

STRATEGICALLY STRENGTHENED MARKET POSITION AND FINANCIAL POSITION, SEK 326 MILLION IN DIRECTED NEW SHARE ISSUE

SIGNIFICANT EVENTS IN THE THIRD QUARTER OF 2022

- The production capacity target for 2024 has been revised downwards from 700 GWh to 600 GWh. New long-term capacity target for 2026 is to reach a production capacity of 1.2 TWh.
- The commissioning of Skogn II in Norway has begun.
- A long-term incentive programme for employees has been implemented.
- Application for biogas production subsidy has been submitted for the second half of 2022 and will be applicable for 2023 as well.
- The order book at the end of the quarter totalled 1.9 TWh and contracts for the supply of raw materials totalled 2.1 TWh.

RESULTS OF THIRD QUARTER 2022

- Energy sold decreased by 10.9% to 80.4 (90.2) GWh. Adjusted for the fact that in 2021 we closed a pure gas distribution business with a turnover of around 5.8 GWh, the decline was 4.5%.
- Net sales totalled SEK 89.0 (95.4) million, representing a decrease of 6.7%.
- At SEK 100.4 (111.1) million, total revenue, including capitalised work, decreased by 9.6%.
- EBITDA was SEK 14.4 (29.0) million.
- Operating EBITDA was SEK 15.7 (23.3) million.
- Operating EBITDA margin was 16.3% (23.0%).
- Profit/loss after tax was SEK -16.2 (-4.9) million.
- Basic and diluted earnings per share was SEK -0.53 (-0.16).
- Cash flow from operating activities was SEK 7.8 (27.0) million.

SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

- The Board of Directors proposes a directed new share issue of SEK 326 million, subscribed at a premium of 62%. The proposal must be approved at an extraordinary general meeting.
- Notice of the extraordinary general meeting on 27 October 2022 has been published. The meeting will be held at the Clarion Sign Hotel in Stockholm.
- The Climate Leap has paid SEK 65 million in investment grant for the investment project Stockholm Bio-LNG.
- The Swedish Energy Agency confirmed on 26 October 2022 that the biogas production subsidy is 0.30 SEK/kWh. The risk of overcompensation however remains.

GROUP	3 months			9 months			12 months Full year 2021
	Jul–Sep 2022	Jul–Sep 2021	Δ	Jan–Sep 2022	Jan–Sep 2021	Δ	
SEK million, unless otherwise stated							
Sold GWh	80.4	90.2	-10.9%	248.0	273.0	-9.1%	366.3
Net sales	89.0	95.4	-6.7%	274.8	289.0	-4.9%	393.8
Other revenue	6.2	11.4	-45.9%	9.7	22.1	-56.0%	36.6
Total revenue, including capitalised work	100.4	111.1	-9.6%	299.8	326.5	-8.2%	451.1
EBITDA	14.4	29.0	-50.3%	21.8	67.5	-67.7%	90.1
Operating EBITDA	15.7	23.3	-32.5%	20.5	61.7	-66.7%	80.9
Operating EBITDA %	16.3%	23.0%	-6.7pe	7.2%	20.2%	-13.0pe	19.2%
Operating profit/loss	-6.6	8.5	N/A	-41.2	6.7	N/A	5.0
Earnings per share (SEK)	-0.53	-0.16	N/A	-2.33	-1.30	N/A	-1.27
Cash flow from operating activities	7.8	27.0	N/A	-1.8	44.9	N/A	55.7
Equity/assets ratio	27.8%	30.2%	-2.4pe	27.8%	30.2%	-2.4pe	30.2%

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.



MATTI VIKKULA

President and
CEO

GROUP GOALS

- Biogas production capacity to reach at least 600 GWh by 2024.
- Total revenue to be at least SEK 650 million by 2024.
- Operating EBITDA margin to be at least 30% by 2024.
- Equity/assets ratio to be at least 25% on an ongoing basis.
- Biogas production capacity to reach at least 1.2 TWh by 2026.

LONG-TERM OBJECTIVE

- Biogas production to be 3 TWh by 2030.

STRATEGICALLY STRONGER AND FOCUSED ON OPERATIONAL CHALLENGES

The third quarter was intense with multiple challenges of different dimensions. Strategically, we strengthened our market position and financial position most significantly, while operations struggled in the face of headwinds.

STRATEGICALLY STRONGER

We were strategically strengthened by four key events. First, the market outlook in Northern Europe has strengthened very significantly as a consequence of Russian gas being cut off. The European Commission's ambition is for the use of biomethane to increase more than tenfold from the current 30 TWh to 350 TWh by 2030. The second reason that has improved our outlook is that biogas and biomethane prices have skyrocketed and are expected to remain at a significantly higher level than in our current contracts. The expected future price level is between 50 and 300% above the current average price. The third event and very important milestone for Scandinavian Biogas was the strategic agreement with Alternoil, a German LNG and Bio-LNG distributor with some 60 filling stations offering liquid methane. The agreement gives us access to a very attractive market with significantly higher biogas prices than in Scandinavia. The total order value amounts to SEK 2.7 billion, with the possibility of doubling the volume. Finally, we were able to work out a solution to strengthen our financial position and thereby pave the way for further expansion of production capacity. The directed share issue of SEK 326 million will be completed at a premium of 62%, with TrønderEnergi AS increasing its shareholding to 36%. The capital injection, which is subject to approval by an extraordinary general meeting, will enable us to make investment decisions for the expansion of the Mönsterås plant in the near future.

SETTING NEW PRODUCTION TARGETS

The rapidly improving market situation during the year opened the way for new, more aggressive long-term volume commitments, meaning that we are now planning to expand capacity to over 1.2 TWh by 2026 and to 3 TWh by 2030. At the same time, we saw our financial targets for 2024 be both delayed and financially eroded due to lower biogas production subsidies, higher production costs and increased investment costs – mainly attributable to both desirable technology improvements and a higher price level.

Given the above changes, we published updated financial targets for 2024 during the quarter, in which we lowered the production capacity target from 700 to 600 GWh per year. The revenue target was also revised downwards from SEK 750 million to SEK 650 million, while the operating EBITDA margin target of over 30% was not changed. Our long-term supply contracts bind us to previous price levels and only allow for price increases in the second half of 2023 at the earliest, when we expect a smaller share of contracts to be opened for renegotiation. For the full year

2024, we expect 70% of Swedish and 40% of Norwegian supply contracts to be renewed and linked mainly to market energy prices.

Deliveries to Alternoil will start in 2024 and pay between two and three times our current average price. The German price also includes compensation for greenhouse gas certificate (GHG).

OPERATIONAL CHALLENGES

Operationally, we delivered a weak quarter marked by headwinds from increased prices for glycerol and inputs such as substrates, electricity, chemicals and post-processing. Regarding the biogas production subsidy, there is still some uncertainty regarding the amount of the subsidy for the second half of 2022. We have made a cautious assessment and recognised circa 65% of the anticipated subsidy for the third quarter of 2022, equivalent to SEK 7 million.

The extremely high price of glycerol led us to discontinue to purchase that substrate for reasons of profitability. We managed, however, to some extent to compensate with other substrates. Higher prices for other inputs led to about a 4% decrease in gross margin in the quarter compared to the corresponding period in 2021.

In addition, we have deliberately increased our operational costs during the year by building a growth organisation to manage a higher growth rate in line with our long-term growth targets.

The increase in costs is expected to remain at current levels, but we expect both gross and operating EBITDA margins to improve gradually as we move to new market-based supply contracts from the second half of 2023.

SKOGN II ON TRACK

I would also like to highlight that project activities progressed well during the quarter. Skogn II is on schedule and on track financially, producing its first trial delivery of Bio-LNG in the third quarter. The expansion has a production capacity of 35 GWh Bio-LNG per year. The plant is now in a commissioning period and we hope to reach planned capacity by the end of the first quarter of 2023. Preparation of the Mönsterås plant is also in the final stages, and we expect to be able to make investment decisions shortly – a very important milestone for the Group's future profitability.

Finally, I would like to thank my employees who are working with great commitment to build the fossil-free society of the future. Biogas is a wonderful product that transforms waste into clean energy and useful fertiliser, and we all look forward to being active in the sustainable development and transformation of the biogas industry.



Scandinavian**biogas**

LONG-TERM GOALS AND THE WAY FORWARD

Last spring, we communicated a long-term goal of achieving biogas production of at least 3 TWh by 2030, which corresponds to an annual growth rate of more than 25 percent per year. Demand for fossil-free energy suitable for heavy road and sea transport is growing strongly, opening up good growth opportunities for mainly Bio-LNG in Northern Europe. Our long-term growth ambition builds on the targets we set for 2024, and planning work has begun to expand capacity beyond 2024. We see good opportunities to invest in capacity expansion of existing plants, but the majority of new production capacity will be created through new plants and acquisitions.

The financial targets were updated during the third quarter 2022. For 2024, the production capacity target has been decreased from 700 GWh to 600 GWh and the revenue target from SEK 750 million to SEK 650 million. The operating EBITDA margin target is unchanged at above 30 percent as well as the equity ratio target above 25 percent.

The reason for updating the business plan is a change in the technical solution and a higher cost situation compared to our assumptions in the 2020 investment plan. In preparing the investment decisions for our planned production facilities, mainly Skogn III and Mönsterås, a need emerged to change the technical solution for more efficient handling of the substrate mix. The change will lead to a significant increase in productivity and profitability compared to our 2020 assumptions. The higher cost situation together with the change in the technical solution means, in summary, that the total investment costs in the updated investment plan have increased from SEK 1,300 million to just over SEK 1,600 million.

GROWTH PLAN

Work to deliver on our 2024 financial targets is going according to plan, although inflation and supply chain disruptions have increased costs.

Ongoing investment projects

Skogn II. In Norway, we have started the commissioning of Skogn II and the first test shipment has been sent out.

Stockholm Bio-LNG. The expansion and conversion of the plant at Gladö Kvarn on Södertörn for the production of Bio-LNG equivalent to 220 GWh is on schedule, with production starting in the second half of 2023. Work is also underway to connect the Södertörn plant to the Stockholm gas grid, which in turn will allow the gas produced in Henriksdal to be transported to Södertörn for conversion to Bio-LNG. Work on ISCC certification of the plants is ongoing and will be completed in the fourth quarter.

Projects awaiting investment decisions

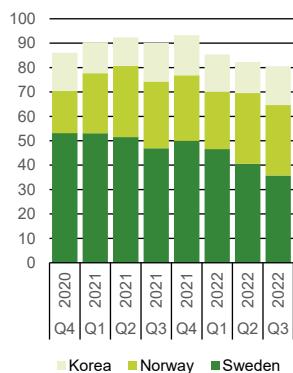
Mönsterås. The investment decision regarding the expansion of a full-scale mainly manure-based plant for the production of 120 GWh of Bio-LNG and 70,000 tonnes of bio-manure, located in Mönsterås, has been slightly delayed due to process engineering adjustments and negotiations with technology suppliers. Given the high number of fertilisers with excellent CO₂ reduction value as raw material, the financial result (operating EBITDA margin) is expected to be significantly higher than the Group's operating EBITDA margin (assuming current market prices continue). Investment decisions are expected in the fourth quarter of 2022 and production start is expected in the second half of 2024.

Skogn III. The production capacity of the plant is estimated at 90 GWh of Bio-LNG. We have identified an opportunity to increase profitability through changes in technology, mainly related to raw material changes. The changes in the requirement specification have delayed investment decisions. Should an investment decision be made by early 2023, production could start by the end of 2024 or the beginning of 2025.

Skåne's Fagerhult. On 29 June 2022, we were awarded SEK 154 million in investment grants by Climate Leap for a biogas project for the production of Bio-LNG in Skåne's Fagerhult in Örkelljunga municipality. The gas will be produced using mainly manure from livestock in the area, and the production capacity is estimated to be 130 GWh. Should investment decisions be taken before the end of 2023, production could start in mid-2025.

Sold energy
Group, GWh

GROUP SALES AND PROFIT OR LOSS



THIRD QUARTER

Group net sales decreased by 6.7%, totalling SEK 89.0 (95.4) million. The change is mainly attributable to a natural gas business that was discontinued at year-end. Sales for this business in the third quarter of 2021 were approximately SEK 5 million. Adjusted for this business, net sales were in line with the comparative quarter.

Total revenue, consisting of sales, biogas production subsidy and capitalised work, was SEK 100.4 (111.1) million. Other revenue mainly includes biogas production subsidies, other types of EU subsidies, and items affecting comparability. After a break in the first half of this year, a biogas production subsidy will be available again starting July 2022. However, it is unclear how much subsidy will be provided, and management has therefore made a conservative estimate and recognised about 65% of the expected biogas production subsidy for the third quarter of 2022. The recorded subsidy is SEK 7.0 (2.4) million.

The cost of raw materials and consumables has increased and totalled SEK 46.7 (42.6) million. The main explanation is that some inputs have become slightly more expensive and energy prices have risen. The increase is also explained by higher post-treatment costs.

Other external costs decreased by SEK 2.4 million and totalled SEK 17.3 (19.6) million.

Personnel costs amounted to SEK 22.0 (19.8) million and increased by SEK 2.3 million compared to the previous year, which is mainly explained by the hiring of personnel in the Service Centre, Research and Development segment, which includes the newly established Growth and Program Office functions. Additionally, some operational staff in Sweden have been added compared to the previous year.

Group EBITDA was SEK 14.4 (29.0) million in the quarter. EBITDA includes a change in the additional purchase price of SEK -1.3 million related to the acquisition of Ekdalens Biotransporter AB, which was completed in December 2020. Operating EBITDA was SEK 15.7 (23.3) million.

Operating profit/loss was SEK -6.6 (8.5) million. Group profit or loss after tax was SEK -16.2 (-4.9) million, of which SEK 5.5 (1.4) million is due to translation differences. Depreciation, amortisation and impairment of fixed assets was SEK -20.7 (-20.3) million. Financial expenses totalled SEK -16.7 (-15.6) million. Financial expenses consist mainly of interest on the corporate bond and lease liabilities. A small portion of the financial expenses relates to accrued financial expenses related to the issued bond.

BUSINESS AREA SWEDEN



SEK million	SWEDEN			3 months		9 months		12 months	
	Jul–Sep		Jul–Sep	Jan–Sep		Jan–Sep	Jan–Sep	Full year	
	2022	2021	Δ	2022	2021	Δ	2021	2021	2021
GWh sold	35.8	46.9	-23.8%	123.0	151.5	-18.9%	201.5		
Net sales	44.6	56.1	-20.5%	151.1	176.0	-14.1%	240.7		
Other revenue	6.1	5.3	15.7%	8.6	14.6	-41.0%	24.3		
Total revenue	53.5	64.2	-16.7%	169.7	201.7	-15.9%	279.6		
Operating expenses	-44.3	-44.4	-0.2%	-149.7	-148.4	0.8%	-205.8		
EBITDA	9.2	19.8	-53.6%	20.0	53.2	-62.4%	73.8		
Operating EBITDA	10.5	19.8	-46.9%	18.7	53.2	-64.8%	69.7		
Operating EBITDA %	20.2%	32.3%	-12.1pe	11.8%	27.9%	-16.1pe	26.7%		

Events during the quarter

- Adjusted for a natural gas business that ended at the year-end, energy sold is approximately 13% lower than the comparative period. The natural gas business was non-operational and had little impact on profitability.
- The biogas production subsidy will be available again starting 1 July.
- The Stockholm Bio-LNG growth project is on track. ISCC certification is expected to be completed in the fourth quarter of 2022.

Energy sold decreased by 23.8% to 35.8 (46.9) GWh. Adjusted for the discontinuation of natural gas sales, energy sold decreased by 12.9% to 35.8 (41.1) GWh, compared to the previous year.

No biogas production subsidy was paid in the first half of 2022, but according to a decision by the Swedish Energy Agency this spring, payment will be made from 1 July 2022. We have applied prudence and booked about 65% of the expected biogas production subsidy for the third quarter corresponding to SEK 7.0 (2.4) million. For the entire 2021 financial year, production subsidies totalled SEK 11.9 million.

The extremely high price of glycerol led us to discontinue to purchase that substrate for reasons of profitability. However, we partially succeeded to compensate the supply of raw materials with other substrates. Higher prices for energy and other inputs reduced the gross margin compared to the same period in 2021. Operating EBITDA was SEK 10.5 (19.8) million.

Business area Sweden processed an average of 194 (177) tonnes of organic waste per day during the quarter.

BUSINESS AREA NORWAY



SEK million	NORWAY			3 months		9 months		12 months	
	Jul–Sep		Jul–Sep	Jan–Sep		Jan–Sep	Jan–Sep	Full year	
	2022	2021	Δ	2022	2021	Δ	2021	2021	2021
GWh sold	28.9	27.3	5.6%	81.3	81.1	0.2%	108.0		
Net sales	29.1	24.9	16.8%	82.4	75.3	9.4%	100.9		
Other revenue	-0.1	5.7	-101.7%	1.0	7.0	-86.4%	7.5		
Total revenue	30.2	32.0	-5.9%	87.4	86.5	1.1%	114.1		
Operating expenses	-26.6	-22.0	20.9%	-73.8	-65.3	13.0%	-89.1		
EBITDA	3.6	10.0	-64.6%	13.6	21.1	-35.6%	25.0		
Operating EBITDA	3.6	4.2	-16.3%	13.6	15.4	-11.3%	19.9		
Operating EBITDA %	12.3%	17.1%	-4.8pe	16.4%	20.1%	-3.7pe	19.3%		

Events during the quarter

- Production remained stable and high.
- The Skogn II project was commissioned, and the first test deliveries of Bio-LNG were made in the beginning of the fourth quarter of 2022.

Production remained stable and high. Total revenue, including capitalised work and adjusted for a comparability-disturbing item of SEK 5.8 million regarding compensation agreement, was 11.9% higher compared to the corresponding quarter of 2021. Operating EBITDA was SEK 3.6 (4.2) million. Profitability has been affected by higher energy and post-processing costs.

Business Area Norway processed an average of 198 (215) tonnes of organic waste per day during the quarter.

BUSINESS AREA KOREA



SEK million	KOREA			3 months		9 months		12 months	
	Jul–Sep		Jul–Sep	Jan–Sep		Jan–Sep	Jan–Sep	Full year	
	2022	2021	Δ	2022	2021	Δ	2021	2021	2021
GWh sold	15.7	15.9	-1.3%	43.8	40.3	8.6%	56.8		
Net sales	15.3	14.4	6.2%	41.3	37.7	9.4%	52.0		
Other revenue	-	-	-	-	-	-	-	-	-
Total revenue	15.3	14.4	6.2%	41.3	37.7	9.4%	52.0		
Operating expenses	-11.1	-10.4	7.2%	-33.3	-29.2	13.9%	-41.3		
EBITDA	4.2	4.1	3.5%	8.0	8.5	-6.1%	10.7		
Operating EBITDA	4.2	4.1	3.5%	8.0	8.5	-6.1%	10.7		
Operating EBITDA %	27.3%	28.1%	-0.7pe	19.3%	22.5%	-3.2pe	20.6%		

Events during the quarter

- Stable production and customer demand.

Production is slightly lower than the corresponding period last year, but net sales has increased. Operating EBITDA is in line with the same period of the previous year and was SEK 4.2 (4.1) million.

Business Area Korea processed an average of 196 (206) tonnes of organic waste per day during the quarter.

EARNINGS AND EARNINGS PER SHARE

Profit/loss after tax was SEK -16.2 (-4.9) million for the period. Basic and diluted earnings per share was SEK -0.53 (-0.16).

CASH FLOW

Cash flow from operating activities for the quarter amounted to SEK 7.8 (27.0) million. Total cash flow for the third quarter totalled SEK -67.8 (-21.8) million and is mainly attributable to investing activities. Cash flow from investments in property, plant and equipment, gross of investment grants, totalled SEK -63.0 (-36.1) million in the third quarter and is mainly attributable to the growth projects in Sweden and Norway. During the quarter, investment grants of SEK 0.0 (15.5) million were received.

INVESTMENTS

The investments in tangible and intangible fixed assets before investment grants in the third quarter was SEK 63.5 (38.0) million. Investments in tangible and intangible fixed assets, net of investment grants, totalled SEK 63.5 (22.5) million.

As at 30 September 2022, the carrying amount of the Group's tangible and intangible fixed assets was SEK 1,188.1 (1,044.0) million, of which SEK 246.9 (284.1) million relates to right-of-use assets.

FINANCING AND FINANCIAL POSITION

Investment projects and operations are currently financed with equity, corporate bonds and leasing. In addition, the company receives government investment grants earmarked for specific investments. Our long-term goals mean we will continue to identify and develop attractive investment projects to build a strong pipeline of growth projects.

Liquid assets on 30 September 2022 totalled SEK 229.9 (436.5) million. In Sweden, a significant proportion of the production facilities are leased with an initial term of about 25 years. Borrowing related to lease liabilities totalled SEK 257.8 (294.5) million. Borrowings, excluding leases, totalled SEK 663.3 (682.8) million at 30 September 2022.

The balance sheet total on 30 September 2022 was SEK 1,542.1 (1,627.9) million. Equity changed during the quarter with the profit for the period, share-based payments and the change in translation differences on foreign subsidiaries.

The equity ratio was 27.8% (30.2%) at 30 September 2022.

Financing needs have changed due to higher investment costs, acquisition of the Södertörn pre-treatment plant, no production subsidy in the first half of 2022 and lower operating cash flow. In early October 2022, the market was informed of a directed new share issue of SEK 326 million before transaction costs, subject to approval by the extraordinary general meeting on 27 October 2022, which will provide the Group with additional funds to continue its growth plan and other investment initiatives.

It should be noted that the company's financial position and liquidity are good in relation to existing operations, although profitability is temporarily below our profitability target. We expect profitability to gradually improve as a result of higher market prices. We expect the operating EBITDA margin to strengthen gradually as the share of the higher priced Bio-LNG increases from its current level of just over 25%.

Green financing – equity framework

Scandinavian Biogas was reviewed in 2020 by CICERO Shades of Green AS ('CICERO'), which provides a market-leading independent, research-based evaluation of green bonds and sustainability bonds and ranks liabilities on a scale from pale to dark shades of green to offer investors better insight into environmental quality and climate risks as well as full company assessments.

CICERO has also developed a new method for assessing companies by expanding the green financing framework to include the entire company and its equity.

Scandinavian Biogas's ratings

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

as good. The full report on the Green Framework can be found in the 2021 Annual Report.

SIGNIFICANT OPERATIONAL RISKS AND UNCERTAINTIES

The 2022 Swedish national budget includes a SEK 500 million production subsidy for biogas, which has been notified will increase to SEK 700 million per year from 2023. However, at the end of March 2022, new rules and a new process for production subsidies were published, which meant that production subsidies would not be received until July 2022. There is still some ambiguity regarding the design of the long-term subsidy scheme and there is a risk that the future subsidy levels expected by Scandinavian Biogas cannot be obtained. Therefore, management has made a conservative assessment and about 65% of the expected biogas production subsidy has been recognised in the third quarter of 2022.

Disputes

Updates on what has happened regarding the Group's unsettled disputes are provided below. The status is unchanged; for a more detailed description of the dispute, please refer to the 2021 Annual Report.

The Korean subsidiary has initiated civil litigation regarding certain service costs, as previously reported. A first initial negotiation took place in May 2021 and the outcome was received in September 2021. The judgment had a negative outcome and is under appeal. The service costs have already been recognised in full.

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

THE SHARE

The number of shares in issue is 30,533,852 (30,533,852) as of 30 September 2022. The quotient value is SEK 2.0 (2.0) per share, and each share carries one vote. All outstanding shares are ordinary shares and therefore carry the right to equal shares in the assets and profits of Scandinavian Biogas Fuels International AB (publ).

At the annual general meeting on 28 April 2022, a performance-based long-term incentive programme was introduced for a period of three years. In total, the programme covers all employees in Norway and Sweden and amounts to 404,000 share rights. In year three, the right to acquire shares in the company is granted at the subscription price, corresponding to the quota value of the share, provided that the performance targets are met. The performance targets are partly based on share price performance and partly linked to certain sustainability targets related to CO₂ equivalent emission reduction.

The Company's shares have been listed on Nasdaq First North Premier Growth Market since 16 December 2020. The subscription price at listing was SEK 37.50 per share. The share price closed at SEK 14.68 on 30 September 2022.

The shares are listed with ticker BIOGAS, with ISIN code SE001542896. The LEI code is 549300VWBIVTYSH87870.

TrønderEnergi is the largest shareholder in Scandinavian Biogas with a holding of around 12 percent. TrønderEnergy's shares in Scandinavian Biogas (3,713,272 shares) will be transferred to Aneo. As a consequence of Aneo's participation in the directed share issue (12,000,000 new shares), the total shareholding by Aneo will amount to 15,713,272 shares, which is approximately 36 percent of the total number of shares in Scandinavian Biogas after the directed new share issue, provided that the directed issue is approved by the extraordinary general meeting. Aneo will be required to make a mandatory offer for all other shares in Scandinavian Biogas within four weeks from settlement of the directed issue, unless its shareholding is decreased so that it no longer corresponds to 30 percent or more of the votes. As a consequence, Aneo intends to, in due course, announce a mandatory offer with an offer price of SEK 15.45, corresponding to the 20-business day volume weighted average price up to and including 5 October 2022, in accordance with applicable takeover rules.

OWNERSHIP STRUCTURE AS OF 30 SEPTEMBER

Owners as on 30 September 2022	Number of shares	%
TrønderEnergi AS	3,713,272	12.2%
Bengtssons Tidnings AB	3,648,376	11.9%
Wipunen Varainhallinta Oy	3,019,210	9.9%
Ilija Batljan Invest AB	2,666,400	8.7%
Länsförsäkringar Småbolag	2,459,754	8.1%
Apriori AB	1,434,284	4.7%
Handelsbanken Hållbar Energi	964,740	3.2%
Lannebo Sverige Hållbar	942,327	3.1%
Fondita Sustainable Europe	911,225	3.0%
Skandia Sverige Hållbar	800,000	2.6%
Other	9,974,264	32.7%
Total shares	30,533,852	100.0%

RELATED-PARTY TRANSACTIONS

The company did not have any related party transactions during the quarter.

EMPLOYEES

On 30 September 2022, the Group had a total of 105 (96) employees: 68 (60) in Sweden, 18 (19) in Korea and 19 (17) in Norway.

PARENT COMPANY

Scandinavian Biogas Fuels International AB (publ) (the 'Company') is the Parent Company of the Scandinavian Biogas Group, which comprises several wholly and partly owned companies registered in Sweden, Norway and Korea. The Group's business is mainly operated through subsidiaries. Scandinavian Biogas Fuels International AB (publ) is domiciled and headquartered in Stockholm, Sweden.

The Parent Company's total revenue for the third quarter of 2022 was SEK 0.7 (0.6) million, and profit/loss after tax was SEK 7.9 (1.6) million. Cash and bank balances at 30 September 2022 amounted to SEK 101.9 (324.4) million. The balance sheet total was SEK 1,437.9 (1,386.6) million on the same date.

OUTLOOK

Scandinavian Biogas' financial targets for 2024 are an operating EBITDA margin of at least 30% and production capacity corresponding to 600 GWh. Revenues are estimated to reach approximately SEK 650 million by 2024. The Group has also introduced a target for production capacity in 2026 of 1.2 TWh, which includes volumes from the Mönsterås and Skogn III projects, as well as the previously communicated project in Skåne's Fagerhult. This is well in line with the long-term production target of 3 TWh by 2030 communicated last spring.

In the short term, we have seen a decline in profitability due to some production disruptions, year-on-year prices, increased equipment and substrate costs, as well as six months with no production subsidy in 2022.

The European biogas market is experiencing a paradigm shift and is developing very rapidly, particularly in the Bio-LNG (liquid biogas) market. We see clear signs of rapid growth in demand for heavy road transport. Shipping and industrial uses are also expected to follow.

The higher cost situation together with the change in the technical solution entails an increased investment cost of more than SEK 300 million in total. In short, this means that total investment costs in the updated investment plan have increased to just over SEK 1,600 million.

MARKET OUTLOOK

The market for heavy transport vehicles is expected to grow from 2,800 to 280,000 vehicles in the 2020s (source: NGVA), a customer segment that is predicted to have a significant need for Bio-LNG. Over the same period, production of biogas, biomethane and Bio-LNG in Europe is expected to grow from 191 TWh to 467 TWh (source: European Commission/EBA). Scandinavian Biogas expects a significant portion of the growth to be in Bio-LNG.

The Group sees a positive long-term price trend for Bio-LNG, especially in selected export markets and user segments. Prices are assumed to be more closely linked to dynamic market prices.

Given recent energy and emission prices in selected export markets and user segments, the expected future price level is between 50 and 300% above the current average price. Our long-term supply contracts bind us to previous price levels and only allow for price increases in the second half of 2023 at the earliest, when we expect a smaller share of contracts to be opened for renegotiation. For the full year 2024, we expect 70% of Swedish and 40% of Norwegian supply contracts to be renewed and linked mainly to market energy prices for energy and inputs.

AGREED FUTURE VOLUMES

The order book, for existing and investment decided plants, at the end of the quarter totalled 1.9 TWh and contracts for the supply of raw materials totalled 2.1 TWh.

Signatures

Scandinavian Biogas Fuels International AB (publ)

Stockholm, 27 October 2022

Anders Bengtsson
Chairman

David Schelin
Board member

Petra Einarsson
Board member

Tina Helin
Board member

Sara Anderson
Board member

Håkon Welde
Board member

Matti Vikkula
Chief Executive Officer

Lars Bengtsson
Employee member

Anders Bergvatten
Employee member

OTHER INFORMATION

Scandinavian Biogas Fuels International AB (publ) company registration number 556528-4733, info@scandinavianbiogas.com, www.scandinavianbiogas.com

PRESS AND ANALYSTS MEETING ON 27 OCTOBER AT 10:00

A.M.

Investors, analysts and media are invited to a Teams presentation, where CEO Matti Vikkula and CFO Anna Budzynski will give a brief presentation of the report followed by a Q&A session.

The presentation will be given in English and recorded in order to be made available online afterwards. To participate in the conference, click on [TEAMS link](#) or visit the Scandinavian Biogas website.

Contacts

Matti Vikkula, CEO, phone: +46 70 597 99 38
Anna Budzynski, CFO, phone: +46 70 043 43 13

NOMINATION COMMITTEE

The Nomination Committee consists of the Chairman of the Board of Directors and members of the three largest shareholders in terms of voting rights as of the last trading day in August. For the 2023 AGM, the members of the Nomination Committee are Olav Sem Austmo (representing TrønderEnergi AS), Jonas Bengtsson, (representing Bengtssons Tidnings AB), Peter Immonen (representing Wipunen Varainhallinta Oy) and Anders Bengtsson, Chairman of the Board.

Calendar

Year-end report 2022	15 February 2023
Annual Report 2022	29 March 2023
Interim report January–March 2023	27 April 2023
2023 annual general meeting (as planned)	27 April 2023
Interim report January–June 2023	20 July 2023

This information is such that Scandinavian Biogas Fuels International AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication on behalf of the contact persons on Thursday, 27 October 2022 at 7:30 am (CET).

Auditor's report

INTRODUCTION

We have reviewed the condensed interim financial information (interim report) of Scandinavian Biogas Fuels International AB as at 30 September 2022 and for the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

FOCUS AND SCOPE OF THE OVERALL AUDIT

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Financial Information Performed by the Independent Auditor. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, performing analytical reviews, and performing other review procedures. A review audit has a different focus and a much smaller scope compared to the focus and scope of an audit under ISA and generally accepted auditing standards. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified if

an audit had been carried out. Therefore, the stated conclusion based on a review does not provide the assurance that a stated conclusion based on an audit does.

CONCLUSION

Based on our review, nothing has come to our attention that causes us to believe that the interim financial information has not been prepared, in all material respects, in accordance with IAS 34 and the Annual Accounts Act for the Group and in accordance with the Annual Accounts Act for the Parent Company.

Uppsala, 27 October 2022

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Chartered Accountant
Principal Auditor

Sara Wallinder
Chartered Accountant

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, SUMMARY

GROUP	Note	3 months		9 months		12 months	
		Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Full year 2021	
SEK thousand							
Net sales		89,017	95,439	274,750	288,993	393,821	
Capitalised work on own account		5,204	4,260	15,338	15,372	20,661	
Other revenue		6,172	11,360	9,725	22,111	36,619	
Total	4	100,393	111,059	299,813	326,476	451,101	
Raw materials and consumables		-46,686	-42,636	-145,692	-138,010	-194,675	
Other external costs		-17,260	-19,615	-60,175	-58,388	-78,582	
Personnel costs	5	-22,028	-19,761	-72,132	-62,626	-87,731	
Depreciation, amortisation and impairment of tangible and intangible assets		-20,690	-20,331	-61,812	-60,268	-84,325	
Other operating expenses		-347	-188	-1,187	-494	-795	
Total		-107,011	-102,531	-340,998	-319,786	-446,108	
Operating profit/loss		-6,618	8,528	-41,185	6,690	4,993	
Net translation differences		5,529	1,352	11,164	900	11,849	
Other financial income		1,244	252	3,442	392	392	
Other financial expenses		-16,740	-15,561	-45,326	-49,275	-62,720	
Net financial items		-9,967	-13,957	-30,720	-47,983	-50,479	
Profit/loss before tax		-16,585	-5,429	-71,905	-41,293	-45,486	
Income tax		423	486	800	1,481	6,755	
Profit/loss for the period		-16,162	-4,943	-71,105	-39,812	-38,731	
Other comprehensive income							
<i>Items that may be reclassified to profit or loss for the period</i>							
Translation differences		1,699	1,972	76	6,580	7,067	
Other comprehensive income for the period, net after tax		1,699	1,972	76	6,580	7,067	
Total comprehensive income for the period		-14,463	-2,971	-71,029	-33,232	-31,664	
Profit/loss for the period attributable to:							
Parent Company shareholders		-15,280	-3,817	-66,730	-36,328	-34,145	
Non-controlling interests		-882	-1,126	-4,375	-3,484	-4,586	
Total		-16,162	-4,943	-71,105	-39,812	-38,731	
Total comprehensive income for the period attributable to:							
Parent Company shareholders		-13,696	-2,128	-66,269	-30,020	-26,928	
Non-controlling interests		-767	-843	-4,760	-3,212	-4,736	
Total		-14,463	-2,971	-71,029	-33,232	-31,664	
Earnings per share, basic and diluted, SEK		-0.53	-0.16	-2.33	-1.30	-1.27	

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

SEK thousand	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		96,789	109,738	108,774
Tangible assets		844,354	650,232	682,388
Right-of-use assets	3	246,933	284,062	275,133
Financial assets		33,817	27,945	33,446
Other non-current assets		111	556	444
Total non-current assets		1,222,004	1,072,533	1,100,185
Current assets				
Inventories		7,674	7,005	8,636
Accounts receivable		55,665	58,727	56,743
Other receivables		15,244	30,250	15,210
Prepaid expenses and accrued income		11,669	22,931	19,815
Cash and cash equivalents		229,861	436,461	452,568
Total current assets		320,113	555,374	552,972
TOTAL ASSETS		1,542,117	1,627,907	1,653,157
EQUITY	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
Equity attributable to equity holders of the Parent Company				
Share capital		61,067	61,067	61,067
Other paid-in capital		1,271,372	1,271,371	1,271,372
Translation reserve		8,716	7,352	8,280
Retained earnings, including comprehensive income for the period		-896,643	-836,276	-834,093
		444,512	503,514	506,626
Non-controlling interests		-15,195	-12,165	-6,577
Total equity		429,317	491,349	500,049
LIABILITIES				
Non-current liabilities				
Borrowings	6	651,974	659,160	655,580
Lease liabilities		238,000	270,456	264,667
Deferred tax liabilities		10,295	10,889	11,209
Total non-current liabilities		900,269	940,505	931,456
Current liabilities				
Borrowings	6	11,310	23,663	14,629
Lease liabilities		19,784	24,068	23,243
Trade payables		70,876	78,212	80,036
Other liabilities		67,606	21,367	58,692
Accrued expenses and deferred income		42,955	48,743	45,052
Total current liabilities		212,531	196,053	221,652
TOTAL EQUITY AND LIABILITIES		1,542,117	1,627,907	1,653,157

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY IN SUMMARY

Amount in SEK thousand	Attributable to shareholders of the Parent Company					Non-control- ling interests	Total equity
	Share- capital	Other paid- in capital	Translation reserve	Balance sheet result including result for the period	Total		
Opening balance at 1 Jan 2021	61,067	1,271,372	1,048	-799,948	533,538	-11,733	521,805
Profit/loss for the period				-36,328	-36,328	-3,484	-39,812
Translation differences			6,304		6,304	272	6,576
Total comprehensive income			6,304	-36,328	-30,024	-3,212	-33,236
Contribution from non-controlling interests						2,780	2,780
Total contributions from and value transfers to shareholders recognised directly in equity						2,780	2,780
Closing balance on 30 Sep 2021	61,067	1,271,372	7,352	-836,276	503,514	-12,165	491,349
Opening balance at 1 Jan 2022	61,067	1,271,372	8,280	-834,093	506,626	-6,577	500,049
Profit/loss for the period				-66,730	-66,730	-4,375	-71,105
Translation differences			436		436	-385	51
Total comprehensive income			436	-66,730	-66,294	-4,760	-71,054
Share-based payments				322	322		322
Acquisition of non-controlling interests ¹				3,858	3,858	-3,858	-
Total contributions from and value transfers to shareholders recognised directly in equity				4,180	4,180	-3,858	322
Closing balance on 30 Sep 2022	61,067	1,271,372	8,716	-896,643	444,512	-15,195	429,317

¹Acquisition of non-controlling interests refers to the acquisition of 40% of the shares in Scandinavian Biogas Recycling AB, which is now a wholly-owned group company.

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

GROUP	SEK thousand	Note	3 months		9 months		12 months	
			Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Full year 2021	
Cash flow from operating activities								
Operating income			-6,618	8,528	-41,185	6,690	4,993	
Depreciation, amortisation and impairment			20,690	20,331	61,812	60,268	84,325	
Other non-cash items			5,431	644	-882	3,301	7,010	
Interest received			1,059	-	2,976	-	-	
Interest paid			-12,354	-9,783	-34,785	-19,915	-30,229	
Income tax paid			-	-	-2,730	-	-	
Cash flow from operating activities before changes in working capital			8,208	19,720	-14,794	50,344	66,099	
Cash flow from changes in working capital								
Increase/decrease in inventories			1,664	2,334	962	2,902	1,271	
Increase/decrease in operating receivables			17,327	-12,848	9,190	-16,340	3,800	
Increase/decrease in operating liabilities			-19,354	17,792	2,892	7,996	-15,429	
Total changes in working capital			-363	7,278	13,044	-5,442	-10,358	
Cash flow from operating activities			7,845	26,998	-1,750	44,902	55,741	
Cash flow from investing activities								
Acquisition of intangible assets			-460	-1,940	-2,402	-3,548	-4,351	
Acquisition of tangible assets			-63,022	-36,062	-208,430	-81,739	-152,296	
Investment grants received			-	15,455	12,125	15,455	100,515	
Acquisition of subsidiaries			-5,063	-13,703	-5,063	-13,703	-13,703	
Restricted bank balances and other changes in financial assets			-	-	-	12,765	12,765	
Cash flow from investing activities			-68,545	-36,250	-203,770	-70,770	-57,070	
Cash flow from financing activities								
Loans raised	6		817	-	5,076	627,403	627,403	
Loan and lease repayment			-7,925	-12,501	-25,998	-546,991	-561,263	
Contributions to/from non-controlling interests			-	-	2,640	2,780	7,247	
Cash flow from financing activities			-7,108	-12,501	-18,282	83,192	73,387	
Total cash flow for the period			-67,808	-21,753	-223,802	57,224	72,058	
Decrease/increase in cash and cash equivalents								
Cash and cash equivalents at beginning of period			297,377	458,375	452,568	378,771	378,771	
Exchange differences in cash and cash equivalents			292	-161	1,095	466	1,234	
Cash and cash equivalents at end of period			229,861	436,461	229,861	436,461	452,568	

PARENT COMPANY INCOME STATEMENT SUMMARY

PARENT COMPANY	3 months		9 months		12 months
	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Full year 2021
SEK thousand					
Operating income					
Net sales	726	608	2,116	1,824	3,933
Total operating income	726	608	2,116	1,824	3,933
Operating expenses	-1,764	-1,482	-8,614	-5,256	-6,874
Operating profit/loss	-1,038	-874	-6,498	-3,432	-2,941
Net financial items	8,912	2,462	14,670	1,306	3,849
Profit/loss before appropriations and tax	7,874	1,588	8,172	-2,126	908
Appropriations					
Group contributions received/paid	-	-	-	-	29,865
Total appropriations	-	-	-	-	29,865
Profit/loss before tax	7,874	1,588	8,172	-2,126	30,773
Income tax	-	-	-	-	-
Profit/loss for the period	7,874	1,588	8,172	-2,126	30,773

PARENT COMPANY BALANCE SHEET SUMMARY

SEK thousand	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
ASSETS				
Non-current assets				
Financial assets				
Participations in Group companies		391,958	372,597	381,958
Receivables from Group companies		862,359	652,834	721,041
Total financial assets		1,254,317	1,025,431	1,102,999
Total non-current assets		1,254,317	1,025,431	1,102,999
Current assets				
Current receivables				
Receivables from Group companies		80,650	35,525	76,748
Other receivables		67	281	119
Prepaid expenses and accrued income		959	994	679
Total current receivables		81,676	36,800	77,546
Cash and bank balances		101,920	324,356	237,336
Total current assets		183,596	361,156	314,882
TOTAL ASSETS		1,437,913	1,386,587	1,417,881
EQUITY AND LIABILITIES				
Equity				
Restricted equity		63,111	63,111	63,111
Non-restricted equity		736,108	695,042	727,935
Total equity		799,219	758,153	791,046
Non-current liabilities				
Borrowings	6	624,916	622,526	622,964
Total non-current liabilities		624,916	622,526	622,964
Current liabilities				
Trade payables		363	1,399	465
Liabilities to Group companies		8,707	602	-
Accrued expenses and deferred income		4,708	3,907	3,406
Total current liabilities		13,778	5,908	3,871
TOTAL EQUITY AND LIABILITIES		1,437,913	1,386,587	1,417,881

NOTES

NOTE 1 GENERAL INFORMATION

Scandinavian Biogas Fuels International AB (publ). 556528-4733, is engaged in business activities in the form of a limited liability company and has its registered office in Stockholm, Sweden. The address of the head office is Kungsbron 1, 111 22 Stockholm.

Unless otherwise specified, all amounts are stated in SEK thousand. Figures in brackets pertain to the same period of the previous year.

NOTE 2 SUMMARY OF ACCOUNTING POLICIES

Scandinavian Biogas Fuels International AB (publ) (the 'Company') applies IFRS (International Financial Reporting Standards) as adopted by the European Union. This interim report has been prepared in accordance with IAS 34, Interim reporting and the Annual Accounts Act. The report for the Parent Company has been prepared in accordance with Chapter 9 of the Annual Accounts Act and RFR 2, Accounting for Legal Entities. The interim report should be read in conjunction with the annual financial statements for the year ended 31 December 2021.

The accounting policies are consistent with those applied in the previous financial year, except as stated below in respect of Share-based payments. No other IFRS or IFRIC interpretations that are not yet effective are expected to have any significant impact on the Group.

Share-based payments

A long-term performance-based incentive plan has been adopted for senior executives, key employees and other employees free of charge during the period. For information on this plan, see Note 5. The fair value of the service that entitles employees to share rights is recognised as an employee expense with a corresponding increase in equity. The total cost is recognised over the period giving rise to full remuneration, the period over which all the specified vesting conditions must be satisfied. Social security contributions incurred in connection with the granting of share rights are considered an integral part of the grant, and the cost is treated as a cash-settled share-based payment.

NOTE 3 RIGHT-OF-USE ASSETS

During the interim period of January to September 2022, EBITDA was improved by approximately SEK 20.9 million (23.4), as IFRS 16 reduces operating expenses while simultaneously increasing aggregate depreciation/amortisation and financial expense by a corresponding amount. Lease liabilities totalled SEK 257.8 (294.5) million at 30 September 2022.

NOTE 4 SEGMENT REPORTING

Scandinavian Biogas has identified three operating segments on the basis of geographical location based on internal reporting to the most senior executive decision maker. The Group's operations are managed and reported based on the 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 geographical organisations, with the head of each business area reporting directly to the Group's CEO. In 2022, the organisation has been expanded to include a Growth function and a Program Office function. The Growth Manager and the Program Office Manager report to the Group CEO and form part of the Group management. They form part of the Service Centre and Research and Development segment.

Segment data is based on the same accounting policies as those applied by the Group as a whole and is consolidated, i.e. net of intragroup items).

The majority of staff in Sweden are employed in the subsidiary Scandinavian Biogas Fuels AB, which is part of the Service Centre and R&D segment, which then invoices other Group companies for work performed.

NOTE 4 SEGMENT REPORTING, CONT.

	3 months		9 months		12 months
	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Revenue					
Business Area Sweden	53,509	64,209	169,688	201,654	279,608
Business Area Norway	30,169	32,049	87,447	86,487	114,102
Business Area Korea	15,331	14,441	41,252	37,722	52,046
Service Centre and R&D	8,907	4,302	22,935	14,133	23,216
Eliminations	-7,522	-3,942	-21,509	-13,520	-17,870
Group total	100,393	111,059	299,813	326,476	451,101
Operating expenses					
Business Area Sweden	-44,314	-44,401	-149,677	-148,423	-205,773
Business Area Norway	-26,613	-22,017	-73,822	-65,342	-89,076
Business Area Korea	-11,139	-10,389	-33,274	-29,225	-41,319
Service Centre and R&D	-11,430	-9,147	-42,734	-29,554	-42,690
Eliminations	7,522	3,942	21,509	13,520	17,870
Group total	-85,974	-82,012	-277,999	-259,024	-360,988
Profit/loss					
EBITDA					
Business Area Sweden	9,195	19,808	20,010	53,232	73,834
Business Area Norway	3,556	10,032	13,625	21,144	25,025
Business Area Korea	4,192	4,052	7,978	8,497	10,727
Service Centre and R&D	-2,524	-4,845	-19,799	-15,421	-19,474
Group total	14,419	29,047	21,814	67,452	90,113
Depreciation, amortisation & other operating expenses					
Depreciation, amortisation, other operating expenses	-21,037	-20,519	-62,999	-60,762	-85,120
Group total	-21,037	-20,519	-62,999	-60,762	-85,120
Financial items, net					
Financial items, net	-9,967	-13,957	-30,720	-47,983	-50,479
Group total	-9,967	-13,957	-30,720	-47,983	-50,479
Profit/loss before tax	-16,585	-5,429	-71,905	-41,293	-45,486

	3 months		9 months		12 months
	Jul-Sep 2022	Jul-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Full year 2021
Net sales					
Sales of goods, Sweden	32,734	40,665	112,461	129,326	178,104
Sales of goods, Norway	28,046	24,136	79,122	72,993	97,409
Sales of goods, Korea	4,537	3,918	12,499	10,077	14,139
Sales of services, Sweden	11,870	15,152	38,683	45,498	61,331
Sales of services, Norway	1,036	771	3,232	2,272	3,378
Sales of services, Korea	10,794	10,524	28,753	27,645	37,906
Onward invoicing of activities	-	273	-	1,182	1,554
Group total	89,017	95,439	274,750	288,993	393,821

NOTE 5 SHARE-BASED PAYMENTS

A long-term performance-based incentive programme was adopted by AGM decision of 28 April 2022¹. The Board of Directors considers it important and in the interest of all shareholders that the CEO, senior executives, key employees and other employees deemed important for the Group's further development have a long-term interest in good value development of the Scandinavian Biogas share. A personal long-term shareholder commitment can be expected to contribute to an increased interest in the Group's operations and performance as a whole, as well as to increase employee motivation and result in a greater sense of community of interests with Scandinavian Biogas and its shareholders.

Share rights have been granted to employees free of charge, which are vested monthly and in full after three years and give the employee the right to acquire shares, provided that certain performance conditions related to the company's share price and CO₂ equivalent emission reduction are met. Furthermore, it is also, with certain exceptions, subject to the employees continuing employment within the Group. The share rights are not transferable and may not be pledged. The grant date was 31 August 2022.

The maximum number of shares that can be acquired under the share rights is 404,000 shares. Each share right gives the right to subscribe for one share in the company until 31 October 2025 at a subscription price corresponding to the quota value of the shares, which amounts to SEK 2.

The fair value at the grant date is calculated using a Monte Carlo simulation model that takes into account the exercise price, the maturity, the share price at the grant date and the risk-free interest rate for the life of the share right.

The inputs to the model for the share rights allocated were:

- the share rights are granted free of charge and vested over a three-year period.
- redemption price: SEK 2
- grant date: 31 August 2022
- due date: 31 August 2025
- share price on the grant date: SEK 20.25
- risk-free interest rate: 1%

NOTE 6 BORROWINGS

The carrying amounts and fair values of long-term borrowings are presented below:

Non-current	Carrying amount			Fair value		
	30 Sep 2022	30 Sep 2021	31 Dec 2021	30 Sep 2022	30 Sep 2021	31 Dec 2021
Liabilities to credit institutions	9,137	7,272	8,868	9,137	7,272	8,868
Corporate bond	624,916	622,526	622,964	628,297	626,026	648,419
Other non-current borrowings	17,921	29,362	23,748	17,921	38,718	23,748
	651,974	659,160	655,580	655,355	672,016	681,035
Current						
Liabilities to credit institutions	4,008	2,763	4,363	4,008	2,763	4,363
Other current borrowings	7,302	20,900	10,266	7,302	20,900	10,266
	11,310	23,663	14,629	11,310	23,663	14,629

The fair value of current borrowing represents the carrying amount, as the discounting effect is not of a material nature. The corporate bond, excluding the repurchase, has a carrying value of SEK 691.3 (703.5) million at fair value as at 30 September 2022. The maturity of the bond is 5 years from the issue date 8 June 2021 and bears interest at (Stibor (3m) + 6%). Transaction costs totalled approximately SEK 15.0 million and are accrued over the life of the bond. In total, corporate bonds with a nominal value of SEK 700 million were issued on 8 June 2021. On the same day as the issue, a nominal amount of SEK 63.8 million was repurchased. The outstanding nominal amount after repurchase is SEK 636.2 (636.2) million at 30 September 2022. Scandinavian Biogas has the right to sell the SEK 63.8 million on the market at any time. It is estimated that this will happen within the next year.

The corporate bond is listed on the Nasdaq Stockholm corporate bond list with ISIN: SE0015812441. The bond is subject to loan terms based on an equity/assets ratio of at least 22.5% each quarter. Over the life of the bond, the solvency ratio will be gradually increased to a maximum of 27.5%. The loan terms have been met during the period for the corporate bond.

In connection with the issuance of the bond, a revolving credit facility of up to SEK 300 million was signed, which can be used for guarantees or cash. This facility is also subject to terms. At the end of the period on 30 September 2022, SEK 13.6 (9.0) million of the credit facility had been used for guarantees. During the period April–September 2022, a waiver was obtained for one of the loan conditions.

Security for the corporate bond consists of pledging of shares in subsidiaries and long-term intragroup loans.

NOTE 7 ALTERNATIVE KEY PERFORMANCE INDICATOR DEFINITIONS

Operating income/EBIT

Operating income provides an overview of the Group's total earnings generation and is calculated as operating profit or loss before financial items and tax.

Items affecting comparability

Items affecting comparability are the results of events or transactions that are not exceptional, but are important to note when making comparisons with other periods.

EBITDA

EBITDA is a measure of profitability considered by the Group to be relevant for investors interested in earnings generation before investments in fixed assets. The Group defines EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) as operating profit or loss excluding other operating expenses and amortisation, depreciation and impairment of tangible and intangible assets.

EBITDA	3 months		9 months		12 months
	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Full year 2021
SEK thousand					
Operating profit/loss	-6,618	8,528	-41,185	6,690	4,993
Depreciation, amortisation and impairment	20,690	20,331	61,812	60,268	84,325
Other operating expenses	347	188	1,187	494	795
EBITDA	14,419	29,047	21,814	67,452	90,113

Operating EBITDA

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

OPERATING EBITDA	3 months		9 months		12 months
	Jul–Sep 2022	Jul–Sep 2021	Jan–Sep 2022	Jan–Sep 2021	Full year 2021
SEK thousand					
EBITDA	14,419	29,047	21,814	67,452	90,113
Change earn-out	1,320	-	-1,297	-	-4,085
Compensation agreement	-	-5,782	-	-5,782	-5,127
Operating EBITDA	15,739	23,265	20,517	61,670	80,901

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 or loss is a measure of profitability that shows total revenue including capitalised work minus 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	30 Sep 2022	30 Sep 2021	31 Dec 2021
Total equity (incl. non-controlling interests)	429,317	491,349	500,049
Total assets	1,542,117	1,627,907	1,653,157
Equity/assets ratio	27.8%	30.2%	30.2%

NOTE 8 SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

Directed new share issue of SEK 326 million

Subject to the approval of a subsequent extraordinary general meeting, the Board of Directors of Scandinavian Biogas has decided to carry out a directed new share issue of 13,045,000 new shares. The directed new share issue will be carried out in two tranches, and the investors consist of a number of institutional and professional investors, including TrønderEnergi AS, Bengtssons Tidnings AB and other existing shareholders, such as CEO Matti Vikkula and Chairman Anders Bengtsson, who have committed to subscribe for shares equivalent to SEK 300 million, SEK 19 million and SEK 7 million, respectively. The net proceeds from the directed new share issue will be used to fund investment plans and support further growth initiatives, and to maintain an appropriate capital structure, financial flexibility and risk level.

The subscription price in the directed new share issue was set at SEK 25 per share, which corresponds to an issue price of SEK 326 million before transaction costs. The subscription price represented a premium of approx. 62 percent against the closing price on the Nasdaq First North Premier Growth Market on 5 October 2022.

Notice of extraordinary general meeting

Scandinavian Biogas has convened an extraordinary general meeting to be held on 27 October 2022 at 2:00 p.m. at the Clarion Sign hotel in Stockholm.

Payment of investment grant

The Climate Leap has paid SEK 65 million in investment grant for the investment project Stockholm Bio-LNG.

Biogas production subsidy

The Swedish Energy Agency held an information meeting on 26 October 2022 regarding the production subsidy for biogas. They confirmed that the subsidy can be obtained again from 1 July 2022, after a break in the first half of this year. The subsidy amounts to 0.30 SEK/kWh for biogas that is upgraded to biomethane and advance payment for the second half of 2022 will be made during the fourth quarter of this year. However, after final reporting, there may be a repayment obligation depending partly on actual production volumes and costs and partly on the risk of overcompensation. For more information - see the Swedish Energy Agency's website, www.energimyndigheten.se/en/.