

PRESS RELEASE

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Scandinavian Biogas is including one-off costs in annual Group accounts 2017 and updating Outlook 2017

Scandinavian Biogas Group (the "Group") will record as an extra cost the additional gas penalty accrual in Ulsan, Korea, and revalue Ulsan plant assets based on the annual impairment testing in the consolidated Group Q4 2017 accounts, which are not yet audited.

Gas penalty

The gas penalty is, as earlier communicated, based on a contractual obligation to invest in a gas upgrading facility at the Ulsan site by the end of 2017.

The Group will include as a non-cash, one-off cost in consolidated Q4/2017 accounts the net present value of the full gas penalty accrual from November 2012 until end of 2017, the addition being equivalent to approx. 14 MSEK. The additional non-cash, one-off cost will lower the consolidated Group level EBITDA in 2017.

The value of the net present value of the total accrual in the consolidated balance sheet 31.12.2017 is estimated to be approx. 25 MSEK and assumed to be at least partly payable within the next eight years.

In consolidated accounts from 2018 and onwards the Group will book the full gas penalty of approx. 8-9 MSEK as an operative annual cost subject to annual gas sales volumes, prices and foreign exchange rates.

Based on the legal opinion from one of the leading Korean law firms, that the level of the penalty is unreasonable, the Group Board's position remains unchanged. The reasonable penalty level according to Korean legal practice is assumed to be at maximum 30% of the gas penalty, equal to an operative annual cost of maximum of approx. 3 MSEK, subject to potential court decision in the future.

For additional information, please refer to the 2016 annual report, the prospectus from August 2017 and the 'Other provisions' item in the balance sheet and 'Contingent liability' items in Note 8 in the Q3 2017 report (available on www.scandinavianbiogas.com).

Impairment testing of the consolidated Group

Based on the impairment test, the impairment loss of approx. 12 MSEK for the production plant in Ulsan, Korea, will be included in Q4/2017 Group accounts.

Outlook

Earlier Outlook - The Group's profitability (EBITDA) is expected to improve significantly in 2017 as compared with 2016.

Updated Outlook - The Group's operational profitability (EBITDA) without one-offs is expected to improve significantly in 2017 as compared with 2016.

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The information in this press release is such that Scandinavian Biogas Fuels International AB (publ) must disclose in accordance with the EU Market Abuse Regulation (EU MAR) No. 596/2014. The information was submitted for publication on January 10, 2018, at 20:30 CET.

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