

INTERIM MANAGEMENT STATEMENT 1 JANUARY-31 MARCH 2021



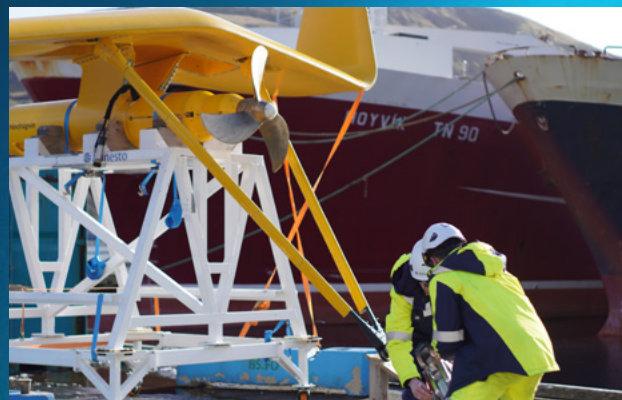


# Significant events January–March 2021

- At the beginning of March, Minesto resumed operations with the DG100 power plant in the Faroe Islands. The focus has been on optimising electricity production to grid together with the customer, electricity utility company SEV, and to provide production and tidal flow data to DNV for third-party verification.
- In March, Minesto entered a Memorandum of Understanding with Schneider Electric, a global leader in the digital transformation of energy management and automation. Minesto and Schneider Electric are working together to create ocean energy farms based on Minesto's technology. The collaboration reaches from technical system integration and project management to sales and project finance opportunities.
- Minesto made significant progress in power production to the electricity grid, with average power produced aligned with simulated results.

## After the end of the period

- In April, Minesto announced that the company's largest owners BGA Invest and Midroc New Technology have exercised all their warrants of series TO3 in Minesto AB. Through this, Minesto will add approximately SEK 44.7 million in proceeds, corresponding to approximately 27 percent of the total TO3 program. Minesto AB's senior executives have also exercised all their TO3 warrants.
- Minesto announced in April that the company has been granted a new patent for a technical innovation that has been developed and verified in the project in the Faroe Islands. With the new patent, Minesto strengthens its already extensive patent portfolio and extends the protection of the company's core technology.



This document is a translation of Minesto AB's Interim Management Statement in Swedish that was published on 22 April 2021. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.

## Minesto in short

Minesto develops technology for plannable generation of renewable electricity from the ocean. With patented technology, tidal and ocean currents with low-flow velocities are exploited. The technology, which goes by the name Deep Green, can be installed in areas where no other known technology can operate cost effectively.

The Group consists of the parent company Minesto AB, which is headquartered in Gothenburg and the subsidiaries Minesto UK Ltd, Minesto Taiwan Ltd, Sp/f Minesto Føroyar, Minesto Warrants One AB and Holyhead Deep Ltd.

The Group's registered office is in Gothenburg and the parent company's share (MINEST) is the subject of trading on Nasdaq First North Growth Market in Stockholm with G&W Fondkommission as Certified Adviser.

Read more at [www.minesto.com](http://www.minesto.com).





# The Group in summary

## January–March 2021

- Total operating income amounted to SEK 10,480 thousand (11,850 thousand) and mainly included capitalised development work.
- Operating loss was SEK –4,584 thousand (–3,224 thousand). The negative result is largely attributable to business development and administration related to technology development and includes costs such as personnel, rents, and services. Of the personnel costs, SEK 9,862 thousand (10,542 thousand) has been capitalised as development work.
- At the end of the reporting period, capitalised development costs amounted to SEK 241,377 thousand (177,533 thousand), in addition to patent expenses of SEK 13,629 thousand (12,702 thousand).
- Grants of up to SEK 4,727 thousand (16,349 thousand) were accrued during the reporting period, of which SEK 4,128 thousand (15,164 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 5,810 thousand (27,905 thousand) were received from public funding schemes.
- Cash flow amounted to SEK –18,194 thousand (81,515 thousand). At the end of the reporting period, cash and cash equivalents amounted to SEK 89,638 thousand (135,621 thousand).
- At the end of the reporting period, equity amounted to SEK 411,600 thousand (396,848 thousand) divided into 128,715,788 shares (125,607,304 shares), of which loss for the period was –2,253 thousand (–1,898 thousand).

SEK thousand	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Net sales	—	—	—
Operating profit/loss	–4,584	–3,224	–13,113
Net profit/loss for the period	–2,253	–1,898	–13,304
Cash flow for the period	–18,194	81,515	51,438



During March, a second DG100 power plant was delivered to the Faroe Islands and successfully operated in electricity production mode. The power plant has been named "Drekin" after the local word for dragon.

## CEO comment

# Production performance at a commercially relevant level

It has only been a little over a month since we published our year-end report for 2020, but during that time we have made significant progress in realising tidal power as a key energy source in the Faroe Islands.

The team on site in Vestmannaasund, in close collaboration with colleagues at home in Wales and Sweden, has done a very good job of optimising the DG100 system's power production. We are generating electricity to the grid at levels that are completely in line with expectations and analyses from simulation. In addition, the electricity we supply complies with the electric utility company SEV's grid codes and standards. Taken all together, this means that Minesto's Deep Green technology is now performing at a commercially relevant level.

## Great value for ongoing marketing activities

Reaching high production levels is critical for verification of the annual yield for planned larger farms vis-à-vis project investors and electricity companies. It also creates great value for marketing Minesto's Deep Green technology to customers and partners in need of renewable energy solutions.

The work with DNV on third-party verification of electricity production continues. This Spring's technical progress in the Faroe Islands provides further valuable data for this work.

## Development of larger power plants for production sites

The satisfactory results from operations in the Faroe Islands, both in terms of electricity production and the DG100 system's performance in automatic mode, provides the right conditions and significant risk reduction to drive the development of larger power plants and the first commercial farms. The key ongoing activities are:

- In the Faroe Islands, we have had two DG100 systems in place in Vestmannaasund for some time and moving forward we will work with both systems in parallel to perform several different electricity production and optimisation runs. We are transferring the results and lessons from these operations into the ongoing development of a new 1.2 MW kite system. This upscaled unit is supported by the Welsh Government and will be deployed at the two farms in development: one in Wales and the other in the Faroe Islands. At the same time, the development of an upgraded DG100 is underway in our joint project with the French energy actor EDF.
- Investment offers for the first two 10 MW expansion phases in Wales and the Faroe Islands are now based on real electricity production data and a proven cost-effective service and maintenance concept. This is crucial to reduce risks for prospective project investors.



- The technical collaboration and market development with Schneider Electric is now in full swing. The purpose is to broaden the portfolio of project opportunities and for expansion in several key markets. The cooperation integrates Schneider Electric's know-how and technology in our projects to offer complete solutions to customers and project investors.

## Subscribe for shares with TO3 warrants

When this is published, approximately one week of the subscription period for the TO3 warrants remains\*. A full exercise of the TO3 program corresponds to a total of approximately SEK 163 million in proceeds before issue costs. It creates a strong financial position and the right conditions to accelerate the upscaling and commercialisation of our unique marine energy technology. Our two main owners BGA Invest and Midroc New Technology have once again shown their confidence in Minesto and the commercial value in the technology and project portfolio by exercising all their warrants.

## Minesto addresses the largest global customer need ever

We continue to work hard to deliver on our strategy to maintain the trust that all our shareholders have shown by investing in Minesto. Our technology addresses the biggest global customer need ever: stopping global warming. We are unlocking an untapped natural resource to be able to produce renewable baseload power from ocean currents through a unique product with comprehensive patent protection.

Dr Martin Edlund, CEO

\* The subscription period for warrant TO3 runs up to and including 30 April 2021 – but please note that your nominee/bank may have a deadline that occurs before that. Contact your nominee or bank for instructions on how to exercise your warrants. For more information, see [www.minesto.com/TO3-warrants](http://www.minesto.com/TO3-warrants).

## Group

## Financial information in summary

## Income

SEK thousand	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Operating income	10,480	11,850	43,991
Operating costs	-15,064	-15,074	-57,104
<b>Operating profit/loss</b>	<b>-4,584</b>	<b>-3,224</b>	<b>-13,113</b>
Financial items	1,749	836	-3,587
Tax	582	489	3,397
<b>Net profit/loss for the period</b>	<b>-2,253</b>	<b>-1,898</b>	<b>-13,304</b>
Earnings per share, SEK	-0.02	-0.02	-0.11
Earnings per share after dilution, SEK	-0.02	-0.01	-0.10

## Balance

SEK thousand	31 Mar 2021	31 Mar 2020	31 Dec 2020
Total non-current assets	314,292	245,952	297,176
Total current assets	119,801	178,803	132,962
Total equity	411,600	396,848	411,784
Total liabilities	22,494	27,906	18,353
Equity ratio, %	95	93	96

## Cash flow

SEK thousand	Jan–Mar 2021	Jan–Mar 2020	Full Year 2020
Cash flow from operating activities before changes in working capital	-5,150	-3,028	-12,984
Changes in working capital	1,908	-959	99,393
Cash flow from investing activities	-16,972	-435	-61,095
Cash flow from financing activities	2,021	85,937	26,125
Cash and cash equivalents at beginning of period	104,358	53,986	53,986
Cash flow for the period	-18,194	81,515	51,438
Exchange rate difference for cash equivalents	3,474	120	-1,066
Cash and cash equivalents at end of period	89,638	135,621	104,358

## About the Interim Management Statement

Minesto has chosen to disclose Interim Management Statements for the first and third quarters of the financial year in accordance with Nasdaq's *Guidance for preparing interim management statements*, instead of disclosing quarterly financial reports in accordance with IAS 34.

Minesto does not include information on revenue, earnings and assets per segment as this is not applicable to the business.

## Accounting principles and auditing

The Interim Management Statement has been prepared in accordance with the Swedish Annual Accounts Act and Swedish Accounting Standards Board standard BFNAR 2012:1 – Annual Reports and Consolidated Reports (K3). Please see the Company's Annual Report 2020 for more detailed principles.

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

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

## Future information

2021-06-02	Annual General Meeting 2021
2021-08-19	Half-Year Report 2021
2021-10-21	Interim Management Statement 1 Jan–30 Sep 2021

Göteborg on 22 April 2021

**Dr Martin Edlund**  
CEO

# Definitions of Key Performance Indicators

**Total operating income**

All income, including capitalised development work.

**Operating profit/loss**

Result after depreciation.

**Net profit/loss**

Result after taking into account deferred tax.

**Equity ratio**

Equity in relation to total assets.

**Earnings per share**

Profit after tax in relation to the weighted average number of shares.

**Earnings per share after dilution**

Profit after tax in relation to the weighted average number of shares plus potential shares.

## Contact

**Dr Martin Edlund, CEO**

+46 31-29 00 60

ir@minesto.com

**Minesto AB (publ)**

Corporate registration number 556719-4914

Vita gavelns väg 6

426 71 Västra Frölunda, Sweden

[www.minesto.com](http://www.minesto.com)

This information is such that Minesto AB (publ) shall announce publicly according to the EU Regulation No 596/2014 on market abuse (MAR). The information was submitted for publication, through the agency of the contact person set out above, at 07:30 CEST on 22 April 2021.