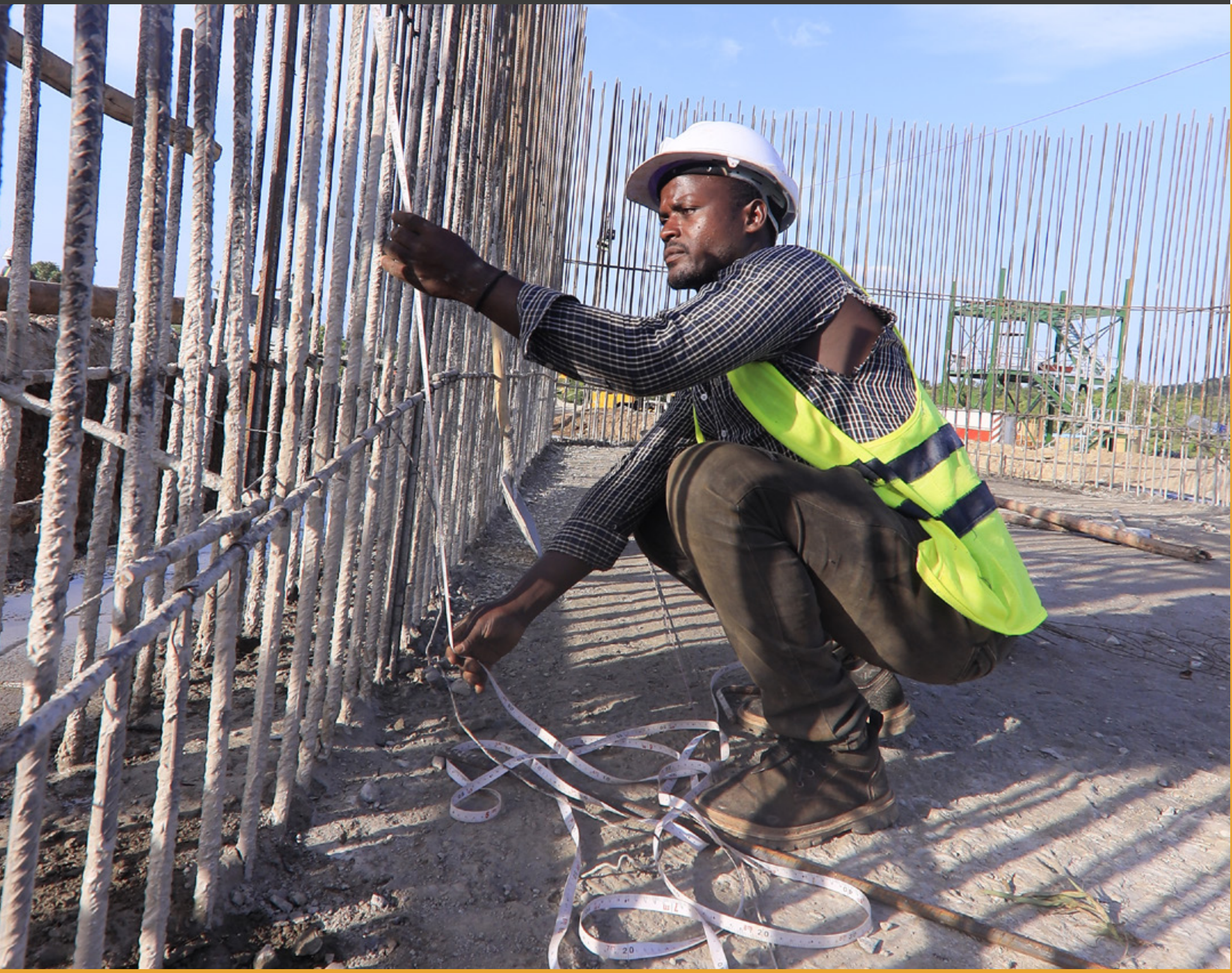
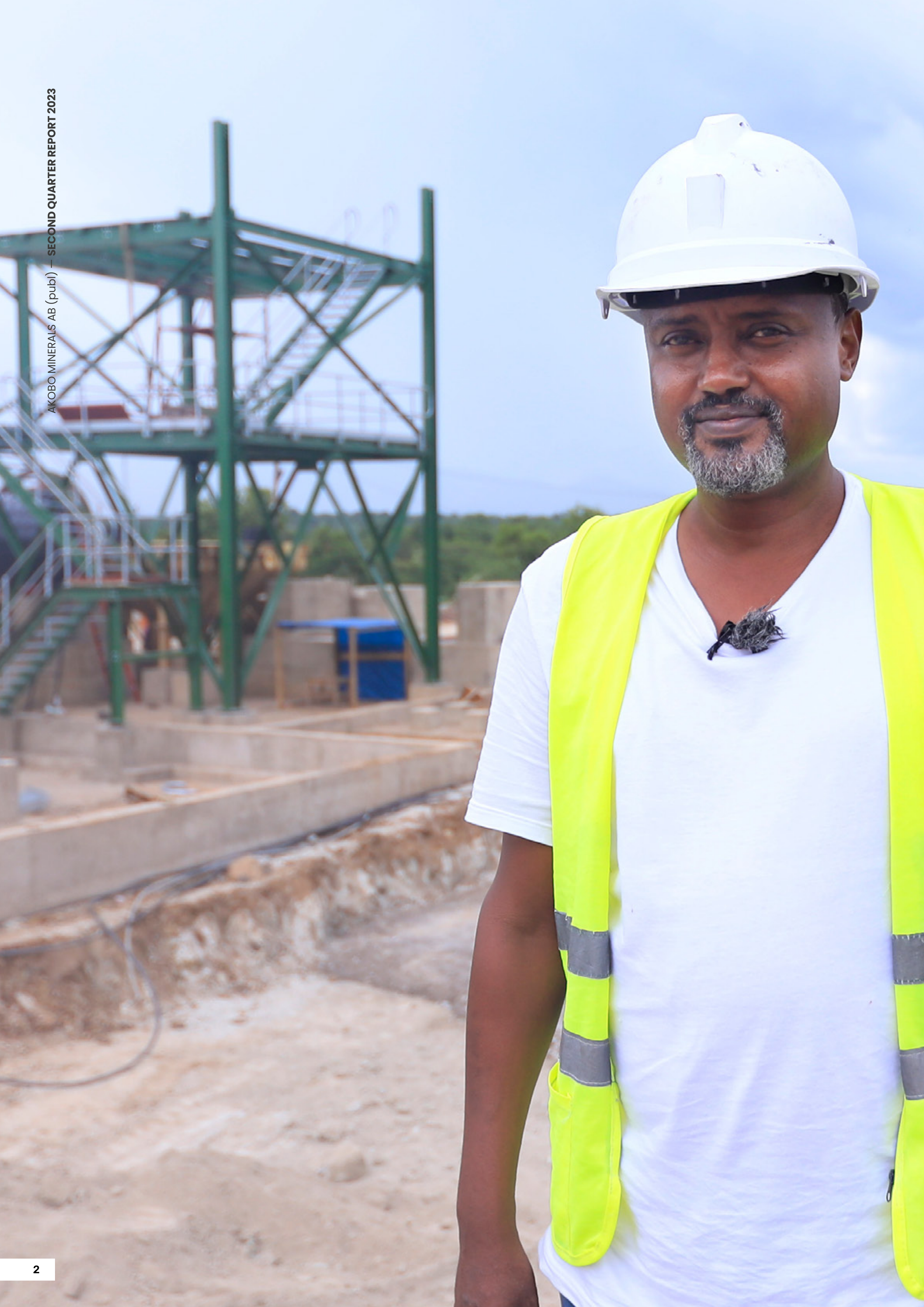
Q2 REPORT 2023

ending 30 June

AKOBO MINERALS AB (publ)



AKOBO MINERALS AB (publ) — **SECOND QUARTER REPORT 2023**



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AKOBOMINERALS

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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 a mining license covering 16 km^2 in the Gambela region and Dima Woreda, Ethiopia. The company has established itself as the leading gold exploration company in Ethiopia through more than 13 years of on-the-ground activity, which has now been enhanced further with the development of its Segele mine.

Akobo Minerals' Segele mine 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 USD 243 per ounce. Still open to depth, the gold mineralised zone continues to expand and will have a positive impact on future resource estimates and the life expectancy of the mine. 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 the company places environment and social governance (ESG) at the heart of its activities – as demonstrated by a planned, industry-leading, extended shared value program.

Akobo Minerals has built a strong local foothold based on 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 and the Frankfurt Stock Exchange – both under the ticker symbol, AKOBO.

IMPORTANT EVENTS IN THE SECOND QUARTER 2023

- Construction of the main processing plant began
- The small pilot plant was made fully operational
- First gold was produced from the Gingibil quartz vein system by way of bulk sampling
- The largest Segele mine underground accessway – the incline shaft – advanced to 37 metres in length
- The two smaller entries into the upper section of the Segele ore body – the eastern and western winzes – both extending down to 26 metres in length
- Challenging weather conditions – with historically heavy rain and flooding in the region
- Internal restructuring began in order to set the company up for the production phase
- Helge Rushfeldt was appointed as Head of Mining Operations

EVENTS AFTER THE PERIOD

- A refinery agreement was signed with the world-renowned gold refiner, MKS PAMP
- Results from the Gingibil bulk sampling suggest ore grades are present at surface
- The Segele incline shaft has advanced to 53 metres in length
- The eastern and western winzes now extend to 28 metres and 41.5 metres, respectively
- The community 'ecohub' facility began construction from local waste plastic bottles
- Dr. Steven Rupprecht was appointed as Mine Manager and Strategic Adviser
- Process initiated to take over all mining operations from IW Mining
- Application filed to begin trading of the AKOBO share on the US OTCQX market
- A convertible loan of NOK 34.4 million was secured

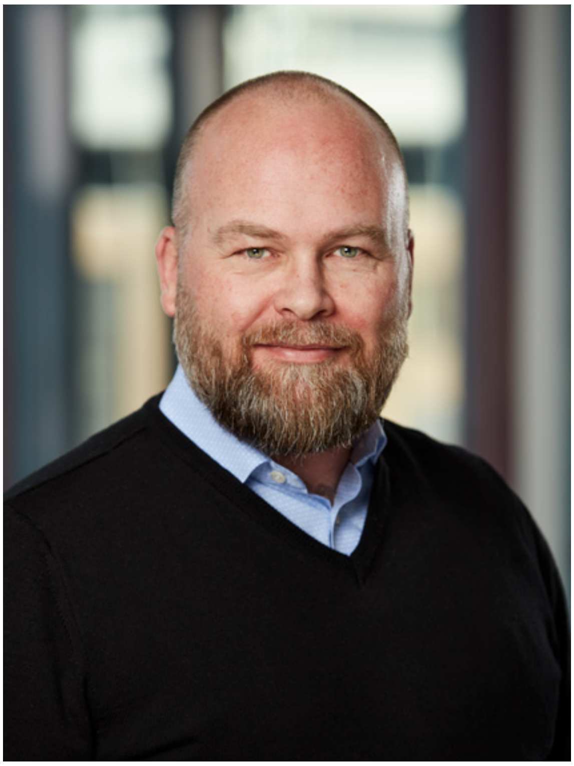
FINANCIAL PERFORMANCE OVERVIEW

- The result for the period: **SEK -31.1 million**
- The result for the year-to-date: **SEK -68.9 million**
- Cash flow for the period: **SEK -23.5 million**
- Cash at the end of the period: **SEK 25.1 million**
- Total equity at the end of the period: **SEK -35.9 million***
- Total external long-term debt at the end of the period: **SEK 143.9 million**

*Convertible loan of SEK 53 million will be converted to equity beginning of July 2023

COMMENTS FROM THE CEO

Our Segele gold mine start up is nearing completion. We were always ambitious in pursuing this large and extensive project, but it has unfortunately taken much longer than expected. We underestimated the complexity of establishing the first new mine in Ethiopia since 1994, and were particularly impacted by two years of conflict in Tigray and the COVID pandemic that have severely impacted the Ethiopian economy. Our delays have meant that we are completing the project as we enter the final part of the rainy season.



At the same time, we have decided to take over responsibility for the mining activities, and not extend the contract with IW Mining. We already have a complete mining team in place that will take over from IW. We believe this is the best solution for both parties as we have better knowledge and understanding on how to operate in Ethiopia.

In parallel with our Segele efforts, the nearby Gingibil site is a high priority and will be an important area to develop in the future. We have already seen positive indications from our core drilling and processing of the material through the pilot plant.

As part of our desire to create more liquidity and interest in our share, we began an application process to trade the Akobo share on the US-based OTC Markets Platform. The listing will provide good exposure to mining investors in the US and opportunity for increased liquidity in the share as US investors will be able to trade the share via their usual trading platforms and in USD.

Despite rain and demanding conditions, we have an incredible, fully committed team that is working hard around the clock. This project is not only important for the company, but just as much for the 400 people that are working for us at peak, for the local community we collaborate with and, not least, for the development of the Ethiopian mining industry.

During the second quarter, we strengthened our management team with the appointment of Helge Rushfeldt, and after the period closed we announced the hiring of Dr. Steven Rupprecht. Together they have extensive and relevant mining and processing plant experience. Both are already hard at work with improving our way of working.

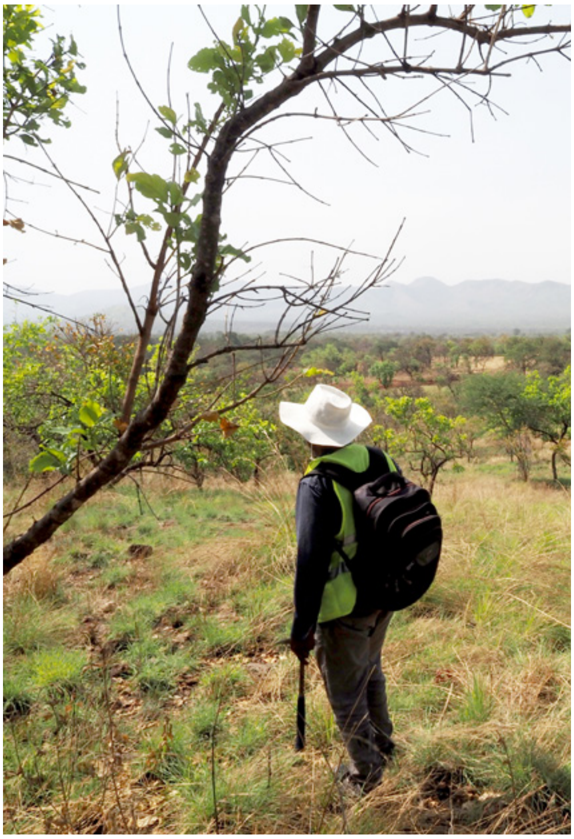
We continue to extend our ESG capacity and are pursuing local, corporate and industry initiatives that demonstrate our commitment to all of our stakeholders. There is still strong support from the country's authorities. We have set the industry standard that the Ethiopian authorities will demand from other actors as mining activities will expand in the coming years.

Despite still struggling with the aftermath of the Tigray conflict, COVID and inflation close to 30%, the long-term outlook for Ethiopia is positive. The GDP is projected to grow 5.8% in 2023 and 6.2% in 2024, driven by strong public investment and private consumption. We are starting to see a positive shift in attitude towards investing in Ethiopia, which we are very happy to support.

Closer to home, we are still receiving strong support from our shareholders as exemplified by the news that we have recently secured additional backing through a convertible loan. Everybody in the company is now looking forward with excitement to the official opening.

Yours sincerely,

Jørgen Evjen
CEO, Akobo Minerals



KEY METRICS

	2020				2021				2022				2023	
SEGELE	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Meters drilled (RC+DDH)	906	69	1,244	1,577	670	-	1,292	5,420	4,410	1,662	768	941	422	-
Accumulated	1,501	1,570	2,814	4,391	5,061	5,061	6,353	11,773	16,183	17,844	18,612	19,553	19,975	19,975
Assays samples generated (incl QAQC)	497	29	439	476	132	-	283	2,051	2,274	1,016	631	824	485	-
Accumulated	1,092	1,121	1,560	2,036	2,168	2,168	2,451	4,502	6,776	7,792	8,423	9,247	9,732	9,732
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	41,000	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	40.6	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	27,000	27,000	27,000
Total Resources ounces					52,410	52,410	52,410	52,410	52,410	68,000	68,000	68,000	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	22.7	22.7	22.7
GINGIBIL	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Meters drilled (RC+DDH)													183	373
Accumulated													183	555
Assays samples generated (incl QAQC)													-	-
Accumulated													-	-
JORU	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
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	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	3,908	3,908	3,908
TRENCHING	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
Meters trenched							876	126	-	-	-	100	270	-
Accumulated	7,500	7,500	7,500	7,500	7,500	7,500	8,376	8,502	8,502	8,502	8,502	8,602	8,872	8,872
CORPORATE	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**	**Q3**	**Q4**	**Q1**	**Q2**
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	56,304,870	48,591,104	25,093,434
Share issue SEK	8,331,517	1,869,233		20,000,000			48,945,840							
Convertible loan SEK											52,588,514		22,475,000	
Long term loan SEK												84,154,886		
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	-43,492,414	-30,188,766	-23,497,670
Employees in total end quarter	17	23	23	32	33	39	41	38	69	87	85	84	97	132
Ethiopian fixed	16	22	22	30	31	36	38	34	41	46	55	51	67	91
Ethiopian temporary and consultants	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a	23	36	25	28	26	36
Scandinavian and other	1	1	1	2	2	3	3	4	5	5	5	5	4	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	1,824	1,969	1,916

SEGELE MINE

Steady progress was made with the processing plant's foundations and facility assembly during the second quarter of 2023, while at the same time the mine shaft advanced towards the ore.

The extreme rainfall has been a real challenge requiring important improvements, which in turn has made our systems more resilient by setting up improved long-term systems. Various water management systems were put in place, including walls, sumps and a variety of pumping mechanisms. By the end of the quarter, the incline shaft had reached 37 metres in length and the two smaller tunnels had each reached 26 metres in length. The size of the on-site team continues to expand and to maintain the necessary pace of site activity, we increased the level of local staff training.

With the hiring of Steven Ruprecht, we also decided to move towards taking over the mining activities from IW Mining. The contract with IW has not been renewed, and a complete mining team led by Steven is already assembled. The decision for taking over the mining activities is related to several factors, but mainly that we see that we can operate and perform better. We have for some time expected to hit the ore body at Segele, only to recently find out that the target was missed, coming in above it. The work to rectify this has already started, and we believe we will be back on track very soon.

As the company advances towards production, a number of organisational changes were made to ensure a smooth start to production. These included the creation of a Mining Operations Department led by the recently appointed, Helge Rushfeldt. Helge is a processing plant engineer with a successful 20-year track record in production and consulting. The new Mining Operations department brings together the mining, processing plant and important engineering support functions under one roof.

By the end of the quarter all parts and construction materials needed for the processing plant had arrived at site in what was another major milestone for the project. This concludes a huge logistics effort for the import of over 60 ISO containers, in addition to the purchase and transportation of huge quantities of cement, reinforcement bars and other materials.

A large civil engineering team was mobilised and put to work round the clock to establish the foundations for the process plant. We saw an improved pace of activity, with some of the most complicated and important sections of the foundations completed before the end of the quarter. Not only were the mill's foundations completed, but the mill itself was lifted into place towards the end of the quarter. Since then, the foundations have steadily been advanced and, by the time of writing, most steelwork erection had been completed – most importantly, without one lost time injury.

Following construction and commissioning in the first quarter, the pilot plant was in frequent operation through the second quarter. During the period, this small gravity gold extraction plant was used to extract gold from the bulk samples collected from the Gingibil target. The pilot plant extracted 24 grams of gold from 58 tons of rock, which equates to a run-of-mine grade of 0.42g/t. Although this is low, the larger main processing plant will have a much higher recovery efficiency and hence these results point to an exciting new near-surface target – and comparable to many operations around the world. Gingibil represents an important opportunity for the company to expand production in the near-term, but also to develop a large-scale resource over time.

By the end of the quarter, the process plant team had grown from 16 to 27 people, covering a variety of engineering and technical disciplines. The team is involved in tasks concerning both running the pilot plant and construction of the main plant alongside staff from our partner, Solo Resources. These tasks enable the processing plant team to establish high competency working practices, while simultaneously testing its skills and making necessary adjustments.

At the end of the second quarter, the tailings storage facility (TSF) design was nearing completion by the industry-respected, Epoch Resources. At the time of writing, we had received the TSF designs, and the various pumping, piping and filtration systems are under procurement. A fully-equipped civil engineering team is already at site and construction will begin imminently. A top-of-the-range conductive HDPE liner is already at site and a specialist team in South Africa will fly to Ethiopia once the earthmoving is complete.

EXPLORATION ACTIVITIES

With the yearly rainy season and growth of the grass, many of the field activities have been put on hold awaiting the dry season. This is part of the normal seasonality for exploration activities in Ethiopia. We are however pushing on with drilling activity at Gingibil despite metre high grass, mud, flooded creeks and stuck vehicles.

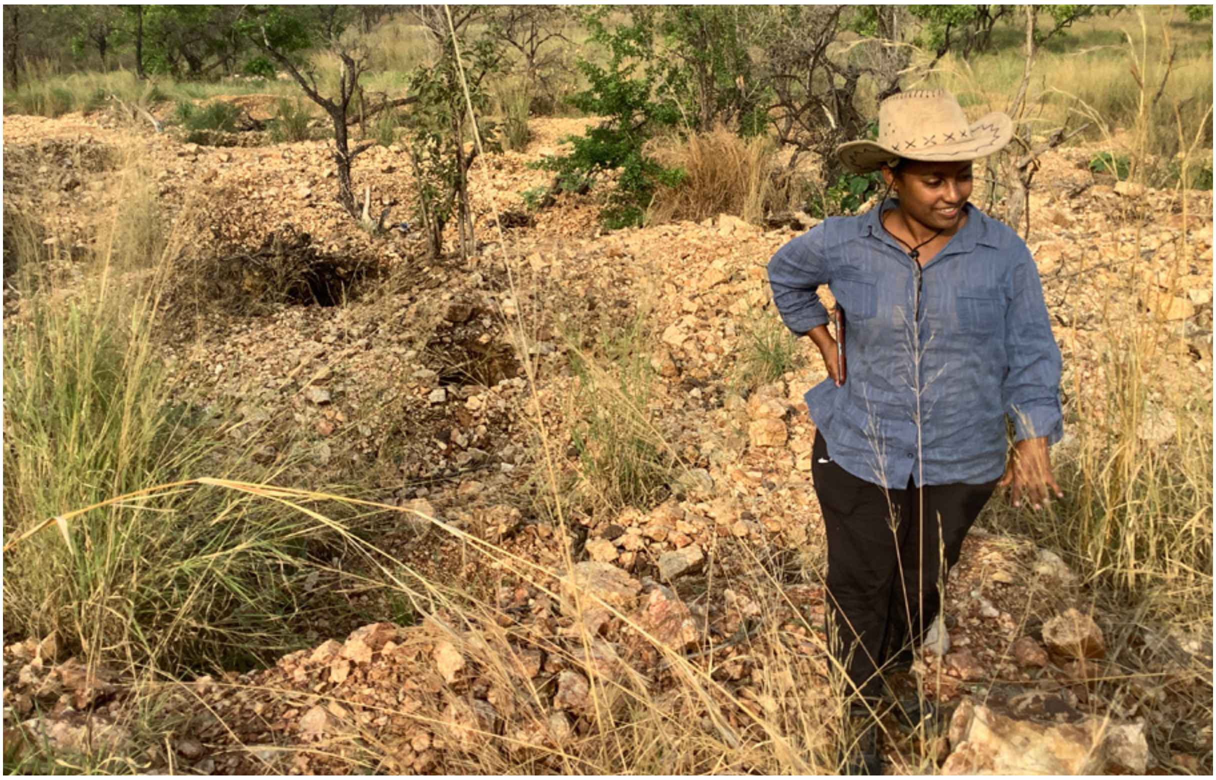
By the end of the second quarter, we had drilled 554.6 metres at Gingibil, which is quite an achievement considering that the main focus of the company has been to make the Segele mine operational and that the exploration and drilling team have not been able to work at the Gingibil site for weeks at a time.

The Hill Top target assays were received; two short intersections with low grade mineralisation were found, but nothing that matches the promising results from the artisanal pits. This puts this target lower on the priority list and the company will likely not return to this target in the next few months. In the meantime, near mine exploration activity around Segele has started, by looking at additional targets west of Segele Main. At the time of writing, several artisanal pits are being evaluated as indicators for gold mineralisation.

In the third quarter, the drilling campaign at Gingibil has continued and further quartz veins have been tested in the vein swarm. We have also extended our geological mapping to areas close to Gingibil, seeing some positive indications.

The exploration team continuously support the mine with ongoing geology services to ensure a seamless transfer of knowledge between exploration and mining.

The first batch of assays from Gingibil was submitted to ALS in Addis Ababa for gold assay. We expect the results by the end of the third quarter or early in the fourth quarter.



ENVIRONMENTAL, SOCIAL AND GOVERNANCE

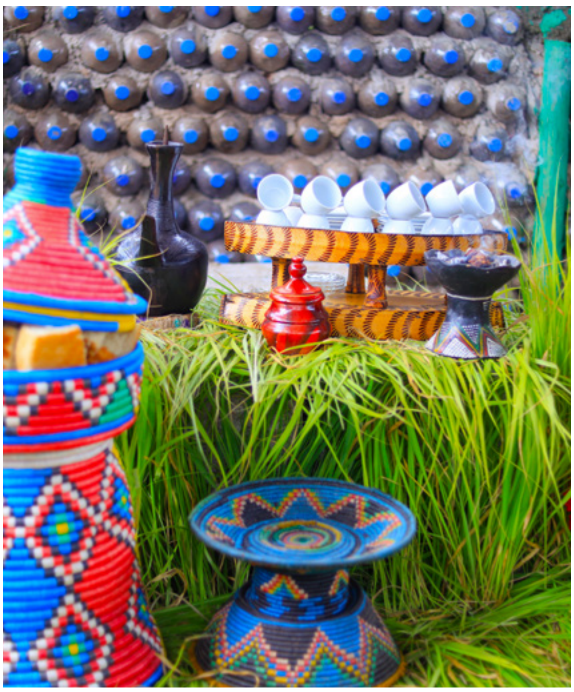
As the second quarter of 2023 kicked off, Akobo Minerals' recently appointed ESG Manager began to learn about both the team and the activities being undertaken.

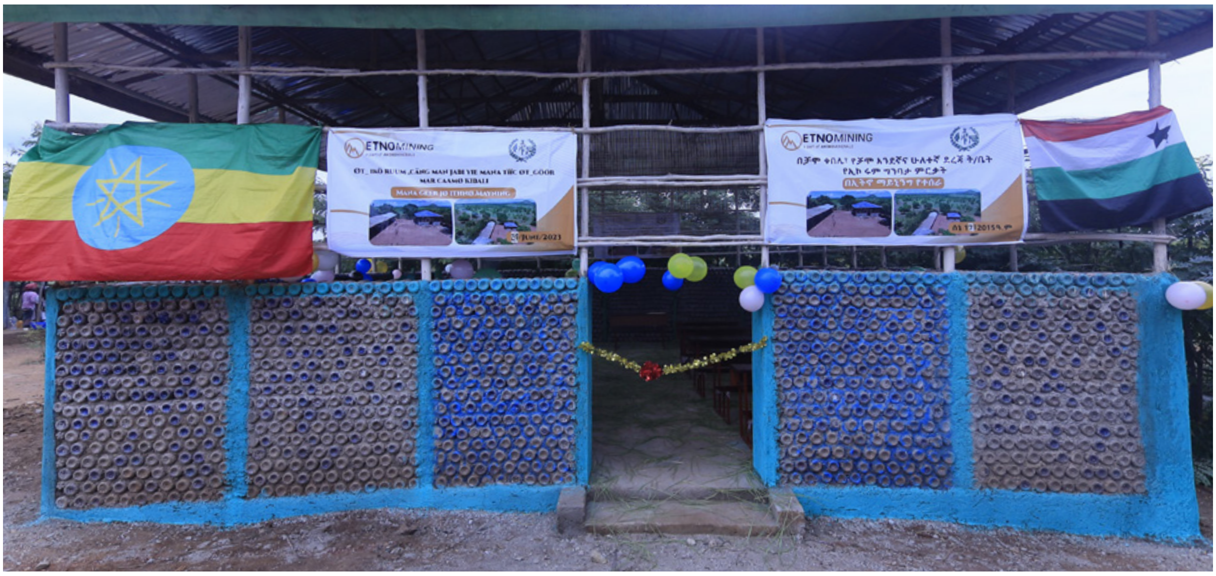
All members of the ESG team are now fully trained in the use of a new digital monitoring system, Lynx. With its establishment, the company now has constant and remote oversight of all of its environmental and social performance data, so any potential issues can be identified and tracked.

Stakeholder engagement processes continue apace, with regular meetings with the kebele- and woreda-level administrations, as well as with the wider community. Meanwhile, the local Women's Association secured an area of land for its grain mill and is commencing the process of development and planning required for its set-up. A solar grain mill has been sourced and the procurement process initiated.

A Youth Environmental Association (YEA) has also been set up and it was agreed that community waste management should be its first priority. Akobo Minerals' clinic will also be providing the YEA with training to become Community Health Awareness Champions to increase awareness of hygiene and sanitation associated with communicable diseases such as malaria, typhoid and typhus.

Following submission of this year's annual and ESG report to the country's Environmental Protection Agency (EPA), the company received excellent feedback and has since had several meetings with the EPA, culminating in Akobo Minerals being designated an EPA Officer to become the company's focal point for everything associated with the 'environment'. This will enable the company to build on its existing open and transparent relationship with the Federal Government of Ethiopia to move beyond compliance. In practice, this means that the company has a strategic relationship with the Government in the development and operation of the Segele Mine, as well as the wider mining sector in Ethiopia, as a 'Model of good practice'. This has been evidenced recently by the CEO being invited to speak about sustainable mining at an African Ministers Meeting organised by UNEP.





Akobo Minerals' collaboration with Jimma University in Ethiopia looking at biodiversity mapping is progressing. Most recently, an agreement was reached with the university to prepare a Biodiversity Management Action Plan and for Akobo Minerals to host its implementation. This presents another great example of the company's 'Beyond Compliance' approach, enabling it to actively support conservation and human:wildlife conflict management in its project area, even though it has not been directly responsible for any negative local impacts.

The post-graduate student hosted from Oslo University returned to Norway at the beginning of the second quarter and the company is looking forward to receiving his report of the Akobo River's aquatic ecology shortly. Once received, discussions will then commence regarding plans to potentially make this a longitudinal study to track the river's ecology over an extended period of multiple years.

The opening ceremony of the Chamo community 'ecohub' building was conducted in June. Constructed from over 10,000 discarded plastic bottles collected and filled by members of the community, Akobo Minerals' ESG Team will use the ecohub as a centre to work with the community to actively raise awareness of healthy and sustainable environmental issues, including reducing and reusing plastic waste, waste management, hygiene, and sanitation. Regional, district and local officials attended the opening, along with community representatives. The YEA kicked off the day's celebrations with a 'Clean-up Chamo' day, linking sanitation and waste management with health. The day ended with a 'friendly' football match between a team comprising Akobo Minerals and one from the Chamo Community.

With the memorandum of understanding (MOU) now signed and in place with Ethiopia's Dima polytechnic, there were a number of planning meetings to discuss community-based training, that will now take place in the ecohub following its opening in June. The polytechnic will provide women and youth associations with training in enterprise start-ups and financial literacy in the third quarter of 2023, along with plans to roll out artisanal mining technical skills training during the fourth quarter. Training was delayed slightly due to the unseasonal heavy rains in the region, which impacted the construction timeline of the ecohub.

Looking to the third quarter of 2023, with schools closed, the company aims to complete the planning of its Healthy and Sustainable Schools Programme which can be ready for the start of the new Ethiopian year in October. The materials received final and full approval from the Gambella Bureau of Education, in June.

Also in the third quarter, Akobo Minerals aims to begin the construction and preparation of its tree nursery so that the seedlings planted to date have a designated home and 'wildlings' can be collected before the rainy season ends. Technical support for this project will be provided through the Ethiopian Biodiversity Institute and the manager of the Botanical gardens in Jima, in the Oromia region of Ethiopia.

With the Akobo Foundation now under registration in Norway, the Green Gold Payment for Ecosystem Services Scheme can begin the registration process to protect and rehabilitate locally in excess of 1,500 hectares of damaged combretum and acacia woodland. This will reap carbon credits that will generate a sustainable income for the community.

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 percent 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 30 June 2023, there were 42,889,606 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 4,980,328 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 second quarter of 2023. Pir Invest Holding AS, a company controlled by the chairman, is the only entity owning more than 10 percent of Akobo Minerals.

EMPLOYEES

Akobo Minerals had a total of 96 permanent and 36 fixed term employees as of 30 June 2023. 91 of the permanent 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). It should be considered that 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 ETB currency.

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:

	Group of companies
Capitalized expenses for development and similar work	Five 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:

	Group of companies	Parent company
Tangible fixed assets:		
Tools and installations	Five years	Five 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 and 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 receivables are reported at the amount that is expected to be received after deductions for doubtful receivables.

OTHER FINANCIAL LIABILITIES

Loans and other financial liabilities, such as accounts payable, are included in this category. Liabilities are valued at the 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

Figures in SEK	Q2-2023	Q2-2022	YTD Q2-2023	YTD Q2-2022
Other external expenses	-15,320,179	-4,002,292	-32,818,152	-7,572,283
Personnel costs	-3,952,878	-941,747	-6,799,720	-2,381,698
Total operating expenses	**-19,273,056**	**-4,944,040**	**-39,617,872**	**-9,953,982**
Other interest income and similar profit/loss items	5,992,565	3,213,100	6,634,799	9,154,432
Interest expense and similar profit/loss items	-17,863,009	-307,572	-35,923,574	-1,608,434
Result after financial items	**-31,143,499**	**-2,038,512**	**-68,906,648**	**-2,411,311**
Result for the year	**-31,143,499**	**-2,038,512**	**-68,906,648**	**-2,411,311**

BALANCE SHEET – group of companies

Figures in SEK	Q2-2023	Q1-2023
Capitalised expenditure for development and similar work	63,241,171	62,499,015
Plant and machinery	60,978,154	56,803,956
Equipment, tools, fixtures and fittings	2,894,469	2,296,002
Total Fixed Assets	**127,113,794**	**121,598,973**
Trade receivables	1,480,194	469,032
Other Receivables	5,761,132	7,797,657
Prepaid expenses and accrued income	755,219	604,830
Cash and Bank	25,093,434	48,591,103
Total Current Assets	**33,089,979**	**57,462,621**
Total Assets	**160,203,773**	**179,061,595**
Share capital	1,593,775	1,593,775
Share premium reserve	101,303,949	101,303,949
Balanced result	-69,895,358	-64,720,212
Result of the year	-68,906,648	-37,763,149
Total Equity	**-35,904,282**	**414,363**
Long term debt	120,543,896	101,446,991
Long term convertible loans	**23,389,605**	**22,474,409**
Total Long Term Debt	**143,933,500**	**123,921,400**
Trade payables	113,740	696,316
Current tax liability	162,936	216,524
Other liabilities	-1,515,669	-606,911
Convertible loans	52,131,914	53,189,948
Accrued expenses and deferred income	1,281,635	1,229,954
Current liabilities	**52,174,556**	**54,725,832**
Total Debt	**196,108,056**	**178,647,232**
Total Equity and Debt	**160,203,773**	**179,061,595**

CASH FLOW – group of companies

Figures in SEK	Q2-2023	YTD Q2-2023	Q2-2022	YTD Q2-2022
Before changes in working capital	-19,273,056	-39,617,873	-4,944,040	-9,957,308
Changes in accounts receivables and other receivables	6,582,796	1,013,503	-531,536	-616,435
Changes in accounts payable and other liabilities	-10,189,389	-23,388,633	-1,973,098	-1,848,651
Cashflow from operating activities	**-22,879,649**	**-61,993,002**	**-7,448,675**	**-12,422,394**
Investment in intangible non-current assets	-742,156	-742,168	-5,649,501	-13,516,422
Investment in tangible non-current assets	-4,772,665	-6,713,042	-1,165,291	-1,447,833
Cashflow from investing activities	**-5,514,821**	**-7,455,211**	**-6,814,792**	**-14,964,254**
Proceeds from short-term debt		21,736,583		
Proceeds from long-term debt	9,851,239	9,006,162		
Expenses related to share issue		914,375	-3,151,438	-1,303,823
Change in provisions				-825,113
Cashflow from financing activities	**9,851,239**	**31,657,120**	**-3,151,438**	**-2,128,936**
Cashflow net	**-18,543,231**	**-37,791,093**	**-17,414,905**	**-29,515,584**
Translation difference in cash and cash equivalents	-4,954,438	6,579,657	-2,762,097	-3,667,845
Cash flow for the period	**-23,497,669**	**-31,211,436**	**-20,177,002**	**-33,183,429**

CHANGES IN EQUITY – group of companies

Figures in SEK	Share capital	Share premium reserve	Translation Difference	Balanced result	Result of the year	Total
IB/2023	1,579,765	100,403,584	-3,300,096	-73,931,858		24,751,395
Q1-2023	14,009	900,366	11,534,095	2,883,566	-37,763,149	-22,431,113
Q2-2023			-4,954,438	-2,126,626	-31,143,499	-38,224,564
Total	**1,593,775**	**101,303,949**	**3,279,561**	**-73,174,919**	**-68,906,648**	**-35,904,283**

INCOME STATEMENT – parent company

Figures in SEK	Q2-2023	Q2-2022	YTD Q2-2023	YTD Q2-2022
Other external expenses	-1,168,980	-1,567,115	-2,581,855	-2,916,482
Total operating expenses	**-1,168,980**	**-1,567,115**	**-2,581,855**	**-2,916,482**
Other interest income and similar profit/loss items	7,311,899	-1,444,080	8,964,429	2,296,332
Interest expense and similar profit/loss items	-1,192,219	167,301	-9,791,638	-262,035
Result after financial items	**4,950,700**	**-2,843,894**	**-3,409,065**	**-882,185**
Result for the year	**4,950,700**	**-2,843,894**	**-3,409,065**	**-882,185**

BALANCE SHEET – parent company

Figures in SEK	Q2-2023	Q1-2023
Participation in group companies	22,073,570	22,073,570
Receivables from group companies	149,566,596	144,818,570
Total Fixed Assets	**171,640,166**	**166,892,140**
Other Receivables	1,294	1,290
Prepaid expenses and accrued income	138,377	142,201
Total Current Assets	**139,671**	**143,491**
Total Assets	**171,779,837**	**167,035,631**
Share capital	1,593,775	1,593,775
Share premium reserve	101,303,949	101,303,949
Balanced result	-5,486,264	-5,486,264
Result of the year	-3,409,065	-8,359,764
Total Equity	**94,002,395**	**89,051,696**
Trade payables	1,953,709	1,765,300
Other liabilities	23,691,818	554,278
Convertible loans	52,131,914	75,664,357
Current liabilities	**77,777,442**	**77,983,936**
Total Debt	**77,777,442**	**77,983,936**
Total Equity and Debt	**171,779,837**	**167,035,631**

CHANGES IN EQUITY – parent company

Figures in SEK	Share capital	Share premium reserve	Balanced result	Result of the year	Total
OB/2023	1,579,765	100,403,584	-5,486,264		96,497,085
Q1-2023	14,009	900,366	0	-8,359,764	-7,445,389
Q2-2023			-0	4,950,700	4,950,700
Total	**1,593,774.83**	**101,303,949.17**	**-5,486,264.01**	**-3,409,064.52**	**94,002,395.47**

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Q2 REPORT 2023

SECOND QUARTER RESULTS

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