

INVITATION TO SUBSCRIBE FOR UNITS IN MINESTO AB

In accordance with Article 12 of Regulation (EU) 2017/1129 of the European Parliament and of the Council the validity period of this prospectus is up and until 2 December 2020, provided that the prospectus is completed by any supplement required pursuant to Article 23 of the aforementioned regulation. The obligation to provide supplements to a prospectus in case of new material circumstances, factual errors or material inaccuracies cease after the end of the validity period.

Global Coordinator & Sole Bookrunner



This document is an uncertified translation of the Prospectus in Swedish that was approved by the Swedish Financial Supervisory Authority on 2 December 2019. In the event of any inconsistency between the English and the Swedish versions of the Prospectus, the Swedish version shall prevail.



Important information

Useful definitions

The term 'the Prospectus' refers to this EU Growth Prospectus. 'Minesto' or 'the Company' refers to Minesto AB. The terms 'the Rights Issue' or 'the Offering' refers to the offering to the Company's shareholders, to subscribe with pre-emptive right for shares and warrants ('units') in accordance with the terms and conditions in this Prospectus. 'First North' refers to the Nasdaq First North Growth Market in Stockholm. 'Global Coordinator och Sole Bookrunner' or 'Pareto Securities' refers to Pareto Securities AB. 'Euroclear' refers to Euroclear Sweden AB.

Where currency codes are used, 'SEK' means Swedish Kronor, 'USD' means United States Dollars, 'EUR' means Euro and 'GBP' means British Pounds Sterling. 'K' is used as an abbreviation for thousands and 'M' for millions.

The term 'the Private Placement' refers to the issue of new shares and warrants approved by the Board of Directors of the Company on 28 October 2019, with the authorisation of the General Meeting of shareholders. Consequently, 4,249,290 shares and 4,249,290 warrants of series TO3 were issued to Midroc New Technology AB and an international institutional investor.

Preparation and registration of the Prospectus.

The Prospectus has been drawn up in accordance with Regulation (EU) 2017/1129 of the European Parliament and of the Council. The Prospectus has been approved by Finansinspektionen, the Swedish Financial Supervisory Authority, in accordance with Regulation (EU) 2017/1129. Finansinspektionen has approved this Prospectus only insofar as it meets the standards of completeness, comprehensibility and consistency set out in Regulation (EU) 2017/1129. The approval of the Prospectus should not be taken as any form of endorsement of the Issuer referred to in this Prospectus. The Prospectus has been drawn up as an EU Growth Prospectus in accordance with Article 15 of Regulation (EU) 2017/1129. Approval and registration does not imply that the Swedish Financial Supervisory Authority guarantees that the factual information provided in this Prospectus is correct or complete. The Prospectus is available on Pareto Securities' website (paretosec.se), Minesto's website (minesto.com), Aktieinvest's website (aktieinvest.se) and Finansinspektionen's website (fi.se).

Rounding has been used in the calculations in certain parts of the financial information and percentages included in this Prospectus. As a result of this, the numerical values shown as total amounts in certain tables do not always constitute the precise totals of the actual values. Unless otherwise expressly stated, no financial information in the Prospectus has been audited or reviewed by the Company's auditors.

The distribution of this Prospectus and participation in the Offering is subject to restrictions in law and other regulations in certain jurisdictions. Minesto has not taken and will not take any measures to enable an Offering to be made in any jurisdiction other than Sweden. The Rights Issue is not aimed, directly or indirectly, at any person whose participation requires any additional prospectus, registration or actions other than as mandated by Swedish law. The Prospectus, application form or other documents relating to the Rights Issue, must not be distributed in or to any country in which the distribution of the Offering would require any such action to be taken or otherwise would contravene the relevant laws or regulations in that country. The subscription rights, paid subscribed shares (Swedish acronym 'BTA'), newly-issued shares and warrants included in the Rights Issue have not been registered or will not be registered under the United States Securities Act 1933 as it currently stands, and nor have they been or will be registered under the corresponding law in any state of the USA or the relevant law in another country. The Rights Issue does not extend to any persons who are resident in the USA, Australia, Japan, Canada or in any country in which the Offering on the distribution of the Prospectus, application form or other documents relating to the Rights Issue would contravene the relevant laws or regulations or would require additional prospectuses, registration or action other than as mandated by Swedish law. Any application for subscriptions for shares in contravention of the above restrictions may be invalid. Persons who receive copies of the Prospectus must inform themselves of and comply with such restrictions. Actions in contravention of such restrictions may constitute an offence under relevant securities legislation. Consequently, the subscription rights, BTA or newly-issued shares and warrants must not, directly or indirectly, be offered, sold, sold-on or delivered in or to countries or jurisdictions in which actions in accordance with the above are required or to shareholders who are resident as above.

An investment in securities is subject to risks, see the section headed 'Risk factors'. When investors are making an investment decision, those investors must rely on their own assessment of the Company in accordance with this Prospectus, including the present state of affairs and risks. Before reaching an investment decision, potential investors should consult their own professional advisers and should carefully evaluate and consider the investment decision. Investors may rely only on the information in this Prospectus and

any supplements to this Prospectus. No individual has been authorised to provide any other information or make any other statements than those in this Prospectus and, if this should occur, such information or statements must not be regarded as having been approved by the Company, and the Company accepts no responsibility for any such information or statements.

The Global Coordinator och Sole Bookrunner in respect of this Rights Issue is Pareto Securities, who has assisted the Company in the preparation of this Prospectus. Pareto Securities has relied on information provided by the Company, and, since all information in the Prospectus originates from the Company, Pareto Securities disclaims all liability in relation to shareholders in the Company and in respect of other direct or indirect consequences arising from investment decisions or other decisions wholly or partly based on information in the Prospectus. Pareto Securities represents the Company and no other party in connection with the Rights Issue. Pareto Securities is not liable to any party other than the Company for the provision of the safeguards offered to Clients or for the provision of advice in connection with the Rights Issue or any other matter to which reference is made in this Prospectus. The Issuing Institution in respect of the Rights Issue is Aktieinvest AB ('Aktieinvest').

Information relating to the future

The Prospectus contains certain market information relating to the future which reflects the Company's current view of future events and of financial and operational trends. Words such as 'refers', 'is judged', 'is expected', 'may', 'plans', 'estimates' and other expressions which imply indications or predictions in respect of future developments or trends, and which are not based on historical facts, constitute information relating to the future. Information relating to the future is, by its nature, associated with both known and unknown risks and uncertainty factors, since it is dependent on future events and circumstances. Information relating to the future does not constitute any form of guarantee in respect of future results or developments and actual outcomes may vary significantly from the predictions contained in information relating to the future.

Factors which may lead to the Company's future results and development deviating from what is predicted in information relating to the future include, but are not limited to, the matters described in the section headed 'Risk factors'. Information relating to the future in this Prospectus is valid only on the date of publication of the Prospectus. The Company makes no commitment to publish updates or revisions of information relating to the future as a result of new information, future events or similar circumstances other than those stemming from applicable legislation.

Industry and market information

The Prospectus contains information from third parties, as well as statistics and calculations taken from industry reports and studies, publicly available information and commercial publications. In some cases this is historical information. The Company considers that information of this type is useful for investors' understanding of the industry in which the Company operates and the Company's position within the industry. The Company does not, however, have access to the data and assumptions underlying reports, market information and other information gathered from publicly available sources. The Company has not carried out any independent verification of the information on the market which has been provided through third parties, the industry or general publications. While the Company is of the opinion that its internal analyses are reliable, these have not been verified by any independent source and the Company cannot guarantee their correctness. The Company confirms that the information provided by third parties has been reproduced correctly, and, as far as the Company is aware and can ascertain from information published by third parties, no state of facts information has been omitted that would make the information reproduced incorrect or misleading.

Important information about First North

First North is a registered growth market for SMEs in accordance with Directive 2014/65/EU of the European Parliament and of the Council on markets in financial instruments as implemented in national legislation in Denmark, Finland and Sweden. First North operates as a market within the Nasdaq Group. Companies listed on First North are not subject to the same rules as companies in the regulated main market. They are, instead, subject to a less extensive regulatory framework appropriate for small growth companies. The risks associated with investment in a company listed on First North may, therefore, be higher than those associated with an investment in a company whose shares have been admitted to trading on a regulated market. All companies whose shares are traded on First North have a Certified Advisor who monitors compliance with the regulations. G&W Kapitalförvaltning AB is the Company's Certified Advisor. Nasdaq Stockholm AB is responsible for approving applications for admission to trading on First North.

Contents and incorporated documents

Contents

Important information.....	2
Contents and incorporated documents	3
Summary	5
Persons responsible, information from third parties and approval	11
Background and reasons	12
Overview of operations and market	13
Risk factors.....	31
Terms and conditions for the securities	34
Terms and conditions of the offering	36
Corporate Governance	39
Financial information and key performance indicators.....	42
Legal matters and ownership	47
Available documents.....	50

Information incorporated through references

Minesto's Articles of Association and financial reports for financial years 2017 and 2018, as well as for the period 1 January 2019–30 September 2019, constitute a part of the Prospectus and are to be read as a part thereof. These financial reports are included in Minesto's annual reports for financial years 2017 and 2018 respectively, as well as in the interim management statement for the period 1 January 2019–30 September 2019, with comparison figures from the corresponding period in the preceding financial year, in which references are made as follows:

- Annual report 2017: The consolidated income statement (page 4), the consolidated statement of financial position (pages 5–6), the consolidated statement of cash flows (page 7), the Parent's statement of income (page 8), the Parent's statement of financial position (pages 9–10), notes (pages 12–22) and audit report (pages 24–25) Link to Annual report 2017: <https://minesto.com/file/1506/download?token=3eLiczPM>
- Annual report 2018: The consolidated income statement (page 4), the consolidated statement of financial position (pages 5–6), the consolidated statement of cash flows (page 7), the Parent's statement of income (page 8), the Parent's statement of financial position (pages 9–10), notes (pages 12–22) and audit report (pages 24–25) Link to Annual report 2018: <https://minesto.com/file/115275/download?token=x2IDyjR5>
- Interim management statement for the period 1 January 2018–30 September 2018: (in which reference is made to the document in its entirety). Link to interim management statement 1 January 2018–30 September 2018: <https://minesto.com/file/64439/download?token=iJK1Sl-a>
- Interim management statement for the period 1 January 2019–30 September 2019: (in which reference is made to the document in its entirety). Link to interim management statement 1 January 2019–30 September 2019: <https://minesto.com/file/164325/download?token=nKktHObZ>
- The Company's Articles of Association (in which reference is made to the document in its entirety). Link to the Company's Articles of Association: <https://minesto.com/investor/bolagsordning>

Minesto's annual reports for financial years 2017 and 2018 have been audited by the Company's auditors, and the audit report is attached to the annual report.

The interim management statement for the period 1 January 2019–30 September 2019 has not been audited or in the subject of a review engagement by the Company's auditors. Aside from Minesto's audited annual reports for financial years 2017 and 2018, no information in the Prospectus has been reviewed or audited by the Company's auditors. Those parts of the financial information which have not been incorporated through references are either not relevant for an investor or are found in other places in the Prospectus.

Summary

1. Introduction

1.1 Name and ISIN code of the security	The Offering covers units consisting of one (1) share and one (1) warrant of series TO3 2019/21 ("TO3") in Minesto. The ISIN code of the share is SE0007578141. The ISIN code of the warrants of series TO3 is SE0013512712.
1.2 Identity, LEI code and contact information	<p>The Company's business name (and commercial designation) is Minesto AB, its corporate ID number is 556719-4914 and LEI code (legal entity identifier) is 529900P0ACIS2UI3ZX27.</p> <p>Representatives of the Company can be reached on telephone number +46 (0)031-29 00 60, and by email at ir@minesto.com. The street address is Vita Gavelns Väg 6, 426 61 Västra Frölunda, Sweden. The Company's website is minesto.com. It is to be noted that the information on the Company's website does not form part of the Prospectus unless that information is incorporated in the Prospectus through references</p>
1.3 Information on the competent authority which has approved the Prospectus	The Prospectus has been reviewed and approved by Finansinspektionen, the Swedish Financial Supervisory Authority, which can be reached by telephone on +46 (0)8-408 980 00, and by email at finansinspektionen@fi.se , and at the Authority's visiting address, Brunnsgatan 3, 111 38 Stockholm, Sweden. The postal address of the Authority is Box 7821, 103 97 Stockholm and the Authority's website is www.fi.se .
1.4 Date of approval of the Prospectus	The Prospectus was approved on 2 December 2019.
1.5 Warning	This summary should be read as an introduction to the EU Growth Prospectus. All decisions on investing in the security should be based on the Investor studying the full Prospectus. Investors can lose all or parts of their invested capital. If a claim related to information in an EU Growth Prospectus is brought before a court of law, the Investor who is the plaintiff under national legislation in the member states, may be obliged to pay the cost of translating the EU Growth Prospectus before the legal proceedings commence. Liability in civil law covers only those persons who have issued the summary, including the translation of the summary, but only if the summary is misleading, incorrect or inconsistent with the other parts of the EU Growth Prospectus or if the summary, taken together with other parts of the EU Growth Prospectus, does not provide the key information which Investors require in deciding whether they should invest in the securities concerned.

2. Key information on the Issuer

2.1 Information on the Issuer

Minesto is a Swedish public limited-liability company which was registered on 6 December 2006, and whose activities are carried on in accordance with Swedish law. The Company's legal form of business entity is regulated by the Swedish Companies Act (2005:551). The registered office is in the municipality of Gothenburg, and the operation is carried on primarily in Sweden (Gothenburg) and in Wales (Holyhead).

Minesto develops technology for the production of renewable electricity from the ocean. The Company uses its patented technology to extract energy from low-velocity tidal streams and ocean currents. The technology, Deep Green, can be installed in areas where no other known technologies are cost-effective.

Minesto's special expertise is in the development of systems for converting marine energy, as well as associated areas for business development. In order to utilise to the full the Company's special expertise and intangible assets, the business model focuses on four income streams:

- Product sales
- Operation, service and maintenance
- Site assets
- Geographical licencing

Minesto's core business in the long-term is the development, production and sale of power plants and systems for installation, operation and maintenance. Since the technology needs to be established in the market, the Company is also making initial project investments in the development of offshore production sites.

The Company's CEO is Martin Edlund.

A list of the Company's shareholders with holdings equivalent to at least five percent of shares and votes before the Rights Issue is provided below. As far as the Board of Directors is aware, there are no shareholders' agreements, other understandings or equivalent agreements among the Company's shareholders for the purpose of exerting joint influence over the Company.

OWNERSHIP AS AT 30 SEPTEMBER 2019

Shareholder	Number of shares	Percentage of shares and votes (%)
BGA INVEST AB ¹⁾	28,467,980	24.77
Midroc New Technology AB	20,709,060	18.02
EIT Innoenergy	7,121,561	6.20

1) 100 percent of the capital and votes is owned by Bengt Adolfsson

2.2 Key financial information

Key financial information for Minesto in respect of financial years 2017 and 2018, as well as the period 1 January–30 September 2019 including comparison figures for the corresponding period in the preceding financial year in summary, is presented in this section.

INCOME AND PROFITABILITY

(Amounts in SEK thousand)	Audited		Not audited or reviewed	
	2018	2017	Jan-Sep 2019	Jan-Sep 2018
Income	38,981	38,535	28,503	27,042
Operating loss	-11,889	-9,939	-15,439	-12,912
Net loss for the year	-11,001	-7,866	-10,967	-9,507

ASSETS AND EQUITY

(Amounts in SEK thousand)	Audited		Not audited or reviewed	
	2018	2017	Sep 2019	Sep 2018
Assets	324,549	282,265	*	*
Equity	304,224	251,484	348,730	305,798

* Is not included in the interim management statement for the period 1 January–30 September 2019

2.2 Cont. Key financial information

CASH FLOW

(Amounts in SEK thousand)	Audited		Not audited or reviewed	
	2018	2017	Jan-Sep 2019	Jan-Sep 2018
Operating activities	-33,637	-21,170	-15,594	-11,345
Investing activities	-67,781	-55,407	-12,098	-86,428
Financing activities	57,277	77,757	55,020	57,227
Cash flow for the period	-44,141	1,180	*	*

* Is not included in the interim management statement for the period 1 January–30 September 2019

KEY PERFORMANCE INDICATORS

(Amounts in SEK thousand)	Audited		Not audited or reviewed	
	2018	2017	Jan-Sep 2019	Jan-Sep 2018
Operating result, SEK thousand ¹⁾	-11,889	-9,939	-15,439	-12,912
Equity ratio ¹⁾	94%	89%	92%	91%
Outstanding shares at the end of the reporting period	99,865,510	73,940,170	114,918,402	99,840,110
Potential shares attributable to outstanding warrants at the end of the reporting period ¹⁾	16,580,513	11,944,856	8,086,539	11,944,856
Average number of employees ¹⁾	51	52	59	60

1) Alternative key performance indicator

2.3 Main risks that are specific to the Company

Risks related to the operation and the industry

Minesto is a development company without historical income

Since the Company began trading in 2007, Minesto has consolidated and further developed a significant body of knowledge in the field of marine energy. The Company has not yet sold any products. The Company's product, Deep Green, is still in the testing phase. The Company judges that it will continue to report a loss over the next few years. For that reason, the Company is, to a greater extent than is the case with an established company with established sales, dependent on successful development and commercialisation.

Scope: If the commercialisation of the Company's products is delayed, faces increasing costs or is unsuccessful, this could result in delayed income generation and thereby have a significant negative impact on Minesto's operation, results and financial position.

The Company assesses the level of the above-mentioned risk to be: Average

Minesto operates in an untried industry.

The market for renewable energy is expanding at a rapid rate, but the marine energy sector is still at an early stage of development. Minesto's opportunities for commercialisation are dependent on the Market's confidence in the industry, as well as in significant public investment in this industrial sector. This confidence and that investment may take time to realise, given that marine energy as an energy source is untried compared to alternative energy sources.

Wave and tidal energy as a renewable energy source has been under development for decades, but without achieving market success. Accordingly, there is a risk that the Company will not be fully accepted on the renewable energy market. The Company's products are exposed to competition on issues of pricing, product quality, dependability, technology and financing terms. If the Company is not successful in developing its products and its technology in relation to other technical developments, and is otherwise not successful in competing effectively with competitors in wave and tidal energy concepts or other players within the field of renewable energy, the commercialisation of the Company's products could be delayed.

Scope: Renewable marine energy is not yet a part of the commercial market. If marine electricity as an energy source cannot be successfully commercialised, the Company will not generate any income. Such a scenario would have a significant negative impact on Minesto's operations, results and financial position.

The Company assesses the level of the above-mentioned risk to be: Average

3. Key information on the security

3.1 Information on the security, the rights associated with the security and dividend policy

All the Company's shares are of the same share class, have been issued and are fully paid-up. Each share entitles the holder to one (1) vote at Minesto's Annual General Meeting. The number of shares in Minesto before the Offering is 119,489,130, with a quota value per share of SEK 0.05. The shares in Minesto have been issued in accordance with the Swedish Companies Act (2005:551), and the rights associated with shares issued by the Company, including the rights stemming from the Articles of Association, can only be altered in accordance with the procedures set out in this Act. Each shareholder with voting rights may vote at the general meeting on the basis of the full number of shares owned and represented by him or her. If the Company resolves, through a cash or set-off issue, to issue new shares, warrants or convertibles, the principal rule is that shareholders have a pre-emptive right to subscribe in proportion to the number of shares they already own. All shares carry an equal right to participate in the Company's profits and any surplus on liquidation. Decisions on dividends are taken by the General Meeting and payment is made through Euroclear. The right to dividend accrues to those who were registered as shareholders in the share register maintained by Euroclear on the date set as record day by the General Meeting. All Shares are of the same seniority in the capital structure of the Company in case of insolvency.

Minesto has not paid any dividend so far, and nor is any dividend planned for the next few years, since the Company plans that any profits are to be reinvested in the Company. In the future, whenever the Company's results and financial position so allow, dividends may be paid. The Company has not adopted a dividend policy.

3.2 Market for trading in the security

Minesto's shares are listed for trading on First North, which is an alternative market regulated by a special regulatory framework and which does not have the same legal status as a regulated market. The newly-issued shares and warrants in the Offering will be listed for trading on First North when the Rights Issue is registered by Bolagsverket, the Swedish Companies Registration Office.

3.3 Guarantees which the security is covered by

Not applicable. The security is not covered by guarantees.

3.4 Principal risk specific to the security

Future offerings

Minesto may in future acquire further capital by approving new issues of shares or other securities. New issues may have a negative impact on the market price of the shares. In the event that additional offerings are made, this may also reduce the proportional ownership and voting share of holders of shares in the Company (dilution).

Scope: In the event that an issue as described above is carried out with pre-emptive right for existing shareholders, the shareholders have the opportunity to protect themselves against dilution by subscribing for additional securities, which, however, requires a further investment in the Company. An issue may, however, be made without pre-emptive right for existing shareholders, and this would mean that the shareholders would not have the opportunity to protect themselves against dilution.

The Company assesses the level of the above-mentioned risk to be: Average

4. Key information on the Offering of securities to the general public

4.1 Terms and conditions and time schedule for investing in the security

Pre-emptive right to subscribe and subscription rights

Any person who, on the record date of 2 December 2019, was a shareholder in Minesto, has the pre-emptive right to subscribe for units consisting of shares and free of charge warrants TO3, in proportion to his or her existing shareholding. One (1) share held gives the right to one (1) subscription right, and sixteen (16) subscription rights give the right to one (1) unit. One unit contains one (1) share and one (1) free of charge warrant TO3.

Subscription price

The subscription price is SEK 14.12 per unit, which corresponds to a price of SEK 14.12 per share. The warrants are received free of charge. Commissions will not be paid.

Subscription period

A subscription for shares by virtue of subscription rights must be made in the period from and including 4 December 2019 up to and including 18 December 2019.

The subscription period for the warrants of series TO3 occurs from the issue of warrants until 30 April 2021.

Trading in subscription rights

Trading in subscription rights will take place on First North during the period from and including 4 December 2019 up to and including 16 December 2019.

Trading in paid subscribed shares (Swedish acronym BTA)

Trading in BTA will take place on First North between 4 December 2019 and the date on which the Swedish Companies Registration Office registers the Rights Issue and BTA have been converted to shares and warrants.

Subscription for shares without subscription rights

Subscription for units without pre-emptive right shall take place during the same period as subscription for units with pre-emptive right, that is to say from and including 4 December 2019 up to and including 18 December.

Allocation policy for subscription without pre-emptive right

In the event that not all units have been subscribed through subscription rights, the Board, within the framework of the maximum amount for the new issue, may resolve on the allocation of units subscribed for without subscription rights. In such event, units shall

1. in the first instance, be allocated to those who have subscribed for units with subscription rights, irrespective of whether they were shareholders on the record date or not, pro rata to the number of subscription rights each of them has exercised;
2. secondly, be allocated to others who have expressed interest in subscribing for units without subscription rights, pro rata to the number in which they have expressed interest, and to the extent that this cannot be done, by lot.

Dilution

If the Rights Issue is fully subscribed, this means that the number of shares in the Company will increase from 119,489,130 shares to 125,574,356 shares, which is equivalent to a dilution effect of around 4.8 percent of the capital and votes. In the event that all warrants in the Offering are exercised, the number of shares will increase by 6,085,226 to a maximum of 131,659,582 which is equivalent to a dilution effect of approximately 4.6 percent of the capital and votes in the Company after full subscription of shares in the Rights Issue. The dilution effect of the warrants has been calculated as follows: the number of additional shares at full allotment of warrants in the Offering divided by the sum of outstanding shares in the Company given full subscription of shares in the Rights Issue plus the number of additional shares at full allotment of warrants in the Offering.

4.1 *Cont.* **Terms and conditions and time schedule for investing in the security**

Estimated costs of the Offering

The total issue costs for the shares and warrants covered by the Offering are estimated at around SEK 6 million, provided full subscription and exercise of the warrants. The costs primarily consist of the remuneration of financial and legal advisers in connection with the Rights Issue.

Costs imposed on investors

No costs will be imposed on investors who participate in the Offering. Normal commission will be payable, however, on trading in subscription rights and BTA in accordance with the applicable terms and conditions for trading in securities.

4.2 **The reason for the Offering and the use to which the proceeds of the issue will be put**

In connection with the execution by Minesto of the Private Placement of around SEK 60 million on 28 October 2019, the Company also announced its intention to execute a Rights Issue of units. This will give existing shareholders the opportunity to subscribe for new shares in Minesto on the same terms as the Private Placement. The Private Placement and the Rights Issue will make it possible for Minesto to accelerate the commercialisation of the Company's product at the same time as existing publicly-financed projects can be realised. In addition, it will give Minesto the financial resources to realise the first large-scale commercial projects (production farms) within a reasonable period of time.

The Rights Issue can provide Minesto with up to SEK 85.9 million before issue costs, whereby the issue costs connected to the issue of shares amounts to SEK 4 million meaning that the Company is provided around SEK 81.9 million given full subscription of shares. Assuming that the Rights Issue is executed, the net proceeds will be allocated in accordance with the following priorities and scope:

- The completion, further development and expansion of the first production facilities through the Company's current projects in the UK, the Faroe Islands, Taiwan and France (approximately 60 percent); and
- Other product development and market development activities focusing on customer collaboration and installation projects (approximately 40 percent).

With the capital contribution from the Private Placement, it is estimated that funds will be sufficient to finance the working capital requirement for the operation over the next twelve months, and, assuming that the Rights Issue is fully subscribed, will provide the Company with an additional amount of around SEK 81.9 million after issue costs. In the event that the warrants from the Rights Issue are fully exercised, the Company will be provided, no later than 30 April 2021, with an additional sum of around SEK 118.2 million before issue costs, based on the applicable strike price. The issue costs of the warrants amount to SEK 2.4 million meaning that the Company will be provided a net amount of around SEK 115.8 million given full exercise of the warrants. In the event that the warrants from the Private Placement are fully exercised, the Company will be provided, no later than 30 April 2021, with an additional sum of around SEK 82.5 million before issue costs, based on the applicable strike price. The issue costs of the warrants amount to SEK 1.7 million meaning that the Company will be provided a net amount of around SEK 80.8 million given full exercise of these warrants. The Company intends to use the net proceeds from the warrants in accordance with the following priorities and scope:

- To enable the expansion of the first large-scale commercial energy farms both through initial project investments on the Company's own account and in combination with external players, and partly through ensuring the Company's capacity to deliver products (approximately 70 percent); and
- Other product development and market development activities (approximately 30 percent).

Total transaction costs for the Private Placement, the Rights Issue and the exercise of all warrants of series TO3 in both issues is estimated at around SEK 12 million.

Advisers and conflicts of interest

Pareto Securities is Global Coordinator och Sole Bookrunner in connection with the Rights Issue. Pareto Securities has provided, and may in future provide, various financial, investment, commercial and other services to Minesto for which they have received, and may receive, remuneration. Aktieinvest is the issuing institution and MAQS Advokatbyrå is the legal adviser for the Company in respect of the Rights Issue. BGA INVEST AB has given subscription commitments for an amount of around SEK 20 million, which is equivalent to around 23.3 percent of the Rights Issue. Over and above the above-mentioned parties' interest in the successful execution of the Rights Issue, it is judged that there are no financial or other interests in the Rights Issue.

Persons responsible, information from third parties and approval

Persons responsible

The Board of Directors of Minesto is responsible for the content of this Prospectus. To the best of the Board's knowledge, the information provided in the Prospectus is in conformity with the facts, and no information which would be likely to affect its import has been omitted. The current composition of Minesto's Board is presented below.

Name	Position
Bengt Adolfsson	Director, Chair
Martin Edlund	Director, CEO
Göran Linder	Director
Jonas Millqvist	Director
Javier Sanz	Director
Git Sturesjö Adolfsson	Director
Andreas Gunnarsson	Deputy Director

Preparation and registration of the Prospectus.

This Prospectus has been approved by Finansinspektionen, the Swedish Financial Supervisory Authority, in accordance with Regulation (EU) 2017/1129. Finansinspektionen has approved this Prospectus only insofar as it meets the standards of completeness, comprehensibility and consistency set out in Regulation (EU) 2017/1129.

The approval of the Prospectus should not be taken as any form of endorsement of the Issuer or of the quality of the securities referred to in this Prospectus. Investors should make their own judgement as to whether it is appropriate for them to invest in this security. The Prospectus has been drawn up as an EU Growth Prospectus in accordance with Article 15 of Regulation (EU) 2017/1129.

Information from third parties

The Prospectus includes information from third parties. The Company confirms that the information provided by third parties has been reproduced correctly, and, as far as the Company is aware and is able to ascertain from information published by third parties, no facts have been omitted in a manner that would make the information reproduced incorrect or misleading.

Certain parts of the Prospectus contain hyperlinks to websites. The information on these websites does not constitute part of the Prospectus and has not been reviewed or approved by the competent authorities.

Aside from Minesto's audited annual reports for financial years 2017 and 2018, no information in the Prospectus has been reviewed or audited by the Company's auditors.

Reference list

- www.fi.se
- <https://www.edf.fr/en/edf/edf-launches-the-first-french-microgrid-demonstrator-operational-in-singapore>
- <https://www.energimyndigheten.se/forskning-och-innovation/forskning/fornbar-el/havsenergi/program/marin-energiomvandling---etapp-2/>
- <https://ec.europa.eu/research/pdf/horizon-europe/annex-5.pdf>
- https://ec.europa.eu/commission/presscorner/detail/en/IP_19_6131
- https://www.ssmo.co.uk/site/assets/files/1359/sge_array_decom_consultation_170110.pdf
- <http://www.emec.org.uk/about-us/our-tidal-clients/orbital-marine-power/>
- Presentationer vid International Tidal Energy Summit, London 2017
- Carbon Trust, Cost Estimation Methodology, 2006
- SI Ocean, Ocean Energy: Cost of Energy and Cost Reduction Opportunities, 2013
- Lewis et al 2015, Resource assessment for future generations of tidal-stream energy arrays
- Global Wind Energy Council, Global Wind Report 2018
- IRENA Renewable Power Generations Costs in 2018
- <https://www.irena.org/solar>
- <https://www.irena.org/hydropower>
- <https://www.ipcc.ch/sr15/>
- IEA World Energy Outlook 2018
- Bloomberg New Energy Finance, New Energy Outlook 2019
- IRENA Global Energy Transformation: A roadmap to 2050
- International Energy Agency, Renewables 2019
- Hu et al, Barriers to investment in utility-scale variable renewable electricity (VRE) generation projects, 2018
- Bloomberg New Energy Finance, Beyond the Tipping Point, 2017
- Bird et al, Integrating Variable Renewable Energy: Challenges and Solutions, 2013
- <https://oceancurrents.rsmas.miami.edu/glossary.html#s>
- <https://www.oceanenergy-europe.eu/ocean-energy/>
- <http://www.emec.org.uk/press-release-wave-and-tidal-energy-study-finds-no-long-term-disturbance-to-wildlife/>
- <https://webarchive.nationalarchives.gov.uk/20081230232623/http://www.berr.gov.uk/files/file27753.pdf>
- <https://www.iaea.org/newscenter/pressreleases/iaea-releases-new-projections-for-nuclear-power-through-2050>
- <https://www.energy.gov/eere/water/marine-and-hydrokinetic-resource-assessment-and-characterization>
- <http://www.sev.fo/Default.aspx?ID=193&Action=1&NewsId=2921&PID=392>
- <http://secure.interreg-npa.eu/news/show/faroe-islands-100-renewable-generation-of-electricity-by-2030/>
- Internal assessments by utility company SEV of the Faroe Islands' future energy mix
- <https://gov.wales/what-is-the-welsh-government-doing-to-tackle-climate-change>
- <https://www.marineenergywales.co.uk/marine-energy-in-wales/policy/>
- <https://ec.europa.eu/energy/en/topics/renewable-energy/renewable-energy-directive>
- <https://taiwantoday.tw/news.php?unit=6,23,45,6,6&post=102440>
- <https://www.eia.gov/beta/international/country.php?iso=TWN>
- <https://www.nedo.go.jp/content/100874638.pdf>
- Ocean Energy Systems Annual Report 2018
- Aquatera Ltd Recommendations for Chile's Marine Energy Strategy – a roadmap for development, 2014
- Norton Rose Fulbright, Renewable energy in Latin America, 2017
- <https://www.reuters.com/article/us-china-energy-renewables/china-to-plow-361-billion-into-renewable-fuel-by-2020-idUSKBN14PO6P>
- International Energy Agency, Energy Access Outlook
- <https://www.ge.com/reports/powering-remote-islands-one-microgrid-time/>
- Redfield Consulting, The Tidal Energy Report, 2017

Background and reasons

In connection with the execution by Minesto of the Private Placement of around SEK 60 million on 28 October 2019, the Company also announced its intention to execute a Rights Issue of units. Each unit contains one share and one warrant of series TO3. This will give existing shareholders the opportunity to subscribe for new shares in Minesto on the same terms as the Private Placement. Since the intention is to give existing shareholders the opportunity to maintain their relative holding in the Company, Midroc New Technology AB will refrain from exercising its right to participate in the Rights Issue, as it participated in the Private Placement.

The Rights Issue can provide Minesto with up to SEK 85.9 million before issue costs, whereby the issue costs related to the issue of shares amounts to SEK 4 million meaning that the Company will be provided around SEK 81.9 million given full subscription of shares. Assuming that the Rights Issue is executed, the net proceeds will be allocated in accordance with the following priorities and scope:

- The completion, further development and expansion of the first production sites through the Company's current projects in the UK, the Faroe Islands, Taiwan and France (approximately 60 percent); and
- Other product development and market development activities focusing on customer collaboration and installation projects (approximately 40 percent).

With the capital contribution from the Private Placement, it is estimated that funds will be sufficient to finance the working capital requirement for the operation over the next twelve months, and, assuming that the Rights Issue is fully subscribed, will provide the Company with an additional SEK 81.9 million after issue costs. In the event that the warrants from the Rights Issue are fully exercised,

the Company will be provided, no later than 30 April 2021, with an additional sum of around SEK 118.2 million before issue costs, based on the applicable strike price. The issue costs of the warrants amount to SEK 2.4 million meaning that the Company will be provided around net SEK 115.8 million given full exercise of the warrants. In the event that the warrants from the Private Placement are fully exercised, the Company will be provided, no later than 30 April 2021, with an additional sum of around SEK 82.5 million before issue costs, based on the applicable strike price. The issue costs of the warrants amount to SEK 1.7 million meaning that the Company will be provided a net amount of around SEK 80.8 million given full exercise of these warrants. The Company intends to use the net proceeds from the warrants in accordance with the following priorities and scope:

- To enable the expansion of the first large-scale commercial energy farms both through initial project investments on the Company's own account and in combination with external players, and partly through ensuring the Company's capacity to deliver products (approximately 70 percent); and
- Other product development and market development activities (approximately 30 percent).

Total transaction costs for the Private Placement, the Rights Issue and the exercise of all warrants of series TO3 in both issues are estimated at around SEK 12 million.

Gothenburg, 2 December 2019

Minesto AB (publ)
The Board of Directors

Advisers and conflicts of interest

Pareto Securities is the Company's financial adviser in connection with the Rights Issue. Pareto Securities has provided, and may in future provide, various financial, investment, commercial and other services to Minesto for which they have received, and may receive, remuneration. Aktieinvest is the issuing institution and MAQS Advokatbyrå is the legal adviser for the Company in respect of the

Rights Issue. BGA INVEST AB has given subscription commitments for an amount of around SEK 20 million, which is equivalent to around 23.3 percent of the Rights Issue. Over and above the above-mentioned parties' interest in the successful execution of the Rights Issue, it is judged that there are no financial or other interests in the Rights Issue.

Overview of operations and market

Operations

Minesto's goal is to be a world-leading equipment supplier in the field of marine energy. The Company's core business is the development and sale of power plants to project developers, energy companies and independent power producers. The overall business plan consists of three stages to take the Company's technology from market establishment to industrialisation.

Mission

Minesto's mission is to develop and sell products for the sustainable and cost-effective extraction of renewable electricity from the ocean. Through the Company's patented technology, Minesto's products exploit a previously untapped global natural resource: low-velocity ocean and tidal currents (<2.5 m/s).

Business model

Minesto's special expertise is in the development of systems for converting marine energy as well as associated areas for business development. These areas of special expertise are complemented by a supplier chain of established manufacturing and installation companies, as well as project developers.

The Company develops and owns a technology under the brand name Deep Green®, a verified and internationally recognised technology with strong intellectual property protection. The technology is according to the Company's knowledge alone in its ability to enable cost-effective electricity generation from low-velocity ocean currents and tidal streams, which significantly expands the global exploitable potential for commercial marine energy.

The marine energy sector is in the build-up phase, and Minesto's strategy is to keep pace with the development of the value chain as the sector grows. Minesto's core business in the long-term is the development, production and sale of power plants and systems for installation, operation and maintenance. Since the technology needs to be established in the market, the Company is also making initial project investments in the development of offshore production sites.

Income model

In order to utilise to the full the Company's special expertise and intangible assets, the business model focuses on four income streams:

- Product sales
- Operation, service and maintenance
- Site assets
- Geographical licensing

THE COMPANY IN BRIEF

The Company's business name (and commercial designation) is Minesto AB, its corporate ID number is 556719-4914 and LEI code (legal entity identifier) is 529900P0ACIS2U13ZX27. Minesto is a Swedish public limited-liability company which was registered on 6 December 2006, and whose activities are carried on in accordance with Swedish law. The registered office is in the municipality of Gothenburg, and the operation is carried on primarily in Sweden (Gothenburg) and in Wales (Holyhead). The Company's office address is Vita gavelns väg 6, Gothenburg, Sweden, telephone number +46 31 29 00 60, and the Company's website is www.minesto.com. It is to be noted that the information on the Company's website does not form part of the Prospectus unless that information is incorporated in the Prospectus through references. Minesto is a central securities depository registered company, and its share register is maintained by Euroclear. The Company's legal form of business entity is regulated by the Swedish Companies Act (2005:551), and the shareholders' rights stemming from ownership of the shares can be altered only in accordance with the procedures set out in that regulatory framework. The object of the Company, as set out in the Articles of Association, is, directly or indirectly, to carry on research, development and sales of services and products for renewable electricity production and any other business incidental or related to the foregoing activities. In addition to Minesto AB, the Group also includes the wholly-owned subsidiaries Minesto UK Ltd, Minesto Warrants One AB, Holyhead Deep Ltd and Minesto Taiwan Ltd.

Product sales

Product sales refers to Deep Green systems in Utility Scale (large-scale installations for electricity generation to centralised power grids) and Microgrid (stand-alone energy producing unit(s) that are autonomously installed). A power plant includes the Deep Green system from wing, turbine and nacelle to tether and cable system to the foundation. Pricing will be value-based, with the aim of continuously improving the cost of energy profile.

Product sales also include ancillary systems such as foundations, mooring solutions and transformer stations, but these are not the Company's primary product offering.

Operation, service and maintenance

A production site based on Minesto's Deep Green technology makes possible the sale of services in operation, service and maintenance. Technologies and methods for managing the power plants are included in the Company's development goals and are covered by patent applications. Conceptually, the system is designed on a modular basis so that it can be optimised for the water flows in a particular installation and offer existing customers continuous technical improvements at component level, such as wing profiles, turbine blades and control systems through the sale of upgrades.

Site assets

In installation projects where Minesto is the initiator and investor, an asset value is created consisting of the permits and rights which are produced. As production sites are developed and the verifiability of the Deep Green technology is demonstrated, the value of the sites will grow. Minesto has the option of selling stakes to project developers and investors who aim to realise the financial potential of the site through electricity generation, and this is regarded as a further possible income source during the first years of commercialisation.

Geographical licences

With the aim of accelerating commercialisation and increasing sales volumes, the Company intends to offer geographical licences to industrial players in markets which have considerable potential for the Deep Green technology. This type of arrangement enables the

establishment of both sales and production through external channels to achieve greater volume growth than if the Company constitutes the whole value chain on its own account.

Customers

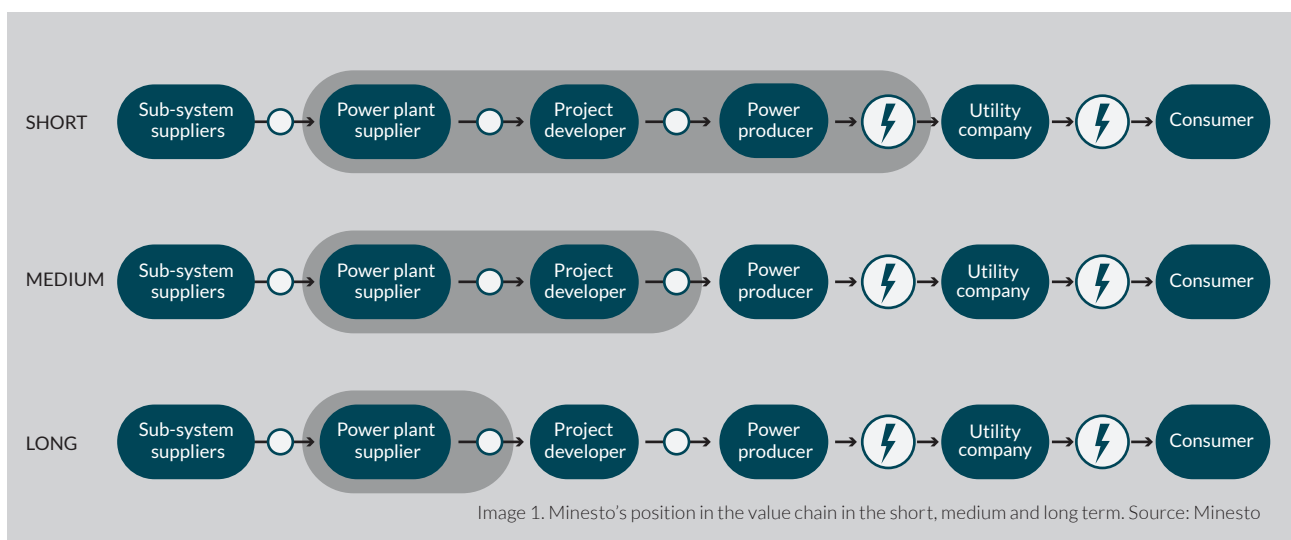
The Company's customer base can be divided into five main categories:

Project Developers – Project Developers prepare a sea area for energy extraction through acquiring permits, installation and commissioning before they sell an operational site to the final power producer. Project Developers are looking for access to new and substantial sources of renewable energy, where Minesto's technology provides an opportunity to expand the market potential.

Electric utility companies – Electric utility companies are large-scale power producers which own and operate electricity-generating assets. They can also invest earlier in the value chain as Project Developers or further on through the establishment of transmission systems. Electricity companies are looking for new opportunities to produce competitive renewable energy. This is partly in response to growing market demand and partly with the aim of balancing and diversifying their energy asset portfolios. Minesto's technology has the potential to be a significant complement in energy companies' future growth.

Independent Power Producers – An Independent Power Producer (IPP) is a player which owns a generating asset and sells electricity to utility companies or direct to electricity users. The sale of electricity between an IPP and its customers is normally regulated through a Power Purchase Agreement. The term 'IPP' also refer to players who produce energy for their own use.

Niche customers – Niche customers covers players on remote islands and coasts who do not have access to established electricity grids. These customers are looking for solutions to replace expensive and environmentally harmful electricity, which is often generated from fossil fuels and forces dependence on external deliveries. The objective is to produce renewable, dependable and predictable electricity locally at low cost. Minesto's technology opens access to electricity from low-velocity ocean currents and tidal streams which are often found in the vicinity of isolated islands and coastal areas.



Other industrial players – Larger players in manufacturing industry constitute a potential customer segment through geographical licensing and technology transfer of the Company's technology. Geographical licensing can assist the Company in penetrating markets which have traditionally had high barriers to entry, such as Japan and South Korea, as well as accelerating the industrialisation of the technology. These players are looking for new technological fields in renewable energy to obtain synergy effects with existing development and production capacity, and also to grow with the market for renewable energy. Minesto's global potential and the opportunity to achieve competitive energy costs through high-volume production make this a potential growth area for this customer group.

Business plan

Minesto is approaching business development in three phases with the aim of meeting the expectations and demands of actors in the energy sector. These phases influence how Minesto's resource base is structured, and how the targets and content of product development will change over time as the Company adjusts as it moves towards the goal of industrialisation.

Phase 1: Market Establishment

In the current phase, Minesto is in process of establishing itself in the market as the Company, in partnership with customers and project developers, installs Deep Green systems for customer verification. In this phase, development support from public funds and collaboration with electric utility companies and other players in the industry are essential elements.

During the Market Establishment phase, Minesto is the driving party in identifying and developing installation projects. In this phase, small-scale installations and incremental scaling-up of demonstration installations are the natural way forward. Sites will be jointly owned with electric utility companies and/or project investors. Minesto's smaller Microgrid systems are a central component in this phase, as this approach is most likely to achieve early commercial breakthrough.

The process of market establishment is well advanced with the Company's established projects in Wales, the Faroe Islands, France and Taiwan.

Phase 2: Commercialisation

In the second development phase, the first arrays based on Minesto's products are built. Minesto is heavily involved in the development work but is looking for opportunities to sell assets in the Company's sites and pass on the project development role to established players in the energy industry. This streamlines Minesto's role as a product and technology company. Both Utility Scale systems and Microgrid systems are sold. Electric utility companies and project developers drive demand. This phase lays the groundwork for Industrialisation in phase 3 through greater involvement and investment from project developers who are active in scaling-up production sites, as well as through licence sales in respect of geographical markets and local production.

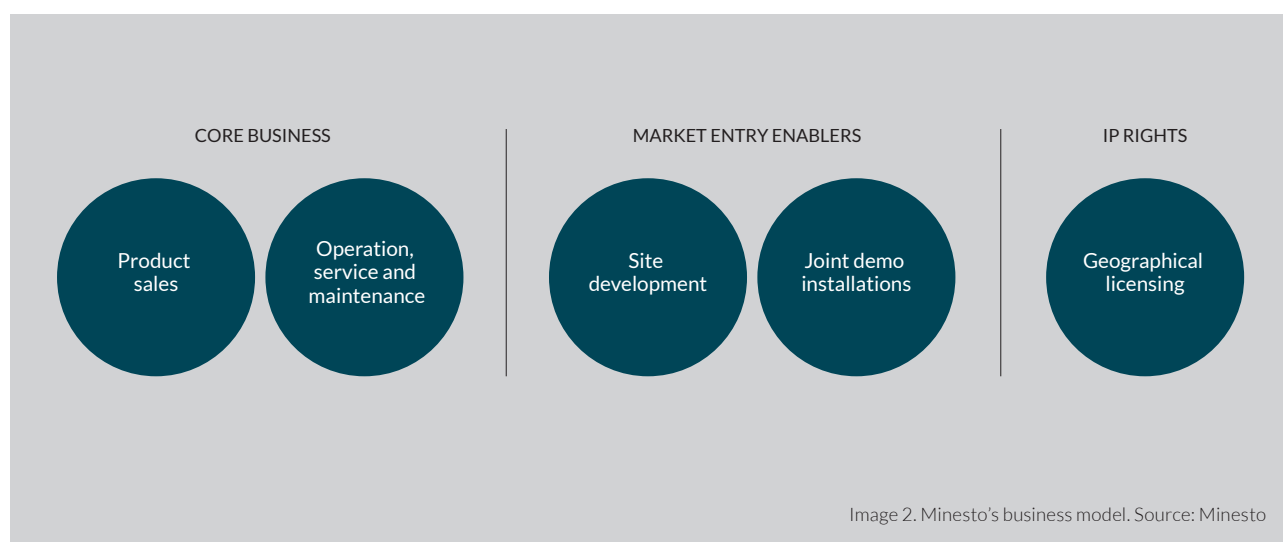
Phase 3: Industrialisation

Minesto is established as a product and technology company which supplies Deep Green systems on an industrial scale. The links in the value chain are established, and project developers drive site development on their own account and with conventional bank financing. Minesto's focus is on sales, production, deliveries and the industrial scaling-up of its operations. In this phase, players other than Minesto are taking the lead in identifying suitable opportunities for developing and financing production sites. Growth is driven primarily by the development of large-scale farms at Utility Scale, but Microgrid systems are also expected to provide significant volumes.

Project portfolio

A precondition for the sale of Deep Green systems is the development of sites for electricity generation based on the Company's products in sea areas with suitable depth and flow conditions. In addition to product development, Minesto is working to achieve operational status for the first installations suited to the Deep Green technology. It is not one of the Company's aims to operate marine energy installations on its own account to generate electricity, but it does aim to ensure that investments in projects for commercial electricity production are realised.

As at the end of 2019, the Company has four established projects driving market establishment. For more information on Minesto's entry markets, see the section 'The Market'.



Vestmannasund, Faroe Islands

Minesto has signed a collaboration agreement with the electric utility company SEV on the Faroe Islands for the installation of two of Minesto's DG100 models in Vestmannasund. This collaboration represents the first phase in a long-term ambition to add generating capacity of 30–70 MW from tidal streams to the Faroe Islands' energy mix, based on Minesto's Deep Green technology.

The two initial installations will be connected to the Faroese grid and will enable local verification together with the customer SEV. SEV and Minesto have entered into a power purchase agreement through which SEV commits to purchasing the electricity generated by the power plants. The installation of the first DG100 system is planned for early 2020 with the subsequent unit installed later in the same year.

Minesto has been granted public funding totalling around SEK 35 million through the EU's SME Instrument (precursor to the EIC Accelerator) and the Swedish Energy Agency for the implementation of the Vestmannasund project and the development of the DG100. In addition, SEV invests in the development of the installation site through infrastructure such as grid connections and the resources for the permit application processes.

In addition to the Vestmannasund project, Minesto and SEV are in discussions about the next stage of their collaboration in the Faroe Islands and the incremental construction of the first large-scale production array with installed capacity in the region of 30 MW.

Holyhead Deep, Wales

At Minesto's site Holyhead Deep in Wales, the Company intends to construct a production array to demonstrate the technology at Utility Scale. The initial target is 10 MW, but the site has an estimated capacity of over 80 MW, and the Company's long-term ambition is to construct a commercial tidal energy farm in that size range.

In 2018 and 2019 at Holyhead Deep, Minesto implemented two test and commissioning programmes of the Company's first Utility Scale power plant. Through validation of installation procedures and commissioning of this 500 kW system, the Company has taken a major step forward in demonstrating the functionality and capacity of the technology at Utility Scale.

In 2015 and 2019, the Company was granted EU funds totalling around EUR 28 million from the European Regional Development Fund through the Welsh Government for the market establishment of Minesto's technology in Wales. The more recent of these financing contracts, which will not be affected by the UK's possible exit from the EU, amounts to EUR 14.9 million. The project involves the installation and operation of an additional power plant at Holyhead Deep, expands manufacturing and installation capacity in North Wales, and includes development work linked to the planned expansion to a production site of 80 MW.

In addition to public funding, the Company collaborate with a number of established players in the industry, among other things for the establishment of grid connection and for environmental studies.

Paimpol-Bréhat, France

Minesto will install and commission a DG100 system off the coast of Brittany in partnership with the global energy company EDF. As part of a larger EU-funded project, designated TIGER, Minesto has been awarded a grant of around EUR 2.4 million to demonstrate the Company's Deep Green technology on the Atlantic Coast of Europe.

The installation will take place at Paimpol-Bréhat, a test site connected to the French grid and operated by EDF. The Company sees significant commercial value in collaborating with EDF for potential further development both in France and in other parts of the world in which EDF is involved in electricity production. One of EDF's ambitions is to be a leading global player in microgrids to develop energy solutions for local markets in regions such as Southeast Asia²⁾.

Keelung/Green Island, Taiwan

In Taiwan, a joint development project is being carried out in partnership with the Center for Ocean Energy System at the National Taiwan Ocean University. This involves a pilot installation in the tidal streams off Keelung, as well as an installation in the continuous ocean currents at Green Island.

The Company has had a local presence in Taiwan since 2018, with an employed Project Manager, who is creating the conditions for local partnerships and local public funding.

The Company's investment in Taiwan is aimed at the potential market in both tidal installations and the verification of the Company's Deep Green technology in continuous ocean currents. A further objective is to have pilot installations of Minesto's Microgrid systems in Taiwan. These can be installed both to demonstrate the system's functionality in new markets and to generate renewable electricity in environments which lack established electricity grids for geographical reasons.

In large parts of Southeast Asia, there are environments in which the price of generated electricity is less sensitive and the demand for environmentally low-impact alternatives is high. A reference installation in Taiwan can provide a very useful base from which to penetrate this market.

Financing strategy

Minesto's financing strategy to enable an incremental scaling-up of projects based on the Company's products is based on a mix of equity, public development grants and project investments from customers and project developers. Minesto's intention is to streamline its position in the value chain as the product becomes established in the market and gradually reduce the Company's share of the project investments required for commercial roll-out.

Financing through national, EU and international public sources constitutes a significant element of this strategy. The Company's unique renewable energy technology fulfils the majority of the required criteria for public funding sources, such as combating climate change, ground-breaking technological innovation and future opportunities for global industrial growth.

2) <https://www.edf.fr/en/edf/edf-launches-the-first-french-microgrid-demonstrator-operational-in-singapore>

Approved projects	Funding agency	Start year	End year	Participants	Total project budget (€)	Minesto's budget (€)	Minesto's development support €
82234 Deep Green Phase 2 (DGP2)	EU WEFO (ERDF)	2019	2021	Minesto UK, Minesto AB	21,299,999	21,299,999	14,783,590
Deep Green Island Mode – Pilot- and Demo project	Swedish Energy Agency	2019	2021	Minesto AB	4,294,631	4,294,631	1,178,168
872404 – DGIM2 (Deep Green Island Mode)	EU H2020-EIC-SMEInst	2019	2021	Minesto AB, Minesto UK	6,128,625	6,128,625	2,499,995
Tiger (Tidal Stream Industry Energizer Project)	EU Interreg/ERDF	2019	2023	Minesto AB, Minesto UK, 17 partners	46,770,802	3,510,800	2,422,452

Table 1. Overview of public funding granted in 2019.

Since the Company was founded, Minesto has been awarded investment and development funds from public agencies totalling around EUR 40 million. Of these, about half were granted in 2019 from several organisations and public agencies, including the Swedish Energy Agency, the European Regional Development Fund (ERDF), the Welsh Government's European Funding Office (WEFO), Interreg and Horizon2020 SME Instrument.

In the Company's judgement, it is very well placed for continued success in obtaining allocations of public funding support for the commercialisation of the Company's products. A description of a selection of financing sources which fit well with the Company's financing strategy is given above.

Sweden

On 13 July 2017, the Swedish Energy Agency published its new Marine Energy Strategy, a major component in the plan to make Sweden a leading player in renewable energy by 2030. The vision underlying the Marine Energy Strategy is to develop *'Swedish-developed, environmentally sustainable ocean energy concepts to facilitate the transition to a sustainable global energy system'*³⁾.

The Swedish Energy Agency has identified Minesto as a recognised Swedish innovation company and as an important player in commercialising marine energy technology for global export.

The Swedish Energy Agency has earmarked SEK 105 million for research and innovation in marine energy conversion for the programme period 2018–2024. The focus is on technologies with the potential for achieving commercialisation before 2030⁴⁾.

Europe

The EU's new framework programme for research and innovation has allocated EUR 100 million to five focus areas for the period 2021–2028, with one of these focus areas covering the transition of the energy system and combating climate change. The goal is to create a CO₂-neutral continent by 2040, and particular focus is placed on the commercialisation of renewable energy technologies and public-private financing partnerships. The EU intends to take an active role in

attracting industrial financiers to underwrite the final stage of this technological development⁵⁾.

This is to be achieved primarily through three financial instruments: The EIC Accelerator, the Innovation Fund and InnovFin.

The EIC Accelerator offers a mix of public grants of up to EUR 2.5 million and private equity of up to EUR 15 million per project. Minesto is prequalified to apply for this support through the Company previously having been granted financing from the SME Instrument Programme, Phase 2.

The Innovation Fund has a budget of EUR 10 billion for investment in a climate-neutral European economy up until 2030. The Fund will part-finance the value added over existing solutions for both investments and operational costs for market-ready renewable energy technologies. It will also facilitate cooperation with other financing instruments. Minesto is in discussions with the Innovation Fund and has been invited to provide input into the structuring of the instrument.

InnovFin is the European Investment Bank's (EIB) *blend financing* instrument for high-risk technologies with a project value in excess of EUR 22.5 million and an investment value of up to EUR 50 million. Minesto has initiated discussions with the EIB.

In October 2019, the EU also launched a new programme dedicated exclusively to *'Blue Growth'*. Within the framework of this programme, EUR 250 million has been earmarked specifically for marine energy projects up until 2020. The programme is part of a larger initiative aimed at achieving a CO₂-neutral continent and clean oceans⁶⁾.

Planned applications

During 2020, Minesto plans to submit applications to the EIC Accelerator and to the Innovation Fund. The budget involved varies between EUR 2.5 million and EUR 9 million, with a funding rate of between 60 and 70 percent.

In addition to this, Minesto is in discussions with the European Investment Bank (EIB) on project financing.

3) <https://www.energimyndigheten.se/forskning-och-innovation/forskning/fornybar-el/havsenergi/program/marin-energiomvandling---etapp-2/>

4) <https://www.energimyndigheten.se/forskning-och-innovation/forskning/fornybar-el/havsenergi/program/marin-energiomvandling---etapp-2/>

5) <https://ec.europa.eu/research/pdf/horizon-europe/annex-5.pdf>

6) https://ec.europa.eu/commission/presscorner/detail/en/IP_19_6131

Organisation

Minesto employs over 55 people, of whom around 45 are engineers, and this ensures that the operation's essential technical and marketing areas have the necessary expertise and experience. Around 40 of the employees are involved in development and testing, and approximately 15 specialise in business development, finance, purchasing and administration.

The development organisation consists of experienced development engineers within the Company's special expertise areas of control systems, hydrodynamics, simulation and structural mechanics, as well as operational development for the testing and operation of marine installations.

The organisation is divided into four main areas:

- The technical and product development of the Company's technology takes place primarily at the Head Office in Gothenburg.
- The development of marine operations for the installation and operation of Minesto's systems is carried out in Holyhead, Wales, where the Company also carries on the testing and operation of the first commercial-scale system.
- Testing at sea at prototype scale for verification and development takes place at Minesto's testing and demonstration facility in Strangford Lough, Northern Ireland.
- Work in the Business Development, Finance and Administration Departments, including Purchasing and Materials Acquisition, is carried out mainly at the Company's Head Office in Gothenburg. Minesto also has an office in Taipei, Taiwan, with one employed Project Manager.

The technical organisation in Gothenburg employs most staff and is divided into two groups. One of these concentrates on hydrodynamics, design and calculations, the other on simulation and the development of control systems. The Gothenburg operation also has advanced test rigs for prototype testing in which new or updated functionalities in control systems or hardware can be verified before installation at sea.

The Company utilises two primary simulation environments, Dymola and CFD (Computational Fluid Dynamics). Both environments have been refined in-house and are adapted to the actual product applications involved, e.g. through integration of the control system's control algorithms. These resources enable the development methodology which alternates between simulation, testing and design to ensure product optimisation. Work is being carried out at universities in Sweden, the UK and Taiwan to develop knowledge and carry out research specifically aimed at Minesto's technology and its implementation.

The Business Development Team at Minesto includes expertise in areas which are central for the Company, such as international project sales, array development (the identification, analysis and development of installation sites for energy extraction), environmental consent processes, cost of energy modelling, project investment calculation and public sector financing resources. Minesto has an internal Head of Communications with responsibility for IR and other market communication.

The Company collaborates with established suppliers for the production of components and selected subsystems, while the assembly

of prototypes is carried out by Minesto's own staff. This enables Minesto to utilise existing experience and expertise within specific areas while retaining and developing expertise on the system in its entirety within the Company.

Future challenges

As explained under the heading 'the Market', the demand for renewable energy generation capacity is expected to increase substantially for several decades. This trend is highly encouraging for the Company's products. Having said that, the marine energy sector is still in an early stage of development. The principal challenges which the Company and, indeed, the whole industry, will need to overcome to achieve successful commercialisation are:

- 1. Market acceptance.** Minesto must demonstrate that the Company's products can deliver performance and robustness at competitive cost levels if it is to persuade market players to invest in projects based on the Company's technology.
- 2. Funding support.** All energy projects are dependent on state aid and subsidies. It is essential that the Company and the marine energy sector succeed in inducing political decision-makers to implement subsidies such as electricity price support to compensate for higher initial cost levels until sufficient manufacturing volumes are achieved.
- 3. Permit applications processes.** As with all energy projects, widening the use of the Company's technology depends on national authorities granting the necessary permits for essential elements such as installation, operation and grid connection. For installations that Minesto carries out on its own behalf, the Company needs both to obtain the necessary permits and licences and also to ensure that the Company and other parties comply with the requirements for retaining those permits and licences.

Ongoing and future investment

No significant investments have been made after 30 September 2019 over and above the amount invested on an ongoing basis in intangible assets and in property, plant and equipment. Investments in intangible assets are largely attributable to the development of the Deep Green technology, and consist of costs related to hardware and software, expenditure on consultants and on the Company's own development staff, as well as investments in patent registrations. Development work is classified as investment in intangible assets after the deduction of accumulated development support in accordance with the Company's accounting policy.

It is planned that investments now specified will continue over late 2019 and throughout 2020, and will be supplemented by the development of new product models and the development of installation sites within the framework of the development projects which the Company has been awarded and which are reported under the heading 'Financing Strategy' above.

Significant changes to the issuer's financial position.

In addition to the Private Placement which provided Minesto SEK 60,000 before transaction costs, there have been no significant changes in the Company's financing structure since September 30, 2019.

The Product

Through its Deep Green® technology Minesto offer predictable, sustainable production of green electricity. It is based on a patented method of extracting energy from low-flow marine currents. The product's performance, cost-effective operations and the to date untapped natural resource mean that Minesto has the potential to transform marine energy into one of the most competitive types of energy.

As far as the Company is aware, Minesto's Deep Green product is the only verified technology that can exploit low-flow marine currents cost-effectively in order to produce renewable electricity. The Company has been developing the concept since 2007 and functionality and power-generating capabilities of the Deep Green technology have been verified in ocean conditions at the Minesto testing facility in Northern Ireland since 2013. In tandem with ocean testing in Northern Ireland, for the past two years Minesto has been conducting open sea tests in Wales, where the technology has been verified on a larger commercial scale (Utility Scale).

The principle: conversion of kinetic energy from underwater currents

With Deep Green, Minesto has introduced a new principle for converting kinetic energy in marine currents into electricity. A Deep Green system consists of a turbine mounted beneath a wing, anchored to the seabed (or a surface platform) by a tether. The wing is subjected to the lifting force of the underwater current, which propels the system through the water. The power plant moves in a figure-of-eight, using a control system and rudder (Figure 3). As it moves across the current the surrounding water flows through the turbine at a speed several times that of the actual current velocity. This principle of multiplying the stream flow through the turbine enables efficient energy conversion in low-velocity marine currents.

Customer values and competitive advantages

The basic principle behind the Deep Green technology lays the foundation for several competitive advantages for Minesto's kite system over other tidal energy technologies:

- Potential to produce renewable baseload power. Unlike other tidal energy technologies, Minesto's Deep Green can be installed in ocean currents, which are often found in deep waters and characterized by low velocity. The constant, even nature of these currents makes it possible for Minesto to offer customers infinite, predictable and reliable production of green electricity.
- Small size, low weight – high efficiency. In its current design for large-scale utility application, Minesto's power plant has a rated power of 500 kW and weighs about 14 tonnes in its prototype version (commercial units will weigh less). This can be compared to competing tidal turbines, which weigh from 100⁷⁾ to over 500⁸⁾ tonnes. In other words, Deep Green's energy output per unit of weight is considerably higher than that of other technologies. Thanks to its compact, lightweight design, the Minesto system entails less material consumption, lower construction costs and cost-effective logistics.
- Cost-effective operation and maintenance concept. Compared above all to first generation tidal turbines, the Minesto units can be managed using smaller service vessels, thus reducing costs and increasing availability.
- Greater accessibility to the installation site. Along with higher availability of vessels, accessibility to the installation site (the time window when it's possible to carry out operations at sea) is far greater in low-velocity marine currents compared to sites with strong flows where other technologies can operate. This also has positive consequences in terms of costs, and optimising operation and maintenance.
- Competitive cost of energy. All in all, this lays the foundation for Minesto to offer a product that can deliver the ultimate customer value: predictable, renewable electricity production at a low energy cost.

Installation, operation and maintenance

Offshore installation, servicing and maintenance are cost drivers that have a great impact on the cost of energy. It is therefore extremely important to reduce the requirement for both planned and unforeseen maintenance. Carrying out servicing and maintenance underwater is both more complex and far more expensive than doing so on land. Conventional tidal energy technology therefore often has a maintenance interval of five years⁹⁾. On installation, these massive structures require large service vessels with tremendous lifting

7) https://www.ssmo.co.uk/site/assets/files/1359/sge_array_decom_consultation_170110.pdf

8) <http://www.emec.org.uk/about-us/our-tidal-clients/orbital-marine-power/>

9) Presentations at the International Tidal Energy Summit, London 2017

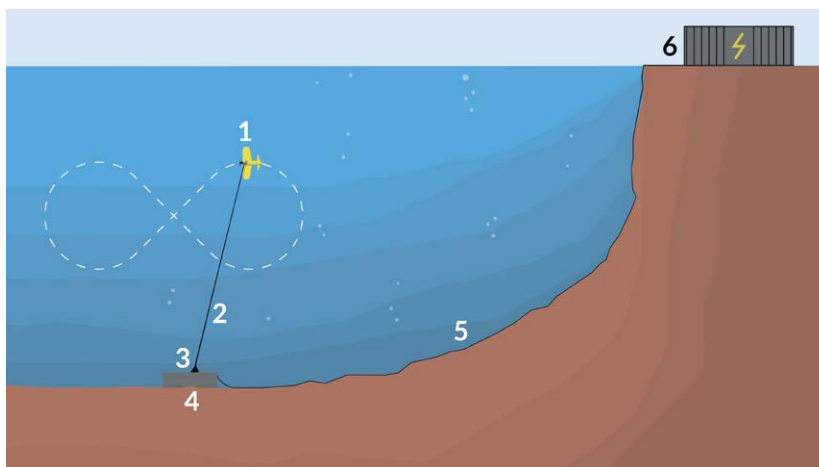


Figure 3. Illustration of the various components of an installation site for Minesto's Deep Green technology: **1**) Power plant which generates electricity, **2**) Tether anchoring the power plant to the seabed foundation, **3**) Bottom joint, the power plant's pivoting point, **4**) Seabed foundation, **5**) Umbilical cable for power transmission and data communication, and **6**) Connection point to on-shore power grid or other application. Source: Minesto

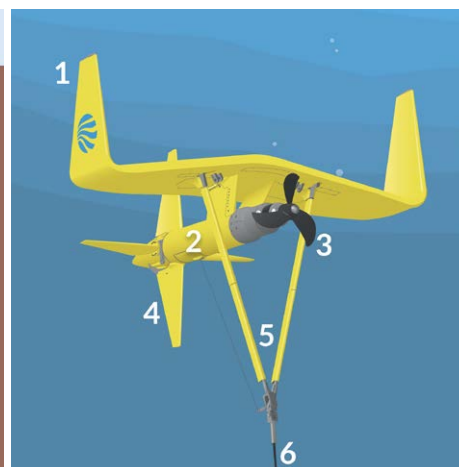


Figure 4. The Minesto Deep Green marine power plant is comprised of a wing (**1**) which supports a nacelle (**2**). At the front of the nacelle is the turbine (**3**), which is connected to a generator. At the rear of the nacelle is the power plant's steering and control system. Using a rudder (**4**), the power station is automatically steered through a predetermined trajectory. The struts (**5**) are linked to a tether (**6**), which connects the power plant to a bottom joint on a seabed foundation. The tether also includes cables for communication and power distribution. Source: Minesto

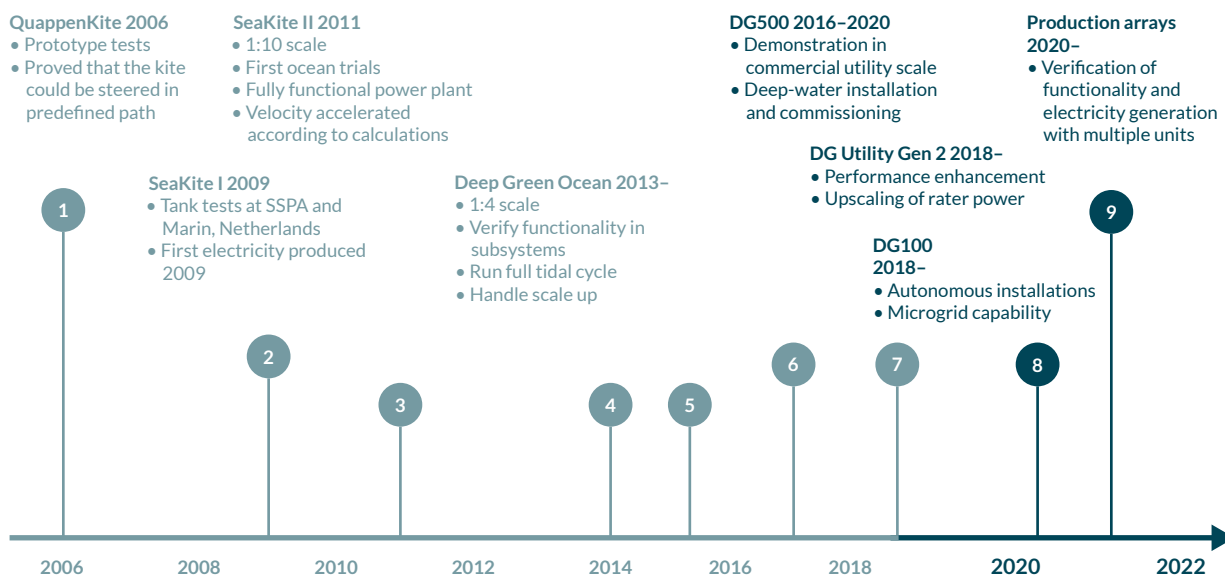


Figure 5. Overview of historical and future product development of Minesto's technology linked to TRL levels, which are given as numbers. Source: Minesto.

capacity – and these types of vessels are costly to operate and limited in number.

Minesto's Deep Green product, on the other hand, can be installed using smaller multicat-type vessels, which means far lower day rates for ship hire and higher ship availability. Moreover, thanks to its design, the Deep Green system can be detached and towed to shore for service and maintenance.

Thanks to the lower construction and operating costs for Deep Green, each site can have a certain number of spare units. When one unit is taken out for servicing, another one can replace it so as to minimise down time and maximise power production.

The operation and maintenance concept unique to handling Deep Green units at sea is part of the Company's product development and its strategy for protecting its intellectual property rights. At the end of 2017, Minesto applied for a patent to protect this concept.

Product range

Minesto's Deep Green technology is well suited to cost-effectively creating a product line tailored to different stream flow conditions, water depths and applications. New and upgraded power plants are being developed according to a modular product concept. This enables a high rate of product development and upgrade capabilities for installed systems. A modular system also enables cost efficiencies in the production and supplier chain.

The three subsystems that can generally be varied in size and performance, and thereby allow product variations, are:

- The shape and size of the wing, to optimise lifting force and manoeuvrability.
- The design of the drive line and generator, to optimise power output.
- The length of the tether, to suit the depth and operating conditions (e.g. seabed or platform tethering of the power plant).

One example of how this modularity can advantageously be used to optimise energy output is varying the wing size. In a slow ocean current, a larger wing can be used to compensate for lower energy density in the flowing water. This means that the same drive line and generator with a rated power of 500 kW can be integrated with for example a wing of 10, 12 or 14 metres to optimise the unit to the prevailing stream flow conditions.

The Deep Green systems will be adapted to cooperate and communicate as a single unit in a larger marine energy farm (Utility Scale), or to act as an independent energy-producing unit that is installed autonomously (Microgrid). Units with a rated power of less than 500 kW will only exceptionally occur in larger production arrays, and are therefore designed for autonomous installation as standard. Large marine energy farms are Minesto's primary application, and the performance and cost structure are analysed and based on such applications.

	Deep Green Utility	Deep Green Microgrid
Rated power	0.5–3 MW	50–250 kW
Wing span	12–24 m	4–6 m
Weight	10–35 t	1–3 t
Turbine rotor diameter	1.5–4 m	Approx. 1 m
Installation depth	>60 m and deeper	<60 m
Exploitable stream velocity	1.2–3.0 m/s	

Table 1. Technical specifications for Minesto's product lines, Deep Green Utility and Deep Green Microgrid. Source: Minesto

Product development

Since 2006, six generations of Deep Green prototypes have been developed, built and tested. System maturity has increased in each generation, and tests have gone from initially being conducted in indoor pools to full-scale offshore testing.

Progression between generations can be described via TRL levels¹⁰⁾ (see Figure 5). Since 2013, the technology has undergone testing in the tidal streams of Strangford Lough, Northern Ireland. In 2018, TRL 7 was achieved when the DG500 system was installed and tested, the first commercial-scale prototype. TRL 8 will be achieved when systems developed for commercial application are installed and connected to the power grid, which the Company intends to accomplish in its project in Vestmannaasund, Faroe Islands during spring 2020.

Product development plan

Minesto's product development mainly takes place within the framework of the Company's ongoing projects. In addition, subsystems are continuously being developed. In Utility Scale, product development is far advanced in the shape of the DG500 project, in which a commercial-scale system has been installed and tested at Minesto's site in

Application	Product	Rated power (kW)	Purpose	Timing
Utility Scale	DG500	500	Demonstrate the Deep Green technology functionality and power production on a commercial scale.	Installation and tests conducted 2018–2019. Continued commissioning planned for 2020.
	DGU Generation 2	750–1,500	Achieve higher power production with the same wing span and tether load.	Development ongoing 2019, installation in Wales planned for 2020/2021.
Microgrid/ Utility Scale	DG100	Approx. 100	Verification on a smaller scale for 2nd generation Utility Scale, and development of a demonstrator for Microgrid applications.	Development and manufacture ongoing 2019. First installation in early 2020.
Prototype testing	DGO3	3	Testing and validation of new subsystems and configurations.	Continuously ongoing.

Table 2. General description of Minesto's product development plan. Source: Minesto.

10) Technology Readiness Level (TRL) is a recognised way of denoting the maturity and accompanying technical risk of a technology..

Wales during 2018 and 2019. Microgrid is a new application for Minesto's technology, and product development and manufacture of the first power plant, DG100, is under way ahead of installations in the Faroe Islands during 2020.

The DG500 is a prototype and will primarily be used as a test object for testing adjustments in Utility Scale.

Development of the second generation Deep Green system in Utility Scale focuses specifically on designing a more efficient power plant without changing the wing span. This will primarily be achieved through an upgraded wing design and turbine. The Company intends to verify this concept in the smaller DG100 system during 2020. This is in line with the way Minesto has worked with scale models for developing the DG500 system, the difference being that the DG100 also has a commercial application as it meets the needs of a Microgrid installation.

Levelised Cost of Energy

Levelised Cost of Energy (LCOE) is the energy industry's parameter for comparing a power-producing asset's energy cost over its life-time, often given as cost per megawatt hour (€/MWh). Minesto's LCOE model is based on a combination of recognised methods from the Carbon Trust¹¹⁾ and SI Ocean¹²⁾, which are used extensively in the energy sector. LCOE shows the total average cost (investments, operating costs and decommissioning costs) in relation to total energy yield during the lifecycle (Carbon Trust methodology¹³⁾).

Minesto uses general industry experience and specific knowledge relating to own technology, along with verifiable learning curves. Work on developing a model for calculating the cost of energy for the Deep Green technology has been conducted by Minesto alongside external expertise in four detailed projects: in 2008 alongside Etteplan, The Carbon Trust and Garrad Hassan; in 2011 with Garrad

Hassan, Strathclyde University and DNV; in 2014 with ITP Power funded by the UK Department of Energy and Climate Change; and in 2017 with ITP Energised.

The Company's LCOE analysis shows that the Deep Green technology has the capacity to achieve €100/MWh at 100 MW cumulative installed capacity in tidal streams. The installation of Deep Green systems in ocean currents, where the power plants can achieve a far higher capacity factor (percentage of hours with maximum power production per year) compared to tidal streams, achieves a cost of energy of €50/MWh at 100 MW cumulative installed capacity. This means that, at an early stage, the technology is expected to be more cost-effective than established forms of energy such as new nuclear power and existing offshore wind power.

This is despite the fact that the Company's LCOE model does not take into account upscaling of the power plant's rated power but is based solely on systems with an output of 750 kW. Moreover, the LCOE analysis is based only on production arrays with up to 75 MW installed capacity.

Cost analysis of Minesto's technology

Figure 6 shows the forecast LCOE for the Deep Green technology in cumulative installed capacity in tidal streams and ocean currents respectively, with a discount rate of 8%. LCOE for tidal streams is shown by two curves. One shows development in application in low-flow tidal streams corresponding to the Company's site at Holyhead Deep in Wales. The second shows development in application in tidal streams with stronger currents (but still at a rate considered to be low flow in the industry generally¹⁴⁾).

The calculations are based on the first systems in Utility Scale, and the development plan for these. The entered costs are based on tenders, cost estimates from potential suppliers, internal cost estimates,

Levelised Cost of Energy forecast

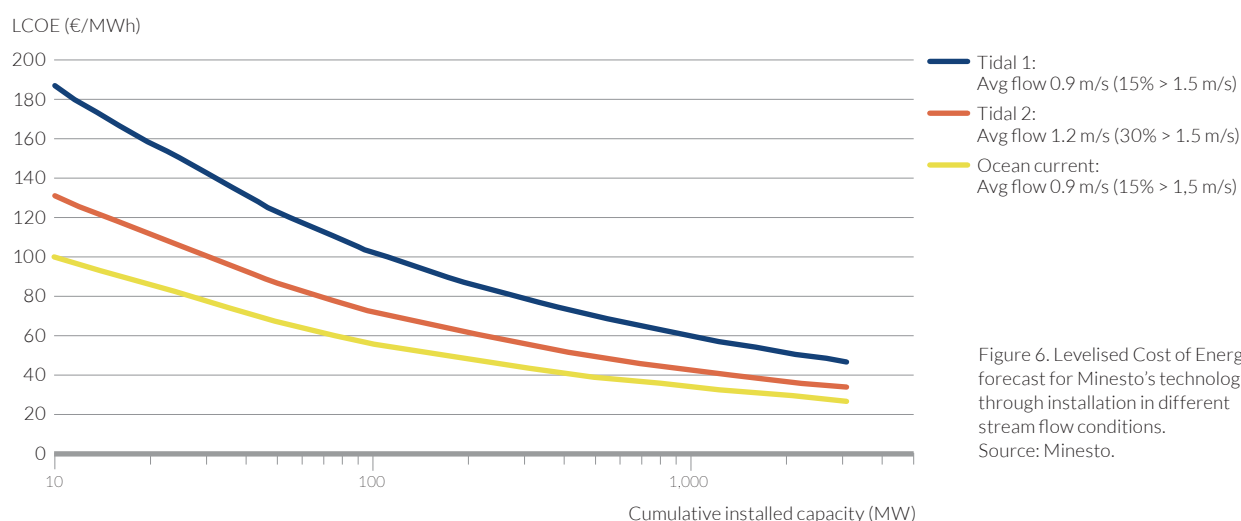


Figure 6. Levelised Cost of Energy forecast for Minesto's technology through installation in different stream flow conditions. Source: Minesto.

11) Carbon Trust, Cost Estimation Methodology, 2006

12) SI Ocean, Ocean Energy: Cost of Energy and Cost Reduction Opportunities, 2013

13) Carbon Trust, Cost Estimation Methodology, 2006

14) Lewis et al 2015, Resource assessment for future generations of tidal-stream energy arrays

Levelised Cost of Energy forecast compared to other forms of energy

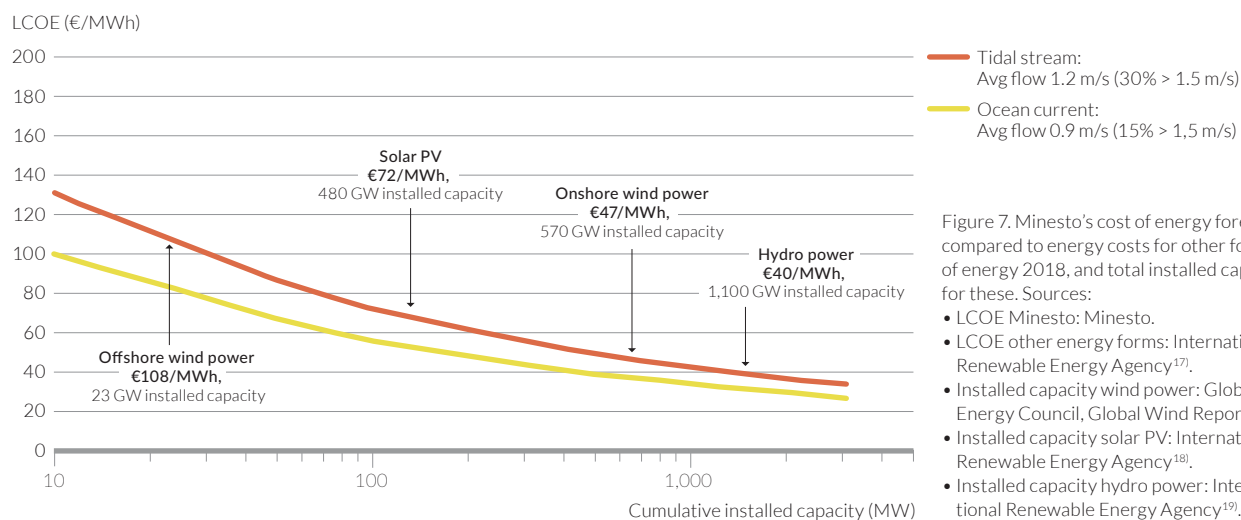


Figure 7. Minesto's cost of energy forecast compared to energy costs for other forms of energy 2018, and total installed capacity for these. Sources:

- LCOE Minesto: Minesto.
- LCOE other energy forms: International Renewable Energy Agency¹⁷.
- Installed capacity wind power: Global Wind Energy Council, Global Wind Report 2018.
- Installed capacity solar PV: International Renewable Energy Agency¹⁸.
- Installed capacity hydro power: International Renewable Energy Agency¹⁹.

or costs regarding offshore wind projects. The energy yield is based on measured data relating to tidal assets, performance simulations, CFD analyses and performance verifications of Minesto prototypes.

Figure 7 compares Minesto's LCOE for Deep Green by cumulative installed capacity in tidal streams and ocean currents respectively with today's cost of energy for other forms of energy, along with the total installed capacity for these. The figure shows, for example, Minesto's LCOE analysis which indicates an energy cost of about €100/MWh after approximately 100 MW cumulative installed capacity. This can be compared to the fact that it has taken 23,000 MW (23 GW¹⁵) in installed capacity of offshore wind power to achieve the same energy cost¹⁶.

Intellectual property rights

Intellectual Property (IP) has been a fundamental aspect of Minesto's operation since the Company was founded, and the Company has been working strategically in this area for many years so as to cost-effectively protect its intellectual property rights, foster its Freedom to Operate, and lay the foundation for generating the financial and other resources needed to expand Minesto's operation.

Research & development policy

The Company's strategy is to patent the technology and the innovations it develops. The Company is working continuously to protect the fundamental principles of its products, and to submit supplementary patent applications or utility models for solutions related to the various technical categories that jointly comprise the Deep Green technology.

As part of the development strategy, Minesto takes part in collaborative R&D projects that could lead to sharing of intellectual property rights. Minesto only takes part in such projects where the Company owns the IP rights in a way that does not limit the overriding business strategy.

IP situation

The first patent application relating to Minesto's technology was submitted in 2006, and the Company has since submitted a further 11 new patent applications to protect its Deep Green technology. Minesto has currently been awarded 77 patents in 17 different markets, including the USA, Canada, Mexico, China, Japan, South Korea, Australia, the UK, Ireland and South Africa. Minesto also has several patent applications for different technical categories which jointly comprise the Deep Green technology. Furthermore, Minesto has been granted trademark registration in the USA, EU, China, Australia, Japan, Sweden, Norway, South Africa and Chile (the wordmarks Minesto and Deep Green).

IP competitor analysis and assessment of scope

According to specific IP competitor analyses conducted by an external party, the Deep Green technology holds a strong IP position in the technical field of energy production based on marine currents. Moreover, the conclusion is that Deep Green differs from other tidal energy concepts, and that there are few potential obstacles to the Company's Freedom to Operate.

The overall assessment is that the scope of Minesto's main patent (the US patent) leads to the conclusion that the independent requirements are solid, and that the scope of the patent protects the fundamental and overriding (primary) Deep Green concept relatively well.

15) Global Wind Energy Council, Global Wind Report 2018

16) IRENA Renewable Power Generations Costs in 2018

17) IRENA Renewable Power Generations Costs in 2018

18) <https://www.irena.org/solar>

19) <https://www.irena.org/hydropower>

The Market

In order to achieve a sustainable transition of the world's energy systems while also fully meet the increasing global energy demand, they must be made up of a balanced mix of renewable energy forms. Unpredictable energy sources such as solar and wind need to be complemented with predictable, reliable energy from sources such as marine currents. According to the Company's analysis of external sources, the market potential for this so far untapped global natural resource amounts to more than 600 GW installed capacity – one and a half times the current global nuclear power capacity.

There is a wide consensus today that greenhouse gas emissions caused by humans is a cause of global warming. According to the UN Intergovernmental Panel on Climate Change (IPCC), this warming must be mitigated so that the average temperature of the planet in the year 2100 is no more than 1.5–2 degrees Celsius higher than in 1900²⁰. If this is not achieved, there is a risk that the consequences on the earth's climate and ecosystems will be irreversible. According to the IPCC, emissions of carbon dioxide must decrease by 45% by the year 2030 if global warming is to be limited to 1.5°C²¹.

At the same time global demand for energy is increasing, and according to the International Energy Agency (IEA) is estimated to grow by 25% between now and 2040²². Behind this is a growing global economy, a growing population and global urbanisation.

These are the main drivers behind the global transition of the world's energy systems currently under way. The trend is being further driven by political decisions and commitments to reduce the emission of greenhouse gases, such as the Paris Agreement and EU climate and energy goals. Other driving forces are energy security, not being dependent on the import of fossil fuels, and falling energy costs for established renewable energy.

The consequence is a substantial expansion in production capacity and a clear redirecting of investment in energy production from fossil fuels to renewable energy sources. Bloomberg New Energy Finance estimates that USD 13.3 trillion will be invested in new energy production up to 2050, and that 77% of this will go to renewable energy²³.

The need for a balanced renewable energy mix

Electrification powered by renewable energy is considered a pivotal part of the solution if the target of max. 1.5–2°C global warming is to be achieved²⁴. The share of electricity of total energy consumption

needs to increase from 20% at present to almost 50% in 2050, which would mean that renewable energy would account for 86% of total electricity production worldwide²⁵.

To enable this development, capacity for power production from renewable sources needs to be extended dramatically, from about 2,351 GW today to around 18,000 GW by 2050²⁶.

The technologies that have come farthest in terms of maturity and cost reduction are hydro power, wind power and solar power. Hydro power today accounts for the largest proportion of installed capacity for renewable energy, but given its limited potential for expansion, solar and wind power are the forms expected to represent the main growth moving forward²⁷.

Solar and wind power will represent a large part of the future energy mix. These forms of energy, like others, do however have their drawbacks, which means that they need supplementing if the climate goals are to be achieved.

Solar and wind power require large land areas and entail a visual and environmental impact on the landscape. In many parts of the world, this is something that often leads to strong local resistance against the establishment of large-scale farms, thus restricting or obstructing expansion²⁸. Moreover, electricity production from solar and wind energy is dependent on weather conditions, making them unpredictable. This is particularly noticeable in areas where the natural conditions are not optimum.

A study²⁹ by Bloomberg along with the Renewable Energy Association notes that in the UK, solar and wind power could account for 50% of the capacity for electricity production by 2040. Even with an expansion on this level, there are expected to be long periods of up to entire months where solar and wind power cannot provide more than 20% of the energy need. This means that there remains just as high a need for complementary forms of energy as there is today.

20) <https://www.ipcc.ch/sr15/>

21) <https://www.ipcc.ch/sr15/>

22) IEA World Energy Outlook 2018

23) Bloomberg New Energy Finance, New Energy Outlook 2019

24) IRENA Global Energy Transformation: A roadmap to 2050

25) IRENA Global Energy Transformation: A roadmap to 2050

26) IRENA Global Energy Transformation: A roadmap to 2050

27) International Energy Agency, Renewables 2019

28) Hu et al, Barriers to investment in utility-scale variable renewable electricity (VRE) generation projects, 2018

29) Bloomberg New Energy Finance, Beyond the Tipping Point, 2017

This variation entails major challenges and costs if energy is to be balanced with conventional base-load power from coal and nuclear power plants, which are built for continuous operation³⁰.

Energy storage will play an important part in balancing the electricity systems hour by hour and day by day. Bloomberg notes that these technologies will not constitute a complete complement for regulat-

ing seasonal variations in supply and demand³¹. Instead, more renewable energy sources which can deliver predictable, cost-effective electricity to the power grid are needed.

Thanks to its advantages over other renewable energy sources, energy from marine currents has great potential to form a pivotal element of this future energy mix.

Energy form	Advantages	Drawbacks
Tidal stream and ocean current energy	Predictable and reliable energy production Production of renewable base-load power A large, untapped resource Available globally No visual impact, limited environmental impact	The technology is not yet commercially mature An emerging industry
Hydro power	Mature technology	Limited expansion opportunities and locally negative ecosystem effects
Wind power	A large resource A growing industry Competitive energy costs	Unpredictable production (dependent on weather conditions) Visual impact Competes with other land users
Solar PV	A large resource A growing industry Competitive energy costs	Unpredictable production (dependent on weather conditions) Requires large land areas, competing with other users
Biomass	Relatively mature technology	Requires large land areas, competing with food production
Wave power	A large, untapped resource Available globally Low environmental impact	Major technical challenges before the technology is commercial (commercialisation will take longer than marine current energy)

Table 1. Advantages and drawbacks of different forms of energy. Source: The Company's assessment.

The advantages of energy from marine currents

Earth's surface is 75% lakes, rivers and oceans, which contain a massive amount of kinetic energy. The average water flow in all the planet's rivers is around one million cubic metres of water per second. In the Gulf Stream alone, the water flow is estimated to be 150 times greater³², which gives an indication of the total amount of energy in all the world's marine currents. In Europe alone, ocean energy is believed to be able to provide 10% of the total energy requirement by 2050, with more than 100 GW in installed production capacity³³.

In the field of ocean energy, marine currents (tidal streams and continuous ocean currents) – the area in which Minesto operates – offer several advantages, both compared to other types of marine energy and to other renewable energy resources:

- **Predictable and reliable power production.** Marine currents as a resource are almost 100% predictable.
- **Renewable base-load power.** Ocean currents have the potential to produce renewable energy constantly, consistently and reliably. Thanks to the constant periodicity of changing tidal streams, these too offer similar continuity in power production if production capacity is greatly expanded.

- **Global availability.** Marine currents are available on all continents, which creates opportunities for domestic power production close to end customers.
- **An energy-rich resource.** Water is 832 times heavier than air, and this multiplies the kinetic energy content by the same factor.
- **Limited land use.** In many regions, land area is a valuable resource. Unlike several other renewable energy forms, marine energy converters do not compete with other activities for land space.
- **There is no visual and only limited environmental impact.** Marine current energy converters are installed out of sight, beneath the surface. Studies have shown that any environmental impact from installation and operation is very limited³⁴.

Ocean currents are driven by winds and Earth's rotation. Because of the earth's rotation, the currents in the Northern Hemisphere move in a circular pattern clockwise, and in the Southern Hemisphere anti-clockwise. These movements are constant and essentially fully predictable, which makes the resource an attractive source of renewable energy – with the potential to provide nations worldwide with renewable base-load power, i.e. infinite, constant and predictable power production from the ocean.

30) Bird et al, Integrating Variable Renewable Energy: Challenges and Solutions, 2013

31) Bloomberg New Energy Finance, Beyond the Tipping Point, 2017

32) <https://oceancurrents.rsmas.miami.edu/glossary.html#s>

33) <https://www.oceanenergy-europe.eu/ocean-energy/>

34) <http://www.emec.org.uk/press-release-wave-and-tidal-energy-study-finds-no-long-term-disturbance-to-wildlife/>

Tidal streams are a type of marine current governed primarily by the moon's gravitational pull, and they arise as the world's oceans move back and forth as the earth rotates around its own axis. This means that tidal streams are found all over the world, and the way the streams will move can be predicted a long time in advance with a high degree of reliability.

Low-flow marine currents constitutes the vast part of the natural resource

What ocean currents and tidal streams have in common is that by far the largest proportion of the resource is comprised of low-flow currents, as illustrated in Figure 1 and Figure 2.

First generation tidal energy technologies require strong tidal flows with average peak flows of at least 2.5 m/s and an installation depth of between 25 and 50 metres to be economically competitive³⁶⁾. These 'hot spots' are indicated in Figure 2 by the dark-red and brown areas. Minesto – which as far as the Company is aware possesses the only known, verified technology that can cost-effectively exploit low-velocity ocean currents – on the other hand, can carry out operations in all areas from red to yellow, and in some cases even light-green. Scientific resource studies have shown that technologies such as Minesto's Deep Green, which can operate in current conditions with average peak flows of around 1.5 m/s, increase the potential for extracting energy from tidal streams by a factor of 37³⁷⁾.

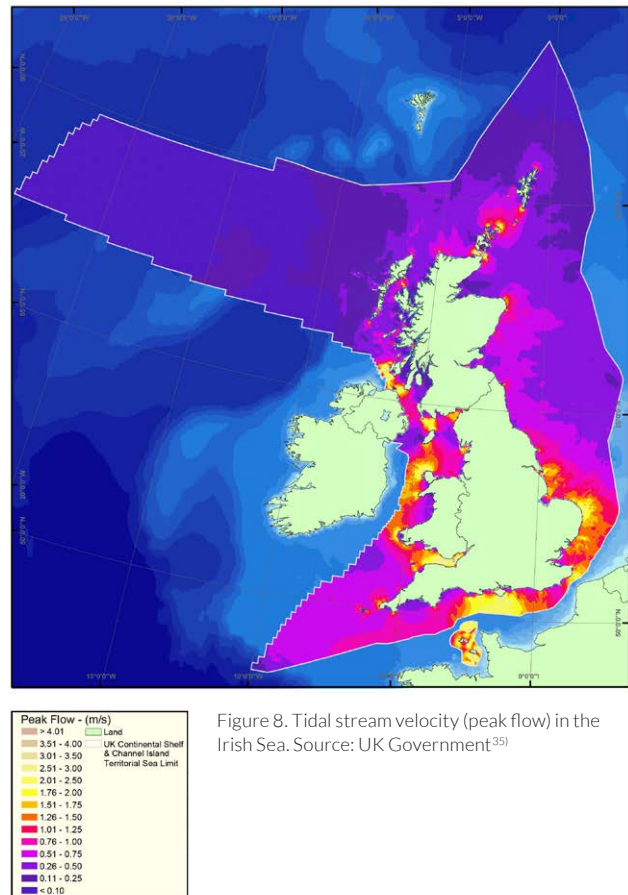


Figure 8. Tidal stream velocity (peak flow) in the Irish Sea. Source: UK Government³⁵⁾

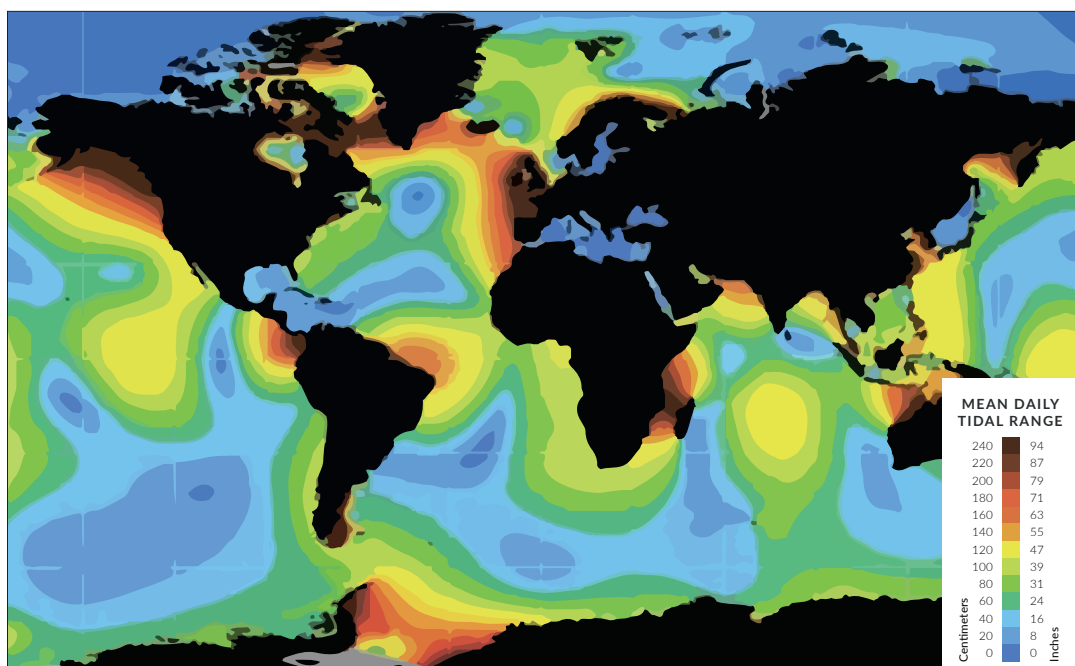


Figure 2. Global distribution of ocean currents (the colour scale denotes tidal range differences, which essentially reflect the strength of tidal streams). Image: Minesto

35) <https://webarchive.nationalarchives.gov.uk/20081230232623/http://www.berr.gov.uk/files/file27753.pdf>

36) Lewis et al 2015, Resource assessment for future generations of tidal-stream energy arrays

37) Lewis et al 2015, Resource assessment for future generations of tidal-stream energy arrays

Size of market

There are few overall assessments of the total market potential for marine current technologies. The studies that have been conducted differ and are based on varying assumptions relating for instance to flows, water depth and distance from land. What all the estimates have in common are that they generally start from first generation tidal energy technologies, which restrict installation sites to areas with high-velocity tidal streams and limited depth.

The Company has compiled available data, and this shows that the technically exploitable potential in ocean currents and tidal streams for Minesto is over 600 GW installed capacity. This can be compared to the just under 400 GW in installed nuclear power capacity globally³⁸⁾. 600 GW in installed capacity equates to 600,000 Deep Green systems with a rated power of 1 MW.

The market potential outlined above consists primarily of installations in tidal streams. Potential in ocean currents has been studied less, as to date there have been few initiatives seeking to harness this resource. In the Gulf Stream alone, the US Department of Energy estimates that the theoretically extractable capacity is about 163 TWh per year,³⁹⁾ which equates to roughly 60 GW in installed capacity of Minesto's technology, and in Taiwan estimates claim that a 1% extraction from the Kuroshio Current could meet half of the country's electricity consumption.

Minesto's geographical markets

Minesto is active in four main entry markets for commercial break-through: The Faroe Islands, Wales/UK, the EU Atlantic Coast and Taiwan.

Market	Potential installed capacity (GW)
Faroe Islands	0.5–1
Wales/UK	20+
EU Atlantic Coast	20+
Taiwan	20+

Table 2. Overview of Minesto's entry markets. Source: Minesto, based on a compilation of available data.

In addition to these four markets, there are a number of geographical markets worldwide where the energy demand, political climate and resource conditions make Minesto's Deep Green technology an attractive feature of the future energy mix.

Faroe Islands

The Faroe Islands has made a political resolution to move towards 100% renewable electricity production by 2030⁴⁰⁾. This includes heating, which currently mainly comprises oil burners, and all land transport. This electrification process will entail a doubling in demand for electrical energy, from 350 GWh/year at present to 600 GWh/year in 2030⁴¹⁾.

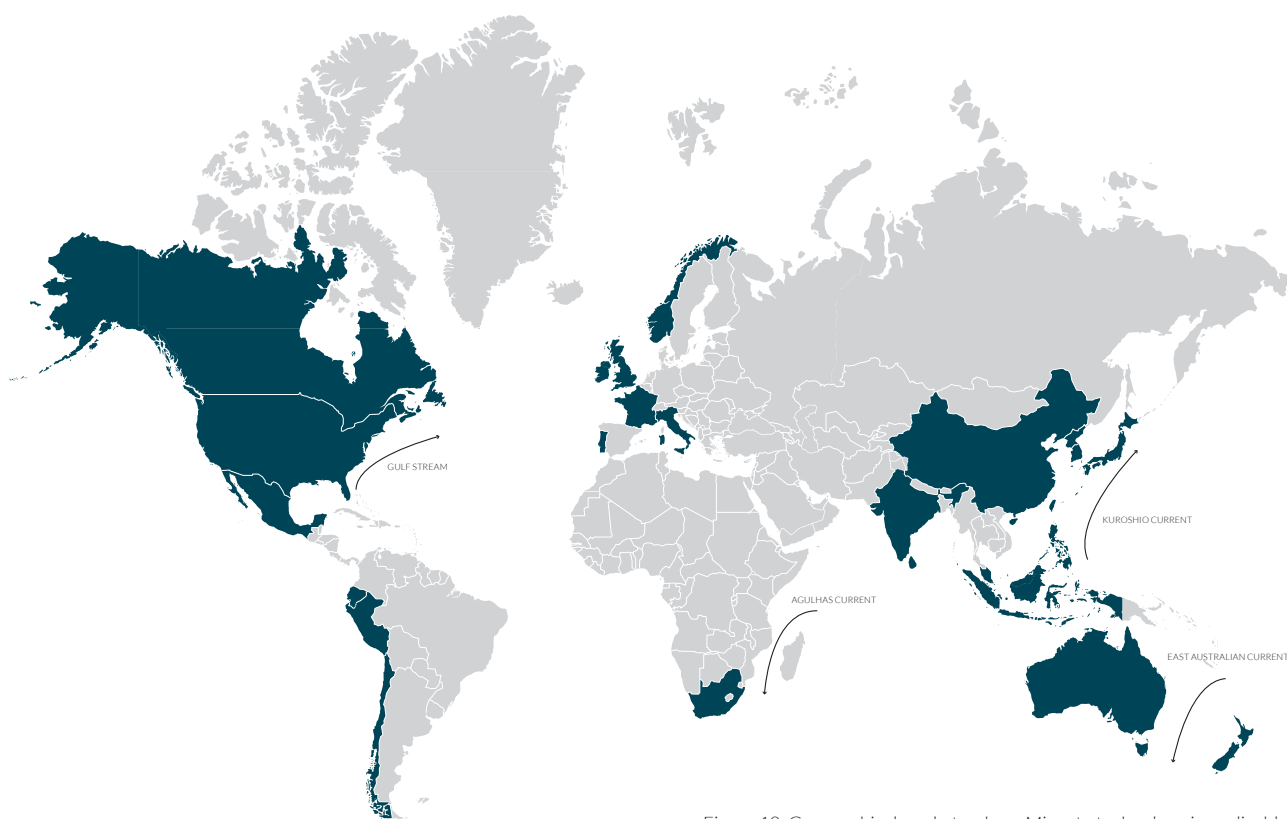


Figure 10. Geographical markets where Minesto technology is applicable. Source: Minesto.

38) <https://www.iaea.org/newscenter/pressreleases/iaea-releases-new-projections-for-nuclear-power-through-2050>

39) <https://www.energy.gov/eere/water/marine-and-hydrokinetic-resource-assessment-and-characterization>

40) <http://www.sev fo/Default.aspx?ID=193&Action=1&NewsId=2921&PID=392>

41) <http://www.sev fo/Default.aspx?ID=193&Action=1&NewsId=2921&PID=392>

During the winter, there are relatively good opportunities for electricity production from wind and hydro power. During the summer, however, there is less wind and rain and electricity must be produced by fossil fuels. Consequently, at present 93% of the Faroe Islands' energy production is based on imported fossil fuels⁴²⁾. The velocity and depths of the tidal streams around the Faroe Islands do not suit first- and second-generation tidal energy technology, but they provide ideal conditions for Minesto's Deep Green technology.

In order to move towards 100% renewable electricity production, Minesto's business partner SEV, the main power producer and distributor in the Faroe Islands, has been tasked with developing the island nation's energy mix. Internal assessments by SEV indicate that without tidal energy, the country's energy mix will have to be comprised of as much as 80% wind power⁴³⁾. Such a large proportion of unpredictable wind power in the system calls for a major need for

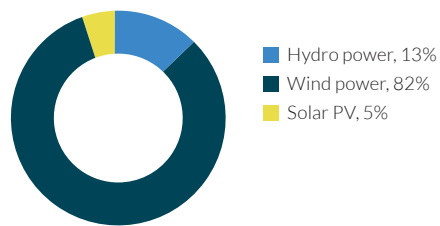
seasonal storage or backup. The capacity for pumped hydro to be used as backup power would need to be five times higher than present capacity⁴⁴⁾.

With a significant proportion of tidal energy in the energy mix in 2030, wind power would however only need to represent an estimated one-third of the mix, and the need for pumped hydro in 2030 would, according to SEV's assessment, fall to 50% compared to the scenario without tidal energy⁴⁵⁾.

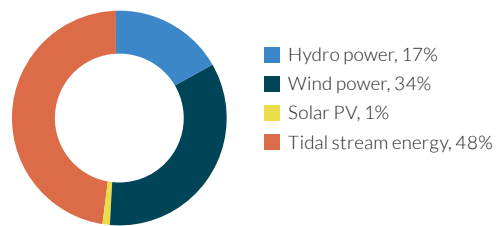
One important aspect here is the phase shift in how tides turn in the Faroe Islands. Despite the relatively short distance between islands, these turns occur at different times over the course of a day. This means that if tidal energy farms are installed around the Faroe Islands, they can continuously deliver clean electricity to the grid, giving the Faroes a renewable base-load power as a foundation in its energy mix.

Production shares in 2030 on the Faroe Islands

Without tidal energy

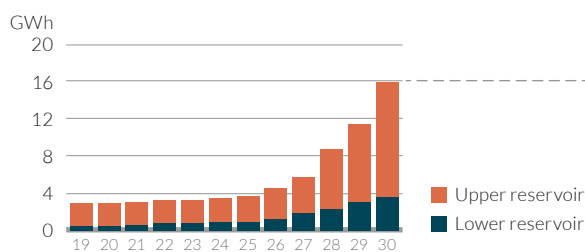


With tidal energy



Pumped storage capacity on the Faroe Islands

Without tidal energy



With tidal energy

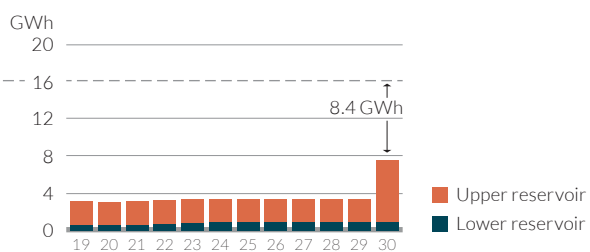


Figure 11. The consequences on the Faroe Islands' energy mix with and without tidal energy. Source: Minesto based on assessments by the utility company SEV⁴⁶⁾.

42) <http://secure.interreg-npa.eu/news/show/faroe-islands-100-renewable-generation-of-electricity-by-2030/>

43) Internal assessments by utility company SEV of the Faroe Islands' future energy mix.

44) Internal assessments by utility company SEV of the Faroe Islands' future energy mix.

45) Internal assessments by utility company SEV of the Faroe Islands' future energy mix.

46) Internal assessments by utility company SEV of the Faroe Islands' future energy mix.

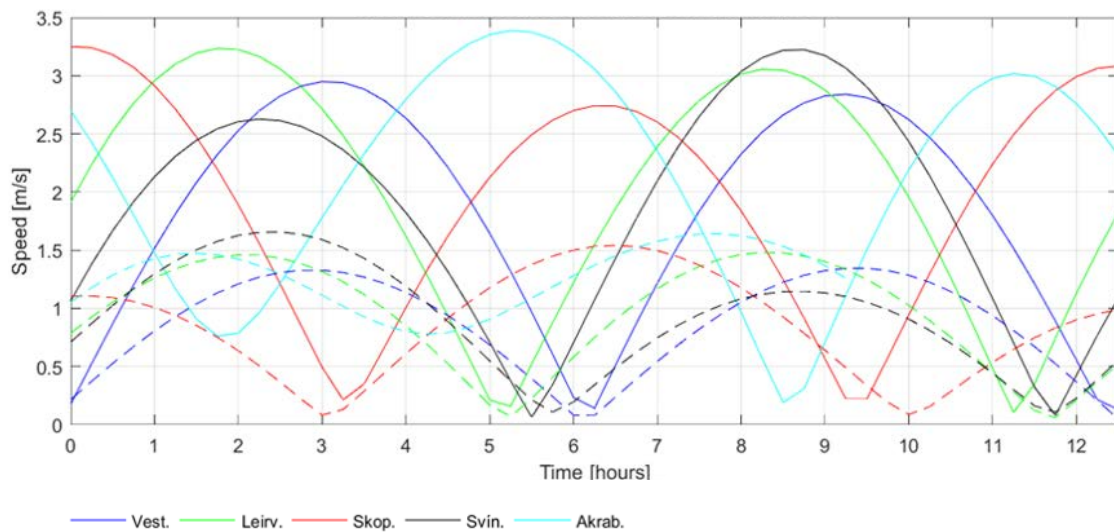


Figure 12. Chart of five selected locations around the Faroe Islands and tidal flows at the points over a 12-hour period. Source: Faroese utility company SEV.

Wales/UK

Wales has great potential to become a net exporter of electricity by exploiting its surrounding renewable energy resources. The Company estimates that the potential for Minesto's technology in the Irish Sea is in excess of 8 GW in installed capacity.

In April 2019, the Welsh Government announced a climate emergency to highlight the fact that climate change threatens not only human health, but also the principality's economy, infrastructure and natural environment. In connection with this an action plan was launched, one of the highest priorities being to establish a world-leading industry in marine energy⁴⁷⁾. One of the targets expressed by the Welsh Government is to develop at least 10% of the potential tidal stream and wave energy off the Welsh coast by 2025⁴⁸⁾.

The Welsh government is therefore driving active policy to bring together industry, academia and public resources to invest in marine energy projects. The Welsh government confirms that different technologies are at different stages of maturity and will require different levels of funding support to be developed to commercial levels.

EU Atlantic Coast

The EU's Renewable Energy Directive establishes an overriding policy for production and promotion of energy from renewable energy sources in the EU. It requires that the EU Member States provide at least 32% of their total energy demand through renewable energy sources by 2030. All EU countries must also ensure that at least 10% of their transport fuel comes from renewable sources by 2020 at the latest⁴⁹⁾.

Minesto is in ongoing dialogue with EU funding institutions regarding marine energy investments. Opportunities within the EU for grant funding and tailored loans for expansion of commercial demonstration projects are an important reason why the EU Atlantic Coast has been chosen as an entry market by Minesto.

Taiwan

Taiwan offers excellent conditions for extracting marine energy, since the country has access to tidal streams as well as ocean currents. The largest natural resource is the Kuroshio Current, which is considered the world's second largest ocean current. Local natural resources are characterised by relatively low flow velocities (under 1.5 m/s) which means that Taiwan is not a priority for tidal energy developers generally, but the location does provide good conditions for energy extraction using Minesto's Deep Green technology.

Taiwan has a target of producing 20% of its electricity from renewable sources by 2020⁵⁰⁾. At present, 98% of the nation's total energy consumption comes from imported fossil fuels⁵¹⁾.

Other markets

Minesto is in dialogue and has established collaborations with research institutes and industry players on many of the world's other markets, such as Japan, China, Canada, the USA, Chile, Norway, South Korea, the Philippines and Australia. Below are some examples of markets where ocean energy, focusing on marine currents, is under development.

47) <https://gov.wales/what-is-the-welsh-government-doing-to-tackle-climate-change>

48) <https://www.marineenergywales.co.uk/marine-energy-in-wales/policy/>

49) <https://ec.europa.eu/energy/en/topics/renewable-energy/renewable-energy-directive>

50) <https://taiwantoday.tw/news.php?unit=6,23,45,6,6&post=102440>

51) <https://www.eia.gov/beta/international/country.php?iso=TWN>

Japan has huge resources both in terms of low-velocity tidal streams and ocean currents. Marine research and marine technology are well-established fields of knowledge in Japan, and several ocean energy technologies are under development in partnership with industrial players, albeit in early stages⁵²⁾.

South Korea has natural ocean resources similar to those of Japan, and there is a plentiful ocean resource with low flow velocities. State-run power company KEPCO and its research institute KEPRI are actively developing ocean energy technology alongside established Korean industry. The South Korean government has decided on a commercialisation plan for ocean energy, the aim being to contribute to the national goal of 20% renewable electricity production by 2030⁵³⁾.

In **Canada**, an industry cluster has been established around the Bay of Fundy, Nova Scotia, with a focus on testing and expansion of demonstration facilities⁵⁴⁾. The strong flows in the area (over 5 m/s) are the main reason, as they provide favourable test conditions for high electricity production. Both in the Bay of Fundy and in neighbouring coastal areas, there are many areas with low and medium flows which are well suited to Minesto's technology.

In **the USA** there are several players in tidal energy, as well as an interest in exploiting the Florida Current for electricity production. Minesto has a collaboration with the Southeast National Marine Renewables Energy Center (SNMREC), where there is an opportunity to develop a first demonstration site for Minesto's technology in the USA.

Chile has one of the world's longest coastlines and a plentiful tidal energy resource. The potential for marine energy is estimated at over 4 GW⁵⁵⁾. A centre for the development of marine energy called MERIC (Marine Energy Research and Innovation Center) has been founded to stimulate development of the sector and to map marine energy resources. Chile is largely dependent on the import of fossil fuels, and this has historically restricted the nation's energy security, while also entailing higher electricity prices than other countries in the region⁵⁶⁾.

China is the world's largest energy market, and it has huge challenges in the form of emissions of harmful greenhouse gases and ill health as a result of poor air in the country's cities. In order to drive the shift from fossil fuels to cleaner forms of energy, in early 2017 the Chinese government earmarked the equivalent of approximately €320 billion for the development of renewable energy production up to 2020. Of this amount, €38 billion will be spent on the development of tidal energy and geothermal energy⁵⁷⁾.

Southeast Asia has great potential for small-scale facilities with the aim of replacing electricity generators powered by fossil fuels. Since island nations are hit hard by rising water levels, there are strong political driving forces for leading development towards renewable forms of energy. Currently in Southeast Asia, around 65

million people have no access to electricity⁵⁸⁾. Indonesia with its 17,500 and the Philippines with its 7,000 islands are facing tremendous challenges in providing electricity to communities on most of their islands. Geographical factors make it technically and economically unrealistic to integrate island communities with conventional power grids, which is why small-scale production sites need to be built to replace expensive, environmentally harmful diesel generators⁵⁹⁾.

Competing technologies

The ocean energy industry is in a phase of innovation, and there is no dominant design for converting kinetic energy from marine currents into electricity. An industry report published in September 2017⁶⁰⁾ notes that there are more than 160 active concepts in the tidal energy sector. These vary in degree of maturity from conceptual solutions to small-scale commercial demonstration arrays.

The technologies can be divided into first- and second-generation systems. The first generation use horizontal-axis turbines based on the same principles as conventional wind turbines. These include the ones that have come farthest in their technical development. The challenge for this generation of technologies lies in reducing the costs of construction, operation and maintenance to offer a competitive cost of energy. These technologies are best suited to high flow velocities (over 2.5 m/s)⁶¹⁾.

Second generation technologies have more extensively been developed according to the character of tidal resources, to increase the potential areas of application. Examples include floating structures (to enable installation at greater depths), and new concepts such as undulating membranes and helical turbines (the aim being to increase energy efficiency)⁶²⁾.

Compared to other technologies, the Company deems that there are few, if any, competing technologies for exploiting low-velocity marine currents with commercial viability. For locations with high flows (known as 'hot spots'), other technologies can compete with Minesto, such as SIMEC Atlantis Resources, Orbital and Nova Innovation.

The Company's conclusion is that at present, there are no known alternatives to Deep Green technology with the potential to exploit the global natural resource comprising low-velocity tidal streams and ocean currents.

Trends

As far as the Company is aware, since the end of the latest financial year up to the date of this prospectus, there have been no significant changes in development with regard to sales, stocks, costs or selling prices. This is primarily due to the fact that the sector in which the Company operates is emerging, and the Company's progress is a precondition for the changes outlined above.

52) <https://www.nedo.go.jp/content/100874638.pdf>

53) Ocean Energy Systems Annual Report 2018

54) Ocean Energy Systems Annual Report 2018

55) Aquatera Ltd Recommendations for Chile's Marine Energy Strategy – a roadmap for development, 2014

56) Norton Rose Fulbright, Renewable energy in Latin America, 2017

57) <https://www.reuters.com/article/us-china-energy-renewables/china-to-plow-361-billion-into-renewable-fuel-by-2020-idUSKBN14PO6P>

58) International Energy Agency, Energy Access Outlook

59) <https://www.ge.com/reports/powering-remote-islands-one-microgrid-time/>

60) Redfield Consulting, The Tidal Energy Report, 2017

61) Lewis et al 2015, Resource assessment for future generations of tidal-stream energy arrays

62) Lewis et al 2015, Resource assessment for future generations of tidal-stream energy arrays

Risk factors

This section gives an analysis of risk factors which are judged to affect Minesto's future prospects. For each category, the risks which, in Minesto's judgement, are most significant are mentioned, taking account of the likelihood of the risks becoming reality, and the consequences of this. Each risk is evaluated with an estimated risk level (low/medium/high).

Risks related to the operation and the industry

Minesto is a development company without historical income

Since the Company began trading in 2007, Minesto has consolidated and further developed a significant body of knowledge in the field of marine energy. The Company has not yet sold any products. The Company's product, Deep Green, is still in the testing phase. The Company judges that it will continue to report a loss over the next few years. For that reason, the Company is, to a greater extent than is the case with an established company with established sales, dependent on successful development and commercialisation.

Scope: If the commercialisation of the Company's products is delayed, faces increasing costs or is unsuccessful, this could result in delayed income generation and thereby have a significant negative impact on Minesto's operation, results and financial position.

The Company assesses the level of the above-mentioned risk to be:

Average

Minesto operates in an untried industry

The market for renewable energy is expanding at a rapid rate, but the marine energy sector is still at an early stage of development. Minesto's opportunities for commercialisation are dependent on the Market's confidence in the industry, as well as in significant public investment in this industrial sector. This confidence and that investment may take time to realise, given that marine energy as an energy source is untried compared to alternative energy sources.

The concept of wave and tidal energy as a renewable energy source has been under development for decades, but without achieving market success. Accordingly, there is a risk that the Company will not be fully accepted on the renewable energy market. The Company's products are exposed to competition on issues of pricing, product quality, dependability, technology and financing terms. If the Company is not successful in developing its products and its technology in relation to other technical developments, and is otherwise not successful in competing effectively with competitors in wave and tidal energy concepts or other players within the field of renewable energy, the commercialisation of the Company's products could be delayed.

Scope: Renewable marine energy is not yet a part of the commercial market. If marine electricity as an energy source cannot be successfully commercialised, the Company will not generate any income. Such a scenario would have a significant negative impact on Minesto's operations, results and financial position.

The Company assesses the level of the above-mentioned risk to be:

Average

Fulfilling the performance and technical requirements

Deep Green has been tested over a long period under real-world conditions at model scale. Tests at full-scale commenced in 2018. If the estimates based on simulations and tests carried out prove to be incorrect, this could have a negative impact on production costs, the service life of the installed power plants and the levels of service and support which are necessary. There is a risk that Minesto has over-estimated the possible performance improvements and thereby underestimated the cost of the energy produced by Deep Green. It may prove difficult to introduce the necessary adjustments in the products and production processes to meet the efficiency targets. Unforeseen results may require the concept and development to be reviewed, and this may necessitate additional development work with significant costs and delays.

Scope: In the event that the Company's ongoing development and tests of Deep Green show that the previously calculated production costs must be adjusted upwards significantly, this could make Deep Green as a product difficult to commercialise. Consequently, the Company might earn no income at all or product development costs could increase substantially.

The Company assesses the level of the above-mentioned risk to be:

Average

Political risk and decisions by public agencies/authorities

The energy sector is very much affected by political will and decisions. Minesto cannot foresee political decisions and changes in countries' views on renewable energy. It is not certain that investment support, such as that currently available through incentive programmes, state aid and subsidies will continue to be available to Minesto in the future. Minesto's financial performance is dependent on public stimulus and aid.

Scope: Over the past several years, Minesto has received a material part of its financing through various forms of state aid or EU-related development support. Paid out funds amount to around SEK 200 million during the period 2016-2019, which constitutes about 57 per cent of the Company's total liquidity contribution during the same period. In the event that no further financing support is received, this would entail a higher risk of Minesto requiring to procure additional capital and a bigger capital need for potential customers to finance energy production through Minesto's technology.

The Company assesses the level of the above-mentioned risk to be:

Average

Intellectual property rights, know-how and confidentiality

Minesto's future success is dependent to some degree on its ability to obtain and maintain intellectual property rights protection in the Company's important potential markets. There is a risk that the patent will not provide sufficient protection for the Deep Green technology and that outside parties may develop similar products without infringing the Company's patent. The possibility that patent-protected devices in the field of ocean and tidal energy are difficult to

assess and may give rise to complex legal and scientific questions. Furthermore, a patent has a limited life, and the extent of patent protection differs between jurisdictions. There is a risk that existing and any future patent portfolios and other intellectual property rights held by the Company will not be able to provide total commercial protection. The technologies which Minesto uses in its research, or which form part of the products which Minesto develops and intends to commercialise, may infringe patents owned or controlled by another party. Outside parties may also infringe patents owned or controlled by Minesto. If Minesto is forced to take legal action to determine who has the right to a certain patent, the cost and duration of such action can be significant, and the Company could lose such an action, which would result in the protection of the Company's technology wholly or partially ceasing to apply. The loss of legal actions may also lead to Minesto being required to pay significant damages.

Scope: Since Minesto's potential product sales to a significant extent is based on the Deep Green technology which towards competition is protected by intellectual property rights, the consequences of the above-mentioned risks may, if they occur, lead to substantial income losses as well as cost increases.

The Company assesses the level of the above-mentioned risk to be: Average

The opportunity to lease the seabed, as well as permits for installations

Ocean current and tidal stream energy technology requires access to the sea bottom and sea areas, as well as a number of permits to start a project and install power plants. For installations which Minesto carries out on its own account, the Company needs, among other things, to obtain permits to lease the seabed, licences to erect constructions at sea, licences to carry out operations in the marine environment, planning permission and grid connection. It may prove difficult to obtain the necessary permits in certain countries which Minesto expects to become key markets for the Company's products, or the process may take longer than expected. Lease Agreements and permit applications may also be capital-intensive, and this can delay a launch and the demand in that market for products based on the Company's technology. If Minesto or other installers do not comply with the standards imposed for the operation, the permission granted may be lost or not received at all. Minesto also needs licences to erect constructions at sea, licences to carry out operations in the marine environment, planning permission and grid connection.

Scope: Minesto currently has two permits to lease the sea bottom, and the Company intends to obtain additional permits over the next few years. In the event that further permits are not obtained or Minesto's customers do not receive the proposed permits for leases, this may mean that Minesto's ability to generate income is delayed.

The Company assesses the level of the above-mentioned risk to be: Low.

Risks related to the financial situation

Changes in exchange rates

Minesto is a Swedish joint-stock company whose results and financial position are reported in SEK. The vast majority of the Company's transactions are in SEK, GBP and EUR. Consequently, purchases are exposed to fluctuations in these currencies. A considerable part of the future market will be abroad, and the majority of potential sales may take place in currencies other than SEK. Such sales would leave the Company exposed to currency fluctuations.

Scope: Currency fluctuations can have a negative impact on the Company's results and financial position.

The Company assesses the level of the above-mentioned risk to be: Average

Future investment

In order to obtain market approval, it may be necessary for Minesto to initiate and carry out on its own account the construction of a facility with a number of Deep Green units which supply electricity to the grid. An investment of this type may require substantial financial resources. It may be difficult to arrange financing of energy production installations at an attractive price, or to arrange such projects at all. This could force the Company to postpone or cancel planned projects.

Scope: In the event that additional Deep Green units over and above the number planned are required to create the necessary conditions for the commercialisation of the Company's products, this will involve a cost additional to already forecast development activities. Such a scenario would involve a higher risk of Minesto requiring to procure additional capital to ensure the commercialisation of its products in future years.

The Company assesses the level of the above-mentioned risk to be: Low.

State aid and the obligation to repay funding

State aid is all types of aid (irrespective of form) which national public authorities grant to companies. Under Article 107(1) of the Treaty on the Functioning of the European Union, state aid is forbidden if it is incompatible with the principles adopted through the Treaty. State aid is permitted only if it is genuinely in the public interest and the whole of society or the whole economy will benefit from it. In addition, granted state aid cannot be implemented unless it is reported to, and approved by, the European Commission ('the Standstill Obligation') – if it does not meet the conditions for a block exemption. In the General Block Exemption Regulation, a number of categories of activities, including environmental protection, are exempted from the Standstill Obligation. Breaches of the rules governing state aid may lead, among other things, to an obligation on the recipient to repay the aid. Any change in the rules and regulations governing state aid may limit Minesto's ability to receive state aid in the future.

Funding which the Company has received with the approval of the funding agency, and which is disbursed through an EU R & D programme such as Horizon 2020 or the ERDF, is open to special review for five years after final reporting. In the event that Minesto does not fulfil the terms required for the funding in question within this five-year period, Minesto may be obliged to repay the funding in whole or in part.

Scope: For a number of years, Minesto has obtained a substantial part of its financing from various forms of state or EU-related development aid. In total support financing of around SEK 200 million has been paid out to the Company. In the event the relevant public authority or agency judges that the funding/aid was paid in contravention of the applicable terms and conditions and the rules on state aid, the aid granted can be revoked or Minesto obliged to make full or partial repayment.

The Company assesses the level of the above-mentioned risk to be: Low.

Risks related to the share

Future offerings

Minesto may in future acquire further capital by approving new issues of shares or other securities. New issues may have a negative impact on the market price of the shares. In the event that additional offerings are made, this may also reduce the proportional ownership and voting share of holders of shares in the Company (dilution).

Scope: In the event that an issue as described above is carried out with pre-emptive right for existing shareholders, the shareholders have the opportunity to protect themselves against dilution by subscribing for additional securities, which, however, requires a further investment in the Company. An issue may, however, be made without pre-emptive right for existing shareholders, and this would mean that the shareholders would not have the opportunity to protect themselves against dilution. New issues may be caused by for example capital need in connection with substantial investments in production sites based on the Company's Deep Green technology or strategic investments in the Company by industrial operators within the material, manufacturing or power production segment.

The Company assesses the level of the above-mentioned risk to be:
Average

Unsecured subscription commitments

Minesto has entered into an agreement on subscription commitments with an existing shareholder in respect of the Rights Issue corresponding to 23.3 percent of the total Offering. The Agreement entered into is not secured through pledges, blocked funds or any similar arrangement. Accordingly, there is a risk that the commitments will not be fulfilled. In the event that the Rights Issue is not fulfilled and the Company does not succeed in generating additional income, the Company would be forced to seek alternative financing or postpone the project investments concerned.

Scope: In the event that the Party which has made the subscription commitment does not fulfil its commitment, this may mean that the Company cannot procure the required capital. The worst outcome for the Company in this context would be that no shareholder takes up the Offering and the Company, consequently, does not receive any issue proceeds.

The Company assesses the level of the above-mentioned risk to be: Low.

Terms and conditions for the security

General information

Minesto's shares are denominated in SEK and have been issued in accordance with Swedish law and the provisions of the Swedish Companies Act (2005:551). The Company's shares have been issued to shareholders, and the Company's shares are account-held in a central securities depository register under the Securities Depositories and Financial Instruments Accounts Act (1998:1479). The register is maintained by Euroclear Sweden AB, Box 191, 101 23 Stockholm. No share certificates have been issued for the Company's shares. The ISIN code for the shares is SE0007578141. The security is offered as units consisting of shares and warrants (TO3), with ISIN code SE0013512712.

Certain rights are attached to the shares

The rights associated with shares issued by the Company, including the rights stemming from the Articles of Association, can only be altered in accordance with the procedures set out in the Swedish Companies Act. Each share entitles the holder to one vote at the Company's general meeting. Each shareholder with voting rights may vote at the general meeting on the basis of the full number of shares owned and represented by him or her. There is only one class of share, and all shares carry an equal right to participate in the Company's assets and profits. In the event of a liquidation of the Company, each shareholder has the right to participate in any surplus in proportion to the number of shares held by that shareholder. There are no restrictions on the negotiability of the shares. Shareholders have the normal right of pre-emption to subscribe for new shares, warrants and convertibles, in accordance with the Swedish Companies Act, unless the general meeting or the Board of Directors with the authorisation of a resolution of the general meeting, decides to derogate from the shareholders' right of pre-emption. The Articles of Association contained no special provisions on redemption or conversion.

Authorisation

At the annual general meeting of the Company held on 4 June 2019, the general meeting resolved to authorise the Board of Directors, on one or more occasions, during the period until the subsequent annual general meeting, to decide on the new issue of shares and/or convertibles against cash payment and/or with a provision on non-cash consideration or set-off or otherwise, on terms and conditions that may derogate from the shareholders' right of pre-emption.

The number of shares which can be issued and the number of shares which can be subscribed through warrants for the subscrip-

tion of new shares and the number of shares for which convertibles will be eligible for conversion to shall amount in total to 26,550,300 new shares, equivalent to a dilution (as at the date of the annual general meeting) of around 20 percent.

The Rights Issue

The subscription period for the Rights Issue is 4 December 2019 until and including 18 December 2019. The Rights Issue is to be executed in SEK.

Share warrants

The warrants issued in this Rights Issue give the holder the right, during the period until and including 30 April 2021, to subscribe for one new share at the lower of (i) SEK 19.42 or (ii) the volume-weighted average price of the Company's share on the trading day after the record day for the separation of the subscription rights in the Rights Issue multiplied by 1.10.

If the strike price for the warrants is more than ten (10) percent higher than the volume-weighted average price of the Company's share during the period 20 April 2020 until and including 30 April 2020, the strike price shall be adjusted to the volume-weighted average price of the Company's share during the period 20 April 2020 until and including 30 April 2020 multiplied by 1.10. The strike price shall, however, never be less than SEK 9.71. The ISIN code of the warrants (TO3) is SE0013512712 and will be listed for trading on First North.

For the full terms and conditions relating to the warrants, refer to Appendix A which contains the Board of Director's proposal as well as the detailed option terms and conditions for the warrants (TO3). The documents listed here are available on the Company's website (minesto.com). The option terms and conditions include certain conversion principles in respect of both the strike price and the number of shares for which the warrant gives the right to subscribe.

Central securities deposit

Minesto is connected with Euroclear's account-based securities system under the Securities Depositories and Financial Instruments Accounts Act (1998:1479). For this reason, no physical share certificates are issued, since the shares are accounted for and registered by Euroclear in the electronic central securities depository register. Shareholders who are entered in the share register and noted in the central securities depository register are entitled to all share-related rights.

Taxation

The tax legislation in the investor's country of residence and Sweden may affect the possible income received from the shares and warrants offered through the Offering. The taxation of any dividend, as well as capital gains tax and the rules on capital loss on the sale of securities, depends on the specific situation of each individual shareholder. Special tax rules apply to certain types of taxpayers, such as investment companies and insurance companies, and on certain forms of investment. Every holder of shares, warrants and subscription rights should, therefore seek advice from a tax adviser to obtain information on the particular consequences that can arise in their individual case, including the applicability and effect of foreign tax rules and Taxation Agreements.

Public takeover bids and compulsory redemption

The Company's shares are covered by the rules on public takeover bids issued by the Swedish Corporate Governance Board (Takeover rules for certain trading platforms). A public takeover bid can apply to all or part of the shares in a company, and may be either voluntary or mandatory (mandatory offer). A mandatory offer arises when a shareholder, individually or together with associates, achieves a holding which represents three tenths or more of the voting rights for all of the shares in the company.

The company may only, with the support of a resolution of a general meeting of shareholders, take action calculated to worsen the conditions for the submission or execution of a bid, if the Board of Directors or the CEO of the company have valid reasons for assuming that such a bid is imminent or if such a bid has been submitted.

The event of a public takeover bid, a shareholder must take a decision on the offer during the time allowed for acceptance. A shareholder has the right to accept or reject the offer. A shareholder who has accepted a public takeover bid is, in principle, bound by his or her acceptance. A shareholder can, however, under certain circumstances, withdraw his or her acceptance, for example if the acceptance was conditional on the fulfilment of certain conditions. If a shareholder decides to reject, or does not respond to, a public takeover bid, the shareholder's shares may become subject to compulsory acquisition in the event that the offer made achieves a holding which represents more than nine tenths of the shares in the joint stock company through the offer.

Compulsory acquisition means that a majority shareholder who holds more than nine tenths of the shares in a company, irrespective of the voting rights of the shares, has a statutory right to acquire the

remaining shares which are not already held by the majority shareholder. Correspondingly, the shareholder whose shares can be acquired has the right to have his or her shares acquired by the majority shareholder. The price of shares which are to be acquired through compulsory acquisition may be determined in two ways. If the majority shareholder has submitted a public takeover bid to other shareholders which has been accepted by nine tenths or more of the shareholders, the acquisition sum shall be equivalent to the consideration offered for the shares, unless there are special reasons for doing otherwise. In other cases, the acquisition sum for the shares will be equivalent to the price which could be expected on a sale of the shares under normal circumstances. This process for determining a reasonable price for shares acquired through compulsory acquisition constitutes a part of the provisions in company law protecting minority shareholders, which is aimed at ensuring the equitable treatment of all shareholders. Any disputes on the acquisition shall be heard by arbitrators.

Minesto's shares are not the object of an offering made as a consequence of a mandatory offer, a redemption right or an obligation to purchase. No public takeover bid has been made in respect of Minesto's shares during the current or the preceding financial year.

Terms and Conditions of the Offering

The Offering

The Offering comprises a maximum of 6,085,226 new issued shares, equivalent to a total issue proceeds of SEK 85,923,391.12 as well as 6,085,226 free of charge warrants (TO3), which will provide the Company with issue proceeds of an additional SEK 118,175,088.92 assuming that all the warrants are exercised and that the strike price is not recalculated in accordance with existing conversion terms and conditions.

Pre-emptive right to subscribe and subscription rights

Any person who, on the record day of 2 December 2019, is registered as a shareholder in the share register maintained by Euroclear on Minesto's behalf, has the pre-emptive right to subscribe for units consisting of shares and free of charge warrants (TO3), in proportion the number of shares that the shareholder owns on the record day. One (1) share held gives the right to one (1) subscription right, and sixteen (16) subscription rights give the right to one (1) unit. One unit contains one (1) share and one (1) free of charge warrant (TO3). The ISIN code for the warrant is SE0013460672. Only a whole number of shares can be subscribed for. Existing shareholders who choose not to participate in the Rights Issue may find their participating interest diluted by around 4.8 percent if the Rights Issue is fully subscribed. These shareholders do, however, have the opportunity to offset the dilution effect by selling their subscription rights.

The subscription rights accruing to Midroc New Technology AB will be canceled as Midroc New Technology AB participated in the Directed Issue. This means possible total proceeds of approximately SEK 85.9 million before deduction for transaction costs, provided that the Rights Issue is fully subscribed.

Subscription price

The subscription price is SEK 14.12 per unit, which corresponds to a price of SEK 14.12 per share. The warrants are received free of charge. Commission will not be paid.

Record Day

The record day with Euroclear for the determination of who has the right to receive subscription options in the Rights Issue is 2 December 2019. The final day for trading in the Company's share with the right of participation in the Rights Issue is 28 November 2019. The first day for trading in the Company's share without the right of participation in the Rights Issue is 29 November 2019.

Subscription period

Shares will be available for subscription during the period from and including 4 December 2019 until and including 18 December 2019. The Board of Directors of the Company reserves the right under all circumstances to extend the subscription period and the period for payment. Any such extension shall be notified no later than the last day of the subscription period and shall be announced by the Company. The subscription period of the TO3 warrants occurs between the time of issue of the warrants until 30 April 2021.

Directly registered shareholders

Shareholders or representatives of shareholders who, on the record day of 2 December 2019, are registered in the share register maintained by Euroclear on the Company's behalf, will receive a pre-printed issue statement with attached payment form, as well as an information brochure. Any person who is entered in the list of pledgees et cetera kept in connection with the share register will not receive an issue statement but will be informed separately. Subscription rights will be registered in the shareholder's securities account without separate notification from Euroclear.

Nominee shareholders

Shareholders whose shareholding in the Company is administered by a bank or other nominee will not receive an information brochure or issue statement from Euroclear. Subscriptions and payment for unit shall take place to, and in accordance with instructions from, the appropriate nominee.

Shareholders in certain ineligible jurisdictions.

Allocations of subscription rights and allocations of new shares and warrants on the exercise of subscription rights to persons who are resident in countries other than Sweden may be affected by securities legislation in such countries. For this reason, with certain possible exceptions, shareholders whose existing shares are directly registered in securities accounts with registered addresses in Australia, South Korea, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the USA or any other jurisdiction in which it would not be permitted to offer subscription rights or new shares will not receive any subscription rights or be permitted to subscribe for units. In countries other than Sweden which are also members of the EEA and which have implemented the Prospectus Regulation, an offering of securities may only be made in accordance with exceptions in the Prospectus Regulation and all relevant implementation measures (including measures for implementation of the Prospectus Regulation). The subscription rights which otherwise would have been provided to such shareholders will be sold and the sales proceeds, with the deduction of costs, will thereafter be paid to the shareholders concerned into the income account linked to the securities account. Amounts of less than SEK 100 will not be disbursed.

Trading in subscription rights

Trading in subscription rights will take place on First North during the period from and including 4 December 2019 up to and including 16 December 2019. On the sale of subscription rights, both the primary and subsidiary pre-emptive rights are transferred to the new holder of the subscription right. The ISIN code for the subscription rights is SE0013460672.

Subscription by virtue of subscription rights

A subscription for shares by virtue of subscription rights must be made in the period from and including 4 December 2019 up to and including 18 December 2019. Note that it can take up to three

banking days for payment to reach the recipient account. After the end of the subscription period, unutilised subscription rights expire and thereby lose their value. Without special notification from Euroclear, unutilised subscription rights will thereafter be deregistered from the respective shareholders' securities accounts. To prevent the loss of value of the subscription rights, the holder must either:

- utilise the subscription rights to subscribe for new shares no later than 18 December 2019, or an earlier date in accordance with instructions from the holder's nominee, or
- sell the subscription rights which are not to be utilised no later than 16 December.

Subscription by directly registered shareholders

Directly registered shareholders subscribe for new shares by virtue of subscription rights through simultaneous cash payment which must be in Aktieinvest's hands no later than 18 December 2019 at 15.00 (CET), through one of the following alternatives:

A. Issue statement – pre-printed payment form from Euroclear

The pre-printed bank giro form must be used if all the subscription rights received in accordance with the issue statement from Euroclear are to be utilised. It is not permitted to make any additions or changes to the form or to the amount to pay.

B. Special application form (I) – subscription by virtue of subscription rights

In the event that subscription rights have been acquired or disposed of or for any other reason a number of subscription rights other than the number shown on the issue statement from Euroclear are to be utilised for subscription, application form (I) – Subscription by virtue of subscription rights is to be used as the document for subscribing through payment. Special application forms can be ordered from Aktieinvest by telephone or email in accordance with the following. The special application form must, together with payment, be in Aktieinvest's hands no later than 15.00 on 18 December 2019. Application forms sent by post should be sent in good time before the final subscription day. Note that applications are binding, and no changes or additions are permitted to the pre-printed text on the application form. An incomplete or incorrectly completed application form, and an application form which is not accompanied by the necessary identity and authorisation documents, will be disregarded. Only one application form per subscriber will be considered. In the event that multiple application forms are received from a single subscriber, only the most recently received application form will be considered.

If the subscription price is paid late, is insufficient or made incorrectly, the application for subscription may be disregarded. In this case, subscription payments will be refunded. No interest will be paid on such funds.

Completed special application forms are to be sent or submitted to:

Aktieinvest FK AB
Reference: Minesto
Box 7415
103 91 Stockholm
E-mail: emittentservice@aktieinvest.se
Telephone: +46 (0)8-5065 1795

Directly registered shareholders resident abroad

Shareholders resident outside Sweden who have the right to subscribe for units in the Rights Issue, may contact Aktieinvest by telephone as above for information on subscription and payment. Note that the Offering in accordance with the Prospectus is not intended for persons who are resident in Australia, South Korea, Hong Kong, Japan, Canada, New Zealand, Singapore, South Africa, the USA or any other jurisdiction in which participation requires additional prospectuses, registration or other measures differing from those stemming from Swedish law. Accordingly, no offer to subscribe for units in the Company is being made to shareholders in these countries.

Paid Subscribed Shares (Swedish acronym BTA)

Subscription through payment is registered with Euroclear as soon as this can take place, which normally means several banking days after payment. Thereafter, the subscriber receives the securities notification confirming that the paid subscribed shares (BTA) have been registered in the subscriber's securities account. Newly subscribed shares are recorded as BTA in the securities account until the Rights Issue has been registered with the Swedish Companies Registration Office, which is expected to take place not earlier than 13 January 2020. At that point, BTA will be re-registered as shares. Delivery of the new shares is expected to take place around 14 January 2020. No securities notifications will be sent out in connection with this re-registration.

Trading in BTA

Trading with BTA is expected to take place on First North during the period from and including December 4, 2019 until the Swedish Companies Registration Office has registered the Rights Issue and BTA has been converted into shares and warrants. The ISIN code for BTA is SE0013460680. BTA is traded without the right to receive warrants (TO3).

Subscription without subscription rights

Subscription for units can also take place without subscription rights, i.e. subscription without pre-emptive right. Subscription without pre-emptive right shall take place during the same period as subscription for units with pre-emptive right, that is to say from and including 4 December 2019 up to and including 18 December 2019.

Directly registered shareholders

Application for subscription without pre-emptive right is made by completing the application form for subscription without pre-emptive right, signing it and then sending or submitting it to Aktieinvest using the contact information above. The application form can be ordered from Aktieinvest by telephone or email in accordance with the above. The form can also be downloaded from the Company's website (minesto.com) and from Aktieinvest's website (aktieinvest.se/minesto2019).

NB. Subscription can also take place electronically using BankID. Log in to www.aktieinvest.se/minesto2019 and follow the instructions.

The application form must be in Aktieinvest's hands no later than 15.00 on 18 December 2019. Application forms sent by post should

be sent in good time before the final subscription day. It is permitted to send in only one application form for subscription without subscription rights. In the event that more than one application form is submitted, only the most recently received form will be considered. An incomplete or incorrectly completed application form may be disregarded. Applications are binding

Nominee shareholders

Shareholders whose holdings are nominee registered shall apply for subscription without pre-emptive right to his or her nominee in accordance with that nominee's procedures.

Allocation policy for subscription without pre-emptive right

In the event that not all units have been subscribed by virtue of pre-emptive rights, the Board, within the framework of the maximum amount for the new issue, may resolve on the allocation of units subscribed for without subscription rights. In such event, units shall

1. in the first instance, be allocated to those who have subscribed for units by virtue of pre-emptive rights, irrespective of whether they were shareholders on the record day or not, pro rata to the number of subscription rights each of them has utilised for subscription;
2. secondly, be allocated to others who have expressed interest in subscribing without subscription rights, pro rata to the number in which they have expressed interest and, to the extent that this cannot be done, by lot.

Notification of allocation in the event of subscription without pre-emptive right

Notification of any allocation of units without pre-emptive right will be made by sending an allocation notification in the form of a transaction note to directly registered shareholders and others with securities accounts. Funds shall be paid in cash to Aktieinvest no later than one the settlement day in accordance with the instructions on the transaction note. No notification will be sent to subscription applicants who have not received an allocation. If payment is not made by the due date, the number of shares may be re-allocated to another person. If the selling price in the event of such a re-allocation is below the price in the Offering, the person who was originally allocated the shares will be liable for all or part of the difference in price.

Nominee shareholders will receive notification of allocation in accordance with the respective nominee's procedures.

Delivery of shares and warrants

As soon as the Rights Issue has been registered with the Swedish Companies Registration Office, Paid Subscribed Shares (Swedish acronym BTA) will be reregistered as shares without separate notification from Euroclear. This registration is expected to take place in week 3 of 2020. Shareholders whose holdings are nominee registered will receive information from their nominee in accordance with that nominee's procedures.

It is expected that the registration of allocated warrants at Euroclear will take place around week 3 of 2020, after which Euroclear will send out a securities notification which shows the number of warrants that have been registered in the recipient's securities account. Shareholders whose holdings are nominee registered will receive information from their nominee in accordance with that nominee's procedures.

Announcement of the outcome of the Rights Issue

As soon as possible after the subscription period has ended, the Company will announce the outcome of the Rights Issue through a press release, and this is expected to take place around 20 December 2019. The press release will be available on the Company's website (minesto.se).

Admission for trading

Shares in Minesto are admitted for trading on First North. The shares are traded under the symbol MINEST and ISIN code SE0007578141. The new shares and warrants (TO3) with ISIN code SE0013512712 will be admitted for trading of BTA in connection with the conversion of BTA to shares, which is expected to take place around week 3 of 2020.

Dilution

If the Rights Issue is fully subscribed, this means that the number of shares in the Company will increase from 119,489,130 shares to 125,574,356 shares, which is equivalent to a dilution effect of around 4.8 percent of the capital and votes in the Company. In the event that all warrants in the Offering are exercised, the number of shares will increase by an additional 6,085,226 to 131,659,582 which is equivalent to a dilution effect of approximately 4.6 percent of the capital and votes in the Company after full subscription of shares in the Rights Issue.

Other

The Board of Directors of Minesto does not have the right to terminate, cancel or temporarily withdraw the Offering to subscribe for units in the company in accordance with the terms and conditions in the Prospectus. A subscription for units is irrevocable, and the subscriber cannot cancel or modify a subscription for units. An incomplete or incorrectly completed application form may be rejected without consideration. If the subscription price is paid late, is insufficient or made incorrectly, the application for subscription may be disregarded or the subscription completed at a lower amount. Paid funds which are not taken up will be repaid in such an event. If multiple application forms of the same category are received, only the application form received most recently by Aktieinvest will be considered. Payments received too late of an amount less than SEK 100 will be repaid only on request.

Subscription commitments

In connection with the Rights Issue, an existing shareholder has undertaken to subscribe for units in the Rights Issue of approximately SEK 20 million, equivalent to around 23.3 percent the Rights Issue. The subscription commitment was received during November 2019. The subscription commitment has not been secured through pledges, blocked funds or similar arrangements, for which reason there is a risk that the commitment may not be fulfilled in whole or in part.

Name	Subscription commitment (SEK)	Percentage of the Offering
BGA INVEST AB	20,000,000	23.3 percent

Corporate governance

Board

Under the Company's Articles of Association, the Board of Directors shall consist of a minimum of three and a maximum of six Directors with a maximum of six Deputy Directors. At present, the Company's Board of Directors consists of six ordinary Directors and one Deputy Director. The registered office of the Company is in the Municipality of Gothenburg. All Directors are elected for the period until the end of the next annual general meeting.

Bengt Adolfsson

Born in 1949. Board Chair.

First elected in 2010. Independent in relation to the Company and the Company Management. Not independent in relation to the Company's major shareholders.

Bengt Adolfsson is CEO and owner of the investment company, BGA INVEST AB. His background includes a period as CEO and later Chair of Hilding Anders, then Europe's largest bed manufacturer. During Bengt Adolfsson's time at Hilding Anders, the company grew from sales of EUR 6 million to almost EUR 400 million.

Present appointments: Board Chair of Acconeer AB. Director and CEO of BGA INVEST AB, Director of BGA FÖRVALTNING AB, SmartRefill i Helsingborg AB, Watersprint AB and Minesto Warrants One AB. Deputy Director of Digimail Sverige AB.

Holdings: 28,467,980 shares via related companies.

Martin Edlund

Born in 1969. Director and CEO.

First elected in 2008. Not independent in relation to the Company and the Company Management. Independent in relation to the Company's major shareholders.

In the past 20 years, Martin Edlund has alternated working as a management consultant with strategic research collaborations in world-leading technology companies such as ABB, GE, LM Ericsson and ITT Industries. He has been active in the marine energy industry for over a decade. Martin Edlund has led Minesto since 2016, and has been in charge of the Company's strategy for commercialising its technology in his capacity as CEO.

Present appointments: Board Chair of Kebbison AB and Minesto Warrants One AB.

Holdings: 83,500 shares and warrants equivalent to 460,000 shares.

Git Sturesjö Adolfsson

Born in 1961. Director.

First elected in 2010. Independent in relation to the Company and the Company Management. Not independent in relation to the Company's major shareholders.

Git Sturesjö Adolfsson has 20 years' experience in company management, as leader of marketing and sales organisations in both international and domestic businesses including Head of Marketing at L'Oréal and Arla Foods, and as Vice President of Sales and Marketing at Malmö Aviation.

Present appointments: Board Chair of SmartRefill i Helsingborg AB. CEO and Director of Digimail Sverige AB. Director of Acconeer AB. Deputy Director of BGA INVEST AB, BGA FÖRVALTNING AB and Watersprint AB.

Holdings: –

Göran Linder

Born in 1962. Director.

First elected in 2007. Independent in relation to the Company and the Company Management. Not independent in relation to the Company's major shareholders.

Göran Linder is CEO of Midroc New Technology AB and Midroc Invest AB. He has over 25 years' diversified experience from sales, business development and company management, with extensive expertise in technology-related fields.

Present appointments: CEO and Director of Midroc New Technology AB, Midroc Finans AB and Midroc Invest AB. Director of Powercell Sweden AB, Promore Pharma AB, Crunchfish AB, Blippit AB, QCG Sweden AB, Nilsson Special Vehicles AB, Minesto AB, Minesto Warrants One AB, M&J by Malin & Johanna AB, Pergamum AB and Powercell Warrants One AB. Deputy Director of Corpower Ocean AB and Solarwave AB.

Holdings: 15,000 shares via endowment insurance.

Jonas Millqvist

Born in 1961. Director.

First elected in 2018. Independent in relation to the Company, the Company Management and the Company's major shareholders.

Jonas Millqvist is Senior Underwriter Denmark's export credit agency, Eksport Kredit Fonden. He has solid experience of business development and financing in the field of renewable energy, not least from having worked for eight years for the global wind power manufacturer, Vestas Wind Systems. During his time at Vestas, Jonas led various teams in the Treasury and Structured Finance departments to make large-scale wind power projects possible through a range of financing solutions.

Present appointments: –

Holdings: 1,000 shares.

Javier Sanz

Born in 1967. Director.

First elected in 2018. Independent in relation to the Company, the Company Management and the Company's major shareholders.

Javier Sanz is Thematic Leader, Renewable Energies at InnoEnergy, a leading European investor in renewable energy, where he is in charge of the Company's strategy for renewable energy. He has over 25 years' professional experience in developing new products and bringing them to market within the energy sector and in the aerospace industry.

Present appointments: –

Holdings: –

Andreas Gunnarsson

Born in 1974. Deputy Director

First elected in 2007. Independent in relation to the Company and the Company Management. Not independent in relation to the Company's major shareholders.

Andreas studied at Jönköping International Business School and has considerable experience in the start-up and operation of growth companies in the technology sector.

Present appointments: Portfolio Director of Midroc New Technology AB. Board Chair of Corpower Ocean AB, Lamera AB, WRAP International Aktiebolag, Heliospectra AB (publ) and Heliospectra Personal AB. Deputy Director of Minesto AB, Pergamum AB and Powercell Warrants One AB.

Holdings: –

Management
Martin Edlund

Martin Edlund has been the Company's CEO since 2016. Martin Edlund is also a Director of Minesto. Information on Martin Edlund is presented in the 'Board of Directors' section above.

Fredrik Ahlström

Born in 1970. CFO.

Employed since 2015.

Fredrik Ahlström has been the Company's CFO since 2015. Fredrik Ahlström has wide experience of leading corporate finance departments in the area of international business development. Over the past 20 years, Fredrik has worked in capital-intensive industries, most recently as CFO at Sibelco Nordic, working in the mining, production, logistics and sale of industrial minerals. Fredrik Ahlström has a Masters degree in business and economics from the University of Gothenburg.

Present appointments: CEO of Minesto Warrants One AB. Deputy Director of Ahlström Företagskonsult AB.

Holdings: 20,750 shares and warrants equivalent to 200,000 shares.

Bernt Erik Westre

Born in 1976. CTO.

Employed since 2016.

Bernt Erik Westre has 20 years' experience in technology and concept development, as well as project management in marine-based energy. He has previously held engineering, management and advisory positions at GVA Consultants and Aker Maritime.

Present appointments: –

Holdings: 7,950 shares and warrants equivalent to 200,000 shares.

David Collier

Born in 1956. COO.

Employed since 2017.

Over the past 30 years of his career, David Collier has spent the bulk of this time in the field of marine energy, building and leading teams of engineers and developing commercial solutions. In the last decade, he has been working in the technological and commercial development of marine power plants for wave power and tidal power. Before David joined Minesto in 2017, he was Project Manager at MeyGen, the world's largest planned project in extracting power from tidal streams, where he led the development of the only commercial scale, multi-turbine tidal installation to become operational to date.

Present appointments: –

Holdings: Warrants equivalent to 160,000 shares.

Other disclosures

The Board Chair, Bengt Adolfsson and Director, Git Sturesjö Adolfsson are married to each other. Other than this relationship, there are no family ties or other close relationships between individuals who are Directors or senior executives of the Company.

No Director or member of the Management Team has been involved in any fraud-related legal case in the past five years. Over the past five years, with the exception of what is set out below, no accusations or sanctions from any public agency/authority or organisation representing any professional group which is regulated under public law have been made against any of these individuals, and none of them, over the past five years, has been prohibited by a court of law from acting as a member of a company's administrative, management or control body, or from having leading or overarching functions with

the Company. Midroc New Technology AB (which is represented by Göran Linder and Andreas Gunnarsson, had a financial penalty imposed in 2018 in respect of a late notification to the Swedish Financial Supervisory Authority). No Director or member of the Management Team has been prohibited by a public agency/authority or a court from acting as a member of any company's Board of Directors or Management Team over the past five years. All Directors and members of the Management Team can be reached via the Company's office at the following address: Vita gavelns väg 6, 426 71 Västra Frölunda, Sweden.

Remuneration during 2018

The following table shows the remuneration and other benefits paid to holders of senior positions during financial year 2018 (SEK).

	Directors' emoluments through salary	Directors' emoluments against invoice	Other consulting fees	Salaries	Pension	Other benefits	Total
Bengt Adolfsson	93,000	239,184	0	0	0	0	332,184
Martin Edlund	0	0	0	1,575,837	380,110	18,915 ¹⁾	1,974,862
Stefan Karlsson	0	119,592	0	0	0	0	119,592
Git Sturesjö Adolfsson	46,500	119,592	0	0	0	0	166,092
Göran Linder	46,500	58,219	0	0	0	0	104,719
Jonas Millqvist	46,500	0	0	0	0	0	46,500
Andreas Gunnarsson	0	0	0	0	0	0	0
Övriga ledande befattningshavare	0	0	442,580 ²⁾	3,455,047	408,407	116,582 ²⁾	4,422,616
Total	232,500	536,587	442,580	5,030,884	788,517	135,497	7,166,565

1) Taxation of benefits in respect of health insurance and warrants.

2) David Collier invoiced through the company, Econotec Ltd, during part of 2018.

*** Taxation of benefits in respect of health insurance and warrants, as well as an apartment in Holyhead, Wales.

Pension

Senior executives are to be offered pension terms which include a defined contribution plan with premiums based on full basic salary. The pension provisions are individual, and are proportional to basic salary. Employees of Minesto AB are covered by the pension plan taken out by the Company. The pensionable salary is the monthly salary x 12.2. The premiums are equivalent to what is regarded as normal for salaried employees in the private sector. For salaries of 0-7.5 basic amounts, the premium is 4.5% and for salaries >7.5 basic amounts, the premium is 30%. Employees in foreign subsidiaries receive defined contribution pension benefits which are regarded as competitive in the country concerned.

Neither the Company, nor any of its subsidiaries, has any provisions or accrued costs for pensions, benefits or suchlike after a Director, member of the Management Team or other employee leaves their post.

Financial information and key performance indicators

Unless otherwise specified, the historical financial information reported below has been incorporated through references:

1. The consolidated financial statements for financial years 2018 and 2017 were drawn up in accordance with the Annual Accounts Act and BFNAR (the Swedish Accounting Standards Board) 2012:1 Annual Reports and Consolidated Statements (K3), and have been audited by the Company's auditors.
 - The Statement of Profit or Loss and Statement of Financial Position, Cash flow, Key Performance Indicators, Accounting Policies and Auditors' Report 2018: Minesto Annual Report 2018 pages 4–10, 12–22 and 24–25.
 - The Statement of Profit or Loss and Statement of Financial Position, Cash flow, Key Performance Indicators, Accounting Policies and Auditors' Report 2017: Minesto Annual Report 2017 pages 4–10, 12–22 and 24–25.

2. The Consolidated Interim Financial Statements for the periods January–September 2019 and January–September 2018 were drawn up in accordance with the Annual Accounts Act and BFNAR (the Swedish Accounting Standards Board) 2012:1 Annual Reports and Consolidated Statements (K3), and have not been audited or reviewed by the Company's auditors.

- Statement of Profit or Loss and Statement of Financial Position, Cash flow January–September 2019: Minesto's Interim Financial Statement 1 January–30 September 2019 page 4.
- Statement of Profit or Loss and Statement of Financial Position, Cash flow January–September 2018: Minesto's Interim Financial Statement 1 January–30 September 2018 page 4.

The Company's financial statements for relevant periods, with associated notes, along with the Auditors' Reports, are available on the Company's website (minesto.com). The amounts in this section may, in some cases, have been rounded up or down, which may lead to totals not always agreeing exactly.

Consolidated income statement – Annual report 2018 and 2017

SEK	2018	2017
Operating income		
Capitalised work on own account	34,549,479	33,431,584
Other operating income	4,431,991	5,103,341
Total income	38,981,470	38,534,925
Operating expenses		
Other external expenses	-12,072,766	-8,983,431
Personnel costs	-38,704,578	-39,150,643
Depreciation of tangible assets and amortisation of intangible assets	-93,510	-339,607
Total costs	-50,870,854	-48,473,681
Operating loss	-11,889,384	-9,938,756
Profit/loss from financial items		
Interest income and similar income statement items	461,105	327,205
Interest expense and similar income statement items	-576,882	-413,485
Total loss from financial items	-115,777	-86,280
Loss after net financial items	-12,005,161	-10,025,036
Tax on net loss for the year	1,003,703	2,158,805
Net loss for the year	-11,001,458	-7,866,231
Attributable to		
Shareholders in the Parent	-11,001,458	-7,866,231

Consolidated Statement of Financial Position – Annual Reports 2018 and 2017

SEK	31 Dec 2018	31 Dec 2017
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Capitalised development expenditure	232,936,055	166,562,131
Patents and similar rights	11,110,163	9,739,734
Total intangible assets	244,046,218	176,301,865
<i>Tangible assets</i>		
Equipment	802,832	943,055
Total tangible assets	802,832	943,055
<i>Financial assets</i>		
Deferred tax asset	25,746,965	22,393,010
Other non-current receivables	258,834	248,618
Total financial assets	26,005,799	22,641,628
Total non-current assets	270,854,849	199,886,548
Current assets		
<i>Current receivables</i>		
Other receivables	34,133,401	19,943,406
Prepaid expenses and accrued income	16,646,825	15,566,790
Total current receivables	50,780,226	35,510,196
<i>Cash and cash equivalents</i>		
Cash and bank balances	2,914,070	46,868,494
Cash and cash equivalents	2,914,070	46,868,494
Total current assets	53,694,296	82,378,690
TOTAL ASSETS	324,549,145	282,265,238
EQUITY AND LIABILITIES		
Equity		
Share capital	4,993,276	3,697,009
Other contributed capital	390,800,020	328,471,975
Accumulated loss	-91,569,733	-80,684,899
Total equity	304,223,563	251,484,085
Non-current liabilities		
Other non-current liabilities	500,000	500,000
Total non-current liabilities	500,000	500,000
Current liabilities		
Accounts payable	3,318,704	4,433,841
Tax liabilities	55,568	378,742
Other current liabilities	1,420,869	5,256,779
Accrued costs and deferred income	15,030,441	20,211,791
Total current liabilities	19,825,582	30,281,153
TOTAL EQUITY AND LIABILITIES	324,549,145	282,265,238

Consolidated Statement of Financial Position – Annual Reports 2018 and 2017

SEK	2018	2017
Cash and cash equivalents at beginning of period	46,868,494	45,629,262
Operating activities		
Loss after net financial items	-12,005,161	-10,025,036
Adjustments for items not included in cash flow	93,510	339,607
Cash flow from operating activities before changes in working capital	-11,911,651	-9,685,429
Changes in working capital		
Changes in operating receivables	-15,270,030	-5,781,360
Changes in operating liabilities	-6,455,571	-5,703,167
Cash flow from changes in working capital	-21,725,601	-11,484,527
Cash flow from operating activities	-33,637,252	-21,169,956
Investing activities		
Acquisition of intangible assets	-67,744,353	-55,337,562
Purchase of property, plant and equipment	-26,077	-69,478
Changes in non-current receivables	-10,216	–
Cash flow from investing activities	-67,780,646	-55,407,040
Financing activities		
New shares in accordance with warrants	151,003	75,169,981
New issue	72,519,832	–
Issue expenses	-11,393,608	-1,413,280
Loans raised	-4,000,000	4,000,000
Cash flow from financing activities	57,277,227	77,756,701
Cash flow for the period	-44,140,671	1,179,705
Exchange rate difference for cash equivalents	186,247	59,527
Cash and cash equivalents at end of period	2,914,070	46,868,494

Information on income and profit/loss, consolidated

– Interim Financial Statement 1 January–30 September 2019, not reviewed or audited

SEK thousand	Jan-Sep 2019	Jan-Sep 2018
Total income	28,503	27,042
Operating loss	-15,439	-12,912
Loss for the period	-10,967	-9,507

Information on financial position, consolidated

– Interim Financial Statement 1 January–30 September 2019, not reviewed or audited

SEK thousand	30 Sep 2019	30 Sep 2018
Total non-current assets	307,802	267,349
Total current assets	69,955	68,020
Other equity	348,730	305,798
Total liabilities	29,027	29,571
Equity ratio, %	92	91

Information on cash flows, consolidated

– Interim Financial Statement 1 January–30 September 2019, not reviewed or audited

SEK thousand	Jan-Sep 2019	Jan-Sep 2018
Operating activities	-15,594	-11,345
Changes in working capital	302	4,750
Investing activities	-12,098	-86,428
Financing activities	55,020	57,227
Cash and cash equivalents at beginning of period	2,914	46,868
Exchange rate difference for cash and cash equivalents	548	1,223
Cash and cash equivalents at end of period	31,092	12,296

Key performance indicators

This Prospectus contains certain alternative key performance indicators which have not been defined or specified in accordance with the Company's accounting policy. In the Company's understanding, these alternative key performance indicators are used to a great extent by some financial investors and other stakeholders as supplementary measures of earnings trends and financial position. Unless otherwise stated, the alternative key performance indicators have not been audited by the Company's auditors, and should not be considered

individually or as an alternative to key performance indicators produced in accordance with BFNAR. In addition, the alternative key performance indicators, as Minesto has defined them, should not be compared with other key performance indicators with similar names which are used by other companies. The reason for this is that the alternative key performance indicators are not always defined in the same way, and other companies may have calculated them in a different way than Minesto does.

Key performance indicators	Audited		Not audited or reviewed	
	2018	2017	Sep 2019	Sep 2018
Operating loss, SEK thousand	-11,889	-9,939	-15,439	-12,912
Equity ratio, %	94	89	92	91
Outstanding shares at the end of the reporting period	99,865,510	73,940,170	114,918,402	99,840,110
Potential shares attributable to outstanding warrants at the end of the reporting period	16,580,513	11,944,856	8,086,539	10,130,920
Average number of employees	51	52	59	60

Derivation of alternative key performance indicators

The table below shows the reconciliation of the equity ratio

Calculation of alternative KPIs	Audited		Not audited or reviewed	
	2018	2017	Sep 2019	Sep 2018
Calculation of equity ratio				
Equity, SEK thousand	304,224	251,484	348,730	305,798
Total assets, SEK thousand	324,549	282,265	377,757	335,369
Equity ratio, %	94	89	92	91

Definitions of alternative key performance indicators

Operating loss	Loss after amortisation. The operating loss gives a picture of the results of ordinary operations, disregarding the cost of capital or tax expense
Equity ratio	Equity divided by total assets. The equity ratio shows how large a proportion of total assets is attributable to equity and provides a picture of the Company's historical capital structure.
Outstanding shares at the end of the reporting period	Outstanding shares at the end of the reporting period
Potential shares attributable to outstanding warrants	Outstanding warrants at the end of the period converted to potential shares.
Average number of employees	The average number of employees during the financial year in full-time equivalents.

Accounting Policies

Minesto prepares its Annual Report and Consolidated Financial Statements in accordance with the Annual Accounts Act and the general guidelines of the Swedish Accounting Standards Board BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

Dividend policy

Decisions on dividends are taken by the General Meeting and payment is made through Euroclear. Any dividends which are declared must be of an amount such that, after the dividend is paid out, there is full cover for the Company's restricted equity, and only if the dividend is justifiable in terms of (i) the level of equity which the nature, scope and risks of the operation require, and (ii) the Company's need to strengthen its financial position, liquidity and position in general (the prudence concept). As a general rule, shareholders are not permitted to approve a dividend of an amount greater than that recommended or approved by the Board of Directors.

Minesto is in a phase of rapid development and expansion, and, for that reason, no dividends have been paid to date. At present, the Board of Directors intends to continue the policy of carrying forward any profits to finance growth and the operation of the business and, consequently, does not envisage that any cash dividends will be paid in the foreseeable future. In considering proposals for future dividends, the Board will take a number of factors into account, including the Company's operations, operating results and financial position, current and expected liquidity requirements, expansion plans, contractual limitations and other significant factors.

The right to dividend accrues to those who were registered as shareholders in the share register maintained by Euroclear on the date approved as record day for the dividend by the General Meeting. Dividends are normally paid as a cash sum per share through Euroclear. Dividends may also be declared in a form other than a cash dividend (distribution in kind). If a shareholder cannot be contacted to receive a dividend, the shareholder's claim against the Company in respect of the dividend amount remains and is limited only by the general limitation rules. As a general rule, the claim expires after ten years. In the event that the limitation becomes applicable, the full amount accrues to the Company. The Company does not apply any restrictions or special procedures in respect of cash dividends to shareholders resident outside Sweden. Aside from any restrictions imposed by the banking and clearing systems, payment is carried out in the same way as for shareholders resident in Sweden. Tax legislation in both Sweden and the shareholder's country of residence may affect the income from any dividend paid. For more information, see the section on 'Taxation'. Normal Swedish withholding tax is, however, payable in respect of shareholders who are not domiciled for tax purposes in Sweden.

Significant changes in the issuer's equity and debt

Since the end of the period for which this Prospectus contains information on equity and debt, which means the Interim Management Statement 1 January–30 September 2019, a Private Placement was announced on 28 October 2019. The Private Placement raised SEK 60,000 for Minesto before transactions costs.

Legal matters and ownership

Ownership and major shareholders

The number of shareholders in Minesto as at 30 September 2019 was 15,180. On the date of publication of the Prospectus, there are, so far as the Company is aware, no physical or legal persons who own five percent, or more than five percent, of all shares and votes in Minesto, over and above what is shown in the table below. There are no voting differences for the Company's larger shareholders, instead every share is entitled to one vote on the General Meeting of the Company. For information on Directors' and senior executives shareholdings in the Company, see the section on 'Corporate Governance'. As far as the Board of Directors is aware, there are no Shareholders Agreements among the Company's owners. Minesto has not taken any special measures with the aim of guaranteeing that the control possessed by the major shareholders is not misused. The rules in the Swedish Companies Act for the protection of minority shareholders, however, constitute a protection against any misuse of control over a company by a majority shareholder.

OWNERSHIP AS AT 30 SEPTEMBER 2019

Shareholder	Number of shares	Proportion of shares and votes (%)
BGA INVEST AB ¹⁾	28,467,980	24.77
Midroc New Technology AB	20,709,060	18.02
InnoEnergy	7,121,561	6.20

1) 100 percent of the capital and votes is owned by Bengt Adolfsen

Shares and share capital

Under the Company's Articles of Association, the share capital must not fall below SEK 4 million, and must not exceed SEK 16 million, be divided into fewer than 80,000,000 shares and not more than 320,000,000 shares.

As of 30 September 2019 the share capital in Minesto amounted to SEK 5,745,920.10 divided into 114,918,402 shares. On the date of the Prospectus, the share capital of Minesto amounts to SEK 5,974,456.50 divided into 119,489,130 shares. Entering the financial year the number of shares amounted to 99,865,510. Each share has a quota value of SEK 0.05. The shares in the Company have been issued in accordance with Swedish law, and all issued shares are fully paid and freely transferable.

Warrants programme

At present, the Company has eight outstanding series of warrants issued in accordance with the following. For all series, one warrant gives the right to subscribe for one share in the Company.

Warrants which are held by InnoEnergy

During 2015, 6,000,000 warrants of series KIC T1 in the Company were registered, and these were subsequently, during 2017 and 2018, transferred to InnoEnergy from the Company's subsidiary, Minesto Warrants One AB. The term of the KIC T1 series expires on 15 August 2020. The strike price per warrant amounts to SEK 0.05,

i.e. the quota value. As at the date of the Prospectus, InnoEnergy has received and exercised 5,821,160 warrants of series KIC T1. The remaining 170,640 warrants will not be further transferred from Minesto Warrants One AB and are, accordingly, ineffective.

During 2016, 1,650,000 warrants of series KIC T2 in the Company were registered, and these were subsequently, during 2017 and 2018, transferred to InnoEnergy from the Company's subsidiary, Minesto Warrants One AB. The term of the KIC T2 series expires on 15 August 2020. The strike price per warrant amounts to SEK 0.05, i.e. the quota value. As at the date of the Prospectus, InnoEnergy has received and exercised 1,300,401 warrants of series KIC T2. It is planned that the remaining volume of 349,599 warrants will be transferred and exercised no later than the beginning of 2020.

During 2019, 1,400,000 warrants of series KIC T3 in the Company were registered. The term of the KIC T3 series expires on 15 August 2020. The strike price per warrant amounts to SEK 0.05, i.e. the quota value. All warrants of series KIC T3 remain to be transferred to InnoEnergy and thereafter exercised. The actual volume of warrants of series KIC T3 which it is planned to transfer to InnoEnergy no later than the beginning of 2020 has been set at 1,042,435. The remaining 357,565 warrants will not be further transferred from Minesto Warrants One AB and are, accordingly, ineffective.

All the warrants received by InnoEnergy are one part of a financing solution through which InnoEnergy is allocated warrants after Minesto has received the authorised payments.

The dilution effect of all remaining outstanding KIC warrants amounts to approximately 1.2 percent, based on the number of issued shares in the Company and the date of publication of this Prospectus, but before the execution of the Rights Issue.

Staff programme

There are, at present, four series of warrants (P0, P04, P05 and P06) which have all been issued for the purpose of creating incentives for senior executives, key personnel and employees in the Company.

The warrants of series P0 were issued in 2013, and originally (after the previously completed split in the Company) numbered 712,000. The term of the P0 series expires on 31 August 2019. The strike price per warrant amounts to SEK 5.95. As at the date of the Prospectus, 466,400 warrants of series P0 have been exercised. 45,000 warrants have never been earned and 200,600 remain to be exercised.

The warrants of series P04, P05 and P06 were issued at the annual general meeting of the Company on 4 June 2019. 1,965,000 warrants of each series were issued. The subscription period for the warrants of series P04 is between 1 July 2020 and 30 September 2020 inclusive. The subscription period for the warrants of series P05 is between 1 July 2021 and 30 September 2021 inclusive. The subscription period for the warrants of series P06 is between 1 July 2022 and 30 September 2022 inclusive.

The warrants of series P04, P05 and P06 were originally issued free of charge to the Company's wholly-owned subsidiary, Minesto Warrants One AB, which will then, on the instructions of the

Company, transfer the warrants to senior executives, key personnel and employees in accordance with the terms and conditions of the resolution of the general meeting. Such transfers shall take place at the market value of the warrant on the date of the transfer.

In August 2019, a total of 280,000 warrants of series P04 were transferred to senior executives of Minesto. The remaining 1,685,000 warrants will not be further transferred from Minesto Warrants One AB and are, accordingly, ineffective.

A total of 1,340,000 warrants of series P05 were transferred to senior executives, key personnel and employees of Minesto in November 2019. The remaining 625,000 warrants will not be further transferred from Minesto Warrants One AB and are, accordingly, ineffective.

The strike price for the warrants of series P04 is SEK 26.30. The strike price for the warrants of series P05 is SEK 22.49. The strike price for the warrants of series P06 will be determined on transfer from Minesto Warrants One AB to senior executives, key personnel and employees in the Company, and this is expected to take place, in accordance with the terms and conditions of the warrants, at the beginning of November 2020. The strike price shall be set at an amount equivalent to 135 percent of the volume-weighted average price of the share on First North over the fifteen trading days preceding the date of transfer from Minesto Warrants One AB.

The dilution effect of all transferred warrants of series P04, P05 as well as the full volume of series P06 that has not yet been transferred amounts to approximately 2.8 percent, based on the number of shares in the company on the date of publication of this Prospectus, but before the execution of the Rights Issue.

Warrants of series TO3

In connection with the Private Placement, a total of 4,249,290 warrants of series TO3 were issued to subscribers. The terms and conditions for these warrants are the same as for the warrants covered by the Offering, i.e. the subscription period for the warrants runs until and including 30 April 2021.

The dilution effect of all warrants of series TO3 issued in the Private Placement is approximately 3.4 percent, based on the number of shares in the company on the date of publication of this Prospectus, but before the execution of the Rights Issue.

Significant Contracts

Over and above the contracts described below, Minesto, with the exception of contracts entered into in normal business operations, has not entered into any contracts of major significance in the period of one year immediately preceding the publication of this Prospectus.

Financing Agreements

Agreement with ORE Catapult

As part of a large EU project designated the Tidal Stream Industry Energizer Project (TIGER) Minesto has been granted development funds amounting to up to EUR 2.4 million for the manufacture, installation and commissioning of Minesto's' DG100 marine energy converter at an installation site connected to the grid and operated by the electricity company, EDF, off the coast of Brittany. The project is intended to accelerate the implementation of energy technology which harnesses tidal streams in France and the UK. A total of 19

partners from industry and academia are participating in the project. Final details regarding, among other things the degree of financing, were at the Prospectus' publication being finalised between the project consortium and the EU and are expected to be finally contracted in early December 2019.

Agreement with the Swedish Energy Agency

Minesto has entered into an Agreement with the Swedish Energy Agency which entitles Minesto to the payment of SEK 12.5 million for the development and commercialisation of the Company's marine energy technology, Deep Green. The Swedish Energy Agency has granted the public financing for the development of the Company's DG100 marine power plant during the period from 12 June 2019 until and including 30 June 2021. When the project is completed, an account of any sales income generated during the project period will be submitted to the Swedish Energy Agency. To the extent that sales income is generated which has not been deducted in assessing the costs eligible for aid, that income shall be deducted retrospectively from the aid and repaid to the Swedish Energy Agency. For the Swedish Energy Agency to release funds in accordance with the disbursement plan, Minesto is required to submit reports as agreed to demonstrate to the Swedish Energy Agency that the project has achieved the milestones set out in the time plan.

Agreement with EASME

Minesto has entered into an Agreement with the Executive Agency for Small and Medium-sized Enterprises as a stage in the financing of the installation of the Company's marine energy technology on the Faroe Islands in partnership with the electricity company, SEV. The Agreement provides Minesto with a total of EUR 2.5 million in public development funds from the European Commission's SME Instrument programme. SME Instrument is part of the European Commission's European Innovation Council (EIC), supports innovative ideas for products, services and processes which are preparing to compete in global markets. The programme is divided into several phases, and the aid described here relates to phase 2, focusing on the development and demonstration of innovations.

Agreement with the Welsh government

On 31 May 2019, Minesto was granted continued financial aid in the form of public development funds of EUR 14.9 million from the European Regional Development Fund through the Welsh government. The funds granted are to be used to support the next stage of Minesto's commercial development, including the continued development and operation of Minesto's installation site at the Holyhead Deep and the upgrading of the Deep Green product line.

Public agency/authority proceedings, legal proceedings and arbitration proceedings

Over the past twelve months, Minesto has not been part of any public agency/authority proceedings, legal proceedings or arbitration proceedings (including proceedings which have not yet been decided or which, to the Company's knowledge, there is a risk may be brought) and which, over the most recent period, have had or could have significant effects on the Company's financial position or profitability.

Conflicts of interest

No Directors or senior executives have been elected or appointed as a result of a special agreement with major shareholders, customers, suppliers or other parties.

There are no conflicts of interest or potential conflicts of interest between the obligations of Directors and senior executives towards the Company and their private interests and/or other obligations. As shown above, however, certain Directors and senior executives have financial interests in Minesto through holdings of shares and warrants.

Transactions with related parties

The Company has not provided any sureties, guarantees or loans to or in favour of any Directors, senior executives or auditors in the Company. Transactions with related parties which have been carried out from 1 January 2017 until and including the date for the Prospectus are set out below.

- Since 1 October 2017, the Company has had a consultancy agreement with Econotec Ltd, through which David Collier has been made available to act as Chief Operating Officer (COO) in the Company. Amount invoiced during the period from and including 1 October 2017 until and including 31 December 2017 was SEK 600,601 and from and including 1 January 2018 until and including 31 March 2018 was SEK 284,559, after which David Collier is remunerated through employment in Minesto UK Ltd.
- Former Director, Stefan Karlsson, has invoiced the Company through Renso AB for SEK 312,912 over and above Directors' emoluments, during the period from 1 January 2017 until 30 September 2017. The payments relate to marketing and business development work.

In addition to the circumstances mentioned above, Martin Edlund, David Collier, Fredrik Ahlström and Bernt Erik Westre have received salaries from the Company. For further details, see under separate headings in the 'Corporate Governance' section above.

The Company judges that the related party transactions in accordance with the above have been carried out at arms length and on a commercial basis.

No Director or senior executive has or has had any direct or indirect participation as a counterparty in any of the Company's business transactions which are or have been unusual in character or in respect of the terms and conditions involved, and which remain unsettled or uncompleted in any respect. Nor have the Company's auditors participated in any business transactions as described above.

Accessible documents

Copies of the following documents may be examined at the Company's offices (Vita gavelns väg 6, 426 71 Västra Frölunda, Sweden) during normal office hours throughout the period of validity of the Prospectus. The documents are also accessible on the Company's website (minesto.com).

- Minesto's Certificate of Registration
- Minesto's Articles of Association
- Appendix A containing warrant terms for warrants of series TO3