



**BASELOAD
CAPITAL**

INTERIM REPORT

1 JANUARY - 30 JUNE 2021



**WORKING FOR A PLANET
IN BALANCE**

Q2

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



INTERIM REPORT – QUARTER 2 2021

During the second quarter the focus has been on execution and business development in all of our active markets.

- Profit/loss for the period was SEK -34.1 million, with revaluation of projects and loans to subsidiaries accounting for SEK -17.2 million, of which SEK -7.5 million consists of exchange rate differences as a result of a stronger Swedish krona.
- In the US, the project company is still waiting for permission from the authorities to release geothermal water from the Wendel plant in a nearby stream, but the forecast is that the project can still be completed before the end of the year.
- In Japan work is ongoing on the Sansui site which is expected to be commissioned before the end of the year. The project is the first part of the larger Waita 2 project that Baseload Power Japan and Furusato will develop together.
- In Taiwan the exploration well at Westlake is being finalized. Flow tests have been conducted during the summer, but initial tests show less flow than expected.
- In Iceland Baseload Power Iceland has been established. After the quarter the company has acquired Fludaorka and Reykholtorka power plants including the expansion rights from Varmaorka. Pre-feasibility analysis is ongoing to set drill targets for each site.



CEO COMMENTARY

During the second quarter the focus has been on execution and business development in all of our active markets. The exploration well in Taiwan has been finalized, the subsidiary Baseload Power Iceland has been formed, the construction of Sansui in Japan has continued and so have the permitting processes in the US. On the technical side we have started to implement the Baseload Development Platform that will serve as a tool for the Power companies to faster identify geothermal resources, speed up the exploration, drilling and build-up of power plants. The platform will also support implementation of new technologies in the projects and reduce the cost per MW by the Power companies using lessons learned from completed projects in a more systematic way.

Covid-19 has meant that we cannot follow up our investments locally on site, but largely the project work in the various markets has continued without any major disruptions. However, there have been some delays, such as the fact that permitting processes take longer. Hopefully the situation will improve towards the end of the year so that we can follow up our investments on the spot again. If this does not happen, we will have to continue with digital meetings, which has worked relatively well.

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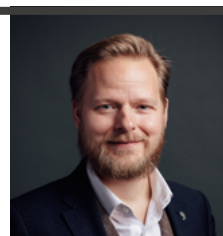
Varmaorka. Pre-feasibility analysis is ongoing to set drill targets for each site.

Profit/loss for the period was SEK -34.1 million, with revaluation of projects and loans to subsidiaries accounting for SEK -17.2 million, of which SEK -7.5 million consists of exchange rate differences as a result of a stronger Swedish krona.

For the third and fourth quarters, the focus will be on commissioning power plants in the US, Japan and Iceland and initiating the drilling strategy in Taiwan. In parallel, work continues in all markets to acquire or lease land with high geothermal potential

AUGUST 2021, STOCKHOLM

**ALEXANDER HELLING
CEO BASELOAD CAPITAL**





SIGNIFICANT EVENTS DURING THE QUARTER

INVESTMENT ACTIVITIES

During the first quarter, the company invested SEK 3.0 million (JPY 39.0 million) in Japan and SEK 17.8 million (TWD 59.2 million) in Taiwan and SEK 7.3 million (USD 0.8 million) in the United States.

FINANCING

During the first quarter, the company raised a loan of SEK 30.2 million from the parent company, Baseload Capital Holding AB. During the quarter, SEK 12.4 million was deducted from the bond loan for financing projects in Taiwan and US.

COVID-19

While it is still difficult to assess the short and long-term effects the Covid-19 pandemic has had on our business, work in Japan, Taiwan, Iceland and US has continued largely as planned. 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 still have only observed a few minor project delays, but 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 5.5 million (JPY 70.0 million) in Japan, SEK 4.3 million (TWD 13.8 million) in Taiwan and SEK 25.4 million (EUR 2.5 million) in Iceland. An additional SEK 25.4 million has been deducted from the bond loan for financing projects in Iceland.

BOND COVENANTS

In connection with the company issuing a green bond during the first quarter of 2019, a number of agreements were set that the company must fulfill. During the year, the agreements were renegotiated and amended, which are reported below.

MINIMUM CASH (LIQUIDITY COVENANT)

At the end of the quarter, the parent company Baseload Capital Sweden AB (publ) had SEK 9.2 million in free cash and cash equivalents and SEK 334.2 million in the blocked bond account.

Baseload Capital Holding AB (guarantor of the bond loan) had SEK 171.2 million in cash and cash equivalents at the end of the quarter.

Baseload Power Japan (guarantor of the bond loan) had SEK 4.2 million (JPY 54.5 million) in cash at the end of the quarter.

In total, liquidity, in free funds, for the three companies will total SEK 184.6 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 52.2 million at the end of the quarter and loans from the parent company Baseload Capital Holding AB were SEK 268.5 million. Total assets were SEK 851.8 million. Cash and cash equivalents



amounted to SEK 343.3 million. The ratio at the end of the quarter was 63.1% and the covenant is therefore considered fulfilled.

OTHER INFORMATION

PRELIMINARY FINANCIAL CALENDAR

Interim report third quarter 2021
November 26, 2021

Interim report fourth quarter 2021
February 25, 2022

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CONTACT INFORMATION

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PERSONNEL AND ORGANIZATION

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

	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
TSEK					
Revaluation of financial assets	-17 221	4 844	-35 215	16 319	-6 916
Interest from financial assets at fair value through profit or loss	6 224	3 959	12 503	7 477	19 299
Interest income	0	30	18	59	118
Net foreign currency gains or losses on cash and cash equivalents	27	-21	34	-41	-83
Other income	1 060	174	1 503	285	1 696
Total net income	-9 911	8 986	-21 157	24 099	14 115
Management cost	-8 218	-4 005	-12 817	-10 507	-22 498
Operating profit/loss	-18 129	4 982	-33 975	13 592	-8 383
Interest expense	-15 973	-15 364	-31 074	-32 240	-62 916
Net foreign currency gains/losses on borrowings	2	-2	-33	-4	-7
Total finance costs	-15 971	-15 366	-31 107	-32 243	-62 923
Profit before tax	-34 099	-10 384	-65 082	-18 652	-71 306
Tax	-	-28	-	-28	-34
Profit/loss for the period	-34 099	-10 412	-65 082	-18 680	-71 340

TOTAL PROFIT/LOSS FOR THE PERIOD

Profit/loss for the period	-34 099	-10 412	-65 082	-18 680	-71 340
Total profit/loss for the period	-34 099	-10 412	-65 082	-18 680	-71 340

STATEMENT OF FINANCIAL POSITIONS

	2021	2020	2020
	June 30	June 30	December 31
TSEK			
ASSETS			
Intangible assets	458	379	509
Shares in subsidiaries	114 109	155 433	149 501
Shares in associated companies	54 218	25 904	52 659
Shares in other companies	2 380	2 375	2 352
Long term receivables on subsidiaries	332 367	244 431	279 921
Right to use assets	1 314	1 412	1 289
Total non-current assets	504 847	429 934	486 231
Short term receivables on group companies	-	217	375
Short term receivables on associated companies	-	19 682	-
Short term receivables on other companies	-	8 997	-
Tax receivables	97	15	34
Other short term receivables	2 154	572	2 284
Cash and cash equivalents	344 807	425 965	372 753
Total current assets	347 058	455 448	375 446
TOTAL ASSETS	851 904	885 382	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	112 187	183 531	183 530
Profit/loss for the period	-65 082	-18 680	-71 340
Total equity	52 368	170 113	117 453
Long term liabilities to group companies	297 705	216 858	243 422
Financial leasing liabilities	-52	471	381
Long term interest bearing liabilities	496 619	493 267	495 621
Total long term liabilities	794 272	710 595	739 424
Current liabilities to group companies	608	0	446
Financial leasing liabilities	1 217	941	908
Other current liabilities	1 772	1 422	1 943
Accrued expenses and prepaid income	1 668	2 310	1 503
Total short term liabilities	5 265	4 673	4 800
TOTAL EQUITY AND LIABILITIES	851 904	885 382	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	-	-	-	-18 680	-18 680
Total profit/loss for the period	-	-	-	-18 680	-18 680
Transfer of previous year's profit/loss	-	-	2 468	-2 468	-
Shareholders equity as per June 30, 2020	5 037	225	183 530	-18 680	170 113
Profit/loss for the period	-	-	-	-52 660	-52 660
Total profit/loss for the period	-	-	-	-52 660	-52 660
Shareholders equity as per December 31, 2020	5 037	225	183 530	-71 340	117 453
Profit/loss for the period	-	-	-	-65 082	-65 082
Total profit/loss for the period	-	-	-	-65 082	-65 082
Transfer of previous year's profit/loss	-	-	-71 340	71 340	-
Shareholders equity as per June 30, 2021	5 037	225	112 191	-65 082	52 368

CASHFLOW STATEMENT

TSEK	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
OPERATING ACTIVITIES					
Purchase of shares	-1 100	-2 375	-1 100	-2 375	-23 575
Proceeds from sale of shares	-	-	-	-	-
Loans to portfolio companies	-26 538	-65 690	-40 470	-86 411	-132 680
Repayment of loans from portfolio companies	-	-	-	-	25 910
Interest received	0	12	-	39	40
Purchase sales of intangible assets	-	-379	-	-379	-509
Other income	1 060	174	1 503	285	1 696
Management cost paid	-6 831	-4 289	-12 146	-9 824	-21 288
Other items affecting cash flow	-475	-535	25	-91	6
CASH FLOW FROM OPERATING ACTIVITIES	-33 884	-73 082	-52 189	-98 755	-150 400
FINANCING ACTIVITIES					
Proceeds from loans and borrowings	30 208	3 731	45 208	51 668	70 113
Repayment of loans	-62	-62	-123	-124	-247
Interest paid and set up fees	-12 389	-11 467	-20 875	-25 086	-44 933
CASHFLOW FROM FINANCING ACTIVITIES	17 758	-7 798	24 209	26 459	24 933
Exchange gains/losses on cash and cash equivalents	27	-21	34	-41	-83
NET CASH FLOW FOR THE PERIOD	-16 100	-80 901	-27 946	-72 338	-125 550
Cash and cash equivalents at start of the period	360 908	506 865	372 753	498 303	498 303
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	344 807	425 965	344 807	425 965	372 753



FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY

INCOME STATEMENT

	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
TSEK					
Revaluation of financial assets	-17 221	4 844	-35 215	16 319	-6 916
Interest from financial assets at fair value through profit or loss	6 224	3 945	12 503	7 448	19 299
Interest income	-0	44	32	88	177
Net foreign currency gains or losses on cash and cash equivalents	27	-21	34	-41	-83
Other income	1 060	174	1 503	285	1 696
Total net income	-9 911	8 986	-21 142	24 099	14 174
Management cost	-8 217	-4 064	-12 862	-10 600	-22 678
Operating profit/loss	-18 128	4 921	-34 004	13 499	-8 504
Interest expense	-15 973	-15 334	-31 074	-32 210	-62 916
Net foreign currency gains/losses on borrowings	2	-2	-33	-4	-7
Total finance costs	-15 971	-15 336	-31 107	-32 213	-62 923
Profit before tax	-34 099	-10 414	-65 112	-18 715	-71 428
Tax	-	-	-	-	-
Profit/loss for the period	-34 099	-10 414	-65 112	-18 715	-71 428

TOTAL PROFIT/LOSS FOR THE PERIOD

Profit/loss for the period	-34 099	-10 414	-65 112	-18 715	-71 428
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STATEMENT OF FINANCIAL POSITIONS

	2021	2020	2020
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TSEK			
ASSETS			
Intangible assets	458	379	509
Shares in subsidiaries	114 110	155 434	149 502
Shares in associated companies	54 218	25 904	52 659
Shares in other companies	2 380	2 375	2 352
Long term receivables on subsidiaries	333 690	245 673	281 239
Right to use assets	1 314	1 412	1 289
Total non-current assets	506 171	431 177	487 550
Short term receivables on group companies	-	217	375
Short term receivables on associated companies	-	19 682	-
Short term receivables on other companies	-	8 997	-
Tax receivables	97	15	34
Other short term receivables	2 147	567	1 859
Cash and cash equivalents	343 344	424 712	371 394
Total current assets	345 587	454 191	373 662
TOTAL ASSETS	851 758	885 368	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	-65 112	-18 715	-71 428
Total equity	52 188	170 012	117 299
Long term liabilities to group companies	297 831	216 858	243 422
Financial leasing liabilities	-52	471	381
Long term interest bearing liabilities	496 619	493 267	495 621
Total long term liabilities	794 399	710 595	739 424
Current liabilities to group companies	731	416	446
Financial leasing liabilities	1 217	941	908
Other current liabilities	1 555	1 093	1 632
Accrued expenses and prepaid income	1 668	2 310	1 503
Total short term liabilities	5 171	4 760	4 489
TOTAL EQUITY AND LIABILITIES	851 758	885 368	861 212



FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY CONT.

CASHFLOW STATEMENT

	2021	2020	2021	2020	2020
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
TSEK					
OPERATING ACTIVITIES					
Purchase of shares	-1 100	-2 375	-1 100	-2 375	-23 575
Proceeds from sale of shares	-	-	-	-	-
Loans to portfolio companies	-26 504	-65 690	-40 531	-86 411	-133 256
Repayment of loans from portfolio companies	-	-	-	-	25 910
Interest received	0	12	0	39	40
Purchase sales of intangible assets	-	-379	-	-379	-509
Other income	1 060	174	1 503	285	1 696
Management cost paid	-6 830	-3 933	-12 190	-10 438	-21 469
Other items affecting cash flow	-475	-1 060	25	-156	6
CASH FLOW FROM OPERATING ACTIVITIES	-33 849	-73 251	-52 293	-99 436	-151 157
FINANCING ACTIVITIES					
Proceeds from loans and borrowings	30 208	3 731	45 208	51 668	70 113
Repayment of loans	-62	-62	-123	-124	-247
Interest paid and set up fees	-12 389	-11 437	-20 875	-25 056	-44 933
CASHFLOW FROM FINANCING ACTIVITIES	17 758	-7 768	24 209	26 488	24 933
Exchange gains/losses on cash and cash equivalents	27	-21	34	-41	-83
NET CASH FLOW FOR THE PERIOD	-16 065	-81 040	-28 050	-72 989	-126 307
Cash and cash equivalents at start of the period	359 409	505 752	371 394	497 701	497 701
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	343 344	424 712	343 344	424 712	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 June 30, 2021, the following exchange rates have been used:

SEK/EUR	10.12
SEK/JPY	0,0770
SEK/NZD	5,95
SEK/TWD	0,31
SEK/USD	8,51

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.

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.