

INTERIM MANAGEMENT STATEMENT 1 JANUARY-30 SEPTEMBER 2021





Significant events July–September 2021

- In July, Minesto announced that the company had achieved further improved power production performance through upgrades and modifications to the DG100 power plant. Furthermore, key aspects of test operations and electricity production with the DG100 system have received third-party verification by DNV in accordance with international standards.
- Minesto strengthened the company's executive team to gear up the work for commercial roll-out of Minesto's technology by appointing Elke Rosiers, with extensive experience from the energy industry and from turning new technology to business, as new Chief Marketing Officer.
- In September, Minesto signed a two-year extension of its power purchase agreement with the electric utility company SEV for Minesto's tidal energy site in Vestmannastrandir, Faroe Islands. In addition, Minesto announced that a new analysis concludes that Vestmannastrandir site has merits for expansion to a 4 MW commercial array.
- Minesto introduced a new range of power plants – the Dragon Class – an upgraded design of the company's Deep Green technology. With increased performance and decreased manufacturing costs, Dragon Class will be delivered and installed in all of Minesto's ongoing projects as well as in the build-out of the company's first array project.
- The Swedish Energy Agency awarded Minesto a SEK 5.8 million grant. The grant co-funds a project through which Minesto will develop and verify a next generation tether system to facilitate the commercial scale-up of the company's marine energy technology.



Elke Rosiers, new CMO at Minesto.

This document is a translation of Minesto AB's Interim Management Statement in Swedish that was published on 21 October 2021. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.

Minesto in short

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

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

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

Read more at www.minesto.com.

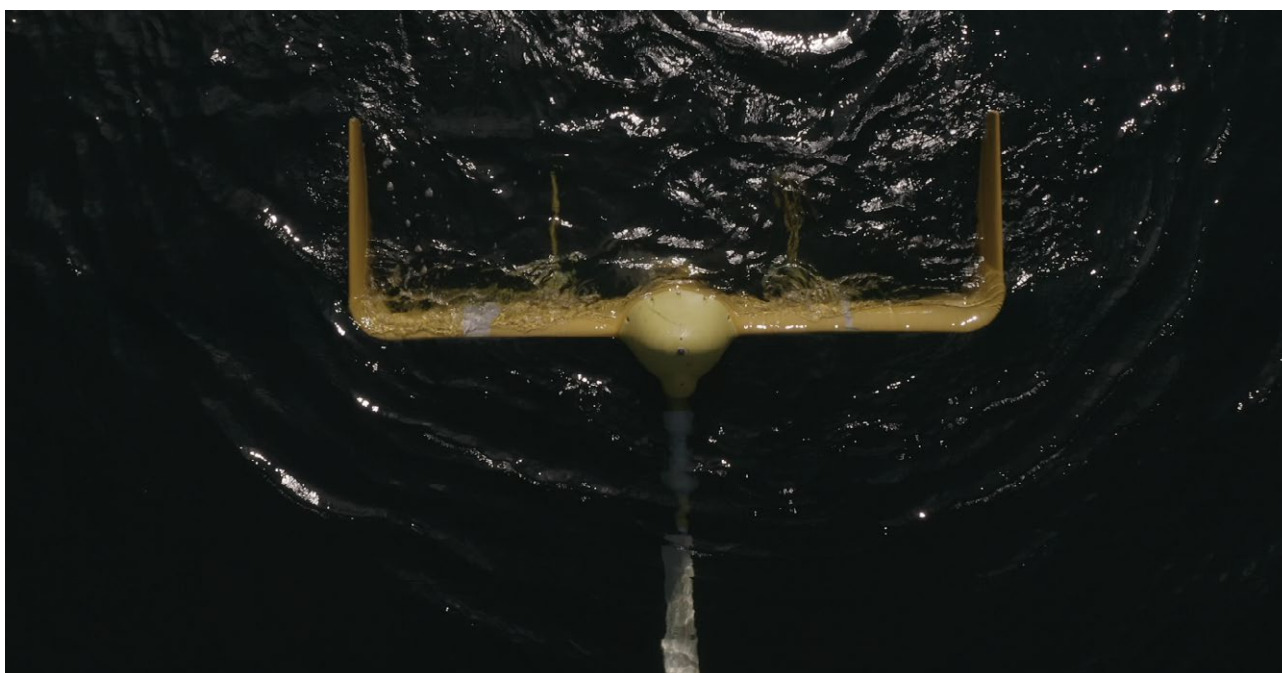


The Group in summary

1 January–30 September 2021

- Total operating income amounted to SEK 31,202 thousand (33,078 thousand) and mainly included capitalised development work.
- Operating loss was SEK -13,183 thousand (-9,470 thousand). The negative result is largely attributable to business development and administration related to technology development and includes costs such as personnel and consultants. Of the personnel costs, SEK 29,105 thousand (30,069 thousand) has been capitalised as development work.
- At the end of the period, capitalised development costs amounted to SEK 275,919 thousand (204,486 thousand), in addition to capitalised patent expenses of SEK 14,077 thousand (13,091 thousand).
- Grants of up to SEK 15,865 thousand (46,512 thousand) were accrued during the period, of which SEK 13,856 thousand (43,697 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 14,809 thousand (53,682 thousand) were received from public funding schemes, of which SEK 14,809 thousand (50,097 thousand) relates to approved claims and the remainder relates to advances.
- Cash flow amounted to SEK 76,257 thousand (65,743 thousand). At the end of the period, cash and cash equivalents amounted to SEK 181,540 thousand (115,398 thousand).
- At the end of the period, equity amounted to SEK 543,018 thousand (412,231 thousand) divided into 137,655,143 shares (128,281,555 shares), of which loss for the period was SEK -9,566 thousand (-9,404 thousand). During the period, SEK 140,144 thousand (108,750 thousand) was added to the company's equity through the exercise of warrants (employee stock options and warrants).

SEK thousand	Jan-Sep 2021	Jan-Sep 2020	Full Year 2020
Net sales	–	–	–
Operating profit/loss	-13 183	-9 470	-13 113
Net profit/loss for the period	-9 566	-9 404	-13 304
Cash flow for the period	76 257	65 743	51 438



Scale model of the Dragon Class in offshore testing at Minesto's test facilities in Northern Ireland.

CEO comment

Product development that demonstrates our competitiveness



We are running increasingly longer test cycles with robust electricity production in fully automatic operating mode.

The third quarter of this year was eventful for Minesto on several fronts. We launched our new product range, the Dragon Class, a kite design that is a natural evolution of our DG100 power plants that have successfully generated electricity to the grid at Vestmannaundur in the Faroe Islands.

Simply put, the Dragon Class is a DG100 in a refined form; the exterior design is visibly different, but the internal content is largely the same. For example, the actual turbine is now located behind the wing. This optimises performance for the wing's trajectory through the water and improves the energy conversion. Additionally, by reducing the number of components and subsystems, and by optimising the flight path, we get a marine power plant with significantly higher performance, lower complexity and reduced operating costs – all crucial properties for enabling the scaling up of the technology to power plants of 1 MW+ with a serial production design.

Platform for commercial scale-up

The development of Dragon Class demonstrates both the technology's inherent competitiveness and our employees' ability to efficiently refine the product with customer value in focus. There are further technical advances to be made in the future, but we are confident that the performance, robustness, and functionality of the Dragon Class sets the right platform for commercial scale-up. Given the technology's performance, costs, and the global market we are unlocking, our claim is that Minesto's Deep Green technology will be the dominant design for commercially relevant marine energy technology.

We are currently in the procurement and manufacturing phase for five Dragon Class power plants, for both utility-scale (1.2 MW) and smaller microgrid installations. These will be delivered and

installed in our ongoing projects in France, Wales, and the Faroe Islands. We are pleased with the progress made in these projects, and they are on time and are within budget.

The Swedish Energy Agency continues to show trust and support for Minesto, with the award of a SEK 5.8 million grant during this quarter. This grant co-funds a project to develop a next-generation tether system. As with the development of Dragon Class power plant, this project's focus is on refining and simplifying the tether subsystem to achieve higher performance and facilitate serial production of large-scale power plants. The next generation tether, together with the Dragon Class power plant will take us to the cost of energy levels required to be commercially relevant.

Very good results in Vestmannaundur

On the project side, our focus is on delivering in our ongoing collaboration projects, as well as focusing on the build-out of the first commercial arrays based on Minesto's technology.

In the Faroe Islands, we continued DG100 power plant operations in Vestmannaundur during September, achieving very good results. We are running increasingly longer test cycles with robust electricity production in fully automatic operating mode. The data gathered is valuable from several perspectives, such as in market development and environmental consenting processes in future projects. The collaboration with the electric utility company SEV remains very productive, and this quarter, we extended our power purchase agreement with SEV.

In addition to the planned expansion to a 10 + 20 MW array in the Faroe Islands, a new analysis concludes that the current site in



CEO comment, cont.

Vestmannastrandir can be suitable for a 4 MW commercial array. This new development is made possible by the Dragon Class, as it, on an equally large area and with the same water depth, can reach higher energy conversion rates compared to the current DG100 power plant.

The collaboration with EDF, where Minesto, in a first step will install one of the first Dragon Class power plants, is progressing at full speed towards concrete deliverables such as environmental permits for installation and operation.

Joint offer with Schneider Electric

Our strategic partnership with Schneider Electric also continues, with work focussing on both the technology and marketing aspects. Schneider has an integral part of the development of central subsystems for building out arrays. The technical cooperation focuses on the subsystems and components needed to transfer electricity from our underwater kites to the electricity grid with grid-compliant quality – which is crucial for taking the next step towards commercialisation.

The technical integration with Schneider gives us a complete setup for arrays up to approximately 10 MW, and together we are working to develop business cases and a joint offer to the market. Our intention is to conduct a joint roadshow to promote this to relevant global actors.

Strengthened organisation to gear up rollout

We continue to strengthen the organisation to gear up the commercial rollout. In September, Elke Rosiers joined the company's executive team as Minesto's new Chief Marketing Officer. Elke has extensive experience from the energy industry and a deep understanding of the energy transition dynamics. We are now in a situation where customer and marketing activities are of highest priority and our strengthened marketing organisation is well equipped to take this work to the next level.

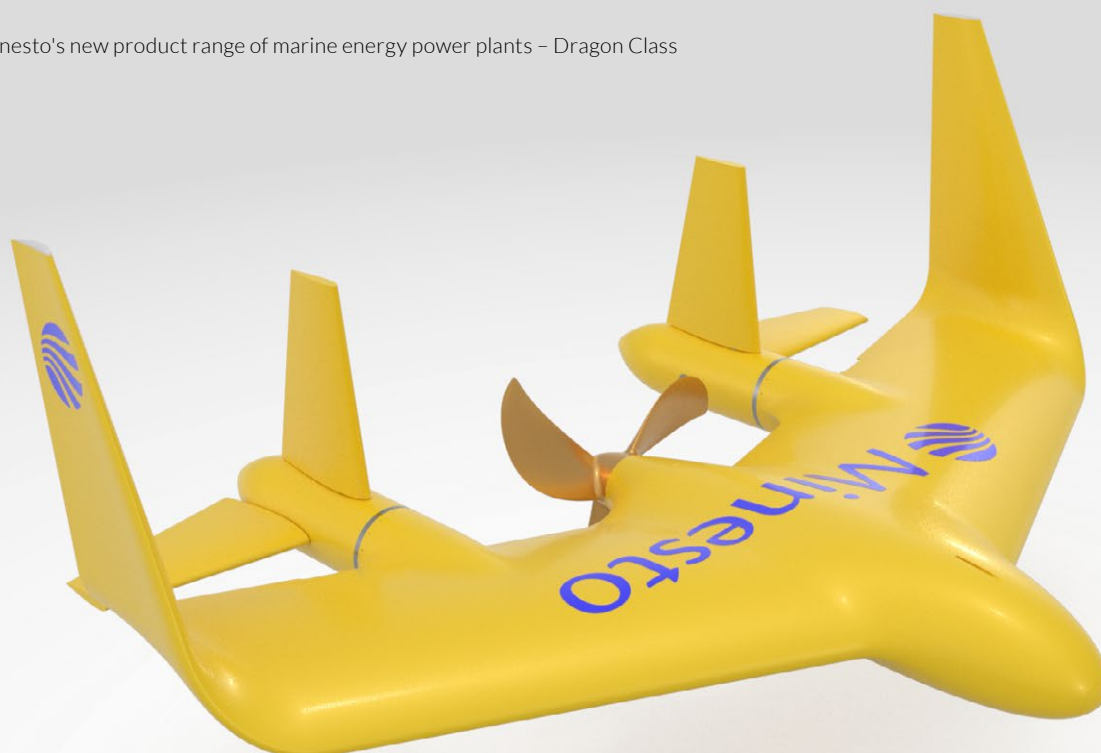
Rising electricity prices demonstrate the importance of a balanced energy mix

In a few weeks, the UN climate conference COP26 begins. Anything other than further sharpened commitments to slow down global warming would be devastating for our planet. At the same time, rising electricity prices around Europe have recently demonstrated the importance of energy transition being built on a balanced energy mix. The most cost-effective way to complement unpredictable solar and wind power is to develop plannable production of renewable electricity from ocean and tidal currents.

With a clear customer and societal value in our offering, partnerships with key global players and a strong team, we have excellent opportunities to become an established player in the new energy market.

Martin Edlund, CEO

Minesto's new product range of marine energy power plants – Dragon Class



Group Financial information in summary

Income

SEK thousand	Jan-Sep 2021	Jan-Sep 2020	Full Year 2020
Operating income	31,202	33,078	43,991
Operating costs	-44,385	-42,548	-57,104
Operating profit/loss	-13,183	-9,470	-13,113
Financial items	1,128	-2,352	-3,587
Tax	2,489	2,418	3,397
Net profit/loss for the period	-9,566	-9,404	-13,304
Earnings per share, SEK	-0.07	-0.07	-0.11
Earnings per share after dilution, SEK	-0.07	-0.07	-0.10

Balance

SEK thousand	30 Sep 2021	30 Sep 2020	31 Dec 2020
Total non-current assets	351,759	275,262	297,176
Total current assets	208,685	163,419	132,962
Total equity	543,018	412,231	411,784
Total liabilities	17,426	26,451	18,353
Equity ratio, %	97	94	96

Cash flow

SEK thousand	Jan-Sep 2021	Jan-Sep 2020	Full Year 2020
Cash flow from operating activities before changes in working capital	-13,724	-9,986	-12,984
Changes in working capital	1,451	-5,191	99,393
Cash flow from investing activities	-51,613	-27,831	-61,095
Cash flow from financing activities	140,144	108,750	26,125
Cash and cash equivalents at beginning of period	104,358	53,985	53,986
Cash flow for the period	76,257	65,743	51,438
Exchange rate difference for cash equivalents	926	-4,331	-1,066
Cash and cash equivalents at end of period	181,540	115,398	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

2022-03-17

Year-End Report 2021

Göteborg on 21 October 2021

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 for the year

Result after taking into account actual tax and 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.

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This information is such that Minesto AB (publ) shall announce publicly according to the EU Regulation No 596/2014 on market abuse (MAR). The information was submitted for publication, through the agency of the contact person set out above, at 07:00 CEST on 21 October 2021.