

CEO MARTIN EDLUND COMMENTS ON MINESTO'S COMING RIGHTS ISSUE

We address the greatest global customer demand ever
– stopping global warming

The transition to a sustainable society is going faster and on a greater scale than we could have imagined just a few years ago. The demands on the political system, global companies and individuals to contribute are acute and relentless. Today, no one is unaffected or excluded.

The clearest and most acute problem highlights the transition from the consumption of enormous quantities of fossil fuels to a totally renewable and financially sustainable energy system. Both science and public opinion are agreed that this is extremely urgent. That is why it is gratifying to observe that the change is happening now, and the rate of change is unprecedented in industrial history. In addition, the pressure to accelerate the rate of change is inescapable.

The most logical way forward is to supplement with new renewable electricity production

Until now, the energy transition has been driven by increasingly cost-effective solutions utilising solar radiation and the kinetic energy of the wind. This renewable and cost-effective combination is making the transition as commercially viable as it is essential for our survival. In the parts of the world where the transition has come the furthest, people have been forced to realise that these energy sources will only take us halfway to the goal.

Production from these sources cannot be demand-driven, as it is dictated by the reality that sunshine and wind are not always present and vary in strength and duration. Humanity is working intensively under considerable incentives to change consumption patterns and develop different technologies for storing energy. This will indeed be essential, but the straightest and most logical way forward is to supplement these intermittent sources with new renewable electricity production which can supply predictable, baseload power.

The kinetic energy in the world's oceans is created by the rotation of the earth and the gravitational pull of the moon and sun, which makes it baseload by nature. Power from water is the oldest and most proven renewable energy that we use, not least in Sweden. Minesto's technology takes us beyond rivers and streams and transforms the world's oceans to a new source of energy.



We address the greatest global customer demand ever

In market terms, we can conclude that Minesto's Deep Green technology addresses the greatest global customer demand ever – stopping global warming. We are meeting this demand by providing a unique technology which guarantees 100 percent renewable and predictable electricity production on a global scale. Ocean currents are constant, and tidal flows can be predicted with precision indefinitely.

Our first concrete steps in this direction are in a project portfolio in which, jointly with local partners and customers, we are expanding electricity production based on tidal streams or ocean currents.

The joint project with the electric utility company SEV on the Faroe Islands is the most concrete example of how the transition to 100 percent renewable electricity generation which integrates tidal energy creates massive real financial value as well as safe and secure energy production. SEV's own calculations show that Minesto's solution reduces the total capacity requirement of the electricity system and radically reduces the need for energy storage compared with an energy system based on other intermittent sources. Quite simply, it provides more energy for a smaller investment.

Partnerships with global energy companies

Activities in the UK are proceeding according to plan in Holyhead, North Wales, where a new assembly and servicing building is now completed, and the development of an 80 MW production site in the Holyhead Deep is underway. We have received strong financial support from the Welsh government, and the development of our large power plant (1MW) for marine energy farms is part of the same collaboration. The tidal resources of UK waters from Scotland in the north to the Irish Sea off Wales and down to the English Channel in the south have the potential to supply the essential baseload, which is necessary as most of the future nuclear investments have not had the financial sustainability to be carried on.

Our work in Taiwan and Florida aims to utilise continuous ocean currents to supply baseload to the local grid. Our collaboration in France with one of the world's largest electricity companies, EDF, is just beginning, but EDF has shown great interest in learning about Minesto's technology. Our collaboration with the UN agency UNOPS, focusing on electricity supply to exposed island nations, is creating promising conditions to kick-start Microgrid projects, as well as opening doors for new partnerships with global energy companies.

Liquidity position is stronger than ever

Our three European projects (the Faroe Islands, Wales and France) constitute the primary activities in the financing portfolio which was granted through public financing sources over the summer of 2019. The private placement we completed in October secures the capital for matching funds which is required for the granted public funds to be disbursed during the running time of the projects, i.e. the next two years. The total access to capital of around SEK 280 million (present cash plus development funds granted) puts us in a strong position, and our liquidity position is stronger than ever. Based on the volumes of public funding

support which have been received and granted, we can confirm that Minesto enjoys the highest confidence with public finance agencies among all Europe's innovations in renewable energy technology.

The forthcoming rights issue amounts to around SEK 85.9 million and gives shareholders the opportunity to participate on the same terms as the private placement in October. In addition to that, the rights issue will give us the opportunity to initiate more customer collaborations and installation projects, preferably within the frameworks for the vast availability of public financing which is being launched from 2020 and onwards, focusing on renewable energy and innovation linked to the marine environment.

A complete financing arrangement

Both issues are based on units, with each unit containing one share and one warrant. The exercise period for the warrants runs through 30 April 2021, and this will enable a third investment step of up to around SEK 200 million. If we are to be able to accept orders from major players and supply project customers with power plants, we must have a strong financial position and delivery capacity. This third stage of investment will put Minesto on a sound financial footing for the long term.

We own a unique and verified technology that is both driving and enabling the transition to a fossil-free society. It is a privilege to develop a business which satisfies a need which is constantly growing in scope and strength, driven by political will, scientific fact and ever strengthening public opinion.

From now on, fossil natural resources can be left in the ground, where they belong.

Gothenburg, 2nd of December 2019

Dr Martin Edlund, CEO