

HALF-YEAR REPORT 1 JANUARY - 30 JUNE

2022



Significant events April-June 2022

- In April, Minesto launched a build-out plan for tidal energy arrays in the Faroe Islands. The plan includes four new verified sites with the potential to supply 40 percent of the country's growing electricity consumption, enabling the Faroe Islands to reach their policy goal of 100 percent renewable energy by 2030. Together with the local electricity company SEV, Minesto has presented the plan to a wide range of policy and local community stakeholders.
- In May, Minesto's first Dragon Class tidal power-plant "Dragon 4" (100 kW) was successfully launched in Vestmannaund, Faroe Islands. The first week of commissioning included satisfactory electricity production and verification of all core functionalities of the power plant. The kite generated first electricity to grid right "out of the box" and the commissioning plan was executed as planned.

After the end of the period

- In July, Minesto announced that the first "Dragon 4" power plant unit had been successfully commissioned in grid-connected operation in Vestmannaund, Faroe Islands, and the company announced verified commercial performance fully in line with simulation results.

This document is a translation of Minesto AB's Half-Year Report in Swedish that was published on 18 August 2022. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.



Minister of State for Business, Energy and Clean Growth, Greg Hands and local MP Virginia Crosbie visiting Minesto in Holyhead.



The first "Dragon 4" power plant unit being lifted into the sea 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, 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 2022

- Total operating income amounted to SEK 23,502 thousand (21,196 thousand) and mainly included capitalised development work of SEK 21,929 thousand (19,896 thousand).
- Operating loss was SEK -10,405 thousand (-9,058 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 -0.06 (-0.05). The corresponding earnings per share including dilution of outstanding warrants were SEK -0.06 (-0.05).
- At the end of the reporting period, the intangible assets amounted to SEK 345,463 thousand (274,051 thousand), of which capitalised development costs amounted to SEK 330,820 thousand (260,195 thousand), and patent expenses of SEK 14,643 thousand (13,856 thousand).
- Grants of SEK 32,937 thousand (9,701 thousand) were accrued during the reporting period, of which SEK 31,490 thousand (8,479 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 27,146 thousand (11,419 thousand) were received from public funding schemes.
- Cash flow amounted to SEK -51,483 thousand (99,790 thousand).
- At the end of the reporting period, equity amounted to SEK 530,069 thousand (546,298 thousand).

SEK thousand	Jan–Jun 2022	Jan–Jun 2021	Full Year 2021
Net sales	—	—	—
Operating profit/loss	-10,405	-9,058	-20,136
Net profit/loss for the period	-7,724	-6,374	-14,929
Cash flow for the period	-51,483	99,790	45,396



Minesto team members in front of the grid-connected site Vestmannastrandir, Faroe Islands.

CEO comment

The value of electricity on the rise



The second quarter has been a busy, yet exciting and rewarding, period for Minesto as we have taken several critical steps in the commercial and technical verification of the Dragon Class product line.

In May, the first Dragon Class unit "Dragon 4" was successfully launched and commissioned in grid-connected operation in Vestmannasund, Faroe Islands, and we could shortly thereafter verify the commercial performance. The results from the electricity generation in Vestmanna are of great value to Minesto in two ways: we have demonstrated the "Dragon 4" (100 kW) and at the same time, secured the new Dragon Class design for the larger 1.2 MW power plant, "Dragon 12".

There is great interest in Minesto's grid-connected installation in the Faroe Islands and we are now in a position where our joint journey with utility company SEV and the Faroese community has developed into a lighthouse project which proves to be an important asset in our intensified sales and market efforts.

Moreover, the work of realizing the first full-scale tidal energy array in Hestfjord proceeds with full speed ahead. These technical and operational achievements are pivotal for our global journey ahead.

On top of every nation's energy agenda – security of supply

This year's extreme geopolitical turbulence has shown the vulnerability of power systems dependent on fossil energy import, and the many unwanted consequences of rapid shifts in supply and demand of electricity. As every nation puts the security of its energy supply on top of the agenda, the competitiveness of Minesto's unique technology to extract local, independent, and predictable energy from tidal currents becomes clear, especially as it is a fully renewable energy resource. In May, Minister of State for Business, Energy and Clean Growth UK, Greg Hands, visited Minesto in Holyhead, where he was introduced to the technology and toured the assembly hall facility. Referring to the governmental British Energy Security Strategy, Minister Hands was eager to learn more about the

potential of tidal power, and we had the excellent opportunity to discuss Minesto's expansion potential and our proposed build-out of a first commercial array at Holyhead Deep.

The value of electricity

The future of energy is electrification, and as the cost of energy is increasing - the value of the kilowatts is growing. Clean electricity plays a key role in modern society and welfare development, and the re-assessed value of locally produced clean electricity further strengthens the market opportunities for small-scale installations to become commercially viable faster. Since the value of electricity produced is different from the value of electricity available on the aggregated system level, the merits of Minesto's technology as one of the few predictable renewable energy sources is highly recognised. When the electricity pricing mechanisms increasingly take these factors into account, it allows for our first microgrid installations to compete on new terms. There are immediate opportunities where Minesto's small scale systems and competitive LCOE profile make a difference, especially for coastal and off-grid communities around the world.

Towards a sustainable blue economy

In light of the growing awareness of the ocean as the most critical lifeline to tackle climate change, Minesto's technology has a critical role to play towards a sustainable use of the ocean and hence a rising business opportunity in the growing Blue Economy movement. Ocean-based industries, ranging from food, transportation, and desalination, urge for clean electricity, creating another attractive sector for our dragons. With the exciting expansion of Vestmannasund and Hestfjord ahead, demonstrating our unique technology, we build a strong position in a market with growing commercial opportunities.

Martin Edlund, CEO

Group Income Statement

SEK thousand	Jan–Jun 2022	Jan–Jun 2021	Full Year 2021
Operating income			
Capitalised development work	21,929	19,896	38,763
Other operating income	1,573	1,300	3,106
Total income	23,502	21,196	41,869
Operating expenses			
Other external expenses	-7,003	-6,689	-15,114
Personnel costs	-26,786	-23,475	-46,714
Depreciation	-118	-90	-176
Total costs	-33,908	-30,254	-62,004
Operating loss	-10,405	-9,058	-20,136
Profit/loss from financial items			
Interest income and similar income statement items	852	1,250	1,379
Interest expense and similar income statement items	-172	-225	-21
Total profit/loss from financial items	681	1,025	1,358
Loss after net financial items	-9,725	-8,033	-18,777
Tax on net loss	2,001	1,658	3,848
Net loss	-7,724	-6,374	-14,929

Group Balance Sheet

SEK thousand	30 June 2022	30 June 2021	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	345,463	274,051	312,838
Tangible assets	1,126	869	809
Financial assets	64,248	60,040	62,241
Total non-current assets	410,837	334,960	375,888
Current assets			
Current receivables	39,450	28,636	32,724
Cash and cash equivalents	99,521	205,011	150,890
Total current assets	139,138	233,647	183,614
TOTAL ASSETS	549,975	568,607	559,501
EQUITY AND LIABILITIES			
Equity	530,069	546,298	537,751
Non-current liabilities	500	500	500
Current liabilities	19,406	21,808	21,251
TOTAL EQUITY AND LIABILITIES	549,975	568,607	559,501

Group

Statement of Changes in Equity

SEK thousand	Share capital	Additional paid-up capital	Other equity incl. result for the year	Total equity
2021				
At beginning of the year	6,429	610,011	-204,656	411,784
<i>Changes</i>				
Net loss for the year	—	—	-14,929	-14,929
Translation differences	—	—	17	17
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	-14,912	125,967
Equity at year-end	6 883	750,436	-219,568	537,751
Jan–Jun 2022				
At beginning of the year	6,883	750,436	-219,568	537,751
<i>Changes</i>				
Net loss	—	—	-7,724	-7,724
Translation differences	—	—	42	42
New shares according to warrants	—	—	—	—
Issue expenses, net of tax effect	—	—	—	—
Total changes	—	—	-7,682	-7,682
Equity at the end of the period	6,883	750,436	-227,250	530,069

Group

Cash Flow Statement

SEK thousand	Jan–Jun 2022	Jan–Jun 2021	Full Year 2021
Operating activities			
Loss after net financial items	-9,725	-8,033	-18,777
Adjustments for items not included in cash flow	-310	-1,607	-2,412
Cash flow from operating activities before changes in working capital	-10,035	-9,640	-21,189
Changes in working capital			
Changes in operating receivables	-6,427	949	-2,361
Changes in operating liabilities	-1 917	3,826	3,139
Cash flow from changes in working capital	-8,344	4,775	778
Cash flow from operating activities	-18,379	-4,865	-20,411
Investing activities			
Investments in intangible assets	-32,626	-35,578	-74,365
Investments in property, plant and equipment	-479	-29	-90
Cash flow from investing activities	-33,105	-35,607	-74,455
Financing activities			
Warrants	—	143,252	143,252
Issue expenses	—	-2,990	-2,990
Cash flow from financing activities	—	140,262	140,262
Cash and cash equivalents at beginning of period	150,890	104,358	104,358
Cash flow for the period	-51,483	99,790	45,396
Exchange rate difference for cash equivalents	114	863	1,136
Cash and cash equivalents at end of period	99,521	205,011	150,890

Group

Key Performance Indicators

	Jan–Jun 2022	Jan–Jun 2021	Full Year 2021
Profitability			
Operating income, SEK thousand	23,502	21,196	41,869
Operating loss, SEK thousand	-10,405	-9,058	-20,136
Net loss for the year, SEK thousand	-7,724	-6,374	-14,929
Return on equity, %	neg.	neg.	neg.
Capital structure			
Equity ratio, %	96	96	96
Outstanding shares as per close of balance	137,655,143	137,655,143	137,655,143
Weighted average of outstanding shares	137,655,143	131,168,893	134,438,674
Potential shares attributable to outstanding warrants as per close of balance	1,768,250	1,628,000	1,768,250
Earnings per share, SEK	-0.06	-0.05	-0.11
Earnings per share after dilution, SEK	-0.06	-0.05	-0.11
Dividend per share, SEK	—	—	—
Personnel			
Average number of employees	62	57	59
Personnel costs, SEK thousand	-26,786	-23,475	-46,714

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 23,502 thousand (21,196 thousand) and consisted mainly of capitalised development work of SEK 21,929 thousand (19,896 thousand).

Net sales amounted to SEK 0 (0) and operating loss was SEK -10,405 thousand (-9,058 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 345,463 thousand (274,051 thousand), of which capitalised development costs amounted to SEK 330,820 thousand (260,195 thousand), and patent expenses of SEK 14,643 thousand (13,856 thousand). All expenses are attributable to the development of Deep Green technology and have been capitalised at the Parent Company.

Grants of SEK 32,937 thousand (9,701 thousand) were accrued during the reporting period, of which SEK 31,490 thousand (8,479 thousand) reduced the acquisition value of capitalised development costs.

Cash flow and financial position

During the reporting period, payments of SEK 27,146 thousand (11,419 thousand) were received from public funding schemes, of which the entire amount (11,419 thousand) relates to approved claims.

The Group's cash flow amounted to SEK -51,483 thousand (99,790 thousand). At the end of the reporting period, cash and cash equivalents amounted to SEK 99,521 thousand (205,011 thousand).

Changes in equity

At the end of the reporting period, the Group's equity amounted to SEK 530,069 thousand (546,298 thousand).

During the reporting period 0 (9,072,339) new shares were issued. During the corresponding period of the previous year a total of SEK 140,878 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 7,724 thousand (6,374 thousand).

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

Parent Company

Income Statement

SEK thousand	Jan–Jun 2022	Jan–Jun 2021	Full Year 2021
Operating income			
Capitalised development work	13,990	12,083	23,660
Other operating income	106	20	416
Total income	14,096	12,103	24,076
Operating expenses			
Other external expenses	-5,432	-4,160	-10,876
Personnel costs	-18,453	-15,677	-31,417
Depreciation	-118	-90	-176
Total costs	-24,004	-19,928	-42,468
Operating loss	-9,908	-7,825	-18,392
Profit/loss from financial items			
Interest income and similar income statement items	366	—	—
Interest expense and similar income statement items	-172	-225	-434
Total profit/loss from financial items	194	-225	-434
Loss after net financial items	-9,714	-8,050	-18,826
Tax on net loss	2,001	1,658	3,850
Net loss	-7,713	-6,392	-14,977

Parent Company

Balance Sheet

SEK thousand	30 June 2022	30 June 2021	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	345,463	274,051	312,838
Tangible assets	820	484	459
Financial assets	101,365	83,841	88,022
Total non-current assets	447,648	358,375	401,318
Current assets			
Current receivables	15,880	13,418	9,932
Cash and cash equivalents	79,165	193,859	144,197
Total current assets	95,211	207,277	154,129
TOTAL ASSETS	542,859	565,652	555,448
EQUITY AND LIABILITIES			
Equity	529,840	546,138	537,553
Non-current liabilities	746	624	707
Current liabilities	12,273	18,890	17,188
TOTAL EQUITY AND LIABILITIES	542,859	565,652	555,448

Parent Company

Statement of Changes in Equity

SEK thousand	Share capital	Fund for development	Share pre-mium	Balanced results	Loss for the year	Total equity
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	—	73,329	—	-73,329	—	—
Net loss for the year	—	—	—	—	-14,977	-14,977
Total changes	454	73,329	114,340	-60,400	-1,821	125,902
Equity at year-end	6,883	298,405	140,425	106,817	-14,977	537,553
Jan–Jun 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	—
New shares according to warrants	—	—	—	—	—	—
Issue expenses, net of tax effect	—	—	—	—	—	—
Fund for development	—	32,415	—	-32,415	—	—
Net loss for the period	—	—	—	—	-7,713	-7,713
Total changes	—	32,415	-140,425	93,033	7,264	-7,713
Equity at the end of the period	6,883	330,820	—	199,850	-7,713	529,840

Parent Company

Cash Flow Statement

SEK thousand	Jan–Jun 2022	Jan–Jun 2021	Full Year 2021
Operating activities			
Loss after net financial items	-9,714	-8,050	-18,826
Adjustments for items not included in cash flow	118	90	176
Cash flow from operating activities before changes in working capital	-9,595	-7,960	-18,651
Changes in working capital			
Changes in operating receivables	-6,114	-2,305	1,180
Changes in operating liabilities	-4,915	3,409	1,707
Cash flow from changes in working capital	-11,029	1,104	2,887
Cash flow from operating activities	-20,625	-6,856	-15,764
Investing activities			
Investments in intangible assets	-32,626	-35,578	-74,365
Investments in property, plant and equipment	-479	-29	-90
Change of receivables from Group companies	-11,342	7,425	5,435
Cash flow from investing activities	-44,446	-28,182	-69,019
Financing activities			
Warrants	—	143,252	143,252
Issue expenses	—	-2,990	-2,990
Change of liabilities, Group companies	39	-32	51
Cash flow from financing activities	39	140,230	140,314
Cash and cash equivalents at beginning of period	144,197	88,667	88,667
Cash flow for the period	-65,032	105,192	55,530
Cash and cash equivalents at end of period	79,165	193,859	144,197

Parent Company

Key Performance Indicators

	Jan–Jun 2022	Jan–Jun 2021	Full Year 2021
Profitability			
Operating income, SEK thousand	14,096	12,103	24,076
Operating loss, SEK thousand	-9,908	-7,825	-18,392
Net loss for the year, SEK thousand	-7,713	-6,392	-14,977
Return on equity, %	neg.	neg.	neg.
Capital structure			
Equity ratio, %	98	97	97
Outstanding shares as per close of balance	137,655,143	137,655,143	137,655,143
Weighted average of outstanding shares	137,655,143	131,168,893	134,438,674
Potential shares attributable to outstanding warrants as per close of balance	1,768,250	1,628,000	1,768,250
Earnings per share, SEK	-0.06	-0.05	-0.11
Earnings per share after dilution, SEK	-0.06	-0.05	-0.11
Dividend per share, SEK	—	—	—
Personnel			
Average number of employees	39	33	35
Personnel costs, SEK thousand	-18,453	-15,677	-31,417

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 2021 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

2022-10-20 Interim Management Statement
1 Jan–30 Sep 2022

2023-03-16 Year-End Report 2022

Göteborg on 18 August 2022

Dr Martin Edlund
CEO

Definitions of Key Performance Indicators

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 weighting 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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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 08:30 CEST on 18 August 2022.

