



**SOTKAMO SILVER AB HALF YEAR REPORT
SECOND QUARTER 2022**

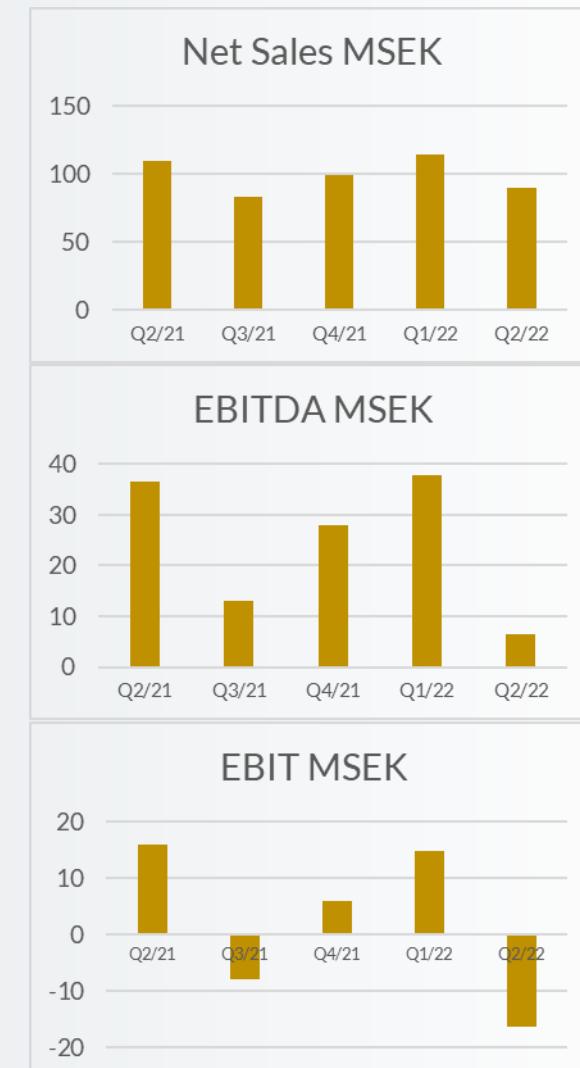
HIGHLIGHTS OF THE SECOND QUARTER 2022

- Net sales was 90 MSEK compared to the previous year 109 MSEK. Decrease was due to declined silver price and lower production
- EBITDA was 6 MSEK (36)
- EBIT was -16 MSEK (16)
- Cash and cash equivalents were 43 MSEK (52)
- Investments were 24 MSEK (5)
- The production was about 281 000 (382 000) ounces of silver, 796 (988) ounces of gold, 365 (396) tonnes of lead, and 824 (919) tonnes of zinc in concentrates
- New mining contract was signed with Veljekset Toivanen Oy. Contract will be effective from the beginning of 2023
- Updated Mineral Resource and Ore Reserve estimates were published, and the management view indicates the mine life of 7-8 years
- LTIFR was 8 (27), which is the best since the start of the production

HALF YEAR 2022

- Net sales was 205 MSEK (204)
- EBITDA was 44 MSEK (51)
- EBIT was -1 MSEK (10)
- Investments were 34 MSEK (13)
- The production was about 617 000 (726 000) ounces silver, 1 666 (1 695) ounces gold, 830 (705) tonnes lead, and 1 814 (1 582) tonnes zinc in concentrates
- The Refinancing Project was successfully completed
- Operative cash flow was 29 MSEK (4)

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



CEO WORD

The new mining contract, the updates of the Mineral Resource and Ore Reserve Estimates, and Refinancing will positively contribute to our future for a long. Projects have required a lot of work and dedication from several people who can be proud of the work and the results.

The tendering process and negotiations of the mining contract were a long journey. I believe that the journey we made and the discussion we had with the Toivanen team have prepared us both for the future. We know each other and we know what each other expects from the co-operation. I am delighted about the attitude and dedication of the team and look forward for the partnership to develop the mining activities at the Silver Mine in the spirit of the partnership and mutual benefit.

The outcome of the Mineral Resource and Ore Reserve estimates was crystallised to a few pages in the press release. The work behind the numbers is enormous and many team members have run several extra miles to make it. For the Mineral Resource estimate, we basically rebuilt and reviewed the databases to assure the data, remodeled ore zones, defined the geological

continuations and parameters for the estimation algorithms, and brought our tools and processes to the latest state-of-the-art level.

The processes and tools form the foundations for the next update which will be done once the results of the ongoing drilling are available.

Mine designs behind the Ore Reserve estimate define the road map to future production. Huge work and achievement open the insights to the future potential of the Silver Mine. By investing in drilling, we can create opportunities for future mining and returns.

I also want to share with you the geochemical sampling program we have planned for the field season. Hundreds of soil samples will be collected from our exploration target areas to define targets for the more detailed exploration works. I believe that I can share some interesting results with you in the future.

As we all know, everyday life is usually cleaning and fixing, solving obstacles. But we should every now and then stop and celebrate the success which undoubtedly exists. Similarly, we should be patient, which

is often difficult, as success is usually made step by step, following the plan and tirelessly completing the tasks and finally achieving the target. The Silver Mine team is working like this, silently, without gestures, but making things happen. I am proud of it.

Metal prices have declined recently, and EUR-USD rate is close to parity. We are confident that we are prepared for these times by the development we have done in our operations and capability.

Let's enjoy the late summer days, remaining holidays, the companion of friends and families!



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 the Sotkamo region in Finland.

Net sales was 90 MSEK compared to the previous year 109 MSEK. Decrease was due to declined silver price and lower production, while the production of the other metals was closer to the comparison period. Milled ore totalled to 169 000 (143 000) tonnes including the marginal ore.

Other income of -2 MSEK (2) included 1 MSEK (0) grant from Business Finland, 1 MSEK (0) sales of fixed assets, -4 MSEK (2) estimated unrealized final sales price adjustment due to the price difference between provisional and final invoices for the period. Net sales included 0,3 MSEK (-1) estimated final metal content adjustment due to metal content difference between provisional and final invoices for the period.

The final sales price for silver and gold is based on the monthly average market price two months after the delivery, deducted by the customer's smelter charges.

Investments in the underground mine and environmental investments amounted to 24 MSEK (5) in Q2. Environmental investments included tailings pond dam raise amounting to 3 MSEK. P700 project's exploration continued in Q2 which costs were included in the investments of the period.

The Company implemented at the beginning of April 2022 a directed issue of convertibles of an aggregate nominal amount of up to MEUR 6.4. The convertibles carry an annual interest of 8.0 %. The term of the new convertibles is 4.5 years with a maturity date on 30 September 2026, to the extent conversion has not taken place before such date. The conversion price is EUR 0.175 corresponding to SEK 1.826 per share.

The convertible contains two components: a conversion option component that will be recognised at fair value using Black-Scholes model through a profit and loss account and a liability component that will be recognised at amortised cost using the effective interest rate method. At the inception date,

the fair value of the convertible option liability was 34 MSEK and the fair value of the liability component was 32 MSEK. On June 30, 2022, the fair value of the convertible option component was 16 MSEK and the fair value of the liability component was 34 MSEK. The fair value changes recognised through a profit and loss account were: conversion option liability 19 MSEK, liability component 1 MSEK.

Key figures, group	Q2 2022	Q2 2021	FY 2021
Net sales MSEK	90	109	387
EBITDA MSEK	6	36	92
EBIT MSEK	-16	16	7
Equity ratio (%)	39	39	38
Cash liquidity (%)	86	132	27
Personnel at end of the period	58	56	49
Mill feed (kt)	169	143	624
Average silver grade g/tonne	62	93	79

PRODUCTION AND GUIDANCE

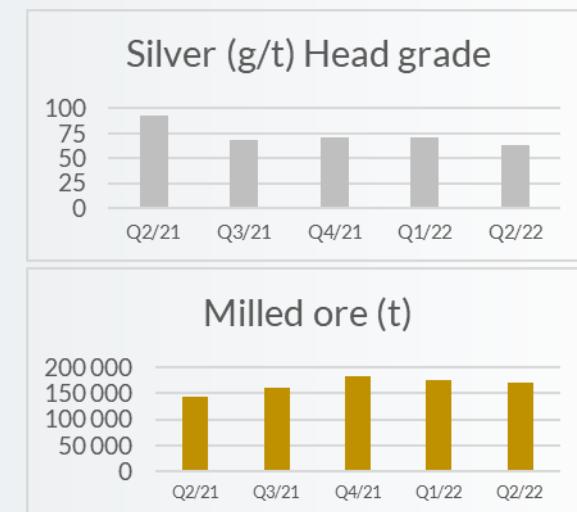
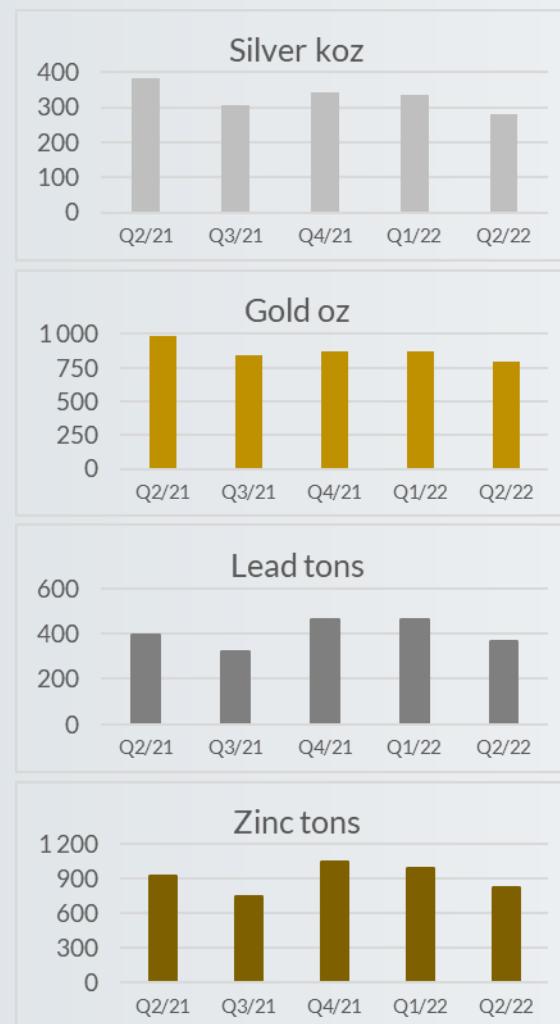
In the second quarter, we milled 169 000 (143 000) tonnes of ore and produced about 281 000 (382 000) ounces silver, 796 (988) ounces gold, 365 (396) tonnes lead, and 824 (919) tonnes zinc in concentrates.

The silver grade of the mill feed was lower than expected and this influenced the silver production. Another factor was the lower volume of available marginal ore which impacted occasionally to the feed rate. On the other hand, the head grades and production of gold, zinc and lead were on a good level.

During the period we have been mining primarily between 260- and 200-levels in the underground mine and in the open pit. Open pit mining will be halted until the end of August.

The decline has reached the targeted 420-level and the horizontal development has commenced as scheduled. The start of the stope mining has been scheduled for the beginning of Q4.

The stope mining must be started from the deepest and farthest part of the ore body once all the drifts have been prepared.



Mining of the stopes retreats horizontally and continues upwards after the backfilling of the open spaces.

Recent underground drilling assays and updated resource model support the view that the metal grades will improve substantially once the mining can be started from the 420-level upwards.

Until that, most of the ore will be mined from the stopes between 260- and 200-levels, as stated in the previous Q-report. This will be supported by the ore from the drifting between 420- to 360-levels.



At the beginning of the year, we stated that “we expect to produce ca. 1.5 million ounces of silver in 2022. However, our primary target is to maximise the revenue and operative cash flow. To achieve this, we adjust the mix of metals in our ore feed which might have an impact to the produced silver ounces.” Sotkamo Silver AB revises the estimate for silver production in 2022. The updated guidance is based on the silver production of 617 koz until the end of the second quarter, and the updated production schedule for the second half of the year. The production volumes of gold,

zinc and lead have been at the same level or exceeded the volumes during the same period last year.

New production guidance for 2022:

We continue to focus on the production mix and optimization of the revenue and operative cash flow. Consequently, we estimate that our annual silver production in 2022 will be 1.25-1.35 million ounces.



PROJECTS

We started underground drilling in the late-February and completed 2 534 meters by June 30, and it will continue

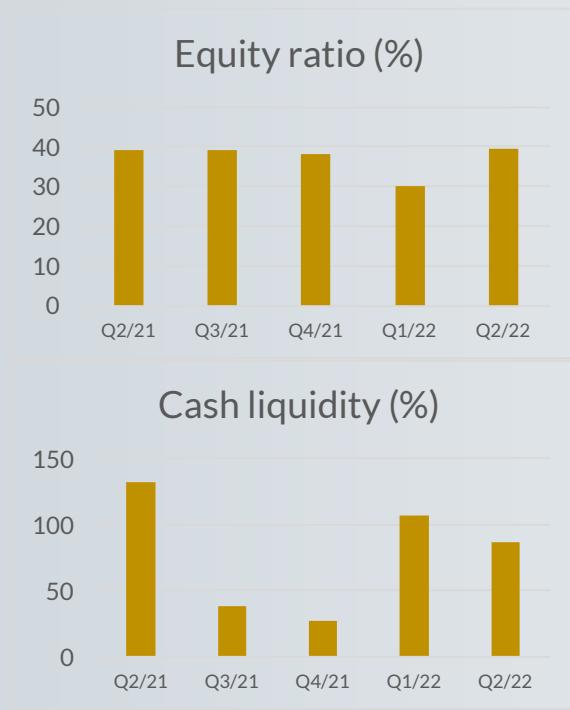
The surface drilling, 3 999 meters, was completed between the end of April and Midsummer to continue the work performed late last year. The target has been around 650-level to better define the mineralization and create targets for future drilling and reserve definition.

As a part of the REX, regional exploration, we are collecting soil samples from the defined highly prospective areas to generate targets for the detailed geochemical sampling (bottom of till) or even drill testing.

We have initiated the environmental permitting of the Ni-Cu-PGE-project in Suomussalmi and will prepare a scoping study with the different alternatives for the exploitation to assess the viability of the project. Current and projected future demand and price development of nickel, copper and PGE's are encouraging.

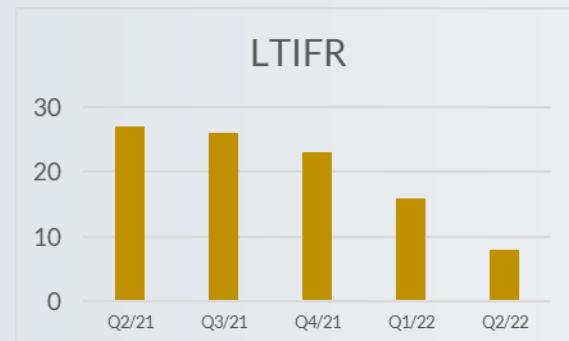
FINANCIAL POSITION

- The Group's cash and cash equivalents were 43 MSEK (52)
- The Group equity ratio was 39 % (39)
- The Group equity was 264 MSEK (261) which corresponds to 1.32 SEK (1.37) a share non-diluted, and 1.25 SEK (1.30) diluted



SAFETY AND ENVIRONMENT

The lost time injury frequency rate (LTIFR) meaning the number of lost time injuries for million working hours was 8 (27) at the end of the period, including all Silver Mine regular contractors. LTIFR of 8 corresponds to two Lost Time Injuries (LTI) within 12 months period which is the best since the start of the production. The company has continued a safety development program and implemented new targets for 2022 to reinforce and encourage a safety culture in its own organization and with its contractors. The Company's long-term goal for LTIFR is zero. At the quarter-end, Company's own personnel, and regular contractors at mine had worked 104 days without LTI. The previous period was 258 days without LTI.



PERSONNEL

The Company had 58 (56) own employees and 110 (96) contracted employees who worked in the mine and laboratory at the end of the period. The summer substitutes are included in the headcount.

We have started leadership coaching and an initiative to monitor employee satisfaction, health, and ability to work. The goal is to promote the well-being of our employees.



EVENTS AFTER THE REPORTING PERIOD

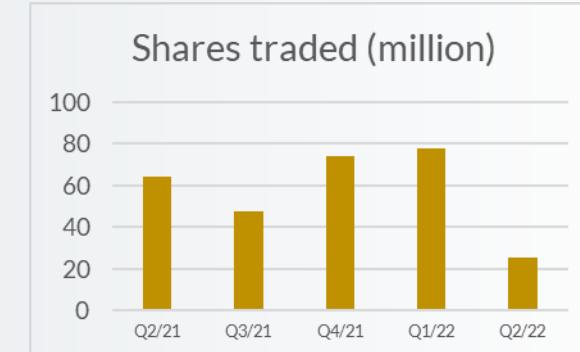
No events after the reporting period.

SHARES AND SHARE TRADINGS

Sotkamo Silver AB's share capital on June 30, 2022, was 274 871 388 SEK and the number of shares 200 366 211.

Sotkamo Silver AB's 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 2022 was 102 936 306 (204 050 454).



Share information	Q2 2022	Q2 2021
Share price SEK	1.48	2.52
Highest share price SEK, during the period	2.05	5.53
Lowest share price SEK, during the period	1.43	2.48
Quota value SEK	1.37	1.37
Market Cap. MSEK	297	505
Number of shares	200 366 211	200 366 211
Share capital SEK	274 871 388	274 871 388

RISK FACTORS

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

The risks and mitigating them are described in more detail in the Annual Report for 2021, p. 38–41.

COVID-19 UPDATE

During the late winter and early spring, the short-term absence rates of our own and contractors' personnel were higher than average due to Covid-19. This led to the rearrangement of the shifts and a temporary lack of resources. The critical works and functions were secured and performed to ensure the production, but the situation caused evitable some impacts to the production.

During the summer period, some cases have been encountered and the situation is expected to stay stable at least until the autumn. If the spread rate increases then, we can face difficulties in operating the Silver Mine and in the worst case may temporarily have to close parts of its operations.

WAR IN UKRAINE

Russia's brutal invasion to Ukraine ruined the geopolitical balance and affected the global economic climate. Experts are not expecting quick cease of fire or peace to come, and we have to prepare for long-lasting war with its impacts.

Global geopolitical risks have soared since Russia's invasion of Ukraine. Investors, market participants, and policymakers expect that the war will exert a drag on the global economy while pushing up inflation, with a sharp increase in uncertainty and risks.

We have seen the impact on metal and energy prices and costs of production. For example, the energy costs doubled compared to the previous year. The net

impact of these factor's cannot be predicted into a distant future.

FINANCIAL CALENDAR

• Q3	21 October 2022
• Q4	17 February 2023

FINANCIAL REPORTS

The reports are available at the Company webpage: www.silver.fi/en/investors

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

Stockholm, July 29, 2022

Eeva-Liisa Virkkunen, Chairman
Sixten Sunabacka, Vice Chairman
Karri Alameri, BoD member
Jukka Jokela, BoD member
Kimmo Luukkonen, BoD member
Jarmo Vesanto, BoD member
Erkki Kuronen, CEO



Auditor's report

The following is a translation of the Swedish original

Sotkamo Silver AB (publ), org.nr 556224-1892

Introduction

We have reviewed the condensed interim financial information (interim report) of Sotkamo Silver AB (publ) as of 30 June 2022 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, 29th July 2022

Öhrlings PricewaterhouseCoopers AB

Martin Johansson
Authorized Public Accountant

CONSOLIDATED, CONDENSED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

<i>Amount in MSEK</i>	2022 Q2-22	2021 Q2-21	2022 H1-22	2021 H1-21	2021 FY21
Net sales	90,3	109,4	204,7	204,4	386,8
Change of finished goods	0,8	0,1	-0,4	1,1	1,3
Other income	-2,0	2,1	3,7	0,5	0,6
Supplies	-55,7	-55,2	-109,3	-109,4	-203,8
Other expenses	-15,5	-10,4	-32,5	-26,2	-53,7
Employee expenses	-11,5	-9,6	-21,9	-19,9	-39,2
EBITDA	6,4	36,4	44,2	50,6	92,0
Depreciation and amortization	-22,6	-20,7	-45,7	-40,8	-84,7
EBIT	-16,2	15,8	-1,4	9,7	7,3
Financial income*	18,6	0,0	18,6	0,1	0,0
Financial expenses	-8,0	-5,7	-14,0	-12,3	-22,9
Interest expenses on lease payments	-0,3	-0,5	-0,6	-1,0	-1,9
Financial net	10,4	-6,2	4,0	-13,2	-24,8
Result after financial items	-5,8	9,6	2,6	-3,5	-17,5
Taxes	0,0	0,0	0,0	0,0	0,0
RESULT FOR THE PERIOD	-5,8	9,6	2,6	-3,5	-17,5

*Financial income consist of fair value gains on debt instruments at fair value via P&L

OTHER COMPREHENSIVE INCOME
Result that may be reclassified to current period result:

Translation differences	9,9	-2,9	12,4	2,3	4,5
Total comprehensive income	4,0	6,7	15,0	-1,2	-13,0

Attributable to:

The parent company shareholders	4,0	6,7	15,0	-1,2	-13,0
TOTAL	4,0	6,7	15,0	-1,2	-13,0

Profit per share,non-diluted, SEK	-0,03	0,05	0,01	-0,02	-0,09
Profit per share, diluted, SEK	-0,03	0,05	0,01	-0,02	-0,09

CONSOLIDATED, CONDENSED BALANCE SHEET

<i>Amount in MSEK</i>	30.6.2022	30.6.2021	31.12.2021
Assets			
Fixed assets			
Intangible fixed assets	0,3	0,0	0,0
Tangible fixed assets	524,5	509,8	516,4
Right of use assets	20,8	38,5	29,6
Financial fixed assets	29,6	14,8	35,1
Total fixed assets	575,2	563,0	581,1
Current assets			
Inventories	5,1	5,0	5,3
Trade receivables	25,0	35,0	28,8
Other assets	17,2	9,4	11,7
Cash and cash equivalents	42,7	51,6	36,7
Total current assets	89,9	101,0	82,5
Total assets	665,1	664,0	663,6
Equity			
Share capital	274,9	274,9	274,9
Other contributed capital	212,5	212,5	212,5
Retained earnings	-226,0	-223,1	-220,9
Result of the period	2,6	-3,5	-17,5
Total Equity	264,0	260,8	249,0
Liabilities			
Provision	32,6	41,5	43,3
Non-current borrowings	229,6	112,7	53,6
Non-current lease liabilities	9,6	20,6	11,1
Non-current derivative liabilities	15,8	0,0	0,0
Total non-current liabilities	254,9	133,3	64,8
Current borrowings	16,1	133,6	195,1
Current lease liabilities	15,3	22,1	22,6
Trade payables and other payables	82,2	72,7	88,8
Total current liabilities	113,6	228,4	306,5
Total liabilities	401,1	403,2	414,6
Total equity and liabilities	665,1	664,0	663,6
Equity Ratio %	39,7 %	39,3 %	37,5 %
Cash Liquidity Ratio %	86,3 %	46,5 %	27,2 %
Equity per share, SEK	1,32	1,37	1,24
Equity per share, diluted, SEK	1,11	1,30	1,18

CONSOLIDATED, CONDENSED CHANGE IN EQUITY

<i>Amount in MSEK</i>	Share capital	Other contributed capital	Translation differences	Retained earnings	Total Equity
Opening Equity 1.1.2021	247	191	-9	-217	212
PERIOD RESULT					
Sum of period result				-17	-17
OTHER COMPREHENSIVE INCOME					
Translation difference			4		4
Sum of other comprehensive income	0	0	4	0	4
Transactions with shareholders					
Share issue and convertible loan conversion	28	24			52
Issue costs		-2			-2
Sum of transactions with shareholders	28	22	0	0	50
Closing Equity 31.12.2021	275	213	-4	-234	249
PERIOD RESULT					
Sum of period result				3	3
OTHER COMPREHENSIVE INCOME					
Translation difference			12		12
Sum of other comprehensive income	0	0	12	0	12
Closing Equity 30.6.2022	275	213	8	-232	264

CONSOLIDATED, CONDENSED STATEMENT OF CASH FLOW

<i>Amount in MSEK</i>	1.1.2022- 30.6.2022	1.1.2021- 30.6.2021	1.1.2021- 31.12.2021
Operating activities			
Result for the period	2,6	-3,5	-17,5
Adjustments for items not effecting cash	38,9	50,1	105,2
Interests paid	-16,1	-17,1	-21,0
Cash flow from operating activities before changes in working capital	25,5	29,5	66,7
Cash flow from changes in working capital			
Change in inventories	0,2	-1,1	-1,3
Change in operating receivables	5,3	-11,0	-26,7
Change in operating liabilities	-1,8	-13,0	-3,1
Cash flow from operating activities	29,2	4,4	35,6
Investing activities			
Share issue and convertible loan conversion	0,0	52,3	37,3
Issue costs	0,0	-0,9	-2,5
Repayments of lease liabilities	-10,2	-10,5	-20,2
Change in loans	20,2	-16,1	-1,1
Cash flow from financing activities including share issue	10,0	24,8	13,5
Change in cash and cash equivalents			
Cash and cash equivalents in the beginning of the period	36,7	35,4	35,4
Translation differences in cash and cash equivalent	0,2	0,3	0,7
CASH AND CASH EQUIVALENTS AT END OF PERIOD	42,7	51,6	36,7

PARENT COMPANY CONDENSED STATEMENT OF INCOME



Amount in MSEK	2022 H1-22	2021 H1-21	2021 FY
Net sales	0,0	0,0	0,0
Other income	0,0	0,6	0,6
Supplies	-0,1	0,0	0,2
Other expenses	-2,8	-4,3	-6,1
Employee expenses	-1,2	-1,0	-1,8
EBITDA	-4,1	-4,7	-7,1
Depreciation and amortization	0,0	0,0	0,0
EBIT	-4,1	-4,7	-7,1
Financial income	42,1	18,2	44,9
Financial expenses	-7,9	1,1	-5,0
Financial net	34,2	19,3	39,9
Result after financial items	30,1	14,7	32,7
Taxes	0,0	0,0	0,0
RESULT FOR THE PERIOD	30,1	14,7	32,7

PARENT COMPANY CONDENSED BALANCE SHEET

Amount in MSEK	30.6.2022	30.6.2021	31.12.2021
Assets			
Fixed assets			
Intangible fixed assets	0,0	0,0	0,0
Tangible fixed assets	0,3	0,0	0,0
Shares in subsidiaries	174,9	174,9	174,9
Financial fixed assets	554,6	417,8	429,2
Deferred tax asset	0,0	0,0	0,0
Total fixed assets	729,8	592,7	604,1
Other assets	16,2	66,2	77,9
Cash and cash equivalents	15,9	37,7	31,5
Total current assets	32,1	103,9	109,4
Total assets	761,9	696,6	713,5
Equity and liabilities			
Equity	690,1	641,9	660,0
Liabilities			
Long term liabilities	68,5	51,6	0,0
Short term liabilities	3,4	3,0	53,5
Total liabilities	71,8	54,7	53,5
Total equity and liabilities	761,9	696,6	713,5

EXCHANGE RATES

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

	30.6.2022	30.6.2021	31.12.2021
Balance sheet day rate EUR/SEK	10.68	10.12	10.23
Balance sheet day rate USD/SEK	10.22	8.51	9.04
Average rate for the reporting period EUR/SEK	10.48	10.13	10.14

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 2021.

Accounting principles

The interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) 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 the year 2021.

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 been 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, 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/expenses. The metal content between the provisional and final invoices may differ due to refined laboratory analysis. Adjustments due to differences in metal content are made up to date of final pricing. The changes in fair value are reported in net sales.

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 a 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 the 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

The Company implemented at the beginning of April 2022 a directed issue of convertibles of an aggregate nominal amount of up to MEUR 6.4. The convertibles carry an annual interest of 8.0 %. The term of the new convertibles is 4.5 years with a maturity date on 30 September 2026, to the extent conversion has not taken place before such date. The conversion price is EUR 0.175 corresponding to SEK 1.826 per share.

The convertible contains two components: a conversion option component that will be recognised at fair value using Black-Scholes model through a profit and loss account and a liability component that will be recognised at amortised cost using the effective interest rate method. At the inception date, the fair value of the convertible option liability was 34 MSEK and the fair value of the liability component was 32 MSEK. On June 30, 2022, the fair value of the

convertible option component was 16 MSEK and the fair value of the liability component was 34 MSEK. The fair value changes recognised through a profit and loss account were: conversion option liability 19 MSEK, liability component 1 MSEK.

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.

On 30 June 2022, the fair value of accounts receivable amounts to 25 MSEK (35) and is recognized in the item Trade Receivables in Current assets on the balance sheet. If there would have 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 by the number of shares

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

LTIFR, Lost time injury frequency rate (LTIFR) means the number of lost time injuries for million working hours

Ounce, Troy ounce which is 31.1035 grams