



# Year-end report for the period 1 January – 31 December 2020

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

## **Stock exchange listing, successful SEK 350 million new share issue, finalised acquisition of Biokraft Holding AS and Ekdalens Biotransporter AB – pro forma full-year EBITDA of SEK 103.6 million.**

### **Fourth quarter in brief**

- Listing on Nasdaq First North Premier Growth Market, first day of trading 16 December.
- Directed new share issue with gross settlement of SEK 350.0 million before transaction costs.
- Finalised acquisitions of Biokraft Holding AS and Ekdalens Biotransporter AB, now wholly owned subsidiaries.
- The Group signed a multi-year contract with a customer in Europe for delivery of liquid biogas (LBG).
- COVID-19 has affected the Group's sales of gas to a limited extent.
- Net sales totalled SEK 82.3 million (99.7), a year-on-year decrease of 17.5% due primarily to maintenance stop to improve stability at Skogn was completed and production is operating at full capacity since February.
- EBITDA was SEK 20.8 million (29.0).
- Operating EBITDA for the period was SEK 15.0 million (17.0).
- The Group posted a loss after tax of SEK -12.0 million (-5.5).
- Earnings per share amounted to SEK -0.39 (-0.33).
- Operating cash flow totalled SEK 42,4 million (21.9).

### **Full-year in brief**

- Listing on Nasdaq First North Premier Growth Market, first day of trading 16 December.
- Directed new share issue with gross settlement before transaction costs of SEK 350.0 million.
- Finalised acquisitions of Biokraft Holding AS and Ekdalens Biotransporter AB, now wholly owned subsidiaries.
- 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 senior credit facility with significantly better terms.
- COVID-19 has affected the Group's sales of gas to a limited extent.
- Net sales totalled SEK 338.4 million (363.6), a year-on-year decrease of 6.9%.
- EBITDA was SEK 80.6 million (87.8).
- Pro forma EBITDA was SEK 103.6 million (103.7) including the acquisition of Ekdalens Biotransporter AB.
- Pro forma operating EBITDA % was 22.4% (20.7).
- The Group posted a loss after tax of SEK -63.2 million (-55.9).
- A total negative impact on earnings of SEK 18.1 million was posted due to the judicial decision in Korea.
- Earnings per share amounted to SEK -2.07 (-3.32).
- Operating cash flow totalled SEK 89,4 million (0.00).

### **Significant events after the end of the period**

As anticipated, the Swedish Board of Agriculture confirmed in early 2021 that the total biogas subsidy scheme will amount to SEK 200 million for the year, with applications accepted from April through December 2021. No payments will be received under the scheme during the first quarter. Management expects the total subsidy amount for 2021 to be received according to plan, although over a nine-month, rather than twelve-month, period.

Management's assessment is that the production stability issues in Skogn have been completed and thus LBG production is again expected to be at planned level.

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

*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.*

## CEO comments on the period

‘The listing of the Group’s shares on Nasdaq First North Premier was by far the most significant event for the full year 2020. With the new share issue of SEK 350 million before transaction costs, we were able to secure equity financing for the Group’s growth plan while also gaining a broader, stronger ownership base. Anchor investors in the issue were Länsförsäkringar Fondförvaltning, Handelsbanken Hållbar Energi and Skandia Sverige Hållbar. Together, they acquired shares for SEK 130 million.

In another important and welcome step on our path forward, our Norwegian partner TrønderEnergi has now converted its investments in Biokraft, our previously jointly owned subsidiary, into shares in the Group. TrønderEnergi is now the Group’s largest shareholder.

The acquisition of Ekdalens Biotransporter improves the Group’s position in the market for industrial and agriculture-related organic waste streams for biogas production. The acquisition is an important step in the development of the Group’s business and gives us better oversight of the upstream and downstream production process in the value chain.

Operationally, the year started off well and satisfactorily in the first quarter. Unfortunately, performance deteriorated during the second quarter when COVID-19 impacted our customers and, consequently, our operation. We were able to secure improved profitability and cash flow for the Group during the third quarter. However, maintenance measures conducted at the plant at Skogn during Q4 had a negative impact on LBG production volumes. Our assessment is that the production stability issues in Skogn have been completed and thus LBG production is again expected to be at planned level.

The COVID-19 pandemic has had a major impact on the economy globally and in Scandinavia. It has had some impact on the Group’s business due to lower levels of raw production at the Stockholm treatment plants and somewhat weaker demand from certain customers, while recovery from the pandemic has been delayed. On the brighter side, the Swedish government confirmed in its autumn budget that it is preparing a long-term production subsidy scheme based on the Biogas Commission’s proposal published in late 2019. The Group is also seeing greater interest in biogas from large customers, particularly for liquid biogas (LBG). Conditions for the Swedish biogas industry will therefore be improved. In 2021, we will continue to focus on increased production and on the planned growth plan’



Matti Vikkula  
*President and CEO*

## 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 Korea. The Group's businesses are mainly operated through subsidiaries. Scandinavian Biogas Fuels International AB (publ) is domiciled and headquartered in Stockholm, Sweden. On 31 December 2020, the Company had a total of 92 (76) employees: 56 (39) in Sweden, 21 (21) in Korea and 15 (16) in Norway. The increased number of employees in Sweden is primarily attributable to the acquisition of Ekdalens Biotransporter AB.

## Financial overview

| SEK thousand                     | 1 Oct - 31<br>Dec 2020 | 1 Oct - 31<br>Dec 2019 | 1 Jan - 31<br>Dec 2020 | 1 Jan - 31<br>Dec 2019 | Pro forma<br>2020 | Pro forma<br>2019 |
|----------------------------------|------------------------|------------------------|------------------------|------------------------|-------------------|-------------------|
|                                  | 3 months               | 3 months               | 12 months              | 12 months              | 12 months         | 12 months         |
| <b>Net sales</b>                 | 82,310                 | 99,745                 | 338,386                | 363,559                | 385,576           | 410,008           |
| <b>Operating income</b>          | 103,382                | 103,824                | 407,432                | 407,050                | 455,040           | 453,744           |
| <b>EBITDA</b>                    | 20,818                 | 29,041                 | 80,597                 | 87,848                 | 103,633           | 103,699           |
| <b>EBITDA %</b>                  | 20.1%                  | 28.0%                  | 19.8%                  | 21.6%                  | 22.8%             | 22.9%             |
| <b>Operating EBITDA</b>          | 14,969                 | 16,971                 | 70,301                 | 75,778                 | 93,336            | 91,629            |
| <b>Operating EBITDA, %</b>       | 16.1%                  | 16.2%                  | 19.1%                  | 19.2%                  | 22.4%             | 20.7%             |
| <b>Operating results</b>         | -392                   | 4,797                  | -6,038                 | -1,940                 | 12,426            | 9,006             |
| <b>Earnings per share (SEK)*</b> | -0.39                  | -0.33                  | -2.07                  | -3.32                  |                   |                   |
| <b>Balance sheet total</b>       | 1,539,498              | 1,294,063              | 1,539,498              | 1,294,063              |                   |                   |
| <b>Equity/assets ratio</b>       | 33.9%                  | 17.7%                  | 33.9%                  | 17.7%                  |                   |                   |

\* A share merger 1-for-10 was conducted during autumn 2020 and, accordingly, the number of shares for the comparative period has been divided by 10 to produce comparable data.

### Pro forma earnings

The pro forma for 2019 and 2020 include the assumption that Ekdalens was a wholly owned subsidiary for the entirety of 2019 and 2020. Total pro forma net sales amount to SEK 385.6 million (410.0). Operating profit for the full year totalled SEK 12.4 million (9.0) and EBITDA was 103.6 million (103.7). Operating EBITDA for the full year was SEK 93.3 million (91.6) and operating EBITDA % was 22.4% (20.7). Ekdalens was acquired on December 18, 2020, and it is from that date that the company is consolidated in the Group. The pro forma demonstrates that the acquisition is instrumental in meeting the Group's long-term financial targets.

### Reported earnings

Consolidated net sales totalled SEK 82.3 million (99.7) for fourth quarter 2020 and SEK 338.4 million (363.6) for the full financial year, a decrease of 6.9 per cent as compared with the same period last year. Total revenues amounted to SEK 103.4 million (103.8) for the October-December 2020 period and SEK 407.4 million (407.1) for the full year.

Costs for raw materials and consumables increased SEK 5.3 million as compared with last year. Adjusted for one-off effects, raw materials and consumables decreased SEK 18.4 million year-on-year. The one-off effect is mainly due to the judicial decision in Korea, which resulted in an SEK 11.6 million increase in raw materials and consumables. Raw materials and consumables were adjusted positively last year with SEK 12.1 million as part of the assessment of the dispute in Korea.

Other external costs are on a par with previous years. Personnel costs increased SEK 3.0 million year-on-year, due primarily to new hires.

Consolidated EBITDA totalled SEK 20.8 million (29.0) for the October-December 2020 period and SEK 80.6 million (87.8) for full-year 2020. EBITDA was impacted by insurance compensation of SEK 20.4 million in Norway, COVID-19-related subsidies of SEK 1.5 million in Norway, and the judicial decision in Korea which resulted in a revaluation of SEK 11.6 million in 'Other provisions'.

Consolidated operating EBITDA totalled SEK 70.3 million (75.8) during the 2020 interim period. Operating EBITDA totalled SEK 15.0 million (17.0) for fourth quarter 2020. The year-on-year decrease in operating EBITDA is due in part to COVID-19 and to maintenance measures conducted at the plant at Skogn.

The Group posted an operating loss of SEK -0.4 million (profit 4.8) for fourth quarter 2020 and an operating loss of SEK -6.0 million (-1.9) for full-year 2020. In addition to the above-referenced one-off items, operating profit/loss for the full financial year was also impacted by an additional SEK 6.5 million write-down of concessions as part of the judicial decision in Korea, as well as an estimated SEK 5.9 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 -12.0 million (-5.5) for fourth quarter 2020, of which SEK -1.5 million (-1.3) is attributable to unrealised exchange rate fluctuations. The Group posted a loss after tax of SEK -63.2 million (-55.9) for the full financial year, of which SEK -9.4 million (1.3) 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 18.1 million was posted during the period due to the judicial decision in Korea. Of this amount, SEK 11.6 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 Korea.

### Others

Total assets on 31 December 2020 amounted to SEK 1,539.5 million (1,294.1), a 19.0 per cent year-on-year increase. Lease-related borrowing totalled SEK 302.4 million (334.3). Equity was impacted by net profit/loss for the period, by changes in exchange rate effects and by share issues.

Group cash flow development in 2020 was very positive due to better cash flow from operating activities before changes in working capital as well as a favorable working capital development.

### Liquidity and financial position

Consolidated liquid assets totalled SEK 378.8 million (136.4) on 31 December 2020.

### Investments

Investments in tangible and intangible assets during the financial year totalled SEK 58.7 million (47.1).

The acquisition of the subsidiary Ekdalens amounted to a total of SEK 72.3 million, which was divided into SEK 28.4 million in customer relations, SEK 6.8 million in surplus values on vehicles, other assets of SEK 14.1 million and SEK 23.4 million in goodwill.

The carrying amount of the Group's tangible and intangible assets was SEK 1,015.2 million (1,000.5) on 31 December 2020. SEK 295.7 million (327.8) of this amount pertains to leased assets held by the Group under lease contracts subject to IFRS 16.

## Significant events during the January-December period

### Listing on Nasdaq First North Premier Growth Market

On 16 December 2020 the Company was listed on the Nasdaq First North Premier Growth Market through a directed new share issue, with a gross settlement before transaction costs of SEK 350.0 million. The share issue was successful and was subscribed by several large funds. Länsförsäkringar Fondförvaltning, Handelsbanken Hållbar Energi and Skandia Sverige Hållbar were the anchor investors, acquiring shares at a value of SEK 130 million. The share issue was oversubscribed multiple times, which significantly increased the investor base. The total amount invested in conjunction with the share issue amounted to SEK 586 million (including the newly issued shares and sales of current shares from certain shareholders).

### Company receives 'Dark Green shading'

In November Scandinavian Biogas received a 100% Dark Green shading rating, the highest possible rating from CICERO Shades of Green AS, for all of the Company's revenues and investments. This is the first company to receive this rating for all revenue and investments. CICERO provides market-leading independent, research-based assessments of green bonds as well as full company assessments. As part of the Company's sustainability focus, we have established a green framework for the Company's equity and future debt financing. The Company received a Dark Green shading rating earlier in 2020 for its debt financing.

## TrønderEnergi becomes largest shareholder

In November TrønderEnergi converted its shares in subsidiary Biokraft Holding AS into shares in Scandinavian Biogas, becoming the Company's largest shareholder. TrønderEnergi has been a minority shareholder in Biokraft since 2016. The acquisition was carried out through payment comprising newly issued shares in Scandinavian Biogas as authorised by the June 2020 Annual General Meeting. As part of the transaction, certain loans provided by TrønderEnergi to Biokraft were offset against shares in Scandinavian Biogas. TrønderEnergi owns a total of 3.7 million shares in the Company, making it the single largest shareholder as of 31 December 2020.

## Business combinations

On 18 December 2020 the Group acquired 100.0 per cent of the shares in Ekdalens Biotransporter AB, a Swedish registered company. The purchase price totalled SEK 72.3 million. This amount comprised SEK 25.3 million in liquid assets, additional purchase price discounted to SEK 30.3 million, and 444,444 newly issued shares in Scandinavian Biogas Fuels International AB at a value of SEK 16.7 million. The surplus value of the acquisition has been calculated at SEK 23.4 million. Acquisition costs for legal fees, etc. totalled SEK 1.4 million and have been expensed as other external costs. Additional purchase prices based on normalised EBITDA for the years 2020-22 may reach a maximum of SEK 35.0 million, have been discounted to SEK 30.3 million in the acquisition analysis.

## Biokraft Holding AS becomes wholly owned subsidiary

An extraordinary general meeting held in December resolved that the outstanding minority shareholdings in Biokraft, held by Biokraft's management, were to be converted into shares in Scandinavian Biogas. Biokraft Holding AS and Biokraft AS became wholly owned subsidiaries through this directed share issue.

## Share merger

An extraordinary general meeting held on 23 November resolved on a 1:10 share merger, merging 10 shares into one. The total number of shares on 31 December 2020 was 30,533,852.

## Improved production stability at Södertörn, Sweden

The positive trend for production at Södertörn, confirmed during 2019, continued during the January-December 2020 period. The systematic development work at the operations department, which intensified during 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 (ISIN SE0007784111) 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 credit facility with significantly better terms and an 18-month maturity.

## Production and sales

### Business Area Sweden

Operations in Sweden sold a total of 21.6 million Nm<sup>3</sup> (22.9) of biogas during the January-December 2020 period, corresponding to approximately 210 GWh (223). Customer deliveries of biogas were affected by the COVID-19 pandemic, with some customers at times unable to take delivery of full contractual volumes. In all circumstances, however, all companies in the business area fulfilled their customer commitments by a good margin. Business Area Sweden processed an average of 210 tonnes (205) of organic waste per day during the financial year.

### Business Area Norway

Sales of liquid biogas at Skogn, Norway, during the January-December 2020 interim period totalled 8.7 million (9.6) Nm<sup>3</sup>, corresponding to approximately 85 GWh (93). The plant in Norway has been fully operational since early 2019. Year 2020 started strongly, although production was somewhat lower during subsequent quarters due mainly to the maintenance stop to improve stability at Skogn.

### Business Area Korea

Sales of raw gas during the full year amounted to 9.9 million Nm<sup>3</sup> (8.8), or approximately 60 GWh (53). The facility in Ulsan received an average of 197 tonnes (195) of food waste per day during the financial year. A total of 10.8 million Nm<sup>3</sup> (10.9) of raw gas was produced.

## Financing

Liquid assets on 31 December 2020 totalled SEK 378.8 million (136.4).

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 479.8 million (286.5) on 31 December 2020.

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 collaboration and financing, primarily loan capital, 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 credit facility with significantly better terms and an 18-month maturity.

The successful share issue of SEK 350.0 million before transaction costs ensures long-term financing and enables management to proceed with the Group's planned growth projects.

### The share

The total number of shares is 30,533,852 (168,256,961). The quotient value is SEK 2.00 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).

The Company's shares have been listed on the Nasdaq First North Premier Growth Market since 16 December 2020. The subscription price on listing day was SEK 37.50 per share. The share price closed at SEK 43.40 on 30 December 2020.

The shares are listed with stock symbol BIOGAS, with ISIN code SE001542896 and LEI code 549300VWBIVTYSH87870.

On November 23, an Extraordinary General Meeting was held where it was decided to merge shares 1:10, by merging 10 shares into one share. The total number of shares as of December 31, 2020 is 30,533,852.

### Ownership structure on 31 December 2020, %

|                              |               |
|------------------------------|---------------|
| TrönderEnergi AS             | 12.2%         |
| Bengtssons Tidning AB        | 11.9%         |
| Ilija Bataljan Invest AB     | 8.7%          |
| Northern Trust               | 7.1%          |
| Länsförsäkringar Småbolag    | 5.2%          |
| Handelsbanken Hållbar Energi | 3.7%          |
| Apriori AB                   | 3.1%          |
| Skandia Hållbar Energi       | 2.6%          |
| BNP Paribas Luxemburg        | 2.1%          |
| UBS Switzerland              | 1.9%          |
| Other                        | 41.5%         |
| <b>Total</b>                 | <b>100.0%</b> |

## Green financing and equity frameworks

### Introduction to green financing and equity frameworks

Scandinavian Biogas has been assessed by CICERO Shades of Green AS ('CICERO'), provider of market-leading independent, research-based assessments of green and sustainable bonds as well as full company assessments.

CICERO has provided second opinions on companies' debt financing since 2008, rating the debt in shades of Dark Green, Medium Green and Light Green to offer investors better insight into environmental quality and climate risks. The overall shading includes an assessment of governance structure, rated Fair, Good and Excellent.

CICERO has also developed a new method for assessing companies by expanding the green financing framework to include the entire company and its equity. CICERO's company assessments provide insight into green transition goals by adding Light, Medium and Dark Brown shadings to the three green shadings for revenue streams and investments, depending on how well these are aligned with a low-carbon, climate resilient future. The assessment also offers investors and lenders information on any alignment with EU Taxonomy and companies' environmental governance structure. An assessment of governance structure is included using the same ratings as those used for second opinions.

### Scandinavian Biogas's ratings

CICERO completed its second opinion for Scandinavian Biogas in August 2020, rating the Company's debt financing Dark Green and its governance Good. In November 2020 CICERO awarded a Dark Green shading to all of Scandinavian Biogas's revenue streams and investments and rated its governance Good.

## 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. A leave to appeal was filed with the Supreme Court during summer 2020 and was denied during the autumn. Assessments were updated in the consolidated annual accounts in response to the judicial decision issued in July, resulting in an increase of SEK 11.6 million and an SEK 6.5 million write-down of the concession pertaining to Korea. The result for 2020 has therefore been charged a total of SEK 18.1 million. As the ruling is now final, the provision has been reclassified to 'financial liability' and the previous present value computation has been adjusted from 15.60% to 12.92%, producing an increase of approximately SEK 1 million in financial cost.

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 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 moved to arbitration as the parties have not been able to reach agreement. The Group has filed 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](http://www.scandinavianbiogas.com).



## Related-party transactions

A subordinated shareholder loan of SEK 20 million (issued in September 2019) was repaid during first quarter 2020. 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 were parties related to the Company. On 30 September 2020 the private credit facility was replaced with a new 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 0.7 million (0.3) during fourth quarter 2020 and SEK 3.0 million (2.4) during the financial year. The Parent Company posted a profit after tax of SEK 20.4 million (18.7) for the October-December 2020 period and a loss after tax of SEK -53.9 million (profit 4.2) for the January-December 2020 period. The negative result is attributable to the judicial decision in Korea. During Q2, a subsidiary wrote down some receivables related to 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 position

Liquid assets on 31 December 2020 totalled SEK 318.5 million (57.2). Total assets amounted to SEK 1,122.1 million (633.7) at the same date.

### Dividend

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

## 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 and 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 GWh by 2024
- operating income corresponding to at least SEK 750 million by 2024
- an operating EBITDA margin of at least 30% by 2024
- an equity/assets ratio of at least 25%

## About Scandinavian Biogas

As one of the Nordic region's largest producers of biogas, Scandinavian Biogas helps customers and partners with what we are best at – designing and operating biogas plants with high resource and energy efficiency. In this way, we support the transition from fossil to renewable energy.

Scandinavian Biogas, founded in 2005, sells renewable energy based on compressed biogas (CBG) and liquid biogas (LBG), as well as several related services. With world-leading expertise in the design and operation of biogas facilities to optimise biogas and bio-fertiliser production, we are market leaders in large-scale biogas production in the Nordic region and Korea.

A fundamental part of Scandinavian Biogas's strategic focus is the development of methods and services to improve biogas and bio-fertiliser production efficiency for established as well as new types of waste. The main feedstocks currently used are wastewater sludge, food waste, salmon farming waste, and residues from industrial processes. Based on our research and development work with new and more efficient methods, biogas can be produced far more cost- and resource-efficiently than ever before, and we work continuously to develop and improve the digestion process when producing biogas from biomass. We also have leading expertise in purification processes for upgrading biogas to vehicle fuel quality and in biogas liquefaction.

Our main products are biogas used in heat production, upgraded and liquid biogas used as vehicle fuel, and bio-fertiliser as a substitute for artificial fertiliser. Focus is on markets in the Nordic region and Korea.

In close collaboration with partners and customers, we also work to identify growth projects outside our Nordic home market. These projects may include value-creation services in the design, construction and operation of new plants and improving existing plants' efficiency through process improvements.

Scandinavian Biogas currently has five plants in operation: three in Sweden, one in Korea, and one in Norway where liquid biogas is produced.

## Strategy and business model

Through its operations, Scandinavian Biogas supports a sustainable transition from fossil to renewable energy. The Company's strategy is based on utilising the Group's unique engineering expertise and in-depth knowledge of microbiology to expand the production and sale of biogas, in Sweden and internationally.

Scandinavian Biogas's aim is to be world-leading in large-scale biogas and bio-fertiliser production. The Company currently holds a leading position in renewable energy and biogas production in the Nordic region. Scandinavian Biogas works to ensure an increased use of biogas in the energy mix. The Nordic heavy road transport sector is currently the most significant area for the Company's growth ambitions, although the biogas market is also expected to grow within maritime transport and industry. Demand for liquid biogas (LBG) has increased in recent years, along with the supply of biogas-powered vehicles. This affects the market for compressed biogas (CBG), which is currently local but is expected to develop into regional or national markets in future.

### Investments in renewable energy

In recent years, Scandinavian Biogas has made extensive investments to support a fossil-free, circular and sustainable society. The Company's core business is focused on producing renewable energy in the form of biogas. Increased production, and the Company's consequent growth, requires investments in new or existing plants. This applies particularly to production capacity for liquid biogas (LBG). The investment in Skogn, Norway, and the plans for Södertörn are examples of this. In 2020 total investments in tangible and intangible assets amounted to SEK 58.7 million (47.1).

Scandinavian Biogas intends to make significant investments to improve and expand plants in Sweden and Norway.

## Market and key drivers

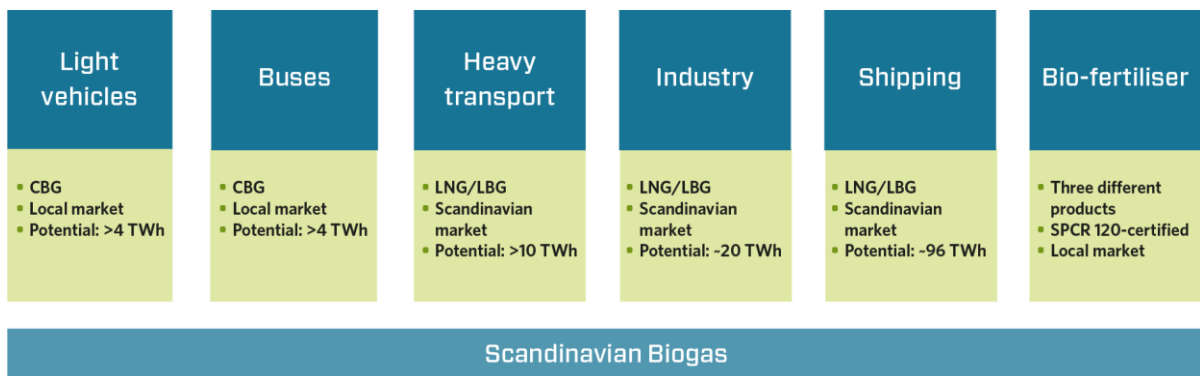
Today's infrastructure for gas is well developed, and biogas can easily be blended into existing natural gas flows. Biogas has many advantages as an energy source. It is normally produced from organic waste that has few other uses, which means that biogas extraction increases the circularity of the energy system and the economy. With low particle and nitric oxide emissions, biogas also benefits the local environment.

### The biogas market

Biogas has a wide range of applications. The purpose for which biogas is used is partly determined by conditions and demand in markets where it is produced. In Scandinavia, biogas is used primarily as fuel or for heating, with the greatest growth potential found in the vehicle fuel market and industrial processes. In Korea, biogas is more commonly used to produce industrial heat or electricity.

### Liquid biogas

A paradigm shift is currently underway as the advantages of liquid biogas become increasingly apparent for heavy transports and shipping in the Nordic region. The Swedish Environmental Protection Agency, through the Klimatklivet initiative, has granted subsidies for 45 filling stations and the procurement of over 400 heavy lorries run on liquid biogas. More and more gas-powered vessels are being procured by Nordic shipping companies. These may eventually be powered by liquid biogas. The manufacturing industry has also begun to show interest in LBG. Toyota Material Handling in Mjölby, which manufactures industrial trucks, was one of the first industry operators to do so. A prerequisite for realising the long-term potential of biogas is continuing to scale up LBG production, as it is easier to use gas in liquid form in industry and as vehicle fuel. Liquid biogas is also better suited for longer transports and can therefore open the way for a Scandinavian biogas market. Biogas is currently distributed locally and regionally by lorry or via a gas pipeline network.



**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

| Amounts in SEK thousand  |                        |                        |                        |                        | <i>Pro forma</i>       | <i>Pro forma</i>       |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 1 Oct - 31<br>Dec 2020 | 1 Oct - 31<br>Dec 2019 | 1 Jan - 31<br>Dec 2020 | 1 Jan - 31<br>Dec 2019 | 1 Jan - 31<br>Dec 2020 | 1 Jan - 31<br>Dec 2019 |
| <b>Operating income</b>  |                        |                        |                        |                        |                        |                        |
| Net sales  | 82,310                 | 99,745                 | 338,386                | 363,559                | 385,576                | 410,008                |
| Capitalised work on own account  | 4,770                  | -735                   | 17,286                 | 12,033                 | 17,286                 | 12,033                 |
| Other operating income   | 16,302                 | 4,814                  | 51,760                 | 31,458                 | 52,178                 | 31,704                 |
| <b>Total</b>   | <b>103,382</b>         | <b>103,824</b>         | <b>407,432</b>         | <b>407,050</b>         | <b>455,040</b>         | <b>453,744</b>         |
| <b>Operating expenses</b>  |                        |                        |                        |                        |                        |                        |
| Raw materials and consumables  | -50,643                | -44,736                | -197,659               | -192,383               | -196,393               | -192,383               |
| Other external costs   | -12,559                | -11,292                | -58,720                | -59,313                | -74,893                | -79,620                |
| Personnel costs  | -19,362                | -18,755                | -70,456                | -67,506                | -80,122                | -78,043                |
| Depreciation, amortisation and impairment of tangible and intangible assets                        | -20,811                | -23,880                | -85,723                | -88,526                | -89,571                | -91,944                |
| Other operating expenses   | -399                   | -364                   | -912                   | -1,262                 | -1,635                 | 2,749                  |
| <b>Total operating expenses</b>  | <b>-103,774</b>        | <b>-99,027</b>         | <b>-413,470</b>        | <b>-408,990</b>        | <b>-442,613</b>        | <b>-444,739</b>        |
| <b>Operating profit/loss</b>   | <b>-392</b>            | <b>4,797</b>           | <b>-6,038</b>          | <b>-1,940</b>          | <b>12,426</b>          | <b>9,006</b>           |
| Net exchange differences   | -1,464                 | -1,319                 | -9,441                 | 1,274                  | -9,441                 | 1,274                  |
| Financial income   | 55                     | 41                     | 214                    | 141                    | 230                    | 252                    |
| Financial expense  | -10,787                | -15,617                | -49,203                | -62,631                | -49,671                | -63,443                |
| <b>Net financial items</b>   | <b>-12,196</b>         | <b>-16,895</b>         | <b>-58,430</b>         | <b>-61,216</b>         | <b>-58,883</b>         | <b>-61,917</b>         |
| <b>Profit/loss before tax</b>  | <b>-12,588</b>         | <b>-12,098</b>         | <b>-64,468</b>         | <b>-63,156</b>         | <b>-46,456</b>         | <b>-52,912</b>         |
| Income tax   | 612                    | 6,585                  | 1,273                  | 7,306                  |                        |                        |
| <b>Profit/loss for the period</b>  | <b>-11,976</b>         | <b>-5,513</b>          | <b>-63,195</b>         | <b>-55,850</b>         |                        |                        |
| <b>Other comprehensive income</b>  |                        |                        |                        |                        |                        |                        |
| Actuarial results on post-employment benefits  | -                      | -                      | -                      | -10                    |                        |                        |
| Exchange differences   | 1,747                  | -1,888                 | -7,572                 | 3,682                  |                        |                        |
| <b>Other comprehensive income for the period, net after tax</b>                                    | <b>1,747</b>           | <b>-1,888</b>          | <b>-7,572</b>          | <b>3,672</b>           |                        |                        |
| <b>Total comprehensive income for the period</b>   | <b>-10,229</b>         | <b>-7,401</b>          | <b>-70,767</b>         | <b>-52,177</b>         |                        |                        |
| <b>All items in the Group's other comprehensive income may be reversed in the income statement</b> |                        |                        |                        |                        |                        |                        |
| <b>Profit/loss for the period attributable to:</b>   |                        |                        |                        |                        |                        |                        |
| Parent Company shareholders  | -11,123                | -6,710                 | -56,775                | -42,536                |                        |                        |
| Non-controlling interests  | -853                   | 1,197                  | -6,420                 | -13,314                |                        |                        |
|  | <b>-11,976</b>         | <b>-5,513</b>          | <b>-63,195</b>         | <b>-55,850</b>         |                        |                        |
| <b>Total comprehensive income attributable to:</b>   |                        |                        |                        |                        |                        |                        |
| Parent Company shareholders  | -11,322                | -7,541                 | -61,024                | -40,875                |                        |                        |
| Non-controlling interests  | 1,093                  | 140                    | -9,743                 | -11,303                |                        |                        |
|  | <b>-10,229</b>         | <b>-7,401</b>          | <b>-70,767</b>         | <b>-52,177</b>         |                        |                        |

**CONSOLIDATED FINANCIAL POSITION**

| Amounts in SEK thousand                 | Note | 31 Dec 2020      | 31 Dec 2019      |
|---|------|------------------|------------------|
| <b>ASSETS</b>                           |      |                  |                  |
| <b>Non-current assets</b>               |      |                  |                  |
| <b>Intangible assets</b>                |      |                  |                  |
| Capitalised development costs           |      | 14,048           | 11,713           |
| Concessions and similar rights          |      | 46,666           | 67,832           |
| Patents and licences                    |      | 790              | 1,423            |
| Acquired intangible assets              | 3    | 28,432           | -                |
| Goodwill                                | 3    | 29,574           | 6,833            |
| <b>Total intangible assets</b>          |      | <b>119,510</b>   | <b>87,801</b>    |
| <b>Tangible assets</b>                  |      |                  |                  |
|   | 3, 5 |                  |                  |
| Buildings and land                      |      | 190,602          | 214,812          |
| Plant and machinery                     |      | 287,490          | 321,600          |
| Equipment, tools, fixtures and fittings |      | 29,042           | 4,293            |
| Construction work in progress           |      | 92,888           | 44,175           |
| Right of use assets                     |      | 295,696          | 327,841          |
| <b>Total tangible assets</b>            |      | <b>895,718</b>   | <b>912,721</b>   |
| <b>Financial assets</b>                 |      |                  |                  |
| Deferred tax assets                     |      | 22,528           | 23,453           |
| Other non-current receivables           | 6    | 16,604           | 19,066           |
| <b>Total financial assets</b>           |      | <b>39,132</b>    | <b>42,519</b>    |
| <b>Other non-current assets</b>         |      |                  |                  |
| Accrued income and prepaid expenses     |      | 889              | 1,333            |
| <b>Total other non-current assets</b>   |      | <b>889</b>       | <b>1,333</b>     |
| <b>Total non-current assets</b>         |      | <b>1,055,252</b> | <b>1,044,374</b> |
| <b>Current assets</b>                   |      |                  |                  |
| <b>Inventories, etc.</b>                |      |                  |                  |
| Raw materials and consumables           |      | 9,907            | 14,770           |
| <b>Total inventories</b>                |      | <b>9,907</b>     | <b>14,770</b>    |
| <b>Current receivables</b>              |      |                  |                  |
| Trade accounts receivable               |      | 58,584           | 65,670           |
| Other receivables                       | 7    | 20,125           | 17,914           |
| Prepaid expenses and accrued income     |      | 16,859           | 14,951           |
| Cash and cash equivalents               |      | 378,771          | 136,384          |
| <b>Total current receivables</b>        |      | <b>474,339</b>   | <b>234,919</b>   |
| <b>Total current assets</b>             |      | <b>484,246</b>   | <b>249,689</b>   |
| <b>TOTAL ASSETS</b>                     |      | <b>1,539,498</b> | <b>1,294,063</b> |

**CONSOLIDATED FINANCIAL POSITION,  
continued**

| Amounts in SEK thousand   | Note | 31 Dec 2020      | 31 Dec 2019      |
|---|------|------------------|------------------|
| <b>EQUITY</b>   |      |                  |                  |
| <b>Equity attributable to Parent Company shareholders</b>       |      |                  |                  |
| Share capital   |      | 61,066           | 33,651           |
| Other paid-in capital   |      | 1,271,372        | 880,048          |
| Translation reserve   |      | 1,048            | 5,298            |
| Retained earnings including comprehensive income for the period |      | -799,948         | -743,173         |
|   |      | <b>533,538</b>   | <b>175,824</b>   |
| <b>Non-controlling interests</b>                                |      | <b>-11,733</b>   | <b>53,098</b>    |
| <b>Total equity</b>   |      | <b>521,805</b>   | <b>228,922</b>   |
| <b>LIABILITIES</b>  |      |                  |                  |
| <b>Non-current liabilities</b>                                  |      |                  |                  |
| Borrowings  | 8    | 765,261          | 597,942          |
| Deferred tax liabilities  |      | 12,249           | 1,961            |
| Other provisions  |      | 13,063           | 21,917           |
| <b>Total non-current liabilities</b>                            |      | <b>790,573</b>   | <b>621,820</b>   |
| <b>Current liabilities</b>                                      |      |                  |                  |
| Borrowings  | 8    | 69,713           | 296,465          |
| Accounts payable  |      | 67,665           | 66,326           |
| Other liabilities   |      | 33,563           | 30,403           |
| Accrued expenses and deferred income                            |      | 56,179           | 50,127           |
| <b>Total current liabilities</b>                                |      | <b>227,120</b>   | <b>443,321</b>   |
| <b>TOTAL EQUITY AND LIABILITIES</b>                             |      | <b>1,539,498</b> | <b>1,294,063</b> |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Amounts in SEK thousand   | Attributable to Parent Company shareholders |                       |                     |                   |                | Non-controlling interests | Total equity   |
|---|---|-----------------------|---------------------|-------------------|----------------|---------------------------|----------------|
|   | Share capital                               | Other paid-in capital | Translation reserve | Retained earnings | Total          |                           |                |
| <b>Opening balance, 1 January 2019</b>  | <b>21,420</b>                               | <b>754,685</b>        | <b>3,636</b>        | <b>-700,637</b>   | <b>79,104</b>  | <b>52,788</b>             | <b>131,893</b> |
| Profit/loss for the period  |   |                       |                     | -42,536           | -42,536        | -13,314                   | -55,850        |
| Actuarial results on post-employment benefits   |   |                       |                     | -8                | -8             | -2                        | -10            |
| Exchange differences  |   |                       | 1,661               | 8                 | 1,669          | 2,013                     | 3,682          |
| <b>Total comprehensive income</b>   |   |                       | <b>1,661</b>        | <b>-42,536</b>    | <b>-40,875</b> | <b>-11,303</b>            | <b>-52,177</b> |
| New share issues  | 12,232                                      | 134,548               |                     |                   | 146,780        |                           | 146,780        |
| Share issue expenses  |   | -9,185                |                     |                   | -9,185         |                           | -9,185         |
| Contribution from non-controlling interests   |   |                       |                     |                   |                | 11,613                    | 11,613         |
| <b>Total contribution from and value transfers to shareholders, reported directly in equity</b> | <b>12,232</b>                               | <b>125,363</b>        | <b>-</b>            | <b>-</b>          | <b>137,595</b> | <b>11,613</b>             | <b>149,208</b> |
| <b>Closing balance, 31 December 2019</b>  | <b>33,652</b>                               | <b>880,048</b>        | <b>5,297</b>        | <b>-743,173</b>   | <b>175,823</b> | <b>53,093</b>             | <b>228,922</b> |
| <b>Opening balance, 1 January 2020</b>  | <b>33,652</b>                               | <b>880,048</b>        | <b>5,297</b>        | <b>-743,173</b>   | <b>175,823</b> | <b>53,093</b>             | <b>228,922</b> |
| Profit/loss for the period  |   |                       |                     | -56,775           | -56,775        | -6,420                    | -63,195        |
| Actuarial results on post-employment benefits   |   |                       |                     |                   | -              |                           | -              |
| Exchange differences  |   |                       | -4 249              |                   | -4,249         | -3,323                    | -7,572         |
| <b>Total comprehensive income</b>   | <b>-</b>                                    | <b>-</b>              | <b>-4 249</b>       | <b>-56,775</b>    | <b>-61,024</b> | <b>-9,743</b>             | <b>-70,767</b> |
| New share issues  | 20,993                                      | 371,588               |                     |                   | 392,581        |                           | 392,581        |
| Share issue expenses  |   | -28,926               |                     |                   | -28,926        |                           | -28,926        |
| Contribution from non-controlling interests due to acquisition of subsidiary                    | 6,421                                       | 48 662                |                     |                   | 55,083         | -55,083                   | -              |
| <b>Total contribution from and value transfers to shareholders, reported directly in equity</b> | <b>27,414</b>                               | <b>391,234</b>        | <b>-</b>            | <b>-</b>          | <b>418,738</b> | <b>55,083</b>             | <b>363,655</b> |
| <b>Closing balance, 31 December 2020</b>  | <b>61,066</b>                               | <b>1,271,372</b>      | <b>1,048</b>        | <b>-799,948</b>   | <b>533,538</b> | <b>-11,733</b>            | <b>521,805</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand

|  | Note | 1 Oct - 31<br>Dec 2020 | 1 Oct - 31<br>Dec 2019 | 1 Jan - 31<br>Dec 2020 | 1 Jan - 31<br>Dec 2019 |
|--|------|------------------------|------------------------|------------------------|------------------------|
| <b>Cash flow from operating activities</b>                                   |      |                        |                        |                        |                        |
| Operating profit/loss before financial items                                 |      | -392                   | 4,797                  | -6,038                 | -1,940                 |
| Amortisation/depreciation  |      | 20,811                 | 23,880                 | 85,723                 | 88,526                 |
| Other non-cash items   |      | -211                   | -6,439                 | 18,389                 | -16,365                |
| Interest received  |      | -                      | 116                    | -                      | 141                    |
| Interest paid  |      | -5,536                 | -12,631                | -30,206                | -36,437                |
| <b>Cash flow from operating activities before changes in working capital</b> |      | <b>14,672</b>          | <b>9,723</b>           | <b>67,868</b>          | <b>33,925</b>          |
| <b>Cash flow from changes in working capital</b>                             |      |                        |                        |                        |                        |
| Increase/decrease in inventories   |      | 3,201                  | -1,368                 | 7,687                  | -9,271                 |
| Increase/decrease in operating receivables                                   |      | 11,484                 | -9,758                 | 11,221                 | 13,321                 |
| Increase/decrease in operating liabilities                                   |      | 13,059                 | 23,302                 | 2,590                  | -37,991                |
| <b>Total changes in working capital</b>                                      |      | <b>27,744</b>          | <b>12,176</b>          | <b>21,498</b>          | <b>-33,941</b>         |
| <b>Cash flow from operating activities</b>                                   |      | <b>42,416</b>          | <b>21,899</b>          | <b>89,366</b>          | <b>-16</b>             |
| <b>Cash flow from investing activities</b>                                   |      |                        |                        |                        |                        |
| Acquisition of intangible assets   |      | -2,373                 | -150                   | -3,244                 | -402                   |
| Acquisition of tangible assets   |      | -5,833                 | -15,534                | -55,496                | -46,726                |
| Disposal of tangible assets  |      | -                      | 305                    | 41                     | 305                    |
| Divestment/amortisation of other financial assets                            |      | -                      | -                      | -                      | 333                    |
| Restricted bank balances and other changes in financial assets               | 6    | -7,860                 | -4,193                 | 1,129                  | -5,131                 |
| <b>Cash flow from investing activities</b>                                   |      | <b>-16,066</b>         | <b>-19,572</b>         | <b>-57,570</b>         | <b>-51,621</b>         |
| <b>Cash flow from financing activities</b>                                   |      |                        |                        |                        |                        |
| New share issue  |      | 321,074                | -                      | 321,074                | 101,153                |
| Acquisition of subsidiaries  |      | -15,724                | -                      | -15,724                | -                      |
| Loans raised   | 8    | 14,013                 | -                      | 410,513                | 20,000                 |
| Loan and lease amortisation  | 8    | -18,985                | -8,228                 | -502,505               | -40,242                |
| Contribution to/from non-controlling interests                               |      | -                      | 1,000                  | -                      | 11,721                 |
| <b>Cash flow from financing activities</b>                                   |      | <b>300,378</b>         | <b>-7,228</b>          | <b>213,358</b>         | <b>92,632</b>          |
| <b>Total cash flow for the period</b>  |      | <b>326,728</b>         | <b>-4,901</b>          | <b>245,154</b>         | <b>40,995</b>          |
| <b>Decrease/increase in cash and cash equivalents</b>                        |      |                        |                        |                        |                        |
| Cash and cash equivalents at beginning of period                             |      | 52,292                 | 139,621                | 136,384                | 94,788                 |
| Exchange differences in cash and cash equivalents                            |      | -249                   | 1,664                  | -2,767                 | 601                    |
| <b>Cash and cash equivalents at end of period</b>                            |      | <b>378,771</b>         | <b>136,384</b>         | <b>378,771</b>         | <b>136,384</b>         |



## PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand

|  | 1 Oct - 31<br>Dec 2020 | 1 Oct - 31<br>Dec 2019 | 1 Jan - 31<br>Dec 2020 | 1 Jan - 31<br>Dec 2019 |
|--|------------------------|------------------------|------------------------|------------------------|
| <b>Operating income</b>                          |                        |                        |                        |                        |
| Net sales  | 654                    | 305                    | 3,046                  | 2,383                  |
| <b>Total operating income</b>                    | <b>654</b>             | <b>305</b>             | <b>3,046</b>           | <b>2,383</b>           |
| Operating expenses                               | -1,181                 | -910                   | -4,748                 | -2,870                 |
| <b>Operating profit/loss</b>                     | <b>-527</b>            | <b>-605</b>            | <b>-1,702</b>          | <b>-487</b>            |
| Net financial items                              | 464                    | -5,451                 | -72,715                | -20,022                |
| <b>Profit/loss before appropriations and tax</b> | <b>-63</b>             | <b>-6,056</b>          | <b>-74,417</b>         | <b>-20,509</b>         |
| <b>Appropriations</b>                            |                        |                        |                        |                        |
| Group contributions received/paid                | 20,498                 | 24,719                 | 20,498                 | 24,719                 |
| <b>Total appropriations</b>                      | <b>20,498</b>          | <b>24,719</b>          | <b>20,498</b>          | <b>24,719</b>          |
| <b>Profit/loss before tax</b>                    | <b>20,435</b>          | <b>18,663</b>          | <b>-53,919</b>         | <b>4,210</b>           |
| Income tax                                       | -                      | -                      | -                      | -                      |
| <b>Profit/loss for the period</b>                | <b>20,435</b>          | <b>18,663</b>          | <b>-53,919</b>         | <b>4,210</b>           |

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 | 31 Dec 2020      | 31 Dec 2019    |
|--------------------------------------|------|------------------|----------------|
| <b>ASSETS</b>                        |      |                  |                |
| <b>Non-current assets</b>            |      |                  |                |
| <b>Financial assets</b>              |      |                  |                |
| Participations in group companies    |      | 355,427          | 226,613        |
| Receivables from group companies     |      | 432,197          | 313,073        |
| <b>Total financial assets</b>        |      | <b>787,624</b>   | <b>539,686</b> |
| <b>Total non-current assets</b>      |      | <b>787,624</b>   | <b>539,686</b> |
| <b>Current assets</b>                |      |                  |                |
| <b>Current receivables</b>           |      |                  |                |
| Receivables from group companies     |      | 12,149           | 36,084         |
| Other receivables                    |      | 1,412            | 169            |
| Prepaid expenses and accrued income  |      | 2,404            | 504            |
| <b>Total current receivables</b>     |      | <b>15,965</b>    | <b>36,757</b>  |
| <b>Cash and bank balances</b>        |      | <b>318,495</b>   | <b>57,225</b>  |
| <b>Total current assets</b>          |      | <b>334,460</b>   | <b>93,982</b>  |
| <b>TOTAL ASSETS</b>                  |      | <b>1,122,084</b> | <b>633,668</b> |
| <b>EQUITY AND LIABILITIES</b>        |      |                  |                |
| <b>Equity</b>                        |      | <b>760,273</b>   | <b>354,222</b> |
| <b>Non-current liabilities</b>       |      |                  |                |
| Interest-bearing loans               | 7    | 200,000          | -              |
| Intra-group loans                    |      | 142,217          | 23,000         |
| <b>Total non-current liabilities</b> |      | <b>342,217</b>   | <b>23,000</b>  |
| <b>Current liabilities</b>           |      |                  |                |
| Borrowings                           | 7    | 19               | 250,226        |
| Accounts payable                     |      | 6,955            | 135            |
| Liabilities to group companies       |      | 6,239            | 2,008          |
| Accrued expenses and deferred income |      | 6,381            | 4,073          |
| <b>Total current liabilities</b>     |      | <b>19,594</b>    | <b>256,442</b> |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |      | <b>1,122,084</b> | <b>633,668</b> |

## 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 Business combinations

#### Business combinations

On 18 December 2020 the Group acquired 100.0 per cent of the shares in Ekdalens Biotransporter AB, a Swedish registered company. The purchase price totalled SEK 72.3 million. The surplus value of the acquisition has been calculated at SEK 23.4 million. Acquisition costs for legal fees, etc. totalled SEK 1.4 million and have been expensed as other external costs. Additional purchase prices based on normalised EBITDA for years 2020-22 may reach a maximum of SEK 35.0 million, have been discounted to SEK 30.3 million in the acquisition analysis.

#### Information on acquired net assets and goodwill:

| Purchase price, SEK thousand                                      | On acquisition date |
|---|---------------------|
| - cash paid   | 25,300              |
| - cash paid via new share issue                                   | 16,667              |
| - estimated additional purchase prices years 2020-22 (discounted) | 30,337              |
| <b>Total purchase price</b>                                       | <b>72,304</b>       |
| Fair value of acquired assets (see below)                         | <b>-48,896</b>      |
| <b>Surplus value / Goodwill</b>                                   | <b>23,407</b>       |

**Assets and liabilities included in the acquisition (SEK thousand):**

|   | <b>Fair value</b> |
|---|-------------------|
| Liquid assets                                   | 9,576             |
| Inventories                                     | 2,824             |
| Intangible assets                               | 28,432            |
| Tangible assets                                 | 29,568            |
| Trade accounts receivable and other receivables | 8,645             |
| Deferred tax liabilities                        | -10,371           |
| Accounts payable and other liabilities          | -8,500            |
| Borrowing                                       | -11,279           |
| <b>Acquired identifiable assets</b>             | <b>48,896</b>     |
| Surplus value / Goodwill                        | <b>23,407</b>     |
| <b>Acquired net assets</b>                      | <b>72,304</b>     |

The surplus value is classified as an intangible asset in the form of customer agreements and customer relationships, surplus value of vehicles, and goodwill, and is part of Scandinavian Biogas's strategy to achieve greater integration across the entire value chain, from organic waste to produced biogas and bio-fertiliser, and the capacity to offer comprehensive transport service to the biogas industry. Ekdalens is a market leader in the transport of organic material, with a focus on substrate and bio-substrate to and from biogas facilities in southern Sweden. The company has had a positive operational and financial development in recent years, with several new customers and high capacity utilisation. Biogas production is a growing sector, and reliable substrate suppliers are absolutely crucial for the biogas industry. Biogas producers therefore need a strong logistics partner with a high level of expertise. Reported goodwill is not expected to be tax deductible.

The portion of sales and profit before tax included in consolidated profit from the acquisition date through the close of financial year 2020 amounts to SEK 2.2 million and SEK 0.3 million, respectively.

Sales for full-year 2020 (i.e. including the period prior to the acquisition) totalled SEK 58.7 million and profit for the year totalled SEK 9.5 million after tax.

#### **NOTE 4 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 Norway and Business Area Korea. 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 Oct -31<br>Dec 2020 | 1 Oct -31<br>Dec 2019 | 1 Jan - 31<br>Dec 2020 | 1 Jan - 31<br>Dec 2019 |
|--|-----------------------|-----------------------|------------------------|------------------------|
| <b>Income statement by segment</b>                                     |                       |                       |                        |                        |
| Business Area Sweden   | 66,228                | 63,499                | 241,473                | 246,702                |
| Business Area Norway   | 23,256                | 26,186                | 106,426                | 103,138                |
| Business Area Korea  | 15,199                | 14,613                | 58,795                 | 56,042                 |
| Service Centre and R&D   | 7,230                 | 2,502                 | 16,470                 | 9,576                  |
| Eliminations   | -8,531                | -2,976                | -15,732                | -8,408                 |
| <b>Group total</b>   | <b>103,382</b>        | <b>103,824</b>        | <b>407,432</b>         | <b>407,050</b>         |
| <b>Operating expenses by segment</b>                                   |                       |                       |                        |                        |
| Business Area Sweden   | -50,264               | -49,392               | -182,325               | -180,288               |
| Business Area Norway   | -16,719               | -19,110               | -70,657                | -81,938                |
| Business Area Korea  | -12,927               | -15                   | -59,232                | -35,168                |
| Service Centre and R&D   | -11,184               | -9,272                | -30,352                | -30,215                |
| Eliminations   | 8,531                 | 2,976                 | 15,732                 | 8,408                  |
| <b>Group total</b>   | <b>-82,564</b>        | <b>-74,783</b>        | <b>-326,835</b>        | <b>-319,202</b>        |
| <b>EBITDA</b>  |                       |                       |                        |                        |
| Business Area Sweden   | 15,964                | 14,107                | 59,148                 | 66,413                 |
| Business Area Norway   | 6,536                 | 7,076                 | 35,769                 | 21,200                 |
| Business Area Korea  | 2,273                 | 14,628                | -437                   | 20,873                 |
| Service Centre and R&D   | -3,954                | -6,770                | -13,882                | -20,639                |
| <b>Group total</b>   | <b>20,818</b>         | <b>29,041</b>         | <b>80,597</b>          | <b>87,848</b>          |
| Depreciation/amortisation and impairment &<br>Other operating expenses | -21,210               | -24,244               | -86,635                | -89,788                |
| <b>Operating results</b>   | <b>-392</b>           | <b>4,797</b>          | <b>-6,038</b>          | <b>-1,940</b>          |

## NOTE 5 Tangible assets

Investments in tangible assets during interim period 2020 totalled SEK 55,5 million (46.7). 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 Dec 2020    | 31 Dec 2019    |
|---|----------------|----------------|
| Buildings and land                      | 135,174        | 152,425        |
| Plant and machinery                     | 150,524        | 167,708        |
| Equipment, tools, fixtures and fittings | 9,998          | 7,708          |
| Construction work in progress           | -              | -              |
| <b>Carrying amount</b>                  | <b>295,696</b> | <b>327,841</b> |

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 4.43%, corresponding to the interest rate on the business area's current bank loans.

During the January-December 2020 interim period EBITDA was improved by approximately SEK 32.3 million (33.4), as IFRS 16 reduces operating expenses while simultaneously increasing aggregate depreciation/amortisation and financial expense by a corresponding amount.

## NOTE 6 Other non-current receivables

| Group                    | 31 Dec 2020   | 31 Dec 2019   |
|--------------------------|---------------|---------------|
| Restricted bank balances | 12,694        | 15,819        |
| Other                    | 3,910         | 3,248         |
| <b>Total</b>             | <b>16,604</b> | <b>19,066</b> |

## NOTE 7 Other current receivables

Other current receivables include SEK 12.2 million (13.6) related to the accrued delay penalty for the facility at Skogn.

## NOTE 8 Borrowings

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

|                                       | <i>Carrying amount</i> |                | <i>Fair value</i> |                |
|---------------------------------------|------------------------|----------------|-------------------|----------------|
|                                       | 31 Dec 2020            | 31 Dec 2019    | 31 Dec 2020       | 31 Dec 2019    |
| Liabilities to credit institutions    | 251,487                | 280,241        | 251,487           | 280,241        |
| Bridge financing                      | 200,000                | -              | 200,000           | -              |
| Liabilities related to finance leases | 285,426                | 311,475        | 285,426           | 311,475        |
| Other non-current borrowings          | 28,348                 | 6,226          | 28,348            | 6,226          |
| <b>Total</b>                          | <b>765,261</b>         | <b>597,942</b> | <b>765,261</b>    | <b>597,942</b> |

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

## NOTE 9 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.

| EBITDA   | 1 Oct - 31 Dec 2020 | 1 Oct - 31 Dec 2019 | 1 Jan - 31 Dec 2020 | 1 Jan - 31 Dec 2019 |
|--|---------------------|---------------------|---------------------|---------------------|
| Operating results  | -392                | 4,797               | -6,038              | -1,940              |
| -Depreciation, amortisation and impairment of tangible and intangible assets | 20,811              | 23,880              | 85,723              | 88,526              |
| -Other operating expenses  | 399                 | 364                 | 912                 | 1,262               |
| <b>EBITDA</b>  | <b>20,818</b>       | <b>29,041</b>       | <b>80,597</b>       | <b>87,848</b>       |

### **EBITDA percentage**

EBITDA percentage is defined as EBITDA divided by operating income.

### **Operating EBITDA**

Operating EBITDA is defined as EBITDA adjusted for items affecting comparability.

| <b>Operating EBITDA</b>  | <b>1 Oct - 31<br/>Dec 2020</b> | <b>1 Oct - 31<br/>Dec 2019</b> | <b>1 Jan - 31<br/>Dec 2020</b> | <b>1 Jan - 31<br/>Dec 2019</b> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| <b>EBITDA</b>  | <b>20,818</b>                  | <b>29,041</b>                  | <b>80,597</b>                  | <b>87,848</b>                  |
| Change in 'other provisions' pertaining to legal dispute (Korea) | -                              | -12,070                        | 11,625                         | -12,070                        |
| Insurance compensation (Norway)                                  | -5,849                         | -                              | -20,381                        | -                              |
| Government subsidies related to COVID-19                         | -                              | -                              | -1,541                         | -                              |
| <b>Operating EBITDA</b>  | <b>14,969</b>                  | <b>16,971</b>                  | <b>70,301</b>                  | <b>75,778</b>                  |

### **Operating EBITDA percentage**

Operating EBITDA percentage is defined as operating EBITDA divided by net sales plus other operating income adjusted for items affecting comparability.

### **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.

| <b>EQUITY/ASSETS RATIO</b>                     | <b>31 Dec 2020</b> | <b>31 Dec 2019</b> |
|--|--------------------|--------------------|
| Total equity (incl. non-controlling interests) | 521,805            | 228,922            |
| Total assets                                   | 1,539,498          | 1,294,063          |
| <b>Equity/assets ratio</b>                     | <b>33,9%</b>       | <b>17,7%</b>       |

## **NOTE 10 Events after the end of the period**

As anticipated the Swedish Board of Agriculture confirmed in early 2021 that the total biogas subsidy scheme will amount to SEK 200 million for the year, with applications accepted from April through December 2021. No payments will be received under the scheme during the first quarter. Management expects the total subsidy amount for 2021 to be received according to plan, although over a nine-month, rather than twelve-month, period.

Management's assessment is that the production stability issues in Skogn have been completed and thus LBG production is again expected to be at planned level.

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

This year-end report has not been audited.

Stockholm, 18 February 2021

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*

**Upcoming informational events:**

|                                    |               |
|------------------------------------|---------------|
| 2020 Annual Report                 | 31 March 2021 |
| Interim report January-March 2021  | 29 April 2021 |
| Annual General Meeting (scheduled) | 29 April 2021 |

Scandinavian Biogas will publish the report for the fourth quarter of 2020 on Thursday, February 18 at approximately 12.00. A conference call for investors, analysts and the media will be held at 15.00. The report will be presented at the conference call by President and CEO Matti Vikkula and CFO Anna Budzynski. The presentation will be held in English and will begin with a short presentation of the report followed by a question-and-answer session.

To participate in the conference call, use <https://tv.streamfabriken.com/scandinavian-biogas> or visit Scandinavian Bioga's website, where you will also find the presentation material and related information. No physical meeting will be held.

The telephone number for the conference is:  
Sweden: +46850558374  
United Kingdom: +443333009267  
United States: +18332498407