

HALF-YEAR REPORT 1 JANUARY-30 JUNE

2023



 Minesto

Significant events April–June 2023

- At the end of May, Minesto initiated the installation of the first megawatt-unit, Dragon 12 (1.2 MW). The first phase of the offshore installation of Dragon 12 was successfully completed in Vestmanna, Faroe Islands. The 3.4 km main subsea cable was laid on the seabed, from the onshore grid connection point to the offshore installation node.
- At the beginning of June, the company announced the appointment of a new CFO (Chief Financial Officer), Gustav Kvibling. Minesto also expanded its Executive Team from four to seven members, to meet the requirements of the growing activities.

This document is a translation of Minesto AB's Half-Year Report in Swedish that was published on 17th of August 2023. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.



First phase of offshore installation Dragon 12 being completed in Vestmanna, 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–30 June 2023

- Total operating income amounted to SEK 25 016 thousand (23 502 thousand) and mainly included capitalised development work of SEK 22 549 thousand (21 929 thousand).
- Operating loss was SEK –13 271 thousand (–10 405 thousand). The negative result is largely attributable to business development and administration related to technology development and includes costs such as personnel and consultants.
- Earnings per share were SEK –0.07 (–0.06). The corresponding earnings per share including dilution of outstanding warrants were SEK –0.06 (–0.06).
- At the end of the reporting period, the intangible assets amounted to SEK 430 677 thousand (345 463 thousand), of which capitalised development costs amounted to SEK 415 009 thousand (330 820 thousand), and patent expenses of SEK 15 668 thousand (14 643 thousand).
- Grants of SEK 23 206 thousand (32 937) were accrued during the reporting period, of which SEK 21 615 thousand (31 490 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 40 533 thousand (27 146 thousand) were received from public funding schemes.
- Cash flow amounted to SEK 50 997 thousand (–51 483 thousand).
- At the end of the reporting period, equity amounted to SEK 540 099 thousand (530 069 thousand).

SEK thousand	Jan–Jun 2023	Jan–Jun 2022	Full Year 2022
Net sales	391	–	–
Operating profit/loss	–13,271	–10,405	–23,745
Net profit/loss for the period	–9,781	–7,724	–84,439
Cash flow for the period	50,997	–51,483	–116,766



CEO comment

Focus on large-scale, project-based sales



It's about local partners highly engaged in the commercialisation of tidal energy and who actively invest in site development.

With the second quarter, we further accelerate our focus on driving large-scale, project-based sales of tidal energy arrays, where reference installations of our smaller power plant Dragon 4 are the key to long term business. In the second quarter, a reinforced and expanded executive team was implemented, to optimise for the phase we are in. With a strengthened ability to engage in large-scale project-based sales, we also continue our scale-up of the technology and anticipate power production with the megawatt power plant Dragon 12, where installation of infrastructure and final testing of critical components are ongoing.

Scale-up in focus – installation of Dragon 12 continues

At the end of May, we successfully completed the first phase of Dragon 12 offshore installation, as the main subsea cable was laid on the seabed. The big D12 power plant means an important shift from gravity-based foundations to a drilled and grouted anchor solution. This is an important development as installation costs, transportation and carbon emissions are substantially reduced. The new solution is central to bigger sites. Installation of the anchor solution (the seabed attachment) and the power plant itself (“the dragon”) make up the following steps which we look forward to.

Project-based sales and strong, local partners

On the market side we continue the dialogues with several local stakeholders that we previously publicly announced. It's about local partners highly engaged in the commercialisation of tidal energy and who actively invest in site development, identification of sites, measurements, and permit processes. We look forward to an exciting time of scale-up and commercial development.

Minesto's site in the Faroe Islands – a valuable asset

The Faroe Islands remain our primary focus. The Faroe Islands are an attractive business case for Minesto's technology and we scaled up our ambitions to 200 MW as new tidal energy resources have been verified and the demand for clean energy - requested directly by local stakeholders such as the Faroese fish farming industry – is growing faster than previous forecasts show.

We have established a new site in Vestmanna that is now dimensioned to manage three power plants in parallel production. The site produces power within Minesto's PPA (Power Purchase Agreement) with SEV. It is also utilised for customer visits and training of site development partners. It is an important long-term asset for the company and local recruitment of personnel is ongoing to meet the need.

Martin Edlund, CEO

Group Income Statement

SEK thousand	Jan–Jun 2023	Jan–Jun 2022	Full Year 2022
Operating income			
Net sales	391	0	0
Capitalised development work	22,549	21,929	42,818
Other operating income	2,076	1,573	2,931
Total income	25,016	23,502	45,749
Operating expenses			
Other external expenses	-10,621	-7,003	-16,778
Personnel costs	-27,515	-26,786	-52,456
Depreciation	-151	-118	-260
Total costs	-38,287	-33,908	-69,494
Operating loss	-13,271	-10,405	-23,745
Profit/loss from financial items			
Interest income and similar income statement items	3,501	852	1,272
Interest expense and similar income statement items	-11	-172	-1
Total profit/loss from financial items	3,490	681	1,271
Loss after net financial items	-9,781	-9,725	-22,474
Tax on net loss	0	2,001	-61,965
Net loss	-9,781	-7,724	-84,439

Group Balance Sheet

SEK thousand	30 June 2023	30 June 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	430,677	345,463	392,457
Tangible assets	915	1,126	1,025
Financial assets	313	64,248	287
Total non-current assets	431,905	410,837	393,769
Current assets			
Current receivables	45,953	39,450	57,827
Cash and cash equivalents	86,891	99,521	34,579
Total current assets	132,844	139,138	92,406
TOTAL ASSETS	564,749	549,975	486,175
EQUITY AND LIABILITIES			
Equity	540,099	530,069	453,343
Non-current liabilities	500	500	500
Current liabilities	24,150	19,406	32,332
TOTAL EQUITY AND LIABILITIES	564,749	549,975	486,175

Group

Statement of Changes in Equity

SEK thousand	Share capital	Additional paid-up capital	Other equity incl. result for the year	Total equity
2022				
At beginning of the year	6,883	750,436	-219,568	537,751
<i>Changes</i>				
Net loss for the year	–	–	-84,439	-84,439
Translation differences	–	–	31	31
Total changes	–	–	-84,408	-84,408
Equity at year-end	6,883	750,436	-303,976	453,343
Jan–Jun 2023				
At beginning of the year	6,883	750,436	-303,976	453,343
<i>Changes</i>				
Net loss	–	–	-9,781	-9,781
Translation differences	–	–	-192	-192
New shares according to warrants	1,154	118,849	–	120,003
Issue expenses, net of tax effect	–	-23,274	–	-23,274
Total changes	1,154	95,575	-9,973	86,756
Equity at the end of the period	8,037	846,011	-313,949	540,099

Group Cash Flow Statement

SEK thousand	Jan–Jun 2023	Jan–Jun 2022	Full Year 2022
Operating activities			
Loss after net financial items	-9,781	-9,725	-22,474
Adjustments for items not included in cash flow	-3,732	-310	-825
Cash flow from operating activities before changes in working capital	-13,513	-10,035	-23,299
Changes in working capital			
Changes in operating receivables	14,957	-6,427	-24,013
Changes in operating liabilities	-8,884	-1,917	10,731
Cash flow from changes in working capital	6,073	-8,344	-13,282
Cash flow from operating activities	-7,440	-18,379	-36,581
Investing activities			
Investments in intangible assets	-38,220	-32,626	-79,619
Investments in property, plant and equipment	-72	-479	-566
Cash flow from investing activities	-38,292	-33,105	-80,185
Financing activities			
Warrants	120,003	–	–
Issue expenses	-23,274	–	–
Cash flow from financing activities	96,729	–	–
Cash and cash equivalents at beginning of period	34,579	150,890	150,890
Cash flow for the period	50,997	-51,483	-116,766
Exchange rate difference for cash equivalents	1,315	114	455
Cash and cash equivalents at end of period	86,891	99,521	34,579

Group

Key Performance Indicators

	Jan–Jun 2023	Jan–Jun 2022	Full Year 2022
Profitability			
Operating income, SEK thousand	25,016	23,502	45,749
Operating loss, SEK thousand	-13,271	-10,405	-23,745
Net loss for the year, SEK thousand	-9,781	-7,724	-84,439
Return on equity, %	neg.	neg.	neg.
Capital structure			
Equity ratio, %	96	96	93
Outstanding shares as per close of balance	160,732,694	137,655,143	137,655,143
Weighted average of outstanding shares	149,512,699	137,655,143	137,655,143
Potential shares attributable to outstanding warrants as per close of balance	1,320,250	1,768,250	1,320,250
Earnings per share, SEK	-0,07	-0,06	-0,61
Earnings per share after dilution, SEK	-0,06	-0,06	-0,61
Dividend per share, SEK	–	–	–
Personnel			
Average number of employees	59	62	63
Personnel costs, SEK thousand	-27,515	-26,786	-52,457

Definitions, see page 17.

Comments on the Income Statement and Balance Sheet

Position and results

The Group's operating income for the reporting period amounted to SEK 25 016 thousand (23 502 thousand) and consisted mainly of capitalised development work of SEK 22 549 thousand (21 929 thousand).

Net sales amounted to SEK 391 thousand (0) and operating loss was SEK -13 271 thousand (-10 405 thousand). The negative result is attributable to business development and administration related to technology development and includes costs such as personnel and consultants.

At the end of the reporting period, the intangible assets amounted to SEK 430 677 thousand (345 463 thousand), of which capitalised development costs amounted to SEK 415 009 thousand (330 820 thousand), and patent expenses of SEK 15 668 thousand (14 643 thousand). All expenses are attributable to the development of Deep Green technology and have been capitalised at the Parent Company.

Grants of SEK 23 206 thousand (32 937 thousand) were accrued during the reporting period, of which SEK 21 615 thousand (31 490 thousand) reduced the acquisition value of capitalised development costs.

Cash flow and financial position

During the reporting period, payments of SEK 40 533 thousand (27 146 thousand) were received from public funding schemes, of which the entire amount relates to approved claims.

The Group's cash flow amounted to SEK 50 997 thousand ((-51 483 thousand). At the end of the reporting period, cash and cash equivalents amounted to SEK 86 891 thousand (99 521 thousand).

Changes in equity

At the end of the reporting period, the Group's equity amounted to SEK 540 099 thousand (530 069 thousand).

During the reporting period 23 077 551 (0) new shares were issued. During the corresponding period of the previous year a total of SEK 96 729 thousand net of issue expenses, was added to the Company's equity.

Furthermore, Group's equity was affected by the net loss for the period of SEK 9 781 thousand (7 724 thousand).

At the end of the reporting period, there were 160 732 694 (137,655,143) registered shares, each with a quota value of SEK 0.05 (0.05).

Parent Company

Income Statement

SEK thousand	Jan–Jun 2023	Jan–Jun 2022	Full Year 2022
Operating income			
Net sales	391	–	–
Capitalised development work	15,645	13,990	27,459
Other operating income	0	106	106
Total income	16,036	14,096	27,565
Operating expenses			
Other external expenses	-6,297	-5,432	-13,727
Personnel costs	-20,255	-18,453	-36,380
Depreciation	-151	-118	-260
Total costs	-26,703	-24,004	-50,367
Operating loss	-10,666	-9,908	22,802
Profit/loss from financial items			
Interest income and similar income statement items	670	366	311
Interest expense and similar income statement items	-11	-172	–
Total profit/loss from financial items	659	194	311
Loss after net financial items	-10,006	-9,714	-22,491
Tax on net loss	–	2,001	-61,963
Net loss	-10,006	-7,713	-84,454

Parent Company

Balance Sheet

SEK thousand	30 June 2023	30 June 2022	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets	430,677	345,463	392,457
Tangible assets	686	820	765
Financial assets	46,097	101,365	43,102
Total non-current assets	477,460	447,648	436,324
Current assets			
Current receivables	6,324	15,880	12,389
Cash and cash equivalents	71,054	79,165	17,681
Total current assets	77,378	95,211	30,070
TOTAL ASSETS	554,838	542,859	466,394
EQUITY AND LIABILITIES			
Equity	539,821	529,840	453,099
Non-current liabilities	695	746	696
Current liabilities	14,322	12,273	12,599
TOTAL EQUITY AND LIABILITIES	554,838	542,859	466,394

Parent Company

Statement of Changes in Equity

SEK thousand	Aktiekapital	Fond för utveckling	Överkurs-fond	Balanserat resultat	Årets resultat	Totalt kapital
2022						
At beginning of the year	6,883	298,405	140,425	106,817	-14,977	537,553
<i>Changes</i>						
Allocation of previous year's result	–	–	-140,425	125,448	14,977	–
Fund for development	–	78,767	–	-78,767	–	–
Net loss for the year	–	–	–	–	-84,454	-84,454
Total changes	–	78,767	-140,424	46,680	-69,477	84,454
Equity at year-end	6,883	377,173	–	153,497	-84,454	453,099
Jan–Jun 2023						
At beginning of the year	6,883	377,173	–	153,497	-84,454	453,099
<i>Changes</i>						
Allocation of previous year's result	–	–	–	-84,454	84,454	–
New shares according to warrants	1,154	–	118,849	–	–	120,003
Issue expenses, net of tax effect	–	–	-23,274	–	–	-23,274
Fund for development	–	35,605	–	-35,605	–	–
Net loss for the period	–	–	–	–	-10,006	-10,006
Total changes	1,154	35,605	95,575	-120,059	74,458	86,723
Equity at the end of the period	8,037	412,777	95,575	33,438	-10,006	539,821

Parent Company

Cash Flow Statement

SEK thousand	Jan–Jun 2023	Jan–Jun 2022	Full Year 2022
Operating activities			
Loss after net financial items	-10,006	-9,714	-22,491
Adjustments for items not included in cash flow	151	118	260
Cash flow from operating activities before changes in working capital	-9,855	-9,595	-22,231
Changes in working capital			
Changes in operating receivables	5,689	-6,114	-2,457
Changes in operating liabilities	2,099	-4,915	-4,588
Cash flow from changes in working capital	7,788	-11,029	-7,045
Cash flow from operating activities	-2,067	-20,625	-29,276
Investing activities			
Investments in intangible assets	-38,220	-32,626	-79,619
Investments in property, plant and equipment	-72	-479	-566
Change of receivables from Group companies	-2,995	-11,342	-17,044
Cash flow from investing activities	-41,287	-44,446	-97,229
Financing activities			
Warrants	120,003	–	–
Issue expenses	-23,274	–	–
Change of liabilities, Group companies	-2	39	-11
Cash flow from financing activities	96,727	39	-11
Cash and cash equivalents at beginning of period	17,681	144,197	144,197
Cash flow for the period	53,373	-65,032	-126,516
Cash and cash equivalents at end of period	71,054	79,165	17,681

Parent Company

Key Performance Indicators

	Jan–Jun 2023	Jan–Jun 2022	Full Year 2022
Profitability			
Operating income, SEK thousand	16,036	14,096	27,565
Operating loss, SEK thousand	-10,666	-9,908	-22,802
Net loss for the year, SEK thousand	-10,006	-7,713	-84,454
Return on equity, %	neg.	neg.	neg.
Capital structure			
Equity ratio, %	97	98	97
Outstanding shares as per close of balance	160,732,694	137,655,143	137,655,143
Weighted average of outstanding shares	149,512,699	137,655,143	137,655,143
Potential shares attributable to outstanding warrants as per close of balance	1,320,250	1,768,250	1,320,250
Earnings per share, SEK	-0,07	-0,06	-0,61
Earnings per share after dilution, SEK	-0,07	-0,06	-0,61
Dividend per share, SEK	–	–	–
Personnel			
Average number of employees	41	39	40
Personnel costs, SEK thousand	-20,255	-18,453	-36,380

Definitions, see page 17.

Accounting principles

The Half-Year Report 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 Half-Year Report has not been reviewed by the company's auditor.

Risks

The Company's activity mainly involves developing and commercialising new technology. The Company's development is therefore associated with technical, financial and regulatory risks.

Please see the prospectus published in February 2023 in conjunction with Minesto's rights issue for more detailed information about the Company's risks. The prospectus is available on the Company's website.

Future information

2023-10-19 Interim Management Statement 1 Jan–30 Sep 2023

2024-03-21 Year-End Report 2023

Gothenburg on 17 August 2023

Martin Edlund
CEO

Definitions of Key Performance Indicators

Contact

Operating income

All income, including capitalised development work.

Operating loss

Result after depreciation.

Net loss

Result after taking into account actual tax and deferred tax.

Return on equity

Profit after tax in relation to equity.

Equity ratio

Adjusted equity in relation to total assets.

Weighted average of outstanding shares

Outstanding shares at the beginning of the period adjusted with newly issued shares during the period multiplied by the time weighing factor.

Potential shares attributable to outstanding options

Outstanding warrants as of the balance sheet date converted to potential shares.

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.

Dividend per share

Decided dividend per eligible share.

Average number of employees

Average number of employees during the period.

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