

INTERIM MANAGEMENT STATEMENT
1 JANUARY-31 MARCH

2023



 Minesto

Significant events January–March 2023

- In January, the company reached a commercial milestone, having received a first historic sales order of tidal site development services in Asia. Minesto was contracted to support a leading Asian corporation in the offshore energy sector for evaluation of a tidal current site targeting the deployment of Minesto's Dragon Class tidal energy power plants.
- Minesto and the Faroese utility company SEV strengthened the partnership through a renewed and expanded collaboration agreement related to tidal energy buildout in the Faroe Islands. An important add-on to the extended agreement stipulates the exclusive nature of the collaboration regarding the Hestfjord site development and buildout.
- At the beginning of February, a strategic collaboration with experienced project developer of tidal energy in the Philippines, Poseidon Renewable Energy Corporation, was initiated. The parties signed a collaboration agreement with the intention to collaborate on establishing tidal energy with Minesto's technology in the Philippines.
- At the end of February, Minesto strengthened the market position in Asia through entering a collaboration agreement with Taiwan Cement Green Energy (TCCGE), for buildout of renewable energy from tidal streams and ocean currents. TCCGE is a pioneer within renewable energy in Taiwan.
- During the first quarter, the company continued the work with the tidal energy power plants at the grid-connected site in Vestmanna, Faroe Islands, according to plan. The 100-kW tidal power plant, Dragon 4, delivered the highest total production volume for a continuous month of operation at the beginning of the year.
- Shortly thereafter, the power plant was successfully installed at the newly added second foundation in Vestmannasund, and generated first electricity. As part of the ongoing project together with Energimyndigheten, an upgraded tether that is expected to further improve system performance was added to the Dragon 4-system. For installation of the first Dragon 12 system in Vestmanna, a drilled and grouted anchor solution was contracted, a technology ready for array buildout.
- On 2nd February, the company announced that the board of Minesto resolves, subject to the approval by an extraordinary general meeting, to carry out a partially secured rights issue of shares of up to approximately SEK 153.4 million. The general meeting approved the rights issue the 20th of February. The subscription price in the rights issue was set to SEK 5.20 per share.
- The subscriptions by exercise of subscription rights and the applications for subscription without subscription rights corresponded to approximately 57.9 percent of the offered shares. Hence, guarantee commitments of approximately 5,986,285 shares, corresponding to approximately 20.3 percent of the offered shares, was allocated to guarantors. The Rights Issue hence provided the company with approximately SEK 120 million before deduction of transaction costs.

This document is a translation of Minesto AB's Interim Management Statement in Swedish that was published on 20th of April 2023. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.



Dragon 4 being towed in Vestmanna, the Faroe Islands.

Minesto in short

Minesto develops technology for plannable generation of renewable electricity from the ocean. With patented technology, tidal and ocean currents with low-flow velocities are exploited. The technology 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, Sp/f Minesto Føroyar, Minesto Warrants One AB and Holyhead Deep Ltd.

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.

Read more at www.minesto.com

The Group in summary

1 January–31 March 2023

- Total operating income amounted to SEK 12,691 thousand (11,117 thousand) and mainly included capitalised development work.
- Operating loss was SEK -6,045 thousand (-4,450 thousand). The negative result is largely attributable to business development and administration related to technology development and includes costs such as personnel and consultants. Of the personnel costs, SEK 10,932 thousand (10,232 thousand) has been capitalised as development work.
- At the end of the period, capitalised development costs amounted to SEK 392,763 thousand (313,037 thousand), in addition to capitalised patent expenses of SEK 15,383 thousand (14,514 thousand), all within the intangible assets of SEK 408,146 thousand (327,551 thousand).
- Grants of SEK 7,953 thousand (18,968 thousand) were accrued during the period, of which SEK 7,056 thousand (18,230 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 5,929 thousand (6,986 thousand) were received from public funding schemes, of which 5,929 thousand (6,986 thousand) relates to approved claims.
- Cash flow amounted to SEK 78,391 thousand (-27,531 thousand). At the end of the period, cash and cash equivalents amounted to SEK 114,016 thousand (123,252 thousand).
- At the end of the period, equity amounted to SEK 545,120 thousand (534,193 thousand) divided into 160,732,694 shares (137,655,143 shares), of which loss for the period was SEK -5,637 thousand (-3,595 thousand).

SEK thousand	Jan–March 2023	Jan–March 2022	Full Year 2022
Net sales	391	–	–
Operating profit/loss	-6,045	-4,450	-23,745
Net profit/loss for the period	-5,637	-3,595	-84,439
Cash flow for the period	78,391	-27,531	-116,766



CEO comment

Minesto has entered a new development phase



The need for our tidal energy technology in the global energy transition has never been more clear and accurate than now.

The focus for the first quarter has been to secure capital for continued development of the company. With a capital injection of approximately SEK 120 million before deduction of transaction costs, we have full funding in place to drive ongoing development projects to completion, and to bring the company into a new development phase with focus on customer-driven collaboration projects and system sales. At the same time, we must conclude that the rights issue is carried out on an uncertain capital market and that the company's market value has decreased relative to the recent years' levels. The message from the capital market is clear and in line with our agenda – Minesto needs to drive sales processes and ongoing development projects to the finishing line.

The work with building industrial values has by no means ceased! We are working to scale-up our technology to megawatt *Dragon 12*, expand the portfolio of customer projects and continued electricity production in Vestmanna has been pushed forward with full force. We have our best production results ever with *Dragon 4* from Q1 2023, and permitting processes and infrastructure build-out of our first commercial array Hestfjord are coming into place. Several new international partnerships have also been established.

Technical leaps during first quarter

From an operational and technical perspective, the first quarter has been full speed ahead with the continued work with our tidal energy power plants at our grid-connected site in Vestmanna, Faroe Islands. The 100-kW tidal power plant, *Dragon 4*, has delivered the highest total production volume for a continuous month of

operation at the beginning of the year. The upgraded tether developed in a focused project together with Swedish Energy Agency indicates additional improvement of the electricity production.

For installation of the first *Dragon 12* system in Vestmanna, a drilled and grouted anchor solution was contracted. Compared to gravity-based foundations, the drilled solution means decreased carbon emissions and reduced installation costs. These are examples of how we successively optimise systems and infrastructure, positioning us for commercial tidal array buildout.

Continued developed partnerships

We have entered several collaboration agreements for ocean energy buildout the past months. In Taiwan, the Philippines and Indonesia, we have advanced our market positions, and the work to develop these strategic partnership now continues. I keep referring to the importance of selecting the right partners that bring synergies on different levels to our business. The key to a commercial breakthrough lies in these partnerships.

On our way towards longterm business goals

The strengthened financial position enables scale-up investments and broadening of a commercial project portfolio. Minesto has entered a new development phase on the road towards utilization of a so far untapped global natural resource. The need for our tidal energy technology in the global energy transition has never been more clear and accurate than now.

Group Financial information in summary

Income

SEK thousand	Jan–March 2023	Jan–March 2022	Full Year 2022
Operating income	12,691	11,117	45,749
Operating costs	-18,736	-15,568	-69,494
Operating profit/loss	-6,045	-4,450	-23,745
Financial items	408	-70	1,271
Tax	0	925	-61,965
Net profit/loss for the period	-5,637	-3,595	-84,439
Earnings per share, SEK	-0.04	-0.03	-0.61
Earnings per share after dilution, SEK	-0.04	-0.03	-0.61

Balance

SEK thousand	31 March 2023	31 March 2022	31 Dec 2022
Total non-current assets	409,369	391,760	393,769
Total current assets	170,403	165,686	92,406
Total equity	545,120	534,193	453,343
Total liabilities	34,652	23,253	32,832
Equity ratio, %	94	96	93

Cash flow

SEK thousand	Jan–March 2023	Jan–March 2022	Full Year 2022
Cash flow from operating activities before changes in working capital	-6,163	-4,312	-23,299
Changes in working capital	4,524	-8,194	-13,282
Cash flow from investing activities	-17,421	-15,025	-80,185
Cash flow from financing activities	97,451	0	0
Cash and cash equivalents at beginning of period	34,579	150,890	150,890
Cash flow for the period	78,391	-27,531	-116,766
Exchange rate difference for cash equivalents	1,046	-107	455
Cash and cash equivalents at end of period	114,016	123,252	34,579

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 and auditing

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 2022 for more detailed principles.

Due to rounding, figures presented in this report might not in some cases add up to the total.

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

Future information

2023-06-07 Annual General Meeting 2023
2023-08-17 Half-Year Report 2023
2023-10-19 Interim Management Statement 1 jan–30 sep 2023

Gothenburg on 20 April 2023

Martin Edlund
CEO

Definitions of Key Performance Indicators

Contact

Operating income

All income, including capitalised development work.

Operating profit/loss

Result after depreciation.

Net profit/loss for the period

Results after taking into account deferred tax.

Equity ratio

Adjusted equity in relation to total assets.

Earnings per share

Net loss in relation to the weighted average number of shares.

Earnings per share after dilution

Net loss in relation to the weighted average number of shares plus potential shares.

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