



YEAR-END REPORT 2021





Significant events October–December 2021

- Minesto continued to strengthen the company's market organisation ahead of the commercial scale up with Cecilia Sernhage as new Communication Manager.
- In December, Minesto announced that the company's utility-scale Dragon Class power plants, based on analysed production data and verified simulations, are each projected to produce 3.5 GWh of clean electricity per year at identified sites.
- Within the framework of the companies' strategic collaboration, Minesto and Schneider Electric participated together in the energy conference Enlit Europe to promote the companies' joint offer to the energy industry.

After the end of the period

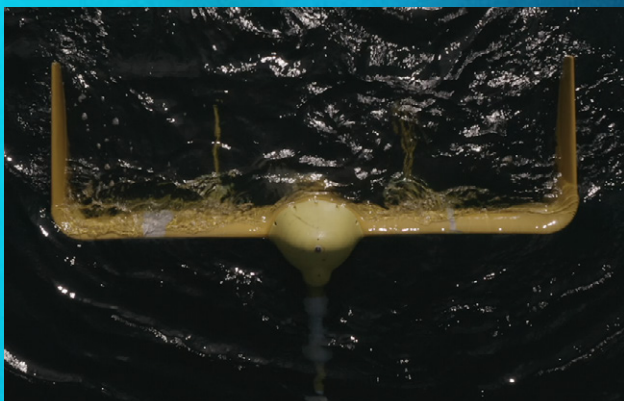
- In March, Minesto announced that the company has decided to focus on grid-connected installation of the Dragon Class systems D4 and D12 within the existing power purchase agreement in the Faroe Islands. Through this, Minesto will be able to benefit from significant synergies, risk mitigation and opportunities to conduct a more cost-effective operation, while at the same time enabling a quicker route to commercial roll out.



Minesto's CEO Dr Martin Edlund together with Gary Lawrence, Power and Grid Segment President at Schneider Electric, during the energy conference Enlit Europe.

This document is a translation of Minesto AB's Year-End Report in Swedish that was published on 17 March 2022. 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.

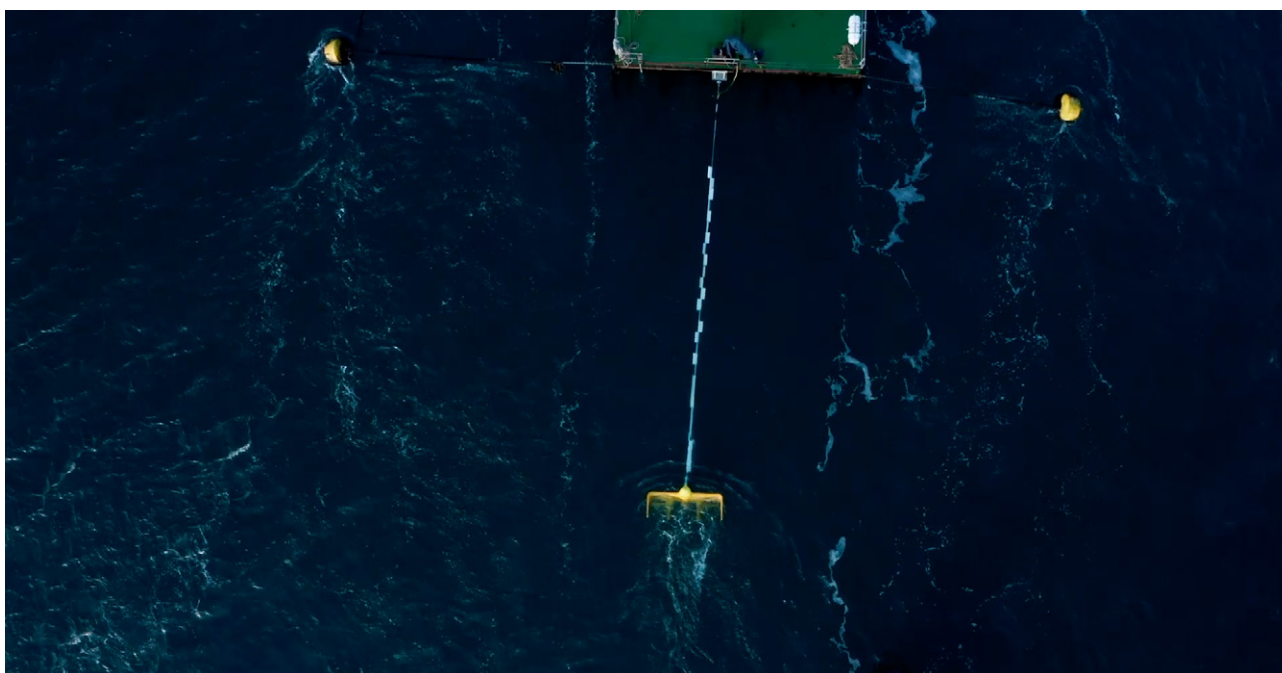
Read more at www.minesto.com.

The Group in summary

1 January–31 December 2021

- Total operating income amounted to SEK 41,869 thousand (43,991 thousand) and mainly included capitalised development work of SEK 38,763 thousand (40,063 thousand).
- Operating loss was SEK -20,136 thousand (-13,113 thousand). The negative result is attributable to business development and administration related to technology development and includes costs such as personnel and consultants.
- Earnings per share were SEK -0.11 (-0.11). The corresponding earnings per share after taking into account dilution of existing warrants were SEK -0.11 (-0.10).
- At the end of the year, capitalised development costs amounted to SEK 298,405 thousand (225,077 thousand), in addition to capitalised patent expenses of SEK 14,432 thousand (13,396 thousand) within the intangible assets of SEK 312,838 thousand (238,473 thousand).
- Grants of up to SEK 26,796 thousand (53,790 thousand) were accrued during the year, of which SEK 24,245 thousand (50,054 thousand) reduced the acquisition value of the capitalised development costs. During the year, payments of SEK 20,758 thousand (69,569 thousand) were received from public funding schemes, of which SEK 19,809 thousand (68,633 thousand) relates to approved claims and the remainder relates to advances.
- Cash flow amounted to SEK 45,396 thousand (51,438 thousand).
- At the end of the year, equity amounted to SEK 537,751 thousand (411,784 thousand).

SEK thousand	Jan–Dec 2021	Jan–Dec 2020
Net sales	0	0
Operating loss	-20,136	-13,113
Net loss	-14,929	-13,304
Cash flow for the period	45,396	51,438



Scale model of Minesto's next generation marine power plant – Dragon Class – in testing at the company's facility in Strangford Lough, Northern Ireland.

CEO comment

Focusing on Vestmannaasund is the most effective way to create industrial value

We recently announced the decision to concentrate Minesto's operational activities with our new, upgraded Dragon Class power plants in Vestmannaasund in the Faroe Islands. Working closely with our customer and partner in the Faroe Islands, the electric utility company SEV, under the existing power purchase agreement, the plan for 2022 is first to install two D4 units, followed by a D12 unit – our first megawatt-scale power plant – for grid-connected operations in Vestmannaasund.

Co-location provides significant synergies

By concentrating our installations in one geographical location, we will achieve significant synergies in terms of risk reduction, logistics, and cost. It is the most efficient way to create industrial value – by demonstrating the upgraded power plants performance, generating revenue, and driving future large-scale expansion of ocean energy farms. All in all, this means that:

- The funding agreements with the Welsh European Funding Office (WEFO) and the Interreg Tidal Stream Industry Energiser Project (TIGER) remain in place unchanged.
- We are deepening the very productive collaboration with SEV in the Faroe Islands to take it – and Minesto's technology as an enabler in the island nation's transition to 100 percent renewable electricity production – to the next level. We have held several meetings with key stakeholders in the Faroe Islands in March 2022, including meeting with the Prime Minister, where we concreted in place the roadmap for large-scale expansion of tidal power in the Faroes.
- We are shifting our focus in Wales on the project scope, from commissioning of one unit to securing consenting and expansion for an 80 MW commercial array in the Holyhead Deep.
- The collaboration within the TIGER project, to demonstrate the cost of energy reduction roadmap and to demonstrate the low environmental impact of operations, continues.

Successful testing of Dragon Class

During the winter, we have conducted ocean testing of Dragon Class in scale model, D2, at our facility in Strangford Lough, Northern Ireland. The tests have delivered record level performance, in terms of energy production, and verified our CFD simulations, in combination with production data from the DG100 operations in Vestmannaasund. Therefore, we are confident that Minesto's next generation marine power plants are commercially ready to demonstrate the viability of marine energy as indispensable baseload power in a fully renewable energy system. We are, to say the least, excited to demonstrate the commercial potential of the dragons during the year.

Joint and complete customer offer

Within the framework of the strategic collaboration with Schneider Electric, during the winter we have carried out marketing activities and technical development to strengthen the joint offering. We participated together in the international energy conference Enlit Europe where we held many meetings with potential customers and partners.



Effects of the Corona pandemic

During the year, the Corona pandemic continued to pose challenges related to planning and logistics, as well as delivery delays from some suppliers – which has contributed to the company's decision to concentrate all installations in 2022 to the Faroe Islands. Despite the challenges, the team has done a brilliant job of driving the development of our technology and projects forward during the past year. We look forward to increasing the intensity of customer and marketing activities as the world hopefully now opens up for business.

The war in Ukraine

At the same time, for almost a month now, we face a terrible situation in Europe because of Russia's invasion of Ukraine. The political and economic consequences of the war are as difficult to predict, as the humanitarian catastrophe is impossible to grasp. Minesto has so far been spared from direct effects of the war in the sense that we have no employees, suppliers, partners or customers in Ukraine or Russia. For the international community, this crisis is now being added to the ongoing climate crisis, where the work to limit global warming can unfortunately not be put on hold.

For energy-producing technology, the concept of sustainability can now be seen more and more clearly in a broader perspective. Our need for energy systems that are locally secure, independent of dictatorships, do not affect the climate and that we can afford has never been greater. The work at Minesto to contribute to the solution has never been more important.

Dr Martin Edlund, CEO

Group Income Statement

SEK thousand	Jan-Dec 2021	Jan-Dec 2020
Operating income		
Capitalised development work	38,763	40,063
Other operating income	3,106	3,928
Total income	41,869	43,991
Operating expenses		
Other external expenses	-15,114	-12,030
Personnel costs	-46,714	-44,909
Depreciation	-176	-166
Total costs	-62,004	-57,104
Operating loss	-20,136	-13,113
Profit/loss from financial items		
Interest income and similar income statement items	1,379	–
Interest expense and similar income statement items	-21	-3,587
Total profit/loss from financial items	1,358	-3,587
Loss after net financial items	-18,777	-16,700
Tax on net loss	3,848	3,397
Net loss	-14,929	-13,304
Attributable to		
Shareholders in the Parent Company	-14,929	-13,304

Group Balance Sheet

SEK thousand	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	312,838	238,473
Tangible assets	809	952
Financial assets	62,241	57,751
Total non-current assets	375,888	297,176
Current assets		
Current receivables	32,724	28,604
Cash and cash equivalents	150,890	104,358
Total current assets	183,614	132,962
TOTAL ASSETS	559,501	430,137
EQUITY AND LIABILITIES		
Equity	537,751	411,784
Non-current liabilities	500	500
Current liabilities	21,251	17,853
TOTAL EQUITY AND LIABILITIES	559,501	430,137

Group

Statement of Changes in Equity

SEK thousand	Share capital	Additional paid-up capital	Other equity incl. result for the year	Total equity
2020				
At beginning of the year	6,280	583,926	-191,504	398,703
<i>Changes</i>				
Net loss for the year	–	–	-13,304	-13,304
Translation differences	–	–	152	152
Warrants	149	26,502	–	26,651
Issue expenses, net of tax effect	–	-417	–	-417
Total changes	149	26,085	-13,152	13,082
Equity at year-end	6,429	610,011	-204,656	411,784
2021				
At beginning of the year	6,429	610,011	-204,656	411,784
<i>Changes</i>				
Net loss	–	–	-14,929	-14,929
Translation differences	–	–	17	17
New shares according to warrants	454	142,799	–	143,252
Issue expenses, net of tax effect	–	-2,374	–	-2,374
Total changes	454	140,425	-14,912	125,967
Equity at year-end	6,883	750,436	-219,568	537,751

Group Cash Flow Statement

SEK thousand	Jan-Dec 2021	Jan-Dec 2020
Operating activities		
Loss after net financial items	-18,777	-16,700
Adjustments for items not included in cash flow	-2,412	3,716
Cash flow from operating activities before changes in working capital	-21,189	-12,984
Changes in working capital		
Changes in operating receivables	-2,361	111,025
Changes in operating liabilities	3,139	-11,632
Cash flow from changes in working capital	778	99,393
Cash flow from operating activities	-20,411	86,409
Investing activities		
Investments in intangible assets	-74,365	-60,773
Investments in property, plant and equipment	-90	-323
Cash flow from investing activities	-74,455	-61,095
Financing activities		
Warrants	143,252	26,651
Issue expenses	-2,990	-525
Cash flow from financing activities	140,262	26,125
Cash and cash equivalents at beginning of period	104,358	53,986
Cash flow for the period	45,396	51,438
Exchange rate difference for cash equivalents	1,136	-1,066
Cash and cash equivalents at end of period	150,890	104,358

Group Key Performance Indicators

	Jan-Dec 2021	Jan-Dec 2020
Profitability		
Operating income, SEK thousand	41,869	43,991
Operating loss, SEK thousand	-20,136	-13,113
Net loss for the year, SEK thousand	-14,929	-13,304
Return on equity, %	neg.	neg.
Capital structure		
Equity ratio, %	96	96
Weighted average of outstanding shares	134,438,674	126,543,315
Potential shares attributable to outstanding warrants as per close of balance	1,768,250	10,798,202
Earnings per share, SEK	-0.11	-0.11
Earnings per share after dilution, SEK	-0.11	-0.10
Dividend per share, SEK	0	0
Personnel		
Average number of employees	59	58
Personnel costs, SEK thousand	-46,714	-44,909

Definitions, see page 17.

Comments on the Group's Income Statement and Balance Sheet

Position and results

The Group's operating income amounted to SEK 41,869 thousand (43,991 thousand) and consisted mainly of capitalised development work. Net sales amounted to SEK 0 thousand (0 thousand) and the operating loss was SEK -20,136 thousand (-13,113 thousand). The negative result is attributable to business development and administration related to technology development and includes costs such as personnel and consultants. Of the personnel costs, SEK 38,763 thousand (40,063 thousand) has been capitalised as development work.

At the end of the year, the capitalised development costs amounted to SEK 298,405 thousand (225,077 thousand), in addition to capitalised patent expenses of SEK 14,432 thousand (13,396 thousand) within the intangible assets of SEK 312,838 thousand (238,473 thousand). All expenses are attributable to the development of Minesto's Deep Green technology and have been capitalised at the Parent Company.

Grants of up to SEK 26,796 thousand (53,790 thousand) were accrued during the year, of which SEK 24,245 thousand (50,054 thousand) reduced the acquisition value of capitalised development costs.

Cash flow and financial position

During the year, payments of SEK 20,758 thousand (69,569 thousand) were received from public funding schemes, of which SEK 19,809 thousand (68,633 thousand) relates to approved claims and the remainder relates to advances.

The Group's cash flow amounted to SEK 45,396 thousand (51,438 thousand). At the end of the year, cash and cash equivalents amounted to SEK 150,890 thousand (104,358 thousand).

Changes in equity

At the end of the year, the Group's equity amounted to SEK 537,751 thousand (411,784 thousand). During the year, a total of SEK 140,879 thousand (26,234 thousand), after issue expenses, was added to the Company's equity through the exercise of warrants.

At the end of the year, there were 137,655,143 (128,582,804) registered shares, each with a quota value of SEK 0.05 (0.05).

Parent Company

Income Statement

SEK thousand	Jan–Dec 2021	Jan–Dec 2020
Operating income		
Capitalised development work	23,660	25,378
Other operating income	416	70
Total income	24,076	25,448
Operating expenses		
Other external expenses	-10,876	-12,462
Personnel costs	-31,417	-29,372
Depreciation	-176	-166
Total costs	-42,468	-42,000
Operating loss	-18,392	-16,552
Profit/loss from financial items		
Interest expense and similar income statement items	-434	-2
Total profit/loss from financial items	-434	-2
Loss after net financial items	-18,826	-16,554
Tax on net loss	3,850	3,398
Net loss	-14,977	-13,156
Attributable to		
Shareholders in the Parent Company	-14,977	-13,156

Parent Company Balance Sheet

SEK thousand	31 Dec 2021	31 Dec 2020
ASSETS		
Non-current assets		
Intangible assets	312,838	238,473
Tangible assets	459	545
Financial assets	88,022	88,992
Total non-current assets	401,318	328,009
Current assets		
Current receivables	9,932	11,113
Cash and cash equivalents	144,197	88,667
Total current assets	154,129	99,779
TOTAL ASSETS	555,448	427,789
EQUITY AND LIABILITIES		
Equity	537,553	411,651
Non-current liabilities	707	656
Current liabilities	17,188	15,482
TOTAL EQUITY AND LIABILITIES	555,448	427,789

Parent Company

Statement of Changes in Equity

SEK thousand	Share capital	Fund for development	Share premium	Balanced results	Loss for the year	Total equity
2020						
At beginning of the year	6,280	165,346	193,126	133,798	-99,978	398,574
<i>Changes</i>						
Allocation of previous year's result	–	–	-193,126	93,149	99,978	–
Warrants	149	–	26,502	–	–	26,651
Issue expenses, net of tax effect	–	–	-417	–	–	-417
Fund for development	–	59,730	–	-59,730	–	–
Net loss for the year	–	–	–	–	-13,156	-13,156
Total changes	149	59,730	-167,042	33,419	86,821	13,077
Equity at year-end	6,429	225,077	26,085	167,217	-13,156	411,651
2021						
At beginning of the year	6,429	225,077	26,085	167,217	-13,156	411,651
<i>Changes</i>						
Allocation of previous year's result	–	–	-26,085	12,929	13,156	–
Warrants	454	–	142,799	–	–	143,252
Issue expenses, net of tax effect	–	–	-2,374	–	–	-2,374
Fund for development	–	73,329	–	-73,329	–	–
Net loss for the period	–	–	–	–	-14,977	-14,977
Total changes	454	73,329	114,340	-60,400	-1,821	125,902
Equity at year-end	6,883	298,405	140,425	106,817	-14,977	537,553

Parent Company

Cash Flow Statement

SEK thousand	Jan–Dec 2021	Jan–Dec 2020
Operating activities		
Loss after net financial items	-18,826	-16,554
Adjustments for items not included in cash flow	176	166
Cash flow from operating activities before changes in working capital	-18,651	-16,388
Changes in working capital		
Changes in operating receivables	1,180	91,793
Changes in operating liabilities	1,707	-10,849
Cash flow from changes in working capital	2,887	80,944
Cash flow from operating activities	-15,764	64,556
Investing activities		
Investments in intangible assets	-74,365	-60,773
Investments in property, plant and equipment	-90	-323
Acquisition of subsidiaries	–	-71
Change of receivables from Group companies	5,435	7,826
Cash flow from investing activities	-69,019	-53,341
Financing activities		
Warrants	143,252	26,651
Issue expenses	-2,990	-525
Change of liabilities, Group companies	51	53
Cash flow from financing activities	140,314	26,179
Cash and cash equivalents at beginning of period	88,667	51,273
Cash flow for the period	55,530	37,394
Cash and cash equivalents at end of period	144,197	88,667

Parent Company

Key Performance Indicators

	Jan–Dec 2021	Jan–Dec 2020
Profitability		
Operating income, SEK thousand	24,076	25,448
Operating loss, SEK thousand	-18,392	-16,552
Net loss for the year, SEK thousand	-14,977	-13,156
Return on equity, %	neg.	neg.
Capital structure		
Equity ratio, %	97	96
Weighted average of outstanding shares	134,438,674	126,543,315
Potential shares attributable to outstanding warrants as per close of balance	1,768,250	10,798,202
Earnings per share, SEK	-0.11	-0.10
Earnings per share after dilution, SEK	-0.11	-0.10
Dividend per share, SEK	0	0
Personnel		
Average number of employees	35	34
Personnel costs, SEK thousand	-31,417	-29,372

Definitions, see page 17.

Proposed allocation of results

After taking the loss for the year of SEK 14,977 thousand into account, non-restricted equity of SEK 232,265 thousand is available to the Annual General Meeting. The Board of Directors proposes that the entire amount should be carried forward.

AGM and Annual Report

The Annual General Meeting will be held on 8 June 2022 in Gothenburg.

The Annual Report for the fiscal year 2021 will be published on the Company's website on 24 March 2022.

Accounting principles and audit

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

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

This Year-End Report has not been the subject to an audit. The figures in this report are taken from the Minesto AB (publ) Annual Report 2021, for which an audit report was presented by Ernst & Young on 17 March 2022.

Risks

The Company's activity mainly involves developing and commercialising new technology. The Company's development is therefore associated with technical, financial and regulatory risks.

Please see the prospectus published in December 2019 in conjunction with Minesto's rights issue of units for more detailed information about the Company's risks. The prospectus is available on the Company's website.

Future information

2022-03-24	Annual Report 2021
2022-04-21	Interim Management Statement Jan–Mar 2022
2022-06-08	Annual General Meeting 2022
2022-08-18	Half-Year Report 2022
2022-10-20	Interim Management Statement Jan–Sep 2022

Göteborg on 17 March 2022

Jonas Millqvist
Chairman of the Board

Dr Martin Edlund
CEO

Definitions of Key Performance Indicators

Operating income

All income, including capitalised development work.

Operating result

Result after depreciation.

Net loss for the year

Result after taking into account actual tax and deferred tax.

Return on equity

Profit after tax in relation to equity.

Equity ratio

Equity in relation to total assets.

Weighted average of outstanding shares

Outstanding shares at the beginning of the period adjusted with newly issued shares during the period multiplied by the time weighting factor.

Potential shares attributable to outstanding warrants

Outstanding warrants as of the balance sheet date converted to potential shares.

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.

Dividend per share

Decided dividend per eligible share.

Average number of employees

Average number of employees during the period.

Personnel costs

Personnel costs during the period.

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 09:00 CET on 17 March 2022.