

Interim Management Statement

1 JANUARY-31 MARCH 2020



Significant events during the reporting period

- In February, Minesto signed a power purchase agreement (PPA) with the Faroese electric utility company SEV. The PPA comprises both the planned installations of two 100kW systems of Minesto's subsea kite technology and an additional 2MW capacity allocated for installations of utility-scale tidal energy systems in the Faroe Islands.
- In March, Minesto announced the establishment of a Faroese subsidiary, Minesto Føroyar ApS, which will facilitate testing and developing Minesto's technology in the Faroe Islands. At the same time, Minesto announced that the global development related to the new coronavirus through mid-March 2020 had not had any negative impact on incoming deliveries of components and subsystems for the company's installation project in the Faroe Islands.

After the end of the reporting period

- In April, Minesto announced that the company and its collaboration partner SEV have been granted all necessary permits and consents for the installation of two grid-connected tidal kite systems in Vestmannasund, Faroe Islands.

This document is a translation of the Interim Management Statement in Swedish that was published on 23 April 2020. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.

The Group in summary

JANUARY–MARCH 2020

- Total operating income for the quarter amounted to SEK 11,850 thousand (9,105 thousand) and consisted mainly of capitalised work on own account.
- The operating loss was SEK -3,224 thousand (-4,413 thousand). The negative result is largely attributable to business development and administration related to technology development and includes, among other things, personnel costs, rents and services. Of the personnel costs, SEK 10,542 thousand (8,469 thousand) has been capitalised as work on own account.
- At the end of the period, capitalised development costs amounted to SEK 177,533 thousand (246,811 thousand), including expenses for patents of SEK 12,702 thousand (11,195 thousand).
- Grants of up to SEK 16,349 thousand (1,278 thousand) were raised during the period, of which SEK 15,164 thousand (642 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 27,905 thousand (11,380 thousand) were received from public funding schemes.
- Cash flow for the period amounted to SEK 81,515 thousand (34,410 thousand). At the end of the period, cash and cash equivalents were SEK 135,621 thousand (39,201 thousand).
- At the end of the period, equity amounted to SEK 396,848 thousand (344,700 thousand), divided into 125,607,304 shares (106,201,541), of which the result for the quarter amounted to SEK -1,898 thousand (-2,344 thousand).

SEK thousand	Jan–March 2020	Jan–March 2019	Full Year 2019
Operating income	11,850	9,105	40,101
Operating profit/loss	-3,224	-4,413	-126,793
Net profit/loss for the period	-1,898	-2,344	-99,960
Cash flow from operating activities	81,515	34,410	50,986

Comment from the CEO

We remain fully focused in delivering our projects in the most efficient and secure way possible

We continue to closely follow the development of the coronavirus pandemic. The safety and health of our employees is our highest priority, and we have taken necessary precautions to ensure this following government and authorities' guidelines.

With operations in four countries in two continents, we are humble before the fact that this global challenge has and will in various ways impact our organisation, projects and the local societies in which we are present.

Nevertheless, we remain fully focused in delivering our projects in the most efficient and secure way possible. We are working closely with all our partners and suppliers to support them in maintaining productivity. This helps them keep their business going and Minesto in maintaining delivery timescales, especially related to the planned DG100 installations in the Faroe Islands.

To date, we have been able to manage the impact on deliveries and operations, and we are still planning to deliver installation in Vestmannasund, Faroe Islands during the second quarter this year.

Obviously, we must monitor what will happen with eventual further restrictions going forward. The team both in the UK and Sweden is doing a great job to keep all activities moving forward, despite the challenges and difficulties associated with the pandemic.

Sign of need for predictable, clean electricity

We were very pleased to announce earlier this month that we and our Faroese partner SEV have received all permits and consents needed to go ahead with the Faroe Islands project. The efficient process through which these have been secured is a sign of the value of a submerged renewable energy technology, and of the local need for predictable, clean electricity.

Our current strong cash position allows us to focus on creating industrial value and promote the market uptake of our unique product.



Testing of the first DG100 kite system in Gothenburg is progressing well. With hardware for both the DG100 kites as well as the completed onshore control station available in the workshop, we can execute system configuration testing and commissioning activities.

Rebuilding the economy and society with sustainable aspects in focus

Our current strong cash position allows us to focus on creating industrial value and promote the market uptake of our unique product. This fits well with the bigger picture and macro trends where we see and hear encouraging messages from EU leaders and politicians on the support for the renewable agenda.

We don't have time to back off from ambitious goals in transforming societies to fully renewable energy systems. Listening to early warning signals from science and research is something we need to be better at, and the ongoing pandemic is perhaps underlining that even more.

When rebuilding the economy and society, it is important that we do so with sustainable aspects in focus. We remain determined to contribute to that development.

Dr Martin Edlund, CEO

Financial information in summary, Group

INCOME

SEK thousand	Jan–March 2020	Jan–March 2019	Full Year 2019
Operating income	11,850	9,105	40,101
Operating costs	-15,074	-13,517	-166,894
Operating profit/loss	-3,224	-4,413	-126,793
Financial items	836	1,460	918
Tax	489	609	25,914
Net profit/loss for the period	-1,898	-2,344	-99,960
Earnings per share, SEK	-0.02	-0.02	-0.92
Earnings per share after dilution, SEK	-0.01	-0.02	-0.84

BALANCE

SEK thousand	31 March 2020	31 March 2019	31 Dec 2019
Total non-current assets	245,952	285,831	232,905
Total current assets	178,803	80,256	195,664
Total equity	396,848	344,700	398,703
Total liabilities	27,906	21,387	29,866
Equity ratio, %	93	94	93

CASH FLOW

SEK thousand	Jan–March 2020	Jan–March 2019	Full Year 2019
Cash flow from operating activities before changes in working capital	-3,028	-4,751	-20,239
Changes in working capital	-959	1,306	-79,232
Cash flow from investing activities	-435	-4,557	-41,629
Cash flow from financing activities	85,937	42,412	192,085
Cash and cash equivalents at beginning of period	53,986	2,914	2,914
Exchange rate difference for cash equivalents	120	1,877	86
Cash and cash equivalents at end of period	135,621	39,201	53,986

About the Interim Management Statement

Minesto has chosen to disclose Interim Management Statements for the first and third quarters of the financial year in accordance with Nasdaq's *Guidance for preparing interim management statements*, instead of disclosing quarterly financial reports in accordance with IAS 34.

Minesto does not include information on revenue, earnings and assets per segment as this is not applicable to the business.

Accounting principles

The Interim Management Statement has been prepared in accordance with the Swedish Annual Accounts Act and Swedish Accounting Standards Board standard BFNAR 2012:1 – Annual Reports and Consolidated Reports (K3). Please see the Company's Annual Report 2019 for more detailed principles.

This Interim Management Statement has not been reviewed by the company's auditor.

Future information

2020-06-04	Annual General Meeting 2020
2020-08-20	Half Year Report 2020
2020-10-22	Interim Management Statement 1 Jan–30 Sep 2020

Göteborg on 23 April 2020

Dr Martin Edlund
CEO

Definitions of Key Performance Indicators

Operating income

All income, including activated work for own account.

Operating profit/loss

Result after depreciation.

Net profit/loss

Result after taking into account deferred tax.

Equity ratio

Equity in relation to total assets.

Earnings per share

Profit after tax in relation to the weighted average number of shares.

Earnings per share after dilution

Profit after tax in relation to the weighted average number of shares plus potential shares.

Minesto in brief

Minesto develops technology for generating renewable electricity from the ocean. With patented technology, tidal and ocean currents with low-flow velocities are exploited. The technology, which goes by the name Deep Green, can be installed in areas where no other known technology can operate cost effectively.

The Group consists of the parent company Minesto AB,

which is headquartered in Gothenburg and the subsidiaries Minesto UK Ltd, Minesto Taiwan Ltd, Minesto Føroyar ApS, Holyhead Deep Ltd and Minesto Warrants One AB.

The Group's registered office is in Gothenburg and the parent company's share (MINEST) is the subject of trading on Nasdaq First North Growth Market in Stockholm with G&W Fondkommission as Certified Adviser.

Contact

Magnus Matsson

Head of Communications & Investor Relations

+46 31-29 00 60

ir@minesto.com

Minesto AB (publ)

Vita gavelns väg 6, 426 71 Västra Frölunda, Sweden

Corporate registration number 556719-4914

www.minesto.com