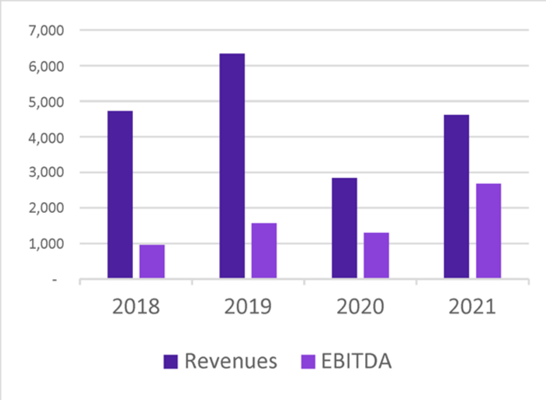
Report from the Board of Directors

Highlights 2021

- Proportionate revenues of NOK 4,615 million (2,844) and EBITDA of NOK 2,686 million (1,306)
- Proportionate Power production of 3,823 GWh, up 2.5x from last year
- Acquisition of SN Power completed with the hydro assets contributing to strong growth
- New solar plants started commercial operation in Ukraine and Argentina
- 2025 growth target announced – 15 GW capacity and investments of NOK 100 billion
- Building pipeline and pursing several new Power to X opportunities in Egypt and the Middle East
- The Board proposes dividends of NOK 2.54 per share, totaling NOK 401 million to be paid out in 2022

Proportionate revenues and EBITDA by year



Key figures

NOK million	FY 2021	FY 2020
Proportionate Financials		
Total revenues and other income	4,615	2,844
Power Production	4,176	1,708
Services	260	231
Development & Construction	137	873
Corporate	42	33
EBITDA	2,686	1,306
Power Production	2,949	1,404
Services	75	82
Development & Construction	-223	-28
Corporate	-114	-153
Operating profit (EBIT)	1,606	690
Power Production	1,977	838
Services	70	79
Development & Construction	-301	-54
Corporate	-140	-173
Profit/loss	285	-435
Net interest- bearing debt	15,175	1,851
Power production (GWh)	3,823	1,602
Scatec proportionate share of cash flow to equity[1)]	1,284	324
Consolidated Financials		
Revenues and other income	3,803	2,754
EBITDA	2,903	2,069
Operating profit (EBIT)	2,012	1,292
Profit/(loss)	456	-368
Net interest- bearing debt	14,949	5,223
Basic earnings per Share (NOK)	2.45	-3.51
Power Production (GWh)	9,729	2,911

1) See Alternative Performance Measures appendix for definition

Introduction

Scatec is a leading renewable energy solution provider, accelerating access to reliable and affordable clean energy in high growth markets. As a long-term player, we develop, build, own and operate renewable energy plants, with 3.5 GW of installed capacity across four continents today. We are targeting 15 GW of renewable capacity to be in operation or under construction by the end of 2025, delivered by our 600 passionate employees who are driven by a common vision of 'Improving our Future'.

2021 Summary

Business growth

- Acquisition of SN Power completed with the hydro assets contributing to strong growth
- 2025 target announced – 15 GW capacity and investments of NOK 100 billion
- Project pipeline increased by more than 50% to 14.8 GW across all renewable technologies
- Some project delays due to prolonged governmental approval processes and cost inflation

Operational

- Stable operations and production in line with expectations across the asset portfolio
- Power production up 2.5x from last year
- Commercial operation of new solar power plants in Argentina and Ukraine

Organisation and people

- Expanded the full-time workforce with 187 employees, to a total of 622 employees at the end of 2021
- 51 different nationalities, a truly global company
- 27% female employees in management positions at the end 2021, compared to target of 32%.
- Launched 50/50 Female Leadership Programme
- 2021 Statement on Equality and Non-discrimination is available on our corporate website
- Developed a new People and Organisation Strategy

Climate

- Annual GHG emissions avoided from our power plants reached 4.8 million tones
- On the 'A' List for tackling climate change by the Carbon Disclosure Project (CDP)
- Set climate ambitions in line with the 1.5 degree target; zero scope 1 and 2 emissions by 2030 and net zero across the supply chain by 2040

EU Taxonomy and reporting

- All revenues, opex and investments are derived from EU Taxonomy eligible activities – and we expect full compliance at year end 2022
- Ranked number one in ESG reporting out of the 100 largest companies on the Oslo Stock Exchange

HSSE

- Delivered more than 2.5 million working hours with no fatalities or serious injuries during 2021
- The lost time incident frequency rate (LTIF) was 1.9 per million working hours resulting from five incidents
- Certified to ISO 9001, 45001 and 14001 by DNV

Human rights/supply chain

- Further strengthened our human rights due diligence process and training
- Addressed forced labor concerns in China; alternative sourcing, audits, peer collaboration and updates of governing documents
- New suppliers screened on environmental and social criteria - environmental and social assessments conducted for all new projects
- 28 grievances received, 79% were resolved as per the publication of the report

Anti-corruption

- Scatec provides mandatory anti-corruption and code of conduct training to all employees. 89% of all employees have completed the training

Group – Proportionate Financials

2021 proportionate revenues were NOK 4,615 million, up from NOK 2,844 million in 2020. The increase reflects the acquisition of SN Power in January 2021 and new solar plants in Ukraine and Argentina which started operation during the year.

With a larger portfolio of power plants in operation, both revenues and EBITDA increased in Power Production, while decreasing in the Development & Construction segment. This change in segment mix resulted in a higher EBITDA margin for the Group compared with the previous year.

The increase in operating expenses and depreciation compared with 2020 is mainly driven by the new power plants in operation, strengthened project development and corporate functions.

Scatec's proportionate share of cash flow to equity was NOK 1,284 million in 2021, up from NOK 324 million in 2020. This is mainly explained by the factors above in addition to NOK 397 million from refinancing of assets in the Philippines.

Power Production

Power Production revenues increased to NOK 4,176 million (1,708) in 2021, while EBITDA increased by 48% to NOK 2,949 million (1,404). Installed capacity was 3,355 MW at year-end and full year production on proportionate basis reached 3,823 GWh, up from 1,602 GWh in 2020. The increase in production volumes and revenues is mainly driven by the acquisition of SN Power.

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 2021 are reflecting sale of electricity from solar power plants in Brazil, Czech Republic, Egypt, Honduras, Jordan, Malaysia, Mozambique, Rwanda, South Africa, Argentina and Ukraine, from hydro power plants in Philippines, Uganda and Laos and wind power in Vietnam. Operating expenses and depreciation increased from last year in line with more plants in operation.

Scatec's proportionate share of cash flow to equity from Power Production was NOK 1,640 million, up from NOK 427 million in 2020. The increase in cash flow to equity is less than the increase in EBITDA due to increased debt service.

Services

Revenues in the Service segment reached NOK 260 million (231). The revenue growth is explained by the growing portfolio of producing assets.

Operating expenses of NOK 186 million (149) in the segment mainly constitute fixed expenses such as personnel and recurring maintenance cost reflecting fixed maintenance schedules.

EBITDA reached NOK 75 million (82), corresponding to an EBITDA margin of 29% (36%). The decrease in EBITDA margin compared with last year is mainly due to growth of centralised service costs required to support the growing portfolio.

Scatec's proportionate share of cash flow to equity from Services was NOK 60 million in 2021, down from NOK 65 million in 2020.

Development & Construction (D&C)

Revenues in Development & Construction was NOK 137 million (873) and EBITDA NOK -223 million (-28) in 2021. The decrease is explained by low construction activity during the year.

The increase in operating expenses reflects increased spending on opportunity projects across several markets and renewable technologies.

Project development spending, including amounts capitalised reached NOK 318 million (245) in the year.

Scatec 's proportionate share of cash flow to equity from D&C was NOK -164 million, a decrease from NOK -15 million in 2020.

Corporate

Corporate activities mainly relate to corporate and management services. The segment reported an operating loss of NOK 114 million (153) in 2021.

Revenues in the corporate segment refers to management fees charged to the operating segments for corporate services rendered across the Group. Corporate incurred NOK 156 million (186) in operating expenses. In 2020 corporate included non-recurring transaction cost related to the SN Power acquisition. The change in operating expenses from 2020 to 2021 also reflects the strengthening of corporate functions to support the Company's growth.

Consolidated financial statements

Consolidated income statement

NOK million	2021	2020
Total revenues and other income	3,803	2,754
EBITDA	2,903	2,069
Operating profit (EBIT)	2,012	1,292
Profit before income tax	759	-238
Profit/(loss) for the period	456	-368
Profit/(loss) to Scatec	388	-478
Profit/(loss) to non-controlling interests	68	110

Revenues

Scatec reported net revenues of NOK 3,803 million (2,754) in 2021. The increase in revenues is explained by the commercial operation of new solar parks at Kamianka, Chigrin and Progressovka in Ukraine, and the acquisition of the Dam Nai wind power plant in Vietnam.

Net income from associated companies increased from NOK -16 million in 2020 to NOK 765 million in 2021. The increase is explained by net income from joint venture investments and associated companies that were part of the SN Power acquisition (operating power plants in the Philippines, Laos and Uganda) and commercial of the new solar park Cordillera in Argentina.

Operating Profit

The Group has in 2021 strengthen the organisation and the corporate functions following the significant growth of the Company. Also, the Group has increased its spending on opportunity projects, which explains the growth in operating expenses to NOK 900 million compared to NOK million 685 last year.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) reached NOK 2,903 million in 2021, an increase from EBITDA of NOK 2,069 million in 2020.

Depreciation, amortisation and impairment amounted to NOK 892 million in 2021, compared to NOK 777 million in 2020. The increase is mainly explained by depreciation of the new solar plants which started operation in 2021.

Operating profit (EBIT) ended at NOK 2,012 million in 2021, up from NOK 1,292 million in 2020.

Net financial items

NOK million	2021	2020
Financial income	47	57
Financial expenses	-1,368	-1,189
Foreign exchange gains/(losses)	69	-398
Net financial expenses	-1,253	-1,530

Net financial expenses amounted to NOK 1,253 million in 2021, compared to NOK 1,530 million in 2020. Financial expenses primarily consist of interest expenses on non-recourse financing and corporate funding. The increase in interest expense is mainly driven by the acquisition of SN Power.

The decrease in foreign exchange losses in 2021 from negative NOK 398 million to positive NOK 69 million is primarily driven by change of functional currency in Scatec ASA from NOK to USD from 1 January 2021.

Profit before tax and net profit

The effective tax rate was -40% (55%) for the full year 2021. The difference between the actual tax expense of the year and a calculated tax expense based on the Norwegian tax rate of 22% is explained by a number of factors, including withholding taxes paid on dividends received from subsidiaries, revised assessment of deferred tax assets and currency effects. The tax cost is also influenced by taxable profits and -losses in tax jurisdictions with different tax rates which offset each other in the group but leaves a net tax expense to be recognised. The underlying tax rates in the companies in operation are in the range of 0% to 33%. In some markets, Scatec also receives special tax incentives intended to promote investments in renewable energy. For further details, refer to Note 7 Tax.

Non-controlling interests (NCI) represent financial investors in power plants. The allocation of profits between NCI and Scatec is impacted by the fact that NCI only represent shareholdings in the power plants that are fully consolidated and not includes net income from JVs and associates

Other comprehensive income comprises items that may subsequently be reclassified to profit or loss, amounted to NOK 317 million (-394) in 2021. This relates to after-tax net movement of cash flow hedges of negative NOK 386 million (-380) and foreign currency translation differences of NOK 40 million (-112).

Total comprehensive income was thus NOK 773 million (-762) for 2021 of which NOK 595 million (-698) was attributable to Scatec, while NOK 178 (-65) million is attributable to non-controlling interests.

Consolidated statement of cash flow

Cash flow

NOK million	FY 2021	FY 2020
Net cash flow from operating activities	2,072	1,671
Net cash flow from investing activities	-8,081	-1,704
Net cash flow from financing activities	2,413	4,984
Net increase/(decrease) in cash and cash equivalents	-3,597	4,951

Net cash flow from consolidated operating activities amounted to NOK 2,072 million (1,671) in 2021, compared to EBITDA of NOK 2,686 million (1,306). The difference is primarily explained by increased net income from JVs and associated companies and changes in other assets and liabilities.

Net cash flow from consolidated investing activities was negative NOK -8,081 million (-1,704) driven by net investments in, and distributions from JVs, and investments in property, plant and equipment.

Net cash flow from financing activities amounted to NOK 2,413 million (4,984), driven primarily by net proceeds from corporate financing of NOK 4,699 million related to the acquisition of SN Power, repayments and proceeds from non-recourse project financing amounted to NOK -707 million (-543) and NOK 1,180 million (894).

In total, the Group's cash balance was reduced by NOK 3,597 million (4,951). Of the total cash balance of NOK 4,171 million (7,788), NOK 1,711 million (1,741) was restricted cash in power plant companies, NOK 91 million (87) represented other restricted cash while NOK 2,335 million (5,949) represented free cash at the Group level.

Proportionate share of cash flow to equity

Scatec's "proportionate share of cash flow to equity", is an alternative performance measure that seeks to estimate the Group's ability to generate funds for equity investments in new power plant projects and/or for shareholder dividends over time. Scatec's proportionate share of cash flow to equity totaled NOK 1,284 million (324) in 2021.

NOK million	2021	2020
Power production	1,640	427
Services	60	65
Development & Construction	-164	-15
Corporate	-252	-153
Sum	1,284	324

Consolidated statement of financial position

Assets

NOK million	2021	2020
Property, plant and equipment and intangible assets	16,682	16,112
Investments in JV and associated companies	9,745	612
Other non-current assets	983	865
Total non-current assets	27,385	17,590
Other current assets	1,474	1,286
Cash and cash equivalents	4,171	7,788
Total current assets	5,645	9,074
Total assets	33,030	26,663

Total assets amounted to NOK 33,030 million at year-end 2021, up from NOK 26,663 million at the end of 2020.

Non-current assets totaled NOK 27,385 million (17,590), the increase is mainly driven by the acquisition of SN Power and increased investments in JVs and associated companies. See Note 13 for an overview of investments in joint ventures and associated companies and split per country.

Current assets amounted to NOK 5,645 million (9,074). Other current assets increased compared to 2020, mainly driven by the acquisition of SN Power, working capital changes and increase in outstanding receivables in Honduras.

The cash balance has decreased by NOK 3,617 million since 31 December 2020, primarily following the acquisition of SN Power. In addition to the cash balance as of year-end at NOK 4,171 million, the Group had NOK 1,632 million in available undrawn credit facilities. See Note 15 for a detailed breakdown of cash balances as well as an overview of movement of cash at the Recourse Group level.

Other current assets and liabilities mainly relate to working capital items such as trade receivables, prepayments and accruals.

Equity and liabilities

NOK million	2021	2020
Equity	9,919	9,467
Non-current non-recourse project financing	10,708	11,350
Non-current corporate financing	7,264	-
Other non-current liabilities	2,224	2,351
Total non-current liabilities	20,197	13,701
Current non-recourse project financing	1,147	913
Current corporate financing	-	748
Trade payables and other current liabilities	1,766	1,834
Total current liabilities	2,913	3,495
Total liabilities	23,110	17,196
Total equity and liabilities	33,030	26,663
Book equity ratio	30%	36%

Total equity increased by NOK 452 million compared with 31 December 2020, driven by the profit and other comprehensive income in the period. The decreased book equity ratio is explained by the increase in total equity and liabilities following the acquisition of SN Power.

Total non-current liabilities amounted to NOK 20,197 million (13,701) at the end of 2021, of which non-recourse project financing accounted for NOK 10,708 million (11,350). The NOK 6,516 million increase in corporate financing compared with 31 December 2020 mainly relates to financing of the acquisition of SN Power which, at closing date of the acquisition, comprised of a USD 400 million bridge to bond facility, a USD 150 million Green Term Loan and a USD 200 million Vendor Financing. In the first quarter 2021, Scatec successfully completed a EUR 250 million senior unsecured green bond issue with maturity in August 2025, which was listed on the Oslo Stock Exchange on 23 June 2021. Proceeds from the bond issue were used for repayment of USD 207 million of the bridge to bond facility, redemption of the NOK 750 million senior unsecured green bond issued in 2017, and other eligible activities as set out in Scatec's Green Financing Framework. See Note 23 for further details.

Parent Company

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

Scatec ASA reported revenues of NOK 166 million and operating loss (EBIT) of NOK -343 million in 2021, compared to revenues of NOK 622 million and operating loss (EBIT) of NOK -63 million in 2020.

Revenues decreased from 2020 to 2021 due to lower construction activity. All revenues are Group internal and based on agreements established between Scatec ASA and its subsidiaries, joint ventures and associated companies.

Operating expenses decreased to NOK 455 million, from NOK 675 million in 2020, reflecting the reduced construction activity. The number of employees increased from 94 to 116 following the Company's growth.

Profit after tax reached NOK -74 million, compared to a profit after tax of NOK 518 million in 2020.

Total equity for the parent company Scatec ASA stood at NOK 9,761 million at 31 December 2021, down from NOK 9,915 million in 2020. Total assets amounted to NOK 20,048 million at 31 December 2021, up from NOK 11,658 million a year earlier. The increase mainly relates to investments in subsidiaries following the acquisition of SN Power.

Organisation

Scatec has an international and diverse workforce which at the end of 2021 was represented by 51 nationalities and 622 employees in 26 countries. The organisation was strengthened across key functions and regions by expanding the team by 187 highly skilled full-time employees during the year. In addition to the full-time workforce, Scatec had 105 short-term employees and 56 consultants supporting its functions. The organisation remains flexible, and the young and dynamic workforce continues to deliver strong results and growth.

The Company's reporting on diversity and equal opportunity is available in the Statement of equality and anti-discrimination on https://scatec.com/sustainability/esg-resources/ and in the Company's 2021 ESG Performance report.

Risk factors and risk management

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

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

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

Below we have summarised the key inherent risks that Scatec is exposed to as per year end 2021 and key mitigation activities.

Project development risk

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

Component price risk

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

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

Compliance and integrity risk

Scatec is opposed all forms of corruption and strives to meet the highest ethical standards across our business activities. As a global company, we have implemented an Anti-Corruption Compliance Programme designed to meet the risks of diverse and challenging business environments.

The Scatec Code of Conduct sets out our commitment to prevent corruption and places clear requirements on our employees. We train our employees on how to manage the corruption risks they may face, we encourage them to ask for guidance if they are unsure, and we remind them of their duty to speak-up if they suspect misconduct. In 2021 we made a Code of Conduct eLearning available for all employees and, in 2022, we will focus on tightening internal controls around high-risk partners and activities.

Scatec expects all business partners and suppliers to conduct their activities in a way that is consistent with our Code of Conduct and we embed this contractually in our Supplier Conduct Principles. We screen all potential suppliers and systematically assess higher-risk business partners to avoid unsuitable third parties. Our assessment goes beyond corruption to include environment, labour, human rights and sanction risks. We mitigate these risks through our supplier development programme, transparent and fair tender processes, robust contracting, pre-production audits and monitoring during production.

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

Our finance partners, including Norfund and the World Bank International Finance Corporation, are widely acknowledged for having high ethical standards and rigorous due diligence requirements and, together, we ensure that our projects and operations are conducted with integrity.

Political risk

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

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

Cyber risk

Cyber risk is an increasing concern in today's society. Scatec'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's global networks. The security set-up is audited by third party experts on a regular basis.

Financial risk

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

For a more detailed description and management of financial risk, refer to Note 19 – Financial risk management.

Power market price risk

The Company has moderate exposure to power market price risk. Scatec has entered into long-term fixed price contracts for the sale of electricity from most of its power plants in operation at year end 2021. In the Philippines, Scatec has long term power market price exposure as about 70-80% of the electricity from power plants are sold under 1 - 3 year contracts to hedge the short to mid-term market price exposure.

Health, Safety and Security risk

Through the construction of large-scale renewable energy plants with between 500-5000 workers on the project site, the Company is exposed to health and safety risk. Scatec is continuously working to achieve the goal of zero harm to personnel, materials and the environment. Scatec takes responsibility, sets requirements and monitors HSSE performance in the development, construction and operations phases of the projects. Further, the health and safety standards are defined and communicated to employees and contractors.

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

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

Other risks

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

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

Climate change impact - climate change could have a range of potential impacts on Scatec's business. The most serious climate-related risks involve the physical impact of extreme weather events, including droughts and floods. Scatec conducts corporate climate risk assessments Refer to our Task Force on Climate related Financial Disclosure (TCFD) report 2021 for more information.

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

Pandemic risk - Scatec with its external risk advisors, regularly assess risks related to global health issues such as pandemics. The impact of COVID-19 on Scatec's operations has been limited as we operate critical infrastructure. The COVID-19 situation has however influenced the markets where Scatec develops projects and has caused delays in government approvals for some of the development projects.

Corporate governance

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

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

Market outlook

Global new installation of renewable energy capacity reached 315 GW in 2021 according to Bloomberg New Energy Finance (BNEF).

Although global cost inflation is impacting the renewables industry the cost impact on other energy sources is even stronger. Consequently, the relative competitiveness of the fuel independent electricity form solar, wind and hydropower has strengthened over the last few quarters.

Bloomberg New Energy Finance (BNEF) expects global solar new build to accelerate and see new installations of around 228 GW in 2022, up from an estimated 183 GW in 2021. For wind, new installations reached an estimated 93 GW in 2021 and is expected to grow by 9% each year up to 2030, cumulative capacity surpassing 1,000 GW already in 2023. The global energy storage market grows at unprecedented rates, with an estimated 11 GW of new capacity installed in 2021 and 345 GW to be added up to 2030.

Global hydropower new build reached an estimated 28 GW in 2021, according to the International Energy Agency (IEA). In a recent report, IEA highlights that around half of the economically viable potential of hydropower globally is yet untapped. The potential is particularly high in emerging and developing economies. To reach IEA's net-zero emission by 2050, significant investments are required to build an estimated additional 477 GW of hydropower capacity globally by 2030.

Long term, BNEF expects all renewables to see massive growth and to supply 85% of energy in 2050 in a green scenario[1]. In its latest New Energy Outlook 2021 report, BNEF highlights that the following milestones would need to be achieved every year on average through 2030 to be on track to reach net zero by 2050:

- New wind power of 505 GW
- Solar PV of 455 GW
- Batteries of 245 GW

To achieve the goal of net zero emissions by 2050, 85 per cent of the world's energy production will have to come from renewable energy, according to Bloomberg NEF, which will require total investments of USD 150 trillion in total.

Green hydrogen and green ammonia are set to play a major role in decarbonisation of hard-to-abate sectors globally in the coming years, driven by volatile gas prices, cheap renewables, ambitious net zero targets and an increasing number of national hydrogen strategies being adopted. IRENA's 1.5°C scenario envisages that clean hydrogen could meet up to 12% of final energy consumption by 2050.

Scatec mid-term growth target

In March 2021, Scatec announced a new target to reach 15 GW by the end of 2025 and a NOK 100 billion investment plan to fund the growth target. The business plan is supported by Scatec's track record of strong growth and the solid project pipeline across solar, wind, hydro and storage in high-growth markets globally.

The 15 GW target implies 12 GW of new capacity, with NOK 15-20 billion of a total NOK 100 billion in investments to be funded by Scatec equity. Solid long term cash flows from operating power plants and margins from development and construction of new facilities are expected to fund a large part of Scatec's equity investments.

Share capital and the Scatec share

Scatec ASA is listed on the Oslo Stock Exchange under the ticker "SCATC". The share capital of Scatec was NOK 3,958,392 divided on 158,864,018 shares at year end 2021, 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 2021, the number of shareholders were 16,487. Refer to Note 27 - Share capital, shareholder information and dividend for further information.

In 2021, the Scatec share price was negatively affected by a weak sector development as well as delayed construction start for several of Scatec's backlog projects.

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

Dividend policy

The Group's objective is to pay shareholders consistent and growing cash dividends. Scatec's dividend policy is to, over time, pay its shareholders dividends representing minimum 25% of the cash distributions received from the power plants each year. In line with the dividend policy, the Board of Directors have resolved to propose to the 2022 Annual General Meeting of Scatec that a dividend of NOK 2.54 per share should be paid for 2021.

[1] Green Scenario is a clean-electricity and green-hydrogen net-zero pathway. Here, hydrogen produced from water using electrolyzers powered by wind and solar is applied in sectors such as industry and heavy transport, as well as in power generation to complement electrification.

Financial review

Presentation of Accounts

Pursuant to Section 3-3 of the Norwegian Accounting Act, the Board of Directors confirm that the Financial Statements have been prepared under the assumption that the Scatec Group 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, Scatec Group, the Company and the Group are used interchangeably throughout the document. Figures in parentheses are for the corresponding period of the previous year.

Segment and proportionate financials

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

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

Subsequent events

No adjusting events have occurred after the balance sheet date.

Non-adjusting event

On 24 February 2022, Russia invaded Ukraine where Scatec currently operate five solar power plants, located in the central and southern parts of the country. The situation is extremely challenging, and Scatec's top priority is the safety of our Ukrainian employees. The outcome is still highly uncertain, but the event may significantly impact Scatec's financial performance in Ukraine, including restructuring of the loan for Chigirin. Based on the current circumstances we anticipate to be in breach of loan covenants as of end of Q1 2022 and we have a continuous and constructive dialogue with the lenders on this matter.

Oslo, 17 March 2022

The Board of Directors Scatec ASA

John Andersen Jr. (Chairman)

Jørgen Kildahl

Maria Moræus Hanssen

Jan Skogseth

Gisele Marchand

Raymond Carlsen (CEO)