Scatec

Third quarter

2023

Executing the strategic vision:
Building a resilient long-term growth platform

It has been eighteen months since I assumed leadership of Scatec, an exciting company, spearheaded by a dedicated team of enthusiastic 'changemakers,' who consistently deliver remarkable results with unwavering focus and passion.

In the past 12 months, Scatec has achieved its highest construction activity ever, launched innovative hybrid projects in South Africa and Cameroon (Release) that set new industry standards, realized a project based on a corporate PPA in Brazil and built a battery storage project in the Philippines. In addition, we focused our activities by streamlining projects under development, divesting assets to recycle capital, and reducing operational costs. These achievements underscore our commitment to our strategy, driving sustainable solutions and shaping the future of renewable energy.

During the past year, we have also seen a significant change in the macroeconomic environment. The dramatic increase in interest rates has led to increased cost of capital, impacting both availability of attractive funding, project returns for selected growth prospects and increasing interest rate expenses on the corporate debt of Scatec.

Our response is to align our growth rate to internal funding capacity. We adjust our growth ambition to NOK 500 – 750 million of gross equity investments annually, in line with our historical growth pace. At this growth rate we will not raise new equity. Investing with discipline, we will be utilising our 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%.

We have a strong and growing cash flow from our operating asset base and we will increase our focus on capital recycling. In addition, the Board of Directors have approved to change the dividend policy to no dividend. We are also comfortable with servicing our corporate debt and we have strong support from our relationship banks. We are currently amortising our corporate debt with approximately NOK 280 million annually and we also consider additional debt repayments.

These strategic actions will enable us to navigate the current macro-economic landscape, preserving our shareholders' value and reinforcing our commitment to disciplined growth, financial flexibility, and stability. Despite high interest rates, renewable energy is still competitive in emerging markets and the value creation potential in our pipeline is significant.

Looking ahead, I am confident in our ability to capitalise on the profound global shift towards cleaner energy. Our dedication to renewable energy, our track record over the past 15 years, coupled with our sound financial standing, equips us to lead the charge in transforming the energy landscape.

I would like to express my gratitude to our people, partners and shareholders, whose unwavering support drives our pursuit of excellence. Together, we are pioneering a sustainable future, one where clean energy powers the world.

Thank you.

Terje Pilskog

Asset portfolio[1)]

	Technology	Capacity MW	Economic interest [2)]
In operation			
Philippines		649	50%
Laos		525	20%
Egypt		380	51%
Ukraine		336	89%
Uganda		255	28%
Malaysia		244	100%
South Africa		190	45%
Brazil		162	44%
Argentina[3)]		117	50%
Honduras		95	51%
Jordan		43	62%
Mozambique		40	53%
Vietnam		39	100%
Czech Republic		20	100%
Release		38	100%
Rwanda		9	54%
Total		**3,142**	**52%**
Under construction			
South Africa		540	51%
Brazil		531	33%
Pakistan		150	75%
Philippines		24	50%
Release		9	100%
Total		**1,254**	**47%**
Projects in backlog			
Tunisia		360	51%
South Africa		273	51%
Egypt	H_2	260	52%
Botswana[4)]		120	100%
Total		**1,013**	57%
Grand total		**5,409**	**52%**
Projects in pipeline		**10,184**	

Segment overview

Development & Construction

The Development & Construction segment derives its revenues from the sale of development rights and construction services delivered to power plant projects where Scatec has economic interests.

Power Production

The power plants produce electricity for sale primarily under long term 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 excluding the Philippines is approximately 15 years. The electricity produced from the power plants in the Philippines is sold on shorter bilateral contracts and in the spot market under a renewable operating license, and as ancillary services.

Services

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

Corporate

Corporate consists of activities such as corporate services, management, and group finance.

1) Asset portfolio as per reporting date
2) Scatec's share of the total estimated economic return from its subsidiaries. For projects under development the economic interest may be subject to change
3) On 19 October 2023, Scatec announced the sale of the 117 MW Guañizuil IIA solar power plant in Argentina and the exiting of the country
4) During the third quarter 2023 Scatec secured a second phase of the Botswana project, increasing the capacity from 60 MW to 120 MW

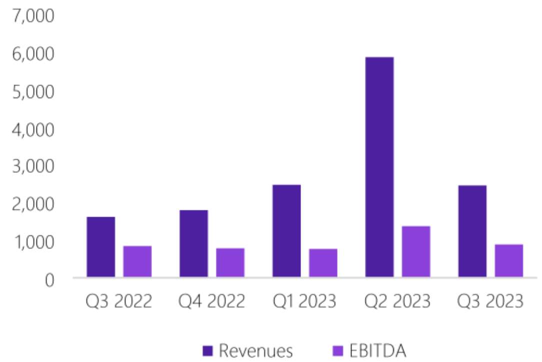
Focus and discipline

Highlights

- Solid revenue growth to NOK 2.5 billion (1.6)[1] and EBITDA of NOK 893 million (850) proportionate
- Strong Development & Construction results – 13% gross margin
- Release by Scatec closed transaction with Climate Fund Managers – adding NOK 1 billion for future growth
- Aligning growth rate with internal funding capacity
- Changing dividend policy to no dividend

Proportionate revenues and EBITDA

NOK million



Key figures

NOK million	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Proportionate Financials [2]					
Revenues and other income	2,459	5,870	1,627	11,035	3,368
Power Production [3]	1,028	1,169	1,120	3,079	2,665
Services	97	95	82	275	227
Development & Construction	1,323	4,594	412	7,645	441
Corporate	11	12	13	36	35
EBITDA [2]	893	1,379	850	3,037	1,764
Power Production	778	959	907	2,423	2,014
Services	33	33	22	87	58
Development & Construction	107	461	-45	665	-201
Corporate	-26	-73	-34	-138	-107
Operating profit (EBIT)	584	700	534	1,689	-8
Power Production	489	302	616	1,173	402
Services	31	31	21	82	54
Development & Construction	100	449	-63	599	-337
Corporate	-35	-82	-40	-165	-128
Net interest- bearing debt [2]	20,442	20,327	17,865	20,442	17,865
Scatec share of distribution from operation companies	114	180	156	496	829
Power Production (GWh)	1,047	873	1,135	2,804	2,919
Power Production (GWh) 100% [4]	2,405	2,111	2,712	6,621	7,138
Consolidated Financials					
Revenues and other income	947	1,230	1,163	3,097	2,758
EBITDA [2]	686	904	886	2,219	1,867
Operating profit (EBIT)	484	686	645	1,523	265
Profit/(loss)	95	402	335	399	(795)
Net interest- bearing debt [2]	22,175	21,457	19,218	22,175	19,218
Basic earnings per share	0.28	1.90	1.60	1.15	(6.14)

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

Comments to the Proportionate Financials

Please refer to Note 2 for details of the segment financials.

Power Production

Strong operational performance during the quarter with an availability of close to 100% for the power plants and no Lost Time Incidents. Power production reached 1,047 GWh in the third quarter compared to 1,135 GWh in the same quarter last year.

Revenues and other income were NOK 1,028 million in the quarter, a decrease by NOK 92 million compared to the same quarter last year. This is mainly explained by reduced revenues in the Philippines (NOK 125 million) driven by lower production, lower prices and limited ancillary services, partly offset by positive foreign currency effects. Revenues in South Africa decreased by NOK 35 million due to the sale of the 258 MW Upington power plants in the second quarter. These effects are partly offset by NOK 66 million in increased revenues in Ukraine and other positive foreign currency effects from other power plants.

Operating expenses increased by NOK 55 million to NOK 250 million compared to the same quarter last year. The increase is mainly explained by an accrual of NOK 40 million for a claim from the National Irrigation Administration in Philippines related to water fee charges for previous periods for the lease of the Magat Dam. The increase in operating expenses for the quarter is also driven by negative foreign currency effects.

EBITDA ended at NOK 778 million, a decrease by NOK 129 million compared to the same quarter last year mainly driven by the factors above.

Power production was at 2,804 GWh in the first nine months compared to 2,919 GWh in the same period last year. Revenues in the first nine months increased by NOK 414 million to NOK 3,079 million compared to the same period last year. The increase is mainly explained by the sale of the 258 MW Upington solar plants in South Africa in the second quarter 2023, increased revenue in Ukraine and foreign currency effects. This was partly offset by lower revenues in Philippines due to weaker hydrology and lower contribution from ancillary services.

EBITDA increased by NOK 409 million to NOK 2,423 million in the first nine months of 2023 due to the factors above.

EBIT in the first nine months of 2023 was affected by the impairment charge of NOK 350 million in Argentina in the second quarter.

For further details on financial results on a country-by-country basis please refer to Scatec's 'Q3 2023 historical financial information published on Scatec's web page.

Development & Construction (D&C)

D&C revenues reached NOK 1,323 million in the quarter compared to NOK 412 million in the same quarter last year. This was due to high progress of the projects under construction in South Africa, Brazil, and Pakistan. The gross margin was 13 percent in the quarter.

Total operating expenses of NOK 65 (87) million in the quarter comprised of approximately NOK 56 million (66) for early-stage project development and NOK 9 million (21) related to construction activities. The reduction in operating expenses is driven by the effects of the cost efficiency programme and non-recurring items.

Development & Construction EBITDA reached NOK 107 million in the quarter, an increase from a negative EBITDA of 45 million in the same quarter last year. This was driven by the increased revenue and reduced operating expense as explained above.

In the first nine months D&C revenues reached NOK 7,645 million compared to NOK 441 million in the same period last year. 2023 has been characterised by high construction activity for the projects under construction in South Africa, Brazil, and Pakistan. The gross margin in the first nine months was 12 percent.

EBITDA for the first nine months was NOK 665 million, an increase from a negative EBITDA of 201 million in the same period last year. During the first nine months Scatec recognised total impairment charges of NOK 61 million related to discontinued development of projects in Brazil, Oman and Madagascar.

Services

Revenues increased with NOK 15 million to NOK 97 million and operating expenses increased by NOK 6 million to NOK 66 million compared to the same quarter last year. The increase in revenues and operating expenses is mainly driven by a higher performance bonus in South Africa related to the Operations and Maintenance services, higher Asset Management revenues provided by the projects under structuring and construction and positive net foreign currency effects.

Revenues increased by NOK 48 million to NOK 275 million and operating expenses increased by NOK 22 million to NOK 191 million compared to the first nine months last year, mainly driven by the factors explained above.

Corporate
Corporate revenues of NOK 11 million in the quarter were NOK 2 million lower than the same quarter last year due to non-recurring income in 2022. Operating expenses of NOK 37 million decreased by NOK 11 million compared to the same quarter last year mainly driven by the effects of the cost efficiency programme launched in May 2023. For the first nine months of 2023 the operating expenses of NOK 175 million increased by NOK 32 million, mainly driven by the non-recurring costs related to the cost efficiency programme incurred in the second quarter.

Outlook
All figures related to estimated performance are based on the Company's current assumptions and are subject to change.

All figures related to Power Production, Services and Corporate are further based on assets in operations as per the end of the third quarter 2023 and includes effects from asset sales but excludes any estimated contribution from new projects starting operations during 2023.

Power Production
Fourth quarter 2023 power production is estimated at 700-800 GWh on a proportionate basis.

In the Philippines, EBITDA for the fourth quarter 2023 is estimated at NOK 200-260 million reflecting lower production and lower prices partially offset by increased ancillary services compared to the same quarter last year.

GWh	Q3 2023	Q4 2023E	2023E
Proportionate	1,047	700-800	3,500-3,600
100% basis	2,405	1,750-1,950	8,350-8,550

NOK million	2022	2023E
Proportionate EBITDA	2,835	3,050-3,250

The full year 2023 EBITDA estimate has decreased by NOK 100 million driven by a revised production estimate for the Philippines, sale of the solar plant in Argentina and foreign currency effects. The full year 2023 power production estimate is reduced by 50 GWh on proportionate basis and 100 GWh on 100 percent basis, mainly explained by the sale of the solar plant in Argentina and lower estimated production in the Philippines in the fourth quarter 2023.

Development & Construction
D&C revenues and margins are dependent on progress on development and construction projects.

At the end of the third quarter 2023 the value of the remaining construction contract was approximately NOK 0.5 billion related to the 150 MW Sukkur project in Pakistan, the 531 MW Mendubim project in Brazil and the 540 MW / 225MW/1,140MWh solar + battery project in South Africa. The difference in remaining contract value from the second quarter equals the progress of the contracts and D&C revenue recognised in the quarter. In line with previous communication, Scatec estimates to generate an average D&C gross margin of 10-12 percent for the three power plants currently under construction. For new projects starting construction, Scatec estimates to generate an average D&C gross margin of 8-10 percent.

Scatec has further secured a construction contract in South Africa for the Grootfontein project with a value of NOK 2.0 billion, taking total secured contract values to NOK 2.5 billion.

More details on projects under construction and in backlog can be found on page 9-11 in the report.

Services & Corporate
2023 EBITDA for Services is estimated to be between NOK 95 million and NOK 105 million.

2023 EBITDA for Corporate is estimated to be between NOK -155 million and NOK -165 million.

1) EBITDA estimates are based on currency rates as of end of the second quarter 2023

ESG performance

Scatec scores A+ grade in ESG reporting

Position Green's sixth edition of the ESG100 report assessed companies' readiness to report against the 68 disclosure requirements of the EU's European Sustainability Reporting Standards (ESRS).

The analysis is based on the most recent environmental, social and governance reporting data from the leading 100 publicly listed companies in each of Denmark, Sweden, and Norway.

Scatec was awarded with an 'A+' grade placing the Company among the top-rated companies in Scandinavia. The Company's 2022-2023 reporting efforts were largely targeted towards aligning with key regulations such as the EU Taxonomy, the Transparency Act and the Corporate Sustainability Reporting Directive (CSRD). Read the full ESG100 report on Position Green's website.

Corporate Sustainability Reporting Directive

During third quarter 2023, Scatec completed its double materiality assessment aligned to the CSRD requirements.

The double materiality assessment investigates both the organisation's impact on environment, people and society as well as how different ESG topics financially impact the organisation.

The outcome of the analysis will define which ESG topics Scatec will report on in the Company's FY2023 reports.

ESG reporting

Scatec reports on the Company's results and performance across material ESG topics on a quarterly basis.

	Indicator [1]	Unit	Q3 2023	Q2 2023	Q3 2022	FY 2022	Targets 2023
E	Environmental and social assessments	% completed in new projects	100	100	100	100	100
	GHG emissions avoided[2]	mill tonnes CO2e	0.5	0.4	0.4	2.0	2.0
	Water withdrawal	mill litres (water-stressed[3] areas)	2.7	2.0	3.0	11.3	N/A
S	Lost Time Incident Frequency (LTIF)	per mill hours (12 months rolling)	0.8	0.8	0.6	0.7	≤ 2.1
	Hours worked	mill hours (12 months rolling)	9.6	7.7	3.2	4.5	N/A
	Female managers	% of females in mgmt. positions	30	29	29	29	N/A[4]
G	Whistleblowing channel	number of reports received	7	11	3	8	N/A
	Corruption incidents	number of confirmed incidents	0	0	0	0	0
	Supplier environmental and social screening[5]	number of suppliers screened through EcoVadis	43	43	32	35	N/A

1) For a definition of each indicator in the table see ESG Performance Indicators under other definitions on page 37.
2) The figure includes the actual annual production for all renewable power projects where Scatec has operational control.
3) As per the WRI Aqueduct Water Risk Atlas, Scatec reports on water withdrawal for projects located within water-stressed areas in South Africa and Jordan.
4) The Company has a gender equality target for 2023 that 35% of new hires (including internal promotions) on management level are female employees.
5) Total contracted and potential suppliers of key procurement categories screened through the EcoVadis supplier management platform.

During the quarter, new projects in Brazil and the Philippines were subject to E&S desktop screening, due diligences and impact assessments. These new projects are Category B projects according to the IFC Performance Standards, with potential limited adverse E&S impact.

The GHG emissions avoided from the power plants where Scatec has operational control amounted to 0.46 million tonnes during the quarter. For all projects where Scatec has an ownership stake, 1.13 mill tonnes of GHG emissions were avoided.

Water withdrawal in water-stressed areas, South Africa and Jordan, reached 2.7 mill litres in the quarter, slightly lower than third quarter 2022.

During the quarter, 9.6 million working hours were exceeded with no fatalities or serious injuries (12 months rolling). The lost time incident frequency rate (LTIF) was 0.8 per million working hours, at the same level as second quarter.

The whistleblowing reports received in the quarter relate to conflicts of interest, safety, data privacy and human relations concerns. All the reports are under review and scheduled to be closed in the near future.

Scatec continues with targeted actions to ensure that its supply partners follow the Company's integrity standards and are not sourcing components from Xinjiang, China. At the end of the third quarter 2023, 43 contracted and potential suppliers of key procurement categories were assessed in four ESG areas via the EcoVadis supplier management platform.

Ukraine

On 24 February 2022, Russia attacked Ukraine, and started a war that has now been going on for more than a year.

Approximately 95% of the power plants owned and operated by Scatec are intact and available, however power demand is down, and production is being curtailed by the grid operator on an ad hoc basis. The Ministry of Energy of Ukraine issued in 2022 regulations that decreased the required amounts to be paid to the renewable power producers. Scatec has therefore from March 2022 recognised revenue from power production in Ukraine in accordance with actual paid amounts and expect to do so until the regulations are lifted. In the first nine months of 2023, proportionate revenues and EBITDA in Ukraine amounted to NOK 268 million and NOK 210 million respectively. The payment level for the first nine months was approx. 60 percent of invoiced revenues in addition to a payment of NOK 36 million of unrecognised proportionate revenue from previous periods.

In June 2023, Scatec started selling power from the Progressovka power plant in the spot 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.

Scatec's power plant companies in Ukraine are not in compliance with covenants in the loan agreements for the non-recourse project debt at quarter-end. The situation is unchanged from last year. As of 30 September 2023, all non-recourse financing in Ukraine, amounting to NOK 894 million, continues to be classified as current in the consolidated financials. A total of NOK 145 million of the debt has been repaid in 2023, whereof NOK 49 million was repaid in the third quarter. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised standstill.

Other matters

Aligning growth rate with internal funding capacity

Scatec is a leading renewable energy provider, dedicated to providing reliable and affordable clean energy in emerging markets.

The long-term fundamentals for renewable energy in emerging markets remain strong, with renewable energy being the most competitive source of energy. In many of Scatec's markets, the levelized costs of energy from solar PV has come down over the last 12 months due to reduced component prices.

The last 12 months have also seen a significant change in the macroeconomic environment. The dramatic increase in interest rates has led to increased cost of capital, impacting both availability of attractive funding, project returns for selected growth prospects and increasing interest rate expenses on the corporate debt of Scatec.

Responding to this change Scatec is aligning its growth rate with internal funding capacity, targeting NOK 500-750 million of annual equity investments in renewable energy.

Scatec will also consider additional repayments of the corporate debt on top of existing amortisations of approximately NOK 280 million annually. During 2024 Scatec will further refinance its 2025 debt maturities.

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 continue 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%.

Dividend

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 have approved to change the dividend policy to no dividend. The dividend policy will be assessed annually by the board based on Scatec's capital situation.

Potential PPA changes and overdue receivables in Honduras

Scatec has over time experienced delayed payments from the state owned off-taker in Honduras (ENEE) and overdue receivables have accumulated to a varying degree since second quarter 2020. In December 2022 NOK 214 million of outstanding receivables were paid and outstanding receivables are partly settled during the first nine months of 2023. At the end of the third quarter overdue receivables was at the same level as in previous quarter, NOK 140 million.

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

Negotiations have continued further during the third quarter where a new agreement can include changes to tariff level, one-time payments of arrears and PPA tenor. The outcome of the negotiations is not yet concluded, and an unfavorable result may have negative impact on the future financial performance of the assets.

Covenants

Except for Ukraine, Scatec was in compliance with financial covenants for both the recourse and non-recourse debt on 30 September 2023. Refer to Note 4 Financing for more details.

For further information related to Scatec's policies and procedures to actively manage risks related to the various parts of the Company's operation, please refer to the 2022 Annual Report.

Overview of project portfolio[1)]

Project stage	Q3 2023 Capacity (MW)	Q2 2023 Capacity (MW)
In operation	3,142	3,124
Under construction	1,254	1,271
Project backlog[2)]	1,013	953
Project pipeline[2)]	10,184	12,172
Total	15,593	17,520

Total annual production from the 5,125 MW in operation, under construction and in backlog, excluding green hydrogen and BESS, is expected to reach about 13,600 GWh (on 100% basis).

Projects under construction and backlog[1)]

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

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

Key events during the quarter were completion of the 36 MW solar and 20 MW/19 MWh battery project in Cameroon by Release. The Botswana power plant was expanded by 60 MW, to be built in a second phase, bringing the total project to 120 MW.

Under construction

Sukkur, Pakistan 150 MW solar

Construction of the Sukkur project in Pakistan progressed during the third quarter and is close to mechanical completion. Ongoing activities include final testing for grid connection and facility testing towards commercial operation.

The construction site in Pakistan was affected by an extreme weather event in the second quarter and investigation of the damages from the storm is ongoing. The power plants are insured against physical damage and delayed start-up, including subsequent loss of revenue.

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

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

Mendubim, Brazil 531 MW solar

Construction of the Mendubim solar power plant continued with solid progress during the third quarter. Electro-mechanical activities are advancing, construction of the interconnection works is nearly completed, and pre-energisation tasks have been initiated. The majority of the photovoltaic equipment has arrived at site. Currently, close to 1,500 contractors and Scatec employees are involved in the construction work on site.

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

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

1) Status per reporting date
2) See other definitions

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

During the third quarter, construction of the three Kenhardt projects were largely completed, which included the construction of the grid connection works between the project site and electrical utility. The grid connection works were subsequently put into service and handed over to the utility for operation. All three projects are currently in their testing phase, the last step prior to final completion.

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

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

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

Release

During the quarter Release finalised construction of the 36 MW solar and 20 MW/19 MWh battery project in Cameroon. At the end of the third quarter Release had 8.7 MW of solar under construction in Mexico.

Philippines, 24 MW BESS

The battery energy storage system (BESS) at the Magat hydropower plant is currently undergoing ancillary services certification with the National Grid Corporation of the Philippines, with expected commercial operation to start in the first quarter of 2024. The facility is Scatec's first BESS project connected to a hydropower plant, and has been developed by SN Aboitiz Power, a joint venture between Scatec and AboitizPower.

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. Construction start is expected during the first quarter of 2024 to align the construction timeline with a predetermined grid connection schedule.

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

Tunisia portfolio, 360 MW solar

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

Scatec has engaged with the Tunisian authorities to re-negotiate the PPA tariff in order to improve the economics of the projects. These discussions are still ongoing in parallel with securing additional financial support from relevant international programmes.

Scatec currently owns 100% of 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.

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. The new project will be developed in a second phase to the initial project. 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.

Pipeline

Location	Q3 2023 Capacity (MW)	Q2 2023 Capacity (MW)
Asia	**1,236**	4,395
Latin America/Europe	**2,322**	1,890
Middle East and North Africa	**2,270**	2,211
Sub-Saharan Africa	**4,356**	3,676
Total pipeline	**10,184**	12,172

In addition to the projects in backlog Scatec holds a solid pipeline of projects totalling 10,184 MW across technologies. During the quarter, Scatec has continued to high grade the pipeline with focus on project location, timeline, maturity and value creation. Attractive solar projects in our core regions have been added to the pipeline while offshore wind projects have been taken out during the quarter. Consequently, the share of solar in the pipeline has increased to 52%, and the share of projects in our focus markets to approximately 90%.

Solution	Q3 2023 Capacity (MW)	Q2 2023 Capacity (MW)
Solar	**5,262**	4,150
Wind	**2,280**	5,383
Hydro	**1,102**	1,158
Green Hydrogen[1)]	**1,240**	1,181
Release	**300**	300
Total	**10,184**	12,172

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.

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

Consolidated statement of profit and loss

Profit and loss

NOK million	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Revenues	804	848	784	2,493	2,229
Net gain/(loss) from sale of project assets	-	744	-	744	-
Net income/(loss) from JVs and associated	143	-362	379	-140	529
EBITDA	686	904	886	2,219	1,867
Operating profit (EBIT)	484	686	645	1,523	265
Net financial items	-392	-242	-268	-985	-943
Profit before income tax	91	444	377	538	-678
Profit/(loss) for the period	95	402	335	399	-795
Profit/(loss) to Scatec	45	302	255	183	-975
Profit/(loss) to non-controlling interests	50	100	80	215	180

Revenues

Revenues increased to NOK 804 million (784) in the quarter. The increase is driven by higher revenues in Ukraine and positive foreign currency effects, partly offset by lower revenues in South Africa due to the divestment of the 258 MW Upington solar plant in May 2023. Higher contribution from Ukraine and positive foreign currency effects also contributed to the increase in revenues of NOK 2,493 million (2,229) in the first nine months.

The sale of the 258 MW Upington solar plants in South Africa contributed with a net income from sale of project assets of NOK 744 million in the consolidated financial statement this year, compared to no income from sale of project assets last year.

Net income from joint ventures (JVs) and associated companies was NOK 143 million (379) in the quarter. The decrease of 236 million compared to the same quarter last year is mainly driven by lower net income from the Philippines.

For the first nine months net income from JVs and associated companies was negative NOK 140 million, a decrease compared to the same period last year driven by the impairment of the solar power plants in Argentina of NOK 350 million in the second quarter and lower net revenues in the Philippines. See Note 8 Investments in joint ventures and associated companies for further details.

Operating profit

Consolidated operating expenses was NOK 262 million (277) in the quarter and for the first nine months consolidated operating expenses amounted to NOK 878 million (891).

EBITDA reached NOK 686 million in the quarter and NOK 2,219 million for the first nine months driven by the factors explained above.

Depreciation, amortisation and impairment for the quarter of NOK 202 million (241) decreased by NOK 39 million mainly explained by the sale of the 258 MW Upington solar plants in the second quarter 2023. For the first nine months depreciation, amortisation and impairment decreased compared to the same period last year due to impairment expense of NOK 932 million in 2022, of which 116 million related to discontinued development of projects and NOK 816 million related to the solar power plants in Ukraine. In the first nine months of 2023 the Group recognised an impairment loss of NOK 48 million related to discontinued development projects.

Net financial expenses

NOK million	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Interest and other financial income	42	179	163	371	202
Interest and other financial expenses	-482	-479	-405	-1,426	-1,121
Net foreign exchange gain/(losses)	47	57	-26	71	-24
Net financial expenses	-392	-242	-268	-985	-943

Interest and other financial income were NOK 42 million (163) in the quarter. In 2022 a gain of 132 million on the USD/ZAR currency hedging contracts for RMIPPP was recognized, compared to a loss of NOK 29 million in the quarter this year. For the first nine months of 2023, the gain on the USD/ZAR currency hedging contracts amounted to NOK 254 million compared to NOK 132 million last year. Compared with the quarter and first nine months of last year, increased interest income on cash balances have contributed positively to interest and other financial income.

Interest and other financial expenses of NOK 482 million (405) consist of interest expenses of NOK 419 million (382) and other financial expenses of NOK 63 million (23). The increase is driven by higher interest expenses on the unhedged corporate debt which is partly offset by lower interest expenses on non-recourse project level debt due to the disposal of the 258 MW Upington solar plants in the second quarter. Further, the increase in other financial expenses relates to the loss on the USD/ZAR currency hedging contracts for RMIPPP as explained above. Scatec manages interest rate risk with a hedge ratio of approximately 80% for the non-recourse project level debt and approximately 20% for the corporate debt.

The net foreign exchange gains of NOK 47 million in the quarter and NOK 71 million in the first nine months are driven by unrealised gains from translation of monetary assets and liabilities denominated in foreign currencies.

Profit before tax and net profit

The Group recognised a tax benefit of NOK 3 million (-42) in the quarter. The difference between the Group's actual tax expense and the calculated tax expense based on the Norwegian tax rate of 22% is explained by different tax rates in the jurisdictions in which the companies operate, withholding taxes paid on dividends, movements in deferred tax balances, currency effects and effects from non-recognised tax losses. For further details, refer to Note 6 Income tax expense.

Net profit for the quarter was NOK 95 million (335) while profit attributable to Scatec was NOK 45 million (255). The allocation of profits between NCI and Scatec is impacted by the fact that non-controlling interests (NCI) only represent shareholdings in the power plants that are fully consolidated, while Scatec also carries the cost of project development, construction, operation & maintenance and corporate functions. Profits allocated to NCI neither include net income from JVs and associated companies.

Impact of foreign currency movements in the quarter

Following the movements of the closing rates, the Group has recognized a foreign currency translation loss of NOK 267 million (457) in other comprehensive income in the quarter related to the conversion of the subsidiaries' statements of financial position from the respective functional currencies to the Group's presentation currency.

During the quarter, NOK appreciated against the key currencies USD, EUR, ZAR, MYR, PHP and BRL compared to the average rates in previous quarter. On a net basis, the movement in rates negatively affected the consolidated revenues in the quarter by approximately NOK 20 million, while the net impact on net profit was negatively affected by approximately NOK 8 million.

Consolidated statement of financial position

Assets

NOK million	30 September 2023	31 December 2022
Property, plant and equipment	22,979	17,310
Investments in JVs and associated companies	11,650	10,674
Other non-current assets	2,437	2,233
Total non-current assets	37,066	30,218
Other current assets	2,058	2,380
Cash and cash equivalents	4,208	4,132
Assets held for sale	778	-
Total current assets	7,043	6,512
Total assets	44,110	36,730

The increase in property, plant and equipment is mostly driven by construction activities in South Africa, Release and Pakistan. The increase is partly offset by the NOK 1.8 billion disposal of the 258 MW Upington solar plants and depreciation of NOK 627 million. See Note 3 Property, plant and equipment for more information.

The balance of investments in JVs and associated companies increased due to appreciation of the functional currencies in the JVs and investments related to the Mendubim project in Brazil, partly offset by negative net income from JVs and associated companies and received dividends. See Note 8 Investments in joint ventures and associated companies for full reconciliation.

At the end of the quarter the cash balance was NOK 4,208 million. See the consolidated statement of cash flows for further details and Note 5 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	30 September 2023	31 December 2022
Equity	10,097	8,803
Corporate financing	8,178	7,987
Non-current non-recourse project financing	14,772	13,297
Other non-current liabilities	2,733	2,604
Total non-current liabilities	25,683	23,888
Corporate financing	384	-
Current non-recourse project financing	2,179	1,963
Other current liabilities	5,177	2,076
Liabilities of disposal group held for sale	591	-
Total current liabilities	8,330	4,039
Total liabilities	34,013	27,927
Total equity and liabilities	44,110	36,730
Book equity ratio	23%	24%

Total equity increased to NOK 10,097 million and the change in equity during the year is driven by the total comprehensive income for the period. Further details are in the 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 balance in 2023 is primarily due to refinancing of Bridge-to-Bond facility and foreign currency translation. See Note 4 Financing for further details.

Total non-recourse financing increased as of 30 September 2023 as a result of drawdown of NOK 5.3 billion in project debt in South Africa. This was partially offset by the sale of the 258 MW Upington solar plants including NOK 2.2 billion in non-recourse financing and down payments of NOK 1.4 billion in 2023. The Ukrainian debt is classified as current due to breach of covenants. See section Ukraine above and Note 4 Financing for further details.

The increase in other current liabilities to NOK 5,177 million in the quarter is driven by the high construction activity in South Africa and Pakistan, and related accounts payables and supplier credits.

Consolidated cash flow

NOK million	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Operating activities	**1,178**	3,334	391	5,641	1,118
Investing activities	**-1,645**	-3,982	-631	-7,748	-800
Financing activities	**660**	1,021	1,569	2,100	222
Net increase/(decrease) in cash and cash equivalents	**193**	372	1,328	-7	539

Net cash flow from consolidated operating activities amounted to NOK 1,178 million (391) in the third quarter, compared to EBITDA of NOK 686 million (886). For the first nine months net cash flow from consolidated operating activities amounted to NOK 5,641 million (1,118), compared to EBITDA of NOK 2,219 million (1,867). The difference is primarily explained by changes in other assets and liabilities related to construction activities in South Africa.

Net cash flow from consolidated investing activities was negative NOK 1,645 million (631) in the quarter and negative NOK 7,748 million (800) for the first nine months, mainly driven by investments in property, plant and equipment. The sale of 258 MW Upington solar plant contributed positively with net cash of NOK 439 million in the second quarter 2023.

Net cash flow from financing activities was positive NOK 660 million (1,569) in the quarter and positive NOK 2,100 million (222) in the first nine months. The main financing is drawdown of debt on the RMIPPP project in South Africa, payment of interests and repayment of non-recourse financing in project companies as well as payment of dividend to NCI.

Cash and cash equivalents at the end of the quarter was NOK 4,208 million of which NOK 1,961 million was free cash. Additionally, the Group had available undrawn credit facilities of NOK 1,981 million resulting in NOK 3,942 million in total available liquidity.

See the consolidated statement of cash flow and Note 5 for details related to cash movements.

Proportionate cash flow to equity

Scatec's "proportionate share of cash flow to equity" [1], is an alternative performance measure that seeks to estimate the Group's ability to generate funds for equity investments in new power plant projects and/or for shareholder dividends over time.

NOK million	Q3 2023	Q2 2023	Q3 2022	YTD 2023	YTD 2022
Power Production	**324**	689	469	1,265	1,130
Services	**27**	27	17	71	45
Development & Construction	**91**	366	-34	545	-130
Corporate	**-173**	-209	-91	-529	-242
Total	**268**	872	361	1,352	804

1) See Alternative Performance Measures appendix for definition

The cash flow to equity in the Power Production segment decreased compared to the same quarter last year, primarily explained by lower EBITDA in the Philippines. This effect is for the first nine months of 2023 offset by the gain from sale of 258 MW Upington solar plant in the second quarter.

The cash flow to equity in Services increased compared to the quarter and first nine months of 2022, mainly explained by higher EBITDA in the segment.

The cash flow to equity in the D&C segment increased from last year mainly driven by higher EBITDA from the projects under construction in South Africa, Brazil and Pakistan.

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

The power plant companies have in the quarter and year to date distributed NOK 114 million and NOK 496 million to Scatec ASA. Scatec has not hedged the currency exposure on the expected cash distributions from the power plant companies.

Condensed interim financial information

Interim consolidated statement of profit and loss

NOK million	Notes	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Revenues	2	804	784	2,493	2,229	3,002
Net gain/(loss) from sale of project assets	9	-	-	744	-	-
Net income/(loss) from JVs and associated companies	8	143	379	-140	529	749
Total revenues and other income		947	1,163	3,097	2,758	3,751
Personnel expenses	2	-119	-135	-449	-391	-528
Other operating expenses	2	-143	-142	-429	-500	-668
Depreciation, amortisation and impairment	2, 3	-202	-241	-696	-1,602	-1,832
Operating profit (EBIT)		484	645	1,523	265	723
Interest and other financial income		42	163	371	202	115
Interest and other financial expenses		-482	-405	-1,426	-1,121	-1,666
Net foreign exchange gain/(losses)		47	-26	71	-24	-268
Net financial expenses		-392	-268	-985	-943	-1,818
Profit/(loss) before income tax		91	377	538	-678	-1,095
Income tax (expense)/benefit	6	3	-42	-139	-117	-132
Profit/(loss) for the period		95	335	399	-795	-1,228
Profit/(loss) attributable to:						
Equity holders of the parent		45	255	183	-975	-1,334
Non-controlling interest		50	80	215	180	106
Basic earnings per share (NOK) [1)]		0.28	1.60	1.15	-6.14	-8.40
Diluted earnings per share (NOK) [1)]		0.28	1.60	1.15	-6.14	-8.40

1) Based on average 158.9 million shares outstanding for the purpose of earnings per share in Q3 2023

Interim consolidated statement of comprehensive income

NOK million	Notes	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Profit/(loss) for the period		95	335	399	-795	-1,228
Other comprehensive income:						
Items that may subsequently be reclassified to profit or loss						
Net movement of cash flow hedges		68	164	-13	643	664
Income tax effect	6	-13	-38	9	-146	-150
Foreign currency translation differences		-267	457	649	1,107	472
Net other comprehensive income to be reclassified		-211	584	644	1,604	986
Total comprehensive income for the period net of tax		-117	918	1,043	809	-242
Attributable to:						
Equity holders of the parent		-188	720	769	298	-648
Non-controlling interest		71	199	274	512	406

Interim consolidated statement of financial position

NOK million	Notes	30 September 2023	31 December 2022
Assets			
Non-current assets			
Deferred tax assets	6	917	860
Property, plant and equipment	3	22,979	17,310
Goodwill and intangible assets		814	758
Investments in JVs and associated companies	8	11,650	10,674
Other non-current assets		706	616
Total non-current assets		37,066	30,218
Current assets			
Trade and other receivables	2	620	497
Other current assets		1,438	1,883
Cash and cash equivalents	5	4,208	4,132
Assets classified as held for sale	9	778	-
Total current assets		7,043	6,512
Total assets		44,110	36,730

Interim consolidated statement of financial position

NOK million	Notes	30 September 2023	31 December 2022
Equity and liabilities			
Equity			
Share capital		4	4
Share premium		9,835	9,819
Total paid in capital		9,839	9,823
Retained earnings		-2,356	-2,231
Other reserves		1,257	671
Total other equity		-1,099	-1,560
Non-controlling interests		1,357	540
Total equity		10,097	8,803
Non-current liabilities			
Deferred tax liabilities	6	875	743
Corporate financing	4	8,178	7,987
Non-recourse project financing	4	14,772	13,297
Other financial liabilities		136	12
Other interest-bearing liabilities	4	248	231
Other non-current liabilities		1,474	1,618
Total non-current liabilities		25,683	23,888
Current liabilities			
Corporate financing	4	384	-
Non-recourse project financing	4	2,179	1,963
Income tax payable	6	135	37
Trade and other payables		2,280	594
Other financial liabilities		13	108
Other interest-bearing liabilities	4	277	231
Other current liabilities		2,472	1,106
Liabilities directly associated with assets classified as held for sale	9	591	-
Total current liabilities		8,330	4,039
Total liabilities		34,013	27,927
Total equity and liabilities		44,110	36,730

Oslo, 1 November 2023

The Board of Directors Scatec ASA

Interim consolidated statement of changes in equity

NOK million	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	-	-	-975	-	-	-975	180	-795
Other comprehensive income	-	-	-	958	315	1,273	331	1,604
Total comprehensive income	-	-	-976	958	315	298	512	809
Share capital increase	-	5	-	-	-	5	-	5
Share-based payment	-	31	-	-	-	31	-	31
Dividend distribution	-	-	-404	-	-	-404	-481	-884
Capital increase from NCI	-	-	-	-	-	-	8	8
At 30 September 2022	4	9,811	-1,872	1,053	205	9,200	687	9,887
At 1 January 2023	4	9,819	-2,231	472	199	8,263	540	8,803
Profit for the period	-	-	183	-	-	183	215	399
Other comprehensive income	-	-	-	591	-5	586	59	644
Total comprehensive income	-	-	183	591	-5	769	274	1,043
Share-based payment	-	17	-	-	-	17	-	17
Dividend distribution	-	-	-308	-	-	-308	-121	-429
Capital increase from NCI	-	-	-	-	-	-	664	664
At 30 September 2023	4	9,835	-2,356	1,063	194	8,740	1,357	10,097

Interim consolidated statement of cash flow

NOK million	Notes	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Cash flow from operating activities						
Profit before taxes		91	377	538	-678	-1,095
Taxes paid		-17	-12	-152	-55	-170
Depreciation and impairment	3	202	241	696	1,602	1,832
Proceeds from disposal of fixed assets	3	-	19	55	19	45
Net income from JVs and associated companies	8	-143	-379	140	-529	-749
Gain from sale of project assets	9	-	-	-744	-	-
Interest and other financial income		-42	-163	-371	-202	-115
Interest and other financial expenses		482	405	1,426	1,121	1,666
Unrealised foreign exchange (gain)/loss		-47	26	-71	24	268
Increase/(decrease) in other assets and liabilities [1)]		652	-122	4,122	-183	-926
Net cash flow from operating activities		1,178	391	5,641	1,118	756
Cash flow from investing activities						
Interest received		43	31	117	70	115
Investments in property, plant and equipment [1)]	3	-1,631	-631	-8,063	-1,009	-1,986
Proceeds from sale of project assets, net of cash disposed	9	-	-	439	-	-
Distributions from JV and associated companies	8	23	79	204	288	669
Investments in JV and associated companies	8	-80	-110	-445	-149	-204
Net cash flow from investing activities		-1,645	-631	-7,748	-800	-1,406
Cash flow from financing activities						
Proceeds from non-controlling interests		209	-	363	12	18
Repayments to non-controlling interests		-2	-	-28	-3	-8
Interest paid		-532	-239	-1,531	-832	-1,108
Proceeds from non-recourse project financing	4	1,605	2,510	5,308	2,895	3,468
Repayment of non-recourse project financing	4	-490	-614	-1,439	-934	-1,175
Payments of principal portion of lease liabilities		-6	-8	-19	-20	-26
Interest paid on lease liabilities		-5	-4	-15	-12	-20
Net of proceeds and repayments from corporate financing	4	-77	-	-110	-	-
Dividends paid to equity holders of the parent company and non-controlling interests		-41	-76	-429	-884	-929
Net cash flow from financing activities		660	1,569	2,100	222	221
Net increase/(decrease) in cash and cash equivalents		193	1,328	-7	539	-428
Effect of exchange rate changes on cash and cash equivalents		-33	381	206	782	389
Cash transferred to assets held for sale	9	21	-	-123	-	-
Cash and cash equivalents at beginning of the period		4,026	3,784	4,132	4,171	4,171
Cash and cash equivalents at end of the period	5	4,208	5,492	4,208	5,492	4,132

1) Investments in property, plant and equipment mainly relates to construction activities in South Africa recognised by percentage of completion.

Notes to the condensed interim consolidated financial statements

Note 1 Organisation and basis for preparation

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 ("the Group" or "Scatec") is a leading renewable power producer, delivering affordable and clean energy worldwide. As a long-term player, Scatec develops, builds and operates renewable power plants and integrates technologies.

The condensed interim consolidated financial statements for the third quarter 2023 were authorised by the Board of Directors for issue on 1 November 2023.

Basis of preparation

These condensed interim consolidated financial statements are prepared in accordance with recognition, measurement, and presentation principles consistent with International Financing Reporting Standards as adopted by the European Union ("IFRS") for interim reporting under International Accounting Standard ("IAS") 34 Interim Financial Reporting. These condensed interim consolidated financial statements are unaudited.

These condensed interim consolidated financial statements are condensed and do not include all of the information and notes required by IFRS for a complete set of consolidated financial statements. These condensed interim consolidated financial statements should be read in conjunction with the annual consolidated financial statements. The accounting policies adopted in the preparation of the condensed interim consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for 2022.

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 presentation currency of the Group is Norwegian kroner (NOK). All amounts are presented in NOK million unless otherwise stated. As a result of rounding adjustments, the figures in some columns may not add up to the total of that column.

Significant estimates and judgements

In the preparation of the condensed interim consolidated financial statements in conformity with IFRS, management has made estimates and assumptions and applied judgements, that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are reviewed on an ongoing basis, considering the current and expected future market conditions. Changes in accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

In the process of applying the Group's accounting policies, management makes judgements of which the following have the most significant effect on the amounts recognised in the condensed interim financial statements.

Consolidation of power plant companies

Scatec's value chain comprises all downstream activities such as project development, financing, construction and operations, as well as having an asset management role through ownership of the power plants. Normally Scatec enters into partnerships for the shareholding of the power plant companies. To be able to fully utilise the business model, Scatec normally seeks to obtain operational 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.

When assessing whether Scatec controls a power plant company, the Group's roles and activities are analysed in line with the requirements and definitions in IFRS 10. Refer to note 2 of the 2022 Annual Report for further information on judgements, including control assessments made in previous years.

Seasonality in operations

Interim period results are not necessarily indicative of results of operations or cash flows for an annual period. The Group's operating results are impacted by external factors, such as seasonal variations and weather conditions.

Note 2 Operating segments

Operating segments align with internal management reporting to the Group's chief operating decision makers, defined as the Group 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.

The segment financials are reported on proportionate basis. With proportionate financials Scatec reports its share of revenues, expenses, profits and cash flows from all its subsidiaries, associates and joint ventures 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. Proportionate financials are further described in the APM section of this report.

Q3 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	1,028	10	3	-	1,041	262	-499	-	804
Internal revenues	-	87	1,320	11	1,418	329	-100	-1,645	-
Net income/(loss) from JVs and associates[1]	-	-	-	-	-	-	143	-	143
Total revenues and other income	1,028	97	1,323	11	2,459	591	-456	-1,645	947
Cost of sales [2]	-	1	-1,151	-	-1,151	-316	82	1,385	-
Gross profit	1,028	98	172	11	1,309	274	-374	-260	947
Personnel expenses	-31	-36	-45	-22	-133	-3	17	-1	-119
Other operating expenses	-219	-30	-19	-15	-283	-54	100	94	-143
EBITDA	778	33	107	-26	893	216	-256	-167	686
Depreciation and impairment	-290	-2	-7	-9	-308	-63	136	33	-202
Operating profit (EBIT)	489	31	100	-35	584	153	-120	-134	484

Q3 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]	1,120	4	-1	2	1,125	292	-633	-	784
Internal revenues	-	78	412	12	502	52	-65	-489	-
Net income/(loss) from JVs and associates [1]	-	-	-	-	-	-	379	-	379
Total revenues and other income	1,120	82	412	13	1,627	343	-319	-489	1,163
Cost of sales [2]	-19	-	-370	-	-389	-49	49	390	-
Gross profit	1,101	82	41	13	1,237	294	-270	-99	1,163
Personnel expenses	-30	-32	-56	-25	-143	-2	15	-5	-135
Other operating expenses	-164	-28	-31	-22	-245	-53	69	87	-142
EBITDA	907	22	-45	-34	850	239	-187	-17	886
Depreciation and impairment	-291	-1	-17	-6	-316	-94	125	44	-241
Operating profit (EBIT)	616	21	-63	-40	534	145	-61	26	645

YTD 2023

NOK million	Proportionate financials Power Production	Services	Development & Construction	Corporate	Total	Residual ownership for fully consolidated entities	Elimination of equity consolidated entities	Other eliminations	Consolidated financials
External revenues	2,764	22	4	1	2,791	849	-1,148	4	2,493
Net gain/(loss) from sale of project assets	315	-	-	-	315	-	-	429	744
Internal revenues	-	254	7,641	36	7,929	1,875	-235	-9,568	-
Net income/(loss) from JVs and associates [1]	-	-	-	-	-	-	-140	-	-140
Total revenues and other income	3,079	275	7,645	36	11,035	2,723	-1,524	-9,137	3,097
Cost of sales	-	3	-6,730	-	-6,729	-1,805	184	8,350	-
Gross profit	3,079	278	915	36	4,308	919	-1,340	-789	3,097
Personnel expenses	-105	-103	-173	-115	-496	-8	63	-9	-449
Other operating expenses	-551	-88	-76	-60	-775	-167	227	287	-429
EBITDA	2,423	87	665	-138	3,037	743	-1,050	-511	2,219
Depreciation and impairment	-1,250	-5	-66	-26	-1,347	-223	767	107	-696
Operating profit (EBIT)	1,173	82	599	-165	1,689	520	-283	-404	1,523

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 the third quarter of 2023 was NOK 108 million in the proportionate financials (NOK 116 million in the consolidated financials), which is in line with the paid amounts. Total revenue from power production in Ukraine for the first nine months of 2023 is NOK 268 million (NOK 290 million in the consolidated financials).

In the second quarter of 2023 the Group has 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). For further information refer to Note 8 Investments in joint ventures and associated companies. In the first nine months of 2023 the Group has also recognised an impairment charge of NOK 61 million in the proportionate financials (NOK 48 million in the consolidated financials) in the D&C segment related to discontinued development projects.

YTD 2022

NOK million	Proportionate financials 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]	2,661	10	4	5	2,680	842	-1,293	-	2,228
Internal revenues	4	217	437	30	688	66	-89	-665	-
Net income/(loss) from JVs and associates [1]	-	-	-	-	-	-	529	-	529
Total revenues and other income	2,665	227	441	35	3,368	908	-853	-665	2,758
Cost of sales [2]	-27	1	-397	-	-424	-55	54	424	-
Gross profit	2,637	228	44	36	2,945	853	-799	-241	2,758
Personnel expenses	-86	-89	-165	-85	-425	-7	49	-9	-391
Other operating expenses	-537	-80	-80	-58	-755	-162	177	240	-500
EBITDA	2,014	58	-201	-107	1,764	684	-573	-9	1,867
Depreciation and impairment	-1,612	-4	-136	-20	-1,773	-318	362	127	-1,602
Operating profit (EBIT)	402	54	-337	-128	-8	366	-210	117	265

In the first nine months of 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 amounted to NOK 816 million.

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

FY 2022

NOK million	Proportionate financials 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

1) Refer to Note 8 – Investments in joint ventures and associated companies for details on Net income from JVs and associates
2) Refer to the section below for details of the change in presentation of revenue and cost of sales for Philippines

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.

Q3 2022

Proportionate financials - NOK million	Reported Q3 2022	Adjustment	Adjusted Q3 2022
External revenues - Power Production	1,311	-191	1,120
Cost of sales - Power Production	-210	191	-19
EBITDA	907	-	907

YTD 2022

Proportionate financials - NOK million	Reported YTD 2022	Adjustment	Adjusted YTD 2022
External revenues - Power Production	3,259	-594	2,665
Cost of sales - Power Production	-621	594	-27
EBITDA	2,014	-	2,014

FY 2022

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

Note 3 Property, plant and equipment

NOK million	Power plants	Power plants under development and construction	Other fixed assets	Total
Carrying value at 31 December 2022	**15,083**	**1,997**	**229**	**17,310**
Additions	54	7,961	47	**8,063**
Disposals	-1,864	-	-	**-1,864**
Transfer of assets classified as held for sale	-593	-	-	**-593**
Transfer between asset classes	217	-217	-	**-**
Depreciation and amortisation	-588	-3	-36	**-627**
Impairment losses	-	-48	-	**-48**
Effect of movements in foreign exchange rates	729	-13	23	**739**
Carrying value at 30 September 2023	**13,038**	**9,679**	**261**	**22,979**
Estimated useful life (years)	20-30	N/A	3-5	

Impairment losses

In the third quarter, impairment indicators are identified for assets in operation in Ukraine, but no significant events have triggered additional impairment. In 2023, an impairment charge of NOK 48 million related to discontinued development projects has been recognised.

Sale of assets and assets classified as held for sale

Disposal of assets relate to the sale of the 258 MW Upington solar plants in the second quarter of 2023. Refer to Note 9 Sale of project assets and disposal group held for sale for further information.

Assets classified as held for sale relate to sale of Mozambique solar power plant. Refer to Note 9 Sale of project assets and disposal group held for sale for further information.

Note 4 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 11 502 million on 30 September 2023. Scatec was in compliance with financial covenants for recourse debt at quarter 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.

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 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.

The existing USD 180 million Revolving Credit Facility, provided by the same banks and BNP Paribas, was in the first quarter further extended by 1.5 years with maturity in the third quarter of 2025.

	Currency	Denominated currency value (million)	Maturity	Carrying value 30 September 2023 (NOK million)	Carrying value 31 December 2022 (NOK million)
Green Bond EUR (Ticker: SCATC03 NO0010931181)	EUR	250	Q3 2025	2,810	2,625
Green Bond NOK (Ticker: ISIN NO0012837030)	NOK	1,000	Q1 2027	988	-
Total unsecured bonds				3,797	2,625
USD 150 million Green Term Loan	USD	135	Q1 2025	1,444	1,481
USD 100 million Green Term Loan	USD	100	Q4 2027	1,063	-
Bridge to Bond	USD	193	-	-	1,906
Total secured financing				2,506	3,387
Vendor Financing (Norfund)	USD	200	Q1 2028	2,142	1,975
Total unsecured financing				2,142	1,975
Revolving credit facility	USD	180	Q3 2025	-	-
Overdraft facility	USD	5		-	-
Total secured back-stop bank facilities				-	-
Total Principal amount				8,445	7,987
Accrued interest				116	112
Total Corporate financing [1)]				8,561	8,099
As of non-current				8,178	8,099
As of current				384	-

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

Non-recourse financing

As a main rule, Scatec uses non-recourse financing for constructing and/or acquiring assets in power plant companies. Compared to corporate financing, non-recourse financing has certain key advantages, including a clearly defined and limited risk profile. In this respect, the banks recover the financing solely through the cash flows generated by the projects financed.

The table below shows the non-current non-recourse debt and the current non-recourse debt due within 12 months including accrued interest. The maturity dates for the loans range from 2028 to 2045.

NOK million	As of 30 September 2023	As of 31 December 2022
Non-current liabilities		
Non-recourse project financing	**14,772**	13,297
Current liabilities		
Non-recourse project financing	**2,179**	1,963

The current non-recourse debt as of 30 September 2023 includes NOK 894 million in non-recourse debt in Ukraine. All of Scatec's power plant companies in Ukraine with non-recourse financing are not in compliance with several covenants in the loan agreements for the non-recourse project debt at the end of third quarter of 2023. Scatec has continuous and constructive dialogue with the lenders and the parties have agreed on a non-formalised "stand still". In all other countries, Scatec was in compliance with financial covenants for non-recourse debt on 30 September 2023.

Refer to Note 8 Investments in joint ventures and associated companies for details on non-recourse financing related to joint ventures and associated companies, including a non-recourse construction financing from Equinor related to the solar power plant in Argentina.

Other financing

Please refer to the Annual Report of 2022 for information related to the construction loan provided by PowerChina Guizhou Engineering Co ("PowerChina") to Scatec for the Progressovska power plant in Ukraine. 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 the remaining outstanding amount will be paid in two tranches, EUR 22 million will be paid at the end of 2023 and EUR 22 million by mid-2025. Scatec ASA has provided a corporate and bank guarantee to PowerChina in support of this obligation.

Scatec has no other recourse construction financing arrangements for other projects. Refer to Note 24 Guarantees and commitments in the 2022 Annual Report for further details.

Note 5 Cash, cash equivalents

NOK million	30 September 2023	31 December 2022
Cash in power plant companies in operation	1,767	2,057
Cash in power plant companies under development/construction	191	109
Other restricted cash	290	223
Free cash	1,961	1,743
Total cash and cash equivalents	4,208	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 123 million is not included.

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

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

As of 30 September 2023, NOK 83 million of the total cash is related to companies in Ukraine (of this is NOK 71 million cash in power plants).

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

NOK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Distributions received by Scatec ASA from the power plant companies	114	156	496	829	1,231
Cash flow to equity D&C 1)	91	-34	545	-130	-149
Cash flow to equity Services 1)	27	17	71	45	58
Cash flow to equity Corporate 1)	-173	-91	-529	-242	-347
Working capital/other 2)	858	1,471	965	1,393	16
Cash flow from operations	916	1,520	1,547	1,897	809
Capitalised expenditures and Scatec's share of equity investments in projects under development	-223	-143	-373	-301	-454
Scatec's share of equity investments in projects under construction	-479	-215	-1,194	-385	-543
Proceeds from disposals of project assets	-	-	546	-	-
Cash flow from investments	-702	-358	-1,021	-686	-996
Dividend distribution to Scatec ASA shareholders	-	-	-308	-404	-404
Cash flow from financing	-	-	-308	-404	-404
Change in cash and cash equivalents	215	1,162	218	808	-592
Free cash at beginning of period	1,746	1,981	1,743	2,335	2,335
Free cash at end of period	1,961	3,143	1,961	3,143	1,743
Available undrawn credit facilities	1,981	1,998	1,981	1,998	1,827
Total free cash and undrawn credit facilities at the end of period	3,942	5,141	3,942	5,141	3,570

1) Proportionate share of cash flow to equity is defined in Alternative Performance Measures Appendix. See note 3 in Scatec's Annual Report 2022 for revenue recognition policies

2) Working capital/other in Q3 2023 is mainly explained by working-capital movements related to the RMIPPP construction-project in South Africa, foreign currency effects and other deviations between cashflow to equity and actual cashflow in the D&C, Corporate and Service segment.

Note 6 Income tax expense

Effective tax rate

NOK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Profit before income tax	91	377	538	-678	-1,095
Income tax (expense)/benefit	3	-42	-139	-117	-132
Equivalent to a tax rate of (%)	-3%	NA	26%	NA	NA

Movement in deferred tax

NOK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
Net deferred tax asset at the beginning of the period	3	69	117	159	159
Recognised in the consolidated statement of profit or loss	61	99	112	87	108
Deferred tax on financial instruments recognised in OCI	-13	-38	9	-146	-150
Deferred tax transferred to assets classified as held for sale	-	-	-193	-	-
Translation differences	-9	-33	-3	-3	-
Net deferred tax asset/(liability) at the end of the period	42	97	42	97	117

The Group recognised tax benefit of NOK 3 million (-42) in the third quarter, corresponding to an effective tax rate of -3%. The tax expense for the first nine months of 2023 is NOK 139 million (117). The difference between the effective tax expense for the quarter and the calculated tax expense based on the Norwegian tax rate of 22% is mainly driven by the differences in tax rates between the jurisdictions in which the companies operate, withholding taxes paid on dividends, currency effects and effects from non-recognised tax losses. 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.

Note 7 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.

Transactions with joint ventures and associates are primarily financing provided to the companies and dividends received from the companies.

In addition, Scatec has transactions and balances with Executive Management and Board of Directors. The Company has no significant agreements with companies in which a board member has a material interest. Note 28 in the Annual Report for 2022 provides details of transactions with related parties and the nature of these transactions.

For further information on project financing provided by co-investors, refer to Note 23 in the Annual Report for 2022.

Note 8 Investments in joint ventures and associated companies

The consolidated financial statements include the Group's share of profit/loss from joint ventures and associated companies where the Group has joint control or significant influence, 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 investment.

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

Company	Registered office	30 September 2023	31 December 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%
Scatec Equinor Solutions Argentina S.A	Buenos Aires, Argentina	50.00%	50.00%
Cordilleras Solar VIII S.A	Buenos Aires, Argentina	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%
Compagnie Générale D`Hydroelectricité de Volobé SA	Antananarivo, Madagascar	12.75%	12.75%
Ruzizi Holding Power Company Ltd	Kigali, Rwanda	20.40%	20.40%
Ruzizi Energy Ltd	Kigali, Rwanda	20.40%	20.40%
SN Power Africa Ltd	Nairobi, Kenya	51.00%	51.00%
SN Power Invest Netherlands B.V.	Amsterdam, Netherlands	51.00%	51.00%
SN Development B.V.	Amsterdam, Netherlands	51.00%	51.00%

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

Country	Carrying value 31 December 2022	Additions/ disposals	Net income/(loss) from JV and associated companies	Dividends	Net movement of cash flow hedges recognised in OCI	Foreign currency translations	Carrying value 30 September 2023
Philippines	6,535	1	70	-47	-	512	7,071
Laos	1,822	-	58	-58	-	153	1,975
Uganda	1,292	-	121	-99	14	112	1,441
Brazil	625	398	-11	-	-	68	1,081
Other 2)	401	45	-378	-	-	16	84
Total	10,674	445	-140	-204	14	862	11,650

2) Other includes Argentina, Madagascar, Rwanda, Norway, Kenya and the Netherlands.

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 188 million equivalent (at 30 September 2023) in March 2022. The matter is disputed, and the amount is not included in net income from JVs and associated companies for the period.

As disclosed in the second quarter, a sales process for the 117 MW solar power plant in Argentina was ongoing, and Scatec recognised an impairment of NOK 350 million based on the received offers. Subsequent to the third quarter, on October 19th, Scatec and Equinor sold their shares in the solar power plant and in the local operating services company, please refer to note 10 Subsequent events for further details.

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 321 million equivalent (at 30 September 2023) on Scatec's proportionate share during the third quarter. The matter is disputed, and the amount is not included in net income from JVs and associated companies for the period. 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 9 Sale of project assets and disposal group held for sale

Sale of project assets

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 ZAR 973 million (NOK 546 million). The transaction has generated a net accounting gain of NOK 744 million on a consolidated basis and NOK 315 million on a proportionate basis.
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.

Disposal group held for sale

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 USD 8.5 million (NOK 85 million), in line with the Group's strategy. The associated assets and liabilities of the subsidiary are presented as held for sale as per 30 September 2023.

The transaction is subject to the customary consents and is expected to be completed in the first half of 2024. The transaction is expected to generate a net accounting gain of approximately USD 4 million on a consolidated basis and USD 3 million on a proportionate basis. The final accounting effects will be determined after closing of the transaction.

NOK million	Carrying value 30 September 2023
Assets classified as held for sale	
Property, plant and equipment	593
Trade and other receivables	33
Other current and non-current assets	29
Cash and cash equivalents	123
Total assets of disposal group held for sale	778
Liabilities directly associated with assets classified as held for sale	
Non-current non-recourse project financing	387
Current portion of non-recourse project financing	81
Other current and non-current liabilities	122
Total liabilities of disposal group held for sale	591

Note 10 Subsequent events

On October 19th Scatec ASA and Equinor ASA sold their shares in the 117-megawatt (MW) Guañizuil IIA solar power plant in Argentina, as well as their shares in the local operating services company to Central Puerto, one of Argentina's largest power generators. As a result, Scatec is exiting the Argentinian market. The solar power plant was impaired in the second quarter and the sales-transaction will not generate any material accounting impact.

On October 27th Release by Scatec ("Release") closed the previously announced USD 102 million (NOK 1.1 billion) transaction with Climate Fund Managers ("CFM"). The funds will be used to further accelerate its growth ambitions as a separate platform. Release was established by Scatec ASA ("Scatec") in 2019 to offer a flexible and mobile leasing solution of pre-assembled and modular solar and battery equipment for the mining and utilities market. As previously communicated, CFM will contribute USD 55 million in equity for a 32% stake in Release. Scatec will retain the majority shareholding of 68%. CFM will also provide shareholder loans totalling USD 47 million, part of which will be on concessional terms. Release will from the date of the transaction be accounted for as a joint venture investment in the group accounts of Scatec, generating an accounting gain of approximately USD 40 million in the consolidated financials at closing. There will be no impact on the proportionate financials from the transaction.

Scatec has a non-recourse Green Project Bond in Egypt with an outstanding balance of USD 297 million per the end of the third quarter. Due to the recent economic development, Egypt is facing a shortage in foreign currencies including USD. In the fourth quarter, Scatec has been unable to raise USD sufficiently to cover the required amount on the Debt Service Reserve Accounts of the project companies. This is a non-adjusting event for the third quarter. As of 30 September 2023, the subsidiaries in Egypt have deposits in local currency equivalent to approximately USD 40 million measured at the official EGP/USD exchange rate, more than sufficient to cover the next instalment due in March 2024 of approximately USD 18 million. Scatec has a continuous and constructive dialogue with the lenders and the parties have agreed on a waiver for the shortfall on the reserve accounts until mid-January 2024. In the meanwhile, Scatec explores different options to secure USD to refill the DSRA and for settlement of the next instalment of the bond. The waiver may be extended at the discretion of the lenders up until the next instalment due in March 2024.

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.

Gross interest-bearing debt: is defined as the Group's total debt obligations and consists of non-current and current external non-recourse financing, 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 segments mainly reflect deliveries to other companies controlled by Scatec (with between 33% and 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 the third quarter 2023 Scatec reports a proportionate operating profit of NOK 584 million compared with an operating profit of NOK 484 million in the consolidated financials. To arrive at the proportionate operating profit from the consolidated operating profit the Group has:

1. added back to the proportionate statement of profit or loss the internal gain on transactions between group companies with a positive amount of NOK 135 million,

2. removed the non-controlling interests share of the operating profit of NOK 153 million to only leave the portion corresponding to Scatec's ownership share,

3. replaced the consolidated net profit from joint venture companies of NOK 143 million with Scatec's share of the Operating profit from the joint venture companies with NOK 261 million.

See Note 2 for further information on the reporting of proportionate financial figures, including reconciliation of the proportionate financials against the consolidated financials.

A bridge from proportionate to consolidated key figures including APMs like gross interest-bearing debt, net interest-bearing debt and net-working capital is included in Scatec's Q3 historical financial information 2023 published on Scatec's web page.

Reconciliation of Alternative Performance Measures (consolidated figures)

NOK million	Q3 2023	Q3 2022	YTD 2023	YTD 2022	FY 2022
EBITDA					
Operating profit (EBIT)	484	645	1,523	265	723
Depreciation, amortisation and impairment	202	241	696	1,602	1,832
EBITDA	686	886	2,219	1,867	2,555
Total revenues and other income	947	1,163	3,097	2,758	3,751
EBITDA margin	72%	76%	72%	68%	68%
Gross interest-bearing debt					
Non-recourse project financing	14,772	13,717	14,772	13,717	13,297
Corporate financing	8,178	8,490	8,178	8,490	7,987
Non-recourse project financing - current	2,179	2,039	2,179	2,039	1,963
Corporate financing - current	384	-	384	-	-
Other non-current interest-bearing liabilities	248	464	248	464	231
Other current interest-bearing liabilities	277	-	277	-	231
Gross interest-bearing debt associated with disposal group held for sale	469	-	469	-	-
Gross interest-bearing debt	26,506	24,710	26,506	24,710	23,708
Net interest-bearing debt					
Gross interest-bearing debt	26,506	24,710	26,506	24,710	23,708
Cash and cash equivalents	4,208	5,492	4,208	5,492	4,132
Cash and cash equivalents associated with disposal group held for sale	123	-	123	-	-
Net interest-bearing debt	22,175	19,218	22,175	19,218	19,578
Net working capital					
Trade and other account receivables	620	760	620	760	497
Other current receivables [1)]	1,404	1,506	1,404	1,506	1,863
Trade and accounts payable	-2,280	-1,063	-2,280	-1,063	-594
Income taxes payable	-135	-110	-135	-110	-37
Other current liabilities	-2,472	-1,125	-2,472	-1,125	-1,106
Non-recourse project financing - current	-2,179	-2,039	-2,179	-2,039	-1,963
Corporate financing - current	-384	-	-384	-	-
Other current interest-bearing liabilities	-277	-	-277	-	-231
Net working capital associated with disposal group held for sale	-124	-	-124	-	-
Net working capital	-5,827	-2,072	-5,827	-2,072	-1,571

1) Excluding current portion of derivatives of NOK 34 million in Q3 2023

Break-down of proportionate cash flow to equity

Q3 2023

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	778	33	107	-26	893
Net interest expenses	-163	1	7	-149	-304
Normalised loan repayments	-250	-	-	-39	-289
Proceeds from refinancing and sale of project assets	-	-	-	-	-
Less proportionate gain on sale of project assets	-	-	-	-	-
Normalised income tax payment [1)]	-41	-7	-23	40	-31
Cash flow to equity	324	27	91	-173	268

Q2 2023

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	959	33	461	-73	1,379
Net interest expenses	-187	1	5	-148	-328
Normalised loan repayments	-287	-	-	-39	-326
Proceeds from refinancing and sale of project assets	546	-	-	-	546
Less proportionate gain on sale of project assets	-315	-	-	-	-315
Normalised income tax payment	-26	-7	-100	50	-83
Cash flow to equity	689	27	366	-209	872

1) Normalised income tax payment excludes a normalised tax on gain on sale of project assets reflecting that the transaction is tax exempted.

Q3 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	907	22	-45	-34	850
Net interest expenses	-185	-	-2	-84	-272
Normalised loan repayments	-202	-	-	-	-202
Proceeds from refinancing and sale of project assets	-	-	-	-	-
Normalised income tax payment	-51	-5	13	27	-15
Cash flow to equity	469	17	-34	-91	361

YTD 2023

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,423	87	665	-138	3,037
Net interest expenses	-530	2	15	-424	-936
Normalised loan repayments	-772	-	-	-106	-878
Proceeds from refinancing and sale of project assets	546	-	-	10	556
Less proportionate gain on sale of project assets	-315	-	-	-	-315
Normalised income tax payment [1)]	-88	-19	-135	129	-112
Cash flow to equity	1,265	71	545	-529	1,352

2) Normalised income tax payment excludes a normalised tax on gain on sale of project assets reflecting that the transaction is tax exempted.

YTD 2022

NOK million	Power Production	Services	Development & Construction	Corporate	Total
EBITDA	2,014	58	-201	-107	1,764
Net interest expenses	-587	-1	-3	-209	-799
Normalised loan repayments	-578	-	-	-	-578
Proceeds from refinancing and sale of project assets	363	-	-	-	363
Normalised income tax payment	-82	-12	74	74	53
Cash flow to equity	1,130	45	-130	-242	804

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 to power sales and other project implementation agreements are in various stages of completion.

Lost time injury (LTI)

An occurrence that results in a fatality, permanent disability or time lost from work of one day/shift or more.

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.

Start of Production (SOP): The first date on which the power plant generates revenues through sale of power under the off-take agreement. Production volumes and/or the price of the power may be lower than when commercial operation date (COD) is reached. This milestone is regulated by the off-take agreement with the power off-taker. This milestone may be reached prior to COD if the construction of a power plant is completed earlier than anticipated in the off-take agreement.

Take Over Date (TOD): The date on which the EPC contractor hands over the power plant to the power plant company. COD must have been reached, in addition to delivery of training and all technical documentation before TOD takes place. The responsibility for Operations & Maintenance (O&M) of the plant is handed over from the EPC contractor to the O&M contractor at the TOD. This milestone will normally occur shortly after the COD date.

ESG Performance Indicators

Environmental and social assessments (% completed in new projects): Environmental and Social Impact Assessments (ESIAs), due diligence or baseline studies to identify potential environmental and social risks and impacts of our activities (in accordance with the IFC Performance Standards and Equator Principles).

GHG emissions avoided (in mill tonnes of CO2): Actual annual production from renewable power projects where Scatec has operational control multiplied by the country and region-specific emissions factor (source IEA).

Water withdrawal (in mill liters within water-stressed areas): As per the WRI Aqueduct Water Risk Atlas, the Company reports on water withdrawal by source for projects located within water-stressed areas in South Africa and Jordan.

Lost Time Incident Frequency (per mill hours): The number of lost time incidents per million hours worked for all renewable power projects where Scatec has operational control.

Hours worked (mill hours - 12 months rolling): The total number of hours worked by employees and contractors for all renewable power projects where Scatec has operational control for the last 12 months.

Female managers (% of females in mgmt. positions): The total number of female managers as a percentage of all managers.

Corruption incidents: The number of confirmed incidents of corruption from reports received via Scatec's publicly available whistleblower function (on the Company's corporate website) managed by an independent third party.

Supplier environmental and social screening (number of suppliers): The number of contracted and potential suppliers of key procurement categories screened and rated through the EcoVadis supplier assessment platform.

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