

HALF-YEAR REPORT 1 JANUARY-30 JUNE 2021



Significant events April–June 2021

- Minesto continued its operational activities at the company's production site in the Faroe Islands. During the spring, energy production from the DG100 marine power plant delivered grid-compliant electricity at new record levels.
- In April, Minesto announced that the company had been granted a new patent for a technical innovation that had been developed and verified by the project in the Faroe Islands. This new patent strengthens Minesto's already extensive patent portfolio and extends the protection of the company's core technology.
- The warrant program TO3 at Minesto AB ended in April. A total of 10,236,653 new shares were subscribed for in Minesto by exercising these warrants, corresponding to an exercise rate of 99.1 percent. The company therefore received a total of SEK 161.6 million before issue costs within the total framework of the TO3 program.

After the end of the period

- In July, Minesto announced that the company had achieved further improved power production performance through upgrades and modifications to the DG100 power plant. Furthermore, key aspects of test operations and electricity production with the DG100 system have received third-party verification by DNV in accordance with international standards.



This document is a translation of Minesto AB's Half-Year Report in Swedish that was published on 19 August 2021. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.

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, 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, 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.

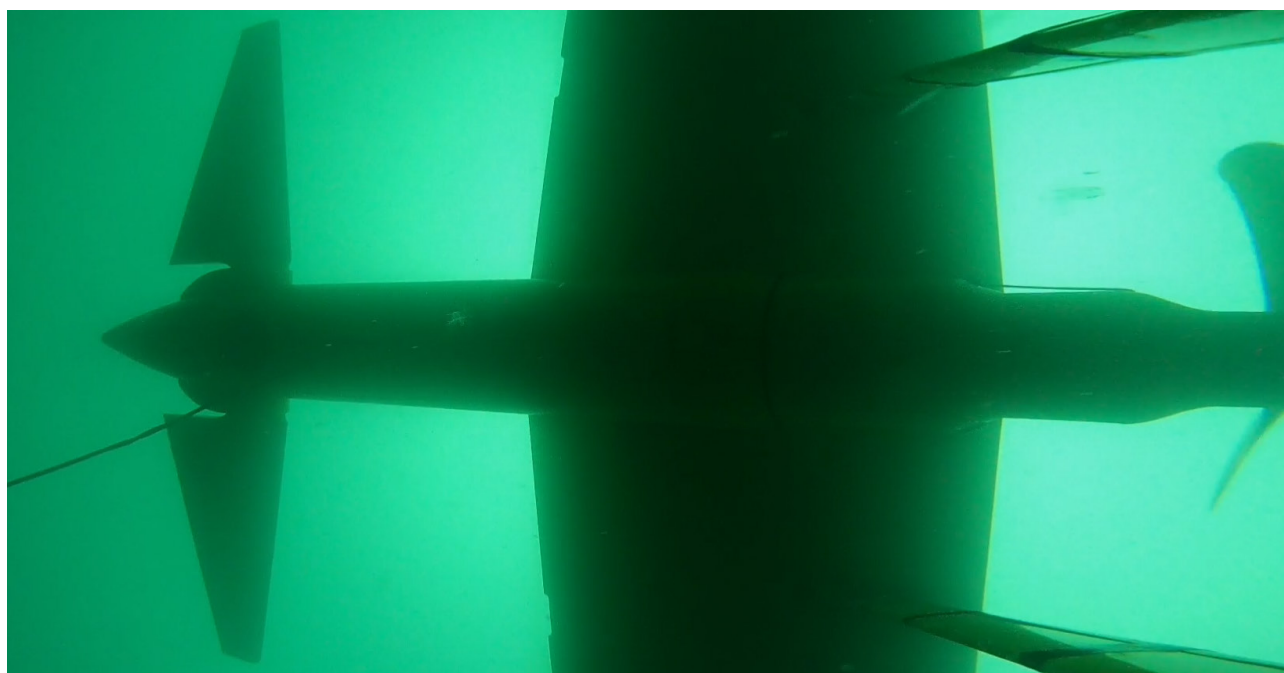


The Group in summary

1 January–30 June 2021

- Total operating income amounted to SEK 21,196 thousand (23,551 thousand) and mainly included capitalised development work of SEK 19,896 thousand (21,538 thousand).
- Loss after net financial items was SEK –8,033 thousand (–8,722 thousand). The negative result is largely attributable to business development and administration related to technology development and includes costs such as personnel, rents and consultants.
- Earnings per share were SEK –0.05 (–0.06). The corresponding earnings per share after taking into account dilution of existing warrants were SEK –0.05 (–0.05).
- At the end of the reporting period, capitalised development costs amounted to SEK 260,195 thousand (194,109 thousand), in addition to capitalised patent expenses of SEK 13,856 thousand (12,916 thousand).
- Grants of up to SEK 9,701 thousand (32,516 thousand) were accrued during the reporting period, of which SEK 8,479 thousand (30,657 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 11,419 thousand (43,390 thousand) were received from public funding schemes.
- Cash flow amounted to SEK 100,642 thousand (62,166 thousand).
- At the end of the reporting period, equity amounted to SEK 546,298 thousand (404,083 thousand).

SEK thousand	Jan–Jun 2021	Jan–Jun 2020	Full Year 2020
Net sales	—	—	—
Operating profit/loss	–9,058	–6,310	–13,113
Net profit/loss for the period	–6,374	–6,951	–13,304
Cash flow for the period	100,642	62,166	51,438



Minesto's marine power plant DG100 in operation in Vestmannaasund, Faroe Islands during the summer of 2021.

CEO comment

A powerful platform to deliver, scale up and expand



During the autumn, we will continue to strengthen the commercial organisation in order to increase the intensity of marketing and customer activities

Throughout the summer, Minesto has built on this spring's technical and operational progress at our production site in Vestmanna-sund, Faroe Islands. Upgrading of the DG100 power plant, which among other things consisted of improved generator configuration and optimised rudder control, resulted in further improved electricity production performance of new record levels in terms of delivering both maximum and average power. We are generating electricity to the grid over full tidal cycles with satisfactory performance, which is extremely positive from a cost of energy perspective.

In addition, during the summer we completed a second step of evaluation in the ongoing collaboration with DNV. Key aspects of test operations and electricity production of the DG100 system, most importantly the production power curve, have been third-party verified by DNV in accordance with international standards.

Increased intensity of marketing and customer activities

During the second quarter, the warrant program TO3 was also successfully completed, which saw the subscription of shares with a value of just over SEK 160 million. This solid financial position together with the technical and operational progress during the year has provided a powerful platform to deliver our existing projects, scale up the technology, expand industrial collaboration and establish new projects. During the autumn, we will continue to strengthen the commercial organisation in order to increase the intensity of marketing and customer activities to take the next step in Minesto's expansion.

We are continuing with electricity production and performance optimisation at the Vestmanna-sund site in parallel with the ongoing work to

- deliver an upgraded DG100 system in our project with EDF where we, as a basis for continued expanded collaboration with EDF, will install a first power plant off the coast of Brittany, and
- scale up the technology to 1.2 MW for installation at the two arrays under development in the Faroe Islands and in Wales.

Furthermore, the collaboration with Schneider Electric is progressing, where we on the market side, among other things, plan for joint activities aimed at key energy players during the autumn.

Impacts of the COVID-19 pandemic

Reintroduced quarantine restrictions in the UK led to a short break in operations in the Faroe Islands, however we have now returned to the site and plan to continue producing electricity in Vestmanna-sund soon. In other respects, as previously communicated the coronavirus pandemic has not had any critical impact on Minesto's operations to date.

The team has continued to deliver to the highest standards throughout the pandemic, allowing Minesto to drive our projects forward in the safest and most efficient way possible. We look forward to resuming site visits and physical meetings with customers and other stakeholders as soon as possible.

Immediate change to achieve climate goals

The pressure for additional solutions to reduce carbon dioxide emissions is accelerating. When the new UN climate report was published last week, the message was crystal clear: if the world is to achieve its climate goals and limit global warming to 1.5 degrees, immediate change is needed. Climate change is unparalleled, and we have again seen the effects this summer with floods and extreme heat waves around the world.

Dealing with the climate crisis, additional forms of complementary energy sources, that minimise the need for overcapacity and expensive energy storage are required. Renewable electricity production from flowing water is predictable and has an immense expansion potential. This insight drives an ever-growing interest among leading energy players in Minesto and in the role our Deep Green technology can play in future, sustainable energy systems.

Dr Martin Edlund, CEO

Group Income Statement

SEK thousand	Jan–Jun 2021	Jan–Jun 2020	Full Year 2020
Operating income			
Capitalised development work	19,896	21,538	40,063
Other operating income	1,300	2,013	3,928
Total income	21,196	23,551	43,991
Operating expenses			
Other external expenses	-6,689	-5,962	-12,030
Personnel costs	-23,475	-23,821	-44,909
Depreciation	-90	-78	-166
Total costs	-30,254	-29,860	-57,104
Operating loss	-9,058	-6,310	-13,113
Profit/loss from financial items			
Interest income and similar income statement items	1,250	—	—
Interest expense and similar income statement items	-225	-2,413	-3,587
Total profit/loss from financial items	1,025	-2,413	-3,587
Loss after net financial items	-8,033	-8,722	-16,700
Tax on net loss	1,658	1,771	3,397
Net loss	-6,374	-6,951	-13,304

Group Balance Sheet

SEK thousand	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	274,051	207,024	238,473
Tangible assets	869	1,002	952
Financial assets	60,040	56,025	57,751
Total non-current assets	334,960	264,051	297,176
Current assets			
Current receivables	28,636	55,497	28,604
Cash and cash equivalents	205,011	116,275	104,358
Total current assets	233,647	171,772	132,962
TOTAL ASSETS	568,607	435,823	430,137
EQUITY AND LIABILITIES			
Equity	546,298	404,083	411,784
Non-current liabilities	500	500	500
Current liabilities	21,808	31,240	17,853
TOTAL EQUITY AND LIABILITIES	568,607	435,823	430,137

Group

Statement of Changes in Equity

SEK thousand	Share capital	Additional paid-up capital	Other equity incl. result for the year	Total equity
2020				
At beginning of the year	6,280	583,926	-191,504	398,703
<i>Changes</i>				
Net loss for the year	—	—	-13,304	-13,304
Translation differences	—	—	152	152
New shares according to warrants	149	26,502	—	26,651
Issue expenses, net of tax effect	—	-417	—	-417
Total changes	149	26,085	-13,152	13,082
Equity at year-end	6,429	610,011	-204,656	411,784
Jan-Jun 2021				
At beginning of the year	6,429	610,011	-204,656	411,784
<i>Changes</i>				
Net loss	—	—	-6,374	-6,374
Translation differences	—	—	10	10
New shares according to warrants	454	142,799	—	143,252
Issue expenses, net of tax effect	—	-2,374	—	-2,374
Total changes	454	140,425	-6,364	134,514
Equity at the end of the period	6,883	750,436	-211,020	546,298

Group

Cash Flow Statement

SEK thousand	Jan–Jun 2021	Jan–Jun 2020	Full Year 2020
Operating activities			
Loss after net financial items	–8,033	–8,722	–16,700
Adjustments for items not included in cash flow	–1,607	78	3,716
Cash flow from operating activities before changes in working capital	–9,640	–8,644	–12,984
Changes in working capital			
Changes in operating receivables	949	97,774	111,025
Changes in operating liabilities	3,826	1,874	–11,632
Cash flow from changes in working capital	4,775	99,647	99,393
Cash flow from operating activities	–4,865	91,003	86,409
Investing activities			
Investments in intangible assets	–35,578	–29,325	–60,773
Investments in property, plant and equipment	–29	–146	–323
Changes in non-current receivables	–	17	–
Cash flow from investing activities	–35,607	–29,453	–61,095
Financing activities			
Warrants	143,252	870	26,651
Issue expenses	–2,990	–253	–525
Cash flow from financing activities	140,262	616	26,125
Cash and cash equivalents at beginning of period	104,358	53,986	53,986
Cash flow for the period	99,790	62,166	51,438
Exchange rate difference for cash equivalents	863	123	–1,066
Cash and cash equivalents at end of period	205,011	116,275	104,358

Group

Key Performance Indicators

	Jan–Jun 2021	Jan–Jun 2020	Full Year 2020
Profitability			
Operating income, SEK thousand	21,196	23,551	43,991
Operating loss, SEK thousand	–9,058	–6,310	–13,113
Net loss for the year, SEK thousand	–6,374	–6,951	–13,304
Return on equity, %	neg.	neg.	neg.
Capital structure			
Equity ratio, %	96	93	96
Outstanding shares as per close of balance	137,655,143	125,748,804	128,582,804
Weighted average of outstanding shares	131,168,893	125,086,682	126,543,315
Potential shares attributable to outstanding warrants as per close of balance	1,628,000	15,309,202	10,798,202
Earnings per share, SEK	–0.05	–0.06	–0.11
Earnings per share after dilution, SEK	–0.05	–0.05	–0.10
Dividend per share, SEK	—	—	—
Personnel			
Average number of employees	57	59	58
Personnel costs, SEK thousand	–23,475	–23,821	–44,909

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 21,196 thousand (23,551 thousand) and consisted mainly of capitalised development work. Net sales amounted to SEK 0 thousand (0 thousand) and loss after financial items was SEK –8,033 thousand (–8,722 thousand). The negative result is attributable to business development and administration related to technology development and includes costs such as personnel costs and consultants. Of the personnel costs, SEK 19,896 thousand (21,538 thousand) has been capitalised as development work.

At the end of the reporting period, the capitalised development costs amounted to SEK 260,195 thousand (194,109 thousand), plus capitalised expenses for patents of SEK 13,856 thousand (12,916 thousand). All expenses are attributable to the development of Deep Green technology and have been capitalised at the Parent Company.

Grants of up to SEK 9,701 thousand (32,516 thousand) were raised during the reporting period, of which SEK 8,479 thousand (30,657 thousand) reduced the acquisition value of capitalised development costs.

Cash flow and financial position

During the reporting period, payments of SEK 11,419 thousand (43,390 thousand) were received from public funding schemes, of which the entire amount (43,390 thousand) relates to approved claims.

The Group's cash flow amounted to SEK 99,790 thousand (62,166 thousand). At the end of the reporting period, cash and cash equivalents amounted to SEK 205,011 thousand (116,275 thousand).

Changes in equity

At the end of the reporting period, the Group's equity amounted to SEK 546,298 thousand (404,083 thousand). During the reporting period, a total of SEK 140,878 thousand (12,210 thousand) after issue expenses, was added to the Company's equity through the exercise of warrants. During the reporting period 9,072,339 (6,247,674) new shares were issued. Furthermore, shareholders' equity was affected by the net loss for the period of SEK 6,374 thousand (6,951 thousand).

At the end of the reporting period, there were 137,655,143 (125,748,804) registered shares, each with a quota value of SEK 0.05.

Parent Company

Income Statement

SEK thousand	Jan–Jun 2021	Jan–Jun 2020	Full Year 2020
Operating income			
Capitalised development work	12,083	13,356	25,378
Other operating income	20	63	70
Total income	12,103	13,419	25,448
Operating expenses			
Other external expenses	-4,160	-6,370	-12,462
Personnel costs	-15,677	-15,341	-29,372
Depreciation	-90	-78	-166
Total costs	-19,928	-21,789	-42,000
Operating loss	-7,825	-8,370	-16,552
Profit/loss from financial items			
Interest income and similar income statement items	—	—	—
Interest expense and similar income statement items	-225	-228	-2
Total profit/loss from financial items	-225	-228	-2
Loss after net financial items	-8,050	-8,598	-16,554
Tax on net loss	1,658	1,771	3,398
Net loss	-6,392	-6,827	-13,156

Parent Company

Balance Sheet

SEK thousand	30 June 2021	30 June 2020	31 Dec 2020
ASSETS			
Non-current assets			
Intangible assets	274,051	207,024	238,473
Tangible assets	484	535	545
Financial assets	83,841	92,042	88,992
Total non-current assets	358,375	299,601	328,009
Current assets			
Current receivables	13,418	34,381	11,113
Cash and cash equivalents	193,859	97,412	88,667
Total current assets	207,277	131,793	99,779
TOTAL ASSETS	565,652	431,394	427,789
EQUITY AND LIABILITIES			
Equity	546,138	403,956	411,651
Non-current liabilities	624	500	656
Current liabilities	18,890	26,938	15,482
TOTAL EQUITY AND LIABILITIES	565,652	431,394	427,789

Parent Company

Statement of Changes in Equity

SEK thousand	Share capital	Fund for development	Share premium	Balanced results	Loss for the year	Total equity
2020						
At beginning of the year	6,280	165,346	193,126	133,798	-99,978	398,574
<i>Changes</i>						
Allocation of previous year's result	—	—	-193,126	93,149	99,978	—
New shares according to warrants	149	—	26,502	—	—	26,651
Issue expenses, net of tax effect	—	—	-417	—	—	-417
Fund for development	—	59,730	—	-59,730	—	—
Net loss for the year	—	—	—	—	-13,156	-13,156
Total changes	149	59,730	-167,042	33,419	86,821	13,077
Equity at year-end	6,429	225,077	26,085	167,217	-13,156	411,651
Jan-Jun 2021						
At beginning of the year	6,429	225,077	26,085	167,217	-13,156	411,651
<i>Changes</i>						
Allocation of previous year's result	—	—	-26,085	12,929	13,156	—
New shares according to warrants	454	—	142,799	—	—	143,252
Issue expenses, net of tax effect	—	—	-2,374	—	—	-2,374
Fund for development	—	35,118	—	-35,118	—	—
Net loss for the period	—	—	—	—	-6,392	-6,392
Total changes	454	35,118	114,340	-22,190	6,765	134,487
Equity at the end of the period	6,883	260,195	140,425	145,027	-6,392	546,138

Parent Company

Cash Flow Statement

SEK thousand	Jan–Jun 2021	Jan–Jun 2020	Full Year 2020
Operating activities			
Loss after net financial items	-8,050	-8,598	-16,554
Adjustments for items not included in cash flow	90	78	166
Cash flow from operating activities before changes in working capital	-7,960	-8,520	-16,388
Changes in working capital			
Changes in operating receivables	-2,305	80,118	91,793
Changes in operating liabilities	3,409	608	-10,849
Cash flow from changes in working capital	1,104	80,726	80,944
Cash flow from operating activities	-6,856	72,206	64,556
Investing activities			
Investments in intangible assets	-35,578	-29,325	-60,773
Investments in property, plant and equipment	-29	-225	-323
Acquisition of subsidiaries	—	—	-71
Change of receivables from Group companies	7,425	2,970	7,826
Cash flow from investing activities	-28,182	-26,580	-53,341
Financing activities			
Warrants	143,252	870	26,651
Issue expenses	-2,990	-253	-525
Change of liabilities, Group companies	-32	-103	53
Cash flow from financing activities	140,230	514	26,179
Cash and cash equivalents at beginning of period	88,667	51,273	51,273
Cash flow for the period	105,192	46,140	37,394
Cash and cash equivalents at end of period	193,859	97,412	88,667

Parent Company

Key Performance Indicators

	Jan–Jun 2021	Jan–Jun 2020	Full Year 2020
Profitability			
Operating income, SEK thousand	12,103	13,419	25,448
Operating loss, SEK thousand	-7,825	-8,370	-16,552
Net loss for the year, SEK thousand	-6,392	-6,827	-13,156
Return on equity, %	neg.	neg.	neg.
Capital structure			
Equity ratio, %	97	94	96
Outstanding shares as per close of balance	137,655,143	125,748,804	128,582,804
Weighted average of outstanding shares	131,168,893	125,086,682	126,543,315
Potential shares attributable to outstanding warrants as per close of balance	1,628,000	15,309,202	10,798,202
Earnings per share, SEK	-0.05	-0.05	-0.10
Earnings per share after dilution, SEK	-0.05	-0.05	-0.10
Dividend per share, SEK	—	—	—
Personnel			
Average number of employees	33	34	34
Personnel costs, SEK thousand	-15,677	-15,341	-29,372

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 2020 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 December 2019 in conjunction with Minesto's rights issue of units for more detailed information about the Company's risks. The prospectus is available on the Company's website.

Future information

2021-10-21 Interim Management Statement
1 Jan–30 Sep 2021

2022-03-17 Year-End Report 2021

Göteborg on 19 August 2021

Dr Martin Edlund
CEO

Definitions of Key Performance Indicators

Operating income

All income, including capitalised development work.

Operating result

Result after depreciation.

Net loss for the year

Result after taking into account actual tax and deferred tax.

Return on equity

Profit after tax in relation to equity.

Equity ratio

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 weighting factor.

Potential shares attributable to outstanding options

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

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.

Dividend per share

Decided dividend per eligible share.

Average number of employees

Average number of employees during the period.

Personnel costs

Personnel costs during the period.

Contact

Dr Martin Edlund, CEO

+46 31-29 00 60

ir@minesto.com

Minesto AB (publ)

Corporate registration number 556719-4914

Vita gavelns väg 6

426 71 Västra Frölunda, Sweden

www.minesto.com

This information is such that Minesto AB (publ) shall announce publicly according to the EU Regulation No 596/2014 on market abuse (MAR). The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CEST on 19 August 2021.