

INTERIM MANAGEMENT STATEMENT  
1 JANUARY - 30 SEPTEMBER

# 2022





# Significant events July–September 2022

- In the beginning of September, it was announced that the commissioning of the second unit of the tidal energy power plant *Dragon 4* was commencing. The commissioning is being executed with important experience of cost-efficient onshore and offshore operations. In Vestmanna, Minesto has established a flexible setup where a small team can assemble and launch the system in a few hours.
- In September, Minesto announced that the company has been selected to participate in the Swedish business delegation at the United Nations Climate Change Conference COP27 that will take place in Egypt in November. The partnership provides good opportunities to disseminate knowledge about the company's technology to the world's utility companies and governmental authorities, with the ambition to put predictable ocean energy on the global energy transition agenda.



The tidal power plant *Dragon 4* is delivered to Vestmanna, Faroe Islands.

## After the end of the period

- In early October, the company announced that the site development of the world's first tidal energy kite array in Hestfjord, Faroe Islands, is progressing according to plan. The total planned capacity of the array is about 30 MW, and the annual yield of the site is estimated to be 84 GWh. The assessment work undertaken covers all aspects of the site development, including environmental assessment studies, cable routing and grid connection points.

This document is a translation of Minesto AB's Interim Management Statement in Swedish that was published on 20 October 2022. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.



In Vestmanna, Minesto can assemble and launch the system in a few hours.

## 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

## 1 January–30 September 2022

- Total operating income amounted to SEK 33,935 thousand (31,202 thousand) and mainly included capitalised development work.
- Operating loss was SEK -15,822 thousand (-13,183 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 31,715 thousand (29,105 thousand) has been capitalised as development work.
- At the end of the period, capitalised development costs amounted to SEK 354,737 thousand (275,919 thousand), in addition to capitalised patent expenses of SEK 14,795 thousand (14,077 thousand), all within the intangible assets of SEK 369,532 thousand (289,996 thousand).
- Grants of SEK 48,913 thousand (15,865 thousand) were accrued during the period, of which SEK 46,821 thousand (13,856 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 27,146 thousand (14,809 thousand) were received from public funding schemes, of which the entire amount (14,809 thousand) relates to approved claims.
- Cash flow amounted to SEK -83,218 thousand (76,257 thousand). At the end of the period, cash and cash equivalents amounted to SEK 67,852 thousand (181,540 thousand).
- At the end of the period, equity amounted to SEK 525,910 thousand (543,018 thousand) divided into 137,655,143 shares (137,655,143 shares), of which loss for the period was SEK -11,868 thousand (-9,566 thousand).

SEK thousand	Jan-Sep 2022	Jan-Sep 2021	Full Year 2021
Net sales	—	—	—
Operating profit/loss	-15,822	-13,183	-20,136
Net profit/loss for the period	-11,868	-9,566	-14,929
Cash flow for the period	-83,218	76,257	45,396



## CEO comment

## A global net-zero enabler



*Significant potential for green electricity through tides and ocean currents is found in Southeast Asia.*

With the technical and operational progress made in the Faroe Islands, we are equipped with unique experience that is directly applicable to new markets. This applies to the very positive development of the world's first tidal energy kite array in Hestjford. With important studies on environmental assessments, cable routing and grid connection points in place, the design of the array is beginning to crystallize, and what awaits us is the realisation of an energy array that will be the first-of-its-kind.

The progression strengthens us in our dedicated mission to demonstrate the commercial viability of tidal power. For many of the world's coastal and seaside countries, tidal power can be the key to a national, net-zero energy system.

As we advance our technical and operational positions, we are accelerating our marketing activities synchronously. We are now carrying out two major projects primarily with the ambition to establish new markets: participation in the Swedish business delegation in the COP27 Conference in Egypt in November, and a targeted acceleration programme for Southeast Asia in close collaboration with Business Sweden locally.

#### **The United Nations COP27 – a platform for new partnerships**

Minesto's participation at COP27 is a strategic and comprehensive initiative that provides direct access to contacts within government bodies as well as international businesses. Leveraging on the brand of Sweden and a well-balanced selection of Swedish industry actors, Minesto has the opportunity to reach new contacts globally. At the climate summit, where the countries of the world negotiate commitments to slow down climate change and achieve the goals set in the Paris Agreement, there is a clear focus on national commitments. Energy supply is in many ways internationalized, but the path to net-zero is governed by the national ability to promote the development of those renewable resources it has access

to. In this context, we have an important task to propagate the message of 100 percent predictable ocean energy from tides and ocean currents as a complement to more weather dependent alternatives, such as wind and solar.

#### **Intensified activities for establishing Minesto in Southeast Asia**

Significant potential for green electricity through tides and ocean currents is found in Southeast Asia. At the time of publication of this text, I am on an extensive meeting tour in Japan, Taiwan, Indonesia, and the Philippines; with the aim of accelerating the establishment in one of our most important future markets. The initiative is a programme collaboration that is carried out with Business Sweden locally and entails meetings and dialogues with a wide range of representatives from state-controlled energy companies, local energy ministries and project developers.

It is my belief that there is great and genuine interest in our technology that has potential to create many different interesting partnerships. Such partnerships can unlock the so far untapped nature resource that so clearly answers the, in many cases, acute energy demands. A global challenge that can be addressed by a global nature resource for local success, just like our Faroe Islands case, and completely in line with the spirit of COP27.

Martin Edlund, CEO

## Group

## Financial information in summary

## Income

SEK thousand	Jan–Sep 2022	Jan–Sep 2021	Full Year 2021
Operating income	33,935	31,202	41,869
Operating costs	–49,757	–44,385	–62,004
<b>Operating profit/loss</b>	<b>–15,822</b>	<b>–13,183</b>	<b>–20,136</b>
Financial items	870	1,128	1,358
Tax	3,084	2,489	3,848
<b>Net profit/loss for the period</b>	<b>–11,868</b>	<b>–9,566</b>	<b>–14,929</b>
Earnings per share, SEK	–0.09	–0.07	–0.11
Earnings per share after dilution, SEK	–0.09	–0.07	–0.11

## Balance

SEK thousand	30 Sep 2022	30 Sep 2021	31 Dec 2021
Total non-current assets	435,954	351,759	375,888
Total current assets	125,732	208,685	183,614
Total equity	525,910	543,018	537,751
Total liabilities	35,776	17,426	21,751
Equity ratio, %	94	97	96

## Cash flow

SEK thousand	Jan–Sep 2022	Jan–Sep 2021	Full Year 2021
Cash flow from operating activities before changes in working capital	–15,312	–13,724	–21,189
Changes in working capital	–10,675	1,451	778
Cash flow from investing activities	–57,232	–51,613	–74,455
Cash flow from financing activities	–	140,144	140,262
Cash and cash equivalents at beginning of period	150,890	104,358	104,358
Cash flow for the period	–83,218	76,257	45,396
Exchange rate difference for cash equivalents	180	926	1,136
Cash and cash equivalents at end of period	67 852	181,540	150,890

## 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 2021 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

2023-03-16      Year-End Report 2022

2023-03-23      Annual Report 2022

Göteborg on 20 October 2022

**Martin Edlund**  
CEO

# Definitions of Key Performance Indicators

**Operating income**

All income, including capitalised development work.

**Operating profit/loss**

Result after depreciation.

**Net profit/loss for the period**

Results after taking into account deferred tax.

**Equity ratio**

Adjusted equity in relation to total assets.

**Earnings per share**

Net loss in relation to the weighted average number of shares.

**Earnings per share after dilution**

Net loss in relation to the weighted average number of shares plus potential shares.

# Contact

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This information is such that Minesto AB (publ) shall announce publicly according to the EU Regulation No 596/2014 on market abuse (MAR). The information was submitted for publication, through the agency of the contact person set out above, at 08:30 CEST on 20 October 2022.

