

Q2



Foto: Epimac

Interim Report
April – June 2023

Nordic
Iron OreTM

Q2

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Nordic Iron Ore is a mining company in the southern Dalarna region of Sweden whose main ambition is to resume mining in the previously operational mine Blötberget and Håksberg, as well as the Väsman field which is considered to hold significant potential. The company has all necessary permits in place to initiate the project at Blötberget, and has secured an offtake agreement worth SEK 35 billion in estimated total revenue. Nordic Iron Ore will be able to produce high-grade iron ore concentrate and this makes the company well positioned in a market segment that is expected to see high growth.

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Financial development

Second quarter, 1 April - 30 June 2023

- Sales amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -2.8 million (-3.2)
- Investments amounted to SEK -0.5 million (-2.0)
- Earnings per share before and after dilution amounted to -0.08 SEK (-0.09)
- Cash and cash equivalents amounted to SEK 1.0 million (4.3) on June 30, 2023.

First half-year, 1 January – 30 June 2023

- Sales amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK -5.5 million (-4.9)
- Investments amounted to SEK 0.7 million (4.3)
- Earnings per share before and after dilution amounted to -0.15 SEK (-0.13)

Significant events

During the quarter

- In order to strengthen working capital, the company extended its credit facilities with SEK 3 million with the company's two largest shareholders Bengtssons Tidnings AB and Ludvika Holding AB. The loan extension has the same terms as prior loans. The credit facilities thereby amounted to a total of SEK 24.5 million.
- Exploration activities conducted by Nordic Iron Ore have shown promising results with high grades of rare earth elements ("REE") within and in close proximity of the iron ore at the Blötberget mine. A recently performed exploration campaign, in which older drilling samples were analysed, confirmed high grades of REE. The total rare earth elements grade amounts to a maximum of 6,574 ppm (0.66%). Nordic Iron Ore will proceed with additional testing in order to improve understanding of the extent of REE mineralization.

- Nordic Iron Ore AB prolongs short-term loans of SEK 24.5 million with the company's three largest shareholders and a former board member. The repayment period has been prolonged by 1.5 months and the loans are now due for repayment on November 15, 2023.

After the period

- Nordic Iron Ore and Cargill Metals entered a collaboration agreement through which Cargill Metals undertakes to purchase 25 Mt of high-grade iron ore concentrate from the Blötberget mine in Dalarna, Sweden. In addition to the supply agreement, the collaboration includes conditional funding commitments from Cargill, in total amounting to SEK 307 million. The supply agreement is estimated to generate SEK 35 billion in total revenue during an estimated period of at least 15 years of production.

Key ratios

Group	Q2 2023	Q2 2022	Jan–Jun 2023	Jan–Jun 2022	Full year 2022
(Amounts in SEK)					
Equity / Assets-ratio (%)	82.6 %	88.0 %	82.6 %	88.0 %	85.4 %
Earnings per share, before and after dilution	-0.08	-0.09	-0.15	-0.13	-0.28
Equity per share	3.76	4.06	3.76	4.06	3.91
Quick ratio (%)	5.6 %	27.4 %	5.6 %	27.4 %	14.0 %
No. of shares	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Weighted average no. of shares before dilution	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055



CEO letter

Dear Shareholder,

Intensive work enabled us to secure a long term supply contract, after the period, for the company's future production of iron ore concentrate. The agreement with Cargill Metals is a true milestone for Nordic Iron Ore, in which Cargill Metals undertakes to purchase 25 Mt of high-quality iron ore concentrate, an agreement valued at SEK 35 billion in total sales during at least 15 years' production. Having sold the future production from Blötberget means that we now can initiate development of Blötberget into a modern, electrified and green mine.

Nordic Iron Ore has worked intensively for a long time to secure a long-term supply contract and an investor that has both financial strength and industrial expertise, which Cargill Metals clearly has. The supply agreement means that Cargill Metals undertakes to purchase 25 Mt of high-quality iron ore concentrate from the company's mine in Blötberget which values the contract at SEK 35 billion based on the prevalent market price and exchange rates at the time of signing. As part of the collaboration, Cargill Metals has also made a conditional funding commitment of SEK 307 million, through which Cargill Metals initially will invest SEK 60 million in a directed issue and thereafter its pro rata portion of the capital required for the construction of the Blötberget mine, up to a maximum of USD 23 million (approximately SEK 247 million).

Work on the directed issue, in which Cargill Metals undertakes to invest SEK 60 million, is ongoing in order to secure additional participation from other external investors. Once the directed issue is completed we are planning to carry out a preferential rights issue of at least SEK 50 million.

During the quarter the company has continued to work on the Environmental Permit has continued its dialogue with the County Administrative Board concerning clarification of certain terms in the Environmental Permit and handle identified changes. Additionally we have also made an application to the Land and environmental court for an extended working time regarding water operations. To summarize, the company continues to work on securing and updating the Environmental Permit in order to meet requirements of our operations.

A lot of the infrastructure is already available through close access to the grid and the railway that will transport the iron ore concentrate to Oxelösunds harbour. Swedish electricity, electrical equipment and rail access to harbour are important reasons for why Nordic Iron Ore will be able to produce iron ore with exceptionally low CO₂ emissions, corresponding to only a few kilos of carbon dioxide equivalents per tonne iron ore concentrate.

Important preparations remain before actual construction of the new mine can begin. Through the announced rights issues we will shortly accelerate strengthening of the organization, both through recruitments and consultants, and secure agreements with partners and suppliers to complete necessary construction and development planning.

Our goal remains to initiate iron ore mining late 2026 but it will require intensive and hard work during coming years to realize that goal. I look forward to keeping you posted on our progress and challenges of this exiting journey.

Ronne Hamerslag
CEO
Nordic Iron Ore AB (publ)



Ronne Hamerslag, CEO



Our goal remains to initiate iron ore mining late 2026 but it will require intensive and hard work during coming years to realize that goal.

Financial development

Results

The period's result amounted to SEK -2.8 million (-3.2) during the second quarter. The improved result is primarily due to lower Other external costs. The earnings per share amounted to -0.08 SEK (-0.09) before and after dilution during the second quarter.

Capital structure

The Group had a liquidity of SEK 1.0 million (4.3) at the end of the period. The equity/assets-ratio amounted to 82.6 %. The Group's equity amounted to SEK 139.6 million (150.7) corresponding to 3.76 SEK per share (4.06).

It is the Board's view that the current working capital is insufficient to finance the planned activities during the coming 12 months. During autumn 2023, Nordic Iron Ore is therefore planning to carry out a directed issue of SEK 60 million to Cargill Metals and additionally to other investors, as well as a preferential rights issue, which combined will raise a total of SEK 146 million. Outstanding shareholder loans plus interest accrued on such amount, currently a total of approximately SEK 26 million as of August, 31, are intended to in its entirety be used as payment for shares in the preferential rights issue. The Board's view is that current working capital is sufficient to fund operations until aforementioned rights issues are completed.

Investments

Investments amounted to SEK -0,5 million in April – June 2023. The entire amount relates to exploration assets and examination work concerning the planned restart of mining at Blötberget.

Employees

The company had an average of 3 (3) employees during the second quarter.

Risks and uncertainties

The company's short-term risks mainly relate to fulfil the requirements in the Environmental Permit. The company's long-term risks mainly relate to securing sufficient financing since the total capital requirement in order to initiate production at Blötberget is estimated at a total of SEK 2.5 billion. Other risks are primarily connected to fluctuations in world market prices for iron ore products, which in turn affects the profitability of the project. Furthermore, the company is dependent on obtaining all the necessary authority permits in order to have mining operations. Outlooks for production and sales are estimations based on samples and geological examinations, and there is always a risk that the final outcome will be different.

Financial reports

The company's press releases and financial reports are distributed by MFN and are available on www.nordicironore.se

Share information

Nordic Iron Ore's share is traded on Nasdaq First North Growth Market Stockholm. Wildecos Ekonomisk Information AB is the company's Certified Adviser.

The share capital amounted to 64,400,883 SEK divided upon 37,135,055 shares, with a quota value of 1.734 SEK per share. The number of shareholders amounted to 8,115.

Shareholders as of June 30, 2023

Shareholder	Number of shares	Share of votes and capital
Bengtssons Tidnings AB	7,799,238	21.0 %
Ludvika Holding AB	4,453,483	12.0 %
Kopparinvest AB	2,600,132	7.0 %
Whittle Equity Pty Ltd	1,752,369	4.7 %
Skålpussen AB	1,116,000	3.0 %
Björn Israelsson	975,000	2.6 %
Johan Flink	729,850	2.0 %
Avanza Pension	641,206	1.7 %
Per Einarsson	617,060	1.7 %
Jonas Bengtsson	524,105	1.4 %
Total top-10	21,208,443	57.1 %
Others	15,926,612	42.9 %
Total	37,135,055	100.0 %

Share price



Financial calendar

Interim Report Q3 2023 23 November 2023

Financials

Consolidated statement of comprehensive income – summary

Amounts in TSEK	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Full year
Net revenue	0	0	0	0	0
Other operating income	0	0	0	0	0
Total operating income	0	0	0	0	0
Other external costs	-1,188	-2,245	-2,433	-3,533	-6,540
Personnel expenses	-1,174	-170	-2,147	-327	-2,080
Depreciation/ amortization and impairment of property, plant and equipment and intangible assets	-44	-635	-86	-677	-760
Operation profit/loss	-2,406	-3,050	-4,666	-4,537	-9,380
Financial income	0	0	0	0	0
Financial expenses	-431	-198	-825	-316	-1,094
Net financial income/expense	-431	-198	-825	-316	-1,094
Profit/loss after financial income and expense	-2,837	-3,249	-5,491	-4,853	-10,474
Profit/loss for the period	-2,837	-3,249	-5,491	-4,853	-10,474
Other comprehensive income	-	-	-	-	-
Total comprehensive income for the period	-2,837	-3,249	-5,491	-4,853	-10,474
Attributable to:					
Parent company shareholders	-2,837	-3,249	-5,491	-4,853	-10,474
Total	-2,837	-3,249	-5,491	-4,853	-10,474
Number of shares					
Number of shares at year-end	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Average no. of shares (before dilution)	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Average no. of shares (after dilution)	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Earnings per share					
Earnings per share, weighted average before dilution, SEK	-0.08	-0.09	-0.15	-0.13	-0.28
Earnings per share, weighted average after dilution, SEK	-0.08	-0.09	-0.15	-0.13	-0.28

Consolidated statement of financial position – summary

Amounts in TSEK	2023-06-30	2022-06-30	2022-12-31
Assets			
Non-current assets			
Intangible assets	165,542	164,291	164,886
Property, plant and equipment	1,789	1,915	1,832
Financial assets	31	31	31
Current assets			
Other current assets	540	809	479
Cash and cash equivalents	987	4,260	2,722
Total assets	168,889	171,307	169,950
Equity and liabilities			
Equity	139,578	150,690	145,069
Non-current liabilities	1,972	2,097	1,972
Current liabilities	27,339	18,520	22,909
Total Equity and liabilities	168,889	171,307	169,950

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 2022-01-01	64,401	224,295	-133,153	155,543
Comprehensive income for the period			-4,853	-4,853
Closing equity 2022-06-30	64,401	224,295	-138,006	150,690
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
Opening equity 2023-01-01	64,401	224,295	-143,627	145,069
Comprehensive income for the period			-5,491	-5,491
Closing equity 2023-06-30	64,401	224,295	-149,118	139,578

Consolidated cash flow statement – summary

Amounts in TSEK	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Full year
Operating activities					
Profit/loss for the period	-2,837	-3,249	-5,491	-4,853	-10,474
Adjustments for items not included in the cash flow	21	545	36	506	720
Cash flow from operating activities before changes in working capital	-2,816	-2,704	-5,455	-4,347	-9,754
Cash flow from changes in working capital					
Change in working capital	-33	695	-86	-434	10
Change in operating liabilities	1,108	-2,397	1,493	310	1,368
Cash flow from operating activities	-1,741	-4,406	-4,048	-4,471	-8,376
Cash flow from investment activities	-467	-2,026	-687	-4,331	-4,965
Cash flow from financing activities	1,500	5,000	3,000	10,250	13,250
Cash flow for the year	-708	-1,433	-1,735	1,448	-90
Opening cash and cash equivalents	1,695	5,693	2,722	2,812	2,812
Closing cash and cash equivalents	987	4,260	987	4,260	2,722

Parent Company Income statement – summary

Amounts in TSEK	2023 Apr–Jun	2022 Apr–Jun	2023 Jan–Jun	2022 Jan–Jun	2022 Full year
Net revenue	0	0	0	0	–
Other operating income	0	0	0	0	–
Total operating income	0	0	0	0	0
Other external costs	-1,245	-2,301	-2,547	-3,644	-6,763
Personnel expenses	-1,174	-170	-2,147	-327	-2,080
Write-down of intangible fixed assets	-2	-594	-2	-594	-594
Operating profit/loss	-2,421	-3,064	-4,696	-4,565	-9,437
Other interest income and similar profit/loss items	0	0	0	0	–
Interest expense and similar profit/loss items	-414	-233	-785	-376	-1,060
Profit/loss for the period	-2,835	-3,297	-5,481	-4,941	-10,497
Parent company statement of comprehensive income					
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the period	-2,835	-3,297	-5,481	-4,941	-10,497
Attributable to:					
Parent Company shareholders	-2,835	-3,297	-5,481	-4,941	-10,497
Total	-2,835	-3,297	-5,481	-4,941	-10,497

Parent Company Balance sheet – summary

Amounts in TSEK	2023-06-30	2022-06-30	2022-12-31
Assets			
Non-current assets			
Intangible assets	165,101	163,822	164,457
Property, plant and equipment	41	–	–
Financial assets	31	31	31
Shares in subsidiaries	50	50	50
Current assets			
Other current assets	540	809	479
Cash and cash equivalents	943	4,217	2,679
Total assets	166,706	168,929	167,697
Equity and liabilities			
Equity	139,431	150,468	144,912
Current liabilities	27,275	18,462	22,785
Total Equity and liabilities	166,706	168,929	167,697

Notes

Note 1 Related parties

Related parties include subsidiaries that are part of the Group, Board members in the company's Board, the Group's senior executives as well as close relatives to these individuals. At the end of the quarter, Nordic Iron Ore had no debts to related parties.

Note 2 Key ratios

Group (Amounts in SEK)	2023 Apr-Jun	2022 Apr-Jun	2023 Jan-Jun	2022 Jan-Jun	2022 Full year
Equity ratio (%)	82.6 %	88.0 %	82.6 %	88.0 %	85.4 %
Earnings per share	-0.08	-0.09	-0.15	-0.13	-0.28
Equity per share	3.76	4.06	3.76	4.06	3.91
Quick ratio (%)	5.6 %	27.4 %	5.6 %	27.4 %	14.0 %
No. of shares	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Weighted average no. of shares before dilution	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055
Weighted average no. of shares after dilution	37,135,055	37,135,055	37,135,055	37,135,055	37,135,055

Other

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 2022.

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 published through a press release on August 24, 2023 at 11.00 CET.

Signatures

Stockholm, August 24, 2023

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

Bengt Nilsson
Chairman

Jonas Bengtsson

Gösta Bergman

Tomas Olofsson

Tobias Hansson

Ronne Hamerslag
CEO

This report has not been reviewed by an auditor.

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.

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Photo: Sandvik



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