

Q4



Year-End Report January-December 2022

Financial development

Fourth quarter, 1 October – 31 December 2022

- Sales amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.8 million (-2.0)
- Investments amounted to SEK -0.3 million (-1.8)
- Earnings per share before and after dilution amounted to -0.08 SEK (-0.05)

Full year, 1 January – 31 December 2022

- Sales amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -10.4 million (-8.8)
- Investments amounted to SEK -5.0 million (-3.5)
- Earnings per share before and after dilution amounted to -0.28 SEK (-0.26)
- Cash and cash equivalents amounted to SEK 2.7 million (2.8) on 31 December 2022

Significant events during the fourth quarter 2022

- Outstanding loans of SEK 15.5 million have been prolonged until 31 March 2023.
- Entered agreements for additional loans of SEK 3 million and these mature on 31 March 2023
- The company was granted a new exploration permit at Blötberget
- Entered a Letter of Intent with Hitachi Energy regarding a power station

Significant events after the period

- The company has entered an engineering agreement with VB Elnät
- The repayment of outstanding loans of SEK 18.5 million has been extended until 30 June 2023

Key ratios (Group)

	2022 Oct – Dec	2021 Oct - Dec	2022 Jan - Dec	2021 Jan - Dec
Group				
Equity/Assets-ratio (%)	85.36%	93.83%	85.36%	93.83%
Earnings per share, before and after dilution	-0.08	-0.05	-0.28	-0.26
Equity per share	3.91	4.19	3.91	4.19
Quick ratio (%)	13.97%	40.60%	13.97%	40.60%
No. of shares	37,135,055	37,135,055	37,135,055	37,135,055
Weighted average no. of shares before dilution	37,135,055	36,748,961	37,135,055	34,380,990
Weighted average no. of shares after dilution	37,135,055	36,748,961	37,135,055	34,380,990

CEO comments

We are getting closer

We are continuing our negotiations with Cargill and are optimistic about entering into an agreement shortly. The purpose of the negotiations is to reach acceptable delivery terms in combination with engaging a long-term investor and strategic partner who can contribute to Nordic Iron Ore's development and financing.

After an offtake agreement has been signed, with current schedules and calculations, there is a lead time of approximately three years after the agreement is entered into before the mining operation can be expected to begin in Blötberget. The mine is expected to produce approximately 1.6 million tons of iron ore concentrate per year with an average iron grade close to 69%, one of the highest iron grades on the market. Such an iron ore concentrate is an important component in the reduction of the CO₂ intensity throughout a steel supply chain, at the same time the planned electric mining at Blötberget is expected to have an uniquely low CO₂ intensity per ton of iron ore concentrate.

What is also approaching is the 10th anniversary of the obtained environmental permit and thus the time for some of the specified conditions in the permit for the water activities that need to be ensured that they are handled within the given permit. Analysis of the given conditions and initial dialogue with authorities regarding the fulfillment of these conditions has begun.

Short-term financing

Until we have finalized an agreement with Cargill and a capitalization, Nordic Iron Ore will have limited capital to finance the business. With current operating capital and existing loan facilities we are able to finance the business until the end of the second quarter 2023. The Board works actively with financing as an essential part of the company's strategy. We have now prolonged outstanding shareholder loans and are planning to complement our short-term loans with additional loans to secure bridge financing until an offtake agreement and subsequent capitalization is in place. We are conducting a limited operation with low costs until we start the more investment intensive planning and groundwork at Blötberget.

Secure power supply to the mine

Since both the process plant and the majority of the machines to be used in the mine will consume large amounts of electricity, we need to secure power supply to our mine area. During the quarter we entered into a Letter of Intent with Hitachi Energy for installation and management of a power station with a 50/12kV-power system. In order to secure initial power supply and ensure that the power station can be connected to the grid, we have also entered into an agreement with VB Elnät to review necessary measures to enable the supply of the initial power during the construction period of the power station and the final connection to the grid.

Preparations continue

In addition to negotiations with Cargill we have been contacting potential suppliers to request updated offers and proposals. Finalized agreements with suppliers are important to ensure that we can begin groundwork as soon as long-term financing has been secured and ensure that we have mining production in Blötberget by 2026. An example of an important agreement is the Letter of Intent with Hitachi Energy but we are also in similar discussions with a number of potential equipment suppliers and entrepreneurs which are expected to lead to additional LOI/MOU-agreements for different parts of the mine construction and future mining operations.

Even though we have not initiated a broader recruitment campaign, we are making preparations and early selection processes to strengthen our organization so that the company is ready to move quickly upon entering into an agreement with Cargill.

We also continue to make preparation with Oxelösund's port and the Swedish Transport Administration so that planned changes in the logistic chain are carried out in time for the planned production start in Blötberget.

Increased exploration activities

During the second half of 2022 we have increased our exploration efforts of our mineral resources in Blötberget which led us to apply for an additional exploration permit, an application which was later granted. The focus for the exploration is to conduct complementing analysis of existing data and adding geological data into models and calculations. We hope that this work will lead to a positive re-classification of mineral resources or an addition of mineralization to the mineral resource. Regardless of whether we are successful or not, this work will improve our understanding of the mineralization in Blötberget and form the basis for continued exploration and drilling programs.

Focus going forward

The short-term focus is to conclude the negotiations with Cargill, furthermore to secure the next stage of financing and the schedule for water operations as specified in the environmental permit. In parallel with that work, continue to prepare the organization and carry out contractual discussions with key partners and suppliers. We will also continue the initiated work with analysis of geological data and mineral resources. I look forward to keeping you updated on our continued progress.

Ronne Hamerslag

CEO

Nordic Iron Ore AB (publ)

Operations

Earnings

The period's result amounted to SEK -2.8 million (-2.0) during the fourth quarter. The result for the full year amounted to SEK -10.4 million (-8.8). The larger loss is due to increased other external costs. Earnings per share amounted to -0.08 SEK (-0.05) before and after dilution during the fourth quarter and to -0.28 SEK (-0.26) before and after dilution for the full year.

Financial position

Cash and cash equivalents amounted to SEK -2.7 million at the end of the period. The group's equity amounted to SEK 145.1 million and the equity/assets-ratio amounted to 85.36%.

During the period, the credit facility was increased with additional SEK 3 million to a total of SEK 18.5 million. After the period, the repayment time for this credit facility was prolonged by three months and the loans are now due for repayment on June 30, 2023.

In order for the company to achieve long-term goals and start mining, the company needs access to additional financing. With existing funds and previous financial commitments, we can finance the business until the end of the second quarter of 2023. It is the Board's assessment that existing working capital is not sufficient for all planned activities during the next twelve-month period. The Board works actively with financing as an essential part of the company's strategy. We have prolonged outstanding shareholder loans and plan to extend the short-term loans with additional loans to secure bridge financing until an offtake agreement is in place.

Investments

Investments amounted to SEK -0.3 million (-1.8) during the fourth quarter and to SEK -5.0 million (-3.5) during the full year. Investments exclusively relate to preparatory work on the planned re-start of mining production at Blötberget.

Share and ownership structure

Share capital amounted to 64,400,883 SEK at the end of the period divided upon 37,135,055 shares with a quota values of 1.734 SEK per share. The number of shareholders amounted to 7,943.

Employees

The company has had an average of 3 (3) full-time employees in the company and 6 (4) consultants have been used part-time.

Risks and uncertainties

The company's short-term risks are related to financing and the ability to execute certain works tasks as specified in the timetable of the environmental permit. Other risks are primarily connected to fluctuations in world market prices for iron ore products, which in turn affects the profitability of the project, and technical risks are the possibilities of starting the business depending on obtaining all the necessary authority permits and that the extensive capital requirement can be met.

Financial calendar

- Interim Report Q1 2023 and Annual General Meeting: 25 May 2023
- Interim Report Q2 2023: 24 August 2023
- Interim Report Q3 2023: 23 November 2023

Stockholm 23 February 2023

The Board of Nordic Iron Ore AB (publ) org. nr 556756-0940

Thomas Olofsson
Chairman of the Board

Jonas Bengtsson

Gösta Bergman

Timo Lindborg

Ronne Hamerslag
Chief Executive Officer

This report has not been reviewed by the auditors.

Technical source material has been reviewed by the Company's qualified persons, Hans Thorshag, a qualified person under FRB standards and Paul Marsden as defined in the internationally recognized JORC Code, based on his training and experience in exploration, project development and mineral process engineering.

For further information, please contact:

Ronne Hamerslag
Telephone: +46 (0)240 88 301
E-mail: ronne.hamerslag@nordicionore.se

Consolidated statement of comprehensive income - summary

	2022	2021	2022	2021
<i>Amounts in TSEK</i>	Oct - Dec	Oct – Dec	Jan - Dec	Jan - Dec
Net revenue	-	-	-	-
Other operating income	-	-	-	120
Total operating income	-	-	-	120
Other external costs	-1,290	-815	-6,540	-4,565
Personnel expenses	-1,008	-938	-2,080	-3,375
Depreciation/amortization and impairment of property, plant and equipment and intangible assets	-42	-106	-760	-423
Operation profit/loss	-2,339	-1,858	-9,380	-8,243
Financial income	0	3	0	5
Financial expenses	-485	-94	-1,094	-601
Net financial income/expense	-485	-91	-1,094	-596
Profit/loss after financial income and expense	-2,824	-1,950	-10,474	-8,839
PROFIT/LOSS FOR THE PERIOD	-2,824	-1,950	-10,474	-8,839
OTHER COMPREHENSIVE INCOME	-	-	-	-
Total comprehensive income for the period	-2,824	-1,950	-10,474	-8,839
Attributable to:				
Parent company shareholders	-2,824	-1,950	-10,474	-8,839
TOTAL	-2,824	-1,950	-10,474	-8,839
Number of shares				
Number of shares at year-end	37,135,055	37,135,055	37,135,055	37,135,055
Average no. of shares (before dilution)	37,135,055	36,748,961	37,135,055	34,380,990
Average no. of shares (after dilution)	37,135,055	36,748,961	37,135,055	34,380,990
Earnings per share				
Earnings per share, weighted average before dilution, SEK	-0.08	-0.05	-0.28	-0.26
Earnings per share, weighted average after dilution, SEK	-0.08	-0.05	-0.28	-0.26

Consolidated statement of financial position - summary

<i>Amounts in TSEK</i>	2022-12-31	2021-12-31
Assets		
Non-current assets		
Intangible assets	164,886	160,440
Property, plant and equipment	1,832	1,999
Financial assets	31	31
Current assets		
Other current assets	479	489
Cash and cash equivalents	2,722	2,812
Total assets	169,950	165,771
Equity and liabilities		
Equity	145,069	155,543
Non-current liabilities	1,972	2,097
Current liabilities	22,909	8,130
Total Equity and liabilities	169,950	165,771

Consolidated statement of change in equity

Amounts in TSEK	Share capital	Other contributed capital	Profit/loss brought forward, incl. profit/loss for the period	Total equity
Opening equity 2021-01-01	58,241	219,819	-124,314	153,745
Comprehensive income for the period			-8,839	-8,839
New share issued	6,160	4,496		10,656
Transaction costs		-20		-20
CLOSING EQUITY 2021-12-31	64,401	224,295	-133,153	155,543
Opening equity 2022-01-01	64,401	224,295	-133,153	155,543
Comprehensive income for the period			-10,474	-10,474
CLOSING EQUITY 2022-12-31	64,401	224,295	-143,627	145,069

Consolidated cash flow statement - summary

	2022	2021	2022	2021
Amounts in TSEK	okt - dec	okt - dec	jan - dec	jan - dec
Operating activities				
Profit/loss for the period	-2,824	-1,950	-10,474	-8,838
Adjustments for items not included in the cash flow	105	-22	720	-26
Cash flow from operating activities before changes in working capital	-2,719	-1,972	-9,754	-8,864
Cash flow from changes in working capital				
Change in working capital	276	124	10	51
Change in operating liabilities	699	-843	1,368	-292
Cash flow from operating activities	-1,744	-2,691	-8,376	-9,105
Cash flow from investment activities				
	-336	-1,784	-4,965	-3,528
Cash flow from financing activities				
	3,000	5,250	13,250	10,250
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Cash flow for the year	920	775	-90	-2,383
Opening cash and cash equivalents	1,802	2,037	2,812	5,195
CLOSING CASH AND CASH EQUIVALENTS	2,722	2,812	2,722	2,812

Parent Company Income statement - summary

	2022	2021	2022	2021
Amounts in TSEK	Oct - Dec	Oct – Dec	Jan - Dec	Jan - Dec
Net revenue	-	-	-	-
Other operating income	-	-	-	121
Total operating income	-	-	-	121
Other external costs	-1,345	-940	-6,763	-5,066
Personnel expenses	-1,008	-938	-2,080	-3,375
Write-down of intangible fixed assets	0	0	-594	0
Operating profit/loss	-2,353	-1,878	-9,436	-8,321
Other interest income and similar profit/loss items	0	3	0	5
Interest expense and similar profit/loss items	-366	-97	-1,060	-548
PROFIT/LOSS FOR THE PERIOD	-2,719	-1,972	-10,497	-8,864
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME				
Other comprehensive income	-	-	-	-
Total comprehensive income for the period	-2,719	-1,972	-10,497	-8,864
Attributable to:				
Parent Company shareholders	-2,719	-1,972	-10,497	-8,864
TOTAL	-2,719	-1,972	-10,497	-8,864

Parent Company Balance sheet - summary

Amounts in TSEK	2022-12-31	2021-12-31
Assets		
Non-current assets		
Intangible assets	164,457	160,086
Property, plant and equipment	-	-
Financial assets	31	31
Shares in subsidiaries	50	50
Current assets		
Other current assets	479	489
Cash and cash equivalents	2,679	2,769
Total assets	167,697	163,425
Equity and liabilities		
Equity	144,912	155,409
Current liabilities	22,785	8,016
Total Equity and liabilities	167,697	163,425

Accounting policies

Group

This interim report was prepared in accordance with IAS 34 Interim Financial Statements and in accordance with RFR 1 of the Swedish Financial Reporting Board and, for the Parent Company, RFR 2. The same accounting policies and calculation methods are applied as in the last interim report. For a detailed description of the accounting policies applied for the Group and the Parent Company in this interim, see the annual report of 2021.

Key ratios

	2022 Oct - Dec	2021 Oct - Dec	2022 Jan - Dec	2021 Jan - Dec
Group				
Equity ratio (%)	85.36%	93.83%	85.36%	93.83%
Earnings per share	-0.08	-0.53	-0.28	-0.26
Equity per share	3.91	4.19	3.91	4.19
Quick ratio (%)	13.97%	40.60%	13.97%	40.60%
No. of shares	37,135,055	37,135,055	37,135,055	37,135,055
Weighted average no. of shares before dilution	37,135,055	36,748,961	37,135,055	34,380,990
Weighted average no. of shares after dilution	37,135,055	36,748,961	37,135,055	34,380,990

Definitions

Equity/assets ratio:	Equity as a per cent of the balance total.
Earnings per share:	profit/loss after tax in relation to the weighted average number of shares.
Equity per share:	Equity in relation to the number of shares on the balance sheet date.
Quick ratio:	Current assets excluding stock in relation to current liabilities.

This press release contains information that Nordic Iron Ore AB (publ) is required to disclose under the EU Market Abuse Regulation. The information was publicized by a press release on the 23 February 2023 at 16.15 CET.

Nordic Iron Ore's shares and warrants are listed at Nasdaq First North Stockholm. Wildeco Ekonomisk Information AB is the company's Certified Adviser at Nasdaq First North.