

Q2
2022

Interim Report

Strong earnings in an uncertain world

LKAB is delivering an operating profit of more than SEK 5 bn in a market with continued high iron ore prices and a quarter characterised by increased costs and an uncertain world. Operating profit for the quarter was MSEK 5,719 (9,161) and operating cash flow for the quarter totalled MSEK 6,158 (7,111).



Operations in the second quarter

MSEK	Note	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Net sales	3, 4	12,375	14,748	24,351	27,004	48,812
Operating profit/loss		5,719	9,161	12,216	16,314	26,898
Net financial income/expense		-546	512	-2,237	898	1,484
Profit/loss before tax		5,173	9,674	9,979	17,212	28,382
Profit/loss for the period		4,231	7,672	8,043	13,650	22,604
Costs for urban transformation provisions		-118	-77	-172	-141	-372
Operating cash flow		6,158	7,111	7,302	10,922	19,988
Capital expenditure on property, plant and equipment		1,416	846	2,239	1,388	3,359
Depreciation		-786	-789	-1,549	-1,536	-3,132
Deliveries of iron ore products, Mt		6.2	6.9	12.9	13.9	27.0
Proportion of pellets, %		82	85	84	86	83
Production of iron ore products, Mt		5.7	5.9	12.1	13.3	26.7
Return on equity, %	10			28.3	39.2	39.0
Net debt/equity ratio, %	10			-14.0	-11.8	-24.5

- **Production volume**, which was affected during the second quarter by continued production disruptions in the pelletising plant in Kiruna and the postponement of maintenance actions from the 2021 pandemic year, totalled 5.7 (5.9) Mt.
- **The delivery volume** for the quarter was affected by the lower production volume, and totalled 6.2 (6.9) Mt, with pellets accounting for 82 (85) percent.
- **Operating profit** for the second quarter was MSEK 5,719 (9,161). 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. Earnings were also affected by higher costs for postponed maintenance actions from the 2021 pandemic year, production disruptions and higher prices on energy and certain input goods.
- **Net financial income/expense** for the quarter totalled MSEK -546 (512), where continued stock market falls due to the war in Ukraine and geopolitical unrest, and rising interest rates caused by high inflation, affected the return on financial investments negatively.

- **The average global spot price¹⁾** for iron ore products in the second quarter was considerably lower than in the same period last year and amounted to USD 138 (200) per tonne, which was USD 4 lower than in the previous quarter. The price at the end of the quarter was USD 120 per tonne. Quoted pellet premiums for the quarter were somewhat higher than in the same period last year.
- **Operating cash flow** for the second quarter totalled MSEK 6,158 (7,111).
- **The return on equity** was 28.3 (39.2) percent.
- **The net debt/equity ratio** was -14.0 (-11.8) percent.

1) Platts IODEX 62% Fe CFR North China.

SEK 5.7 bn

Operating profit/loss

5.7 MT

Produced during the quarter

6.2 MT

Delivered during the quarter

LKAB – Group

Net sales and operating profit

Analysis of change in operating profit MSEK

	Q2	Q1–Q2
Operating profit 2021	9,161	16,314
Iron ore prices incl. hedging	-2,787	-3,960
Currency effect, iron ore incl. hedging of accounts receivable	1,849	2,831
Volume and mix, iron ore	-1,631	-1,965
Volume, price and currency, industrial minerals	37	62
Costs for urban transformation provisions	-40	-31
Depreciation	3	-13
Other income and expenses	-873	-1,022
Operating profit 2022	5,719	12,216

Sales for the second quarter totalled MSEK 12,375 (14,748). 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 second quarter was USD 138 (200) per tonne. Premiums for highly upgraded products were somewhat higher than in the same quarter last year.

Operating profit for the quarter was also affected by continued production disruptions in the pelletising plant in Kiruna and costs for postponing maintenance actions from the 2021 pandemic year. General price rises, mainly for energy and input goods, accounted for a little over 30 percent of the cost increases for the quarter. Personnel costs were also affected by a gratification to LKAB's employees during the quarter and an increased number of employees linked to ongoing efforts to achieve stable production processes and the transition to carbon-free processes and products. Operating profit for the quarter was MSEK 5,719 (9,161).

Sales for the first six months were lower than the same period last year and totalled MSEK 24,351 (27,004). 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 six months was USD 140 (183)

per tonne. However, premiums for highly upgraded products were higher than in the same period last year.

Operating profit for the first six months was also affected by costs for postponed maintenance actions, production disruptions at the pelletising plants in Kiruna, general price rises for energy and input goods and higher personnel costs. Operating profit for the first six months of the year totalled MSEK 12,216 (16,314).

Cash flow

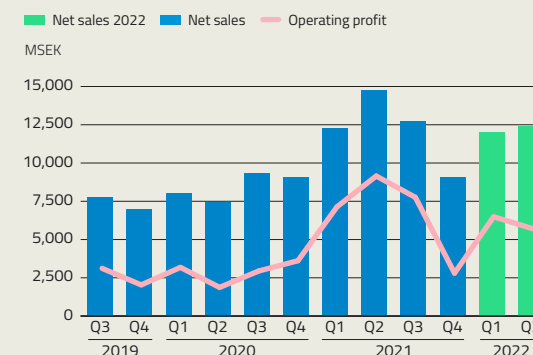
MSEK	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Operating profit ²⁾	6,091	9,046	12,035	16,420	25,207
Expenditures, urban transformation	-445	-452	-1,012	-1,160	-2,681
Change in working capital	1,931	-597	-1,084	-2,912	959
Capital expenditures (net)	-1,414	-839	-2,237	-1,379	-3,217
Acquisition of subsidiaries	–	–	-373	–	-150
Acquisition/divestment of financial assets	-5	-47	-27	-47	-130
Operating cash flow	6,158	7,111	7,302	10,922	19,988

2) Operating profit adjusted for non-cash flow items and costs for urban transformation provisions.

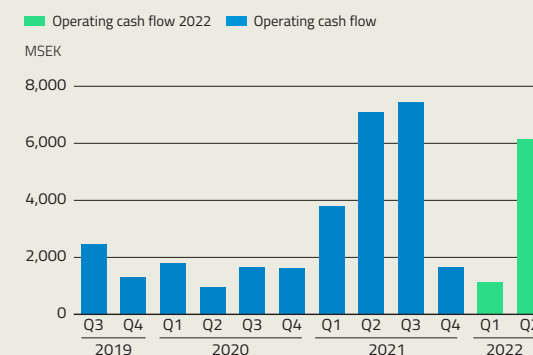
Operating cash flow for the second quarter totalled MSEK 6,158 (7,111), with lower operating profit and increased investments having a negative year-on-year effect. Reduced working capital tied up in accounts receivable had a positive year-on-year effect.

Operating cash flow for the first six months totalled MSEK 7,302 (10,922), where lower operating profit, increased working capital tied up in accounts receivable and increased investments had a negative year-on-year effect. Cash flow was also affected by a corporate acquisition in respect of Centrumhotellet in Kiruna during the first quarter.

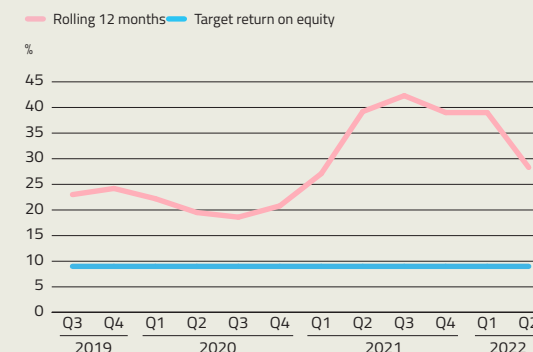
NET SALES AND OPERATING PROFIT/LOSS



OPERATING CASH FLOW



RETURN ON EQUITY



1) Platts IODEX 62% Fe CFR North China.

Net financial income/expense and net financial indebtedness

Net financial income/expense for the second quarter was MSEK -546 (512) and was MSEK -2,237 (898) for the first six months. Significant Swedish and global stock market falls due to the war in Ukraine, geopolitical unrest and rising interest rates caused by high inflation, affected the return on financial investments negatively.

The net debt/equity ratio was -14.0 (-11.8) 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

Production volume for the quarter was affected by continued disruptions in the pelletising plant in Kiruna and postponed maintenance actions from the 2021 pandemic year. The effects of measures taken to achieve stable production 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. Recovery work in the affected area has entered the final phase and an evaluation of production solutions for a safer, more sustainable, deeper mine continues.

A non-unanimous Land and Environment Court of Appeal denied LKAB's appeal of earlier rulings in the environmental impact assessment regarding the operation in Kiruna. LKAB has appealed to the Supreme Court.

Outlook for 2022

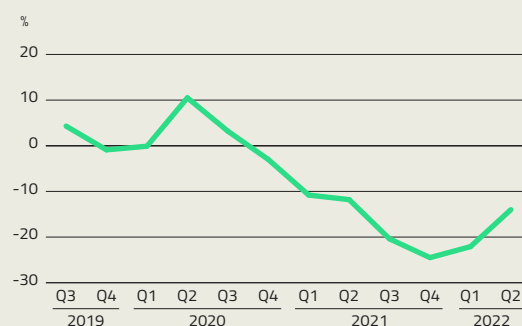
The iron ore price was considerably lower during the first six months compared to the previous year, and has continued to fall at the beginning of the second half of the year. Demand for LKAB's highly upgraded iron ore products remains good. Even though the direct effects the war in Ukraine has on LKAB are limited, the geopolitical unrest with rising interest rates and high inflation mean that LKAB also notes higher costs in respect of energy, certain input goods and materials. The long-term consequences for energy, commodities markets and other supply chains continue to be difficult to assess.

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. However, the transformation involves a number of challenges regarding permitting issues, energy supply and prevailing external conditions.

Urban transformation work has entered an intensive phase, and consequently expenditure will remain high throughout 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 DEBT/EQUITY RATIO

Net debt/equity ratio The net debt/equity ratio shall not exceed 60%



RISKS AND RISK MANAGEMENT

Because LKAB operates in a capital-intensive industry with a planning horizon that extends across several decades, it must not only consider risks and opportunities that have a bearing on the business as it is today, but also act for a transition 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.

The risk of a lack of efficient, legally secure processes has materialised with the complete rejection by the Land and Environment Court of LKAB's application for the operations in Kiruna in October 2021 – a decision that LKAB appealed. In June, a non-unanimous Land and Environment Court of Appeal denied LKAB's appeal. LKAB has appealed to the Supreme Court.

Access to land is a strategically important issue for securing current production, safeguarding ongoing urban transformation and enabling LKAB's transition. Dialogues concerning land issues continue with parties affected in our operating locations.

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.

LKAB is also 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.

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

Sustainable development

Strategic goals for sustainable development

	Q1–Q2 2022	Q1–Q2 2021	Full year 2021	Goal 2026	Goal 2030
Climate-efficient, sustainable transition					
Energy use (kWh/t FP)	182	172	171	162	154
Carbon emissions (kt) ¹⁾	321	361	697	605	532
Safe, healthy and stimulating workplace					
Lost time accidents (per million hrs) ²⁾	6.8	7.5	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 (%)	28	25	27	30	— ³⁾

1) The carbon dioxide emissions target values for the years 2026 and 2030 are full-year values.

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.

Refer to page 20 of the LKAB's Annual and Sustainability Report for a description of the strategic goals for sustainable value creation.

Energy use has increased compared with the same period last year, mainly due to lower production volumes.

Carbon dioxide emissions decreased compared to the same period last year and totalled 321 (361) Kt, in part due to a lower production volume and also because coal has been replaced to a certain extent by fuel oil owing to problems in a coal plant in Kiruna. Fuel oil has been replaced by tall oil at one of the pelletising plants in Malmberget/Gällivare, and this has a positive effect on carbon emissions. The analysis of possible technology options enabling further carbon dioxide reductions continues.

The accident rate showed a positive trend during the first six months and totalled 6.8 (7.5). Safe, healthy workplaces are crucial for a sustainable LKAB over the long term, and there is a great focus on measures to strengthen and continue the positive accident rate 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 on par with the target value, but a little above the previous year.

The proportion of women remains at the 2021 level and the proportion of women managers shows a positive trend and amounted to 28 (25) percent.

Work is under way to create the conditions for biodiversity and to plan for biodiversity efforts. Guidelines describing the goal and working method are under development and workshops will be held in the Group during the year.

CARBON EMISSIONS AND ENERGY CONSUMPTION

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

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

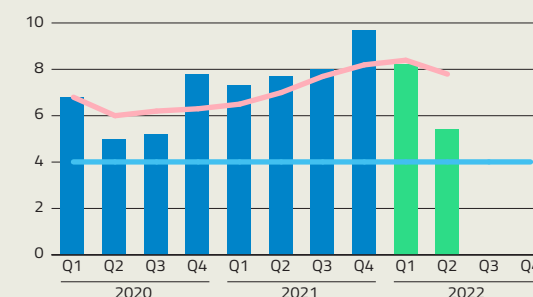
BIODIVERSITY

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

2020–2021 2022 Target for 2026 Rolling 12 months

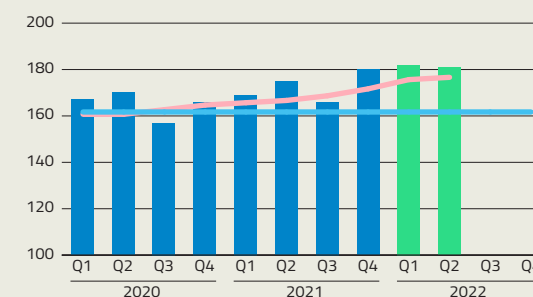
Number per million hours worked



ENERGY USE

2020–2021 2022 Target for 2026 Rolling 12 months

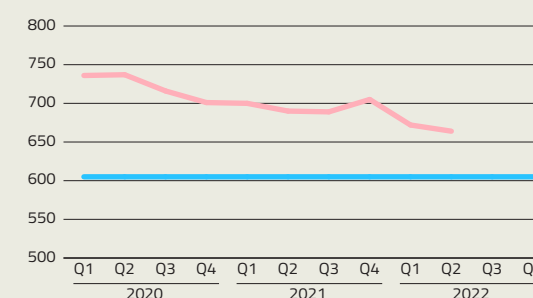
kWh/t products



CO₂ EMISSIONS

Target for 2026 Rolling 12 months

kt



Strategic sustainability work

LKAB's strategy and transformation plan aim at more than just achieving the goal of carbon-free processes and products by 2045. Increasing added value by processing and gradually transitioning to the production of carbon-free sponge iron are crucial elements in our strategy of enabling our global customers to reduce their carbon emissions. The transition will put us in a position to triple sales and will secure our competitiveness over time. This process will take many years, with multiple development projects and initiatives being gradually integrated into our operations.

LKAB's ambition for the future production volume of sponge iron has been raised to more than 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. At the same time, LKAB has accelerated its plans for the industrialisation of the Hybrit technology that will transform production in Malmberget/Gällivare. The plan is to synchronise with SSAB's transition and to convert all pellet production in Malmberget/Gällivare to sponge iron by the early 2030s.

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.

However, LKAB's transition entails a number of challenges such as permitting issues and energy supply, where uncertainties in the world at large may affect progress and implementation.

During the quarter, it was announced that the Hybrit initiative LKAB runs in collaboration with SSAB and Vattenfall has 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.

LKAB also announced the choice of location for the circular economy industrial park for phosphorus and rare earth metals planned for operation in 2027, where consultations have begun for its establishment in Luleå.



Market development

The steel and iron ore market

The global steel and iron ore industry

Global crude steel production decreased by just under 5 percent during the second quarter compared to the same period last year.

Production in China rose compared to the first quarter, but was almost 4 percent lower than the second quarter last year. For the first six months of the year the production decreased by more than 6 percent in China and by 4 percent in the rest of the world, compared to the same period last year. Production in Ukraine is estimated to have decreased sharply during the second quarter to the equivalent of one fifth of the normal level before the war began. Steel production in Russia is estimated to have fallen by more than 10 percent from the second quarter 2021.

The demand for steel in China has fallen since the middle of 2021 due to lower activity in both the construction market and parts of industry. The increased spread of Covid had a negative effect on industrial production in China during the first six months, with a certain recovery of activity during the second quarter. During the first quarter, industrial activity in many of the major western economies was at a good level, but growth slowed during the second quarter while the price of input goods and energy rose sharply, and

there was a lack of components in several industrial segments, such as automotive. Prices for raw materials where Russia and Ukraine have significant positions, including steel, rose during the first quarter and steel prices in Europe were at historically very high levels. As economic growth weakened during the second quarter, prices for steel and raw materials fell worldwide, with the exception of energy.

Steel production in the USA decreased by more than 3 percent and in Europe (EU27) by more than 8 percent compared with the second quarter last year, which was a strong quarter for the steel industry. Electricity prices in Europe decreased from the very high levels seen during the first quarter, but remained historically high. Natural gas prices that have a significant impact on the development of electricity prices in central Europe, rose significantly in the beginning of 2022 and decreased during the spring when the need for heating decreased. At the end of the second quarter and during August the natural gas prices have risen again. There is a high degree of uncertainty as to prices going forward.

The demand for iron ore was lower than in the second quarter last year due to lower steel production. The supply of iron ore

continued to be negatively affected by weather conditions and logistics disruptions. The export market for pellets remained strong as the supply from Ukraine and Russia fell and a significant export tax was introduced in India, resulting in lower pellets export volumes.

Iron ore spot price developments

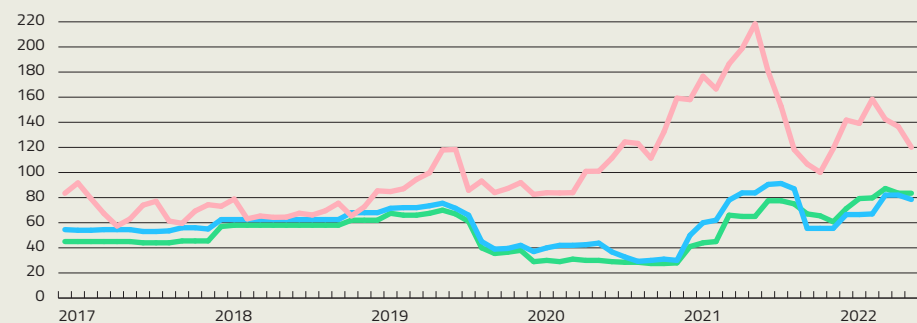
The spot price (IODEX 62% Fe) for fines was around USD 160 per tonne in the beginning of the second quarter, but fell to around USD 120 in connection with signs of a weakening economic cycle at the end of the quarter. The average price was USD 138 (200) per tonne compared to USD 142 per ton in the first quarter.

Quoted pellet premiums for blast furnace pellets and DR pellets increased and averaged USD 81 (65) per tonne and USD 85 (82) per tonne respectively in the second quarter, compared with USD 67 per tonne and USD 77 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) decreased to USD 23 (32) per tonne, compared with USD 28 per tonne in the previous quarter.

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

1 January 2017–30 June 2022

USD per tonne

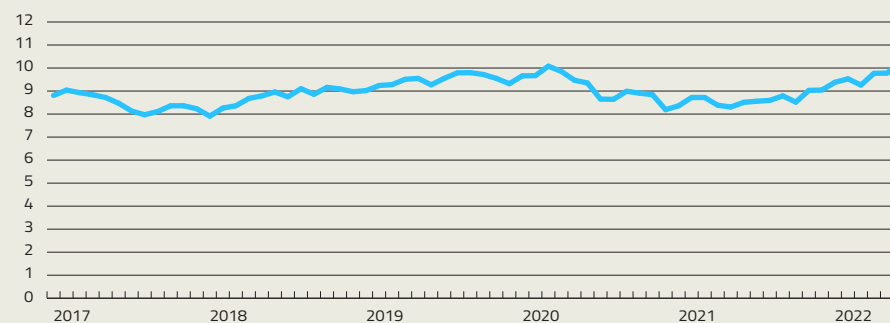


Source: PLATTS

CHANGES IN THE DOLLAR EXCHANGE RATE

1 January 2017–30 June 2022

USD/SEK



Source: Nasdaq

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	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Net sales ¹⁾	3.4	11,618	13,871	22,730	25,610	46,185
Operating profit/loss¹⁾		5,696	8,935	12,443	16,372	27,625
Costs for urban transformation provisions		-118	-77	-172	-141	-372
Capital expenditure on property, plant and equipment		1,318	770	2,089	1,256	3,154
Depreciation ¹⁾		-696	-724	-1,378	-1,403	-2,843
Deliveries of iron ore products, Mt		6.2	6.9	12.9	13.9	27.0
Proportion of pellets, %		82	85	84	86	83
Production of iron ore products, Mt		5.7	5.9	12.1	13.3	26.7

1) During the second quarter, exploration activities and parts of the Group function for technology were removed from Other Segments to business area Iron Ore. Comparative figures have been adjusted in to reflect the organisational change.

The production volume for the second quarter was affected by production disruptions in the pelletising plans in Kiruna and an extended planned maintenance shutdown. The maintenance shutdown extension was partially the result of postponed actions from the 2021 pandemic year. Delivery volume, which was partially offset by deliveries from stock, totalled 6.2 (6.9) Mt, with pellets accounting for 82 (85) percent.

Sales for the second quarter were 16 percent lower than in the corresponding quarter the previous year. Lower deliveries and prices for highly upgraded iron ore products were offset by a higher dollar rate.

Operating profit for the quarter was MSEK 5,696 (8,935). Measures to manage production disruption and to secure production capacity as well as generally higher prices for input goods caused costs to increase compared with the same period last year.

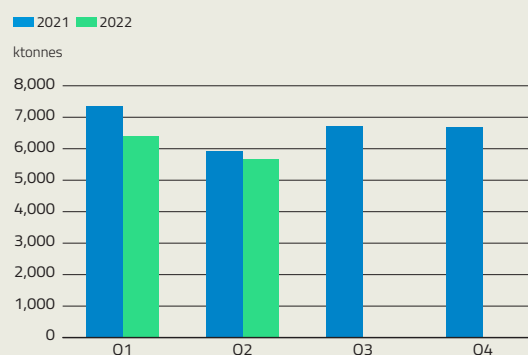
The production volume for the first six months decreased by 1.2 Mt in a year-on-year comparison and totalled 12.1 (13.3) Mt. The decrease was mainly an effect of extended planned maintenance shutdowns, start-up problems following maintenance shutdowns and production disruption at the processing plants in Kiruna. Deliveries totalled 12.9 (13.9) Mt, with pellets accounting for 84 (86) percent.

Sales for the first six months were 11 percent lower than the same period in the previous year. Lower deliveries and prices for highly upgraded iron ore products were offset by a higher dollar rate.

Operating profit for the first six months was MSEK 12,443 (16,372). Increased rock reinforcement, maintenance actions, production disruptions and inflation led to increased costs for the first six months.

Increased investments relate mainly to replacement buildings in the urban transformation programme, measures to reduce risk and stabilise production, and preparatory works associated with urban transformation.

PRODUCTION OF IRON ORE PRODUCTS



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, and fines.
- The iron ore products are transported along the Malmmbanan and Ofotbanen ore railway to the ports of Narvik and Luleå for shipment to steelworks customers around the world.

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	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Net sales	3.4	1,906	1,369	3,404	2,483	5,633
Operating profit/loss		152	112	256	182	380
Capital expenditure on property, plant and equipment		66	26	92	51	147
Depreciation		-62	-49	-124	-96	-216

Net sales for the second quarter increased by 39 percent year-on-year, mainly due to higher sales volumes for the industrial mineral magnetite. Internal sales of engineering services, explosives, crushed materials, rock reinforcement works and drilling also increased and had a positive effect. Operating profit for the quarter was MSEK 152 (112). The improvement in earnings is due mainly to increased sales of magnetite, but the acquisition of Bergteamet AB during the third quarter of 2021 also contributed to the quarter's earnings.

At MSEK 3,404 (2,483), net sales for the first six months increased by 37 percent compared to the corresponding period last year. While the higher sales figures are primarily due to an increase in the magnetite sales volume and improved average prices for

other industrial metals, all parts of the business area contributed to the sales increase. Operating profit for the first six months was MSEK 256 (182), an increase of 41 percent. The main reasons for the improvement in earnings are the higher magnetite sales volume, improved margins on the sale of mineral sands in Asia and the additional earnings from Bergteamet AB, which was acquired during the third quarter 2021.

Investments and depreciations increase during 2022, mainly as a result of the acquisition of Bergteamet AB.

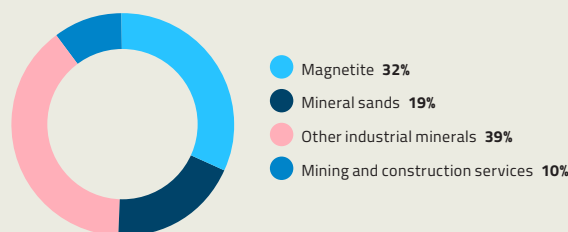


FACTS

- 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 leading positions in areas such as construction, plastics, paint, agriculture and the chemicals industry. Minerals from LKAB's own deposits such as magnetite, recovered products from e.g. blast furnace slag and other industries together with purchased and upgraded mineral are offered in a broad portfolio. 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.

SALES BY PRODUCT AREA AND SERVICE AREA

Percentage of external sales (MSEK)
January – June 2022



Other Segments

Other Segments includes Group functions such as HR, sustainability, communications, finance, strategic R&D and digitisation. 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	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Net sales excl. hedging ¹⁾		20	16	48	32	47
Net sales hedging		-108	174	-90	57	-126
Total net sales	3.4	-88	190	-42	89	-79
Operating profit/loss¹⁾		-117	187	-442	-140	-951
Capital expenditure on property, plant and equipment		31	49	58	80	58
Depreciation ¹⁾		-28	-16	-47	-36	-71

1) During the second quarter, exploration activities and parts of the Group function for technology were removed from Other Segments to business area Iron Ore. Comparative figures have been adjusted in to reflect the organisational change.

The lower operating profit for the first six months compared to the previous year is mainly due to decreased earnings from hedging activities, increased costs for a new business system and increased costs in respect of digitisation.

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.

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	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Net sales		11,542	14,060	22,697	25,693	46,103
Operating profit/loss		5,548	9,074	11,921	16,116	26,431
Costs for urban transformation provisions		-118	-77	-172	-141	-372
Capital expenditure on property, plant and equipment		1,266	795	2,016	1,293	3,068
Depreciation		-600	-629	-1,188	-1,218	-2,464
Deliveries of iron ore products, Mt		6.2	6.9	12.9	13.9	27.0
Production of iron ore products, Mt		5.7	5.9	12.1	13.3	26.7

Signatures

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

The Board of Directors and CEO give an assurance that this interim report for the first six months provides a true and fair representation of the development of the Group's and the Parent Company's operations, position and earnings, and describes the significant risks and uncertainties faced by the Parent Company and the companies making up the Group.

Luleå, 12 August 2022

Luossavaara-Kiirunavaara AB (publ)

Göran Persson
Chairman of the Board

Gunnar Axheim
Board member

Catrin Fransson
Board member

Eva Hamilton
Board member

Bjarne Moltke Hansen
Board member

Lotta Mellström
Board member

Ola Salmén
Board member

Gunilla Saltin
Board member

Per-Olof Wedin
Board member

Anders Elenius
Employee representative

Dan Hallberg
Employee representative

Tomas Larsson
Employee representative

Jan Moström
President and CEO



Financial information

Interim Report Q3 2022

27 October 2022

Interim 4 Report Q4 2022

13 February 2023

Annual General Meeting

27 April 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 Frida Dagertun, Investor Relations, on +46 (0)920 380 70.

LKAB – Group

Statement of income

MSEK	Note	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Net sales	3, 4	12,375	14,748	24,351	27,004	48,812
Cost of goods sold		-6,144	-5,122	-11,133	-9,834	-19,996
Gross profit/loss		6,231	9,626	13,218	17,170	28,816
Selling expenses		-47	-35	-91	-83	-157
Administrative expenses		-204	-201	-402	-337	-704
Research and development expenses		-291	-277	-515	-474	-1,175
Other operating income		141	126	222	204	537
Other operating expenses		-105	-55	-188	-124	-286
Share of profit of joint ventures		-6	-23	-28	-42	-133
Operating profit/loss	3	5,719	9,161	12,216	16,314	26,898
Financial income		890	603	943	1,051	1,892
Financial expense		-1,436	-91	-3,180	-153	-408
Net financial income/expense		-546	512	-2,237	898	1,484
Profit/loss before tax		5,173	9,674	9,979	17,212	28,382
Tax		-942	-2,002	-1,936	-3,562	-5,778
Profit/loss for the period		4,231	7,672	8,043	13,650	22,604
Profit for the period attributable to:						
Parent company shareholders		4,228	7,672	8,038	13,650	22,603
Non-controlling interests	3	–	–	5	–	1
Earnings per share before and after dilution (SEK)		6,040	10,960	11,843	19,500	32,291
Number of shares		700,000	700,000	700,000	700,000	700,000

Statement of comprehensive income

MSEK	Note	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Profit/loss for the period		4,231	7,672	8,043	13,650	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		288	39	206	136	273
Tax attributable to actuarial gains and losses		-59	-8	-42	-28	-56
Changes during the period in the fair value of equity instruments measured at fair value through other comprehensive income		-2,265	-758	-602	1,004	2,019
		-2,036	-727	-438	1,112	2,236
Items that have been or may subsequently be reclassified to profit/loss for the year						
Gains/losses on translation of foreign entities for the period		-75	-54	53	108	186
Changes in fair value of cash flow hedges for the period		–	–	-1	0	1
Changes in fair value of cash flow hedges reclassified to profit or loss		–	–	0	–	0
Tax attributable to components of cash flow hedges		–	–	0	–	–
		-75	-54	52	108	187
Other comprehensive income for the period		-2,111	-781	-386	1,220	2,423
Comprehensive income for the period		2,120	6,891	7,657	14,870	25,027
Comprehensive income for the period attributable to:						
Parent company shareholders		2,117	6,891	7,652	14,870	25,026
Non-controlling interests	3	–	–	5	–	1

LKAB – Group

Statement of financial position

MSEK	Note	30 June 2022	30 June 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		2,148	1,232	1,738
Property, plant and equipment for operations		32,383	30,581	31,047
Property, plant and equipment for urban transformation		10,962	8,926	10,419
Interests in associates and joint ventures		287	288	287
Financial investments	6	5,137	4,699	5,726
Non-current receivables		2	102	102
Deferred tax asset		10	9	10
Total non-current assets		50,929	45,837	49,329
Current assets				
Inventories		5,170	4,025	4,924
Accounts receivable		3,544	6,096	2,074
Prepaid expenses and accrued income		437	285	192
Other current receivables		2,202	1,999	1,696
Current investments	6	23,519	24,242	30,141
Cash and cash equivalents		4,432	4,509	6,289
Total current assets		39,304	41,156	45,316
TOTAL ASSETS		90,233	86,993	94,645

MSEK	Note	30 June 2022	30 June 2021	31 Dec 2021
EQUITY AND LIABILITIES				
Equity				
Share capital		700	700	700
Reserves		1,397	853	1,947
Retained earnings incl. profit/loss for the period		60,656	55,879	64,885
Equity attributable to Parent Company shareholders		62,753	57,432	67,532
Non-controlling interests		38	–	33
Total equity		62,791	57,432	67,565
Non-current liabilities				
Non-current interest-bearing liabilities		2,382	2,275	2,366
Other non-current liabilities		56	–	56
Provisions for pensions and similar commitments		1,243	1,626	1,396
Provisions, urban transformation		11,797	11,152	11,444
Other provisions		1,569	1,694	1,560
Deferred tax liabilities		1,429	1,706	1,636
Total non-current liabilities		18,476	18,453	18,458
Current liabilities				
Current interest-bearing liabilities		77	2,435	318
Trade payables		2,273	1,974	1,794
Tax liabilities		190	1,705	657
Other current liabilities		1,664	443	689
Accrued expenses and deferred income		2,071	1,270	1,662
Provisions, urban transformation		2,328	3,069	2,979
Other provisions		363	212	523
Total current liabilities		8,966	11,108	8,622
Total liabilities		27,442	29,561	27,080
TOTAL EQUITY AND LIABILITIES		90,233	86,993	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	2,019	1	217	2,423	–	2,423
Comprehensive income for the year	–	186	2,019	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	–	–	–	–	13,650	13,650	–	13,650
Other comprehensive income for the year	–	108	1,004	0	108	1,220	–	1,220
Comprehensive income for the year	–	108	1,004	0	13,758	14,870	–	14,870
Dividend	–	–	–	–	-5,850	-5,850	–	-5,850
Closing equity 30 Jun 2021	700	-219	1,072	0	55,879	57,432	–	57,432

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	–	–	–	–	8,038	8,038	5	8,043
Other comprehensive income for the year	–	53	-602	-1	164	-386	–	-386
Comprehensive income for the year	–	53	-602	-1	8,202	7,652	5	7,657
Dividend	–	–	–	–	-12,432	-12,432	–	-12,432
Closing equity 30 June 2022	700	-88	1,486	-1	60,656	62,753	38	62,791

LKAB – Group

Statement of cash flows

MSEK	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Operating activities					
Profit/loss before tax	5,173	9,674	9,979	17,212	28,382
Adjustment for items not included in cash flow	2,280	642	4,742	1,155	2,182
Income tax paid	-1,344	-1,270	-2,657	-1,946	-5,339
Expenditures, urban transformation	-445	-452	-1,012	-1,160	-2,681
Expenditures, other provisions	-18	–	-29	-1	-18
Cash flow from operating activities before changes in working capital	5,646	8,594	11,023	15,260	22,526
Cash flow from changes in working capital					
Increase (+)/Decrease (-) in inventories	-285	121	-246	200	-698
Increase (+)/Decrease (-) in operating receivables	1,441	-890	-2,182	-3,279	1,000
Increase (+)/Decrease (-) in operating liabilities	775	172	1,344	167	657
Change in working capital	1,931	-597	-1,084	-2,912	959
Cash flow from operating activities	7,577	7,997	9,939	12,348	23,485
Investing activities					
Acquisition of property, plant and equipment	-1,416	-846	-2,239	-1,388	-3,359
Government investment grants	–	7	0	7	137
Disposal of property, plant and equipment	2	–	2	2	5
Acquisition of subsidiaries	–	–	-373	–	-150
Acquisition/disposal of other financial assets – operating	-5	-47	-27	-47	-130
Acquisition/disposal of other financial assets – non-operating	0	-358	0	-358	-358
Disposals/acquisitions (net) in current investments	2,671	-2,073	3,540	-4,723	-9,960
Cash flow from investing activities	1,252	-3,317	903	-6,507	-13,815
Financing activities					
Repurchase agreements	–	1,129	-250	1,129	-986
Repayments/borrowing	4	-1	-3	-1	76
Repayment of lease liabilities	-20	-18	-41	-36	-76
Dividends paid to Parent Company shareholders	-12,432	-5,850	-12,432	-5,850	-5,850
Cash flow from financing activities	-12,448	-4,740	-12,726	-4,758	-6,836

MSEK	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Cash flow for the period	-3,619	-60	-1,884	1,083	2,834
Cash and cash equivalents at start of period	8,034	4,579	6,289	3,406	3,406
Exchange difference in cash and cash equivalents	19	-10	26	20	49
Cash and cash equivalents at end of period	4,432	4,509	4,432	4,509	6,289
Change in cash and cash equivalents	-3,621	-60	-1,883	1,083	2,834
Sub-components of cash and cash equivalents					
Cash and bank balances	4,243	4,409	4,243	4,409	5,914
Current investments (maturity <90 days)	189	100	189	100	375
Cash and cash equivalents	4,432	4,509	4,432	4,509	6,289
Consolidated operating cash flow					
Cash flow from operating activities	7,577	7,997	9,939	12,348	23,485
Acquisition of property, plant and equipment	-1,416	-846	-2,239	-1,388	-3,359
Government investment grants	–	7	0	7	137
Disposal of property, plant and equipment	2	–	2	2	5
Acquisition of subsidiaries	–	–	-373	–	-150
Acquisition/disposal of other financial assets – operating	-5	-47	-27	-47	-130
Operating cash flow (excluding current investments)	6,158	7,111	7,302	10,922	19,988
Acquisition/disposal of other financial assets – non-operating	–	-358	–	-358	-358
Disposals/acquisitions (net) in current investments	2,671	-2,073	3,540	-4,723	-9,960
Cash flow after investing activities	8,829	4,680	10,842	5,841	9,670
Cash flow from financing activities	-12,448	-4,740	-12,726	-4,758	-6,836
Cash flow for the period	-3,619	-60	-1,884	1,083	2,834

Personnel

MSEK	Q2 2022	Q2 2021	Full year 2021
Average number of employees	4,619	4,640	4,469
– of which women	1,168	1,158	1,113
– of which men	3,451	3,482	3,356

LKAB – Parent Company

Income statement

MSEK	Note	Q2 2022	Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Full year 2021
Net sales		11,542	14,060	22,697	25,693	46,103
Cost of goods sold		-5,599	-4,588	-10,043	-8,915	-18,113
Gross profit/loss		5,943	9,472	12,654	16,778	27,990
Selling expenses		-15	-8	-27	-15	-39
Administrative expenses		-122	-138	-239	-211	-434
Research and development expenses		-283	-266	-496	-455	-1,129
Other operating income		44	14	52	23	61
Other operating expenses		-19	0	-23	-4	-18
Operating profit/loss		5,548	9,074	11,921	16,116	26,431
Profit/loss from financial items		127	140	-864	553	675
Profit/loss after financial items		5,675	9,214	11,057	16,669	27,106
Appropriations		–	–	–	–	943
Profit/loss before tax		5,675	9,214	11,057	16,669	28,049
Tax		-1,052	-1,905	-2,161	-3,441	-5,679
Profit/loss for the period¹		4,623	7,309	8,896	13,228	22,370

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

Balance sheet

MSEK	Note	30 June 2022	30 June 2021	31 Dec 2021
ASSETS				
Non-current assets				
Intangible assets		863	34	451
Property, plant and equipment for operations		26,584	25,386	25,778
Property, plant and equipment for urban transformation		10,962	8,926	10,419
Financial assets				
Interests in subsidiaries		3,035	1,680	1,832
Interests in associates and jointly controlled entities		527	413	498
Receivables from subsidiaries		2,538	3,098	3,202
Other non-current securities		3,237	3,240	3,238
Other non-current receivables		96	206	196
Deferred tax asset		1,467	1,394	1,467
Total financial assets		10,900	10,031	10,433
Total non-current assets		49,309	44,377	47,081
Current assets				
Inventories		4,386	3,339	4,167
Current receivables				
Accounts receivable		2,843	5,541	1,558
Receivables from subsidiaries		544	274	419
Other current receivables		2,070	1,908	1,617
Prepaid expenses and accrued income		333	226	137
Total current receivables		5,790	7,949	3,731
Current investments		22,122	22,049	27,645
Cash and bank balances		3,931	4,182	5,522
Total current assets		36,229	37,519	41,065
TOTAL ASSETS		85,538	81,896	88,146

LKAB – Parent Company

Balance sheet

MSEK	Note	30 June 2022	30 June 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		39,777	29,837	29,838
Profit/loss for the period		8,896	13,228	22,370
Total equity		50,070	44,462	53,605
Untaxed reserves		11,577	12,202	11,577
Provisions				
Provisions, urban transformation		11,797	11,152	11,444
Other provisions		1,527	1,587	1,525
Total provisions		13,324	12,739	12,969

MSEK	Note	30 June 2022	30 June 2021	31 Dec 2021
Non-current liabilities				
Bond loans		1,995	1,992	1,995
Liabilities to credit institutions		–	10	–
Total non-current liabilities		1,995	2,002	1,995
Current liabilities				
Bonds and commercial papers		–	250	260
Liabilities to credit institutions		10	2,129	–
Trade payables		1,643	1,515	1,374
Liabilities to Group companies		852	434	587
Current tax liabilities		157	1,699	630
Other current liabilities		1,493	340	501
Accrued expenses and deferred income		1,726	854	1,158
Provisions, urban transformation		2,328	3,069	2,979
Other provisions		363	201	511
Total current liabilities		8,572	10,491	8,000
TOTAL EQUITY AND LIABILITIES		85,538	81,896	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 Reporting.

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 this interim report conform to the accounting policies applied in the preparation of the 2021 annual report. For further information concerning the Group's accounting policies refer to LKAB's Annual and Sustainability Report for 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

	Iron Ore		Special Products		Other		Eliminations/ group adjustments		Group	
MSEK	Q1–Q2 2022	Q1–Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Q1–Q2 2022	Q1–Q2 2021	Q1–Q2 2022	Q1–Q2 2021
External income	22,242	25,387	2,188	1,558	-79	59	–	–	24,351	27,004
Internal income	488	223	1,216	925	37	30	-1,741	-1,178	0	0
Total income	22,730	25,610	3,404	2,483	-42	89	-1,741	-1,178	24,351	27,004
Operating profit/loss	12,443	16,372	256	182	-442	-140	-41	-100	12,216	16,314
Net financial income/expense									-2,237	898
Profit/loss before tax									9,979	17,212

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.

	Iron Ore		Special Products		Other		Group	
	Q1-Q2 2022	Q1-Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q2 2022	Q1-Q2 2021	Q1-Q2 2022	Q1-Q2 2021
MSEK								
Product/service area								
Pellets	19,583	22,348	–	–	–	–	19,583	22,348
Fines	2,301	2,764	–	–	–	–	2,301	2,764
Magnetite	–	–	698	399	–	–	698	399
Mineral sands	–	–	425	339	–	–	425	339
Other industrial minerals	–	–	844	697	–	–	844	697
Mining and construction services	–	–	221	123	–	–	221	123
Other	358	275	–	–	11	5	369	280
Total	22,242	25,387	2,188	1,558	11	5	24,441	26,950
Region								
Europe	15,385	16,573	1,319	1,002	11	5	16,715	17,580
MENA	4,885	6,229	190	5	–	–	5,075	6,234
Rest of World	1,972	2,585	679	551	–	–	2,651	3,136
Total	22,242	25,387	2,188	1,558	11	5	24,441	26,950
Revenue from contracts with customers	22,242	25,387	2,188	1,558	11	5	24,441	26,950
Other income – financing activities	–	–	–	–	-90	54	-90	54
Total external income	22,242	25,387	2,188	1,558	-79	59	24,351	27,004

Note 5 Business combinations

On 23 February 2022 the parent company acquired 100 percent of the shares in SMEBAB Agat AB, which have 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.

Purchase price allocation

The acquired company's net assets at the acquisition date

MSEK	30 June 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

Other acquisitions

Other minor acquisitions also took place within the LKAB Group during the period, but as these are not significant, no detailed disclosures about the acquisitions have been made. Consideration transferred totals MSEK 9.

Note 6 Disclosures regarding financial instruments

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

Group 30 Jun 2022 MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	4,705	–	–	4,705
Equity-related investments	–	8,079	–	8,079
Interest-bearing instruments	–	15,441	–	15,441
Derivatives	–	29	–	29
Total	4,705	23,549	–	28,254

Group 30 Jun 2021 MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	4,306	–	–	4,306
Equity-related investments	–	8,693	–	8,693
Interest-bearing instruments	–	15,549	–	15,549
Derivatives	–	-11	–	-11
Total	4,306	24,231	–	28,537

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.

The measurement of fair value for current investments is 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	30 Jun 2022	30 Jun 2021	31 Dec 2021
<i>As pledged assets for own liabilities and provisions</i>			
Company-owned endowment insurance	94	104	94
Deposit of cash and cash equivalents	112	112	112
Collateral provided, derivatives	742	267	288
Pledged assets bonds repurchase agreements	–	2,128	–
Total pledged assets	948	2,611	494

Contingent liabilities

MSEK	30 Jun 2022	30 Jun 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	135	115	121
Accounts receivable factored with recourse	–	–	–
Other guarantees	70	–	28
Collateral, remediation	262	59	264
Total contingent liabilities	553	256	496

Note 8 Transactions with related parties

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

Note 9 Events after the end of the reporting period

There are no significant events after the end of the reporting period to report.

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	30 Jun 2022	30 Jun 2021	31 Dec 2021
Loans payable	2,459	4,710	2,684
Provisions for pensions	1,243	1,626	1,396
Provisions, urban transformation	14,125	14,221	14,423
Provisions, remediation	1,772	1,822	1,775
Less:			
Cash and cash equivalents	-4,432	-4,509	-6,289
Current investments	-23,519	-24,242	-30,141
Financial investments	-415	-386	-400
Net financial indebtedness	-8,767	-6,758	-16,553

Net debt/equity ratio

MSEK	30 Jun 2022	30 Jun 2021	31 Dec 2021
Net financial indebtedness, MSEK	-8,767	-6,758	-16,553
Equity, MSEK	62,791	57,432	67,565
Net debt/equity ratio, %	-14.0	-11.8	-24.5

Return on equity

MSEK	30 Jun 2022	30 Jun 2021	31 Dec 2021
Profit/loss after tax R 12, MSEK	16,997	19,529	22,604
Average equity, MSEK	60,111	49,836	57,989
Return on equity, %	28.3	39.2	39.0

Note 11 **Quarterly data for the Group**

MSEK	Note	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Net sales		12,375	11,976	9,064	12,744	14,748	12,256	9,082	9,333
Operating profit/loss		5,719	6,497	2,815	7,769	9,161	7,153	3,625	2,955
Net financial income/expense		-546	-1,691	352	234	512	386	321	600
Profit/loss before tax		5,173	4,806	3,167	8,002	9,674	7,539	3,945	3,555
Profit/loss for the period		4,231	3,812	2,599	6,355	7,672	5,978	3,079	2,800
Costs for urban transformation provisions		-118	-55	-83	-148	-77	-64	-82	-963
Operating cash flow		6,158	1,146	1,637	7,430	7,111	3,812	1,622	1,651
Investments in property, plant and equipment		1,416	823	977	994	846	542	929	643
Deliveries of iron ore products, Mt		6.2	6.7	6.8	6.3	6.9	6.9	7.0	7.6
Proportion of pellets, %		82	86	78	80	85	88	83	82
Production of iron ore products, Mt		5.7	6.4	6.7	6.7	5.9	7.4	6.8	6.8
Return on equity ¹⁾ , %	10	28.3	31.6	39.0	42.3	39.2	27.1	20.8	18.6
Net debt/equity ratio ¹⁾ , %	10	-14.0	-22.1	-24.5	-20.4	-11.8	-10.8	-3.0	3.2

1) Refers to the end of the quarter.