

Scandinavian Biogas Fuels International AB (publ)

Corp. ID no. 556528-4733

Year-end report for the period 1 January – 31 December 2017

The Group is reporting a significant year-on-year improvement in operational EBITDA, although a one-off non-cash provision of approximately SEK 14 million for the gas penalty in Ulsan impaired EBITDA in the fourth quarter. Work is in progress on a prospective listing of the Company's share in a suitable marketplace and, in parallel with this, various strategic and capital structure alternatives are being evaluated.

Fourth quarter in brief

- Net sales totalled SEK 66.4 million (69.8), a 4.9% decrease
- Operational EBITDA was SEK +3.3 million (+4.7)
- EBITDA was SEK -10.3 million (+4.7), with the change mainly attributable to a one-off non-cash provision of approximately SEK 14 million for a penalty fee in Ulsan
- The Group posted an operating loss of SEK 35.5 million (-7.6), which includes a SEK 12 million impairment loss on the plant in Ulsan
- The Group posted a loss after tax of SEK 34.1 million (-18.3)
- Scandinavian Biogas Södertörn AB received SPCR 120 bio-fertiliser certification, confirmation of the bio-fertiliser's quality

Full-year in brief

- The plant at Södertörn was granted a new environmental permit in January, which entitles the facility to receive 260,000 tonnes (previously 50,000 tonnes) of organic waste and produce 20 million Nm³ of biogas
- The evaporation plant at Södertörn was commissioned in March
- Net sales totalled SEK 258.4 million (242.6), a 6.5% increase
- Operational EBITDA was SEK +35.2 million (+22.0), a 60.1% improvement
- EBITDA was SEK +21.6 (+22.0), representing a 1.8% decrease, and includes a SEK 14 million one-off item for a penalty fee in Ulsan
- The Group posted an operating loss of SEK 42.2 million (-24.6), which includes a SEK 12 million impairment loss on the plant in Ulsan
- The Group posted a loss after tax of SEK 75.0 million (-47.7)
- A directed share issue and a preferential rights issue were conducted during Q2 2017, representing a gross contribution of SEK 66.6 million, and subsequent bonds totalling SEK 30 million were issued in June 2017 within the framework of the Company's outstanding bond loan and were listed on NASDAQ Stockholm in August 2017

Significant events after the end of the interim period

- The filling station at the Group's biogas facility at Södertörn was commissioned in early 2018. The filling station will primarily sell biogas for lorries and refuse lorries that visit SRV Återvinning's plant at Södertörn.
- The Group has signed a cooperation agreement with Mönsterås Biogas AB for the joint development of an investment project for possible biogas production in Mönsterås municipality. The project's objective is to be able to treat 100,000 tonnes of manure and produce over 110 GWh of liquid biogas (LBG) annually.

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

Every care has been taken in the translation of this interim report. In the event of discrepancies, however, the Swedish original will supersede the English translation.

Operations

Scandinavian Biogas sells biogas-based renewable energy and related services. The Group is a leading player in large-scale biogas production, with world-leading expertise in the design and operation of biogas facilities – encompassing everything from pre-treatment to fuel upgrading – to optimise biogas production, mainly from waste and residual products. The Group's focus is on facilitating the transition from fossil fuels to renewable energy. The Group also provides leading expertise in the purification process for upgrading biogas to vehicle fuel quality and in utilising reject water from the digestion process as bio-fertiliser. Scandinavian Biogas is focused on markets in the Nordic region and South Korea. The Group invests in owned or leased production facilities primarily in the Nordic region, with the Group's expertise available as a service in other markets.

Scandinavian Biogas Fuels International AB (publ) is registered and headquartered in Stockholm. On 31 December 2017, the Group had 42 (44) employees in Sweden, 21 (20) in South Korea and 13 (7) 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 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
	<i>3 months</i>	<i>3 months</i>	<i>12 months</i>	<i>12 months</i>
Net sales	66,429	69,817	258,363	242,610
EBITDA	-10,311	4,698	21,587	21,972
Operating results	-35,502	-7,578	-42,159	-24,580
Balance sheet total	1,161,238	1,026,648	1,161,238	1,026,648
Adjusted equity/assets ratio	25.5%	25.5%	25.5%	25.5%

Consolidated net sales for fourth quarter 2017 totalled SEK 66.4 million (69.8), a year-on-year decrease of 4.9 per cent. For the full financial year, net sales increased 6.5 per cent to SEK 258.4 million (242.6). The increase is mainly attributable to increased biogas sales in Sweden. Total revenues amounted to SEK 72.6 million (81.2) for the October – December 2017 period and SEK 289.3 million (266.2) for the full financial year. Other operating income includes SEK 8.6 million (2.8) of re-invoicing, with corresponding expenses reported under other external costs. Other external costs increased during the financial year due to increased maintenance costs and an accounting principle change made by a subsidiary (between raw materials & consumables and other external costs; see Note 2, *Summary of key accounting principles*). Personnel costs also increased due to the addition of personnel, mainly in Norway. Due to the penalty fee in Ulsan (see Note 4, *Concessions and similar rights*), consolidated EBITDA fell year-on-year during the fourth quarter, totalling SEK -10.3 million (+4.7). Consolidated EBITDA for the full financial year totalled SEK 21.6 million (22.0). Comparable operational EBITDA, however, increased 60.1% during the financial year to SEK 35.2 million (22.9). The increase is mainly due to improved profitability at the Södertörn facility.

The Group posted operating losses of SEK 35.5 million (-7.6) for the October – December 2017 period and SEK 42.2 million (-24.6) for the full twelve-month period. The change is mainly attributable to an additional one-off cost for a penalty fee in Ulsan and a SEK 12 million impairment loss on the plant in Ulsan.

The Group posted a loss after tax of SEK 34.1 million (-18.3) for the October – December 2017 period, of which SEK -8.3 million (-3.3) comes from unrealised exchange rate fluctuations. For the full financial year, the Group posted a loss after tax of 75.0 million (-47.7), of which SEK +1.0 million (+7.1) pertains to unrealised exchange rate fluctuations, attributable mainly to dollar-based, long-term intra-group financing in South Korea.

Total assets at 31 December 2017 amounted to SEK 1,161.2 million (1,026.6), a 13.1 per cent year-on-year increase. Finance lease-related borrowing totalled SEK 257.7 million (245.6). The share issues conducted during the second quarter increased consolidated equity by SEK 64.8 million after issue expenses. Equity was also impacted by net profit/loss for the period and a contribution in the form of a SEK 15.1 million new share issue from minority shareholders in Biokraft Holding AS.

The consolidated cash balance was SEK 86.9 million (73.9) at 31 December 2017.

Investments

Investments in tangible and intangible assets during the financial year totalled SEK 167 million (208). At 31 December 2017 the Group had commitments to make further investments, mainly in the new biogas plant in Skogn, Norway.

The carrying amount of the Group's tangible and intangible assets was SEK 946.4 million (840.5) at 31 December 2017, of which SEK 245.7 million (247.4) pertains to objects leased by the Group through long-term finance lease agreements.

Significant events during the period

New environmental permit for Södertörn

The facility at Södertörn was granted a new environmental permit in January 2017. Under the new permit, the facility is entitled to process up to 260,000 tonnes of organic waste (compared with the former permit's limit of 50,000 tonnes) and to increase biogas production to 20 million normal cubic metres (Nm³) of upgraded biogas, or about 200 GWh. The environmental permit gives the Group numerous new opportunities to develop the facility at Södertörn.

Evaporator

The Group has invested in an evaporation plant at Södertörn, which was commissioned during first quarter 2017. The investment was financed by a loan from the Parent Company and 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 re-used as dilution water. This will reduce the amount of waste water and significantly reduce the consumption of fresh water; the goal is that the facility will be self-supporting, which will reduce costs. The evaporation plant will also produce a concentrated bio-fertiliser that will generate higher value and lower logistics costs.

Share issues

A directed share issue of SEK 42.9 million was conducted in April 2017. Wipunen varainhallinta Oy subscribed for 11 million shares, representing an approximate 10 per cent dilution for existing shareholders. The subscription price was SEK 3.90 per share.

A preferential rights issue of approximately SEK 23.4 million was conducted in May 2017. The subscription price was SEK 3.90 per share. The loans taken out early in the year were offset in conjunction with the preferential rights issue. The offset loans, including interest, totalled SEK 16.8 million.

One of the subsidiaries in Norway conducted a new share issue, contributing NOK 30 million to the subsidiary. NOK 15.0 million of this amount came from non-controlling interests.

Issue of subsequent bonds

An additional SEK 30 million in bonds were issued in June 2017 within the scope of the Company's outstanding bond loan. Following the issue, the company's outstanding bond loan is SEK 230 million and carries a 3-month STIBOR +9.75 per cent interest rate. The subsequent bond was priced at 100.5 per cent of the nominal value and listed on NASDAQ Stockholm on 18 August 2017. The issue proceeds have been and will be used to finance additional investments in the Biokraft project in Skogn, Norway, and to amortise external loans.

Prospective listing or other capital structure alternatives

As part of the Group's strategic plan, the Board of Directors and Group management began working in 2017 on a prospective listing of the Company's share in a suitable marketplace. In parallel with these efforts, the Board of Directors will be evaluating various strategic and capital structure alternatives to create and realise the value of the Group's business opportunities and maximise shareholder value.

Investment project in Skogn, Norway

The general contractor for the investment project in Skogn, Norway, has advised that delivery of the facility will be delayed. The plant in Skogn will be commissioned during the first six months of 2018.

Penalty fee in Ulsan

The penalty fee is based on a contractual obligation to invest in a gas upgrading facility at the Ulsan site by the end of 2017. As the financial conditions for an upgrading facility in Ulsan have been deemed disadvantageous in the current market climate, an impact assessment has been carried out. Consequently, the consolidated accounts for fourth quarter 2017 include a one-off non-cash provision for the net present value of the full gas penalty accrual for the period November 2012 through December 2017, with the additional amount equivalent to approximately SEK 14 million. Due to the one-off non-cash provision, there is a reduction in consolidated EBITDA for 2017. The net present value of the total accrual in the consolidated balance sheet as at 31 December 2017 is estimated at approximately SEK 25 million, corresponding to a nominal value of approximately SEK 55 million, and is assumed to be, at least partly, payable within the next eight years. See *Significant risks and operational uncertainties* and Note 4, *Concessions and similar rights*.

The consolidated accounts from 2018 and onwards will carry as an expense the full gas penalty of approximately SEK 8-9 million as an operative annual cost subject to annual gas sales volumes, prices and exchange rates. During the trial process, the full penalty will be paid to Ulsan City, but then it is assumed that the Group will pay according to the legal assessment. The change between calculations of the nominal and net present value of the provision will affect consolidated financial expense on an ongoing basis going forward.

Based on legal opinions from two leading South Korean law firms, which maintain that the penalty fee amount is unreasonable, the Group Board's position remains unchanged. The reasonable penalty level according to South Korean legal precedent is assumed to be at maximum 30% of the gas penalty, corresponding to an operative annual cost of no more than approximately SEK 3 million, subject to future court decision. In the event the dispute is not settled in accordance with this legal assessment, there is a risk of an additional write-down requirement for the Ulsan facility.

The total nominal value of the gas penalty is estimated at approximately SEK 140 million, with the disputed amount corresponding to approximately SEK 100 million, for the entire contract period, subject to annual gas sales volumes, prices and exchange rates. A court decision is expected in 2018.

Dispute regarding service costs in Ulsan

In view of the Group's differences of opinion with Ulsan City regarding the Group's operations in Ulsan, South Korea, the South Korean subsidiary has initiated legal proceedings concerning service costs invoiced to the subsidiary by Ulsan City since 2010, corresponding to a nominal value of approximately SEK 40 million at the end of 2017. The costs have been recorded regularly during the full contract period and will continue to be recorded as invoiced, notwithstanding the dispute. However, service costs were not paid in 2017 and, pursuant to court ruling, will not be paid prior to final adjudication of the matter. Annual service costs are approximately SEK 5 million, and it is therefore assumed that the outcome of the dispute will have a mainly positive effect on consolidated results, corresponding to an approximate SEK 40 million reduction in the one-off cost and a reduction of approximately SEK 5 million per year going forward.

The total nominal value of the disputed amount is estimated at approximately SEK 80 million for the entire contract period, subject to gas sales volumes, prices and exchange rates. A court decision is expected in 2018.

Impairment testing – concession right

The Group conducts annual impairments tests of the concession right, and this intangible asset is recognised based on the fair value of consideration the Group has received or will receive. Fair value was estimated at the present value of future cash flows the Group expects to receive from the concession right. A 19.23 per cent cost of capital was applied during the balance sheet date review, with the cost of capital calculated based on assessments of weighted return requirements for interest-bearing liabilities and equity in proportion to estimated percentage in an optimal industrial capital structure. In view of the upgrading issue and penalty fee levied by Ulsan City, an impairment loss of approximately SEK 12 million was recorded in fourth quarter 2017.

Production and sales

Business area Sweden

Operations in Sweden produced a total of 20.3 million Nm³ (16.7) of biogas during the financial year, corresponding to approximately 203 GWh (167). The increase is attributable to an increase in production at the plants in Henriksdal and Södertörn. The plant at Södertörn, however, produced lower volumes than planned due mainly to various operational problems, which also resulted in higher than planned costs. The price of external organic material (e.g., glycerol), which is used to some degree with food waste and sewage sludge in biogas production, was also higher than estimated. The reliability of gas supply was good, however, and all contracts were fulfilled satisfactorily. An average of 147 tonnes (125) of organic waste was processed per day.

Business area South Korea

The facility in South Korea received an average of 187 tonnes (188) of food waste per day during the January – December 2017 period. Sales of raw gas during the same period amounted to 9.8 million Nm³ (9.0), or approximately 67 GWh (61). A total of 10.6 million Nm³ (10.4) of raw gas was produced.

Business area Norway

The investment project in Skogn, Norway, is underway and is scheduled for commissioning during the first half of 2018.

Ongoing investment projects

Skogn, Norway

Construction of a production plant for liquid biogas in Skogn, Norway, commenced in August 2015. The project is underway and scheduled for commissioning during the first half of 2018. In view of the fact that the project has been delayed, the Group began in December 2017 to enter the delay penalty as an investment reduction. Production capacity is estimated at 12 Nm³ of liquid biogas, or approximately 120 GWh, at full capacity. Long-term sales contracts for all planned biogas production are in place and long-term access to most feedstock supply is secured through contracts with main feedstock suppliers.

Financing

The business is financed by way of equity, loans from external creditors and finance leasing. In Sweden, a major portion of the production facilities are leased under 25-year lease agreements. Non-current interest-bearing liabilities, exclusive of finance leases, totalled SEK 475.4 million (370.7) as at 31 December 2017. The Group's cash balances totalled SEK 86.9 million (73.9) on that date.

The two new share issues conducted during second quarter 2017 contributed a total of SEK 64.8 million to consolidated equity, after issue expenses. The funds have been and will be used for outstanding investments in the Södertörn facility and to strengthen consolidated liquidity. The first issue was directed to Wipunen varainhallinta Oy, the Group's third-largest shareholder as at the close of the financial year, with 10.3 per cent of the shares. The second issue was a preferential rights issue subscribed 85 per cent through subscription rights, with the remainder subscribed without subscription rights. The loans raised from several major shareholders early in the year were offset in conjunction with the preferential rights issue. The subscription price for both share issues was SEK 3.90 per share.

An additional SEK 30 million in bonds were issued in late June 2017 within the scope of the Company's outstanding bond loan. Following the issue, the company's outstanding bond loan is SEK 230 million and carries a 3-month STIBOR plus 9.75 per cent interest rate. The subsequent bond was priced at 100.5 per cent of the nominal value and listed on NASDAQ Stockholm on 18 August 2017. The issue proceeds have been and will be used to finance additional investments in the Biokraft project in Skogn, Norway, and to amortise external loans.

During the second quarter the additional financing requirement for the Norwegian project was estimated at approximately NOK 55 million. NOK 30 million of this amount has been provided to the project via the issue of new shares: approximately NOK 15 million from TrønderEnergi in late June and approximately NOK 15 million from Scandinavian Biogas Fuels International (as per participating interest) in early July. Pursuant to an agreement between the shareholders, the remaining NOK 25 million was borrowed from shareholders in the form of convertible loans in October 2017, corresponding to NOK 12.5 million for the Scandinavian Biogas Group.

The Group's existing operations will be financed according to plan by consolidated cash flow and liquid resources. The Group aims to continue expanding, however, 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.

As part of the Group's strategic plan, the Board of Directors and Group management have begun working on a prospective listing of the Company's share in a suitable marketplace. In parallel with these efforts, the Board of Directors will be working with its advisors to evaluate various strategic and capital structure alternatives to create and realise the value of the Group's business opportunities and maximise shareholder value.

The share

The number of shares increased by 17,006,177 during second quarter 2017 through new share issues and totalled 107,098,839 (90,092,662) at 31 December 2017. The quotient value is SEK 0.20 per share. Each share carries one vote. All outstanding shares are ordinary shares and therefore carry the right to equal shares in the assets and profit of Scandinavian Biogas Fuels International AB (publ).

Warrants

Employees and the CEO held an aggregate of 565,000 (565,000) outstanding warrants at 31 December 2017. The subscription period runs through 1 April 2018. There was no change to the number of outstanding warrants during the financial year.

Ownership structure at 31 December 2017, %

AC Cleantech Growth Fund 1 Holding AB and related parties	29.3%
Bengtssons Tidnings AB and related parties	28.8%
Wipunen varainhallinta Oy	10.3%
Ajanta Oy and related parties	5.5%
Reliquum (<i>formerly Novator Biogas Sweden SARL</i>)	5.3%
Erik Danielsson and family, incl. company	5.1%
John Nurminen Oy and related parties	4.0%
Other	11.7%

Significant risks and operational uncertainties

Disputes

Due to a dispute with one of the Södertörn facility's main suppliers, the Group has withheld the final payment due under the construction contract, as it deems that the counterparty failed to perform its duties under the contract. The counterparty has demanded that payment be made. The disputed payment is under arbitral review and the Group has set aside the disputed amount. The counterparty has also demanded payment for alleged additional work performed. The Group denies any obligation to pay for the alleged additional work and has filed a counterclaim for fees and expenses incurred to rectify faulty deliveries, which exceeds the amount of the counterparty's claim.

Due to disagreements with Ulsan City regarding the Group's operations in Ulsan, South Korea, the South Korean subsidiary has brought a lawsuit concerning certain expenses invoiced by Ulsan City to the subsidiary (see *Significant events during the period*). A court ruling is expected during 2018.

The Group decided to take legal action against Ulsan City based on the upgrading investment requirement (see *Significant events during the period*). A court ruling is expected during 2018.

One of the Group's suppliers to the project in Skogn, Norway, has claimed compensation of approximately NOK 52 million, mainly for groundwork. However, the Group previously entered into a settlement agreement with this supplier and is of the opinion that the current claim is included in the settlement amount.

Significant risks and uncertainties are detailed in the most recent annual report and the prospectus for the subsequent bond, both of which are available on www.scandinavianbiogas.com.

Related-party transactions

Loan agreements totalling SEK 16.3 million were signed with several major shareholders in early February. The loans, including interest, were offset by the preferential rights issue conducted during second quarter 2017. The loans carried fixed market rates relative to the corporate bond rate.

No other significant transactions with related parties were conducted during the financial year.

Parent Company

Operations

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

Net sales and financial performance

The Parent Company's total revenues amounted to SEK 0.9 million (0.9) during fourth quarter 2017 and SEK 1.8 million (2.0) during the full financial year. The Parent Company posted a loss after tax of SEK 87.1 million (-17.7) during the January – December 2017 period, with the change primarily attributable to a SEK 27.1 million (0) write-down in the value of shares in subsidiaries and a SEK 51.5 million (14.0) group contribution paid to a subsidiary. The main reason for the write-down and group contribution is the penalty fee in Ulsan (see *Significant events during the period* and Note 4, *Concessions and similar rights*).

Liquidity and financial position

The Parent Company conducted two new share issues, which contributed a total of approximately SEK 66 million to the Company, exclusive of issue expenses. Subsequent bonds totalling SEK 30 million were also issued. Of this amount, approximately SEK 18 million was allocated to the project in Norway in the form of a new share issue and a convertible loan, with the remaining amount included in financial assets at the close of the financial year. Cash balances totalled SEK 7.5 million (0.7) at 31 December 2017. Total assets amounted to SEK 517.6 million (504.4) at that date.

No significant events or changes have taken place since publication of the 2016 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

The filling station at the Group's biogas facility at Södertörn was commissioned in early 2018. The filling station will primarily sell biogas for lorries and refuse lorries that visit SRV Återvinning's plant at Södertörn. The plant was partly funded with a grant from Klimatklivet.

The Group has signed a cooperation agreement with Mönsterås Biogas AB for the joint development of an investment project for possible biogas production in Mönsterås municipality. The development work will be done through a jointly owned company, with a project objective of being able to treat 100,000 tonnes of manure and produce over 110 GWh of liquid biogas (LBG) annually.

Outlook

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

The Group's long-term goal is to utilise Scandinavian Biogas's expertise and experience to ensure the expansion of biogas supply and use. Deliveries can be made not only from the Company's facilities but also by third parties, contributing to Group sales via licencing, operating or service agreements, etc.

The Group's long-term goal is to ensure

- growth corresponding to a 20 – 30 per cent increase in average annual biogas sales and deliveries
- total capacity of one TWh achieved during the first stage, with growth based on own production or on contractual knowledge management
- project profitability of at least 15% IRR
- an EBIT margin of at least 10%
- an equity/assets ratio of at least 30%

In recent years, the Group has pursued increased production in the Stockholm area – an effort that remains under way. The combined full technical capacity of all plants in Sweden is estimated at over 30 million Nm³ of fuel-quality biogas, or approximately 300 GWh. The new environmental permit at Södertörn also enables a sharp production increase at Södertörn over time. 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.

The Group's anticipates a positive development in operational profitability (EBITDA) in 2018 as compared with 2017, with commissioning of the plant in Skogn expected to contribute significantly to the profitability improvement.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Amounts in SEK thousand

	<i>Note</i>	1 October - 31 December 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
Operating income					
Net sales		66,429	69,817	258,363	242,610
Capitalised work on own account		3,368	4,630	15,841	16,129
Other operating income		2,765	6,723	15,127	7,439
Total		72,562	81,170	289,331	266,178
Operating expenses					
Raw materials and consumables		-42,934	-39,864	-137,890	-136,343
Other external costs		-23,541	-21,783	-65,064	-51,404
Personnel costs		-16,398	-14,825	-64,790	-56,459
Depreciation, amortisation and impairment of tangible and intangible assets	4	-24,951	-12,160	-62,802	-45,979
Other operating expenses		-240	-116	-944	-573
Total operating expenses		-108,064	-88,748	-331,490	-290,758
Operating profit/loss		-35,502	-7,578	-42,159	-24,580
Net exchange differences		8,315	-3,250	1,041	7,141
Financial income		41	97	125	194
Financial expense		-9,707	-8,131	-36,682	-31,490
Net financial items		-1,351	-11,284	-35,516	-24,155
Profit/loss before taxes		-36,853	-18,862	-77,675	-48,735
Income tax		2,737	612	2,628	1,039
Profit/loss for the period		-34,116	-18,250	-75,047	-47,696
Other comprehensive income					
Actuarial results on post-employment benefits		167	-121	167	-121
Exchange differences		-3,757	-359	-2,394	3,325
Other comprehensive income for the period, net after tax		-3,590	-480	-2,227	3,204
Total comprehensive income for the period		-37,706	-18,730	-77,274	-44,492
All items in the Group's other comprehensive income may be reversed in the income statement.					
Profit/loss for the period attributable to:					
Parent Company shareholders		-29,566	-15,903	-68,587	-45,552
Non-controlling interests		-4,550	-2,347	-6,460	-2,144
		-34,116	-18,250	-75,047	-47,696
Total comprehensive income attributable to:					
Parent Company shareholders		-31,652	-16,520	-67,718	-43,510
Non-controlling interests		-6,054	-2,210	-9,556	-982
		-37,706	-18,730	-77,274	-44,492

CONSOLIDATED BALANCE SHEET
Amounts in SEK thousand
Note 2017-12-31 2016-12-31
ASSETS
Non-current assets
Intangible assets

Capitalised development costs		14,279	13,472
Concessions and similar rights	4	85,486	103,714
Patents and licences		104	126
Goodwill		6,466	6,807
Total intangible assets		106,335	124,119

Tangible assets
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Buildings and land		194,672	196,824
Plant and machinery		287,368	267,152
Equipment, tools, fixtures and fittings		10,797	12,951
Construction work in progress		347,189	239,488
Total tangible assets		840,026	716,415

Financial assets

Deferred tax assets		9,930	7,601
Other non-current receivables	7	35,949	22,564
Total financial assets		45,879	30,165

Other non-current assets

Accrued income and prepaid expenses		2,222	2,667
Total other non-current assets		2,222	2,667

Total non-current assets
994,462
873,366
Current assets
Inventories, etc.

Raw materials and consumables		1,876	661
Total inventories		1,876	661

Current receivables

Trade accounts receivable		30,803	36,806
Other receivables		31,492	28,952
Prepaid expenses and accrued income		15,720	12,992
Cash and cash equivalents		86,885	73,871
Total current receivables		164,900	152,621

Total current assets
166,776
153,282

TOTAL ASSETS
1,161,238
1,026,648

CONSOLIDATED BALANCE SHEET, continued
Amounts in SEK thousand
Note 2017-12-31 2016-12-31
EQUITY
Equity attributable to
Parent Company shareholders

Share capital		21,420	18,019
Other paid-in capital		754,685	693,305
Reserves		1,872	1,136
Retained earnings including comprehensive income for the period		-608,597	-540,143

169,380 172,317
Non-controlling interests
59,544 53,962
Total equity

228,924 226,279
LIABILITIES
Non-current liabilities

Borrowings	8	718,366	612,736
Deferred tax liabilities		2,101	1,968
Other provisions	4	24,925	9,375

Total non-current liabilities

745,392 624,079
Current liabilities

Borrowings	8	72,550	27,947
Accounts payable		50,887	95,775
Other liabilities		18,120	13,013
Accrued expenses and deferred income		45,365	39,555

Total current liabilities

186,922 176,290
TOTAL EQUITY AND LIABILITIES

1,161,238 1,026,648

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Attributable to Parent Company shareholders

Amounts in SEK thousand	Share capital	Other paid-in capital	Reserves	Retained earnings	Total	Non- controlling interests	Total equity
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 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					-	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
Opening balance, 1 January 2017	18,019	693,305	1,136	-540,143	172,317	53,962	226,279
Profit/loss for the period				-68,587	-68,587	-6,460	-75,047
Other comprehensive income							
Actuarial results on post-employment benefits				133	133	34	167
Exchange differences			736		736	-3,130	-2,394
Total comprehensive income			736	-68,454	-67,718	-9,556	-77,274
New share issues	3,401	62,923			66,324		66,324
Issue expenses		-1,543			-1,543		-1,543
Contributions from non-controlling interests					-	15,138	15,138
Total contributions from and distributions to shareholders, recognised directly in equity	3,401	61,380	-	-	64,781	15,138	79,919
Closing balance, 31 December 2017	21,420	754,685	1,872	-608,597	169,380	59,544	228,924

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand

	<i>Note</i>	1 October - 31 December 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
Cash flow from operating activities					
Operating profit/loss before financial items		-35,502	-7,578	-42,159	-24,580
Amortisation/depreciation	4	24,951	12,160	62,802	45,979
Other non-cash items	4	29,872	-1,836	23,893	5,051
Interest received		41	97	125	194
Interest paid		-10,878	-11,754	-35,913	-36,265
Cash flow from operating activities before changes in working capital		8,484	-8,911	8,748	-9,621
Cash flow from changes in working capital					
Increase/decrease in inventories		-426	492	-751	-77
Increase/decrease in operating receivables		-11,739	-23,417	271	-30,268
Increase/decrease in operating liabilities		68,228	31,050	5,496	15,216
Total changes in working capital		56,063	8,125	5,016	-15,129
Cash flow from operating activities		64,547	-786	13,764	-24,750
Cash flow from investing activities					
Acquisition of intangible assets		-63	-477	-2,216	-2,173
Acquisition of tangible assets		-35,433	-27,982	-187,478	-200,909
Investments in subsidiaries		-	-	-	42,974
Divestment/amortisation of other financial assets		111	113	445	447
Restricted bank balances and other changes in financial assets	7	7,833	-21,094	-14,430	-21,094
Cash flow from investing activities		-27,552	-49,440	-203,679	-180,755
Cash flow from financing activities					
New share issue		1	-	64,781	-
Loans raised	8	73	426	154,860	280,696
Loan amortisation		-10,165	-1,798	-30,929	-67,184
Contribution to/from minority shareholders		-161	-	15,138	-
Cash flow from financing activities		-10,252	-1,372	203,850	213,512
Total cash flow for the period		26,743	-51,598	13,935	8,007
Decrease/increase in cash and cash equivalents					
Cash and cash equivalents at beginning of period		59,485	126,034	73,871	64,879
Exchange differences in cash and cash equivalents		657	-565	-921	985
Cash and cash equivalents at end of period		86,885	73,871	86,885	73,871

PARENT COMPANY INCOME STATEMENT
Amounts in SEK thousand

	<i>Note</i>	1 October - 31 December 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
Operating income					
Net sales		851	940	1,794	2,046
Total operating income		851	940	1,794	2,046
Operating expenses		-1,277	-1,274	-3,724	-4,011
Operating profit/loss		-426	-334	-1,930	-1,965
Net financial items	6	-28,614	-550	-33,690	-1,706
Profit/loss before appropriations and tax		-29,040	-884	-35,620	-3,671
Appropriations					
Group contributions paid/received	6	-40,000	-14,000	-51,500	-14,000
Total appropriations		-40,000	-14,000	-51,500	-14,000
Profit/loss before tax		-69,040	-14,884	-87,120	-17,671
Income tax		-	-	-	-
Profit/loss for the period		-69,040	-14,884	-87,120	-17,671

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

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	<i>Note</i>	2017-12-31	2016-12-31
ASSETS			
Non-current assets			
Financial assets			
Participations in group companies	6	175,899	187,810
Receivables from group companies		144,292	171,505
Other non-current receivables	7	12,078	-
Total financial assets		332,269	359,315
Total non-current assets		332,269	359,315
Current assets			
Current receivables			
Receivables from group companies		174,916	144,227
Other receivables		555	8
Prepaid expenses and accrued income		2,371	119
Total current receivables		177,842	144,354
Cash and bank balances		7,517	682
Total current assets		185,359	145,036
TOTAL ASSETS		517,628	504,351

PARENT COMPANY BALANCE SHEET, continued

Amounts in SEK thousand	<i>Note</i>	2017-12-31	2016-12-31
EQUITY AND LIABILITIES			
Equity		255,706	278,045
Non-current liabilities			
Interest-bearing loans	8	225,418	194,921
Intra-group loans		23,000	23,000
Total non-current liabilities		248,418	217,921
Current liabilities			
Borrowings	8	19	19
Accounts payable		3,235	703
Liabilities to group companies		5,560	3,887
Other liabilities		56	95
Accrued expenses and deferred income		4,634	3,681
Total current liabilities		13,504	8,385
TOTAL EQUITY AND LIABILITIES		517,628	504,351

NOTES

Note 1 General information

Parent Company Scandinavian Biogas Fuels International AB (publ), corporate registration number 556528-4733, operates as a public limited liability company and is registered in Stockholm, Sweden. The headquarters are located at Hölländargatan 21A, SE-111 60, Stockholm, Sweden.

Unless otherwise specified, all amounts are in SEK thousand. Figures in brackets pertain to the year-earlier period.

The interim information presented on pages 1-7 comprises an integrated component of this financial statement.

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 2016.

Since the start of the year, one subsidiary has changed its accounting principle pertaining to certain costs previously reported as raw materials and consumables, which are now reported as other external costs. In all other respects, accounting policies conform to those applied in the preceding financial year. Comparative figures for the previous year have not been restated; if they had been, raw materials and consumables would have been approximately SEK 6.8 million lower and other external costs higher by a corresponding amount.

Of the new standards and interpretations that come into effect for financial years beginning after 1 January 2017, it is primarily IFRS 9, IFRS 15 and IFRS 16 that may be expected to have a material impact on the Group's financial statements.

IFRS 9 Financial Instruments covers the classification, valuation and reporting of financial assets and liabilities and introduces new rules for hedge accounting. The full version of IFRS 9 was issued in July 2014. It replaces the sections of IAS 39 covering classification and valuation of financial instruments and introduces a new impairment model.

There will be three valuation categories for financial assets: amortised cost, fair value through profit or loss, and fair value through comprehensive income. Classification of an instrument is determined by the company's business model and the instrument's characteristics. Investments in own capital instruments will be recognised at fair value through comprehensive income, although there is also an option to recognise the instrument at fair value through profit or loss at initial recognition; in this case, there is no subsequent reclassification to the income statement when the instrument is sold. IFRS 9 also introduces a new model for calculating credit loss reserves, based on anticipated credit losses. There is no change to the classification and valuation of financial liabilities, except in cases where a liability is recognised at fair value through comprehensive income based on the fair value alternative. Changes in value attributable to changes in own credit risk will be reported in other comprehensive income.

IFRS 9 relaxes the requirements for application of hedge accounting by replacing the 80–125 criterion with requirements for the establishment of a financial relationship between hedging instrument and hedged item, and by stipulating that the hedging ratio must be the same as the figure applied in connection with risk management. There are also changes to hedging documentation, as compared with IAS 39 requirements. The standard is to be applied for financial years beginning on or after 1 January 2018, and the Group has elected not to apply the standard in advance. The Group has also elected to apply the simplification rule for trade receivables and contract assets. Accordingly, the Group will not be required to assess whether credit risk has increased since initial recognition, but can recognise a loss allowance corresponding to expected credit losses over the entire term of the financial asset.

The Group's assessment is that IFRS 9 will not have a significant effect on the Group's results or position. The Group's financial assets are comprised solely of assets that will be classified at amortised cost and, based on current expected credit losses for these assets, any potential loss allowance is deemed to be insignificant.

IFRS 15 Revenue from contracts with customers regulates the manner in which revenue is recognised, replacing IAS 18 *Revenue*, IAS 11 *Construction Contracts* and associated interpretations. The new standard introduces a new five-step model for revenue recognition based on when control of a good or service is transferred to the customer. The basic principle is that a company recognises revenue when (or as) the entity satisfies a performance obligation by transferring control of promised goods or services to a customer, at an amount that reflects that which the company expects to receive as compensation for the goods or services transferred. IFRS 15 introduces a five-step model:

- Step 1 Identify the contract(s) with a customer
- Step 2 Identify the performance obligations in the contract
- Step 3 Determine the transaction price
- Step 4 Allocate the transaction price to the performance obligations in the contract
- Step 5 Recognise revenue when (or as) the entity satisfies a performance obligation

IFRS 15 provides additional guidance on and introduces increased disclosure requirements.

The Group has elected to apply the standard as from 1 January 2018 and not to apply the standard with full retroactivity. Under this method, adjustments are done only to contracts that are not completed prior to 1 January 2018, the effect of the transition is recognised in 2018 opening retained earnings, and comparative figures are not recalculated. Following a review of all significant customer contracts and application of the five-step model, the Group's assessment is that IFRS 15 will not have any effect on the Group's results or position, although it will entail substantially increased disclosure.

IFRS 16 Leases will replace IAS 17 *Leases*. Nearly all lease agreements will be recognised in the balance sheet, as distinction will no longer be made between operating and finance lease agreements. Under the new standard, an asset (the right to use a lease asset) and a financial obligation to pay leasing fees is recognised. Short-term leases and leases of low-value assets are excluded. The standard will mainly affect recognition of the Group's operating lease agreements. The Group's assessment is that IFRS 16 will involve recognition of a large number of the lease agreements currently recognised as operating leases (e.g., land and storage tank leases) as assets and liabilities as from 1 January 2019. This will result in a decrease in other external costs and an increase in amortisation and financial expense. The standard will also involve increased disclosure in the annual report. The Group will be applying a modified retroactive approach and does not intend to apply the standard in advance.

No other IFRS or IFRIC interpretations that are not yet effective are expected to have any significant impact on the Group.

Note 3 Segment reporting

As from 1 January 2017, Scandinavian Biogas's operations are divided into three segments based on geographic location. The Group's operations are managed and reported based on operating segments Business Area Sweden, Business Area South Korea and Business Area Norway. Operations also include a Service Centre and Research & Development segment. The business areas are geographic organisations, with the head of each business area reporting directly to Group management.

Segment data is based on the same accounting policies as those applied by the Group as a whole and is consolidated (i.e., cleared of intra-group items).

Income statement by segment	1 October - 31 December 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
Operating income				
Business area Sweden	54,217	52,010	213,694	169,888
<i>of which, external revenue</i>	54,191	51,584	211,725	168,745
<i>of which, internal revenue</i>	26	426	1,969	1,143
Business area South Korea	12,666	14,292	50,839	52,177
<i>of which, external revenue</i>	12,666	14,292	50,839	5,177
<i>of which, internal revenue</i>	-	-	-	-
Business area Norway	3,733	9,145	12,784	19,475
<i>of which, external revenue</i>	3,733	9,145	12,784	19,475
<i>of which, internal revenue</i>	-	-	-	-
Service Centre and R&D	9,169	12,742	45,640	57,387
<i>of which, external revenue</i>	613	2,928	5,438	14,178
<i>of which, internal revenue</i>	8,556	9,814	40,202	43,209
Eliminations	-7,223	-7,019	-33,626	-32,749
Group total	72,562	81,170	289,331	266,178
Raw materials and consumables				
Business area Sweden	-29,026	-25,945	-104,220	-87,435
Business area South Korea	-17,762	-7,132	-31,032	-24,526
Business area Norway	3,960	-7,648	-69	-15,686
Service Centre and R&D	-672	-4,720	-5,639	-17,863
Eliminations	566	5,581	3,070	9,167
Group total	-42,934	-39,864	-137,890	-136,343
Gross profit/loss				
Business area Sweden	25,191	26,065	109,474	82,453
Business area South Korea	-5,096	7,160	19,807	27,651
Business area Norway	7,693	1,497	12,715	3,789
Service Centre and R&D	8,497	8,022	40,001	39,524
Eliminations	-6,657	-1,438	-30,556	-23,582
Group total	29,628	41,306	151,441	129,835
Other external costs				
Business area Sweden	-17,932	-16,697	-64,007	-49,043
Business area South Korea	-2,496	-1,302	-9,087	-3,730
Business area Norway	-7,122	-847	-10,313	-2,649
Service Centre and R&D	-2,648	-4,375	-12,213	-19,564
Eliminations	6,657	1,438	30,556	23,582
Group total	-23,541	-21,783	-65,064	-51,404
Personnel costs				
Business area Sweden	-	-	-	-
Business area South Korea	-1,885	-1,939	-9,026	-8,244
Business area Norway	-3,183	-1,968	-10,101	-4,350
Service Centre and R&D	-11,330	-10,918	-45,663	-43,865
Group total	-16,398	-14,825	-64,790	-56,459
EBITDA				
Business area Sweden	7,259	9,368	45,467	33,410
Business area South Korea	-9,477	3,919	1,694	15,677
Business area Norway	-2,612	-1,318	-7,699	-3,210
Service Centre and R&D	-5,481	-7,271	-17,875	-23,905
Group total	-10,311	4,698	21,587	21,972
Depreciation, amortisation and impairment of tangible and intangible assets	-24,951	-12,160	-62,802	-45,979
Other operating expenses	-240	-116	-944	-573
Total operating expenses	-65,130	-48,884	-193,600	-154,415
Operating profit/loss	-35,502	-7,578	-42,159	-24,580
Net exchange differences	8,315	-3,250	1,041	7,141
Financial income	41	97	125	194
Financial expenses	-9,707	-8,131	-36,682	-31,490
Net financial items	-1,351	-11,284	-35,516	-24,155
Profit/loss before tax	-36,853	-18,862	-77,675	-48,735
Income tax	2,737	612	2,628	1,039
Profit/loss for the period	-34,116	-18,250	-75,047	-47,696

Condensed balance sheet per segment	2017-12-31	2016-12-31
<i>Non-current assets</i>		
Business area Sweden	556,135	548,345
Business area South Korea	88,573	104,770
Business area Norway	319,654	202,897
Service Centre and R&D	30,100	17,354
Group total	994,462	873,366
<i>Current assets</i>		
Business area Sweden	69,039	62,278
Business area South Korea	10,883	22,987
Business area Norway	59,512	50,576
Service Centre and R&D	27,342	17,441
Group total	166,776	153,282
Total assets, Group	1,161,238	1,026,648
<i>Non-current liabilities</i>		
Business area Sweden	271,478	325,904
Business area South Korea	24,925	12,167
Business area Norway	203,198	83,557
Service Centre and R&D	20,373	7,530
Unallocated	225,418	194,921
Group total	745,392	624,079
<i>Current liabilities</i>		
Business area Sweden	132,012	77,227
Business area South Korea	9,379	19,426
Business area Norway	15,165	51,952
Service Centre and R&D	30,366	27,685
Group total	186,922	176,290
Total liabilities, Group	932,314	800,369

Note 4 Concessions and similar rights

Following regular impairment testing, an impairment loss of approximately SEK 12 million on the concession right in Ulsan, South Korea, was recorded during the financial year. The reason for the impairment is a penalty fee provision, which is based on a contractual obligation to invest in a gas upgrading facility by the end of 2017. As the financial conditions for an upgrading facility have been deemed disadvantageous in the current market situation, no investments have yet been made. The net present value of the total accrued penalty is estimated at approximately SEK 25 million, of which SEK 14 million represents additional costs in 2017 as compared with previous assessments. The penalty fee is assumed to be, at least partly, payable within the next eight years. The leading South Korean law firm retained by the Group maintains that, according to South Korean legal precedent, the penalty fee amount is unreasonable. The Group has decided to pursue the matter in court.

Note 5 Tangible assets

Investments in tangible assets during the financial year totalled SEK 167 million (206). The investments primarily pertain to the ongoing project in Norway.

The Group capitalised borrowing costs on qualifying assets in the form of new facilities in the amount of SEK 16.4 million (10.2) during the financial year.

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

	2017-12-31	2016-12-31
Buildings and land	114,515	116,684
Plant and machinery	116,357	113,148
Equipment, tools, fixtures and fittings	7,879	10,589
Construction work in progress	6,974	6,971
Carrying amount	245,725	247,392

Note 6 Participations in group companies

Participations in group companies increased SEK 15.2 million during the financial year due to the issue of new shares in subsidiary Biokraft Holding AS.

Participations in group companies decreased SEK 27.1 million during the financial year due to the penalty fee in Ulsan, South Korea. Group contributions of SEK 51.5 million (14.0) were distributed to subsidiaries during the same period.

Note 7 Other long-term receivables

Group	2017-12-31	2016-12-31
Restricted bank balances	32,462	21,094
Other	3,487	1,471
Total	35,949	22,564

Parent Company	2017-12-31	2016-12-31
Restricted bank balances	12,078	-
Total	12,078	-

Restricted bank balances are comprised of guarantees in subsidiaries for external loans and the subsequent bond issued by the Parent Company in late June 2017.

Note 8 Borrowing

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

	Carrying amount		Fair value	
	2017-12-31	2016-12-31	2017-12-31	2016-12-31
Liabilities to credit institutions	231,699	170,257	231,699	170,257
Corporate bonds	225,418	194,921	231,605	194,921
Liabilities related to finance leases	242,949	241,996	242,949	241,996
Other non-current borrowings	18,300	5,562	18,300	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 2017, the Parent Company raised loans totalling SEK 16.3 million from several major shareholders. The loans, including interest, were offset by the preferential rights issue conducted in May 2017.

An additional amount of approximately NOK 124 million of the NOK 215 million loan facility from the Norwegian/Swedish bank consortium has been drawn on since the turn of the year. The debt totalled NOK 213 million at 31 December 2017.

One of the Group's loans from external lenders falls due during second quarter 2018 and has therefore been moved from non-current to current liabilities.

One of the South Korean subsidiaries repaid in full a loan from an external lender in October 2017.

Note 9 Pledged assets and contingent liabilities

Group	Pledged assets	
	2017-12-31	2016-12-31
Liens on assets	48,000	66,454
Pledged assets	368,272	239,416
Assets financed through finance leases	238,751	240,421
Shares in Scandinavian Biogas Fuels AB	23,064	-
Shares in Scandinavian Biogas Stockholm AB	58,227	52,909
Shares in Scandinavian Biogas Korea Co., Ltd.	-	1,237
Shares in Scandinavian Biogas Sweden AB	-	17,540
Shares in Scandinavian Biogas Södertörn AB	8,209	17,956
Shares in Scandinavian Biogas Fuels i Varberg AB	78	79
Shares in Biokraft Holding AS	62,045	53,022
Group total	806,646	689,034
Parent Company	2017-12-31	2016-12-31
Shares in Scandinavian Biogas Sweden AB	102,050	102,050
Shares in Scandinavian Biogas Fuels AB	274	27,341
Shares in Biokraft Holding AS	73,575	58,419
Pledged intra-group loan to Scandinavian Biogas Sweden AB	229,111	196,265
Parent Company total	405,010	384,075
Group	Contingent liabilities	
	2017-12-31	2016-12-31
Contingent liability - subsidiary penalty fee	-	37,501
Contingent liability - subsidiary payment guarantees to suppliers	-	4,197
Contingent liability - subsidiary investment grants	10,869	5,363
Contingent liability – parent company's corporate bond	230,000	200,000
Group total	240,869	247,062
Parent Company	2017-12-31	2016-12-31
Contingent liability - subsidiary loans from credit institutions	32,500	35,500
Contingent liability - subsidiary payment guarantees to suppliers	-	4,197
Contingent liability - subsidiary investment grants	10,869	5,363
Parent Company total	43,369	45,060

The subsidiary Scandinavian Biogas Fuels AB has provided a guarantee for the parent company's corporate bond. In all material respects, the other pledged assets and contingent liabilities above pertain to subsidiaries' loans from credit institutions. For further information, please refer to the 2016 annual report.

Note 10 Definitions of key ratios

Operating results/EBIT

Operating results provide an overview of the Group's total earnings generation and are calculated as operating results before financial items and tax.

EBITDA

EBITDA is a profitability measure considered by the Group as relevant for investors interested in earnings generation before investments in assets. The Group defines EBITDA (earnings before interest, tax, depreciation and amortisation) as operating results exclusive of other operating expenses and depreciation, amortisation and impairment of tangible and intangible assets.

EBITDA	1 October - 31 December 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
Operating profit/loss	-35,502	-7,578	-42,159	-24,580
- Depreciation, amortisation and impairment of tangible and intangible assets	24,951	12,160	62,802	45,979
-Other operating expenses	240	116	944	573
EBITDA	-10,311	4,698	21,587	21,972

Operational EBITDA

Operational EBITDA is EBITDA adjusted for significant one-off costs and is used to show the profitability of operating activities.

Operational EBITDA	1 October - 31 December 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
EBITDA	-10,313	4,698	21,587	21,972
-Adjusted for significant one-off items	13,583	-	13,583	-
Operational EBITDA	3,270	4,698	35,170	21,972

The adjustment for significant one-off items in 2017 is attributable to the difference in the amount of the penalty fee in Ulsan as calculated, as compared with previous assessments. See *Significant events during the period* and Note 4, *Concessions and similar rights*.

Gross profit/loss

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

Gross profit/loss	1 October - 31 December 2017	1 October - 31 December 2016	1 January - 31 December 2017	1 January - 31 December 2016
Total revenues	72,562	81,170	289,331	266,178
-Raw materials and consumables	-42,934	-39,864	-137,890	-136,343
Gross profit/loss	29,628	41,306	151,441	129,835

Adjusted equity/assets ratio

The equity/assets ratio shows the proportion of assets financed with equity. The Group uses an adjusted equity/assets ratio, as this metric is defined in the corporate bond prospectus. The adjusted equity/assets ratio is calculated as the sum of total equity (including non-controlling interests) and subordinated loans divided by total assets adjusted for the grant from Enova. The grant from Enova for the Norwegian project in Skogn is included in the prospectus as a subordinated loan, but is a grant that does not require repayment. At the close of the financial year, subordinated loans totalled SEK 18.3 million and are attributable to loans from minority shareholders in Biokraft Holding AS to that company.

Adjusted equity/assets ratio	2017-12-31	2016-12-31
Total equity (incl. non-controlling interests)	228,924	226,279
Subordinated loans (incl. Enova)	84,222	47,428
	<u>313,146</u>	<u>273,707</u>
Total assets	1,161,238	1,026,648
Contribution, Enova	65,922	47,428
	<u>1,227,160</u>	<u>1,074,076</u>
Adjusted equity/assets ratio	25.5%	25.5%

Note 11 Events after the end of the interim period

The filling station at the Group's biogas facility at Södertörn was commissioned in early 2018. The filling station will primarily sell biogas for lorries and refuse lorries that visit SRV Återvinning's plant at Södertörn. The plant was partly funded with a grant from Klimatklivet.

The Group has signed a cooperation agreement with Mönsterås Biogas AB for the joint development of an investment project for possible biogas production in Mönsterås municipality. The development work will be done through a jointly owned company, with a project objective of being able to treat 100,000 tonnes of manure and produce over 110 GWh of liquid biogas (LBG) annually.

This interim report has not been audited.

The next interim report will be published and available on www.scandinavianbiogas.com on 26 April 2018.

Stockholm, 15 February 2018

Göran Persson
Chairman

Matti Vikkula
Chief Executive Officer

Anders Bengtsson
Board member

Andreas Ahlström
Board member

Hans Hansson
Board member

Sara Anderson
Board member

David Schelin
Board member