

ANNUAL REPORT 2020



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Contact

Scandinavian Biogas
Holländargatan 21A
111 60 Stockholm
Sweden

Phone: +46 (0)8 503 872 20
Email: info@scandinavianbiogas.com
www.scandinavianbiogas.com

About Scandinavian Biogas

Scandinavian Biogas is one of the Nordic region's largest producers of biogas. We promote the conversion to a fossil-free society by converting primarily local organic waste into renewable energy in the form of biogas and bio-fertiliser. Scandinavian Biogas helps customers and partners with what we are best at – designing and operating biogas plants with high resource and energy efficiency.

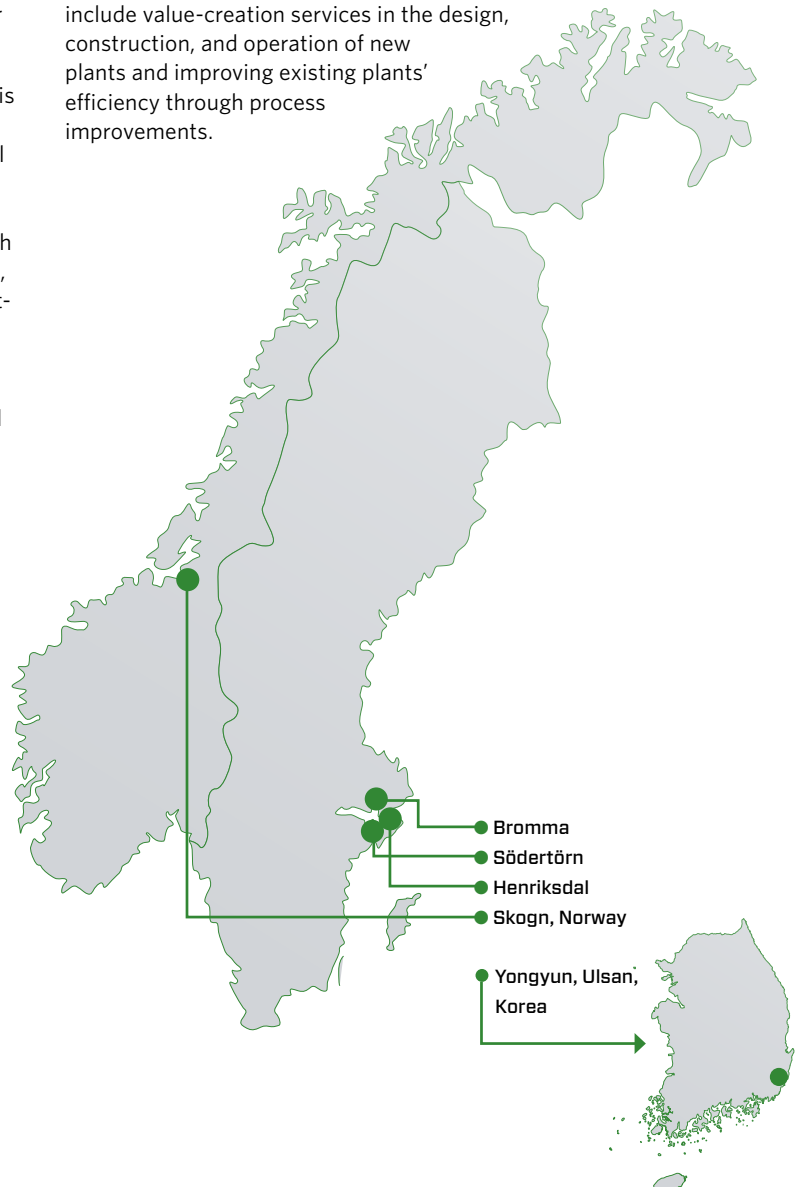
Scandinavian Biogas, founded in 2005, sells renewable energy based on compressed biogas (CBG) and liquid biogas (LBG), as well as several related services. We are a Nordic organisation with subsidiaries in Sweden, Norway, and Korea. The Nordic region is considered our home market.

With world-leading expertise in the design and operation of biogas facilities to optimise biogas and bio-fertiliser production, we are market leaders in large-scale biogas production in the Nordic region and Korea. We have been listed on Nasdaq First North Premier Growth Market since December 2020 as the first dark green share. Scandinavian Biogas is the first company to receive a 100% Dark Green shading rating, the highest possible rating from CICERO Shades of Green AS, for revenue streams and investments.

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

Our main products are biogas used in heat production, upgraded and liquid biogas used as vehicle fuel, and bio-fertiliser as a substitute for artificial fertiliser. Our focus is on Nordic markets. Ekdalens Biotransporter was acquired in 2020 as part of Scandinavian Biogas's strategy to achieve greater integration across the entire value chain. With a comprehensive transport service offering, Ekdalens Biotransporter is a strong logistics partner to the entire biogas industry.

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



2020 in brief

FEB

Repayment of bond loan

During Q1, the Company's outstanding 2016/2020 bond loan of SEK 230 million was repaid with a private credit facility of SEK 200 million. The credit facility had a maturity of up to 24 months.

MAR

Positive start to the year for Skogn and Södertörn

The late-2019 positive trend for biogas production at the Skogn and Södertörn facilities continued during Q1 2020. The production rate was high at all plants, contributing to a strong improvement in operational profitability.

Establishment of green financing framework

A green framework for debt financing was established in September as part of the Company's financial sustainability focus. The green financing framework is designed in line with the Green Loan Principles and Green Bond Principles produced by the ICMA (International Capital Market Association) and has been reviewed by an independent third party, CICERO Shades of Green.

JUL

Court decision in Korea

A judicial decision was issued in July in Korea in the dispute with Ulsan City regarding an upgrading facility. In upholding the previous decision, the ruling had a negative effect on the Group's result.

SEP

Agreement with OrangeGas

An agreement was signed in November with OrangeGas for operation and development of the gas tank station at Bromma. Gas sold by the station will be pure biogas from the adjacent treatment facility produced in a collaboration between Stockholm Vatten och Avfall and Scandinavian Biogas.

Refinanced loan

The Company's SEK 200 million credit facility was repaid in September with a new 18-month credit facility within the green financing framework. The Company's financing costs were significantly reduced with the new loan.

NOV

Acquisition of Ekdalens Biotransporter

The acquisition of Ekdalens Biotransporter AB was finalised in December. Ekdalens is a market leader in the transport of organic material to and from biogas facilities in southern Sweden. The acquisition is part of Scandinavian Biogas's strategy to achieve greater integration across the entire value chain and the capacity to offer comprehensive transport service to the biogas industry.

TrønderEnergi becomes largest shareholder

In November, Norwegian energy company TrønderEnergi became Scandinavian Biogas's largest shareholder. As of December, Scandinavian Biogas owns approximately 100 per cent of the shares in Norwegian subsidiary, Biokraft Holding AS.

DEC

First trading day on Nasdaq Stockholm

December 16th was the first trading day for the Company's dark green shares on Nasdaq First North Premier Growth Market.

Increased investor base with placement of dark green shares

In conjunction with the SEK 586 million placement (including SEK 350 million new share issue) of dark green shares to qualified Swedish and international investors in December, the investor base expanded to include investors such as Länsförsäkringar Fondförvaltning, Handelsbanken Hållbar Energi, and Skandia Sverige Hållbar.

Summary of 2020

Group biogas sales¹

354
GWh (369)

Group management of organic waste and residues

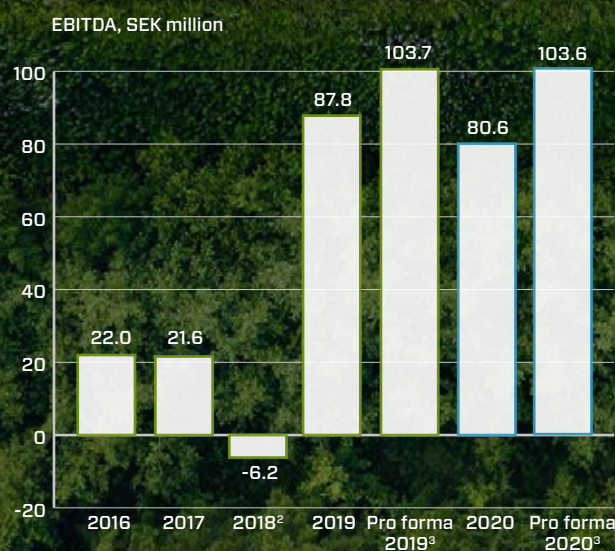
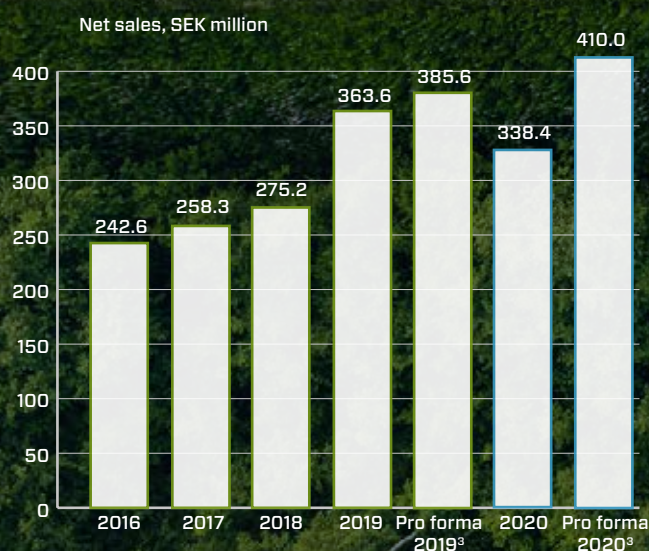
273,287
tonnes

Consolidated net sales

338
SEKm (364)

Emissions reduction for the Group

87,327
tonnes CO₂eq



Scandinavian Biogas Fuels International AB

Group. SEK million	2020	2019	Proforma 2020 ³	Proforma 2019 ³	2018	2017	2016
Net sales	338.4	363.6	385.6	410.0	275.2	258.4	242.6
EBITDA	80.6	87.8	103.6	103.7	-6.2	21.6	22.0
EBITDA %	19.8%	21.6%	22.8%	22.9%	-2.3%	8.4%	9.1%
Operating EBITDA	70.3	75.8	93.3	91.6	15.6	35.2	22.0
Operating EBITDA %	19.1%	19.2%	22.4%	20.7%	5.3%	12.9%	8.8%
EBIT	-6.1	-1.9	12.4	9.0	-71.8	-42.2	-24.6
EBIT %	-1.8%	-0.5%	3.2%	2.2%	-26.1%	-16.3%	-10.1%
Earnings per share ⁴	-2.07	-3.32			-10.26	-7.01	-5.29
Balance sheet total	1,539.5	1,294.1			1,234.8	1,161.2	1,026.6
Equity/Assets ratio	33.9%	17.7%			10.7%	19.7%	22.0%

See Note 38 for Definitions.

¹ Biogas sales includes CBG, LBG, raw biogas and to a lesser extent CNG.

² In 2018 the Group had non-recurring costs pertaining to disputes and penalty fees corresponding to SEK 21.8 million (13.6), which reduced EBITDA. Business Area Norway's EBITDA was SEK -14.8 million in 2018 (-7.7), as the plant at Skogn was not commissioned until June 2018.

³ Pro forma for 2019 and 2020 include the assumption that Ekdalens was a wholly owned subsidiary for all of 2019 and 2020.

⁴ A share merger 1-for-10 was conducted during autumn 2020 and, accordingly, the number of shares for the periods 2016-2019 has been divided by 10 to produce comparable data.

CEO commentary

On a green journey

During 2020 Scandinavian Biogas was listed on Nasdaq First North Premier Growth Market, with the first dark green share. Favourable financing within our green framework secures growth investments that enable the Group's continued positive development. The biogas market has developed positively, and the paradigm shift is still underway towards liquid biogas (LBG).

Scandinavian Biogas has had a positive development in recent years, and we are well positioned to meet a growing market as the Nordic region's market-leading producer of biogas. We have an ambitious growth strategy and a focus on continuing to promote sustainable development.

We support the transition to a fossil-free society by converting local organic waste into renewable energy in the form of biogas and bio-fertiliser, with zero net emissions to the atmosphere. Scandinavian Biogas produces renewable energy from essentially all types of organic material, and our processes are among the most efficient in the world. In this way, Scandinavian Biogas closes the circle, participates in the circular economy and promotes a sustainable society. Biogas is the most eco-friendly vehicle fuel from a comprehensive perspective.

A positive, eventful year

2020 was a positive and eventful year for Scandinavian Biogas. As the world suffered through the effects of the COVID-19 pandemic, Scandinavian Biogas stood firm and took several important strides forward.

Operationally, the year started well, with a high production rate at all plants. The impact of COVID-19 on our customers during the second quarter affected us as well, albeit to a limited extent. Raw gas production at our plants in Stockholm was somewhat lower, as Stockholm Vatten och Avfall had fewer waste streams due partly to decreased food waste volumes from restaurants. We secured improvements in profitability and cash flow during the third quarter.

The Group continued to show stable profitability for the full year, with EBITDA of SEK 80.6 million (87.8) and an EBITDA margin of 19.8 per cent (21.6). Profitability is expected to improve as demand for liquid biogas (LBG) grows and LBG deliveries increase as a result. We also anticipate higher returns on future investments and that fixed costs will not increase at the same rate as sales.

In terms of production, the plant in Skogn, Norway, had a strong start to the year. Scheduled maintenance measures to develop the liquefaction function in collaboration with the technology supplier had a negative impact on produced LBG volumes during the fourth quarter. The plant regained its full capacity in early February 2021.

Ulsan, Korea, was the Group's most stable facility during the year, and continued to perform at a high level. The court's ruling in the legal dispute in Korea with Ulsan City was not in our favour and cannot be appealed. We are obviously disappointed in the ruling but are directing all of our focus on continuing to run a high-performing operation in Korea.

"Dark Green" framework

During 2020 we took several important steps to also ensure green financing of the Company's continued development and investments.

Early in the year we repaid the outstanding SEK 230 million bond loan and replaced it with a private credit facility, which was repaid later in the year under our newly established green financing framework. Our "Dark Green" rating, in combination with our successful business operations, was instrumental in achieving a significant reduction in the Company's financing costs.

The Company was listed late in the year on Nasdaq First North Premier Growth Market, with the first dark green share. Prior to the listing, the green framework was expanded to include the share. We conducted a successful SEK 586 million placement (including SEK 350 in newly issued shares) of dark green shares to qualified Swedish and international investors. The transaction was substantially oversubscribed, and we broadened our investor base with prominent institutional investors such as Länsförsäkringar Fondförvaltning, Handelsbanken Hållbar Energi and Skandia Sverige Hållbar.

This has secured equity financing for the Group's growth plan, enabling the Group's continued positive development. Meanwhile, the biogas market continues to grow, and political decisions indicate a positive long-term development.

Production subsidy extended through 2021

Several important political steps affecting the future of biogas were taken in 2020. In one positive political message, the government's 2020 autumn budget extends the production subsidy through 2021 with an amount of SEK 200m. The government also confirmed that it is preparing a long-term production subsidy scheme based on the Biogas Commission's proposal published in late 2019. Such a decision would have a major positive impact on Scandinavian Biogas's business and on conditions for the Swedish biogas industry. The gas industry also submitted its climate roadmap to the Swedish government, concluding that biogas production in Sweden can be increased by more than fivefold by 2030 if a well-functioning support system is put in place as soon as possible.

During the year the EU Commission approved Sweden's state aid application for tax exemption for biogas, a key approval valid for ten years. There are also positive indications of political progress in Norway, where the parliament requested that an evaluation be made to co-ordinate market instruments in Nordic countries.

The growth capacity of renewable fuel production is essential to Sweden's achievement of its goal to have a fossil-free vehicle fleet by 2030, without requiring substantial imports. A rapid conversion is also necessary to meet climate requirements.

” We support the transition to a fossil-free society by converting local organic waste into renewable energy in the form of biogas and bio-fertiliser, with zero net emissions to the atmosphere.

The Scandinavian biogas market has grown dramatically over the past decade – but we are still only in the early days of a large-scale industrial evolution. The global energy market is undergoing fundamental change and the need for renewable energy is constantly on the rise.

Paradigm shift towards liquid biogas

We see that the market is shifting increasingly towards LBG, with growing demand from heavy transport and shipping. LBG is particularly well suited for shipping companies that want to reduce their climate footprint. More and more shipping companies are moving towards using gas as fuel, not least due to tougher sulphur emissions standards. Scania, Volvo, and other European lorry manufacturers are also offering more models that use gas as an energy source.

One of the advantages of LBG is that it is easy to transport over longer distances, which also provides opportunities in the European gas market. LBG production and demand are growing rapidly in Europe. According to biogas organisation NGVA Europe, the LNG vehicle fleet will require approximately 100 TWh of fuel by 2030, with LBG representing 40 per cent of this amount. Meanwhile, the European market is growing, driven by government subsidies and private sector demand. By 2030, NGVA Europe expects 280,000 lorries to be run on LNG, corresponding to at least 25 per cent of the market. Liquid biogas is one of the most effective ways to reduce carbon dioxide emissions and, since the technology already exists, the shift can begin now.

We have several indications of increased interest in LBG from operators in Europe. The European market is a key component of Scandinavian Biogas's strategy to increase deliveries of liquid biogas and meet a growing market.

Acquisition of Ekdalens Biotransporter

In November, we expanded our business and the upstream value chain with the acquisition of Ekdalens Biotransporter, a market leader in the transport of organic material to and from biogas facilities in southern Sweden. The acquisition is part of our strategy to achieve greater integration across the entire biogas value chain and the capacity to offer comprehensive transport service to other biogas industry operators. We also gain greater access to the substrate market and specific expertise for large-scale industrial processes – important factors as the biogas market grows.

Investment projects

Our preparations for planned growth opportunities continued throughout the year, focused on investments in Stockholm LBG and Skogn II. With our secured equity financing, conditions are in place to start all four planned investment projects, totalling approximately SEK 1.1 billion in coming years.

In addition to Stockholm LBG and Skogn II, our prioritised projects are Skogn III, and Mönsterås. The projects all have a clear focus on LBG, transport, and waste, and are expected to more than double our capacity by year-end 2024.

One component involved in doubling production capacity at our plant in Skogn, Norway, is our unique collaboration with the industrial player Norske Skog. Process water from Norske Skog's pulp and paper industry is one of the substrates used in biogas production. This collaboration is an example of our proactive support of the UN's global goals – in this case, goal 9 Industry, Innovation and Infrastructure.

Part of the circular economy

We actively support several global environmental goals as well as the national goals to achieve a fossil-free vehicle fleet, manage waste, and recycle nutrients to agriculture. We have been working with resource-efficient biogas production for 15 years, so sustainability is an integral part of our business model and our operations. With climate-smart, sustainable products, the Company is part of the circular economy.

We conducted a new materiality analysis during the year, and our focus issues for sustainability have been distilled to eight issues. Large parts of the sustainability data we have been reporting as from 2020 now also include Norway and Korea for the first time.

Health & Safety continues to be an important sustainability issue for us. This was especially true this year during the pandemic, as we worked hard to create a safe working environment, protect our employees, and reduce the spread of contagion.

A new beginning

In conclusion, I view this past year as a new beginning, with many opportunities for a positive future – for Scandinavian Biogas, the climate, and the environment. I would like to thank all of our employees for their outstanding contributions that enabled us to make the progress we planned on making, despite the highly unusual events of the past year. I would also like to thank our customers, partners, and owners – and extend a special welcome to our new owners.

We are now focusing on meeting the Group's goals for 2024, which we are well positioned to do:

- Biogas production capacity corresponding to 700 GWh
- Operating income of at least SEK 750 million
- An operating EBITDA margin of at least 30%
- An equity/assets ratio of at least 25% on an ongoing basis

The long-term objective is to use Scandinavian Biogas's collective expertise and experience to ensure growth for biogas deliveries and biogas consumption. In this way, we can actively support the achievement of Sweden's climate goals. The future is bright.



Stockholm, March 2021

Matti Vikkula
President and CEO

The share and shareholders

The Scandinavian Biogas share has been listed on Nasdaq First North Premier Growth Market since 16 December 2020.

Scandinavian Biogas's market capitalisation totalled approximately SEK 1,325 million on 31 December 2020. The number of shareholders at year-end was approximately 1,172. The total number of shares and votes in Scandinavian Biogas totalled 30,533,852 on 31 December 2020.

Share performance and trading volume

During the period 16 December – 30 December 2020, approximately 3.7 million shares in Scandinavian Biogas were traded on Nasdaq Stockholm, corresponding to a value of approximately SEK 142.3 million. The average daily turnover for the Scandinavian Biogas share was 410,487 shares at an average price of SEK 38.5.

During 2020 the Scandinavian Biogas share price increased 15.7 per cent, from SEK 37.5 to SEK 43.4. The highest price paid in 2020 was SEK 57.5 on 28 December, and lowest price was SEK 34.65 on listing date 16 December 2020. The share price at 30 December 2020 was SEK 43.40 (last paid). The market value of all shares in the Company totalled SEK 1,325 million at 30 December 2020.

Scandinavian Biogas Fuels International AB (publ)

Trading venue	Nasdaq Nordic
Share name	Scandinavian Biogas Fuels Int
Short name (ticker)	BIOGAS
ISIN code	SE001542896
Segment	Premier
Sector	Energy
Currency	SEK
Total number of outstanding shares	30,533,852
Total number of shares listed on Nasdaq Stockholm	30,533,852
Closing price, 30 Dec 2020	43.40 SEK
Market value, 30 Dec 2020	SEK 1,325 million
Certified Adviser	Erik Penser Bank AB

The first dark green share

Scandinavian Biogas is the first company to receive a 100 per cent "Dark Green shading" rating – the highest possible rating from CICERO Shades of Green AS ("CICERO") – for all of its revenue streams and investments, making Scandinavian Biogas the first dark green share to be listed on Nasdaq Nordic.

Green financing framework with independent "Dark Green" rating

In September 2020, Scandinavian Biogas established a green framework for future debt financing as part of its financial sustainability focus. The framework is designed in line with the Green Loan Principles and Green Bond Principles produced by the ICMA (International Capital Market Association). The framework was reviewed by an independent third party, CICERO, and received a "Dark Green" rating, including regulatory documentation and reporting standards.

Prior to the listing on Nasdaq First North Premier Growth Market, the green framework was expanded to include the share. With this arrangement, the Company wants to demonstrate how it intends to use future financing for green purposes, thereby promoting a greener energy conversion in society. The green equity framework gives investors greater insight into the Company's sustainability work and the opportunity to examine and compare the Company's sustainability performance. Cicero assesses that Scandinavian Biogas's activities are likely to be aligned with the EU's taxonomy.

Share capital and capital structure

Scandinavian Biogas's share capital totalled SEK 61,067,704 at 31 December 2020. The total number of shares was 30,533,852. The quota value is SEK 2.0. The Company holds no own shares.

On 14 December 2020, in conjunction with its listing on Nasdaq First North Premier Growth Market, Scandinavian Biogas completed a directed share issue of 9,333,334 new shares in the Company. The issue price was SEK 37.5. A 1-for-10 share merger was conducted on 30 November 2020, merging 10 shares into one (1) share.

The following issues were completed in addition to those mentioned above:

- December: Prior to share merger, issue of 30 million shares in connection with TrønderEnergi's conversion of shares in Biokraft Holding AS.
- December: Set-off issue in connection with TrønderEnergi's conversion of shares in Biokraft Holding AS. Total of 7,132,720 shares (prior to share merger).
- December: Issue of shares in connection with conversion of management's shares in Biokraft Holding AS. Total of 210,546 shares.
- December: Set-off issue related to management's shares in Biokraft Holding AS. Total of 6,560 shares.

Scandinavian Biogas's largest shareholders at 31 December 2020

TrønderEnergi AS	12.2%
Bengtssons Tidning AB	11.9%
Ilija Batljan Invest AB	8.7%
Northern Trust	7.1%
Länsförsäkringar Småbolag	5.2%
Handelsbanken Hållbar Energi	3.7%
Apriori AB	3.1%
Skandia Hållbar Energi	2.6%
BNP Paribas Luxembourg	2.1%
UBS Switzerland	1.9%
Other shareholders	41.5%
Total	100,0%

Share price development 16 December 2020 - 16 March 2021, SEK



Changes in number of shares and share capital

Registration date	Event	Change in number of shares	Change in share capital, SEK	Total number of shares	Total share capital, SEK	Quota value of the share
2020	Issue of shares	30,000,000	6,000,000	198,256,960	39,651,393	0.2
2020	Issue of shares	7,132,720	1,426,544	205,389,680	41,077,937	0.2
2020	Reversed split	-184,850,712	-	20,538,968	41,077,937	2.0
2020	Issue of shares	210,546	421,092	20,749,514	41,499,029	2.0
2020	Issue of shares	6,560	13,120	20,756,074	41,512,149	2.0
2020	Issue of shares	9,333,334	18,666,669	30,089,408	60,178,818	2.0
2020	Issue of shares	444,444	888,888	30,533,852	61,067,704	2.0



Scandinavian Biogas's mission is to help achieve society's goal of converting to renewable energy.

Strategy and business model

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

Scandinavian Biogas's aim is to be world-leading in large-scale biogas and bio-fertiliser production. The Company currently holds a leading position in renewable energy and biogas production in the Nordic region. Scandinavian Biogas works to ensure an increased use of biogas in the energy mix. The Nordic heavy road transport sector is currently the most significant area for the Company's growth ambitions, although the biogas

market is also expected to grow within maritime transport and industry. Demand for liquid biogas (LBG) has increased in recent years, along with the supply of biogas-powered vehicles. This affects the market for compressed biogas (CBG), which is currently local but is expected to develop into regional or national markets in future.

Business concept

Our business concept is to be a leader in the design, management and operation of biogas plants.

Vision - how we generate value for shareholders

Our vision is to be world-leading in large-scale biogas production.

Operational goal 2024

Scandinavian Biogas will have a production capacity corresponding to 700 GWh by 2024.

Financial goals 2024

- Operating income \geq SEK 750 million
- Operating EBITDA margin \geq 30 per cent
- Equity/Assets ratio \geq 25 per cent on an ongoing basis

Sustainable and profitable growth

Scandinavian Biogas's overall strategic ambition is to leverage its current market position, expertise in biogas production with its self-developed HOLD Technology™, and experience in advanced project development. The Company has adopted an ambitious growth strategy to create opportunities to benefit from favourable market conditions. The strategic growth plan is focused on four areas.

Increased production

The expansion of production capacity is a key aspect of Scandinavian Biogas's growth strategy. Ongoing efforts to increase capacity are being pursued on multiple levels. New investment opportunities are continuously explored, ranging from the design of new plants and takeover of biogas plants from third parties to the expansion of own existing plants. The Company's HOLD Technology™ will be further developed and utilised to a greater extent to improve capacity at existing plants.

The trend in biogas production is towards the construction of larger and larger plants. Scandinavian Biogas's strategy is to focus on plants with an annual capacity of over 80 GWh (CBG) or over 120 GWh (LBG). In recent years, a key aspect of the strategy has been to consolidate a strong position in the Stockholm area. One step towards the realisation of this strategy is the agreement previously entered into by the Company with Stockholm Vatten och Avfall, which guarantees operations at Henriksdal and Bromma for many years to come.

To further support the growth strategy, the Company will build on its experience in advanced project development and consolidate its position as a leading biogas supplier. Scandinavian Biogas has identified several specific expansion projects to increase the production capacity of existing and new facilities.

Utilise HOLD Technology™ and the Company's unique expertise

HOLD Technology™, Scandinavian Biogas's self-developed process technology for biogas production, is the core of the Company's operations. HOLD Technology™ produces a stable process capable of handling extremely large loads, which in turn produces optimal cost- and resource-efficient production.

After more than ten years of research and development, combined with in-depth practical experience in biogas production, Scandinavian Biogas has world-leading expertise in the optimal design and operation of biogas facilities. The Company's plants in Korea and at Södertörn are good examples of the technology's application. High production levels and a minimal amount of digestates are achieved with optimised digestion tank capacity. Based on its extensive and world-leading expertise in the field of biogas, Scandinavian Biogas is well positioned to capture growth in the market for resource and energy recovery.

Important work is being done to identify new substrate sources. The Group's research and development efforts have evaluated the suitability of more than 400 organic materials. Potentially interesting substrates have been identified and are already being used in the pulp and paper industry and elsewhere.

➔ Read more about HOLD Technology™ on page 14.

Increase LBG production capacity

Scandinavian Biogas will further expand its LBG production capacity. This will give the Company greater access to national, Nordic, and European gas markets. The investment in and commissioning of the plant in Skogn, Norway, was a step in this strategic direction. Having secured equity financing in 2020, investments can begin in four prioritised projects: Stockholm LBG, Skogn II, Skogn III, and Mönsterås. The Company therefore expects to have a production capacity of 700 GWh by late 2024.

Based on the growing demand for biogas in general and LBG in particular, driven by the transition to gas as fuel for heavy vehicles and shipping, the Company has identified the need to increase its LBG capacity. One advantage with LBG is that it is easy to transport over longer distances, offering the Company good prospects for addressing the European gas market.

Develop partnerships

Due to its market-leading expertise in biogas production, Scandinavian Biogas has formed strong and trusting relationships with several local and regional players. An example of this is the Company's long-term agreement with Stockholm Vatten och Avfall for the upgrading of raw gas to fuel-quality biogas at the Henriksdal wastewater treatment plant in Stockholm.

Scandinavian Biogas will continue to secure and strengthen long-term strategic partnerships across the entire value chain, from substrate suppliers to valuable by-product customers. The growth projects currently under development by the Company will also be pursued in close collaboration with partners and customers. An example of this is our collaboration with industrial partner Norske Skog at the plant at Skogn.

The business was expanded in late 2020 with the acquisition of Ekdalens Biotransporter, a market leader in the transport of organic material to and from biogas facilities in southern Sweden. The acquisition is part of Scandinavian Biogas's strategy to achieve greater integration across the entire biogas value chain and the capacity to offer comprehensive transport service to the whole biogas industry.

In assessing potential new growth projects, the Company uses its well-established project development process, which covers everything from thorough evaluation of the project's potential to construction of the plant in accordance with HOLD Technology™. Based on this process, Scandinavian Biogas can offer long-term partnerships, such as designing and operating biogas production plants for external partners.

Investments in renewable energy

In recent years, Scandinavian Biogas has made extensive investments to support a fossil-free, circular, and sustainable society. The Company's core business is focused on producing renewable energy in the form of biogas. Increased production, and the Company's consequent growth, requires investments in new or existing plants. This applies particularly to production capacity for liquid biogas (LBG). One example of this is the investment in Skogn, Norway, where we will double capacity with investment projects Skogn II and III.

Total investments in 2020 amounted to SEK 58.7 million. Through year 2024, Scandinavian Biogas plans to invest a total of approximately SEK 1.1 billion in its four prioritised investment projects: Stockholm LBG, Skogn II, and Skogn III (expansion and

upgrading of existing plants), and Mönsterås (establishment of entirely new facility). All projects have a clear focus on LBG. When completed, the projects are expected to generate a total yearly capacity increase of approximately 260 GWh of LBG.

The Company's current estimates of the investment, net after investment grants, required to complete the projects is approximately SEK 800 million. Scandinavian Biogas expects to receive around SEK 300 million in investment grants, of which SEK 200 million has already been granted prior to year-end 2020. The Company aims to have a financing solution that is a combination of own cash flow, additional equity, and loan financing. Financing is expected to be in line with previous levels – i.e. 30 to 35 per cent equity and 65 to 70 per cent new loan financing.

Overview of planned investments

Stockholm LBG	Skogn II	Skogn III	Mönsterås
-10 GWh Planned additional production	~35 GWh Planned production	-90 GWh Planned production	-125 GWh Planned production
-125 GWh Planned LBG production	LBG	LBG	LBG
LBG	NOK -120m Estimated net capex	SEK -150m Estimated net capex	SEK -430m Estimated net capex
SEK -70m Estimated net capex	<ul style="list-style-type: none"> Permits needed granted Investment grant approved NOK 49m Extension on existing site Negotiated agreements with technology suppliers (one pending to be signed) Off-take agreement signed, additional in progress Debt financing negotiations well in progress Commissioning estimated 2022 	<ul style="list-style-type: none"> Environmental permit process ongoing Feasibility study executed Negotiated agreements with technology suppliers (as options) Arrangement for feedstock and off-take ongoing Commissioning estimated 2023 	<ul style="list-style-type: none"> Environmental permit process ongoing Very strong political support Klimatklivet and LBG Drive approved grants of SEK 108m and 37m Majority of annual substrate requirements assured through owners/farmers participation Ongoing negotiations with technology suppliers Commissioning estimated 2023



Business model

Scandinavian Biogas essentially operates under two business models, based on its world-leading HOLD Technology™. The Company's strength lies in its qualified engineering expertise and knowledge of microbiology, which enable development of resource-efficient, economical processes for many different types of substrate.

With HOLD Technology™, the process concept includes the entire chain – from biogas plant design to managing, pre-treating, and digesting organic material and upgrading biogas to vehicle fuel quality. The efficient operation of biogas facilities is at the core of Scandinavian Biogas's business model. The Company attaches great importance to systematically improving and fine-tuning the digestion process.

Scandinavian Biogas's two business models

Build-Own-Operate (BOO) focuses on constructing biogas plants in accordance with HOLD Technology™ and on operating them in a resource-efficient manner based on Scandinavian Biogas's expertise.

Engineering and Operations (E&O) emphasises Scandinavian Biogas's service offering as biogas plants are being designed and operated in accordance with HOLD Technology™.

Value creation through Scandinavian Biogas's qualified engineering expertise and knowledge of microbiology

- Produces more gas per cubic metre of digestion tank volume
- Provides qualified expertise for a wide range of substrates
- Dramatically shortens the period between start-up and full production capacity
- Achieves greater reactor stability during the digestion process
- Ensures high-quality bio-fertiliser
- Upgrades gas with very low levels of methane leakage
- Achieves cost- and resource-efficient production
- Continuously increases production capacity through process improvements

HOLD Technology™

One of Scandinavian Biogas's success achievements is its self-developed HOLD Technology™, an advanced process technology used to optimise large-scale biogas production. The method is one of the most effective in the world and has been utilised on a full scale in Ulsan, Korea, where production efficiency has increased 3–5 times since the Company took over in 2007. HOLD stands for High Organic Load Digestion.

The method, developed by the Company's R&D department in close collaboration with Linköping University, is founded on three cornerstones:

- The first cornerstone involves the way a biogas plant should be designed to increase efficiency and reduce energy consumption between stages – e.g. from food waste collection site to digestion tank. This is the system's hardware, involving mainly stirring and also pipes, pumps, and heat exchangers.
- The second cornerstone is based on in-depth expertise and well-proven methodology regarding the substrates that work best in various combinations. Since 2005, Scandinavian Biogas has tested over 400 different substrates in a laboratory environment. Substrates need to be mixed with chemicals and other additives to achieve an optimal balance between maximum energy extraction, efficient decomposition, and minimal production of by-products. The right combination – the recipe – is the system's software.
- The third cornerstone involves the way the substrate is introduced to the digestion tank to allow the micro-organisms to maintain efficient production with a high utilisation rate of substrate energy. The product – biogas and bio-fertiliser – is then packaged and transported, and any by-products are taken care of in order to close the circle.

The development of HOLD Technology™ is one of the Company's greatest successes. The technology also forms the foundation of the business. Identification of a substrate mix that provides efficient microbiological decomposition and that can subsequently be refined into vehicle fuel quality via an optimised digestion process: this is the Company's key driver – The Leadership of Microbes™.

The EffiSludge for Life project is an example of an innovative use of new substrates. The project is aimed at using the by-product bio-sludge to produce liquid biogas (LBG) and is jointly operated by Norske Skog, Scandinavian Biogas, and its Norwegian subsidiary Biokraft. The project promotes better resource utilisation, reducing energy and nutrient consumption while converting organic material from the mill's process water into liquid biogas.

Market and key drivers

Today’s infrastructure for natural gas is well developed, and biogas has many advantages as an energy source. It is normally produced from organic waste that has few other uses, which means that biogas extraction increases the circularity of the energy system and the economy. With low particle and nitric oxide emissions, biogas also benefits the local environment. The global biogas market is undergoing a paradigm shift, with the advantages of liquid biogas (LBG) becoming increasingly apparent to sectors such as heavy transport and shipping.

The biogas market

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

The European CBG market has grown rapidly. Annual average production growth was above 70 per cent between 2011 and 2019¹. CBG is currently the most utilised form of biogas in the Nordic region.

Liquid biogas

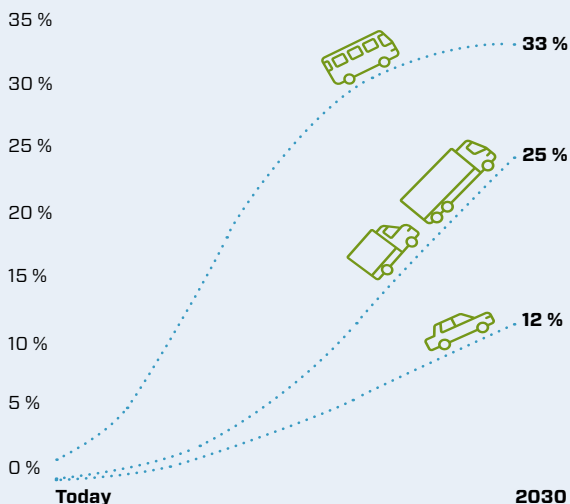
A paradigm shift is currently underway as the advantages

of liquid biogas become increasingly apparent for heavy transport and shipping in the Nordic region. Through 2019, the Swedish Environmental Protection Agency granted subsidies through the Klimatklivet initiative for 45 filling stations and the procurement of over 400 heavy lorries run on liquid biogas. More and more gas-powered vessels are being procured by Nordic shipping companies. These may eventually be powered by liquid biogas.

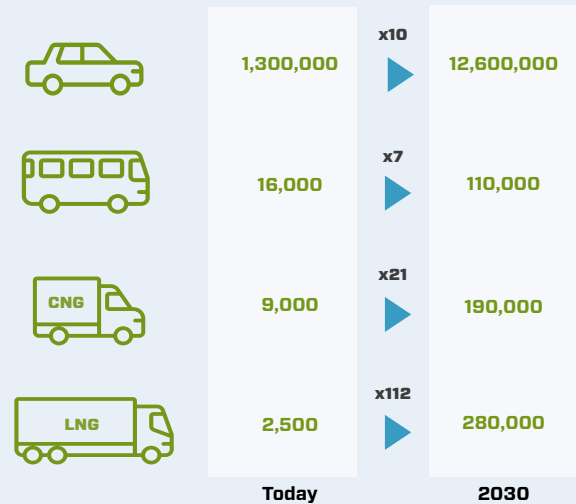
The manufacturing industry has also begun to show interest in LBG. Toyota Material Handling in Mjölby, which manufactures industrial trucks, was one of the first industry operators to do so. A prerequisite for realising the long-term potential of biogas is continuing to scale up LBG production, as it is easier to use gas in liquid form in industry and as vehicle fuel. Liquid biogas is also better suited for longer transports and can therefore open the way for a Scandinavian biogas market. Biogas is currently distributed locally and regionally by lorry or via a gas pipeline network.

Gas vehicles in Europe 2030

Market share for natural gas vehicles in Europe



Development of natural gas vehicle fleet



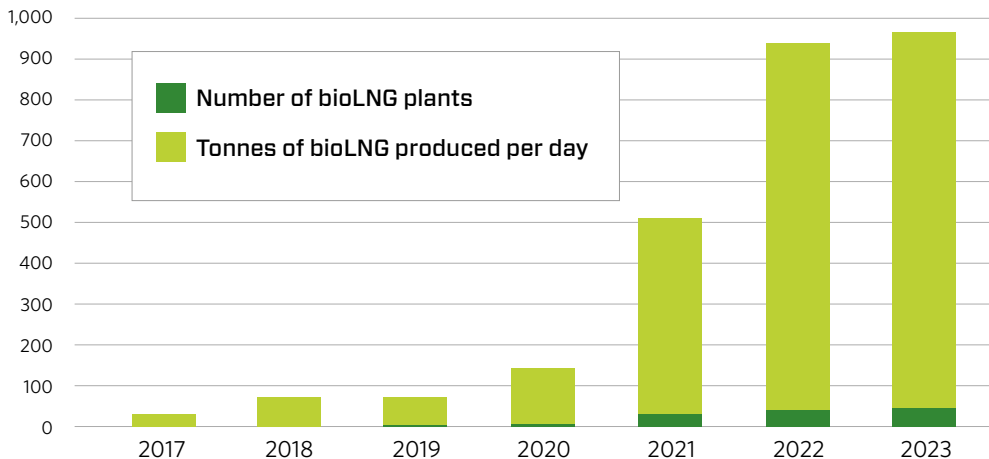
Enormous growth potential in Europe

According to estimates, the market for methane-fuelled vehicles in Europe has enormous potential. European trade association NGVA expects the vehicle fleet to be 13 million strong by 2030, distributed between passenger cars, light vehicles, buses, heavy vehicles, and ships. There are currently 1.4 million gas vehicles in Europe. The development potential for gas-fuelled lorries is deemed particularly significant – from the current 2,500 vehicles to 280,000 in 2030. The supply of renewable gas is expected to increase in parallel with this development.

Source: NGVA, <https://www.ngva.eu/medias/natural-gas-infrastructure-and-outlook-towards-2030/>

¹ European Biogas Association, 2020

Development of LBG production capacity in Europe



LBG production is growing rapidly in Europe, and production capacity is expected to increase from just over 100 tonnes per day in 2020 to over 900 tonnes per day by 2023, according to the NGVA. Meanwhile, the European market is growing, driven by government subsidies and private sector demand.

Source: NGVA Europe

Feedstock for biogas

Substrate is needed to produce biogas, and in most cases various types of waste are used as feedstock. Today, as the circular economy mind-set gains more traction, more and more players view waste as a valuable resource. This increases competition for certain waste streams. To improve efficiency and strengthen competitiveness, Scandinavian Biogas places great emphasis on identifying new substrates.

In Sweden, sewage sludge is the most common substrate used in biogas production. Most Swedish treatment plants are equipped with digestion tanks, which limits the growth potential for sewage sludge as a substrate. Food waste is one substrate with great growth potential, as only a small amount of Swedish household food waste is currently being collected. In 2019, 36 per cent of food waste was collected and only 38 per cent of food waste was used for biogas production.¹ Meat industry and forestry residues are other feedstocks with developing potential as biogas substrates.

Main market segments for biogas

Light vehicles

Compressed biogas (CBG) for light vehicles is a key segment. The number of small lorries in Europe will increase from 9,000 in 2018 to 190,000 in 2030. Together with heavy transport, this segment is expected to constitute 25 per cent of the European natural gas market by 2030.

In Sweden, this market is currently dependent on policy instruments and is limited by the supply of gas cars and filling stations. Filling stations are mainly concentrated in metropolitan areas, along the natural gas pipeline on the country's west coast, and in Bergslagen. It is today possible to drive a gas vehicle throughout Göta- and Svealand and along the entire Norrland coast.

Buses

Public transport is a strong market for biogas and will remain a key driver in the industry due to a well-functioning infrastructure and other factors. In 2019, approximately 20 per cent of Sweden's entire bus fleet was comprised of gas-powered buses.² According to NGVA statistics, the European market share is expected to be 33 per cent in 2030.

Municipalities in Sweden often oversee treatment plants as well as public transport, which has provided opportunities for local cycles that utilise waste. In Sweden, Stockholm Public Transport (SL) and its operators have historically used the most biogas, although it is primarily Skånetrafiken and Västtrafiken that have identified biogas as an important step towards fossil-free public transport going forward.



Heavy transport

An increasing number of heavy vehicles are powered by alternative fuels such as biogas. This also applies to long-haul traffic. Volvo, Scania, MAN, Mercedes, and Iveco are some of the companies that have invested heavily in developing efficient, sustainable fuel solutions. The Euro 6 gas engine is essentially as effective as a diesel engine. Meanwhile, interest in gas trucks and lorries is on the rise in several European countries. Since freight transport is normally done across national borders, this also affects conditions for biogas use in Sweden and Norway. Renewable alternatives such as biogas also benefit from the expected rise in oil prices in the long term. Liquid biogas production and access to filling stations are factors that are currently limiting the use of biogas as a fuel in this segment.

Industry

Approximately 9 TWh of gas is used annually by Swedish industry, with biogas representing only a small share of this amount.³ Most of the industries that use gas are located along the gas grid on Sweden's west coast.

1 Svensk Avfallshantering 2019. Avfall Sverige. https://www.avfall Sverige.se/fileadmin/user_upload/Publikationer/SAH_2020.pdf

2 Trafiksäkerhetshöjande insatser för gasbussar, Transportstyrelsen 2019, s. 5. <https://www.transportstyrelsen.se/globalassets/global/publikationer/vag/yrkestrafik/utredningsuppdrag- trafik-sakerhetshojande-atgarder-for-gasbussar.pdf>

3 Energigas Sverige. <https://www.energigas.se/fakta-om-gas/saa-haer-anvaends-gas-i-sverige/industri/>

Light vehicles	Buses	Heavy transport	Industry	Shipping	Bio-fertiliser
<ul style="list-style-type: none"> ▪ CBG ▪ Local market ▪ Potential: >4 TWh 	<ul style="list-style-type: none"> ▪ CBG ▪ Local market ▪ Potential: >4 TWh 	<ul style="list-style-type: none"> ▪ LNG/LBG ▪ Scandinavian market ▪ Potential: >10 TWh 	<ul style="list-style-type: none"> ▪ LNG/LBG ▪ Scandinavian market ▪ Potential: ~20 TWh 	<ul style="list-style-type: none"> ▪ LNG/LBG ▪ Scandinavian market ▪ Potential: ~96 TWh 	<ul style="list-style-type: none"> ▪ Three different products ▪ SPCR 120-certified ▪ Local market

Market segments with interesting business opportunities for Scandinavian Biogas

In addition to reducing climate impact, the transition to gas from oil and other fossil fuels enables more precise process control. The food industry is therefore particularly interested in gas as a fuel.

Stronger financial incentives and increased LBG production would enable biogas to achieve a real impact in industry.

Shipping

The shipping sector has increased its use of gas as fuel in recent years. A 2017 review of newly ordered vessels with links to Sweden showed that half of all new vessels were built to run on gas.

Although mainly liquid natural gas is being used, biogas can easily be blended with natural gas, or can replace it entirely. This trend has its origin in the sector's environmental ambitions and tough new sulphur emissions standards for the Baltic Sea.

According to a recent report from the Swedish Environmental Protection Agency, CO₂ emissions from Swedish shipping decreased 27 per cent in 2019 largely due to the switch from oil-based fuels to natural gas. Neither natural gas nor biogas give rise to sulphur emissions. Carbon dioxide emissions can be reduced by around 30 per cent using natural gas instead of heavy oil, and by a full 120 per cent using biogas.¹ Supplying the shipping sector's needs, however, requires large quantities of gas. As the supply of LBG increases, several shipping companies are ordering gas-powered vessels. And as more and more vessels are powered by gas, the need for biogas (LBG) also increases dramatically.

The shipping sector is of great interest for the future. The Norwegian shipping company Hurtigruten has decided to make substantial investments in technology and sustainable solutions. In Sweden, the newly started shipping company Wallenius SOL intends to run its vessels on liquid natural gas. Another example is Gothia Tanker Alliance, which currently has thirteen vessels that can be run on biogas or natural gas.² Other examples include the Viking Line, which has been running its cruise ship Viking Grace on liquid gas since 2013. Viking Line is in the process of building a new gas-powered ship, Viking

Glory, which will be among the world's most climate-smart vessels and will operate on the Stockholm-Åbo route starting in 2021. The company's goal is to switch from LNG to liquid biogas (LBG) in future.



Market for bio-fertiliser by-product

A residue is formed when organic waste is broken down into biogas. This residue is called "digested sludge" at treatment plants and "bio-fertiliser" when produced at other types of plants. Digested sludge and bio-fertiliser can both be used to advantage as fertiliser. Bio-fertiliser is made of nutrients recovered from waste, and some substrates are more appropriate than others. Animal waste, for example, needs to be heat-treated to kill bacteria and infective agents, while vegetable waste does not.

Because bio-fertiliser is rich in nitrogen and phosphorous, it can be highly beneficial in organic farming, where alternatives for nitrogen and phosphorous fertilisers are limited. Today, around half of all bio-fertiliser produced by Swedish biogas plants is utilised. Fertiliser production will be a significant revenue stream for the biogas plants going forward.

1 www.energigas.se/fakta-om-gas/biogas/biogas-och-miljoen/biogasens-klimatprestanda/

2 <https://www.di.se/nyheter/storsatsning-pa-nytt-svenskt-rederi-bestaller-for-miljarder/>

Biogas consumption in Scandinavian Biogas markets

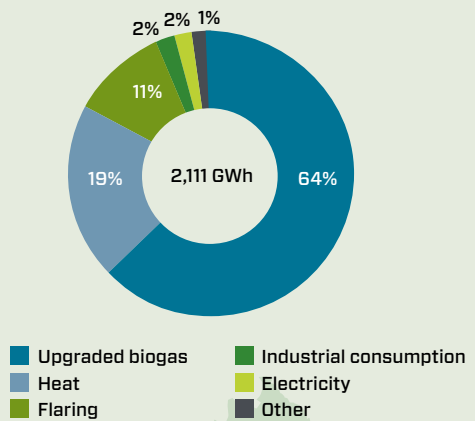
Scandinavian Biogas’s main markets are Sweden and Norway. The Company also has operations in Korea.

Sweden

- In 2019 biogas production increased 3.3 per cent over 2018 levels to 2,111 GWh. The most important substrates are sewage sludge (32%), food waste (20%), and manure (10%).¹
- Sales of liquid biogas increased dramatically in 2019 and 2020. Of the 75 GWh of liquid methane sold in 2020, liquid biogas comprised 48 per cent, corresponding to 36 GWh of LBG.
- The Swedish biogas market is distinguished by having a large number of small-scale operators – a total of 280 plants.²
- The biogas car fleet increased 133% between 2009 and 2019.³
- The share of biogas in vehicle gas has increased rapidly since introduction in the 1990s and totalled 94% in 2019.⁴
- Companies taking steps to reduce greenhouse gas emissions are eligible to apply for financial support via Klimatklivet. The initiative, part of the government budget, granted a total of SEK 2.4 billion in 2020.
- During 2020 the EU Commission approved Sweden’s state aid application for tax exemption for biogas. The approval is valid for ten years.
- The 2021 proposed budget extends the temporary production subsidy, introduced in 2018, with an additional SEK 200 million.
- The Biogas Commission presented its report in December 2019, proposing a production target of 10 TWh for Swedish biogas by 2030. This represents a fivefold increase over current production.
- During 2020 the gas industry submitted its climate roadmap to the Swedish government, concluding that biogas production in Sweden can be increased by more than fivefold by 2030 if a well-functioning support system is put in place as soon as possible.

Biogas consumption 2019

Source: Swedish Energy Agency

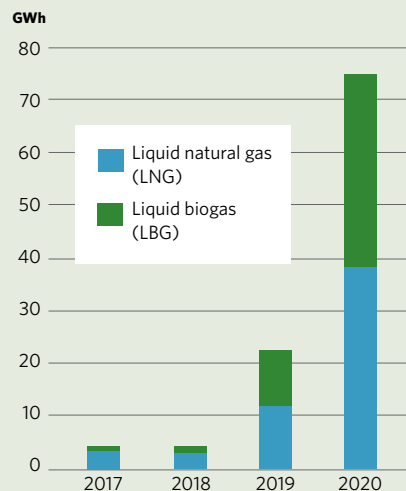


>100 %
biogas consumption
increase since 2015

133 %
biogas car fleet increase
between 2009 and 2019

LBG sales volume

Source: Swedish Energy Agency, SCB



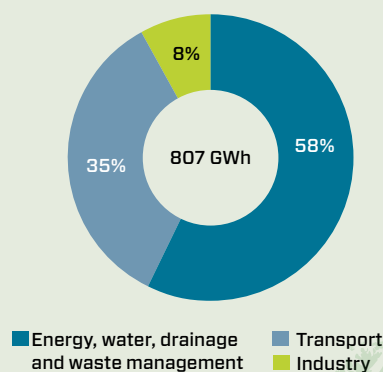
1 Produktion och användning av biogas och rötrestar år 2019, Swedish Energy Agency (Energimyndigheten), p 3.
 2 Produktion och användning av biogas och rötrestar år 2019, Swedish Energy Agency (Energimyndigheten), p 17.
 3 Vehicle fleet 2019, Statistics Sweden.
 4 <https://www.energis.se/fakta-om-gas/fordonsgas-och-gasbilar/statistik-om-fordonsgas/>

Norway

- The biogas market had an average annual growth rate of 29 per cent between 2014 and 2018.
- Norway's biogas production is the least developed among Nordic countries, although there is a clear strategy to increase biogas production in coming years.
- The Norwegian Environment Agency estimates a potential increase in biogas production of 400% during the 2015-25 period.⁵
- The biogas report published by the Norwegian Environment Agency in 2020 concluded that Norway has the potential to produce and consume more biogas, which would reduce emissions and promote a circular economy⁶.
- Gas-powered buses are driving demand for biogas. In 2019, 238 GWh of biogas was used in the transport sector, an increase of nearly 100% over 2017. (The transport sector used 35% of 807 GWh in 2019).
- Several transport companies are investing in liquid biogas and have signed intent agreements for hundreds of heavy bio-gas-powered vehicles. Since autumn 2017, operators can apply via Norwegian Enova for financial support for investments in heavy transport and refuelling infrastructure.
- There is great potential within shipping, where liquid biogas can be used as a natural gas supplement and a fossil fuel substitute. Shipping company Hurtigruten was the first to procure LBG.

Biogas consumption, Norway 2019

Source: Statistics Norway



29 %
average annual growth rate of the biogas market

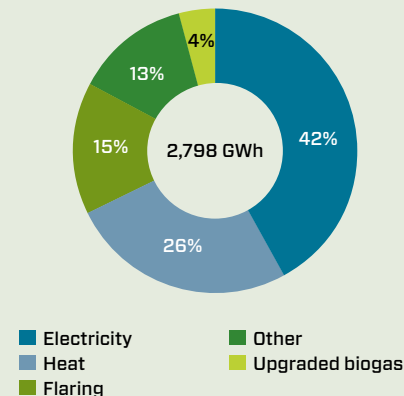
100 %
increase of biogas used in the transport sector 2017-2019

Korea

- The market is comprised of a few large-scale biogas plants.
- Electricity and heat production account for most biogas consumption, with vehicle fuel accounting for only a small percentage.
- The main focus of biogas production is electricity generation, which is expected to increase 27% between 2015 and 2020.⁶
- The Government of South Korea has announced an increase in renewable electricity to 20% by 2030, in line with the Paris Agreement's climate target.
- Subsidies and low-interest loans are offered to support investments in the biogas industry.

Biogas consumption, Korea 2016

Source: IEA Bioenergy



5 Norwegian Environment Agency
 6 <https://www.miljodirektoratet.no/globalassets/publikasjoner/m1652/M1652-versjon2.pdf>
 7 Ministry of Environment

Operations

Cost-efficient, large-scale biogas plants

Scandinavian Biogas’s core business, which has historically been the production and upgrading of biogas in Sweden and biogas production in Korea, now also includes the production of liquid biogas (LBG) at the Company’s plant in Norway. The aim is to promote a sustainable, fossil-free future by increasing the production capacity of existing plants and constructing new facilities with a clear focus on LBG.

The plant in Skogn, Norway – the world’s largest facility for the production of liquid biogas – produces and delivers biogas for the Norwegian market. Extensive investments in coming years will meet the high demand from heavy transport and shipping.

➔ Read more about operations in Norway on page 24.

Demand for vehicle gas and bio-fertiliser remains high in Sweden. The planned expansion of the plant at Södertörn is designed to meet the growing demand and simultaneously fine-tune the process chain to enable delivery of greater volumes of food waste. The Company is planning to invest in a plant in Mönsterås for the production and liquefaction of fertiliser-based biogas.

➔ Read more about operations in Sweden on page 21.

New substrates and feedstocks are continuously tested, and new collaborations provide access to restaurant and household food waste and business waste from various industries. Scandinavian Biogas’s operations lay the groundwork for a circular economy and support sustainable development.



Biogas deliveries of **354 GWh** equivalent to annual supply for **831 city buses**

87,327 tonnes CO₂eq Emissions reduction thanks to biogas

Production of **25,412 tonnes of bio-fertiliser** to replace artificial fertiliser



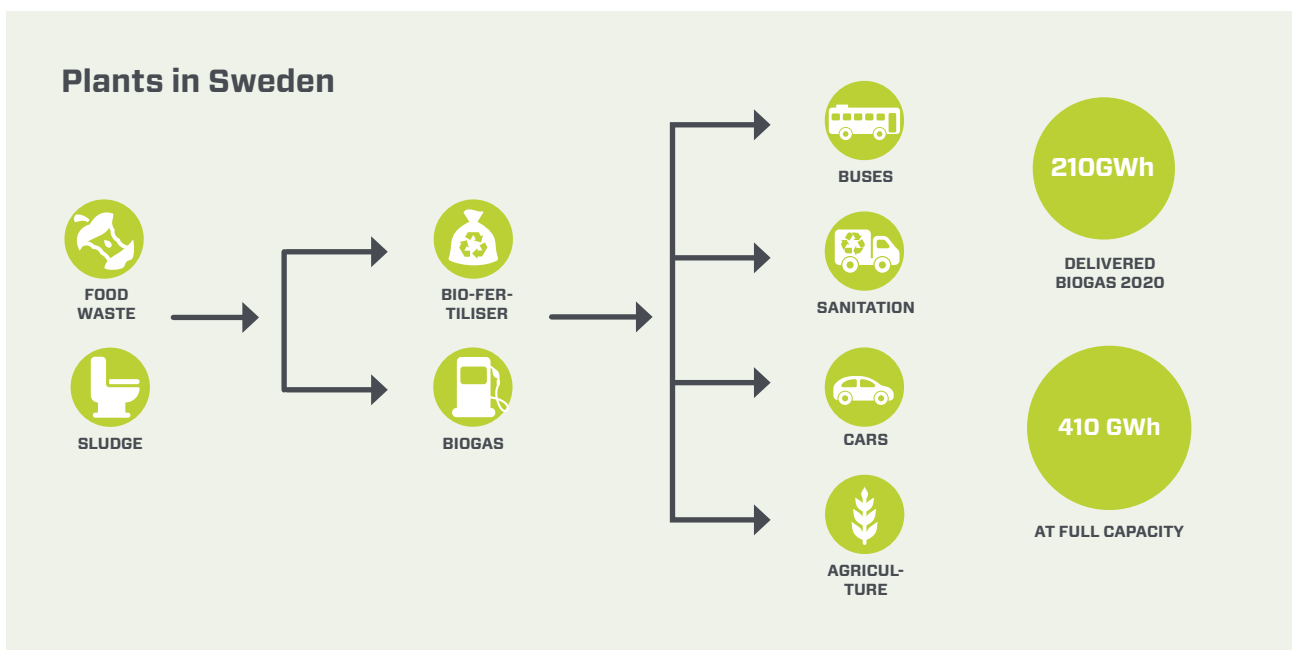
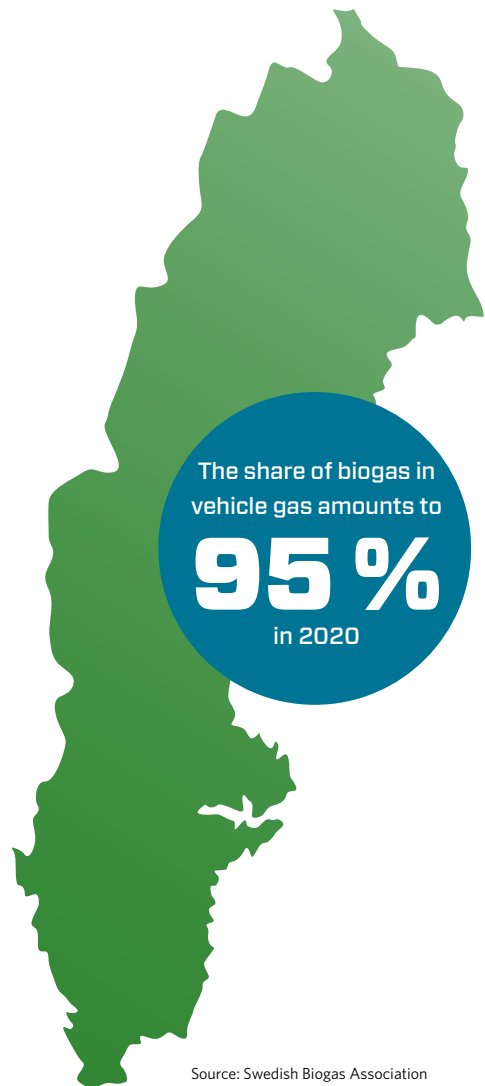
Operations Sweden

Sweden is Scandinavian Biogas’s main market for biogas as vehicle fuel. With three full-scale production plants in the Stockholm area and a production capacity of approximately 410 GWh in 2020, the Company supplies the Swedish market with both bio-fertiliser and biogas. The plants are part of the Company’s strategy to maintain a strong presence in local and regional markets where biofuel markets are improving.

Deliveries of biogas were somewhat lower in 2020, with some customers at times unable to take delivery of full contractual volumes due to COVID-19. Raw gas production at our plants in Stockholm was also somewhat lower. The outlook is good in light of the positive political discussion on the future of biogas. Biogas is exempt from both the energy and the carbon tax, and growth has been stable for many years.

In a positive political message, the government’s 2020 autumn budget extends the production subsidy through 2021 with an amount of SEK 200m. The EU Commission also approved Sweden’s state aid application for tax exemption for biogas, a key approval valid for ten years. The Swedish government confirmed that it is preparing a long-term production subsidy scheme based on the Biogas Commission’s proposal published in late 2019. Such a decision would have a major positive impact on Scandinavian Biogas’s business and on conditions for the Swedish biogas industry.

The government’s official report presented in December 2019 proposed a production target of 10 TWh by 2030 for Swedish biogas, corresponding to a fivefold increase over current production. According to the report, this would produce benefits for the economy as whole that greatly outweigh the costs, while also dramatically reducing the transport sector’s climate emissions. The proposal is a step in the right direction and may be useful in establishing a





long-term perspective for the biogas market. The report also proposed a production subsidy of 0.30-0.40 SEK per kWh for biogas produced through a manure digestion process, which would partially offset the current competitive disadvantage against Danish production. The report's proposals also include an upgrading subsidy of 0.20-0.30 SEK per kWh and a liquefaction subsidy of 0.10-0.15 SEK per kWh.

Biogas is particularly attractive within the public transport sector across the country. Approximately one in five bus kilometres is now fuelled by biogas. The transport sector is the single largest source of emissions in Sweden – accounting for one-third of the country's carbon emissions. Compared with other European countries, though, Sweden is well advanced when it comes to using renewable energy as fuel.

According to Swedish Energy Agency estimates, the total share of renewable fuel in Sweden's transport sector rose from 15 per cent in 2015 to 23 per cent in 2018.¹ The political target is to reduce the transport sector's greenhouse gas emissions by 70 per cent by 2030, with 2010 as baseline year. Biodiesel is Sweden's most prevalent renewable fuel, with 82 per cent of the market. With an 8.7 per cent market share, biogas ranks third (after ethanol).²

Facilities

Scandinavian Biogas's plants are situated based on the Company's strategy of establishing a strong presence in local and regional markets, with a focus on vehicle fuel. Strong relationships with long-term partners have allowed Scandinavian Biogas to deploy and further develop its operations.

All biogas production at Bromma and Henriksdal is conducted within the framework of close co-operation with Stockholm Vatten och Avfall, under which Scandinavian Biogas produces

biogas from sludge and raw gas produced by partners. To meet the demand from Stockholm's growing population, the City of Stockholm has decided to increase water treatment capacity and biogas production in the region. The Henriksdal treatment plant will therefore be modernised and expanded, while the Bromma plant is scheduled for decommissioning in 2026. Construction began in late 2017 on a tunnel that will redirect wastewater currently going to Bromma to the Henriksdal treatment plant. The biogas plant at Henriksdal is Scandinavian Biogas's largest in terms of biogas production. An agreement was signed this year with OrangeGas for operation and development of the gas tank station at Bromma. Gas sold by the station will be pure biogas from the adjacent treatment facility produced in a collaboration between Stockholm Vatten och Avfall and Scandinavian Biogas.

The plant at Södertörn is owned and operated in collaboration with SRV återvinning AB, a specialised waste management company owned by the municipalities of Huddinge, Haninge, Botkyrka, Salem, and Nynäshamn. Under the environmental permit granted in 2017, Scandinavian Biogas is licensed to process up to 260,000 tonnes of food waste annually per facility. Due to production process efficiency, a full 70-80 per cent of the waste's energy can be utilised. The plant's current production capacity is 80 GWh, corresponding to 8.8 million litres of petrol and enough to meet the annual fuel needs of 5,000 private motorists.

Scandinavian Biogas has begun planning a capacity increase at the plant for received volumes, biogas production, and to begin producing LBG. The expansion will also allow the reception of additional types of waste. Various changes to biogas logistics are also being considered. In addition to biogas, the Södertörn plant also produces quality-certified bio-fertiliser.

¹ <http://www.energimyndigheten.se/nyhetsarkiv/2016/allt-mer-fornybart-bransle-vid-transporter/>

² Monthly deliveries of biofuel to road traffic, 2020, Statistics Sweden. <https://www.scb.se/hitta-statistik/statistik-efter-amne/energi/tillforsel-och-anvandning-av-energi/manatlig-bransle-gas-och-lagerstatistik/pong/tabell-och-diagram/leveranser-av-biodrivmedel-till-vagtrafik-manadsvis-2019-m3/>



Greater integration across the value chain with Ekdalens Biotransporter

Ekdalens is a market leader in the transport of organic material, with a focus on substrate and bio-substrate, to and from biogas facilities in southern Sweden.

Ekdalens Biotransporter was acquired in 2020 as part of Scandinavian Biogas's strategy to achieve greater integration across the entire value chain, from organic waste to produced biogas and bio-fertiliser. The reliability of substrate deliveries is improved with the integration of a reliable logistics operator – a key factor in guaranteeing high supply levels for the production facilities.

Biogas production is a growing sector, and reliable substrate suppliers are absolutely crucial for the biogas industry. Biogas producers therefore need a strong logistics partner with a high level of expertise, such as Ekdalens Biotransporter. Through the acquisition, Scandinavian Biogas can support the continued strong development of Ekdalens Biotransporter's offer of comprehensive transport services for the entire biogas industry.

Ekdalens Biotransporter's expertise will be important and advantageous for the Swedish biogas industry as a whole, as well as for Scandinavian Biogas's future growth projects, including the project we are pursuing with farmers in Mönsterås Municipality. Ekdalens Biotransporter will continue to operate in its current form as a separate company within the Swedish operations.

Operations

Norway

Scandinavian Biogas operations in Norway comprise the biogas plant in Skogn, outside Trondheim. With an annual capacity of 12.5 million Nm³ of methane, corresponding to 120 GWh, the plant is the world’s largest for the production of liquid biogas (LBG). Norwegian subsidiary Biokraft, which owns and operates this plant, has been wholly owned by Scandinavian Biogas since December 2020.

The Norwegian economy is facing a major conversion as fossil fuels are to be replaced with renewables. The Norwegian parliament and government have therefore improved conditions for biogas production, with a goal of producing 1 TWh of biogas in Norway by 2020. In the Norwegian public sector, several municipal companies are taking the lead and using biogas as vehicle fuel. Public transport in Oslo (Ruter), Trondheim (AtB), and Østfold are three examples of this.

The Norwegian Climate Act, which came into force in 2018, forms the basis for the Norwegian conversion to a low-emission society by 2050 and includes specific sub-targets to be achieved by 2030. As from 2018, biofuel is required to comprise at least 10 per cent of the volume of fuel used in road traffic annually. Of this, at least 3.5 per cent must be advanced biofuel and at least 4 per cent must be biofuel used in petrol-powered vehicles.

During discussions on this year’s government budget, the Norwegian parliament made a note requesting an evaluation be made to co-ordinate market instruments in Nordic countries.

The plant

The biogas plant in Skogn is instrumental in the conversion of the heavy transport sector and reduction of total carbon dioxide emissions.

During 2020 the plant delivered 8.7 Nm³ of liquid biogas to Norwegian customers. The main area of use is fuel for public transport buses and, increasingly, for private sector heavy transport vehicles. The main feedstocks are ensilage from the Norwegian salmon farming industry and process water from Norske Skog’s pulp and paper industry in Skogn.

In terms of production, the plant had a strong start to the year,

although necessary maintenance measures to develop LBG technology affected production for the rest of the year. The plant regained full capacity in early February 2021. With two prioritised investment projects, the aim is to double production capacity and achieve a total capacity of 240 GWh per year.

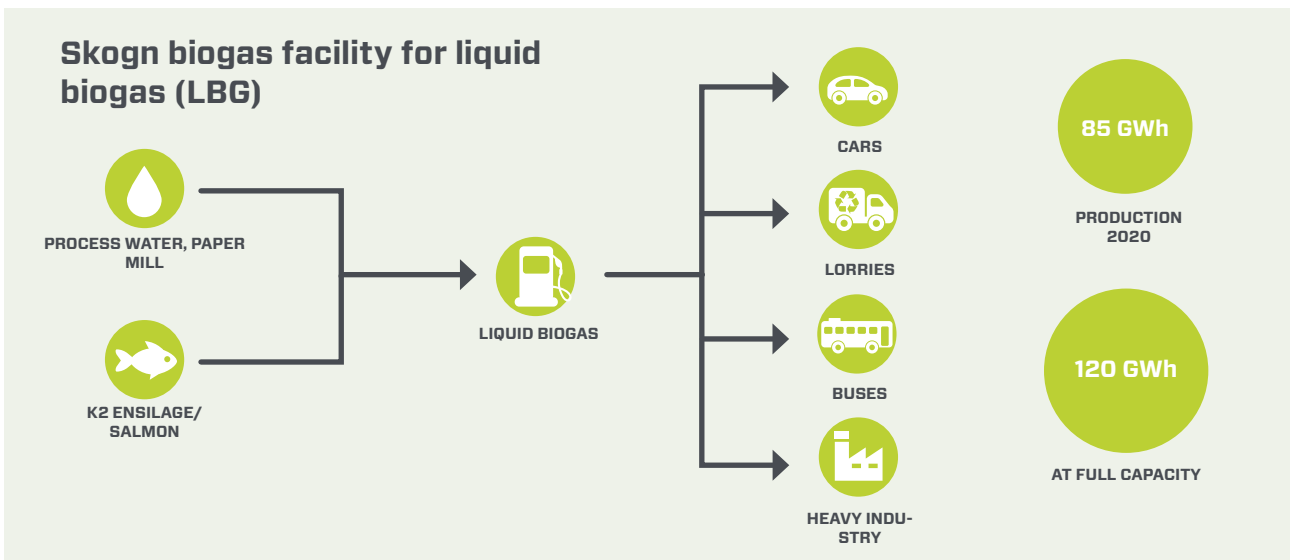
The liquid biogas is purchased and distributed by Gasum, which took over AGA’s Norwegian gas operations in 2020. An important step was taken in 2019 when we signed a 7.5-year supply contract for delivery of liquid biogas for Hurtigruten’s vessels. The initial intention was to deliver biogas produced from organic waste on a near daily basis. However, due to COVID-19 and Hurtigruten’s limited traffic during 2020, the first deliveries of liquid biogas from the plant at Skogn are expected to be made in 2023.

Collaborations

Scandinavian Biogas has worked with its subsidiary Biokraft and principal owner TrønderEnergi, and in collaborations with various national research programmes, to make major investments in research and development. The goal is to develop new methods and systems to increase productivity and make the most of resources along the entire production chain.

Investments in a demonstration plant for the EffiSludge project were made possible through a unique collaboration with Norske Skog. Another research collaboration - the COMPLETE project - is being conducted with partners that include NTNU and SINTEF Ocean.

The Norwegian operations are also a key partner to the Norwegian fishing industry. Ensilage from the Norwegian salmon farming industry is the main feedstock for biogas production in Skogn. The fishing industry is expected to continue to grow over the next decade, which provides good prospects for increasing the biogas plant’s feedstock and improving the reputation of the fishing industry.



Operations

Korea

At the Yongyun plant in Ulsan, Korea, Scandinavian Biogas manages the food waste produced by more than one million residents. The plant has undergone major changes since Scandinavian Biogas took over in 2007, and now has a production capacity of 65 GWh. Biogas is produced through pre-treatment of collected food waste followed by co-digestion with primary sludge from Yongyun’s wastewater treatment plant.

Korea wants to promote sustainable development and is striving to become a world leader by successfully implementing Agenda 2030 in the country’s development plan. Major focus is on the conversion to renewable energy. The capital city of Seoul has adopted its own development targets, based on global development goals, which specify how Seoul can be developed into a sustainable city. Among other things, greenhouse gas emissions will be reduced 40 per cent over 2005 levels.

The plant

After Scandinavian Biogas took over the biogas plant in Ulsan in 2007, the operations have undergone major changes. A fivefold increase in the amount of treated waste was achieved by optimising the plant and biogas production in accordance with the Company’s self-developed HOLD Technology™. Approximately 40 tonnes of food waste were handled per day in 2007, as compared with 197 tonnes per day in 2020.

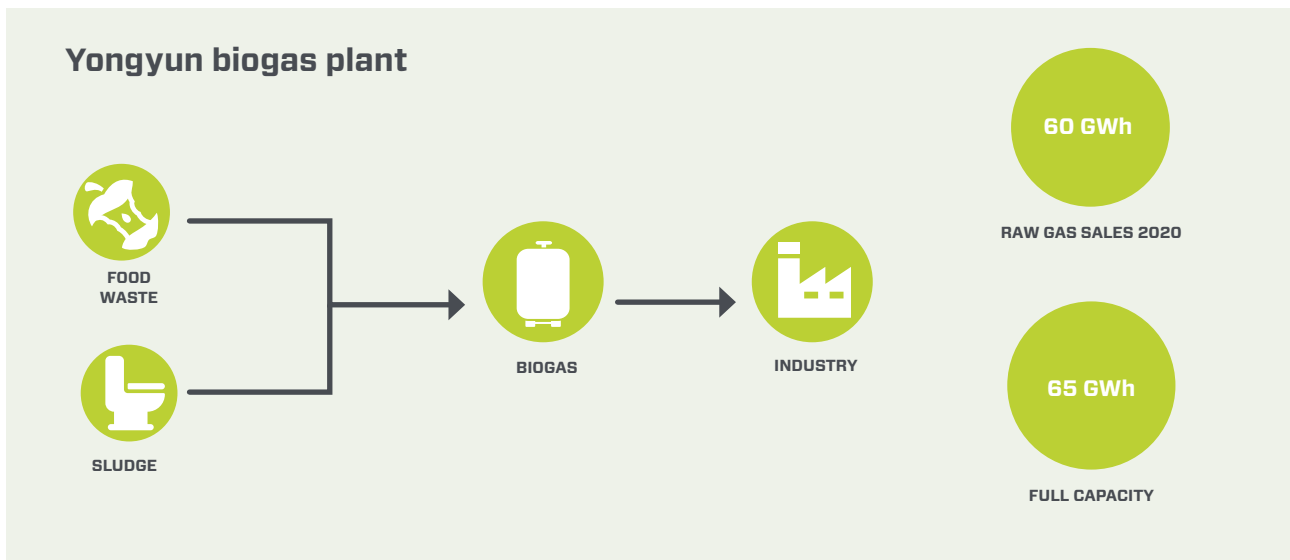
With the changes, the City of Ulsan has positioned itself as a model for other Korean cities. This position was strengthened in 2013 when Yongyun’s biogas facility was named the country’s most efficient – a position the Company has successfully defended. The plant was also designated a best practice facility by the Ministry of the Environment in 2015.

Operations in Korea continue to perform at a high level in terms of volume of treated food waste. Production at the plant was the Group’s most stable in 2020. Revenues are generated from fees for food waste management, which totalled 197 tonnes (195



during the year. Additional revenues are generated through the sale of raw gas, which totalled 60 GWh (53) in 2020.

Production includes the management, pre-treatment, and digestion of large volumes of waste from City of Ulsan residents, as well as primary sludge from the adjacent Yongyun wastewater treatment plant. Operations in Ulsan are based on close collaboration with the major metropolis and are regulated by a concession agreement that runs through 2026.



Sustainability

The key driver and vision for Scandinavian Biogas is to take an active role in the conversion to a fossil free, circular, and sustainable society.



Sustainability

Our sustainability work

For us, sustainability comes down to the way we design, build, and manage our plants. This must be done with regard to environmental, social, and economic impact on the external environment, the local community where we operate, and our employees, customers, suppliers, and owners.

During 2020, we have taken the step of including our business areas in Norway and, to some extent, Korea in our sustainability work. In Sweden we worked strategically during the year with our most important sustainability issues and environmental goals, which are primarily linked to the production facilities where we have our greatest impact. Detailed goals and activities are presented on pages 27-39.

It is important that Scandinavian Biogas has a vibrant value-based vision, so we work continuously with our value system. Our aim is to constantly improve and to grow and develop, as employees and as a company. Our core values are Respect, Expertise, Joyfulness, and Passion!

Updated materiality analysis in 2020

Scandinavian Biogas's most recent materiality analysis was conducted in 2017. To ensure its relevance and to clarify and direct focus to key sustainability issues, a supplementary stakeholder dialogue and materiality analysis were conducted in 2020. The updated materiality analysis has been designed to identify Scandinavian Biogas's impact on the external environment and to include the entire Group.

Stakeholder dialogue

Scandinavian Biogas values dialogue with our stakeholders, and we conducted a structured stakeholder dialogue in 2020 to gain greater understanding of our stakeholders' needs and expectations for the Company's sustainability work. Dialogue

was conducted using qualitative interviews as the primary method for obtaining detailed input from people of particular importance to Scandinavian Biogas. Interviewees were selected based on stakeholder groups identified ahead of the 2017 stakeholder dialogue. Thirteen interviews were conducted in Sweden and Norway with 17 key persons from the following groups:

- Owners
- Employees
- Customers
- Suppliers
- Nearby residents
- Politicians/Public authorities

Results from the stakeholder dialogue were used to directly update the materiality analysis. The issues considered by stakeholders as most important for Scandinavian Biogas to focus on were sustainable products, health & safety for personnel, and emissions to air and water.

Materiality analysis

In addition to stakeholders' perspectives on identifying the most important sustainability issues, the Company's impact on the external environment was taken into consideration in defining Scandinavian Biogas's key sustainability issues. A workshop was held with senior Scandinavian Biogas personnel from Norway and Sweden to assess the Company's impact in areas identified by stakeholders as most significant. The Group's key issues were identified based on results from the workshop. The table on the



Scandinavian Biogas's three sustainability focus areas

1

Promote a fossil-free, circular, and sustainable society through investments, innovation, and growth in the biogas field. One of the Company's strategic goals is to achieve a biogas production capacity corresponding to at least 700 GWH by 2024.

2

Efficient and responsible operations

- Continuously reduce the operation's negative environmental impact and produce renewable products with high environmental performance and resource efficiency.
- Be a responsible and transparent partner and manage the business in a trustworthy manner.

3

Be an attractive employer

that supports a safe and secure workplace, with committed employees.

next page presents these results, which have been approved by the Scandinavian Biogas management team. Eight issues were identified as the Company's key issues, and Scandinavian Biogas will focus on these in its sustainability efforts going forward. Six issues were not identified as key issues but were nevertheless so highly prioritised that we will be reporting on them in our Sustainability Report. We will be monitoring an additional four issues to follow up on developments and we are prepared to prioritise these issues if circumstances require. These are: ecosystems and biological diversity, waste, equal treatment, and human rights. See also the materiality matrix on page 87.

Sustainability management

The goal of Scandinavian Biogas's sustainability management is to integrate sustainability in all parts of the business, with proactive accountability from an environmental, social, and economic perspective. Initiatives were launched during the latter part of 2020 to integrate sustainability work in the Norwegian operations as well.

Group management is responsible for overall sustainability strategy, targets, activities, and follow-up, while operational responsibility lies with the individual business areas. Each sustainability target has a designated supervisor responsible for follow-up. Results are presented to Group management twice annually and within each business area on a quarterly basis.

Sustainability work at the production facilities is carried out by the production manager and staff, who work with operating personnel to produce targets and action plans. Business area management has overall responsibility for working environment and social sustainability issues, which

Policy documents for Group operations (most recent update)¹



- Working environment policy (March 2021)
- Environment and sustainability policy (March 2021)
- Employee policy (March 2021)
- Gender equality policy (March 2021)
- Quality policy (March 2021)
- Code of conduct for suppliers (March 2021)
- IP policy (March 2021)
- Financial policy (March 2021)
- Guidelines for trade secrets (March 2021)
- Group Financial Handbook (March 2021)
- Transfer Pricing Policy (March 2021)

are delegated to departmental heads. The HR manager is responsible for monitoring targets and activities.

Operations are governed by a range of policies adopted by the Board of Directors. All Company policies were reviewed in 2020. Policies for fire, gas, and hazardous goods transport have been rewritten as guidelines. All other policies have been updated for adoption by Group management during Q1 2021: the environment and sustainability policy, working environment policy, employee policy, gender equality policy, quality policy, and code of conduct for suppliers. The former policy on workplace discrimination, harassment, and bullying is included as part of the employee policy, and the ethics policy is included in the code of conduct and employee policy.

Scandinavian Biogas's key sustainability issues

We have selected seven of our key sustainability issues, for which we report topic-specific information in a GRI-referenced report.

Overarching sustainability goal	Key sustainability issue	Sustainability issue to be reported	UN Sustainable Development Goals
Promote a fossil-free, circular, and sustainable society	Sustainable products Long-term returns Investments in sustainable energy	Intangible assets	
Efficient and responsible operations	Emissions to air, land, and water Feedstock and material	Water Energy	
	Suppliers	Nearby areas Compliance Business ethics	
Be an attractive employer	Health & Safety Expertise		

¹ Adopted by the Group Board on 24 March 2021

We promote a fossil-free, circular, and sustainable society

Scandinavian Biogas treats organic waste that is processed into renewable, locally produced fuel and bio-fertiliser. Biogas replaces fossil fuel, and bio-fertiliser returns organic waste nutrients to agricultural food production, from which residues are again digested into biogas and bio-fertiliser. In this way we close the circle, participate in the circular economy, and promote a sustainable society.

Our impact on the value chain is determined through regularly conducted evaluations of feedstock and through life cycle analyses of produced biogas based on the EU's Renewable Energy Directive (RED).

The Group's plants produced 331 GWh of biogas in 2020, corresponding to just over 37 million litres of petrol. The plants also produced 25,412 tonnes of concentrated bio-fertiliser as fossil fertiliser replacement, supplying agriculture with nutrients and soil-improving mulching material. Bio-fertiliser is produced at the Swedish and Norwegian plants. Under South Korean law, digestate from biogas production is incinerated. Emissions from biogas production totalled 6.6 g CO₂eq/MJ (weighted average), signifying that the Group's production facilities produced emissions totaling 7,715 tonnes CO₂eq during the year. Meanwhile, the replacement of fossil fuels with produced biogas reduced emissions by 87,327 tonnes CO₂eq, representing an emissions reduction of 91.9 per cent (weighted average) for our biogas as compared with fossil fuel usage. Emissions and emissions reductions for each business area are presented on page 33.

Scandinavian Biogas has identified focus issues and goals to enable the Group to provide society with more renewable and circular biogas and bio-fertiliser, profitably and over the long term. These are:

6.6 g
CO₂eq/MJ
Emissions from
produced biogas

Emissions reduction
92%
as compared with
fossil fuel

Focus issue	Goal
Sustainable production	Produced biogas reduces emissions by 165,000 tonnes CO ₂ eq by 2024.
Long-term returns	Operating income of at least SEK 750 million by 2024. Operating EBITDA margin of at least 30% by 2024.
Investments in sustainable energy	Biogas production capacity of at least 700 GWh by 2024.

An essential prerequisite to our ability to achieve these goals is our many years of research and self-developed process technology, HOLD Technology™, which ensures a stable, high-productivity, and resource-efficient biogas process. Read more about the HOLD concept and our financial strategy on pages 14 and 8.

Group value chain from a feedstock and product perspective

87,327 tonnes CO₂eq reduction

(for produced biogas)

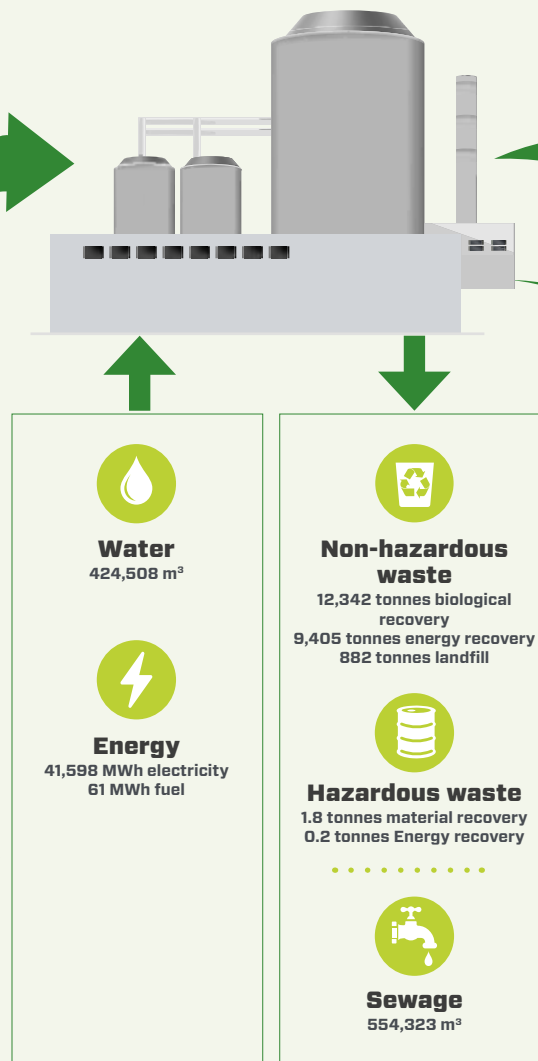
Emissions, g CO₂eq/MJ (weighted average) **6.6**

1 Incoming material

Organic waste and residues
273,287 tonnes

Sewage sludge
1,011,484 tonnes

2 Scandinavian Biogas processing



3 Value creation: Sustainable, climate-friendly products

Produced biogas
331 GWh
Sold biogas
354 GWh
Enough to power **831** city buses for 1 year

Bio-fertiliser
25,412 tonnes
Replaces artificial fertiliser

Scandinavian Biogas produces renewable energy from essentially all types of organic material using processes that are among the world's most efficient. In this way, Scandinavian Biogas closes the circle, participates in the circular economy, and actively supports a sustainable society. Biogas is the most eco-friendly vehicle fuel from a comprehensive perspective.

Scandinavian Biogas actively supports sustainable development goals

Agenda 2030 – the UN's agenda for sustainable development, with 17 sustainable development goals – is based on the three dimensions of sustainability: economic, social, and environmental. According to a study by the Biogas Research Centre,¹ global biogas production directly or indirectly supports all sustainable development goals. The Swedish Gas Association,² a trade association, argues that utilisation of biogas and bio-fertiliser reduces dependence on imported natural gas and artificial fertiliser, which improves security of supply for energy and food. It also creates local jobs and new business opportunities.

Scandinavian Biogas's core business is directly linked to six of the global goals.



Sustainable energy for all – significantly increase the share of renewable energy in the global energy mix.

In achieving this development goal, biogas is a key component in the global energy mix. Scandinavian Biogas invests in and produces biogas, which replaces fossil fuels. We ensure that our biogas provides an emissions reduction of more than 90 per cent as compared with fossil fuels and that the feedstocks used have not caused damage to areas of high biological value.



Sustainable cities and communities – reduce cities' environmental impact per person. The goal involves devoting particular attention to air quality and waste management.

We create an alternative to waste incineration by offering biological treatment of organic waste, in which energy and nutrients are recovered. When used as fuel, biogas also improves city air quality by reducing exhaust emissions of nitric oxides and harmful particles as compared with combustion of other fuels. Noise emissions are also reduced by biogas-fuelled vehicles.



Decent work and economic growth – safeguard employee rights and promote a safe and secure working environment.

Laying the foundation for a safe and secure working environment through systematic working environment management and empathetic leadership is a high priority issue for Scandinavian Biogas.



Sustainable consumption and production – responsible waste recycling.

Scandinavian Biogas views organic waste as a resource. In 2020 the Group recovered 273,287 tonnes of organic waste and residues, delivered 354 GWh of biogas to society and restored 25,412 tonnes of bio-fertiliser to agriculture. Operating our biogas plants in a responsible manner is a foundation of our sustainability work. Focus is on material, energy, and water optimisation and on preventing emissions to air, water, and land.



Sustainable industry, innovation and infrastructure – adapt industries to make them more sustainable, and improve resource efficiency.

One of the Group's focus areas is to constantly improve resource efficiency at the production plants. We also work continuously to replace older technology with cleaner, more efficient alternatives.



Combat climate change – take urgent action to combat climate change and its impacts.

Scandinavian Biogas produces renewable products in the form of biogas and bio-fertiliser, enabling corporates and consumers to switch from fossil to renewable alternatives.



¹ The Role of Biogas Solutions in the Circular and Bio-Based Economy, Biogas Research Center, 2016.

² Proposal for Nationell Biogasstrategi 2.0, The Swedish Gas Association, April 2018

Sustainability

Environment

For Scandinavian Biogas, the sustainable production of biogas and bio-fertiliser involves production with the greatest possible resource efficiency and environmental and climate performance, and the lowest possible environmental impact.



Environmental benefit and resource efficiency

Biogas production involves many environmental benefits. Society's waste and residues are taken care of and processed, biogas replaces fossil fuels and improves air quality, and bio-fertilisers replace artificial fertilisers and increase harvests by improving the soil. A biogas car can drive nearly 4 km with biogas produced from one bag of food waste.

To create the greatest environmental benefit and circularity, we use only waste and residues as substrate (feedstock) in biogas production. We avoid feedstocks that may be used as food or that have a negative environmental impact due to their origin, such as palm oil products. To ensure that we maintain this practice in future, we have set a goal that 100 per cent of our substrate mix will be comprised of waste and residues from ethically defensible sources. In 2020 we treated and processed 273,287 tonnes of waste and residues.

The Company's HOLD Technology™ provides an optimised biogas process with efficient substrate utilisation, maximised production, and minimised water, energy, and chemical usage. Read more about HOLD Technology™ on page 14. The plants' resource-efficient operation also involves minimising emissions to air, water, and land. These parameters are directly linked to the plants' environmental impact and the products' environmental and climate performance. They also go hand-in-hand with cost efficiency. The table on pages 34-35 presents environmental targets for the production facilities in Sweden and for the Group.

Emissions to air

Emissions to air is a highly prioritised issue for Scandinavian Biogas. The Company's impact is mainly positive, since society's CO₂ emissions are reduced when biogas replaces fossil fuels. Our work is concentrated on reducing the negative impact of our own emissions from production. Based on our life cycle analysis for produced



A biogas car can drive nearly

4 km 

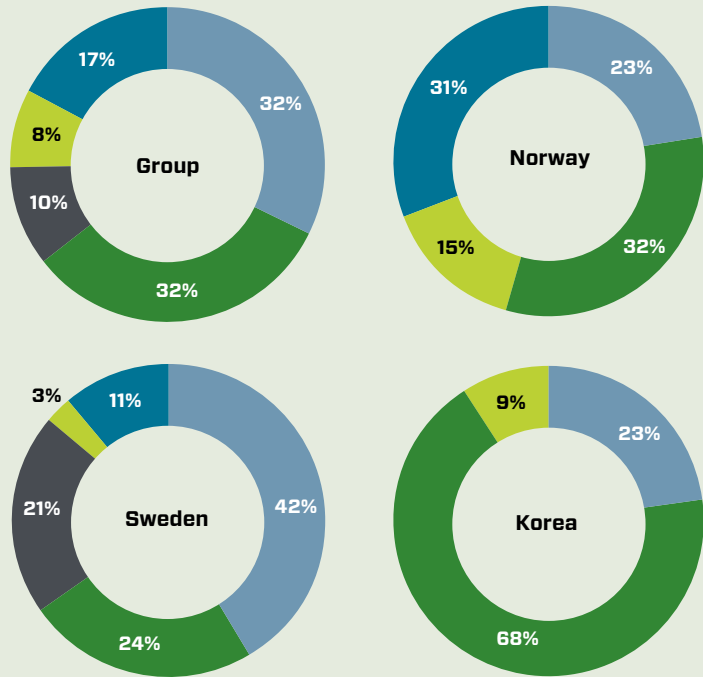
with biogas produced from **one bag of food waste**

Distribution of emissions from biogas production

Emissions calculations are derived from our life cycle analysis of produced biogas pursuant to the EU's Renewable Energy Directive (RED).

- Methane emissions
- EI (Location-based)
- Substrate transports
- Raw material*
- Input goods

*Emissions from production of purchased raw gas from wastewater treatment plants pertains to Henriksdal in Sweden.



gas in accordance to the EU's Renewable Energy Directive, we have identified the major sources of the Group's greenhouse gas emissions. These are: emissions of biogas to the atmosphere (direct emissions, scope 1); electricity consumption (indirect emissions, scope 2); and substrate transports (value chain emissions, scope 3). Although much work has already been done to reduce our own emissions, our goal is to reduce emissions from biogas production an additional 10% when we set new goals for 2021.

Low biomethane emissions from production processes are crucial to biogas climate performance, the plants' security and the Company's finances. All plants have emissions provisions for methane gas pursuant to applicable environmental permits, and systematic leakage detection is conducted regularly at all plants to prevent and address any leakage. To prevent leakage, pressurised devices and safety valves in the gas system are regularly checked by accredited bodies. The Swedish plants utilise an upgrading technology that produce slightly higher emissions of residual methane and, accordingly, all Swedish plants have an action plan and internal targets in place for methane emissions and methane content in residual gas to minimise emissions and improve availability of the destruction units that incinerate emissions from the digestion and upgrading process. The Swedish plants are affiliated with the Swedish Waste Management Association's Self-monitoring Methane Loss initiative, a voluntary undertaking for biogas plants focused on identification and reduction of methane emissions. Actions taken during the year are presented in the table specifying the Company's environmental goals, on page 34.

Ekdalens Biotranporter was acquired in November 2020. The company is a market leader in the transport of organic material to and from biogas facilities in southern Sweden. Ekdalens has been working for several years to reduce emissions from its transports. Its achievements in this area include reducing fuel consumption per kilometre by 25 per cent by providing eco-driving training, monitoring driver statistics, and delivering feedback to the drivers. Efforts have also been made to maximise the share of backhaul and share of renewable fuel. Ekdalens has set a bold and ambitious goal of being fossil free by 2025 and increasing the share of transports run on liquid biogas (LBG).

Water and energy

Scandinavian Biogas has a circular production process, with internal water and heat recovery. The plants produce heat from the combustion of biogas and waste heat from machinery and equipment. Focus is on efficient utilisation of water and energy resources. In Sweden, all purchased electricity is origin- and eco-labelled, and machinery is run solely on renewable fuel. During 2021 we plan to conduct an energy survey at Södertörn's biogas plant to identify energy-saving measures. The insights drawn from the energy survey will be applicable to some degree to other plants.

Scandinavian Biogas wants to minimise drinking water consumption at its facilities. The plant in Korea already uses minimal amounts of drinking water, instead taking its process water from adjacent treatment plants. This is also done in Sweden at Henriksdal's upgrading facility, while the upgrading technology used at Bromma's upgrading facility does not require process

Environmental targets 2020

● Target achieved ● Progress towards target achievement ● Deviation from target achievement

Environmental target	Target value	Base year 2018	Results 2019	Results 2020	Activities conducted in 2020
Emissions					
Annual reduction of methane gas emissions as a percentage of amount of biomethane produced	Annual reduction	0.71%	● 0.68%	● 0.46%	<ul style="list-style-type: none"> Optimisation of residual gas boiler unit at Södertörn's biogas plant Refined upgrading process at Södertörn and Henriksdal to reduce methane content in residual gas Regular inspections and systematic leak detection, repair of leaks
Increase availability of own methane destruction units to 90% by 2023	90.0%	81.4%	● 83.4%	● 81.4%	<p>Less gas utilisation (full MEG containers and full gas grid) during Corona pandemic resulted in reduced methane destruction capacity due to recirculation in upgrading facilities</p> <ul style="list-style-type: none"> Reprogramming of upgrading process at Södertörn to reduce recirculation (see above) Daily inspections and regular maintenance of methane destruction units
100% renewable fuel used by machinery	100%	83%	● 100%	● 100%	HVO used as fuel for own machinery
No odours from Scandinavian Biogas plants	0 complaints	0 complaints	● 1 complaint	● 15 complaints	<p>15 complaints from residents living near Södertörn's biogas plant during a warm period in Aug-Sept 2020. Improvement measures taken:</p> <ul style="list-style-type: none"> Intensified sweeping of hardened surfaces where spills may occur, daily inspections to monitor coverage of tanks for incoming food waste Reduced retention time for intermediate storage of food waste Leachate pond emptied and cleaned New hosing-down equipment installed to hose lorries clean when leaving the plant
Water and Energy					
Reduce consumption of drinking water per produced biomethane energy unit by 50% by 2023 ²	0.42 l/kWh	0.84 l/kWh	● 0.69 l/kWh	● 0.64 l/kWh	<ul style="list-style-type: none"> Automation and optimisation of washing programme to increase evaporation plant availability Ongoing water balance project to optimise and synchronise condensate production with pre-treatment plant water requirements Initiatives to increase production and use of condensates
Reduce total amount of nutrients (nitrogen and phosphorus) in wastewater by 30% by 2023 ¹	77 tonnes	110 tonnes	● 69 tonnes	● 57 tonnes	<ul style="list-style-type: none"> Increased evaporation plant capacity with change of washing chemicals and modification of washing sequence Reduced amount of drainage reject water with faster evaporation start-up sequence Recycling of poor-quality condensate that was previously drained
Reduce use of biogas for heat production per produced biomethane energy unit by 20% by 2023 ¹	2.8%	3.6%	● 3.5%	● 3.2%	<ul style="list-style-type: none"> Reduced use of biogas in peak boiler by optimising use of residual gas boiler Reduced biogas inflow to residual gas boiler by optimising residual gas system Reduced heating requirement for sanitation with increased use of heated condensate for dilution
Annual reduction in share of flared gas per produced biomethane energy unit ¹	Annual reduction	Base year	● 33% increase	● 14% increase	<ul style="list-style-type: none"> Flaring caused by less gas utilisation (full gas grid) during Corona pandemic and change of upgrading stacks; proportion of flared gas decreased year-on-year but is greater than base year Flaring reduced due to improved communication with carriers, optimised loading platform logistics, and more gas customers
Annual reduction in share of electricity consumption per produced biomethane energy unit ²	Annual reduction	Base year	● 3.3% reduction	● 3.4% reduction	<ul style="list-style-type: none"> Process optimisation Switch to more energy-efficient equipment

¹ Pertains to the plants where targets are applicable, in this case Södertörn's biogas plant.

² Exclusive of evaporator at Södertörn, as its electricity consumption cannot be reduced without reducing operating time, which conflicts with the target of reducing nutrients in wastewater.



water. At Södertörn's biogas facility, the amount of drinking water added during the process is minimised by recycling reject water from dewatered bio-fertiliser and rinse water. The goal for the Swedish operations is to reduce drinking water consumption per produced biomethane energy unit by 50 per cent by 2024. In Norway, options for increasing the use of recirculated water and improving energy efficiency will be evaluated during the year. Energy and water optimisation initiatives are led by production managers in collaboration with process and project managers.

The amount of water and energy consumed in 2020 is illustrated in the value chain on page 30.

Emissions to land and water

Scandinavian Biogas is committed to reducing emissions to land and water from our production facilities. A minimum requirement is that all facilities must comply with their environmental permits and applicable BAT (Best Available Technique) conclusions. We avoid environmentally hazardous chemicals to the greatest possible extent by conducting pre-purchase risk assessments and regular chemicals inventories at the plants.

Spillages may occur as the biogas plants receive, treat, and dispatch organic material (e.g. during unloading). A working group has been set up at Södertörn's biogas plant to work on preventive measures regarding emissions to land and water. Examples include sealing cracks in the digestion tank, tightening up

procedures to prevent spills, and asphaltting surfaces to facilitate spill clean-up. As operational optimisations proceed to minimise drinking water consumption, the amount of wastewater and total amount of wastewater nutrients will be reduced.

In Norway, wastewater nutrients can have a positive effect when they are added to the nutrient-poor fjord outside Skogn, where the plant is located. The plant's environmental permit for emissions to water is designed to produce optimal conditions for the sea. A new environmental permit for expansion of the plant in Norway is expected by 2022 and, accordingly, goals and opportunities to further reduce emissions to water will be evaluated after the new requirements have been finalised.

The plant in Korea has been designated a Best Practice facility for several years due to its production and efficiency. The distinction has been renewed each year.

Scandinavian Biogas's environmental targets

In conjunction with our review of our materiality analysis, we also reviewed our targets and revised them based on newly identified key issues. The new targets are set for various parts of our Group and are also in line with our financial targets. Some environmental targets remain in place while others have been reworked as KPIs and other have been removed. In the tables below and on the previous page, we report results for environmental targets applicable during 2020 and our new targets applicable as from 2021.

Environmental targets 2020

● Target achieved ● Progress towards target achievement ● Deviation from target achievement

Unit	Environmental target	Base year	Target	Results 2020
Emissions				
Entire Group	Reduce carbon dioxide emissions from biogas production (g CO ₂ eq / MJ) by 10% by 2024. Base year 2020.	6.58	5.92	6.58
Sweden	Reduce amount of nitrogen in wastewater by 70% by 2024. Base year 2018.	110 tonnes	33 tonnes	● 57 tonnes
Norway	Evaluate potential for reducing emissions of suspended substances and nitrogen in late 2022 (new legal requirement as from 2022).	-	-	-
Ekdalens Biotransporter	Fossil free by 2025. Base year 2020.	n/a	Fossil-free	n/a
Feedstock and material (incl. water)				
Entire Group	100% waste and residues for biogas production (from ethical sources). Base year 2020.	100%	100%	● 100%
Sweden	Reduce consumption of drinking water per produced unit by 50% by 2024. Base year 2018.	0.84 l/kWh	0.42 l/kWh	● 0.64 l/kWh
Norway	Evaluate potential to increase use of recycled water and improved energy efficiency in water management by late 2021.	-	-	-





Sustainability

Responsible operations

Sustainability work at Scandinavian Biogas is a matter of running operations in a responsible manner, maintaining high level of product quality, and being a responsible and transparent partner.

Suppliers

Our suppliers, particularly our carriers, are a key component of the value chain. We are reviewing options to impose social and environmental requirements at the supplier level. In 2021 we will formulate goals in this focus area. In terms of carriers, we have specified purchased road transport as the segment in which we can have the most impact. We have fewer options for imposing requirements when procuring the receipt and treatment of food waste. This applies, for example, to all operations in Korea, where substrate is transported solely by municipal refuse lorries that carry food waste to the plant. In Norway, most substrate transports are done by boat. In 2020 we broadened the Group's code of conduct for suppliers to also address social aspects.

In the Swedish operations, transports of new substrates are being evaluated with regard to fuel, distance, load volume, and backhaul to ensure that sustainability criteria can be met. We also have ongoing dialogue with carriers regarding conversion to renewable fuels.

Nearby operations and residents

The Company's facilities are located near other businesses, such as wastewater treatment plants, industrial facilities, and residential areas. Dialogue and co-operation with nearby operations are essential to Scandinavian Biogas's ability to operate as a biogas producer and to minimise risks. We take responsibility to maintain good relationships and provide adequate information by holding regular collaborative meetings with neighbouring businesses. We also take responsibility

to maintain a good relationship with nearby residents; for example, by informing them whenever changes are made to a production facility and responding directly to any complaints. Odour from biogas plants is an issue that often affects nearby residents. We have therefore set an internal target for the Swedish operations specifying no odour from Scandinavian Biogas plants. The target is monitored on a monthly basis by the production manager. Complaints were received in 2020 regarding odour from Södertörn's biogas plant and were referred to the plant's regulator. The complaints were addressed by measures including intensified sweeping of hardened surfaces where spills may occur, daily inspections to monitor coverage of tanks for incoming food waste, and measures to reduce the retention time for intermediate storage of food waste. A leachate pond was also emptied and cleaned, and new hosing-down equipment was installed to hose the lorries clean before they leave the plant. The matter has been closed by the supervisory authority, Huddinge Municipality's health and environmental affairs department.

Anti-corruption and ethical guidelines

Our employee policy includes business ethics principles for employees and stipulates zero tolerance for corruption, the importance of compliance, and respect for the UN Declaration of Human Rights. Our code of conduct for suppliers specifies the Company's requirements and expectations regarding working conditions, human rights, the environment, and anti-corruption.

Our core values govern norms and behaviours and serve as an important benchmark for how we treat ourselves, each other,

and our customers, suppliers, and partners. Respect, expertise, joyfulness, and passion should be reflected in everything we do. For us, this signifies that we have the right attitude. We are focused and committed in our daily work and have the right expertise. Our company is characterised by job satisfaction, and we are proud of what we do because we know that we make a difference. We are prepared to work hard, with passion, to deliver on our promises. To achieve this, we work with constant feedback, management by objectives, and transparency.

Compliance

The operating companies are subject to authorisation and notification requirements. Accordingly, the companies are required to have environmental permits as well as permits to use explosives and inflammable products and substances in their operations. Scandinavian Biogas has a management system with self-monitoring programmes for safety, quality, environment, and working environment. Working preventively and applying the precautionary principle are fundamental considerations when, for example, purchasing new technology. The Company maintains regular dialogue with regulatory authorities and reports any incidents and operational disruptions that may affect the external environment or human health.

Product quality

Strict oversight of quality parameters, such as the energy content of produced biogas and the presence of undesirable substances in biodiesel and biogas, is of great importance to us. Produced bio-fertiliser is spread on arable land and must be of high quality. Food waste contains undesirable substances such as plastic, sand, stones, and metal objects. Upstream work – in the form of detailed quality requirements, random sampling, regular supplier visits, and collaboration with waste management operators – is therefore crucial in maintaining a high level of product quality.

The Swedish bio-fertiliser products are certified under the Swedish Waste Management and Recycling Association's SPCR

120 regulations. This certification involves strict quality control of everything from incoming feedstock to the final product, with stringent requirements for traceability, infectious disease control, metal content, and pollutants. The Swedish operations have also received Collection System Approval from the Swedish Board of Agriculture. This approval signifies that Scandinavian Biogas is able to guarantee traceability, quality control, and self-monitoring across the entire collection chain – a step towards KRAV-certified bio-fertiliser. The Korean plant does not produce bio-fertiliser, as digestate from biogas production is incinerated pursuant to South Korean law.

Produced biogas meets quality standards for vehicle gas and biogas in each business area. The Swedish facilities hold Swedish Energy Agency sustainability determinations, certifying that the produced biogas is sustainable in accordance with the Act on Sustainability Criteria for Biofuels and Bioliquids. We conduct annual life cycle analysis calculations for biogas sold to ensure that it meets the sustainability criteria. According to the criteria, the feedstock used may not have caused damage to areas of high biological value and the biogas must produce at least 50 per cent less greenhouse gas emissions than fossil fuels.

Legal requirements for security, environment, working environment, and quality

- Act on Sustainability Criteria for Biofuels and Bioliquids
- Act on Inflammable and Explosive Products
- Seveso Directive
- Environmental Code (environmental permits)
- ABP Ordinance (ABP permits)
- Planning and Building Act (building permits)
- Work Environment Act



Sustainability

Safe and secure workplace with committed employees

Skilled and committed employees are essential for Scandinavian Biogas's continued development. Together, we build a working atmosphere where we feel involved, confident, and respectful of each other.

Our employees are responsible for the Company's advancement. Scandinavian Biogas operates in the gas, waste, and construction industries, and our employees may be exposed to various types of risks in their daily work. A systematic working environment is therefore a decisive factor in minimising risks and preventing ill-health and accidents. As from 2021 we have a goal in place for our workplace health & safety focus issue: Zero work-related accidents leading to sickness absence. Psychosocial issues such as equal treatment, workload, and organisational working environment are crucial to employee well-being. We endeavour to continuously improve work attendance rates for our employees and to be an attractive employer for current and prospective employees. In 2020 we initiated a scheme to include the entire Group in our Sustainability Report. This section covers only the Swedish operation but will include the entire Group as from 2021.

Governance

Sustainability in our daily work is fundamental for us. To successfully navigate the opportunities and challenges we face, it is therefore essential that all employees understand where we are going, why, and how we will get there. Scandinavian Biogas has a working environment management system, with safety rules and procedures comprising a fundamental component of plant operation. The HR manager has overall responsibility for systematic working environment management. Each unit manager has operational responsibility and works with employees to pursue ongoing working environment

efforts, identify inadequacies, and implement improvement measures.

The Company in Sweden has a safety committee comprised of safety representatives from every workplace, the HR manager, and the director of Business Area Sweden. This is an important forum for exchanging health & safety experience and managing potential risks and requirements. The Company also collaborates with local unions, SACO and Unionen, that pursue issues concerning the physical and psychosocial working environment. A summary of the Company's systematic working environment management is reported annually to evaluate methods for improvement.

**Respect,
Expertise,
Joyfulness,
and Passion**

Leadership

Good leadership is a prerequisite for employee commitment and well-being. Empathetic leadership creates a sense of community and highlights successes in employees' daily work. An understanding of people's similarities and differences not only creates a sense of security - it also provides an internal structure that forms the foundation for employees' personal development and feeling of loyalty towards the organisation.

Values

Our core values are Respect, Expertise, Joyfulness, and Passion! Through our work with values, we aim to be the industry's best workplace. We regularly arrange workshops and other programmes to ensure that we live up to our values. Through its core



values, Scandinavian Biogas aspires to develop the organisation's employees to achieve their full potential. We want to ensure that we have the best, most committed employees and the right expertise in the Company, and secure succession planning.

Expertise

For us, expertise is not only about education. It also involves the capacity to assimilate new types of information and put it into practice. This is particularly important at our production facilities, where expertise can be a decisive safety factor.

Procedures and checklists are in place to train new employees and ensure that they have the knowledge they need to maintain a safe and secure workplace. The immediate supervisor is responsible for conducting and documenting the full introductory training, monitored by the HR manager. All employees have a performance review with their immediate supervisor at least once per year, during which skills needs are evaluated. Our production facilities ensure that relevant personnel receive the training they need to maintain a safe workplace and stable operation. Training plans are in place for gas safety, fire safety, transport of hazardous goods, chemicals management, etc. Completed training is documented in a training register.

Care for employees

Scandinavian Biogas is responsible for ensuring a safe and secure working environment for its employees as well as for contracted staff. All employees have collective agreements, health and wellness benefits, reduced working hours, and income and supplementary insurance. The Company pays for vaccinations for operating and laboratory personnel and for contracted operating staff. We ensure that contracted staff and contractors are insured via their employers. All staff and contractors who visit the plants are required to sign specific security regulations before beginning any work.

The Company offers occupational health services, as well as check-ups during working hours when required, and works continuously to develop health programmes adapted to various work duties. To safeguard employee privacy, results of medical exams and other health services are never compiled on the individual or small-group level. Guidelines are in place for preventive healthcare and rehabilitation, as well as for HR officers.

Systematic working environment management

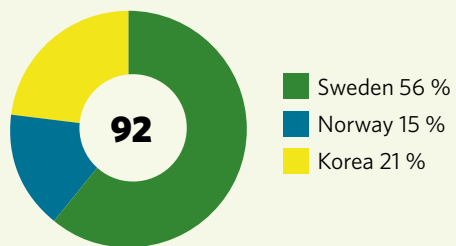
For quality assurance of working environment management, all unit managers, safety representatives, and HSEQ managers receive working environment training. Training in first aid, HLR, and fire safety is also conducted on a regular basis.

Regular safety inspections and targeted risk assessments are key components for detecting operational risks. Targeted risk assessments are conducted e.g. when renovations are made, new chemicals are purchased, new substrates are used at the plants, or organisational changes are made. The top priority is eliminating hazards, followed by reducing the likelihood of the event occurring, and finally introducing measures to mitigate consequences.

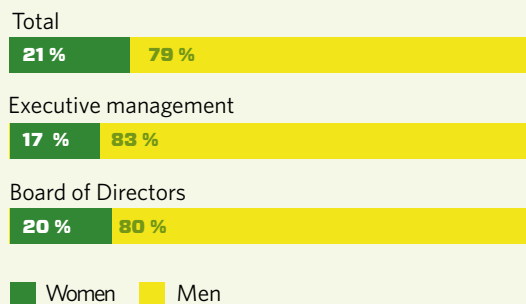
Scandinavian Biogas has a zero vision for accidents leading to sickness absence. Reports are regularly reviewed to identify systematic errors and inadequacies. Gas managers and safety representatives are entitled to stop a work process, or shut down the entire plant, if the work presents an immediate serious hazard for the employee.



Number of employees at 31 December 2020



Gender distribution 2020



Corporate governance report

Good corporate governance aims to create favourable conditions for active shareholder engagement and a well-defined and well-balanced assignment of responsibilities between the shareholders, Board of Directors and executive management, and to ensure that accurate information about Scandinavian Biogas Fuels International AB is presented to the market. Good corporate governance also involves ensuring that the Company is managed sustainably, responsibly, and as efficiently as possible. The overall goal is to increase value for shareholders and thereby meet the requirements shareholders have for their invested capital.

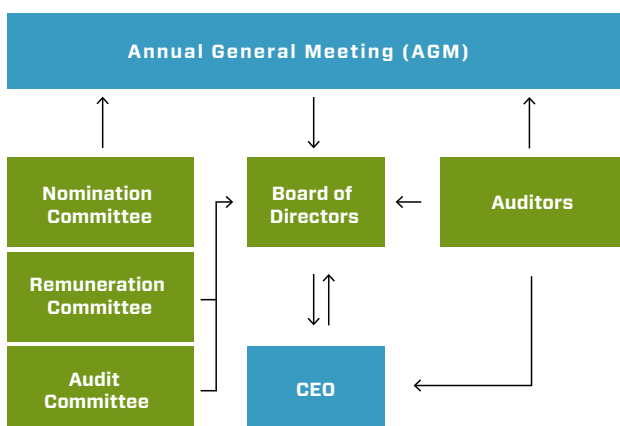
Scandinavian Biogas Fuels International AB (publ) is a Swedish public limited liability company. Its shares have been listed on Nasdaq First North Premier Growth Market since 16 December 2020. Additional information about the Scandinavian Biogas share and ownership structure is presented in the Share and Shareholders section on page 8 of the annual report.

Governance of the Company and the Group is based on the articles of association, the Swedish Companies Act, other applicable Swedish and foreign laws and regulations, and internal guidelines and policies. The Company also complies with the Nasdaq First North Growth Market Rulebook and applies the Swedish Corporate Governance Code (the "Code"), as well as internal rules and instructions.

The internal corporate governance framework is comprised of the Company's articles of association, rules of procedure for the Board of Directors, instructions for the CEO, instructions for financial reporting, and other policies and guidelines.

Management deems that the Code has been adhered to with no deviations. The Annual General Meeting to be held on 29 April 2021 will adopt guidelines for remuneration to executive management.

Scandinavian Biogas is governed, managed, and controlled through a division of responsibilities between shareholders at the Annual General Meeting, the Board of Directors, and the Chief Executive Officer in accordance with the Companies Act. The Company's corporate governance is organised and monitored as illustrated below.



Annual General Meeting

Pursuant to the Swedish Companies Act (2005:551), the Annual General Meeting (AGM) is the Company's highest decision-making body. At the AGM, shareholders exercise their voting rights in key issues, such as changes to the articles of association, the election of Board of Directors and auditor, adoption of the income statement and balance sheet, discharge from liability of the Board of Directors and the CEO, and appropriation of profit or loss. The AGM also resolves on issues including guidelines for remuneration to the Board of Directors and potential new share issues.

The AGM must be held within six months from the end of each financial year. Extraordinary general meetings may be convened in addition to annual general meetings.

Pursuant to the Company's articles of association, the AGM notice is published in the Swedish Official Gazette (Sw. Post och Inrikes Tidningar) and made available on the Company's website (www.scandinavianbiogas.com). Notice details are published in Dagens Industri.

Shareholders listed in the share register, maintained by Euroclear Sweden AB ("Euroclear"), as at the record date and who have provided notification of their participation by the date specified in the AGM notice are entitled to participate and vote at the AGM, in person or by proxy. Shareholders may be accompanied by assistants at general meetings upon notification.

Shareholders who wish to have a specific matter brought before the AGM must submit a written request to the Company's Board of Directors. Such request must normally have been received by the Board of Directors no later than seven weeks prior to the AGM.

Documents to be presented at the AGM are made available at the Company's head office and on the Company's website no less than three weeks prior to the AGM and are mailed to shareholders upon request.

The AGM held on 25 June 2020 resolved, in accordance with the Board's proposal, to authorise the Board during the period through the next AGM to make decision(s), within the scope of the articles of association and with or without deviation from shareholders' preferential rights, on the issue of shares, bonds, and/or convertible instruments. The Board is authorised to approve the issue of a maximum total of 60,000,000 shares. The shares are to be issued at the market subscription price, subject to market rate subscription discounts when applicable. Payment for shares shall be in cash, in kind, set-off of Company debt, or otherwise qualified. An Extraordinary General Meeting held in November resolved to authorise the Board to make decision(s) to issue shares, with or without deviation from shareholders' preferential rights, corresponding to a maximum of 10,000,000 shares.

Nomination Committee

According to the Code, the Company shall have a Nomination Committee, the purpose of which is to submit proposals regarding election of the AGM chairman, members of the Board of Directors, the Chairman of the Board of Directors, and auditor. The Nomination Committee shall also propose fees and other remuneration for each board member as well as remuneration for committee work, remuneration to auditors and, if applicable,

shall submit a proposal for Nomination Committee members for the following Annual General Meeting.

The Nomination Committee's composition was announced on 29 January 2021. Committee members are Göran Persson (Chairman of the Board) and Jonas Bengtsson, Bengt Kjell, and Olav Sem Austmo as representatives of the three largest shareholders. Göran Persson chairs the Nomination Committee. No remuneration is paid by Scandinavian Biogas to Nomination Committee members for their committee work. During 2020 and through 20 January 2021, committee members were Göran Persson (Chairman of the Board), Jonas Bengtsson, Andreas Ahlström, and Peter Agardh, as well as Örjan Björnsson as representative of small shareholders.

The Extraordinary General Meeting held on 23 November 2020 resolved to adopt principles for the appointment of, and instructions for, the Nomination Committee. Pursuant to the instructions, the Nomination Committee shall be composed of the Chairman of the Board of Directors and three members appointed by the three largest shareholders as per the last banking day in August. Nomination Committee membership for the 2021 Annual General Meeting, however, shall be based on shareholdings as per the last banking day in December 2020. If any of these shareholders does not wish to exercise its right to appoint a member to the Nomination Committee, the next shareholder in succession will be offered the right to appoint a committee member, and so on. The names of Nomination Committee members and of the shareholders who appointed the members shall be published no later than six months prior to the AGM. As regards the 2021 Annual General Meeting, the committee's composition shall be published as soon as the Nomination Committee has been constituted, which occurred on 21 January 2021.

Members of the Board of Directors may be appointed to the Nomination Committee but may not constitute a majority of its members. If more than one member of the Board of Directors is appointed to the Nomination Committee, no more than one of these may be dependent of a major shareholder in the Company. The member representing the largest shareholder in terms of voting rights shall be appointed chairman of the Nomination Committee. Members of the Board of Directors may not serve as chairman of the Nomination Committee. If the member representing the largest shareholder in terms of voting rights is a member of the Board of Directors, the Nomination Committee shall appoint another member as chairman.

In the event a member leaves the Nomination Committee prior to completion of the committee's work, a representative from the same shareholder may replace the resigning member, if the committee deems this necessary. In the event a shareholder represented in the Nomination Committee has reduced its holding

of shares in the Company, the representative from such shareholder may resign and, if deemed appropriate by the committee, a representative from the shareholder next in line in terms of size of shareholding may be provided an opportunity to join the committee. If the Company's ownership structure is otherwise significantly changed prior to completion of the committee's work, the committee may, if it deems appropriate, decide on a change in the committee's composition. Changes in the composition of the Nomination Committee shall be announced as soon as possible.

The Nomination Committee's term expires when appointment of a new committee has been announced.

Work of the Nomination Committee

The Nomination Committee meets at least once per year. The previous committee held four meetings in 2020.

The Nomination Committee's proposals to the 2021 AGM will be presented in the AGM notice. Further information on the Nomination Committee's work is presented in the committee's report to the 2021 AGM.

Board of Directors

The Board of Directors is the Company's second-highest decision-making body, after the general meeting.

Pursuant to the Company's articles of association, the Board of Directors shall be composed of at least three (3) and not more than ten (10) ordinary members with not more than ten (10) deputy members. Board members are elected at the Annual General Meeting for a term continuing until the close of the next AGM. Currently, the Board of Directors is composed of five (5) ordinary members, serving through the close of the 2021 AGM, and two (2) employee representatives.

Work of the Board

Pursuant to the Swedish Companies Act, the Board of Directors is responsible for the organisation and management of the Company's affairs, signifying that the Board's responsibilities include establishing targets and strategies, securing procedures and systems for monitoring established targets, continuously assessing the Company's financial position, and evaluating the executive management. The Board is also responsible for ensuring that the annual accounts, consolidated financial statements, and interim reports are prepared in a timely manner. The Board also appoints the Company's CEO.

According to the Code, the Chairman of the Board shall be appointed by the Annual General Meeting and have specific responsibility for managing the Board's work and ensuring that this work is well-organised and conducted in an efficient manner. The Board adheres to written rules, which are revised annually and adopted at the statutory board meeting. The rules of procedure

Annually recurring Board items:

First quarter	Second quarter	Third quarter	Fourth quarter
<ul style="list-style-type: none"> Year-end report (Q4) Annual accounts Annual report Issues to be addressed ahead of the AGM 	<ul style="list-style-type: none"> Annual General Meeting Statutory board meeting Corporate governance documents Interim report (Q1) 	<ul style="list-style-type: none"> Interim report (Q2) Appointment of committee members 	<ul style="list-style-type: none"> Business plan Annual goals Interim report (Q3) Evaluation of Board of Directors Evaluation of CEO

regulate, among other things, the Board's tasks, decision-making within the Company, the agenda for board meetings, the Chairman's duties, and allocation of responsibilities between the board members, the committees, and the CEO. Instructions for the CEO, including instructions for financial reporting, are also adopted in conjunction with the statutory board meeting.

The Board of Directors meets regularly in accordance with a schedule indicated in the rules of procedure that specifies standing items and items to be addressed when necessary.

The 2020 AGM re-elected Göran Persson (Chairman), Anders Bengtsson, Andreas Ahlström, Sara Anderson (independent) and David Schelin (independent), and employee representatives Malin Gustafsson and Lars Bengtsson. Hans Hansson declined re-election. Additional details on the Board of Directors are presented on pages 43-44.

The Board of Directors met 24 times in 2020.

The CEO, the deputy CEO/Director of Business Area Sweden, and the CFO are not members of the Board but do attend board meetings, except in cases where a matter to be addressed may present a conflict of interest or otherwise render attendance inappropriate. The auditors attend at least one board meeting per year to report the results of their audit of the Group and its legal entities.

The Board of Directors may establish committees to prepare certain matters and may also delegate decision-making to such committees. The Board may not, however, disclaim responsibility for decisions made on this basis. If the Board sets up committees, the rules of procedure for the Board shall specify the duties and decision-making powers that the Board has delegated to the committees, as well as the manner in which the committees are to report to the Board. The Board has established two ordinary committees in accordance with the Companies Act and the Code: the Audit Committee and Remuneration Committee.

Independence of the Board

The composition of the Board of Directors of Scandinavian Biogas meets the requirements of the Code as regards independence. Further details are presented in the table on pages 43-44.

Evaluation of the Board

The Board of Directors is evaluated annually in order to develop its work practices and develop a basis for the Nomination Committee's evaluation of Board composition. Next evaluation of the Board will be conducted in 2021.

Remuneration to the Board

The Nomination Committee submits proposals for board fees for resolution by the AGM. The 2020 AGM resolved to approve the Nomination Committee's proposal on fees. The committee's remuneration proposal to the 2021 AGM is presented in the AGM notice.

Audit Committee

The Board of Directors has established an Audit Committee composed of Anders Bengtsson (chairman) and Andreas Ahlström.

The Audit Committee's duties, which shall not affect other Board duties and tasks, include:

- I. monitoring the Company's financial statements,
- II. monitoring the efficiency of the Company's internal controls and risk management with regard to the financial statements,

III. remaining informed about the audit of the annual report and consolidated financial statements,

IV. informing the Board of the results of the audit and the manner in which the audit contributed to the reliability of the financial statements, as well as the tasks the committee has performed,

V. quality-assuring the year-end report and the interim reports prior to Board decision,

VI. auditing and monitoring the auditor's impartiality and independence and thereby noting in particular whether the auditor provides the Company with services other than auditing services, and

VII. assisting in the preparation of proposals regarding auditors for resolution at the general meeting.

Remuneration Committee

The Board has established a Remuneration Committee composed of Göran Persson (chairman), Anders Bengtsson and Andreas Ahlström. According to the Code, the main tasks of the Remuneration Committee are to:

I. prepare the Board's decisions on issues concerning principles for remuneration as well as remuneration and other terms of employment for executive management,

II. monitor and evaluate programmes for variable remuneration, both ongoing programmes and those that have ended during the year, for executive management, and

III. monitor and evaluate the application of the guidelines for remuneration to the Board and executive management that the AGM is legally obliged to establish, as well as the current remuneration structures and levels in the Company.

CEO and executive management

The CEO is subordinated to the Board of Directors and responsible for the everyday management and operation of the Company. The division of duties between the Board and the CEO is established by the rules of procedure for the Board of Directors and the instructions for the CEO. The CEO is also responsible for preparing reports and compiling information from executive management ahead of board meetings.

The CEO is, according to the instructions for financial reporting, responsible for the Company's financial reporting and must thus ensure that the Board receives sufficient information to enable it to assess the Company's financial position.

The Company's CEO is Matti Vikkula. Further information about the CEO and other executive management is presented on page 45.

Auditor

The auditor shall review the Company's annual and financial reports and the Board's and CEO's administration. At the close of each financial year, the auditor shall submit an auditor's report and an audit report of the consolidated accounts to the AGM. Pursuant to the Company's articles of association, the AGM shall appoint one or two approved or authorised public accountants along with no more than two deputy auditors, or a registered public accounting firm.

The auditor and deputy auditors, if any, are elected on an annual basis by the AGM for the period through conclusion of the next AGM.

Registered public accounting firm Öhrlings PricewaterhouseCoopers AB was elected auditor by the 2020 AGM for a one-year term. Authorised public accountant Lars Kylberg has served as auditor in charge.

Board of Directors



Göran Persson
(Chairman of the Board)

Anders Bengtsson
(Board member)

Sara Anderson
(Board member)

Andreas Ahlström
(Board member)

	Göran Persson (Chairman of the Board)	Anders Bengtsson (Board member)	Sara Anderson (Board member)	Andreas Ahlström (Board member)
Born	1949	1963	1976	1976
Education	College studies.	MBA, Monterey Institute of International Studies, California, USA. Certified controller, IHM Business School, Stockholm, Sweden.	M.Sc. in Chemical Engineering, Royal Institute of Technology, Stockholm, Sweden.	M.Sc., Hanken School of Economics, Helsinki, Finland.
Elected to the Board	2009	2010	2015	2011
Other experience	Prime minister of Sweden 1996-2006 and finance minister 1994-96. Extensive experience covering public affairs, financial markets, mergers & acquisitions, international politics, and the EU.	Former management consultant at Semcon Sverige AB. Twenty years' experience as CEO of small and mid-sized graphic production and real estate companies. Invests in renewable energy and other companies.	Has been working with implementation of and increased use of biogas since 2002. Consultant and head of Waste & Resource Flows section at IVL Swedish Environmental Research Institute. Previously worked as a consultant at 2050 Consulting and was responsible for fuel and energy strategy at Stockholm Public Transport (SL).	Has worked for Ahlström Capital, with overall responsibility for the company's new Cleantech investment fund. Extensive strategic and acquisition experience.
Other current positions	Chairman of Swedbank AB, LKAB, and GreenGold Group AB.	CEO of DIMITRA AB. Chairman of Sustainability Finansiering Stockholm AB. Board member of Bengtssons Tidnings Aktiebolag, Dala Marknad Aktiebolag, Kakel Max AB (publ), Elfvik Strand Fastighets AB, Bjärebyholding AB, and other companies.	-	CEO of AC Cleantech Management Oy. Board member of Sustainability Finansiering Stockholm AB, Swedish Stirling AB, and Suominen Oy.
Prior positions	Chairman of Baven AB, Pegroco Invest AB, Brommen Estate AB, Cambio Holding AB, and SCA Estonian Forests AB.	Board member of Diös Fastigheter AB, Svenska Landsortstidningars Förlagsaktiebolag, Bengtssons Värdepapper AB, and other companies.	-	-
Total remuneration 2020/2021, SEK	350,000	75,000	50,000	65,000
Independence	Independent in relation to the Company, management, and major shareholders.	Independent in relation to the Company and management, but not in relation to major shareholders.	Independent in relation to the Company, management, and major shareholders.	Independent in relation to the Company, management, and major shareholders.
Holdings in Scandinavian Biogas	88,102 shares (through company)	435,738 shares (partly through company)	1,334 shares	0 shares
Committee	Remuneration Committee	Audit Committee, Remuneration Committee		Audit Committee, Remuneration Committee
Board meetings	23/24	24/24	22/24	23/24
Audit Committee	-	12/12	-	12/12
Remuneration Committee	4/4	4/4	-	4/4



David Schelin
(Board member)

Malin Gustafsson
(Board member, employee representative)

Lars Bengtsson
(Board member, employee representative)

	David Schelin (Board member)	Malin Gustafsson (Board member, employee representative)	Lars Bengtsson (Board member, employee representative)
Born	1965	1979	1963
Education	M.Sc. in Electrical Engineering, Chalmers University of Technology, Sweden. Reserve officer, Royal Swedish Naval Academy. Executive MBA, Columbia Business School, New York, USA.	M.Sc. in Technical Biology, Linköping University Institute of Technology	Studied biogas technology at Halmstad University.
Elected to the Board	2017	2018	2018
Other experience	Has been advisor to several companies. Formerly COO of Niscayah Group and held senior positions in the telecom sector, most recently as VP Services for Ericsson in Southeast Asia.	Previously worked as process engineer and project manager, and held similar roles, at Affibody AB, Mercatus Engineering AB, and Scandinavian GtS AB.	Background in industrial and municipal wastewater and water treatment operations. Over ten years' experience in research and testing of anaerobic wastewater treatment and biological decomposition.
Other current positions	CEO of Euromaint Gruppen AB	-	-
Prior positions	CEO of Ragn-Sells Recycling AB. Chairman of Swedish Modules i Emtunga AB, Re: NewCell AB, Omoe AB and Restproduktbearbetning i Boden Aktiebolag. Board member of Polarbröd Aktiebolag and other companies.	-	Board member of HPSolarTech AB.
Total remuneration 2020/2021, SEK	50,000	0	0
Independence	Independent in relation to the Company, management, and major shareholders.	-	-
Holdings in Scandinavian Biogas	13,334 shares (through company)	0 shares	0 shares
Committee			
Board meetings	21/24	22/24	24/24
Audit Committee	-	-	-
Remuneration Committee	-	-	-

Executive management



	Matti Vikkula	Anna Budzynski	Michael Wallis Olausson
	President and CEO	CFO	Director, Business Area Sweden and deputy CEO
	President and CEO since 2011.	CFO since 2019.	Director of Business Area Sweden since 2009
Born	1960	1979	1962
Education	M.Sc. in Economics, Helsinki School of Economics.	MBA, Stockholm University.	MBA, Stockholm School of Economics.
Other experience	Several management and/or board member positions at private and listed companies, including partner at PwC Management Consulting, CEO of Saunalahti Oy, and management group member at Elisa Oy.	Several management responsibilities in various roles. Previously authorised public accountant for 10 years at PricewaterhouseCoopers. CFO at OKQ8 and SRV återvinning AB and part of both companies' group management.	Former Lt. Colonel, Swedish Armed Forces, and management consultant at Deloitte.
Other current positions	Other relevant positions: Chairman of Kristina Cruises Oy and ResCus Partners Oy; board member of Aina Group Oy and Anison Oy.	Board member of Consortis Miljöansvar AB, Young och Fischer AB, and Budzynski Consulting AB.	-
Prior positions	Chairman of Taito Oy, Adison Oy, AinaCom Oy, and Efore Oyj. Member of Trainers' House Oy.	Board member of OK-Q8 Shared Service AB, Bensinpumpen BENFA Fastigheter AB, Arithma Holding AB, and OK-Q8 Bank AB.	-
Holdings in Scandinavian Biogas	190,000 shares (partly through company)	35,500 shares (partly through company)	13,518 shares



	Jörgen Ejlertsson	Håvard Wollan	Kenny Cho
	Director, Business Area Process and R&D	Director, Business Area Norway	Director, Business Area Korea
	Co-founder of Scandinavian Biogas Fuels AB, 2005.	Director of Business Area Norway since 2010.	Director of Business Area Korea since 2011.
Born	1965	1965	1972
Education	M.Sc. in Agriculture, Swedish University of Agricultural Sciences (SLU), Uppsala; Ph.D. and senior lecturer, Environmental Change unit, Linköping University.	M.Sc., NTNU, Norway, and MBA, Heriot-Watt University, UK.	B.Sc. in Accounting, ChungAng University, Korea.
Other experience	Researcher at Environmental Change unit, Linköping University; process engineer and process manager, Tekniska verken i Linköping AB (publ); adjunct professor, Environmental Change unit (now Team M), Linköping University.	Over 20 years' international experience as an entrepreneur, manager, consultant, and investor.	Extensive experience from various management positions in fields including accounting, legal, company strategy, M&A, production, and organisational administration in industries including medical and pharmaceutical, automotive, and energy and recycling.
Other current positions	-	Chairman of Ocean Space Capital AS, Aqualoop AS, MSB International AS, Marine Bio Solutions AS, and Joytrack AS. Board member of the Norwegian Energy Gas Association.	-
Prior positions	-	-	-
Holdings in Scandinavian Biogas	60,911 shares	135,466 shares (partly through company)	0 shares

Board of Directors' report on internal control over financial reporting

This section has been prepared in accordance with the Code and the Annual Accounts Act and provides details on the Company's internal control and risk management as regards financial reporting. The objective is to give shareholders and other stakeholders an understanding of how internal control over financial reporting is organised at Scandinavian Biogas.

The Board of Directors is responsible for ensuring that Scandinavian Biogas has good internal control and processes and that established principles for financial reporting and internal control are complied with. The Board is also responsible for ensuring that financial reporting complies with the Companies Act, applicable accounting standards, and other requirements imposed on listed companies.

Scandinavian Biogas's work with internal governance and control over financial reporting is defined through a framework based on laws, regulations and governing documents, and roles and responsibilities, as well as recurring activities (selection, risk assessment, definition and implementation of controls, evaluation of and reporting on compliance, and improvement activities).

The Company's framework is based on the framework for internal governance and control produced by the Treadway Commission's Committee of Sponsoring Organisations (COSO). This framework has five fundamental components: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring and improvement.

Control environment

A good control environment forms the basis of the effectiveness of a company's internal system of control. A good control environment is based on an organisation that has distinct decision-making procedures, policies that assign authority and responsibility, and a company culture with shared values. The control environment is also affected by the actions and behaviour of executive management and individual employees. Provisions in the Board's rules of procedure and CEO's instructions ensure a well-defined assignment of roles and responsibilities, designed to produce effective control and management of the business's risks. During 2020 and in March 2021, the Board also adopted a number of underlying policies and governing documents that are important for maintaining effective control, including a finance policy, policy for internal pricing, financial handbook, environment and sustainability policy, employee policy, gender equality policy, quality policy, working environment policy, IPR policy, and code of conduct for suppliers.

Risk assessment

The Audit Committee is responsible for ensuring that significant risks of errors in financial reporting are identified and

managed. Within Scandinavian Biogas, continuous dialogue is conducted with each subsidiary to ensure good internal control and awareness of operational risks. For details on the Group's risks and risk management, see the Risk and Risk Management section on pages 50-52 of the annual report.

Control activities

Scandinavian Biogas's internal control structure for financial reporting is based on established policies and guidelines. Risks for financial reporting errors are reduced through good internal control over financial reporting, with particular focus on significant areas defined by the Board. Scandinavian Biogas's control structures are composed of well-defined organisational roles that enable the effective and – from an internal control perspective – appropriate assignment of responsibilities, and specific control activities aimed at detecting or preventing reporting error risks in a timely manner. Examples of control activities include detailed decision-making processes and resolution procedures for important decisions, performance analyses, and other control activities for significant processes.

Information and communication

Policies and guidelines are of particular importance for accurate accounting, reporting, and information disclosure. Scandinavian Biogas updates and communicates policies and guidelines concerning the financial process on an ongoing basis. The Group's finance function has direct operational responsibility for regular financial reporting and for the uniform application of the Group's guidelines, principles, and instructions for financial reporting. Business units and other relevant units, including each legal entity, regularly submit financial reports and reports on operating activities to Group management, which in turn reports to the Board of Directors. For communication with internal and external parties, the communication policy provides guidelines on how this communication should be done. The policy is designed to ensure that all disclosure requirements are complied with correctly and completely. Financial information is provided on a regular basis through annual reports, interim reports, press releases, and notifications on the Company's website.

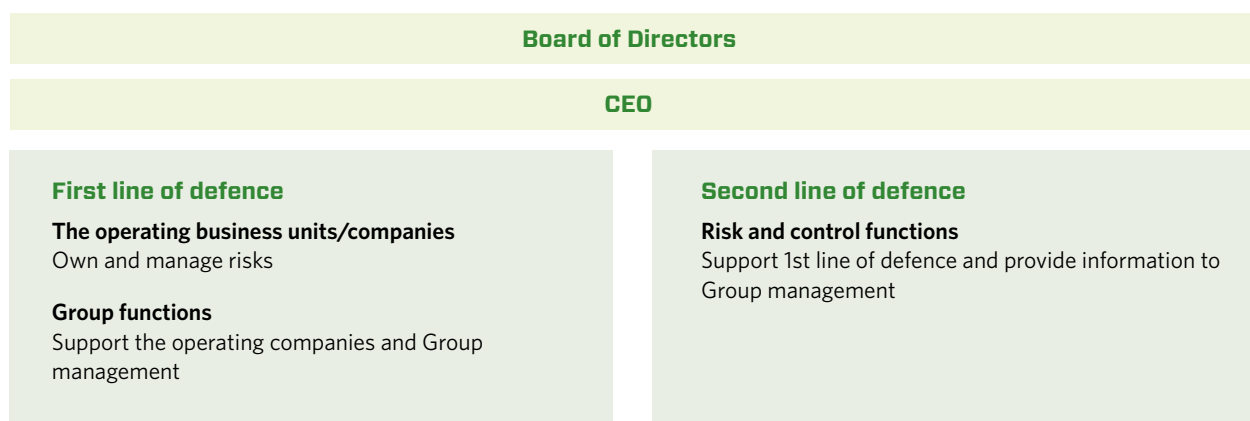
Monitoring and improvement

The Board of Directors evaluates the information submitted by executive management and the auditors. The Audit Committee is responsible for preparing the Board's work in this regard by ensuring the quality of the Group's financial reporting. The CEO and CFO have monthly reviews with each operations manager regarding the unit's financial position. The Group Controlling department also works closely with the subsidiaries on annual accounts and reporting. Follow-up and feedback on any deviations that occur in internal control are a central element of internal control work, as this is an effective way for the Company to ensure that errors are corrected and control is improved.

Scandinavian Biogas's model for internal control

The foundation for well-functioning risk work is a strong and common risk culture. Scandinavian Biogas's model for internal control and governance is based on a model with two lines of defence specifying the assignment of responsibilities for internal control and governance. The Board evaluates the need for a separate internal audit function on an annual basis. Scandinavian Biogas currently has no separate internal audit function, with regards to the size of the Group's operations.

The Board of Directors is responsible for ensuring that processes are in place to identify and define operational risks and that risk-taking is measured and controlled. The CEO is responsible for the ongoing work of maintaining effective governance and control.



Auditor's report on the Corporate Governance Statement

To the general meeting of the shareholders in Scandinavian Biogas Fuels AB, corporate identity number 556528-4733

Engagement and responsibility

It is the Board of Directors who is responsible for the corporate governance statement for the year 2020 on pages 40-47 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Uppsala March 31, 2021

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg.

Authorized Public Accountant

Board of Directors' report

The Board of Directors and the Chief Executive Officer of Scandinavian Biogas Fuels International AB (publ), 556528-4733, hereby submit the annual report and consolidated accounts for the financial year 2020.

Operations

Scandinavian Biogas 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. The Group's focus is on facilitating the transition from fossil to renewable energy.

The business concept is to be a leader in the design, management, and operation of biogas plants. This is achieved by constantly improving the biogas production digestion process from various types of biomass, generated primarily from wastewater treatment sludge, food waste, and industrial processes such as food and biofuel (e.g. glycerol) manufacturing. The Group also provides leading expertise in the purification process for upgrading biogas to vehicle fuel quality and for utilising digestion process residues as bio-fertiliser. Scandinavian Biogas is focused on markets in the Nordic region and Korea. The Group invests in owned or leased production facilities, primarily in the Nordic region, and provides its expertise as a service in other markets.

With the Group's strategic focus on research and development, Scandinavian Biogas places high priority on developing methods to improve biogas and bio-fertiliser production efficiency for both established and new types of waste, residues, and other organic material. Cost and resource efficiency improvements to production are made possible thanks to the Company's expertise and methodology.

The Group's operations are primarily conducted via subsidiaries, while the Parent Company serves in an administrative capacity.

Scandinavian Biogas Fuels International AB (publ) is domiciled and headquartered in Stockholm. At year-end 2020 the Company had a total of 92 (76) employees: 56 (39) in Sweden, 21 (21) in Korea, and 15 (16) in Norway. The increased number of employees in Sweden is primarily attributable to the acquisition of Ekdalens Biotransporter AB.

Licensable activities

The Company conducts operations subject to the environmental code in three Swedish subsidiaries. The Group's licence and registration activities affect the external environment mainly through subsidiaries Scandinavian Biogas Stockholm AB (SBSt), Scandinavian Biogas Södertörn AB (SBSö), and Scandinavian Biogas Recycling AB (SBR), which are subject to environmental permits and permits to conduct business with explosive and flammable products and substances. SBSt and SBSö produce upgraded biogas and may affect the external environment through the emission of methane. SBSö also produces bio-fertiliser, which may affect the external environment through

the leakage of nitrogen-rich bio-fertiliser. SBR receives and pre-treats organic waste, which may affect the external environment primarily through the leakage of pre-treated organic waste (slurry). To enable minimisation of the risk of external influences on the environment, all companies have a business system that includes regular controls and the ongoing management of any incidents. The upgrading facilities, for example, are connected to methane destruction facilities in order to combust any leakage of methane.

The Group

Scandinavian Biogas Fuels International AB (publ) is the Parent Company of the Scandinavian Biogas Group, which encompasses a number of wholly and partly owned companies registered in Sweden, Korea, and Norway. Operations are primarily conducted in subsidiaries.

Financial overview

Group

Group (SEK thousand)	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Net sales	338,386	363,559	275,234	258,363	242,610
Operating income	407,432	407,050	310,212	289,331	266,178
EBITDA	80,597	87,848	-6,247	21,587	21,972
EBITDA, %	19.8	21.6	-2.0	7.5	8.3
Operating EBITDA	70,301	75,778	15,600	35,200	21,972
Operating EBITDA, %	19.1	19.2	5.3	12.9	8.8
Operating results	-6,038	-1,940	-71,808	-42,159	-24,580
Earnings per share	-2.07	-3.32	-10.26	-7.01	-5.29
Balance sheet total	1,539,498	1,294,063	1,234,842	1,161,238	1,026,648
Equity/Assets ratio, %	33.9	17.7	10.7	19.7	22.0

Parent Company

(SEK thousand)	31 Dec 2020	31 Dec 2019	31 Dec 2018	31 Dec 2017	31 Dec 2016
Net sales	3,045	1,220	1,200	1,200	1,200
Operating results	-1,702	-487	-2,742	-1,930	-1,965
Balance sheet total	1,122,084	633,668	509,816	517,628	504,351
Equity/Assets ratio, %	67.8	55.9	41.7	49.4	55.1

Pro forma earnings

The pro forma for 2019 and 2020 include the assumption that Ekdalens was a wholly owned subsidiary for the entirety of 2019 and 2020. Total pro forma net sales amount to SEK 385.6 million (410.0). Operating profit for the full year totalled SEK 12.4 million (9.0) and EBITDA was 103.6 million (103.7). Operating EBITDA for the full year was SEK 93.3 million (91.6) and operating EBITDA % was 22.4% (20.7). Ekdalens was acquired 18 December 2020 and has been consolidated in the Group since that date. The pro forma clearly demonstrates how important the acquisition is to achievement of the Group's long-term financial targets. The pro forma does not take the effect of surplus values into account.

Reported earnings

Consolidated net sales totalled SEK 338.4 million (363.6) for the full financial year, a decrease of 6.9 per cent as compared with the same period last year. Total revenues amounted to SEK 407.4 million (407.1) for the full year.

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

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

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

Consolidated operating EBITDA totalled SEK 70.3 million (75.8) for full-year 2020. The year-on-year decrease in operating EBITDA is due in part to COVID-19 and to maintenance measures conducted at the plant at Skogn.

The Group posted an operating loss of SEK -6.0 million (-1.9) for full-year 2020. In addition to the above-referenced one-off items, operating profit/loss for the full financial year was also impacted by an additional SEK 6.5 million write-down of concessions as part of the judicial decision in Korea, as well as an SEK 5.9 million write-down of a non-current asset in Norway.

The Group posted a loss after tax of SEK -63.2 million (-55.9) for the full financial year, of which SEK -9.4 million (1.3) is attributable to unrealised exchange rate fluctuations, mainly due to long-term intra-group financing of foreign subsidiaries.

A total negative impact on earnings of SEK 18.1 million was posted during the period due to the judicial decision in Korea. Of this amount, SEK 11.6 million pertains to the item 'Raw materials and consumables' as part of a change in 'Other provisions', and SEK 6.5 million to the item 'Depreciation, amortisation and impairment of tangible and intangible assets' representing a write-down of the concession pertaining to Korea.

Other

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

The Group's cash flow development in 2020 was very positive due to improved cash flow from operating activities before changes in working capital and to a favourable development of working capital.

Investments

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

The acquisition of subsidiary Ekdalens amounted to SEK 72.3 million, broken down as follows: SEK 28.4 million in customer relations, SEK 6.8 million in vehicle surplus value, other assets of SEK 14.1 million, and SEK 23.4 million in goodwill.

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

Parent Company

The Parent Company's total revenues amounted to SEK 3.0 million (2.4) during the financial year. The Parent Company posted a loss after tax of SEK -53.9 million (profit 4.2) for the January-December 2020 period. The negative result is attributable to the judicial decision in Korea. During Q2, a subsidiary wrote down some receivables related to Korean subsidiaries and thus exhausted its equity. The subsidiary's write-downs amount to SEK 61.6 million and resulted in a shareholder contribution from the Parent Company in June of SEK 62 million. The shareholder contribution has since been written down in its entirety.

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

Related-party transactions

A subordinated shareholder loan of SEK 20 million (issued in December 2019) was repaid during first quarter 2020. The Company's outstanding 2016/2020 bond loan of SEK 230 million (ISIN SE0007784111) was repaid on 10 February 2020 and replaced with a private credit facility of SEK 200 million. The lenders were parties related to the Company. On 30 September 2020 the private credit facility was replaced with a new credit facility with significantly better terms and an 18-month maturity. The lenders are parties related to the Company.

No other transactions with related parties have taken place during full-year 2020.

Significant events during the year

Listing on Nasdaq First North Premier Growth Market

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

Company receives 'Dark Green Shading'

In November Scandinavian Biogas received a 100% Dark Green shading rating, the highest possible rating from CICERO Shades

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

TrønderEnergi becomes largest shareholder

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

Business combinations

On 18 December 2020 the Group acquired 100.0 per cent of the shares in Ekdalens Biotransporter AB, a Swedish registered company. The purchase price totalled SEK 72.3 million. This amount comprised SEK 25.3 million in liquid assets, additional purchase price discounted to SEK 30.3 million, and 444,444 newly issued shares in Scandinavian Biogas Fuels International AB at a value of SEK 16.7 million. The surplus value consisting of goodwill of the acquisition has been calculated at SEK 23.4 million. Acquisition costs for legal fees, etc. totalled SEK 1.4 million. Additional purchase prices based on normalised EBITDA for the years 2020-22 may not exceed SEK 35.0 million and were discounted to SEK 30.3 million in the acquisition analysis.

Biokraft Holding AS becomes wholly owned subsidiary

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

Share merger

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

Improved production stability at Södertörn, Sweden

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

Refinancing of SEK 200 million credit facility

The Company's outstanding 2016/2020 bond loan of SEK 230 million (ISIN SE0007784111) was repaid on 10 February 2020 and replaced with a private credit facility of SEK 200 million, which was repaid on 30 September 2020 and replaced with a new credit facility with significantly better terms and an 18-month maturity. The lenders are defined as related parties.

Production and sales

Business Area Sweden

Operations in Sweden sold a total of 21.6 million Nm³ (22.9) of biogas during the January-December 2020 interim period, corresponding to approximately 210 GWh (223). Customer deliveries of biogas were affected by the COVID-19 pandemic, with some customers at times unable to take delivery of full contractual volumes. In all circumstances, however, all companies in the business area fulfilled their customer commitments by a good margin. Business Area Sweden processed an average of 210 tonnes (205) of organic waste per day during the financial year.

Business Area Norway

Sales of liquid biogas at Skogn, Norway, during the January-December 2020 interim period totalled 8.7 million Nm³ (9.6), corresponding to approximately 85 GWh (93). The plant in Norway has been fully operational since early 2019. Year 2020 started strongly, although production was somewhat lower during subsequent quarters due mainly to a maintenance stop to improve production stability at Skogn.

Business Area Korea

The facility in Korea sold a total of 9.9 Nm³ (8.8) of raw gas during the financial year, corresponding to approximately 60 GWh (53). A total of 10.8 million Nm³ (10.9) of raw gas was produced. The plant received an average of 197 tonnes (195) of food waste per day during the financial year.

Ongoing investment projects

EffiSludge/LIFE

Scandinavian Biogas was previously awarded a grant from EU/LIFE aimed at increasing biogas production in the pulp and paper industry. The goal of the project is to build and operate the first demonstration process to produce biogas from wastewater from Norske Skog's paper mill in Skogn while also reducing the plant's electricity consumption and carbon footprint. The total project cost is estimated at just under SEK 30 million, with the EU grant equivalent to approximately SEK 16 million. SEK 7.8 million was paid to the Group in 2019. The demonstration cluster is scheduled for completion by 2021.

Risks and risk management

All business activities entail risk. Well-managed risks can present opportunities, while poorly managed risks can result in damage and loss.

The ability to identify, evaluate, manage, and monitor risk is a crucial element in the governance and control of Scandinavian Biogas's operations. The objective is achievement of the Group's goals through well-considered risk-taking within established frameworks.

The foundation for well-functioning risk work is a strong and common risk culture. Scandinavian Biogas has a well-established process for managing and working with risks. The Audit Committee established by the Board of Directors is responsible for identifying and managing all significant risks associated with financial reporting. Within Scandinavian Biogas, continuous dialogue is conducted with each business unit and subsidiary to ensure good internal control and awareness of operational risks.

The Board of Directors is responsible for ensuring that processes are in place to identify and define operational risks and that risk-taking is measured and controlled. The CEO is responsible

for the ongoing work of maintaining effective governance and control.

The Corporate Governance Report on pages 40-47 provides a detailed description of the internal control processes that are designed to manage financial reporting risks.

Sustainability risks – such as environmental risks, climate impact, working environment risks, or risks involving compliance, anti-corruption, and human rights – are integrated into the business and also apply at the supplier level. Read more about sustainability risks on pages 27-39.

Significant risks

The risks considered by Scandinavian Biogas to be significant are based on the probability that they will occur and cause financial damage or other negative impact and for which management at the Group level is therefore warranted.

Following is a description of the major risks that may be significant for Scandinavian Biogas's business and future development. This description does not claim to be comprehensive, and the risk factors are presented in no particular order.

Business- and market-related risks

Investments, acquisitions and joint ventures

Scandinavian Biogas's future growth is dependent on the Company expanding existing production plants and establishing new ones. Accordingly, new investments, acquisitions, collaborations, and joint ventures that are aligned with the Group's objectives are evaluated on an on-going basis.

Projects are planned and prepared over a significant amount of time, and there is a risk that the preparatory work will not lead to completed projects, entailing a loss of resource value and work hours expended. When the Group proceeds with an investment, a period of time is required until the investment becomes cash-flow positive and generates a profit.

Investments in existing production plants and construction of new plants is always associated with risk, since it is not possible to determine how each project will develop. There is also a risk that future projects will become more time consuming and/or costly than anticipated and that disputes may arise with the Group's subcontractors as regards the construction of new plants or upgrades or expansion of existing plants.

Upgrades and expansion of existing plants may also have a greater than anticipated impact on the plant's current production and may halt production for a longer period of time than originally planned.

Investments are made to some extent with co-investors and, accordingly, Scandinavian Biogas may not have full control over the projects and may need to accept measures and actions that are not beneficial for the Group or in line with its business plan. In cases where there is no long-term relationship between the Group and a key counterparty who is essential to the functioning of a new project in accordance with the Group's plans, there is a risk that the counterparty may be financially or in any other way less stable or reliable than expected. This may result in a need to replace the counterparty or, if that is not possible, to terminate the project.

Acquisition activities may also involve certain financial, managerial, and operational risks, including diversion of Group

management's attention from existing core business, difficulties when integrating or separating businesses from existing operations, and challenges presented by acquisitions which may not achieve sales levels and profitability that justify the investments made.

Production facilities

The Group's production activities are conducted at the production facilities in Henriksdal, Bromma, and Södertörn in Sweden, Skogn in Norway, and Ulsan in Korea. Some facilities are owned by Scandinavian Biogas's co-investors, who are often Group suppliers.

An interruption or a disturbance – such as a breakdown, labour dispute, IT failure, pandemic, or natural disaster – could have a major impact on the Group's ability to fulfil its obligations to its customers in a timely manner or at all. If a production facility or any of the Group's distribution hubs were to be damaged, destroyed (e.g. by fire or explosion), closed, or if facility equipment were to be seriously harmed or destroyed, the production and distribution of the Group's products may be obstructed or aborted for a certain period of time. A comprehensive and long-lasting production stoppage could have a significant effect on the Group's ability to produce or distribute the relevant products and/or services.

A majority of the Group's customer agreements also include volume and quality commitments for the Group. Failure to comply, for any reason, with such commitments may incur liability for the Group in the form of damages to the counterparty and/or price reductions, and may in some cases entitle the customer to terminate the agreement. There is a risk that the scope of the Group's insurance will not cover risks that materialise and that the total amount of the Company's loss will not be fully compensated in the event damages are imposed.

In addition to obtaining permits from the authorities, the Group also needs permission from the property owner to carry out planned reconstruction and adjustments to the plant. There is a risk that such permission will not be granted.

Competition

The Group operates within the biogas industry. It primarily offers biogas as an energy carrier, as well as waste management services and bio-fertilisers. The amount of organic material required to produce biogas and other services is expected to increase, but to be limited over time. The future market is therefore likely to have capacity for only a limited number of producers. The number of competitors is nevertheless expected to increase, resulting in improved industrial development and increased competition for organic material as well as customers. It is therefore crucial that Scandinavian Biogas continue its strategic research to enable digestion of new types of waste and allow the Company to make the biogas exchange of the organic waste currently being digested more efficient in the long term.

Companies in the industry compete in terms of quality of goods, price, and innovations, but also in terms of other competitive factors such as optimised distances, production capacity, updated technology, and market penetration. In addition, other renewable sources, petrol, and diesel are in competition with the biogas industry. There is therefore a risk that the competitive landscape will restrict growth rate and sales, which may have a negative effect on the Group's operations, results, profitability, and outlook.

Key employees

The Group has a relatively small organisation and is engaged in a line of business that requires access to employees with highly specialised knowledge in technical and regulatory matters. The Group's employees have a comprehensive knowledge of the industry in general and the Group in particular.

The Group's future development and success is therefore dependent on its ability to recruit and retain qualified management and other key personnel. If such key personnel leave the Group or take up employment with a competing business, there is a risk that this will have a negative effect on the Group's business and outlook.

Legal and regulatory risks

Political risks

Many of the Group's suppliers and customers are municipalities or the equivalent, state-owned organisations, and companies. Provided that certain conditions are met, the Group may be granted governmental subsidies for its projects. In the event government support is granted on erroneous grounds, the Group may be obligated to repay that support. Political decisions therefore have a significant impact on biogas supply and demand, and thus on the Group's business. Any change in political commitment or interest, as well as modified tax rules, subsidies, or considerations, may have a significant impact on the Group's business and results.

Government incentive schemes for the production and/or usage of renewable energy and fuel varies between European countries. The reasons for this may include variations in political ambition and goals in these areas. The ways and means of accomplishing such political ambitions differ, and include taxation of energy and/or emissions quotas or reduction requirements, incentive schemes targeting production of raw material used in the relevant process, and general performance-based regulation. Generous government incentive schemes for biogas production in countries where the Group does not operate may provide unfair competitive advantages to Scandinavian Biogas competitors. To mitigate such competitive disadvantages in Sweden and to stimulate biogas production, an official Swedish government report has proposed the introduction of subsidies to support biogas production from manure, the upgrading of biogas, and liquid biogas. There are no guarantees that such incentive schemes will be implemented in accordance with the proposed terms or at all.

If no appropriate incentive schemes are introduced in the countries where the Group operates, or if more favourable incentive schemes are introduced in countries where the Group does not operate, this may have a negative effect on the Group's business, income, and outlook.

The Company deems the probability of this risk occurring to be low. If the risk does materialise, the Company deems the potential negative impact to be high.

Disputes

The Korean subsidiary has been involved in a dispute with Ulsan City since 2018 regarding the contractual obligation to invest in a gas upgrading facility in Ulsan by the end of 2017. The lawsuit has proceeded, and the judicial decision issued in July 2020 was unexpectedly negative. The judge upheld the previous decision, meaning that the subsidiary is obliged to pay a 50%

penalty on biogas sales. Following review of the decision, management and the Board of Directors consider the ruling to be incorrect. A leave to appeal was filed with the Supreme Court during summer 2020 and was denied during the autumn. Assessments were updated in the consolidated annual accounts in response to the judicial decision issued in July, resulting in an increase of SEK 11.6 million and an SEK 6.5 million write-down of the concession pertaining to Korea. The result for 2020 has therefore been charged a total of SEK 18.1 million. As the ruling is now final, the provision has been reclassified to "financial liability" and the previous present value computation has been adjusted from 15.60% to 12.92%, producing an increase of approximately SEK 1,0 million in financial cost.

The Korean subsidiary initiated legal proceedings in Ulsan's administrative court in 2017 regarding certain service costs that Ulsan City invoiced to the subsidiary. The court has ruled in various phases that the invoices are not subject to administrative law. Given that the service costs are not subject to administrative law, the Korean subsidiary has initiated a civil lawsuit.

As previously communicated, one of the Group's suppliers to the project at Skogn, Norway, has made compensation claims, mainly for groundwork. A demand for NOK 78 million was filed in October 2018 and was subsequently lowered to NOK 64 million. The Group has, however, previously entered into a settlement agreement with the supplier and continues to be of the opinion that the specified compensation is covered by the settlement. Nevertheless, for precautionary purposes, the Group reserved NOK 5 million of the demand amount in its Norwegian company in December 2018 as an increased capital cost pursuant to generally accepted practice. The conciliation process has moved to arbitration as the parties have not been able to reach agreement. The Company has filed a counterclaim through its legal representative against the counterparty. Management remains in agreement with the Company's legal representative in assessing that the previously reserved amounts are relevant.

Environmental permits

The Group is dependent on receiving the necessary environmental permits to conduct its business and effectuate upgrades, expansions, and new projects. However, Scandinavian Biogas cannot receive the required permits prior to have commenced planning and negotiations of the new production plant or extension. There is therefore a risk that the Group will incur costs should a new investment be initiated without the necessary permit being subsequently received. Should the Group permanently or temporarily lose or be unable to renew the required permit due to non-compliance with regulations, this may cause business delays, production stoppages, and additional costs to obtain such permit. An inability to obtain, or a withdrawal of, necessary permits and approvals for its existing and future production could delay or have other material negative effects on the Group's business and financial position.

Financial risks

Financial risks refer to financing risks and liquidity risks, which may involve difficulties in raising new loans or equity, as well as taxes and currency risks that may have a negative impact on the Group's result. Other financial risks include interest rate risk and insurance risk. Read more about Scandinavian Biogas's financial risk management in Note 3, pages 67-68.

Expectations regarding future development

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

The Swedish parliament and government are clearly interested in biogas as a component of the future fossil-free energy solution. Based on the Biogas Commission's proposal, published before the turn of the year, the government's autumn budget proposed continued support for biogas production and confirmed the preparations for a long-term production subsidy scheme. Conditions for the Swedish biogas industry will be strengthened, and we see a bright future ahead.

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

The Group's goal is to achieve:

- biogas production capacity corresponding to at least 700 GWh by 2024
- operating income corresponding to at least SEK 750 million by 2024
- an operating EBITDA margin of at least 30% by 2024
- an equity/assets ratio of at least 25%

Due to the market transformation in Scandinavia, the Group anticipates increased demand for biogas, particularly liquid biogas (LBG). The Group plans investments and improvements in line with market needs.

In recent years, the Group has focused on increasing biogas deliveries and production. This work is proceeding, but is now focused on LBG.

Financing

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

The business is financed by way of equity, loans from external creditors and finance leasing. In Sweden, a major portion of the production facilities are leased under lease agreements with durations of around 25 years. Non-current interest-bearing liabilities, exclusive of leases, totalled SEK 479.8 million (286.5) at 31 December 2020.

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

The Company's outstanding 2016/2020 bond loan of SEK 230 million (ISIN SE0007784111) was repaid on 10 February 2020 and replaced with a private credit facility of SEK 200 million. The credit facility, with a maturity of up to 24 months, was repaid on 30 September 2020 and replaced with a new credit facility with

significantly better terms and an 18-month maturity.

With the successful share issue of SEK 350.0 million before transaction costs, we have been able to ensure financing for the Group's growth plan with equity while also gaining a broader, stronger shareholder base.

The share

The total number of shares is 30,533,852 (168,256,961). The quotient value is SEK 2.00 per share. Each share carries one vote. All outstanding shares are ordinary shares and therefore carry the right to equal shares in the assets and profit of Scandinavian Biogas Fuels International AB (publ).

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

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

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

Significant events after the end of the period

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

Management's assessment is that the maintenance stop conducted at Skogn is completed and, accordingly, LBG production levels are expected to return to normal.

Scandinavian Biogas, through two Swedish subsidiaries, has been awarded SEK 135 million in investment grants from the Klimatkivet initiative. The grants are earmarked for expansion and conversion of facilities in the Stockholm region. These facilities will be converted from their current production of biogas (CBG) to production of liquid biogas (LBG). The projects, scheduled to start in 2021, will enable total annual production of 235 GWh of liquid biogas (LBG) in Stockholm.

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

Proposed allocation of profit/loss

The board of directors proposes that the following amount, SEK 697,162,240, be allocated as follows:

	Amount in SEK
Accumulated profit/loss	-420,392,009
Share premium reserve	1,171,473,240
Profit for the year	-53,918,991
Total	697,162,240
Carried forward	697,162,240
Total	697,162,240

With regard to the Company's performance and financial position, please refer to the following financial statements and accompanying notes.

Consolidated statement of comprehensive income

Amounts in SEK thousand	Not2	2020	2019
Operating income			
Net sales	6	338,386	363,559
Capitalised work on own account	8	17,286	12,033
Other operating income	11, 13	51,760	31,458
Total		407,432	407,050
Operating expenses			
Raw materials and consumables		-197,659	-192,383
Other external costs	9	-58,720	-59,313
Personnel costs	10	-70,456	-67,506
Depreciation, amortisation and impairment of tangible and intangible assets		-85,723	-88,526
Other operating expenses	11, 14	-912	-1,262
Total operating expenses		-413,470	-408,990
Operating profit/loss		-6,038	-1,940
Financial income		214	4,044
Financial expense		-58,644	-65,260
Net financial items	12, 14	-58,430	-61,216
Profit/loss before tax		-64,468	-63,156
Income tax	13	1,273	7,306
Profit/loss for the year		-63,195	-55,850
Other comprehensive income			
Actuarial results on post-employment benefits	10	-	-10
Exchange differences	14	-7,572	3,682
Other comprehensive income for the year, net after tax		-7,572	3,672
Total comprehensive income for the year		-70,767	-52,178
Profit/loss for the year attributable to:			
Parent Company shareholders		-56,775	-42,536
Non-controlling interests		-6,420	-13,314
		-63,195	-55,850
Total comprehensive income attributable to:			
Parent Company shareholders		-65,374	-40,834
Non-controlling interests		-5,393	-11,344
		-70,767	-52,178

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Consolidated financial position

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Intangible assets	15		
Capitalised development costs		14,048	11,713
Concessions and similar rights		44,666	67,832
Patents and licences		790	1,423
Acquisition-related intangible assets		28,432	-
Goodwill		29,574	6,833
Total intangible assets		119,510	87,801
Tangible assets	16		
Buildings and land		190,602	214,812
Plant and machinery		287,490	321,600
Equipment, tools, fixtures, and fittings		29,042	4,293
Construction work in progress		92,888	44,175
Right-of-use assets		295,696	327,841
Total tangible assets		895,718	912,721
Financial assets			
Deferred tax assets	18	22,531	23,453
Other non-current receivables	19	16,604	19,066
Total financial assets		39,135	42,519
Other non-current assets			
Long-term accrued income and prepaid expenses	20	889	1,333
Total other non-current assets		889	1,333
Total non-current assets		1,055,252	1,044,374
Current assets			
Inventories, etc.			
Raw materials and consumables		9,907	14,770
Total inventories		9,907	14,770
Current receivables			
Trade accounts receivable	22	58,584	65,670
Other receivables	23	20,125	17,914
Prepaid expenses and accrued income	24	16,859	14,951
Cash and cash equivalents	25	378,771	136,384
Total current receivables		474,339	234,919
Total current assets		484,246	249,689
TOTAL ASSETS		1,539,498	1,294,063

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Consolidated financial position, continued

Amounts in SEK thousand	Note	Dec 31 2020	Dec 31 2019
EQUITY			
Equity attributable to Parent Company shareholders			
Share capital	26	61,066	33,651
Other paid-in capital		1,271,372	880,048
Translation reserve		1,048	5,298
Retained earnings including comprehensive income for the period		-799,948	-743,173
		533,538	175,824
Non-controlling interests		-11,733	53,098
Total equity		521,805	228,922
LIABILITIES			
Non-current liabilities			
Borrowings	27, 29, 30	765,261	597,942
Deferred tax liabilities	18	12,249	1,961
Other provisions	28, 30	13,063	21,917
Total non-current liabilities		790,573	621,820
Current liabilities			
Borrowings	27	69,713	296,465
Accounts payable		67,665	66,325
Other liabilities	31	33,563	30,404
Accrued expenses and deferred income	32	56,179	50,127
Total current liabilities		227,120	443,321
TOTAL EQUITY AND LIABILITIES		1,539,498	1,294,063

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Consolidated statement of changes in equity

Amounts in SEK thousand	Note	Attributable to Parent Company shareholders				Total	Non-controlling interests	Total equity
		Share-capital	Other paid-in capital	Translation reserve	Retained earnings			
Opening balance, 1 January 2019		21,420	754,685	3,636	-700,637	79,104	52,788	131,893
Profit/loss for the period					-42,536	-42,536	-13,314	-55,850
Other comprehensive income								
Actuarial results on post-employment benefits					-8	-8	-2	-10
Exchange differences				1,661	8	1,669	2,013	3,682
Total comprehensive income				1,661	-42,536	-40,875	-11,303	-52,178
New share issue	26	12,231	134,548			146,780		146,780
Issue expenses ¹			-9,185			-9,185		-9,185
Contribution from non-controlling interests							11,613	11,613
Total contribution from and value transfers to shareholders, reported directly in equity		12,231	125,363	-	-	137,595	11,613	149,207
Closing balance, 31 December 2019		33,652	880,048	5,297	-743,173	175,824	53,098	228,922
Opening balance, 1 January 2020		33,652	880,048	5,297	-743,173	175,824	53,098	228,922
Profit/loss for the period					-56,775	-56,775	-6,420	-63,195
Other comprehensive income								
Actuarial results on post-employment benefits								
Exchange differences				-4,249		-4,249	-3,323	-7,572
Total comprehensive income				-4,249	-56,775	-61,024	-9,743	-70,767
New share issue	26	20,993	371,588			392,581		392,581
Issue expenses ¹			-28,926			-28,926		-28,926
Contribution from non-controlling interests due to acquisition of subsidiary		6,421	48,662			55,083	-55,083	-
Total contribution from and value transfers to shareholders, reported directly in equity		27,414	391,324	-	-	418,738	-55,083	363,655
Closing balance, 31 December 2020		61,066	1,271,372	1,048	-799,948	533,538	-11,733	521,805

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

1 The tax effect of issue expenses recognised in equity totals SEK 6.2 million (2.0).

Consolidated statement of cash flows

Amounts in SEK thousand	Note	2020	2019
Cash flow from operating activities			
Operating profit/loss before financial items		-6,038	-1,940
Amortisation/depreciation		85,723	88,526
Other non-cash items	35	18,389	-16,365
Interest received		-	141
Interest paid		-30,206	-36,437
Cash flow from operating activities before changes in working capital		67,868	33,925
Cash flow from changes in working capital			
Increase/decrease in inventories		7,687	-9,271
Increase/decrease in operating receivables		11,221	13,321
Increase/decrease in operating liabilities		2,590	-37,991
Total changes in working capital		21,498	-33,941
Cash flow from operating activities		89,366	-16
Cash flow from investing activities			
Acquisition of intangible assets	15	-3,244	-402
Acquisition of tangible assets	16	-55,496	-46,726
Disposal of tangible assets		41	305
Divestment/amortisation of other financial assets		-	333
Restricted bank balances and other changes in financial assets		1,129	-5,131
Cash flow from investing activities		-57,570	-51,621
Cash flow from financing activities			
New share issue	26	321,074	101,153
Acquisition of subsidiaries		-15,724	-
Loans raised	27	410,513	20,000
Loan amortisation		-502,505	-40,242
Contribution to/from non-controlling interests	17	-	11,721
Cash flow from financing activities		213,358	92,632
Total cash flow for the period		245,154	40,995
Decrease/increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period	25	136,384	94,788
Exchange differences in cash and cash equivalents		-2,767	601
Cash and cash equivalents at end of period	25	378,771	136,384

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Parent Company income statement

Amounts in SEK thousand	Note	2020	2019
Operating income			
Net sales	6, 7	1,320	1,220
Other operating income	11	1,726	1,163
Total operating income		3,046	2,383
Operating expenses			
Raw materials and consumables		-271	-
Other external costs	9	-3,728	-2,276
Personnel costs	10	-749	-594
Total operating expenses		-4,748	-2,870
Operating profit/loss		-1,702	-487
Profit/loss from participations in group companies	12, 17	-62,000	-
Interest income		8,576	11,387
Interest expense		-19,291	-31,409
Net financial items	12	-72,715	-20,022
Profit/loss before appropriations and tax		-74,417	-20,509
Appropriations			
Group contributions paid/received		20,498	24,719
Total appropriations		20,498	24,719
Profit/loss before tax		-53,919	4,210
Income tax	13	-	-
Profit/loss for the year		-53,919	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.

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Parent Company balance sheet

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Non-current assets			
Financial assets			
Participations in group companies	17	355,427	226,613
Receivables from group companies		432,197	313,073
Total financial assets		787,624	539,686
Total non-current assets		787,624	539,686
Current assets			
Current receivables			
Receivables from group companies		12,149	36,084
Other receivables	23	1,412	169
Prepaid expenses and accrued income	24	2,404	504
Total current receivables		15,965	36,757
Cash and bank balances	25	318,495	57,225
Total current assets		334,460	93,982
TOTAL ASSETS		1,122,084	633,668

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Parent Company balance sheet, continued

Amounts in SEK thousand	Note	31 Dec 2020	31 Dec 2019
EQUITY AND LIABILITIES			
Equity	26		
Restricted equity			
Share capital		61,068	33,651
Statutory reserve		2,043	2,043
Total restricted equity		63,111	35,694
Non-restricted equity			
Accumulated profit/loss		-420,392	-424,601
Share premium reserve		1,171,473	738,919
Profit/loss for the year		-53,919	4,210
Total non-restricted equity		697,162	318,528
Total equity		760,273	354,222
Non-current liabilities			
Interest-bearing loans	27, 29	200,000	-
Liabilities to group companies	27	142,217	23,000
Total non-current liabilities		342,217	23,000
Current liabilities			
Borrowings	27	19	250,226
Accounts payable		6,955	139
Liabilities to group companies		6,239	2,008
Accrued expenses and deferred income	32	6,381	4,073
Total current liabilities		19,594	256,446
TOTAL EQUITY AND LIABILITIES		1,122,084	633,668

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Parent Company statement of changes in equity

Amounts in SEK thousand	Note	Restricted equity		Non-restricted equity		Total equity
		Share capital	Statutory reserve	Share premium reserve	Retained earnings	
Opening balance, 1 January 2019		21,420	2,043	613,503	-424,601	212,365
Comprehensive income						
Profit/loss for the year					4,210	4,210
Total comprehensive income					4,210	4,210
Transactions with shareholders						
New share issue	26	12,231		134,548		146,779
Issue expenses ¹				-9,132		-9,132
Closing balance, 31 December 2019		33,651	2,043	738,919	-420,392	354,222
Opening balance, 1 January 2020		33,651	2,043	738,919	-420,392	354,222
Comprehensive income						
Profit/loss for the year					-53,919	-53,919
Total comprehensive income					-53,919	-53,919
Transactions with shareholders						
New share issue	26	27,417		461,481		488,898
Issue expenses ¹				-28,926		-28,926
Closing balance, 31 December 2020		61,066	2,043	1,171,473	-474,311	760,273

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

1 The tax effect of issue expenses recognised in equity totals SEK 6.2 million (2.0).

Parent Company statement of cash flows

Amounts in SEK thousand	Note	2020	2019
Cash flow from operating activities			
Operating profit/loss before financial items		-1,702	-487
Adjustments for non-cash items	35	-	293
Interest paid		-18,575	-26,935
Cash flow from operating activities before changes in working capital		-20,277	-27,129
Cash flow from changes in working capital			
Increase/decrease in operating receivables		25,417	15,130
Increase/decrease in operating liabilities		13,355	-5,831
Total changes in working capital		38,772	9,299
Cash flow from operating activities		18,494	-17,830
Investing activities			
Investments in subsidiaries	17	-	-10,881
Loans to subsidiaries		-24,465	-36,867
Cash flow from investing activities		-24,465	-47,748
Financing activities			
New share issue	26	321,074	101,153
Loans raised	27	396,167	20,000
Amortisation of debt		-450,000	-
Cash flow from financing activities		267,270	121,153
Cash flow for the year		261,270	55,576
Cash and cash equivalents at beginning of the year	25	57,225	1,649
Cash and cash equivalents at year-end	25	318,495	57,225

The notes presented on pages 64-84 are an integrated part of these annual and consolidated accounts.

Notes

Note 1 General information

Scandinavian Biogas Fuels International AB (publ), corporate identity 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.

The Board of Directors approved the publication of the consolidated accounts and annual report on 31 March 2021.

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

Note 2 Summary of key accounting principles

The principal accounting policies applied in these consolidated accounts are set out below. These policies have been consistently applied to all years presented, unless otherwise stated. The consolidated accounts include Scandinavian Biogas Fuels International AB (publ) and its subsidiaries.

2.1 Basis of presentation

The consolidated accounts for Scandinavian Biogas Fuels International AB (publ) have been prepared in accordance with the Swedish Annual Accounts Act, RFR 1 Supplementary Accounting Rules for Groups, and International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRS IC) as adopted by the EU. This is Scandinavian Biogas Fuels International AB's ninth annual report prepared in accordance with the International Financial Reporting Standards (IFRS). The consolidated accounts have been prepared using the cost method.

The Parent Company's financial statements are prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. In cases where the Parent Company applies other accounting principles than those applied by the Group, these are listed separately at the end of this note.

The preparation of financial statements in conformity with IFRS requires the use of certain significant estimates for accounting purposes. It also requires management to exercise its judgement in applying the Group's accounting policies; see Note 4, Significant Estimates and Assessments.

New and amended accounting standards applicable as from 1 January 2020

No new IFRS standards or IFRIC interpretations have had a significant effect on the Group's 2020 results or position. No new IFRS standards or interpretations have been applied retrospectively.

New and amended accounting standards applicable as from 1 January 2021

No new IFRS standards or IFRIC interpretations will have a significant effect on the Group's 2021 results or position. No new IFRS standards or interpretations have been applied retrospectively.

2.2 Consolidated accounts

A subsidiary is an entity over which the Group has the power to govern financial and operating policies (controlling interest) in a way normally associated with a shareholding of more than half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. A subsidiary is no longer consolidated from the date such control ceases.

The acquisition method is applied in reporting the Group's business combinations. The purchase price for acquisition of a subsidiary is the fair value of transferred assets, liabilities, and equity interests issued by the Group. The purchase price also includes the fair value of all assets and liabilities that are the result of an agreement on a conditional purchase price. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities assumed in a business combination are initially measured at their fair values at the date of acquisition.

Intra-group transactions, balances, and unrealised profit and loss on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistent application of the Group's policies.

2.3 Translation of foreign currency

Functional currency and reporting currency

The Group's various units use local currency as functional currency, as local currency has been defined as the currency of the primary economic environment in which the entity mainly operates. The consolidated accounts are presented in Swedish Kronor (SEK), which is both the Parent Company's functional currency and the Group's presentation currency.

Transactions and balance sheet items

Foreign currency transactions are translated into functional currency using the exchange rates in effect on the transaction date. Exchange rate gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing day rate are recognised in operating profit/loss in the income statement.

Translation of foreign Group companies

The results and financial position of all Group entities with functional currency different from the reporting currency are translated into the reporting currency. Assets and liabilities from each entity's balance sheet are translated from their functional currency into the Group's reporting currency (Swedish Kronor) at the exchange rate in effect at the closing date. Revenues and expenses from each income statement are translated to Swedish Kronor at the average exchange rates in effect at each transaction date. Exchange rate differences arising on translation of foreign operations are recognised in other comprehensive income.

2.4 Intangible assets

Capitalised expenditures for development and similar work

Capitalised expenditures for development and similar work are comprised of internally developed intangible assets. The Scandinavian Biogas Fuels International Group engages in research and development. Research costs are expensed as research expenditures when incurred. Development expenditures or such costs incurred in the development phase of an internal project, which are directly attributable to the development and testing of the substrates from which biogas can be produced, are recognised as intangible assets when all criteria specified in IAS 38, p. 57 are satisfied.

Internally developed intangible assets are amortised on a straight-line basis over a 5-10-year period.

Concessions and similar rights

The subsidiary in Ulsan, Korea, has signed a service agreement that does not convey the right to control the use of the Company's public service infrastructure. The Group recognises an intangible asset to the extent it is entitled to charge for the use of the public service (see also subsection 2.18, Service Concession Arrangements). Amortisation is calculated over the contract period (i.e. 15-year period through March 2026) using the straight-line method.

Acquisition-related intangible assets

Acquisition-related intangible assets are attributable to business combinations and are comprised of the assessed value of customer relationships.

Customer relationships are depreciated over 7 years.

Goodwill

The Group's goodwill is attributable to business combinations. The amount by which the purchase price exceeds the fair value of identifiable net assets acquired is reported as goodwill. If the amount is less than the fair value of the acquired subsidiary's assets, in the event of a 'bargain purchase', the difference is recognised directly in the statement of comprehensive

income. The Group applies the 'partial goodwill' method in reporting goodwill arising from business combinations; accordingly, goodwill is calculated as the difference between the purchase price paid and the Group's share in identifiable acquired net assets.

2.5 Tangible assets

Tangible assets are reported at cost of acquisition less depreciation. Cost of acquisition includes expenditures directly attributable to acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will benefit the Group and the cost of the asset can be reliably measured. The carrying amount of a replaced part is removed from the balance sheet. All other repairs and maintenance are reported as expenses in the income statement during the period incurred.

Each part of a tangible asset with a cost of acquisition that is significant in relation to the asset's total cost of acquisition is depreciated separately. Land and construction work in progress are not depreciated. Other assets are depreciated on a straight-line basis as follows:

Buildings	25-30 years
Plant and machinery	5-30 years
Equipment, tools, fixtures, and fittings	3-10 years

The assets' residual value and useful life are reviewed at each reporting date and adjusted if necessary. An asset's carrying amount is immediately written down to its recoverable value if the carrying amount exceeds the estimated recoverable value. See also Note 4, Significant Estimates and Assessments.

Gains and losses on the disposal of tangible assets are determined by comparing sale proceeds with the carrying amount and are recognised in other operating income and other operating expenses in the income statement.

Of total tangible and intangible assets of SEK 1,015.2 million (1,000.5), SEK 599.2 million (549.7) are located in Sweden, SEK 46.9 million (68) in Korea, and SEK 369.2 million (383.1) in Norway.

2.6 Impairment of non-financial assets

Assets with an indefinite useful life (e.g. goodwill) are not written down but are tested annually for impairment. Assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised as the amount by which the asset's carrying amount exceeds its recoverable value. The recoverable value is an asset's fair value less costs related to its sale or its value in use, whichever is greater. For purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

2.7 Inventories

Inventories are comprised of granules and organic material substrates and are reported at cost of acquisition or net realisable value, whichever is lower. Obsolescence risk is taken into account. Cost of acquisition is calculated based on the first-in, first-out principle, and includes fees for bringing the goods to their present location and condition.

2.8 Financial instruments – general

Financial instruments are included in several balance sheet items and are specified below.

2.8.1 Initial recognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Purchases and sales of financial assets are recognised on the trade date; i.e. the date on which the Group commits to purchase or sell the asset.

Financial instruments are recognised initially at fair value plus transaction costs directly attributable to the acquisition or issue of the financial asset or financial liability (e.g. fees and commissions), with the exception of financial assets or financial liabilities at fair value through profit or

loss. Transaction costs for financial assets and financial liabilities at fair value through profit or loss are carried as an expense in the statement of comprehensive income.

2.8.2 Classification

The Group classifies its financial assets and liabilities in the amortised cost category. Classification is based on the purpose for which the financial asset or liability was acquired.

Financial assets at amortised cost

Assets held to collect contractual cash flows comprising only principal and interest are recognised at amortised cost. The carrying amount of these assets is adjusted for expected credit losses that are reported (see the Impairment section below). Interest income from these financial assets is recognised pursuant to the effective interest rate method and included in financial income. The Group's financial assets at amortised cost are comprised of the items trade accounts receivable, other receivables, and cash and cash equivalents (including restricted cash and cash equivalents; see Note 19).

Financial liabilities at amortised cost

The Group's other financial liabilities are recognised at amortised cost applying the effective interest rate method. Other financial liabilities are comprised of liabilities to credit institutions, liabilities to shareholders, accounts payable, and current liabilities.

2.8.3 Derecognition of financial instruments

Derecognition of financial assets

Financial assets or parts thereof are derecognised from the balance sheet when the contractual rights to receive cash flows from the assets have expired or been transferred and

(i) substantially all risks and rewards of ownership or control have passed from the Group, or

(ii) the Group does not transfer or retains substantially all risks and rewards associated with ownership and the Group has not retained control of the asset.

Derecognition of financial liabilities

Financial liabilities are derecognised from the balance sheet when the obligation has been settled, cancelled, or otherwise terminated. The difference between the carrying amount of a financial liability (or part thereof) that has been extinguished or transferred to another party and the remuneration that has been paid, including any transferred assets that are not cash or liabilities that have been assumed, is reported in the statement of comprehensive income. When the terms and conditions of a financial liability are renegotiated and are not derecognised from the balance sheet, a profit or loss is reported in the statement of comprehensive income. The profit or loss is calculated as the difference between the original contractual cash flows and the modified cash flows, discounted to the original effective interest rate.

2.8.4 Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is presented in the balance sheet only when there is a legally enforceable right to offset the recognised amounts and an intention to adjust them on a net basis or to realise the asset and adjust the liability simultaneously. The legal right must not depend on future events and must be legally binding for the Company and the counterparty, both in the course of normal business activities and in the event of default, insolvency, or bankruptcy.

2.8.5 Impairment of financial instruments

Assets carried at amortised cost

The Group assesses the future expected credit losses that are connected to assets recognised at amortised cost. The Group recognises a credit reserve for expected credit losses at each reporting date. The Group applies the simplified approach to calculate impairment on trade receivables - i.e. the reserve corresponds to expected credit losses over the life of the trade receivable. To measure expected credit losses, trade receivables

are grouped into categories of shared credit risk characteristics and days past due. The Group uses prospective variables for expected credit losses. Expected credit losses are recognised in the statement of comprehensive income in other external costs.

2.9 Trade accounts receivable

Trade accounts receivable are financial instruments comprised of amounts due from customers for goods and services sold in the ordinary course of business. Payments expected within a year or less are classified as current assets; other expected payments are reported as non-current assets.

Trade accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provisions for impairment.

2.10 Cash and cash equivalents

Cash and cash equivalents are financial instruments and include cash and bank balances reported in the balance sheet and statement of cash flows. Restricted bank balances are not reported as cash and cash equivalents, but as financial assets or other current receivables, depending on when they are expected to be released.

2.11 Accounts payable

Accounts payables are financial instruments and represent obligations to pay for goods and services acquired from suppliers in the ordinary course of business. Accounts payable are classified as current liabilities if payment is due within one year or less; otherwise, they are reported as non-current liabilities.

Accounts payable are recognised at amortised cost using the effective interest method. The carrying amount of accounts payable is assumed to approximate fair value, as this item is short-term in nature.

2.12 Borrowings

Borrowings and loans from shareholders are financial instruments and are initially recognised at fair value, net of transaction costs. Borrowings are subsequently stated at amortised cost, with any difference between the proceeds (net of transaction costs) and the redemption value recognised in the income statement over the term of the loan using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

2.13 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction, or production of qualifying assets (assets that necessarily take a substantial period of time to prepare for intended use or sale) are reported as part of such assets' cost of acquisition. Capitalisation ceases when all activities necessary to prepare the asset for its intended use or sale are substantially completed.

Capitalisable borrowing costs are reduced by financial income arising from temporary investment of specifically borrowed capital pending use in the financing of the asset. All other borrowing costs are expensed as incurred.

2.14 Government grants

Government grants related to investments in plants, machinery, and equipment are recognised as a liability until the corresponding investment cost has been incurred by the Company, after which the cost of acquisition for the relevant asset is reduced.

Government grants related to cost recovery are expensed and recognised as revenue in the income statement over the periods covered by the grants.

Government grants are recognised at fair value, as there is reasonable certainty that the grants will be received and that the Group will meet the terms and conditions associated therewith.

2.15 Current and deferred tax

Tax expense for the year comprises current and deferred tax. Current tax expense is calculated based on tax provisions enacted or substantively enacted as at the balance sheet date in the countries in which the Parent Company and its subsidiaries operate and generate taxable income.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred income tax is determined using tax rates enacted or substantively enacted as of the balance sheet date and expected to be applicable when the related deferred income tax asset is realised or the deferred tax liability is paid.

Deferred tax assets on tax losses are recognised to the extent it is probable that future taxable profit will be available, against which the loss can be utilised.

Deferred tax assets and liabilities are offset when there is either a legally enforceable right to offset current tax assets against tax liabilities, or when the deferred tax assets and liabilities pertain to taxes levied by the same taxation authority on the same or different taxable entities and the intention is to settle the balances through net payments.

2.16 Employee benefits

Pension commitments

The Group has defined contribution and defined benefit pension plans.

In Sweden, the Group's primary defined contribution pension plan is the ITP1 plan, secured through fees to Alecta. The pension plan in Norway is similar to the plan in Sweden.

The Group has defined benefit plans in Korea, where the employees are entitled to post-employment benefits based on final salary and length of employment.

A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate legal entity. The Group has no legal or constructive obligations to pay further contributions if the legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in current and prior periods.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual, or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as a personnel cost when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available to the Group.

Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision when there is a legal obligation or a constructive obligation to do so due to past practice.

Other

Financial assets and liabilities at fair value through other comprehensive income are reported by applying the projected unit credit method. The mandatory severance pay provision in Korea ('Severance Liability') is revalued in accordance with IAS 19 to fair value through other comprehensive income. Other translation differences for non-monetary financial assets and liabilities are also measured at fair value through other comprehensive income.

2.17 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and corresponds to the amount received for goods or services sold, less discounts and VAT. The Group recognises revenue when the amount can be measured reliably, it is probable that future economic benefits will flow to the Company, and specific criteria have been met for the Group's operations (described below).

2.17.1 Sale of goods

The Group's revenues from the sale of goods mainly consist of the sale of biogas. These revenues are recognised when control of the biogas is transferred to the customer, which occurs when the goods (biogas) are delivered to the customer.

2.17.2 Sale of services

The Group's revenues from the sale of services relate primarily to the receipt of organic waste. These revenues are recognised when the work is performed, i.e. when the organic waste is transferred to the Group

2.17.3 Interest income

Interest income is recognised by applying the effective interest rate method.

2.18 Service concession arrangements

The operations in Korea have entered into service concession arrangements associated with the biogas plant there. As service concession arrangements do not transfer the right to control the use of the infrastructure for public services to the Group, infrastructure associated with these arrangements is not recognised as a tangible asset. Compensation received or receivable by the Group is recognised at fair value. Compensation has been assessed as entitlement to an intangible asset, as the arrangement gives the Group the right (licence) to charge users for the public service.

2.19 Leases

The Group leases various office spaces, land, storage tanks, cars, and IT equipment. No subleasing is conducted. Lease agreements normally cover periods of 3-25 years and may include an extension option, as detailed below.

Assets and liabilities arising under lease agreements are initially recognised at present value. Lease liabilities include the present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

If the Group is reasonably certain to exercise an option to extend a lease agreement, lease payments are included for the extension period in the valuation of the liability.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is normally the case for the Group's lease agreements, the lessee uses the lessee's marginal lending rate; i.e., the interest the individual lessee would have to pay to borrow the funds necessary to purchase an asset of similar value to the right-of-use asset in a similar economic environment with similar terms and assurances.

Lease payments comprise amortisation of the debt and interest. Interest is recognised in the income statement over the lease term.

Right-of-use assets are valued at cost of acquisition and include the following:

- the amount of the initial measurement of the lease liability
- any lease payments made at or before the commencement date, less any lease incentives received
- any initial direct costs
- costs to restore the assets to the condition specified in the lease agreement.

Right-of-use assets are normally depreciated on a straight-line basis over the right-of-use period or the leasing period, whichever is shorter. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments made under short-term leases of equipment and vehicles, and all low-value lease agreements, are charged to the income statement on a straight-line basis. Short-term agreements have a lease term of 12 months or less, with no purchase option. Short-term agreements include those for office space and IT equipment.

See Notes 16, 27, and 34 for additional information

2.20 Cash flow statement

The cash flow statement is prepared using the indirect method. Accordingly, operating income is adjusted for transactions that do not result in cash

payments during the period and for any income or expense attributable to investment or financing activity cash flows.

2.21 Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares or warrants are recognised in equity, net of tax, as a deduction from the issue proceeds.

2.22 Share-based benefits

The Group has no share-based programme.

2.23 Parent Company accounting principles

The Parent Company applies accounting principles other than those applied by the Group as detailed below.

Presentation

The income statement and balance sheet follow the Swedish Annual Accounts Act. The statement of changes in equity also follows the Group's table format but must contain the columns specified in the Annual Accounts Act. There are also differences in terminology, particularly in respect of financial income, expenses, and equity.

Participations in subsidiaries

Participations in subsidiaries are recognised at cost after deduction for any impairment losses. Costs include acquisition-related expenses and any additional purchase consideration paid.

An estimate of recoverable amount is made when there is an indication that participations in subsidiaries have decreased in value. If this amount is lower than the carrying amount, a write-down is recognised and reported in the item 'participations in Group companies'.

Group contributions

Group contributions are recognised as appropriations in the income statement.

Lease agreements

All leases, regardless of whether they are finance or operating leases, are classified as operating lease agreements. Leasing fees are recognised as expenses on a straight-line basis over the lease term.

IFRS 16 is not applied in the Parent Company,

Financial instruments

IAS 39 is not applied in the Parent Company, and financial instruments are valued at cost of acquisition.

Guarantee commitments/financial guarantees

The Parent Company has signed guarantees on behalf of subsidiaries. Such commitments are classified under IFRS as financial guarantee contracts. For these agreements, the parent applies relaxation rules pursuant to RFR 2 (IAS 39, p. 2), and accordingly reports the surety as a contingent liability. A provision is made when the Parent Company believes that a payment will likely be required to settle an obligation.

Note 3 Financial risk management

3.1 Financial risk factors

Through its business activities, the Group is exposed to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk, and liquidity risk. The Group's overall strategy focuses on reducing the potentially adverse effects on financial performance.

a) Market risk

(i) Currency risk

Scandinavian Biogas is exposed to currency risk given that the Company conducts transactions in foreign currencies (transaction risk) and has foreign subsidiaries (translation risk).

Transaction risk

Transaction risk is the risk of impact on consolidated net income and cash flow due to changes to the value of commercial flows in foreign currencies following changes in exchange rates. The subsidiaries in Korea and Norway

use KRW and NOK, respectively, as accounting currency, but exposure is deemed negligible as revenue and expenses are in the same currency. The Group makes certain purchases in EUR but this does not present a significant currency risk, as it does not have any significant foreign currency transactions.

In 2020, exchange rate differences recognised in the consolidated income statement totalled SEK -9.4 million (1.2). The Group has analysed its sensitivity to changes in exchange rates. If the Swedish Krona had weakened/strengthened by one per cent against the USD, KRW, and EUR, with all other variables held constant, net results for the year would have been SEK 1.6 million (2.0) higher/lower.

Translation risk

There is risk associated with the Group's translation of the net assets of foreign subsidiaries to the consolidating currency, the Swedish Krona (SEK). The Group's foreign subsidiaries are in Korea (KRW) and Norway (NOK). The Group is also affected by the translation of foreign subsidiaries' income statements into SEK. This exposure is not hedged.

The Group has analysed its sensitivity to changes in exchange rates. If the Swedish Krona had weakened/strengthened by one per cent against the KRW and NOK, with all other variables held constant, net results for the year would have been SEK 2.0 million (2.3) higher/lower.

(ii) Interest rate risk

Changes in interest-bearing financial assets and liabilities held by the Group linked to market interest rates affect the results and cash flow from operations. Interest rate risk is the risk that changes in market interest rates may have an adverse impact on the Group's net income. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially offset by cash assets at floating rates. In 2018 and 2017, the Group's significant borrowings at variable interest rates were in Swedish Kronor.

Of the Group's total interest-bearing debt of SEK 835.0 million (894.4), SEK 248.8 million (262.8) is at a fixed interest rate and the remainder at a variable rate. The Group is therefore exposed to a certain amount of interest rate risk. The Group has cash and cash equivalents totalling SEK 378.8 million (136.4) at variable rates. The Group's interest income is affected by the general interest rate climate.

Variable-rate liabilities as at the balance sheet date totalled SEK 586.2 million (631.6) and the Company's cash and cash equivalents totalled SEK 378.8 million (136.4). A +/- one per cent change in interest rates would result in an impact on net interest income/expense of +/- SEK 5.9 million (6.3). An interest rate reduction produces a lower effect than an interest rate increase in SEK, as the rate on the corporate bond has a STIBOR floor of 0.00 per cent.

b) Credit risk

Credit risk or counterparty risk is the risk that the counterparty to a financial transaction fails to fulfil its obligations when due. Scandinavian Biogas's credit risk includes cash and cash equivalents, trade accounts receivable, and other receivables. With respect to cash and cash equivalents, credit risk is considered to be low given that counterparties are well-known banks with high credit ratings – such as Nordea (credit rating AA3) and Sparebank 1 SMN (credit rating A1) – for which loans to the Group are higher than deposits. Scandinavian Biogas deems credit risk to be low, as sales are made to large, stable customers with whom the Group has good WTP (willingness to pay) experience. The Group monitors customers' credit ratings and reviews the terms of credit if necessary.

c) Liquidity risk

Liquidity risk is the risk of the Group having insufficient funds to pay its financial liability obligations.

The objective of the Company's liquidity management is to minimise the risk that the Group will not have sufficient cash to meet its commercial obligations. Cash flow forecasts are prepared regularly. Management closely monitors rolling forecasts of the Group's liquidity reserve to ensure that the Group has sufficient cash resources to meet the needs of operating activities. Liquidity risks in the operating companies Scandinavian Biogas Stockholm AB and Scandinavian Biogas Korea Co., Ltd. are considered minor, while the risk is higher in the development company Scandinavian Biogas Fuels AB and in Scandinavian Biogas Södertörn AB.

The financing of existing projects and operations in the coming year will largely be resolved with equity and borrowed capital. The Group is looking at a number of different alternatives such as project financing, refinancing, and other strategic and capital structure alternatives.

A number of capital adequacy requirements (covenants) are applicable to the Group's borrowings. These are mainly comprised of requirements for financial key ratios such as profitability and equity/assets ratio, as well as requirements for cash-in-hand.

The corporate bond was repaid in its entirety in February 2020 and replaced with other senior debt, which is not secured by any covenant. Other borrowings have remaining covenants.

The Group also has restricted bank deposits in Norway. These are reported as other non-current receivables in cases where the funds are restricted for more than one year; otherwise, they are reported as other receivables. Of the Group's total borrowings of SEK 835.0 million (894.4), SEK 261.7 million (533.7) is subject to various capital adequacy requirements. There are no covenants for the Group's finance leases.

At 31 December 2020 the Group's liquid assets totalled SEK 378.8 million (136.4). The Group has no undrawn credit facilities. Other future liquidity pressures are the payment of accounts payable for operation and investments, other current liabilities as well as repayment of loans. The table below shows the contractual, undiscounted cash flows that comprise financial liabilities, broken down by duration on the balance sheet date to the contractual maturity date. The Parent Company issued an SEK 200 million corporate bond in February 2016 and a subsequent bond of SEK 30 million in June 2017. The bonds had four-year durations, matured on 10 February 2020, and are refinanced with an SEK 200 million credit facility.

At 31 December 2020 (SEK thousand)	< 1 year	1-2 years	2-5 years	> 5 years
Borrowings	77,602	67,195	164,093	101,029
Finance lease liabilities	26,571	30,456	79,091	257,623
Other provisions	3,771	3,771	5,521	-
Senior credit facility	-	200,000	-	-
Accounts payable	67,665	-	-	-
Other current liabilities	33,563	-	-	-

At 31 December 2019 (SEK thousand)	< 1 year	1-2 years	2-5 years	> 5 years
Borrowings	298,074	80,388	163,436	126,699
Finance lease liabilities	27,528	27,038	77,356	254,941
Other provisions	6,262	4,070	5,636	5,949
Loans from shareholders	20,000	-	-	-
Accounts payable	66,325	-	-	-
Other current liabilities	30,404	-	-	-

d) Refinancing risk

The Company needs to continuously secure the Group's long-term financing. A refinancing risk may arise due to the market situation and the Company's underlying profitability in general. Management works on an ongoing basis with various financial alternatives.

3.2 Capital risk management

The Group's goal with regard to its capital structure is to safeguard the Group in its ability to continue its operations, in order to provide returns to shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

3.3 Calculation of fair value

The carrying value, less impairment provisions, of trade accounts receivable and other receivables and of accounts payable and other liabilities is assumed to correspond to their fair values, given that these items are short-term in nature.

Note 4 Significant estimates and assessments

Estimates and assessments are evaluated regularly and are based on historical experience and other factors, including expectations of future events deemed reasonable under current conditions.

Significant estimates and assessments for accounting purposes

The Group makes estimates and assumptions about the future. The accounting estimates that result from these, by definition, seldom correspond to actual results. The estimates and assumptions that have a significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year are outlined below.

Valuation of loss carry-forwards

The Group reviews on an annual basis the appropriateness of capitalising deferred tax assets for the year's tax loss carry-forwards. Deferred tax assets are only recognised for loss carry-forwards when it is probable that they can be utilised against future taxable income and against temporary taxable differences. Loss carry-forwards in the Norwegian companies are valued upon determination that there is sufficient future profit to utilise them. No elements of the other loss carry-forwards have been valued, as it is not deemed that profits in the foreseeable future are likely to exceed the costs for development, commissioning of new investment projects, and Group-wide functions. See Note 18, Deferred Tax.

Goodwill

The Group's goodwill is derived from the acquisition of the Norwegian group Biokraft and Ekdalens Biotransporter and is considered to have an indefinite useful life. Impairment testing is conducted on a continuous basis through the Group's review of future cash flows and determination of a number of estimates and assessments, mainly related to future biogas price and operating costs. For the facility in Norway production and sales volumes were estimated based on sales of produced LBG in 2019 and 2020, previous experience, and management's expectations for future market development. Cash flow forecasts are based on the approved budget and forecasts for the next five years. See Note 15, Intangible Assets.

Acquisition-related intangible assets

The Group's acquisition-related intangible assets are comprised of customer relationship arising from the acquisition of Ekdalens Biotransporter AB and are deemed to have a useful life of 7 years. Testing for potential write-down requirements is done on a regular basis through the Group's examination of future cash flows.

Service concession arrangements

The Group has service concession arrangements and, accordingly, an intangible asset (concession right) is recognised to the extent the Group is entitled to charge users of the public service. The 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 rights. Assessment of expected future cash flows requires management to make estimates and assessments concerning the future, the most significant of which are future market price of liquid natural gas (LNG) and operating costs. See Note 15, Intangible Assets.

Additional purchase price for acquisition

Additional purchase prices are payable for the acquisition of Ekdalens Biotransporter. These are based on normalised EBITDA for years 2020-22 and may not exceed SEK 35.0 million, and have been discounted to SEK 30.3 million in the acquisition analysis. Ekdalens Biotransporter AB was consolidated as from the 18 December 2020 acquisition date.

Valuation of tangible assets

Impairment testing of the Group's facilities is conducted on a regular basis. Impairment testing is based on estimated future cash flows, with several assumptions applied in this assessment - the most significant of which are future production volumes, biogas price, and operating costs. Each facility was assessed independently, excluding the two leased from Stockholm Vatten och Avfall (Bromma and Henriksdal), which were treated as a single

cash-generating unit. See Note 16, Tangible Assets. A 10.5 per cent cost of capital was applied.

Penalty fee provision

A provision for the penalty fee in Ulsan City has been made in view of the upgrading issue at the plant in Korea. The provision was calculated as the present value of the Korean subsidiary's accumulated liability under the terms of the contract, as at the balance sheet date. An assessment of the probable amount of the penalty fee was made in calculating present value, which produced a discount rate of 13.86 per cent. According to legal opinions received in 2018 from three leading Korean law firms, the contractual amount is unreasonable and the penalty fee should be significantly lower - a maximum of 37.5 per cent of the contractual amount. Under the contract, the accumulated liability for the period November 2012 through December 2018 is to be amortised continuously through the end of the contractual period (i.e. for just over eight years). See also Note 28, Provisions. The lawsuit proceeded in 2019 and an updated overall assessment has been made. The overall assessment was that the provision as of 31 December 2019 would amount to 30 per cent. A leave to appeal was filed with the Supreme Court during summer 2020 and was denied during the autumn. Assessments were updated in the consolidated annual accounts in response to the judicial decision issued in July, resulting in an increase of SEK 11.6 million in "other provisions" and an SEK 6.5 million write-down of the concession pertaining to Korea. The result for 2020 has therefore been charged a total of SEK 18.1 million. As the ruling is now final, the provision has been reclassified to "financial liability" and the previous present value computation has been adjusted to 12.92%, producing an increase of approximately SEK 1.0 million in financial cost.

Capitalised development costs

The Group recognises development costs that meet all criteria specified in IAS 38, p. 57, as intangible assets. Costs are primarily comprised of lab tests of various organic substrates and substrate combinations from which biogas can be produced and optimised. Capitalisation is only done on development costs for assets that the Group i) deems are technically possible to complete; ii) intends to complete; iii) deems are possible to use or sell; iv) deems will have the capacity to generate future financial advantages; v) deems there are sufficient technical, financial, and other resources to complete; and vi) deems it is possible to reliably measure development costs. Estimates and assessments must be made in assessing which development costs to capitalise, based on expectations of future cash flows that the asset is expected to generate.

Investment in Biogas Uppland

Management has analysed the degree of influence the Group has over Biogas Uppland AB and has determined that the Group has control over operations. This determination was based on representation on the board and on contract terms, even though the Group holds a 50.0 per cent stake. The investment has therefore been classified as a subsidiary and has been consolidated.

Claims on subsidiary in Korea

In the Swedish part of the Group there are claims on subsidiary Scandinavian Biogas Korea Co., Ltd., denominated in USD and KRW. Exchange rate fluctuations in 2020 resulted in an unrealised exchange difference of SEK 1.2 million (1.2). Given that debt is amortised pursuant to a fixed plan and is expected to be fully amortised by 2025, the Group has determined that this claim should not be seen as a net investment in the Korean company. Accordingly, exchange rate fluctuations are recognised in net financial items and not, as otherwise would have been the case, in other comprehensive income.

Note 5 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 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 reporting was introduced in 2017.

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.

Income statement by segment	1 Jan - 31 Dec 2020	1 Jan - 31 Dec 2019
Operating income		
Business Area Sweden	241,473	246,702
Business Area Norway	106,426	103,138
Business Area Korea	58,795	56,042
Service Centre and R&D	16,470	9,576
Eliminations	-15,732	-8,408
Group total	407,432	407,050
Operating expenses		
Business Area Sweden	-182,325	-180,288
Business Area Norway	-70,657	-81,938
Business Area Korea	-59,232	-35,168
Service Centre and R&D	-30,352	-30,215
Eliminations	15,732	8,408
Group total	-326,835	-319,202
EBITDA		
Business Area Sweden	59,148	66,413
Business Area Norway	35,769	21,200
Business Area Korea	-437	20,873
Service Centre and R&D	-13,882	-20,639
Group total	80,597	87,848
Depreciation & amortisation	-86,635	-89,788
Operating profit/loss	-6,038	-1,940

Note 6 Distribution of net sales

Net sales are distributed by type of revenue as follows:

Group	2020	2019
Sale of goods, Sweden	184,246	196,985
Sale of goods, Norway	73,316	88,452
Sale of goods, Korea	17,405	15,303
Sale of services, Sweden	19,429	18,687
Sale of services, Norway	2,600	3,630
Sale of services, Korea	41,390	40,788
Business-related re-invoicing, Sweden	-	-286
Group total	338,386	363,559
Parent Company	2020	2019
Sale of services	1,320	1,220
Parent Company total	1,320	1,220

Business-related re-invoicing refers primarily to materials and consultant services purchased in the capacity as technical entrepreneur and re-invoiced to external parties within the scope of various types of co-operation agreements.

Of the Group's net sales of SEK 338.4 million (363.6), the largest individual customers account for SEK 95.8 million (97.0), SEK 72.5 million (87.9), SEK 41.4 million (40.8), and SEK 26.3 million (39.7), respectively. During 2020, three customers accounted for more than 10 per cent of sales, while four customers did so in 2019. These customers account for 62.0 per cent (73.0) of the Group's total net sales, of which 21.5 per cent (24.1) is attributable to Norway, 12.2 per cent (11.2) to Korea, and the remainder to Sweden. No other customers account for more than 10 per cent of sales.

Note 7 Parent Company sales to and purchases from Group companies

During the year the Parent Company invoiced subsidiaries SEK 1.3 million (1.2) for Group-wide services.

Note 8 Capitalised work on own account

The Group capitalised staff costs related to work performed on new construction work in progress and on development projects. The costs capitalised relate to direct labour costs, social fees, and a mark-up for other expenses.

Note 9 Remuneration to auditors

An audit assignment refers to examination of the annual report and accounting records, the board and CEO's administration of the Company, other duties resting with the Company's auditors, and advisory services and other support arising in the course of such examination or performance of such other duties. Everything else is considered other services.

Remuneration to PwC is distributed as follows: SEK 0.4 million (0.6) to Norway and SEK 2.9 million (0.9) to Sweden.

Group	2020	2019
PWC		
Audit assignment	1,310	960
Audit work other than audit assignment	32	59
Tax consultancy	278	82
Other services	1,649	364
Total	3,269	1,465
Other auditors		
Audit assignment	129	134
Audit work other than audit assignment	-	-
Tax consultancy	47	8
Other services	16	17
Total	192	159
Group total	3,461	1,624
Parent Company	2020	2019
PwC		
Audit assignment	590	437
Audit work other than audit assignment	32	15
Tax consultancy	-	-
Other services	1,649	160
Total	2,271	612

Note 10 Employee benefits, etc.

Group	2020	2019
Salaries and other benefits	51,840	47,325
Social fees	10,463	10,087
Pension expenses – defined contribution plans	4,836	4,930
Pension expenses – defined benefit plans	866	888
Group total	68,005	63,230

Salaries, other benefits, and payroll overhead

	2020		2019	
	Salaries and other benefits (of which, bonuses)	Social fees (of which, pension costs)	Salaries and other benefits (of which, bonuses)	Social fees (of which, pension costs)
Board members, CEO, and other senior executives	10,694 (1,470)	3,245 (1,733)	8,969 (-)	3,140 (1,689)
Other employees	41,146 (175)	12,919 (3,970)	38,357 (-)	12,766 (4,130)
Group total	51,840 (1,645)	16,164 (5,703)	47,325 (-)	15,906 (5,819)

No share options were distributed to board members or employees during this or the previous financial year.

Gender distribution – board members and other senior executives, Group (including subsidiaries)

	2020		2019	
	No. on balance sheet date	Of which, women	No. on balance sheet date	Of which, women
Board members	5	1	7	1
CEO and other senior executives	6	1	6	1
Group total	11	2	13	2

Parent Company	2020	2019
Salaries and other benefits	655	705
Social fees	94	102
Parent Company total	749	807

Salaries, other benefits, and payroll overhead

	2020		2019	
	Salaries and other benefits (of which, bonuses)	Social fees (of which, pension costs)	Salaries and other benefits (of which, bonuses)	Social fees (of which, pension costs)
Board members, CEO, and other senior executives	655 (-)	94 (-)	705 (-)	102 (-)
Other employees	-	-	-	-
Parent Company total	655 (-)	94 (-)	705 (-)	102 (-)

Remuneration to senior executives

Remuneration to the CEO and other senior executives is comprised of basic salary, variable remuneration, other benefits, and financial instruments, etc. 'Other senior executives' are the individuals who, together with the CEO, comprise Group management. For management structure, see the Corporate Governance section of the Board of Directors' Report.

The CEO is entitled to 12 months' salary in the event his employment is terminated by the Company. There are no other termination benefit agreements.

Board members and senior executives received the following remuneration:

Remuneration and other benefits, 2020	Basic salary/ director's fee	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman Göran Persson	350	-	-	-	-	350
Board member Anders Bengtsson	75	-	-	-	-	75
Board member Andreas Ahlström	50	-	-	-	-	50
Board member Sara Anderson	65	-	-	-	-	65
Board member David Schelin	50	-	-	-	-	50
CEO Matti Vikkula	3,246	1,100	190	825	-	5,636
Other senior executives (5 persons)	5,693	370	117	1,019	-	7,199
Total	9,529	1,470	307	2,119	-	13,425

Remuneration and other benefits, 2019	Basic salary/ director's fee	Variable remuneration	Other benefits	Pension costs	Other remuneration	Total
Chairman Göran Persson	350	-	-	-	-	350
Board member Anders Bengtsson	75	-	-	-	-	75
Board member Andreas Ahlström	50	-	-	-	-	50
Board member Hans Hansson	65	-	-	-	-	65
Board member Sara Anderson	65	-	-	-	-	65
Board member David Schelin	50	-	-	-	-	50
Board member Stefan Engström	33	-	-	-	-	33
CEO Matti Vikkula	3,287	-	175	830	-	4,292
Other senior executives (5 persons)	4,977	-	116	852	-	5,945
Total	8,952	-	291	1,682	-	10,925

The chairman, board members, and members of the Audit Committee receive remuneration as determined by the Annual General Meeting. No specific payment is made for other committee work. With regard to Parent Company salaries and compensation, board-related expenses totalled SEK 749 thousand (804), while the subsidiaries' other external expenses, totalling SEK 0 thousand (14), relate to consultancy fees to the employer of a board member.

Average number of employees, by country

	2020		2019	
	Average number of employees	Of which, women	Average number of employees	Of which, women
Sweden	-	-	-	-
Parent Company total	-	-	-	-
Subsidiaries				
Sweden	42.0	12.7	40.7	13.3
Korea	21.3	1.3	21.3	1.3
Norway	15.0	3.0	16.0	5.0
Total subsidiaries	78.3	17.0	78.0	19.6
Group total	78.3	17.0	78.0	19.6

Ekdalens Biotransporter, acquired in December 2020, has 13 employees, of which 2 are women. These employees are not included in the above table.

Gender distribution – board members and other senior executives, Parent Company

	2020		2019	
	No. on balance sheet date	Of which, women	No. on balance sheet date	Of which, women
Board members	5	1	7	1
CEO and other senior executives	1	-	1	-
Parent Company total	6	1	8	1

Pension plans

Group	31 Dec 2020	31 Dec 2019
Obligations on the balance sheet for:		
Defined benefit pension plans	-4,160	-3,824
Recognition in the income statement for:		
Costs for defined benefit pension plans	972	980
Costs for defined contribution pension plans	4,836	4,391
Amounts reported in other comprehensive income	-75	-10
Group	31 Dec 2020	31 Dec 2019
Present value of unfunded obligations	-4,160	-3,824
Net liability in the balance sheet	-4,160	-3,824

Change in the defined benefit obligation for the year:

Group	31 Dec 2020	31 Dec 2019
At beginning of the year	3,824	3,113
Costs for employee service during the current year	815	810
Interest expense	82	78
Actuarial losses(+)/gains(-)	75	91
Exchange differences	-285	25
Benefits paid	-350	-294
At year-end	4,160	3,824

Amounts recognised in the income statement for defined benefit plans:

Group	31 Dec 2020	31 Dec 2019
Costs for employee service during the current year	815	810
Interest expense	82	78
Actuarial losses(+)/gains(-)	75	91
Total	972	980

Principal actuarial assumptions:

Group	31 Dec 2020	31 Dec 2019
Discount rate	2.30%	2.30%
Future salary increases	2.00%	2.00%

Plan assets are comprised of:

Group	31 Dec 2020	31 Dec 2019
Other	3,156	-
Total	3,156	-
Present value of defined benefit obligation	-4,160	-3,824
Fair value of plan assets	3,156	-
Deficit	-1,004	-3,824

Note 11 Other operating income and other operating expense

Other operating income	Group		Parent Company	
	2020	2019	2020	2019
Exchange gains	-	437	-	-
Grants received	22,474	22,867	-	-
Non-business-related re-invoicing	969	1,143	1,725	766
Insurance compensation	20,381	-	-	-
Other	7,936	7,011	-	397
Total other operating income	51,760	31,458	1,725	1,163

Other operating expenses	Group		Parent Company	
	2020	2019	2020	2019
Exchange losses	491	1,078	-	-
Other	421	184	-	-
Total other operating expenses	912	1,262	-	-

Note 12 Financial income and expense/ Interest income and expense

Financial income/Interest income	Group		Parent Company	
	2020	2019	2020	2019
Interest income on bank deposits	104	34	-	-
Interest income from Group companies	-	-	8,576	10,990
Exchange gains	-	3,903	-	-
Other financial income	110	107	-	397
Total financial income/ interest income	214	4,044	8,576	11,387

Financial expense/Interest expense	Group		Parent Company	
	2020	2019	2020	2019
Impairment of participations in subsidiaries	-	-	62,000	-
Interest expense on borrowings	35,311	47,902	14,719	24,635
Intra-group interest expense	-	-	1,118	1,166
Exchange losses	9,441	2,629	-	-
Other financial expense	13,892	14,729	3,454	5,608
Total financial expense/ interest expense	58,644	65,260	81,291	31,409
Total net financial items	-58,430	-61,216	-72,715	-20,022

Note 13 Income tax/Tax on profit for the year

	Group		Parent Company	
	2020	2019	2020	2019
Current tax:				
Current tax on profit for the year	110	-	-	-
Total current tax	110	-	-	-
Deferred tax (see Note 18):				
Accrual and reversal of temporary differences	1,383	7,306	-	-
Total deferred tax	1,383	7,306	-	-
Income tax	1,273	7,306	-	-

Income tax on profit differs from the theoretical amount that would have arisen if the weighted average tax rate on profit was applied to profits for the consolidated companies, as follows:

	Group		Parent Company	
	2020	2019	2020	2019
Profit/loss before tax	-64,468	-63,156	-53,919	4,210
Tax calculated pursuant to applicable national tax rates on profit/loss before tax in each country	11,355	14,143	11,539	-901
Tax effects of:				
- Non-taxable income	4,360	-	-	-
- Non-deductible expense	-3,710	-2,004	-13,268	-655
- Non-deductible interest expense	-5,073	-6,790	-1,862	-2,752
- Unrecorded expense to be deducted	6,190	1,965	6,190	1,965
- Tax losses for which no deferred tax asset is recognised	-11,355	-8	-2,599	2,342
- Adjustments related to previous years	-495	-	-	-
Tax revenue/expense	1,273	7,306	-	-

The weighted average tax rate is 21.5 per cent (19.7) for the Group and 21.4 per cent (21.4) for the Parent Company.

	Group		Parent Company	
	2020	2019	2020	2019
Income tax recognised in equity during the year:				
Deferred tax:				
- Issue expenses	6,190	1,965	6,190	1,965
Total income tax recognised in equity	6,190	1,965	6,190	1,965

Note 14 Exchange differences

Exchange differences are recognised in the income statement as follows:

	Group		Parent Company	
	2020	2019	2020	2019
Exchange differences in operating profit/loss	-519	-641	-2,006	-543
Exchanges differences in net financial items	-9,441	1,274	-	-
Total exchange differences in the income statement	-9,960	633	-2,006	-543
Amount reported in other comprehensive income	-7,572	3,682	-	-

Not 15 Intangible assets

Group	Goodwill	Capitalised development costs	Concessions and similar rights	Patents and licences	Other intangible assets	Total
Financial year 2019						
Opening carrying amount	6,617	12,975	78,210	1,488		99,290
Purchases/reprocessing		150		252		402
Reclassifications		51				51
Retirement of assets		-1				-1
Translation differences	216		640			856
Amortisation		-1,462	-11,018	-317		-12,797
Closing carrying amount	6,833	11,713	67,832	1,423		87,801
At 31 December 2019						
Cost of acquisition	6,833	17,712	219,265	6,554		250,364
Accumulated amortisation and impairment		-5,999	-151,433	-5,131		-162,563
Closing carrying amount	6,833	11,713	67,832	1,423		87,801
Financial year 2020						
Opening carrying amount	6,833	11,713	67,832	1,423		87,801
Purchases/reprocessing		3,244				3,244
Reclassifications		1,945				1,945
Acquisition of subsidiaries	23,407				28,432	51,840
Retirement of assets		-1,507				-1,507
Translation differences	-667	531	-4,543	-285		-4,964
Amortisation		-1,878	-10,157	-348		-12,383
Impairment			-6,466			-6,466
Closing carrying amount	29,574	14,048	46,666	790	28,432	119,510
At 31 December 2020						
Cost of acquisition	29,574	21,507	197,273	6,267	28,432	283,053
Accumulated amortisation and impairment		-7,459	-150,607	-5,477		-163,543
Closing carrying amount	29,574	14,048	46,666	790	28,432	119,510

The total amount for research and development expensed during the period was SEK 4.4 million (4.0).

Based on the results of an impairment test of goodwill, it was deemed that there was no write-down requirement during the financial year.

The Group conducted a sensitivity analysis against changes in the impairment test. If the cost of capital had been 0.5 percentage point higher and profitability (EBITDA margin) one percentage point lower, with all other variables held constant, there would nonetheless have been no write-down requirement for goodwill. The cost of capital, produced by an external party, is based on assessments of weighted return requirements for interest-bearing liabilities and equity in proportion to estimated percentage in an optimal industrial capital structure. A 2 per cent long-term growth rate and a 10.5 per cent cost of capital were used in this year's impairment testing of goodwill. The Group's goodwill is attributable to Business Area Norway (6.8 SEK million) and Sweden (23.4 million). The impairment test was prepared based on discounted value in use.

Based on the results of an impairment test of the concession right, it was deemed that there was no write-down requirement during the financial year. The Group conducted a sensitivity analysis against changes in the impairment test. If the cost of capital had been 0.5 percentage point higher and profitability (EBITDA margin) one percentage point lower, with all other variables held constant, there would nonetheless have been no write-down requirement. A 2.5 per cent long-term growth rate and a 13.3 per cent cost of capital were used in this year's impairment testing of the concession right. The Group's concession right is attributable to Business Area Korea. The impairment test was prepared based on value in use.

Note 16 Tangible assets

Group	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Construction work in progress	Total
Financial year 2019					
Opening carrying amount	186,350	335,017	10,936	358,124	890,427
Change in accounting principle	-116,693	-117,415	-7,717	124	-241,701
Purchases	325	15,380	4,342	26,679	46,726
Capitalisation	8,857	20,408	422	-29,687	-
Capitalised interest				922	922
Sale and disposal		-130	422		292
Reclassifications	149,939	98,838	-2,848	-321,269	-75,339
Translation differences		1,944	-133	10,326	12,137
Amortisation	-13,966	-27,558	-1,131	-1,045	-43,700
Impairment		-4,885			-4,885
Closing carrying amount	214,812	321,600	4,293	44,175	584,880
At 31 December 2019					
Cost of acquisition	248,271	415,473	11,476	54,888	730,108
Accumulated amortisation and impairment	-33,462	-93,873	-7,183	-10,712	-145,230
Carrying amount	214,812	321,600	4,293	44,176	584,880
Financial year 2020					
Opening carrying amount	214,812	321,600	4,293	44,176	584,880
Acquisition of subsidiaries	1,527	4,124	23,320		28,971
Purchases		872	4,169	50,455	55,496
Sale and disposal	-231	-1,083	-1,820	-587	-3,721
Reclassifications	353	-185	444	1,421	2,034
Translation differences	-13,536	-11,714	-74	-1,149	-26,473
Amortisation	-8,905	-24,113	-1,290		-34,308
Impairment	-3,415	-2,011		-1,428	-6,854
Closing carrying amount	190,602	287,490	29,042	92,888	600,022
At 31 December 2020					
Cost of acquisition	236,270	408,247	37,394	108,679	790,590
Accumulated amortisation and impairment	-45,668	-120,757	-8,352	-15,791	-190,569
Carrying amount	190,602	287,490	29,042	92,888	600,022

The plant in Norway was completed in 2019 and has been reclassified to the proper category.

During the year the Group capitalised borrowing fees of SEK 0.0 million (0.9) on qualifying assets in the form of construction work in progress.

Based on the results of impairment tests, it was deemed that there was no write-down requirement for tangible assets during the financial year; see also Note 4, Significant Estimates and Assessments. The Group conducted a sensitivity analysis against changes in the impairment test. If the cost of capital had been 0.5 percentage point higher and profitability (EBITDA margin) one percentage point lower, with all other variables held constant, there would nevertheless have been no write-down requirement for the plants in Norway, Södertörn, Henriksdal, or Bromma. A cost of capital of 10.5 per cent for Sweden and Norway and of 13.3 per cent for Korea was used in this year's assessment. The cost of capital is based on assessments of weighted return requirements for interest-bearing liabilities and equity in proportion to estimated percentage in an optimal industrial capital structure.

Right-of-use assets

Tangible assets include leased assets held by the Group under lease contracts with the following amounts:

Group	Buildings and land	Plant and machinery	Equipment, tools, fixtures, and fittings	Construction work in progress	Total
Financial year 2019					
Opening carrying amount	109,298	170,410	5,867	6,974	292,549
Change	53,745	8,180	7,486	-6,974	62,437
Amortisation	-10,618	-10,882	-5,645	-	-27,145
Closing carrying amount	152,425	167,708	7,708	-	327,841
Financial year 2020					
Opening carrying amount	152,425	167,708	7,708	-	327,841
Change	-6,892	-6,533	6,992	-	-6,433
Amortisation	-10,358	-10,652	-4,702	-	-25,712
Closing carrying amount	135,175	150,523	9,998	-	295,696

The Group applied a discount rate of 3.2 per cent 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 in Stockholm. The discount rate applied for Business Area Norway was 4.43 per cent, corresponding to the interest rate on the business area's current bank loans.

With the transition to IFRS 16, several previous operating leases are now included in the overview presented above. There is also a difference in the discount rate, and the assets were depreciated during the financial year. Changes to accounting policy IAS 17 and the Group's previous calculations have been systemised to comply with IFRS 16. During the financial year EBITDA was improved by approximately SEK 32.3 million (33.4), as IFRS 16 reduces operating expenses while simultaneously increasing aggregate depreciation/amortisation and financial expense by a corresponding amount.

Not 17 Participations in Group companies

Parent Company	31 Dec 2020	31 Dec 2019
Accumulated cost		
Opening cost of acquisition	657,174	620,014
Shareholders' contribution paid	94,498	24,719
Acquisitions during the year	96,316	12,441
	847,988	657,174
Accumulated impairment		
Opening balance	-430,561	-430,561
Impairment for the year	-62,000	-
	-492,561	-430,561
Closing carrying amount at year-end	355,427	226,613

Participations in Group companies increased SEK 190.8 million during the financial year due to an SEK 74.0 million conditional capital contribution to Scandinavian Biogas Fuels AB and to the SEK 96.3 million acquisition of Biokraft Holding AS. Scandinavian Biogas Sweden AB also received an unconditional shareholders' contribution of SEK 20.5 million. The parent company received group contributions of SEK 20.5 million (0.0) during the same period.

The Parent Company holds shares in the following subsidiaries:

Name	CIN	Domicile	Share of equity	No. of shares	Carrying amount	
					2020-12-31	2019-12-31
Direct holdings						
Scandinavian Biogas Fuels AB	556691-9196	Stockholm	100.00%	166,667	12,274	274
Scandinavian Biogas Sweden AB	556807-2986	Stockholm	100.00%	50,000	154,227	133,729
Biokraft Holding AS	916 683 405	Trondheim (Norway)	100.00%	52,147,487	188,926	92,610
Indirect holdings						
Biogas Uppland AB	556636-0227	Uppsala	50.00%			
Scandinavian Biogas Södertörn AB	556712-1735	Stockholm	100.00%			
Scandinavian Biogas Fuels i Varberg AB	556748-8357	Varberg	100.00%			
Scandinavian Biogas Korea Co., Ltd.	610-84-00961	Ulsan (Korea)	82.17%			
Scandinavian Biogas Korea Co., Ltd.	285011-0174239	Seoul (Korea)	90.00%			
Scandinavian Biogas Stockholm AB	556489-7899	Stockholm	100.00%			
Mönsterås Biogasproduktion AB	559148-3168	Stockholm	100.00%			
Scandinavian Biogas Recycling AB	556934-4384	Stockholm	60.00%			
Ekdalens Biotransporter AB	556742-8783	Nyväng	100.00%			
Biokraft AS	894 625 902	Trondheim (Norway)	100.00%			
Total					355,427	226,613

Direct holdings at 31 Dec 2020	Equity	Profit/loss for the year
Scandinavian Biogas Fuels AB	20,609	-53,850
Scandinavian Biogas Sweden AB	64,822	-13,157
Biokraft Holding AS	158,243	70

Significant subsidiaries and their activities

Scandinavian Biogas Fuels AB designs biogas facilities, with a major focus on optimising production and conducting research in the biogas field. Scandinavian Biogas Fuels AB also has a branch office in Norway with the same name, corporate ID number 917 357 420.

Scandinavian Biogas Korea Co., Ltd. operates a plant in Ulsan that produces raw gas, primarily from food waste. Revenues are generated by gate fees (i.e. payment for receiving waste) and from gas sales.

Scandinavian Biogas Stockholm AB's operations comprise the production and trade of upgraded biogas.

Scandinavian Biogas Södertörn AB (SBSö) and Scandinavian Biogas Recycling AB (SBR) work in close collaboration, with their overall business encompassing the entire biogas production process. SBR is responsible for pre-treatment and SBSö for the digestion, upgrading, and management of digestate.

In early 2016, 50.03 per cent of the shares were acquired in Norwegian company Biokraft Holding AS, which owned 100 per cent of the shares in Biokraft AS. Biokraft AS has made an investment in an LBG production facility in Skogn, Norway, which has an estimated production capacity of 120 GWh at full capacity. In conjunction with the IPO conducted in December 2020, the minority shares were converted into shares in Scandinavian Biogas Fuels International AB (publ) and, accordingly, Biokraft Holding AS is now owned 100 per cent by Scandinavian Biogas Fuels International AB (publ).

All subsidiaries are consolidated in the Group. The share of voting power in subsidiaries directly owned by the Parent Company does not differ from the share of ordinary shares owned.

Biogas Uppland AB is consolidated, given that Scandinavian Biogas Fuels AB is entitled to appoint the chairman who in turn holds the casting vote. Accordingly, Scandinavian Biogas Fuels is deemed to have control over Biogas Uppland.

Ekdalens Biotransporter AB was acquired 18 December 2020 and is 100 per cent owned by Scandinavian Biogas Fuels Sweden AB. Ekdalens provides transport and other services, with a focus on manure and bio-substrate transports to and from biogas plants in southern Sweden and on large animal farms.

The total ownership of non-controlling interests for the period amounted to SEK -11.7 million (53.1), which is mainly attributable to subsidiaries in Korea for 2020 and to the Biokraft Group in Norway for 2019. Holdings of non-controlling interests in the remaining subsidiaries with minority shareholders are insignificant.

Significant constraints

There are no significant constraints within the Group other than certain restrictions in moving capital between subsidiaries due to loan agreement regulations, etc.

Note 18 Deferred tax

	Group	
	2020	2019
Deferred tax expense, temporary differences	92	-
Deferred tax revenue, temporary differences	1,291	7,306
Total deferred tax in the income statement	1,383	7,306
	31 Dec 2020	31 Dec 2019
Deferred tax assets		
Deferred tax assets to be utilised after 12 months	53,093	23,453
Deferred tax assets to be utilised within 12 months	-	-
Total deferred tax assets	53,093	23,453
	31 Dec 2020	31 Dec 2019
Deferred tax liabilities		
Deferred tax liabilities to be utilised after 12 months	12,249	1,961
Deferred tax liabilities to be utilised within 12 months	-	-
Total deferred tax liabilities	12,249	1,961
Net deferred tax liabilities/assets	8,654	21,492

Changes in deferred tax assets and liabilities during the year as reported in the income statement, without taking into account setoffs made in the same fiscal jurisdiction, are presented below.

	31 Dec 2020	31 Dec 2019
Deferred tax liabilities		
At 1 January	1,961	2,053
Acquisition of subsidiaries	10,380	-
Development costs	-92	-92
At 31 December	12,249	1,961
	31 Dec 2020	31 Dec 2019
Deferred tax assets		
At 1 January	23,453	16,956
Deferred tax on net results for the year in Norwegian subsidiaries	482	6,777
Finance leases	775	-257
Translation difference	-2,196	-23
At 31 December	22,531	23,453

Deferred tax assets are reported for tax loss carry-forwards to the extent it is likely they can be utilised against future taxable profit. Loss carry-forwards do not expire at any given date, with the exception of the Korean loss carry-forward which expires after 10 years.

Deferred tax assets are mainly attributable to the Norwegian subsidiaries. An assessment has been made that operations in Norway will generate a taxable surplus in the foreseeable future, while within other operations there remain significant deficits that are not expected with any reasonable certainty to be covered by surpluses in the foreseeable future. Loss carry-forwards for which deferred tax assets have not been capitalised total SEK 532 million (492). Due to uncertainties regarding when these companies will show profit, not all loss carry-forwards are reported as deferred tax assets. For precautionary purposes, therefore, these loss carry-forwards have not been reported as deferred tax assets.

Note 19 Other non-current receivables

Group	31 Dec 2020	31 Dec 2019
Restricted bank balances	12,694	15,819
Other	3,910	3,248
Group total	16,604	19,066

Note 20 Other non-current assets

Group	31 Dec 2020	31 Dec 2019
Accumulated cost:		
-At beginning of the year	1,333	1,778
-Deductible portion	-444	-445
Carrying amount at year-end	889	1,333

Non-current prepaid expenses pertain to a renegotiation fee expensed over the term of the agreement (9 years).

Note 21 Financial instruments per category

All Group assets and liabilities are valued at amortised cost.

Assets on the balance sheet at amortised cost

	31 Dec 2020	31 Dec 2019
Trade accounts receivable	58,584	65,670
Other receivables	36,729	36,980
Cash and cash equivalents	378,771	136,384
Total	474,084	239,034

Liabilities on the balance sheet at amortised cost

	31 Dec 2020	31 Dec 2019
Borrowings	834,974	894,407
Accounts payable	67,665	66,325
Accrued liabilities	3,988	-
Other liabilities	33,564	30,404
Total	940,190	991,136

Note 22 Trade accounts receivable

Group	31 Dec 2020	31 Dec 2019
Trade accounts receivable	58,644	65,736
Less: provision for doubtful receivables	-60	-66
Trade accounts receivable - net	58,584	65,670

At 31 December 2020, substantiated trade accounts receivable totalled SEK 58.6 million (65.7).

At 31 December 2020, trade accounts receivable totalling SEK 25.1 million (23.1) were past due, but impairment was not deemed necessary.

An age analysis of trade accounts receivable is presented below.

	31 Dec 2020	31 Dec 2019
1-30 days	23,036	21,043
31-60 days	154	1,276
> 61 days	2,020	819
Total overdue trade accounts receivable	25,210	23,138

Changes in the provision for doubtful receivables:

	31 Dec 2020	31 Dec 2019
At 1 January	-66	-
Provision for doubtful receivables	-	-66
Receivables written off during the year as non-recoverable	10	-
Exchange difference	-4	-
At 31 December	-60	-66

Allocations to and reversals of provisions for doubtful receivables are included in other external expenses in the income statement. No collateral or other guarantee is provided for receivables outstanding as at the balance sheet date.

Note 23 Other receivables

Group	31 Dec 2020	31 Dec 2019
Tax account and preliminary F-tax	1,744	2,218
VAT receivable	2,279	799
Late penalty	14,127	13,552
Other items	1,975	1,345
Group total	20,125	17,914
Parent Company	31 Dec 2020	31 Dec 2019
VAT receivable	115	62
Other	-	107
Parent Company total	115	169

Note 24 Prepaid expenses and accrued income

Group	31 Dec 2020	31 Dec 2019
Accrued income	1,730	-
Prepaid insurance premiums	830	1,166
Prepaid rents and lease payments	8,690	2,433
Other items	5,609	11,352
Group total	16,859	14,951
Parent Company	31 Dec 2020	31 Dec 2019
Prepaid insurance premiums	-	183
Other items	2,404	321
Parent Company total	2,404	504

Note 25 Cash and cash equivalents/Cash and bank balances

The following items are included in cash and cash equivalents on the balance sheet and statement of cash flows:

Group	31 Dec 2020	31 Dec 2019
Cash and bank balances	378,771	136,384
Group total	378,771	136,384
Parent Company	31 Dec 2020	31 Dec 2019
Cash and bank balances	318,495	57,225
Parent Company total	318,495	57,225

None of the funds in cash and cash equivalents are restricted.

Note 26 Share capital, other paid-in capital, and proposed appropriation of profit

	No. of shares (thousand)	Share capital	Other paid-in capital	Total
At 1 January 2019	107,099	21,420	754,685	776,105
New share issues	61,158	12,232	134,548	146,780
Issue expenses	-	-	-9,185	-9,185
At 31 December 2019	168,257	33,652	880,048	913,700
At 1 January 2020	168,257	33,652	880,048	913,700
New share issue prior to share merger	37,133	1,426	24,252	25,678
1:10 share merger	-184,851	-	-	-
New share issue after share merger	9,994	19,567	347,336	366,903
Issue expenses	-	-	-28,926	-28,926
Contribution from non-controlling interests	-	6,421	48,662	55,083
At 31 December 2020	30,533	61,066	1,271,372	1,332,438

The number of shares changed during the financial year and totalled 30,533,852 (168,256,961) at 31 December 2020. The quotient value is SEK 2.0 per share. Each share carry one vote. All outstanding shares are ordinary shares and therefore carries the right to equal shares in the assets and profit of Scandinavian Biogas Fuels International AB (publ). All shares issued by the Parent Company are paid in full.

A set-off issue was conducted during the first half of 2019, in which subordinated shareholder loans totalling SEK 34 million along with interest of SEK 2.5 million were converted to shares in a directed new share issue totalling SEK 39.6 million. A rights issue totalling SEK 10.3 million and a directed share issue totalling SEK 60.4 million were conducted during the July-September period. All stated amounts are before transaction costs. The issues were subscribed at a rate of SEK 2.40 per share.

The Board of Directors proposes that unappropriated earnings, SEK 697,162,240, be distributed as follows:

	Amount in SEK
Retained earnings	-420,392,009
Share premium reserve	1,171,473,240
Profit/loss for the year	-53,918,991
Total	697,162,240
Carried forward	697,162,240
Total	697,162,240

Note 27 Borrowings

Group	31 Dec 2020	31 Dec 2019
Non-current		
Loans from credit institutions	251,487	280,241
Senior credit facility	200,000	-
Finance lease liabilities	285,426	311,475
Other non-current borrowings	28,348	6,226
Total non-current borrowings	765,261	597,942
Current		
Loans from credit institutions	35,253	23,477
Bond loans	-	229,800
Loans from shareholders	-	20,407
Finance lease liabilities	16,967	22,781
Other current borrowings	17,493	-
Total current borrowings	69,713	296,465
Total borrowings	834,974	894,407
	31 Dec 2020	31 Dec 2019
Parent Company		
Non-current		
Interest-bearing loans	200,000	-
Intra-group liabilities	142,217	23,000
Total non-current borrowings	342,217	23,000
Current		
Bond loans	-	229,800
Loans from shareholders	19	20,426
Total current borrowings	19	250,226
Total borrowings	342,236	273,226

Loans from credit institutions

Loans from credit institutions mature through 2027 and finance leases run through 2039 at the latest. Interest-bearing loans carry an average annual interest rate of 4.3 per cent (5.4). Group borrowings are in SEK and NOK.

Total borrowings include bank loans and other secured borrowings of SEK 814.6 million (879.9). Security for loans from credit institutions is comprised of liens on assets as well as pledged intra-group loans, assets, and shares in subsidiaries.

The carrying amount and fair value of non-current borrowings is presented below.

	Carrying amount		Fair value	
	31 Dec 2020	31 Dec 2019	31 Dec 2020	31 Dec 2019
Loans from lenders	251,487	280,241	251,487	280,241
Senior credit facility	200,000	-	200,000	-
Finance lease liabilities	285,426	311,475	285,426	311,475
Other non-current borrowings	28,348	6,226	28,348	6,226
Total	765,261	597,942	765,261	597,942

The fair value of non-current financial liabilities is calculated based on future cash flows of principal and interest discounted at the current market rate on the balance sheet date.

The fair value of current borrowings corresponds to the carrying amount, as the discount rate is not significant.

Note 28 Provisions

Group	2020	2019
At 1 January	21,917	37,315
Provision for the year, penalty fee risk	17,650	-15,695
Reclassification	-24,989	-
Translation difference	-1,515	297
At 31 December	13,063	21,917

There is a risk that the subsidiary Scandinavian Biogas Korea Co., Ltd. in Ulsan will need to pay a penalty to Ulsan City for not upgrading gas. As per agreement, an investment in an upgrading plant in Ulsan was to be made by December 2017. As there is currently no interest in upgraded gas in Korea, the Company deems the contractual obligation to be unreasonable and has therefore not made the investment. Ulsan City is therefore entitled under the terms of the contract to charge a penalty fee equivalent to a portion of gas sales. This penalty fee applies retroactively from November 2012 (the Company has already paid through October 2012). The nominal value of the provision corresponding to the entire contractual penalty fee was approximately SEK 55 million at the balance sheet date. The Company deems the penalty fee level to be unreasonable. In 2018 the Group retained three leading Korean law firms, who maintain that a significantly lower penalty fee is more reasonable. Nonetheless, the provision at the close of the 2018 financial year corresponded to the present value of the entire contractual penalty fee amount, payable within approximately seven years. A discount rate of 13.86 per cent was applied in calculating present value, which takes into account dispute-related risks. An updated assessment of the provision was made as of 31 December 2019. The overall assessment is that it will likely be only 30 per cent of the penalty fee. The provision was accordingly adjusted by SEK 12.1 million to reflect this assessment.

A leave to appeal was filed with the Supreme Court during summer 2020 and was denied during the autumn. Assessments were updated in the consolidated annual accounts in response to the judicial decision issued in July, resulting in an increase of SEK 11.6 million in "other provisions" and an SEK 6.5 million write-down of the concession pertaining to Korea. The result for 2020 has therefore been charged a total of SEK 18.1 million. As the ruling is now final, the provision has been reclassified to "financial liability" and the previous present value computation has been adjusted to 12.92%, producing an increase of approximately SEK 1.0 million in financial cost.

The Parent Company has no provisions.

Note 29 Pledged assets

Group	31 Dec 2020	31 Dec 2019
Liens on assets	53,700	48,000
Pledged assets	401,328	447,809
Ownership reservation	13,883	-
Assets financed through finance leases	292,461	320,594
Shares in Scandinavian Biogas Stockholm AB	73,520	65,589
Shares in Scandinavian Biogas Södertörn AB	5,880	3,074
Shares in Scandinavian Biogas Fuels i Varberg AB	25	25
Shares in Ekdalens Biotransporter AB	48,423	-
Group total	889,220	885,091
Parent Company	31 Dec 2020	31 Dec 2019
Shares in Scandinavian Biogas Sweden AB	154,227	109,010
Shares in Scandinavian Biogas Fuels AB	12,274	274
Shares in Biokraft Holding AS	188,927	92,610
Parent Company total	355,427	201,894

Note 30 Contingent liabilities

Group	31 Dec 2020	31 Dec 2019
Contingent liability - subsidiary investment grants	12,190	16,371
Contingent liability - Parent Company corporate bond	-	230,000
Contingent liability - Parent Company credit facility	200,000	-
Contingent liability - subsidiary loans from credit institutions	32,500	32,500
Group total	244,690	278,871

Parent Company	31 Dec 2020	31 Dec 2019
Contingent liability - subsidiary loans from credit institutions	32,500	32,500
Contingent liability - subsidiary investment grants	12,190	16,371
Parent Company total	44,690	48,871

Contingent liabilities for subsidiary loans from credit institutions pertain to general guarantee commitments. Subsidiary Scandinavian Biogas Fuels AB has guaranteed the Parent Company's corporate bond.

Note 31 Other liabilities

Group	31 Dec 2020	31 Dec 2019
Income tax liability	2,594	-
VAT liability	3,745	1,176
Tax at source	1,305	1,344
Public funding	15,509	27,786
Other	10,410	98
Group total	33,563	30,404

Note 32 Accrued expenses and deferred income

Group	31 Dec 2020	31 Dec 2019
Accrued interest	1,972	6,066
Accrued payroll-related expenses	10,059	10,949
Accrued expenses - gas and electricity	11,519	12,259
Accrued board fees	519	470
Construction work in progress	6,976	6,976
Accrued lease and rental expenses	1,478	133
Operation and maintenance	1,193	2,657
Other items	22,463	10,617
Group total	56,179	50,127

Parent Company	31 Dec 2020	31 Dec 2019
Accrued interest	73	3,187
Accrued board fees	519	470
Other items	5,789	416
Parent Company total	6,381	4,073

Note 33 Business combinations*Business combinations*

On 18 December 2020 the Group acquired 100.0 per cent of the shares in Ekdalens Biotransporter AB, a Swedish registered company. The purchase price totalled SEK 72.3 million. The surplus value of the acquisition has been calculated at SEK 23.4 million. Acquisition costs for legal fees, etc. totalled SEK 1.4 million. Additional purchase prices based on normalised EBITDA for years 2020-22 may not exceed SEK 35.0 million and have been discounted to SEK 30.3 million in the acquisition analysis. Ekdalens Biotransporter AB was consolidated as from the 18 December 2020 acquisition date.

Information on acquired net assets and goodwill:

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

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

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

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

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

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

Note 34 Lease agreements

Following the Group's transition to IFRS 16 in January 2019, a large number of the operating lease agreements are now classified as finance leases. The Group has been reporting finance leases for some time.

Finance leases formerly classified as operating leases pertain mainly to office space, land, storage tanks, and cars. No subleasing is conducted.

When determining the length of the lease agreement, management considers all available information that provides a financial incentive to exercise an extension option, or to refrain from exercising an option to terminate an agreement. Options to extend an agreement are only included in the length of a lease agreement if it is reasonably certain that the agreement will be extended (or not terminated).

The lease term is reconsidered if an option is exercised (or not exercised) or if the Group is obliged to exercise (or not exercise) the option. The assessment of reasonable certainty is reconsidered only if a significant event or change in circumstances affects this assessment, and the change is within the lessee's control.

Cars are leased under three-year contracts after which i) the car is returned at no charge, or ii) the lease may be extended on a one-year basis, or iii) the car may be purchased at contractual residual value. The land at Henriksdal and Södertörn is leased for a 25-year period and the land at Bromma until the closure of Stockholm Vatten's treatment plant in Bromma, which is currently scheduled for 2026. The storage tank lease agreement runs for five years with a five-year extension option for the lessee. If the agreement is not cancelled or extended for five years, it is automatically extended for consecutive two-year periods. At the end of the leasing period, the lessee's only responsibility is to clean the tank thoroughly.

The Group also has lease agreements for biogas/pre-treatment plants and other tangible assets located mainly at Henriksdal, Bromma, Södertörn, and Skogn. A 25-year lease agreement covering land and facilities at Henriksdal and Bromma was signed with Stockholm Vatten AB in 2014. Rent for the land and facility at Henriksdal is calculated at book value at time of sale spread over 20 years, with a rent rebate the first and last 30 months, and a variable rate corresponding to two-year government bonds plus a market-rate margin. Rent for the land and facility at Bromma is calculated in the same way, without a rent rebate. This agreement applies as long as the facility at Bromma remains. The City of Stockholm has decided to phase out the facility during 2026, according to the current timetable. The effects on the Group of the City of Stockholm's phase-out of the plant at Bromma are not expected to be significant, as redirection of biogas production to Henriksdal is planned.

Land and other assets were broken down based on the carrying amount of assets sold at time of sale. The Group reports the portion related to other assets as tangible assets and the debt is recorded to Stockholm Vatten AB.

Subsidiary Scandinavian Biogas Recycling AB leases land and facilities from SRV återvinning AB under a 25-year lease agreement. Rent is calculated at carrying acquisition value at commencement of the rental period divided over 20, 15, and 7 years using a variable rate corresponding to three months STIBOR plus a market-rate margin.

Finance lease liabilities

Lease liabilities are effectively secured, as rights to the leased assets revert to the lessor in the event of non-payment.

Gross finance lease liabilities - minimum lease payments:

Group	31 Dec 2020	31 Dec 2019
Within 1 year	30,520	32,325
1 to 5 years	101,737	110,142
6 to 10 years	136,570	135,155
More than 10 years	134,415	155,311
Group total	403,242	432,933

Present value of finance lease liabilities:

Group	31 Dec 2020	31 Dec 2019
Within 1 year	16,967	22,783
1 to 5 years	81,587	89,495
6 to 10 years	105,200	106,691
More than 10 years	98,639	115,288
Group total	302,393	334,256

The tables above also include future minimum lease payments pertaining to contracted leases, which at 31 December 2020 are not on the balance sheet.

The Group's finance lease expenses totalled SEK 32.3 million (33.5) for the financial year.

No lease agreements are held by the Parent Company.

Note 35 Other non-cash items

Group	31 Dec 2020	31 Dec 2019
Reclassification	24,989	-
Other provisions	-8,854	-16,073
Actuarial results on post-employment benefits	-	-10
Other (of which, SBK Ulsan 1,064')	2,254	-282
Group total	18,389	-16,365

Parent Company	31 Dec 2020	31 Dec 2019
Unrealised exchange difference	-	293
Parent Company total	-	293

Note 36 Net indebtedness

Group	31 Dec 2020	31 Dec 2019
Cash and cash equivalents	378,771	136,384
Finance leases - payable within 1 year	-16,967	-22,781
Other loans - payable within 1 year	-52,746	-253,277
Finance leases - payable after 1 year	-285,426	-311,475
Other loans - payable after 1 year	-479,835	-306,874
Net debt	-456,203	-758,023
Cash and cash equivalents	378,771	136,384
Gross debt - fixed interest rates	-201,201	-262,845
Gross debt - variable interest rates	-633,773	-631,562
Net debt	-456,203	-758,023

Group	Cash and cash equivalents	Finance leases < 1 year	Finance leases > 1 year	Loans < 1 year	Loans > 1 year	Total
Net debt at 1 January 2020	136,384	-22,781	-311,475	-253,277	-306,874	-758,023
Cash flow	245,154	5,814	26,049	35,453	7,822	320,292
Reclassifications				200,000	-200,000	0
Exchange rate adjustments	-2,767			1,018	8,266	6,517
Other non-cash items				-35,940	10,951	-24,989
Net debt at 31 December 2020	378,771	-16,967	-285,426	-52,746	-479,835	-456,203

Note 37 Related-party transactions

TrønderEnergi AS owns 12.2 per cent and Bengtssons Tidnings AB (and related parties) 11.9 per cent of the shares in Scandinavian Biogas Fuels International AB (publ), and are deemed to have significant influence over the Group. Of the remaining 75.9 per cent of the shares, no single owner holds more than 10 per cent. Other related parties are Group subsidiaries and senior executives (i.e. board members and management) and their families.

The following transactions were conducted with related parties:

Purchase of goods and services	2020	2019
Purchase of services		
- Key management personnel (consultancy services)	-	14
Total	-	14

The purchase of services in the above table pertains to consulting fees paid to the employer of one board member. No sales were made to related parties outside the Group during this or the previous financial year.

Goods and services are purchased from and sold to subsidiaries on normal market terms. Services purchased from related parties are based on normal market terms and purchases are conducted on a commercial basis.

Loans from companies with significant influence over the Company:

	2020	2019
At beginning of the year	20,407	35,164
Loans raised during the year	400,000	20,000
Loans repaid during the year	-220,000	-34,000
Interest	12,145	1,977
Interest paid	-12,552	-2,734
At year-end	200,000	20,407

Note 38 Definition of key ratios

Debt/Equity ratio

The Group evaluates capital on the basis of the debt/equity ratio. This key ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including consolidated balance sheet items current borrowings and non-current borrowings) less cash and cash equivalents. Equity is calculated as equity in the consolidated balance sheet. Total capital is calculated as net debt plus equity.

	31 Dec 2020	31 Dec 2019
Total borrowings (Note 27)	834,974	894,407
Less: cash and cash equivalents (Note 25)	-378,771	-136,384
Net debt	456,203	758,023
Equity	521,805	228,922
Total capital	978,008	986,945
Debt/Equity ratio	46,6 %	76,8 %

Operating results (EBIT)

Operating results (EBIT - Earnings Before Interest and Tax) 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. The EBITDA margin is calculated by dividing EBITDA by total revenues.

EBITDA	2020	2019
Operating results	-6,038	-1,940
-Amortisation/depreciation and impairment of tangible and intangible assets	85,723	88,526
-Other operating expenses	912	1,262
EBITDA	80,597	87,848

Operating EBITDA

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

Operating EBITDA	2020	2019
EBITDA	80,597	87,848
Change in 'other provisions' pertaining to legal dispute (Korea)	11,625	-12,070
Insurance compensation (Norway)	-20,381	-
Government subsidies related to COVID-19	-1,541	-
Operating EBITDA	70,301	75,778

Operating EBITDA percentage

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

Gross profit/loss

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

Gross profit/loss	2020	2019
Total revenues	407,432	407,050
-Raw materials and consumables	-197,659	-192,383
Gross profit/loss	209,773	214,667

Equity/assets ratio

The equity/assets ratio shows the proportion of assets financed with equity. The equity/assets ratio is calculated as the sum of total equity (including non-controlling interests) divided by total assets.

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

Note 39 Events after the balance sheet date

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

Management's assessment is that the maintenance stop conducted at Skogn is completed and, accordingly, LBG production levels are expected to return to normal.

Scandinavian Biogas, through two Swedish subsidiaries, has been awarded SEK 135 million in investment grants from the Klimatklivet initiative. The grants are earmarked for expansion and conversion of facilities in the Stockholm region. These facilities will be converted from their current production of biogas (CBG) to production of liquid biogas (LBG). The projects, scheduled to start in 2021, will enable total annual production of 235 GWh of liquid biogas (LBG) in Stockholm.

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

Stockholm, 31 March 2021

Göran Persson
Chairman of the Board

Matti Vikkula
CEO

Anders Bengtsson
Board member

Andreas Ahlström
Board member

David Schelin
Board member

Sara Anderson
Board member

Malin Gustafsson
Board member

Lars Bengtsson
Board member

Our audit report was submitted on 31 March 2021

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg
Authorised Public Accountant
Chief Auditor

Auditor's report

Unofficial translation

To the general meeting of the shareholders of Scandinavian Biogas Fuels AB (publ), corporate identity number 556528-4733

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Scandinavian Biogas Fuels AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 48-84 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-47. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information

identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisormsansvar. This description is part of the auditor's report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Director's and the Managing Director of Scandinavian Biogas Fuels AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group' equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Uppsala, 31 March 2021

Öhrlings PricewaterhouseCoopers AB

Lars Kylberg

Authorized Public Accountant

About the Sustainability Report

Accounting principles

The Sustainability Report follows Scandinavian Biogas’s financial year and refers to the period 1 January–31 December 2020. The reporting of environmental data includes the production facilities in Sweden, Norway and Korea. Employee data includes all three business areas and countries. Financial information follows the same accounting principles as those used for Scandinavian Biogas’s consolidated accounts.

The report is a GRI-referenced report and, accordingly, Scandinavian Biogas has selected a number of disclosures from the GRI Standards, which are presented in the GRI index on pages 91-92. This is the Company’s third GRI-referenced report and is based on GRI principles: the inclusion of stakeholders, sustainability context, materiality, and completeness. The report has not been subject to external certification or third-party review.

Contact

Matti Vikkula
 President and CEO
 +46 70 597 99 38
 matti.vikkula@scandinavianbiogas.com

Validation of the materiality analysis

A structured stakeholder dialogue was conducted in 2020 with owners, employees, suppliers, nearby residents and politicians/public authorities in Norway and Sweden and is presented on page 27. The Group’s key issues were identified in a workshop held with senior Scandinavian Biogas personnel and were subsequently validated by the management team. Results from the stakeholder dialogue and impact workshop were evaluated together in a materiality matrix (see below).

Value chain

Information on the value chain for each business area is presented on the next page.

Methods of measurement and calculation

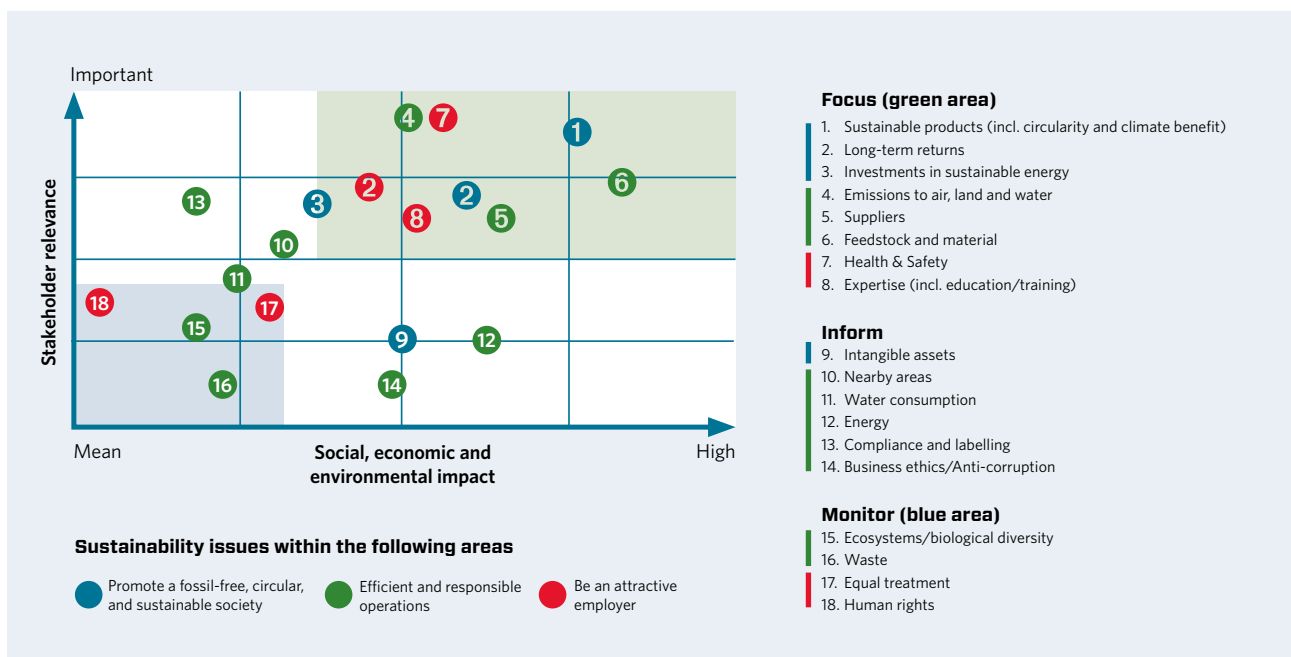
Climate and environmental impact

Calculations of the operating companies’ emissions reduction for produced biogas used an industry-specific life cycle analysis tool¹ (LCA tool) produced by the Swedish Gas Association for reporting on amounts of sustainable biofuel sold to the Swedish Energy Agency. The LCA tool is based on the EU’s Renewable Energy Directive (RED). Emissions reduction calculations include:

- Substrate gas potential and dry matter content
- Carbon dioxide emissions from transporting waste and residues to the plant
- The plant’s methane gas emissions
- Carbon dioxide emissions from inputs such as water and chemical consumption
- Energy consumption (electricity, water), using emissions values for each national electricity mix
- The plant’s internal fuel consumption

Emissions reductions for the bio-fertiliser product were not included in this year’s report. None of the production facilities purchase heat, but rather use self-produced biogas and/or surplus heat from process equipment.

The distribution of emissions for each business area, based on the above-referenced life cycle analysis, is presented on the next page.



¹ <http://www.energigas.se/publikationer/haallbarhetskriterier-foer-biodrivmedel>

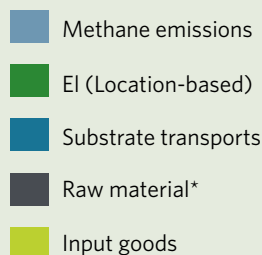
The Group's value chain

For produced biogas:	Group	Sweden	Norway	Korea
CO ₂ eq reduction, tonnes	87,327	50,125	23,176	14,025
Emissions, g CO ₂ eq/MJ (weighted average)	6.6	6.2	8.9	4.4
Incoming material:				
Organic waste and residues, tonnes	273,287	118,103	83,235	71,949
Sewage sludge, tonnes	1,011,484	935,907	-	75,577
Scandinavian Biogas processing:				
Fresh water, m ³	424,508	308,464	114,507	1,537
Electricity, MWh	41,598	16,283	22,466	2,849
Fuel, MWh	61	46	14	-
Output: Hazardous waste, tonnes				
- Material recovery	1.8	1.8	-	-
- Energy recovery	0.2	0.2	-	-
Output: Non-hazardous waste, tonnes				
- Energy recovery	9,405	3,711	-	5,694
- Biological recovery	12,342	-	12,342	-
- Landfill	882	882	-	-
Output: Sewage, m³				
	554,323	166,875	195,610	191,838
Sustainable, climate-friendly products				
Produced biogas, GWh	331	187	85	60
Bio-fertiliser, tonnes	25,412	20,489	4,923	-*

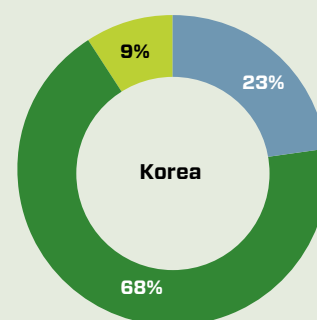
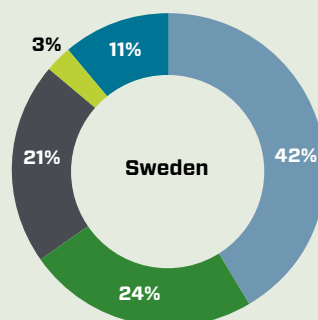
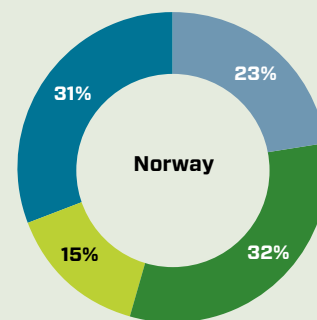
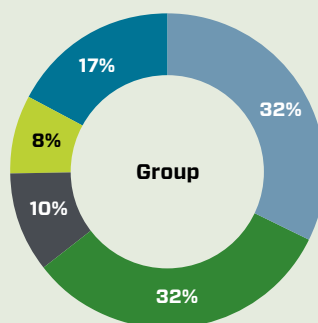
*Digestate is incinerated pursuant to South Korean law

Distribution of emissions from biogas production

Emissions calculations are derived from our life cycle analysis of produced biogas pursuant to the EU's Renewable Energy Directive (RED).



*Emissions from production of purchased raw gas from wastewater treatment plants pertains to Henriksdal in Sweden.



Feedstock

The plants' inbound substrate includes all waste and residues received at the production facilities, including sewage sludge and grease trap sludge digested by Stockholm Vatten och Avfall at the Henriksdal treatment plant, as well as sewage sludge in Korea.

Waste

Waste generated at the plants is disposed of by well-established waste operators holding valid licences for environmentally hazardous operations. The amount of waste generated is dependent on the type of waste and residues received by the plants.

Energy and water consumption

Water consumption is monitored monthly and reconciled with invoiced volumes. Recycled water is measured and calculated with internal meters.

The Swedish operations purchase only eco- and origin-labelled electricity, which does not give rise to carbon emissions. Life cycle analysis calculations, however, use emissions for the Swedish energy mix pursuant to the Renewable Energy

Directive (RED). Energy consumption is measured and logged on a continuous basis, internally and externally.

Road transport

The calculation of emissions reduction for produced biogas includes carbon dioxide emissions from the transport of inbound waste and residues to the plants. The LCA tool takes into account distance, type of fuel used, and freight home. Emissions from the transport of gas sold by the plants to end customers are included in the LCA tool. For gas that is re-sold by customers, transport emissions are not included in the LCA tool, as customers include this in their reporting to the Swedish Energy Agency. Emissions from the transport of bio-fertiliser are not included, as these emissions are allocated to the bio-fertiliser.

Methane emissions

Calculation of methane gas emissions in Sweden is based on continuous measurement of incoming and outgoing gas flows, including diffuse emissions, and on external measurements of the plants' total emissions. Methane emissions from the production facilities in Norway and Korea are based on standardised values.

Glossary

Biomethane: Umbrella term for gas blends comprised mainly of methane gas and produced from biomass.

Digestate: is the part of the organic material / substrate that has not been converted to biogas but remains in solid / liquid form.

Digester / Digestion tank: Gastight container for the anaerobic digestion of organic material

Drinking water: Water purchased from municipal treatment plants.

Energy carrier: Substance or physical process that is used to store or transport energy. Examples include electricity, hydrogen, ethanol, petrol, and methane.

Energy sources: Natural resources or natural phenomena that can be converted into energy forms such as light, movement, and heat. A distinction is made between stored (fossil) and abundant (renewable) energy sources. Examples of stored energy include oil, natural gas, and coal; examples of renewable energy sources are biomass, hydropower, and wind and solar energy.

Gas cleaning: Process for purifying raw gas from water vapour, sulphur compounds, and particulates. The gas may then be further processed to separate methane and carbon dioxide. Vehicle fuel-quality biogas contains 97±1 per cent methane.

Greenhouse gases: Gases that have the ability to absorb infrared radiation reflected from the Earth into the atmosphere (greenhouse effect). The greenhouse effect is essential for life on earth (without it the Earth's average temperature would be around -18°C). However, due to human activity the concentration of greenhouse gases is increasing. Examples of greenhouse gases are carbon dioxide, methane, water vapour, and nitrogen oxides.

HOLD stands for High Organic Load Digestion.

Methane: Odourless gas with high energy content (~10 kWh per normal cubic metre). Methane (CH₄) is the simplest hydrocarbon and is composed of one carbon atom and four hydrogen atoms.

Natural gas: A stored (fossil) gas mixture comprised of approximately 90 per cent methane.

Normal cubic metre relative to one litre: A normal cubic metre of biogas upgraded to vehicle fuel (97 per cent methane and 3 per cent CO₂) contains as much energy as 1.1 litres of petrol.

Organic waste: Waste from plants and animals.

Pre-treatment in biogas production: Organic material used in the production of biogas needs in some cases to be pre-treated prior to the digestion process. The purpose of pre-treatment is to increase the material's total biogas potential (i.e. the quantity of biogas that can be extracted from the material) and/or to increase the speed of digestion. Pre-treatment may be thermal, chemical, or mechanical, and combinations of one or more methods may be used. The treatment opens up/ breaks down complex organic molecules, making them more accessible to digestion microorganisms.

Raw gas: Gas formed in a biogas process. Raw gas mainly contains methane and carbon dioxide but also sulphur compounds, water vapour, particulates, etc.

Substrate: Organic material digested in a biogas process.

Upstream work: Preventive efforts to preclude appearance of undesirable substances in incoming material. Involves dialogue with and audit visits to waste operators.

Vehicle fuel: Energy source used as fuel in vehicles. Raw gas produced in the biogas process must be cleaned and upgraded to 97±1 per cent methane in order to be defined and sold as vehicle fuel.

GRI-index

Page references in this GRI index refer to Scandinavian Biogas's 2020 annual report.

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Shareholder information and investor relations

Reporting

All interim reports, annual reports, press releases, etc. are available on Scandinavian Biogas's website: www.scandinavianbiogas.com

2020 Annual Report

This publication constitutes the Annual Report of Scandinavian Biogas Fuels International AB (publ) and is available in digital format on the Company's website.

2021 financial calendar

Interim report January-March	29 April 2021
Annual General Meeting in Stockholm	29 April 2021
Interim report January-June	20 August 2021
Interim report January-September	29 October 2021

Contact

Questions from shareholders, investors, and other stakeholders can be directed to Matti Vikkula, President & CEO: email matti.vikkula@scandinavianbiogas.com; phone +46-70-597 99 38.

2021 Annual General Meeting

Scandinavian Biogas's Annual General Meeting will be held on Thursday, 29 April 2021. Due to the corona pandemic and to reduce the risk of contagion, the Board of Directors has determined that the AGM will be held by postal vote only, pursuant to temporary statutory provisions. Accordingly, the AGM will be held without the physical presence of shareholders, proxies, or outsiders, and voting rights will only be exercised through advance voting. Shareholders who wish to participate in the AGM must be entered in the share register administered by Euroclear Sweden AB as of 21 April 2021 and must provide notification of their participation by casting their postal vote so that it is received by Scandinavian Biogas no later than 28 April 2021. Additional information on the registration and voting process will be provided in the AGM notice, which will be published in a separate press release and will be available on Scandinavian Biogas's website, www.scandinavianbiogas.com. Information on AGM resolutions will be published on 29 April 2021 as soon as votes have been tallied.

Prior to the AGM, shareholders will have the opportunity to ask questions in writing to the Board and CEO. Such questions must be received by Scandinavian Biogas no later than 19 April 2021 and will be answered no later than 24 April 2021. On 29 April 2021 at 10.00 there will be an opportunity to participate in a digital forum during which the CEO and Chairman of the Board of Scandinavian Biogas will hold speeches.





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WORLD