

Notes to the parent company financial statements

Note 1 General information

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

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.

The Company is listed on the Oslo Stock Exchange.

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.

Note 2 Accounting principles

Statement of compliance

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

Basis for preparation

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

Accounting estimates and judgements

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

Foreign currency translation

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

applicable on the transaction date. Non-monetary items that are measured at their fair value expressed in a foreign currency are translated using the exchange rate applicable on the balance sheet date.

Revenues and cost of sales

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

Revenues from construction services are based on fixed price contracts and are accounted for using the percentage of completion method. The stage of completion of a contract is determined by actual cost incurred over total estimated costs to complete. These transactions are primarily made with project companies which are under the control of the Group.

Scatec Solar ASA periodically revise contract profit estimates and immediately recognises any losses on contracts. Incurred costs include all direct materials, costs for solar modules, labour, subcontractor costs, and other direct costs related to contract performance. Scatec Solar recognises direct material costs as incurred costs when the direct materials have been installed. When contracts specify that title to direct materials transfer to the customer before installation has been performed, revenue and associated costs are deferred and recognized 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 recognized as an expense at the time of sale and are adjusted for subsequent changes in estimates or actual outcomes.

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

Employee benefits

Wages, salaries, bonuses, pension and social security contributions, paid annual leave and sick leave are accrued in the period in which the associated services are rendered by employees of the Company. The Company has pension plans for employees that are classified as defined contribution plans. Contributions to defined contribution schemes are recognized in the statement of profit or loss in the period in which the contribution amounts are earned by the employees. Certain key employees were in 2014 invited to a retention and share incentive programme. The programme is entirely settled in shares. In 2015, a cash settled share-based programme was introduced to certain key employees. In 2016, the company introduced an equity settled option program for leading employees. 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 recognized in personnel expenses, together with a corresponding increase in equity over the vesting period. The cumulative expense recognized 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.

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

Interest income and expenses

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

Income tax expense

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

Current tax is the expected tax payable on the taxable income for the year and any adjustment to tax payable in respect of previous years. Uncertain tax positions and potential tax exposures are analysed individually and the best estimate of the probable amount for liabilities to be paid (unpaid potential tax exposure amounts, including penalties) and virtually certain amounts for assets to be received (disputed tax positions for which payment has already been made) in each case are recognized within current tax or deferred tax as appropriate. Interest income and interest expenses relating to tax issues are estimated and recorded in the period in which they are earned or incurred and are presented in net finance expenses in the statement of income.

Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities in the financial statements and their respective tax bases, subject

to the initial recognition exemption. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

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

Balance sheet classification

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

Intangible assets and property, plant and equipment

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

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

Each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately on a straight-line basis over the estimated useful life of the component.

An item of intangible assets and property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is recognized in the statement of income in the period the item is derecognized.

Subsidiaries and investment in associated companies

Subsidiaries are all entities controlled by Scatec Solar ASA. Control is achieved when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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

Financial assets and liabilities

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

Other current assets

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

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

could cause the cost of the project to increase or the selling price of the project to decrease. The accumulated cost of a project is expensed as cost of sales either when it is sold or when a project is impaired.

Cash and cash equivalents

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

Dividends

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

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

Events after the reporting period

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

Statement of cash flow

The cash flow statement is prepared using the indirect method.

Note 3 Revenues

Revenues by business area

NOK million	2019	2018
Services	2,964	1,661
Sum	2,964	1,661

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

Revenues by geographical distribution

NOK million	2019	2018
Egypt	1,155	971
South Africa	806	35
Ukraine	788	13
Malaysia	140	62
Mozambique	81	155
Argentina	15	8
Netherlands	10	-
Brazil	8	25
Honduras	- 39	391
Sum	2,964	1,661

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

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

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

Personnel expenses

NOK million	2019	2018
Salaries	114	90
Share-based payment	7	7
Payroll tax	25	18
Pension costs	9	7
Other benefits and personnel costs	4	4
Capitalised to inventory	-58	-37
Total personnel expenses	100	90

The average number of FTEs that has been employed in the company through 2019 was 89 (77).

Salaries and personnel expenses for the management of Scatec Solar ASA

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

2018									
NOK thousand	Title	Salary ¹⁾	Bonus	Number of options awarded ²⁾	Exercise of share options	Out-standing share options	Other benefits ³⁾	Pension cost	Loans out-standing
Raymond Carlsen	Chief Executive Officer	3,211	1,200	76	-39	154	28	147	-
Mikkel Tørud	Chief Financial Officer	2,258	770	56	-26	119	11	145	1,153
Snorre Valdimarsson	EVP General Counsel	1,763	601	44	-22	88	17	146	1,212
Terje Pilskog	EVP Project Development & Project Finance	1,965	670	49	-26	101	11	146	1,212
Roar Haugland	EVP Sustainable Business & HSSE	1,754	515	44	-22	88	11	151	-
Torstein Berntsen	EVP Power Production	1,864	636	46	-25	95	11	149	1,126
Pål Helsing	EVP Solutions	1,885	827	-	-	-	6	146	-
Toril Haaland (from 1/6-2018)	EVP People & Organisation	801	-	-	-	-	-	69	-

1) Including paid out holiday allowance.

2) See below for further information

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

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

Remuneration for the Board of Directors ¹⁾

NOK thousand	2019				2018			
	Board remuneration	Audit committee	Remuneration committee	Nomination committee	Board remuneration	Audit committee	Remuneration committee	Nomination committee
John Andersen jr.	455	57	31	-	440	55	30	-
Mari Thjømøe	285	57	-	-	275	55	-	-
John Giverholt	285	-	31	-	275	-	-	-
Jan Skogseth	285	-	31	-	275	-	30	-
Gisele Marchand	285	57	-	-	275	-	-	-
Inge Hansen	-	-	-	-	-	-	-	50
Alf Inge Gjerde	-	-	-	52	-	-	-	35
Hilde Myrberg	-	-	-	36	-	-	-	-
Svein Høgseth	-	-	-	36	-	-	-	-

1) Annual fees paid in 2019 and 2020 respectively.

Pension costs

The Company has a defined contribution plan in line with the requirement of the law. NOK 9 million is expensed related to the defined contribution plan in 2019 (2018 NOK 7 million).

Audit

NOK million	2019	2018
Audit fees	2	2
Other attestation services	1	-
Tax services	-	2
Other services	1	-
Total	4	4

VAT is not included in the numbers above.

Remuneration policy and concept for the accounting year 2019

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

1. General

This declaration is prepared by the Board of Directors in Scatec Solar ASA (“**Scatec Solar**”) in accordance with the Norwegian Public Limited Liability Companies Act (the “**Companies Act**”) section 6-16a, for consideration at the Annual General Meeting on 28 April 2020.

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

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

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

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

2.1 Executive Management remuneration shall be competitive, but not leading

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

2.2 Executive Management remuneration is to be motivational

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

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

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

3.1 Additional benefits

3.1.1 Short Term Incentive - Bonus scheme

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

3.1.2 Long Term Incentive - Option Program

The Company implemented in 2016 a share option plan (the “Former Option Plan”) whereby the Executive Management and certain of the Company’s key employees, may over a three-year period be allocated options corresponding to up to 4,600,000 shares of the Company, equivalent to approximately five percent (5%) of the total outstanding shares. The last tranche of the Former Option Plan was awarded in January 2019, and in aggregate options corresponding to 1,658,315 shares of the Company, equivalent to approximately one and a half percent (1.5%) of total outstanding shares have been awarded since 2016. The strike price of each yearly award is based on the volume weighted average share price for the period immediately

prior to the award. The number of options awarded to each employee is calculated so that the value of the options is expected to correspond to fifty percent (50%) of the employee's base salary based on a pre-defined share price increase over the tenor of the option program.

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

From 2020 the Board intends to continue the share option plan following the same principles as previously. Over a three-year period, options may be allocated corresponding to up to 2,500,000 shares of the Company, equivalent to approximately 2.2 percent of the total outstanding shares. Annually approximately 1/3 of the options are awarded, with corresponding vesting periods of 12, 24 or 36 months. The strike price of each yearly award is based on the volume weighted average share price for the period immediately prior to the award. The number of options awarded to each employee is calculated so that the value of the options corresponds to fifty percent (50%) of the employee's base salary based on a pre-defined share price increase over the tenor of the option programme.

3.1.3 Pension plans and insurance

The Company has established a pension scheme in accordance with the Norwegian Occupation Pension Act. The pension scheme is based on a defined contribution for all Norwegian employees. The pension scheme covers salary from 1G (NOK 99,858) to 12G (NOK 1,198,296) and is therefore in accordance with Norwegian legislation.

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

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

3.1.4 Severance schemes

Agreements may be signed regarding severance pay for the Company's Chief Executive Officer ("CEO") and other members of the Executive Management in order to attend to the Company's needs, at all times, to ensure that the selection of managers is in commensuration with the Company's needs. Pursuant to the Norwegian Working Environment Act, such agreements will not have a binding effect on executives other than the CEO.

Severance schemes shall be sought set up so that they are acceptable internally and externally. In addition to salary and other benefits during the term of notice, such schemes are not to give entitlement to severance pay for more than 12 months.

3.1.5 Benefits in kind

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

3.1.6 Executive management remuneration in other Scatec Solar companies

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

Note 5 Property, plant and equipment

Office equipment

NOK million	2019	2018
Accumulated cost at 01.01	32	14
Additions	27	17
Accumulated cost at 31 December	59	32
Accumulated depreciation at 01.01	5	3
Depreciations for the year	5	2
Accumulated depreciation at 31 December	10	5
Carrying amount at 31 December	48	26
Estimated useful life (years)	3-10	3-10

Note 6 Other operating expenses

NOK million	2019	2018
Facilities	11	8
Professional fees	22	24
IT and communications	25	16
Travel costs	7	6
Other costs	14	8
Total other operating expenses	79	62

Note 7 Financial income and expenses

Interest and other financial income

NOK million	2019	2018
Interest income from group companies	75	80
Other interest income	8	5
Dividend from group companies	105	63
Total interest and other financial income	188	148

Interest and other financial expenses

NOK million	2019	2018
Interest expenses to group companies	-3	-10
Other interest expenses	-69	-63
Other financial expenses	-1	-29
Total interest and other financial expenses	-73	-102

The increase in Other interest income is partly due to short term investments in low risk interest rate funds due to a preliminary position of excess capital from the private placement in third quarter 2019.

The decrease in Other financial expenses is mainly due to a write down in 2018 of NOK 25 million.

Note 8 Tax

NOK million	2019	2018
Income tax expense:		
Current taxes (including CFC)	-	-
Withholding tax on received dividends	4	6
Change in deferred tax	14	22
Total tax expense(income)	18	28
Tax basis:		
Profit before taxes	156	149
Net non-deductible expenses and non-taxable income ¹⁾	-131	-57
Changes in temporary differences	-140	-41
Offset against tax losses carried forward	115	-48
Tax base	-	-
Current taxes according to statutory tax rate (22%/23%)	-	-

1) Net non-deductible income and expenses for 2019 and 2018 are mainly related to non-taxable dividends partly offset by non-deductible share based payment expenses. The items also include tax-deduction on transaction costs from capital increase recognized in equity.

Reconciliation of nominal statutory tax rate to effective tax rate

NOK million	2019	2018
Expected income tax expense according to statutory tax rate (22%/23%)	34	34
Non-deductible expenses and non-taxable income	-24	-13
Withholding tax on received dividends/CFC	5	5
Taxes related to previous years	3	-
Effect of changed statutory tax rate (23% to 22%)	-	3
Income tax expense(income)	18	28
Effective tax rate (%)	9.0%	19.8%

Temporary differences as of December 31:

NOK million	2019	2018	Change
Tax loss carried forward	-392	-265	-127
Receivables	-3	-23	20
Property, plant and equipment	2	-13	15
Work in progress	174	-50	124
Shared based payments and amortized Interests on bond and revolver	-3	-	-3
Total temporary differences	-222	-251	29
Recognised deferred tax asset	-49	-56	7

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

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

Note 9 Investments in subsidiaries, joint ventures and associated companies

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

NOK million				
Company	Registered office	Ownership interest	Carrying value 2019	Carrying value 2018
Scatec Solar Solutions GmbH	Regensburg, Germany	100%	44	44
Scatec Solar SA163 (Pty) Ltd	Cape Town, South Africa	92%	16	16
Scatec Solar Italy S.R.L.	Rome, Italy	100%	-	-
Scatec Solar S.R.O.	Prague, Czech	100%	25	62
SPV 1 Solar S.R.O.	Prague, Czech	100%	2	7
Scatec Solar India Pvt. Ltd.	New Delhi, India	100%	-	-
Scatec Solar North America Inc.	California, USA	100%	-	-
Tourves SPV SAS	St Raphael, France	100%	-	-
Scatec Solar SAS	Paris, France	100%	-	-
Scatec Solar AS/Jordan PSC	Amman, Jordan	90%	54	53
Anwar Al Ardh For Solar Energy Generation PSC	Amman, Jordan	50.1%	72	72
Ardh Al Amal For Solar Energy Generation PSC	Amman, Jordan	50.1%	34	33
Scatec Luxembourg Holding SA	Luxemburg	-	-	-
Scatec Solar Asia Pacific Pte Ltd	Singapore	-	-	-
Scatec Solar SA (Pty) Ltd	Sandton, South Africa	70%	3	3
Scatec Solar SA 165 (Pty) Ltd	Sandton, South Africa	76.7%	96	96
Scatec Solar SA 164 (Pty) Ltd	Sandton, South Africa	80.7%	71	123
Scatec Solar Management Services (Pty) Ltd	Sandton, South Africa	100%	-	-
Scatec Solar Corporation	Tokyo, Japan	-	-	-
Scatec Solar Rwanda Ltd	Rwanda	100%	-	-
Gigawatt Global Rwanda Ltd	Rwanda	57%	26	21
Scatec Solar Honduras SA	Honduras	100%	22	19
Produccion de Energia Solar Demas Renovables SA	Honduras	40%	60	59
Fotovoltaica Surena S.A	Honduras	70%	170	150
Generaciones Energeticas S.A	Honduras	70%	164	145
Fotovoltaica Los Prados S.A	Honduras	70%	72	63
Foto Sol S.A	Honduras	70%	6	4
Energias Solares S.A	Honduras	70%	99	87
Scatec Solar Africa (Pty) Ltd	South Africa	100%	-	-
Scatec Solar DMCC	United Arab Emirates	100%	-	-
Scatec Solar Mozambique Limitada	Mozambique	100%	8	8
Scatec Solar Netherlands B.V	The Netherlands	100%	934	767
Release Management BV	The Netherlands	100%	5	-
Aswan Solar Power SAE	Egypt	100%	2	2
Scatec Solar Mali S.A.	Mali	100%	-	-
Scatec Solar Weste Africa	Mali	51%	-	-
Segou Solaire S.A	Mali	50%	-	-
			1,984	1,834

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

NOK million				
Associates and joint ventures	Office	Ownership	Carrying value 2019	Carrying value 2018
Kube Energy AS	Oslo, Norway	25%	2	2
Total			2	2

Note 10 Inventory

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

Project geography

NOK million	2019	2018
Americas	-	111
Africa	157	82
Middle East	14	110
Asia	37	44
Europe	66	17
Carrying value inventory at 31.12	274	364

The impairments done during 2019 were NOK 19 million (2018: NOK 12 million). The impairments are presented in Depreciation, amortisation and impairment.

Note 11 Cash and cash equivalents

NOK million	2019	2018
Restricted cash	49	18
Free cash	444	407
Total cash and cash equivalents	494	425

On 7 July 2017 Scatec Solar entered into a new guarantee facility, a new USD 30 million overdraft facility and an intercreditor agreement. The facilities replaced all other corporate guarantees and overdraft facilities existing at the date of the new agreements. Financial covenants were changed during 2017 and equal the financial covenants in the new NOK 750 million bond agreement.

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.

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.

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.

Per 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 quarter end.

During 2019, interest amounting to NOK 69 million (61) was expensed for the bond, overdraft- and revolving credit facility.

Ref Note 16 for further information on the bonds.

Note 12 Equity and shareholder information

NOK million	Issued capital	Share premium	Other equity	Total equity
Equity as of 31.12.2018	3	1,795	-161	1,637
Profit/(loss) for the period	-	-	138	138
Share-based payment	-	7	-	7
Capital increase from exercised employee share options, net of transaction cost after tax ¹⁾	-	11	-	11
Private placement, net of transaction cost after tax ²⁾	-	1,297	-	1,297
Share purchase program	-	-1	-	-1
Equity as of 31.12.2019	3	3,108	-23	3,088

1) On 4 February 2019, as part of the Group's incentive program, a share capital increase raised NOK 11 million net of transaction cost after tax, through an exercise of employee share options consisting of 216,203 new shares at a price of NOK 28.08 per share and 125,037 new shares at a price of NOK 47.65 per share.

2) During third quarter 2019 Scatec Solar successfully raised NOK 1,297 million net of transaction cost after tax, through a private placement consisting of 11.375 million new shares at a price of NOK 116 per share. At 31 December 2019, the share capital amounted to NOK 2.956 million. All shares rank in parity with one another and carry one vote per share.

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.

On 30 April 2019, the Annual General Meeting of Scatec Solar ASA resolved to pay a dividend of NOK 0.,95 per share, totalling NOK 108 million. The dividend was paid to the shareholders on 14 May 2019.

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 %
HANDELSBANKENS NORDEN	1,407,143	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	100.00 %

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 Sustainable 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 held by Roar Haugland directly

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

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

Note 13 Guarantees, contractual obligations, contingent liabilities

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

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

Scatec Solar ASA has provided the following guarantees at 31 December 2019

- Guarantees for advance payments of NOK 197 million (NOK 208 million as of 31 December 2018) related to the construction contracts for power plants in Ukraine
- Performance guarantees NOK 859 million (NOK 802 million as of 31 December 2018) primarily related to the construction contracts for power plants in Egypt, Malaysia, Mozambique, South-Africa, Ukraine and Brazil.
- Warranty guarantees of NOK 80 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 66 million (NOK 47 million as of 31 December 2018) related to tenders/bidding for new projects in Tunisia and Bangladesh
- Other guarantees of NOK 477 million (NOK 626 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):

Guarantee duration

NOK million	2020	2021	2022	>2022
Advance payment guarantees	197	-	-	-
Performance guarantees	233	290	336	-
Warranty guarantees	41	40	-	-
Bid Bonds	64	-	-	2
Other guarantees	467	5	-	4
Total	1,002	335	336	6

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 16 – Bonds, for further information and definitions.

Contractual obligations

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

Contractual obligations

NOK thousand	2020	2021	2022	>2022
Leases (office rental)	16	19	18	87
Total purchase modules, inverters etc	215	-	-	-
Total purchase services	3	-	-	-
Total contractual obligations	234	19	18	87

Note 14 Transactions with related parties

Related parties

Subsidiaries and associates
Key management personnel

Transactions

Management, development and EPC services and financing
Loan and payroll

Transactions with related parties

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

Subsidiaries – EPC services

Scatec Solar ASA sold EPC services amounting to NOK 2,916 million in total during 2019 (2018: NOK 1,595 million). Scatec Solar ASA has been EPC contractor for the construction of power plants in Ukraine, Malaysia, Honduras, Mozambique, South Africa and Egypt. During 2019 total revenues on these contracts amounted to NOK 2,879 million (2018: NOK 1,514 million). In 2019 the company continued to deliver construction services to subsidiaries in Malaysia, Brazil, Egypt, Ukraine, and Argentina contracted as a sub-contractor. The revenues for 2019 amounted to NOK 37 million (2018: NOK 82 million).

Subsidiaries – development services

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

During 2018 the company sold development projects rights amounting to NOK 37 million. The sale of rights related to the financial close and transfer of rights for the Kamianka and Rengy Bioenergy projects in Ukraine amounting to NOK 13 million, the Redsol project in Malaysia amounting to NOK 19 million and projects in South Africa amounting NOK 5 million.

Subsidiaries - management service income

Scatec Solar has during 2019 charged NOK 30 million for corporate services provided to its subsidiaries (2018: NOK 17 million).

Subsidiaries and associates - financing

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

Scatec AS – consultancy services

Scatec Solar acquired certain consultancy services to maintain the global trademark Scatec Solar from Scatec AS, of NOK 214 thousand for 2019. For the year ended 31 December 2019 the company incurred fair share of travel agency service cost of NOK 227 thousand (2018: NOK 181 thousand). Travel agency service is presented as other operating expenses in the Statement of profit or loss. As per 31 December 2019 the trade payables to Scatec AS was NOK 0 thousand (2018: NOK 0 thousand). In connection with the Scatec Solar ASA equity issue in 2018 and 2019, Scatec Solar ASA entered a share lending agreement with the joint book-runners and Scatec AS.

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

Note 15 Provision for bad debt

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

Note 16 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 bond 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, an 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/debt for further information and definitions.

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

Note 17 Other current liabilities

NOK million	2019	2018
Deferred income EPC projects	424	1,083
Liabilities to co-developers	4	84
Accrued interest expenses	6	5
Vacation allowances, bonus accruals etc.	26	35
Other	43	62
Total current liabilities	501	1,269

Note 18 Subsequent events

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

Responsibility statement

We confirm to the best of our knowledge, that the consolidated financial statements for 2019 has been prepared in accordance with IFRS as adopted by EU, and that the information gives a true and fair view of the Group's assets, liabilities, financial position and result for the period. We also confirm that presented information provides a fair overview of important events that have occurred during the period and their impact on the financial statements, key risk and uncertainty factors that Scatec Solar is facing during the next accounting period.

Oslo, 26 March 2020

The Board of Directors of Scatec Solar ASA



John Andersen Jr. (Chairman)



John Giverholt



Mari Thjømøe



Jan Skogseth



Gisele Marchand



Raymond Carlsen (CEO)