Report from the Board of Directors

Highlights 2019

- Solid financial results with significant year-on-year growth - proportionate revenues of NOK 6,341 million (4,725) and EBITDA of NOK 1,571 million (961)
- New solar plants in commercial operation in Egypt, Mozambique, Malaysia and Ukraine – power production almost trippeled from last year
- Construction ongoing for additional 711 MW in Argentina, Malaysia, South Africa and Ukraine
- Strong market development and expansion of product offering - project backlog and pipeline increased to 5.8 GW
- Growth target increased to installed capacity of 4.5 GW by end of 2021

Key figures

NOK million	FY 2019	FY 2018
PROPORTIONATE FINANCIALS [1]		
Total revenues and other income	**6,341**	4,725
Power Production	**1,216**	622
Operation & Maintenance	**115**	81
Development & Construction	**4,980**	4,005
Corporate	**31**	17
EBITDA	**1,571**	961
Power Production	**994**	492
Operation & Maintenance	**45**	34
Development & Construction	**589**	488
Corporate	**-58**	-53
Operating profit (EBIT)	**1,111**	773
Profit/(loss)	**530**	398
Net interest-bearing debt	**7,312**	4,214
Power production (GWh)	**926**	318
SSO proportionate share of cash flow to equity	**794**	481
CONSOLIDATED FINANCIALS [2]		
Revenues and other income	**1,783**	1,213
EBITDA	**1,386**	902
Operating profit (EBIT)	**874**	629
Profit/ (loss)	**155**	226
Net interest-bearing debt	**10,986**	6,447
Basic earnings per Share (NOK)	**-0.31**	1.29
Power Production (GWh)	**1,655**	681

1) See Alternative Performance Measures appendix for definition.
2) Refer to note 3 Operating segments in the consolidated financial statements for a reconciliation between proportionate and consolidated financials.

Financial review

Presentation of Accounts

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

Segment and proportionate financials

Scatec Solar reports on three operating business segments: Power Production (PP), Operation & Maintenance (O&M) and Development & Construction (D&C), as well as Corporate and Eliminations.

Revenues and costs related to deliveries of D&C and O&M services to companies deemed to be controlled by Scatec Solar are eliminated in the Consolidated Group Financial Statements.

To improve reporting transparency on underlying value creation across Scatec Solar's business activities, the Company is reporting on proportionate financials in addition to consolidated financials. With proportionate financials Scatec Solar reports its share of revenues, expenses, profits and cash flows from its subsidiaries based on Scatec Solar's economic interest in the subsidiaries. Proportionate reporting is in line with how the Management Team assesses the performance of the segments. Please refer to note 4 Operating Segments for further descriptions of the proportionate financials as well as reconciliation to the IFRS financial statement.

Group – Proportionate financials

Key figures

NOK million	2019	2018	2017
Revenues and other income	**6,341**	4,725	1,680
Operating expenses	**-497**	-360	-276
EBITDA	**1,571**	961	792
D&A and impairment	**-460**	-188	-160
EBIT	**1,111**	773	632
Cash flow to equity	**794**	481	265

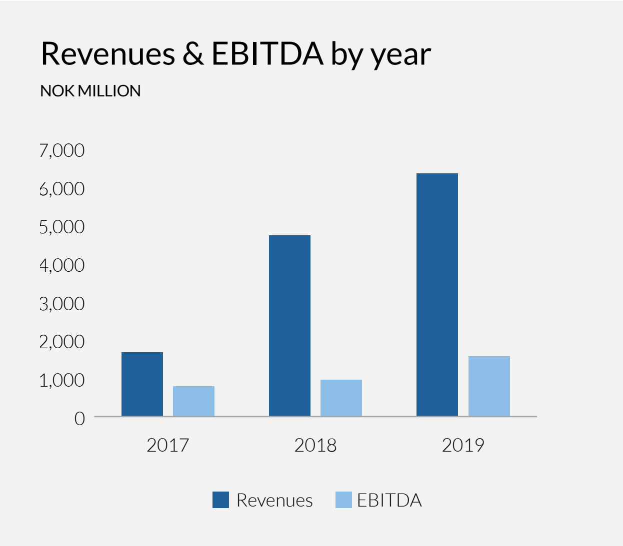
Key ratios

Percent	2019	2018	2017
EBITDA margin	**25%**	20%	47%
EBIT margin	**18%**	16%	38%

The 2019 proportionate revenues increased by 34% to NOK 6,341 million from 2018, mainly due to continued high activity in Development & Construction (D&C) and significant increase in revenues from Power Production. The growth in revenues and profitability during 2019 reflects increased power revenues driven by new solar plants starting commercial operations in Egypt, Malaysia, Mozambique and Ukraine, and increase in D&C activities compared to 2018.

Operating expenses increased in 2019, mainly due to start of operaton of new power plants.

Scatec Solar’s proportionate share of cash flow to equity was NOK 794 million in 2019, up from NOK 481 million in 2018.



Power Production – Proportionate financials

Key figures

NOK million	2019	2018	2017
Revenues and other income	**1,216**	622	544
Operating expenses	**-222**	-130	-90
EBITDA	**994**	492	454
D&A and impairment	**-412**	-164	-156
EBIT	**582**	328	298
Cash flow to equity	**376**	157	143

Key ratios

Percent	2019	2018	2017
EBITDA margin	**82%**	79%	83%
EBIT margin	**48%**	53%	55%

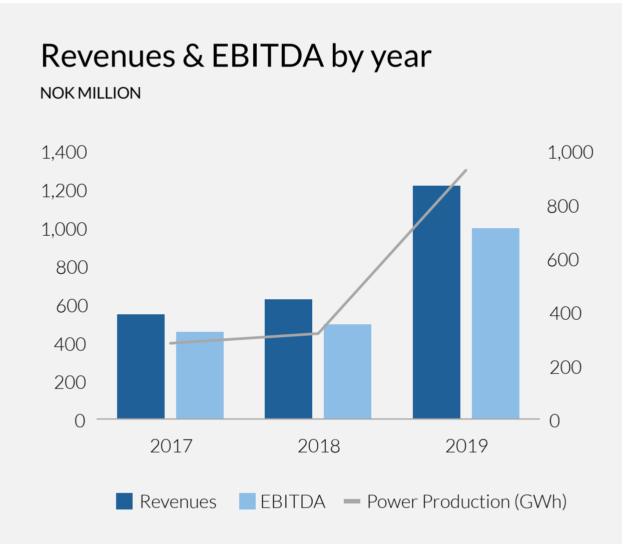
Production

MWh	2019	2018	2017
MWh produced	**1,655**	681	627
-net to Scatec Solar	**926**	318	282

Power Production revenues reached NOK 1,216 million (622) in 2019. Installed capacity was 1,193 MW at year-end 2019 and full year production on proportionate basis reached 926 GWh compared to 318 GWh in 2018. The increase in production volumes and revenues is driven by the increased production capacity. For the existing power plants, the change in production volume from last year is small and driven by regular operational variability. The reported revenues for 2019 are mainly reflecting sale of electricity from solar power plants in Brazil, the Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa and Ukraine.

Operating expenses and depreciation increased from last year due to added capacity, as well as commencement of asset management activities for plants under construction.

Scatec Solar's proportionate share of cash flow to equity from Power Production was NOK 376 million in 2019, up from NOK 157 million in 2018.



Operation & Maintenance (O&M) – Proportionate financials

Key figures

NOK million	2019	2018	2017
Revenues and other income	**115**	81	69
Operating expenses	**-70**	-48	-41
EBITDA	**45**	34	28
D&A and impairment	**-3**	-1	-1
EBIT	**42**	33	27
Cash flow to equity	**37**	26	22

Key ratios

Percent	2019	2018	2017
EBITDA margin	**39%**	41%	40%
EBIT margin	**37%**	40%	39%

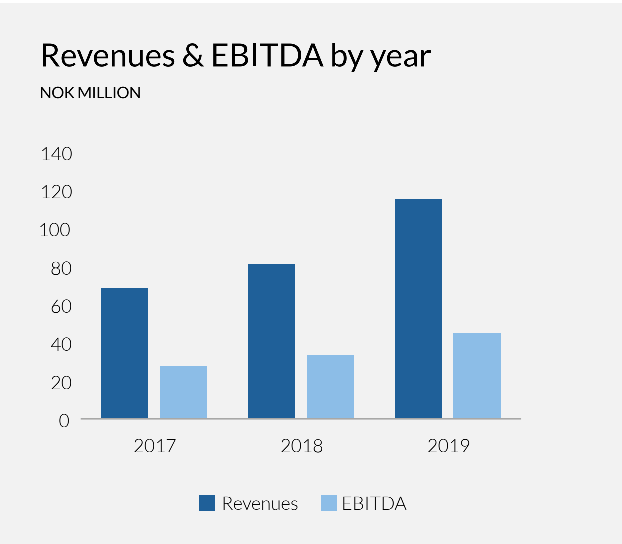
Revenues in the Operation & Maintenance segment reached NOK 115 million (81) in 2019.

The revenue growth in 2019 is explained by commencement of O&M operations in Egypt, Malaysia, Mozambique and Ukraine.

Operating expenses amounted to NOK 70 million (48) in 2019. The increase is mainly due to new power plants reaching commercial operation as well as costs related to preparations for growth in the asset portfolio.

EBITDA reached NOK 45 million (34) in 2019, corresponding to an EBITDA margin of 39% (41%).

Scatec Solar's proportionate share of cash flow to equity from O&M was NOK 37 million in 2019, up from NOK 26 million in 2018.



Development & Construction (D&C) – Proportionate financials

Key figures

NOK million	2019	2018	2017
Revenues and other income	**4,980**	4,005	1,054
Cost of sales	**-4,274**	-3,404	-612
Gross profit	**706**	601	442
Operating expenses	**-117**	-113	-82
EBITDA	**589**	488	361
D&A and impairment.	**-39**	-21	-3
EBIT	**550**	467	358
Cash flow to equity	**471**	383	167

Key ratios

Percent	2019	2018	2017
Gross margin	**14%**	15%	42%
EBITDA margin	**12%**	12%	34%
EBIT margin	**11%**	12%	34%

Revenues in Development & Construction reached NOK 4,980 million (4,005) in 2019.

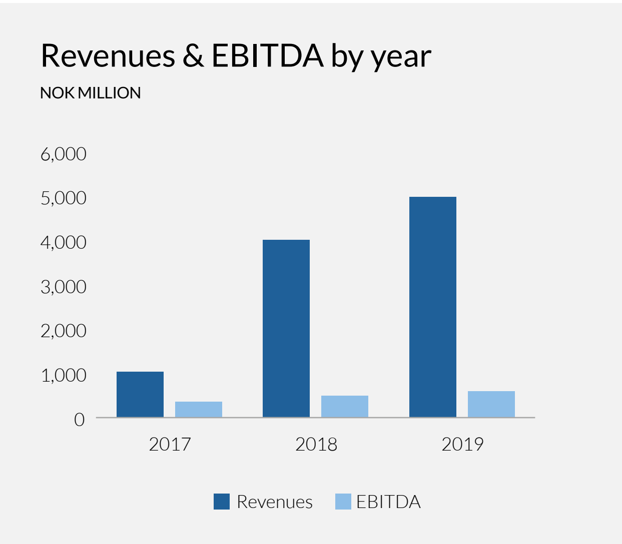
Activities in the segment increased from 2018 to 2019 with high construction activity in Malaysia, Egypt, South Africa, Ukraine, Mozambique and Argentina. The Company also continued to mature a wide range of projects during the year, resulting in a project backlog and pipeline of 5.8 GW.

Revenues in the D&C segment are reflecting project development margin and progress on projects under construction.

The gross margin reached 14 % in line with earlier guidance.

EBITDA reached NOK 589 million (488).

Scatec Solar's proportionate share of cash flow to equity from D&C was NOK 471 million in 2019, up from NOK 383 million in 2018.



Corporate – Proportionate financials

Corporate activities mainly relate to corporate and management services. The segment reported an operating loss of NOK -64 million (-55) in 2019.

Corporate - Key figures

NOK million	2019	2018
Revenues and other expenses	31	17
Operating expenses	-89	-70
EBITDA	-58	-53
D&A and impairment	-6	-2
EBIT	-64	-55
Cash flow to equity	-91	-85

Revenues in the corporate segment refers to management fees charged to the other operating segments for corporate services rendered across the Group, the increase relflects the growth of the Company. Corporate incurred NOK 89 million in operating expenses, an increase of 27% compared to last year. The increase reflects strengthening of corporate functions to support the Company's growth.

Consolidated financial statements

Consolidated income statement

Unless otherwise indicated, the below information describes the development for the continuing operations of the Scatec Solar Group in 2019, and the corresponding figures for 2018.

NOK million	2019	2018
Total revenues and other income	1,783	1,213
EBITDA	1,386	902
Operating profit (EBIT)	874	629
Profit before income tax	184	323
Profit/(loss) for the period	155	226
Profit/(loss) to Scatec Solar	-39	140
Profit/(loss) to non-controlling interests	194	86

Revenues

Scatec Solar reported net revenues of NOK 1,783 million (1,213) in 2019, mainly reflecting sales of electricity from solar power plants in Brazil, the Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa and Ukraine. Revenues from power sales increased compared to 2018, and the increase is mainly explained by start of commercial operation of the Jasin and Merchang power plants in Malaysia, the Mocuba power plant in Mozambique, the six Benban power plants in Egypt and the Rengy power plant in Ukraine. For the remaining power plants, the change in production volume from last year is small and driven by regular operational variability.

Net income from associated companies was NOK -28 million in 2019, compared to NOK 63 million in 2018. The decrease is primarily explained by reduced construction activities in Brazil, combined with a partial impairment of NOK 30 million of the assets under construction in Argentina driven by cost overrun and delayed grid connection.

Operating profit

The Group has in recent periods invested in both early stage development activities and also strengthening of the organisation following start-up of several new construction projects. This mainly explains the growth in operating expenses compared to last year.

Consolidated operating expenses amounted to NOK 397 million (311) for 2019. The increase compared to last year is mainly explained by operating expenses on the new plants in operation and higher number of full time employees.

The Company is not engaged in research activities and has not recognised such costs in 2019 or 2018.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 1,386 million in 2019, an increase from an EBITDA of NOK 902 million in 2018.

Depreciation, amortisation and impairment amounted to NOK 512 million in 2019, compared to NOK 273 million in 2018. The increase is mainly explained by depreciation of solar plants that have been grid connected in 2019.

Operating profit (EBIT) ended at NOK 874 million in 2019, up from NOK 629 million in 2018.

Net financial items

NOK million	2019	2018
Financial income	66	197
Financial expenses	-744	-518
Foreign exchange gains/(losses)	-13	15
Net financial expenses	-690	-306

Net financial items amounted to negative NOK 690 million in 2019, compared to negative NOK 306 million in 2018.

Financial income was NOK 66 million (197) for 2019, of which NOK 66 million (50) is reflecting interest income on cash balances. The remaining part relates to forward exchange contracts (FEC) that were set up in order to eliminate currency exchange risk in the Upington projects in South Africa. The FEC's are carried at fair value and fluctuate with changes in the exchange rates throughout the contract period.

Financial expenses mainly consist of interest expenses on non-recourse financing, and has increased compared to 2018 due to financing of new solar plants under construction.

Foreign exchange gains, which mainly relates to revaluation of intercompany balances, decreased from NOK 15 million in 2018 to negative NOK 13 million in 2019.

Profit before tax and net profit

The effective tax rate was 16% for the full year 2019. 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 average effective tax rate fluctuates from year to year mainly based on construction progress. For further details, refer to Note 11 Tax.

Non controlling interests (NCI) represent financial investors in solar power plants. The allocation of profits between NCI and Scatec Solar is impacted by the fact that NCI only have shareholdings in solar power plants, while Scatec Solar also carries the cost of project development, construction, operation & maintenance and corporate functions.

Consolidated statement of comprehensive income

Other comprehensive income comprises items that may subsequently be reclassified to profit or loss, amounted to negative NOK 162 million (-36) in 2019. This relates to after-tax net movement of cash flow hedges of negative NOK 175 million (-54) and foreign currency translation differences of NOK 12 million (18).

Total comprehensive income was thus negative NOK 7 million for 2019 of which negative NOK 117 million was attributable to Scatec Solar, while NOK 109 million is attributable to non-controlling interests. This compares to a total comprehensive income of NOK 190 million for 2018, of which NOK 136 million was attributable to Scatec Solar and NOK 53 million to non-controlling interests.

Consolidated statement of cash flow

Cash flow

Net cash flow from consolidated operating activities amounted to NOK 1,860 million (1,248) in 2019, compared to EBITDA of NOK 1,386 million. The difference between the operating cash flow and EBITDA is primarily explained by changes in working capital, mainly related to power plants under construction.

Net cash flow from consolidated investing activities was negative NOK 6,439 million (-3,809), reflecting construction activities related to the plants in Argentina, Egypt, Malaysia, Mozambique, South Africa and Ukraine.

Net cash flow from financing activities amounted to NOK 4,232 million (2,934), impacted by net proceeds from non-recourse- and NCI financing of NOK 3,646 million (2,589) and NOK 307 million (624) respectively, partly offset by interest payment of NOK 711 million (-588). Further, dividends of NOK 288 million (287) were paid in 2019 and the group raised NOK 1,307 million (596) from the private placement that was successfully completed in 2019.

In total, the Group's cash balance decreased by NOK 348 million (373). Of the total cash balance of NOK 2,824 million (3,303), NOK 1,987 million (2,197) was restricted cash in power plant companies, NOK 78 million (67) represented other restricted cash while NOK 758 million (1,039) represented free cash.

Scatec Solar's proportionate share of cash flow to equity

Scatec Solar's proportionate share of cash flow to equity, defined as EBITDA minus interest expenses, normalised debt instalments and tax (i.e. before changes in net working capital), is an alternative performance measure that seeks to estimate the Group's ability to generate funds for the group, available for equity investments in new solar power plant projects and/or for shareholder dividends over time. Scatec Solar's proportionate share of cash flow to equity totalled NOK 794 million (481) in 2019.

NOK million	2019	2018
Power production	376	157
Operation & Maintenance	37	26
Development & Construction	471	383
Corporate	-91	-85
Total	794	481

Consolidated statement of financial position

Assets

NOK million	2019	2018
Property, plant and equipment	15,401	9,008
Other non-current assets	1,682	1,407
Total non-current assets	17,083	10,415
Other current assets	1,671	1,139
Cash and cash equivalents	2,824	3,303
Total current assets	4,495	4,442
Total assets	21,578	14,857

Total assets amounted to NOK 21,578 million at year-end 2019, up from NOK 14,857 million at the end of 2018. The increase primarily reflects construction activities for the projects in Argentina, Egypt, Malaysia, Mozambique, South Africa and Ukraine during the year.

Overall, non-current assets totalled NOK 17,083 million (10,415), of which NOK 15,401 million was Property, Plant & Equipment (PP&E). Current assets amounted to NOK 4,495 million (4,442), with cash and cash equivalents amounting to NOK 2,824 million (3,303). Part of the cash holdings is subject to restrictions or is collateralised, while free unrestricted cash was NOK 758 million (1,039) at the end of 2018.

Current and non-current financial assets and liabilities in the balance sheet relates to interest rate derivatives in the Egyptian, Malaysian, Mozambiqan and South African power plant companies. Other power plants are funded through fixed rate interest loans. Other current assets and liabilities mainly relate to working capital items such as prepayments and accruals.

Equity and liabilities

NOK million	2019	2018
Equity	3,640	2,475
Non-current non-recourse project financing	12,228	8,643
Other non-current liabilities	2,963	1,940
Total non-current liabilities	15,190	10,583
Current non-recourse project financing	837	364
Other current liabilities	1,911	1,413
Total current liabilities	2,750	1,800
Total liabilities	17,939	12,383
Total equity and liabilities	21,578	14,857
Book equity ratio	16.9%	16.7%

Total equity stood at NOK 3,640 million (2,475) at the end of 2019, corresponding to an equity ratio of 17% (17%). The consolidated equity ratio is negatively affected by inclusion of non-recourse debt in power plant companies at full amount while the value of consolidated assets is reduced by the internal margins generated through the project development and construction activities. At the end of 2019 the consolidated total assets was reduced with NOK 2,353 million of eliminated internal margins.

Total non-current liabilities amounted to NOK 15,190 million (10,583) at the end of 2019, of which non-recourse project financing accounted for NOK 12,228 million (8,643) and bond debt of NOK 745 million (743). Total current liabilities came in at NOK 2,750 million (1,800), of which NOK 837 million (364) was in non-recourse project financing.

Parent Company

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

Scatec Solar ASA reported revenues of NOK 2,964 million and operating profit (EBIT) of NOK 107 million in 2019, compared to revenues of NOK 1,661 million and operating loss (EBIT) of NOK 60 million in 2018.

Revenues increased from 2018 to 2019 due to new construction projects as well as increased sale of development projects.

All revenues are group internal and based on agreements established between Scatec Solar ASA and its subsidiaries, joint ventures and associated companies. The scope of the agreements includes delivery of the main components of the solar power plants (inverter system, modules and structures) and management services as well as services related to project development and construction, including but not limited to permitting, financial modelling, production of bidding documents, debt and equity financing, evaluation of tax issues, structuring of securities and guarantees, legal services, advice on tendering of components as well as grid connection studies.

Operating expenses increased to NOK 179 million, from NOK 152 million in 2018, reflecting the increased number of employees and activities supporting the Company's growth plan.

Profit after tax reached NOK 138 million, compared to a profit after tax of NOK 122 million in 2018.

Total equity for the parent company Scatec Solar ASA stood at NOK 3,088 million at 31 December 2019, up from NOK 1,636 million in 2018. Total assets amounted to NOK 5,913 million at 31 December 2019, up from NOK 5,043 million a year earlier. The increase reflects increased funding to group companies and new projects.

Scatec Solar ASA had 89 permanent full-time employees in 2019, up from 77 in 2018. The sickness leave rate in 2019 was 2%, broadly in line with previous years. Scatec Solar ASA focuses on equal opportunities irrespective of gender. There should be no discrimination related to gender in cases such as compensation, promotion or recruitment. In Scatec Solar ASA females made up 46% of the employees in 2019, which is the same percentage as last year.

Organisation

Scatec Solar has an international and diverse workforce represented by 40 nationalities and 335 employees in 17 countries. The organisation has been further strengthen in 2019 across key regions and functions, with focus on maintaining flexibility while at the same time utilising the strong cross functional teams to continue delivering strong growth.

During 2019, recruitment and onboarding processes have been further streamlined and is being supported by the global recruitment portal and a growing number of e-learning courses for employees. Continuous training and development are an important part of building a value based high performance culture, and a new leadership programme and competency development initiatives have been implemented.

Further information on diversity and equal opportunity is available in the Company's 2019 Sustainability report.

Sustainability

Sustainability is an integral part of Scatec Solar's business model, which represents a positive contribution towards meeting the climate challenge and bridging the global energy gap. The Company generates clean, cost-effective and reliable electricity and strive to conduct its business in a responsible manner across all operations guided by several internationally recognised frameworks and principles.

Scatec Solar is committed to develop and operate all solar projects in line with the IFC Performance Standards and the Equator Principles and collaborate with partners that have the same high standards for projects and their potential impact. The Company develops Environmental and Social Impact Assessments and Action Plans for all projects, which are carefully monitored internally and externally by the project and financing partners. Scatec Solar has been a member of the UN Global Compact since 2018, which reinforces global commitment to responsible business conduct in the four areas: Labour conditions, human rights, environment and anti-corruption.

For 2019, an overall focus was to establish management systems in new projects. The work from 2018 was continued, to further strengthen our corporate Environmental and Social Management System (ESMS) by reviewing processes and management plans in accordance with the IFC's Performance Standards and the Equator Principles. In addition, all corporate policies in the areas of human rights, conflict minerals and stakeholder engagement were further developed and strengthened.

Scatec Solar works systematically to disclose relevant information related to Environmental, Social and Governance (ESG) aspects. In early 2020, the Company was rated an industry leader in ESG risk management. Sustainalytics, a leading global ESG risk rating agency, ranked Scatec Solar as the Company with the lowest ESG risk, out of 450 companies in the global utilities industry.

The Company's reporting on sustainability work and performance is in accordance with the Global Reporting Initiative (GRI) Standards. The next section provides a summary of our sustainability work and results in 2019. For extensive information, refer to the Sustainability Report 2019.

Health, Safety, Security and Environment (HSSE)

Health and Safety is a key priority for Scatec Solar and the Company is continuously working to achieve the goal of zero harm to personnel, materials and the environment. Scatec Solar takes responsibility, set requirements and monitor HSSE performance in the development, construction and operations phase of our projects. Further, the health and safety standards are defined and communicated to employees and contractors.

Scatec Solar delivered approximately 11.7 million working hours with no fatalities or serious injuries involving disabilities in 2019. The year was characterised by high construction activities on 12 projects in Egypt, Malaysia, Ukraine, South Africa, Mozambique and Argentina. In Egypt, a portfolio of six projects totalling 390 MW was under construction during the year, delivering about 8 million working hours with one Lost Time Injury (LTI).

In 2019, the Company engaged close to 8,000 workers for the project construction phase, of whom more than 60% were local and unskilled labour.

The rate of recordable work-related injuries amounted to 1.5 per million working hours, down from 4.4 in 2018. The decrease reflects among others several initiatives launched during the year to strengthen the HSSE culture across the company, as well as accumulating extensive experience from the global network of our project portfolio. None of the recordable injuries were classified as serious injuries.

The sickness leave rate remained moderate at 0.7% world-wide (0.8% in 2018), broadly in line with previous years.

The Company, together with its external risk advisors, regularly assess risks related to global health issues such as pandemics. In general, Scatec Solar is always following the recommendations from relevant national authorities and takes a pro-active approach to contribute to minimize any risk or impact of such health issues. The Company has contingency plans in place to safeguard personnel and assets and has cooperation agreements with external partners for global support.

Scatec Solar works systematically to strengthen its approach to security management and emergency preparedness. One of the most serious risks employees are facing when travelling is related to traffic. In 2019, one recordable injury and two serious near misses related to motor vehicle accidents were registered. Scatec Solar continuously work to manage risk related to traffic, this includes transportation safety management plans for all locations that also require subcontractors to have a plan for transportation safety and initiatives in place to promote safe travelling among their employees.

Business ethics and anti-corruption

Working systematically to prevent corruption and unethical practices in all projects and operations is a fundamental principle in Scatec Solar. Due diligence of potential partners and suppliers through a screening process from structured intelligence to identify heightened risk or blacklisted individuals and organisations are always performed. The Company's main financial collaborators such as Norfund, the International Finance Corporation (IFC), member of the World Bank Group, and other leading development banks are also widely acknowledged for high ethical standards and rigorous due diligence requirements.

Scatec Solar regularly assess sustainability risks within its supply chain. The main risks include corruption, violations of labour rights, and poor social and environmental performance. The Company seeks to mitigate these risks through its supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits and monitoring during production.

Scatec Solar has a whistleblower channel available to all employees and stakeholders of the Company through internal channels and the corporate website. This channel is operated by a neutral third party. All whistleblowers have the option to be anonymous. In 2019, six reports were received through the whistleblower channel, of which one was related to potential corruption and four were related to potential discrimination. All reports were investigated according to the established investigation procedure and no breach of policies or regulations were detected.

In 2016, Scatec Solar implemented mandatory anti-corruption training for all employees and specific anti-corruption and integrity due diligence training for particularly exposed business units such as Procurement and Business Development. In 2019, seven ethics and anti-corruption trainings were organised globally with 172 participants in total. In addition, six targeted workshops were held for business units with an identified high risk of corruption.

Human rights and social issues

Key elements in Scatec Solar's project work are human rights and social issues. Such issues are normally mainly related to labour rights, land resettlement, local community acceptance, and health and safety.

Scatec Solar has a publicly available grievance mechanism for all projects through the corporate website and at each local project site. The grievance mechanism is targeted towards individuals, communities and companies who have feedback or concerns regarding our projects. It is a channel to present issues to the administration of the projects and the channel is directly supervised by Scatec Solar's corporate sustainability unit. In 2019, 174 grievances were registered. The majority of the grievances were from projects under development or construction, usually representing the phases with most feedback and concerns from project stakeholders. About 80% of the grievances were solved by engaging with local communities on a regular basis, following up with subcontractors and communicating our processes and principles. At the end of 2019, 37 grievances were still in process of being resolved. Eleven of these are connected to the construction of the Benban solar park in Egypt and relate to commercial disputes between Scatec Solar's contractors and their subcontractors around delayed payments which have been addressed and resolved. The grievances are still classified as open as they are awaiting final confirmation of resolvement from the company that received them. Eight of the remaining 26 grievances were resolved during the first months of 2020. The remaining 18 are still being addressed and processed according to Scatec Solar's procedures and are expected to be resolved within the next quarter.

To further strengthen our work related to human rights and social issues, Scatec Solar developed a corporate human rights policy in line with United Nation's Guiding Principles on Business and Human Rights in 2019. The human rights aspects will be implemented as a standardised element in training for all managers, Community Liaison Officers and security personnel globally in 2020.

Climate

The Company's solar plants contribute to the reduction of greenhouse gas emissions in every country where Scatec Solar operates. The total greenhouse gas emissions from Scatec Solar in 2019, including scope 1, 2 and air travel in scope 3, were estimated to 10,972 tonnes of CO2 with the majority coming from electricity usage and air travels.

Simultaneously, the operating solar plants contributed to reduce estimated CO2 emissions of about 870,000 tonnes in 2019. This figure will more than double when projects currently under construction are grid connected in 2020.

In 2019 Scatec Solar made an important step to better identify and manage the environmental impacts from its business by reporting to the Carbon Disclosure Project (CDP). This reporting leads to increased transparency for management of risks and opportunities posed by climate change, performance and targets. Scatec Solar's final CDP score is B, indicating that the Company is "taking coordinated action on climate issues". The score levels range from A to D, where A is the top score. To further strengthen reporting and scoring, Scatec Solar will work to set emission reduction targets and initiatives in 2020 and expand reporting to cover more elements of our value chain.

Corporate governance

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

Share capital and the Scatec Solar share

Scatec Solar ASA is listed on the Oslo Stock Exchange under the ticker "SSO". The share capital of Scatec Solar is NOK 3,142,079.725 divided on 125,683,189 shares, each with a nominal value of NOK 0.025. All shares are of the same class and with equal voting and dividend rights. Per 31 December 2019, the number of shareholders were 10,306. Refer to Note 23 - Share capital, shareholder information and dividend for further information.

Scatec Solar puts a strong emphasis on informing all interested parties about important news and the Company's developments through annual reports and quarterly financial presentations, stock exchange notices and other updates. Further information can be found in the investor section of Scatec Solar's website at www.scatecsolar.com/investor.

Dividend policy

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.

Risk factors and risk management

Scatec Solar has extensive policies and procedures in place as part of its operating system to actively manage risks related to the various parts of the Company's operations. Key risks are discussed and policies are reviewed and approved by the Board of Directors on a regular basis. The daily follow up of these policies, including internal control and adults, is carried out by Scatec Solar's management team, the Finance function, Legal and other relevant functions.

The Company is exposed to a variety of operational, political and financial risks through its business activities. The main business is related to projects and most of the risks are identified, reported and actively managed through all phases of the projects. All projects report status on risk management as part of their monthly reporting process. On Group level, a quarterly review of risks is performed by the Executive Management Team based on regular risk reporting from the projects and functions and reported to the Board of Directors.

In 2019, DNV GL awarded ISO 9001, ISO 14001 and ISO 45001 certification to Scatec Solar. This certification results from a yearly audit process by DNV GL which is designed to assess and confirm the compliance of the Company to these three standards for Quality, Environmental and Health & Safety Management respectively. Risk Management is an integral part of the standards and compliance clearly indicates a well-functioning risk management framework and processes within the organisation.

Operational risk

The main economic risks going forward relate to the performance of operating power plants, timely completion of solar power plants under construction and progress in the transitioning of projects in backlog and pipeline through financial close and into construction.

The business of the Company is project related and most of the risks that the business is exposed to is contained and actively managed within individual projects. The market risk mainly relates to the attractiveness of solar projects in the various markets as derived from development in power prices, including feed-in-tariffs in key markets, relative to the prices of key components such as solar modules. Scatec Solar manages this risk through balancing the commitments on sourcing of projects and components with the commitments on the off-take and financing of the solar plants, and through developing a robust portfolio of attractive project opportunities in different markets.

The Company has established a solid project pipeline, but further growth of the business will depend on a number of factors such as project availability, access to competitive financing, component availability and pricing, price development for alternative sources of energy and the regulatory framework in the relevant markets.

Scatec Solar operates in several regions of the world with complex risk environments. This primarily relates to political, compliance, integrity and security risk. The Company mitigates these risks through comprehensive due diligence processes whereby country risk, permits, project agreements, partners, execution plans, security and all other relevant aspects of the project are carefully assessed. These assessments are done in close cooperation with several advisors including global risk and security consultancies.

Scatec Solar acknowledges cybercrime to be a potential risk to the company. This risk is mitigated proactively by deploying security patches to all computers and network equipment in addition to continuous monitoring the equipment for security issues. Scatec Solar's IT partner's Security Operations Center (ISOC) monitors all data traffic passing through the firewalls 24/7 in addition to surveillance of the general threat level across Scatec Solar's global networks.

The Company, together with its external risk advisor, regularly assess risks related to global health issues such as pandemics. The Company has contingency plans in place to safeguard personnel and assets, as well as cooperation agreements with external partners for global support. Refer to Subsequent Events.

Political risk

Scatec Solar holds assets and operates in many jurisdictions, and the Company's operations are subject to international and national laws and regulations applied by various government authorities in connection with obtaining licenses and permits, government guarantees and other obligations regulated by law.

Regulatory authorities exercise considerable discretion in matters of enforcement and interpretation of applicable laws, regulations and standards, the issuance and renewal of licenses and permits, capital transfer restrictions and in monitoring licensees' compliance with the terms thereof. Commercial practices and legal and regulatory frameworks differ significantly between jurisdictions and are subject to change at any time. As a result, it may be difficult to ensure compliance with changes in regulatory requirements in the jurisdictions where the Company operates, and this can have an adverse effect on the Group's operations, business, financial performance and prospects.

Scatec Solar has entered into long-term fixed price contracts for the sale of electricity from all its current solar power plants and the entry into such contracts is a prerequisite for financing and construction of the projects in the backlog and pipeline. All existing electricity sales contracts are entered into with state-owned utilities typically under regulation of various state programs to promote renewable energy. Soverign gurantees are normally provided to support the obligations of the state-owned utilities. Consequently, Scatec Solar is subject to political risk in the countries it operates.

The Company mitigates political risk in emerging markets through partnerships with multilateral development banks as project finance lenders and/or through establishing project risk insurance cover from the World Bank and others.

Financial risk

Through its business activities, Scatec Solar is mainly exposed to market risk, including currency risk and credit risk; liquidity risk and to some extent interest rate risk. Financial risk management is based on the objective of reducing negative cash flow effects and to a less extent negative accounting effects of these risks. For description and management of financial risk, refer to Note 5 – Financial risk management. Refer to Subsequent Events.

Project portfolio

The solar market continues to grow strongly, and Scatec Solar is continuously developing a large project pipeline across several markets.

Project overview

Project stage	Q4'19 Capacity [1] (MW)	Q4'18 Capacity (MW)
In operation	**1,193**	584
Under construction	**711**	1,071
Project backlog [2]	**568**	225
Project pipeline [2]	**5,206**	4,545

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

The table below shows the projects under construction and in backlog with details on capital expenditure and annual

Location	Capacity (MW)	Currency	CAPEX (100%, million)	Annual production (100%, GWh)	Debt leverage	SSO economic interest
In Operation	1,193	NOK [3]	16,622	2,278	70%	59%
Under Construction						
Ukraine portfolio	289	EUR	266	313	70%	96%
Upington, South Africa	258	ZAR	4,760	650	77%	46%
Guanizuil, Argentina	117	USD	103	310	60%	50%
Redsol, Malaysia	47	MYR	200	67	75%	100%
Total under construction	711	NOK [3]	6,935	1,379		70%
Backlog						
Tunisia	360	USD	240	830	70%	65%
Vietnam	48	USD	54	97	70%	65%
Ukraine	65	EUR	74	65	70%	65%
Bangladesh	62	USD	68	86	70%	65%
Segou, Mali	33	EUR	50	60	75%	51%
Total Backlog	568	NOK [3]	4,682	1, 138		64%
Total	2,472	NOK [3]	27,984	4, 795		63%

1) Status per reporting date for fourth quarter 2019
2) See Other Definitions for definition
3) All exchange rates to NOK are as of 31 December 2019

production. For extensive information about the projects under construction and in backlog, refer to the fourth quarter 2019 report on www.scatecsolar.com/Investor.

Total annual revenues from the 2,472 MW in operation, under construction and in backlog is expected to reach about NOK 4,230 million (on 100% basis) based on 20-25-year Power Purchase Agreements (PPAs). Scatec Solar will build, own and operate all power plants in the project backlog and pipeline. All projects under construction is expeted to start commercial operation during first half of 2020.

Project pipeline

Location	Q4'19 Capacity (MW)	Q4'18 Capacity (MW)
Latin America	**960**	833
Africa	**2,198**	2,186
Europe & Central Asia	**463**	523
South East Asia	**1,585**	912
Total pipeline	**5,206**	4,454

In addition to projects in backlog Scatec Solar holds a solid pipeline of projects totalling 5,206 MW. The pipeline has developed favourably over the last year through systematic project development efforts in several markets across four key regions where both governments and corporate off-takers are seeking to source solar energy.

Historically, about 50% of projects in pipeline have been realised. The pipeline projects are in different stages of development and maturity, but they are all typically in markets with an established government framework for renewables and for which project finance is available (from commercial banks or multilateral development banks). The project sites have typically been secured and Scatec Solar is in a position to participate in bilateral negotiations for a long-term power sales agreement with an off-taker, feed-in- tariff schemes, or tender processes. For detailed information about Scatec Solar's project pipline and main markets, refer to the fourth quarter 2019 report on www.scatecsolar.com/Investor.

Short term guidance

For 2020, Power production is expected to reach 1,250 – 1,350 GWh on proportionate basis from plants in operation at year end 2019, compared to 926 GWh in 2019. Production volumes will continue to grow as plants of 711 MW under construction are being grid connected and starting commercial operations in 2020.

Outlook

The renewable energy market is expected to see continued strong growth with solar market volumes expected to grow by more than 30 % to 158 GW by 2022. most of the new capacity is expected to be installed outside the OECD according to Bloomberg New Energy Finance (BNEF).

The outbreak of COVID-19 has triggered a global economic slowdown impacting all industries and BNEF has recently cut its global solar demand forecast for 2020 from the interval 121-152 GW to 108-143 GW. Even though the demand for electricity continue to grow in emerging markets, some of the near-term growth is expected to be pushed back in time and investments in renewable energy might see delays which could impact Scatec Solar negatively.

Scatec Solar's strategic direction remains firm as the Company aims to continue delivering shareholder value and strong growth with a target of installed capacity of 4.5 GW by end 2021.

In September 2019, Scatec Solar raised its growth ambitions and updated its financial and operational targets:

- Installed capacity of 4.5 GW in operation or under construction by end of 2021
- Annual growth of 1.5 GW per year from 2022 onwards
- Development & Construction segment gross margin of 12-14%
- Average equity IRR on investments of 12-14%

The following key priorities is supporting the Company's growth strategy:

1. Efficiently execute the construction portfolio
2. Secure additional growth in key regions
3. Broaden commercial and technology scope
4. Optimise asset portfolio through debt refinancing and selective asset rotation

The Company is utilising its solid track record and market position to further grow its business in new segments and to realise attractive project opportunities. Scatec Solar's ability to delivery consistently over time combined with a positive market outlook, has further strengthened the Company's position as a leading player in emerging markets.

Subsequent events

Coronavirus disease (COVID-19)

Scatec Solar is closely monitoring developments and is following the respective national authorities' advise 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.

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)