



**BASELOAD
CAPITAL**

INTERIM REPORT

1 JANUARY - 31 DECEMBER 2021



**WORKING FOR A PLANET
IN BALANCE**

Q4

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



INTERIM REPORT – QUARTER 4 2021

During the fourth quarter, the focus continued to be on project- and business development and planning for 2022.

- The result for the fourth quarter was SEK -75.2 million, with revaluation of projects and loans to subsidiaries amounts to SEK -57.2 million. Exchange rate differences as a result of a weaker Swedish krona were SEK 5.9 million.
- In Iceland, the focus during Q4 continued to be to optimize and bring existing power plants to full capacity. On the business development side, our local development company has planned for drilling on the Efri Reikir project, which is expected to take place during the first half of 2022. We have made a write-down of the shares in Varmaorka as the roll-out of new power plants is slower than planned.
- In the US, a number of new areas have been identified and now a feasibility study is being done on them to analyze whether we should proceed with drilling. For ongoing projects, 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 to produce green electricity. The Wendel project is waiting for a permit for wastewater and we expect a decision from the California Water Board in Q2 2022.
- In Taiwan, work is in progress to develop a long-term drilling plan with international drilling companies with knowledge of drilling geothermal wells. The plan is to drill on several sites with the same rig and crew in order to reduce the cost per well and speed up the development of projects. We have made a write-down of Westlake due to low flow from the first well.
- In Japan, our local development company is working on the completion of construction and commissioning of San Sui as a first part of the larger Waita project. The work on a new project in Gifu has also begun, where an existing well will be renovated and then be used for a smaller power plant.



CEO COMMENTARY

During the fourth quarter, the focus continued to be on project- and business development and planning for 2022. In our focus markets work is progressing, albeit more slowly than planned due to, among other things, Covid, technology problems and travel restrictions.

To become better at planning, speeding up and reducing the cost of drilling, we have initiated partnerships with several international drilling companies. The collaborations will be an important part of Baseload's platform to be able to develop projects in parallel and increase the pace of project rollout.

In Q4, Baseload, together with DNB and Energy disruptors, launched the podcast "The Switch", which addresses and analyzes how we can speed up a green transition.

In Iceland, the focus during Q4 continued to be to optimize and bring existing power plants to full capacity. On the business development side, our local development company has planned for drilling on the Efri Reikir project, which is expected to take place during the first half of 2022. We have made a write-down of the shares in Varmaorka as the roll-out of new power plants is slower than planned.

In the US, a number of new areas have been identified and now a feasibility study is being done on them to analyze whether we should proceed with drilling. For ongoing projects, 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 to produce green electricity. The Wendel project is waiting for a permit for wastewater and we expect a decision from the California Water Board in Q2 2022.

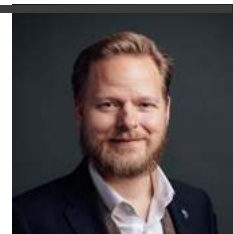
In Taiwan, work is in progress to develop a long-term drilling plan with international drilling companies with knowledge of drilling geothermal wells. The plan is to drill on several sites with the same rig and crew in order to reduce the cost per well and speed up the development of projects. We have made a write-down of Westlake due to low flow from the first well.

In Japan, our local development company is working on the completion of construction and commissioning of San Sui as a first part of the larger Waita project. The work on a new project in Gifu has also begun, where an existing well will be renovated and then be used for a smaller power plant.

The result for the fourth quarter was SEK -75.2 million, with revaluation of projects and loans to subsidiaries amounts to SEK -57.2 million. Exchange rate differences as a result of a weaker Swedish krona were SEK 5.9 million.

FEBRUARY 2022, STOCKHOLM

ALEXANDER HELLING
CEO BASELOAD CAPITAL





SIGNIFICANT EVENTS DURING THE QUARTER

INVESTMENT ACTIVITIES

During the quarter, the company invested SEK 8.7 million (JPY 112.5 million) in Japan, SEK 6.6 million (TWD 21.1 million) in Taiwan and SEK 1.0 million (USD 0.1 million) in the US.

FINANCING

During the quarter, the company raised a loan of SEK 33.5 million from the parent company, Baseload Capital Holding AB. SEK 100 million of existing loans from the parent company has been converted into a conditional shareholder contribution. During the quarter, no funds were deducted from the bond proceeds account.

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 6.7 million (JPY 85.0 million) in Japan, SEK 1.0 million in Iceland (EUR 0.1 million) and SEK 3.3 million (TWD 10.1 million) in Taiwan. In addition, loans totaling SEK 32.0 million (TWD 95.0 million) have been converted into share capital in Baseload Power Taiwan Ltd. 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 45.7 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 12.8 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 99.8 million in cash and cash equivalents at the end of the quarter.

Baseload Power Japan (guarantor of the bond loan) had SEK 5.1 million (JPY 65.1 million) in cash at the end of the quarter.

In total, liquidity, in free funds, for the three companies will total SEK 117.7 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 61.9 million at the end of the quarter and loans from the parent company Baseload Capital Holding AB were SEK 242.7 million. Total assets were SEK 849.7 million. Cash and cash equivalents amounted to SEK 321.5 million. The ratio at the end of the quarter was 57.7 % and the covenant is therefore considered fulfilled.



OTHER INFORMATION

PRELIMINARY FINANCIAL CALENDAR

Interim report first quarter 2022

May 27, 2022

Interim report second quarter 2022

August 26, 2022

Interim report third quarter 2022

November 25, 2022

Interim report fourth quarter 2022

February 24, 2023

CONTACT PERSON

Alexander Helling, CEO

+46 737 72 40 20

alexander.helling@baseloadcap.com

CONTACT INFORMATION

Baseload Capital Sweden AB (publ)

Ingmar Bergmans gata 4, 114 34 Stockholm

Reg.nr: 559143-5051

www.baseloadcap.com

PERSONNEL AND ORGANIZATION

The average number of employees during the period January to December was 8(8), of which 4 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
	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Revaluation of financial assets	-57 175	-30 750	-94 336	-6 916
Interest from financial assets at fair value through profit or loss	8 461	6 347	29 621	19 299
Interest income	18	30	26	118
Net foreign currency gains or losses on cash and cash equiv.	102	-21	-36	-83
Other income	255	917	3 681	1 696
Total net income	-48 338	-23 478	-61 044	14 115
Management cost	-9 136	-6 762	-27 307	-22 498
Operating profit/loss	-57 474	-30 239	-88 351	-8 383
Interest expense	-17 753	-15 412	-66 829	-62 916
Net foreign currency gains/losses on borrowings	-5	-2	-52	-7
Total finance costs	-17 758	-15 414	-66 881	-62 923
Profit before tax	-75 233	-45 653	-155 232	-71 306
Tax	-1	-6	-35	-34
Profit/loss for the period	-75 233	-45 659	-155 267	-71 340

TOTAL PROFIT/LOSS FOR THE PERIOD

Profit/loss for the period	-75 233	-45 659	-155 267	-71 340
Total profit/loss for the period	-75 233	-45 659	-155 267	-71 340

STATEMENT OF FINANCIAL POSITIONS

TSEK	2021	2020
	December 31	December 31
ASSETS		
Intangible assets	407	509
Tangible assets	322	-
Shares in subsidiaries	54 490	149 501
Shares in associated companies	42 207	52 659
Shares in other companies	2 467	2 352
Long term receivables on subsidiaries	423 162	279 921
Right to use assets	1 042	1 289
Total non-current assets	524 098	486 231
Short term receivables on group companies	-	375
Short term receivables on associated companies	-	-
Short term receivables on other companies	-	-
Tax receivables	168	34
Other short term receivables	2 534	2 284
Cash and cash equivalents	323 119	372 753
Total current assets	325 821	375 446
TOTAL ASSETS	849 918	861 677
EQUITY AND LIABILITIES		
Share capital (50 375 shares with a quota value of SEK 100)	5 037	5 037
Other capital contributions	225	225
Retained earnings/loss	212 191	183 530
Profit/loss for the period	-155 267	-71 340
Total equity	62 187	117 453
Long term liabilities to group companies	285 353	243 422
Financial leasing liabilities	-	381
Long term interest bearing liabilities	497 956	495 621
Total long term liabilities	783 310	739 424
Current liabilities to group companies	-	446
Financial leasing liabilities	1 042	908
Other current liabilities	1 636	1 943
Accrued expenses and prepaid income	1 744	1 503
Total short term liabilities	4 422	4 800
TOTAL EQUITY AND LIABILITIES	849 918	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	-	-	-	-71 340	-71 340
Total profit/loss for the period	-	-	-	-71 340	-71 340
Transfer of previous year's profit/loss	-	-	2 468	-2 468	-
Shareholders equity as per December 31, 2020	5 037	225	183 530	-71 340	117 453
Profit/loss for the period	-	-	-	-155 267	-155 267
Total profit/loss for the period	-	-	-	-155 267	-155 267
Shareholders contribution	-	-	100 000	-	100 000
Transfer of previous year's profit/loss	-	-	-71 340	71 340	-
Shareholders equity as per December 31, 2021	5 037	225	212 191	-155 267	62 187

CASHFLOW STATEMENT

TSEK	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
OPERATING ACTIVITIES				
Purchase of shares	-34	-	-34	-23 575
Proceeds from sale of shares	-	-	-	-
Loans to portfolio companies	-16 487	-12 173	-102 589	-132 680
Repayment of loans from portfolio companies	-	-	-	25 910
Interest received	-	1	23	40
Purchase of intangible assets	-	-	-	-509
Purchase of tangible assets	-351	-	-351	-
Other income	255	917	3 681	1 696
Management cost paid	-9 550	-8 256	-27 422	-21 288
Other items affecting cash flow	803	-942	-139	6
CASH FLOW FROM OPERATING ACTIVITIES	-25 365	-20 454	-126 832	-150 400
FINANCING ACTIVITIES				
Proceeds from loans and borrowings	33 459	18 445	119 351	70 113
Repayment of loans	-62	-62	-248	-247
Interest paid and set up fees	-10 392	-8 570	-41 869	-44 933
CASHFLOW FROM FINANCING ACTIVITIES	23 004	9 813	77 234	24 933
Exchange gains/losses on cash and cash equivalents	102	-21	-36	-83
NET CASH FLOW FOR THE PERIOD	-2 258	-10 661	-49 634	-125 550
Cash and cash equivalents at start of the period	325 377	383 414	372 753	498 303
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	323 119	372 753	323 119	372 753



FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY

INCOME STATEMENT

	2021		2020	
TSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
Revaluation of financial assets	-57 175	-30 750	-94 336	-6 916
Interest from financial assets at fair value through profit or loss	8 525	6 391	29 685	19 299
Interest income	18	44	26	177
Net foreign currency gains or losses on cash and cash equiv.	102	-21	-36	-83
Other income	255	917	3 681	1 696
Total net income	-48 274	-23 419	-60 980	14 174
Management cost	-9 163	-6 850	-27 520	-22 678
Operating profit/loss	-57 438	-30 269	-88 500	-8 504
Interest expense	-17 800	-15 442	-66 829	-62 916
Net foreign currency gains/losses on borrowings	-5	-2	-52	-7
Total finance costs	-17 805	-15 444	-66 881	-62 923
Profit before tax	-75 243	-45 713	-155 381	-71 428
Tax	-	-	-	-
Profit/loss for the period	-75 243	-45 713	-155 381	-71 428

TOTAL PROFIT/LOSS FOR THE PERIOD

No transactions posted

Total profit/loss for the period	-75 243	-45 713	-155 381	-71 428
---	----------------	----------------	-----------------	----------------

STATEMENT OF FINANCIAL POSITIONS

TSEK	2021 December 31	2020 December 31
ASSETS		
Intangible assets	407	509
Tangible assets	322	-
Shares in subsidiaries	54 491	149 502
Shares in associated companies	42 207	52 659
Shares in other companies	2 467	2 352
Other long term receivables	-	-
Right to use assets	1 042	1 289
Total non-current assets	525 506	487 550
Short term receivables on group companies	-	375
Short term receivables on associated companies	-	-
Short term receivables on other companies	-	-
Tax receivables	168	34
Other short term receivables	2 507	1 859
Cash and cash equivalents	321 472	371 394
Total current assets	324 147	373 662
TOTAL ASSETS	849 653	861 212
EQUITY AND LIABILITIES		
Other short term receivables	5 038	5 038
Other capital contributions	225	225
Retained earnings/loss	212 037	183 465
Profit/loss for the period	-155 381	-71 428
Total equity	61 918	117 299
Long term liabilities to group companies	285 397	243 422
Financial leasing liabilities	-	381
Long term interest bearing liabilities	497 956	495 621
Total long term liabilities	783 354	739 424
Current liabilities to group companies	105	446
Financial leasing liabilities	1 042	908
Other current liabilities	1 490	1 632
Accrued expenses and prepaid income	1 744	1 503
Total short term liabilities	4 381	4 489
TOTAL EQUITY AND LIABILITIES	849 653	861 212



FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY CONT.

CASHFLOW STATEMENT

	2021	2020	2021	2020
TSEK	Oct-Dec	Oct-Dec	Jan-Dec	Jan-Dec
OPERATING ACTIVITIES				
Purchase of shares	-	-	-	-23 575
Proceeds from sale of shares	-	-	-	-
Loans to portfolio companies	-16 487	-12 749	-102 589	-133 256
Repayment of loans from portfolio companies	-	-	-	25 910
Interest received	-	1	23	40
Purchase of intangible assets	-	-	-	-509
Purchase of intangible assets	-351	-	-351	-
Other income	255	917	3 681	1 696
Management cost paid	-9 578	-7 407	-27 635	-21 469
Other items affecting cash flow	757	-1 307	-248	6
CASH FLOW FROM OPERATING ACTIVITIES	-25 404	-20 546	-127 119	-151 157
FINANCING ACTIVITIES				
Proceeds from loans and borrowings	33 459	18 445	119 351	70 113
Repayment of loans	-62	-62	-248	-247
Interest paid and set up fees	-10 439	-8 599	-41 869	-44 933
CASHFLOW FROM FINANCING ACTIVITIES	22 958	9 784	77 234	24 933
Exchange gains/losses on cash and cash equivalents	102	-21	-36	-83
NET CASH FLOW FOR THE PERIOD	-2 344	-10 783	-49 922	-126 307
Cash and cash equivalents at start of the period	323 816	382 177	371 394	497 701
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	321 472	371 394	321 472	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 December 31, 2021, the following exchange rates have been used:

SEK/EUR	10.23
SEK/ISK	0.0695
SEK/JPY	0.0785
SEK/NZD	6.17
SEK/TWD	0.326
SEK/USD	9.04

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.