2019

Baseload Capital Sweden AB (publ) (559143-5051) Annual report

BASELOAD CAPITAL

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Business review

Baseload Capital Sweden AB (publ), "Baseload Capital", is an investment entity focused on investments in electricity production based on geothermal energy, known as Geothermal Heat Power. A Heat Power plant produces electricity from the hot water located below the earth's surface. The drilling depth required to find hot water depends on the geological properties of the soil, but hot water is below the ground all over the world. Baseload Capital works globally with the ambition to provide Heat Power operators with the financial tools necessary to be able to build and operate Heat Power plants and thereby generate renewable electricity.

The need for renewable energy is enormous. Within a few decades, the world is expected to consume twice as much energy as today. Increased energy consumption is a consequence of growing economies and increased prosperity. However, it also puts pressure on the environment and climate to the extent that energy is produced with non-renewable fuels.

Baseload Capital wants to enable energy production that is both environmentally and economically sustainable through a large-scale rollout of Heat Power plants. As Heat Power can supply a renewable, constant and predictable electricity production that is available regardless of weather conditions or time of day, Heat Power can complement other intermittent renewable energy production, such as solar and wind power. Since geothermal energy is available to a varying degree around the world, Heat Power has the potential to generate a significant part of the future electricity production.

Baseload Capital´s vision –

Investing in a sustainable future

Baseload Capital's vision is a future where all electrical energy is extracted from renewable resources. This requires us to accelerate investments in all forms of renewable energy that contribute to reducing greenhouse gas emissions and while generating a good financial return. Baseload Capital, through the establishment of the Heat Power plants, wants to demonstrate that the transition to a sustainable energy system will create benefits for the environment, people and investors - both locally and globally.

Investment criteria

All potential investment opportunities are assessed based on a number of criteria. If these criteria are met, a deeper analysis is made where profitability, risks and feasibility are assessed in more detail. If deemed appropriate, the project is summarized and presented to the investment committee, which decides on whether to continue or refrain form the project. Subsequently, the Board takes the formal decision based on the Investment Committee´s recommendation. The Investment Committee is appointed by the Board and currently consists of four members, two of whom are external.

The initial criteria used to evaluation a Heat Power Plant investment are briefly described below:

1. Heat source

   The company mainly seeks projects with an existing and well-documented heat source. A heat source consisting of hot water should be within the temperature range of 70-150 degrees Celsius.

2. Power Purchase Agreement (PPA)

   PPA is the agreement between the electricity producer, in this case the Heat Power plant, and the electricity company that buys the electricity and distributes it on the electricity grid. Baseload Capital primarily pursues projects where it is possible to sign a PPA with creditworthy electricity companies for at least 10 years.

3. Land

   The land where the heat source is located and where the power plant is to be built must be secured in the long term, either through acquisition or through a lease agreement that runs for many years.

4. Partner

   Baseload Capital has very close cooperation with local partners in the development and construction of new power plants, which is why it is of utmost importance that the partner has the necessary knowledge and skills to successfully realize projects in the selected market.

In addition to the previously mentioned criteria, each project’s risks are analyzed in relation to the profitability. The risks in a project can, for example, lie in the water's flow and temperature, the partner's competence, technology and construction or the local country's bureaucracy and processes for handling the necessary permits.

If the risks can be eliminated or minimized to a reasonable level in relation to profitability, the project is qualified for further investigation.

CEO’s comments

The past year has taken Baseload from an idea to an exciting growth company with great potential. It has been a busy year, but especially encouraging to see the business grow and mature.

During 2019, we have, among other things:

- Employed key personnel and created functional teams in Japan and Taiwan. In Japan, we are now 9 people with different backgrounds, but mainly focused on project development. In Taiwan, we are now 4 people with full focus on project development and building relationships with local players.
- Started a new holding company in Taiwan, a country with similar geothermal conditions as Japan. We have identified a good project portfolio that will be implemented in the coming years.
- Strengthened by bringing in Breaktrough Energy Ventures as owner. Breakthrough is a globally focused, technologically skilled and a demanding partner. With support from our owners, we have the opportunity to drive the business forward efficiently.
- Created a scalable and flexible financing solution by raising SEK 500 million in a green bond. Although the project roll-out initially went slower than we estimated, the bond proceeds create opportunities to invest in projects without having to seek external funding for individual projects. This is important as it often takes time and energy to seek local external financing.
- Helped our Icelandic associate Varmaorka to raise external financing and continue the roll-out of power plants in Iceland. The Icelandic roll-out has also gone somewhat slower than we initially thought, but it is now running at a good pace and with exciting projects for the coming years.
- Created a template for project development based on experiences we have gathered since inception. We have refined our way of working and are working more structured with new project evaluations. The template is based on geology, and is then combined with local filters for electricity grid access, regulatory requirements and other relevant data. We are building a database based on our analysis and input data, and expect that the database will in the long run become a valuable tool for identifying and rolling out new projects. We are convinced that our new way of working saves time.

Our belief in Heat Power as an important base load in the world's future energy mix has been further strengthened. The global pressure to shift from the global economy from fossil to renewable energy is increasing. When we meet potential investors and banks, we notice a steadily growing interest in renewable energy in general, and in geothermal in particular. We also believe that countries with geothermal resources will change rules and regulations to speed up the transition to geothermal Heat Power.

At the same time, we are humbled by the fact that we operate in a conservative industry and in countries with different economic and cultural conditions. In order to bridge cultural differences, we try to employ local people as much as possible, and at the same time focus on educating and networking on a global basis. We experience positive reception and political interest in the countries we operate in, and we see that actions to simplify, e.g. permit-processes are starting. Getting our pilot power plants operational in Japan is our absolute focus right now, and we hope to have a number of projects completed in 2020. We are confident that these projects will boost interest and spread rings on the water for our business.

Looking forward, we see great potential in several markets, but at the same time we must safeguard the financial and human resources we have. The focus will be on building and completing our project portfolio in Japan, Taiwan and Iceland. We will continue to address the problems and challenges that arise along the way, and take with us the lessons learned from each project so that we in the long tun can shorten and streamline our processes. The world needs a new base load, and we see that our geothermal Heat Power solution can contribute with a large part of the transition.

We have many exciting projects that we work on in different markets. On the following page, I briefly describe our three focus markets where we have come the furthest, and the status of some selected projects in the build-up phase.

PROJEKT UPDATE

Japan

The Japanese market has a potential for low and medium geothermal energy production of more than 10 GW. A very small part of this potential has been developed. This is largely due to the fact that low temperature technology has not been effective enough, but also because spa owners have been worried about how it might affect their business model. Through new technology and a structured way of working and educating local players, we can penetrate the market faster. Selected projects in the construction phase:

Kitsune (Midori)

We are building a pilot project in the Gifu Prefecture. This project is expected to be completed in May 2020. The project has been delayed due to a rebuilding of the river bank during the autumn and winter.

Shika (Waita)

Waita is a "bottoming cycle" pilot project in Kyushu. We will use the residual heat from an existing geothermal power plant to increase the efficiency of the entire power plant. This project is a pilot, and we expect more and larger projects after the first completion. Planned COD (Commercial Operation Date) is in April 2020.

We are in the start-up phase for a number of projects mainly in Kyushu, but also in other parts of Japan, and expect to start drilling wells during H1 2020.

Taiwan

The potential in Taiwan amounts to more than 1GW with only a 100 kW geothermal power plant existing in the market. The Taiwan government looks very favorably at geothermal energy and wants to transition away from fossil energy sources from which most of the electricity comes today. The low geothermal establishment in the market is a great opportunity for Baseload, while it also means that local entrepreneurs do not have all necessary geothermal and drilling knowledge, so certain expertise must come from other markets such as Philippines.

Picture 1 Climeon Heat power module

One of the projects in the development phase in Taiwan:

Tiger

Tiger is a project that will start drilling in March 2020. The goal is to have the project completed by the end of 2020. Total expected capacity is 1 MW.

Iceand (Varmaorka)

In Iceland, we have identified 40 MW of potential projects that can be developed within a few years. However, many of these resources are located on municipal land and it has taken longer than expected to be able to conclude agreements with them to start developing the projects. To speed up the rollout, Baseload is evaluating, together with Varmaorka, to drill additional wells on existing projects and scale up these power plants. The most prioritized projects in Iceland:

Efri Reykir

At Efri Reykir, Varmaorka is building a power plant in combination with a local district heating plant. The project is expected to be completed in the second quarter of 2020.

Reykholt

At Reykholt, Varmaorka is building a power plant at an existing well. The project is expected to be completed in the second quarter of 2020.

Picture 2 Fludaorka on Island

Fludaorka (extension)

At Varmaorka's first power plant, a new pump will be installed during the first quarter. Depending on the water flow after the pump change, it may be relevant to install additional production capacity. Further, Varmaorka is looking at the possibility of drilling additional wells in the area.

We are looking forward to an exciting 2020 where we will take another step towards our vision - that all electrical energy is extracted from renewable resources.

Stockholm, March 2020

Alexander Helling

CEO

Board of Directors´ report

The Board of Directors and CEO of Baseload Capital Sweden AB (publ), corporate identity number 559143-5051, hereby submit the annual report (1 January - 31 December) and consolidated accounts (1 January - 31 December) for the fiscal year 2019, which has been audited by the company's auditor. The Board of Directors’ registered office is in Stockholm, Sweden.

The business in brief

Baseload Capital Sweden AB (publ), "Baseload Capital", is an investment entity that invests in companies that build Heat Power plants (power plants producing electricity from hot water). The power plants consist of Heat Power modules from Climeon AB (publ), corporate no. 556846-1643. However, the company is not limited to using Climeon's technology. At present, Baseload Capital works with projects in Iceland, Japan, Taiwan and US, but continuously evaluates new markets. Baseload Capital Sweden AB (publ) is a wholly owned subsidiary of Baseload Capital Holding AB (org. No. 559172-8224). Climeon AB (publ) owned 15,7% (19.8%) of the shares in Baseload Holding AB as of December 31, 2019.

Significant events during the financial year

INVESTMENT ACTIVITIES

In 2019, the company continued its investments in the Japanese projects. During the year, SEK 87.1 million (JPY 1,016 million) was invested in the form of loans. In June, Baseload Capital participated in the Icelandic associated company Varmaorka's share issue, in which Baseload invested SEK 10.7 million (EUR 1.0 million). At the same time, Varmaorka has repaid SEK 7.0 million (EUR 0.7 million) of the convertible loan paid by Baseload Capital during 2018. As of December 31, the convertible loan amounts to SEK 20.6 million (EUR 2.0 million). During the year, Baseload Capital established a subsidiary in Taiwan in which SEK 1.6 million (TWD 5.0 million) was invested in equity and SEK 5.7 million (TWD 18.1 million) in loans.

BREAKTHROUGH ENERGY VENTURES NEW PARTNER IN BASELOAD CAPITAL

During the first quarter of 2019, Breakthrough Energy Ventures (BEV) invested SEK 116.3 million (USD 12.5 million) in Baseload Capital's parent company, Baseload Capital Holding AB. BEV is an investment fund funded by some of the world's leading business executives and was formed to accelerate the commercialization of solutions that reduce greenhouse gas emissions. BEV has over one billion dollars in capital to fund groundbreaking technologies, for example, technologies with the potential to deliver affordable and reliable clean energy. The purpose of the investment in Baseload Capital is to accelerate the global roll-out of low-temperature geothermal heat power and thus speed up the transition of our energy system.

GREEN BOND SEK 500 million

During the first quarter, Baseload Capital issued a bond within the framework for green bonds. The bond is the first in Sweden in the field of low-temperature geothermal heat power. A total of SEK 500 million has been issued and the money will be used to finance the establishment of geothermal heat power plants. The investors consist of Nordic institutional investors. Baseload Capital has designed the framework for the bond in cooperation with DNB. The green certification of the bond was carried out by Sustainalytics.

FINANCING FROM NEFCO

During the first quarter, the parent company Baseload Capital Holding AB raised a green loan from NEFCO of SEK 31,3 million (EUR 3 million). NEFCO is an international financial institution established by the five Nordic countries to promote investments in green projects that can contribute positively to the climate and environment. The loan is used to finance project investments made by Baseload Capital.

ESTABLISHMENT OF SUBSIDIARIES IN TAIWAN AND NEW ZEALAND

During the second half of the year, the company established a subsidiary in Taiwan. In October, a country manager was hired focusing on project development and building a local organization. The potential for geo-thermal energy is big in Taiwan and the state offers a tariff system for geothermal energy to connect to the grid. Also in New Zealand, a subsidiary was established where Baseload Capital hired an experienced geologist, who will operate globally and support the operations in all markets where Baseload has operations. Although there are conditions for geothermal energy in New Zealand, the company currently has no plans to start any projects. For this reason, the New Zealand subsidiary is traditionally consolidated and is therefore not valued at fair value, which is the case for the subsidiaries in Japan and Taiwan.

Significant post-closing events

INVESTING ACTIVITIES

During the first months of the year, the company invested an additional SEK 10.3 million (JPY 120 million) in Japan and SEK 4.7 million (TWD 15.0 million) in Taiwan.

FINANCING

In the beginning of 2020, the parent company Baseload Capital Holding AB raised a convertible loan of SEK 94.2 million from the principal owners.

COVID-19

The impact of the Covid-19 outbreak, which was officially declared a pandemic by the WHO on March 11, is difficult to foresee in the short and long term.

The company notes that the work in Japan and in Taiwan right now continues almost as normal. Base Load Capital's employees are able to work from home as far possible and take precautions determined by the respective country's authorities. However, with new international travel regulations, it will more difficult for employees in Sweden to visit and follow up existing and new potential markets on site. Furthermore, there are obvious risks of project delays if national travel bans were imposed in Japan or Taiwan. Project delays would postpone cash flows from projects, both in terms of investments and revenues. Baseload Capital monitors the situation in each country, following the new directive that may be introduced and puts employees' health first. At present, we cannot concretely identify any project delays, but are aware that project for various reasons may be delayed at short notice.

Expected future development

INVESTING ACTIVITIES

In Japan, the company will continue to develop existing projects and initiate new ones. The first power plants were scheduled to be commissioned by the end of 2019. For various reasons, which are beyond Baseload Capital's control, the projects have been delayed and are expected to be commissioned during the first half of 2020. In Iceland, new facilities will be built and commissioned, where financing will primarily be through new external partners. In Taiwan, projects are under development where the first power plant is expected to be commissioned at the year-end 2020/2021. The company focuses primarily on Japan and Taiwan, but at the same time explores the conditions in additional markets.

FINANCING

By BEV's investment in Baseload Capital, issuance of the green bond and the convertible loan raised in the beginning of 2020 the company is expected to have a strong financial position for the future. Under the first bond, there are prerequisites for issuing additional bonds. As more power plants are operational and generate electricity, there are good conditions for raising additional capital in the local markets.

Proposed appropriation of earnings

The board of directors propose that the available funds:

Shareholders contributions	95 000
Share premium reserve	225
Retained earnings	86 062
Profit for the year	2 403
Total (tkr)	**183 690**
Balance carried forward	
Total (tkr)	**183 690**

Accounting policies

APPLIED RULES

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards (IFRS) as adopted by the EU and with application of RFR 1 – Supplementary Accounting Rules for Groups. The annual report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act (Årsredovisningslagen (1995:1554)) and with application of RFR 2 – Accounting for Legal Entities. The most important accounting policies applied are specified below.

PRINCIPLES OF CONSOLIDATION

Baseload Capital Sweden AB (publ) is an Investment Entity according to IFRS 10, which is characterized by the fact that the company has external investors to whom investment services are carried out in order to provide a return on the investor's capital. The company has a clear investment and exit strategy and takes an active role, in the form of board representation and financial advice, in the companies in which it invests. The company monitors all investments and reports the investments at fair value. As an Investment Entity, subsidiaries and associated companies that are investments (portfolio companies) are not consolidated but instead valued continuously at fair value.

The new Zealand subsidiary Baseload Power New Zealand Limited is not followed up or valued at fair value by Baseload Capital Sweden AB (publ). For these reasons Baseload Capital Sweden AB (publ) consolidates the legal person, and the subsidiary Baseload Power New Zealand Limited traditionally i.e. not according to IFRS 10.

PARENT COMPANY REPORTING

The Parent Company reports shares in subsidiaries, associated companies and other holdings that constitute portfolio companies at market value. Long-term loans to subsidiaries, associated companies and other companies are also reported at market value. The result of the sale of shares is calculated accordingly.

FOREIGN CURRENCY

The Group's and Parent Company's functional currency is Swedish kronor (SEK), which is also the reporting currency. Transactions in foreign currency are translated to the functional currency using the exchange rates in effect on the transaction date. Assets and liabilities in foreign currency are translated to the functional currency using the exchange rate in effect on the balance sheet date.

When translating items in foreign currencies as of 31 December 2019, the following exchange rates have been used:

SEK/EUR	10.43
SEK/JPY	0.0853
SEK/NZD	6.25
SEK/TWD	0.31
SEK/USD	9.32

See sensitivity analysis in Note 3.

ACCRUED INTEREST
With the introduction of the new interest deduction limitation rules in 2019, the company chooses to report accrued interest, with the aim that the accounting in the income statement should better reflect the accounting in the tax return. The portion of loans to subsidiaries, associated companies and other companies that comprise accrued interest is reported as Financial Income in the income statement from 2019. Other changes in value of loans are reported as Revaluation of financial instruments in the income statement. Earlier, accrued interest was also reported under Revaluation of financial instruments. Comparative figures for 2018 have been restated in accordance with this principle, see Note 2.

REPORTING OF FINANCIAL ASSETS AND LIABILITIES
Financial assets and liabilities are classified in the following measurement categories: financial assets and liabilities at amortized cost, and financial assets and liabilities at fair value through profit and loss. The classification of financial assets is based on for which purpose the financial item was acquired. Purchases and sales of financial instruments are reported as per the transaction date.

EMPLOYEE COMPENSATION
Pensions
The Group has defined pension plans. Costs for defined contribution pension plans are expensed in pace with payment of premiums.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include – in addition to cash and bank balances – short-term financial investments with remaining terms of less than three months.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment is reported at cost less accumulated depreciation and any impairment losses. Depreciation is recognized on a straight-line basis over the asset's estimated useful life, which estimated to be three to five years. Estimation of an asset's residual value and useful life is done yearly.

LEASES
Beginning in 2019, IFRS 16 is applied in the legal unit and in the Group, which means that the lease rent is divided between amortization of the asset and interest expenses on the lease debt, which is recognized as a financial expense in the income statement. The lease debt is recognized in the balance sheet. Comparative figures for 2018 have been restated in accordance with IFRS 16, see Note 2. As the Group only has leasing commitments of two cars in 2018 and three cars in 2019, there is no significant difference in the accounts when IFRS 16 is applied from 2019.

DEFERRED TAX
The company has unutilized loss carryforwards amounting to SEK 25.2 million (SEK 5.6 million). The tax effect has not been reported as a deferred tax asset in the balance sheet.

Beginning in the fiscal year 2019 new interest deduction limitation rules were introduced. As the company has a negative EBIDA cleared from the revaluation of financial assets, the company can't deduct negative net interest income, which reduces the size of the unused loss carryforwards. Instead, the company has a negative net interest income that can be offset against a positive net interest income in the parent company Baseload Capital Holding AB and the remaining amount can be rolled forward for up to six years. The amount after set-off is SEK 24.0 million.

Financial risk management

GENERAL
The types of financial risks that Baseload Capital encounters in its business consist primarily of project risks and other financial risks in the form of e.g., interest rate risk and liquidity risk.

PROJECT RISKS
Since Baseload Capital is an investment entity specialized in Heat Power plants, the project risk is substantial and needs to be managed. The project risk consists of all parts of building a geothermal power plant.

Do the involved parties, such as project companies, have the right knowledge and skills to be able to complete the project?
Baseload Capital performs a thorough due diligence of all involved parties in order to minimize the risk.

Does the resource have the expected water flow and the expected temperature?
If it is not an existing well, the risk can be reduced through sample drilling before investing extensively in the project. The risk is also reduced by the fact that geothermal power plants built with Heat Power modules from Climeon are modular. This means that if, for example, you calculated with, and ordered, four Heat Power modules, but that it turns out that the source only generates hot water to supply three modules, the fourth can be moved to another source. The same applies if the source can supply 6 modules, then the four ordered modules will be installed and two additional will be ordered and installed once they are delivered.

Is there capacity in the electrical grid where the power plant is built and how does the electricity price change over time?
Depending on the market, knowledge regarding grid capacity and surrounding costs is learnt at different stages in a project. However, in general, a fairly clear understanding of the situation can be made before extensive investments are needed.
The risk decreases as experience is built by developing

several projects in a particular market. The PPA, i.e. the agreement with the electricity company that buys the electricity, usually runs with a fixed price for 10-15 years.

Does the technology work as expected?
Climeon's Heat Power modules are currently installed in ships, steelworks and geothermal plants. The modules produce electricity and meet the expectations for the various projects. However, no module has produced electricity for as long as the planned lifespan of the geothermal power plants, in which Baseload Capital invests. The risk is primarily that components in the modules break down, which can cause production disruptions in the power plants.

Can you secure the permits and approvals required from the authorities?
The permits and approvals required and the corresponding application process for these vary depending on market. Before the company enters a new market, such requirements are carefully reviewed. The company also builds up such knowledge internally and through local partners. Since the geothermal power plants that Baseload Capital invests in have very limited environmental impact, both on the land and its surroundings, the risk of not getting an approval is marginal. Instead, the risk rather lies in the fact that permit processes can be delayed, which can delay projects and thus the cash flow.

INTEREST RATE RISK

Interest rate risk is the risk that the value of a financial instrument will vary due to changes in market interest rates. As of December 31, 2019, the company has an external loan in the form of a green bond of SEK 500 million with a four-year maturity. The interest rate is 3m Stibor + 8.25% with quarterly coupon and Stibor flooring at 0%.

CURRENCY RISK

Currency risk is the risk that the value of assets and liabilities varies due to changes in exchange rates. The company's currency risk is mainly linked to the fact that the assets in the form of shares in and loans to portfolio companies are in foreign currency. The exposure is primarily in JPY, EUR, TWD and USD and is stated in Note 3. The company has currently chosen not to hedge the exposure through any financial instruments as the cost of this is not proportionate to the risk. However, currency exposure is subject to ongoing review and if the situation changes, hedging via financial instruments may be considered.

LIQUIDITY RISK AND REFINANCING RISK

Liquidity risk is the risk of encountering difficulties in accessing liquid assets in order to meet obligations associated with financial instruments. At present, this risk is deemed to be low. Refinancing risk is the risk of a company being unable to obtain financing or that financing can only be obtained at a considerably higher cost. In the aim of minimizing refinancing risk, loan maturities are distributed evenly over time to lower the likelihood of a large portion of loans being refinanced at the same date.
As of December 31, 2019, the company has external financing in the form of a green bond of SEK 500 million, with a maturity of March 2023.

The company has internal long-term loans from the parent company Baseload Capital Holding AB for a total of SEK 158.0 million, including accrued interest. The loans have fixed interest rates of 7.5%.
The company considers the possibility of further financing as good. In addition, Baseload Capital's owners have significant financial resources.

OPERATIONAL RISK

Operational risk is the risk of incurring a loss due to defects in internal routines and systems. Baseload Capital’s risk management rests on a foundation of internally adopted guidelines and rules, and of policies adopted by the Board of Directors, e.g. investment policies and the CEO’s instructions.

COUNTERPARTY RISK

Counterparty risk is the risk of a party in a transaction with a financial instrument not being able to meet its obligations and thereby causing loss to the other party. The company's counterparts are mainly local contractors, without significant financial resources, who know the local market and can realize a geothermal power plant project. In order to minimize the counterparty risk, Baseload Capital carefully analyses the counterparty and agrees that the company will receive mortgages in the project as collateral in case the counterparty cannot fulfill its obligations.

INTERNAL CONTROL OVER FINANCIAL REPORTING

An important part of financial reporting is the valuation of the projects in which the company has invested in. This valuation process is described below under "Significant assessment items for financial reporting".
The assessment is made by the management team and presented to the board for approval.
According to the Swedish Companies Act, the Board is responsible for internal control. The instruction of duties between the Board and the CEO contain rules that clarify the CEO's responsibility.
The company has an investment committee consisting of two external members and two representatives from the board. The CEO presents investment proposals to the Investment Committee for approval, and if approved, recommends it to the Board, which makes the formal decision. Minutes are recorded of Investment Committee meetings.

Significant assessment items for the financial reporting

ESTIMATION OF FAIR VALUE OF FINANCIAL INSTRUMENTS

Since Baseload Capital is an Investment Entity and thus reports investments at fair value through the income statement, the assessment of the fair value of financial instruments is significant for the financial reporting. Assessment of financial instruments fair value primarily consists of assessing the market value of invested capital and loans to portfolio companies, i.e. companies that design, build and operate geothermal power plants.

The company has developed a model for assessing the fair value of shares and loans; it is normally made quarterly but can be made monthly if major changes in value occur.

ESTIMATION OF FAIR VALUE OF SHARES

The valuation of the *shares* in a geothermal power plant is, in brief, calculated as follows:

- The annual cash flow is calculated during its estimated life span, which the current power plant is expected to generate after commissioning. Input in the model for calculating cash flow mainly consists of:
  Incoming payments:
  - Number of Heat Power modules
  - Electricity production per module in kWh
  - Electricity price/kWh

  Outgoing payments:
  - Heat Power modules
  - Other investments / installations
  - Licensing fees
  - Operation and support
  - Rent/purchase price for land

Based on the estimated cash flow, a "gross present value" is calculated according to Gordon's formula. This value corresponds to the project's risk-free value, i.e. when all risks are eliminated. For the present value calculation, a market interest rate shall be used as the discount rate. The company has used a discount rate of 8.3 percent for Japan, which corresponds to the interest rate on green bond company issued in the first quarter of 2019. For Iceland, which is not financed with money from the bond, a discount rate of 5.7 percent was used.

- A risk assessment is made where different risk factors are estimated by assessing the likelihood of occurrence and the effect on the cash flow if they occur. Risk factors can for example be the source's flow of hot water, connection to the electrical grid, permits, additional costs for the project etc.

- The original cash flow is adjusted based on the impact of the risk factors. A "net present value" is calculated with the same interest rate.
- The net present value subtracted by the invested amount in the power plant in the form of equity and loans constitutes the value that the shares can be revaluated with and which thus are valued at fair value through the income statement.

- By taking the original cash flow and comparing it to the calculated "net present value", the discount rate including risk premium can be calculated with Gordon's formula and used in compassion to other investments.

The longer a geothermal power plant project progresses, the more the risks are eliminated, thus the fair value of the shares increases. As more projects have been completed and started to produce electricity in a given market, the risk and thus the yield requirement decreases, which enables cheaper financing opportunities. As a result, it reduces the discount rate and thus increases the present value of the shares.

For Iceland, where the company is a minority owner, the fair value is determined on the basis of the price of the most recent share issue.

ESTIMATION OF FAIR VALUE OF LOANS

The determining parameters when assessing the fair value of loans are, above all, the required rate of return and risk, i.e. the risk of being affected by credit losses. When assessing the fair value of *loans*, the present value is calculated based on future payments of interest and amortizations. The discount rate is the estimated market interest rate for the loan. The interest rate shall reflect the required return and risk premium for the loan in question. The risk is dependent on the underlying security for the loan. Usually the asset (land and plant) is pledged, which means that the project can be continued even if the borrower does not fulfil its payments. Should the project not be completed, it is fairly easy to move Climeon's Heat Power modules to another project.

When calculating loans to Japanese companies, an interest rate of 8.30 percent was used, which corresponds to the interest rate on Baseload Capital's green bond. For Iceland, a discount rate of 5.0 percent has been used, which the company considers as market-based for a convertible loan for a geothermal facility in Iceland. The convertible loan to Varmaorka is not financed by the company's green bond.

When assessing the fair value of the loan to Wendel in the US, the current risk profile has been assessed, which has resulted in a conservative assessment compared to actual debt including accrued interest.

Financing

ORGANIZATION

Baseload Capital's financing and management of financial risks is made in accordance with the guidelines adopted by the Board.

FINANCING

During the first fiscal year 2018, Baseload Capital was financed exclusively through equity capital. In 2019, the company was financed partly by additional capital raised in the form of long-term loans from the parent company Baseload Capital Holding AB, and partly by a green bond. In the future, financing will be via both short-term and long-term borrowing. The financing framework gives the company the opportunity to fulfill decided investment commitments and to act at short notice in interesting investment opportunities.

INCOME STATEMENTS

		Group		Parent Company	
		1 Jan - 31 Dec		1 Jan - 31 Dec	
TSEK	Note	2019	2018*)	2019	2018*)
Sales of investment services	1	1 184	599	1 184	599
Revaluation of financial instruments	2,3	52 122	89 920	52 122	89 920
Management cost	2,4,5,6,7,8	-20 805	-6 273	-20 890	-6 273
Operating profit/loss		**32 500**	**84 246**	**32 416**	**84 246**
Financial income	2	9 918	1 836	9 918	1 836
Financial costs	2	-39 950	-20	-39 931	-20
Profit before tax		**2 468**	**86 062**	**2 403**	**86 062**
Tax	9	-	-	-	-
Profit/loss for the year		**2 468**	**86 062**	**2 403**	**86 062**

*) The Group 2018 covers the period 8 March - 31 December, the parent company 2018 covers the period 3 January - 31 December.

TOTAL PROFIT/LOSS FOR THE PERIOD

Profit/loss for the year	2 468	86 062	2 403	86 062
Total profit/loss for the year	**2 468**	**86 062**	**2 403**	**86 062**

STATEMENTS OF FINANCIAL POSITIONS

		Group		Parent Company	
		Dec 31	Dec 31	Dec 31	Dec 31
TSEK	Note	2019	2018	2019	2018
ASSETS					
Shares in subsidiaries	3,10	143 211	76 409	143 212	76 409
Shares in associated companies	3,10	26 116	23 497	26 116	23 497
Long term receivables on subsidiaries	3,11	144 331	41 491	145 590	41 491
Long term receivables on associated companies	3,11	-	27 715	-	27 715
Other long term receivables	3,12	-	14 913	-	14 913
Right to use assets	2,6	1 535	1 253	1 535	1 253
Total non-current assets		**315 193**	**185 279**	**316 453**	**185 279**
Short term receivables on group companies		1 579	100	1 579	100
Short term receivables on associated companies	3,13	20 576	-	20 576	-
Short term receivables on other companies	3,14	7 564	-	7 564	-
Other short term receivables		713	944	695	944
Cash and cash equivalents		498 303	2 719	497 701	2 719
Total current assets		**528 735**	**3 763**	**528 115**	**3 763**
TOTAL ASSETS		**843 928**	**189 042**	**844 569**	**189 042**
EQUITY AND LIABILITIES					
Share capital		5 038	5 038	5 038	5 038
Other capital contributions		225	225	225	225
Retained earnings/loss		181 062	95 000	181 062	95 000
Profit/loss for the year		2 468	86 062	2 403	86 062
Total equity		**188 793**	**186 325**	**188 727**	**186 325**
Long term liabilities to group companies	15	158 001	-	158 001	-
Financial leasing liabilities	2,6	1 535	1 253	1 535	1 253
Long term interest bearing liabilities	16	492 042	-	492 042	-
Total long term liabilities		**651 579**	**1 253**	**651 579**	**1 253**
Current liabilities to group companies		-	-	938	-
Other current liabilities	17	1 314	261	1 082	261
Accrued expenses and prepaid income	18	2 243	1 203	2 243	1 203
Total short term liabilities		**3 557**	**1 464**	**4 263**	**1 464**
TOTAL EQUITY AND LIABILITIES		**843 928**	**189 042**	**844 569**	**189 042**

STATEMENTS OF CHANGES IN EQUITY

Group

TSEK	Share capital	Other capital contributions	Retained profit/loss	Other income	Total equity
Shareholders equity as per March 8, 2018	**-**	**-**	**-**	**-**	**-**
Other comprehensive income	-	-	-	86 062	86 062
Total profit/loss for the year	**-**	**-**	-	**86 062**	**86 062**
Share issue	5 038	225	-	-	5 263
Shareholders contribution	-	-	95 000	-	95 000
Shareholders equity as per December 31, 2018	**5 038**	**225**	**95 000**	**86 062**	**186 325**
Other comprehensive income	-	-	-	2 468	2 468
Total profit/loss for the year	**-**	**-**	-	**2 468**	**2 468**
Transfer of previous year's profit/loss	-	-	86 062	-86 062	-
Shareholders equity as per December 31, 2019	**5 038**	**225**	**181 062**	**2 468**	**188 793**

Parent Company

	Restricted capital		Unrestricted capital		
TSEK	Share capital	Share premium reserve	Retained profit/loss	Other income	Total equity
Shareholders equity as per January 3, 2018	**-**	**-**	**-**	**-**	**-**
Other comprehensive income	-	-	-	86 062	86 062
Total profit/loss for the year	**-**	**-**	-	**86 062**	**86 062**
Share issue	5 038	225	-	-	5 263
Shareholders contribution	-	-	95 000	-	95 000
Shareholders equity as per December 31, 2018	**5 038**	**225**	**95 000**	**86 062**	**186 325**
Other comprehensive income	-	-	-	2 403	2 403
Total profit/loss for the year	**-**	**-**	-	**2 403**	**2 403**
Transfer of previous year's profit/loss	-	-	86 062	-86 062	-
Shareholders equity as per December 31, 2019	**5 038**	**225**	**181 062**	**2 403**	**188 727**

STATEMENTS OF CASHFLOW

TSEK	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
OPERATING ACTIVITIES					
Sales of investment services		1 184	465	1 184	465
Management cost paid		-19 485	-4 737	-18 632	-4 737
Other items affecting cash flow		-926	-1 002	-1 159	-1 002
Cash flow from operating activities before financial items		-19 227	-5 274	-18 607	-5 274
Interest received		1 714	-	1 714	-
Interest paid and set up fees		-34 263	-	-34 244	-
Other financial items		-	-	-	-
CASH FLOW FROM OPERATING ACTIVITIES		**-51 776**	**-5 274**	**-51 137**	**-5 274**
INVESTING ACTIVITIES					
Purchase/sales of shares		-12 235	-11 150	-12 236	-11 150
CASHFLOW FROM INVESTING ACTIVITIES		**-12 235**	**-11 150**	**-12 236**	**-11 150**
FINANCING ACTIVITIES					
Loans raised and amortization of debt		492 042	-	492 042	-
Share issue		-	5 263	-	5 263
Shareholders contribution		-	95 000	-	95 000
Change in financing of group- and associated companies		67 553	-65 381	66 312	-65 381
Change in financing of other companies		-	-15 738	-	-15 738
CASHFLOW FROM FINANCING ACTIVITIES		**559 595**	**19 143**	**558 355**	**19 143**
Effect of exchange rate changes		-	-	-	-
NET CASH FLOW FOR THE YEAR		**495 584**	**2 719**	**494 982**	**2 719**
Cash and cash equivalents at start of year		2 719	-	2 719	-
CASH AND CASH EQUIVALENTS AT END OF YEAR		**498 303**	**2 719**	**497 701**	**2 719**

NOTE 1 Sales of investment services

	Group		Parent Company	
TSEK	**2019**	**2018**	**2019**	**2018**
External sales	884	499	884	499
Internal sales	300	100	300	100
Total	**1 184**	599	**1 184**	**599**

External sales consist of consulting services. Internal sales consist of services to the parent company Baseload Capital Holding AB. Baseload Capital has re-invoiced services (including geothermal surveys) for SEK 3.5 million (SEK 6.5 million) without a mark up to the Japanese subsidiaries and SEK 2.7 million (SEK 0.0 million) has been re-invoiced to the Taiwanese subsidery. This have not been reported as sales.

NOTE 2

IFRS 16 Leasing

Comparative figures for the previous year have been restated in accordance with the new accounting principle, IFRS 16 Leasing, which was implemented from the financial year 2019. Below is the effect for the Parent Company and the Group in the income statement and balance sheet.

Accrued interest income and interest expenses

With the introduction of the new interest deduction limitation rules, the Parent Company and the Group choose to report accrued interest income under Financial income and interest expenses under Financial costs in the income statements. Previously, these items have been recognized in the income statement under Revaluation of financial assets. The comparative figures for the previous year have been restated in accordance with the new accounting principle that was implemented from the financial year 2019. Below is the effect for the Parent Company and the Group's income statements, the balance sheets are not affected.

Effect on income statements

Income statement & total profit/loss for the year TSEK	According to previous principles	IFRS 16	Accrued interests	Restated
Sales of investment services	599	-	-	599
Revaluation of financial assets	91 756	-	-1 836	89 920
Management cost	-6 293	20	-	-6 273
Operating profit/loss	**86 062**	**20**	**-1 836**	**84 246**
Financial income	-	-	1 836	1 836
Financial costs	-	-20	-	-20
Profit before tax	**86 062**	**-**	**-**	**86 062**
Tax	-	-	-	0
Profit/loss for the year	**86 062**	**-**	**-**	**86 062**
Total profit/loss for the year	**86 062**	**-**	**-**	**86 062**

Effect on statements of financial positions

Statement of financial positions (extract) TSEK	Dec 31 2018 According to previous principles	IFRS 16	Accrued interests	Dec 31 2018 Restated
ASSETS				
Right to use assets	-	1 253	-	1 253
Total non-current assets	**184 026**	**1 253**	**-**	**185 279**
Total current assets	**3 763**	**-**	**-**	**3 763**
TOTAL ASSETS	**187 789**	**1 253**	**-**	**189 042**
EQUITY AND LIABILITIES				
Total equity	**186 325**	**-**	**-**	**186 325**
Financial leasing liabilities	-	1 253	-	1 253
Total long term liabilities	**-**	**1 253**	**-**	**1 253**
Total short term liabilities	**1 464**	**-**	**-**	**1 464**
TOTAL EQUITY AND LIABILITIES	**187 789**	**1 253**	**-**	**189 042**

NOTE 3 Valuation of financial instruments

Revaluation shares and receivables

Koncernen	Group		Parent Company	
TSEK	**2019**	**2018**	**2019**	**2018**
Revaluation of shares in subsidiaries	65 227	75 605	65 227	75 605
Revaluation of shares in associated companies	-8 042	13 151	-8 042	13 151
Revaluation of loans to subsidiaries	2 086	1 628	2 086	1 628
Revaluation loans to associated companies	-650	1 160	-650	1 160
Revaluation of loans to other companies	-9 350	-2 511	-9 350	-2 511
Total revaluation	**49 272**	**89 033**	**49 272**	**89 033**
Exchange rate differences on loans	2 850	887	2 850	887
Total	**52 122**	**89 920**	**52 122**	**89 920**

As of 2019, the part of the change in value of loans that comprise accrued interest is reported as financial income. The change in value of loans for 2018 has been restated in accordance with this principle, see Note 2.

Group	December 31, 2019				December 31, 2018			
TSEK	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
ASSETS								
Shares	-	-	169 327	169 327	-	-	99 906	99 906
Loans	-	-	172 471	172 471	-	-	84 119	84 119
Total assets	**-**	**-**	**341 798**	**341 798**	**-**	**-**	**184 026**	**184026**

In accordance with IFRS 13, financial instruments are carried at fair value based on a 3-level hierarchy. The classification is based on the input data used in the valuation of the instruments. Instruments in Level 1 are valued at quoted prices for identical instruments in an active market. Instruments in Level 2 are valued in a valuation model which uses input data that are directly or indirectly observable in the market. Input data used in the valuation models include interest rates, volatility and dividend estimates. Instruments in Level 3 are valued using a valuation technique based on input data which are not observable in a market.

Group	December 31, 2019			December 31, 2018		
TSEK	Assets at fair value through profit and loss	Amortized cost	Total	Assets at fair value through profit and loss	Amortized cost	Total
ASSETS						
Shares	169 327	-	169 327	99 906	-	99 906
Loans	172 471	-	172 471	84 119	-	84 119
Cash and cash equivalent	-	498 303	498 303	-	2 719	2 719
Total assets	**341 798**	**498 303**	**840 101**	**184 026**	**2 719**	**186 745**

	December 31, 2019			December 31, 2018		
TSEK	Assets at fair value through profit and loss	Amortized cost	Total	Assets at fair value through profit and loss	Amortized cost	Total
LIABILITIES						
Green bond	-	492 042	492 042	-	-	-
Long term liabilities to parent company	-	158 001	158 001	-	-	-
Financial leasing liabilities	-	1 535	1 535	-	1 253	1 253
Short term interest bearing liabilities	-	-	-	-	-	-
Total liabilities	**-**	**651 579**	**651 579**	**-**	**1 253**	**1 253**

Valuation of shares at fair value - method and sensitivity analysis

In the section Significant assessment items for financial reporting under the heading Assessment of fair value of shares on page 10, it is described how the fair value assessment of shares is carried out. There is a description of which parameters affect the annual cash flow and thus the calculated "gross present value". Furthermore, the main risk factors that have been identified and used in calculating a "net present value" based on the gross present value are described. The net present value is the risk-adjusted gross present value and which is used to determine the fair value of shares. At Baseload Capital's portfolio as a whole, the Net present value/Gross present value ratio is 35% (28%).

Sensitivity analysis

The table shows that the grid capacity and the flow from the source, it is affecting the present value most. The main parameters are flow from the source, network capacity, investment costs and operating costs. The sensitivity analysis is made on Baseload Capital's portfolio as a whole and is based on the annual cash flow before risk correction, ie the cash flow used in calculating the gross present value. The total gross present value in the sensitivity analysis is SEK 673 million. The table below shows how the present value is affected in TSEK or in percent if different factors increase or decrease by 10 percent.

Change	Flow from the source	Grid capacity	Investment costs	Operating costs
+ 10%	147 966	147 966	-80 629	-38 210
- 10%	-147 967	-147 967	80 628	38 209
+ 10%	22%	22%	-12%	-6%
- 10%	-22%	-22%	12%	6%

The table shows that the flow from the source and network capacity and are what influences the present value most. The sensitivity analysis shows the impact on the company's portfolio as a whole, however, the effect of different factors' impact can vary between different power plants as the relation between different input values may vary, such as investment costs, operating costs, electricity production and discount rate.

Discount rate

The table below shows how the discounted value of the company's portfolio is affected if the discount rate changes, given that current risk correction factors are constant. Values in bold show the discount rate and the corresponding fair value used in valuing the company's portfolio as of December 31, 2019. The sensitivity analysis does not include Iceland as the company is a minority owner of Varmaorka. The fair value of the shares is based on the price at latest share-issue.

Discount rate	Fair value		
	Japan	Taiwan	Total
4,0%	332 073	269 538	601 611
5,0%	250 094	185 964	436 058
6,0%	190 067	130 446	320 513
7,0%	142 325	89 266	231 591
8,3%	**92 258**	**48 574**	**140 832**
9,0%	69 537	30 890	100 427
10,0%	41 012	9 492	50 504
11,0%	18 764	2 506	21 270

Sensitivity analysis foreign currencies

Currency	Exchange rate	Change	Ex-rate	Effect on the income statement		
TSEK	December 31	SEK in %	Simulated	Shares	Loans	Total
SEK get weaker						
EUR	10,43	10%	11,48	2 612	2 058	4 669
JPY	0,0853	10%	0,0939	9 306	13 863	23 170
TWD	0,311	10%	0,342	5 015	570	5 584
USD	9,32	10%	10,25	-	756	756
SEK get stronger						
EUR	10,43	-10%	9,39	-2 612	-2 058	-4 669
JPY	0,0853	-10%	0,0768	-9 306	-13 863	-23 170
TWD	0,311	-10%	0,280	-5 015	-570	-5 584
USD	9,32	-10%	8,39	-	-756	-756

The company's assets are exposed to foreign currencies. The table above shows how the income statement item - Revaluation of financial instruments, is affected if the Swedish krona is weakened or strengthened by 10% against the current currencies.

Liquidity analysis group

Maturity structure for undiscounted receivables and liabilities 2019

TSEK	< 1 year	1-2 years	3-5 years	> 5 years	Total
Loans					
to subsidiaries	-	-	144 331	-	144 331
to parent company	1 579	-	-	-	1 579
to associated companies	20 576	-	-	-	20 576
to other companies	7 564	-	-	-	7 564
Other receivables					
on others	713	-	-	-	713
Liabilities					
Green bond	-	-	-492 042	-	-492 042
Long term liabilities to parent company	-	-	-158 001	-	-158 001
Financial leasing liabilities	-	-676	-860	-	-1 535
Short term interest bearing liabilities	-	-	-	-	-
Other short term liabilities	-3 557	-	-	-	-3 557
Total	**26 875**	**-676**	**-506 572**	**-**	**-480 373**

Maturity structure for undiscounted receivables and liabilities 2018

TSEK	< 1 year	1-2 years	3-5 years	>5 years	Total
Loans					
to subsidiaries	-	-	39 814	-	39 814
to associated companies	1 156	29 296	-	-	30 452
to other companies	1 566	17 755	-	-	19 321
Other receivables					
claims on group companies	100	-	-	-	100
on others	656	-	288	-	944
Liabilities	-1 464	-	-	-	-1 464
Total	**2 014**	**47 051**	**40 102**	**-**	**89 167**

The company also has loan commitments to the subsidiaries totaling 284 337 TSEK (171 306 TSEK), where payments are uncertain in time and amount, see note 19.

NOTE 4 Average number of employees, Parent Company

Age group	2019 Number of employees	2019 of whom, women	2018 Number of employees	2018 of whom, women
-30	1	-	-	-
30-50	4	2	2	1
50-	1	-	1	-
Total	**6**	**2**	**3**	**1**

NOTE 5 Wages, salaries and other remuneration; social security costs

TSEK	2019				2018			
	Directors' fees	Salaries and other remuneration	Social security costs	Of which, pension costs	Directors' fees	Salaries and other remuneration	security costs	Of which, pension costs
	-	6 947	3 029	753	-	1 571	667	145

Executive Management's compensation and pension costs for 2019

TSEK	Salaries and other remuneration	Pension costs
CEO	1 847	162
Other members of the Executive Management (2 persons)	2 407	326
Total	**4 254**	**488**

NOTE 6 Right to use assets

TSEK	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Opening balance	1 361	-	1 361	-
New signed leasing contracts	582	1 361	582	1 361
Concluded leasing contracts	-	-	-	-
Acquisition costs at year end	1 943	1 361	1 943	1 361
Accumulated depreciation at the beginning of the year	-108	-	-108	-
Depreciations for the year	-300	-108	-300	-108
Depreciation on completed leases	-	-	-	-
Accumulated depreciation at year-end	-408	-108	-408	-108
Closing balance	**1 535**	**1 253**	**1 535**	**1 253**

IFRS 16 is the new accounting standard for leases and the biggest impact is related to the accounting for lessee is that leases are recognized in the balance sheet. For Baseload, this means a changed accounting principles of leasing contracts for cars. Implementation of the new leasing standard results in increased assets and interest-bearing liabilities in the balance sheet. It also has a positive impact on operating income in the income statement based on the fact that part of the leasing costs is reported as an interest expense within the financial net. In the cash flow analysis, leasing payments are reported as management costs as before. IFRS 16 is applied retroactively for both the Parent Company and the Group with restatement of comparative figures. Thus, the opening balance for 2019 has been restated in accordance with the new standard, see Note 2.

NOTE 7 Auditors' fees

TSEK	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
PWC				
Audit assignment	941	361	941	361
Auditing activities in addition to audit assignment	-	-	-	-
Tax consulting	51	-	51	-
Other assignments	75	-	75	-
Total	**1 068**	**361**	**1 068**	**361**

NOTE 8 Management cost

TSEK	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Personnel costs	11 069	2 410	10 460	2 410
Costs related to subsidiaries i Japan and Taiwan	6 240	6 485	6 240	6 485
Invoicing to subsidiaries in Japan and Taiwan	-6 240	-6 485	-6 240	-6 485
Other external costs	9 736	3 863	10 430	3 863
Total	**20 805**	**6 273**	**20 890**	**6 273**

Costs related to subsidiaries in Japan and Taiwan consist of costs invoiced to the company before the subsidiaries were established. The costs include landlease, legal costs and costs for drilling and land preparation. These costs have been re-invoiced by the company without a mark up to the subsidiaries. Other external expenses consist mainly of legal fees, consulting services, remuneration to auditors, marketing costs and travel expenses.

NOTE 9 Tax calculation

TSEK	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Reported tax according to the income statement	-	-	-	-

TSEK	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Reported earnings before tax	32 500	86 062	32 416	86 062
Tax at current tax rate (2019 21,4%, 2018 22%)	-6 955	-18 934	-6 937	-18 934
Tax effect of non-deductible costs	-32	-15	-32	-15
Tax effect of non-taxable income	11 154	20 186	11 154	20 186
Tax effect of unrecognized loss carryforwards	-4 167	-1 238	-4 185	-1 238
Total reported effective tax	**-**	**-**	**-**	**-**

The company's and group's total loss carry-forwards amounts to 25 181 tkr (5 625 tkr) and the company's overall net interests amounts to 23 967 tkr.

NOTE 10 Shares in subsidiaries and associated companies

TSEK	Ownership	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Baseload Power Japan K.K., reg. nr. 0104-01-141634 , Japan	100%	92 255	23 193	92 255	23 193
Hayabusa Power G.K., reg. nr. 0104-03-019864 , Japan	100%	200	5 384	200	5 384
Iwana Power G.K., reg. nr. 0104-03-019863, Japan	100%	200	47 832	200	47 832
Kitsune Power G.K Reg. nr. 0104-01-141634, Japan	100%	200	-	200	-
Shika Power G.K reg. nr. 0104-03-020870, Japan	100%	207	-	207	-
Baseload Power Taiwan Inc. reg. nr. 85001923, Taiwan	100%	50 149	-	50 149	-
Baseload Power New Zealand Ltd NZBN: 9429047471283	100%	-	-	1	-
Varmaorka ehf., reg. nr. 500817-1430, Iceland	25%	26 116	23 497	26 116	23 497
Total		**169 327**	**99 906**	**169 327**	**99 906**

TSEK	2019	2018	2019	2018
Opening balance	99 906	-	99 906	-
Acquisition value shares	12 235	11 150	12 236	11 150
Change in value	57 186	88 756	57 186	88 756
Closing balance	**169 327**	**99 906**	**169 327**	**99 906**

Projects were revaluated and moved between the legal entities in Japan during 2019, which is why the value of the shares varies considerably between years.

NOTE 11 Long term receivables on subsidiaries and associated companies

	Group		Parent Company	
TSEK	**2019**	**2018**	**2019**	**2018**
Baseload Power Japan K.K. incl. subsidiares	138 635	41 491	138 635	41 491
Baseload Power Taiwan Inc., Taiwan	5 696	-	5 696	-
Baseload Power New Zealand Ltd, NZBN: 9429047471283	-	-	1 260	-
Varmaorka ehf., reg. nr. 500817-1430, Iceland	-	27 715	-	27 715
Total	**144 331**	**69 206**	**145 590**	**69 206**

TSEK	**2019**		**2019**	
Opening balance	69 206	-	69 206	-
Acquisition value	92 811	65 541	94 052	65 541
Amortization	-7 020	-	-7 020	-
Reclassification long term/short term receivables	-20 695	-	-20 695	-
Change in value incl. accrued interests	10 029	3 665	10 048	3 665
Closing balance	**144 331**	**69 206**	**145 590**	**69 206**

NOTE 12 Long term receivables on other companies

	Group		Parent Company	
TSEK	**2019**	**2018**	**2019**	**2018**
Wendel Energy Operation I, LCC, reg. nr. 13-4008324, USA	-	14 913	-	14 913
Total	**-**	**14 913**	**-**	**14 913**

TSEK	**2019**		**2019**	
Opening balance	14 913	-	14 913	-
Acquisition value	-	15 738	-	15 738
Reclassification long term/short term receivables	-14 913	-	-14 913	-
Change in value incl. accrued interests	-	-825	-	-825
Closing balance	**-**	**14 913**	**-**	**14 913**

NOTE 13 Short term receivables on associated companies

	Group		Parent Company	
TSEK	**2019**	**2018**	**2019**	**2018**
Varmaorka ehf., reg. nr. 500817-1430, Iceland	20 576	-	20 576	-
Total	**20 576**	**-**	**20 576**	**-**

TSEK	**2019**		**2019**	
Opening balance	-	-	-	-
Reclassification long term/short term receivables	20 695	-	20 695	-
Change in value incl. accrued interests	-119	-	-119	-
Closing balance	**20 576**	**-**	**20 576**	**-**

NOTE 14 Short term receivables on other companies

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Wendel Energy Operation I, LCC, reg. nr. 13-4008324, USA	7 564	-	7 564	-
Total	**7 564**	**-**	**7 564**	**-**

TSEK	2019		2019	
Opening balance	-	-	-	-
Reclassification long term/short term receivables	14 913	-	14 913	-
Change in value incl. accrued interests	-7 349	-	-7 349	-
Closing balance	**7 564**	**-**	**7 564**	**-**

NOTE 15 Long term liabilities to group companies

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Baseload Capital Holding AB org.nr. 559172-8224	158 001	-	158 001	-
Total	**158 001**	**-**	**158 001**	**-**

TSEK	2019		2019	
Opening balance	-	-	-	-
Acquisition value	158 001	-	158 001	-
Closing balance	**158 001**	**-**	**158 001**	**-**

NOTE 16 Long term interest bearing liabilities

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Green bond	492 042	-	492 042	-
Total	**492 042**	**-**	**492 042**	**-**

TSEK	2019		2019	
Opening balance	-	-	-	-
Acquisition value	490 206	-	490 206	-
Accrued set up fee	1 836		1 836	
Closing balance	**492 042**	**-**	**492 042**	**-**

In March 2019, the company issued a green bond of SEK 500 million with a maturity of 4 years. The assignment fee of SEK 9.8 million paid in connection with the issue is accrued over the term of the bond. The framework for the bond has been designed in collaboration with DNB. The green certification of the bond was performed by Sustainalytics. The interest rate is 3m Stibor + 8.25% with quarterly coupon and Stibor flooring at 0%.

NOTE 17 Other current liabilities

	Group		Parent Company	
TSEK	2019	2018	2019	2018
Accounts payable	916	148	873	148
Other current liabilities	397	113	209	113
Total	**1 314**	**261**	**1 082**	**261**

NOTE 18 Long term liabilities to group companies

TSEK	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Accrued interest expense green bond	904	-	904	-
Accrued social security contributions and payroll taxes	472	116	472	116
Accrued vacation pay	467	81	467	81
Audit reserve	400	200	400	200
Other accrued expenses and prepaid income	0	806	0	806
Total	**2 243**	**1 203**	**2 243**	**1 203**

NOTE 19 Pledged assets and contingent liabilities

TSEK	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
Pledged collateral for loan	500 000	-	500 000	-
Loan commitments to subsidiaries	284 337	171 306	284 337	171 306
Total	**784 337**	**171 306**	**784 337**	**171 306**

In March 2019, Baseload Capital Sweden AB (publ) issued a secured green bond with SEK 500m nominal value. Baseload Capital Holding AB (publ) has provided a guarantee for the bond, as well as pledged all shares in Baseload Capital Sweden AB (publ). If the bondholders demand that the bond loan should be repaid in advance in connection with, for example a breach of covenants, they have the opportunity to apply for payment from Baseload Capital Sweden AB (publ), but also from Baseload Capital Holding AB and Baseload Power Japan, if Baseload Capital Sweden AB (publ) cannot repay the loan in full. The guarantee applies to the entire duration of the loan, ie until March 22, 2023. If a situation arises where the bondholders require the loan to be paid in advance, it is likely that Baseload Capital Holding AB will be required to honor it's obligation for at least a part of the total, depending on Baseload Capital Sweden AB's (publ) financial situation at the time. As of December 31, 2019, no bond funds have been drawn from the escrow account where the net proceeds from the bond issue is placed. This means that the largest possible net effect for all guarantors and the issuer was approximately SEK 84 million. It is likely that money from the escrow account will be used for projects in the coming year, and in this case the net effect will be larger. Should Baseload Capital Holding AB be required to pay because Baseload Capital Sweden AB (publ) is unable to pay, Baseload Capital Holding AB is entitled to demand the money from Baseload Capital Sweden AB (publ).
Loan commitments to subsidiaries consist of the part of the agreed loan amount, with subsidiaries in Japan and Taiwan, which have not yet been paid.

NOTE 20 Related-party transactions

Transactions with related parties

The company rent promises on market terms from Gullspång Invest AB, who owned 20,7% (26,2%) of the parent company Baselaod Capital Holding AB as per December 31, 2019. Furthermore, the company has purchased accounting services for SEK 40 thousand (SEK 0 thousand) from Gullspång Invest AB.

The company has sold consulting services for SEK 0.8 million (SEK 0.5 million) at market prices to Climeon AB (publ), which owned 15,7% (19,8%) of the parent company Baseload Capital Holding AB as of December 31, 2019.

Transactions with subsidiares

The company has, without surcharge, re-invoiced purchased services related to the subsidiaries. Sales of the services to the Japanese subsidiaries amounted to SEK 3.5 million (6.5 million) and to the Taiwanese subsidiary to SEK 2.7 million (SEK 0 million). The reason for the services being bought and billed by the company was mainly because the subsidiaries were not registered at the time of invoicing.

Transactions with associated companies

The company has sold investment services to the associated company Varmaorka to a value of SEK 40 thousand (SEK 0 thousand).

Transactions with parent company

The company has sold administrative services to the parent company Baseload Holding AB for SEK 300 thousand (SEK 200 thousand).

Stockholm, March 16, 2020

Magnus Brandberg
Chairman

Anders Jacobson
Director

Susanne Liljefors Krueger
Director

Per Olofsson
Director

Karl White
Director

Alexander Helling
CEO

Our audit report was submitted on March 16, 2020

Öhrlings PricewaterhouseCoopers AB

Daniel Algotsson
Authorized Public Accountant