



Interim report for the period 1 January – 30 September 2020

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

Successful refinancing of SEK 200 million credit facility with significantly better terms, and continued stable EBITDA

Third quarter in brief

- The private credit facility of SEK 200 million was repaid in September and replaced with a new senior credit facility of the same amount.
- On 1 July 2020 the Company received a negative court ruling for the dispute in Korea.
- Net sales totalled SEK 81.5 million (87.3), a year-on-year decrease of 5.8%.
- EBITDA was SEK 22.9 million (22.6).
- Operating EBITDA for the period was SEK 17.9 million (22.6).
- The Group posted an operating profit of SEK 1.6 million (0.8).
- The Group posted a loss after tax of SEK -11.8 million (-14.7).
- Operating cash flow totalled SEK -14.9 million (-10.9).

First nine months in brief

- The Company's outstanding 2016/2020 bond loan of SEK 230 million was repaid on 10 February 2020 and replaced with a private credit facility of SEK 200 million, which was repaid on 30 September 2020 and replaced with a new senior credit facility with significantly better terms.
- On 1 July 2020 the Company received a negative court ruling for the dispute in Korea.
- Net sales totalled SEK 256.1 million (263.8), a year-on-year decrease of 2.9%.
- Operating EBITDA for the period was SEK 55.3 million (58.8), confirmation that underlying profitability is on a par with the corresponding period last year.
- EBITDA was SEK 59.8 million (58.8).
- The Group posted an operating loss of SEK -5.6 million (-6.7).
- The Group posted a loss after tax of SEK -51.2 million (-50.3).
- A total negative impact on earnings of SEK 18.4 million was posted due to the judicial decision in South Korea.
- Operating cash flow totalled SEK 47.0 million (-21.9), due in part to improved underlying profitability.

Significant events after the end of the interim period

A multi-year agreement has been entered into between the Group and a customer in Europe for the supply of liquefied biogas (LBG). It is an important part of Scandinavian Biogas' strategy to increase deliveries of liquid biogas.

On October 22, the Company convened an Extraordinary General Meeting to be held on November 23, 2020. The Board proposes that the Meeting resolves to authorize the Board to issue up to 10 million new shares and a reversed split of shares 10:1. The authorization is proposed to be valid until the next Annual General Meeting.

No other significant events have occurred after the end of the period

CEO comments on the interim period

‘The year started in a good and satisfactory way in the first quarter, but we are not happy with the second quarter as the pandemic affected us negatively. During the third quarter, however, we were able to ensure an improvement both in the Group’s profitability as well as in cash flow. In July, the Company received a surprisingly negative ruling in Korea regarding the dispute with Ulsan City regarding an upgrade facility. The negative impact that this caused has already been recognised in the second quarter.

COVID-19 has significantly affected the global and Scandinavian economy and has affected the Group’s business somewhat, partly with lower raw gas production in Stockholm and partly with somewhat reduced demand. The Group continues with preparations for planned growth opportunities, focusing on Stockholm LBG and Skogn II investments. The timing of other growth opportunities is affected by financing opportunities for equity and debt, however, the capital market has become stronger after the summer. In the autumn budget, the Government has proposed continued temporary support for biogas production, and confirmed preparations for a long-term production support system. Conditions for the Swedish biogas industry are about to be strengthened.’

Matti Vikkula
President and CEO

All financial information in this report pertains to the Group unless otherwise specified. Figures in brackets relate to the year-earlier period.

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.

Group

Scandinavian Biogas Fuels International AB (publ) (the “Company”) 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. Scandinavian Biogas Fuels International AB (publ) is domiciled and headquartered in Stockholm, Sweden. At 30 September 2020 the Company had a total of 77 (74) employees: 41 (39) in Sweden, 20 (20) in South Korea and 16 (15) in Norway.

Financial overview

	1 Jul - 30 Sep 2020	1 Jul - 30 Sep 2019	1 Jan - 30 Sep 2020	1 Jan - 30 Sep 2019	1 Jan - 31 Dec 2019
	3 months	3 months	9 months	9 months	12 months
Net sales	81,499	87,275	256,076	263,814	363,559
EBITDA	22,875	22,555	59,779	58,807	87,848
EBITDA, %	28.1%	25.8%	23.3%	22.3%	24.2%
Operating EBITDA	17,869	22,555	55,252	58,807	75,778
Operating EBITDA, %	20.4%	23.6%	20.1%	20.2%	19.2%
Operating results	1,582	816	-5,646	-6,737	-1,940
Balance sheet total	1,133,638	1,300,653	1,133,638	1,300,653	1,294,063
Equity/assets ratio	14.9%	18.1%	14.9%	18.1%	17.7%

Consolidated net sales totalled SEK 81.5 million (87.3) for third quarter 2020, and SEK 256.1 million (263.8) for the interim period, a decrease of 2.9 per cent as compared with the same period last year. Total revenues amounted to SEK 95.9 million (99.3) for the July-September period and SEK 304.1 million (303.2) for the full interim period.

Costs for raw materials and consumables decreased SEK 0.6 million as compared with last year. Adjusted for one-off effects, raw materials and consumables increased SEK 11.4 million year-on-year. The one-off effect is mainly due to the judicial decision in South Korea, which resulted in an SEK 11.7 million increase in raw materials and consumables.

Other external costs decreased during the January-September 2020 interim period, due in part to lower consultancy fees. Personnel costs increased somewhat.

Consolidated EBITDA totalled SEK 22.9 million (22.6) for the July-September 2020 period and SEK 59.8 million (58.8) for the 2020 interim period. EBITDA was impacted by insurance compensation of SEK 14.7 million in Norway, COVID-19-related subsidies of SEK 1.6 million in Norway, and the judicial decision in South Korea which resulted in a negative entry of SEK 11.7 million.

Consolidated operating EBITDA totalled SEK 55.3 million (58.8) during the 2020 interim period. Operating EBITDA totalled SEK 17.9 million (22.6) for third quarter 2020.

The Group posted an operating profit of SEK 1.6 million (0.8) for third quarter 2020 and an operating loss of SEK -5.6 million (-6.7) for the 2020 interim period. In addition to the above-referenced one-off items, operating profit/loss was also impacted by an additional SEK 6.5 million write-down of concessions as part of the judicial decision in South Korea, as well as an estimated SEK 3.5 million write-down of a non-current asset in Norway. The concessions were written down during the second quarter.

The Group posted a loss after tax of SEK -11.8 million (-14.7) for third quarter 2020, of which SEK -1.3 million (1.8) is attributable to unrealised exchange rate fluctuations. The Group posted a loss after tax of SEK -51.2 million (-50.3) for the full interim period, of which SEK -8.0 million (2.6) is attributable to unrealised exchange rate fluctuations, mainly due to long-term intra-group financing of foreign subsidiaries.

A total negative impact on earnings of SEK 18.2 million was posted during the period due to the judicial decision in South Korea. Of this amount, SEK 11.7 million pertains to the item 'raw materials and consumables' as part of a change in 'other provisions', and SEK 6.5 million to the item 'depreciation, amortisation and impairment of tangible and intangible assets' representing a write-down of the concession pertaining to South Korea.

Total assets at 30 September 2020 amounted to SEK 1,133.6 million (1,300.7), a 12.8 per cent year-on-year increase. Lease-related borrowing totalled SEK 305.4 million (341.1). Equity was impacted only by net profit/loss and by changes in exchange rate effects.

Liquidity and financial position

Consolidated liquid assets totalled SEK 52.3 million (139.6) at 30 September.

Investments

Investments in tangible and intangible assets during the interim period totalled SEK 50.5 million (31.4).

The carrying amount of the Group's tangible and intangible assets was SEK 938.7 million (1,028.9) at 30 September 2020. SEK 299.7 million (335.9) of this amount pertains to leased assets held by the Group under lease contracts subject to IFRS 16.

Significant events during the interim period

Improved production stability at Södertörn, Sweden

The positive trend for production at Södertörn, confirmed during 2019, continued during the January-September 2020 period. The systematic development work at the operations department, which intensified during the first half of 2019, is proceeding and is focused on further minimising production disruptions and maintenance costs.

Refinancing of SEK 200 million credit facility

The Company's outstanding 2016/2020 bond loan of SEK 230 million was repaid on 10 February 2020 and replaced with a private credit facility of SEK 200 million, which was repaid on 30 September 2020 and replaced with a new senior credit facility with significantly better terms and an 18-month maturity.

Production and sales

Business Area Sweden

Operations in Sweden sold a total of 14.3 million Nm³ (15.0) of biogas during the interim period January-September 2020, corresponding to approximately 139 GWh (147). Customer deliveries of biogas were made according to plan and all agreements have been fulfilled in full. Business Area Sweden processed an average of 205 tonnes (195) of organic waste per day during the interim period. Södertörn's reduced gas extraction was due mainly to COVID-19.

Business Area Norway

Sales of liquid biogas at Skogn, Norway, during the interim period January-September 2020 totalled 7.0 million (6.9) Nm³, corresponding to approximately 68 GWh (67). The plant in Norway has been fully operational since early 2019. Year 2020 started strongly, although production was somewhat lower during Q2 due mainly to maintenance measures at the plant.

Business Area South Korea

The facility in South Korea received an average of 194 tonnes (192) of food waste per day during the interim period. Sales of raw gas during the same period amounted to 7.3 million Nm³ (6.6), or approximately 43 GWh (40). A total of 5.5 million Nm³ (5.2) of raw gas was produced.

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 durations of around 25 years. Non-current interest-bearing liabilities, exclusive of leases, totalled SEK 465.2 million (310.2) as at 30 September 2020. Liquid assets totalled SEK 52.3 million (139.6) at the same date. Any need for additional working capital is expected to be financed with debt or equity. 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.

The Company's outstanding 2016/2020 bond loan of SEK 230 million (ISIN SE0007784111) was repaid on 10 February 2020 and replaced with a private credit facility of SEK 200 million. The credit facility, with a maturity of up to 24 months, was repaid on 30 September 2020 and replaced with a new senior credit facility with significantly better terms and an 18-month maturity.

Management is actively working with various financing solutions to ensure a more long-term financing solution.

The share

The total number of shares is 168,256,961 (168,256,961). 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).

Ownership structure at 30 September 2020, %

Bengtssons Tidnings AB and related parties	24.5%
AC Cleantech Growth Fund 1 Holding AB and related parties	21.3%
Apriori AB	20.5%
Wipunen Asset Management	11.6%
Erik Danielsson and family, incl. companies	4.2%
Reliquum and related parties (formerly Novator Biogas Sweden SARL)	3.6%
Ajanta Oy and related parties	3.5%
John Nurminen Oy and related parties	2.6%
Other	8.2%
Total	100.0%

Significant risks and operational uncertainties

Disputes

Following are updates on what has happened regarding the Group's disputes since turn of the year 2019/20. The status is otherwise unchanged; please refer to the 2019 Annual Report for details.

The Korean subsidiary has been involved in a dispute with Ulsan City since 2018 regarding the contractual obligation to invest in a gas upgrading facility in Ulsan by the end of 2017. The lawsuit has proceeded, and the judicial decision issued in July 2020 was unexpectedly negative. The judge upheld the previous decision, meaning that the subsidiary is obliged to pay a 50% penalty on biogas sales. Following review of the decision, the management team and Board of Directors consider the ruling to be incorrect. An appeal was filed with the Supreme Court during summer 2020. The amount of time required for the lawsuit to proceed in the Supreme Court remains unclear. Assessments were updated in the consolidated annual accounts in response to the judicial decision issued in July, resulting in an increase of SEK 11.7 million in 'other provisions' and an SEK 6.5 million write-down of the concession pertaining to South Korea. The result for 2020 has therefore been adjusted SEK 18.2 million.

The Korean subsidiary initiated legal proceedings in Ulsan's administrative court in 2017 regarding certain service costs that Ulsan City invoiced to the subsidiary. The court has ruled in various phases that the invoices are not subject to administrative law. Given that the service costs are not subject to administrative law, the South Korean subsidiary has initiated a civil lawsuit.

As previously communicated, one of the Group's suppliers to the project at Skogn, Norway, has made compensation claims, mainly for groundwork. A demand for NOK 78 million was filed in October 2018 and was subsequently lowered to NOK 64 million. 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. Nevertheless, for precautionary purposes, the Group reserved NOK 5 million of the demand amount in its Norwegian company in December 2018 as an increased capital cost pursuant to generally accepted practice. The conciliation process has turned to arbitration as the parties have not been able to meet. The Group has a counterclaim against the counterparty. Management's assessment remains that previously reserved amounts are relevant.

Significant risks and uncertainties are detailed in the most recent annual report, which is available on www.scandinavianbiogas.com.

Related-party transactions

A subordinated shareholder loan of SEK 20 million (issued in September 2019) was repaid during first quarter 2020, along with interest of approximately SEK 0.6 million. The Company's outstanding 2016/2020 bond loan of SEK 230 million (ISIN SE0007784111) was repaid on 10 February 2020 and replaced with a private credit facility of SEK 200 million. The lenders are parties related to the Company. On 30 September 2020 the private credit facility was replaced with a new senior credit facility with significantly better terms and an 18-month maturity. The lenders are parties related to the Company.

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 0.9 million (0.3) during third quarter 2020 and SEK 2.4 million (2.1) during the interim period. The Parent Company posted a loss after tax of SEK -3.0 million (-6.3) for the July-September 2020 period and SEK -74.4 million (-14.4) for the January-September 2020 period. The negative result is attributable to the judicial decision in South Korea. During Q2, a subsidiary wrote down some receivables related to South Korean subsidiaries and thus exhausted its equity. The subsidiary's write-downs amount to SEK 61.6 million and resulted in a shareholder contribution from the Parent Company in June of SEK 62 million. The shareholder contribution has since been written down in its entirety.

Liquidity and financial performance

Liquid assets at 30 September 2020 totalled SEK 0.02 million (81.9). Total assets amounted to SEK 605.9 million (614.1) at the same date.

No significant events or changes have taken place since publication of the 2019 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.

Significant events after the end of the period

No significant events have occurred after the end of the period.

Outlook

There is a great need for renewable energy that can replace fossil fuels, such as coal, oil and natural gas, 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 market price of fossil energy causes some uncertainty as to the biogas market price as well as the growth of new investments in renewable energy.

The Swedish parliament and government are clearly interested in biogas as a component of the future fossil-free energy solution. Based on the Biogas Commission's proposal, published before the turn of the year, the government's autumn budget proposed continued support for biogas production and confirmed the preparations for a long-term production subsidy scheme. Conditions for the Swedish biogas industry will be strengthened, and we see a bright future ahead.

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 goal is to achieve:

- biogas production capacity corresponding to at least 700 TWh year 2024
- operating income corresponding to at least SEK 750 million year 2024
- an operative EBITDA margin of at least 30% year 2024
- a equity/assets ratio of at least 25%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	1 Jul – 30 Sep 2020	1 Jul – 30 Sep 2019	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	1 Jan – 31 Dec 2019
Operating income					
Net sales	81,499	87,275	256,076	263,814	363,559
Capitalised work on own account	3,476	3,625	12,516	12,768	12,033
Other operating income	10,957	8,374	35,458	26,644	31,458
Total	95,932	99,274	304,050	303,226	407,050
Operating expenses					
Raw materials and consumables	-42,833	-46,758	-147,016	-147,647	-192,383
Other external costs	-13,966	-13,906	-46,161	-48,021	-59,313
Personnel costs	-16,258	-16,055	-51,094	-48,751	-67,506
Depreciation, amortisation and impairment of tangible and intangible assets	-21,027	-21,556	-64,912	-64,646	-88,526
Other operating expenses	-266	-183	-513	-898	-1,262
Total operating expenses	-94,350	-98,458	-309,696	-309,963	-408,990
Operating profit/loss	1,582	816	-5,646	-6,737	-1,940
Net exchange differences	-1,335	1,818	-7,977	2,593	1,274
Financial income	29	35	159	100	141
Financial expense	-12,253	-17,407	-38,416	-47,014	-62,631
Net financial items	-13,559	-15,554	-46,234	-44,321	-61,216
Profit/loss before tax	-11,977	-14,738	-51,880	-51,058	-63,156
Income tax	219	37	661	721	7,306
Profit/loss for the period	-11,758	-14,701	-51,219	-50,337	-55,850
Other comprehensive income					
Actuarial results on post-employment benefits	-	-	-	-10	-10
Exchange differences	-572	-2,266	-9,319	5,570	3,682
Other comprehensive income for the period, net after tax	-572	-2,266	-9,319	5,560	3,672
Total comprehensive income for the period	-12,330	-16,967	-60,538	-44,777	-52,178
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	-9,919	-10,066	-45,652	-35,826	-42,536
Non-controlling interests	-1,839	-4,635	-5,567	-14,511	-13,314
Total comprehensive income attributable to:	-11,758	-14,701	-51,219	-50,337	-55,850
Parent Company shareholders	-10,163	-11,708	-49,702	-33,293	-40,834
Non-controlling interests	-2,167	-5,269	-10,836	-11,484	-11,344
	-12,330	-16,967	-60,538	-44,777	-52,178

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Non-current assets				
Intangible assets				
Capitalised development costs		11,313	11,975	11,713
Concessions and similar rights		50,180	71,246	67,832
Patents and licences		865	1,510	1,423
Goodwill		6,427	6,976	6,833
Total intangible assets		68,785	91,707	87,801
Tangible assets				
	4			
Buildings and land		334,980	221,627	367,237
Plant and machinery		443,494	317,456	489,308
Equipment, tools, fixtures and fittings		10,403	13,104	12,001
Construction work in progress		81,052	384,980	44,175
Total tangible assets		869,929	937,167	912,721
Financial assets				
Deferred tax assets		21,770	17,333	23,453
Other non-current receivables	5	10,780	14,553	19,066
Total financial assets		32,550	31,886	42,519
Other non-current assets				
Accrued income and prepaid expenses		1,000	1,444	1,333
Total other non-current assets		1,000	1,444	1,333
Total non-current assets		972,264	1,062,204	1,044,374
Current assets				
Inventories, etc.				
Raw materials and consumables		10,284	13,175	14,770
Total inventories		10,284	13,175	14,770
Current receivables				
Trade accounts receivable		55,009	56,316	65,670
Other receivables	6	24,381	18,049	17,914
Prepaid expenses and accrued income		19,408	11,288	14,951
Cash and cash equivalents		52,292	139,621	136,384
Total current receivables		151,090	225,274	234,919
Total current assets		161,374	238,449	249,689
TOTAL ASSETS		1,133,638	1,300,653	1,294,063

CONSOLIDATED BALANCE SHEET, continued

Amounts in SEK thousand	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
EQUITY				
Equity attributable to Parent Company shareholders				
Share capital		33,651	33,651	33,651
Other paid-in capital		880,048	880,105	880,048
Translation reserve		1,247	6,169	5,298
Retained earnings including comprehensive income for the period		-788,824	-736,463	-743,173
		126,122	183,462	175,824
Non-controlling interests		42,257	52,026	53,098
Total equity		168,379	235,488	228,922
LIABILITIES				
Non-current liabilities				
Borrowings	7	754,072	628,297	597,942
Deferred tax liabilities		1,892	1,984	1,961
Other provisions		39,115	33,577	21,917
Total non-current liabilities		795,079	663,858	621,820
Current liabilities				
Borrowings	7	33,794	281,312	296,465
Accounts payable		59,744	38,354	66,326
Other liabilities		23,432	23,475	30,403
Accrued expenses and deferred income		53,210	58,166	50,127
Total current liabilities		170,180	401,307	443,321
TOTAL EQUITY AND LIABILITIES		1,133,638	1,300,653	1,294,063

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

Amounts in SEK thousand	Share capital	Other paid-in capital	Translation reserve	Retained earnings	Total	Non-controlling interests	Total equity
Opening balance, 1 January 2019	21,420	754,685	3,636	-700,637	79,104	52,789	131,893
Profit/loss for the period				-35,826	-35,826	-14,511	-50,337
Actuarial results on post-employment benefits				-8	-8	-2	-10
Exchange differences			2,533	8	2,541	3,029	5,570
Total comprehensive income			2,533	-35,826	-33,293	-11,484	-44,776
New share issue	12,231	134,548			146,779		146,779
Issue expenses		-9,128			-9,128		-9,128
Contribution from non-controlling interests						10,721	10,721
Total contribution from and value transfers to shareholders, reported directly in equity	12,231	125,420	-	-	137,651	10,721	148,372
Closing balance, 30 September 2019	33,651	880,105	6,169	-736,463	183,462	52,026	235,488
Opening balance, 1 January 2020	33,651	880,048	5,297	-743,173	175,823	53,098	228,922
Profit/loss for the period				-45,651	-45,651	-5,567	-51,218
Actuarial results on post-employment benefits				-	-	-	-
Exchange differences			-4,051		-4,051	-5,269	-9,320
Total comprehensive income			-4,051	-45,651	-49,702	-10,836	-60,538
Contribution from non-controlling interests							-
Total contribution from and value transfers to shareholders, reported directly in equity	-	-	-	-	-	-	-
Closing balance, 30 September 2020	33,651	880,048	1,246	-788,824	126,122	42,257	168,379

CONSOLIDATED STATEMENT OF CASH FLOWS

	Note	1 Jul – 30 Sep 2020	1 Jul – 30 Sep 2019	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	1 Jan – 31 Dec 2019
Cash flow from operating activities						
Operating profit/loss before financial items		1,582	816	-5,646	-6,737	-1,940
Amortisation/depreciation		21,027	21,556	64,912	64,646	88,526
Other non-cash items		-733	-4,856	18,600	-9,926	-16,365
Interest received		-	1	-	25	141
Interest paid		-9,182	-6,845	-24,670	-23,806	-36,437
Cash flow from operating activities before changes in working capital		12,694	10,672	53,196	24,202	33,925
Cash flow from changes in working capital						
Increase/decrease in inventories		1,633	-1,426	4,486	-7,903	-9,271
Increase/decrease in operating receivables		-15,532	11,757	-263	23,079	13,321
Increase/decrease in operating liabilities		-13,732	-31,860	-10,469	-61,293	-37,991
Total changes in working capital		-27,631	-21,529	-6,246	-46,117	-33,941
Cash flow from operating activities		-14,937	-10,857	46,950	-21,915	-16
Cash flow from investing activities						
Acquisition of intangible assets		1,546	-38	-871	-252	-402
Acquisition of tangible assets		-11,505	-8,043	-49,663	-31,192	-46,726
Disposal of tangible assets		-	-	41	-	305
Divestment/amortisation of other financial assets		-	111	-	333	333
Restricted bank balances and other changes in financial assets	5	5,019	-258	8,989	-938	-5,131
Cash flow from investing activities		-4,941	-8,228	-41,504	-32,049	-51,621
Cash flow from financing activities						
New share issue		-	61,537	-	101,153	101,153
Loans raised	7	199,000	20,000	396,500	20,000	20,000
Loan and lease amortisation	7	-210,348	-11,496	-483,520	-32,014	-40,242
Contribution to/from non-controlling interests		-	10,721	-	10,721	11,721
Cash flow from financing activities		-11,348	80,762	-87,020	99,860	92,632
Total cash flow for the period		-31,226	61,677	-81,574	45,896	40,995
Decrease/increase in cash and cash equivalents						
Cash and cash equivalents at beginning of period		83,828	79,972	136,384	94,788	94,788
Exchange differences in cash and cash equivalents		-310	-2,027	-2,517	-1,063	601
Cash and cash equivalents at end of period		52,292	139,621	52,292	139,621	136,384

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand

	1 Jul – 30 Sep 2020	1 Jul – 30 Sep 2019	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	1 Jan – 31 Dec 2019
Operating income					
Net sales	926	316	2,392	2,078	2,383
Total operating income	926	316	2,392	2,078	2,383
Operating expenses	-1,174	14	-3,567	-1,960	-2,870
Operating profit/loss	-248	330	-1,175	118	-487
Net financial items	-2,736	-6,592	-73,179	-14,571	-20,022
Profit/loss before appropriations and tax	-2,984	-6,262	-74,354	-14,453	-20,509
Appropriations					
Group contributions received/paid	-	-	-	-	24,719
Total appropriations	-	-	-	-	24,719
Profit/loss before tax	-2,984	-6,262	-74,354	-14,453	4,210
Income tax	-	-	-	-	-
Profit/loss for the period	-2,984	-6,262	-74,354	-14,453	4,210

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

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	Note	30 Sep 2020	30 Sep 2019	31 Dec 2019
ASSETS				
Non-current assets				
Financial assets				
Participations in group companies		238,613	200,334	226,613
Receivables from group companies		346,453	294,789	313,073
Total financial assets		585,066	495,123	539,686
Total non-current assets		585,066	495,123	539,686
Current assets				
Current receivables				
Receivables from group companies		17,070	36,771	36,084
Other receivables		25	147	169
Prepaid expenses and accrued income		3,712	147	504
Total current receivables		20,807	37,065	36,757
Cash and bank balances		23	81,901	57,225
Total current assets		20,830	118,966	93,982
TOTAL ASSETS		605,896	614,089	633,668
EQUITY AND LIABILITIES				
Equity		279,872	335,563	354,222
Non-current liabilities				
Interest-bearing loans	7	200,000	-	-
Intra-group loans		121,719	23,000	23,000
Total non-current liabilities		321,719	23,000	23,000
Current liabilities				
Borrowings	7	19	249,220	250,226
Accounts payable		392	-	135
Liabilities to group companies		3,033	1,584	2,008
Other liabilities		62	439	-
Accrued expenses and deferred income		799	4,283	4,077
Total current liabilities		4,305	255,526	256,446
TOTAL EQUITY AND LIABILITIES		605,896	614,089	633,668

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.

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 2019.

Accounting principles used in this report are in accordance with the principles applied the previous financial year. The Parent Company will continue to report its rent for premises as an operating lease.

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 the President & CEO.

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).

All employees in Sweden are employed by subsidiary Scandinavian Biogas Fuels AB in the Service Centre and R&D segment, which then invoices other Group companies for work performed.

As part of the reorganisation concluded in late 2018, a large share of costs previously reported in Service Centre and R&D are reported in the business areas as from 1 January 2019.

	1 Jul – 30 Sep 2020	1 Jul – 30 Sep 2019	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	1 Jan – 31 Dec 2019
Income statement by segment					
Business Area Sweden	55,248	58,158	175,245	183,203	246,702
Business Area South Korea	14,820	15,247	43,596	41,429	56,042
Business Area Norway	26,393	24,479	83,170	76,952	103,138
Service Centre and R&D	1,906	2,931	9,240	7,074	9,576
Eliminations	-2,436	-1,542	-7,201	-5,432	-8,408
Group total	95,932	99,273	304,050	303,226	407,050
Operating expenses by segment					
Business Area Sweden	-41,954	-40,962	-132,061	-130,897	-180,288
Business Area South Korea	-11,665	-12,605	-46,305	-35,183	-35,168
Business Area Norway	-17,997	-18,255	-53,938	-62,828	-81,938
Service Centre and R&D	-3,877	-6,440	-19,168	-20,943	-30,215
Eliminations	2,436	1,542	7,201	5,432	8,408
Group total	-73,057	-76,719	-244,271	-244,419	-319,202
EBITDA					
Business Area Sweden	14,007	17,195	43,184	52,306	66,413
Business Area South Korea	3,155	2,642	-2,710	6,245	20,873
Business Area Norway	8,398	6,224	29,232	14,124	21,200
Service Centre and R&D	-2,685	-3,508	-9,928	-13,869	-20,639
Group total	22,875	22,554	59,779	58,807	87,848
Depreciation/amortisation and impairment & Other operating expenses	-21,293	-21,738	-65,425	-65,544	-89,788
Operating results	1,582	816	-5,646	-6,737	-1,940

NOTE 4 Tangible assets

Investments in tangible assets during interim period 2020 totalled SEK 49.7 million (31.2).

The Group capitalised borrowing costs on qualifying assets in the amount of SEK 0.0 million (0.9) during the interim period.

Tangible assets include leased items held by the Group under finance lease agreements in the amounts presented below:

	31 Sep 2020	30 Sep 2019	31 Dec 2019
Buildings and land	140,757	155,116	152,425
Plant and machinery	153,859	171,665	167,708
Equipment, tools, fixtures and fittings	5,080	9,147	7,708
Construction work in progress	0	0	0
Carrying amount	299,696	335,928	327,841

The Group applied a discount rate of 3.70% for Business Area Sweden, as this corresponds to the interest rate on current bank loans and is on a par with the current ground rent interest rate. The discount rate applied for Business Area Norway was 4.41%, corresponding to the interest rate on the business area's current bank loans.

During the January-September 2020 interim period EBITDA was improved by approximately SEK 24.2 million (25.3), as IFRS 16 reduces operating expenses while simultaneously increasing aggregate depreciation/amortisation and financial expense by a corresponding amount.

NOTE 5 Other non-current receivables

Group	31 Sep 2020	30 Sep 2019	31 Dec 2019
Restricted bank balances	4,844	10,802	15,819
Other	5,936	3,752	3,248
Total	10,780	14,553	19,066

NOTE 6 Other current receivables

Other current receivables include SEK 12.2 million (13.8) related to the accrued delay penalty for the facility at Skogn.

NOTE 7 Borrowings

The carrying amount and fair value of non-current borrowing are as follows (the 2019 corporate bond is entered as current borrowing, as it matured in February 2020):

	<i>Carrying amount</i>			<i>Fair value</i>		
	31 Sep 2020	30 Sep 2019	31 Dec 2019	31 Sep 2020	30 Sep 2019	31 Dec 2019
Liabilities to credit institutions	254,275	299,472	280,241	254,275	299,472	280,241
Bridge financing	200,000	-	-	200,000	-	-
Liabilities related to finance leases	288,884	318,009	311,475	288,884	318,009	311,475
Other non-current borrowings	10,913	10,816	6,226	10,913	10,816	6,226
Total	754,072	628,297	597,942	754,072	628,297	597,942

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

NOTE 8 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 amortisation/depreciation and impairment of tangible and intangible assets.

	1 Jul – 30 Sep 2020	1 Jul – 30 Sep 2019	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	1 Jan – 31 Dec 2019
EBITDA					
Operating results	1,582	816	-5,646	-6,737	-1,940
-Depreciation, amortisation and impairment of tangible and intangible assets	21,027	21,556	64,912	64,646	88,526
-Other operating expenses	266	183	513	898	1,262
EBITDA	22,875	22,555	59,779	58,807	87,848

EBITDA percentage

EBITDA percentage is defined as EBITDA divided by net sales and other operating expenses. Other operating expenses are comprised mainly of subsidies.

Operational EBITDA

Operational EBITDA is a profitability measure considered by the Group as relevant. The Group defines operational EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) as EBITDA adjusted for one-off items.

	1 Jul – 30 Sep 2020	1 Jul – 30 Sep 2019	1 Jan – 30 Sep 2020	1 Jan – 30 Sep 2019	1 Jan – 31 Dec 2019
Operational EBITDA					
EBITDA	22,875	22,555	59,779	58,807	87,848
Change in 'other provisions' pertaining to legal dispute (South Korea)	-	-	12,026	-	-12,070
Insurance compensation (Norway)	-3,453	-	-14,651	-	-
Government subsidies related to COVID-19 (Norway)	-1,553	-	-1,553	-	-
Operational EBITDA	17,869	22,555	55,601	58,807	75,778

Operational EBITDA percentage

Operational EBITDA percentage is defined as EBITDA through Net sales and other provisions adjusted for non-recurring effects.

Gross profit/loss

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

Equity/assets ratio

The equity/assets ratio shows the proportion of assets financed with equity. The equity/assets ratio is calculated as the sum of total equity (including non-controlling interests) divided by total assets.

EQUITY/ASSETS RATIO	31 Sep 2020	30 Sep 2019	31 Dec 2019
Total equity (incl. non-controlling interests)	168,379	235,488	228,922
Total assets	1,133,638	1,300,653	1,294,063
Equity/assets ratio	14.9%	18.1%	17.7%

NOTE 9 Events after the end of the interim period

A multi-year agreement has been entered into between the Group and a customer in Europe for the supply of liquefied biogas (LBG). It is an important part of Scandinavian Biogas' strategy to increase deliveries of liquid biogas.

On October 22, the Company convened an Extraordinary General Meeting to be held on November 23, 2020. The Board proposes that the Meeting resolves to authorize the Board to issue up to 10 million new shares and a reversed split of shares 10:1. The authorization is proposed to be valid until the next Annual General Meeting.

No other significant events have occurred after the end of the period.

This interim report has not been audited.

Stockholm, 28 October 2020

Göran Persson
Chairman of the Board

Matti Vikkula
Chief Executive Officer

Anders Bengtsson
Board member

Andreas Ahlström
Board member

David Schelin
Board member

Sara Anderson
Board member

Malin Gustafsson
Board member
Employee representative

Lars Bengtsson
Board member
Employee representative