



Interim report for the period 1 January – 31 March 2020

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

High production rate at all plants and limited impact from COVID-19

First quarter in brief

- Net sales totalled SEK 97.1 million (86.9), a year-on-year increase of 11.8%.
- EBITDA was SEK 31.1 million (18.6). The year-on-year improvement is mainly attributable to the high production rate at all of the Company's plants and to insurance compensation of SEK 6.8 million received during Q1 2020.
- The Group posted an operating profit of SEK 12.7 million (-3.1).
- The Group posted a loss after tax of -2.0 million (-12.3).
- Operating cash flow totalled SEK 35.5 million (-7.2), due partially to improved underlying profitability and improved working capital.

Significant events after the end of the period

Business opportunities throughout the world have been impacted by the COVID-19 in early 2020. The impact on the Group's business after the end of the period is limited. Management is closely monitoring the situation and regularly assessing ways in which the situation may affect operations.

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

CEO comments on the interim period

“The year began well and satisfactorily. The Group's profitability and cash flow from operating activities improved significantly during the first quarter. Although COVID-19 has had a major economic impact globally and in Scandinavia, its impact on the Group's business has been limited.

The Group is continuing its preparations for the planned growth opportunities but has changed its order of priorities to increase focus on Henriksdal LBG and Skogn II investments. The timing of other growth opportunities is affected by financing options in domestic and foreign capital markets, which have been impacted by COVID-19.

Based on the Biogas Commission's proposal, published before the turn of the year, it appears that conditions for the Swedish biogas industry will be strengthened. The 2020 spring budget also increased the production subsidy for biogas production in Sweden by SEK 120 million.”

Matti Vikkula
President and CEO

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

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

Group

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

Scandinavian Biogas Fuels International AB (publ) is domiciled and headquartered in Stockholm, Sweden. At 31 March 2020 the Company had a total of 78 (74) employees: 41 (38) in Sweden, 21 (21) in South Korea and 16 (15) in Norway.

Financial overview

	1 Jan – 31 Mar 2020	1 Jan – 31 Mar 2019	1 Jan – 31 Dec 2019
	3 months	3 months	12 months
Net sales	97,144	86,913	363,559
EBITDA	31,148	18,584	87,848
EBITDA %	32.1%	21.4%	24.2%
Operating results	12,685	-3,120	-1,940
Balance sheet total	1,188,768	1,279,704	1,294,063
Adjusted equity/assets ratio	24.8%	19.7%	26.6%

Consolidated net sales totalled SEK 97.1 million (86.9) for first quarter 2020, an increase of 11.8 per cent as compared with the same period last year. Total revenues amounted to SEK 115.8 million (101.5) for the January–March 2020 period.

Costs for raw materials and consumables increased 2.4 per cent (40.9) compared with Q1 2019. Other external costs decreased SEK 0.7 million during the interim period. Personnel costs increased SEK 1.2 million, essentially in line with Q1 2019. Consolidated EBITDA totalled SEK 31.1 million (18.6) for first quarter 2020, a year-on-year increase of 67.2 per cent. The Norwegian operations received insurance compensation of SEK 6.8 million during first quarter 2020. The Group posted a loss after tax of SEK -2.0 million (-12.3) for Q1 2020, of which SEK -0.6 million (2.6) is attributable to unrealised exchange rate fluctuations, mainly due to long-term intra-group financing of foreign subsidiaries.

Total assets at 31 March 2020 amounted to SEK 1,188.8 million (1,279.7), a 7.1 per cent year-on-year decrease. Lease-related borrowing totalled SEK 314.1 million (351.6). Equity was impacted only by profit/loss for the period and change in exchange rate effect.

The consolidated cash balance was SEK 85.9 million (62.3) at 31 March 2020.

Investments

Investments in tangible and intangible assets during the interim period totalled SEK 18.7 million (16.3).

The carrying amount of the Group's tangible and intangible assets was SEK 961.4 million (1,055.0) at 31 March 2020. SEK 311.0 million (349.2) of this amount pertains to leased assets held by the Group under lease contracts subject to IFRS 16 for the financial year.

Significant events during the January–March period

High biogas production and delivery during Q1

Biogas production at the plants at Skogn and Södertörn reached record levels at year-end 2019, and both plants produced and delivered biogas at essentially full capacity. First quarter 2020 also started strong with high production rates at all plants, which continues to significantly improve operational profitability.

Improved production stability at Södertörn, Sweden

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

Repayment of 2016/2020 corporate bond

The Company's outstanding 2016/2020 bond loan of SEK 230 million (ISIN SE0007784111) was repaid on 10 February 2020 and replaced by a private credit facility of SEK 200 million.

Production and sales

Business Area Sweden

Operations in Sweden sold a total of 5.3 million Nm³ (5.1) of biogas during the interim period, corresponding to approximately 51 GWh (49). Customer deliveries of biogas were made according to plan and all agreements have been fulfilled in full. Business Area Sweden processed an average of 140 tonnes (144) of organic waste per day during interim period.

Business Area Norway

Commissioning of the liquid biogas facility at Skogn, Norway, started in late June 2018 and customer sales of 2.9 million Nm³ (2.2) of liquid biogas (LBG) were conducted during the reporting period, corresponding to approximately 28 GWh (21).

Business Area South Korea

The facility in South Korea received an average of 184 tonnes (177) of food waste per day during the reporting period. Sales of raw gas during the same period amounted to 2.3 million Nm³ (2.4), or approximately 14 GWh (16). A total of 2.7 million Nm³ (2.6) of raw gas was produced.

Financing

The business is financed by way of equity, loans from external creditors and finance leasing. In Sweden, a major portion of the production facilities are leased under lease agreements with durations of around 25 years. Non-current interest-bearing liabilities, exclusive of leases, totalled SEK 268.5 million (312.8) as at 31 March 2020. The consolidated cash balance was SEK 85.9 million (62.3) at the same date.

Any need for additional working capital is expected to be financed with debt or equity. The Group wants to expand and is actively working on new projects. The Group expects that financing of major future projects will require various types of co-operation and financing, depending on the project's structure and positioning.

The Company's outstanding 2016/2020 bond loan of SEK 230 million (ISIN SE0007784111) was repaid on 10 February 2020 and replaced by a private credit facility of SEK 200 million. The credit facility has a maturity of up to 24 months and a can be cancelled within 12 Month. Management is actively working with various financing solutions to ensure a more long-term financing solution.

The share

The total number of shares is 168,256,961 (107,098,839). The quotient value is SEK 0.20 per share. Each share carries one vote. All outstanding shares are ordinary shares and therefore carry the right to equal shares in the assets and profit of Scandinavian Biogas Fuels International AB (publ).

Ownership structure at 31 March 2020, %

Bengtssons Tidnings AB and related parties	24.5%
AC Cleantech Growth Fund 1 Holding AB and related parties	21.3%
Apriori AB	20.5%
Wipunen Asset Management	11.6%
Erik Danielsson and family, incl. companies	4.2%
Reliquum and related parties (formerly Novator Biogas Sweden SARL)	3.6%
Ajanta Oy and related parties	3.5%
John Nurminen Oy and related parties	3.1%
Other	7.7%
Total	100.0%

Significant risks and operational uncertainties

Disputes

Following are updates on what has happened regarding the Group's disputes since turn of the year 2018/19. The status is otherwise unchanged; please refer to the 2018 Annual Report for details.

The South Korean subsidiary initiated legal proceedings in Ulsan's administrative court in 2017 regarding certain service costs that Ulsan City invoiced to the subsidiary. During summer 2018, the court ruled that the invoices are not subject to administrative law. The Group appealed the court's ruling to the Supreme Court, which upheld the lower court's decision. Given that the service costs are not subject to administrative law, the South Korean subsidiary is considering the possibility and consequences of initiating a civil lawsuit.

On 23 August 2018, the court in Ulsan announced its ruling regarding the ongoing dispute with Ulsan City concerning the contractual obligation to invest in a gas upgrading facility at the Ulsan site by the end of 2017. The ruling has been appealed and the lawsuit is ongoing. During summer 2019, the presiding judge asked an independent financial adviser to provide an opinion on the dispute, with a focus on alternative financial consequences. The financial adviser's opinion has been submitted to the judge. The Group and our legal advisers consider the opinion to be positive for SBK Ulsan. The lawsuit is proceeding but has been delayed longer than expected.

As previously communicated, one of the Group's suppliers to the project at Skogn, Norway, has made compensation claims, mainly for groundwork. A demand for NOK 78 million was filed in October 2018 and was subsequently lowered to NOK 64 million. The Group has, however, previously entered into a settlement agreement with the supplier and continues to be of the opinion that the specified compensation is covered by the settlement. Nevertheless, for precautionary purposes, the Group reserved NOK 5 million of the demand amount in its Norwegian company in December 2018 and 2019 as an increased capital cost pursuant to generally accepted practice.

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

Related-party transactions

A subordinated shareholder loan of SEK 20 million (issued in September 2019) was repaid during first quarter 2020, along with interest of SEK 567 thousand. During second quarter 2019 subordinated shareholder loans totalling SEK 34 million from the largest shareholders, along with interest of SEK 2.5 million, were converted to shares. No other related-party transactions took place during 2019 or first quarter 2020.

Parent Company

Operations

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

Net sales and financial performance

The Parent Company's total revenues amounted to SEK 0.7 million (1.5) during first quarter 2020. The decrease is attributable to adjusted re-invoicing to subsidiaries, with corresponding expenses included in operating expenses. The Parent Company posted a loss after tax of SEK -6.3 million (-3.6) for the January–March 2020 period.

Liquidity and financial position

Cash balances at 31 March 2020 totalled SEK 1.3 million (0.5). Total assets amounted to SEK 602.9 million (503.2) at the same date.

Significant events after the end of the period

Business opportunities throughout the world have been impacted by the corona virus in early 2020. The impact on the Group's business after the end of the period is limited. Management is closely monitoring the situation and regularly assessing ways in which the situation may affect operations.

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

Outlook

There is a great need for renewable energy that can replace fossil fuels, such as coal, oil and natural gas, at reasonable prices. According to various studies of renewable alternatives that can be mass-produced, interest in biogas has increased. This in turn bolsters demand for biogas, which is expected to gain further traction as it becomes more available. In the heavy transport and other sectors, demand for liquid biogas is expected to increase significantly in coming years. However, the market price of fossil energy causes some uncertainty as to the biogas market price as well as the growth of new investments in renewable energy.

The Swedish parliament and government are clearly interested in biogas as a component of the future fossil-free energy solution. The government-appointed Biogas Commission submitted its report in December 2019.

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% increase in average annual biogas sales and deliveries
- total capacity of one terawatt hour (1 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%

Based on the market transformation in Scandinavia, the Group expects to see increased demand for biogas – particularly liquid biogas (LBG). The Group plans investments and improvements in line with market needs. The Group has a goal of achieving approximately SEK 500 million in annual sales and profitability of at least 30% (EBITDA %).

In recent years the Group has worked on increasing biogas deliveries and production. This work remains under way but is now focused on LBG. The combined full technical capacity of all plants in Sweden, at full capacity, is estimated at over 30 million Nm³ of fuel-quality biogas, or approximately 300 GWh. The environmental permit at Södertörn, granted in 2017, 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 around 65 GWh. In addition, the annual production capacity in Norway is estimated at approximately 12.5 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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in SEK thousand	1 Jan – 31 Mar 2020	1 Jan – 31 Mar 2019	1 Jan – 31 Dec 2019
Operating income			
Net sales	97,144	86,913	363,559
Capitalised work on own account	4,487	5,072	12,033
Other operating income	14,216	9,514	31,458
Total	115,847	101,499	407,050
Operating expenses			
Raw materials and consumables	-50,920	-49,710	-192,383
Other external costs	-15,675	-16,339	-59,313
Personnel costs	-18,104	-16,866	-67,506
Depreciation, amortisation and impairment of tangible and intangible assets	-18,234	-21,384	-88,526
Other operating expenses	-229	-320	-1,262
Total operating expenses	-103,162	-104,619	-408,990
Operating profit/loss	12,685	-3,120	-1,940
Net exchange differences	-573	2,570	1,274
Financial income	68	29	141
Financial expense	-14,422	-12,017	-62,631
Net financial items	-14,927	-9,418	-61,216
Profit/loss before tax	-2,242	-12,538	-63,156
Income tax	219	247	7,306
Profit/loss for the period	-2,023	-12,291	-55,850
Other comprehensive income			
Actuarial results on post-employment benefits	-	-10	-10
Exchange differences	-13,294	5,091	3,682
Other comprehensive income for the period, net after tax	-13,294	5,081	3,672
Total comprehensive income for the period	-15,317	-7,210	-52,178
All items in the Group's other comprehensive income may be reversed in the income statement.			
Profit/loss for the period attributable to:			
Parent Company shareholders	-3,099	-9,313	-42,536
Non-controlling interests	1,076	-2,978	-13,314
	-2,023	-12,291	-55,850
Total comprehensive income attributable to:			
Parent Company shareholders	-10,411	-7,459	-40,834
Non-controlling interests	-4,906	249	-11,344
	-15,317	-7,210	-52,178

CONSOLIDATED BALANCE SHEET

Amounts in SEK thousand	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS				
Non-current assets				
Intangible assets				
Capitalised development costs		11,520	12,684	11,713
Concessions and similar rights		66,336	76,740	67,832
Patents and licences		1,056	1,551	1,423
Goodwill		6,481	6,943	6,833
Total intangible assets		85,393	97,918	87,801
Tangible assets				
	4			
Buildings and land		346,369	229,016	367,237
Plant and machinery		458,432	330,119	489,308
Equipment, tools, fixtures and fittings		10,805	16,279	12,001
Construction work in progress		60,418	381,678	44,175
Total tangible assets		876,024	957,092	912,721
Financial assets				
Deferred tax assets		21,548	16,825	23,453
Other non-current receivables	5	20,563	14,816	19,066
Total financial assets		42,111	31,641	42,519
Other non-current assets				
Accrued income and prepaid expenses		1,222	1,667	1,333
Total other non-current assets		1,222	1,667	1,333
Total non-current assets		1,004,750	1,088,318	1,044,374
Current assets				
Inventories, etc.				
Raw materials and consumables		13,975	10,150	14,770
Total inventories		13,975	10,150	14,770
Current receivables				
Trade accounts receivable		51,191	60,635	65,670
Other receivables	5	18,584	45,382	17,914
Prepaid expenses and accrued income		14,334	12,918	14,951
Cash and cash equivalents		85,934	62,301	136,384
Total current receivables		170,043	181,236	234,919
Total current assets		184,018	191,386	249,689
TOTAL ASSETS		1,188,768	1,279,704	1,294,063

CONSOLIDATED BALANCE SHEET, continued

Amounts in SEK thousand	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
EQUITY				
Equity attributable to Parent Company shareholders				
Share capital		33,651	21,420	33,651
Other paid-in capital		880,048	754,685	880,048
Translation reserve		-2,013	5,490	5,298
Retained earnings incl. comprehensive income for the period		-746,272	-709,950	-743,173
		165,414	71,645	175,824
Non-controlling interests		48,189	53,038	53,098
Total equity		213,603	124,683	228,922
LIABILITIES				
Non-current liabilities				
Borrowings	6	564,902	638,888	597,942
Deferred tax liabilities		1,938	2,030	1,961
Other provisions		24,416	36,496	21,917
Total non-current liabilities		591,256	677,414	621,820
Current liabilities				
Borrowings	6	239,806	298,522	296,465
Accounts payable		70,856	87,564	66,326
Other liabilities		25,705	38,555	30,403
Accrued expenses and deferred income		47,542	52,966	50,127
Total current liabilities		383,909	477,607	443,321
TOTAL EQUITY AND LIABILITIES		1,188,768	1,279,704	1,294,063

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in SEK thousand	Attributable to Parent Company shareholders					Non- controlling interests	Total equity
	Share capital	Other paid-in capital	Translation reserve	Retained earnings	Total		
Opening balance, 1 January 2019	21,420	754,685	3,636	-700,637	79,104	52,789	131,893
Profit/loss for the period				-9,313	-9,313	-2,978	-12,291
Other comprehensive income							
Actuarial results on post- employment benefits				-8	-8	-2	-10
Exchange differences			1,854	8	1,862	3,229	5,091
Total comprehensive income			1,854	-9,313	-7,459	249	-7,210
Closing balance, 31 March 2019	33,651	880,048	5,490	-709,950	71,645	53,038	124,683
Opening balance, 1 January 2020	33,651	880,048	5,297	-743,173	175,824	53,098	228,922
Profit/loss for the period				-3,099	-3,099	1,076	-2,023
Other comprehensive income							
Actuarial results on post- employment benefits							
Exchange differences			-7,310		-7,310	-5,985	-13,295
Total comprehensive income			-7,310	-3,099	-10,398	-4,909	-15,318
Closing balance, 31 March 2020	33,651	880,048	-2,013	-746,272	165,414	48,189	213,603

CONSOLIDATED STATEMENT OF CASH FLOWS

Amounts in SEK thousand	Note	1 Jan – 31 Mar 2020	1 Jan – 31 Mar 2019	1 Jan – 31 Dec 2019
Cash flow from operating activities				
Operating profit/loss before financial items		12,662	-3,120	-1,940
Amortisation/depreciation		18,486	21,384	88,526
Other non-cash items		-1,039	-1,307	-16,365
Interest received		0	12	141
Interest paid		-7,254	-7,471	-36,437
Cash flow from operating activities before changes in working capital		22,855	9,498	33,925
Cash flow from changes in working capital				
Increase/decrease in inventories		795	-4,651	-9,271
Increase/decrease in operating receivables		14,426	-7,079	13,321
Increase/decrease in operating liabilities		-2,753	-4,932	-37,991
Total changes in working capital		12,468	-16,662	-33,941
Cash flow from operating activities		35 323	-7 164	-16
Cash flow from investing activities				
Acquisition of intangible assets		-334	-139	-402
Acquisition of tangible assets		-18,358	-16,210	-46,726
Disposal of tangible assets		41	-	305
Divestment/amortisation of other financial assets		-	111	333
Restricted bank balances and other changes in financial assets	4	-2,919	-568	-5,131
Cash flow from investing activities		-21,570	-16,806	-51,621
Cash flow from financing activities				
New share issue		-	-	101,153
Loans raised	6	197,500	-	20,000
Loan and lease amortisation	6	-260,250	-9,479	-40,282
Contribution to/from non-controlling interests		-	-	11,721
Cash flow from financing activities		-62,750	-9,479	92,632
Total cash flow for the period		-48,977	-33,449	40,995
Decrease/increase in cash and cash equivalents				
Cash and cash equivalents at beginning of period		136,384	94,788	94,788
Exchange differences in cash and cash equivalents		-1,453	962	601
Cash and cash equivalents at end of period		85,934	62,301	136,384

PARENT COMPANY INCOME STATEMENT

Amounts in SEK thousand	1 Jan – 31 Mar 2020	1 Jan – 31 Mar 2019	1 Jan – 31 Dec 2019
Operating income			
Net sales	654	1,463	2,383
Total operating income	654	1,463	2,383
Operating expenses	-1,178	-1,435	-2,870
Operating profit/loss	-524	28	-487
Net financial items	-5,839	-3,618	-20,022
Profit/loss before appropriations and tax	-6,363	-3,590	-20,509
Appropriations			
Group contributions received/paid	-	-	24,719
Total appropriations	-	-	24,719
Profit/loss before tax	-6,363	-3,590	4,210
Income tax	-	-	-
Profit/loss for the period	-6,363	-3,590	4,210

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

PARENT COMPANY BALANCE SHEET

Amounts in SEK thousand	Note	31 Mar 2020	31 Mar 2019	31 Dec 2019
ASSETS				
Non-current assets				
Financial assets				
Participations in group companies		226,613	189,453	226,613
Receivables from group companies		340,765	274,727	313,073
Other non-current receivables		-	-	-
Total financial assets		567,377	464,179	539,686
Total non-current assets		567,377	464,179	539,686
Current assets				
Current receivables				
Receivables from group companies		30,209	35,031	36,084
Other receivables		5	67	169
Prepaid expenses and accrued income		3,999	3,427	504
Total current receivables		34,213	38,525	36,757
Cash and bank balances		1,321	535	57,225
Total current assets		35,214	39,060	93,982
TOTAL ASSETS		602,911	503,239	633,668
EQUITY AND LIABILITIES				
Equity		347,863	208,774	354,222
Non-current liabilities				
Interest-bearing loans	6	-	-	-
Intra-group loans		47,719	23,000	23,000
Total non-current liabilities		47,719	23,000	23,000
Current liabilities				
Borrowings	6	200,019	263,945	250,226
Accounts payable		837	120	135
Liabilities to group companies		3,198	2,536	2,008
Other liabilities		80	-	0
Accrued expenses and deferred income		3,196	4,865	4,073
Total current liabilities		207,329	271,465	256,442
TOTAL EQUITY AND LIABILITIES		602,911	503,239	633,668

NOTES

NOTE 1 General information

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

Unless otherwise specified, all amounts are stated in SEK thousand. Figures in brackets pertain to the year-earlier period. The interim information presented on pages 1-12 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 2018.

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

IFRS 16 requires recognition of nearly all lease agreements in the balance sheet. Under the standard, an asset (the right to use a lease asset) and a financial obligation to pay leasing fees are recognised. Short-term leases and leases of low-value assets are excluded. The standard mainly affects recognition of the Group's operating lease agreements.

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

NOTE 3 Segment reporting

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

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

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

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

	1 Jan – 31 Mar 2020	1 Jan – 31 Mar 2019	1 Jan – 31 Dec 2019
Income statement by segment			
Business Area Sweden	63,003	62,380	246,702
Business Area South Korea	13,977	13,277	56,042
Business Area Norway	35,862	25,704	103,138
Service Centre and R&D	4,687	2,565	9,576
Eliminations	-2,680	-2,427	-8,408
Group total	114,848	101,499	407,050
Operating expenses by segment			
Business Area Sweden	-46,944	-45,870	-180,228
Business Area South Korea	-10,902	-10,984	-35,168
Business Area Norway	-21,036	-21,209	-81,938
Service Centre and R&D	-7,498	-7,279	-30,215
Eliminations	2,680	2,427	8,408
Group total	-83,700	-82,915	-319,202
Operating results			
Business Area Sweden	16,058	16,510	66,413
Business Area South Korea	3,075	2,293	20,873
Business Area Norway	14,825	4,495	21,200
Service Centre and R&D	-2,811	-4,714	-20,639
Eliminations	0	-0	0
Group total	31,148	18,584	87,848
Depreciation, amortisation and impairment of tangible and intangible assets	-18,463	-21,704	-89,788
Operating results	12,685	-3,120	-1,940

NOTE 4 Tangible assets

Investments in tangible assets during first quarter 2020 totalled SEK 18.4 million (16.3).

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

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

	31 Mar 2020	31 Dec 2019
Buildings and land	146,983	160,408
Plant and machinery	157,861	176,839
Equipment, tools, fixtures and fittings	6,124	11,957
Construction work in progress	-	-
Carrying amount	310,968	349,204

The Group applied a discount rate of 3.45% for Business Area Sweden, as this corresponds to the interest rate on current bank loans and is on a par with the current ground rent interest rate. The discount rate applied for Business Area Norway was 4.43%, corresponding to the interest rate on the business area's current bank loans.

During the January–March 2020 period EBITDA was improved by approximately SEK 8.0 million, as IFRS 16 reduces operating expenses while simultaneously increasing aggregate depreciation/amortisation and financial expense by a corresponding amount.

Group	31 Mar 2020	31 Mar 2019	31 Dec 2019
Restricted bank balances	16,870	11,218	15,819
Other	3,693	3,598	3,248
Total	20,563	14,816	19,066

NOTE 5 Other current receivables

Other current receivables include SEK 12.3 million (38.1) related to the accrued delay penalty for the facility at Skogn.

NOTE 6 Borrowings

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

	Carrying amount			Fair value		
	31 Mar 2020	31 Mar 2019	31 Dec 2019	31 Mar 2020	31 Mar 2019	31 Dec 2019
Liabilities to credit institutions	258,160	291,506	280,241	258,160	291,506	280,241
Corporate bond	0	0	0	0	0	0
Liabilities related to finance leases	296,443	326,039	311,475	296,443	326,039	311,475
Other non-current borrowings	10,299	21,343	6,226	10,299	21,343	6,226
Total	564,902	638,888	597,942	564,902	638,888	597,942

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

NOTE 7 Definition of key ratios

Operating results/EBIT

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

EBITDA

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

	1 Jan – 31 Mar 2020	1 Jan – 31 Mar 2019	1 Jan – 31 Dec 2019
EBITDA			
Operating results	12,685	-3,120	-1,940
Depreciation, amortisation and impairment of tangible and intangible assets	18,234	21,384	88,526
Other operating expenses	229	320	1,262
EBITDA	31,148	18,854	87,848

Gross profit/loss

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

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 at Skogn is included in the prospectus as a subordinated loan, but is a grant that does not require repayment. Subordinated loans at the end of the interim period totalled SEK 22.0 million (57.3) and pertain to loans from minority shareholders in Biokraft Holding AS to that company.

ADJUSTED EQUITY/ASSETS RATIO	31 Mar 2020	31 Mar 2019	31 Dec 2019
Total equity (incl. non-controlling interests)	213,603	124,683	228,922
Subordinated loans (incl. Enova)	99,912	144,567	127,910
	313,515	269,250	356,832
Total assets	1,188,768	1,279,704	1,294,063
Grant from Enova	77,920	87,300	47,841*
	1,266,688	1,367,004	1,341,904
Adjusted equity/assets ratio	24.8%	19.7%	26.6%

*includes amount attributable to changed accounting principles following adoption of IFRS 16 as of 1 January 2019.

NOTE 8 Events after the end of the period

Business opportunities throughout the world have been impacted by the corona virus in early 2020. The impact on the Group's business after the end of the period is limited. Management is closely monitoring the situation and regularly assessing ways in which the situation may affect operations.

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

This interim report has not been audited.

Stockholm, 28 April 2020

Göran Persson
Chairman of the Board

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

Malin Gustafsson
Board member

Lars Bengtsson
Board member