

2022

Q1

Interim Report



Earnings remain strong for the first quarter of the year

LKAB has continued to perform strongly at the start of 2022. Along with good exploration results, including the possibility of extracting phosphorus and rare earth elements from waste streams, this puts the Group in an even stronger position for its industrial climate transformation. Net sales for the first quarter of the year amounted to MSEK 11,976 (12,256) and operating profit for the quarter amounted to MSEK 6,497 (7,153).

Operations in the first quarter

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Net sales	3, 4	11,976	12,256	48,812
Operating profit/loss		6,497	7,153	26,898
Net financial income/expense		-1,691	386	1,484
Profit/loss before tax		4,806	7,539	28,382
Profit/loss for the period		3,812	5,978	22,604
Costs for urban transformation provisions		-55	-64	-372
Operating cash flow		1,146	3,812	19,988
Capital expenditure on property, plant and equipment		823	542	3,359
Depreciation		-763	-747	-3,132
Deliveries of iron ore products, Mt		6.7	6.9	27.0
Proportion of pellets, %		86	88	83
Production of iron ore products, Mt		6.4	7.4	26.7
Return on equity, %	10	31.6	27.1	39.0
Net debt/equity ratio, %	10	-22.1	-10.8	-24.5



- The production volume** for the first quarter was mainly affected by recurring production disruption at one of the pelletising plants in Kiruna and amounted to 6.4 (7.4) Mt.
- The delivery volume**, which for the quarter was affected by the lower production volume, amounted to 6.7 (6.9) Mt, with pellets accounting for 86 (88) percent.
- Operating profit** for the first quarter was nine percent lower than in the same period last year and amounted to MSEK 6,497 (7,153). Profits were affected mainly by lower prices for highly upgraded iron ore products and a lower delivery volume. A stronger dollar rate had a positive effect.

- Net financial income/expense** for the quarter amounted to MSEK -1,691 (386), with significant stock market falls due to the war in Ukraine as well as geopolitical turmoil with rising interest rates having had a negative effect on the return on financial investments.
- The average global spot price¹⁾** for iron ore products in the first quarter was USD 142 (167) per tonne, which was USD 32 higher than in the previous quarter. The price at the end of the quarter was USD 158 per tonne. Quoted pellet premiums for the quarter were on average just over USD 20 per tonne higher than in the same period last year.
- Operating cash flow** for the first quarter amounted to MSEK 1,146 (3,812).
- The return on equity** was 31.6 (27.1) percent.
- The net debt/equity ratio** was -22.1 (-10.8) percent.

¹⁾ Platts IODEX 62% Fe CFR North China.

LKAB – Group

Net sales and operating profit

Analysis of change in operating profit

MSEK	Q1
Operating profit 2021	7,153
Iron ore prices incl. hedging	-1,065
Currency effect, iron ore incl. hedging of accounts receivable	977
Volume and mix, iron ore	-438
Volume, price and currency, industrial minerals	25
Costs for urban transformation provisions	9
Depreciation	-16
Other income and expenses	-148
Operating profit 2022	6,497

Sales for the first quarter were at the same level as in the same period last year, amounting to MSEK 11,976 (12,256). Lower prices for highly upgraded iron ore products and lower delivery volumes were offset by a higher dollar exchange rate. The average global spot price¹⁾ for iron ore products for the first quarter was USD 142 (167) per tonne. Premiums for highly upgraded products were higher, however, than in the same quarter last year.

Operating profit for the quarter was also affected by the costs of production disruption at one of the pelletising plants in Kiruna, measures to secure production capacity and general price increases for inputs. With greater focus on stable production processes and LKAB's transformation, the number of employees – and thus employee benefit expenses – increased compared with the same period last year. Operating profit for the quarter amounted to MSEK 6,497 (7,153).

Cash flow

MSEK	Q1 2022	Q1 2021	Full year 2021
Cash flow from operating activities before expenditure on urban transformation and changes in working capital	5,946	7,374	25,207
Expenditures, urban transformation	-567	-708	-2,681
Cash flow from operating activities before changes in working capital	5,379	6,666	22,526
Change in working capital	-3,016	-2,315	959
Capital expenditures (net)	-823	-539	-3,217
Acquisition of subsidiaries	-372	–	-150
Acquisition/divestment of financial assets	-22	–	-130
Operating cash flow	1,146	3,812	19,988

Operating cash flow for the first quarter amounted to MSEK 1,146 (3,812), with lower operating profit, increased capital tied up in accounts receivable and increased capital expenditure having a negative effect when compared year on year. Cash flow for the quarter was also affected by a corporate acquisition in respect of Centrumhotellet in Kiruna.

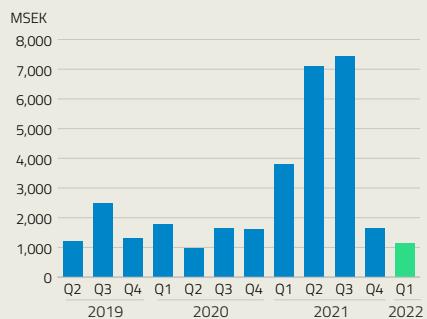
NET SALES AND OPERATING PROFIT/LOSS

Net sales 2022
Net sales
Operating profit/loss



OPERATING CASH FLOW

Operating cash flow 2022
Operating cash flow



RETURN ON EQUITY

Rolling 12 months
Target return on equity



1) Platts IODEX 62% Fe CFR North China.

LKAB – Group

Net financial income/expense and net financial indebtedness

Net financial income/expense for the first quarter was MSEK -1,691 (386). Significant stock market falls both in Sweden and globally, due to the war in Ukraine as well as geopolitical turmoil with rising interest rates due to high inflation, had a negative effect on the return on financial investments during the quarter.

The net debt/equity ratio was -22.1 (-10.8) percent.

Credit facilities

MSEK	Nominal	Utilised (nominal)	Available
Commercial paper programme, maturing within one year	5,000		5,000
Bond programmes	7,000		5,000
<i>Maturing March 2025, green bonds</i>		2,000	
Credit facility	5,000		5,000
Total	17,000	2,000	15,000

All credit facilities are subject to 100 percent retention of title.

Events during the quarter

Recurring disruption mainly at one of the pelletising plants in Kiruna affected the production volume for the quarter by around a million tonnes of finished product. The effect on delivery volumes was able to be partly mitigated by deliveries from stock. The effects of measures taken will be evaluated and further production disruption cannot be ruled out.

The production of crushed ore is to a certain extent still affected following the substantial seismic event in the Kiruna mine in spring 2020. The restoration work has made good progress and during the year this will transition into preparations for production. The area affected by the damage is scheduled to be back in production during 2022.

Events after the end of the reporting period

After the end of the quarter LKAB announced that it had raised its ambition for the future production volume of sponge iron to 24 Mt by 2050. This will enable the Group's global customers to further reduce their carbon emissions to a level approaching that of Sweden's entire greenhouse gas emissions. LKAB is simultaneously accelerating its plans for industrialisation of the Hybrit technology that will transform production in Malmberget/Gällivare. The plan is to synchronise with SSAB's planned transformation and that by the early 2030s all pellet production in Malmberget/Gällivare will have been converted to sponge iron.

At LKAB's board meeting on 28 April an investment decision was made in respect of preparatory work in the industrial area to enable the initial parts of the transition to sponge iron production to take place. The first Hybrit plant is planned to begin production in Malmberget/Gällivare in 2026.

Outlook for 2022

Demand for LKAB's highly upgraded iron ore products remains good. Iron ore prices and premiums remained at a high level during the early part of 2022. At the same time, the war in Ukraine means that 2022 has started with a changed situation in the world. The direct impact on LKAB is limited at present, but it is difficult to assess the longer-term consequences for energy, commodities markets and other supply chains.

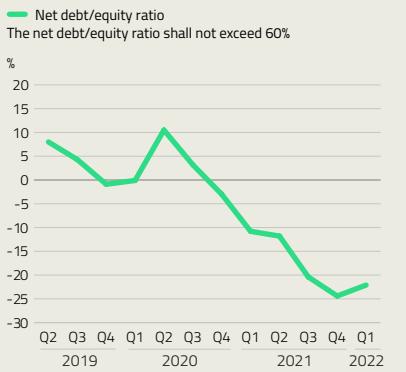
LKAB is continuing its transformational journey towards becoming a future supplier of sponge iron, with the aim of being able to provide our customers with the raw materials for fossil-free steel. Access to industrial land close to the port area in Narvik is of strategic importance for LKAB's transition and therefore continued discussions are in progress with the parties concerned.

The urban transformation work is in an intensive phase, with the result that expenditure will remain high in 2022. Gällivare Municipality has still not approved the necessary zoning plan amendment for eastern Malmberget, which risks delaying the schedule for the phase-out area and thus limiting future production.

NET FINANCIAL INDEBTEDNESS



NET DEBT/EQUITY RATIO



RISKS AND RISK MANAGEMENT

LKAB operates in a capital-intensive industry with a planning horizon that extends across several decades. LKAB must therefore consider risks and opportunities that have a bearing on the business as it is today, but must also act today for a transformation to entirely new future conditions. The global climate threat means the iron and steel industry will need to change fundamentally. Managing both risks and opportunities from a climate perspective is important for securing LKAB's resilience and adaptability as the climate changes.

LKAB is carefully monitoring developments in Cementa's permit process since an interruption in cement deliveries would have very serious consequences for LKAB's production. LKAB is analysing the risks and evaluating both short-term solutions and long-term sustainable alternatives.

The risk of a lack of efficient, legally secure processes has materialised with the rejection by the Land and Environment Court of LKAB's comprehensive application for the operations in Kiruna – a decision that LKAB has appealed.

LKAB is closely monitoring developments in the market and the effects of the geopolitical turmoil following in the wake of the war in Ukraine. See also the section on Market development, page 5.

For further information concerning risks please refer to LKAB's Annual and Sustainability Report.

Sustainable development

Goal progress

Strategic goals ¹⁾	Q1 2022	Q1 2021	Full year 2021	Goal 2026	Goal 2030
Climate-efficient, sustainable transformation					
Energy use (kWh/t FP)	182	169	171	162	154
Carbon emissions (kt)	168	201	697	605	532
Safe, healthy and stimulating workplace					
Lost time accidents (no. per million hrs) ²⁾	8.2	7.3	8.2	4.0	2.0
Long-term sick leave (%)	0.8	0.6	0.6	0.8	0.8
Women in the workforce (%)	25	25	25	30	— ³⁾
Women managers (%)	27	25	27	30	— ³⁾

1) For a description of the strategic goals for sustainable value creation see also LKAB Annual and Sustainability Report 2021.

2) Lost time accidents per million hours worked for the Group including suppliers.

3) The goal for 2030 is to achieve a 60/40 gender distribution in management teams.

Energy intensity has increased compared with the same period last year, mainly due to lower production volumes. Carbon emissions for the quarter decreased compared with the same period last year and amounted to 168 (201) kt, which is mainly due to lower production volumes. At one of the pelletising plants in Malmberget/Gällivare fuel oil has been replaced by tall oil, which also has a positive effect on carbon emissions. The replacement of coal in the upgrading process is essential for further reducing CO₂ intensity in the current production system.

The accident rate in the first quarter was at the same level as for full-year 2021 and amounted to 8.2 (7.3). Safe, healthy workplaces are crucial for LKAB to be sustainable long-term and there is a major focus on measures to turn around the negative trend. Group-wide work on the safety culture – aimed at increasing awareness among managers, co-workers and suppliers – is in progress to avert serious near-misses and accidents.

Sick leave is generally higher in the first and last quarters and is expected to fall somewhat over the year.

The percentage of women in the workforce and among management is at the same level as for full-year 2021, but the trend indicates a positive development.

Work is under way to create the conditions for biodiversity and to plan for biodiversity efforts. Guidelines describing the aim and approach are being produced and workshops will be held in the Group during the first half of the year.

Strategic sustainability work

LKAB's strategy and transformation plan aim not just to achieve the objective of carbon-free processes and products by 2045. A crucial element of the strategy is to increase the value added by processing and to gradually transition to the production of carbon-free sponge iron, which will enable our global customers to reduce their carbon emissions. The transformation will also put us in a position to more than double sales and will secure our competitiveness over time. This is a process that will take many years, with various development projects and initiatives being gradually integrated into the operations.

During the quarter LKAB reported a further increase in mineral reserves and mineral resources as a result of major exploration initiatives. Compared with 2020 the reserves have increased by 10 percent and mineral resources by 55 percent. One addition is the Per Geijer deposit in Kiruna and the mineral resources for rare earth elements that are being reported for the first time. Further information is presented in LKAB's Annual and Sustainability Report 2021.

After the quarter it was announced that the Hybrit initiative that LKAB is driving in collaboration with SSAB and Vattenfall has now been granted official support from the EU, as one of seven projects selected under the Innovation Fund. The project will receive a total of MEUR 143 for a demonstration on an industrial and commercial scale of a complete value chain for hydrogen-based iron and steel production, from mine to fossil-free steel.

Carbon emissions and energy consumption

The goal for 2030 is for LKAB's carbon emissions (Scope 1–2) to decrease by 25 percent compared with 2020. The goal for energy is to reduce energy use by 10 percent by 2030.

Based on the new goals the inventory boundaries for carbon emissions and energy intensity have been changed and the comparative figures have been restated.

Biodiversity

LKAB is following SVEMIN's biodiversity roadmap, with the objective that by 2030 the Group will contribute to a biodiversity net gain in the regions where we operate. The interim goal for 2026 is for LKAB to have established a systematic way of working for increased biodiversity.

ACCIDENTS



ENERGY CONSUMPTION



CO₂ EMISSIONS



Market development

The steel and iron ore market

The global steel and iron ore industry

Global production of crude steel fell by just on seven percent in the first quarter compared with the same period last year.

Production in China was around 15 percent lower than the highest ever production level reached in the second quarter of 2021. In the rest of the world production was slightly lower both compared to the same period last year, and compared to the fourth quarter. The war in Ukraine resulted in a 35 percent decreased crude steel production in Ukraine compared to the same quarter last year. How production will be affected in both Ukraine and Russia is uncertain at present. The countries' share of global crude steel production over the past 12 months amounts to one and four percent respectively.

Since mid-2021 demand for steel in China has declined due to a decrease in building construction and weakness in various industrial sectors. An increased coronavirus infection rate in the first quarter had a negative impact on the situation of the industry. Crude steel production in the rest of the world has partly compensated for the downturn in China, but the steel market has generally been more volatile than previously. Steel prices fell generally in the world in the fourth quarter of 2021, but in the first quarter rose back to very high levels.

In Europe (EU27) crude steel production decreased by nearly four percent compared with the first quarter of 2021, when European industrial production and steel consumption had returned to a normal level. During the quarter electricity prices in Central Europe increased to very high levels and steelmakers shut down production in electric arc furnaces. In March the energy prices stabilised at historically high levels. As a result of the war in Ukraine, the uncertainty concerning prices of natural gas and electricity has increased in Central Europe.

Demand for iron ore followed steel production and the supply of iron ore was unchanged from the fourth quarter which resulted in rising stocks at Chinese ports, but the iron ore markets outside China were in equilibrium. The market for iron ore pellets remained good and the premiums increased. Deliveries of iron ore pellets from Ukraine to steelmakers in Central Europe are estimated to have decreased during the quarter. At present it is uncertain how the war in Ukraine will affect deliveries going forward.

Sanctions against Russia are resulting in decreased exports of steel, scrap iron, iron ore pellets, coal and inputs from Russian companies. In Europe this has contributed to steel prices having increased to become the highest in the world. As companies have switched to buying inputs from companies in countries other than Russia, prices have risen and stocks have reduced.

Iron ore spot price developments

The spot price (IODEX 62% Fe) for fines increased to an average of USD 142 (167) per tonne in the first quarter, compared with USD 110 in the previous quarter. The price varied during the quarter between a high of USD 163 and a low of USD 120 per tonne. At the end of the quarter the price had risen to USD 158 per tonne.

Quoted pellet premiums for blast furnace pellets and DR pellets increased and averaged USD 67 (43) per tonne and USD 77 (57) per tonne respectively in the first quarter, compared with USD 56 per tonne and USD 64 per tonne respectively in the previous quarter. The difference in price between high-grade iron ore and standard-grade ore (Platts IODEX 65% Fe and 62% Fe) increased to USD 28 (24) per tonne, compared with USD 19 per tonne in the previous quarter.

DEVELOPMENT OF THE SPOT PRICE FOR IRON ORE AND QUOTED PELLET PREMIUMS

1 January 2017 – 31 March 2022

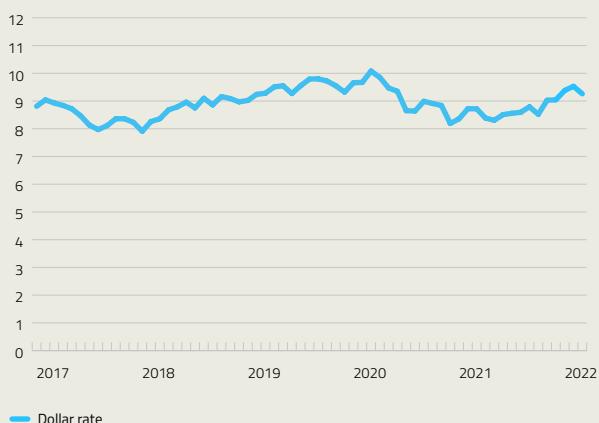
USD per tonne



CHANGES IN THE DOLLAR EXCHANGE RATE

1 January 2017 – 31 March 2022

USD/SEK



Iron Ore business area

The Iron Ore business area includes mines and processing plants in Kiruna, Svappavaara and Malmberget/Gällivare, as well as rail freight services and the ports in Narvik and Luleå.

Operations summary

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Net sales	3.4	11,111	11,732	46,135
Operating profit/loss		6,747	7,604	28,432
Costs for urban transformation provisions		-55	-64	-372
Capital expenditure on property, plant and equipment		771	486	3,154
Depreciation		-682	-678	-2,835
Deliveries of iron ore products, Mt		6.7	6.9	27.0
Proportion of pellets, %		86	88	83
Production of iron ore products, Mt		6.4	7.4	26.7

The production volume for the first quarter was mainly affected by recurring production disruption at one of the processing plants in Kiruna and amounted to 6.4 (7.4) Mt. The delivery volume was affected by the lower production and amounted to 6.7 (6.9) Mt, with pellets accounting for 86 (88) percent.

Sales for the first quarter were five percent lower than in the same quarter the previous year. Lower prices for highly upgraded iron ore products and a lower delivery volume were offset by a higher dollar exchange rate.

Operating profit for the quarter was MSEK 6,747 (7,604). Measures to manage production disruption and to secure production capacity as well as generally higher prices for inputs increased costs compared with the same quarter last year.



FACTS

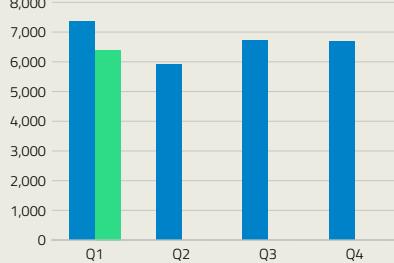
- The Iron Ore business area mines and processes iron ore products in Kiruna, Svappavaara and Malmberget/Gällivare.
- In Kiruna, mining takes place in an underground mine with a current main haulage level 1,365 metres below ground. The ore is processed above ground in three concentrating and pelletising plants.
- In Svappavaara ore is mined in the Leveäniemi open-pit mine. The ore is processed in a concentrating and pelletising plant in Svappavaara.
- Malmberget's underground mine consists of around 20 orebodies, of which around 10 are currently mined. The ore is processed above ground in two concentrating and pelletising plants.
- The Iron Ore business area produces both blast furnace pellets and pellets for steelmaking via direct reduction (DR pellets), as well as fines.
- The iron ore products are transported along the Malmbanan and Ofotbanen ore railway to the ports of Narvik and Luleå for shipment to steelworks customers around the world.

PRODUCTION OF IRON ORE PRODUCTS

2021

2022

ktonnes



Special Products business area



The Special Products business area develops products and services for markets involving industrial minerals, water-powered drilling technology, engineering services and mining and construction contracts. The Special Products business area is also a strategic supplier within the Group.

Operations summary

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Net sales	3.4	1,498	1,114	5,633
Operating profit/loss				
Capital expenditure on property, plant and equipment		103	70	380
Depreciation		26	25	147
		-62	-47	-216

Net sales for the first quarter increased by 34 percent year on year, mainly due to higher selling prices for all industrial minerals and higher sales volumes for the industrial minerals magnetite and mineral sands. Increased sales of engineering services and of rock reinforcement materials also had a positive effect. Higher sales to the Iron Ore business area compared with the same period last year, as well as the acquisition of Bergteamet AB in August 2021, also contributed to the improved sales compared with the same quarter last year. Operating profit for the quarter was 47 percent higher than in the same period last year and amounted to MSEK 103 (70).

Capital expenditure on property, plant and equipment is on a par with the same quarter last year. An increase in depreciation is primarily an effect of the acquisition of Bergteamet AB.

FACTS

- The Special Products business area covers LKAB Minerals, LKAB Wassara, LKAB Berg & Betong, LKAB Kimit, LKAB Mekaniska and Bergteamet AB.
- LKAB Minerals is active in the industrial minerals market, with a leading position in areas such as construction, plastics, paint, agriculture and the chemicals industry. It offers a broad portfolio of products that includes minerals from its own deposits, such as magnetite; recycled products, e.g. from blast furnace slag and other industries; as well as other minerals that it sources and processes. The business has sales offices and production units in Europe, the US and Asia.
- LKAB Wassara develops and manufactures water-powered precision drilling systems for mining, construction and exploration drilling as well as dam building and geothermal energy. Customers are located throughout the world.
- LKAB Berg & Betong and Bergteamet AB are leading providers of full service solutions for the mining and construction industries. LKAB Berg & Betong is also the world's largest producer of sprayed concrete.
- LKAB Kimit supplies explosives to the mining and construction industries.
- LKAB Mekaniska is a quality-conscious engineering company offering services throughout the supply chain, from planning and design to final inspection.

Other Segments

Other Segments covers supporting operations such as group-wide functions¹⁾ and certain operations that take place in subsidiaries. Other Segments also covers financial operations, including transactions and gains/losses relating to financial hedging for foreign currencies and purchases of electricity.

Operations summary

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Net sales excl. hedging		28	25	97
Net sales hedging		18	-117	-126
Total net sales	3, 4	46	-92	-29
Operating profit/loss		-325	-493	-1,758
Capital expenditure on property, plant and equipment		27	31	58
Depreciation		-19	-22	-79

The higher operating profit for the first quarter compared with the previous year is mainly due to an improvement in the result of hedging activities.

Under LKAB's hedging strategy, price and currency risk in the Group's forecast sales are not normally hedged. Currency effects on outstanding accounts receivable are hedged, however.

1) Group-wide functions within Other Segments mainly refers to the Group functions for HR, communications and finance, as well as strategic R&D and exploration.

Parent Company

The Parent Company LKAB consists of the Iron Ore business area and the group-wide functions reported under Other Segments. The Parent Company includes the majority of LKAB's operating activities as well as the Group's financial activities.

Operations summary

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Net sales		11,155	11,633	46,103
Operating profit/loss		6,373	7,042	26,431
Costs for urban transformation provisions		-55	-64	-372
Capital expenditure on property, plant and equipment		750	498	3,068
Depreciation		-588	-589	-2,464
Deliveries of iron ore products, Mt		6.7	6.9	27.0
Production of iron ore products, Mt		6.4	7.4	26.7

Signatures

Luleå, 28 April 2022
Luossavaara-Kiirunavaara AB (publ)

Jan Moström
President and CEO



Financial information

Interim Report Q2 2022
12 August 2022

Interim Report Q3 2022
27 October 2022

Interim Report Q4 2022
February 2023

Reports are available at www.lkab.com

This report was not subject to review by
the company's auditors.

Any questions concerning the Interim Report
may be directed to Jan Moström, President
and CEO. Interviews may be booked through
Niklas Johansson, Senior Vice President
Communication and Climate, on
+46 (0)10 144 52 19.

LKAB – Group

Statement of income

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Net sales	3, 4	11,976	12,256	48,812
Cost of goods sold		-4,989	-4,713	-19,996
Gross profit/loss		6,987	7,544	28,816
Selling expenses		-44	-48	-157
Administrative expenses		-198	-136	-704
Research and development expenses		-223	-197	-1,175
Other operating income		81	78	537
Other operating expenses		-83	-69	-286
Share of profit of joint ventures		-23	-19	-133
Operating profit/loss	3	6,497	7,153	26,898
Financial income		54	447	1,892
Financial expense		-1,745	-61	-408
Net financial income/expense		-1,691	386	1,484
Profit/loss before tax		4,806	7,539	28,382
Tax		-994	-1,561	-5,778
Profit/loss for the period		3,812	5,978	22,604
Profit for the period attributable to:				
Parent company shareholders		3,810	5,978	22,603
Non-controlling interests		2	-	1
Earnings per share before and after dilution (SEK)		5,443	8,540	32,291
Number of shares		700,000	700,000	700,000

Statement of comprehensive income

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Profit/loss for the period		3,812	5,978	22,604
Other comprehensive income for the period				
Items that will not be reclassified to profit/loss for the year				
Remeasurement of defined-benefit pension plans		-82	97	273
Tax attributable to actuarial gains and losses		17	-20	-56
Changes during the period in the fair value of equity instruments measured at fair value through other comprehensive income		1,663	1,762	2,019
		1,598	1,839	2,236
Items that have been or may be reclassified subsequently to profit/loss for the year				
Gains/losses on translation of foreign entities for the period		129	162	186
Changes in fair value of cash flow hedges for the period		-2	0	1
Changes in fair value of cash flow hedges transferred to profit/loss for the year		0	0	0
Tax attributable to components of cash flow hedges		0	0	0
		127	162	187
Other comprehensive income for the period		1,725	2,001	2,423
Comprehensive income for the period		5,537	7,979	25,027
Comprehensive income for the period attributable to:				
Parent company shareholders		5,535	7,979	25,026
Non-controlling interests		2	-	1

LKAB – Group

Statement of financial position

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS			
Non-current assets			
Intangible assets	2,142	1,425	1,738
Property, plant and equipment for operations	31,769	30,533	31,047
Property, plant and equipment for urban transformation	10,688	8,195	10,419
Interests in associates and joint ventures	286	278	287
Financial investments	6	7,422	5,070
Non-current receivables		2	102
Deferred tax asset		10	6
Total non-current assets	52,319	45,608	49,329
Current assets			
Inventories	4,885	4,146	4,924
Accounts receivable	4,849	5,317	2,074
Prepaid expenses and accrued income	401	304	192
Other current receivables	2,496	1,731	1,696
Current investments	6	27,575	22,054
Cash and cash equivalents		8,034	4,579
Total current assets	48,240	38,133	45,316
TOTAL ASSETS	100,559	83,741	94,645
EQUITY AND LIABILITIES			
Equity			
Share capital	700	700	700
Reserves	3,737	1,666	1,947
Retained earnings incl. profit/loss for the period	68,630	54,026	64,885
Equity attributable to Parent Company shareholders	73,067	56,392	67,532
Non-controlling interests	36	–	33
Total equity	73,103	56,392	67,565
Non-current liabilities			
Non-current interest-bearing liabilities	2,354	2,543	2,366
Other non-current liabilities	56	–	56
Provisions for pensions and similar commitments	1,494	1,676	1,396
Provisions, urban transformation	11,554	10,932	11,444
Other provisions	1,562	1,629	1,560
Deferred tax liabilities	1,521	1,617	1,636
Total non-current liabilities	18,541	18,397	18,458
Current liabilities			
Current interest-bearing liabilities	71	1,062	318
Trade payables	1,896	1,721	1,794
Tax liabilities	439	1,053	657
Other current liabilities	1,078	425	689
Accrued expenses and deferred income	2,506	1,407	1,662
Provisions, urban transformation	2,625	2,935	2,979
Other provisions	300	349	523
Total current liabilities	8,915	8,952	8,622
Total liabilities	27,456	27,349	27,080
TOTAL EQUITY AND LIABILITIES	100,559	83,741	94,645

LKAB – Group

Statement of changes in equity

2021 MSEK	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total		
Opening equity 1 Jan 2021	700	-327	68	0	47,971	48,412	–	48,412
Profit/loss for the year	–	–	–	–	22,604	22,604	-1	22,603
Other comprehensive income for the year	–	186	2019	1	217	2,423	–	2,423
Comprehensive income for the year	–	186	2019	1	22,821	25,027	-1	25,026
Dividend	–	–	–	–	-5,850	-5,850	–	-5,850
Call option	–	–	–	–	-56	-56	–	-56
Acquisition of part-owned subsidiaries, non-controlling interest	–	–	–	–	–	–	33	33
Closing equity 31 Dec 2021	700	-141	2,087	1	64,886	67,533	32	67,565

2021 MSEK	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total		
Opening equity 1 Jan 2021	700	-327	68	0	47,971	48,412	–	48,412
Profit/loss for the year	–	–	–	–	–	–	–	–
Other comprehensive income for the year	–	162	1,762	0	77	2,001	–	2,001
Comprehensive income for the year	–	162	1,762	0	6,055	7,979	–	7,979
Dividend	–	–	–	–	–	–	–	–
Closing equity 31 Mar 2021	700	-165	1,831	0	54,026	56,392	–	56,392

2022 MSEK	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total		
Opening equity 1 Jan 2022	700	-141	2,087	1	64,886	67,533	32	67,565
Profit/loss for the year	–	–	–	–	3,810	3,810	2	3,812
Other comprehensive income for the year	–	129	1,664	-2	-65	1,725	–	1,725
Comprehensive income for the year	–	129	1,664	-2	3,745	5,535	2	5,537
Dividend	–	–	–	–	–	–	–	–
Closing equity 31 Mar 2022	700	-12	3,751	-1	68,630	73,067	35	73,103

Personnel

MSEK	Q1 2022	Q1 2021	Full year 2021
Average number of employees	4,628	4,599	4,469
– of which women	1,150	1,118	1,113
– of which men	3,478	3,481	3,356

LKAB – Group

Statement of cash flows

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Operating activities				
Profit/loss before tax		5,569	7,539	28,382
Adjustment for items not included in cash flow		1,701	512	2,182
Income tax paid		-1,313	-676	-5,339
Expenditures, urban transformation		-567	-708	-2,681
Expenditures, other provisions		-11	-1	-18
Cash flow from operating activities before changes in working capital		5,379	6,666	22,526
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories		39	79	-698
Increase (-)/Decrease (+) in operating receivables		-3,624	-2,389	1,000
Increase (+)/Decrease (-) in operating liabilities		569	-5	657
Change in working capital		-3,016	-2,315	959
Cash flow from operating activities		2,363	4,351	23,485
Investing activities				
Acquisition of property, plant and equipment		-823	-542	-3,359
Government investment grants		-	-	137
Disposal of property, plant and equipment		-	3	5
Acquisition of subsidiaries		-372	-	-150
Acquisition/disposal of other financial assets – operating		-22	-	-130
Acquisition/disposal of other financial assets – non-operating		-	-	-358
Disposals/acquisitions (net) in current investments		869	-2,650	-9,960
Cash flow from investing activities		-348	-3,189	-13,815
Financing activities				
Repurchase agreements		-250	-	-986
Repayments/borrowing		-6	-	76
Repayment of lease liabilities		-21	-19	-76
Dividends paid to Parent Company shareholders		-	-	-5,850
Cash flow from financing activities		-277	-19	-6,836
Cash flow for the period		1,738	1,143	2,834
Cash and cash equivalents at start of period		6,289	3,406	3,406
Exchange difference in cash and cash equivalents		7	31	49
Cash and cash equivalents at end of period		8,034	4,579	6,289
Change in cash and cash equivalents		1,738	1,143	2,834
Sub-components of cash and cash equivalents				
Cash and bank balances		7,844	4,479	5,914
Current investments (maturity <90 days)		190	100	375
Cash and cash equivalents		8,034	4,579	6,289
Consolidated operating cash flow				
Cash flow from operating activities		2,363	4,351	23,485
Acquisition of property, plant and equipment		-823	-542	-3,359
Government investment grants		-	-	137
Disposal of property, plant and equipment		-	3	5
Acquisition of subsidiaries		-372	-	-150
Acquisition/disposal of other financial assets – operating		-22	-	-130
Operating cash flow (excluding current investments)		1,146	3,812	19,988
Acquisition/disposal of other financial assets – non-operating		-	-	-358
Disposals/acquisitions (net) in current investments		869	-2,650	-9,960
Cash flow after investing activities		2,015	1,162	9,670
Cash flow from financing activities		-277	-19	-6,836
Cash flow for the period		1,738	1,143	2,834

LKAB – Parent Company

Income statement

MSEK	Note	Q1 2022	Q1 2021	Full year 2021
Net sales		11,155	11,633	46,103
Cost of goods sold		-4,444	-4,326	-18,113
Gross profit/loss		6,711	7,307	27,990
Selling expenses		-12	-7	-39
Administrative expenses		-116	-73	-434
Research and development expenses		-213	-189	-1,129
Other operating income		7	9	61
Other operating expenses		-4	-4	-18
Operating profit/loss		6,373	7,042	26,431
Profit/loss from financial items		-991	413	675
Profit/loss after financial items		5,382	7,455	27,106
Appropriations		–	–	943
Profit/loss before tax		5,382	7,455	28,049
Tax		-1,109	-1,536	-5,679
Profit/loss for the period¹⁾		4,273	5,919	22,370

1) Profit/loss for the period corresponds to comprehensive income for the period.

LKAB – Parent Company

Balance sheet

MSEK	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		863	194	451
Property, plant and equipment for operations		25,942	25,240	25,778
Property, plant and equipment for urban transformation		10,688	8,195	10,419
Financial assets				
Interests in subsidiaries		3,034	1,680	1,832
Interests in associates and jointly controlled entities		520	380	498
Receivables from subsidiaries		2,598	3,158	3,202
Other non-current securities		3,238	2,869	3,238
Other non-current receivables		96	206	196
Deferred tax asset		1,467	1,394	1,467
Total financial assets		10,953	9,686	10,433
Total non-current assets		48,446	43,315	47,081
Current assets				
Inventories		4,175	3,461	4,167
Current receivables				
Accounts receivable		4,339	4,891	1,558
Receivables from subsidiaries		219	188	419
Other current receivables		2,314	1,673	1,617
Prepaid expenses and accrued income		324	213	137
Total current receivables		7,196	6,965	3,731
Current investments		25,491	20,235	27,645
Cash and bank balances		7,533	4,271	5,522
Total current assets		44,395	34,932	41,065
TOTAL ASSETS		92,841	78,247	88,146

LKAB – Parent Company

Balance sheet

MSEK	Note	31 Mar 2022	31 Mar 2021	31 Dec 2021
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		700	700	700
Statutory reserve		697	697	697
Non-restricted equity				
Profit/loss brought forward		52,208	35,687	29,838
Profit/loss for the period		4,273	5,919	22,370
Total equity		57,878	43,003	53,605
Untaxed reserves		11,577	12,202	11,577
Provisions				
Provisions, urban transformation		11,554	10,932	11,444
Other provisions		1,529	1,552	1,525
Total provisions		13,083	12,484	12,969
Non-current liabilities				
Bond loans		1,995	2,241	1,995
Liabilities to credit institutions		–	10	–
Total non-current liabilities		1,995	2,251	1,995
Current liabilities				
Bonds and commercial papers		–	1,000	260
Liabilities to credit institutions		10	–	–
Trade payables		1,267	1,252	1,374
Liabilities to Group companies		748	503	587
Current tax liabilities		421	1,033	630
Other current liabilities		904	269	501
Accrued expenses and deferred income		2,044	977	1,158
Provisions, urban transformation		2,625	2,935	2,979
Other provisions		289	337	511
Total current liabilities		8,308	8,306	8,000
TOTAL EQUITY AND LIABILITIES		92,841	78,247	88,146

Notes

Note 1

Accounting policies

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable regulations in the Annual Accounts Act. Disclosures in accordance with IAS 34 are provided both in notes and elsewhere in the interim report. The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim reports.

All amounts are presented in SEK millions (MSEK) unless otherwise indicated. Rounding differences may occur. The English version of LKAB's interim report is a translation of the Swedish original version. In case of discrepancies, the Swedish version shall prevail.

The accounting policies and calculation methods applied in the interim report conform to the accounting policies applied in the preparation of the annual report and consolidated financial statements for 2021. For further information concerning the Group's accounting policies refer to LKAB's Annual and Sustainability Report 2021. New and amended standards and interpretations from the IASB have had no impact on consolidated earnings or financial position, or on the presentation of the interim report.

Note 2

Significant assumptions and estimates

The preparation of financial statements requires management and the Board of Directors to make assessments and assumptions that affect recognised assets, liabilities, income and expenses and other information provided, such as contingent liabilities. For further information concerning these, please refer to LKAB's Annual and Sustainability Report 2021.

Note 3

Segment reporting

Segment information is provided on pages 6–8 of the interim report.

The segments in summary

MSEK	Iron Ore		Special Products		Other		Eliminations/group adjustments		Group	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
External income	11,028	11,714	920	650	28	-108	–	–	11,976	12,256
Internal income	83	17	578	464	18	15	-679	-497	0	–
Total income	11,111	11,732	1,498	1,114	46	-92	-679	-497	11,976	12,256
Operating profit/loss	6,747	7,604	103	70	-325	-493	-28	-27	6,497	7,153
Net financial income/expense									-1,691	386
Profit/loss before tax									4,806	7,539

Note 4

Revenue breakdown

Revenue from contracts with customers for the segments is reported below broken down by product/service area and region. The table also includes a reconciliation between the revenue breakdown and total external income according to Note 3.

MSEK	Iron Ore		Special Products		Other		Group	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Product/service area								
Pellets	9,628	10,394	–	–	–	–	9,628	10,394
Fines	1,238	1,203	–	–	–	–	1,238	1,203
Magnetite	–	–	186	129	–	–	186	129
Mineral sands	–	–	241	145	–	–	241	145
Other industrial minerals	–	–	405	327	–	–	405	327
Mining and construction services	–	–	88	49	–	–	88	49
Other	162	118	–	–	10	10	172	128
Total	11,028	11,714	920	650	10	10	11,958	12,374
Region								
Europe	7,207	7,893	587	407	10	10	7,804	8,310
MENA	2,612	2,853	3	7	–	–	2,615	2,860
Rest of World	1,209	968	330	235	–	–	1,539	1,204
Total	11,028	11,714	920	650	10	10	11,958	12,374
Revenue from contracts with customers	11,028	11,714	920	650	10	10	11,958	12,374
Other income – financing activities	–	–	–	–	18	-117	18	-117
Total external income	11,028	11,714	920	650	28	-108	11,976	12,256

Note 5

Business combinations

On 23 February 2022 the parent company acquired 100% of the shares in SMEAB Agat AB, which has been included in the consolidated financial statements. The purchase consideration was MSEK 475 and was paid in cash. Following acquisition the name of the company was changed to LKAB Centrumhotellet AB. The company owns a hotel property in Kiruna that is leased to Scandic. Prior to the acquisition LKAB Centrumhotellet AB did not conduct any activities other than the construction of the hotel property. There are no external transaction expenses or acquisition-related costs attributable to the acquisition.

Preliminary purchase price allocation

The acquired company's net assets at the acquisition date

MSEK	31 Mar 2022
Property, plant and equipment	499
Financial assets	4
Trade and other receivables	3
Cash and cash equivalents	–
Accounts payable and other operating liabilities	-31
Deferred tax liability	-8
Net identifiable assets and liabilities	467
Group goodwill	8
Consideration transferred	475

Note 6 | Disclosures regarding financial instruments

The table below shows the financial instruments measured at fair value in the statement of financial position.

Group 31 Mar 2022		Level 1	Level 2	Level 3	Total
MSEK					
Shares, financial assets		6,970	–	–	6,970
Equity-related investments		–	9,056	–	9,056
Interest-bearing instruments		–	18,709	–	18,709
Derivatives		–	74	–	74
Total		6,970	27,839	0	34,809

Group 31 Mar 2021		Level 1	Level 2	Level 3	Total
MSEK					
Shares, financial assets		4,699	–	–	4,699
Equity-related investments		–	8,225	–	8,225
Interest-bearing instruments		–	13,929	–	13,929
Derivatives		–	-59	–	-59
Total		4,699	22,095	–	26,794

Fair value measurement

The following summarises the methods and assumptions mainly used in determining the fair value of financial instruments reported in the table above. Disclosures relating to fair value measurement are based on a fair value hierarchy with three levels.

Level 1 means quoted prices in an active market, such as stock market listings. Level 2 means observable market data other than quoted prices, either direct (such as quoted prices) or indirect (derived from quoted prices). Level 3 means the fair value is determined using inputs that are not based on directly observable market data.

Fair value measurements for current investments are based mainly on Level 2 inputs. The value of interest-bearing instruments is calculated using data from the interest-bearing securities market, obtained from Bloomberg. Shares and alternative investments are measured using inputs from the stock market or received directly from brokers. Fair values for derivatives are calculated based on official listings from Bloomberg, with the exception of derivatives relating to the commodities portfolio which are based on quoted market prices.

Fair value of other assets and liabilities

The carrying amount of other assets and liabilities is estimated to be a reasonable approximation of fair value.

Note 7 | Pledged assets and contingent liabilities, Parent Company

Pledged assets

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
As pledged assets for own liabilities and provisions			
Company-owned endowment insurance	94	104	94
Deposit of cash and cash equivalents	112	112	112
Collateral provided, derivatives	872	423	288
Pledged assets bonds repurchase agreements	–	–	–
Total pledged assets	1,078	638	494

Contingent liabilities

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
Guarantees, FPG/PRI	20	16	17
Guarantees, GP plan	3	3	3
Guarantees, Swedish Tax Agency	63	63	63
Surety given for subsidiaries	112	116	121
Other surety	28	–	28
Collateral, remediation	256	58	264
Total contingent liabilities	482	256	496

Note 8 | Transactions with related parties

No transactions that have significantly affected the company's financial position and earnings took place between LKAB and related parties.

Note 9 | Events after the end of the reporting period

After the end of the quarter LKAB announced that it had raised its ambition for the future production volume of sponge iron to 24 Mt by 2050. This will enable the Group's global customers to further reduce their carbon emissions to a level approaching that of Sweden's entire greenhouse gas emissions. LKAB is simultaneously accelerating its plans for industrialisation of the Hybrit technology that will transform production in Malmberget/Gällivare. The plan is to synchronise with SSAB's planned transformation and that by the early 2030s all pellet production in Malmberget/Gällivare will have been converted to sponge iron.

At LKAB's board meeting on 28 April an investment decision was made in respect of preparatory work in the industrial area to enable the initial parts of the transition to sponge iron production to take place. The first Hybrit plant is planned to begin production in Malmberget/Gällivare in 2026.

Note 10

Key ratios – disclosures

Alternative key ratios

The company also presents certain non-IFRS financial benchmarks and key ratios in the interim report. The management considers this supplementary information to be important if readers of this report are to obtain an understanding of the company's financial position and performance.

DEFINITIONS	
Return on equity	Profit after tax, rolling 12 months, as a percentage of average equity.
Operating cash flow	Cash flow from operating activities and investing activities, excluding current investments.
Net financial indebtedness	Interest-bearing liabilities less interest-bearing assets.
Net debt/equity ratio	Net financial indebtedness divided by equity.

Operating cash flow

A reconciliation of operating cash flow can be found in the section The LKAB Group in summary.

Net financial indebtedness

In 2020 LKAB made a minor adjustment to the calculation of net financial indebtedness as regards non-interest-bearing assets that previously reduced net debt. The purpose of the adjustment is to provide more relevant information about the Group's net indebtedness. Comparative figures have been restated in accordance with the change.

Net financial indebtedness

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
Loans payable	2,425	3,605	2,684
Provisions for pensions	1,494	1,676	1,396
Provisions, urban transformation	14,179	13,867	14,423
Provisions, remediation	1,777	1,757	1,775
Less:			
Cash and cash equivalents	-8,034	-4,579	-6,289
Current investments	-27,575	-22,054	-30,141
Financial investments	-433	-371	-400
Net financial indebtedness	-16,167	-6,098	-16,553

Net debt/equity ratio

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
Net financial indebtedness, MSEK	-16,167	-6,098	-16,553
Equity, MSEK	73,103	56,392	67,565
Net debt/equity ratio, %	-22.1	-10.8	-24.5

Return on equity

MSEK	31 Mar 2022	31 Mar 2021	31 Dec 2021
Profit/loss after tax R 12, MSEK	20,438	13,856	22,604
Average equity, MSEK	64,747	51,196	57,989
Return on equity, %	31.6	27.1	39.0

Note 11

Quarterly data for the Group

MSEK	Note	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net sales		11,976	9,064	12,744	14,748	12,256	9,082	9,333	7,456
Operating profit/loss		6,497	2,815	7,769	9,161	7,153	3,625	2,955	1,883
Net financial income/expense		-1,691	352	234	512	386	321	600	656
Profit/loss before tax		4,806	3,167	8,002	9,674	7,539	3,945	3,555	2,540
Profit/loss for the period		3,812	2,599	6,355	7,672	5,978	3,079	2,800	1,998
Costs for urban transformation provisions		-55	-83	-148	-77	-64	-82	-963	-277
Operating cash flow		1,146	1,637	7,430	7,111	3,812	1,622	1,651	972
Investments in property, plant and equipment		823	977	994	846	542	929	643	571
Deliveries of iron ore products, Mt		6.7	6.8	6.3	6.9	6.9	7.0	7.6	6.6
Proportion of pellets, %		86	78	80	85	88	83	82	83
Production of iron ore products, Mt		6.4	6.7	6.7	5.9	7.4	6.8	6.8	6.0
Return on equity ¹⁾ , %	10	31.6	39.0	42.3	39.2	27.1	20.8	18.6	19.4
Net debt/equity ratio ¹⁾ , %	10	-22.1	-24.5	-20.4	-11.8	-10.8	-3.0	3.2	10.5

1) Refers to the end of the quarter.