

## QUARTERLY REPORT, SECOND QUARTER 2021



### HIGHLIGHTS OF THE SECOND QUARTER 2021

- Net sales was 109 MSEK compared to the previous year 67 MSEK
- EBITDA was 36 MSEK (0)
- EBIT was 16 MSEK (-22)
- Cash and cash equivalents were 52 MSEK (14)
- Earnings per share was 0.05 SEK (-0.32)
- The production was about 382 000 (406 000) ounces silver, 988 (1 067) ounces gold, 396 (321) tonnes lead, and 919 (722) tonnes zinc in concentrates
- A total of 10 314 104 new shares were subscribed by the warrants of series 2020/2021 in May 2021 adding 19 MSEK new equity

### HALF YEAR 2021

- Net sales was 204 MSEK (158)
- EBITDA was 51 MSEK (9)
- EBIT was 10 MSEK (-33)
- Investments were 13 MSEK (21)
- The production was about 726 000 (798 000) ounces silver, 1 695 (2 073) ounces gold, 705 (783) tonnes lead, and 1 582 (1 680) tonnes zinc in concentrates
- The renegotiated secured bond of 13.2 MEUR (ca. 132 MSEK) with the directed share issue of 5 533 324 new shares (equivalent to ca. 16.6 MSEK of new equity) strengthened Company's position and ensured the progress in P700 and other development projects

*Comparative figures refer to the corresponding period of the previous year.*

## **CEO ERKKI KURONEN**

Silver production of 382 000 ounces during Q2 was ca. 10 % higher than the production of the two previous quarters and well in line with the average production of 385 000 ounces during the 8 preceding quarters. Also, the production volumes of gold, zinc, and lead, were significantly higher than during the last two quarters. The ore at the Silver Mine has high variance in the metal content and metal ratio's, we do our best to predict and smoothen the variation, but it has an influence on the daily, weekly, monthly, and quarterly production volumes.

Revenue of the reporting period reached 109 MSEK and revenue of the first half of the year 204 MSEK. Both are significantly better than the comparable figures of last year when we were impacted by the metal price dip due to the COVID-19. Outlook for the silver and other metals of the Silver Mine is strong.

Investments of the Q2 and the first half 2021 were 5 and 13 MSEK correspondingly and include the investments into the mine infrastructure, tailings management facility and sustaining capital at the concentrating plant. We capitalize the construction of the access tunnels and corresponding mine infrastructure which is used for longer than one year. Similarly, dam rises and expansion of tailings management facility and bigger maintaining investments to debottleneck and streamline the production process, are capitalized.

On the project side, the ore sorting project is back on the drawing board to improve cost effectiveness of the full-scale production process. P700 drilling campaign will be continued during the coming months. Mineral resource and ore reserve estimates will be updated at the year end. Project REX, regional exploration, will be advanced during the summer months by the geological field work and the team looks forward for the results.

In the middle of the vacation season, I wish all employees and stakeholders very relaxing and refreshing summer days which we deserve.

## **BUSINESS**

The Company operates the Silver Mine in Sotkamo, Finland. The production was started in March 2019 and the mine produces silver, gold, zinc, and lead in concentrates which are sold to a smelter. In addition, the Company holds mining and exploration rights to mineral deposits nearby current operations in Sotkamo region in Finland.

Net sales was 109 MSEK compared to the previous year 67 MSEK. The lower silver grade in production was compensated by higher silver price.

Milled ore tons and online time of the mills were at the budgeted level. The average silver grade in the mill feed was lower than during the comparison period.

Other income and expenses include 2 MSEK (6) unrealised final sales price adjustment for the period due to the slightly increased metal prices after the period. The final sales price for silver and gold is based on monthly average market price two months after the delivery, deducted by the customer's smelter charges.

<b>Key figures, group</b>	<b>Q2 2021</b>	<b>Q2 2020</b>	<b>FY 2020</b>
Net sales MSEK	109	67	366
EBITDA MSEK	36	0	73
EBIT MSEK	16	-22	-10
Equity ratio (%)	39	32	32
Cash liquidity (%)	132	51	69
Personnel at end of period	56	51	50
Milled tonnes approx.	143 000	137 000	546 000
Average Silver grade g/tonne	93	106	104

The financial net expenses in Q2 2021 were -6 MSEK (-39), in previous year the expenses were significantly higher due to unrealised FX loss of intra-group capital loans. The Company has classified the intra-group capital loans as net investment loans in Q4 2020 and since then FX currency rate change impact of intra-group capital loans have been booked directly to equity and it will not impact financial income and expenses in 2021.

Investments in the underground mine and in the concentrating plant together with the sorter development and environmental investments amounted to 5 MSEK (12) in Q2.

## **PRODUCTION AND GUIDANCE**

In the second quarter, 143 000 (137 000) tonnes of ore were milled. In Q2 the Company produced about 382 000 (406 000) ounces silver, 988 (1 076) ounces gold, 396 (321) tonnes lead and 919 (722) tonnes zinc in concentrates. The silver grade of the mill feed was lower than in the reference period resulting lower silver production in the concentrates.

In the first half of the year, 282 000 (266 000) tonnes of ore were milled. The Company produced about 726 000 (798 000) ounces silver, 1 695 (2 073) ounces gold, 705 (783) tonnes lead and 1 582 (1 680) tonnes zinc in concentrates. The half year production is influenced by the weak production during Q1 due to high variation of the feed grades.

We reiterate our annual production guidance of 1.45 - 1.75 million ounces of silver for 2021.

## **FINANCIAL POSITION**

- Cash and cash equivalents were 52 MSEK (14)
- Equity ratio was 39 % (32)
- Equity was 261 MSEK (216) which corresponds to 1.30 SEK (1.08) a share

### **Refinancing project**

March 22, 2021, Sotkamo Silver Oy agreed the renegotiated terms and conditions of its 13,200,000 EUR Senior Secured Fixed Rate Notes 2018 (ISIN:FI4000315379). As a result, the company's obligation to collect funds into a pledged account for repayments postponed so that instead of paying 1,350,000 EUR quarterly starting in Q1 2021 amounting in total EUR

5,400,000 in 2021, the new payment dates and amounts are as follows: 1,350,000 EUR on December 31, 2021, and 1,350,000 EUR on March 31, 2022. The Final Maturity Date for the 10,500,000 EUR is June 27, 2022. The Company continues to develop debt funding alternatives to strengthen its long-term financial position.

## SAFETY AND ENVIRONMENT

The lost time injury frequency rate (LTIFR) meaning the number of sick days due to accidents per a million working hours was 27 (14) at the end of the period including all contractors. As a reference, LTIFR of 27 corresponds to 7 Lost Time Injuries (LTI) within 12 months period. As a result of increased LTIFR the Company has initiated a new safety development program to reinforce and encourage safety culture in its own organization and with its contractors. This includes training of superiors, foremen and employees and support and tools to ensure positive safety behaviour. The Company's long-term goal for LTIFR is zero.

## PERSONNEL

Sotkamo Silver had 56 (51) own employees and 96 (68) contracted employees working in the mine area at the end of the period. These numbers also include the summer trainees.

## EVENTS AFTER THE REPORTING PERIOD

No events after the reporting period.

## SHARES AND SHARE TRADINGS

Sotkamo Silver AB's share capital on June 30, 2021, was 274 871 388 SEK and the number of shares 200 366 211.

In May 2020 Sotkamo Silver AB issued 11 246 583 warrants, which gave the holder the right to subscribe to one new share in Sotkamo Silver at a subscription price of SEK 2.00. A total of 10 314 104 new shares were subscribed by the warrants in May 2021. This increased the share capital by 14 149 352 SEK and brought in ca. 19 MSEK of new equity.

Share information	Q2 2021	Q2 2020	2020-12-31
Share price SEK	2.52	1.96	3.14
Highest share price SEK, during the period	5.53	4.45	3.57
Lowest share price SEK, during the period	2.48	1.60	2.63
Quota value SEK	1.37	1.37	1.37
Market Cap. MSEK	505	353	565
Number of shares	200 366 211	179 977 732	179 977 732
Share capital SEK	274 871 388	246 901 555	246 901 555

The Sotkamo Silver shares are traded on NGM Equity Stockholm and on Nasdaq Helsinki. The Company ticker code is SOSI at NGM Equity and SOSI1 at Nasdaq Helsinki. The shares' ISIN-number is SE0001057910. The shares are also traded on Börse Berlin, Open Market,

where the Company code number is A0MMF4, and ISIN-number is the same as on NGM Equity Stockholm; SE0001057910.

The number of shares traded on NGM Equity and Nasdaq Helsinki from January to June 2021 was 204 050 454 (47 215 763).

## **RISK FACTORS**

Financial and operational risks have an impact on the Company's operations. The Company's operations must be evaluated against the background of the risks, complications, and additional costs that mining and exploration companies are exposed to. The Company can control and counteract these risks to varying degrees.

The risks are described in the annual report of 2020, p. 26–27.

## **COVID-19 UPDATE**

At the time of publishing this report, Sotkamo Silver operations, including mining, production, and deliveries, has been facing hardly any impacts of COVID-19.

The Company has continued the earlier measures to ensure that the risks of COVID-19 can be minimised. Until now, the community around the Silver Mine has had very low incident rate of COVID-19 cases. The vaccinations of the people continue and the most employees have been vaccinated at least once. However, the uncertainty continues, and the Company could experience difficulties in operating the Silver Mine and in the worst case may temporarily have to close parts of its operations.

## **FINANCIAL CALENDER**

- Q3                                      October 15, 2021
- Q4 2021                                February 17, 2022

The official Stock Exchange Releases are given in Swedish and there may be differences in the translated versions.

The undersigned hereby affirm that this Interim Report provides a true and fair overview of the operations, positions, and performance of Sotkamo Silver.

Stockholm, July 15, 2021

**Eeva-Liisa Virkkunen**  
Chairman

**Karri Alameri**  
Board member

**Kimmo Luukkonen**  
Board member

**Sixten Sunabacka**  
Board member

**Ilkka Tuokko**  
Board member

**Jarmo Vesanto**  
Board member

**Erkki Kuronen**  
CEO

## Auditor's report

*The following is a translation of the Swedish original.*

Sotkamo Silver AB, org.nr 556224-1892

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### **Introduction**

We have reviewed the condensed interim financial information (interim report) of Sotkamo Silver AB as of 30 June 2021 and the six-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### **Scope of Review**

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act, regarding the Group, and with the Swedish Annual Accounts Act, regarding the Parent Company.

Stockholm, 15<sup>th</sup> July 2021

Öhrlings PricewaterhouseCoopers AB

Martin Johansson

Authorized Public Accountant

## CONSOLIDATED, CONDENSED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

<i>Amount in MSEK</i>	2021	2020	2021	2020	2020
	Q2-21	Q2-20	H1-21	H1-20	FY20
Net sales	109,4	67,1	204,4	157,7	365,5
Change of finished goods	0,1	2,3	1,1	-1,0	-1,9
Other income	2,1	5,7	0,5	5,7	11,6
Supplies	-55,2	-53,6	-109,4	-110,1	-211,7
Other expenses	-10,4	-11,2	-26,2	-24,1	-51,7
Employee expenses	-9,6	-9,9	-19,9	-19,5	-38,5
<b>EBITDA</b>	<b>36,4</b>	<b>0,4</b>	<b>50,6</b>	<b>8,8</b>	<b>73,4</b>
Depreciation and amortization	-20,7	-22,1	-40,8	-42,0	-83,0
<b>EBIT</b>	<b>15,8</b>	<b>-21,8</b>	<b>9,7</b>	<b>-33,2</b>	<b>-9,6</b>
Financial income*	0,0	-24,1	0,1	3,6	6,8
Financial expenses*	-5,7	-14,4	-12,3	-25,5	-40,7
Interest expenses on lease payments	-0,5	-0,7	-1,0	-1,6	-2,9
<b>Financial net</b>	<b>-6,2</b>	<b>-39,3</b>	<b>-13,2</b>	<b>-23,4</b>	<b>-36,7</b>
<b>Result after financial items</b>	<b>9,6</b>	<b>-61,0</b>	<b>-3,5</b>	<b>-56,6</b>	<b>-46,4</b>
Taxes	0,0	0,3	0,0	-0,3	-0,3
<b>RESULT FOR THE PERIOD</b>	<b>9,6</b>	<b>-61,4</b>	<b>-3,5</b>	<b>-57,0</b>	<b>-46,7</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Result that may be reclassified to current period result:</b>					
Translation differences	-2,9	1,3	2,3	1,6	-12,1
<b>Total comprehensive income</b>	<b>6,7</b>	<b>-60,0</b>	<b>-1,2</b>	<b>-55,4</b>	<b>-58,8</b>
<b>Attributable to:</b>					
The parent company shareholders	6,7	-60,0	-1,2	-55,4	-58,8
<b>TOTAL</b>	<b>6,7</b>	<b>-60,0</b>	<b>-1,2</b>	<b>-55,4</b>	<b>-58,8</b>
Profit per share, SEK	0,05	-0,32	-0,02	-0,30	-0,24

\*) Q2-2020 Financial income and expenses as well as the Result of the period was affected by the unrealised FX loss of intra-group capital loans. The Company has classified the intra-group capital loans as net investment loans in Q4 2020 and since then there is no FX impact in Income statement.

## CONSOLIDATED, CONDENSED BALANCE SHEET

<i>Amount in MSEK</i>	30.6.2021	30.6.2020	31.12.2020
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	0,0	0,1	0,0
Tangible fixed assets	509,8	543,3	521,2
Right of use assets	38,5	60,2	49,2
Financial fixed assets	14,8	8,7	10,7
<b>Total fixed assets</b>	<b>563,0</b>	<b>612,2</b>	<b>581,2</b>
<b>Current assets</b>			
Inventories	5,0	4,9	3,9
Trade receivables	35,0	29,4	27,5
Other assets	9,4	12,3	10,1
Cash and cash equivalents	51,6	13,8	35,4
<b>Total current assets</b>	<b>101,0</b>	<b>60,4</b>	<b>76,9</b>
<b>Total assets</b>	<b>664,0</b>	<b>672,6</b>	<b>658,0</b>
<b>Equity</b>			
Share capital	274,9	246,9	246,9
Other contributed capital	212,5	190,7	190,7
Retained earnings	-223,1	-165,0	-178,7
Result of the period	-3,5	-57,0	-46,7
<b>Total Equity</b>	<b>260,8</b>	<b>215,7</b>	<b>212,2</b>
<b>Liabilities</b>			
Provision	41,5	30,4	41,2
Non-current borrowings	112,7	276,2	245,3
Non-current lease liabilities	20,6	40,2	30,4
Current borrowings	133,6	0,0	15,0
Current lease liabilities	22,1	23,4	22,9
Trade payables and other payables	72,7	86,7	91,2
<b>Total liabilities</b>	<b>403,2</b>	<b>457,0</b>	<b>445,9</b>
<b>Total equity and liabilities</b>	<b>664,0</b>	<b>672,6</b>	<b>658,0</b>
Equity Ratio %	39,3 %	32,1 %	32,2 %
Cash Liquidity Ratio %	46,5 %	64,0 %	68,7 %
Equity per share, SEK	1,30	1,20	1,11



## CONSOLIDATED, CONDENSED CHANGE IN EQUITY

<i>Amount in MSEK</i>	Share capital	Other contributed capital	Translation differences	Retained earnings	Total Equity
<b>Opening Equity 1.1.2020</b>	<b>185,2</b>	<b>200,0</b>	<b>3,5</b>	<b>-170,1</b>	<b>218,6</b>
<b>PERIOD RESULT</b>				-46,7	-46,7
<b>Sum of period result</b>				<b>-46,7</b>	<b>-46,7</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Translation difference			-12,1		-12,1
<b>Sum of other comprehensive income</b>	<b>0,0</b>	<b>0,0</b>	<b>-12,1</b>	<b>0,0</b>	<b>-12,1</b>
<b>Transactions with shareholders</b>					
Share issue	61,7				61,7
Issue costs		-9,3			-9,3
<b>Sum of transactions with shareholders</b>	<b>61,7</b>	<b>-9,3</b>	<b>0,0</b>	<b>0,0</b>	<b>52,4</b>
<b>Closing Equity 31.12.2020</b>	<b>246,9</b>	<b>190,7</b>	<b>-8,6</b>	<b>-216,8</b>	<b>212,2</b>
<b>PERIOD RESULT</b>				-3,5	-3,5
<b>Sum of period result</b>				<b>-3,5</b>	<b>-3,5</b>
<b>OTHER COMPREHENSIVE INCOME</b>					
Translation difference			2,3		2,3
<b>Sum of other comprehensive income</b>	<b>0,0</b>	<b>0,0</b>	<b>2,3</b>	<b>0,0</b>	<b>2,3</b>
<b>Transactions with shareholders</b>					
Share issue and convertible loan conversion	28,0	24,3			52,3
Issue costs		-2,5			-2,5
<b>Sum of transactions with shareholders</b>	<b>28,0</b>	<b>21,8</b>	<b>0,0</b>	<b>0,0</b>	<b>49,8</b>
<b>Closing Equity 30.6.2021</b>	<b>274,9</b>	<b>212,5</b>	<b>-6,3</b>	<b>-220,3</b>	<b>260,8</b>

**CONSOLIDATED, CONDENSED STATEMENT OF CASH FLOW**

<i>Amount in MSEK</i>	<b>1.1.2021- 30.6.2021</b>	<b>1.1.2020- 30.6.2020</b>	<b>1.1.2020- 31.12.2020</b>
<b>Operating activities</b>			
Result for the period	-3,5	-57,0	-46,7
Adjustments for items not effecting cash	50,1	61,6	107,7
Interests paid	-17,1	-20,7	-24,6
<b>Cash flow from operating activities before changes in working capital</b>	<b>29,5</b>	<b>-16,1</b>	<b>36,3</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories	-1,1	1,0	1,9
Change in operating receivables	-11,0	-5,1	-4,7
Change in operating liabilities	-13,0	-26,9	-31,4
<b>Cash flow from operating activities</b>	<b>4,4</b>	<b>-47,2</b>	<b>2,0</b>
<b>Investing activities</b>	<b>-13,3</b>	<b>-20,8</b>	<b>-31,7</b>
Share issue and convertible loan conversion	52,3	61,7	61,7
Issue costs	-0,9	-9,3	-9,3
Repayments of lease liabilities	-10,5	-10,8	-21,1
Change in loans	-16,1	10,4	5,3
<b>Cash flow from financing activities including share issue</b>	<b>24,8</b>	<b>52,0</b>	<b>36,6</b>
<b>Change in cash and cash equivalents</b>	<b>15,9</b>	<b>-15,9</b>	<b>7,0</b>
Cash and cash equivalents in the beginning of the period	35,4	29,6	29,6
Translation differences in cash and cash equivalent	0,3	0,1	-1,2
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>51,6</b>	<b>13,8</b>	<b>35,4</b>

## PARENT COMPANY CONDENSED STATEMENT OF INCOME

<i>Amount in MSEK</i>	2021	2020	2020
	H1	H1	FY
Net sales	0,0	8,1	0,0
Other income	0,6	0,2	0,0
Supplies	0,0	-0,2	-0,4
Other expenses	-4,3	-6,5	-8,2
Employee expenses	-1,0	-2,4	-8,0
<b>EBITDA</b>	<b>-4,7</b>	<b>-0,8</b>	<b>-16,5</b>
Depreciation and amortization	0,0	0,0	0,0
<b>EBIT</b>	<b>-4,7</b>	<b>-0,8</b>	<b>-16,5</b>
Financial income	18,2	22,0	37,3
Financial expenses	1,1	-7,5	-26,4
<b>Financial net</b>	<b>19,3</b>	<b>14,5</b>	<b>10,9</b>
<b>Result after financial items</b>	<b>14,7</b>	<b>13,8</b>	<b>-5,6</b>
<b>Taxes</b>	0,0	0,0	0,0
<b>RESULT FOR THE PERIOD</b>	<b>14,7</b>	<b>13,8</b>	<b>-5,6</b>

## PARENT COMPANY CONDENSED BALANCE SHEET

<i>Amount in MSEK</i>	30.6.2021	30.6.2020	31.12.2020
<b>Assets</b>			
<b>Fixed assets</b>			
Intangible fixed assets	0,0	0,0	0,0
Tangible fixed assets	0,0	0,0	0,0
Shares in subsidiaries	174,9	174,9	174,9
Financial fixed assets	417,8	432,1	414,2
<b>Total fixed assets</b>	<b>592,7</b>	<b>607,1</b>	<b>589,1</b>
<b>Current assets</b>			
Other assets	66,2	56,7	51,9
Cash and cash equivalents	37,7	4,2	5,0
Total current assets	103,9	60,8	56,9
<b>Total assets</b>	<b>696,6</b>	<b>667,9</b>	<b>646,0</b>
<b>Equity and liabilities</b>			
Equity	641,9	596,1	577,5
Long term liabilities	51,6	68,5	51,2
Short term liabilities	3,0	3,3	17,3
<b>Total equity and liabilities</b>	<b>696,6</b>	<b>667,9</b>	<b>646,0</b>

## EXCHANGE RATES

For the compilation of the Company's accounts, exchange rates have been calculated using the following values:

	30.6.2021	30.6.2020	31.12.2020
Balance sheet day rate EURSEK	10.1249	10.4804	10.0375
Balance sheet day rate USDSEK	8.5103	9.3490	8.1886
Average exchange rate for the reporting period EURSEK	10.1281	10.6598	10.4867

## OTHER INFORMATION

### Important estimates and assessments for accounting purposes

Estimates and assessments are continuously evaluated and based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances.

The group makes estimates and assumptions about the future. The estimates for accounting purposes that result from this will, by definition, rarely correspond to the actual result. The estimates and assumptions that entail a significant risk of significant adjustments in the carrying amounts of assets and liabilities are described in the annual report 2020.

### Accounting principles

The interim report has been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, the Annual Accounts Act and the Securities Market Act. For the parent company the interim report has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the provisions of RFR 2 Accounting for Legal Entities. The parent Company's and the group's accounting principles for the report are unchanged compared to the latest annual report of year 2020.

### Revenue recognition, IFRS 15

The Group's revenue primarily consists of sales of silver concentrates and by-products. Sales are recognized as revenue when control of the concentrate is transferred to the customer, which is considered to have done when the concentrate has been transported and received by the customer. Where the agreements contain multiple performance commitments, the transaction price is allocated to each separate performance commitment based on their standalone selling prices.

For revenue relating to the flotation concentrate, the transaction price is calculated on preliminary data on the amount of concentrate, metal content, metal price and less reimbursement for treatment costs and contaminant content. Final billing occurs when all input parameters (concentrate quantity, metal content and price, contaminant content, etc.) have been determined. Any changes in the amount of concentrate and metal content on final invoicing are reported as net sales.

Silver concentrates are usually sold within pricing arrangements, which means that the final price is determined by quoted market prices for a specified period after the actual sale date. Regarding these sales, the Group must estimate the transaction price to be received at the

sale date considering relevant commodity market prices. Adjustments due to movements in quoted commodity prices are made up to the date of final pricing. This adjustment mechanism is based on the market price of the raw material, whereby the changes in value are not considered to constitute revenue from agreements with customers. The changes in fair value are reported in other operating income.

Revenue from activities outside ordinary activities is reported as other income.

### ***Inventories***

The Group's inventories consist mainly of concentrate and ore. Inventories are reported at the lower of cost and net realizable value. The acquisition value is determined using the first in, first out method (FIFO). The acquisition value for concentrate consists of ore from own mine, direct wages, other direct costs, and attributable indirect manufacturing costs, including attributable depreciation based on normal production capacity. The net realizable value is the estimated selling price of metal content in accordance with applicable sales terms, less any applicable variable sales costs.

### ***Fair value of financial instruments and trade receivables***

For other financial instruments, the carrying amount is a reasonable estimate of fair value. The fair value of embedded derivatives is found in Level 2 of the fair value hierarchy.

At June 30, 2021, the fair value of accounts receivable amounted to 35 MSEK (29) and was recognized in the item Trade Receivables in Current assets in the balance sheet. If there had been any changes, the values would be reported in other operating income / expenses in the Consolidated statement of income. The fair value of accounts receivable is found in Level 2 of the fair value hierarchy.

## **DEFINITION OF KEY FIGURES**

EBITDA, Earnings Before Interest, Taxes and Depreciations & Amortizations

EBIT, Earnings Before Interest and Taxes

Equity ratio (%), The equity in relation to total Assets

Earnings per share SEK, The Earnings divided with the number of shares

Cash liquidity (%), Short term assets minus inventories in relation to short term liabilities

LTIFR, Lost time injury frequency rate meaning the number of sick days due to accidents per million working hours

Ounce, Troy ounce which is 31.1035 grams