

Q2



Interim Report January – June 2021

Significant events during the second quarter 2021

- Veidekke is hired to design the main decline between the mine and the industrial area
- Paterson & Cooke hired for the study of the management of tailings
- Cooperation agreement signed with Epiroc

Second quarter, 1 April – 30 June 2021

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –2.2 million (–2.0)
- Investments in the period April–June totalled SEK 0.6 million (0.4)
- Basic earnings per share were SEK –0.07 (–0.07)

Interim period, 1 January – 30 June 2021

- Income amounted to SEK 0 million (0)
- Earnings after tax amounted to SEK –4.9 million (–4.6)
- Investments in the period January–June totalled SEK 2.6 million (0.8)
- Basic earnings per share were SEK –0.15 (–0.15)
- Cash and cash equivalents on 30 June 2021 amounted to SEK 5.4 million (5.8)

Significant events after the end of the period

- The short-term loan facility of SEK 10.5 million was extended until the end of the year

Key ratios (Group)

<i>Amount in SEK</i>	2021 April - June	2020 April - June	2021 Jan - June	2020 Jan - June	2020 Jan - Dec
Equity ratio (%)	88,82%	95,60%	88,82%	95,60%	93,23%
Earnings per share	0,07	-0,15	-0,15	-0,07	-0,29
Equity per share	4,43	4,87	4,43	4,87	4,58
Quick ratio (%)	36,23%	126,16%	36,23%	126,16%	64,06%
No. of shares June, 30 2021	33 582 993	31 255 304	33 582 993	31 255 304	33 582 993
Weighted average no. of shares before dilution	33 582 993	30 564 159	33 582 993	30 436 045	30 930 590

Nordic Iron Ore AB is a mining development company that aims to resume and develop iron ore production at Ludvika Mines in Blötberget and Håksberg. The Company has all the essential permits in place, which will enable it to produce iron ore of extremely high quality from significant mineral resources.

Comments from the Managing Director

Preparations for the construction work and continued favourable market developments

There is absolutely no doubt that the world needs to reduce its carbon emissions, a fact that the UN's climate panel, IPCC, once again concluded in its most recent report. The steel industry represents a large share of emissions, and an increasing number of steel manufacturers, both in Sweden and globally, are working to reduce their footprint through sharply reduced emissions.

In order to achieve the desired reduction in emissions from steel manufacturing – at the same time as demand for steel is expected to rise – manufacturers will be forced to use production methods that require high quality iron ore feedstock. This increases the interest in the very type of products that Nordic Iron Ore will produce, and is confirmed by the companies that are contacting us to discuss various partnerships.

Our goal is to build an ultra-modern mine with as low of an impact on the environment as possible. To do this, we are pursuing several paths simultaneously. During the second quarter of the year, we engaged the consultancy firm Paterson & Cooke to analyse different alternatives for improved handling of tailings. Our goal is for as large a share as possible to be deposited below ground, which decreases the impact above ground.

We also engaged Veidekke Sverige to plan the ramp that will connect the industrial area in Skeppmora, where the processing plant will be located, with the Blötberget mine. The work on this connection will be time intensive and costly. It is therefore important to carefully evaluate different alternatives. Together with the Swedish Transport Administration, we have started a working group to update the existing planning for the rail terminal.

VB Energi has experienced a delay in its work to move the power line. The delay is due to problems with material deliveries, but the work is expected to be completed during the current quarter. The collaboration to plan the coming switchboard plant that will link the industrial area to the relocated power line is now continuing.

Market developments

The second quarter of the year was influenced by rising volatility in iron ore prices. Prices are still high, and, in particular, the premium prices for higher qualities continued to be strong. Some of the upswing in the prices can be explained by the sharp increase in transport costs. The entire logistics chain is under pressure and is sensitive to disruptions from bad weather, which, together with the difficulties larger suppliers are having to increase their deliveries, is resulting in greater uncertainty and, in turn, price increases. The strong price trend and the increase in the price gap between the quality indices are clearly demonstrated in the following graph:



The diagram clearly illustrates how the price gap between various ore qualities increased during the current year, primarily due to the lower price raises for lower-quality ore.

The strong development on the iron ore market and the interest in greener steel manufacturing creates an excellent background for now finally financing the project and starting the practical construction work. We have a very exciting period ahead of us, and one important task we are working on now is to secure the personnel that will be required when the work intensifies during the autumn.

Lennart Eliasson

Managing Director, Nordic Iron Ore AB (publ)

Operations

Significant events during the period

Project work

Work on the control programme continued in dialogue with the County Administrative Board and the municipality. The work to move the existing 50 KV line to enable the construction of the processing plant is continuing under the leadership of VB Energi. This work has been delayed due to delivery problems resulting from the epidemic's impact on delivery chains but is expected to be finished during the third quarter.

Veidekke Sverige AB was engaged to plan the ramp that will connect the industrial area in Skeppmora to the Blötberget mine.

Paterson & Cooke was engaged to study alternative methods for handling tailings with the aim of minimising the operations' impact above ground.

In June, the company signed a Letter of Intent to collaborate with Epiroc on the design and development of the operations in the future mine.

Financing

Contacts and discussions with potential investors and lenders continued.

Annual general meeting

The annual general meeting of shareholders was held in Ludvika. The meeting decided to authorise the board of directors to decide on new issues of shares or convertible bonds, with or without preferential rights for existing shareholders.

The AGM also decided to re-elect Jonas Bengtsson, Gösta Bergman, Timo Lindborg and Tomas Olofsson as board members. Tomas Olofsson was appointed Chairman of the board.

Share and ownership structure

At the end of the period the share capital amounted to SEK 58 240 776 divided between 33 582 993 with a quota value of SEK 1.734 per share. The number of shareholders totalled 8 329.

Financial position

On the balance sheet date, the Group had a liquidity of SEK 5.4 million. The equity/assets ratio was 88.82%. The Group's equity amounted to SEK 148.8 million, corresponding to SEK 4.43 per share.

Investments

During the period January – June investments totalled MSEK 0.8. The entire amount relates to prospecting resources and investigation work for the planned resumption of mining operations in Blötberget.

Employees

On average, three people were employed by the Company during the period and three were engaged on a consultancy basis.

Financial calendar

Interim report January – September 2021: 18 November 2021

Year-end report for the 2020 financial year: February 2022
AGM: May 2022

Risks and uncertainties

In addition to risks associated with future global market prices for iron ore products that affect the profitability of the project, as well as the technical risks, the possibilities of starting up operations depend on the requisite permits from authorities being obtained and the extensive capital requirements being met. There have been no significant changes to alter this description. The latest description of risks and uncertainties can be found in the annual report for 2020.

Significant events after the end of the period

The short-term loan facility amounting to SEK 10.5m was prolonged to the year end.

Annual report and financial reports

The Company's press releases and financial reports are distributed via Cisionwire and are available at www.nordicironore.se.

Operations

Stockholm, 18, August 2021

The Board of Nordic Iron Ore AB (publ), corporate identity no. 556756-0940

Jonas Bengtsson

Gösta Bergman

Timo Lindborg

Tomas Olofsson
Chairman

Lennart Eliasson
Managing director

This report has not been reviewed by the auditors.

Technical source material has been reviewed by the Company's qualified persons, Hans Thorshag and Paul Marsden. Hans Thorshag is 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, mineral process engineering and membership of the IMMM.

For further information, please contact:

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Consolidated statement of comprehensive income - summary

	2021	2020	2021	2020	2020
<i>Amounts in SEK</i>	Note	April - June	April - June	Jan - June	Jan - Dec
Net revenue		0	0	0	0
Other operating income		120 596	0	120 596	0
Total operating income		120 596	0	120 596	0
Other external costs		-1 189 941	-879 533	-2 829 867	-2 266 414
Personnel expenses		-850 737	-807 755	-1 671 667	-1 614 721
Depreciation/amortization and impairment of property, plant and equipment and intangible assets		-105 647	-206 758	-211 294	-413 516
Operation profit/loss		-2 025 729	-1 894 046	-4 471 636	-4 294 651
Financial income		0	0	1 961	0
Financial expenses		-144 557	-133 310	-312 765	-257 997
Net financial income/expense		-144 557	-133 310	-310 804	-257 997
Profit/loss after financial income and expense		-2 170 286	-2 027 356	-4 782 440	-4 552 648
PROFIT/LOSS FOR THE PERIOD		-2 170 286	-2 027 356	-4 782 440	-4 552 648
OTHER COMPREHENSIVE INCOME		-	-	-	-
Total comprehensive income/loss for the period		-2 170 286	-2 027 356	-4 782 440	-4 552 648
Attributable to:					
Parent company shareholders		-2 170 286	-2 027 356	-4 903 036	-4 552 648
TOTAL FOR THE PERIOD		-2 170 286	-2 027 356	-4 903 036	-9 020 848
Number of shares					
Number of shares at the end of the period		33 582 993	31 255 304	33 582 993	31 255 304
Average no. of shares (before dilution)		33 582 993	30 564 159	33 582 993	30 436 045
Average no. of shares (after dilution)		33 582 993	30 564 159	33 582 993	30 436 045
Earnings per share					
Earnings per share, weighted average before dilution, SEK		-0,07	-0,07	-0,15	-0,15
Earnings per share, weighted average after dilution, SEK		-0,07	-0,07	-0,15	-0,15

Consolidated statement of financial position - summary

<i>Amounts in SEK</i>	<i>Note</i>	30/06/2021	30/06/2020	31/12/2020
Assets				
Non-current assets				
Intangible assets		159 354 710	150 180 380	156 722 776
Property, plant and equipment		2 209 818	2 834 628	2 421 112
Financial assets		30 898	30 898	30 898
Current assets				
Other current assets		602 584	369 072	540 202
Cash and cash equivalents		5 386 880	5 830 083	5 195 326
Total assets		167 584 890	159 245 061	164 910 314
Equity and liabilities				
Equity		148 842 008	152 231 082	153 745 043
Non-current liabilities		2 211 438	2 392 944	2 211 438
Current liabilities	1	16 531 444	4 621 035	8 953 833
Total Equity and liabilities		167 584 890	159 245 061	164 910 314

Consolidated statement of change in equity

<i>Amounts in SEK</i>	Note	Share capital	Other contributed capital	Profit/loss brought forward, incl. profit/loss for the period	Total equity
Opening equity 01/01/2020		51 974 081	211 146 388	-115 293 543	147 826 926
Comprehensive income for the period				-4 552 648	-4 552 648
New share issued		2 229 937	6 756 780		8 986 717
Transaction costs			-29 913	0	-29 913
CLOSING EQUITY 30/6/2020		54 204 018	217 873 255	-119 846 191	152 231 082
Opening equity 01/01/2020		51 974 081	211 146 388	-115 293 543	147 826 926
Comprehensive income for the period				-9 020 848	-9 020 848
New share issued		6 266 695	8 702 183		14 968 878
Transaction costs			-29 912		-29 912
CLOSING EQUITY 31/12/2020		58 240 776	219 818 659	-124 314 391	153 745 044
Opening equity 01/01/2021		58 240 776	219 818 659	-124 314 391	153 745 044
Comprehensive income for the period				-4 903 036	-4 903 036
CLOSING EQUITY 30/6/2021		58 240 776	219 818 659	-129 217 427	148 842 008

Consolidated cash flow statement - summary

		2021	2020	2021	2020	2020
<i>Amounts in SEK</i>	Note	April - June	April - June	Jan - June	Jan - June	Jan - Dec
Operating activities						
Profit/loss for the period		-2 170 286	-2 027 356	-4 903 036	-4 552 648	-9 020 848
Adjustments for items not included in the cash flow		-9 098	206 758	-1 916	413 516	-67 531
Cash flow from operating activities before changes in working capital		-2 179 384	-1 820 598	-4 904 952	-4 139 132	-9 088 379
Cash flow from changes in working capital						
Change in working capital		48 534	104 353	-62 382	407 551	236 421
Change in operating liabilities		32 655	416 374	1 164 763	-2 586 113	-2 665 022
Cash flow from operating activities		-2 098 195	-1 299 871	-3 802 571	-6 317 694	-11 516 980
Cash flow from investment activities						
Cash flow from investment activities		-604 968	-369 284	-1 005 875	-815 976	-1 251 447
Cash flow from financing activities						
Cash flow from financing activities		0	0	5 000 000	0	5 000 000
Cash flow for the year		-2 703 163	-1 669 155	191 554	-7 133 670	-7 768 427
Opening cash and cash equivalents		8 090 043	7 499 238	5 195 326	12 963 753	12 963 753
CLOSING CASH AND CASH EQUIVALENTS		5 386 880	5 830 083	5 386 880	5 830 083	5 195 326

Parent Company Income statement - summary

	2021	2020	2021	2020	2020
	Note	April - June	April - June	Jan - June	Jan - Dec
<i>Amounts in SEK</i>					
Net revenue		0	0	0	0
Other operating income		120 596	0	120 596	0
Total operating income		120 596	0	120 596	0
Other external costs		-1 315 316	-1 110 415	-3 080 617	-5 219 222
Personnel expenses		-850 737	-807 755	-1 671 667	-3 183 527
Depreciation of property, plant and equipment and intangible fixed assets		-	-	-	-
Operating profit/loss		-2 045 457	-1 918 170	-4 631 688	-8 402 749
Interest expense and similar profit/loss items		-133 926	-112 966	-273 264	-685 630
PROFIT/LOSS FOR THE PERIOD		-2 179 383	-2 031 136	-4 904 952	-9 088 379
PARENT COMPANY STATEMENT OF COMPREHENSIVE INCOME					
Other comprehensive income		-	-	-	-
Total comprehensive income for the period		-2 179 383	-2 031 136	-4 904 952	-9 088 379
Attributable to:					
Parent Company shareholders		-2 179 383	-2 031 136	-4 904 952	-9 088 379
TOTAL FOR THE PERIOD		-2 179 383	-2 031 136	-4 904 952	-9 088 379

Parent Company Balance sheet - summary

<i>Amounts in SEK</i>	<i>Note</i>	30/06/2021	30/06/2020	31/12/2020
Assets				
Non-current assets				
Intangible assets		159 043 565	150 012 561	156 437 689
Property, plant and equipment		-	-	-
Financial assets		30 898	30 898	30 898
Shares in subsidiaries		50 000	50 000	50 000
Currens assets				
Other current assets		602 584	527 977	540 202
Cash and cash equivalents		5 343 643	5 786 845	5 152 089
Total assets		165 070 690	156 408 281	162 210 878
Equity and liabilities				
Equity		148 731 104	152 176 931	153 636 057
Non-current liabilities				
		-	-	-
Current liabilities		16 339 586	4 231 350	8 574 821
Total Equity and liabilities		165 070 690	156 408 281	162 210 878

Accounting policies

The 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 latest annual report.

Notes to the Financial Statements

Note 1 Related parties

The following are considered to be related parties: Subsidiaries included in the Group; members of the Company's board; senior executives in the Group and close family members of such persons. Nordic Iron Ores had no debts to related parties per June 30, 2021.

Note 2 Key ratios (Group)

<i>Amount in SEK</i>	2021 April - June	2020 April - June	2021 Jan - June	2020 Jan - June	2020 Jan - Dec
Equity ratio (%)	88,82%	95,60%	88,82%	95,60%	93,23%
Earnings per share	0,07	-0,15	-0,15	-0,07	-0,29
Equity per share	4,43	4,87	4,43	4,87	4,58
Quick ratio (%)	36,23%	126,16%	36,23%	126,16%	64,06%
No. of shares	33 582 993	31 255 304	33 582 993	31 255 304	33 582 993
Weighted average no. of shares before dilution	33 582 993	30 564 159	33 582 993	30 436 045	30 930 590
Weighted average no. of shares after dilution	33 582 993	30 564 159	33 582 993	30 436 045	30 930 590

Key ratio 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 publicised by a press release on the 18 August 2021 at 15.00.

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