

INTERIM MANAGEMENT STATEMENT 1 JANUARY-30 SEPTEMBER

# 2023





# Significant events July–September 2023

- In September, the manufacturing of the Dragon 12 wing is completed and the system integration is initiated at quayside in Uddevalla port, Sweden. The quayside completion of the kite enables an efficient shipment directly to Minesto's tidal energy production site in Vestmannasund, Faroe Islands.
- Also, the build and functional testing of sea-bed connection system for the Dragon 12 was completed during the quarter. By that, the unique connection system, enabling one of the fastest launch and recovery operation in marine energy by "one-stab" operation, is ready for installation.

This document is a translation of Minesto AB's Interim Management Statement in Swedish that was published on 19th of October 2023. In the event of any inconsistency between the English and the Swedish versions, the latter shall prevail.



The wing of the Dragon 12 power plant.



## 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 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 2023

- Total operating income amounted to SEK 34,791 thousand (33,935 thousand) and mainly included capitalised development work.
- Operating loss was SEK -18,735 thousand (-15,822 thousand). The negative result is largely attributable to business development and administration related to technology development. Which includes costs such as personnel and consultants. Of the personnel costs, SEK 31,649 thousand (31,715 thousand) has been capitalised as development work.
- At the end of the period, capitalised development costs amounted to SEK 435,991 thousand (354,737 thousand), in addition to capitalised patent expenses of SEK 15,932 thousand (14,795 thousand), all within the intangible assets of SEK 451,924 thousand (369,532 thousand).
- Grants of SEK 25,849 thousand (48,913 thousand) were accrued during the period, of which SEK 23,612 thousand (46,821 thousand) reduced the acquisition value of the capitalised development costs. During the period, payments of SEK 40,533 thousand (27,146 thousand) were received from public funding schemes, of which the entire amount relates to approved claims.
- Cash flow amounted to SEK 24,724 thousand (-83,218 thousand). At the end of the period, cash and cash equivalents amounted to SEK 60,078 thousand (67,852 thousand).
- At the end of the period, equity amounted to SEK 533,164 thousand (525,910 thousand) divided into 160,732,694 shares (137,655,143 shares), of which loss for the period was SEK -16,635 thousand (-11,868 thousand).

SEK thousand	Jan-Sep 2023	Jan-Sep 2022	Full Year 2022
Net sales	390	—	—
Operating profit/loss	-18,735	-15,822	-23,745
Net profit/loss for the period	-16,635	-11,868	-84,439
Cash flow for the period	24,724	-83,218	-116,766





Comments from the CEO

# A unique competitiveness in the global energy transition



*Renewable energy from predictable tidal streams and ocean currents has important complementary traits that sun and wind are lacking.*

During this third quarter, Minesto focused on the Dragon 12 project, and now look forward to the commissioning of our first completed system in megawatt-scale. Ongoing commercial dialogues seek business opportunities that combine demonstration installation and long-term, large-scale buildout.

## **Renewable energy needs to triple by 2030 to keep the 1.5° C goal in reach**

In September this year, the IEA (International Energy Agency) published an updated Net Zero Roadmap stating that tripling the renewable energy capacity is vital to keep the 1.5° C goal in reach. This is an important driver for ocean energy, highlighted more and more clearly as one of the world's renewable energy sources that rapidly needs to be accelerated with supporting policy, international cooperation, and scaled-up finance. Renewable energy has indeed rapidly accelerated in recent years but is still dominated by solar and wind, concentrated in developed markets, according to the IEA. This is clearly inadequate to reach 100 percent in renewable energy systems.

## **Minesto's unique competitiveness**

Renewable energy from predictable tidal streams and ocean currents has important complementary traits that sun and wind are lacking. Among the most prominent advantages:

- A predictable, reliable electricity production
- A non-existent need for land use
- A reduced need for compensatory technology, such as energy storage
- A reduced need for rare materials with an insufficient supply for global buildout

In addition, Minesto's technology continues to stay competitive in the informed analysis of the tidal energy industry:

- Lightweight systems enable a very competitive LCOE (Levelised Cost of Energy) profile
- By the flight principle, the technology is applied in areas with low-velocity streams, which expands the market further

The momentum for Minesto's technology therefore comes not only from the need to meet climate targets, but also from the growing need for plannable production, renewable energy, energy security, jobs, and opportunities for industrial development. This remains at the core of how Minesto creates financial value for our owners.

## **COP28 - a platform to launch Minesto's technology globally**

It is both valuable and an honour to once again be part of the Swedish business delegation at the UN climate summit COP28, which will be held in Dubai in December this year. The energy transition is at the top of the agenda, and the energy sector, led by the IEA, has set a threefold increase in renewable energy as the most important goal at COP28. This is an effective global platform to launch Minesto's technology globally and to forge new partnerships internationally.

Martin Edlund, CEO

## Group

## Financial information in summary

## Income

SEK thousand	Jan–Sep 2023	Jan–Sep 2022	Full Year 2022
Operating income	34,791	33,935	45,749
Operating costs	-53,526	-49,757	-69,494
<b>Operating profit/loss</b>	<b>-18,735</b>	<b>-15,822</b>	<b>-23,745</b>
Financial items	2,099	870	1,271
Tax	—	3,084	-61,965
<b>Net profit/loss for the period</b>	<b>-16,635</b>	<b>-11,868</b>	<b>-84,439</b>
Earnings per share, SEK	-0,10	-0,09	-0,61
Earnings per share after dilution, SEK	-0,10	-0,09	-0,61

## Balance

SEK thousand	Jan–Sep 2023	Jan–Sep 2022	Full Year 2022
Total non-current assets	453,030	435,954	393,769
Total current assets	99,652	125,732	92,406
Total equity	533,164	525,910	453,343
Total liabilities	19,518	35,776	32,832
Equity ratio, %	96	94	93

## Cash flow

SEK thousand	Jan–Sep 2023	Jan–Sep 2022	Full Year 2022
Cash flow from operating activities before changes in working capital	-18,780	-15,312	-23,299
Changes in working capital	6,313	-10,675	-13,282
Cash flow from investing activities	-59,538	-57,232	-80,185
Cash flow from financing activities	96,729	—	—
Cash and cash equivalents at beginning of period	34,579	150,890	150,890
Cash flow for the period	24,724	-83,218	-116,766
Exchange rate difference for cash equivalents	775	180	455
Cash and cash equivalents at end of period	60,078	67,852	34,579

# 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

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 2022 for more detailed principles.

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

The Interim Management statement has not been reviewed by the company's auditor.

# Future information

2024-03-07 Year-End Report 2023

2024-03-14 Annual Report 2023

Gothenburg on 19 October 2023

**Martin Edlund**  
CEO

# Definitions of Key Performance Indicators    Contact

**Operating income**

All income, including capitalised development work.

**Operating loss**

Result after depreciation.

**Net loss**

Result after taking into account actual tax and deferred tax.

**Return on equity**

Profit after tax in relation to equity.

**Equity ratio**

Adjusted 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 weighing factor.

**Potential shares attributable to outstanding options**

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

**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.

**Dividend per share**

Decided dividend per eligible share.

**Average number of employees**

Average number of employees during the period.

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