

Notes to the Consolidated financial statements Group

Note 1 Corporate information

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

Scatec Solar ASA ("the Company"), its subsidiaries and investments in associated companies and joint ventures ("the Group" or "Scatec Solar") is a leading independent solar power producer. The Company is pursuing an integrated business model across the complete lifecycle of utility-scale solar photovoltaic (PV) power plants including project development, financing, construction, ownership and

operation and maintenance (refer to note 4 – Operating segments). Information on the Group's structure is provided in Note 27 – Consolidated subsidiaries.

The Company is listed on the Oslo Stock Exchange. For further details on shareholder matters, refer to note 23.

The consolidated financial statements for the full year 2019 were authorised for issue in accordance with a resolution by the Board of Directors on 26 March 2020.



The Company is pursuing an integrated business model across the complete lifecycle of utility-scale solar photovoltaic (PV) power plants including project development, financing, construction, ownership and operation and maintenance.

Note 2 Summary of significant accounting policies

The accounting principles in the annual report are largely incorporated into the individual notes. Principles and policies that are presented in note 2 are more general descriptions which do not naturally belong in the individual notes.

Statement of compliance and basis of preparation

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

The consolidated financial statements have been prepared on a historical cost basis, with the exception of financial instruments at amortised cost, financial instruments that

are recognised at fair value, and loans, receivables and other financial liabilities recognised at amortised cost.

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

proportionate financials as well as a reconciliation between proportionate financials and the consolidated financials please refer to note 4 Operating segments

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

Basis of consolidation

The consolidated financial statements comprise the financial statements of the Parent and its subsidiaries as of 31 December 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

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

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

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

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

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a

deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Statement of cash flows

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

Foreign currencies

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

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

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

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

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

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

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

Current versus non-current classification

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

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

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

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

The Group classifies all other liabilities as non-current.

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

Dividends

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

Norway, a distribution is authorised when it is approved by the General Meeting. A corresponding amount is recognised directly in equity.

Government grants

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

Changes in accounting policies and disclosures

New standards and interpretations

The Group applied for the first-time certain amendments to the standards, which are effective for annual periods beginning on or after 1 January 2019. The Group has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective.

IFRS 16 Leases

In January 2016 the IASB issued IFRS 16 Leases. The standard is effective from 1 January 2019 and replaces the previous standard IAS 17. Contrary to IAS 17, IFRS 16 does not distinguish between operational and financial leases for lessees. Lease agreements under IFRS 16 will for lessees require the recognition of a lease liability, and a right to use lease asset, with a few exceptions. See further details on accounting principles and estimates in note 22 Leases.

Income Tax Consequences of Dividends on Financial Instruments - Amendments to IAS 12

The amendments to IAS 12 are effective from 1 January 2019 and have not had any impact on the Group.

Note 3 Key sources of estimation uncertainty, judgements and assumptions

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

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

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

Consolidation of power plant companies

Scatec Solar's value chain comprises all downstream activities such as project development, financing, construction, operations as well as having an asset management role through ownership of the solar power plants. Normally

Scatec Solar enter into partnerships for the shareholding of the power plant companies owning the power plants. To be able to fully utilise the business model, Scatec Solar seeks to obtain operational and financial control of the power plant companies. Operational control is obtained through governing bodies, shareholder agreements and other contractual arrangements. Other contractual arrangements may include Scatec Solar's role as the developer of the project, EPC provider (construction), operation and maintenance service provider and asset management service provider.

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

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

During 2018, the Uppington project in South Africa was consolidated for the first time. The project reached financial close in April 2018, and Scatec Solar's shareholding is 45.5%. Construction activities are on track with grid connection of the first two plants in February 2020, with expected subsequent grid connection for the last plant within the next few months. In December 2018, Scatec Solar and partners reached financial close for the Rengy project in the Mykolaiv region in the south of Ukraine with a total investment of EUR 52 million. Scatec Solar owns 51% of the project. Another project in Ukraine, the 32 MW Kamianka project, was also consolidated for the first time in December 2018. Scatec Solar's economic interest in the project company was 100%



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

until second quarter 2019 where Scatec Solar signed an agreement with FMO, the Dutch development bank, for FMO to take a 40% equity stake in the project company.

Even though none of the projects Scatec Solar is involved with are identically structured, the five roles/activities described above constitute the main and relevant activities which affect the variable return. When assessing whether Scatec Solar controls a power plant company as defined by IFRS 10 Consolidated Financial Statements, all facts and circumstances, including the above agreements are analysed.

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

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

Note 4 Operating segments

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

Financing and operation of solar power plants is ring-fenced in project companies with a non-recourse project finance structure - where Scatec Solar contributes with the required equity, either alone or together with co-investors. This implies that the project debt is only secured and serviced by project assets and the cash flows generated by the project, and that there is no obligation for project equity investors

For the power plant companies referred to above, except from the joint venture arrangement with Equinor, Scatec Solar has concluded that it through its involvement controls the entities. Scatec Solar has considered that it has the current ability to direct the relevant activities of the entities and has the ability to affect the variable returns through its power over the companies. The assessment of whether Scatec Solar controls the investee is performed upon first time consolidation and is renewed annually or more often, if and when facts that could impact the conclusion change.

to contribute additional funding in the event of a default. Free cash flows after debt service are distributed from these project companies to Scatec Solar and any other project equity investors in accordance with the shareholding and the terms of the project financing contracts.

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



Assets / projects with revenues recognized

Egypt (51%): Benban, 400 MW	Egypt (51%): Benban, 400 MW	South Africa (46%): Round 4, 258 MW
Malaysia (100%): Gurun, 65 MW Jasin, 66 MW Merchang, 66 MW	Malaysia (100%): Gurun, 65 MW Jasin, 66 MW Merchang, 66 MW	Malaysia (100%): RedSol, 47 MW
South Africa (45%): Kalkbult, 75 MW Linde, 40 MW Dreunberg, 75 MW	South Africa (45%): Kalkbult, 75 MW Linde, 40 MW Dreunberg, 75 MW	Argentina (50%): Guanizuil, 117 MW
Brazil (44%): Apodi, 162 MW	Brazil (44%): Apodi, 162 MW	Ukraine: Kamianka, 32 MW (60%) Progressovka, 148 MW (100%) Chigirin, 55 MW Boguslav, 54 MW (100%)
Honduras (51%): Agua Fria, 60 MW Los Prados, 35 MW	Honduras (51%): Agua Fria, 60 MW Los Prados, 35 MW	Backlog: 568 MW
Ukraine: Rengy, 47 MW (51%)	Ukraine: Rengy, 47 MW (51%)	Pipeline: 5,206 MW
Mozambique (52%): Mocuba, 40 MW	Mozambique (52%): Mocuba, 40 MW	
Jordan: Oryx, 10 MW (90%) Ejre/Glae, 33 MW (50.1%)	Jordan: Oryx, 10 MW (90%) Ejre/Glae, 33 MW (50.1%)	
Rwanda (54%): ASYV, 9 MW	Rwanda (54%): ASYV, 9 MW	
Czech Republic (100%): Portfolio 20 MW	Czech Republic (100%): Portfolio 20 MW	

Power Production

The Power Production segment manages the Group's power producing assets and derives its revenue from the production and sale of solar generated electricity based on long-term Power Purchase Agreements or Feed-in-Tariffs. The segment also include revenues from asset management services delivered to the Group's solar plant companies based on service agreements with a fixed fee. The services include, but are not limited to, corporate governance, lender reporting, contract management, cash flow modelling and stakeholder management.

Operation & Maintenance

The Operation & Maintenance segment delivers services to ensure optimised operations of the Group's and third party's solar power plants through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee, as well as a potential performance bonus.

Development & Construction

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

Revenues from construction services are based on fixed price contracts and are recognized based on a measure of progress on the contract. The company completed construction of the 65 MW Jasin plant in May, the 40 MW Mocuba plant in Mozambique, the 66 MW Merchang plant in July, the 47 MW Rengy plant in Ukraine in August and the MW Benban plant in Egypt in October.

Development & Construction revenues were recognised for projects in Egypt, Ukraine, South Africa, Malaysia, Argentina, Mozambique and Malaysia in 2019. Projects under construction currently stands at 711 MW per reporting date. The backlog of projects with secured offtake of future power production is currently at 568 MW, while the project pipeline consists of several projects with a combined capacity of 5,206 MW.

Corporate

Corporate consists of the activities of corporate and management services.

Accounting principle

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

Sale of project rights (Development & Construction segment)

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

Sale of construction services (Development & Construction segment)

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

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

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

The group has currently no ongoing external construction contracts.

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

Scatec Solar delivers services to ensure optimised operations of solar power producing assets through a complete and comprehensive range of services for technical and operational management. Revenues are based on service agreements with a periodic base fee as well as a potential performance bonus. These revenues are recognised as the service is provided. The potential performance revenues are considered as variable consideration under IFRS 15 and are recognised when it is highly probable that the recognition will not be reversed in future periods. The group has currently no significant external operation and maintenance service contracts.

Sale of electricity (Power Production segment)

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

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

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

Use of proportionate financials

The management team assesses the performance of the operating segments based on a measure of gross profit and operating profit; hence interest income/expense is not disclosed per segment. The segment financials are reported on proportionate basis. With proportionate financials Scatec Solar reports its share of revenues, expenses, profits and

cash flows from its subsidiaries without eliminations based on Scatec Solar's economic interest in the subsidiaries. The Group introduced SSO Proportionate Financials as the Group is of the opinion that this method improves earnings visibility. The key differences between the proportionate and the consolidated (IFRS) financials are that;

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

For 2019 Scatec Solar reports a proportionate operating profit of NOK 1,111 million compared with an operating profit of NOK 874 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 an amount of NOK 651 million¹⁾,
2. removed the non-controlling interests share of the operating profit of NOK 452 million to only leave the portion corresponding to Scatec Solar's ownership share,
3. replaced the consolidated net profit from joint venture companies of NOK -28 million with Scatec Solar's share of the Operating profit from the joint venture companies with NOK 10 million²⁾ including impairment charges of NOK 31 million in Argentina.

A further reconciliation between the segments proportionate financials and the groups consolidated financials are provided in the tables below.

2019									
NOK million	Proportionate financials					Total	Residual ownership interests ³⁾	Eliminations ⁴⁾	Consolidated financials
	Power Production	Operation & Maintenance	Development & Construction	Corporate					
External revenues	1,163	1	-	-	-	1,165	776	-130	1,810
Internal revenues	53	114	4,980	31	-	5,176	301	-5,477	-
Net income/(loss) from JV and associates	-	-	-	-	-	-	-	-28	-28
Total revenues and other income	1,216	115	4,980	31	-	6,341	1,077	-5,635	1,783
Cost of sales	-	-	-4,274	-	-	-4,274	-228	4,503	-
Gross profit	1,216	115	706	31	-	2,067	848	-1,133	1,783
Personnel expenses	-33	-33	-59	-48	-	-173	8	2	-163
Other operating expenses	-189	-36	-57	-40	-	-323	-126	215	-234
EBITDA	994	45	589	-58	-	1,571	730	-915	1,386
Depreciation and impairment	-412	-3	-39	-6	-	-460	-278	226	-512
Operating profit (EBIT)	582	42	550	-64	-	1,111	452	-689	874

2018									
NOK million	Proportionate financials					Total	Residual ownership interests ³⁾	Eliminations ⁴⁾	Consolidated financials
	Power Production	Operation & Maintenance	Development & Construction	Corporate					
External revenues	584	-	-	-	-	584	567	-	1,151
Internal revenues	38	81	4,006	17	-	4,142	282	-4,424	-
Net income/(loss) from JV and associates	-	-	-1	-	-	-	-	63	63
Total revenues and other income	622	81	4,005	17	-	4,725	849	-4,361	1,213
Cost of sales	-	-	-3,404	-	-	-3,404	-4	3,409	-
Gross profit	622	81	601	17	-	1,321	845	-953	1,213
Personnel expenses	-18	-23	-55	-42	-	-138	-	1	-137
Other operating expenses	-112	-24	-58	-28	-	-223	-52	101	-174
EBITDA	492	33	488	-53	-	961	792	-851	903
Depreciation and impairment	-164	-1	-21	-2	-	-188	-147	62	-273
Operating profit (EBIT)	328	33	467	-55	-	773	645	-789	629

1) Where NOK 706 million comprise Scatec Solar's share of gross profit on D&C contracts, NOK -83 million comprise increased depreciation charges from internal gains and NOK 28 million comprise other items.

2) Excluding internal gain on EPC contracts to joint venture companies of NOK 9 million which are included in the amount of NOK 651 million in list item 1 above.

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

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

Geographical break down of consolidated revenues

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

NOK million	External revenue	
	2019	2018
South Africa	776	753
Egypt	249	-
Malaysia	224	4
Honduras	206	128
Jordan	149	133
Czech Republic	118	115
Mozambique	43	-
Ukraine	24	-
Rwanda	20	18
Total	1,810	1,151

NOK million	Property, plant and equipment	
	2019	2018
South Africa	3,430	1,931
Egypt	3,207	1,562
Malaysia	2,732	2,034
Ukraine	2,358	57
Honduras	1,511	1,536
Jordan	896	916
Mozambique	564	315
Czech Republic	261	387
Norway	207	117
Rwanda	151	148
The Netherlands	80	3
Other	4	3
Total	15,401	9,009

Major customers

The predominant share of the Group's recurring revenues comes from the Power Production segment and relates to sale of electricity from solar power plants in South Africa, Brazil, Egypt, Malaysia, Honduras, Jordan, Czech Republic, Mozambique, Ukraine and Rwanda.

In South Africa, revenues (3 plants which commenced operations in 2013 and 2014) are earned under 20-year Power Purchase Agreements (PPA) with Eskom Holdings (South African incumbent utility), which was awarded under the Renewable Independent Power Producer Procurement Programme (REIPPPP) administrated by the Department of

Energy. Eskom's financial commitments under the PPA are guaranteed by the South African National Treasury under the Inter-Governmental Framework Agreement.

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

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

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

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

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

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

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

The Rengy plant in Ukraine commenced operation in 2019. The electricity is sold under a 10-year Power Purchase Agreement with the state-owned company Guaranteed Buyer. The financial commitments of Guaranteed Buyer under the PPA are guaranteed by the State under the law on *Alternative Energy Sources* and the Law on *Electric Energy Market*.

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

Note 5 Financial risk management

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

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

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

Market risk

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

Commodity price risk

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

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

and uranium), and the development in cost, efficiency and equipment investment need for other electricity producing technologies, including other renewable energy sources.

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

Currency risk

Scatec Solar operates internationally and is subject to currency risks arising from foreign currency transactions and exposures. As the Group reports its consolidated results in NOK, any change in exchange rates between NOK and its subsidiaries' functional currencies, primarily with respect to changes in USD, ZAR, EUR, MYR, BRL, EGP and CZK, affects its statement of profit or loss, other comprehensive income and consolidated statement of financial position when the results of those subsidiaries are translated into NOK for reporting purposes. There is also an accounting exposure related to translation effects for intercompany balances. As the Group expands its operations with projects in new markets the currency risk exposure increases. Exchange rate risk also arises when subsidiaries enter into transactions denominated in currencies other than their functional currency and through assets and liabilities related to working capital and monetary items being denominated in various currencies.

The Group is on an overall level managed as a NOK company for currency management purposes, with primary focus on NOK cash flow. The general policy of the Group is not to hedge foreign currency exposure based on long term cash flows from the power plant companies operating the solar power plants. Subsidiaries with functional currency other than NOK do not hedge NOK positions versus their own functional currency. For the Group's power plant entities, currency risk is managed separately with the basis of its functional currency and expected cash flows. This is because the SPVs are set up with ring-fenced financing and have

significant non-controlling interests. To the extent the Group hedges foreign currency exposure, it is based on cash flow considerations and not with regards to foreign currency translation effects in the financial statements. Although, the Company's segment revenues, cost of sales and gross profit may be subject to significant currency fluctuations, inter alia with respect to construction contracts, the construction contracts are normally structured as multi-currency contracts to achieve a natural hedging of cost of sales.

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

Interest rate risk

Scatec Solar is exposed to interest rate fluctuation risks through funding and cash management activities. Liquid assets have primarily floating interest rates. The interest rate risk management objective is to minimise borrowing costs and to keep the volatility of future interest payments within acceptable limits. Based on various scenarios, the Group manages its cash flow interest rate risk by either using long-term financing at fixed rates or using floating to fixed interest rate swaps.

The non-recourse financing (denominated in CZK) that is established in the Czech power plant entities are at fixed interest rates, whereas the non-recourse financing (denominated in ZAR) in the South African power plant entities are primarily at floating interest rates. To hedge the exposure related to floating interest rates, the Group uses interest rates swaps designated as hedging instruments. The Group's solar power plant in Rwanda is financed through fixed rate non-recourse USD loans. The debt financing of the Agua Fria project in Honduras is USD denominated non-recourse debt at fixed rate. The projects in Jordan have 70% of the total non-recourse financing at a fixed rate. The QSP-projects in Malaysia have secured MYR denominated, fixed interest non-recourse financing through issuance of the world's largest green Islamic bond, whereas the RedSol project in Malaysia has fixed 80 % of the non-recourse financing at a fixed rate. Non-recourse financed projects in Brazil have BRL denominated inflation indexed interest rates. The non-recourse construction bridge loan of the power plant in Argentina is at fixed interest rate until 18 months after scheduled commercial operation date. For the projects in Egypt and Mozambique, interest rate swaps have been used as hedging instruments, bringing the two projects to fixed rate financing at 70% and 80% respectively.

In 2017 Scatec Solar successfully completed a NOK 750 million senior unsecured green bond issue with maturity in

November 2021. The bonds carry an interest of 3-month NIBOR + 4.75%. The interest rate is not hedged.

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

For interest-risk sensitivities refer to Note 7 - Financial instruments: Measurement and market risk sensitivities. Based on the current Group interest bearing debt portfolio, the interest rate hedge ratio (weighted average) is 82% for the period 2019-2035

Liquidity risk

Liquidity risk is the risk that Scatec Solar will not be able to meet its financial obligations when due. The Group manages liquidity risk through an ongoing review of future commitments and credit facilities. Cash flow forecasts are prepared, and adequate utilised financing facilities are monitored. Due to the dynamic nature of the underlying business, the Group maintains flexibility in funding by maintaining availability under committed credit facilities. In 2017, the Group secured funding through issuance of a NOK 750 million senior unsecured bond. In first quarter 2018, the Group entered into a USD 60 million Revolving Credit Facility (RCF) with Nordea and ABN Amro as lenders. In second quarter 2019 the available amount under the RCF was increased to USD 90 million. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. The Group also entered into a USD 5 million overdraft facility with Nordea Bank in second quarter 2018. Scatec Solar has per 31 December 2019 not drawn on the revolving credit facility or the overdraft facility. As of 31 December 2019, the Group has total short-term contractual commitments of approximately NOK 1,068 million in addition to the current payables which are recognized in the Group's balance sheet. For further information on contractual commitments, refer to note 6 - Guarantees and commitments.

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

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

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

Credit risk

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

All of the electric power generated by the Group's current portfolio of projects in operation or under construction is, or will be, sold under long-term off-take agreements with public utilities or other partners, or under Feed-in Tariff ("FiT") arrangements, Power Purchase Agreements (PPAs) or similar support mechanisms governed by law. If, for any reason, any of the counterparties to these contracts are unable or unwilling to fulfil their related contractual obligations, refuse to accept delivery of power delivered thereunder or if they otherwise terminate such agreements prior to the expiration

thereof, our assets, liabilities, business, financial condition, results of operations and cash flows could be materially and adversely affected. For the Group's current projects under operation, the majority of these are supported by government guarantees or have obligations regulated by law. However, there is still a risk of legislative or other political action that may impair their contractual performance.

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

Theoretically, the Group's maximum credit exposure for financial assets is the aggregated statement of financial position carrying amounts of financial loans and receivables before provisions for bad debt, as well as cash and cash equivalents, equalling NOK 4,644 million at 31 December 2019.

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

Note 6 Guarantees and commitments

Scatec Solar is often required to provide advance payment, performance and warranty guarantees in connection with construction activities, as well as bid bonds in connection with tender processes. Advance payment, performance and warranty guarantees are mainly issued in relation to construction contracts entered into with project companies where Scatec Solar has a controlling interest. Advance payment guarantees typically represent 15-25% of construction contract value and performance guarantees typically represents 10-15% of the construction contract value. After the power plant is completed and grid connected the performance guarantee is replaced by a warranty guarantee of typically 5-10% of the contract value and is in force for the duration of the warranty

period, typically two years from grid connection. While the total nominal exposure from such guarantees may become significant as the level of construction activities increases in new markets, the exposure is limited in relation to the expected project margins, in addition to relating to construction activities in which the Group has a solid track record. A bid bond is a guarantee issued to the provider in a tender process. Scatec Solar is also sometimes providing equity guarantees to project lenders, if project debt is disbursed to project companies before equity. Project companies are in some markets providing development and land lease guarantees.

The Group has provided the following guarantees at 31 December 2019

- Guarantees for advance payments of NOK 197 million (NOK 226 million as of 31 December 2018) related to the construction contracts for power plants in Ukraine
- Performance guarantees NOK 1,267 million (NOK 1,036 million as of 31 December 2018) primarily related to the construction contracts for power plants in Egypt, Malaysia, Mozambique, South-Africa, Ukraine, Argentina and Brazil
- Warranty guarantees of NOK 99 million (NOK 22 million as of 31 December 2018) related to power plants constructed by Scatec Solar in Honduras and Malaysia

- Bid bonds of NOK 68 million (NOK 47 million as of 31 December 2018) related to tenders/bidding for new projects in Tunisia, Malaysia and Bangladesh
- Other guarantees of NOK 538 million (NOK 889 million as of 31 December 2018) primarily related to equity guarantee in South Africa, Malaysia, and Ukraine and development guarantees in Egypt and Jordan

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

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

NOK million	2020	2021	2022	>2022
Advance payment guarantees	197	-	-	-
Performance guarantees	453	290	524	-
Warranty guarantees	41	40	-	18
Bid Bonds	66	-	-	2
Other guarantees	528	5	-	4
Total	1,285	335	524	25

The advance payment guarantees, performance guarantees and warranty guarantees are guarantees granted by fully owned subsidiaries in the group to partly owned subsidiaries. Any exercise of these would therefore only affect the allocation of profits or loss and equity between the majority and non-controlling interests in the group. Bid bonds and other guarantees are granted by consolidated subsidiaries to third parties.

The guarantees issued from recourse group entities are issued by Nordea Bank under the guarantee facility with Nordea Bank as agent, and Nordea Bank, ABN Amro and Swedbank as guarantee instrument lenders. The advance payment guarantees, performance guarantees, and warranty guarantees in Egypt, Brazil, Ukraine, South Africa and for the

majority of the projects in Malaysia are counter guaranteed by The Norwegian Export Credit Guarantee Agency (GIEK). These financial covenants are equal to financial covenants in the green bond issued in November 2017. Per 31 December 2019, Scatec Solar was in compliance with all bond covenants.

Refer to Note 19 – Bonds, for further information and definitions.

Contractual obligations

Scatec Solar has commitments in contracts with suppliers of equipment and sub-EPC services related to the plants under construction in Ukraine, Malaysia, South Africa and Egypt. For contractual obligations for leases, see details in note 22 Leases.

Contractual obligations

NOK million	2020	2021	2022	>2022
Total purchase modules, inverters etc	1,065	-	-	-
Total purchase services	3	-	-	-
Total contractual obligations	1,068	-	-	-

Note 7 Financial instruments: measurement and market risk sensitivities

Accounting principle

Initial recognition and measurement of financial assets

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

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

Subsequent measurement

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

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

Financial assets at amortised cost (debt instruments)

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

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

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

Financial assets at fair value through profit or loss

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

Fair value measurement

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

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

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. This assessment is conducted through an expected credit loss (ECL) approach, under which forward-looking information is taking into account. Under the ECL-approach an allowance for expected credit losses should

be recognized for all debt instruments not held at fair value through profit or loss and contract assets.

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
 - (a) the Group has transferred substantially all the risks and rewards of the asset, or
 - (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

Initial recognition and measurement of financial liabilities

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

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

Derecognition of financial liabilities

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset, and the net amount is reported in the consolidated statement of financial position if there is a currently enforceable legal right to offset

the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Definition of equity instrument

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

Hedge accounting

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

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

The Group only applies hedge accounting for cash flow hedges that meet the criteria in IFRS 9. At the inception of each hedge relationship, the Group designates and documents the hedge accounting relationship, the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to change in expected cash flows from the hedged item's hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in the expected cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated. The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income, while the ineffective portion is recognised in profit or loss. Amounts recognised in other comprehensive income are reclassified to profit or loss when the hedged transaction affects the income statement, such as when hedged financial income or financial expense is recognised. If a hedge of a forecasted transaction

subsequently results in the recognition of a non-financial asset or liability, the gain or loss on the hedge instrument that was recognised in other comprehensive income is reclassified to the income statement in the same period or periods during which the asset acquired or liability assumed affects the statement of profit or loss. If the forecast transaction is no longer expected to occur, amounts previously recognised in other comprehensive income are reclassified to the statement of profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in other comprehensive income remain in other comprehensive income until the forecasted transaction occurs.

Estimation uncertainty

The fair value of the Group's currency hedges is determined using forward exchange rates at the balance sheet date, with the resulting value discounted to present value (level 2).

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

2019				
NOK million	Non-current financial investments	Derivative financial instruments (asset)	Derivative financial instruments (liability)	Total fair value
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	-	-351	-351
Fair value based on unobservable inputs (Level 3)	-	-	-	-
Total fair value at 31 December 2019	-	-	-351	-351

2018				
NOK million	Non-current financial investments	Derivative financial instruments (asset)	Derivative financial instruments (liability)	Total fair value
Fair value based on prices quoted in an active market (Level 1)	-	-	-	-
Fair value based on price inputs other than quoted prices (Level 2)	-	149	-124	25
Fair value based on unobservable inputs (Level 3)	28	-	-	28
Total fair value at 31 December 2018	28	149	-124	53

The contracts in fair value level 2 at 31 December 2019 and 2018 are the Group's derivative contracts. Fair value of these contracts is calculated by comparing the terms agreed under each derivative contract to the market terms for a similar contract on the valuation date.

Contracts in fair value level 3 are shares in companies in which Scatec Solar does not have significant influence or control. The internal assumptions are only used in the absence of quoted prices from an active market or other observable price inputs for the financial instruments subject to the valuation.

During the reporting period ending 31 December 2019, there have been no transfers between the fair value levels.

Market risk sensitivities

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

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

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

Currency risk

At the end of 2019 and 2018, currency risk sensitivities for financial instruments were calculated by assuming a +5/-5% change in the foreign exchange rates that the Group was mainly exposed to; a +5% change refers to a weakening of the transactional currency against the functional currency and a -5% change refers to a strengthening of the transactional currency against the functional currency.

NOK million	Profit (loss) before taxes	NOK million	Profit (loss) before taxes
At 31 December 2019		At 31 December 2018	
EUR - Net gain/(loss) (- 5%)	69	EUR - Net gain/(loss) (- 5 %)	-22
USD - Net gain/(loss) (- 5%)	53	USD - Net gain/(loss) (- 5%)	57
BRL - Net gain/(loss) (- 5%)	7	ZAR - Net gain/(loss) (- 5%)	52
ZAR - Net gain/(loss) (- 5%)	-1	BRL - Net gain/(loss) (- 5%)	6
MYR - Net gain/(loss) (- 5%)	-1	MYR - Net gain/(loss) (- 5%)	-1
EUR - Net gain/(loss) (+ 5%)	-69	EUR - Net gain/(loss) (+ 5%)	22
USD - Net gain/(loss) (+5%)	-53	USD - Net gain/(loss) (+ 5%)	-57
BRL - Net gain/(loss) (+ 5%)	-7	ZAR - Net gain/(loss) (+ 5%)	-52
ZAR - Net gain/(loss) (+ 5%)	1	BRL - Net gain/(loss) (+ 5%)	-6
MYR - Net gain/(loss) (+ 5%)	1	MYR - Net gain/(loss) (+ 5%)	1

Interest rate risk

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

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

NOK million		
At 31 December 2019	1%	-1%
Net gain/(loss)	13	-13
At 31 December 2018	1%	-1%
Net gain/(loss)	7	-7

Note 8 Employee benefits

Accounting principle

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. That cost is recognised in personnel expenses, together with a corresponding increase in equity over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the company's best estimate of the number of equity instruments that will ultimately vest. Service and non-market performance conditions are not considered when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the company's best estimate

of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, is considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions. The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

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

Salaries and other personnel costs

NOK million	2019	2018
Salaries	219	158
Share-based payment	9	8
Payroll tax	29	20
Pension costs	15	11
Other personnel costs	74	57
Capitalised to PP&E (project assets)	-183	-117
Total personnel expenses	163	137

Management Group remuneration

NOK million	2019	2018
Salary and bonus	23	21
Pension	1	1
Total reportable benefits paid	24	22

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

Long term incentive programs

In line with the terms adopted by the Annual General Meeting of Scatec Solar ASA on 4 May 2016, and prolonged on 30 April 2019, the Board of Directors has established an option program for leading employees of the company.

In line with the terms adopted by the Annual General Meeting of Scatec Solar ASA on 30 April 2019, the Board of Directors continued to implement a share-based incentive programme for leading employees of the company. The first award under the programme, granted in January 2020, was 595 thousand options, which is divided into three tranches whereby 1/3 vests each year over three years with the first tranche vesting 1 January 2021. The strike price of the option was set to NOK 114.83 per share based on the volume weighted average share price over the ten last trading days preceding

the grant date. The current grant is the first of three contemplated annual grants of share options in accordance with Scatec Solar's incentive programme. A total of 39 employees were awarded options. During 2019 341 thousand options were exercised, and at the end of the year the total number of outstanding options are 1,185 thousand.

The three previously awards, under the incentive programme and terms adopted in 2016, was granted October 2016, January 2018 and January 2019. The first award under this program was 757 thousand options, which vested 1/3 1 January 2018, 1/3 1 January 2019 and the final 1/3 1 January 2020. A total of 15 employees were awarded options of which three have subsequently left the Company. The second award under the program was 490 thousand options, which vest 1/3 1 January 2019, 1/3 1 January 2020 and the final 1/3 1 January 2021. A total of 15 employees were awarded options of which one has subsequently left the Company. The third award was 495 thousand options, which vest 1/3 1 January 2020, 1/3 1 January 2021 and the final 1/3 1 January 2022. A total of 24 employees were awarded options of which none have subsequently left the company. The strike price is equivalent to the volume weighted average price of the shares the 10 preceding trading days of the grant, and the strike price for the three awards are NOK 28.08, NOK 47.65 and NOK 72.03 respectively. During 2018 216 thousand options were exercised, and by end of 2018 the total number of outstanding options were 1,031 thousand.

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

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

In September 2015 certain key employees were invited to participate in a one-time personal award program, whereby such key employees were granted 80 thousand synthetic Scatec Solar shares. In addition, the participants will earn a multiplier of between 1 and 2 times the awarded number of synthetic shares, making the total size of the program 160 thousand synthetic shares. The vesting of the shares is conditional upon the participants being employed with the company at year-end 2016/2018. Further, the second tranche of shares is linked to performance conditions that must be satisfied. The value of the synthetic shares was paid to the participants 28 February 2017 and 2019 based on the share price on the last day of trading in 2016/2018. The program meets the definition of a cash settled share-based payment transaction and is accounted for in accordance with IFRS 2. The estimated total fair value of the plan at grant date was NOK 8 million and an accrual of NOK 3 million (3) was recognised per 31 December 2018. The payment to the participants was NOK 2 million in 2017, NOK 0 million in 2018, and the remaining part of NOK 6.3 million was paid in 2019.

Pensions schemes

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

Number of FTE's employed during the financial year

	2019	2018
South Africa	95	88
Norway	87	77
Egypt	28	11
Malaysia	26	22
Brazil ¹⁾	18	17
Honduras	14	12
Ukraine	11	2
The Netherlands	5	3
Czech	4	4
Argentina ¹⁾	4	1
France	3	1
Mozambique	3	1
Jordan	2	2
Rwanda	2	2
Bangladesh	1	-
Germany	1	1
Mali	-	1
Total	303	245

1) Equity consolidated joint venture.

Note 9 Other operating expenses

See note 21 for accounting principles for provisions and contingent liabilities

NOK million	2019	2018
Facilities	86	61
Professional fees	62	49
Other office costs	34	23
Travel costs	18	15
Social development contributions	12	14
O&M external fees	5	3
Other costs	17	9
Total other operating expenses	234	174

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

NOK million	2019	2018
Audit services	6	5
Other attestation services	1	-
Tax services	1	2
Other services	1	-
Total remuneration	9	7

VAT is not included in the numbers above.

Note 10 Financial income and expenses

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

NOK million	2019	2018
Interest income	66	50
Forward exchange contracts	-	147
Interest and other financial income	66	197

NOK million	2019	2018
Interest expenses	-704	-500
Forward exchange contracts	-33	-
Other financial expenses	-6	-18
Interest and other financial expenses	-744	-518
Foreign exchange gains/(losses)	-13	15
Net financial expenses	-690	-306

During the second quarter of 2018, forward exchange contracts (FEC) were set up in order to eliminate currency exchange risk in the Upton projects in South Africa. In 2019 the net loss following the mark-to-market revaluation of open USD and EUR FECs amounts to NOK -33 million (147). The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

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

Note 11 Tax

Accounting principle

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

Current income tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Deferred tax assets and liabilities are recognised for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of

assets and liabilities, using tax rates enacted or substantially enacted at the consolidated statement of financial position date. Deferred tax assets and liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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

Estimation uncertainty

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

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

The Group has NOK 2,461 million (2018: NOK 1,966million) of tax losses carried forward. When assessing the probability of utilising these losses several factors are considered. These factors include, if the entity in question has a history of losses, if there is an expiration date on the entity's ability to carry the losses forward, if the losses may be used to offset taxable income elsewhere in the Group and if there are any tax planning opportunities available. The majority of the Group's tax losses are related to favourable tax rules for depreciation of solar power plants and its reversal is merely a timing effect. At year-end 2019 the Group has recorded a valuation allowance of NOK 40 million (2018: NOK 24 million) related to tax losses carried forward.

NOK million	2019	2018
Tax payable	-140	-40
Change in deferred tax	91	-52
Withholding tax	-5	-5
Taxes related to previous years	26	-1
Income tax expense	-29	-97
Reconciliation of Norwegian nominal tax rate to effective tax rate		
Profit before income tax	184	323
Nominal tax rate (22% / 23%)	-40	-74
Tax effect of:		
Tax rates different from nominal rate	23	-3
Share of net income from associated companies	-6	8
Permanent differences	-10	-10
Current tax on dividend received and withholding tax	-5	-5
Use and capitalisation of previously unrecognised losses carried forward	4	-
Valuation allowance loss carried forward	-18	-11
Effect of change of statutory tax rate	-	-3
Tax incentives received related to prior years income	24	-
Correction of previous years taxes	2	-1
Other items	-2	2
Calculated tax expense	-29	-97
Effective tax rate	16%	30%

For 2019 the Group had an income tax expense of 29 million, equivalent to an effective tax rate of 16%. The effective income tax rate for the year was significantly influenced by the recognition of tax incentives related to prior years income after the construction revenues in Malaysia was approved under the Malaysian Green Tariff Incentive exemption. In general, the effective income tax for the Group is influenced by profits in higher-tax countries and losses in lower-tax countries. The underlying tax rates in the companies in operation are

in the range of 0% to 33%. In some markets, Scatec Solar receives special tax incentives intended to promote investments in renewable energy. The effective tax rate will normally be higher in periods where construction activity is higher than power production activities as the tax rate in the construction companies normally is higher than in the power plant companies. The full tax expense on the internal profit is not eliminated in the consolidated financial statement and is hence increasing the effective consolidated tax rate.

Significant components of deferred tax assets and liabilities

NOK million	2019	2018
Deferred tax assets		
Tax losses carried forward	566	537
Property, plant and equipment	327	282
Financial instruments	76	30
Bad debt provision	2	5
Lease liabilities	33	-
Other items	10	9
Valuation allowance of deferred tax assets	-40	-24
Offsetting of tax balances ¹⁾	-192	-313
Total deferred tax assets	781	526

NOK million	2019	2018
Deferred tax liabilities		
Property, plant and equipment	605	555
Financial instruments	19	83
Other items	5	20
Offsetting of tax balances ¹⁾	-192	-313
Total deferred tax liabilities	438	345

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

Specification of tax loss carried forward

Country	2019		2018	
	Loss carried forward	Deferred tax asset	Loss carried forward	Deferred tax asset
South Africa	1,266	350	1,628	450
Jordan	369	19	-	-
Norway	392	86	260	60
Egypt	307	69	11	3
Netherlands	89	-	34	-
France	18	-	18	-
Italy	14	-	14	-
Ukraine	4	1	-	-
Total at 31 December	2,461	526	1,966	513

The losses carried forward in South Africa, Egypt and Jordan are mainly related to accelerated depreciation rates for solar plant assets compared to the accounting depreciations which is determined by the useful life of the assets. The accelerated tax depreciations result in a deferred tax liability for property, plant and equipment and at the same time a taxable loss which can be carried forward.

The tax losses in Egypt and Jordan can be carried forward for 5 years while losses in Netherlands can be carried forward for 9 years. All other tax losses in the group can be carried forward indefinitely. The losses carried forward in South Africa and Egypt are recognised in full, based on expected future taxable profits that will more than offset accumulated losses and/or by using tax loss carry back mechanisms. In Norway, interest limitation rules came into force in 2014. The Group has at the end of 2019 capitalised approximately NOK 7 (7) million in deferred tax asset related to deferred interest expenses, which can be carried forward for 10 years until 2027.

Movement in net deferred tax asset

NOK million	2019	2018
Net deferred tax asset at 1 January	181	217
Recognised in the consolidated statement of profit or loss	91	-52
Deferred tax on financial instruments recognised in other comprehensive income	58	20
Recognised in the consolidated statement of changes in equity	6	4
Translation differences	7	-8
Net deferred tax asset at end of period	343	181

Note 12 Property, plant and equipment**Accounting principle****Property, plant and equipment (PPE)**

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

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

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

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on de-recognition of the asset (calculated

as the difference between the net disposal proceeds and the carrying amount of the item) is included in profit or loss in the period the item is de-recognised.

Solar plants under development

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

Expenses that are capitalised include the costs of materials, direct wage costs and other directly attributable expenses. In the case where the Group's intention is to sell the solar power plant, capitalised development costs are presented as inventory.

Asset retirement obligations (ARO)

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

Scatec Solar's future asset retirement obligation depends on several uncertain factors such as the possible existence of a power market for the plants after the end of the PPA, future recycling arrangements for solar panels and/or their second-hand value, future value of steel and copper as well as future development of interest and currency exchange rates.

As a result, the initial recognition of the liability and the capitalised cost associated with the removal obligations, and the subsequent adjustments, involve the application of significant judgement. The calculation of the ARO is done on a plant by plant basis, taking into consideration relevant project specifics.

Intangible assets

Intangible assets mainly consist of software.

Impairment of property, plant and equipment

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

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

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

Estimation uncertainty

Estimated useful life of solar power plants

The estimated useful lives of property, plant and equipment are reviewed on an annual basis and changes in useful lives are accounted for prospectively.

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

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

The power plants currently in operation have 20 to 25 years off-take agreements. Whether or not these agreements will be extended is not currently known. Based on the markets in which Scatec Solar is currently operating solar power plants, it is management's assessment that, of the four factors described above, the length of the PPAs is the decisive factor impacting/limiting the useful life of the plants.

Consequently, the Group depreciates the solar power plants over the length of the off-take agreement. This assessment is made on a plant by plant basis. The technical life of the plants is not deemed to be a limiting factor and there is access to quality services and personnel to secure the required level of maintenance and repair.

Impairments

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

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

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

NOK million	Solar power plants	Solar power plants under development and construction	Intangible assets, equipment and other assets	Total
Accumulated cost at 1 January 2019	6,432	3,598	76	10,106
Right-of-use assets recognised at initial application	121	-	61	182
Additions	129	6,333	131	6,593
Transfers	6,400	-6,400	-	-
Cost of disposed assets	-	-6	-	-6
Effect of movements in foreign exchange	36	106	2	144
Accumulated cost at 31 December 2019	13,118	3,631	270	17,019
Accumulated depreciation and impairment losses at 1 January 2019	1,057	17	23	1,097
Depreciation for the year	454	-	25	479
Impairment losses	6	23	4	33
Accumulated depreciation and impairment losses disposed assets	-	-	-	-
Effect of movements in foreign exchange	17	-5	-3	9
Accumulated depreciation and impairment losses at 31 December 2019	1,534	35	49	1,618
Carrying amount at 31 December 2019	11,584	3,596	221	15,401
Estimated useful life (years)	20-25	N/A	3-10	
Accumulated cost at 1 January 2018	5,087	1,352	55	6,494
Additions	80	3,461	24	3,565
Transfers	1,352	-1,352	-	-
Cost of disposed assets	-20	-8	-3	-31
Effect of movements in foreign exchange	-67	145	-1	77
Accumulated cost at 31 December 2018	6,432	3,598	76	10,106
Accumulated depreciation and impairment losses at 1 January 2018	851	8	17	876
Depreciation for the year	248	-	8	256
Impairment losses	-	17	-	17
Accumulated depreciation and impairment losses disposed assets	-17	-8	-2	-27
Effect of movements in foreign exchange	-25	-1	1	-25
Accumulated depreciation and impairment losses at 31 December 2018	1,057	17	23	1,097
Carrying amount at 31 December 2018	5,374	3,581	53	9,008
Estimated useful life (years)	20-25	N/A	3-5	

The power plant companies in Argentina and Brazil are equity consolidated and hence not included in the above table.

During 2019 the Group capitalised borrowing costs amounting to NOK 191 million, corresponding to 100% of directly attributable cost to acquired assets.

The carrying value of development projects that have not yet reached the construction phase was NOK 181 million at 31 December 2019 (31 December 2018: NOK 144 million).

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

Impairments

During 2019, the Group impaired equipment amounting to NOK 33 million (2018: NOK 17 million) mainly related to discontinued development of some projects.

Note 13 Impairment testing goodwill

Accounting principle

Goodwill and intangible assets with an indefinite useful life are not amortised on a regular basis but are tested for impairment annually as of 31 December or more frequently if there are circumstances indicating that the carrying amount may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (CGU) (or group of CGUs) to which the goodwill relates. When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised. Impairment losses relating to the goodwill cannot be reversed in future periods. As of 31 December 2019 and 2018, the Group had no other intangible assets with infinite useful life.

Estimation uncertainty

Whereas project development and certain subcontracting require local knowledge and presence, a major part of the work related to the completion of solar power projects is of a generic nature and can be provided through a common methodology and platform independent of project and market. Consequently, the goodwill is allocated to and impairment

tested on the global EPC cash generating unit, which is part of the Development & Construction operating segment.

The recoverable amount has been determined based on value in use calculations. The estimated cash flows correspond to the business plan for 2020, which is based on the Group's project backlog. The business plan is approved by the Board of Directors. Cash revenues have been calculated based on estimated project volumes and an average margin related to project execution. Cash expenses have been calculated based on budgeted cost of sales and operating expenses attributable to project execution activities. To the best of management's judgement, capital expenditure and changes in working capital are insignificant in relation to this calculation and are therefore excluded. The nominal free cash flows exceed the carrying amount and the asset is not impaired.

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

Carrying value of goodwill at 31 December – Operating segment

NOK million	2019	2018
Development and construction	24	24
Total at 31 December	24	24

The goodwill is associated with the acquisition of Solarcompetence GmbH October 2007. The goodwill was determined to be related to know-how (employees), the record of accomplishment of the company acquired, as well

as synergies. The purpose of the acquisition was to gain control of a competence centre that had documented results from delivering engineering, procurement and construction services related to large solar power projects.

Note 14 Investments in JVs and associated companies

Accounting principle

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The considerations made in determining significant influence or joint control are similar to those necessary to determine control over subsidiaries.

The Group's investments in its associate and joint venture are accounted for using the equity method. Under the equity method, the investment in an associate or a joint venture is initially recognised at cost. In a situation where a joint venture is established by rendering joint control to another party in a business, that before the transaction was fully consolidated, will the consolidated assets and liabilities be derecognised at book value at the time of the transaction and replaced by a single-line-asset in the Consolidated statement of financial position measured at fair value. The difference between the carrying amount of the net consolidated assets and the fair value of the joint venture is fully recognized in the consolidated statement of profit and loss when the derecognised assets constitute a business under the definition in IFRS 3.

The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the associate or joint venture since the acquisition date. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment separately.

The statement of profit or loss reflects the Group's share of the results of operations of the associate or joint venture in addition to amortisation of any fair value adjustment at the time of investment.

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

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

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the statement of profit or loss outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the associate or joint venture.

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

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Investments in JVs and associated companies

The consolidated financial statements include the Group's share of profits/losses from joint ventures and associated companies, accounted for using the equity method.

Company	Registered office	2019	2018
Scatec Energy LLC	California, USA	-	50.00%
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	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi II Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi III Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Apodi IV Energia SPE S.A	Jaboatão dos Guararapes, Brazil	43.75%	43.75%
Scatec Solar Solutions Brazil BV	Amsterdam, Netherlands	50.00%	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 (Argentina)	Buenos Aires, Argentina	50.00%	50.00%

Scatec Energy developed wind projects in the US, that was closed at year end 2019. The projects are sold, and the company's activities are limited to managing and following up on these sales agreements.

On 29 September 2017 Scatec Solar signed an agreement to establish a 50/50 joint venture with Equinor to build, own and operate large scale solar power plants in Brazil. As the first step of the agreement Equinor secured a 40% equity position in Scatec Solar's existing 162 MW Apodi project. Equinor paid USD 25 million for the project rights and for participation in the joint venture. Equinor has in addition injected USD 35 million in the power plant companies to fund their share of the project. The joint venture will be responsible for construction, operation and maintenance as well as asset management of the plant. As of the effective date in 2017 Scatec Solar lost control (as defined by IFRS 10 for consolidation purposes) of the power plant companies and full consolidation ceased. Upon deconsolidation of the subsidiaries a net gain of NOK 176 million was recognized. As of the same date the investments were equity consolidated as Scatec Solar and Equinor are considered to be in joint control of the investees. The joint

venture was recognised at fair value, resulting in a net gain of NOK 199 million. The fair value adjustment is allocated to the power purchase agreement (PPA). During 2018 an amortisation charge of NOK 1 million was recognized following the CoD of the power plant in November 2018.

In June 2018, Scatec Solar together with Equinor signed an agreement with the Portuguese company Martifer Renewables for the acquisition of the Guanizuil IIA project in Argentina. The project was awarded a PPA in the RenovAR auction process held by CAMMESA, the Argentinian Wholesale Power Market Administrator, in November 2017. The partners signed the 20-year PPA in November 2018, and construction started late December 2018. Total capital expenditure to realise the plant is estimated at USD 103 million and the plant will be owned 50% by Scatec Solar and 50% by Equinor. The project was developed through the jointly owned company Scatec Equinor Solutions Argentina S.A. Scatec Solar and Equinor is deemed to be in joint control over the Argentina investment through the contractual arrangement of the project. The investment is presented as a joint venture and accounted for by using the equity method.

Proportion of equity interest held by non-controlling interests

NOK million	Brazil	Argentina	Other	Total
Carrying amount of investments in JV and associated companies 31 December 2017	413	-	2	415
Addition of invested capital	117	-	187	304
Share of profit/loss for the year	63	-	-	63
Items charged to equity	-46	-	10	-37
Carrying amount of investments in JV and associated companies 31 December 2018	547	-	197	745
Argentina reclassified from category Other	-	197	-197	-
Addition of invested capital	-	59	-	59
Share of profit/loss for the year	9	-38	1	-28
Dividend paid to owners	-55	-	-	-55
Items charged to equity	-12	19	-	8
Carrying amount of investments in JV and associated companies 31 December 2019	490	236	2	728

100% figures of summarized financial information for material JV companies (stand alone basis)

NOK million	Brazil JV companies		Argentina JV companies	
	2019	2018	2019	2018
Revenues	255	594	104	-
Operating expenses	-189	-436	-70	-
Operating profit/(loss)	66	158	34	-
Net financial items	-68	8	-37	-
Profit before income tax	-2	167	-3	-
Income tax	-8	-31	-4	-
Profit/(loss) after tax	-9	136	-7	-
Non-controlling interests	1	1	-	-
Profit/loss (100%) after non-controlling interests	-9	135	-7	-
Scatec Solar's Share	-5	67	-4	-
Less elimination of unrealised internal profit between joint venture companies	-2	-30	-6	-
Plus, profit from sale of services from consolidated to joint venture companies	16	26	3	-
Less impairment of value on construction joint venture companies	-	-	-31	-
Net profit/loss (100 %) after non-controlling interests	9	63	-38	-

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

NOK million	Brazil JV companies		Argentina JV companies
	31.12.2019	31.12.2018	31.12.2019
Non-current assets	1 599	1,787	946
Current assets	58	27	165
Cash and cash equivalents	127	191	21
Total assets	1 783	2,006	1 133
Non-current liabilities	1 237	1,385	267
Current liabilities	104	77	645
Total liabilities	1 341	1,462	912
Total Equity	442	544	221
Non-controlling-interests	40	40	-
Total equity excluding NCI	402	504	221
Scatec Solar share of equity	201	252	110
Elimination of unrealized internal profit between JV companies	-35	-35	-8
Fair value remeasurement at first time recognition of JV	166	178	-
Loan to JV	158	152	133
Net investment in JV	490	547	235

Note 15 Cash and cash equivalents

Accounting principle

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

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

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

NOK million	2019	2018
Cash in power plant companies in operation	1,567	730
Cash in power plant companies under development / construction	420	1,467
Other restricted cash	78	67
Free cash	758	1,039
Total cash and cash equivalents	2,824	3,303

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

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

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

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

NOK million	2019	2018
Free cash at beginning of the period	1,039	688
Proportionate share of cash flow to equity O&M	37	26
Proportionate share of cash flow to equity D&C	471	383
Proportionate share of cash flow to equity CORP	-91	-85
Project development capex	-135	-106
Equity contributions/collateralised for equity commitments in power plant companies	-869	-1,655
Distributions from power plant companies	241	216
Share capital increase, net after transaction cost and tax	1,300	590
Dividend distribution	-108	-81
Working capital / Other	-1,127	1,064
Free cash at end of the period	758	1,039

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

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

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

Guarantee facility

In third quarter 2017 Scatec Solar entered into a guarantee facility and an intercreditor agreement. The guarantee facility has Nordea Bank as agent, Nordea Bank and ABN Amro as issuing banks and Nordea Bank, ABN Amro and Swedbank as guarantee instrument lenders. The guarantee facility is mainly used to provide advanced payment-, performance- and warranty bonds under construction agreements, as well as trade letter of credits. The intercreditor agreement is entered into by Scatec Solar, the issuing banks under the guarantee facility and GIEK. GIEK can issue counter indemnity in favour of the issuing banks on behalf of the relevant instrument lenders.

Revolving credit facility

In April 2019 Scatec Solar increased the revolving credit facility from USD 60 million to USD 90 million, with Nordea Bank as agent and Nordea Bank, ABN Amro and Swedbank as equal Lenders. The facility can be drawn in USD, NOK, EUR or an optional currency agreed with the banks. Revolving

credit facility interest is the interbank offer rate for the drawn period plus a margin of 3.25%. Scatec Solar has not drawn on the revolving credit facility per 31 December 2019.

Overdraft facility

In second quarter 2018 Scatec Solar entered into a USD 5 million overdraft facility with Nordea Bank. The overdraft interest is the 7-day interbank offer rate plus a margin of 2.5%. Scatec Solar has not drawn on the overdraft facility per 31 December 2019.

Green bond

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

At 31 December 2019, Scatec Solar was in compliance with all financial covenants for the above facilities. The book equity of the recourse group, as defined in the facility agreements, was NOK 5,004 million per year end.

During 2019, interest amounting to NOK 68 million (61) was expensed for the bond, overdraft- and revolving credit facility.

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

Note 16 Trade receivables

NOK million	2019	2018
Accounts receivables	336	199
Provision for bad debt	-	-
Accrued income and other receivables	124	80
Total trade receivables	461	279

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

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

NOK million	Total	Not due	Overdue
2019	336	221	115
2018	199	160	39

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

NOK million	Overdue			
	Less than 30 days	30 - 60 days	60 - 90 days	More than 90 days
2019	9	1	20	85
2018	9	10	9	11

Note 17 Other non-current and current asset

Accounting principle

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

Other non-current assets comprise the following:

NOK million	2019	2018
Non-current assets from related parties (ref. note 26)	3	4
Loan to non-controlling interests	36	61
Other non-current receivables	110	46
Total other non-current assets	149	112

Other current assets comprise the following:

NOK million	2019	2018
Prepayments related to assets under development/construction	519	221
Receivables from public authorities /prepaid taxes, VAT etc	579	310
Other receivables and prepaid expenses	113	181
Total other current assets	1,211	711

Receivables related to assets under construction reflects working capital components on the construction contracts for the projects in Malaysia, South Africa and Ukraine.

Note 18 Non-recourse financing

Accounting principle

At initial recognition, interest-bearing loans and borrowings are measured at fair value, less any transaction costs that are directly attributable to the acquisition or issue of the financial liability. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR (Effective Interest Rate) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

The table below specifies non-recourse financing at 31 December 2019 and 2018.

NOK million	Interest rate ³⁾	Maturity date	2019	2018
Loan facilities (ZAR) - South Africa portfolio, Kalkbult, Linde and Dreunberg ^{1,2)}	11.68 %	31.12.2029	2,191	2,262
Loan facilities (CZK) - Czech portfolio ¹⁾	5.27 %	11.05.2029	352	377
Loan facilities (USD) - Gigawatt Global Rwanda Ltd (ASYV) ¹⁾	8.15 %	11.01.2030	117	121
Loan facilities (USD) - Jordan portfolio ¹⁾	6.24 %	10.01.2032	740	776
Loan facilities (USD) - Produccion De Energia S.A (Aqua Fria) ¹⁾	7.02 %	31.12.2026	464	513
Loan facilities (MYR) - Quantum Solar Park (Semenanjung) SDN. BHD.	6.13 %	23.02.2035	2,036	2,076
Loan facilities (USD) - Aswan portfolio Egypt ^{1,2)}	7.21 %	31.10.2036	2,952	1,831
Loan facilities (USD) - Central Solar de Mocuba, Mozambique ²⁾	6.41 %	31.01.2035	477	267
Loan facilities (ZAR) - South Africa Upington ¹⁾	6.43 % ⁴⁾	31.03.2037	2,385	785
Loan facilities (MYR) - Red Sol	5.20 %	31.12.2028	242	-
Loan facilities (EUR) - Ukraine ¹⁾	6.46 %	31.12.2028	1,106	-
Total non-recourse financial liabilities			13,064	9,007

1) The rate of interest is a calculated average.

2) The rate of interest is calculated including interest rate swap agreements and excluding fees.

3) All loans are fixed or swapped to fixed rate interests, except for the loans in South Africa Upington where the interest rates are inflation-linked to match the profile of the PPA indexations.

4) Parts of the loans in South Africa Upington are structured as CPI-linked loans where the principal loan amount is uplifted based on the yearly observed CPI factor. Hence, the effective interest including the CPI factor is higher than the nominal interest rate of the loan. For 2019 the CPI factor applied to the loans was 4.2 %.

5) The amounts include accrued interest per December 31st.

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

The project entities' assets are pledged as security for the non-recourse financing. The Group's book value of the pledged solar power plants is NOK 14,263 million (2018 NOK 8,079 million).



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

Repayment structure

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

NOK million	Loan repayment	Interest payment	Total
2020	629	808	1,438
2021	738	862	1,600
2022	784	809	1,593
2023	868	762	1,630
2024	947	715	1,662
2025	976	659	1,635
2026	1,039	600	1,639
2027	1,004	537	1,541
2028	1,078	480	1,557
2029	810	416	1,226
2030	641	363	1,004
2031	641	328	969
2032	601	294	896
2033	592	261	853
2034	621	226	847
2035	588	184	771
2036	330	92	422
2037	165	9	173
Total future loan repayment	13,053	8,404	21,457

The tables below specify the payment structure of principal and interests per project of the non-recourse financing.

Principal repayments

NOK million	South Africa portfolio; Kalkbult, Linde and Dreunberg	Czech portfolio	Asyv, Rwanda	Jordan portfolio	Agua Fria, Honduras	QSP, Malaysia	Egypt portfolio	Mocuba, Mozambique	South Africa portfolio; Upington	Red sol, Malaysia	Ukraine portfolio	Total
2020	163	31	5	47	58	103	54	12	55	15	86	629
2021	197	33	6	48	61	103	69	27	51	18	125	738
2022	209	35	7	49	63	103	83	25	60	19	133	784
2023	228	37	7	51	65	103	137	27	59	20	133	868
2024	238	39	8	53	69	125	165	29	69	20	132	947
2025	244	41	10	56	76	115	172	28	87	21	126	976
2026	252	44	11	59	74	126	184	30	105	22	133	1,039
2027	248	47	12	62	-	126	196	31	120	23	139	1,004
2028	263	49	13	65	-	126	208	33	133	84	102	1,078
2029	149	21	19	69	-	148	220	34	150	-	-	810
2030	-	-	17	73	-	148	200	31	172	-	-	641
2031	-	-	-	76	-	149	205	34	177	-	-	641
2032	-	-	-	42	-	149	214	36	160	-	-	601
2033	-	-	-	-	-	150	225	37	181	-	-	592
2034	-	-	-	-	-	150	235	39	198	-	-	621
2035	-	-	-	-	-	108	248	17	215	-	-	588
2036	-	-	-	-	-	-	99	-	231	-	-	330
2037	-	-	-	-	-	-	-	-	165	-	-	165
Total	2,191	377	116	751	465	2,031	2,914	470	2,385	242	1,109	13,053

Interest payments

NOK million	South Africa portfolio; Kalkbult, Linde and Dreunberg	Czech portfolio	Asyv, Rwanda	Jordan portfolio	Agua Fria, Honduras	QSP, Malaysia	Egypt portfolio	Mocuba, Mozambique	South Africa portfolio; Upington	Red sol, Malaysia	Ukraine portfolio	Total
2020	242	18	10	45	29	113	161	12	92	70	17	808
2021	222	17	9	42	25	107	169	12	184	61	13	862
2022	199	15	9	39	21	102	165	11	183	53	12	809
2023	175	13	8	36	17	96	170	10	179	44	11	762
2024	151	11	8	33	13	90	176	9	177	36	11	715
2025	123	9	7	29	8	83	180	9	173	28	10	659
2026	95	7	6	26	3	76	181	8	168	20	9	600
2027	67	5	5	22	-	69	182	7	160	12	8	537
2028	39	3	4	19	-	62	180	6	152	8	7	480
2029	20	-	3	15	-	55	177	5	140	-	-	416
2030	-	-	1	10	-	46	173	4	129	-	-	363
2031	-	-	-	6	-	37	168	3	114	-	-	328
2032	-	-	-	1	-	28	162	3	100	-	-	294
2033	-	-	-	-	-	19	155	2	86	-	-	261
2034	-	-	-	-	-	10	145	-	70	-	-	226
2035	-	-	-	-	-	2	131	-	51	-	-	184
2036	-	-	-	-	-	-	60	-	32	-	-	92
2037	-	-	-	-	-	-	1	-	8	-	-	9
Total	1,333	99	70	323	117	995	2,737	102	2,197	332	98	8,404

Covenants

Czech portfolio

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

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

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

Simacel 155 (Pty) Ltd. (Linde)

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

Simacel 160 (Pty) Ltd. (Dreunberg)

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

Gigawatt Global Rwanda Ltd (ASYV)

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

At December 31st, 2019 the Historic Unaudited DSCR was below the required 1:10 and the loan amount of NOK 116 million is hence classified as current in the balance sheet of the group. A waiver for this covenant breach has been obtained from the lenders in January 2020 and the loan is again to be considered as non-current.

Produccion De Energia S.A (Aqua Fria)

The loan facilities agreement contains financial covenants included, but not limited to: maintain a Minimum Debt Service Coverage of 1.10; maintain a Financial Debt to Total Assets not more than 70%.

The local utility and off-taker under the PPA in Honduras, Empresa Nacional de Energía Eléctrica (ENEE), have on occasions been late in paying for the electricity produced by Independent Power Producers (IPPs) in the country, including payments to Agua Fria and Los Prados. The accumulated unpaid balance represents six and eight months of revenues for Agua Fria and Los Prados respectively, and the unpaid balance has remained fairly constant since 2018. The PPA payments for the IPPs in Honduras are secured by a sovereign guarantee and ENEE is in the process of being restructured and refinanced and the collection risk is hence considered low. Based on this situation the company has obtained a change of covenants regarding the required Minimum Debt Service Coverage in the loan agreement for Agua Fria, where next measurement is set to April 2020. Accordingly, the company was not in breach with any covenant at 31 December 2019.

Jordan portfolio (Oryx/EJRE/GLAE)

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

Quantum Solar Park (Semenanjung) SDN. BHD.

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

Egypt portfolio

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

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

Mozambique:

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

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

South Africa Upington portfolio

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

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

Ukraine portfolio

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

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

Red Sol, Malaysia:

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

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

With exception of the breach for Rwanda mentioned above the power plant companies were in compliance with the financial covenants at 31 December 2019. Refer to the definitions chapter for description of the abbreviations.

Note 19 Bonds

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

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

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

Per 31 December 2019, Scatec Solar was in compliance with all of the bond's covenants. The book equity of the recourse group, as defined in the loan agreement, was NOK 5,004 million per year end, and the debt to capitalization ratio was 13% per year end.

During 2019, interest amounting to NOK 50 million was expensed (2018: 46 million).

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

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

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

Note 20 Derivative financial instruments

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

Derivative financial assets

NOK million	2019	2018
Forward exchange contracts		
Current portion	-	149
Total derivative financial assets	-	149

Derivative financial liabilities

NOK million	2019	2018
Interest rate swap contracts		
Current portion	31	9
Non-current portion	320	115
Total derivative financial liabilities	351	124

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

The tables above show the market value of the derivatives for the year ending 2019 and 2018, carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The derivative financial instruments are presented on a gross basis in the consolidated statement of financial position, since the Group did not have the legal right or the intention to offset these cash flows.

Interest rate Swaps - South Africa

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2019 were NOK 2,286 million (2018 NOK 2,603 million). The fixed interest rates vary from 7.5 % to 8.4 %, and the main floating rates is linked to 3-month JIBAR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Interest rate Swaps - Egypt

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2019 were NOK 1,437 million (2018 NOK 1,282). The fixed interest swap rate varies from 2.69 % to 3.465 %, and the main floating rates is linked to 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Interest rate Swaps - Mozambique

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2019 were NOK 385 million (2018 NOK 187). The fixed interest swap rate is

3.30% %, and the main floating rates is linked to 6-month USD Libor. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2035.

Forward exchange contracts – South Africa

In 2018, forward exchange contracts (FEC) were set up to eliminate currency exchange risk in the Uppington projects in South Africa. The nominal values of the USD-contracts are NOK 110 million and the EUR-contracts have a nominal value of NOK 23 million. The FECs are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period. All the FEC-contracts mature in 2020.

Interest rate Swaps - Malaysia

The notional principal amounts of the outstanding interest rate swap contracts at 31 December 2019 were NOK 233 million (2018 NOK 0). The fixed interest swap rate is 4.3 %, and the main floating rates is linked to 6-month KLIBOR. The maturity profile of the interest rate swaps is set up in order to match the non-recourse financing, and maturity is in 2028.

Reconciliation of hedging reserve - interest rate swap contracts

NOK million	2019	2018
Opening balance	-87	-41
Reclassification during the year to profit or loss, gross	9	16
Reclassification during the year to profit or loss, tax effect	-2	-4
Net gain/(loss) during the year of the not-yet matured contracts	-249	-74
Tax on items recognised in OCI	62	17
Closing balance	-268	-87
Of which equity holders of the parent company	-130	-44

Note 21 Other non-current and current liabilities

Accounting principle

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

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

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

For accounting principles regarding leases, see note 22 Leases.

Other non-current liabilities comprise the following:

NOK million	2019	2018
Shareholder loan from non-controlling interests (ref note 28)	761	564
Non-current lease liability	231	-
Asset retirement obligations	215	78
Other long-term provisions and accruals	254	96
Total other non-current liabilities	1,460	738

Other current liabilities comprise the following:

NOK million	2019	2018
Current liabilities to related parties (ref note 26)	16	9
Current liabilities to non-controlling interests	-	83
Accrued expenses related to assets under development/construction	449	764
Public dues other than income taxes	88	99
Accrued interest expenses	6	6
Accrued payroll	36	33
Current lease liability	14	-
Other accrued expenses	293	238
Total other current liabilities	902	1,230

Liabilities related to assets under development/construction reflects working capital components on the construction contracts for the projects in Malaysia, South Africa and Ukraine.

Note 22 Leases

Accounting principle

The group has implemented IFRS 16 from 2019 with the modified retrospective approach. The comparative figures for 2018 have not been adjusted. With the transition to IFRS 16 the group has recognized right-of-use assets of NOK 182 million, and lease liabilities of NOK 170 million as of 1 January 2019. A further description of the impact of the initial application is disclosed in the tables below.

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

Identifying a lease

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

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

Recognition of leases and exemptions

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

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

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

Measuring the lease liability

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

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

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

Measuring the right-of-use asset

For accounting principles on right-of-use asset, see note 12 Property, plant and equipment. The right-of-use asset is

initially measured at cost and include the amount of the initial measurement of the lease liability and lease pre-payments made at or before the commencement date.

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

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

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

Estimation uncertainty

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

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

Reconciliation of lease commitments to lease liabilities

NOK million	
Operating lease obligations 31 December 2018 - Including obligations with variable payment	430
Operating lease obligations 31 December 2018 - Of which are variable payments	163
Short term- and low value lease exemption	2
Operating lease obligations 31 December 2018 - Excluding obligations with variable payments	265
Effect of discounting	-95
Lease liabilities recognised at initial application	170
Weighted average incremental borrowing rate	6.5 %
Lease liability at 1.1.2019	170
Lease agreements entered into during the year	97
Lease payments made during the year	-29
Interest expense on lease liabilities	11
Effect of movements in foreign exchange	-4
Lease liability at 31.12.2019	245

Leases in the income statement

NOK million	2019	2018
Operating expenses		
Short term- low value and variable lease payment expenses	-24	-
Operating lease expenses under IAS 17 and IFRIC 4	-	-30
Depreciation expenses		
Depreciation of right-of-use assets (land lease)	-6	-
Depreciation of right-of-use assets (office lease and other)	-14	-
Total depreciation	-20	-
Financial expenses		
Interest expense on lease liability	-11	-
Total lease expense in the income statement	-55	-30

Leases in the statement of financial position

NOK million	2019	2018
Assets		
Right-of-use assets - land lease	125	-
Right-of-use assets - office lease and other	115	-
Total right-of-use assets	240	-
Liabilities		
Non-current liabilities		
Lease liabilities (see note 21 Other non-current and current liabilities)	231	-
Current liabilities		
Lease liabilities (see note 21 Other non-current and current liabilities)	14	-

Leases in the statement of cash flows

NOK million	2019	2018
Cash flow from operating activities		
Short-term and variable lease payments	20	30
Cash flow from financing activities		
Lease payments on lease liability	29	-

Maturity analysis – Undiscounted contractual cash flows

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

Note 23 Share capital, shareholder information and dividend

At year-end 2019 the total number of shareholders in Scatec Solar was 10,306. The total number of outstanding shares was 125,128,672 at par value NOK 0.025 per share as of 31 December 2019.

In the first quarter of 2019 the Group increased the share capital by 0.3 % and increased the number of shares by 341,240, as part of the Group's incentive program.

In September 2019, Scatec Solar successfully raised NOK 1,320 million through a private placement consisting of 11,375,000 new shares at a price of NOK 116 per share. At 31 December 2019, the share capital amounted to NOK 3.1 million. All shares rank in parity with one another and carry one vote per share.

The tables below show the largest shareholders of Scatec Solar ASA and shares held by Management and Board of Directors at 31 December 2019.

Shareholder	Number of shares	Ownership
SCATEC AS	19,482,339	15.57 %
EQUINOR ASA	18,965,400	15.16 %
FOLKETRYGDFONDET	10,530,997	8.42 %
UBS AG	4,899,554	3.92 %
ARGENTOS AS	2,928,173	2.34 %
THE BANK OF NEW YORK MELLON	2,241,538	1.79 %
UBS SECURITIES LLC	1,937,124	1.55 %
STOREBRAND NORGE I VERDIPAPIRFOND	1,795,817	1.44 %
CACEIS BANK	1,596,000	1.28 %
VERDIPAPIRFONDET DNB NORGE	1,540,325	1.23 %
HANDELSBANKEN NORDEN	1,407,413	1.12 %
JPMORGAN CHASE BANK, N.A., LONDON	1,402,964	1.12 %
STATE STREET BANK AND TRUST COMP	1,299,722	1.04 %
STATE STREET BANK AND TRUST COMP	1,273,898	1.02 %
VERDIPAPIRFONDET PARETO INVESTMENT	1,146,000	0.92 %
HANDELSBANKEN HALLBAR ENERGI	1,122,976	0.90 %
BNP PARIBAS SECURITIES SERVICES	1,029,331	0.82 %
NORDNET BANK AB	1,015,689	0.81 %
KLP AKSJENORGE INDEKS	979,790	0.78 %
J.P. MORGAN BANK LUXEMBOURG S.A.	817,747	0.65 %
Total 20 largest shareholders	77,412,527	61.86 %
Total other shareholders	47,716,145	38.14 %
Total shares outstanding	125,128,672	100.0 %

Board of Directors	Number of Shares	Ownership
John Andersen, Jr. ¹⁾	-	0.00 %
Jan Skogseth	22,000	0.02 %
Gisele Marchand	2,586	0.00 %
Mari Thjømøe ²⁾	27,338	0.02 %
John Giverholt	4,000	0.00 %
Total at 31 December 2019	55,924	0.04 %

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

2) Held through the controlled company Thjømøekranen AS.

Management		Number of Shares	Ownership
Raymond Carlsen ¹⁾	Chief Executive Officer	2,987,847	2.39 %
Mikkel Tørud	Chief Financial Officer	298,817	0.24 %
Terje Pilskog ²⁾	EVP Project Development & Project Finance	510,877	0.41 %
Roar Haugland ³⁾	EVP Sustainability Business & HSSE	186,639	0.15 %
Torstein Berntsen ⁴⁾	EVP Power Production	695,486	0.56 %
Snorre Valdimarsson	EVP General Counsel	15,924	0.01 %
Pål Helsing	EVP Solutions	4,877	0.00 %
Toril Haaland	EVP People & Organisation	877	0.00 %
Total at 31 December 2019		4,701,344	3.76 %

1) Held through the controlled company Argentos AS, whereof 59,674 shares held by Raymond Carlsen directly.

2) Held through the controlled company Océmar AS, whereof 877 shares held by Terje Pilskog directly.

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

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

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

Dividend

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

On 24 January 2020, the Board of Directors announced its intention to propose a dividend of NOK 1.05 per share to the Annual General Meeting. Since then, capital markets have severely weakened. Therefore, in order to maintain the Company's financial flexibility, the Board of Directors has resolved to seek authorisation from the Annual General Meeting to pay a dividend of up to NOK 1.05 per share at a later stage, when the conditions in the capital markets have improved.

For 2018, the Board of Directors proposed a dividend of NOK 0.95 per share, totalling NOK 108 million. The General Meeting resolved the Board's proposal of a dividend of NOK 0.95 per share and the share was traded excluding dividend rights (ex-date) on 30 April 2019. The dividend was paid on 15 May 2019.

Note 24 Non-controlling interests

Accounting principle

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

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

Non-controlling interests

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

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

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

Proportion of equity interest held by non-controlling interests

Name	Country of incorporation and operation		2019	2018
Egypt				
Aswan Solar Power SAE	Egypt	In operation	49 %	49 %
Daraw Solar Power SAE (Philadelphia)	Egypt	In operation	49 %	49 %
Kom Ombo Renewable Energy SAE (Kom Ombo)	Egypt	In operation	49 %	49 %
Red Sea Solar Power SAE (Red Sea)	Egypt	In operation	49 %	49 %
Upper Egypt Solar Power SAE (Sun Infinite)	Egypt	In operation	49 %	49 %
Zafarana Solar Power SAE (Zafarana)	Egypt	In operation	49 %	49 %
Daraw BV	Netherlands	In operation	49 %	30 %
Egypt Solar BV	Netherlands	In operation	49 %	49 %
Kom Ombo BV	Netherlands	In operation	49 %	30 %
Upper Egypt BV	Netherlands	In operation	49 %	49 %
Zafarana B.V.	Netherlands	In operation	49 %	-
Red Sea Solar Power B.V.	Netherlands	In operation	49 %	-
Honduras Agua Fria				
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	Honduras	In operation	60 %	60 %
Honduras Los Prados				
Fotovoltaica Surena S.A	Honduras	In operation	30 %	30 %
Generaciones Energeticas S.A	Honduras	In operation	30 %	30 %
Energias Solares S.A	Honduras	In operation	30 %	30 %
Fotovoltaica Los Prados S.A	Honduras	Under development	30 %	30 %
Foto Sol S.A	Honduras	Under development	30 %	30 %
Jordan				
Scatec Solar AS/ Jordan PSC (Oryx)	Jordan	In operation	-	10 %
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	Jordan	In operation	49.9 %	49.9 %
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	Jordan	In operation	49.9 %	49.9 %
Malaysia				
Quantum Solar Power Semenanjung	Malaysia	In operation	-	-
Quantum Solar Power Kedah	Malaysia	In operation	-	-
Quantum Solar Power Melaka	Malaysia	In operation	-	-
Quantum Solar Power Terengganu	Malaysia	In operation	-	-
RedSol	Malaysia	Under construction	-	-
Mozambique				
Central Solar de Mocuba (Mocuba)	Mozambique	In operation	47.5 %	47.5 %

Name	Country of incorporation and operation		2019	2018
Rwanda				
Gigawatt Global Rwanda (ASYV)	Rwanda	In operation	45.97 %	45.97 %
South Africa Upington				
Scatec Solar South Africa BV	Netherlands	Under construction	30 %	30 %
Dyason's Klip 1	South Africa	Under construction	54.5 %	54.5 %
Dyason's Klip 2	South Africa	Under construction	54.5 %	54.5 %
Sirius Solar PV Project One (RF) (Pty) Ltd	South Africa	Under construction	54.5 %	54.5 %
Scatec Solar Construction	South Africa	Under construction	49 %	49.0 %
Scatec Solar Operations (Pty) Ltd	South Africa	Under construction	49 %	49.0 %
South Africa Linde/Dreunberg				
Scatec Solar SA 164 (Pty) Ltd	South Africa	In operation	19.3 %	19.3 %
Simacel 155 (Pty) Ltd (Linde)	South Africa	In operation	55.6 %	55.6 %
Simacel 160 (Pty) Ltd (Dreunberg)	South Africa	In operation	55.6 %	55.6 %
South Africa Kalkbult				
Scatec Solar SA 165 (Pty) Ltd	South Africa	In operation	23.4 %	23.4 %
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	South Africa	In operation	54 %	54 %
South Africa other				
Scatec Solar SA 163 (Pty) Ltd	South Africa	In operation	8 %	8 %
Ukraine				
Scatec Solar Ukraine B.V.	Netherlands	Under construction	40 %	-
Chysta Energhiaa 2011 LLC	Ukraine	Under construction	40 %	-
Rengy Solar BV	Netherlands	In operation	49 %	49 %
Rengy Bioenergy LLC	Ukraine	In operation	49 %	49 %

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

Accumulated balances of material non-controlling interest

NOK million	2019	2018
Egypt	-63	-11
Honduras Agua Fria	96	87
Honduras Los Prados	218	190
Jordan	135	140
Malaysia	-	-
Mozambique	12	2
Rwanda	12	15
South Africa Upington	148	11
South Africa Linde / Dreunberg	119	158
South Africa Kalkbult	6	19
South Africa other	-20	-21
Ukraine, Rengy	-8	-
Ukraine, other	7	-
Total non-controlling interest	663	591

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

NOK million	2019	2018
Egypt	-8	-10
Honduras Agua Fria	7	-4
Honduras Los Prados	7	-
Jordan	-	3
Malaysia	-	-
Mozambique	3	-5
Rwanda	-3	-3
South Africa Upington	41	9
South Africa Linde / Dreunberg	72	48
South Africa Kalkbult	78	47
South Africa other	1	1
Ukraine, Rengy	-3	-
Ukraine, other	1	-
Total non-controlling interest	194	86

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

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

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Other comprehensive income	Total comprehensive income	Profit/loss attributable to non-controlling interests	Dividends paid to non-controlling interests ¹⁾
Egypt	251	-114	136	-138	-2	-13	-	-13	-8	-
Honduras Agua Fria	131	-62	69	-57	12	12	-	12	7	-
Honduras Los Prados	75	-48	27	-2	26	25	-	25	7	-
Jordan	113	-52	62	-38	24	3	-	3	-	-
Malaysia	228	-123	105	-131	-26	-27	-	-27	-	-
Mozambique	43	-23	20	-14	6	6	-	6	3	-
Rwanda	20	-11	8	-13	-5	-7	-	-7	-3	-
South Africa Upington	1,689	-1,595	94	21	114	82	-	82	41	-
South Africa Linde / Dreunberg	424	-119	305	-152	153	114	-25	89	72	96
South Africa Kalkbult	351	-79	272	-99	173	125	-6	119	78	83
South Africa other	53	-41	12	1	14	11	-	11	1	-
Ukraine, Rengy	24	-14	10	-8	2	2	-	2	-3	-
Ukraine, other	-	-1	-1	4	3	2	-	2	1	-

1) Excluding repayments of shareholders loans

Summarised statement of profit or loss for 2018 (before group eliminations)

NOK million	Revenues	Operating expenses	Operating profit	Net financial expenses	Profit before income tax	Profit/(loss) for the period	Other comprehensive income	Total comprehensive income	Profit/loss attributable to non-controlling interests	Dividends paid to non-controlling interests ¹⁾
Egypt	1	-2	-1	4	-25	-25	-	-25	-10	-
Honduras Agua Fria	114	-64	49	-56	-6	-6	-	-6	-4	-
Honduras Los Prados	16	-14	2	-	1	1	-	1	-	-
Jordan	133	-75	58	48	10	9	-	9	3	-
Malaysia	7	-7	-	-27	-27	-27	-	-27	-	-
Mozambique	-	-	-	-10	-10	-10	-	-10	-5	-
Rwanda	18	-12	6	-14	-8	-7	-	-7	-3	-
South Africa Upington	298	-296	3	22	24	17	-	17	9	-
South Africa Linde / Dreunberg	421	-148	273	-154	119	83	1	84	48	107
South Africa Kalkbult	332	-105	227	-107	120	86	6	92	47	99
South Africa other	55	-37	18	-	18	11	-	11	1	-

1) Excluding repayments of shareholders loans

Summarised statement of financial position as at 31 December 2019 (before group eliminations)

NOK million	Attributable to									
	Property, plant and equipment	Other non-current assets	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Non-controlling interests	Equity holders of the parent
Egypt	3,659	1,714	456	88	-2,952	-2,988	-103	-126	-63	-64
Honduras Agua Fria	726	-	103	91	-464	-296	-	159	96	64
Honduras Los Prados	722	11	13	52	-	-50	-5	743	218	524
Jordan	741	18	254	17	-580	-104	-42	304	135	168
Malaysia	2,916	2,669	405	244	-269	-4,719	-137	1,108	-	1,108
Mozambique	569	13	120	59	-477	-185	-75	23	12	11
Rwanda	158	-	5	4	-117	-51	-1	-2	12	-13
South Africa Upington	2,312	478	116	1 104	-2,385	-764	-567	293	148	145
South Africa Linde / Dreunberg	1,499	79	186	100	-1,337	-221	-30	277	119	158
South Africa Kalkbult	908	51	132	70	-854	-199	-17	91	6	85
South Africa other	1	123	15	6	-	-88	-2	56	-20	76
Ukraine, Rengy	414	145	52	46	-318	-304	-30	4	-8	11
Ukraine, other	257	100	15	40	-193	-188	-12	19	7	13

Summarised statement of financial position as at 31 December 2018 (before group eliminations)

NOK million	Attributable to									
	Property, plant and equipment	Other non-current assets	Cash and cash equivalent	Other current assets	Non-resource financing	Other non-current liabilities	Current liabilities	Total equity	Non-controlling interests	Equity holders of the parent
Egypt	1,724	1,175	766	452	-1,831	-2,182	-128	-24	-11	-13
Honduras Agua Fria	794	1	111	77	-513	-323	-2	146	87	58
Honduras Los Prados	732	9	1	15	-	-46	-79	632	190	442
Jordan	982	8	283	18	-790	-102	-49	350	140	210
Malaysia	2,211	2,670	530	299	-27	-4,449	-138	1,097	-	1,097
Mozambique	339	5	26	76	-267	-148	-12	20	2	17
Rwanda	156	2	7	3	-121	-39	-1	6	15	-8
South Africa Upington	429	256	574	878	-785	-754	-572	26	11	15
South Africa Linde / Dreunberg	1,540	101	174	101	-1,384	-202	-24	307	158	149
South Africa Kalkbult	937	51	121	66	-878	-146	-16	136	19	117
South Africa other	1	422	6	9	-	391		43	-20	64

Note 25 Earnings per share

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

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

NOK million	2019	2018
Profit/(loss) attributable to the equity holders of the company and for the purpose of diluted shares	-39	140
Weighted average number of shares outstanding for the purpose of basic earnings per share	125.1	108.8
Earnings per share for income attributable to the equity holders of the company - basic (NOK)	-0.31	1.29
Effect of potential dilutive shares:		
Weighted average number of shares outstanding for the purpose of diluted earnings per share	126.3	109.1
Earnings per share for income attributable to the equity holders of the company - diluted (NOK)	-0.31	1.28

Note 26 Transactions with related parties

The Scatec Solar Group has during 2019 and 2018, had transactions with the following related parties:

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

All related party transactions have been carried out as part of the normal course of business and at arm's length. The most significant transactions in 2019 and 2018 are:

Other non-current assets comprise the following

NOK million	2019	2018
Loan to associated companies	153	308
Loan to key management personnel	3	4
Total other non-current assets	156	312

Refer to Note 17 – Other non-current and current assets for specification of total non-current and current assets.

The company had no other non-current liabilities to related parties according to definition described above.

Other current liabilities to related parties comprise the following

NOK million	2019	2018
Payable to associated companies	6	1
Accrued payroll to key management personnel	10	8
Total current liabilities to related parties	16	9

Refer to Note 14 Investments in associated companies for specifications of investment in associated companies.

Refer to Note 21 Other non-current and current liabilities for a specification of total other non-current and other current liabilities.

Note 27 Consolidated subsidiaries

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

Company	Registered office	Consolidated economic interests 2019 ³¹	Consolidated economic interests 2018 ³¹
Scatec Solar Solutions GmbH	Regensburg, Germany	100.00 %	100.00 %
Scatec Solar S.r.l.	Rome, Italy	100.00 %	100.00 %
BFL.F S.r.l.	Rome, Italy	100.00 %	100.00 %
Scatec Solar s.r.o.	Prague, Czech Republic	100.00 %	100.00 %
Signo Solar PP01 s.r.o.	Prague, Czech Republic	100.00 %	100.00 %
Signo Solar PP02 s.r.o.	Prague, Czech Republic	100.00 %	100.00 %
Signo Solar PP03 s.r.o.	Prague, Czech Republic	100.00 %	100.00 %
Signo Solar PP04 s.r.o.	Prague, Czech Republic	100.00 %	100.00 %
Signo Solar PV1 s.r.o.	Prague, Czech Republic	100.00 %	100.00 %
Scatec Solar India Ltd.	New Delhi, India	100.00 %	100.00 %
Tourves PV SAS	St Raphael, France	100.00 %	100.00 %
Scatec Solar SAS France	Paris, France	100.00 %	100.00 %
Scatec Solar Jordan (EPC)	Amman, Jordan	100.00 %	100.00 %
Scatec Solar AS/ Jordan PSC	Amman, Jordan	100.00 %	90.00 %
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.10 %	50.10 %
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.10 %	50.10 %
Scatec Solar Africa (Pty) Ltd	Cape Town, South Africa	100.00 %	100.00 %
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100.00 %	100.00 %
Scatec Solar SA 163 (Pty) Ltd.	Cape Town, South Africa	92.00 %	92.00 %
Scatec Solar SA (pty) Ltd.	Sandton, South Africa	100.00 %	100.00 %
Scatec Solar SA 165 (Pty) Ltd.	Sandton, South Africa	76.60 %	76.60 %
Scatec Solar SA 166 (Pty) Ltd.	Sandton, South Africa	46.00 %	46.00 %
Scatec Solar SA 164 (Pty) Ltd.	Sandton, South Africa	80.70 %	80.70 %
Simacel 155 (Pty) Ltd.	Sandton, South Africa	44.40 %	44.40 %
Simacel 160 (Pty) Ltd.	Sandton, South Africa	44.40 %	44.40 %
Scatec Solar Rwanda Ltd	Kigali, Rwanda	100.00 %	100.00 %
Gigawatt Global Rwanda Ltd	Rwamagana, Rwanda	54.03 %	54.03 %

Company	Registered office	Consolidated economic interests 2019 ³⁾	Consolidated economic interests 2018 ³⁾
Scatec Solar Honduras SA	Tegucigalpa,Honduras	100.00 %	100.00 %
Produccion de Energia Solar Demas Renovables S.A.,	Tegucigalpa,Honduras	40.00 %	40.00 %
Fotovoltaica Surena S.A.	Tegucigalpa,Honduras	70.00 %	70.00 %
Generaciones Energeticas S.A.	Tegucigalpa,Honduras	70.00 %	70.00 %
Fotovoltaica Los Prados S.A.	Tegucigalpa,Honduras	70.00 %	70.00 %
Foto Sol S.A.	Tegucigalpa,Honduras	70.00 %	70.00 %
Energias Solares S.A.	Tegucigalpa,Honduras	70.00 %	70.00 %
Scatec Solar Mali SAS	Bamako, Mali	100.00 %	100.00 %
Segou Solaire S.A.	Bamako, Mali	50.00 %	50.00 %
Scatec Solar DMCC	United Arab Emirates	100.00 %	100.00 %
Central Solar de Mocuba S.A.	Maputo, Mozambique	52.50 %	52.50 %
Scatec Solar Mozambique Limitada	Mocuba, Mozambique	100.00 %	100.00 %
Scatec Energy LLC ^{3) 4)}	California, USA	-	50.00 %
Scatec Solar Netherlands B.V.	Amsterdam, The Netherlands	100.00 %	100.00 %
Scatec Sukhur B.V. Offshore Holdco	Amsterdam, The Netherlands	100.00 %	100.00 %
Scatec Solar Nigeria B.V.	Amsterdam, The Netherlands	70.00 %	70.00 %
Nova Scotia Power Development Limited	Abuja, Nigeria	100.00 %	100.00 %
Scatec Solar Solutions Egypt LLC	Cairo, Egypt	100.00 %	100.00 %
Egypt Solar B.V.	Amsterdam, The Netherlands	51.00 %	51.00 %
Aswan Solar Power SAE	Cairo, Egypt	51.00 %	51.00 %
Upper Egypt 2 B.V.	Amsterdam, The Netherlands	51.00 %	51.00 %
Upper Egypt Solar Power	Cairo, Egypt	51.00 %	51.00 %
Kom Ombo 2 B.V.	Amsterdam, The Netherlands	51.00 %	51.00 %
Kom Ombo Renewable Energy SAE	Cairo, Egypt	51.00 %	51.00 %
Daraw B.V.	Amsterdam, The Netherlands	51.00 %	51.00 %
Philadelphia Power SAE	Cairo, Egypt	51.00 %	51.00 %
Zafarana 2 B.V.	Amsterdam, The Netherlands	51.00 %	100.00 %
Zafarana Power SAE	Cairo, Egypt	51.00 %	51.00 %
Red Sea Solar Power 2 B.V.	Amsterdam, The Netherlands	51.00 %	51.00 %
Red Sea Solar Power SAE.	Cairo, Egypt	51.00 %	51.00 %
Scatec Solar Mali B.V.	Amsterdam, The Netherlands	100.00 %	100.00 %
Scatec Solar Malaysia B.V.	Amsterdam, The Netherlands	100.00 %	100.00 %
Scatec Solar Solutions Malaysia Sdn Bhd	Kuala Lumpur, Malaysia	100.00 %	100.00 %
Quantum Solar Park Semenanjung Sdn Bhd ⁵⁾	Kuala Lumpur, Malaysia	100.00 %	100.00 %
Quantum Solar Park (Kedah) Sdn Bhd ⁵⁾	Kuala Lumpur, Malaysia	100.00 %	100.00 %
Quantum Solar Park (Melaka) Sdn Bhd ⁵⁾	Kuala Lumpur, Malaysia	100.00 %	100.00 %
Quantum Solar Park (Terengganu) Sdn Bhd ⁵⁾	Kuala Lumpur, Malaysia	100.00 %	100.00 %
Red Sol	Kuala Lumpur, Malaysia	100.00 %	100.00 %
Scatec Solar South Africa B.V.	Amsterdam, The Netherlands	70.00 %	70.00 %
Dyason's Klip 1 (Pty) Ltd	Cape Town, South Africa	45.50 %	45.50 %
Dyason's Klip 2 (Pty) Ltd	Cape Town, South Africa	45.50 %	45.50 %
Sirius Solar PV Project One (RF) (Pty) Ltd	Cape Town, South Africa	45.50 %	45.50 %
Scatec Solar Construction R4 ¹⁾	Cape Town, South Africa	51.00 %	51.00 %
Scatec Solar Brazil II B.V. ⁴⁾	Amsterdam, The Netherlands	51.00 %	51.00 %
Apodi I Energia SPE S.A. ⁴⁾	Jaboatão dos Guararapes, Brazil	43.75 %	43.75 %
Apodi II Energia SPE S.A. ⁴⁾	Jaboatão dos Guararapes, Brazil	43.75 %	43.75 %
Apodi III Energia SPE S.A. ⁴⁾	Jaboatão dos Guararapes, Brazil	43.75 %	43.75 %
Apodi IV Energia SPE S.A. ⁴⁾	Jaboatão dos Guararapes, Brazil	43.75 %	43.75 %
Scatec Solar Brazil II Solutions B.V. ⁴⁾	Amsterdam, The Netherlands	50.00 %	50.00 %
Scatec Solar Brazil Servicos de Engenharia Ltda ⁴⁾	Recife, Brazil	50.00 %	50.00 %

Continues on following page

Continued from previous page

Company	Registered office	Consolidated economic interests 2019 ¹⁾	Consolidated economic interests 2018 ¹⁾
Scatec Solar Argentina B.V. ⁴⁾	Amsterdam, The Netherlands	100.00 %	100,00%
Scatec Equinor Solutions Argentina S.A. ⁴⁾	Buenos Aires, Argentina	50.00 %	50.00 %
Cordillera Solar VIII S.A. ⁴⁾	Buenos Aires, Argentina	50.00 %	50.00 %
Scatec Solar Ukraine B.V.	Amsterdam, The Netherlands	60.00 %	100.00 %
Scatec Solar Solutions Ukraine LLC	Kyiv, Ukraine	100.00 %	100.00 %
Chysta Energhiaa 2011 LLC	Kamianka, Ukraine	60.00 %	100.00 %
Atlas Capital Energy LLC	Nova Zburiivka, Ukraine	100.00 %	100.00 %
Greenteco SES LLC	Kyiv, Ukraine	100.00 %	100.00 %
Boguslav Energy LLC	Bohuslav, Ukraine	100.00 %	100.00 %
Rengy Solar B.V.	Amsterdam, The Netherlands	51.00 %	51.00 %
Rengy Bioenergy LLC	Kyiv, Ukraine	51.00 %	51.00 %
Progressovka Solar B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
PV Progressovka Agro LLC ²⁾	Kyiv, Ukraine	100.00 %	-
PV Progressovka Alpha LLC	Berezanka, Ukraine	100.00 %	100.00 %
PV Progressovka Beta LLC ²⁾	Berezanka, Ukraine	100.00 %	-
PV Progressovka Gamma LLC ²⁾	Berezanka, Ukraine	100.00 %	-
Scatec Solar Vietnam B.V.	Amsterdam, The Netherlands	100.00 %	100.00 %
Scatec Solar Bangladesh B.V.	Amsterdam, The Netherlands	100.00 %	100.00 %
Memphis Solar B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Qway B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Nicaragua B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Akadyr B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Kherson B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Boguslav B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Chigirin B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Guatemala B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-
Scatec Solar Brazil Solidao B.V. ²⁾	Amsterdam, The Netherlands	100.00 %	-

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

2) Companies established/consolidated in 2019

3) Companies sold or liquidated in 2019

4) Joint venture companies refer to note 14 Investments in JVs and associated companies

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

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

Note 28 Project equity financing provided by co-investors

In relation to the structuring and financing of the power plant companies in the Group, financial instruments are issued to both the controlling and non-controlling interests. Such financing is granted both as formal equity and shareholder loans. The shareholder loans granted to ASYV, EJRE and GLAE (and Linde and Dreunberg in 2018), are recognised as equity as both of the following conditions are met:

The instrument includes no contractual obligation either:

- To deliver cash or another financial asset to another party; or
- To exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the issuer

Based on the above, all payments related to the shareholder loans are at the discretion of the power plant company. Accordingly, these shareholder loans are accounted for as equity.

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

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

At 31 December 2018, the following financing have been granted by co-investors to consolidated power plant companies:

NOK million	Total financing	Formal equity	Shareholder loan recognised in equity	Financial liability
Scatec Solar SA 166 (Pty) Ltd (Kalkbult)	68	68	-	-
Simacel 155 (Pty) Ltd (Linde)	27	20	7	-
Simacel 160 (Pty) Ltd (Dreunberg)	47	40	7	-
Gigawatt Global Rwanda (ASYV)	15	5	10	-
Scatec Solar AS/ Jordan PSC (Oryx)	60	-	60	-
Anwar Al Ardh for Solar Energy Generation PSC (EJRE)	81	2	79	-
Ardh Al Amal for Solar Energy Generation PSC (GLAE)	38	1	37	-
Producción de Energía Solar y Demás Renovables, S.A. (Agua Fria)	232	97	-	135
Los Prados	196	194	-	2
Scatec Solar Intertec Mexico SAPI de CV	3	3	-	-
Aswan Solar Power SAE (BB1)	6	6	-	-
Zafarana Solar Power SAE (ZAF1)	85	5	-	81
Red Sea Solar Power SAE (ZAF2)	86	5	-	81
Upper Egypt Solar Power (BB2)	86	6	-	79
Kom Ombo Renewable Energy SAE (BB3)	86	5	-	82
Daraw Solar Power SAE (BB4)	85	8	-	77
Kamianka / Chysta Energiya	3	3	-	-
Rengy Bioenergy	13	1	-	12
Central Solar de Mocuba, Mozambique	34	19	-	15
Total project financing from non-controlling interests	1,251	488	200	564

For the year ended 31 December 2019 NOK 55 million (NOK 14 million per 31 December 2018) of interest on financing provided by co-investors have been accrued, of which NOK 1 million is recognised directly in equity (NOK 3 million per 31 December 2018).

The equity and loan financing provided by the co-investors is repaid according to a pre-determined waterfall structure, meaning that the financing presented above will be settled after external non-recourse financing, and only when distributable cash as defined by the financing agreements is available. Normally this would occur twice a year. The tax equity liability will partly be settled with cash distributions based on a waterfall structure and partly from non-cash allocation of taxable results from the project company.

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

Note 29 Financial instruments by category

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

NOK million	Measurement category	2019	2018
Assets			
Derivatives			
Foreign exchange forward contracts	Fair value through profit or loss	-	149
Debt instruments			
Other debt instruments and receivables	Amortised cost	852	823
Accounts receivable	Amortised cost	336	279
Cash and cash equivalents	Amortised cost	2,824	3,303
Total financial assets		4,012	4,554
Total current		3,863	4,440
Total non-current		149	112
Liabilities			
Interest bearing loans and borrowings			
Bonds	Amortised cost	745	743
Non-recourse financing loans	Amortised cost	13,065	9,007
Derivatives			
Interest rate swap	Fair value – hedging instruments through OCI	351	124
Other financial liabilities			
Trade and other financial liabilities	Amortised cost	1,649	2,130
Total financial liabilities		15,810	12,004
Total current		1,448	1,756
Total non-current		14,362	10,239

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

NOK million	2018	Cashflows	Non-cash changes			2019
			Foreign exchange movement	Fair value changes	Other/Reclassifications	
Non-recourse financing	9,007	3,646	210	-	202	13,064
Bond	743	-	-	-	2	745
Derivatives (net)	-25	-	-	-326	-	-351
Shareholder loan from non-controlling interests	564	196	-	-	11	761
Current liabilities to non-controlling interests	83	-84	1	-	-	-
Total liabilities arising from financial liabilities	10,732	3,758	211	-326	215	14,219

The table above provides a reconciliation of the movement of liabilities arising from financing activities, disaggregated by cash and non-cash movements.

Note 30 Subsequent events

Accounting principle

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

Coronavirus disease (COVID-19)

Scatec Solar is closely monitoring developments and is following the respective national authorities' advice and recommendations regarding COVID-19. The Company is together with its risk advisors continuously assessing any potential implications the outbreak might have for personnel and assets.

The Company is taking precautionary measures at all locations to limit the spread of the virus, keep people safe, and ensure continued safe operations of the power plants.

Scatec Solar has to date not experienced any impact of COVID-19 on operating assets or on delivery of power to customers. The risk of such impact is assessed to be low as power supply is generally defined as critical infrastructure in most countries where Scatec Solar operates. First quarter 2020 production is therefore expected to be in line with previously communicated guidance.

The Company's portfolio of projects under construction is close to completion. Travel constraints and local regulations have started to impact construction, commissioning and testing of new solar plants. It is however too early to predict what effects this will have on completion dates.

Scatec Solar focuses on sustaining a strong financial capacity to be well prepared in a rapidly changing environment. The Company continues to monitor the situation closely and will implement any further measures required to maintain the health and safety of our people and continued stable operations.