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Scandinavian Biogas Fuels International AB (publ)
Org.nr. 556528-4733

Interim report for the period 1 January – 31 December 2018

The new plant in Skogn, Norway, has been delivering liquid biogas to a customer since September 2018. In Sweden, the Group was awarded a government biogas subsidy, of which SEK 4.8 million was taken up as income during fourth quarter 2018. Consolidated EBITDA was negatively affected during 2018 by one-off costs attributable to court decisions regarding disputes.

Fourth quarter in brief

- The new plant in Skogn delivered 1.5 MNm^3 LBG (liquid biogas) to a customer during October – December 2018
- Net sales totalled SEK 82.7 million (66.4), an increase of 24.5%
- EBITDA was SEK 8.9 million (-10.3), an increase of 186.4%
- The Group posted an operating loss of SEK -12.6 million (-35.5), an improvement of 64.5%
- The Group posted a loss after tax of SEK -20.4 million (-34.1), an improvement of 40.2%
- The Group received an advance payment of SEK 21.8 million for the government biogas subsidy, of which SEK 4.8 million was taken up as income
- The Group received SEK 5.5 million in advance payments for the “Slurry Management” and “Tank Station Mönsterås” projects
- The EffiSludge for LIFE project received a grant of SEK 7.6 million, of which SEK 3.8 million was allocated to Biokraft AS, Norway
- The Group received SEK 16 million in subordinated loans from its largest shareholders
- The dispute with the main supplier to the Södertörn facility was settled in October at terms unfavourable to the Group

Full-year in brief

- The plant in Skogn delivered 1.6 MNm^3 of LBG (liquid biogas) to a customer during September – December 2018
- Net sales totalled SEK 275.2 million (258.4), an increase of 6.5%
- EBITDA was SEK -6.2 million (21.6), a decrease of -77.7%. The change is attributable to:
  - one-off cost of SEK 6.6 million (13.6) for a revalued present value calculation of the penalty fee provision
  - one-off cost of SEK 9.6 million attributable to the unfavourable ruling in the dispute with a supplier to the Södertörn facility
  - other expenses of SEK 5.6 million for dispute-related legal services
  - Business Area Norway total EBITDA of SEK -14.8 million
- The Group posted an operating loss of SEK -71.8 million (-42.2), a decline of -70.3%
- The Group posted a loss after tax of SEK -109.9 million (-75.0), a decline of -46.5%
- The Group’s adjusted equity/assets ratio did not meet the corporate bond requirements as of 30 September 2018. A clear majority of bondholders confirmed their support to waive the requirement for the third and fourth quarters of 2018
- Project financing for the Södertörn facility was refinanced with bank loans at lower rates
- The Group received a total of SEK 34 million in subordinated loans from its largest shareholders

Significant events after the end of the period

- A settlement agreement was signed in January 2019 in the dispute with the main supplier to the Södertörn facility, which was concluded in October 2018. The Group will pay the counterparty a total of SEK 15.6 million through the end of August 2019
- The Group intends to investigate the possibility of conducting a directed share issue of up to SEK 134 million to a number of institutional and private investors and to offer certain shareholders the option of converting loans totalling SEK 34 million into shares. The Company also intends to conduct a rights issue of up to SEK 10 million at the same subscription price as is determined in the directed share issue. In total, the Company intends to issue shares with a value of up to approximately SEK 144 million
- The new plant at Skogn delivered approximately 1.4 MNm^3 of LBG during the January – February 2019 period, an increase of about 35% on a monthly basis, as compared with monthly LBG deliveries during fourth quarter 2018
- The Group sees a risk that the adjusted equity/assets ratio requirement may not be met for the first and second quarters of 2019 and has therefore initiated a process to propose that bondholders waive the requirement

All financial information in this report pertains to the Group unless otherwise specified. Figures in brackets relate to the same period the previous year.
Every care has been taken in the translation of this report. However, in the event of discrepancies, the original Swedish will supersede the English translation.

Operations

Scandinavian Biogas sells biogas-based renewable energy and related services. The Group is a leading player in large-scale biogas production, with world-leading expertise in the design and operation of biogas facilities – encompassing everything from pre-treatment to fuel upgrading – to optimise biogas production, mainly from waste and residual products. The Group's focus is on facilitating the transition from fossil fuels to renewable energy. The Group also provides leading expertise in the purification process for upgrading biogas to vehicle fuel quality and in utilising reject water (residual waste) from the digestion process as bio-fertiliser. Scandinavian Biogas is focused on markets in the Nordic region and South Korea. The Group invests in owned or leased production facilities primarily in the Nordic region. The Group's expertise is offered as a service in other markets.

Scandinavian Biogas Fuels International AB (publ) is registered and headquartered in Stockholm. On 31 December 2018, the Group had a total of 75 (76) employees where of 39 (42) in Sweden, 21 (21) in South Korea and 15 (13) in Norway.

Group
Scandinavian Biogas Fuels International AB (publ) is the Parent Company of the Scandinavian Biogas Group, which comprises several wholly and co-owned companies registered in Sweden, Norway and South Korea. The Group's businesses are mainly operated through subsidiaries.

Financial overview

Group (SEK thousand)

	1 October - 31 December 2018	1 October - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2017
	3 months	*3 months*	*12 months*	*12 months*
Net sales	82,737	66,429	275,234	258,363
EBITDA	8,856	-10,311	-6,247	21,587
Operating results	-12,616	-35,502	-71,808	-42,159
Balance sheet total	1,234,842	1,161,238	1,234,842	1,161,238
Adjusted equity/assets ratio	20.5%	25.5%	20.5%	25.5%

Consolidated net sales for fourth quarter 2018 totalled SEK 82.7 million (66.4), a year-on-year increase of 24.5 per cent. For the full financial year, net sales increased 6.5 per cent to SEK 275.2 million (258.4). The increase is mainly attributable to increased biogas sales in Sweden, with additional contribution from sales in Skogn, Norway. Total revenues amounted to SEK 99.6 million (72.6) for the October – December 2018 period and SEK 310.2 million (289.3) for the full financial year. Other operating income includes SEK 0.5 million (8.6) of re-invoicing, with corresponding expenses reported under other external costs. Costs for raw materials and consumables increased 20.6 per cent year-on-year, due mainly to an updated assessment and higher recorded value of the penalty fee in South Korea, higher costs for substrate in Sweden, increased operating expenses at Södertörn, and the start of operations in Skogn, Norway, in September 2018. Other external costs increased during the year due primarily to the court decision in the dispute with a Södertörn supplier, other expenses for legal services, higher maintenance costs, and commissioning of the plant in Skogn. Personnel costs also increased, mainly due to the addition of personnel in Norway. Consolidated EBITDA totalled SEK 8.9 million (-10.3) for fourth quarter 2018 and SEK -6.2 million (21.6) for full-year 2018. The decrease is mainly attributable to one-off costs related to the dispute with the Södertörn facility's main supplier and to the penalty fee in South Korea.

The Group posted operating losses of SEK -12.6 million (-35.5) for the October – December 2018 period and SEK -71.8 million (-42.2) for the full year. The change for full-year 2018 is mainly attributable, as above, to a one-off cost related to the dispute with the Södertörn facility's main supplier and to the penalty fee in South Korea.

The Group posted a loss after tax of SEK -20.4 million (-34.1) for the October – December 2018 period, of which SEK -0.6 million (8.3) is attributable to unrealised exchange rate fluctuations. For the full financial year, the Group posted a loss after tax of -109.9 million (-75.0), of which SEK 3.8 million (1.0) pertains to unrealised exchange rate fluctuations, attributable mainly to dollar-based, long-term intra-group financing in South Korea.

Total assets at 31 December 2018 amounted to SEK 1,234.8 million (1,161.2), a 6.3 per cent year-on-year increase. Finance lease-related borrowing totalled SEK 304.6 million (257.7). Equity was impacted by net profit/loss for the period and by two contributions: a new share issue of SEK 7.6 million from non-controlling interests, and a conditional capital contribution of SEK 3.6 million from minority non-controlling shareholders.

The consolidated cash balance was SEK 94.8 million (86.9) at 31 December 2018.

Investments
Investments in tangible and intangible assets during the financial year totalled SEK 116.8 million (166.8), of which SEK 100.2 million (122) were made in Norway.

The carrying amount of the Group's tangible and intangible assets was SEK 989.7 million (946.4) at 31 December 2018, of which SEK 292.5 million (245.7) pertains to objects leased by the Group through long-term finance lease agreements.

Significant events during the period

Commissioning in Skogn, Norway
Commissioning of the liquid biogas plant in Skogn, Norway, began in late June 2018. The first customer deliveries of LBG were made in September 2018. Full production capacity is estimated at 12 million Nm^3, corresponding to approximately 120 GWh. Customer deliveries of 1.6 MNm^3 (16 GWh) of LBG were made during the September – December 2018 period.

New co-operation agreement
The Group signed a co-operation agreement with Mönsterås Biogas AB to jointly develop an investment project for potential biogas production in Mönsterås municipality. Development work will be conducted in a jointly owned company with the aim of treating 100,000 tonnes of substrate and producing around 110 GWh of LBG annually. The Group has established a new company, Mönsterås Biogasproduktion AB, which at year-end was still wholly owned by the Group.

Filling station operational
A filling station at the Group's biogas plant in Södertörn became operational at the beginning of the year. The filling station will mainly sell pure biogas to trucks and refuse vehicles that use the SRV recycling facility in Södertörn. The facility has been part-financed with support from Klimatklivet.

Written procedure
During second quarter 2018, a written request was made to bondholders to waive certain terms and conditions of their bond holdings, with a clear majority of bondholders voting to approve the request. The adjusted equity/assets ratio did not meet the corporate bond requirements as at 30 September 2018. During fourth quarter 2018, a clear majority of bondholders confirmed their support to waive the requirement for the third and fourth quarters of 2018.

Refinancing
Project financing for the Södertörn biogas plant was refinanced during Q2 2018 with bank loans at lower rates.

Government support for biogas producers
In early July 2018, the Swedish government decided to facilitate the profitability and competitiveness of existing biogas production by introducing a scheme to support production between October 2018 and September 2019. Raw gas producers can apply for subsidy for the portion of their production earmarked for upgrade to vehicle fuel-quality, provided that it does not originate from sewage sludge, food-based production of biofuels, or gas extracted from landfill. The Group therefore only applied for subsidy for the Södertörn plant. The subsidy totals SEK 270 million and is administered by the Swedish Board of Agriculture, which has determined that the initiative will amount to SEK 0.26 per kWh (around SEK 2.60 per Nm^3). This has been allocated and an advance payment of SEK 21.8 million was issued to the Group in mid-December. For further information, please see Biogasstöd 2018 on the Swedish Board of Agriculture's website: jordbruksverket.se.

In late June, political parties in Denmark reached a new energy agreement that will manage the long-term transition to renewable energy. The agreement regulates support provided to biogas production from 2021 to 2032, which is also likely to influence a decision on continued production support in Sweden beyond October 2019.

Subordinated loans
During the May – November 2018 period, the Parent Company received subordinated loans of SEK 34 million from the largest shareholders.

Dispute concerning upgrading facility in South Korea
The civil court in Ulsan announced its decision on 23 August 2018 regarding the ongoing dispute with Ulsan City concerning the contractual obligation to invest in a gas upgrading facility at the Ulsan site by the end of 2017. The court ruling, which was unfavourable to the Group, entitles Ulsan City to an annual fee estimated to approximately SEK 8-9 million, rather than the approximately SEK 3 million per year expected by the Group. The Group has appealed the decision and asked three South Korean law firms to provide their legal assessment of the situation. This led to a change in the calculation of the present value of the provision for the period November 2012 through December 2017, resulting in a one-off cost of approximately SEK 6.6 million (13.6 for the full-year 2017) in the item Raw materials and consumables in September 2018. An impairment test was also conducted, resulting in the assessment that there is no write-down requirement for the concession right at the close of the financial year. The recorded penalty expense for the full-year corresponds with the court's ruling. For additional information about, and the background to, the dispute, see Penalty fee in Ulsan on page 32 in the 2017 annual report on www.scandinavianbiogas.com.

Profitability improvement programme initiated
An action and investment programme were launched in 2018, focused on the Södertörn facility, to improve the Group's profitability. The re-organisation process has now been completed.

Corporate bond
The adjusted equity/assets ratio did not meet the corporate bond requirements as at 30 September 2018. A clear majority of bondholders confirmed their support of the Group's proposal to waive the equity/assets ratio requirement for the third and fourth quarters of 2018.

Production and sales

Business Area Sweden
Biogas sales from operations in Sweden totalled 20.0 Nm^3 (20.3) during the financial year, corresponding to approximately 200 GWh (203). The price of external organic material (e.g., glycerol), which is used to some degree with food waste and sewage sludge in biogas production, remained high during the period. There was a breakdown of an intermediate storage tank at Södertörn early in the year, resulting in reduced production volumes and increased costs. The tank has now been repaired and improved. Customer deliveries of biogas have been made according to plan and all agreements have been fulfilled in full. An average of 144 tonnes (147) of organic waste per day was processed by Business Area Sweden during the January – December period.

Business Area South Korea
The facility in South Korea received an average of 183 tonnes (187) of food waste per day during the January – December 2018 period. Sales of raw gas during the same period amounted to 9.0 million Nm^3 (9.8), or approximately 62 GWh (67). A total of 10.2 million Nm^3 (10.6) of raw gas was produced.

Business Area Norway
Commissioning of the liquid biogas facility in Skogn, Norway, started in late June 2018, and 1.6 million Nm^3 of liquid biogas was sold to customers during the September – December 2018 period, corresponding to approximately 16 GWh. Full production capacity is estimated at 12 million Nm^3, equivalent to approximately 120 GWh.

Ongoing investment projects

Skogn, Norge
Construction of a production plant for liquid biogas in Skogn, Norway, commenced in August 2015 and commissioning commenced in late Q2 2018. The facility comprises multiple functions, all of which were in operation at year-end. In view of the fact that the project has been delayed, the Group has entered the delay penalty as an investment reduction from December 2017 through early March 2018. Long-term sales contracts for all planned biogas production are in place and long-term access to most feedstock supply is secured through contracts with main feedstock suppliers.

Financing

The business is financed by way of equity, loans from external creditors and finance leasing. In Sweden, a major portion of the production facilities are leased under lease agreements with original durations of around 25 years. Non-current interest-bearing liabilities, exclusive of finance leases, totalled SEK 566.0 million (475.4) as at 31 December 2018. The change is attributable to new loans raised from shareholders and non-controlling interests, and to investment of the funds remaining from the June 2017 bond issue in the facility at Skogn, Norway. The Group's cash balances totalled SEK 94.8 million (86.9) as at 31 December 2018.

Following approval of the written procedure during Q2 2018, the Group has used part of the remaining capital from the June 2017 bond issue to finance the investment in Norway.

Any need for additional working capital is expected to be financed with debt or equity, subordinated to the corporate bond. The Group wants to expand and is actively working on new projects. The Group expects that financing of major future projects will require various types of co-operation and financing, depending on the project's structure and positioning.

As part of the Group's strategic plan, the Board of Directors and Group management have begun working on a prospective listing of the Company's share in a suitable marketplace. In parallel with these efforts, various strategic and capital structure alternatives to create and realise the value of the Group's business opportunities and maximise shareholder value have been evaluated in collaboration with external advisors.

As authorised by the 2018 AGM, the Group intends to investigate the possibility of conducting a directed share issue of up to SEK 134 million to a number of institutional and private investors. As part of the directed share issue, the Company intends to offer certain existing shareholders the option of converting loans totalling SEK 34 million into shares. The Company also intends to conduct a rights issue of up to SEK 10 million during spring 2019 at the same subscription price as is determined in the directed share issue. In total, the Company intends to issue shares with a value of up to approximately SEK 144 million.

The share

The number of shares was unchanged during the financial year and totalled 107,098,839 (107,098,839) at 31 December 2018. The quotient value is SEK 0.20 per share. Each share carries one vote. All outstanding shares are ordinary shares and therefore carry the right to equal shares in the assets and profit of Scandinavian Biogas Fuels International AB (publ).

Warrants

All outstanding warrants held by employees and the CEO at 31 March 2018, expired on 1 April 2018 without being exercised. Accordingly, there are no outstanding options.

Ownership structure at 31 December 2018, %

AC Cleantech Growth Fund 1 Holding AB and related parties	29.3%
Bengtssons Tidnings AB and related parties	28.8%
Wipunen Varainhallinta Oy	10.3%
Reliquum and related parties	5.6%
Ajanta Oy and related parties	5.5%
Erik Danielsson and family, incl. company	5.2%
John Nurminen Oy and related parties	4.0%
Other	11.3%
	100.0%

Significant risks and operational uncertainties

Disputes

Following are updates on what has happened regarding the Group's significant risks and operational uncertainties since the turn of the year. The status is otherwise unchanged; please refer to the 2017 annual report for details.

Court proceedings concerning the dispute with one of the main suppliers to the Södertörn facility have concluded, and the ruling announced in October was unfavourable to the Group. The arbitrator's ruling essentially followed the opposing party's arguments. The ruling, which cannot be appealed, entails a one-off cost totalling approximately SEK 12.3 million in September 2018. SEK 9.6 million of this amount affects EBITDA and the remainder affects net financial items. The cash effect is estimated to be SEK 10-12 million higher than expected.

Due to disagreements with Ulsan City relating to operations in Ulsan, South Korea, the Korean subsidiary started legal proceedings in Ulsan's administrative court in 2017 regarding certain service costs that Ulsan City invoiced to the subsidiary. In the summer of 2018, the court ruled that the invoices from Ulsan City for service costs are not classified as an administrative issue, and thus not subject to administrative law. The Group appealed the court's ruling in August 2018 and a ruling from a higher court is expected during the first half of 2019. The total nominal value of the disputed service costs is estimated at around SEK 80 million for the entire contract period (15 years), subject to annual food waste volumes, prices and exchange rates. Annual service costs amount to around SEK 5 million, and it is assumed that the result of this dispute could have a mainly positive effect on Group profit, corresponding to a reduction in one-off costs of SEK 40 million and a reduction of approximately SEK 5 million per year going forward.

On 23 August 2018, the court in Ulsan announced its decision regarding the ongoing dispute with Ulsan City concerning the contractual obligation to invest in a gas upgrading facility at the Ulsan site by the end of 2017; see Significant events during the period.

As previously communicated, one of the Group's suppliers to the project in Skogn, Norway, has made compensation claims, mainly for groundwork. During Q2 the supplier increased its demand from NOK 52 million to around NOK 78 million, and a formal demand was filed in October 2018. The Group has, however, previously entered into a settlement agreement with the supplier and continues to be of the opinion that the specified compensation is covered by the settlement. The Group has nevertheless, for precautionary purposes, reserved NOK 5 million of the demand amount in its Norwegian company as an increased capital cost pursuant to generally accepted practice.

The decrease in profitability has a negative effect on the Group's cash flow, which increases liquidity risk. The Group is therefore planning to conduct a share issue as authorised by the AGM of 25 June 2018, has concluded a re-organisation process and has launched an action and investment programme, focused on the Södertörn facility, to improve profitability.

The adjusted equity/assets ratio did not meet the corporate bond requirements as at 30 September 2018. A clear majority of bondholders confirmed their support to waive the adjusted equity/assets ratio requirement for the third and fourth quarters of 2018. The Group sees a risk that the adjusted equity/assets ratio requirement may not be met for the first and second quarters of 2019 and has therefore initiated a process to propose that bondholders waive the requirement.

Significant risks and uncertainties are detailed in the most recent annual report and in the prospectus for the subsequent bond issue, both of which are available on www.scandinavianbiogas.com.

Related-party transactions

Loan agreements totalling SEK 34 million were signed with the major shareholders during the May – November 2018 period. The loans have a fixed rate of 8 per cent and may potentially be offset in a new rights issue. If unused, the loans mature on 11 February 2020. Consultancy services procured from a Board member's employer during full-year 2018 amounted to SEK 0.3 million (0.3). No other transactions with related parties have taken place during the interim period or full-year 2018.

Parent Company

Operations

The Group's operations are primarily conducted in its subsidiaries, while the Parent Company serves as more of a Group administrator.

Net sales and financial performance

The Parent Company's total revenues amounted to SEK 0.3 million (0.9) during fourth quarter 2018 and SEK 1.4 million (1.8) during the full financial year. The increase is attributable to re-invoicing to subsidiaries, with corresponding expenses included in operating expenses. The Parent Company posted a loss after tax, which includes Group contributions paid, of SEK -16.6 million (-69.0) for the October – December 2018 period and SEK -43.3 million (-87.1) for the January – December 2018 period.

Liquidity and financial position

During the interim period, the Parent Company received subordinated loans of SEK 34 million from the largest shareholders, which potentially may be offset in a future new share issue. Cash balances at 31 December 2018 totalled SEK 1.6 million (7.5). Total assets amounted to SEK 509.8 million (517.6).

No significant events or changes have taken place since publication of the 2017 annual report that have any bearing on the Group's or Parent Company's earnings or financial position other than those addressed in this report.

Dividend

The Board of Directors proposes that the AGM resolve that no dividend shall be distributed.

Significant events after the end of the period

A settlement agreement was signed in January 2019 in the dispute with the main supplier to the Södertörn facility, which was concluded in October 2018. The Group will pay the counterparty a total of SEK 15.6 million through the end of August 2019.

In February, the Group Board of Directors decided that the Group intends to investigate the possibility of conducting a directed share issue of up to SEK 134 million to a number of institutional and private investors, as authorised by the 2018 AGM. As part of the directed share issue, the Company intends to offer certain existing shareholders the option of converting loans totalling SEK 34 million into shares. The Company also intends to conduct a rights issue of up to SEK 10 million during spring 2019 at the same subscription price as is determined in the directed share issue. In total, the Company intends to issue shares with a value of up to approximately SEK 144 million.

The new plant at Skogn delivered approximately 1.4 MNm^3 of LBG during the January – February 2019 period, an increase of about 35% on a monthly basis, as compared with monthly LBG deliveries during fourth quarter 2018.

The Group sees a risk that the adjusted equity/assets ratio requirement may not be met for the first and second quarters of 2019 and has therefore initiated a process to propose that bondholders waive the requirement.

Outlook

There is a great need for renewable energy that can replace fossil fuels, such as coal and oil, at reasonable prices. According to various studies of renewable alternatives that can be mass-produced, interest in biogas has increased. This in turn bolsters demand for biogas, which is expected to gain further traction as it becomes more available. In the heavy transport and other sectors, demand for liquid biogas is expected to increase significantly in coming years. However, the current market price of fossil energy causes some uncertainty as to the biogas market price as well as the growth of and new investments in renewable energy.

The Group's long-term goal is to utilise Scandinavian Biogas's expertise and experience to ensure the expansion of biogas supply and use. Deliveries can be made not only from the Company's facilities but also by third parties, contributing to Group sales via licencing, operating or service agreements, etc.

The Group's long-term goal is to ensure

- growth corresponding to a 20 – 30% increase in average annual biogas sales and deliveries
- total capacity of one (1) TWh achieved during the first stage, with growth based on own production or on contractual knowledge management
- project profitability of at least 15% IRR
- an EBIT margin of at least 10%
- an equity/assets ratio of at least 30%

Based on planned investments and improvements at Södertörn, the Group has a long-term goal of achieving approximately SEK 500 million in annual sales and profitability of at least 30% (EBITDA %). Gross investments are estimated to correspond to around SEK 300 million, approximately half of which is expected to be financed by investment grants.

In recent years, the Group has pursued increased production in the Stockholm area – an effort that remains under way. The combined full technical capacity of all plants in Sweden is estimated at over 30 million Nm^3 of fuel-quality biogas, or approximately 300 GWh. The environmental permit at Södertörn, granted in 2017, also enables a sharp production increase at Södertörn over time. The plant in South Korea is expected to continue to have an annual production capacity of around 65 GWh. In addition, the annual production capacity in Norway is estimated at 12 million Nm^3 of liquid biogas, or about 120 GWh. With its current plants and ongoing projects, the Group's total production capacity is expected to be close to 500 GWh at full capacity.

The Group expects 2019 operational profitability (EBITDA) to exceed SEK 100 million, as the plant at Skogn is expected to be fully operational and the government production subsidy will have a positive impact on Södertörn's profitability.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	*Note*	1 October - 31 December 2018	1 October - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2017
Operating income					
Net sales		82,737	66,429	275,234	258,363
Capitalised work on own account		4,970	3,368	13,077	15,841
Other operating income		11,877	2,765	21,901	15,127
Total		**99,584**	**72,562**	**310,212**	**289,331**
Operating expenses					
Raw materials and consumables		-52,276	-42,934	-166,336	-137,890
Other external costs		-20,566	-23,541	-81,664	-65,064
Personnel costs		-17,886	-16,398	-68,459	-64,790
Depreciation, amortisation and impairment of tangible and intangible assets	*4*	-21,353	-24,951	-64,057	-62,802
Other operating expenses		-119	-240	- 1,504	-944
Total operating expenses		**-112,200**	**-108,064**	**-382,020**	**-331,490**
Operating profit/loss		**-12,616**	**-35,502**	**-71,808**	**-42,159**
Net exchange differences		-593	8,315	3,794	1,041
Financial income		40	41	161	125
Financial expense		-14,381	-9,707	-49,238	-36,682
Net financial items		**-14,934**	**-1,351**	**-45,283**	**-35,516**
Profit/loss before taxes		**-27,550**	**-36,853**	**-117,091**	**-77,675**
Income tax		7,133	2,737	7,163	2,628
Profit/loss for the period		**-20,417**	**-34,116**	**-109,928**	**-75,047**
Other comprehensive income					
Actuarial results on post-employment benefits		-349	167	-349	167
Exchange differences		-7,327	-3,757	2,002	-2,394
Other comprehensive income for the period, net after tax		**-7,676**	**-3,590**	**1,653**	**-2,227**
Total comprehensive income for the period		**-28,093**	**-37,706**	**-108,275**	**-77,274**
All items in the Group's other comprehensive income may be reversed in the income statement.					
Profit/loss for the period attributable to:					
Parent Company shareholders		-14,651	-29,566	-90,408	-68,587
Non-controlling interests		-5,766	-4,550	-19,520	-6,460
		-20,417	**-34,116**	**-109,928**	**-75,047**
Total comprehensive income attributable to:					
Parent Company shareholders		-19,126	-31,652	-90,279	-67,718
Non-controlling interests		- 8,967	-6,054	-17,996	-9,556
		-28,093	**-37,706**	**-108,275**	**-77,274**

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	*Note*	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Intangible assets			
Capitalised development costs		12,975	14,279
Concessions and similar rights		78,210	85,486
Patents and licences		1,488	104
Goodwill		6,617	6,466
Total intangible assets		**99,290**	**106,335**
Tangible assets	***4***		
Buildings and land		186,350	194,672
Plant and machinery		335,017	287,368
Equipment, tools, fixtures and fittings		10,936	10,797
Construction work in progress		358,124	347,189
Total tangible assets		**890,427**	**840,026**
Financial assets			
Deferred tax assets		16,956	9,930
Other non-current receivables	***6***	14,248	35,949
Total financial assets		**31,204**	**45,879**
Other non-current assets			
Accrued income and prepaid expenses		1,778	2,222
Total other non-current assets		**1,778**	**2,222**
Total non-current assets		**1,022,699**	**994,462**
Current assets			
Inventories, etc.			
Raw materials and consumables		5,499	1,876
Total inventories		**5,499**	**1,876**
Current receivables			
Trade accounts receivable		44,058	30,803
Other receivables	***7***	52,982	31,492
Prepaid expenses and accrued income		14,816	15,720
Cash and cash equivalents		94,788	86,885
Total current receivables		**206,644**	**164,900**
Total current assets		**212,143**	**166,776**
TOTAL ASSETS		**1,234,842**	**1,161,238**

CONSOLIDATED BALANCE SHEET, continued

Amounts in SEK thousand	***Note***	**31 Dec 2018**	**31 Dec 2017**
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital		21,420	21,420
Other paid-in capital		754,685	754,685
Translation reserve		3,636	1,872
Retained earnings including comprehensive income for the period		-700,637	-608,597
		79,104	**169,380**
Non-controlling interests		**52,789**	**59,544**
Total equity		**131,893**	**228,924**
LIABILTIES			
Non-current liabilities			
Borrowing	***8***	853,815	718,366
Deferred tax liabilities		2,053	2,101
Other provisions		37,315	24,925
Total non-current liabilities		**893,183**	**745,392**
Current liabilities			
Borrowing	***8***	25,749	72,550
Accounts payable		86,755	50,887
Other liabilities		39,923	18,120
Accrued expenses and deferred income		57,339	45,365
Total current liabilities		**209,766**	**186,922**
TOTAL EQUITY AND LIABILITIES		**1,234,842**	**1,161,238**

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CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Attributable to Parent Company shareholders						
	Share capital	**Other paid-in capital**	**Translation reserve**	**Retained earnings**	**Total**	**Non-controlling interests**	**Total equity**
Opening balance, 1 January 2017	**18,019**	**693,305**	**1,136**	**-540,143**	**172,317**	**53,962**	**226,279**
Profit/loss for the period				-68,587	**-68,587**	-6,460	**-75,047**
Other comprehensive income							
Actuarial results on post-employment benefits				133	**133**	34	**167**
Exchange differences			736		**736**	-3,130	**-2,394**
Total comprehensive income			**736**	**-68,454**	**-67,718**	**-9,556**	**-77,274**
New share issues	3,401	62,923			**66,324**		**66,324**
Issue expenses		-1,543			**-1,543**		**-1,543**
Contributions from non-controlling interests						15,138	**15,138**
Total contributions from and distributions to shareholders, recognised directly in equity	**3,401**	**61,380**			**64,781**	**15,138**	**79,919**
Closing balance, 31 December 2017	**21,420**	**754,685**	**1,872**	**-608,597**	**169,380**	**59,544**	**228,924**
Opening balance, 1 January 2018	**21,420**	**754 685**	**1,872**	**-608,597**	**169,380**	**59,544**	**228,924**
Profit/loss for the period				-90,408	**-90,408**	-19,520	**-109,928**
Other comprehensive income							
Actuarial results on post-employment benefits				-291	**-291**	-58	**-349**
Exchange differences			1,764	-1,341	**423**	1,579	**2,002**
Total comprehensive income			**1,764**	**-92,040**	**-90,276**	**-17,999**	**-108,275**
Contributions from non-controlling interests						11,244	**11,244**
Total contributions from and distributions to shareholders, recognised directly in equity						**11,244**	**11,244**
Closing balance, 31 December 2018	**21,420**	**754,685**	**3,636**	**-700,637**	**79,104**	**52,789**	**131,893**

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand

	Note	1 October - 31 December 2018	1 October - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2017
Cash flow from operating activities					
Operating profit/loss before financial items		-12,616	-35,502	-71,808	-42,159
Amortisation/depreciation		21,353	24,951	64,057	62,802
Other non-cash items		8,682	29,872	10,923	23,893
Interest received		-	41	121	125
Interest paid		-7,006	-10,878	-37,236	-35,913
Cash flow from operating activities before changes in working capital		**10,413**	**8,484**	**-33,943**	**8,748**
Cash flow from changes in working capital					
Increase/decrease in inventories		1,758	-426	-3,623	-751
Increase/decrease in operating receivables		-15,912	-11,739	-33,841	271
Increase/decrease in operating liabilities		48,649	68,228	69,645	5,496
Total changes in working capital		**34,495**	**56,063**	**32,181**	**5,016**
Cash flow from operating activities		**44,908**	**64,547**	**-1,762**	**13,764**
Cash flow from investing activities					
Acquisition of intangible assets		-956	-63	-1,679	-2,216
Acquisition of tangible assets		-7,651	-35,433	-48,859	-187,478
Disposal of tangible assets		470	-	6,985	-
Divestment/amortisation of other financial assets		84	111	444	445
Restricted bank balances and other changes in financial assets	*6*	9,721	7,833	21,701	-14,430
Cash flow from investing activities		**1,668**	**-27,552**	**-21,408**	**-203,679**
Cash flow from financing activities					
New share issue		-	1	-	64,781
Loans raised	*8*	24,235	73	94,735	154,860
Loan amortisation		-4,686	-10,165	-72,233	-30,929
Contribution to/from minority shareholders		-456	-161	7,644	15,138
Cash flow from financing activities		**19,093**	**-10,252**	**30,146**	**203,850**
Total cash flow for the period		**65,669**	**26,743**	**6,976**	**13,935**
Decrease/increase in cash and cash equivalents					
Cash and cash equivalents at beginning of period		30,584	59,485	86,885	73,871
Exchange differences in cash and cash equivalents		-1,465	657	927	-921
Cash and cash equivalents at end of period		**94,788**	**86,885**	**94,788**	**86,885**

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand	*Note*	1 October - 31 December 2018	1 October - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2017
OPERATING INCOME					
Net sales		301	851	1,430	1,794
Total operating income		**301**	**851**	**1,430**	**1,794**
Operating expenses		-1,030	-1,277	-4,172	-3,724
Operating profit/loss		**-729**	**-426**	**-2,742**	**-1,930**
Net financial items	***8***	-5,843	-28,614	-15,598	-33,690
Profit/loss before appropriations and tax		**-6,572**	**-29,040**	**-18,341**	**-35,620**
Appropriations					
Group contributions paid/received	***5***	-10,000	-40,000	-25,000	-51,500
Total appropriations		**-10,000**	**-40,000**	**-25,000**	**-51,500**
Profit/loss before tax		**-16,572**	**-69,040**	**-43,341**	**-87,120**
Income tax		-	-	-	-
Profit/loss for the period		**-16,572**	**-69,040**	**-43,341**	**-87,120**

No items are recognised as other comprehensive income in the Parent Company and, accordingly, total comprehensive income corresponds with profit/loss for the period.

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PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	*Note*	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Financial assets			
Participations in group companies	*5*	189,453	175,899
Receivables from group companies		266,828	144,292
Other non-current receivables	*6*	-	12,078
Total financial assets		**456,280**	**332,269**
Total non-current assets		**456,280**	**332,269**
Current assets			
Current receivables			
Receivables from group companies		48,270	174,916
Other receivables		202	555
Prepaid expenses and accrued income		3,415	2,371
Total current receivables		**51,887**	**177,842**
Cash and bank balances		**1,649**	**7,517**
Total current assets		**53,536**	**185,359**
TOTAL ASSETS		**509,816**	**517,628**

PARENT COMPANY BALANCE SHEET, continued

Amounts in SEK thousand	*Note*	31 Dec 2018	31 Dec 2017
EQUITY AND LIABILITIES			
Equity		**212,365**	**255,706**
Non-current liabilities			
Interest-bearing loans	*8*	262,565	225,418
Intra-group loans		23,000	23,000
Total non-current liabilities		**285,565**	**248,418**
Current liabilities			
Borrowing	*8*	19	19
Accounts payable		932	3,235
Liabilities to group companies		6,112	5,560
Other liabilities		129	56
Accrued expenses and deferred income		4,693	4,634
Total current liabilities		**11,886**	**13,504**
TOTAL EQUITY AND LIABILITIES		**509,816**	**517,628**

NOTES

Note 1 General information

Parent Company Scandinavian Biogas Fuels International AB (publ), corporate registration number 556528-4733, operates as a public, limited liability company and is registered in Stockholm, Sweden. The headquarters are located at Holländargatan 21A, SE-111 60, Stockholm, Sweden.

Unless otherwise specified, all amounts are stated in SEK thousand. Figures in brackets pertain to the year-earlier period.

The interim information presented on pages 1-7 comprises an integrated component of this financial statement.

Note 2 Summary of key accounting policies

Scandinavian Biogas Fuels International AB (publ) applies the International Financial Reporting Standards (IFRS) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting. The Parent Company's report has been prepared in accordance with Chapter 9 of the Annual Accounts Act and RFR 2, Accounting for Legal Entities. The interim report is to be read alongside the annual report for the financial year ending 31 December 2017.

Accounting principles used in this report are in accordance with the principles applied the previous financial year, with the exception of what is described in relation to IFRS 9 and 15 below.

IFRS 9 Financial instruments
The Group is applying IFRS 9 for the first time in the 2018 financial year, from 1 January 2018. The Group is applying the new recommendation retroactively and fully. The transition to IFRS 9 does not entail any change in income, financial position or cash flow for the Group, and therefore no reassessment of comparative figures has been conducted.

From 1 January 2018 the Group classifies its assets according to the following categories:

- financial assets that are subsequently booked at fair value (either through other comprehensive income, or through income statements), and
- financial assets reported at amortised cost.

Currently, the Group only has assets in the second category.

This classification is based on the Group's business model for the management of financial assets and contractual terms for assets' cash flows.

Impairment
At the end of each reporting period, the Group assesses whether there is objective evidence indicating that impairment for debt instruments should be reported at amortised cost.

In accordance with IFRS 9 rules, the Group applies a simplified method of impairment testing for accounts receivable, which involves recognising anticipated bad debt losses when underlying receivables are reported in the consolidated balance sheet. The Group currently holds no receivables other than customer receivables and cash and cash equivalents, which are valued at amortised cost.

IFRS 15 Revenues from contracts with customers
The Group is applying IFRS 15 for the first time in the 2018 financial year, from 1 January 2018. The Group is applying this standard going forward. This means that any potential accumulated effect of the transition is reported in the consolidated balance sheet at 1 January 2018, and comparative figures are not recalculated. The transition to IFRS 15 does not entail any change in income, financial position or cash flow for the Group, and therefore no reassessment of comparative figures has been conducted.

The Group produces and sells biogas and generates income related to waste management. Sales of biogas are reported as income once their control is transferred to the customer. From that point on, the customer has full control of the goods, and the Group has no outstanding commitments. Income from the receipt of waste is reported when waste is received and customer commitments have been met.

Since the credit period is normally 30 days and never exceeds one year, there is not deemed to be any financing component. A receivable is recognised when gas has been delivered or waste has been received, as compensation becomes unconditional at that time.

Of the new standards and interpretations that come into force for financial years that start after 1 January 2018, it is primarily IFRS 16 that can be expected to have a significant impact on the Group's financial reporting as from 1 January 2019.

IFRS 16 "Leases" will replace IAS 17 "Leases". Nearly all lease agreements will be recognised in the balance sheet, as distinction will no longer be made between operating and finance lease agreements. Under the new standard, an asset (the right to use a lease asset) and a financial obligation to pay leasing fees is recognised. Short-term leases and leases of low-value assets are excluded. The standard will mainly affect recognition of the Group's operating lease agreements. The Group's assessment is that IFRS 16 will involve recognition of a large number of the lease agreements currently recognised as operating leases (e.g., land and storage tank leases) as assets and liabilities as from 1 January 2019. This will result in a decrease in other external costs and an increase in amortisation and financial expense. The standard will also involve increased disclosure in the annual report. The Group will be applying a modified retroactive approach and does not intend to apply the standard in advance. Based on existing lease agreements, which are in large part already treated as finance leases, the total impact on assets and liabilities in the consolidated balance sheet is estimated at approximately SEK 389 million as from 1 January 2019.

No other IFRS or IFRIC interpretations that are not yet effective are expected to have any significant impact on the Group.

Note 3 Segment reporting

Scandinavian Biogas's operations are divided into three segments based on geographic location. The Group's operations are managed and reported based on operating segments Business Area Sweden, Business Area South Korea and Business Area Norway. Operations also include the Service Centre and Research & Development segment. The business areas are geographic organisations, with the head of each business area reporting directly to Group management. All staff in Sweden are employed by Scandinavian Biogas Fuels AB, the Service Centre and R&D. Business Areas Sweden, Norway and South Korea are invoiced internally every month.

Segment data is based on the same accounting policies as those applied by the Group as a whole and is consolidated (i.e., cleared of intra-group items).

Income statement per segment	1 October - 31 December 2018	1 October - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2017
Operating income				
Business Area Sweden	61,213	54,217	220,694	213,694
of which, external revenue	*62,213*	*54,191*	*217,498*	*211,725*
of which, internal revenue	-	*26*	*2,942*	*1,969*
Business Area South Korea	14,311	12,666	52,215	50,839
of which, external revenue	*14,311*	*12,666*	*52,215*	*50,839*
of which, internal revenue	-	-	-	-
Business Area Norway	18,801	3,733	29,718	12,784
of which, external revenue	*18,801*	*3,733*	*29,718*	*12,784*
of which, internal revenue	-	-	-	-
Service Centre and R&D, Sweden	18,553	9,169	44,859	45,640
of which, external revenue	*5,259*	*613*	*10,781*	*5,438*
of which, internal revenue	*13,294*	*8,556*	*34,078*	*40,202*
Eliminations	-13,294	-7,223	-34,020	-33,626
Group total	**99,584**	**72,562**	**310,212**	**289,331**
Raw materials and consumables				
Business Area Sweden	-31,631	-29,026	-116,747	-104,220
Business Area South Korea	-7,142	-17,762	-31,919	-31,032
Business Area Norway	-13,482	3,960	-17,712	-69
Service Centre and R&D, Sweden	-861	-672	-2,316	-5,639
Eliminations	840	566	2,358	3,070
Group total	**-52,276**	**-42,934**	**-166,336**	**-137,890**
Gross profit/loss				
Business Area Sweden	29,582	25,191	103,693	109,474
Business Area South Korea	7,169	-5,096	20,296	19,807
Business Area Norway	5,319	7,693	12,006	12,715
Service Centre and R&D, Sweden	17,692	8,497	42,543	40,001
Eliminations	-12,454	-6,657	-34,662	-30,556
Group total	**47,308**	**29,628**	**143,876**	**151,441**
Other external costs				
Business Area Sweden	-17,456	-17,932	-60,386	-64,007
Business Area South Korea	-3,374	-2,496	-11,692	-9,087
Business Area Norway	-3,840	-7,122	-13,575	-10,313
Service Centre and R&D, Sweden	-2,929	-2,648	-25,252	-12,213
Eliminations	7,033	6,657	29,241	30,556
Group total	**-20,566**	**-23,541**	**-81,664**	**-65,064**
Personnel costs				
Business Area Sweden	-	-	-	-
Business Area South Korea	-2,419	-1,885	-9,686	-9,026
Business Area Norway	-4,076	-3,183	-13,183	-10,101
Service Centre and R&D, Sweden	-11,391	-11,330	-45,590	-45,663
Group total	**-17,886**	**-16,398**	**-68,459**	**-64,790**
EBITDA				
Business Area Sweden	12,126	7,259	43,307	45,467
Business Area South Korea	1,376	-9,477	-1,082	1,694
Business Area Norway	-2,597	-2,612	-14,752	-7,699
Service Centre and R&D, Sweden	-3,372	-5,481	-28,299	-17,875
Group total	**8,856**	**-10,311**	**-6,247**	**21,587**
Depreciation, amortisation and impairment of tangible and intangible assets	-21,353	-24,951	-64,057	-62,802
Other operating expenses	-119	-240	-1,504	-944
Total operating expenses	**-59,924**	**-65,130**	**-215,684**	**-193,600**
Operating profit/loss	**-12,616**	**-35,502**	**-71,808**	**-42,159**
Net currency differences	-593	8,315	3,794	1,041
Financial income	40	41	161	125
Financial expense	-14,381	-9,707	-49,238	-36,682
Net financial items	**-14,934**	**-1,351**	**-45,283**	**-35,516**
Profit/loss before tax	**-27,550**	**-36,853**	**-117,091**	**-77,675**
Income tax	7,133	2,737	7,163	2,628
Profit/loss for the period	**-20,417**	**-34,116**	**-109,928**	**-75,047**

Condensed balance sheet per segment	31 Dec 2018	31 Dec 2017
Non-current assets		
Business Area Sweden	521,187	556,135
Business Area South Korea	81,354	88,573
Business Area Norway	407,863	319,654
Service Centre and R&D	12,295	30,100
Group total	**1,022,699**	**994,462**
Current assets		
Business Area Sweden	109,135	69,039
Business Area South Korea	14,908	10,883
Business Area Norway	74,516	59,512
Service Centre and R&D	13,584	27,342
Group total	**212,143**	**166,776**
Total assets, Group	**1,234,842**	**1,161,238**
Non-current liabilities		
Business Area Sweden	301,807	271,478
Business Area South Korea	37,315	24,925
Business Area Norway	269,508	203,198
Service Centre and R&D	57,151	20,373
Unallocated	227,402	225,418
Group total	**893,183**	**745,392**
Current liabilities		
Business Area Sweden	111,035	132,012
Business Area South Korea	12,414	9,379
Business Area Norway	49,568	15,165
Service Centre and R&D	36,749	30,366
Group total	**209,766**	**186,922**
Total liabilities, Group	**1,102,949**	**932,314**

Note 4 Tangible assets

Investments in tangible assets during the financial year totalled SEK 116.8 million (166.8) and were mainly attributable to the ongoing construction project in Skogn, Norway.

The Group capitalised borrowing costs on qualifying assets in the form of new facilities in the amount of SEK 10.1 million (16.4) during the financial year.

Tangible assets include leased items held by the Group under finance lease agreements in the amounts presented below. The large increase between years is attributable to the leasing of an evaporator in Norway.

	31 Dec 2018	31 Dec 2017
Buildings and land	109,298	114,515
Plant and machinery	170,410	116,357
Equipment, tools, fixtures and fittings	5,867	7,879
Construction work in progress	6,974	6,974
Carrying amount	**292,549**	**245,725**

Note 5 Participations in Group companies

Participations in Group companies increased SEK 13.6 million during the financial year due to an SEK 5.4 million conditional capital contribution million to Scandinavian Biogas Recycling AB and an SEK 8.2 million share issue in Biokraft Holding AS. Group contributions of SEK 25.0 million (51.5) were paid to subsidiaries during the same period.

Note 6 Other non-current receivables

Group	31 Dec 2018	31 Dec 2017
Restricted bank balances	10,688	32,462
Other	3,560	3,487
Total	**14,248**	**35,949**

Parent Company	31 Dec 2018	31 Dec 2017
Restricted bank balances	-	12,078
Total	**-**	**12,078**

Restricted bank balances are comprised of guarantees in subsidiaries for external loans, and the subsequent bond issued by the Parent Company in late June 2017.

Note 7 Other current receivables

Other current receivables include SEK 36.3 million (10.6) related to the accrued delay penalty for the facility in Skogn.

Note 8 Borrowing

The carrying amount and fair value of long-term borrowing are as follows:

	Carrying amount		*Fair value*	
	31 Dec 2018	**31 Dec 2017**	***31 Dec 2018***	***31 Dec 2017***
Liabilities to credit institutions	283,422	231,699	*283,422*	*231,699*
Corporate bonds	227,402	225,418	*225,102*	*231,605*
Liabilities related to finance leases	287,821	242,949	*228,040*	*242,949*
Other long-term borrowing	55,170	18,300	*55,170*	*18,300*
Total	**853,815**	**718,366**	***791,734***	***724,553***

The fair value of short-term borrowing corresponds to its carrying amount, as the discounting effect is not of a material nature.

One of the Group's loans from external lenders was refinanced during second quarter 2018 to a lower rate of interest.

The adjusted equity/assets ratio did not meet the corporate bond requirements as at 30 September 2018. The bond loan, including prepaid credit charges, was therefore transferred from non-current to current liabilities in Q3 2018. It was subsequently reversed to non-current liabilities during Q4 following approval of the written procedure proposing waiver of the adjusted equity/assets ratio requirement for the third and fourth quarters of 2018. A clear majority of bondholders confirmed their support of the proposal.

Note 9 Pledged assets and contingent liabilities

Group	Pledged assets 31 Dec 2018	Pledged assets 31 Dec 2017
Liens on assets	48,000	48,000
Pledged assets	412,144	368,272
Assets financed through finance leases	285,575	238,751
Shares in Scandinavian Biogas Fuels AB	-	23,064
Shares in Scandinavian Biogas Stockholm AB	58,227	58,227
Shares in Scandinavian Biogas Södertörn AB	9,153	8,209
Shares in Scandinavian Biogas Fuels i Varberg AB	76	78
Shares in Biokraft Holding AS	-	62,045
Group total	**813,174**	**806,646**

Parent Company	31 Dec 2018	31 Dec 2017
Shares in Scandinavian Biogas Sweden AB	107,450	102,050
Shares in Scandinavian Biogas Fuels AB	274	274
Shares in Biokraft Holding AS	81,729	73,575
Pledged intra-group loan to Scandinavian Biogas Sweden AB	-	229,111
Parent Company total	**189,453**	**405,010**

Group	Contingent liabilities 31 Dec 2018	Contingent liabilities 31 Dec 2017
Contingent liability – subsidiary investment grants	16,372	10,869
Contingent liability – Parent Company corporate bond	230,000	230,000
Group total	**246,372**	**240,869**

Parent Company	31 Dec 2018	31 Dec 2017
Contingent liability – subsidiary loans from credit institutions	32,500	32,500
Contingent liability – subsidiary investment grants	16,372	10,869
Parent Company total	**48,872**	**43,369**

Subsidiary Scandinavian Biogas Fuels AB has guaranteed payment of the Parent Company's corporate bond. Virtually all other pledged assets and contingent liabilities specified above relate to subsidiaries' loans from credit institutions. See also the 2017 annual report.

Note 10 Definition of key ratios

Operating results/EBIT
Operating results provide an overview of the Group's total earnings generation and are calculated as operating results before financial items and tax.

EBITDA
EBITDA is a profitability measure considered by the Group as relevant for investors interested in earnings generation before investments in assets. The Group defines EBITDA (earnings before interest, tax, depreciation and amortisation) as operating results exclusive of other operating expenses and depreciation, amortisation and impairment of tangible and intangible assets.

EBITDA	1 October - 31 December 2018	1 October - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2017
Operating profit/loss	-12,616	-35,502	-71,808	-42,159
-Depreciation, amortisation and impairment of tangible and intangible assets	21,353	24,951	64,057	62,802
-Other operating expenses	119	240	1,504	944
EBITDA	**8,856**	**-10,311**	**-6,247**	**21,587**

Gross profit/loss
Gross profit/loss is a profitability measure that shows the Company's revenues less variable production costs.

Gross profit/loss	1 October - 31 December 2018	1 October - 31 December 2017	1 January - 31 December 2018	1 January - 31 December 2017
Total revenues	99,584	72,562	310,212	289,331
-Raw materials and consumables	-52,276	-42,934	-166,336	-137,890
Gross profit/loss	**47,308**	**29,628**	**143,876**	**151,441**

Adjusted equity/assets ratio
The equity/asset ratio shows the proportion of assets financed with equity. The Group uses an adjusted equity/asset ratio, since this metric is defined in the corporate bond terms and conditions. The adjusted equity/asset ratio is calculated as the sum of total equity (including non-controlling interests) and subordinated loans divided by total assets adjusted for the grant from Enova. The grant from Enova for the Norwegian project in Skogn is included in the bond terms as a subordinated loan, but is a grant that does not require repayment. Subordinated loans at the end of the interim period amounted to SEK 55.2 million (18.3) and pertain to loans from the largest shareholders to the Parent Company and to loans from minority shareholders in Biokraft Holding AS to the same company.

Adjusted equity/assets ratio	31 Dec 2018	31 Dec 2017
Total equity (incl. non-controlling interests)	131,893	228,924
Subordinated loans (incl. Enova)	138,375	84,222
	270,268	**313,146**
Total assets	1,234,842	1,161,238
Grant, Enova	83,205	65,922
	1,318,047	**1,227,160**
Adjusted equity/assets ratio	**20.5%**	**25.5%**

Note 11 Events after the end of the period

A settlement agreement was signed in January 2019 in the dispute with the main supplier to the Södertörn facility, which was concluded in October 2018. The Group will pay the counterparty a total of SEK 15.6 million through the end of August 2019.

In February, the Group Board of Directors decided that the Group intends to investigate the possibility of conducting a directed share issue of up to SEK 134 million to a number of institutional and private investors, as authorised by the 2018 AGM. As part of the directed share issue, the Company intends to offer certain existing shareholders the option of converting loans totalling SEK 34 million into shares. The Company also intends to conduct a rights issue of up to SEK 10 million during spring 2019 at the same subscription price as is determined in the directed share issue. In total, the Company intends to issue shares with a value of up to approximately SEK 144 million.

The new plant at Skogn delivered approximately 1.4 MNm^3 of LBG during the January – February 2019 period, an increase of about 35% on a monthly basis, as compared with monthly LBG deliveries during fourth quarter 2018.

The Group sees a risk that the adjusted equity/assets ratio requirement may not be met for the first and second quarters of 2019 and has therefore initiated a process to propose that bondholders waive the requirement.

This interim report has not been audited.

The 2018 Annual Report will be published and made available on www.scandinavianbiogas.com on 29 March 2019.

The next interim report will be published and made available on www.scandinavianbiogas.com on 26 April 2019.

The 2019 Annual General Meeting is tentatively scheduled for 27 June 2019. Notice will be given in accordance with the Articles of Association.

Stockholm, 28 February 2019

Göran Persson Chairman of the Board	Matti Vikkula Chief Executive Officer
Anders Bengtsson Board member	Andreas Ahlström Board member
Hans Hansson Board member	Sara Anderson Board member
David Schelin Board member	Malin Gustafsson Board member
Lars Bengtsson Board member	