



**BASELOAD
CAPITAL**

INTERIM REPORT

1 JANUARY - 30 SEPTEMBER 2021



**WORKING FOR A PLANET
IN BALANCE**

Q3

**BASELOAD CAPITAL SWEDEN AB (PUBL)
ORG NR 559143-5051**



INTERIM REPORT – QUARTER 3 2021

During the third quarter, the focus continued to be on project and business development as well as to drive important long-term projects forward.

- Profit/loss for the quarter was SEK -15.0 million, with revaluation of projects and loans to subsidiaries accounting for SEK -1.9 million. The exchange rate differences as a result of a weaker Swedish krona were SEK 9.5 million.
- In Iceland, our local development company is working to bring existing power plants to full capacity and sign new land leases for future project development.
- In the US, we are working on commissioning a power plant on an existing oil field in California. This will be a pilot project where we use water from oil and gas wells and produce green electricity from the wastewater. The Wendel project is awaiting a permit for wastewater, and we expect a decision from the California Water Board in Q1 2022.
- In Taiwan, the drilling at Westlake has been completed, which has resulted in less flow than expected. The work with the well has increased our knowledge about the geology of the area. We found a permeable zone on a shallower level and planning for a second well is now in progress.
- In Japan, our local development company is working on the completion of construction and commissioning of San Sui as part of the larger Waita project. The goal was to put the project into operation before the end of the year, but due to travel restrictions, it looks like it will be delayed until Q1 2022.



CEO COMMENTARY

During the third quarter, the focus continued to be on project and business development as well as to drive important long-term projects forward. Baseload participated in the World Geothermal Conference in Iceland in October and has been asked by the major geothermal interest groups to conduct industry roundtable discussions to create better global conditions for the entire geothermal industry.

Baseload Capital is an increasingly established player in a growing industry and we see an increased inflow of project inquiries, collaboration opportunities and also a greater commitment from authorities and countries. We also see an increased interest for collaboration from the oil and gas companies and their subcontractors such as drilling- and service companies. We believe that collaborations with existing and new technology companies make it possible to reduce the total costs for new projects.

In our focus markets work is progressing, although slower than planned due to covid, technology problems and travel restrictions among other things.

In Iceland, our local development company is working to bring existing power plants to full capacity and sign new land leases for future project development.

In the US, we are working on commissioning a power plant on an existing oil field in California. This will be a pilot project where we use water from oil and gas wells and produce green electricity from the wastewater. The Wendel project is awaiting a wastewater permit, and we expect a decision from the California Water Board in Q1 2022.

In Taiwan, the drilling at Westlake has been completed, which has resulted in less flow than expected. The work with the well has increased our knowledge about the geology of the area. We found a permeable zone on a shallower level and planning for well two is now in progress.

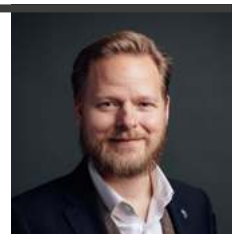
In Japan, our local development company is working on the completion of construction and commissioning of San Sui as part of the larger Waita project. The goal was to put the project into operation before the end of the year, but due to travel restrictions, it looks like it will be delayed until Q1 2022.

Profit/loss for the quarter was SEK -15.0 million, with revaluation of projects and loans to subsidiaries accounting for SEK -1.9 million. The exchange rate differences as a result of a weaker Swedish krona were SEK 9.5 million.

For the fourth quarter, the focus will continue to be on commissioning power plants in the USA, Japan and Iceland and initiating drilling of the second well in Taiwan.

NOVEMBER 2021, STOCKHOLM

ALEXANDER HELLING
CEO BASELOAD CAPITAL





SIGNIFICANT EVENTS DURING THE QUARTER

INVESTMENT ACTIVITIES

During the quarter, the company invested SEK 10.2 million (JPY 129.0 million) in Japan, SEK 4.7 million (TWD 15.1 million) in Taiwan, SEK 5.2 million (USD 0.6 million) in the US and SEK 25.8 million (EUR 2.5 million) in Iceland.

FINANCING

During the first quarter, the company raised a loan of SEK 40.7 million from the parent company, Baseload Capital Holding AB. During the quarter, SEK 25.5 million was deducted from the bond proceeds account for financing projects in Iceland.

COVID-19

It is still difficult to assess the short and long-term impacts of the Covid-19 pandemic. Baseload Capital's and the portfolio companies' employees have the opportunity to work from home as much as possible, as well as take the precautionary measures advocated by each country's authorities. As the vaccine roll-out continues and international travel regulations begin to adjust, it will slowly become easier for employees in Sweden to visit and follow up on existing and new potential markets.

Obviously, project delays would in turn delay cash flows from projects, both in terms of investments and revenues, so we are actively monitoring the situation in each country, and following any new directives that may be introduced, while putting the health of our employees first. We have observed some project delays and note that projects can be delayed at short notice for various reasons.

SIGNIFICANT POST-CLOSING EVENTS

INVESTMENT ACTIVITIES

Since the end of the quarter, the company has invested an additional SEK 4.0 million (JPY 50.0 million) in Japan and SEK 5.0 million (TWD 15.8 million) in Taiwan. No additional funds have been deducted from the bond proceeds account.

FINANCING

Since the end of the quarter, the company has raised loans of SEK 13.5 million from the parent company Capital Holding AB.

BOND COVENANTS

In connection with the company issuing a green bond during the first quarter of 2019, a number of covenants were set for the company to fulfill. During 2020, the covenants were renegotiated and amended. They are reported below.

MINIMUM CASH (LIQUIDITY COVENANT)

At the end of the quarter, the parent company Baseload Capital Sweden AB (publ) had SEK 15.2 million in free cash and cash equivalents and SEK 308.7 million in the blocked bond account.

Baseload Capital Holding AB (guarantor of the bond loan) had SEK 131.4 million in cash and cash equivalents at the end of the quarter.

Baseload Power Japan (guarantor of the bond loan) had SEK 5.7 million (JPY 72.2 million) in cash at the end of the quarter.

In total, liquidity, in free funds, for the three companies will total SEK 152.2 million, which exceeds the minimum requirement for 12-month interest payments. With the current bond coupon of 8.25%, total interest payments, 12 months ahead, will be approximately SEK 41 million.

OPERATIONAL PROJECT INVESTMENTS TO EBITDA

The covenant measures invested bond funds above EBITDA at project level for projects that have been completed. To meet the covenant, a ratio of 10:1 is required.

As no projects have been completed where bond funds have been used, the covenant cannot currently be measured. If the covenant cannot be measured, it is considered fulfilled.

ADJUSTED EQUITY RATIO

The covenant measures equity and loans from the parent company (subordinated to the bond loan) in relation to total assets adjusted for cash and cash equivalents (including cash and cash equivalents on the bond account). The ratio must be at least 20%.

The parent company's equity amounted to SEK 37.2 million at the end of the quarter and loans from the parent company Baseload Capital Holding AB were SEK 309.2 million. Total assets were SEK 884.2 million. Cash and cash equivalents amounted to SEK 323.8 million. The ratio at the end of the quarter was 61.8 % and the covenant is therefore considered fulfilled.



OTHER INFORMATION

PRELIMINARY FINANCIAL CALENDAR

Interim report fourth quarter 2021
February 25, 2022

CONTACT PERSON

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CONTACT INFORMATION

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PERSONNEL AND ORGANIZATION

The average number of employees during the period January to September was 7(8), of which 3 were women and 4 men. At the end of the period, the number of employees was 9 (8).

MATERIAL RISKS AND FACTORS OF UNCERTAINTY

The business is exposed to various types of financial risks such as market risk (including interest rate, currency and other price risk), counterparty- / credit risk and liquidity risk. A detailed account of the company's significant financial risks can be found under the section **Financial risk management** in the annual report for 2020.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

As Baseload Capital is an Investment Entity and thus reports investments at fair value through profit or loss, the assessment of the fair value of financial instruments is essential for financial reporting. Assessment of the fair value of financial instruments consists primarily of valuing the market value of invested capital and loans to portfolio companies, ie companies that design, build and operate geothermal power plants.

The company has prepared a model for assessing the fair value of shares and loans, which is described in the section **Critical accounting estimates and judgements** in the annual report for 2020.

REVIEW

This interim report has not been reviewed by the company's auditors.

This report has been prepared in Swedish, and this is an English version. In the event of deviations between the two, the Swedish version shall apply.



FINANCIAL STATEMENTS IN BRIEF - GROUP

INCOME STATEMENT

TSEK	2021	2020	2021	2020	2020
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Revaluation of financial assets	-1 946	7 515	-37 161	23 835	-6 916
Interest from financial assets at fair value through profit or loss	8 657	5 475	21 161	12 952	19 299
Interest income	-10	30	8	89	118
Net foreign currency gains or losses on cash and cash equivalents	-173	-21	-139	-62	-83
Other income	1 923	494	3 426	779	1 696
Total net income	8 452	13 494	-12 706	37 593	14 115
Management cost	-5 354	-5 229	-18 171	-15 736	-22 498
Operating profit/loss	3 098	8 265	-30 877	21 857	-8 383
Interest expense	-18 001	-15 265	-49 076	-47 504	-62 916
Net foreign currency gains/losses on borrowings	-14	-2	-47	-5	-7
Total finance costs	-18 016	-15 266	-49 123	-47 510	-62 923
Profit before tax	-14 918	-7 002	-80 000	-25 653	-71 306
Tax	-34	0	-34	-28	-34
Profit/loss for the period	-14 952	-7 001	-80 033	-25 681	-71 340

TOTAL PROFIT/LOSS FOR THE PERIOD

Profit/loss for the period	-14 952	-7 001	-80 033	-25 681	-71 340
Total profit/loss for the period	-14 952	-7 001	-80 033	-25 681	-71 340

STATEMENT OF FINANCIAL POSITIONS

TSEK	2021	2020	2020
	September 30	September 30	December 31
ASSETS			
Intangible assets	433	509	509
Tangible assets	281	-	-
Shares in subsidiaries	105 381	158 072	149 501
Shares in associated companies	53 517	55 295	52 659
Shares in other companies	2 380	2 375	2 352
Long term receivables on subsidiaries	393 273	281 701	279 921
Right to use assets	1 104	1 350	1 289
Total non-current assets	556 369	499 302	486 231
Short term receivables on group companies	-	-	375
Short term receivables on associated companies	-	-	-
Short term receivables on other companies	-	-	-
Tax receivables	132	25	34
Other short term receivables	2 612	1 742	2 284
Cash and cash equivalents	325 377	383 414	372 753
Total current assets	328 121	385 180	375 446
TOTAL ASSETS	884 490	884 483	861 677
EQUITY AND LIABILITIES			
Share capital (50 375 shares with a quota value of SEK 100)	5 037	5 038	5 037
Other capital contributions	225	225	225
Retained earnings/loss	112 191	183 530	183 530
Profit/loss for the period	-80 033	-25 681	-71 340
Total equity	37 420	163 112	117 453
Long term liabilities to group companies	345 295	220 877	243 422
Financial leasing liabilities	-113	411	381
Long term interest bearing liabilities	497 231	493 879	495 621
Total long term liabilities	842 413	715 166	739 424
Current liabilities to group companies	108	-	446
Financial leasing liabilities	1 217	940	908
Other current liabilities	1 788	3 328	1 943
Accrued expenses and prepaid income	1 545	1 938	1 503
Total short term liabilities	4 658	6 205	4 800
TOTAL EQUITY AND LIABILITIES	884 490	884 483	861 677



FINANCIAL STATEMENTS IN BRIEF - GROUP CONT.

CHANGES IN EQUITY

TSEK	Share capital	Other capital contributions	Retained profit/loss	Profit/loss for the period	Total equity
Shareholders equity as per December 31, 2019	5 037	225	181 062	2 468	188 793
Profit/loss for the period	-	-	-	-25 681	-25 681
Total profit/loss for the period	-	-	-	-25 681	-25 681
Transfer of previous year's profit/loss	-	-	2 468	-2 468	-
Shareholders equity as per September 30, 2020	5 037	225	183 530	-25 681	163 112
Profit/loss for the period	-	-	-	-45 659	-45 659
Total profit/loss for the period	-	-	-	-45 659	-45 659
Shareholders equity as per December 31, 2020	5 037	225	183 530	-71 340	117 453
Profit/loss for the period	-	-	-	-80 033	-80 033
Total profit/loss for the period	-	-	-	-80 033	-80 033
Transfer of previous year's profit/loss	-	-	-71 340	71 340	-
Shareholders equity as per September 30, 2021	5 037	225	112 191	-80 033	37 420

CASHFLOW STATEMENT

TSEK	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
OPERATING ACTIVITIES					
Purchase of shares	1 100	-21 200	-	-23 575	-23 575
Proceeds from sale of shares	-	-	-	-	-
Loans to portfolio companies	-47 512	-34 096	-87 982	-120 507	-132 680
Repayment of loans from portfolio companies	1 881	25 910	1 881	25 910	25 910
Interest received	23	0	23	40	40
Purchase sales of intangible assets	-	-130	-	-509	-509
Other income	1 923	494	3 426	779	1 696
Management cost paid	-5 726	-3 209	-17 871	-13 032	-21 288
Other items affecting cash flow	-967	1 039	-942	949	6
CASH FLOW FROM OPERATING ACTIVITIES	-49 279	-31 191	-101 467	-129 946	-150 400
FINANCING ACTIVITIES					
Proceeds from loans and borrowings	40 685	0	85 892	51 668	70 113
Repayment of loans	-62	-62	-186	-185	-247
Interest paid and set up fees	-10 602	-11 278	-31 477	-36 363	-44 933
CASHFLOW FROM FINANCING ACTIVITIES	30 020	-11 339	54 229	15 119	24 933
Exchange gains/losses on cash and cash equivalents	-173	-21	-139	-62	-83
NET CASH FLOW FOR THE PERIOD	-19 431	-42 551	-47 376	-114 889	-125 550
Cash and cash equivalents at start of the period	344 807	425 965	372 753	498 303	498 303
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	325 377	383 414	325 377	383 414	372 753



FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY

INCOME STATEMENT

TSEK	2021	2020	2021	2020	2020
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Revaluation of financial assets	-1 946	7 515	-37 161	23 835	-6 916
Interest from financial assets at fair value through profit or loss	8 657	5 461	21 161	12 908	19 299
Interest income	-24	44	8	133	177
Net foreign currency gains or losses on cash and cash equivalents	-173	-21	-139	-62	-83
Other income	1 923	494	3 426	779	1 696
Total net income	8 437	13 494	-12 706	37 593	14 174
Management cost	-5 495	-5 228	-18 357	-15 828	-22 678
Operating profit/loss	2 942	8 266	-31 063	21 765	-8 504
Interest expense	-17 955	-15 264	-49 029	-47 474	-62 916
Net foreign currency gains/losses on borrowings	-14	-2	-47	-5	-7
Total finance costs	-17 969	-15 266	-49 076	-47 479	-62 923
Profit before tax	-15 027	-7 000	-80 139	-25 715	-71 428
Tax	-	-	-	-	-
Profit/loss for the period	-15 027	-7 000	-80 139	-25 715	-71 428

TOTAL PROFIT/LOSS FOR THE PERIOD

Profit/loss for the period	-15 027	-7 000	-80 139	-25 715	-71 428
Total profit/loss for the period	-15 027	-7 000	-80 139	-25 715	-71 428

STATEMENT OF FINANCIAL POSITIONS

TSEK	2021	2020	2020
	September 30	September 30	December 31
ASSETS			
Intangible assets	433	509	509
Tangible assets	281	-	-
Shares in subsidiaries	105 382	158 073	149 502
Shares in associated companies	53 517	55 295	52 659
Shares in other companies	2 380	2 375	2 352
Long term receivables on subsidiaries	394 595	282 927	281 239
Right to use assets	1 104	1 350	1 289
Total non-current assets	557 692	500 530	487 550
Short term receivables on group companies	-	-	375
Short term receivables on associated companies	-	-	-
Short term receivables on other companies	-	-	-
Tax receivables	132	25	34
Other short term receivables	2 590	1 737	1 859
Cash and cash equivalents	323 816	382 177	371 394
Total current assets	326 539	383 939	373 662
TOTAL ASSETS	884 231	884 469	861 212
EQUITY AND LIABILITIES			
Other short term receivables	5 038	5 038	5 038
Other capital contributions	225	225	225
Retained earnings/loss	112 037	183 465	183 465
Profit/loss for the period	-80 139	-25 715	-71 428
Total equity	37 160	163 012	117 299
Long term liabilities to group companies	345 303	220 877	243 422
Financial leasing liabilities	-113	411	381
Long term interest bearing liabilities	497 231	493 879	495 621
Total long term liabilities	842 421	715 166	739 424
Current liabilities to group companies	221	-	446
Financial leasing liabilities	1 217	940	908
Other current liabilities	1 667	3 003	1 632
Accrued expenses and prepaid income	1 545	2 348	1 503
Total short term liabilities	4 650	6 291	4 489
TOTAL EQUITY AND LIABILITIES	884 231	884 469	861 212



FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY CONT.

CASHFLOW STATEMENT

	2021	2020	2021	2020	2020
TSEK	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
OPERATING ACTIVITIES					
Purchase of shares	1 100	-21 200	-	-23 575	-23 575
Proceeds from sale of shares	-	-	-	-	-
Loans to portfolio companies	-47 452	-34 096	-87 982	-120 507	-133 256
Repayment of loans from portfolio companies	1 881	25 910	1 881	25 910	25 910
Interest received	23	0	23	40	40
Purchase sales of intangible assets	-	-130	-	-509	-509
Other income	1 923	494	3 426	779	1 696
Management cost paid	-5 867	-3 623	-18 057	-14 062	-21 469
Other items affecting cash flow	-1 030	1 470	-1 005	1 314	6
CASH FLOW FROM OPERATING ACTIVITIES	-49 422	-31 175	-101 715	-130 611	-151 157
FINANCING ACTIVITIES					
Proceeds from loans and borrowings	40 685	0	85 892	51 668	70 113
Repayment of loans	-62	-62	-186	-185	-247
Interest paid and set up fees	-10 556	-11 278	-31 431	-36 334	-44 933
CASHFLOW FROM FINANCING ACTIVITIES	30 067	-11 340	54 276	15 149	24 933
Exchange gains/losses on cash and cash equivalents	-173	-21	-139	-62	-83
NET CASH FLOW FOR THE PERIOD	-19 528	-42 535	-47 578	-115 524	-126 307
Cash and cash equivalents at start of the period	343 344	424 712	371 394	497 701	497 701
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	323 816	382 177	323 816	382 177	371 394



ACCOUNTING PRINCIPLES

APPLIED RULES

This interim report is prepared in accordance with IAS 34, Interim report. 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 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 into the functional currency at the closing day rate. When translating items in foreign currencies as of September 30, 2021, the following exchange rates have been used:

SEK/EUR	10.20
SEK/ISK	0.0676
SEK/JPY	0.0786
SEK/NZD	6.05
SEK/TWD	0.32
SEK/USD	8.59

ACCRUED INTEREST

Accrued interest on loans to subsidiaries, associated companies and other companies that are valued at fair value

through profit or loss is reported as Interest from financial assets at fair value through profit or loss. Other changes in the value of loans in these categories are reported as Revaluation of financial assets in the income statement. Accrued interest on loans to the subsidiary Baseload Power New Zealand Ltd, which is not valued at fair value, is reported under Interest income.

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.

INTANGIBLE ASSETS

Intangible fixed assets are reported at acquisition value after deductions for accumulated depreciation and any write-downs. Depreciation takes place on a straight-line basis over the asset's estimated useful life, which is estimated to be five years. Assessment of an asset's residual value and useful life is made annually.

TANGIBLE ASSETS

Tangible assets are 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.

CASHFLOW STATEMENTS

Cash flow statements are prepared according to the direct method.

LEASES

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 liability is reported in the balance sheet divided into short-term and long-term lease liabilities, respectively.

DEFERRED TAX

The tax effect of unutilized loss carryforwards is not reported as a deferred tax asset in the balance sheet as the claim cannot be determined with certainty as the company is in the start-up phase and there is uncertainty regarding taxable future income.