
Accumulated cost at 31 December 2023	367	489	857
Accumulated depreciation and impairment losses at 1 January 2023	-	124	124
Depreciation for the year	-	24	24
Accumulated depreciation and impairment losses disposed assets	-	-19	-19
Effect of movements in foreign exchange	-	10	10
Accumulated depreciation and impairment losses at 31 December 2023	-	139	139
Carrying amount at 31 December 2023	367	349	717
Accumulated cost at 1 January 2022	321	492	813
Effect of movements in foreign exchange	35	33	68
Accumulated cost at 31 December 2022	357	525	882
Accumulated depreciation and impairment losses at 1 January 2022	-	16	16
Depreciation for the year	-	26	26
Impairment losses	-	74	74
Effect of movements in foreign exchange	-	8	8
Accumulated depreciation and impairment losses at 31 December 2022	-	124	124
Carrying amount at 31 December 2022	357	401	758
Estimated useful life	N/A	3-25	

Note 12 Lease

Accounting principle

The Group primarily leases office and land where the power production plants are located, accounted for in accordance with IFRS 16.

The Group applies the recognition exemptions and recognises the lease payments as other operating expenses in the statement of profit or loss for leases of low value and leases with lease term less than 12 months. The future lease payments include fixed lease payments and variable lease payments that depend on an index or a rate. The Group recognises variable lease payments dependent on future events in profit or loss, this includes land lease expense where the lease payment is based on power production.

Estimation uncertainty

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

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

Reconciliation of movement in right-of-use asset

NOK million	Land	Office & cars	Total
Right-of-use asset at 1 January 2023	202	98	301
Additions	19	42	62
Depreciation for the year	-13	-25	-38
Effect of movement in foreign exchange and other changes	-7	1	-6
Right-of-use asset at 31 December 2023	201	116	317

Reconciliation of movement in lease liabilities

NOK million	2023	2022
Lease liability at 1 January 2023	313	246
Lease agreements entered into during the year	66	65
Lease payments made during the year	-48	-46
Interest expense on lease liabilities	27	18
Effect of movement in foreign exchange and other changes	-18	30
Lease liability at 31 Desember 2023	340	313

Leases in the income statement

NOK million	2023	2022
Operating expenses		
Short term- low value and variable lease payment expenses	-35	-41
Depreciation expenses		
Depreciation of right-of-use assets (land lease)	-13	-10
Depreciation of right-of-use assets (office lease and other)	-25	-25
Total depreciation	-38	-36
Financial expenses		
Interest expense on lease liability	-27	-18
Total lease expense in the income statement	-100	-94

Leases in the statement of financial position

NOK million	2023	2022
Assets		
Right-of-use assets - land lease	201	202
Right-of-use assets - office lease and other	116	98
Total right-of-use assets	317	301
Liabilities		
Non-current liabilities		
Lease liabilities (see Note 18 Other non-current and current liabilities)	315	270
Current liabilities		
Lease liabilities (see Note 18 Other non-current and current liabilities)	25	43
Lease liabilities included in the balance sheet	340	313

The land lease portion of the Right-of-use asset is presented under “power plants” and “Power plants under development and construction” in Note 10, while the office lease portion of the Right-of-use asset is presented under the line “Other fixed assets”.

Leases in the statement of cash flows

NOK million	2023	2022
Cash flow from operating activities		
Short-term and variable lease payments	-35	-41
Cash flow from financing activities		
Payments of principal portion on lease liabilities	-21	-26
Interest paid on lease liabilities	-27	-20

Maturity analysis – Undiscounted contractual cash flows

NOK million	2023	2022
One year	47	38
One to two years	62	42
Two to three years	40	37
Three to four years	37	36
Four to five years	35	34
More than five years	278	315
Total undiscounted lease liabilities	499	501
Lease liabilities included in the balance sheet	340	313

Note 13 Impairment testing

Estimation uncertainty

An impairment loss is recognised when an asset or cash generating unit (CGU)'s carrying value exceeds the recoverable amount.

Factors which trigger impairment testing include, but are not limited to, political changes, macroeconomic fluctuations, changes to the Group's strategy, project delays, underperforming, changes to tariffs and similar. When an asset is constructed, certain assumptions are made for climate related factors such as irradiation and temperature. Deviations of such assumptions may lead to underperforming of assets, which if significant, may be an indicator of impairment. Furthermore, climate related changes are expected to have a pervasive effect on the energy industry which may impact regulations, remaining useful life and financial viability of our assets in the markets we operate in, and are considered in our impairment testing.

Recoverable amount calculations of value in use are based on a discounted cash flow model. The future cash flows include a number of estimates and assumptions, including future market conditions and energy prices, discount rates, estimated useful life and others. Climate risks such as more extreme weather and natural disasters, and changes to environmental regulations, may impact future cash flows through lower production or/and physical damages of the assets. Such risks are accounted for in the discount rates. The estimates are based on the Group's budgets and long-term outlooks approved by management. The recoverable amount is sensitive to changes in discount rate, expected production rates, demand and price forecasts for power assets with variable income.

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

Impairment test – plants in operation

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

In 2022 impairment indicators were identified for Scatec's five solar plants in Ukraine triggered by Russia's invasion. As a result of impairment assessment performed, an impairment loss of NOK 816 million was recognised. Per 31 December 2023, approximately 95% of the power plants owned and operated by Scatec are intact and available in Ukraine. Revenues from power production have however only been recognised in accordance with actual paid amounts since March 2022. The payment level was 66% in 2023.

In the fourth quarter 2023, the impairment tests were updated with new information. Three scenarios have been assessed and weighted to arrive at the value in use for the solar power plants. No significant events have triggered additional impairment compared to recognised amount in 2022. For details please refer to the 2022 Annual Report.

Impairment test – development projects

In 2023 Scatec impaired NOK 48 million related to discontinued development projects in Brazil, Oman and Madagascar.

Annual mandatory impairment test - goodwill

The goodwill of the Group mainly relates to the acquisition of SN Power AS in 2021 (NOK 341 million). The goodwill relates to the portfolio of identified project development opportunities and assembled workforce. Consequently, the goodwill is allocated to and tested for impairment on the global Development & Construction operating segment. The goodwill has been tested for impairment with the following key assumptions and estimates:

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

The pre-tax discount rate applied in 2023 is 8.9%.

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

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

The Group has not recognised any impairments related to goodwill in 2023 or 2022 as the recoverable amounts exceed the carrying amount.

Note 14 Investments in joint venture and associated companies

Accounting principle

A joint venture or associate is an entity over which the Group has joint control or significant influence. The Group's investments in its associates and joint ventures are accounted for using the equity method. Under the equity method, the investment is initially recognised at cost and subsequently adjusted for further investments, distributions, and the Group's share of the net income from the associate or joint venture.

Estimation uncertainty

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries. Refer to Note 2 Basis for preparation, basis for consolidation and key sources of estimation uncertainty for significant judgements related to the assessment of whether Scatec controls an entity.

There is also considerable estimate uncertainty associated with the estimation of the excess values included in the net investment in joint venture and associated companies. The excess values mainly relate to water rights, and the estimated useful life of the water rights are reviewed on an annual basis and amortised over the remaining concession period.

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

Material joint ventures and associated companies

Company	Registered office	2023	2022
Kube Energy AS	Oslo, Norway	25.00%	25.00%
Scatec Solar Brazil BV	Amsterdam, Netherlands	50.00%	50.00%
Apodi I Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Quixeré, Brazil	43.75%	43.75%
Mendubim Holding B.V. 1)	Amsterdam, Netherlands	33.33%	33.33%
Mendubim Geração de Energia Ltda. 1)	Assu, Brazil	33.33%	33.33%
Mendubim (I-XIII) Energia Ltda. 1)	Assu, Brazil	33.33%	33.33%
Mendubim Solar EPC Ltda. 1)	Assu, Brazil	33.33%	33.33%
Scatec Solar Solutions Brazil B.V.	Amsterdam, Netherlands	50.00%	50.00%
Scatec Solar Brasil Servicos De Engenharia LTDA	Recife, Brazil	50.00%	50.00%
Theun-Hinboun Power Company	Vientiane, Laos	20.00%	20.00%
SN Aboitiz Power – Magat Inc	Manila, Phillippines	50.00%	50.00%
Manila-Oslo Reneweable Enterprise	Manila, Phillippines	16.70%	16.70%
SN Aboitiz Power – Benguet Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – RES Inc	Manila, Phillippines	50.00%	50.00%
SN Aboitiz Power – Generation Inc	Manila, Phillippines	50.00%	50.00%
SN Power Uganda Ltd.	Kampala, Uganda	51.00%	51.00%
Bujagali Energy Ltd.	Jinja, Uganda	28.28%	28.28%
Ruzizi Holding Power Company Ltd	Kigali, Rwanda	20.40%	20.40%
Ruzizi Energy Ltd	Kigali, Rwanda	20.40%	20.40%
SN Power Invest Netherlands B.V.	Amsterdam, Netherlands	51.00%	51.00%
SN Development B.V.	Amsterdam, Netherlands	51.00%	51.00%
SN Malawi B.V.	Amsterdam, Netherlands	51.00%	51.00%
Mpatamanga Hydro Power Ltd.	Blantyre, Malawi	25.50%	25.50%
Release Solar AS 2)	Oslo, Norway	68.00%	100.00%
Release Management BV 2)	Amsterdam, Netherlands	68.00%	100.00%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	-	50.00%
Cordilleras Solar VIII S.A	Buenos Aires, Argentina	-	50.00%

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

2) Release project structure includes 11 companies

On 19 October 2023 Scatec ASA and Equinor sold their shares in the 117 MW Guañizuil IIA solar power plant in Argentina, as well as their shares in the local operating services company. The investments have been derecognised from the group accounts of Scatec.

On 27 October 2023 Release by Scatec ("Release") closed the NOK 1.1 billion transaction with Climate Fund Managers ("CFM"). CFM contributed NOK 560 million in equity for a 32% stake in Release. Scatec retain the majority shareholding of 68%. All assets and liabilities were deconsolidated and Scatec's investment in joint venture was recognised at fair value at the acquisition date.

Carrying amount of investments in material joint venture and associated companies

Country	Carrying value 31 December 2022	Additions/ disposals	Net income from joint venture and associated companies	Dividends	Net movement of cash flow hedges recognized in OCI	Foreign currency translations	Carrying value 31 December 2023
Philippines	6,535	-	152	-207	-	291	6,770
Laos	1,822	-1	63	-58	-	56	1,882
Uganda	1,292	-	171	-192	-22	40	1,288
Brazil	625	408	1	-	-	60	1,093
Release (incl. Africa and LATAM)	-	1,207	10	-	-	-	1,217
Other 3)	401	40	-350	-	-	26	118
Total	10,674	1,654	46	-457	-22	473	12,368

3) Other includes Argentina, Malawi, Rwanda, Norway and the Netherlands.

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

2023 NOK million	Philippines	Uganda	Laos	Brazil	Release	Other
Revenues	2,033	1,349	1,261	1,104	460	147
Operating expenses	-521	-88	-195	-138	-37	-58
Operating profit/(loss)	605	861	398	108	23	-689
Net financial items	-214	-308	-33	-120	22	171
Profit before income tax	391	553	365	-12	44	-519
Income tax	-87	-34	-52	-8	-20	76
Profit/(loss) after tax	304	520	313	-19	25	-443
Scatec's share of profit/(loss) after tax	152	147	63	-11	17	-220
Elimination of January - October figures for Release	-	-	-	-	10	-
Elimination of internal transacitions and internal profit	-	24	-	12	-17	-129
Net profit/(loss)	152	171	63	1	10	-350

2022 NOK million	Philippines	Uganda	Laos	Brazil	Release	Other
Revenues	2,616	1,234	1,257	518	-	163
Operating expenses	-407	-93	-169	-93	-	-63
Operating profit/(loss)	1,343	799	481	116	-	-7
Net financial items	-224	45	-16	-94	-	220
Profit before income tax	1,120	845	465	22	-	214
Income tax	-174	-6	-68	-14	-	109
Profit/(loss) after tax	946	839	396	8	-	323
Scatec's share of profit/(loss) after tax	473	237	79	4	-	175
Elimination of internal transacitions and internal profit	-2	-82	-1	16	-	-153
Net profit/(loss)	472	155	79	20	-	22

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

2023 NOK million	Philippines	Uganda	Laos	Brazil	Release	Other
Non-current assets	19,241	9,277	10,198	11,200	2,222	2,754
Current assets	625	277	201	741	1,330	44
Cash and cash equivalents	915	447	696	513	533	178
Total assets	20,781	10,000	11,094	12,454	4,086	2,977
Non-current liabilities	6,543	5,155	852	6,072	210	388
Current liabilities	823	299	833	1,219	1,316	30
Total liabilities	7,365	5,453	1,685	7,292	1,525	418
Total Equity	13,416	4,547	9,409	5,163	2,561	2,559
Scatec share of equity	6,708	1,286	1,882	1,798	1,741	1,313
Loan to joint venture as investment	73	-	-	258	66	61
Other / foreign currency translation	-10	2	-	14	-31	-
Elimination of equity investments	-	-	-	-976	-560	-1,255
Net investment in joint venture	6,770	1,288	1,882	1,093	1,217	118

2022 NOK million	Philippines	Uganda	Laos	Brazil	Release	Other
Non-current assets	18,780	9,430	10,504	2,947	-	3,892
Current assets	837	269	188	438	-	78
Cash and cash equivalents	901	427	744	218	-	101
Total assets	20,517	10,126	11,435	3,602	-	4,072
Non-current liabilities	6,673	5,197	1,538	1,251	-	534
Current liabilities	893	362	792	465	-	744
Total liabilities	7,566	5,559	2,330	1,716	-	1,278
Total Equity	12,951	4,567	9,105	1,886	-	2,794
Scatec share of equity	6,475	1,292	1,821	703	-	1,430
Loan to joint venture as investment	69	-	1	157	-	253
Other / foreign currency translation	-10	-	-	5	-	-19
Elimination of equity investments	-	-	-	-240	-	-1,263
Net investment in joint venture	6,535	1,292	1,822	625	-	401

Note 15 Cash and cash equivalents

NOK million	31 December 2023	31 December 2022
Cash in power plant companies in operation	1,747	2,057
Cash in power plant companies under development / construction	175	109
Other restricted cash	203	223
Free cash	977	1,743
Total cash and cash equivalents	3,101	4,132

Cash in power plant companies in operation includes restricted cash in proceed accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar. These cash and cash equivalents are only available to the Group through distributions as determined by shareholder and non-recourse financing agreements. Cash in assets held for sale of NOK 12 million is not included.

Cash in power plant companies under development and construction comprises shareholder financing and draw down on non-recourse financing debt 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.

As of 31 December 2023, NOK 117 million of the total cash is related to companies in Ukraine (of this NOK 88 million is cash in power plant companies). In Egypt, NOK 60 million is held in Egyptian pounds (of this NOK 40 million is cash in power plant companies). Refer to note 32 Subsequent events for further information.

Distribution in 2022 included refinancing proceeds from South Africa and Vietnam compared to no proceeds from refinancing in 2023. Capitalised expenditures and Scatec's share of equity investments in projects under development includes spending related to Botswana and the Grootfontein projects in South Africa, where constructions are planned to start in the first quarter of 2024. Scatec's share of equity investment in project under construction includes investment in Kenhardt proiects in South Africa, which were in operation at the end of 2023.

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

NOK million	31 December 2023	31 December 2022
Distributions received by Scatec ASA from the power plant companies	914	1,231
Cash flow to equity D&C [1]	555	-149
Cash flow to equity Services [1]	96	58
Cash flow to equity Corporate [1]	-716	-347
Working capital/other [2]	-427	16
Cash flow from operations	422	809
Capitalised expenditures and Scatec's share of equity investments in projects under development	-503	-454
Scatec's share of equity investments in projects under construction	-1,723	-543
Proceeds from disposals of project assets	632	-
Cash flow from investments	-1,594	-996
Dividend distribution to Scatec ASA shareholders	-308	-404
Drawdown of credit facilities in Scatec ASA	713	-
Cash flow from financing	405	-404
Change in cash and cash equivalents	-766	-592
Free cash at beginning of period	1,743	2,335
Free cash at end of period	977	1,743
Available undrawn credit facilities	1,171	1,827
Total free cash and undrawn credit facilities at the end of period	2,148	3,570

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

2) Working capital/other in 2023 is mainly explained by payments for construction activities related to the Kenhardt project in South Africa and repayment of construction loan for Ukraine to PowerChina

Note 16 Trade receivables

Trade receivables are recognised for amounts owed from the customer. Accrued income represents contract assets related to energy production in the last month of the year, which is invoiced in January the following year.

The assessment of whether there is objective evidence that trade receivables is impaired is conducted based on the expected credit loss (ECL) approach. Under the approach, lifetime expected credit loss is recognised based on forward-looking information about possible default events. Information on credit risk and foreign exchange risk regarding trade receivables used in the ECL assessment is provided in Note 20 - Financial risk management.

Trade receivables

NOK million	2023	2022
Trade receivables	328	384
Accrued income and other receivables	247	210
Impairment for expected credit loss	-98	-98
Total trade and other receivables	478	497

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

NOK million	Total	Not due	Overdue
2023	328	244	86
2022	384	278	105

Expected credit loss is assessed on an individual instrument basis. The overdue receivables for the Group are mainly related to sale of electricity from power plants in Ukraine and Honduras, see further details below. For other jurisdictions in the Group, there are no evidence of change in credit risk for the performing trade receivables and no expected credit provision has been made.

Ukraine

On 28 March 2022 the Ministry of Energy of Ukraine issued an Order to reduce the amounts paid to the renewable power producers and the unpaid amounts are postponed to a later period. Due to the uncertainty related to future settlement, Scatec has from February 2022 only recognised revenues in accordance with actual paid amounts. In 2022 Scatec made an expected credit loss impairment of NOK 98 million reflecting the high uncertainty related to future settlement of trade and other receivables related to the period prior to the war. There have been no significant changes to the situation in 2023 nor increase in outstanding trade receivables, hence no changes to the provision were made.

Honduras

Scatec has experienced delays in payments from the state-owned off-takers of power in Honduras. Overdue payments have accumulated in Honduras to a varying degree since 2020. In 2023, ENEE has continued to settle outstanding receivables and paid a total of approximately NOK 180 million, leaving the balance at NOK 87 million as of year-end.

In 2022, a new Energy law came into force as introduced by the new Government of Honduras. In accordance with the new law, the state owned off-taker has proposed certain changes to the existing PPAs and settlement of outstanding receivables. Part of the outstanding receivables was settled at the end of 2022, and throughout 2023. Remaining outstanding amounts are expected to be settled and payments are secured by sovereign guarantees, hence no expected credit loss impairment has been recognised.

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

	Overdue				
NOK million	Less than 30 days	30 - 60 days	60 - 90 days	More than 90 days	Total
2023	23	11	35	16	86
2022	14	10	11	71	105

Note 17 Other non-current and current assets

Other non-current assets

NOK million	2023	2022
Other non-current investments	154	125
Other non-current receivables	112	116
Total other non-current assets	265	241

Other current assets

NOK million	2023	2022
Prepayments related to assets under development/construction	635	1336
Receivables from public authorities/prepaid taxes, VAT etc	252	235
Other receivables and prepaid expenses	263	292
Total other current assets	1,150	1,862

Prepayments related to assets under development and construction

The prepayments relate to upfront payment of project costs on the construction projects in South Africa and Pakistan.

Note 18 Other non-current and current liabilities

Other non-current liabilities comprise the following:

NOK million	2023	2022
Shareholder loan from co-investors (ref Note 25)	428	708
Non-current lease liability (ref Note 12)	315	270
Asset retirement obligations (ref Note 10)	490	475
Other long-term liabilites and accruals	110	165
Total other non-current liabilities	1,343	1,618

Other current liabilities comprise the following:

NOK million	2023	2022
Accrued expenses related to assets under development/construction	1,400	237
Public dues other than income taxes	89	76
Accrued interest expenses	-	112
Accrued payroll	74	75
Current lease liability (ref Note 12)	25	43
Deferred income	14	106
Other current liabilities and accruals	459	457
Total other current liabilities	2,060	1,106

Accrued expenses related to assets under development/construction

Accrued expenses relate to accrual of project costs on the construction projects in South Africa and Pakistan.

Asset retirement obligations are provided for in case where the Group has a legal obligation to dismantle and remove a power plant and restore the site on which it is located at a future date. The estimate for the asset retirement cost is capitalised as part of the carrying value of the power plant and depreciated over the useful life. The estimate is reassessed annually for each power plant, based on updates in assumptions and key input data.

Movement in asset retirement obligations

NOK million	2023	2022
Asset retirement obligation at 1 January	475	270
Additional provision during the year	35	189
Provisions reversed during the year	-52	-
Unwinding of discount	25	18
Effect of movement in foreign exchange and other changes	6	-1
Asset retirement obligation at 31 December	490	475

Note 19 Legal disputes and contingencies

Estimation uncertainty

The Group is operating in various jurisdictions and is subject to legal disputes and regulatory reviews. Management applies assumptions and judgement considering all information available when assessing if unfavourable outcomes are probable and when estimating amounts required to settle any obligation. Legal claims are assessed on an individual basis and provisions are recognised if the specific claims give rise to present, probable obligations and the costs can be reliably measured. The most significant claims are summarised below.

Significant disputes and uncertain tax positions

The joint ventures in the Philippines are subject to tax reviews by the local tax authorities on a regular basis, and one entity received a final assessment notice related to the year 2019 of NOK 183 million equivalent (at 31 December 2023) in March 2022. The matter is disputed, and the amount is not included in net income from JV and associated companies for the year.

The joint venture in Uganda is subject to a tax investigation by a local tax authority and received tax claims in total amount of NOK 308 million equivalent (at 31 December 2023) on Scatec's proportionate share during the third quarter 2023. The matter is disputed, and the amount is not included in net income from JVs and associated companies for the year. If the claims materialise, the joint venture will claim this through the tariff according to the Power Purchase Agreement. Should this be challenged the JV has certain indemnities under the Power Purchase Agreement with the off-taker. Further, Scatec has certain tax indemnities under the SN Power share purchase agreement with Norfund.

Note 20 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.

Market risk

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

Commodity price risk

Scatec's sale of electricity constitute a material share of its revenues. As a result, the Group's business, financial position, results of operation and cash flow are affected by changes in electricity prices. The Group seeks to reduce the effect of price fluctuation by entering into long term, fixed price contracts. The power plants produce electricity primarily sold under long term bilateral power purchase agreements (PPAs), with state owned utilities or corporate off-takers, or under government-based feed-in tariff schemes. The weighted average remaining PPA duration for power plants in operation is 15 years. The electricity produced from the power plants in the Philippines is sold in the spot market and on bilateral contracts under a renewable operating license, as well as ancillary services. In June 2023, Scatec started selling power from the Progressovka power plant in the spot market. The decision to sell into the spot market was made based on changes in the local law which enabled Scatec to pause the PPA (while still being able to re-enter the PPA).

Some of the off-take agreements entered into do not contain inflation-based price increase provisions or provisions that only partially allow 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.

A decline in the market price of electricity could materially adversely affect the financial attractiveness of new projects. The price of electricity is influenced by government support schemes, the development of the renewable power production industry and development in prices on other sources of electricity.

Transitional climate risk including broader regulatory changes, development in cost and efficiency of renewable energy technologies and changes in power markets are expected to affect power prices. Changes to energy trading, allocation of transmission cost and grid capacity, could also have an impact on electricity prices.

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

Currency risk

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

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

The sensitivity analysis shows the profit and loss effect of reevaluation of monetary items due to changes in currencies the Group is exposed to. See consolidated statement of other comprehensive income for foreign currency translation affecting equity. The sensitivities have been calculated based on what Scatec views to be reasonably possible changes in the foreign exchange rates for the coming year and net balances in different currencies as of December 31, 2023. The tables show profit and loss effect of 5 % increase in the currency rate against NOK.

NOK million	Profit (loss) before taxes
At 31 December 2023	
EUR - Net gain/(loss) (5%)	-63
USD - Net gain/(loss) (5%)	-3
ZAR - Net gain/(loss) (5%)	-25
MYR - Net gain/(loss) (5%)	-6
EGP - Net gain/(loss) (5%)	-7
UAH - Net gain/(loss) (5%)	-24
PKR - Net gain/(loss) (5%)	-20

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

Interest rate risk

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

Based on the current Group interest bearing debt portfolio, the interest rate hedge ratio (weighted average) is approximately 63 % for the non-recourse project level debt. For corporate debt, the hedge ratio has been slightly reduced from approximately 20% to 17% in 2023 due to amortisation on the hedged part of the debt.

The interest rate risk on the debt at the power plant level is predominantly hedged by way of interest rate swaps subject to hedge accounting or fixed rate loans. For more information on the Group's financial liabilities, refer to Note 23 Corporate Financing and Note 24 Non-recourse financing.

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

NOK million	At 31 December 2023	At 31 December 2022
At 31 December 2023	1%	1%
Net gain/(loss)	-61	-65

The impact on the profit and loss with a decrease or increase in interest rate of 1% would result in a gain or loss of NOK 61 million.

Liquidity risk

Liquidity risk is the risk that Scatec will not be able to meet financial obligations when due. The Group manages liquidity risk through a regular review of future commitments, cash flows from operations and credit facilities. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. In addition, the Group has available funding through the USD 180 million Revolving Credit Facility (RCF) and the USD 5 million Overdraft Facility. As per December 31, 2023, USD 70 million was drawn on the RCF.

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 seeks to minimise such risk through assessments of the relevant jurisdictions and regulations and adapt accordingly.

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

A break-down of free and restricted cash is provided in Note 15 Cash and cash equivalents.

Maturity of principal payment and interest on financial liabilities held by the Group

NOK million	Within 1 year	1-2 years	2-5 years	More than 5 years
Corporate financing	1,564	4,600	5,612	-
Non-recourse financing	2,596	2,455	7,091	20,717
Shareholder loan from non-controlling interests	30	12	168	370
Trade and other interest-bearing liabilities	294	247	-	-
Lease liabilities	47	62	112	278
Total	4,531	7,376	12,983	21,365

For information about the Group's financial liabilities including maturity, refer to Note 23 Corporate Financing, Note 24 Non-recourse financing, Note 26 Guarantees and Note 12 Leases

Credit risk

Credit risk is the risk that Scatec's customers or counterparties will cause financial loss by failing to meet 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.

Most of the electric power generated by the Group's current portfolio of projects in operation or under construction is, or will be, sold under long-term off-take agreements with public utilities or other partners, or under Feed-in Tariff ("FiT") arrangements, Power Purchase Agreements (PPAs) or similar support mechanisms governed by law. The majority of these projects is 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 energy produced in the Philippines is sold to the whole sale market. Energy produced by the Progressovka plant in Ukraine is delivering to the spot market, but retaining the option to re-enter the PPA. For any reason, if any of the counterparties to these contracts are unable or unwilling to fulfil their contractual obligations, refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected.

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

Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before expected credit loss provision, as well as cash and cash equivalents, equaling NOK 5,020 million at 31 December 2023.

Refer to Note 16 Trade receivables for information on the expected credit loss provision related to trade receivables.

Note 21 Financial instruments

Accounting principle

Financial assets

The classification of financial assets depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them.

The Group's financial assets at amortised cost mainly include trade receivables and cash and cash equivalents. Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment assessment. See note 16 for accounting policy and ECL approach on trade receivables.

Financial assets at fair value through profit or loss include derivatives, including separated embedded derivatives, unless they are designated as effective hedging instruments. The Group's financial assets at fair value through OCI include effective cash flow hedges.

Financial liabilities

All financial liabilities are initially recognised at fair value, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. The EIR amortisation is included as finance costs in the statement of profit or loss. The Group's financial liabilities at fair value through OCI include effective cash flow hedges.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Estimation uncertainty

Fair value measurement

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

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on the observable yield curves (level 2). The fair value of a foreign exchange derivatives are calculated as the present value of the difference between the fixed forward rate and the spot rate at the balance sheet date (level 2). During the reporting period ending 31 December 2023, there have been no transfers between the fair value levels. Refer to Note 22 Derivative financial instruments for details.

Financial instrument by measurement category

NOK million	Measurement category	2023	2022
Assets			
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	315	396
Debt instruments			
Cash and cash equivalents	Amortised cost	3,101	4,132
Trade receivables	Amortised cost	230	286
Other debt instruments and receivables	Amortised cost	560	451
Total financial assets		4,206	5,264
Total current		3,728	4,774
Total non-current		478	490
Liabilities			
Interest bearing loans and borrowings			
Corporate financing	Amortised cost	9,079	7,987
Non-recourse financing loans	Amortised cost	16,957	15,260
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	179	28
Foreign exchange forward contracts	Fair value – hedging instruments through PL	-	92
Foreign exchange forward contracts	Fair value – hedging instruments through OCI	41	-
Other financial liabilities			
Shareholder loan from non-controlling interests	Amortised cost	428	708
Trade and other financial liabilities	Amortised cost	541	1,285
Total financial liabilities		27,224	25,360
Total current		3,645	3,009
Total non-current		23,579	22,351

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

NOK million	2023	2022	2023	2022
	Corporate financing		Non-recourse financing	
Liability at 1 January 2023	7,987	7,264	15,260	11,855
Proceeds	713	-	6,038	3,468
Repayment	(110)	-	(1,818)	(1,175)
Change in accrued interest	165	(180)	88	62
Disposal and reclassified to held for sale	-	-	(2,692)	-
Reclassed to equity	-	-	-	-
Foreign exchange movements	324	903	80	1,049
Liability at 31 Desember 2023	9,079	7,987	16,957	15,260

Refer Note 12 Lease for movement in lease liabilities.

Note 22 Derivative financial instruments

Derivatives

The Group uses derivative financial instruments to hedge certain risk exposures. Derivative financial instruments entered into include:

- receive fixed, pay variable interest rate swaps to hedge the interest rate risks related to non-recourse financing of renewable power production plants and for parts of the corporate debt
- cross-currency interest rate swap to hedge corporate debt denominated in NOK where the principal amount in NOK is swapped to USD and reference rate is swapped from NIBOR to SOFR to hedge the risk of fluctuations in the USD/NOK exchange rate and the underlying interest rates
- foreign exchange derivative contracts to hedge the risk related to financing and CAPEX denominated in local currencies for projects under construction

Hedge accounting

Interest rate swaps and cross-currency interest rate swap

Derivative financial instruments are initially recognised at fair value on the date of which a derivative contract is entered into and are subsequently re-measured at fair value. The effective portion of cash flow hedges is recognised in OCI and later reclassified to profit or loss when the underlying hedged item affects profit or loss.

The Group only applies hedge accounting for cash flow hedges that meet the criteria in IFRS 9. This include the interest rate swaps and the cross-currency interest rate swaps. 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.

Foreign exchange derivatives

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

Hedge accounting is applied for hedges entered into during the year, and the effective portion of cash flow hedges is then recognised in OCI and later reclassified to profit or loss when the underlying hedged item affects profit or loss.

Derivative financial assets and liabilities

The tables show the market value of the derivatives for the year ending 2023 and 2022, 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.

NOK million	2023	2022
Interest rate swap contracts financial assets measured at level 2 in the fair value hierarchy		
Current portion	16	21
Non-current portion	299	375
Total derivative financial assets	315	396

NOK million	2023	2022
Interest rate swap contracts financial liabilities measured at level 2 in the fair value hierarchy		
Current portion	7	16
Non-current portion	172	12
Total Interest rate swap contracts derivative financial liabilities	179	28
Foreign exchange contracts financial liabilities measured at level 2 in the fair value hierarchy		
Current portion	34	92
Non-current portion	7	0
Total Foreign exchange contracts financial liabilities	41	92
Total derivative financial liabilities	219	120

Interest rate swaps per country 2023

Country	Notional amount (NOK million)	Fixed rate(s)	Floating rate reference rate(s)	Maturity
Norway	1,374	0.40%	3-month USD LIBOR	2025
South Africa	3,308	8.40% - 9.78%	3-month JIBAR, 1-month JIBAR	2031-2041
Egypt	2,369	2.15%	USD-SOFR-COMPOUND	2041
Malaysia	191	2.95%	6-month KLIBOR	2028

Interest rate swaps per country 2022

Country	Notional amount (NOK million)	Fixed rate(s)	Floating rate reference rate(s)	Maturity
Norway	1,457	0.40%	3-month USD LIBOR	2025
South Africa	2,197	8.40% - 8.70%	3-month JIBAR	2024-2028
Egypt	2,471	2.15%	USD-SOFR-COMPOUND	2041
Mozambique	364	3.30%	6-month USD LIBOR	2035
Malaysia	212	2.95%	6-month KLIBOR	2028

The cross-currency swap is entered into for the NOK 1 billion senior unsecured Green Bond which is swapped to USD 97.5 million and the interest reference rate is swapped from NIBOR to SOFR to hedge the risk of fluctuations in the USD/NOK. The swap matures in 2027.

Reconciliation of hedging reserve - interest rate swap contracts

NOK million	2023	2022
Opening balance	291	-242
Recycling during the year to profit or loss, gross	-125	348
Recycling during the year to profit or loss, tax effect	28	-85
Unrealised gain/(loss) during the year	-125	353
Unrealised gain/(loss) during the year, tax effect OCI	37	-83
Hedge reserves in disposed enities and currency effects	-8	-
Closing balance	98	291
Of which equity holders of the parent company	34	199

Note 23 Financing

Corporate financing

The table below gives an overview of the corporate financing carried out by the Group. The loan balances include the non-current and current portion.

The book equity of the recourse group, as defined in the facility agreements, was NOK 10 393 million on 31 December 2023. Scatec was in compliance with financial covenants for recourse debt at year end.

The listed EUR Green Bond has a coupon rate of 3M EURIBOR + 2.5 % margin. The USD 150 million Green Term Loan is amortised through semi-annual repayments of USD 7.5 million.

Refinancing of Bridge to Bond facility

In the first quarter of 2023, Scatec fully refinanced the USD 193 million Bridge-to-Bond facility related to the acquisition of SN Power. On 2 February 2023, Scatec refinanced USD 100 million of the USD 193 million Bridge-to-Bond facility with a new USD 100 million Green Term Loan with maturity in the fourth quarter 2027 provided by DNB, Nordea and Swedbank. The new Term loan is amortised through semi-annual repayments of USD 5 million starting from 2024.

On 10 February 2023 Scatec ASA issued NOK 1 billion of new senior unsecured green bonds to refinance the remaining USD 93 million of the Bridge-to-Bond facility. Interests will be paid on a quarterly basis, with no repayments of principal before maturity. The new bonds have maturity in February 2027 with a coupon rate of 3m NIBOR + 660 bps. With the new bond, Scatec ASA has entered into a cross-currency interest rate swap contract in which the principal of NOK 1 billion was swapped to USD 97.5 million, and interest payments based on NIBOR rates are swapped to SOFR-based rates.

Refer to Note 32 Subsequent Events for information about refinancing and issuance of new bond after year end.

	Currency	Denominated currency value (million)	Maturity	Carrying value 31 December 2023 (NOK million)	Carrying value 31 December 2022 (NOK million)
Green Bond EUR (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	2,793	2,625
Green Bond NOK (Ticker: ISIN NO0012837030)	NOK	1,000	Q1 2027	989	-
Total unsecured bonds				3,782	2,625
USD 150 million Green Term Loan	USD	135	Q1 2025	1,374	1,481
USD 100 million Green Term Loan	USD	100	Q4 2027	1,008	-
Bridge to Bond	USD	193	-	-	1,906
Total secured financing				2,383	3,387
Vendor Financing (Norfund)	USD	200	Q1 2028	2,038	1,975
Total unsecured financing				2,038	1,975
Revolving credit facility	USD	180	Q3 2025	713	-
Overdraft facility	USD	5		-	-
Total secured back-stop bank facilities				713	-
Total Principal amount				8,915	7,987
Accrued interest				164	112
Total Corporate financing [1]				9,079	8,099
As of non-current				7,947	8,099
As of current				1,132	-

1) Accrued interest has been reclassified from Other current liabilities to Corporate financing in the statement of financial position in 2023.

Outstanding acquisition finance

As of 31 December 2023, the following facilities and amounts are outstanding of the initial USD 1,030 million financing package related to the acquisition of SN Power in the first quarter of 2021:

- USD 150 million Green Term Loan provided by Nordea, Swedbank and DNB with maturity in the first quarter of 2025. Refer to note 32 Subsequent Events for information about refinancing of the Green Term Loan.
- USD 200 million Vendor Financing provided by Norfund with maturity in the first quarter of 2028.

Revolving credit facility

The existing USD 180 million Revolving Credit Facility (RCF), provided by Nordea Bank, DNB, Swedbank and BNP Paribas, was in the first quarter further extended by 1.5 years with maturity in the third quarter of 2025. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. Any drawdown on the RCF is required to be repaid after 12 months. Scatec made a drawdown on the facility in the fourth quarter and USD 70 million was outstanding at year-end 2023, increasing free cash to NOK 977 million.

The margin on the RCF is linked to the following ESG (Environmental, Social and Governance) 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

Overdraft facility

Scatec has not drawn on the overdraft facility with Nordea per 31 December 2023. Per 31 December 2023, Scatec was in compliance with all financial covenants for the above facilities.

Guarantee facilities

The Guarantee Facility Agreement (GFA) has Nordea Bank as agent and issuer, with Nordea Bank, Swedbank, DNB and BNP Paribas as guarantee instrument lenders. The GFA is mainly used to provide advance payment-, performance and warranty bonds under construction agreements, as well as trade letter of credits. In addition to the GFA, Scatec has guarantee facilities with Standard Bank South Africa, Lombard insurance company in South Africa, First Randbank in South Africa, four European insurance companies providing sureties and MBank in Malaysia. These facilities are mostly used to cover short term bid bonds. Refer to 26 Guarantees and commitments for further information.

Other interest-bearing liabilities

PowerChina Guizhou Engineering Co ("PowerChina") have provided a construction loan to Scatec for the Progressovska power plant in Ukraine. Scatec has provided a corporate and bank guarantee to PowerChina in support of this obligation. In 2022, Scatec and PowerChina signed a revised payment plan for the construction loan where part of the loan was paid in August 2022 and December 2023. The last tranche of EUR 22 million, equivalent to NOK 247 million at year-end 2023, will be paid by mid-2025.

Scatec has no other recourse construction financing arrangements for other projects. Refer to Note 26 Guarantees and commitments for further details.

Note 24 Non-recourse financing

See Note 21 Financial instruments for accounting principle for financial liabilities recognised to amortised cost.

The table below specifies non-recourse financing as of 31 December 2023 and 2022. The rate of interest is a calculated average per portfolio. Most of the loans are fixed or swapped to fixed rate interests. For more information on interest rate risk, see Note 20 Financial Risk Management.

NOK million	Interest rate	Maturity date	2023	2022
Loan facilities (ZAR) - South Africa portfolio Kalkbult, Linde and Dreunberg	10.84%	2031-2032	1,711	1,910
Loan facilities (ZAR) - South Africa portfolio Kenhardt	11.88%	2041	6,969	2,582
Loan facilities (ZAR) - South Africa portfolio Grootfontein	10.42%	2045	237	-
Loan facilities (CZK) – Czech portfolio	4.90%	2029	284	315
Loan facilities (USD) – Jordan portfolio	6.55%	2032	639	685
Loan facilities (USD) – Produccion De Energia S.A (Aqua Fria)	7.21%	2026	302	387
Loan facilities (MYR) – Quantum Solar Park (Semenanjung) SDN. BHD.	6.00%	2035	1,656	1,784
Loan facilities (MYR) – Red Sol	4.42%	2028	236	264
Loan facilities (USD) - Aswan portfolio Egypt	5.21%	2041	3,074	3,138
Loan facilities (EUR) - Ukraine	7.78%	2027-2029	868	987
Loan facilities (VND) - Vietnam	9.00%	2035	345	356
Loan facilities (VND) - Pakistan	14.72%	2037	637	-
Loan facilities (USD) - Gigawatt Global Rwanda Ltd (ASYV) 1)	8.25%	2031	-	116
Loan facilities (ZAR) - South Africa portfolio Upington	-	-	-	2,267
Loan facilitites (USD) - Central Solar de Mocuba, Mozambique	-	-	-	468
Total non-recourse financial liabilites			16,957	15,260
Of which non-current non-recourse financial liabilities			15,026	13,297
Of which current non-recourse financial liabilities			1,931	1,963

1) Rwanda is presented as held for sale and the total group loan balance does not include outstanding non-recoursing finance balance in Rwanda at the end of 2023

The financing of the plants is mainly ring-fenced in power plant companies with a non-recourse finance structure. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. 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.

For four of the five companies operating in the Czech Republic, the non-recourse financing agreements include a cross-default clause within the Czech group.

Please refer to Note 26 Guarantees and commitments for information on the use of parent company guarantees in favor of power plant companies.

The project entities' assets are pledged as security for the non-recourse financing. The Group's book value of the pledged power plants is NOK 20,710 million (15,676) as of 31 December 2023.

Repayment structure

NOK million	Loan repayment	Interest payment	Total
2024	1,080	1,516	**2,596**
2025	925	1,530	**2,455**
2026	959	1,473	**2,432**
2027	884	1,394	**2,279**
2028	1,052	1,327	**2,380**
2029	798	1,140	**1,938**
2030	818	1,040	**1,858**
2031	943	982	**1,926**
2032	780	917	**1,697**
2033	782	856	**1,637**
2034	996	781	**1,777**
2035	1,019	689	**1,708**
2036	945	596	**1,540**
2037	1,056	494	**1,550**
2038	1,016	394	**1,411**
2039	1,061	296	**1,357**
2040	849	196	**1,045**
2041	1,017	97	**1,114**
2042	31	25	**56**
2043	36	8	**44**
2044	31	4	**36**
2045	22	1	**23**
Total future loan repayment	17,102	15,758	**32,859**

Covenants

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

Except for Ukraine, Scatec was in compliance with financial covenants for the non-recourse debt on 31 December 2023.

Ukraine

The current non-recourse debt as of 31 December 2023 includes NOK 865 million in non-recourse debt in Ukraine. All of Scatec's power plant companies in Ukraine with non-recourse financing are in breach with several covenants in the loan agreements as of 2023. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised "stand still".

Egypt

Scatec has a non-recourse Green Project Bond in Egypt with an outstanding balance of USD 302 million per 31 December 2023. Due to the recent economic development, Egypt is facing a shortage in foreign currencies including USD. By the end of 2023, the subsidiaries in Egypt exchanged material deposits in local currency to USD (USD 42 million) at the official exchange rate and refilled the Debt Service Reserve Accounts with the required amounts for the non-recourse Green Project Bond. The project companies hold sufficient USD to serve the next installment of the bond due in March 2024 of approximately USD 18 million. The uncertain macro situation and difficulties of exchanging EGP to USD is expected to persist and is closely monitored by the group. Refer to Note 32 Subsequent events for further information.

Note 25 Project financing provided by co-investors

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

The equity and loan financing provided by the co-investors is repaid according to a pre-determined waterfall structure, meaning that the financing presented below 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 table the co-investor funding has been provided indirectly through jointly owned holding companies.

At 31 December 2023, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Country of incorporation	Total financing	Paid-in equity	Shareholder loan recognized in equity	Shareholder loan recognized as financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	52	52	0	0
Simacel 155 (Pty) Ltd (Linde)	South Africa	21	21	0	0
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	40	40	0	0
Scatec Kenhardt 1 (RF) (Pty.) Ltd.	South Africa	333	333	0	0
Scatec Kenhardt 2 (RF) (Pty.) Ltd.	South Africa	331	331	0	0
Scatec Kenhardt 3 (RF) (Pty.) Ltd.	South Africa	256	256	0	0
Gigawatt Global Rwanda (ASYV)	Rwanda	18	5	12	0
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	94	1	93	0
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	44	1	43	0
Producción de Energía Solar y Demás Renovables, S.A.	Honduras	287	114	0	172
Los Prados	Honduras	160	160	0	0
Aswan Solar Power SAE (BB1)	Egypt	34	34	0	0
Zafarana Solar Power SAE (ZAF1)	Egypt	97	93	0	4
Red Sea Solar Power SAE (ZAF2)	Egypt	186	176	0	10
Upper Egypt Solar Power (BB2)	Egypt	110	105	0	5
Kom Ombo Renewable Energy SAE (BB3)	Egypt	105	101	0	4
Daraw Solar Power SAE (BB4)	Egypt	86	83	0	3
Egypt Green Hydrogen S.A.E.	Egypt	94	0	0	94
Kamianka / Chysta Energiya	Ukraine	68	1	0	67
Rengy Bioenergy	Ukraine	69	1	0	68
Helios Power (Private) Limited	Pakistan	15	14	0	0
Meridian Energy (Private) Limited	Pakistan	15	14	0	0
HNDS Energy (Private) Limited	Pakistan	15	14	0	0
Total project financing from co-investors		2,526	1,950	148	428

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

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

For the year 2023, interest expenses on financing from co-investors of NOK 45 million have been expensed (NOK 45 million for 2022), of which NOK 2 million is recognised directly in equity (NOK 2 million for 2022).

Note 26 Guarantees and commitments

Guarantee exposure

The amounts specified below are total exposure on guarantees issued by Scatec ASA at each balance sheet date based on when the guarantees expire. The guarantees expire randomly during the year. Most guarantees are issued on behalf of consolidated entities, except as specified in the table below. The fair value of the guarantees is immaterial on a consolidated basis; hence no liability is recognised.

NOK million	31.12.2023	31.12.2024	31.12.2025	31.12.2026
Bid Bonds	66	44	44	44
Advanced Payment Guarantees	31	-	-	-
Performance Guarantees (EPC)	289	249	-	-
Warranty Guarantees (EPC)	621	359	359	-
SPV Performance / Commitments	625	537	228	149
O&M Performance (3rd Party)	19	-	-	-
Other Payment Guarantees	2,083	274	9	9
Total	3,734	1,462	640	201
Whereof issued on behalf of non-consolidated entities	108	36	-	-

Guarantees

For projects under development, Scatec is often required to issue Bid Bonds to secure commitment during submission of project bids.

Performance Guarantees cover contractual obligations under the construction phase and typically represents 10%-15% of the contract value. Warranty Gurantees represent typically 2.5%-5% of the contract value and are issued to cover potential shortfall of operational performance for the first two years of operation.

SPV Performance and Commitment Guarantees are issued to cover some obligations under PPAs and Implementation Agreements. These obligations are connected to project performance where Scatec is in control and hold the O&M and the asset management agreements. In addition, this includes the payment guarantee to PowerChina for the construction loan on the Progressovska solar plant in Ukraine.

In addition, Scatec provides Other Payment Guarantees. This includes security for equity injection in project companies during construction where project lenders disburse debt before equity is paid in and Debt Service Reserve to replace cash reserves in the project companies.

Guarantee Facilities

The guarantees issued by Scatec ASA are issued under the Guarantee Facility Agreement (GFA) with Nordea Bank as agent, and Nordea Bank, BNP Paribas, Swedbank and DNB as guarantee instrument lenders.

Export Finance Norway (Eksfin) normally cover the guarantees issued under the GFA. Eksfin can issue counter indemnity of 50% in favor of the issuing banks. The financial covenants in the GFA are:

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

Per 31 December 2023, Scatec was in compliance with all covenants in the GFA. In addition, Scatec ASA has guarantee facilities with State Bank of South Africa (SBSA), First Randbank (RMB) in South Africa and Botswana and five insurance companies.

Note 27 Share capital, shareholder information and dividend

Share capital and shareholder information

At year-end 2023 the total number of shareholders in Scatec was 14,846 (16,463). The total number of outstanding shares was 158,917,275 (158,917,275) at par value NOK 0.025 per share as of 31 December 2023.

No leading employees have exercised any share options during the year and no employee share purchase program was carried out, leading to no increase in share capital during the year.

Refer to Note 12 – Equity and shareholder information in the Parent financial statement for an overview of the largest shareholders of Scatec ASA and shares held by Management and Board of Directors at 31 December 2023.

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

Dividend

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

In the fourth quarter of 2022, Scatec announced that the Board of Directors (BoD) had decided to change the dividend policy from 25% to 15% of cash distributions received from operating power plants. It was further stated that the dividend policy would be assessed annually by the BoD based on Scatec's capital situation. Given the current macro-economic and capital market situation the BoD approved in the fourth quarter 2023 to change the dividend policy to no dividend. The dividend policy will be assessed annually by the board based on Scatec's capital situation.

On 2 February 2023, the Board of Directors announced its intention to propose a dividend of NOK 1.94 per share to the Annual General Meeting, totaling NOK 308 million. The amount was paid out in May 2023.

Note 28 Consolidated subsidiaries

The consolidated financial statement of Scatec comprises more than 200 legal companies that are controlled by Scatec ASA. The following table include material consolidated subsidiaries, including material holding companies. Consolidated economic interests correspond to the voting interests if not otherwise stated. For subsidiaries of the ultimate Parent's subsidiaries, the economic interests stated is the mathematically indirect consolidated economic interests. For information on associated companies and joint venture companies, refer to Note 14 Investments in JV and associated companies.

Company	Registered office	Consolidated economic interests 2023
SN Power AS	Oslo, Norway	100.00%
Scatec Solar Netherlands BV	Amsterdam, Netherlands	100.00%
Scatec Solar s.r.o.	Prague, Czech	100.00%
Signo Solar PV1 s.r.o.	Prague, Czech	100.00%
Signo Solar PP01 s.r.o.	Prague, Czech	100.00%
Signo Solar PP02 s.r.o.	Prague, Czech	100.00%
Signo Solar PP04 s.r.o.	Prague, Czech	100.00%
FVE Sulkov 3, s.r.o.	Prague, Czech	100.00%
Scatec Solar Solutions Ukraine LLC	Kyiv, Ukraine	100.00%
Chysta Energhiaa 2011 LLC	Kyiv, Ukraine	60.00%
Boguslav Energy LLC	Bohuslav, Ukraine	100.00%
Greenteco SES LLC	Kyiv, Ukraine	100.00%
Rengy Bioenergy LLC	Kyiv, Ukraine	51.00%
PV Progressovka Alpha LLC	Berezanka, Ukraine	100.00%
PV Progressovka Beta LLC	Berezanka, Ukraine	100.00%
PV Progressovka Gamma LLC	Berezanka, Ukraine	100.00%
Scatec Solar Jordan (EPC)	Amman, Jordan	100.00%
Scatec Solar AS/ Jordan PSC	Amman, Jordan	100.00%
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%
Scatec Solar Africa (Pty) Ltd	Cape Town, South Africa	100.00%
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100.00%
Scatec Solar SA 163 (Pty) Ltd.	Sandton, South Africa	92.00%
Scatec Solar SA (pty) Ltd.	Sandton, South Africa	100.00%
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South Africa	76.60%
Scatec Solar SA 166 (Pty) Ltd.	Sandton, South Africa	46.00%
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South Africa	80.70%
Simacel 155 (Pty) Ltd.	Sandton, South Africa	44.40%
Simacel 160 (Pty) Ltd.	Sandton, South Africa	44.40%
Scatec Hybrid EPC (Pty) Ltd	Cape Town, South Africa	75.00%
Scatec Kenhardt 1 (Pty) Ltd	Cape Town, South Africa	51.00%
Scatec Kenhardt 2 (Pty) Ltd	Cape Town, South Africa	51.00%
Scatec Kenhardt 3 (Pty) Ltd	Cape Town, South Africa	51.00%
Scatec R5 Construction (Pty.) Ltd.	Cape Town, South Africa	75.00%
Scatec R5 Operations (Pty.) Ltd.	Cape Town, South Africa	51.00%
Grootfontein PV1 (RF) (Pty) Ltd	Cape Town, South Africa	51.00%
Grootfontein PV2 (RF) (Pty) Ltd	Cape Town, South Africa	51.00%
Grootfontein PV3 (RF) (Pty) Ltd	Cape Town, South Africa	51.00%

Continues on following page

Company	Registered office	Consolidated economic interests 2023
Scatec Solar Honduras SA	Tegucigalpa, Honduras	100.00%
Energias Solares S.A.	Tegucigalpa, Honduras	70.00%
Fotovoltaica Surena S.A.	Tegucigalpa, Honduras	70.00%
Generaciones Energeticas S.A.	Tegucigalpa, Honduras	70.00%
Produccion de Energia Solar y Demas Renovables S.A DE C.V (Agua Fria)	Tegucigalpa, Honduras	40.00%
Scatec Solar Solutions Egypt LLC	Cairo, Egypt	100.00%
Aswan Solar Power SAE	Cairo, Egypt	51.00%
Daraw Solar Power SAE	Cairo, Egypt	51.00%
Kom Ombo Renewable Energy SAE	Cairo, Egypt	51.00%
Red Sea Solar Power SAE.	Cairo, Egypt	51.00%
Upper Egypt Solar Power	Cairo, Egypt	51.00%
Zafarana Power SAE	Cairo, Egypt	51.00%
Egypt Green Hydrogen S.A.E.	Cairo, Egypt	46.20%
EGH for Renewable Energy S.A.E.	Cairo, Egypt	56.30%
Scatec Solar Solutions Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Kedah) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Melaka) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park (Terengganu) Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Quantum Solar Park Semenanjung Sdn Bhd [1)]	Kuala Lumpur, Malaysia	100.00%
Red Sol	Kuala Lumpur, Malaysia	100.00%
Helios Power Ltd	Clifton Karachi, Pakistan	75.00%
HNDS Energy Ltd	Clifton Karachi, Pakistan	75.00%
Meridian Energy Ltd	Clifton Karachi, Pakistan	75.00%
Scatec Solar Pvt Ltd (Pakistan)	Clifton Karachi, Pakistan	100.00%
Scatec Solar Solutions Vietnam Co. Ltd.	Ho Chi Minh City, Vietnam	100.00%
Dam Nai Wind Power JSC	Ninh Thuan, Vietnam	100.00%
Scatec Operations Botswana (Pty) Ltd	Gaborone, Botswana	100.00%
Selebi Phikwe Solar Proprietary Limited	Gaborone, Botswana	100.00%

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

Note 29 Non-controlling interests

Non-controlling interests

Scatec's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role trough ownership of the solar power plants. Normally Scatec enters 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 is identified as a significant judgement for the consolidated financial statements, please refer to Note 2 for further information.

Note 28 Consolidated subsidiaries include all material entities with a NCI share. The NCI share is the share of interest not owned by Scatec.

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

Accounting principle

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

Total balances of material non-controlling interest

NOK million	2023	2022
Egypt	394	99
Honduras	327	323
Jordan	191	183
Mozambique	0	56
Pakistan	28	30
Rwanda	6	5
South Africa	997	-48
Ukraine	-60	-108
Total non-controlling interests	1,884	540

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

NOK million	2023	2022
Egypt	-7	-6
Honduras	12	4
Jordan	15	13
Mozambique	9	12
Pakistan	-9	-4
Rwanda	-1	-2
South Africa	449	188
Ukraine	28	-97
Total non-controlling interests	494	106

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

Summarised statement of profit or loss for 2023 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Profit/loss attributable to non-controlling interest	Dividends paid to non-controlling interest 1)
Egypt	646	(296)	350	(337)	13	(14)	(7)	-
Honduras	232	(104)	127	(88)	39	39	12	-
Jordan	130	(68)	62	(31)	31	30	15	-
Mozambique	99	(48)	51	(31)	20	18	9	-
Pakistan	1	(6)	(5)	(31)	(36)	(47)	(9)	-
Rwanda	26	(15)	11	(12)	(1)	(1)	(1)	-
South Africa	9,569	(7,968)	1,601	33	1,634	2,109	449	121
Ukraine	153	(37)	116	(39)	77	57	28	-

1) Excluding repayments of shareholders loans

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

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

1) Excluding repayments of shareholders loans

Summarised statement of financial position as at 31 December 2023

									Attributable to	
NOK million	Property, plant and equipment	Other non-current asstes	Cash and cash equivalent	Other current assets	Non-recourse financing	Other non-current liabilities	Current liabilities	Total equity	Non-controlling interests	Equity holders of the parent
Egypt	3,380	1,057	521	108	(3,074)	(1,008)	(181)	803	394	410
Honduras	1,217	10	179	130	(302)	(357)	(40)	837	327	510
Jordan	841	1	419	23	(639)	(82)	(97)	467	191	276
Mozambique	-	-	-	-	-	-	-	-	-	-
Pakistan	941	-	133	38	(637)	(231)	(166)	79	28	50
Rwanda	-	-	(3)	138	-	(31)	(129)	(25)	6	(32)
South Africa	9,593	1,094	652	1,260	(8,917)	(717)	(1,658)	1,308	997	309
Ukraine	431	368	5	(1)	(348)	(662)	(21)	(228)	(60)	(167)

Summarised statement of financial position as at 31 December 2022

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

Note 30 Transactions with related parties

Related parties include affiliates, associates, joint ventures, and other companies where the Group have significant influence, as well as the Executive Management and the Board of Directors. All related party transactions have been carried out as part of the normal course of business and at arm’s length terms.

See Note 28 for information about consolidated subsidiaries. Intercompany balances and transactions between consolidated companies are eliminated in the consolidated accounts. No significant impairment is booked for expected credit loss on intercompany receivables within the group.

See Note 14 Investments in JV and associated companies for overview of the companies included and further information about the investments. Transactions with joint ventures and associates are primarily financing provided to the companies and dividends received from the companies. Transactions also include sale of development rights, asset management and OM services from consolidated entities to equity consolidated entities.

See Note 16 Guarantees, contractual obligations and contingent liabilities in the Parent financial statement for overview of guarantees provided by Scatec ASA to group companies.

For remuneration to Management including information about the share purchase program, see Note 4 Employee benefits and further details in Note 4 - Personnel expenses in the Parent financial statement. The Note also includes remuneration to Board of Directors. Scatec has loans to Executive Management given in relation to the long-term incentive programme amounting to NOK 0.2 million (0.2) as of 31 December 2023.

Note 31 Change in accounting policies

Change in accounting policy for external revenues and cost of sales in Power Production segment

The Group has re-assessed its accounting policy for the presentation of external revenues and cost of sales in the proportionate financials. The change is motivated by changes in management internal reporting of revenue from the hydropower companies in the Philippines. The power market settlement mechanism in the Philippines is net for all power sales and purchases within the reporting period, although all volumes are reported gross. The Group previously accounted for such external revenues and cost of sales on a gross basis in accordance with reported volumes. Going forward the Group will present the figures net in accordance with the financial settlement mechanism. The change has no impact on gross profit or EBITDA. The Group believes that net presentation provides more relevant information to the users of the proportionate financials as it reduces the fluctuations in external revenues reported in the Philippines and is more aligned to the practices adopted by peers. The Group has applied the change retrospectively to the proportionate financials. The change is not applicable to the consolidated financials as the investments in the Philippine JVs are accounted for using the equity method. On 1 January 2023, the Group elected to voluntarily change the method of accounting for external revenues and cost of sales in the proportionate financials. Comparative figures for proportionate revenues in 2022 have been restated as follows:

Proportionate financials - NOK million	Reported FY 2022	Adjustment	Adjusted FY 2022
External revenues - Power Production	4,513	-824	3,689
Cost of sales - Power Production	-852	824	-28
EBITDA	2,835	-	2,835

New standards and interpretations

The Group has early adopted amendments to IAS 1 and IFRS Practice Statement 2 in 2022 compromising accounting policy information. The material accounting principles in the Annual report are largely incorporated into the individual notes.

The Group has not elected to early adopt amendments to IAS 1 *Presentation of Financial Statements* effective from 1 January 2024. Amendments to requirements related to classification of non-current and current liabilities with covenants is not expected to affect the classification of any liabilities in the Group's financial statements in 2023. The amendments require an entity to provide disclosures related to liabilities with covenants, including information about the covenants, and risk of non-compliance. The amendments will require additional note disclosures related to the corporate debt and non-recourse project debt. Scatec will comply with the new regulations from 2024.

The Group has not elected to early adopt amendments to IAS 7 *Statement of cash flow* and IFRS 7 *Financial instruments: Disclosures* effective from 1 January 2024. The amendments clarify the characteristics of supplier finance arrangement and include amendments to required note disclosures on the impact on the entity of such arrangements. The amendments may be relevant for credit facilities held during the construction phases.

The Group has not elected to early adopt Amendments to IAS 21 *The effects of changes in foreign exchange rates* effective from 1 January 2025. The amendments specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments may be relevant for certain jurisdictions where Scatec operates and holds balances in local currencies.

Note 32 Subsequent events

Adjusting subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting subsequent event

In line with the terms adopted by the Annual General Meeting of Scatec ASA in 2023, the Board of Directors continue the share-based incentive programme for leading employees of the company, following the same principles as previous years. On January 3, 2024, a total of 1,515,885 share options were granted to leading employees. Each share option gives the right to subscribe for and be allotted one share in Scatec ASA. The strike price of the options is set to NOK 79.47 per share based on the volume weighted average share price over the ten last trading days preceding the grant date of 3 January 2024. The options will lapse if not exercised by 1 January 2028. The option grant is divided into three tranches whereby 1/3 vests each year over three years, with the first tranche vesting 1 January 2025. The current grant is the second of three contemplated annual grants of share options in accordance with Scatec's share-based incentive programme.

On January 25, 2024, Scatec ASA agreed refinancing terms with DNB, Nordea and Swedbank for its USD 150 million green term loan, with USD 135 million outstanding at the end of the fourth quarter 2023. The new green term loan will be amortised through semi-annual repayments of USD 7.5 million with final maturity in the fourth quarter 2027.

On January 31, 2024, Scatec ASA announced the issuance of a NOK 1,750 million 4-year senior unsecured bond with a coupon of 3 months NIBOR + 4.25% p.a. with quarterly interest payments. DNB Markets, Nordea and SpareBank 1 Markets acted as Joint Lead Managers in connection with the placement of the new bond issue. An application was made for the bonds to be listed on Oslo Stock Exchange. On February 1, 2024, Scatec ASA announced buy-back of EUR 136 million of outstanding bonds with ticker "SCATC03 ESG" (ISIN NO0010931181) which will be cancelled subsequently. Following the transaction, the total nominal outstanding amount is EUR 114 million. The remaining proceeds from the NOK 1,750 million bond issue after the buy-back will be applied towards eligible activities as set out in the Green Financing Framework, including additional repayment of corporate debt.

Reference is made to previous communication around changes to the PPA in Honduras. In May 2022, a new Energy law came into force as introduced by the new Government of Honduras. Per January 31, 2024, a PPA amendment agreement was signed between Scatec's operating entities in Honduras and the offtaker ENEE. The key changes to the PPA include a lower tariff, extension of the PPA with five more years and a compensation amount to be paid by the off taker to Scatec's operating entities. In total, the amendments to the PPA in combination with the compensation amount are not expected to have a material adverse effect of the financials of the projects.

On March 6, 2024, the central bank in Egypt announced a full free floating of the local currency, Egyptian Pound (EGP), and the local currency devaluated against USD. Scatec's Benban plants in Egypt are operating under a 25-year Power Purchase Agreement with the Egyptian Electricity Transmission Company, S.A.E, which started operations in 2019. The tariff in the Power Purchase Agreement is denominated in USD but paid in EGP. 30% of the production volume is invoiced in EGP at a fixed rate to USD of 8.88, while 70% of the revenues are invoiced at the official EGP/USD spot rate for the relevant period. Due to devaluations of the EGP since the operations commenced, the fixed-rate part of the revenues constituted approximately NOK 30 million in 2023 representing 10% of Scatec's total proportionate power production revenues in Egypt. This part of the revenues is exposed to further devaluation of the EGP. The non-recourse debt is dominated in USD and not impacted by the devaluation, while Scatec's cash balances in EGP is negatively impacted by a devaluation. The change of the central bank's strategy in Egypt is expected to ease the convertibility of EGP to USD. Please refer to Note 15 Cash and cash equivalent for information on cash balances in Egypt at year-end 2023.

Parent company financial statements

Statement of income

1 JANUARY – 31 DECEMBER

NOK million	Note	2023	2022
Revenues	3	6,271	751
Total revenues		6,271	751
Costs of sales		-5,570	-797
Personnel expenses	4	-284	-268
Other operating expenses	5, 6, 17	-189	-201
Depreciation, amortisation and impairment	9, 11	-59	-150
Operating profit/(loss)		169	-665
Interest and other financial income	7, 17	392	1,570
Interest and other financial expenses	7, 17	-707	-1,311
Net foreign exchange gain/(loss)		-33	-5
Profit/(loss) before tax		-179	-411
Income tax (expense)/benefit	8	-220	-68
Profit/(loss) for the period		-399	-480
Allocation of profit/(loss) for the period			
Dividend	13	-	308
Transfer to/(from) other equity	13	-399	-788
Total allocation of profit/(loss) for the period		-399	-480

Statement of financial position

1 JANUARY – 31 DECEMBER

NOK million	Note	2023	2022
Non-current assets			
Deferred tax assets	8	35	226
Property plant and equipment	9	86	73
Investments in subsidiaries, joint ventures and associated companies	10	16,025	15,000
Loan to group companies	17	2,783	2,327
Interest rate swap (cash flow hedge)	14	64	115
Other non-current receivables		53	63
Total non-current assets		19,047	17,804
Current assets			
Inventory	11	996	1,390
Trade and other receivables	6	68	42
Trade and other receivables group companies	3, 17	755	498
Other current assets		30	46
Cash and cash equivalents	12	173	811
Total current assets		2,022	2,787
Total assets		21,070	20,591

Statement of financial position

AS OF 31 DECEMBER

NOK million	Note	2023	2022
Paid in capital			
Share capital	13	5	5
Share premium	13	11,761	11,378
Total paid in capital		11,765	11,382
Other equity			
Other equity	13	-1,520	-1,203
Reserve for valuation variances		51	85
Total other equity		-1,469	-1,117
Total equity		10,296	10,265
Non-current liabilities			
Corporate financing	14	7,947	7,987
Liabilities to group companies	17	17	350
Other non-current liabilities		2	3
Total non-current liabilities		7,966	8,339
Current liabilities			
Trade and other payables		226	431
Trade payables group companies		444	60
Public duties payable		24	18
Dividend	13	-	308
Other current liabilities	15	1,146	1,170
Other current financial liabilities	12	713	-
Current corporate financing	14	255	-
Total current liabilities		2,808	1,987
Total liabilities		10,774	10,326
Total equity and liabilities		21,070	20,591

Oslo, 19 March 2024

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Espen Gundersen

Maria Moræus Hanssen

Jørgen Kildahl

Mette Krogsrud

Gisele Marchand

Morten Henriksen

Terje Pilskog (CEO)

Statement of cash flow

1 JANUARY – 31 DECEMBER

NOK million	Notes	2023	2022
Cash flow from operating activities			
Profit/(loss) before tax		-179	-411
Depreciation, amortisation and impairment	9	59	150
Interest and other financial income	7	-392	-1,570
Interest and other financial expenses	7	707	1,311
Foreign exchange gain/(loss)		33	5
Increase)/decrease in inventories	11	394	-1,079
(Increase)/decrease in trade and other receivables		-223	-285
Increase/(decrease) in trade and other payables		149	147
Taxes paid	8	-	-
(Increase)/decrease in current assets and current liabilities / other adjustments		103	1,067
Net cash flow from operating activities		651	-665
Cash flows from investing activities			
Investments in property, plant and equipment	9	33	16
Net increase in loans to subsidiaries	17	-456	-301
Interest received		252	175
Investments in subsidiaries and associated companies	10	-1,025	-675
Dividends from and capital decrease in subsidiaries	7	140	1,384
Net cash flow used in investing activities		-1,056	599
Cash flow from financing activities			
Proceeds from share capital increase	13	-	5
Dividends paid to equity holders	13	-308	-404
Interest paid		-638	-344
Proceeds from corporate financing	14	713	-
Net cash flow from financing activities		-233	-743
Net increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of period		811	1,620
Cash and cash equivalents at end of period		173	811
Net increase/(decrease) in cash and cash equivalents		-638	-809

Notes to the parent company financial statements

Note 1 General information

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

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

The Company is listed on the Oslo Stock Exchange.

The consolidated financial statements for the full year 2023 were authorized for issue in accordance with a resolution by the Board of Directors on 19 March 2024.

Note 2 Accounting principles

Basis for preparation

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

Accounting estimates and judgements

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

Foreign currency translation

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

Revenues and cost of sales

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

Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete. Incurred costs include all direct materials, costs for modules, labour, subcontractor costs, and other direct costs related to contract performance.

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

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

Employee benefits

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

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

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

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

Interest income and expenses

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

Income tax expense

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

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

Balance sheet classification

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

Property, plant and equipment

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

Subsidiaries and investment in associated companies

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

Inventories

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

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

Cash and cash equivalents

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

Financial liabilities

Interest-bearing borrowings are initially recognised at cost. After initial recognition, such financial liabilities are measured at amortised costs using the effective interest method. Transaction costs are taken into account when calculating amortised cost. Trade payables are carried at cost.

Dividends

On 2 November 2023, the Board of Directors announced its decision to change the dividend policy to no dividend.

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	2023	2022
Services	6,252	732
Other revenue	19	19
Sum	6,271	751

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

Revenue by geographical distribution

NOK million	2023	2022
Pakistan	462	153
Netherlands	49	63
South-Africa	5,658	459
Ukraine	3	3
Egypt	36	6
Brazil	37	31
Argentina	2	4
Malaysia	3	4
Honduras	1	1
Mozambique	-	1
France	1	1
India	-	1
Philippines	-	1
Rwanda	-	4
Sum	6,252	732

Refer to Note 17 - Transactions with related parties for further information.

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

Personnel expenses

NOK million	2023	2022
Salaries	225	216
Share-based payment	28	39
Payroll tax	43	31
Pension costs	18	18
Other benefits and personnel costs	7	3
Capitalised to inventory	-38	-39
Total personnel expenses	284	268

The average number of FTEs that has been employed in the company through 2023 was 144 (146).

Pension costs

The Company has a defined contribution plan in line with the requirement of the law. NOK 18 million (18) is expensed related to the defined contribution plan in 2023.

Paid salaries and personnel expenses for the management of Scatec ASA

2023 NOK thousand	Title	Salary [1]	Bonus	Number of options awarded	Exercise of share options	Out-standing share options	Other benefits [4]	Pension cost	Loans out-standing
Terje Pilskog	Chief Executive Officer	3,992	1,444	57	-	129	158 [b]	179	-
Hans Jakob Hegge [3]	Chief Financial Officer	2,895	1,313	68	-	68	1513 [a]	146	-
Siobhan Minnaar [2]	EVP General Counsel	2,009	750	13	-	29	16	173	-
Roar Haugland	EVP People, Sustainability & Digital	2,262	802	31	-	83	143 [b]	180	-
Pål Helsing	EVP Solutions	2,601	922	36	-	94	152 [b]	177	-
Ann-Mari Lillejord	EVP Latam/Europe	2,179	788	29	-	43	16	173	-
Pål Strøm	EVP Operations & Maintenance	2,102	750	29	-	55	16	176	-
Kate Bragg	EVP People, Strategy & Digital	2,294	[8]	29	-	-	16	172	-
Snorre Valdimarsson [5]	EVP General Counsel	480	-	-	-	-	1	48	-
Mikkel Tørud [6]	EVP Chief Financial Officer / EVP MENA	2,145	-	41	-	-	175 [b]	149	-
Torstein Berntsen [7]	Interim EVP MENA/Green H2	497	-	36	-	93	138	38	-

1) Including holiday allowance accrued in 2023

2) Joined EMT 01.02.2023

3) Joined Scatec and EMT 01.03.2023

4) Includes benefits such as insurances, mobile, broadband, or other allowances

a) Includes a sign-on bonus of 1,500,000 NOK

b) Includes stock options converted to cash payment

5) Left Scatec 31.01.2023

6) CFO between 01.01.2023 – 31.03.2023. EVP MENA/Green H2 between 01.03.2023 – 31.08.2023

7) Interim EVP MENA/Green H2 between 01.01.2023 – 28.02.2023

8) Left Scatec before bonus pay-out March 2024

2022 NOK thousand	Title	Salary [1]	Bonus [2]	Number of options awarded	Exercise of share options	Out-standing share options	Other benefits [3]	Pension cost	Loans out-standing
Raymond Carlsen [4]	Chief Executive Officer	2,418	-	43	-	-	4,678 [a]	80	-
Terje Pilskog [5]	Chief Executive Officer	3,460	1,163	39	-	84	15	170	23
Mikkel Tørud	Chief Financial Officer	2,939	936	30	-	80	15	168	23
Snorre Valdimarsson	EVP General Counsel	2,483	-	26	-	66	15	169	23
Roar Haugland	EVP Sustainable Business & HSSE	2,244	720	23	-	62	15	175	23
Torstein Berntsen [6]	EVP MENA/Green H2	2,575	840	27	-	68	15	174	23
Pål Helsing	EVP Solutions	2,568	828	27	-	68	15	169	23
Toril Haaland	EVP People & Organisation	2,104	684	22	-	57	2,086 [b]	170	23
Ann-Mari Lillejord [7]	EVP Latam/Europe	1,266	443	14	-	14	10	112	23
Kate Bragg [7]	EVP People, Strategy & Digital	1,560	522	10	-	10	15	162	23
Pål Strøm [8]	EVP Operations & Maintenance	1,781	597	12	-4	26	15	166	-
Jarl Arve Korsberg [9]	EVP Hydropower Project Development	628	-	-	-	-	-	-	-

1) Including paid out holiday allowance and car allowance.

2) Changed to accrued bonus.

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

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

b) Including severance package

4) Until 30.04.22,

5) CEO from 01.05.22. EVP Project Development before CEO

6) Interim EVP Mena/Green H2 from 21.11.22

7) Joined EMT 01.05.2022

8) Joined EMT 21.11.2022

9) Left EMT 31.01.2022

Remuneration for the Board of Directors [1]

NOK thousand	2023 Board remuner-ation	2023 Audit committee	2023 Remuner-ation committee	2023 Nomination committee	2023 Total remuner-ation 2023	2022 Board remuner-ation	2022 Audit committee	2022 Remuner-ation committee	2022 Nomination committee	2022 Total remuner-ation 2022
John Andersen jr.	576	93	77	-	746	557	90	75	-	722
Gisele Marchand	369	155	-	-	524	357	150	-	-	507
Maria Moræus Hanssen	369	-	57	-	426	357	-	55	-	412
Jørgen Kildahl	369	93	-	-	462	357	90	-	-	447
Mette Krogsrud	369	-	57	-	426	357	-	55	-	412
Espen Gundersen	369	93	-	-	462	357	90	-	-	447
Morten Henriksen	250	-	38	-	288	-	-	-	-	-
Jan Skogseth	119	-	18	-	137	357	-	55	-	412
Kristine Ryssdal	-	-	-	62	62	-	-	-	60	60
Svein Høgseth	-	-	-	13	13	-	-	-	40	40
Mats Holm	-	-	-	41	41	-	-	-	40	40
Annie Bersagel	-	-	-	41	41	-	-	-	40	40
Christian Rom	-	-	-	28	28	-	-	-	-	-

1) Annual fees paid for 2022 and accrued for 2023 respectively.

For more information about remuneration to management, refer to Note 4 Employee benefits in the consolidated financial statement of the Group and the Remuneration Report for 2023.

Audit

NOK million	2023	2022
Audit fees	5	2
Other attestation services	2	-
Tax services	-	2
Other services	-	-
Total	7	4

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

VAT is not included in the numbers above.

Note 5 Other operating expenses

NOK million	2023	2022
Facilities	21	27
Professional fees	60	100
IT and communications	42	43
Travel costs	13	11
O&M costs	2	-
Other costs	51	20
Total other operating expenses	189	201

Note 6 Provision for bad debt

The Company has during 2023 recognized NOK 13.3 million in realized bad debt losses on receivables related to discontinued development projects.

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

Note 7 Financial income and expenses

Interest and other financial income

NOK million	2023	2022
Interest income from group companies	218	156
Other interest income	34	19
Gain/(loss) on sale of financial investments	-	7
Dividend from group companies	140	1,384
Gain from financial investment	-	3
Total interest and other financial income	392	1,570

Interest and other financial expenses

NOK million	2023	2022
External interest expenses	-638	-346
Impairment of financial assets	-	-949
Other financial expenses	-69	-17
Total interest and other financial expenses	-707	-1,311

The write down of financial assets in 2022 is related to Scatec Solar Netherlands BV investments in Ukraine. The write-down is related to both impairment of shares (NOK 341 million) and impairment of receivables to group companies in Ukraine (NOK 607 million). Refer to Note 13 in the consolidated financial statement of the Group for details related to the impairment testing.

During 2023, interest amounting to NOK 638 million (346) was expensed for corporate financing, refer to Note 23 Financing in the consolidated financial statement of the Group for further details. The increase in interest expenses is primarily explained by increase in interest rates.

Note 8 Tax

NOK million	2023	2022
Income tax expense:		
Withholding tax on received dividends	3	21
Change in deferred tax	204	34
Taxes related to previous years	12	13
Total tax expense/(income)	220	68
Tax basis:		
Profit before taxes	-179	-411
Permanent differences [1]	-158	-434
Changes in temporary differences	25	-2
Increase of tax losses carried forward	314	846
Tax base	-	-
Current taxes according to statutory tax rate (22%)	-	-

1) Net permanent differences for 2022 are related to non-taxable dividends partly offset by non-deductible impairment loss on investments and receivables in Ukraine and share based payment expenses.

Reconciliation of nominal statutory tax rate to effective tax rate

NOK million	2023	2022
Expected income tax expense according to statutory tax rate (22%)	-39	-90
Non-taxable expense/ (income)	-36	-85
Allowance for losses carried forward	268	219
Withholding tax on received dividends	3	21
Taxes related to previous years	27	13
Foreign exchange variations between functional and tax currency	-2	-10
Income tax expense/(income)	220	68
	1	
Effective tax rate (%)	122.94%	16.55%

Temporary differences as of 31 December

NOK million	2023	2022	Change
Tax loss carried forward [1]	-2,656	-2,342	314
Other temporary differences	-21	4	25
Total temporary differences	-2,677	-2,338	339
			0
Tax loss carried forward not recognized	2,518	1,301	-1,217
Total temporary differences as basis for recognized tax liability/(asset)	-159	-1,037	-878
Recognised tax liability/(asset)	-35	-226	191

1) Temporary differences are related to tax loss carry forward and disallowed interest deductions carry forward.

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

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

Note 9 Property, plant and equipment

Office equipment

NOK million	2023	2022
Accumulated cost at 1 January	113	87
Additions	33	16
Foreign currency translation	-7	10
Accumulated cost at 31 December	139	114
Accumulated depreciation at 1 January	42	28
Depreciations for the year	13	10
Foreign currency translation	1	4
Accumulated depreciation at 31 December	54	42
Carrying amount at 31 December	86	73
Estimated useful life (years)	3-10	3-10

Note 10 Investments in subsidiaries, joint ventures and associated companies

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

NOK million Company	Registered office	Ownership interest	Carrying value 2023	Carrying value 2022
SN Power AS	Norway	100.00%	1,083	1,050
Scatec Solar Netherlands BV	Netherlands	100.00%	13,163	12,268
Release Management BV	Netherlands	-	-	623
Scatec Solar SA (pty) Ltd.	Sandton, South-Africa	100.00%	3	3
Scatec Solar SA 163 (Pty) Ltd.	South-Africa	100.00%	19	18
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South-Africa	80.70%	85	82
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South-Africa	76.60%	114	110
Gigawatt Global Rwanda Ltd	Rwanda	54.00%	8	8
Scatec Solar Mozambique Limitada	Mozambique	0.50%	10	9
Scatec Solar SAS	Paris, France	100.00%	89	82
Scatec Solar Jordan	Amman, Jordan	100.00%	31	39
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10%	98	95
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10%	43	42
Scatec Solar Honduras S.A.	Honduras	100.00%	3	3
Produccion de Energia Solar Demas Renovables S.A	Honduras	40.00%	71	69
Fotovoltaica Los Prados	Honduras	70.00%	84	82
Fotovoltaica Surena	Honduras	70.00%	133	159
Generaciones Energeticas S.A	Honduras	70.00%	126	152
Energias Solares S.A	Honduras	70.00%	79	94
Foto Sol S.A	Honduras	70.00%	6	6
Scatec Solar PV1 S.R.O	Prague, Czech	100.00%	2	2
Scatec Solar S.R.O	Prague, Czech	100.00%	1	1
			15,254	15,000

A list of all material companies in the Scatec Group is listed in Note 28 Consolidated subsidiaries of the Consolidated financial statements.

NOK million Associates and joint ventures	Office	Ownership	Carrying value 2023	Carrying value 2022
Kube Energy AS	Oslo, Norway	0%	-	2
Release Solar AS	Oslo, Norway	68%	771	-
Total			771	2

In 2023, Scatec ASA signed an agreement to raise capital from Climate Fund Managers ("CFM") to further accelerate its growth ambitions in Release. CFM contributed approx. NOK 560 million in equity for a 32% shareholding in Release Solar AS. Scatec retained the majority shareholding of 68% but the investment is recognized as a joint venture. Release Solar AS is recognized at cost, where Scatec's carrying value as of December 2023 corresponds to the investments made in the company prior to the entry of CFM. Total equity and net profit in the financial statements of Release Solar AS for 2022 was NOK 0.

Note 11 Inventory

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

Project geography

NOK million	2023	2022
Asia	193	303
Europe	63	12
West Africa	4	8
South Africa	642	990
North Africa	66	56
South America	25	18
East Africa	3	2
Carrying value of inventory at 31 December 2023	996	1,390

Impairment charges in 2023 were NOK 37 million (140) for development projects in Oman and Brazil.

Note 12 Cash and cash equivalents

NOK million	2023	2022
Restricted cash	50	58
Free cash	122	753
Total cash and cash equivalents	173	811

Scatec ASA has drawn USD 70 million (0) on the revolving credit facility per 31 December 2023.

For more information about external financing and facilities, refer to Note 23 Corporate Financing in the consolidated financial statement of the Group.

Note 13 Equity and shareholder information

Nok million	Issued capital	Share premium	Other equity	Total equity
Equity as of 31 December 2022	5	11,378	-1,118	**10,265**
Profit/(loss) for the period	-	-	-399	**-399**
Share-based payment	-	28	-	**28**
Capital increase from exercised employee share options, net of transaction cost after tax	-	-	-	**-**
Accrued dividend	-	-	-	**-**
Change in hedging reserves	-	-	-45	**-45**
Foreign currency translation	-	355	93	**448**
Equity as of 31 December 2023	5	11,761	-1,469	**10,296**

On 2 November 2023, the Board of Directors announced its decision to change the dividend policy to no dividend.

On 18 April 2023, the Annual General Meeting of Scatec ASA resolved to pay a dividend of NOK 1,94 per share, totaling NOK 308 million. The dividend was paid to the shareholders on 11 May 2023. This equal to amount accrued for in 2022.

The table below show the largest shareholders of Scatec ASA at 31 December 2023.

Shareholder	Number of shares	Ownership
EQUINOR ASA	25,776,200	16.22%
SCATEC INNOVATION AS	14,132,339	8.89%
FOLKETRYGDFONDET	12,642,754	7.96%
J.P. Morgan SE	4,721,976	2.97%
VERDIPAPIRFONDET DNB MILJØINVEST	3,870,567	2.44%
Citibank Europe plc	3,800,435	2.39%
CLEARSTREAM BANKING S.A.	3,375,973	2.12%
RAIFFEISEN BANK INTERNATIONAL AG	2,947,061	1.85%
Bank Pictet & Cie (Europe) AG	2,930,610	1.84%
JPMorgan Chase Bank	2,483,309	1.56%
State Street Bank and Trust Comp	2,400,774	1.51%
Citibank	2,295,532	1.44%
The Bank of New York Mellon	2,119,792	1.33%
VERDIPAPIRFONDET DNB NORGE	2,013,957	1.27%
VPF DNB AM NORSKE AKSJER	1,839,033	1.16%
The Bank of New York Mellon SA/NV	1,710,350	1.08%
State Street Bank and Trust Comp	1,697,587	1.07%
VERDIPAPIRFONDET STOREBRAND NORGE	1,574,879	0.99%
ARGENTOS AS	1,500,000	0.94%
State Street Bank and Trust Comp	1,495,729	0.94%
Total 20 largest shareholders	95,328,857	59.99%
Total other shareholders	63,588,418	40.01%
Total shares outstanding	158,917,275	100%

The tables below show shares held by Management and Board of Directors at 31 December 2023.

Board of Directors	Number of shares	Ownership
John Andersen, Jr. 1)	-	0.00%
Gisele Marchand	3,586	0.00%
Maria Moræus Hanssen 2)	11,040	0.01%
Jørgen Kildahl	3,000	0.00%
Mette Krogsrud	1,000	0.00%
Espen Gundersen	10,000	0.01%
Morten Henriksen	5,000	0.00%
Total at 31 December 2023	33,626	0.02%

1) Related parties control 14,132,339 shares through Scatec Innovation AS.

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

Management	Number of shares	Ownership
Terje Pilskog 1)	542,204	0.34%
Hans Jakob Hegge	10,000	0.00%
Mikkel Tørud	186,667	0.12%
Roar Haugland 2)	79,566	0.05%
Torstein Berntsen 3)	434,289	0.27%
Pål Helsing	6,204	0.00%
Ann-Mari Lillejord	10,129	0.01%
Kate Bragg	920	0.00%
Pål Strøm	1,844	0.00%
Total at 31 December 2023	1,271,823	0.80%

1) Held through the controlled company Océmar AS

2) Held through the controlled company Buzz Aldrin AS, whereof 2204 shares held by Roar Haugland directly

3) Held through the controlled company Belito AS, whereof 908 shares 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 4 – Personnel expenses, number of employees and auditor's fee for information on share options granted to the management.

Note 14 Corporate financing

For information about Corporate financing refer to Note 23 Financing in the consolidated financial statement of the Group.

For information about interest rate swap refer to Note 22 Derivative financial instruments in the consolidated financial statement of the Group.

Note 15 Other current liabilities

Nok million	2023	2022
Deferred income EPC projects	901	997
Accrued interest expenses	164	118
Vacation allowances, bonus accruals etc.	47	49
Other	34	7
Total current liabilities	1,146	1,170

Note 16 Guarantees, contractual obligations and contingent liabilities

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

NOK million	12/31/2023	12/31/2024	12/31/2025	12/31/2026
Advance Payment guarantees	31	-	-	-
Performance guarantees	289	249	-	-
Warranty Guarantees	621	359	359	-
Bid Bonds	66	44	44	44
SPV Performance / Commitments	625	537	228	149
O&M Performance (3rd party)	19	-	-	-
Other Payment Guarantees	2,083	274	9	9
Total	3,734	1,463	640	202

See note 26 Guarantee and commitments in the consolidated financial statement of the Group for more information on the other guarantees issued to third parties.

Contractual obligations

Scatec ASA has contractual obligations primarily through office lease.

NOK million	2024	2025	2026	>2026
Leases (office rental)	14	15	15	44
Total contractual obligations	14	15	15	44

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

Contingent liabilities

Scatec ASA have no material contingent liabilities.

Note 17 Transactions with related parties

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

Transactions with related parties

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2023 and 2022 are:

Subsidiaries – EPC services

In 2023 Scatec ASA sold EPC services to subsidiaries amounting to NOK 6 116 million (572 million).

Subsidiaries – development services

During 2023 the company sold development project services amounting to NOK 80 million. Corresponding amount in 2022 was 83 million.

Subsidiaries - management service income

Scatec ASA has during 2023 charged NOK 49 million (47 million) for corporate services provided to its subsidiaries and associates.

Subsidiaries and associates – financing

In the course of the ordinary business, inter-company financing is provided from Scatec ASA to its subsidiaries. Long-term financing is interest bearing and priced at arm's length. Refer to Note 7 for specification of interest income/expenses from/to subsidiaries and Note 10 Investments in subsidiaries, joint ventures and associated companies.

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

Note 18 Subsequent events

Adjusting subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting subsequent event

In line with the terms adopted by the Annual General Meeting of Scatec ASA in 2023, the Board of Directors continue the share-based incentive programme for leading employees of the company, following the same principles as previous years. On 3 January 2024, a total of 1,515,886 share options were granted to leading employees. Refer to Note 32 in the consolidated financial statement of the Group for details related to the share-based incentive program.

On 25 January 2024, Scatec ASA agreed refinancing terms for its USD 150 million green term loan, with USD 135 million outstanding as the end of the fourth quarter 2023 and on 31 January 2024, Scatec ASA successfully issued a NOK 1,750 million bond. In conjunction with the bond issue, on 1 February 2024 Scatec bought back EUR 136 million of outstanding bonds.

Responsibility statement

We confirm to the best of our knowledge, that the consolidated financial statements for 2023 has been prepared in accordance with IFRS Accounting Standards 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, 19 March 2024

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Espen Gundersen

Maria Moræus Hanssen

Jørgen Kildahl

Mette Krogsrud

Gisele Marchand

Morten Henriksen

Terje Pilskog (CEO)

Alternative Performance Measures

Scatec discloses alternative performance measures (APMs) in addition to those normally required by IFRS. This is based on the Group's experience that APMs are frequently used by analysts, investors and other parties for supplemental information.

The purpose of APMs is to provide an enhanced insight into the operations, financing and future prospect of the Group. Management also uses these measures internally to drive performance in terms of long-term target setting. APMs are adjusted IFRS measures that are defined, calculated and used in a consistent and transparent manner over the years and across the Group where relevant.

Financial APMs should not be considered as a substitute for measures of performance in accordance with IFRS. Disclosures of APMs are subject to established internal control procedures.

Definition of alternative performance measures used by the Group for enhanced financial information

Cash flow to equity: is a measure that seeks to estimate value creation in terms of the Group's ability to generate funds for equity investments in new power plant projects and/or for shareholder dividends over time. Management believes that the cash flow to equity measure provides increased understanding of the Group's ability to create funds from its investments. The measure is defined as EBITDA less net interest expense, normalised loan repayments and normalised income tax payments, plus any proceeds from refinancing. The definition excludes changes in net working capital, investing activities and fair value adjustment of first-time recognition of joint venture investments. Normalised loan repayments are calculated as the annual repayment divided by four quarters for each calendar year. However, loan repayments are normally made bi-annually. Loan repayments will vary from year to year as the payment plan is based on a sculpted annuity. Net interest expense is here defined as interest income less interest expenses, excluding shareholder loan interest expenses, non-recurring fees and accretion expenses on asset retirement obligations. Normalised income tax payment is calculated as operating profit (EBIT) less normalised net interest expense multiplied with the nominal tax rate of the jurisdiction where the profit is taxed.

EBITDA: is defined as operating profit adjusted for depreciation, amortisation and impairments.

EBITDA margin: is defined as EBITDA divided by total revenues and other income.

EBITDA and EBITDA margin are used for providing consistent information of operating performance which is comparable to other companies and frequently used by other stakeholders.

Gross profit: is defined as total sales revenue including net gain/loss from sale of project assets and net gain/loss from associates minus the cost of goods sold (COGS). Gross profit is used to measure project profitability in the D&C segment.

Net revenues: include energy sales revenues net of significant cost items directly linked to the energy sales volume (such as cost of energy purchase) in the PP segment. Refer to Note 3 Operating segments for further details.

Gross interest-bearing debt: is defined as the Group's total debt obligations and consists of non-current and current external non-recourse financing and external corporate financing and other interest-bearing liabilities, irrespective of its maturity as well as bank overdraft.

Net interest-bearing debt (NIBD): is defined as gross interest-bearing debt, less cash and cash equivalents. NIBD does not include shareholder loans.

Net working capital includes trade- and other receivables, other current assets, trade- and other payables, income tax payable and other current liabilities.

Proportionate Financials

The Group's segment financials are reported on a proportionate basis. The consolidated revenues and profits are mainly generated in the Power Production segment. Activities in Services and Development & Construction segment mainly reflect deliveries to other companies controlled by Scatec (with from 33% to 100% economic interest), for which revenues and profits are eliminated in the Consolidated Financial Statements. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from all its subsidiaries without eliminations based on Scatec's economic interest in the subsidiaries. The Group introduced Proportionate Financials as the Group is of the opinion that this method improves earnings visibility. The key differences between the proportionate and the consolidated IFRS financials are that;

- Internal gains are eliminated in the consolidated financials but are retained in the proportionate financials. These internal gains primarily relate to gross profit on D&C goods and services delivered to project companies which are eliminated as a reduced group value of the power plant compared to the stand-alone book value. Similarly, the consolidated financials have lower power plant depreciation charges than the proportionate financials since the proportionate depreciations are based on power plant values without elimination of internal gain. Internal gain eliminations also include profit on Services delivered to project companies.

- The consolidated financials are presented on a 100% basis, while the proportionate financials are presented based on Scatec's ownership percentage/economic interest.

- In the consolidated financials joint venture companies are equity consolidated and are presented with Scatec's share of the net profit on a single line in the statement of profit or loss. In the proportionate financials the joint venture companies are presented in the same way as other subsidiaries on a gross basis in each account in the statement of profit or loss.

In 2023 Scatec reports a proportionate operating profit of NOK 2,152 million compared with an operating profit of NOK 2,625 million in the consolidated financials. To arrive at the proportionate operating profit from the consolidated operating profit the Group has;

1. removed from the consolidated statement of profit or loss the internal gain on transactions between group companies with a positive amount of NOK 97 million.

2. removed the non-controlling interests share of the operating profit of NOK 709 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 46 million with Scatec's share of the Operating profit from the joint venture companies with NOK 379 million.

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

Consolidated Financials

NOK million	2023	2022
EBITDA		
Operating profit (EBIT)	2,625	723
Depreciation, amortisation and impairment	942	1,832
EBITDA	3,567	2,555
Total revenues and other income	4,721	3,751
EBITDA margin	76%	68%
Gross interest-bearing debt		
Non-recourse project financing	15,026	13,297
Corporate financing	7,947	7,987
Non-recourse project financing - current	1,931	1,963
Corporate financing - current	1,132	-
Other non-current interest-bearing liabilities	247	231
Other current interest-bearing liabilities	-	231
Gross interest-bearing debt associated with disposal group held for sale	115	-
Gross interest-bearing debt	26,398	23,709
Net interest-bearing debt		
Gross interest-bearing debt	26,398	23,709
Cash and cash equivalents	3,101	4,132
Cash and cash equivalents associated with disposal group held for sale	12	-
Net interest-bearing debt	23,284	19,578
Net working capital		
Trade and other receivables	478	497
Other current receivables [1]	1,151	1,863
Trade and other payable	-294	-594
Income tax payable	-48	-37
Other current liabilities	-2,060	-1,106
Non-recourse project financing-current	-1,931	-1,963
Corporate financing - current	-1,132	-
Other current interest-bearing liabilitie	-	-231
Net working capital associated with disposal group held for sale	-6	-
Net working capital	-3,842	-1,571

1) Excluding current portion of derivatives of NOK 15 million in 2023 and NOK 20 million in 2022

Break-down of proportionate cash flow to equity

FY 2023

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	3,216	118	672	-162	3,845
Net interest expenses	-712	4	22	-593	-1,279
Normalised loan repayments	-998	-	-	-145	-1,144
Proceeds from refinancing and sale of project assets	632	-	-	10	642
Proceeds from refinancing	-348	-	-	-	-348
Normalised income tax payment	-126	-25	-138	174	-116
Cash flow to equity	1,663	96	555	-716	1,600

FY 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,835	74	-221	-138	2,550
Net interest expenses	-780	-1	-5	-316	-1,102
Normalised loan repayments	-815	-	-	-	-815
Proceeds from refinancing	363	-	-	-	363
Normalised income tax payment	-116	-15	78	106	53
Cash flow to equity	1,487	58	-149	-347	1,050

Other definitions

Backlog

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

Pipeline

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

Scatec's economic interest

Scatec's share of the total estimated economic return from its subsidiaries. For projects in development and construction the economic interest is subject to change from the development of the financial model.

Cash in power plant companies in operation

Comprise restricted cash in proceed accounts, debt service reserve accounts, disbursements accounts, maintenance and insurance reserve accounts and similar. These cash and cash equivalents are only available to the Group through distribution as determined by shareholder and non-recourse financing agreements.

Cash in power plant companies under development/construction

Comprise shareholder financing and draw down on term loan facilities by power plant companies to settle outstanding external EPC invoices.

Project equity

Project equity comprise of equity and shareholder loans in power plant companies.

Recourse Group

Recourse Group means all entities in the Group, excluding renewable energy companies (each a recourse group company).

Definition of project milestones

Commercial Operation Date (COD): A scheduled date when certain formal key milestones have been reached, typically including grid compliance, approval of metering systems and technical approval of plant by independent engineers. Production volumes have reached normalised levels sold at the agreed off-taker agreement price. This milestone is regulated by the off-taker agreement with the power off-taker. In the quarterly report grid connection is used as a synonym to COD.

Financial close (FC): The date on which all conditions precedent for drawdown of debt funding has been achieved and equity funding has been subscribed for, including execution of all project agreements. Notice to proceed for commencement of construction of the power plant will normally be given directly thereafter. Projects in Scatec defined as "backlog" are classified as "under construction" upon achievement of financial close.

Auditor's Report

To the General Meeting of Scatec ASA

Independent Auditor's Report

Report on the Audit of the Financial Statements

Opinion

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

- the financial statements of the parent company Scatec ASA (the Company), which comprise the statement of financial position as at 31 December 2023, the statement of income and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and
- the consolidated financial statements of Scatec ASA and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2023, the consolidated statements of profit and loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flow for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion

- the financial statements comply with applicable statutory requirements,
- the financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and
- the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the EU.

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

Basis for Opinion

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

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

We have been the auditor of the Company for 2 years from the election by the general meeting of the shareholders on 29 April 2022 for the accounting year 2022.

Key Audit Matters

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

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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

The Group's business activities are largely unchanged compared to last year. *Impairment Assessment of Ukrainian Assets* and *IFRS 10 Control Assessment* have the same characteristics and risks as in the prior year, and therefore continues to be a areas of focus this year.

Key Audit Matters	How our audit addressed the Key Audit Matter
Impairment Assessment of Ukrainian Assets	
During the prior year the war triggered an impairment of Scatec's solar power plants located in Ukraine, amounting to NOK 816 million. This represented approximately 28% of the carrying value of the assets before impairment. The future operational performance of these solar power plants and the outcome of the ongoing war were identified as, and continues to be, significant factors that could impact the estimated future cash flows from these assets. In the current year, no further impairments have been recognized for Ukrainian assets. In forecasting future cash flows, significant assumptions are made concerning future revenues and country risk, particularly the risk related to the ongoing war. Management uses weighted scenarios to estimate the value in use for the solar power plants. We continue to focus on the impairment assessment of Ukrainian assets due to the high level of estimation uncertainty, complexity, and subjectivity involved in determining the value in use of these assets. Furthermore, the continued volatile situation in Ukraine adds a layer of complexity to the assumptions used in the impairment testing. Management's impairment testing, including the use of scenarios and the sensitivity of key assumptions, is explained in note 13 to the consolidated financial statements.	We obtained and challenged management's impairment assessment and the process by which this was performed. We assessed management's accounting policy against IFRSs and obtained explanations from management as to how the specific requirements of the standards, in particular IAS 36 – Impairment of assets, were met. To assess each of the assumptions in the impairment assessment, we interviewed management on and challenged their assumptions. We also involved our internal specialists to assist in the review of the impairment model and the assumptions used. We used external market data to assess the assumptions used to build the discount rate. We found that the discount rate was within an appropriate range. We evaluated management's assumptions related to future revenues and checked current and historical prices in the Power Purchase Agreements (PPA) to corroborate the power rates assessed by management within the PPA duration. For power prices beyond the PPA period, we examined external market forecasts for the power market in Ukraine. We considered that power rates used by management were within an appropriate range. Further, we discussed management's expectations regarding the future utilisation of the assets and their ability to earn revenue in the near future. Management's expectations about future development were corroborated to, and found to be in line with, information from reliable external sources which discuss the various possible outcomes of the war. We performed an analysis of the significant assumptions to evaluate the implied sensitivity of the valuation models. Naturally, to foresee the outcome of the war with a reasonable degree of certainty, is at best a highly judgmental exercise. The assessed values are therefore sensitive to changes in the probabilities for different possible outcomes used in the valuation model and for changes in the discount rate. We also assessed the related disclosures provided, in particular disclosures about key assumptions

and sensitivities, and found them to be adequate and in accordance with the accounting requirements.

IFRS 10 Control Assessment

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

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

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

For more information on investments in joint ventures, refer to notes 2, and 14 to the consolidated financial statement.

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

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

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

We found that the information provided in the notes to the consolidated financial statement are consistent with the assessments performed by management.

Other Information

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

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

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

- is consistent with the financial statements and

- contains the information required by applicable statutory requirements.

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error. We design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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

Opinion
As part of the audit of the financial statements of Scatec ASA, we have performed an assurance engagement to obtain reasonable assurance about whether the financial statements included in the annual report, with the file name "Scatec Annual Report 2023.zip", have been prepared, in all material respects, in compliance with the requirements of the Commission Delegated Regulation (EU) 2019/815 on the European Single Electronic Format (ESEF Regulation) and regulation pursuant to Section 5-5 of the Norwegian Securities Trading Act, which includes requirements related to the preparation of the annual report in XHTML format, and iXBRL tagging of the consolidated financial statements.

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

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

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

Oslo, 19 March 2024
PricewaterhouseCoopers AS

Thomas Fraurud
State Authorised Public Accountant

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