

Scandinavian Biogas Fuels International AB (publ)

Corp. ID no. 556528-4733

Year-end report for the period 1 January – 31 December 2016

During the fourth quarter, a formal foundation-laying ceremony was held at the construction project at Skogn, and biogas production results at the Södertörn plant were somewhat of an improvement on the updated plan.

Fourth quarter in brief

- At a ceremony at the construction site on 29 November 2016, Norway's Oil and Energy Minister Tord Lien and Fisheries Minister Per Sandberg laid the foundation for the biogas production facility in Skogn
- Net sales totalled SEK 69.8 million (SEK 56.0 million)
- EBITDA (operating profit before depreciation and amortisation) was SEK 4.7 million (SEK 6.7 million)
- The Group posted an operating loss of SEK 7.6 million (SEK 14.8 million)
- The Group posted a loss after tax of SEK 18.3 million (SEK 15.7 million)

Full-year in brief

- In February 2016, the Group launched an investment project in Skogn in Norway, with a planned production capacity of 120 GWh of liquid biogas and, in conjunction with this, acquired the majority of the shares in the Norwegian registered company Biokraft Holding AS
- The Parent Company issued a corporate bond in the amount of SEK 200 million in February – the first day of trading on NASDAQ Stockholm was 8 April 2016
- Net sales totalled SEK 242.6 million (SEK 175.9 million)
- EBITDA (operating profit before depreciation and amortisation) was SEK 22.0 million (SEK 23.4 million)
- The Group posted an operating loss of SEK 24.6 million (SEK 16.8 million)
- The Group posted a loss after tax of SEK 47.7 million (SEK 21.4 million)

Unless otherwise specified, all financial information in this report pertains to the Group and the figures in parentheses pertain to the year-earlier period.

Please note: This is an English language translation of the Swedish original. In the event of any discrepancy, the Swedish original will supersede the English translation.

Operations

Scandinavian Biogas is a leading player in large-scale biogas production and holds world-leading expertise on how to design biogas plants, including everything from pre-treatment to upgrading, in order to optimise the production of biogas. The Group is actively pursuing the transition from fossil fuels to renewable energy.

The Group's business concept is to be a leader in designing, managing and operating biogas plants. This will be achieved by always improving the digestion process in the production of biomass-based biogas, predominantly from the waste that arises during wastewater treatment, from food waste and from industrial processes such as the production of food and biofuels, such as glycerol. The Group also provides leading expertise in purification processes for use in upgrading biogas to fuel quality. Our focus is on the markets in the Nordic region and South Korea.

Since Scandinavian Biogas maintains a strategic focus on research and development, the Group assigns substantial priority to developing methods for more efficient biogas production from both established and new types of waste, residues and other organic materials. The company's knowledge and methods enable biogas production to now be performed more cost and resource-efficiently than before.

Scandinavian Biogas Fuels International AB (publ) is registered and headquartered in Stockholm. On 31 December 2016, the Group had 44 (38) employees in Sweden, 20 (21) in South Korea and 7 (n/a) in Norway.

Group

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

Financial overview

Group (SEK thousand)

	1 October - 31 December 2016	1 October - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2015
	<i>3 months</i>	<i>3 months</i>	<i>12 months</i>	<i>12 months</i>
Net sales	69,817	56,026	242,610	175,891
EBITDA	4,698	6,701	21,972	23,358
Operating profit/loss	-7,578	-14,770	-24,580	-16,817
Total assets	1,026,648	760,652	1,026,648	760,652
Equity/assets ratio	25.5%	28.6%	25.5%	28.6%

The Group's net sales for the fourth quarter of the year amounted to SEK 69.8 million (SEK 56.0 million), up 24.6% year-on-year. During the full financial year, net sales increased by 37.9% to SEK 242.6 million (SEK 175.9 million). The increase in sales primarily resulted from the fact that both the biogas plant in Södertörn and the expansion in Henriksdal have now commenced gas production. Total revenues amounted to SEK 81.2 million (SEK 69.2 million) for the October – December 2016 period and to SEK 266.2 million (SEK 231.9 million) for the full financial year. Other external costs increased, due primarily to the fact that the biogas facility in Södertörn was not in operation during the first three quarters of last year and thus lacked such resources as an operational staff. The Group's EBITDA was SEK 4.7 million (SEK 6.7 million) during the fourth quarter and SEK 22.0 million (SEK 23.4 million) for all 12 months of the year.

For the period from October – December 2016, the Group posted an operating loss of SEK 7.6 million (loss: SEK 14.8 million). For the January – December 2016 period, the Group posted an operating loss of SEK 24.6 million (loss: SEK 16.8 million). The change was due to an increase in depreciation/amortisation following the commissioning of both the plant in Södertörn and the expansion in Henriksdal.

The Group posted a loss after tax of SEK 47.7 million (loss: SEK 21.4 million) during the January – December 2016 period. Interest expenses for borrowings have increased and amounted to SEK 28.6 million (SEK 2.9 million) during the financial year, primarily due to increased borrowing in the form of corporate bonds to finance such ventures as the investment in Norway.

At 31 December 2016, total assets amounted to SEK 1,026.6 million (SEK 760.7 million), up 35% year-on-year. The increase was mainly attributable to the investment in Norway and the issuance of corporate bonds. Borrowing related to financial leasing amounted to SEK 254.6 million (SEK 174.6 million), with the year-on-year increase primarily due to the expansion in Henriksdal. In addition to earnings for the year, the change in equity during the year included the minority owner's equity investment in the Group company Biokraft Holding AS; see Note 3, Business combinations.

At 31 December 2016, consolidated cash balances totalled SEK 73.9 million (SEK 64.9 million).

Investments

Investments in tangible and intangible assets during the fourth quarter of the year amounted to SEK 20 million (SEK 127 million). During the full financial year, investments in tangible and intangible assets were made in the amount of SEK 208 million (SEK 186 million). In February 2016, investments were also made in the form of business acquisitions, as described in Note 3, Business combinations. At 31 December 2016, the Group was committed to making additional investments, predominantly in the new biogas plant outside Trondheim, Norway.

At 31 December 2016, the book value of the Group's tangible and intangible assets was SEK 840.5 million (SEK 647.5 million), of which SEK 247.4 million (SEK 248.3 million) pertains to leased objects that the Group leases under long-term lease agreements.

Significant events during the period

Listing of corporate bond

The corporate bond has been listed on NASDAQ Stockholm and the first day of trading was 8 April 2016. The term is for four years and the interest rate is STIBOR three months plus 9.75 percentage points. However, there is a floor on STIBOR of 0.00%. During the fourth quarter of 2016, the bond traded at a high of SEK 100.75 and a low of SEK 99.00. The highest trading price since listing and up to the end of December 2016 has been 101.0 and the lowest 99.0.

Business combinations

The Group acquired the majority of the shares in Biokraft Holding AS in February 2016. The acquisition represents the fact that Scandinavian Biogas is establishing operations in the Norwegian market as well. Biokraft AS, which is a wholly owned subsidiary of Biokraft Holding AS, is in the process of constructing a biogas plant adjacent to Norske Skog's paper mill in Skogn outside Trondheim. The plant will produce liquid biogas from substrate that primarily comes from waste from the fishing industry. Once the plant becomes fully operational it is expected to be able to supply about 12 million Nm³, equivalent to circa 120 GWh, of liquid biogas. It is expected to be in operation before the end of 2017.

Expansion of the plant in Henriksdal

Sections of the ongoing expansion project in Henriksdal were completed during the second quarter of 2016, and rental payments to Stockholm Vatten (a water and wastewater company) have commenced. Some minor sections remain to be completed.

Inauguration of the expansion

The new production line in Henriksdal was inaugurated on 28 April 2016 by Stockholm's Vice Mayor of Environment, Katarina Luhr, and Stockholm County Council Commissioner of Transportation Kristoffer Tamsons. At full capacity, the new line is expected to be able to produce 12.5 million normal cubic meters (Nm³) of upgraded biogas, or circa 125 GWh, meaning that the entire facility is expected to have an annual production capacity of about 200 GWh at full capacity.

Laying of the foundation at Skogn

Norway's Oil and Energy Minister Tord Lien and Fisheries Minister Per Sandberg laid the foundation for the biogas production facility in Skogn, at a ceremony on 29 November 2016.

Production and sales

Bromma and Henriksdal

The plant in Henriksdal produced and sold 9.3 million Nm³ (7.5 MNm³) of biogas, or around 93 GWh (75 GWh) in 2016. The corresponding volume for the plant in Bromma was 2.4 million Nm³ (2.5 MNm³), or around 24 GWh (25 GWh). The production increase in Henriksdal is attributable to the commencement in January of biogas production by the new line there.

Södertörn

The pre-treatment plant in Södertörn received an average of 125 tonnes (77 tonnes) of food waste per day in 2016. During the financial year, sales from the biogas plant totalled 5.0 million Nm³ of biogas, or about 50 GWh. Production commenced during the fourth quarter of 2015, and sales in the preceding financial year totalled 0.5 million Nm³, or about 5 GWh. Biogas production results during the final quarter of 2016 were somewhat of an improvement on the updated plan.

Ulsan, South Korea

The plant in South Korea received an average of 188 tonnes (194 tonnes) of food waste per day in January-December 2016. Sales of raw gas during the same period amounted to a total of 9.0 million Nm³ (9.7 MNm³), or about 61 GWh (66 GWh). The lower year-on-year volume in sales was due to both a substrate supplier and a gas customer closing for maintenance during the financial year. A total of 10.4 million Nm³ (10.4 MNm³) of raw gas was produced.

Ongoing investment projects

Skogn, Norway

Construction of a production plant for liquid biogas in Skogn, outside Trondheim, Norway, commenced in August 2015. The project is ongoing and scheduled for commissioning during the second half of 2017. Production capacity is estimated at 12 Nm³ of liquid biogas, or circa 120 GWh, at full capacity. Financing is by way of equity, loans from bank consortiums and Innovasjon Norge, and a contribution from Enova. The multi-year contract with a main feedstock supplier was updated during the third quarter of 2016 to ensure long-term access to a feedstock supply. Long-term sales contracts for all planned biogas production are already in place.

EffiSludge/LIFE

Scandinavian Biogas has been awarded a grant from EU/LIFE aimed at increasing biogas production in the pulp and paper industry. The goal of the project is to build and operate the first demonstration process to produce biogas from waste water from Norske Skog's paper mill in Skogn while also reducing the plant's electricity consumption. The total project cost is estimated at just under SEK 30 million, with the EU grant equivalent to approximately SEK 16 million.

Financing

The business is financed by way of equity, loans from external creditors and financial leasing. The upgrading facilities in Bromma and Henriksdal and the pre-treatment plant in Södertörn are being leased under 25-year lease agreements. Noncurrent interest-bearing liabilities, exclusive of financial leasing, totalled SEK 370.7 million (98.7 million) as at 31 December 2016. The Group's cash balances totalled SEK 73.9 million (64.9 million) on that date.

In early 2016, the Parent Company issued a corporate bond in the amount of SEK 200 million with a term of four years. The funds were used to acquire a majority stake in Biokraft Holding AS and to repay part of an external loan. The funds were used for investments to enhance the plant in Södertörn. The corporate bonds were listed on the NASDAQ Stockholm stock exchange in April 2016.

Profitability in 2016 was lower than the forecast that was presented in conjunction with the publication of the 2015 Annual Report, which was communicated during the year. This has had an adverse impact on cash flow at the biogas facility in Södertörn and Group management has made efforts to strengthen liquidity. For more, see "Significant events after the end of the period".

The Group aims to continue expanding and is proactively pursuing new projects. The Group expects major future projects to require financing under various types of partnerships and funding, depending on project structure and location.

The share

The number of shares remained unchanged during the fourth quarter of the year. At 31 December 2016 the company had 90,092,662 (90,092,662) shares with a quotient value of SEK 0.20 per share. Each share entitles its holder to one vote. All outstanding shares are ordinary shares and thus entitle their holders to an equal proportion of Scandinavian Biogas Fuels International AB's (publ) assets and earnings.

Warrants

Employees and the Chief Executive Officer collectively held a total of 565,000 (565,000) outstanding warrants at 31 December 2016. There was no change in the number of warrants outstanding during the interim period.

Ownership structure at 31 December 2016, in per cent

AC Cleantech Growth Fund 1 Holding AB	32.8%
Bengtssons Tidnings AB and related parties	31.4%
Novator Biogas Sweden SARL	6.7%
Ajanta Oy and related parties	6.1%
Erik Danielsson and family, including companies	5.8%
John Nurminen Oy	4.4%
Others	12.8%

Significant risks and uncertainties in operations

During the year, a number of technical challenges arose at the biogas facility in Södertörn, and production during the year fell short of expectations. Various measures have been taken to address this and during the final four months of the year, biogas production results were somewhat of an improvement on the updated plan. However, there remains a risk that the ongoing process adjustments may temporarily affect future production volumes. The technical challenges have yielded less favourable liquidity, meaning an increase in financial risk. In February 2017, however, loan agreements were signed that, combined with a planned issue later this spring, will significantly reduce the financial risk; see "Significant events after the end of the period".

Significant risks and uncertainties are described in the latest annual report. They are also presented in the prospectus related to the listing of corporate bonds that was approved by the Swedish Financial Supervisory Authority in early April 2016 and is available on www.scandinavianbiogas.com.

Related-party transactions

There were no significant transactions with related parties during the period.

Parent Company

Operations

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

Net sales and financial performance

The Parent Company's total revenues amounted to SEK 0.9 million (SEK 0.7 million) during the fourth quarter of 2016 and to SEK 2.0 million (SEK 1.7 million) during the January – December 2016 period. The increase was the result of re-invoicing passed on to subsidiaries, and corresponding costs are included in the operation's expenses. The Parent Company posted a loss after tax of SEK 14.9 million (loss: SEK 47.3 million) for the October – December 2016 period and a loss of SEK 17.7 million (loss: 48.9 million) for the full financial year. Profit/loss for the year after tax includes a Group contribution to one of the subsidiaries in the amount of SEK 14.0 million (SEK 0 million), and last year's profit/loss after tax includes an impairment to the value of shares in a subsidiary in the amount of SEK 46.1 million.

Investments

In February 2016, the Parent Company acquired the majority of the shares in Biokraft Holding AS; see Note 3, Business combinations.

Liquidity and financial position

The most substantial changes in the Parent Company's total assets during the financial year were related to the corporate bond issue and to the acquisition of a majority stake in Biokraft Holding AS. At the close of the interim period, cash balances amounted to SEK 0.7 million (SEK 1.5 million).

No significant events or changes have taken place since publication of the 2015 annual report that have any bearing on the Group's or Parent Company's earnings or financial position other than those addressed in this report.

Significant events after the end of the period

In January 2017, the facility in Södertörn was granted a new environmental permit. The new permit encompasses the right to process up to 260,000 tonnes of organic waste, compared with the former permit's limit of 50,000 tonnes, and the ability to increase biogas production to 20 million normal cubic metres of upgraded biogas, or about 200 GWh. The environmental permit gives the Group numerous new opportunities to develop the facility at Södertörn.

The Group is planning a share issue in the spring of 2017, which is a feature of our strategic plan aimed at listing the Parent Company's share in a suitable market place no earlier than in the autumn of 2017. In early February, a loan agreement was signed with a number of the major shareholders. The aim is for the loan totalling SEK 16 million to be settled in the planned share issue. The group is also considering to issue a small part of the subsequent corporate bond, within the existing bond contracts (see prospectus on www.scandinavianbiogas.com). The funds are intended for the investment project in Norway.

The Group has invested in an evaporation plant in Södertörn, which is expected to be commissioned during the first quarter of 2017. The investment was financed by a loan from the Parent Company and with a contribution from the Swedish Energy Agency. The function of the evaporator is to treat water that is used in production, allowing it to be reused as dilution water. This will result in lower costs stemming from fewer purchases of fresh water and from reduced sewage costs. The evaporation plant will also produce a concentrated bio-fertiliser that will generate higher value and lower logistics costs.

Future outlook

There is an enormous need for renewable energy that can replace fossil fuels, such as coal and oil, at reasonable prices. In various studies of renewable alternatives that can be mass-produced, the interest in biogas in the Nordic region has increased. This in turn bolsters the demand for biogas, which is expected to gain further traction as it becomes more available. However, the current low 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.

In recent years, the Group has pursued increased production in the Stockholm area – an effort that remains under way. The annual production capacity for the biogas plant in Södertörn is estimated at around 8 million Nm³ of fuel-quality biogas, or 80 GWh, at full capacity. The new environmental permit also enables us to sharply increase production at Södertörn over time. The total production at the upgrading facility in Henriksdal is expected to annually amount to 200 GWh at full capacity. Including the production facility in Bromma, the combined full capacity of all plants in Sweden is thus estimated at over 30 million Nm³ of fuel quality biogas, or 300 GWh. The plant in South Korea is expected to continue to have an annual production capacity of about 65 GWh. In addition, the annual production capacity in Norway is estimated at 12 million Nm³ of liquid biogas, or about 120 GWh. With its current plants and ongoing projects, the Group's total production capacity is expected to be close to 500 GWh at full capacity.

Compared with 2016, the Group's profitability (EBITDA) is expected to improve significantly in 2017.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand

	1 October - 31 December 2016	1 October - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2015
Operating income				
Net sales	69,817	56,026	242,610	175,891
Capitalised work on own account	4,630	12,964	16,129	52,379
Other operating income	6,723	166	7,439	3,622
Total	81,170	69,156	266,178	231,892
Operating expenses				
Raw materials and consumables	-39,864	-39,285	-136,343	-132,843
Other external costs	-21,783	-9,786	-51,404	-27,989
Personnel costs	-14,825	-13,384	-56,459	-47,702
Depreciation, amortization and impairment of tangible and intangible assets	-12,160	-21,103	-45,979	-39,329
Other operating expenses	-116	-368	-573	-846
Total operating expenses	-88,748	-83,926	-290,758	-248,709
Operating profit/loss	-7,578	-14,770	-24,580	-16,817
Net exchange-rate differences	-3,250	931	7,141	181
Financial income	97	28	194	161
Financial expenses	-8,131	-1,708	-31,490	-4,425
Net financial items	-11,284	-749	-24,155	-4,083
Profit/loss before taxes	-18,862	-15,519	-48,735	-20,900
Corporate income tax	612	-133	1,039	-462
Profit/loss for the period	-18,250	-15,652	-47,696	-21,362
Other comprehensive income				
Actuarial results on post-employment remuneration	-121	227	-121	227
Exchange-rate differences	-359	344	3,325	957
Other comprehensive income for the period, net after tax	-480	571	3,204	1,184
Total comprehensive income for the period	-18,730	-15,081	-44,492	-20,178
All items in the Group's Other comprehensive income may be reclassified in the income statement.				
Profit/loss for the period attributable to:				
Parent Company shareholders	-15,903	-13,801	-45,552	-16,181
Non-controlling interests	-2,347	-1,851	-2,144	-5,181
	-18,250	-15,652	-47,696	-21,362
Total comprehensive income attributable to:				
Parent Company shareholders	-16,520	-13,342	-43,510	-15,203
Non-controlling interests	-2,210	-1,739	-982	-4,975
	-18,730	-15,081	-44,492	-20,178

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	Note	2016-12-31	2015-12-31
ASSETS			
Non-current assets			
Intangible assets			
Capitalized development costs		13,472	7,239
Concessions and similar rights		103,714	108,819
Patents and licences		126	166
Goodwill	3	6,807	-
Total intangible assets		124,119	116,224
Tangible fixed assets			
	4		
Buildings and land		196,824	157,009
Plant and machinery		267,152	246,121
Equipment, fixtures and fittings		12,951	4,111
Construction work in progress		239,488	124,033
Total tangible fixed assets		716,415	531,274
Financial assets			
Deferred tax assets	5	7601	-
Other non-current receivables	6	22,564	7,858
Total financial assets		30,165	7,858
Other non-current assets			
Accrued income and prepaid expenses		2,667	3,111
Total other non-current assets		2,667	3,111
Total non-current assets		873,366	658,467
Current assets			
Inventories, etc.			
Raw materials and consumables		661	584
Total inventories		661	584
Current receivables			
Trade accounts receivable		36,806	25,870
Other receivables	7	28,952	5,611
Prepaid expenses and accrued income		12,992	5,241
Cash and cash equivalents		73,871	64,879
Total current receivables		152,621	101,601
Total current assets		153,282	102,185
TOTAL ASSETS		1,026,648	760,652

CONSOLIDATED BALANCE SHEET, Cont.

Amounts in SEK thous and	<i>Note</i>	2016-12-31	2015-12-31
EQUITY			
Equity attributable to			
Parent Company shareholders			
Share capital		18,019	18,019
Other capital contributions		693,305	693,305
Reserves		1,136	-1,008
Retained earnings including comprehensive income for the period		-540,143	-494,489
		172,317	215,827
Non-controlling interests		53,962	1,987
Total equity		226,279	217,814
LIABILITIES			
Non-current liabilities			
Borrowings	8	612,736	266,643
Deferred tax liabilities		1,968	1,564
Other provisions		9,375	7,097
Total non-current liabilities		624,079	275,304
Current liabilities			
Borrowings	8	27,928	68,563
Loans from shareholders		19	19
Accounts payable		95,775	61,555
Other liabilities		13,013	20,852
Accrued expenses and deferred income	9	39,555	116,545
Total current liabilities		176,290	267,534
TOTAL EQUITY AND LIABILITIES		1,026,648	760,652

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Note	Attributable to Parent Company shareholders					Non-controlling interests	Total equity
		Share capital	Other capital contributions	Reserves	Retained earnings	Total		
Opening balance, 1 January 2015		15,683	654,884	-1,801	-478,493	190,273	2,962	193,235
Profit/loss for the period					-16,181	-16,181	-5,181	-21,362
Other comprehensive income								
Actuarial results on post-employment benefits					187	187	40	227
Exchange-rate differences				793	-	2	166	957
Total comprehensive income				793	-15,996	-15,203	-4,975	-20,178
Issue expenses			-116			-116		-116
Conversion of convertible debt		2,336	38,537			40,873		40,873
Shareholder contributions from non-controlling interests						-	4,000	4,000
Total contributions from and distributions to shareholders, recognised directly in equity		2,336	38,421	-	-	40,757	4,000	44,757
Closing balance, 31 December 2015		18,019	693,305	-1,008	-494,489	215,827	1,987	217,814
Opening balance, 1 January 2016		18,019	693,305	-1,008	-494,489	215,827	1,987	217,814
Profit/loss for the period					-45,552	-45,552	-2,144	-47,696
Other comprehensive income								
Actuarial results on post-employment benefits					-99	-99	-22	-121
Exchange-rate differences				2,144	-3	2,141	1,184	3,325
Total comprehensive income				2,144	-45,654	-43,510	-982	-44,492
Non-controlling interest arising from acquisition of subsidiaries	3					-	52,957	52,957
Total contributions from and distributions to shareholders, recognised directly in equity		-	-	-	-	-	52,957	52,957
Closing balance, 31 December 2016		18,019	693,305	1,136	-540,143	172,317	53,962	226,279

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand

	Note	1 October - 31 December 2016	1 October - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2015
Cash flow from operating activities					
Operating profit/loss before financial items		-7,578	-14,770	-24,580	-16,817
Amortisation/depreciation		12,160	21,627	45,979	39,329
Other non-cash items		-1,836	6,861	5,051	7,276
Interest received		97	28	194	161
Interest paid		-11,754	-6,155	-36,265	-25,426
Cash flow from operating activities before changes in working capital		-8,911	7,591	-9,621	4,523
Cash flow from changes in working capital					
Increase/decrease in inventories		492	20	-77	81
Increase/decrease in operating receivables		-23,417	6,141	-30,268	-8,049
Increase/decrease in operating liabilities		31,050	32,910	15,216	16,627
Total change in working capital		8,125	39,071	-15,129	8,659
Cash flow from operating activities		-786	46,662	-24,750	13,182
Cash flow from investing activities					
Acquisition of intangible assets		-477	-787	-2,173	-2,768
Acquisition of tangible fixed assets		-27,982	-38,114	-200,909	-94,941
Divestment of tangible fixed assets		-	-	-	9,600
Investments in subsidiaries	3	-	-	42,974	-
Restricted bank balances and other changes in financial assets		-21,094	-3,116	-21,094	-3,116
Divestment of financial assets		113	7	447	9
Cash flow from investing activities		-49,440	-42,010	-180,755	-91,216
Cash flow from financing activities					
Loans raised	8	426	3,428	280,696	28,428
Amortisation of loans		-1,798	-4,347	-67,184	-14,407
Contributions to/from minority interests		-	-	-	4,000
Cash flow from financing activities		-1,372	-919	213,512	18,021
Total cash flow for the period		-51,598	3,733	8,007	-60,013
Decrease/increase in cash and cash equivalents					
Opening cash and cash equivalents		126,034	61,085	64,879	124,889
Exchange-rate differences in cash and cash equivalents		-565	61	985	3
Closing cash and cash equivalents		73,871	64,879	73,871	64,879

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand

	1 October - 31 December 2016	1 October - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2015
Operating income				
Sales	940	747	2,046	1,655
Total operating income	940	747	2,046	1,655
Operating expenses	-1,274	-1,956	-4,011	-4,168
Operating profit/loss	-334	-1,209	-1,965	-2,513
Net financial items	-550	-46,083	-1,706	-46,428
Profit/loss before appropriations and tax	-884	-47,292	-3,671	-48,941
Appropriations				
Group contributions received/paid	-14,000	-	-14,000	-
Total appropriations	-14,000	-	-14,000	-
Profit/loss before tax	-14,884	-47,292	-17,671	-48,941
Corporate income tax	-	-	-	-
Net profit/loss for the period	-14,884	-47,292	-17,671	-48,941

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 thous and	<i>Note</i>	2016-12-31	2015-12-31
<hr/>			
ASSETS			
Non-current assets			
Financial assets			
Participations in Group companies	3	187,810	129,391
Receivables from Group companies		171,505	98,326
Total financial assets		359,315	227,717
<hr/>			
Total non-current assets		359,315	227,717
Current assets			
Current receivables			
Receivables from Group companies		144,227	69,645
Other receivables		8	115
Prepaid expenses and accrued income		119	72
Total current assets		144,354	69,832
<hr/>			
Cash and bank balances		682	1,544
<hr/>			
Total current assets		145,036	71,376
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TOTAL ASSETS		504,351	299,093

PARENT COMPANY BALANCE SHEET, cont.

Amounts in SEK thousand	<i>Note</i>	2016-12-31	2015-12-31
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EQUITY AND LIABILITIES			
Equity		278,045	295,717
Non-current liabilities			
Interest-bearing loans	8	194,921	-
Intra-Group loans		23,000	-
Total non-current liabilities		217,921	-
Current liabilities			
Borrowings		19	19
Accounts payable		703	971
Liabilities to Group companies		3,887	1,800
Other liabilities		95	-
Accrued expenses and deferred income		3,681	586
Total current liabilities		8,385	3,376
TOTAL EQUITY AND LIABILITIES		504,351	299,093

NOTES
Note 1 General information

The Parent Company Scandinavian Biogas Fuels International AB (publ), corporate registration number 556528-4733, operates as a publicly listed, 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 in SEK thousand. Figures in parentheses pertain to the year-earlier period.

Since internal reporting is conducted at the Group level, the company deems that there is only one segment. Accordingly, no separate segment report was prepared for the interim period.

The interim information listed on pages 1-6 comprises an integrated component of this financial statement.

Alternative performance measures

Operating profit/loss provides an overall picture of the Group's total earnings and is calculated as operating profit/loss before financial items and tax.

EBITDA is a profitability measure that the Group deems relevant for investors who want to gain an understanding of its earnings before investments in fixed assets. The Group defines EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation) as operating profit/loss excluding other operating expenses and the depreciation and amortisation of tangible and intangible assets.

EBITDA	1 October - 31 December 2016	1 October - 31 December 2015	1 January - 31 December 2016	1 January - 31 December 2015
Operating profit/loss	-7,578	-14,770	-24,580	-16,817
-Depreciation, amortisation and impairment of tangible and intangible assets	12,160	21,103	45,979	39,329
-Other operating expenses	116	368	573	846
EBITDA	4,698	6,701	21,972	23,358

The equity/assets ratio is a measure that demonstrates the proportion of assets that are financed with equity. The Group utilises an adjusted equity/assets ratio, as this is the metric defined in the corporate bond prospectus. The adjusted equity/assets ratio is calculated as the sum of equity (including non-controlling interests) and subordinated loans, divided by total assets adjusted for the contribution from Enova. Although the Enova contribution for the Norwegian project in Skogn is included in the prospectus as a subordinated loan, it is a grant that does not need to be repaid.

ADJUSTED EQUITY/ASSETS RATIO	1 January - 31 December 2016	1 January - 31 December 2015
Total equity (incl. non-controlling interests)	226,279	217,814
Subordinated loans (incl. Enova)	47,428	-
	273,707	217,814
Total assets	1,026,648	760,652
Contribution, Enova	47,428	-
	1,074,076	760,652
Adjusted equity/assets ratio	25.5%	28.6%

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 2015.

The accounting policies conform to the policies applied in the preceding financial year.

Note 3 Business combinations

On 11 February 2016, the Group acquired 50.03% of the shares in Biokraft Holding AS, a company registered in Norway, which in turn holds all of the shares in Biokraft AS. The purchase consideration totalled NOK 57,999,147.66. A minor share was acquired directly from the owners, with the majority acquired in conjunction with a new share issue. The surplus value for the acquisition has been calculated to SEK 6.4 million. Acquisition-related expenses, including legal fees, amounted to SEK 0.8 million and are recognised among earnings as Other external expenses. The previously presented preliminary acquisition analysis has been adjusted in terms of transaction costs related to the issue that was conducted in February 2016, and in terms of tangible assets and accounts payable at the time of acquisition.

Information on acquired net assets and goodwill (in SEK thousands):

	On date of acquisition
Purchase consideration:	
- cash paid by direct acquisition	2,981
- cash paid by new share issue	54,670
Total purchase consideration	57,651
Fair value of acquired assets (see below)	-51,231
Surplus value/Goodwill	6,420

According to a preliminary assessment, assets and liabilities included in the acquisition are as follows:

<i>SEK thousand</i>	Fair value
Cash and cash equivalents	101,393
Tangible fixed assets	6,933
Accounts receivable and other receivables	10,700
Accounts payable and other liabilities	-6,688
Borrowings	-9,940
Acquired identified assets	102,398
Non-controlling interests	-51,167
Surplus value/Goodwill	6,420
Acquired net assets	57,651

The surplus value is classified as goodwill and is attributable to the increase in market shares in the Nordic region, the establishment in the Norwegian market and to the fact that the new biogas plant outside Trondheim, Norway, will produce liquid biogas (all of the Group's existing plants currently produce compressed biogas). None of the recognised goodwill is expected to be tax deductible.

Cash-flow-based investments in subsidiaries
SEK thousand

Total purchase consideration	-57,651
Acquisition expenses	-768
Cash and cash equivalents in acquired companies	101,393
Total cash flow attributable to investments in subsidiaries	42,974

Note 4 Tangible fixed assets

Investments of SEK 206 million (SEK 184 million) in tangible fixed assets were made during the 12 months of the year. The investments primarily pertain to the facilities in Henriksdal and Södertörn and the ongoing project in Norway.

The Group capitalised borrowing costs on qualifying assets in the form of new facilities in the amount of SEK 10.2 million (SEK 16.3 million) during the interim period.

Tangible fixed assets include leased items held by the Group under finance leasing agreements in the following amounts:

	2016-12-31	2015-12-31
Buildings and land	116,684	72,862
Plant and machinery	113,148	83,844
Equipment, fixtures and fittings	10,589	3,146
Construction work in progress	6,971	88,402
Carrying amount	247,392	248,254

Note 5 Deferred tax assets

Deferred tax assets are primarily attributable to the Norwegian operation.

Note 6 Financial fixed assets

The item Other non-current receivables includes SEK 21.1 million in restricted bank assets to the benefit of the Norwegian banking consortium.

Note 7 Other receivables

The item Other receivables includes SEK 10.6 million pertaining to accrued contributions to the Norwegian operation which had not yet been paid by year-end.

Note 8 Financial instruments – fair value of financial liabilities valued at amortised cost

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

	Carrying amount		Fair value	
	2016-12-31	2015-12-31	2016-12-31	2015-12-31
Liabilities to credit institutions	170,257	98,654	170,257	98,654
Coprorate bonds	194,921	-	194,921	-
Financial leasing liabilities	241,996	167,989	241,996	167,989
Other long-term borrowing	5,562	-	5,562	-

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

In February 2016, the Parent Company issued corporate bonds at a value of SEK 200 million. The term is for four years and the interest rate is STIBOR three months plus 9.75 percentage points. During the same month, part of a loan from external creditors was also repaid (SEK 51.5 million plus interest).

Note 9 Accrued expenses and deferred income

At 31 December 2016, Accrued expenses and deferred income included an item in the amount of SEK 7.0 million (SEK 81.6 million) pertaining to investments in the expansion of Henriksdal, which will be leased by the Group upon completion.

Note 10 Pledged assets and contingent liabilities

Group	Pledged assets	
	2016-12-31	2015-12-31
Floating charges	66,454	103,622
Pledged assets	239,416	-
Shares in Scandinavian Biogas Stockholm AB	52,909	51,391
Shares in Scandinavian Biogas Korea Co. Ltd.	1,237	2,583
Shares in Scandinavian Biogas Sweden AB	17,540	44,124
Shares in Scandinavian Biogas Södertörn AB	17,956	23,863
Shares in Scandinavian Biogas Fuels i Varberg AB	79	80
Shares in Biokraft Holding AS	53,022	-
Group total	448,613	225,663

Parent Company	2016-12-31	2015-12-31
Shares in Scandinavian Biogas Sweden AB	102,050	102,050
Shares in Scandinavian Biogas Fuels AB	27,341	-
Shares in Biokraft Holding AS	58,419	-
Pledged internal loans to Scandinavian Biogas Sweden AB	196,265	69,574
Parent Company total	384,075	171,624

Group	Contingent liabilities	
	2016-12-31	2015-12-31
Contingent liabilities for subsidiaries' penalty fees	37,501	28,386
Contingent liabilities for subsidiaries' payment guaranties to suppliers	4,197	-
Contingent liabilities for subsidiaries' investment contributions	5,363	-
Group total	47,062	28,386

Parent Company	2016-12-31	2015-12-31
Contingent liabilities for subsidiaries' loans to credit institutions	35,500	37,500
Contingent liabilities for subsidiaries' payment guaranties to suppliers	4,197	-
Contingent liabilities for subsidiaries' investment contributions	5,363	-
Parent Company total	45,060	37,500

In all material respects, the pledged assets and contingent liabilities above pertain to subsidiaries' loans from credit institutions. For further information, see the 2015 annual report.

This interim report has not been audited.

The next interim report will be published and available on www.scandinavianbiogas.com on 28 April 2017.

Stockholm, 28 February 2017

Göran Persson
Chairman of the Board

Matti Vikkula
CEO

Anders Bengtsson
Board member

Andreas Ahlström
Board member

Hans Hansson
Board member

Sara Anderson
Board member

Raif Nisametdin
Board member

Andreas Berg
Board member