



**BASELOAD  
CAPITAL**

# **INTERIM REPORT**

1 JANUARY - 31 MARCH 2022



**WORKING FOR A PLANET  
IN BALANCE**

**Q1**

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



## INTERIM REPORT – QUARTER 1 2022

During the first quarter, we have initiated a written procedure with regards to our green bond to ensure the opportunity to redeem our bond at par and started planning for a series B round in the company to finance the upcoming growth phase.

- The result for the first quarter was SEK -30.5 million. Revaluation of projects and loans to subsidiaries accounted for SEK -17.4 million, of which SEK -5.9 million consisted of exchange rate differences as a result of a stronger Swedish krona.
- In Iceland, the focus during Q1 has continued to be on optimizing and bringing 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. During the previous quarter, we made a write-down of the shares in Varmaorka as the roll-out of new power plants is slower than planned.
- In the US, our development company Baseload Power US is anticipating delivery of ORC equipment to be commissioned in an existing oil field in California. This pilot project is designed to generate electricity using produced water from oil and gas wells. The Wendel project is awaiting a permit for wastewater and we expect a decision from the California Water Board in Q2 2022. The feasibility study for a major project has also been completed and planning for drilling is ongoing.
- 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.
- In Japan, our local development company has commissioned both San Sui power plants as a first part of the larger Waita project. Work on a new project in Gifu has also begun, where an existing well will be renovated so it can be used for a smaller power plant.





## CEO COMMENTARY

**During the first quarter**, Baseload Power Japan commissioned two smaller pilot plants as part of the larger Waita project. This is an important milestone for continued development in the region and tuning of these power plants is now underway.

We have initiated a written procedure with regards to our green bond to ensure the opportunity to redeem our bond at par and started planning for a series B round in the company to finance the upcoming growth phase.

Prior to this, the company has gone through an extensive due diligence of all parts of the business, and we will, based on lessons learned from this, begin to prepare the company for a growth phase.

**In Iceland**, the focus during Q1 has continued to be on optimizing and bringing 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. During the previous quarter, we made a write-down of the shares in Varmaorka as the roll-out of new power plants is slower than planned.

**In the US**, our development company Baseload Power US is anticipating delivery of ORC

equipment to be commissioned in an existing oil field in California. This pilot project is designed to generate electricity using produced water from oil and gas wells. The Wendel project is awaiting a permit for wastewater and we expect a decision from the California Water Board in Q2 2022. The feasibility study for a major project has also been completed and planning for drilling is ongoing.

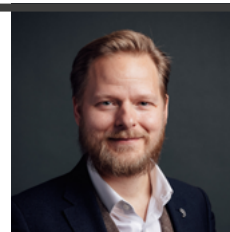
**In Taiwan**, work is in progress to develop a long-term drilling plan with international drilling companies with knowledge of drilling geothermal wells. The plan is to drill on several sites with the same rig and crew in order to reduce the cost per well and speed up the development of projects.

**In Japan**, our local development company has commissioned both San Sui power plants as a first part of the larger Waita project. Work on a new project in Gifu has also begun, where an existing well will be renovated so it can be used for a smaller power plant.

**The result for the first quarter** was SEK -30.5 million. Revaluation of projects and loans to subsidiaries accounted for SEK -17.4 million, of which SEK -5.9 million consisted of exchange rate differences as a result of a stronger Swedish krona.

MAY 2022, STOCKHOLM

**ALEXANDER HELLING**  
CEO BASELOAD CAPITAL





## **SIGNIFICANT EVENTS DURING THE QUARTER**

### **INVESTMENT ACTIVITIES**

During the quarter, the company invested SEK 8.6 million (JPY 107.9 million) in Japan, SEK 5.7 million (TWD 17.2 million) in Taiwan, SEK 4.6 million (USD 0.5 million) in the US and SEK 2,2 million (EUR 0,2 million) in Iceland. In addition, loans totaling SEK 32.0 million (TWD 95.0 million) have been converted into share capital in Baseload Power Taiwan Ltd.

### **FINANCING**

During the quarter, the company raised a loan of SEK 45.7 million from the parent company, Baseload Capital Holding AB. During the quarter, no funds were deducted from the bond proceeds account.

### **THE WAR IN UKRAINE**

The war in Ukraine has so far not affected the company's operations, but the possible consequences are currently difficult to review and assess.

## **SIGNIFICANT POST-CLOSING EVENTS**

### **INVESTMENT ACTIVITIES**

Since the end of the quarter, the company has invested an additional SEK 12.2 million (JPY 160.0 million) in Japan, SEK 1.0 million in Iceland (EUR 0.1 million) and SEK 0.9 million (USD 0.1 million) in the US. 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 10.0 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 15.7

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 55.1 million in cash and cash equivalents at the end of the quarter.

Baseload Power Japan (guarantor of the bond loan) had SEK 4.3 million (JPY 56.6 million) in cash at the end of the quarter.

In total, liquidity, in free funds, for the three companies will total SEK 75.0 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 38.7 million at the end of the quarter and loans from the parent company Baseload Capital Holding AB were SEK 288.4 million. Total assets were SEK 878.9 million. Cash and cash equivalents amounted to SEK 324.3 million. The ratio at the end of the quarter was 59.0 % and the covenant is therefore considered fulfilled.



## **OTHER INFORMATION**

### **PRELIMINARY FINANCIAL CALENDAR**

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**

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### **CONTACT INFORMATION**

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Reg.nr: 559143-5051  
www.baseloadcap.com

### **PERSONNEL AND ORGANIZATION**

The average number of employees during the period January to March was 6(7), of which 2 were women and 4 men. At the end of the period, the number of employees was 6 (7).

### **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 2021.

### **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 2021.

### **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	2022	2021	2021
	Jan-Mar	Jan-Mar	Jan-Dec
Revaluation of financial assets	-17 357	-17 994	-94 336
Interest from financial assets at fair value through profit or loss	7 530	6 280	29 621
Interest income	70	17	26
Net foreign currency gains or losses on cash and cash equiv.	2 548	7	-36
Other income	522	443	3 681
<b>Total net income</b>	<b>-6 687</b>	<b>-11 247</b>	<b>-61 044</b>
Management cost	-7 231	-4 599	-27 307
<b>Operating profit/loss</b>	<b>-13 918</b>	<b>-15 846</b>	<b>-88 351</b>
Interest expense	-16 496	-15 102	-66 829
Net foreign currency gains/losses on borrowings	-74	-35	-52
<b>Total finance costs</b>	<b>-16 569</b>	<b>-15 137</b>	<b>-66 881</b>
<b>Profit before tax</b>	<b>-30 487</b>	<b>-30 982</b>	<b>-155 232</b>
Tax	-	-	-35
<b>Profit/loss for the period</b>	<b>-30 487</b>	<b>-30 982</b>	<b>-155 267</b>

**TOTAL PROFIT/LOSS FOR THE PERIOD**

Profit/loss for the period	-30 487	-30 982	-155 267
<b>Total profit/loss for the period</b>	<b>-30 487</b>	<b>-30 982</b>	<b>-155 267</b>

**STATEMENT OF FINANCIAL POSITIONS**

TSEK	2022	2021	2021
	March 31	March 31	December 31
<b>ASSETS</b>			
Intangible assets	382	484	407
Tangible assets	293	-	322
Shares in subsidiaries	74 708	126 975	54 490
Shares in associated companies	42 667	53 709	42 207
Shares in other companies	2 574	2 438	2 467
Long term receivables on subsidiaries	419 269	301 718	423 162
Right to use assets	980	1 227	1 042
<b>Total non-current assets</b>	<b>540 873</b>	<b>486 551</b>	<b>524 098</b>
Short term receivables on group companies	7 569	375	7 459
Short term receivables on associated companies	1 089	-	-
Short term receivables on other companies	-	-	-
Tax receivables	187	61	168
Other short term receivables	5 043	1 340	2 534
Cash and cash equivalents	324 835	360 908	323 119
<b>Total current assets</b>	<b>338 723</b>	<b>362 683</b>	<b>333 279</b>
<b>TOTAL ASSETS</b>	<b>879 596</b>	<b>849 234</b>	<b>857 377</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital (50 375 shares with a quota value of 100)	5 037	5 037	5 037
Other capital contributions	107 684	225	107 684
Retained earnings/loss	-43 075	112 191	112 191
Profit/loss for the period	-30 487	-30 982	-155 267
<b>Total equity</b>	<b>39 159</b>	<b>86 471</b>	<b>69 645</b>
Long term liabilities to group companies	336 816	262 604	285 354
Financial leasing liabilities	-62	10	-
Long term interest bearing liabilities	498 569	496 120	497 956
<b>Total long term liabilities</b>	<b>835 323</b>	<b>758 734</b>	<b>783 310</b>
Current liabilities to group companies	94	28	-
Financial leasing liabilities	1 042	1 217	1 042
Other current liabilities	2 360	1 326	1 636
Accrued expenses and prepaid income	1 619	1 458	1 744
<b>Total short term liabilities</b>	<b>5 114</b>	<b>4 029</b>	<b>4 422</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>879 596</b>	<b>849 234</b>	<b>857 377</b>



**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
<b>Shareholders equity as per December 31, 2020</b>	<b>5 037</b>	<b>225</b>	<b>183 530</b>	<b>-71 340</b>	<b>117 453</b>
Profit/loss for the period	-	-	-	-30 982	-30 982
<b>Total profit/loss for the period</b>	-	-	-	<b>-30 982</b>	<b>-30 982</b>
Transfer of previous year's profit/loss	-	-	-71 340	71 340	-
<b>Shareholders equity as per March 31, 2021</b>	<b>5 037</b>	<b>225</b>	<b>112 191</b>	<b>-30 982</b>	<b>86 471</b>
Profit/loss for the period	-	-	-	-124 284	-124 284
<b>Total profit/loss for the period</b>	-	-	-	<b>-124 284</b>	<b>-124 284</b>
Other capital contributions	-	107 459	-	-	107 459
<b>Shareholders equity as per December 31, 2021</b>	<b>5 037</b>	<b>107 684</b>	<b>112 191</b>	<b>-155 267</b>	<b>69 645</b>
Profit/loss for the period	-	-	-	-30 487	-30 487
<b>Total profit/loss for the period</b>	-	-	-	<b>-30 487</b>	<b>-30 487</b>
Transfer of previous year's profit/loss	-	-	-155 267	155 267	-
<b>Shareholders equity as per March 31, 2022</b>	<b>5 037</b>	<b>107 684</b>	<b>-43 076</b>	<b>-30 487</b>	<b>39 159</b>

**CASHFLOW STATEMENT**

TSEK	2022 Jan-Mar	2021 Jan-Mar	2021 Jan-Dec
<b>OPERATING ACTIVITIES</b>			
Purchase of shares	-31 322	-	-34
Proceeds from sale of shares	-	-	-
Loans to portfolio companies	949	-13 932	-102 589
Repayment of loans from portfolio companies	-	-	-
Interest received	3	0	23
Purchase of intangible assets	-	-	-
Purchase of tangible assets	-	-	-351
Other income	522	443	3 681
Management cost paid	-5 690	-5 314	-27 422
Other items affecting cash flow	-643	499	441
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-36 182</b>	<b>-18 304</b>	<b>-126 251</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from loans and borrowings	45 737	15 000	118 771
Repayment of loans	-62	-62	-248
Interest paid and set up fees	-10 325	-8 487	-41 869
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>35 350</b>	<b>6 452</b>	<b>76 654</b>
Exchange gains/losses on cash and cash equivalents	2 548	7	-36
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>1 716</b>	<b>-11 845</b>	<b>-49 634</b>
Cash and cash equivalents at start of the period	323 119	372 753	372 753
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>324 835</b>	<b>360 908</b>	<b>323 119</b>



**FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY**

**INCOME STATEMENT**

	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>Jan-Mar</b>	<b>Jan-Mar</b>	<b>Jan-Dec</b>
TSEK			
Revaluation of financial assets	-17 357	-17 994	-94 336
Interest from financial assets at fair value through profit or loss	7 594	6 280	29 685
Interest income	70	32	26
Net foreign currency gains or losses on cash and cash equiv.	2 548	7	-36
Other income	522	443	3 681
<b>Total net income</b>	<b>-6 623</b>	<b>-11 231</b>	<b>-60 980</b>
Management cost	-7 454	-4 645	-27 520
<b>Operating profit/loss</b>	<b>-14 077</b>	<b>-15 876</b>	<b>-88 500</b>
Interest expense	-16 493	-15 102	-66 829
Net foreign currency gains/losses on borrowings	-74	-35	-52
<b>Total finance costs</b>	<b>-16 566</b>	<b>-15 137</b>	<b>-66 881</b>
Received group contribution	-	-	7 459
<b>Profit before tax</b>	<b>-30 643</b>	<b>-31 013</b>	<b>-147 923</b>
Tax	-	-	-
<b>Profit/loss for the period</b>	<b>-30 643</b>	<b>-31 013</b>	<b>-147 923</b>

**TOTAL PROFIT/LOSS FOR THE PERIOD**

<i>No transactions posted</i>			
<b>Total profit/loss for the period</b>	<b>-30 643</b>	<b>-31 013</b>	<b>-147 923</b>

**STATEMENT OF FINANCIAL POSITIONS**

	<b>2022</b>	<b>2021</b>	<b>2021</b>
	<b>March 31</b>	<b>March 31</b>	<b>December 31</b>
TSEK			
<b>ASSETS</b>			
Intangible assets	382	484	407
Tangible assets	293	-	322
Shares in subsidiaries	74 709	126 976	54 491
Shares in associated companies	42 667	53 709	42 207
Shares in other companies	2 574	2 438	2 467
Other long term receivables	-	-	-
Right to use assets	980	1 227	1 042
<b>Total non-current assets</b>	<b>540 874</b>	<b>487 875</b>	<b>525 506</b>
Short term receivables on group companies	7 459	375	7 459
Short term receivables on associated companies	1 089	-	-
Short term receivables on other companies	-	-	-
Tax receivables	187	61	168
Other short term receivables	5 015	1 333	2 507
Cash and cash equivalents	324 317	359 409	321 472
<b>Total current assets</b>	<b>338 067</b>	<b>361 177</b>	<b>331 606</b>
<b>TOTAL ASSETS</b>	<b>878 941</b>	<b>849 052</b>	<b>857 112</b>
<b>EQUITY AND LIABILITIES</b>			
Other short term receivables	5 038	5 038	5 038
Other capital contributions	225	225	225
Retained earnings/loss	64 114	112 037	212 037
Profit/loss for the period	-30 643	-31 013	-147 923
<b>Total equity</b>	<b>38 734</b>	<b>86 286</b>	<b>69 377</b>
Long term liabilities to group companies	336 693	262 702	285 397
Financial leasing liabilities	-62	10	-
Long term interest bearing liabilities	498 569	496 120	497 956
<b>Total long term liabilities</b>	<b>835 199</b>	<b>758 832</b>	<b>783 354</b>
Current liabilities to group companies	94	154	105
Financial leasing liabilities	1 042	1 217	1 042
Other current liabilities	2 253	1 104	1 490
Accrued expenses and prepaid income	1 619	1 458	1 744
<b>Total short term liabilities</b>	<b>5 008</b>	<b>3 933</b>	<b>4 381</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>878 941</b>	<b>849 052</b>	<b>857 112</b>





**FINANCIAL STATEMENTS IN BRIEF - PARENT COMPANY CONT.**

**CASHFLOW STATEMENT**

TSEK	2022	2021	2021
	Jan-Mar	Jan-Mar	Jan-Dec
OPERATING ACTIVITIES			
Purchase of shares	-31 322	-	-
Proceeds from sale of shares	-	-	-
Loans to portfolio companies	949	-14 027	-102 589
Repayment of loans from portfolio companies	-	-	-
Interest received	3	0	23
Purchase of intangible assets	-	-	-
Purchase of intangible assets	-	-	-351
Other income	522	443	3 681
Management cost paid	-5 913	-5 360	-27 635
Other items affecting cash flow	705	499	332
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>-35 056</b>	<b>-18 444</b>	<b>-126 539</b>
FINANCING ACTIVITIES			
Proceeds from loans and borrowings	45 737	15 000	118 771
Repayment of loans	-62	-62	-248
Interest paid and set up fees	-10 322	-8 487	-41 869
<b>CASHFLOW FROM FINANCING ACTIVITIES</b>	<b>35 353</b>	<b>6 452</b>	<b>76 654</b>
Exchange gains/losses on cash and cash equivalents	2 548	7	-36
<b>NET CASH FLOW FOR THE PERIOD</b>	<b>2 845</b>	<b>-11 985</b>	<b>-49 922</b>
Cash and cash equivalents at start of the period	321 472	371 394	371 394
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	<b>324 317</b>	<b>359 409</b>	<b>321 472</b>



## 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 March 31, 2022, the following exchange rates have been used:

SEK/EUR	10.34
SEK/ISK	0.0728
SEK/JPY	0.0763
SEK/NZD	6.44
SEK/TWD	0.328
SEK/USD	9.26

### 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.