Q3 REPORT 2022

ending 30 September

AKOBO MINERALS AB (publ)

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AKOBOMINERALS

AKOBO MINERALS AB (publ)
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ABOUT AKOBO MINERALS

Akobo Minerals is a Scandinavian-based gold exploration and boutique mining company, currently holding an exploration license covering 182 km^2 and with an ongoing mine development in the Gambela region and Dima Woreda, Ethiopia. The company has established itself as the leading gold exploration company in Ethiopia through more than 12 years of on-the-ground activity.

Akobo Minerals holds a 16 km^2 mining license and is working to start up mining of its very promising Segele target. It has an Inferred and Indicated Mineral Resource of 68.000 ounces yielding a world-class gold grade of 22.7 g/ton, combined with an estimated all-in sustaining cost (AISC) of 243 USD per ounce. Still open to depth, the gold mineralised zone continues to expand and will have a positive impact on future resource estimates and mine life. The exploration license holds numerous promising exploration resource-building prospects in both the vicinity of Segele and in the wider license area.

Akobo Minerals has an excellent relationship with local communities all the way up to national authorities and we place environment and social governance (ESG) at the heart of our activities – as demonstrated by a planned industry-leading extending shared value program.

Akobo Minerals has built a strong local foothold based upon the principles of sound ethics, transparency, and communication, and is ready to take on new opportunities and ventures as they arise. The company is uniquely positioned to become a major player in the future development of the very promising Ethiopian mining industry.

Akobo Minerals has a clear strategy aimed at building a portfolio of gold resources through high-impact exploration and mining, whilst adhering to a lean business operation. The company is headquartered in Oslo and is listed on the Euronext Growth Oslo Exchange under the ticker symbol, AKOBO.

IMPORTANT EVENTS IN THE THIRD QUARTER 2022

- Successful core drilling at the Joru project including 12.5g/t over 0.5m
- Gold confirmed in a new mineralised zone, west of the main Segele mineralisation
- Contract signed with IW Mining to provide underground mining services
- Secured USD 5m convertible loan for the Segele mine development

EVENTS AFTER THE PERIOD

- Peace agreement signed between Ethiopian government and Tigray People's Liberation Front
- Obtained collaborative agreements with several academic and training institutions
- Contract miner IW Mining deployed to site
- Broke ground at Segele with development of the incline shaft box cut
- Secured USD 8.5m funding in a loan facility from US based Monetary Metals

FINANCIAL PERFORMANCE OVERVIEW

- Results for the period SEK -17.2 million*
- Results year to date SEK -19.6 million
- Cash flow for the period SEK 10.8 million**
- Cash end of period SEK 15.6 million
- Total equity end of period SEK 56.9 million
- Total external debt end of period SEK 63.7 million

* Incl. SEK 8.8 million in operational costs from Etno Mining. Previously capitalised.
** Incl. SEK 50 million raised in convertible bond.

COMMENTS FROM THE CEO

They say that the last few kilometres before arriving at your destination seem like the longest of the journey. Well, our destination – commencing gold production at our Segele mine – is within a few months of being realised, but the journey continues at full speed until we arrive successfully.

However, I am happy to report that the third quarter saw the company tick off a number of milestones that bring our destination a great deal closer. Importantly, we secured a convertible loan of USD five million which allowed us to fund the first phase of our Segele mining operation.

Additionally, during the quarter we worked tirelessly with our financial advisers to seek out the most appropriate financing partner to allow us to fund the final phase of our processing and mining operation. The result of these efforts was realised after the third quarter closed when we announced that we had successfully secured a USD 8.5 million gold loan facility from US-based Monetary Metals.

The loan facility – a highly innovative solution – is structured as a gold loan, whereby Akobo Minerals borrows the principal amount of 5,000 ounces of gold, paid out in US$. We will be able to repay the loan in gold or the equivalent US$ cash amount using the applicable gold price at the time of repayment.

We believe that this latest loan will provide Akobo Minerals with sufficient funding to complete all the necessary elements of our mining development, leading to production start-up in early 2023.

At an operational level, early in the third quarter, we signed an agreement with the highly experienced and respected South African contractor, IW Mining, to run our mine in Segele.

IW mining has many years of hard-won underground mining competence from the tough South African mining arena and this agreement secures for Akobo Minerals access to personnel and competence for mining of the Segele gold ore. In line with our ESG responsibilities, IW Mining will recruit and train a significant number of Ethiopian personnel who will work at the Segele mine.

After signing an agreement in the second quarter of 2022, we also began working with the South African company, Solo Resources, who will be responsible for delivering and commissioning the processing plant at Segele. By the end of the third quarter, the plant project design and fabrication had neared 90 percent completion. We also worked with them to source transportation of all the necessary plant parts. This included the crushers and mill which are expected to arrive in Djibouti during November, and Solo is now busy loading other equipment into containers for delivery in short order.

Exploration work continued in the quarter in both Joru and Segele. The latest core drilling results from Joru show gold in all but one hole and high-grade gold in one intersection (12.5g/t over 0.5m). While we are still fully evaluating all results before planning the next steps in the exploration program, these results give us the optimism to continue exploration and core drilling at this site from early 2023.

Significant to extending the mine life at Segele past our present projections, new mineralisation was discovered due west of the main Segele mineralisation. The gold is coarse grained with a very high nugget effect. We will be undertaking follow-up over the next few months in order to investigate a mineable tonnage for the area.

As well as ensuring every team member is doing their utmost as we build toward production in 2023, we are continuing to develop our world-class ESG program. In the third quarter a key activity was putting in place the structures and processes for monitoring of potential impact mitigation measures identified in our Environmental and Social Impact Assessment (ESIA). Equally significant, we have begun collaborating with a number of universities in Ethiopia and Norway to support employment and sustainability skills, as well as to monitor and manage the ecology around our facilities.

A further highlight in the quarter was the initiation of our tree nursery to raise indigenous trees as part of the 'Green Gold' payment for ecosystem services through a carbon credit scheme. It is initiatives such as this that demonstrate our commitment to our ESG work and why, for the second year in a row, Akobo has been shortlisted for the Mines and Money London 2022 ESG award. Whatever the result at the end of November, this nomination is a vindication of the continuing outstanding efforts of our ESG Team.

We were incredibly pleased to hear the news in October of the peace treaty to end the Tigray Conflict in Ethiopia. The Ethiopian government officials and representatives of the Tigray People's Liberation Front (TPLF) have signed up to a disarmament plan and the restoration of crucial services, including aid supplies. A cessation of the conflict can only improve political, economic and social conditions in Ethiopia. We hope this news is the start of a positive upturn for the Ethiopian people.

Yours sincerely,

Jørgen Evjen
CEO, Akobo Minerals

FUTURE OUTLOOK

With our latest tranche of funding in place, the entire Akobo team operating smoothly and our new relationships with our mining processing and production partners in place, the whole company is driving towards first gold in early 2023 with a renewed enthusiasm.

It has been a long – and sometimes challenging – path to get to this stage, but we are totally focused on the final steps to production. We recognize that first gold is actually just the beginning of our journey, as exploration in both Segele and Joru will continue, in earnest.

Further employee development, a focus on health & safety initiatives and growth of our ESG program means we can never rest on our laurels. However, I am confident that we have the building blocks in place to take the company to a new level of operational, environmental and financial success in 2023 and beyond.

KEY METRICS

	2020				2021				2022		
SEGELE	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**
Meters drilled (RC+DDH)	906	69	1,244	1,577	670	-	1,292	5,420	4,410	1,662	768
Accumulated	1,501	1,570	2,814	4,391	5,061	5,061	6,353	11,773	16,183	17,844	18,612
Assays samples generated (incl QAQC)	497	29	439	476	132	-	283	2,051	2,274	1,016	631
Accumulated	1,092	1,121	1,560	2,036	2,168	2,168	2,451	4,502	6,776	7,792	8,423
Indicated Resources ounces	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	41,000	41,000
Avg grams per ton Indicated	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	40.6	40.6
Inferred Resources ounces	n.a	n.a	n.a	n.a	52,410	52,410	52,410	52,410	52,410	27,000	27,000
Total Resources ounces					52,410	52,410	52,410	52,410	52,410	68,000	68,000
Avg grams per ton total	n.a	n.a	n.a	n.a	20.9	20.9	20.9	20.9	20.9	22.7	22.7
JORU	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**
Meters drilled (RC+DDH)	-	-	-	-	260	597	856	545	-	-	-
Accumulated	1,327	1,327	1,327	1,327	1,587	2,184	3,041	3,586	3,586	3,586	3,586
Assays samples generated (incl QAQC)	-	-	-	-	559	452	805	765	-	-	-
Accumulated	1,327	1,327	1,327	1,327	1,886	2,338	3,143	3,908	3,908	3,908	3,908
Inferred Resources ounces	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
Avg grams per ton	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a
TRENCHING	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**
Meters trenched							876	126	-	-	-
Accumulated	7,500	7,500	7,500	7,500	7,500	7,500	8,376	8,502	8,502	8,502	8,502
CORPORATE	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**
Cash balance SEK	7,320,440	6,801,543	5,782,420	19,302,549	11,779,672	6,160,930	47,027,416	33,367,571	19,968,338	5,819,157	15,642,398
Share issue SEK	8,331,517	1,869,233		20,000,000			48,945,840				
Convertible loan SEK											52,588,514
Change cash SEK	-2,572,208	-2,388,130	-1,019,123	-6,479,871	-7,522,877	-5,618,742	-8,079,354	-13,659,845	-13,399,233	-14,149,181	-42,765,273
Employees in total end quarter	17	23	23	32	33	39	41	38	69	87	85
Ethiopia fixed	16	22	22	30	31	36	38	34	41	46	55
Ethiopia temporary and consultants	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	23	36	25
Scandinavia and other	1	1	1	2	2	3	3	4	5	5	5
Gold price end quarter	1,578	1,780	1,885	1,897	1,707	1,770	1,728	1,829	1,932	1,817	1,661

SEGELE MINE

Our shareholders will be aware that the second quarter of 2022 was notable for the appointment of Solo resources as our process plant contractor. In the third quarter another critical contract was signed with the appointment of IW Mining (pty) Ltd as our mining contractor. With both plant and mining contracts in place, the two largest components of the mine were secured.

IW Mining has delivered a wide range of services, such as conveyor belt installation, drop raise training, face advance improvements, equipment reclamation and underground mining stoping and development to a number of major mining houses in South Africa over the past seven years. We are pleased with the partnership and the activities that we have already begun working on during the third quarter.

For example, the mining engineering team from Akobo and IW Mining have been hard at work finalizing the selection of the mining equipment and consumables. Many orders were placed during the quarter and the equipment was loaded into containers and is in-transit to Ethiopia. The equipment en route includes generators, compressors, airleg drills and a large stock of consumables needed for many months of work. During November, a team of highly experienced miners from IW Mining are at site recruiting, clearing the ground and starting the incline box cut.

Also during the quarter, Solo Resources advanced the plant design, equipment selection and fabrication to more than 70 percent completion. Many pages of designs and equipment lists were generated, and visits made to numerous suppliers. The team at Solo placed over 50 orders with suppliers in China, Australia and Canada, along with many in South Africa. Solo encountered some challenges with grid power outages in South Africa, but these were successfully navigated. The process plant project design and fabrication is now reaching 90 percent completion. The crushers and mill are expected to arrive in Djibouti during November and Solo is now occupied with loading much of it into containers. Akobo's chemical engineering consultant, John Derbyshire, was responsible for a smooth fulfilment process and was pleased with the quality of the work and the progress to date.

With Solo's record of successfully developed 31 plants previously, the company is well placed to supervise the installation and commissioning of Akobo's plant in the first quarter of 2023.

Many further activities were undertaken during the quarter. Geotechnical studies commenced through Middindi Consulting to assess the local rock strengths and feed into the engineering planning. This will ensure the safety of the underground work and optimise production. Epoch (pty) Ltd was contracted to select the location of the tailings storage facility and create designs which will be completed before the end of the year. Furthermore, well drilling began in order to source water for the process plant, as well as for domestic purposes.

The IW Mining team is now on-site undertaking final activities which will allow the underground mining to begin within a few weeks. The process plant fabrication is nearing completion and within a short period, containers will be flooding onto site.

EXPLORATION ACTIVITES

Drilling continued to be focused on the Segele mining license area with two new targets tested in close proximity to the original Segele exploration site. In addition, geotechnical drilling and sterilisation drilling of the plant site was conducted. The pace of drilling was slow during the last period due to difficult ground conditions and spare parts issues, but the total drilling in Segele is now approaching 18,000m.

During the first nine months of 2022, both a soil sampling program and a ground magnetic survey has been conducted around Segele. The soil sampling program collected 249 samples to the southwest of Segele and the results are expected to be received before the end of 2022.

The ground magnetic survey was launched during the second quarter of the year and has secured data across the entire Segele mining license area. The results of the survey have been combined with previous magnetic survey data acquired by the company in 2016 and is now being interpreted by the exploration team.

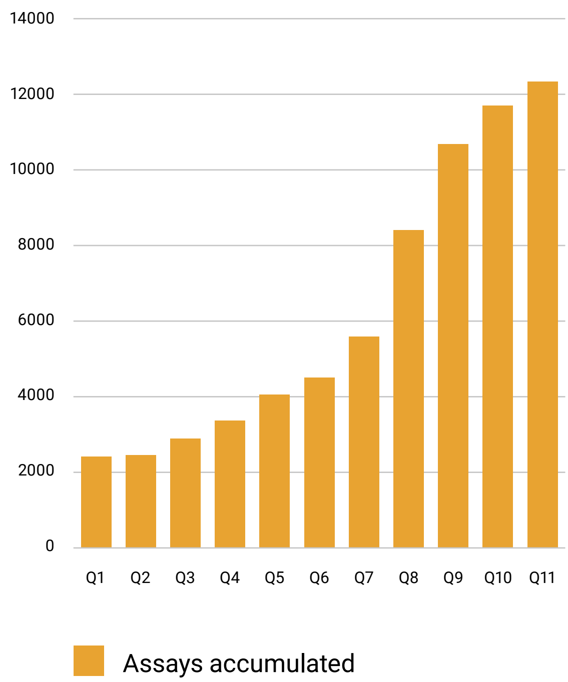
Early results of the survey indicate a much larger extent of ultramafic rocks within the mining license area than previously known – which is a positive development. There are also indications of several large alteration zones within these ultramafics that warrant further investigation.

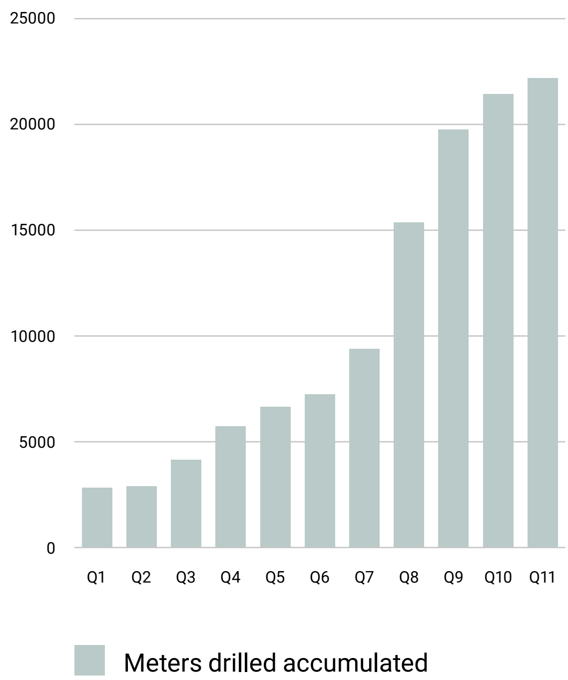
The drilling around Segele has lately focused on the eastern side of the deposit where four holes have targeted both the upper and lower shear zones. The drill program was a technical success where the predicted locations of the shear zones were hit in all holes.

LOOKING FORWARD

Within the next six months we will diversify the company's exploration efforts and begin field programs at Joru, Gindibab and Wolleta, while maintaining a continued focus on Segele. The majority of core drilling will still be conducted within the mining license area where we have already identified additional gold mineralisation. In the coming quarter drilling efforts will shift to the west of Segele where we will follow-up on several possible gold zones that have been indicated in both previous drilling, as well as trenches and pit samples.

The goal of the near-mine exploration in the shorter-term is to investigate both extent and viability of the newly identified mineralisation west of the Segele main deposit. If possible, the exploration will provide us with enough data to perform 3D modelling of the mineralized envelope.





ENVIRONMENTAL, SOCIAL AND GOVERNANCE

During the third quarter of 2022, Akobo Minerals focused on securing agreements and putting in place structures and processes to support environmental and social monitoring of potential impact mitigation measures identified in the ESIA.

Collaborations have been secured with Dima Polytechnic, Jimma University, Addis Abeba University and Oslo University. Dima Polytechnic will support technical and vocational training linked to employability and sustainable enterprise skills and the universities will support us to monitor and manage the area's sensitive ecology.

Technical support from Sazani Associates continued, with the initiation of a tree nursery to raise indigenous trees as part of the 'Green Gold' payment for ecosystem services and carbon credit scheme, as well as finalising the procedure for the carbon baseline.

We have also been taking steps to establish the Akobo Foundation in Norway and to register a branch office in Ethiopia. Once achieved, we can begin formal registration of the Green Gold Initiative with the Gold Standard Carbon Credit Scheme.

Environmental health priorities identified through Photovoice – a qualitative photography method used in community-based participatory research to gather information - have been discussed. Based on these discussions, it has been agreed that waste management will be the community priority focus for the next six months. A series of education materials have been adapted for the Gambella curriculum and will be presented to the Woreda for endorsement before the end of the year.

Desk calendars were prepared based on images secured following a photography competition among company staff.

Further to discussions with unlicensed kofari miners present at the Segele site, the Gambella Government and Dima Woreda supported us to finalise negotiations regarding their departure.

Akobo has been shortlisted once again for the Mines and Money London 2022 ESG award and this accomplishment can be attributed to the efforts and achievements of our ESG team.

CORPORATE STRUCTURE AND RISK FACTORS

Akobo Minerals (org.no 559148-1253) is headquartered in the municipality of Gothenburg in Västra Götaland County. The company has a wholly owned Norwegian subsidiary, Abyssinia Resources Development AS ("ARD"). ARD, in turn, owns 99.94% of the Ethiopian subsidiary Etno Mining Plc. Etno Mining Plc is the sole holder of a gold exploration permit in the Gambella region of Ethiopia covering a 182 km^2 area, as well as a large- scale gold and associated minerals mining license covering 16 km^2 within the exploration license area.

SHARES AND SHAREHOLDERS

As of September 30. 2022, there were 42,512,606 issued Akobo Minerals shares. The shares are registered in a central securities depository register in accordance with the Swedish Central Securities Depositories and Financial Instruments Accounts Act (1998:1479). The register is managed by Euroclear Sweden AB, Box 191, SE-101 23 Stockholm. The company has also registered its share in the Norwegian VPS system. The company's register of shareholders in VPS is administrated by the VPS Registrar, DNB Bank ASA, Registrars Department, Norway.

All shares, including the VPS shares, are freely transferable, meaning that a transfer of shares is not subject to the consent of the board of directors or any other corporate consents or rights of first refusal. There are warrants outstanding in the company entitling the holders thereof to acquire 4,277,000 new shares. The strike price for the warrants is in the range SEK 2.5 to SEK 8.0, reflecting the current market price of the shares at the time of issuance.

There were no changes in the ownership structure in the third quarter of 2022. Pir Invest Holding AS, a company controlled by the chairman, is the only entity owning more than 10% of Akobo Minerals. Its ownership as of 30.09 was 12.8%.

EMPLOYEES

Akobo Minerals had a total 60 full-time, 22 temporary and 3 contract employees as of September 30, 2022. 55 of the full-time employees are based in our exploration activity in Ethiopia; four in Scandinavia and one in the UK.

RISKS RELATED TO THE BUSINESS AND INDUSTRY

Akobo Minerals operates in Ethiopia. This exposes Akobo Minerals to various political and economic risks and uncertainties. Such risks and uncertainties include government policies and legislation, governmental interventions, potential inflation and deflation, potential political, social, religious and economic instability.

Ethiopia is an emerging market and its economy differs in many respects from economies in more developed countries, including economic structure, government, level of development, growth rates and foreign exchange controls. These factors may limit Akobo Minerals' ability to conduct its operations and obtain necessary financing, and therefore have a material negative impact on the company's financial position, results and prospects.

RISKS RELATED TO HEALTH, SAFETY AND SECURITY

Certain of Akobo Minerals' operations are carried out under potentially hazardous conditions, which may cause the company to be responsible for severe injuries or death by employees, contractors and the general population.

The company operates in a remote environment and operates heavy machinery, and weather conditions may be extreme. Akobo Minerals is subject to and intends to operate in accordance with applicable health and safety regulations.

However, Akobo Minerals' operations may cause accidents or other misfortunes which inflict severe injuries or death on the Akobo Minerals' employees, contractors or the general population due to negligence or factors beyond Akobo Minerals' control. Such situations may lead to prosecution and loss of social acceptance. This may, in turn, lead to a reduction in exploration activity or mine production.

CURRENCY EXPOSURE

The company is exposed to risk associated with foreign exchange risk and risk related to repatriation of capital.

The company's accounts are held in SEK, the company raises capital in NOK, transfers funds into Ethiopia in USD and has its operating expenses in Ethiopian birr (ETB). In addition, there might not be US dollars available in Ethiopia for the exchange of ETB to USD for transferring funds out of Ethiopia. This foreign exchange exposure may have an adverse effect on the company's results, liquidity and financial position.

Akobo Minerals conducts its operation though its subsidiary in Ethiopia and is subject to exchange controls on injections and withdrawal of capital to and from Ethiopia. If foreign currency restriction were to be imposed on and enforced against Akobo Minerals, this could restrict Akobo Minerals' ability to repatriate future earnings from its operating subsidiary, payment on dividends and repayment on any future loan facilities. The imposition of foreign currency restrictions or restrictions related to repatriation of capital may have a materially adverse effect on Akobo Minerals' business, operations, cash flows and financial condition.

There is also a potential risk of devaluation of local currency (ETB) coming from export earning conversion.

LIQUIDITY AND FINANCIAL RISK

Akobo Minerals may require additional financing to achieve its goals, and a failure to obtain necessary capital when needed could force Akobo Minerals to delay, limit, reduce or terminate its current projects. Akobo Minerals does not presently generate income to finance its operations and if additional financing is necessary to continue its operations the company will have to rely on external financing, such as bank loans, bonds or the issuance of shares. Adequate sources of funding may not be available to Akobo Minerals on favourable terms or at all. The company's ability to obtain funding will in part depend on the general market conditions, as well as the market perception of Akobo Minerals and its business.

If Akobo Minerals is unable to obtain adequate financing when needed, it may have to delay, limit or abandon one or more of its projects, which may have an adverse effect of its business and operation and prospects.

ACCOUNTING POLICIES

The company's accounts are prepared in accordance with the Annual Accounts Act and general advice from the Swedish Accounting Standards Board BFNAR 2012:1 Annual accounts and consolidated accounts.

The policies are unchanged compared to the previous year.

CLASSIFICATION

Fixed assets and long-term liabilities essentially consist only of amounts that are expected to be recovered or paid after more than twelve months from the balance sheet date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within twelve months from the balance sheet date.

VALUATION PRINCIPLES

Assets, provisions and liabilities have been valued at acquisition value unless otherwise stated below.

INTANGIBLE ASSETS

OTHER INTANGIBLE ASSETS

Other intangible assets acquired by the company are reported at acquisition value less accumulated depreciation and write- downs. Expenses for internally generated goodwill and brands are reported in the income statement as an expense when they arise.

The company reports internally generated intangible fixed assets according to the capitalization model. All expenses relating to the development of an internally generated intangible fixed asset are capitalized and amortized during the asset's estimated useful life.

DEPRECIATION

Depreciation takes place on a straight-line basis over the asset's estimated useful life. Depreciation is reported as an expense in the income statement.

The following depreciation periods are applied:

2022	Group of companies
Capitalized expenses for development and similar work	5 years

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at acquisition value less accumulated depreciation and write-downs.

DEPRECIATION

Depreciation takes place on a straight-line basis over the asset's estimated useful life, as it reflects the expected consumption of the asset's future economic benefits. Depreciation is reported as an expense in the income statement.

The following depreciation periods are applied:

2022	Group of companies	Parent company
Tangible fixed assets:		
Tools and installations	5 years	5 years

The difference between the above-mentioned depreciation and depreciation made for tax purposes is reported in the individual companies as accumulated over depreciation, which is included in untaxed reserves.

IMPAIRMENT – TANGIBLE AND INTANGIBLE FIXED ASSETS AND PARTICIPATIONS IN GROUP COMPANIES

At each balance sheet date, it is assessed whether there is any indication that an asset's value is lower than its carrying amount. If such an indication exists, the asset's recoverable amount is calculated.

FOREIGN CURRENCY

ITEMS IN FOREIGN CURRENCY

Monetary items in foreign currency are translated at the exchange rate on the balance sheet date. Non-monetary items are not recalculated but are reported at the exchange rate at the time of acquisition.

NET INVESTMENTS IN FOREIGN OPERATIONS

An exchange rate difference that refers to a monetary item that forms part of a net investment in a foreign operation and that is valued on the basis of acquisition value is reported in the consolidated accounts as a separate component directly in equity.

TRANSLATION OF FOREIGN OPERATIONS

Monetary assets and liabilities are translated into the reporting currency at the closing day rate. Non-monetary assets & liabilities are translated at historical rate.Income and expenses are translated at the transaction rate (historical rate) per day for the business events unless a rate that is an approximation of the actual rate is used. Exchange rate differences that arise on translation are reported directly against equity.

FINANCIAL ASSETS AND LIABILITIES

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities are reported in accordance with Chapter 12 (Financial instruments valued in accordance with Chapter 4, Sections 14 a14 e of the Annual Accounts Act) in BFNAR 2012: 1.

ACCOUNTING IN AND REMOVAL FROM THE BALANCE SHEET

A financial asset or financial liability is recognized in the balance sheet when the company becomes a party to the instrument's contractual terms.

A financial asset is removed from the balance sheet when the contractual right to cash flow from the asset has ceased or been settled. The same applies when the risks and rewards associated with the holding are essentially transferred to another party and the company no longer has control over the financial asset. A financial liability is removed from the balance sheet when the agreed obligation has been fulfilled or terminated. Spot purchases and spot sales of financial assets are reported on the business day.

CLASSIFICATION AND VALUATION

Financial assets and liabilities have been classified into different valuation categories in accordance with Chapter 12 of BFNAR 2012: 1. The classification into different valuation categories is the basis for how the financial instruments are to be valued and how changes in value are to be reported.

LOAN RECEIVABLES AND ACCOUNTS RECEIVABLE

Loan receivables and accounts receivable are financial assets that have fixed or determinable payments, but which are not derivatives. These assets are valued at amortized cost. Accrued acquisition value is determined on the basis of the effective interest rate calculated at the time of acquisition. Accounts receivable are reported at the amount that is expected to be received, i.e. after deductions for doubtful receivables.

OTHER FINANCIAL LIABILITIES

Loans and other financial liabilities, e.g. accounts payable, are included in this category. Liabilities are valued at accrued acquisition value.

RECEIVABLES AND LIABILITIES IN FOREIGN CURRENCY

Currency futures are used to hedge receivables or liabilities against exchange rate risk. For hedging against currency risk, hedge accounting is not applied because a financial hedge is reflected in the accounts in that both the underlying receivable or the liability and the hedging instrument are reported at the balance sheet date's exchange rate and the exchange rate changes are reported in profit for the year. Exchange rate changes regarding operating receivables and liabilities are reported in operating profit, while exchange rate changes regarding financial receivables and liabilities are reported in net financial items.

INCOME STATEMENT – group of companies

	Q3-2022	Q3-2021	YTD Q3 2022	YTD Q3 2021
Other Operating income				
Cost of goods			-3,327	
Operating Income			**-3,327**	
Other external expenses	-9,931,865	-2,135,462	-17,504,148	-3,623,795
Personnel costs	-3,959,886	-1,054,035	-6,341,584	-3,149,612
Total operating expenses	**-13,891,751**	**-3,189,497**	**-23,845,732**	**-6,773,407**
Other interest income and similar profit/loss items	286,114	634,386	9,440,545	634,386
Interest expense and similar profit/loss items	-3,589,951	-1,954,419	-5,198,385	-3,948,692
Result after financial items	**-17,195,588**	**-4,509,530**	**-19,606,899**	**-10,087,713**
Result for the year before tax	**-17,195,588**	**-4,509,530**	**-19,606,899**	**-10,087,713**
Result for the year	**-17,195,588**	**-4,509,530**	**-19,606,899**	**-10,087,713**
Attributable to the parent company's shareholders	**-17,195,588**	**-4,509,530**	**-19,606,899**	**-10,087,713**

BALANCE SHEET – group of companies

	Per 30.09.2022	Per 31.12.2021
Capitalised expenditure for development and similar work	62,490,632	48,992,177
Plant and machinery	37,653,570	1,105,506
Equipment, tools, fixtures and fittings	1,939,717	601,636
Total Fixed Assets	**102,083,918**	**50,699,319**
Trade receivables	365,448	
Other Receivables	2,154,242	1,876,580
Prepaid expenses and accrued income	367,827	410,156
Cash and Bank	15,642,398	33,367,571
Total Current Assets	**18,529,914**	**35,654,307**
Total Assets	**120,613,832**	**86,353,627**
Share capital	1,579,765	1,579,765
Share premium reserve	100,403,584	122,243,897
Balanced result	-25,448,122	-44,009,568
Result of the year	-19,606,899	
Total Equity	**56,928,328**	**79,814,094**
Trade payables	8,174,041	1539012
Current tax liability	175,608	
Other liabilities	53,820,159	2,815,555
Accrued expenses and deferred income	1,515,696	1,359,853
Provisions		825,113
Current liabilities	**63,685,504**	**6,539,533**
Total Debt	**63,685,504**	**6,539,533**
Total Equity and Debt	**120,613,832**	**86,353,627**

CHANGES IN EQUITY – group of companies

	Share capital	Share premium reserve	Translation Difference	Balanced result	Result of the year	Total
IB/2022	1,579,765	101,707,407	-0	-45,837,482		57,449,690
Q1-2022		1,847,615	-905,748	17,185,977	-372,799	17,755,045
Q2-2022		-3,151,438	-2,762,097	3,122,292	-2,038,512	-4,829,754
Q3-2022			992,146	2,756,789	-17,195,588	-13,446,653
Total	**1,579,765**	**100,403,584**	**-2,675,698**	**-22,772,424**	**-19,606,899**	**56,928,328**

CASH FLOW – group of companies

	Q3-2022	2021
Before changes in working capital	-13,891,751	-10,568,951
Changes in accounts receivables and other receivables	-3,082	62,255
Changes in accounts payable and other liabilities	8,523,310	3,243,765
Cashflow from operating activities	**-5,371,522**	**-7,262,931**
Investment in intangible non-current assets		-22,453,059
Investment in tangible non-current assets	-36,401,605	-1,381,423
Cashflow from investing activities	**-36,401,605**	**-23,834,482**
Proceeds from short-term debt	52,588,514	50,877,441
Expenses related to share issue		-7,431,577
Change in provisions		825,113
Cashflow from financing activities	**52,588,514**	**44,270,977**
Cash flow for the period	**10,815,387**	**13,173,564**
Cash and cash equivalents at beginning of the period	5,819,157	19,302,549
Translation difference in cash and cash equivalents	-992,146	891,458
Cash and cash equivalents at the end of the period	**15,642,398**	**33,367,571**

INCOME STATEMENT – parent company

	Q3-2022	Q3-2021	YTD Q3 2022
Other external expenses	-1,628,994	-909,632	-4,545,475
Total operating expenses	**-1,628,994**	**-909,632**	**-4,545,475**
Other interest income and similar profit/loss items	2,501,049	855,669	4,797,381
Interest expense and similar profit/loss items	-3,963,263	-1,854,613	-4,225,298
Result after financial items	**-3,091,207**	**-1,908,576**	**-3,973,393**
Result for the year before tax	**-3,091,207**	**-1,908,576**	**-3,973,393**
Result for the year	**-3,091,207**	**-1,908,576**	**-3,973,393**
Attributable to the parent company's shareholders	**-3,091,207**	**-1,908,576**	**-3,973,393**

BALANCE SHEET – parent company

	Per 30.09.2022	Per 31.12.2021
Participation in group companies	22,073,570	22,073,570
Receivables from group companies	126,029,903	74,547,140
Total Fixed Assets	**148,103,473**	**96,620,710**
Other Receivables	179,032	34,646
Prepaid expenses and accrued income	138,021	107,405
Total Current Assets	**317,053**	**142,051**
Total Assets	**148,420,526**	**96,762,761**
Share capital	1,579,765	1,579,765
Share premium reserve	100,403,584	101,707,407
Balanced result	-5,066,116	-8,217,554
Result of the year	-3,973,393	
Total Equity	**92,943,840**	**95,069,618**
Trade payables	1,457,275	
Other liabilities	54,019,411	868,030
Provisions		825113
Current liabilities	**55,476,686**	**1,693,143**
Total Debt	**55,476,686**	**1,693,143**
Total Equity and Debt	**148,420,526**	**96,762,761**

CHANGES IN EQUITY – parent company

	Share capital	Share premium reserve	Balanced result	Result of the year	Total
IB/2022	1,579,765	101,707,407	-30,436,806		72,850,366
Q1-2022		1,847,615	22,219,252	1,961,709	26,028,576
Q2-2022		-3,151,438	3,151,438	-2,843,894	-2,843,894
Q3-2022			0	-3,091,207	-3,091,207
Total	**1,579,765**	**100,403,584**	**-5,066,116**	**-3,973,393**	**92,943,840**

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Q3 REPORT 2022

THIRD QUARTER RESULTS

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