

SOTKAMO SILVER AB INTERIM REPORT

FIRST QUARTER 2023



HIGHLIGHTS OF

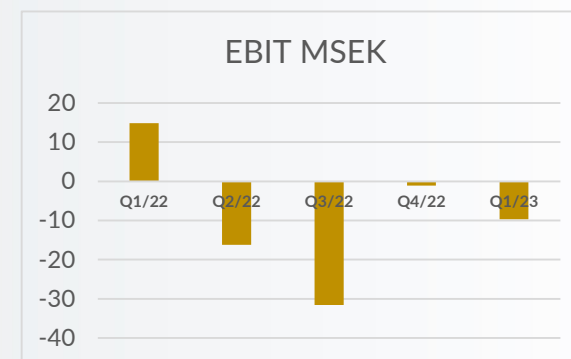
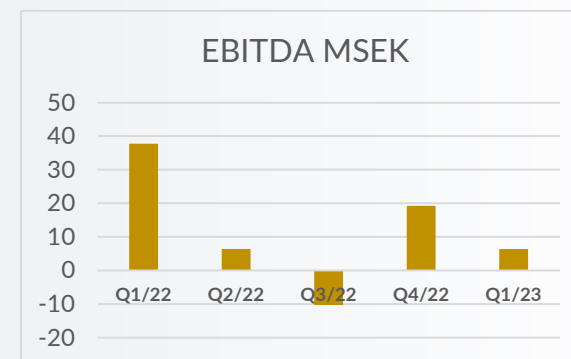
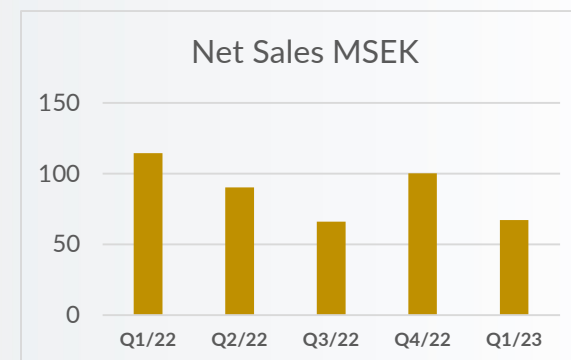
THE FIRST QUARTER 2023

- Net sales was 67 MSEK compared to the previous year 114 MSEK. The main reason was a lower mining volume. The average silver grade developed positively
- EBITDA was 6 MSEK (38)
- EBIT was -10 MSEK (15)
- Cash and cash equivalents were 34 MSEK (44)
- Investments were 8 MSEK (13)
- The production was about 207 000 (336 000) ounces of silver, 516 (870) ounces of gold, 232 (465) tonnes of lead, and 515 (990) tonnes of zinc in concentrates
- Company received gross proceeds of approx. 3.4 MEUR or 38.4 MSEK from the rights Issue before the deduction of transaction costs
- The Company and the senior lenders agreed on February 13, 2023, upon an amendment to the terms of the senior loan agreement, postponing the first installment (1.5 MEUR due on March 31, 2023) to be paid on the termination

date of the senior loan agreement (March 31, 2026)

- Company has provided a guarantee in accordance with the environmental permit as security for the obligations following the closure of the mine. According to the concluded contract, the guarantor released one million euros from the escrow account at the end of March 2023

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



CEO WORD

The year 2023 started with a challenging working capital situation for us. Actions for improving the financing situation were initiated already at the end of 2022 and during the first quarter of 2023 these steps were finalized. The share issue, postponing the senior loan amortization and releasing part of the escrow account funds were finalized. These actions ensure an adequate working capital situation for the short term.

Our mining and production plans and the current forecasts for the metal and electricity prices support the positive cash flow for the rest of 2023 and furthermore enable us to finance necessary investments like infill drilling.

Production volumes remained below the plans due to a delay in ramp-up with the new mining contractor. At the end of the quarter, the progress with the ramp-up has been developing in the required direction and we expect to stabilize the production during April.

The impact of the ramp-up delay is seen as temporary, and we estimate that there is no significant effect on the whole year's

production volumes. The new mining contractor is fully committed to improving their performance to a level that enables stable mining volumes and meeting the mining plans.

In the first quarter cash flow management was essential due to the tight working capital situation. This included tight control of all operative costs and investments. While postponing some of the planned costs, the company ensured that the mandatory investments are carried out to continue the operations normally after the winter period. For example, an infill drilling campaign was started, which will provide us with the needed data to plan and execute the mining in an accurate and cost-efficient manner.

The positive development in silver grade is encouraging and gives us confidence in returning to the estimated 90-110 g/tonne level.

I want to thank all the employees for their excellent work in the challenging past months. The uncertainty has undoubtedly affected everyone. The whole Silver team has together ensured that the operational capability is maintained and now when the

winter turns to spring, we are ready to accelerate production to the levels where we need to be. Our expectation for the increasing silver grade and positive development in electricity and metal prices is setting the base for clear positive development in the rest of the year.



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 two smelters. In addition, the Pyrite is sold to smelters to minimize the environmental footprint at the tailings pond. The Company holds also mining and exploration rights to mineral deposits nearby current operations in the Sotkamo region in Finland.

Net sales was 67 MSEK compared to the previous year 114 MSEK. The main reason was a lower mining volume. The average silver grade developed positively. Milled ore tons were 97 000 tonnes and was on lower level due to the ramp-up period with new mining contractor. The silver head grade was improved from the previous quarter 72 to 82 g/t.

Other income of -2,6 MSEK (6) included mainly estimated unrealized final sales price adjustment due to the price difference between provisional and final invoices for the period. Net sales included -2 MSEK 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 8 MSEK (13) in Q1. P700 project's infill-drilling continued in Q1 which costs were included in the investments of the period.

In the first quarter, silver price traded in a range between \$20.1 and \$24.4 per ounce. At the end of the quarter, the price of silver was \$23.9 per ounce.

The euro strengthened against the US dollar in the first quarter of the year from 1.0683 at the beginning of the year to 1.0875.

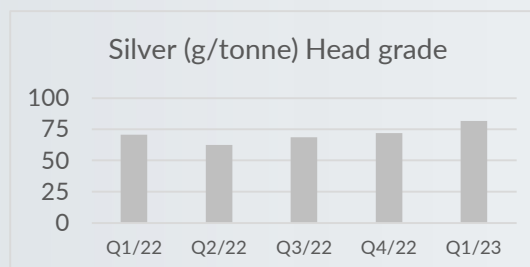
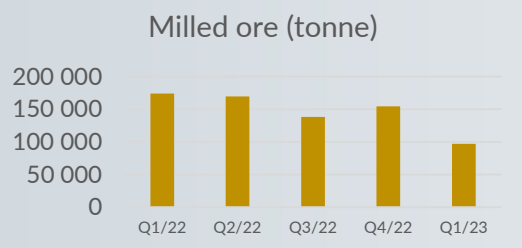
Market data	Q1 2023	Q1 2022	FY 2022
Average silver price USD	22.5	24.0	21.7
Average EUR/USD	1.073	1.1217	1.0530

Key figures, group	Q1 2023	Q1 2022	FY 2022
Net sales MSEK	67	114	371
EBITDA MSEK	6	38	53
EBIT MSEK	-10	15	-34
Equity ratio (%)	40	30	38
Cash liquidity (%)	67	107	46
Personnel at the end of the period	44	49	44
Mill feed (kt)	97	174	635
Average silver grade g/tonnes	82	71	69

PRODUCTION AND GUIDANCE

In the first quarter, we milled 97 000 (173 000) tonnes of ore, and produced about 207 000 (336 000) ounces silver, 516 (870) ounces gold, 232 (465) tonnes lead, and 515 (990) tonnes zinc in concentrates.

The production volume was lower due to the new mining contractor ramp-up period, where delays in some of the mining equipment was extending the original ramp-up plan. In total, the volume remained roughly one-third under the planned silver production in Q1. The effect of the delayed ramp-up period is temporary and mining contractor capability is expected to be stabilized during April.



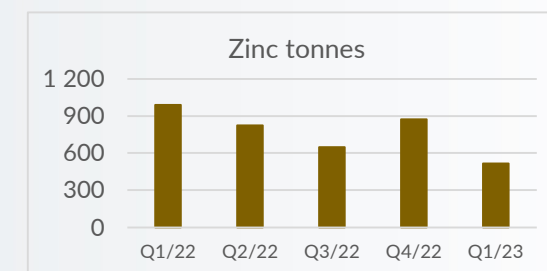
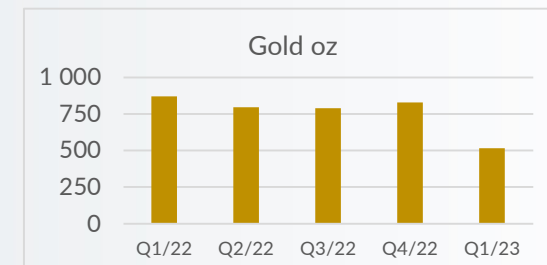
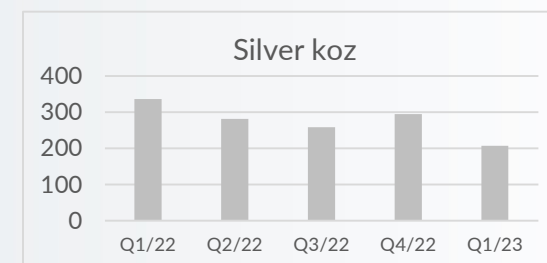
The silver head grades improved further in the first quarter and was 82 (71) g/tonne. The development with silver head grade has been according to the expectation and a further increase is expected during Q2 2023 as the mining will primarily focus on the new levels between 360- and 420-meters. The silver grade is expected to return to the longer-term average of 90-110 g/tonne.

Guidance for 2023

The Company repeats its guidance for 2023 given in February 2023: The Company expects to produce 1.4 -1.5 million ounces of silver in 2023. However, Company's primary target is to maximize the revenue and operative cash flow. To achieve this, Company adjusts the mix of metals in the

ore feed which might have an impact on the produced silver ounces.

Further Company expects annual EBITDA to be at least 28 % and net debt-to-EBITDA to be below 2.5 at year-end.





PROJECTS

The mining contractor change ramp-up period has been longer than originally planned. Despite the delays, the ramp-up is progressing and the main challenges have been solved. Co-operation between the companies is good and commitment to solving the challenges has been on a high level during the whole time. At the end of the first quarter the corrective actions have been improving the mining capability and it is estimated that the planned capacity from the mining contractor is reached during April.

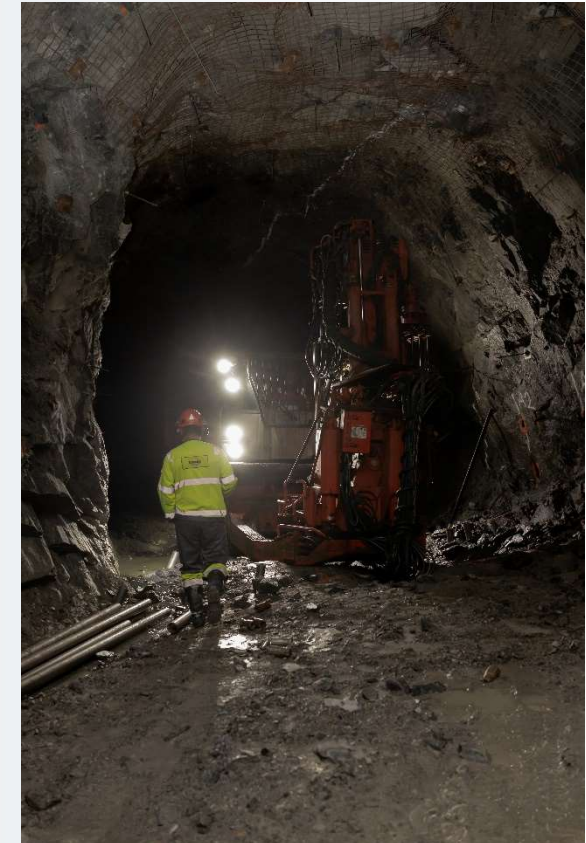
The technical nitrogen removal project's final verification and on-site pilot were finalized. The results verify the capability of the technology in an actual production environment and defined the needed final capacity. The project is moving now forward to actual implementation. The

nitrogen removal process will enable the company to reduce the nitrogen emissions to needed levels and ensure the sustainability targets in long-term.

The new infill drilling program has continued and at the end of the first quarter more than half of the planned drilling was finalized. Infill drilling is targeted to existing mineralization on 400 to 600-meter levels. The drilling will continue in Q2 2023 as well as the analysing of the cores in the external laboratory.

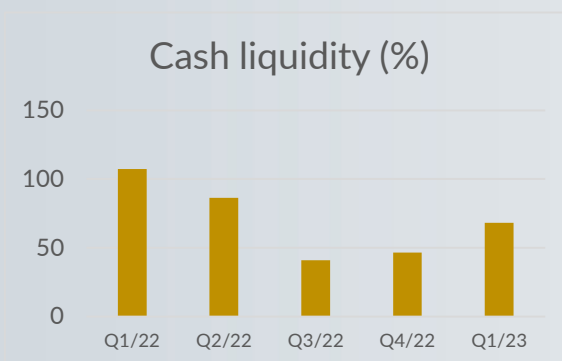
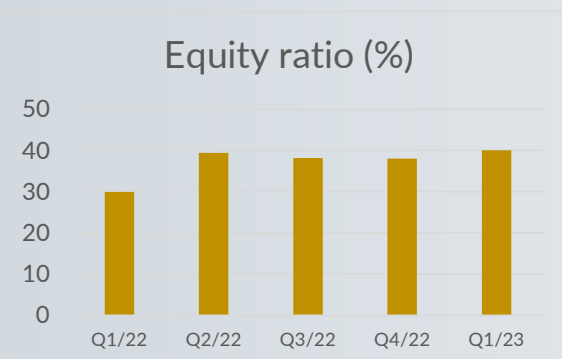
During the first quarter company started Environmental Impact Assessment (EIA) for Tailings Management Facility development. The EIA consists of Tailings Pond expansion and Pyrite pond needed expansions, dam raises for production until the year 2035. The EIA procedure is based on Finnish legislation and is conducted prior to the environmental permitting process. The objective is to secure sufficient tailings capacity for Life of Mine extension for Project 700 and beyond that. In the EIA scenario, also the impacts of higher ore production at a maximum level of 800 000 t/a and UG Mine deep extension until 1 km

below the surface level are compared to the impacts of the current production.



FINANCIAL POSITION

- The Group's cash and cash equivalents were 34 MSEK (44)
- The Group equity ratio was 40 % (30)
- The Group equity was 256 MSEK (260) which corresponds to 0.90 SEK (1.30) a share non-diluted, and 0.80 SEK (1.23) diluted



The Board of Directors of Sotkamo Silver AB resolved on January 17, 2023, a share issue with preferential rights for existing shareholders as well as a directed share issue of in aggregate a maximum of approximately 5 MEUR in order to strengthen the Company's financial position. The share issues consisted of a rights issue of approximately 4.0 MEUR and a directed issue of approximately 1.0 MEUR. The subscription period for the share issues in Sotkamo Silver AB ended on March 8th, 2023.

In the rights issue, 64.602.769 new shares were subscribed for with the support of subscription rights, representing approx. 64.5 % of the rights issue. In addition, 20.789.173 new shares were subscribed for without the support of subscription rights, representing approx. 20.8 % of the rights issue. In total, 85.391.942 new shares were subscribed for in the rights issue, representing approx. 85.2 % of the rights issue. There were over 6,000 participants in the rights issue. All subscriptions were allocated to subscribers in full. Accordingly, the Company received gross proceeds of approx. 3.4 MEUR or

38.4 MSEK from the rights Issue before the deduction of transaction costs. Transaction costs were 9.3 MSEK.

There were no shares subscribed for in the directed issue which was directed to a limited number of institutional investors, and therefore the Board of Directors resolved not to allot any shares in the Directed Issue.

With the completion of the rights issue, the Company's number of shares increased by 85.391.942 new shares from 200.366.211 shares to 285.758.153 shares and the share capital will increase by 4,633,161 SEK to 15,504,549 SEK. The dilution effect of the rights issue was approx. 29.9%.

In accordance with the authorization resolved upon at the Extraordinary General Meeting on 16 February 2023, the Board of Directors resolved to register a bonus issue of 260,000,000 MSEK with the Swedish Companies Registration Office (Sw. Bolagsverket). After the registration of the rights issue and bonus issue, the Company has a share capital of

275,504,549 SEK distributed over 285,758,153 shares.

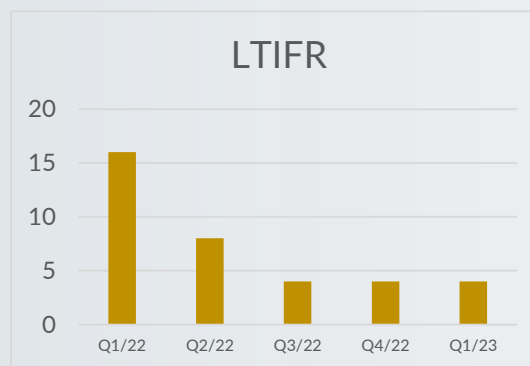
The Company and the senior lenders agreed on February 13, 2023, upon an amendment to the terms of the senior loan agreement, postponing the first installment (1.5 MEUR due on March 31, 2023) to be paid on the termination date of the senior loan agreement (March 31, 2026).

Subsidiary Sotkamo Silver Oy has provided a guarantee in accordance with the environmental permit as security for the obligations following the closure of the mine. The subsidiary has deposited funds into an escrow account in accordance with the guarantee agreement. According to the concluded contract, the guarantor released one million euros from the escrow account at the end of March 2023.

SAFETY AND ENVIRONMENT

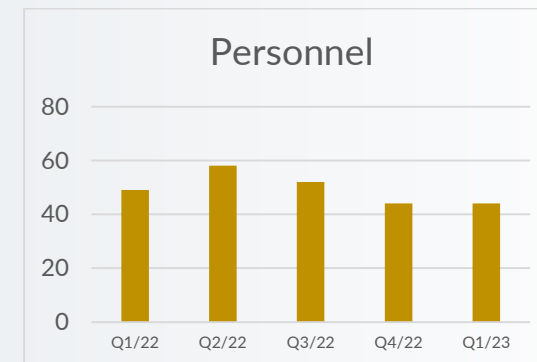
The lost time injury frequency rate (LTIFR) meaning the number of lost time injuries for million working hours was 4 (16) at the end of the period, including all contractors.

LTIFR of 4 corresponds to one Lost Time Injury (LTI) within 12 months period. The Company wants to reinforce and encourage positive 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 84 days without LTI. The previous period was 258 days without LTI.



PERSONNEL

The Company had 44 (49) own employees and 93 (102) contracted employees who worked in the mine and laboratory at the end of the period.



EVENTS AFTER THE REPORTING PERIOD

The following main decisions were made at the Annual General Meeting (AGM) held on April 18, 2023:

- The income statement and the balance sheet for both the parent company and the group regarding the financial year 2022 were adopted by the AGM. The AGM decided that no dividend would be paid out for the financial year 2022. The members of the Board and the CEO were granted discharge from liability for the financial year 2022.
- The AGM decided that the Board would comprise of six ordinary members without deputy directors. Jarmo Vesanto, Kimmo Luukkonen, Eeva-Liisa Virkkunen, Sixten Sunabacka and Jukka Jokela were re-elected as directors and Mauri Visuri was elected as director. Eeva-Liisa Virkkunen was re-elected chairman of the Board.
- The AGM resolved to re-elect the auditing company PWC until the end of the AGM 2024.
- The guidelines for remuneration for the management and the procedure for appointing the members of the nomination committee were approved

in accordance with the proposals from the Board.

- The AGM approved the nomination committee's proposal for annual fees to the Board.
- The AGM resolved, for the period until the next AGM, to authorize the Board, at one or several occasions, to issue new shares or other financial instruments. The authorization is limited to a maximum dilution of ten (10) percent of the total number of shares outstanding at the time of the first Board resolution in accordance with the authorization.

SHARES AND SHARE TRADINGS

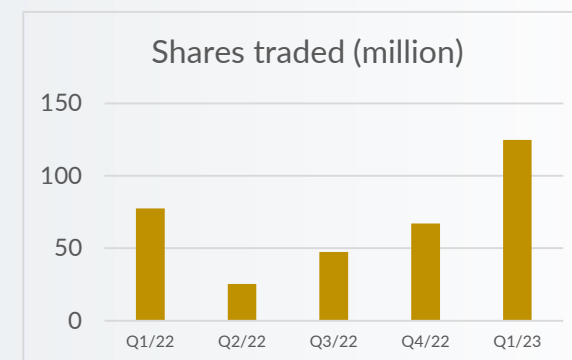
Sotkamo Silver AB's share capital on March 31, 2023, was 275 504 549 SEK and the number of shares 285 758 153.

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.

During the reporting period 124 701 996 (77 544 829) shares were traded on NGM Equity in Stockholm and Nasdaq in Helsinki.

Share information	Q1 2023	Q1 2022
Share price SEK	0.56	2.00
Highest share price SEK, during the period	1.42	2.25
Lowest share price SEK, during the period	0.47	1.39
Quota value SEK	0.96	1.37
Market Cap. MSEK	160	401
Number of shares	285 758 153	200 366 211
Share capital SEK	275 504 549	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.

Investors, market participants, and policymakers expect that the war in Ukraine will exert a drag on the global economy while pushing up inflation, with a sharp increase in uncertainty and risks.

The Company's interest rate risk has increased with the senior loan at variable interest rate.

The Company's revenue comes from the sale of flotation concentrates priced in USD. Costs are primarily in EUR and SEK. The Group's balance sheet consists mainly of assets and liabilities in EUR. The Company, therefore, has an exposure of the net balance sheet in EUR/SEK since the Parent Company's accounting currency is SEK.

The risks and mitigating them are described in more detail in the Annual Report for 2022, p. 22–25.

FINANCIAL CALENDAR

- Q2 July 28, 2023
- Q3 October 25, 2023
- Q4 February 15, 2024

FINANCIAL REPORTS

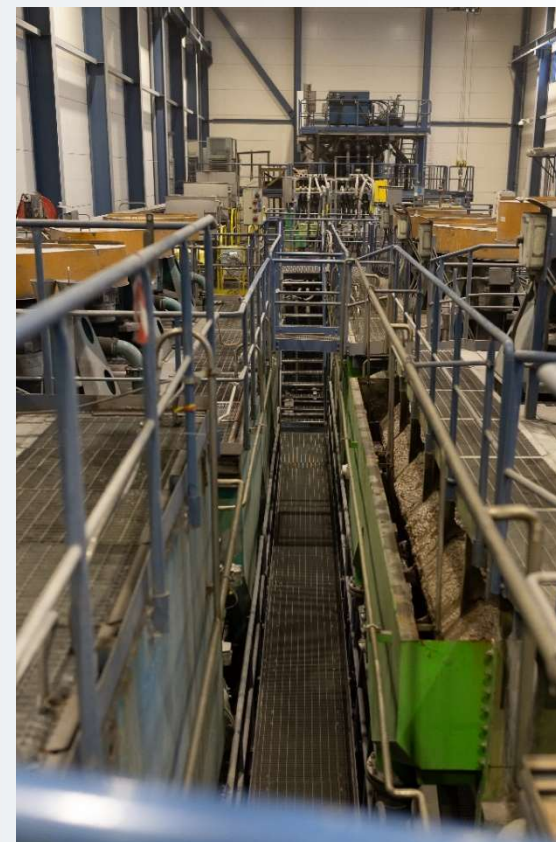
The reports are available at the Company webpage: www.silver.fi/en/investors

This report has not been reviewed by the Company's auditors.

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

Stockholm, April 26, 2023

**Sotkamo Silver AB's Board of Directors
and CEO**



CONSOLIDATED, CONDENSED STATEMENT OF INCOME AND OTHER COMPREHENSIVE INCOME

<i>Amount in MSEK</i>	2023 Q1-23	2022 Q1-22	2022 FY22
Net sales	67,2	114,3	370,9
Change of finished goods	-1,8	-1,3	1,1
Other income	-2,6	5,7	11,1
Supplies	-32,5	-53,6	-215,7
Other expenses	-13,8	-16,9	-71,4
Employee expenses	-10,1	-10,4	-42,7
EBITDA	6,4	37,8	53,2
Depreciation and amortization	-16,1	-23,0	-87,4
EBIT	-9,7	14,8	-34,1
Financial income*	-1,3	0,0	35,4
Financial expenses	-6,5	-6,0	-27,9
Interest expenses on lease payments	-0,2	-0,3	-1,1
Financial net	-8,1	-6,3	6,3
Result after financial items	-17,8	8,4	-27,8
Taxes	-1,1	0,0	0,0
RESULT FOR THE PERIOD	-18,9	8,4	-27,8

*Financial income consists 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	1,2	2,5	22,5
Total comprehensive income	-17,7	11,0	-5,3

Attributable to:

The parent company shareholders	-17,7	11,0	-5,3
TOTAL	-17,7	11,0	-5,3

Profit per share, non-diluted, SEK	-0,07	0,04	-0,14
Profit per share, diluted, SEK	-0,07	0,04	-0,14

CONSOLIDATED, CONDENSED BALANCE SHEET

Amount in MSEK	31.3.2023	31.3.2022	31.12.2022
Assets			
Fixed assets			
Intangible fixed assets	0,3	0,0	0,3
Tangible fixed assets	536,6	514,7	536,7
Right of use assets	12,7	25,0	11,1
Financial fixed assets	25,6	24,6	36,4
Total fixed assets	575,2	564,3	584,5
Current assets			
Inventories	5,1	4,1	6,9
Trade receivables	17,2	42,0	39,0
Other assets	10,7	215,1	11,4
Cash and cash equivalents	33,5	44,1	0,8
Total current assets	66,6	305,3	58,0
Total assets	641,8	869,6	642,5
Equity			
Share capital	275,5	274,9	274,9
Other contributed capital	237,2	212,5	212,5
Retained earnings	-238,5	-235,9	-215,9
Result of the period	-18,9	8,4	-27,8
Total Equity	255,3	260,0	243,7
Liabilities			
Provision	31,8	43,8	31,4
Non-current borrowings	245,5	255,8	240,4
Non-current lease liabilities	8,2	10,3	9,4
Non-current derivative liabilities	4,0	0,0	1,8
Total non-current liabilities	257,7	266,1	251,6
Current borrowings	25,4	212,8	25,8
Current lease liabilities	5,7	18,7	5,6
Trade payables and other payables	65,8	68,2	84,3
Total current liabilities	96,9	299,7	115,7
Total liabilities	386,5	609,6	398,8
Total equity and liabilities	641,8	869,6	642,5
Equity Ratio %	39,8 %	29,9 %	37,9 %
Cash Liquidity Ratio %	67,4 %	107,2 %	46,4 %
Equity per share, SEK	0,89	1,30	1,22
Equity per share, diluted, SEK	0,79	1,23	1,03

CONSOLIDATED, CONDENSED CHANGE IN EQUITY

<i>Amount in MSEK</i>					
	Share capital	Other contributed capital	Translation differences	Retained earnings	Total Equity
Opening equity 1.1.2022	275	213	-4	-234	249
PERIOD RESULT					
Sum of period result				-28	-28
OTHER COMPREHENSIVE INCOME					
Translation difference			23		23
Sum of other comprehensive income	0	0	23	0	23
Closing Equity 31.12.2022	275	213	18	-262	244
PERIOD RESULT				-19	-19
Sum of period result				-19	-19
OTHER COMPREHENSIVE INCOME					
Translation difference			1		1
Sum of other comprehensive income	0	0	1	0	1
Transactions with shareholders					
Reduction of share capital	-264			264	0
Bonus issue	260			-260	0
Rights issue	5	34			39
Issue costs		-9			-9
Sum of transactions with shareholders	1	25	0	4	29
Closing Equity 31.3.2023	276	237	20	-277	255

CONSOLIDATED, CONDENSED STATEMENT OF CASH FLOW

<i>Amount in MSEK</i>	1.1.2023- 31.3.2023	1.1.2022- 31.3.2022	1.1.2022- 31.12.2022
Operating activities			
Result for the period	-18,9	8,4	-27,8
Adjustments for items not effecting cash	23,3	28,9	76,0
Interests paid	-9,5	-15,2	-22,5
Cash flow from operating activities before changes in working capital	-5,1	22,1	25,8
Cash flow from changes in working capital			
Change in inventories	1,8	1,2	-1,6
Change in operating receivables	33,6	-68,7	-8,1
Change in operating liabilities	-16,9	-10,5	-2,7
Cash flow from operating activities	13,4	-55,9	13,3
Investing activities	-7,6	-13,4	-60,9
Share issue and convertible loan conversion	38,6	0,0	0,0
Issue costs	-9,3	0,0	0,0
Repayments of lease liabilities	-4,0	-5,2	-16,6
Change in loans	0,6	15,7	27,9
Cash flow from financing activities including share issue	25,9	10,5	11,3
Change in cash and cash equivalents	31,7	-58,8	-36,3
Cash and cash equivalents in the beginning of the period	0,8	36,7	36,7
Translation differences in cash and cash equivalent	0,0	0,1	0,5
CASH AND CASH EQUIVALENTS AT END OF PERIOD	33,5	44,1	0,8

PARENT COMPANY CONDENSED STATEMENT OF INCOME

<i>Amount in MSEK</i>	2023	2022	2022
	Q1-23	Q1-22	FY
Net sales	0,0	0,0	0,0
Other income	0,0	0,0	0,0
Supplies	0,0	-0,1	-0,2
Other expenses	-17,0	-1,2	-5,9
Employee expenses	-0,3	-0,6	-2,5
EBITDA	-17,3	-1,9	-8,6
Depreciation and amortization	0,0	0,0	-0,1
EBIT	-17,3	-1,9	-8,6
Financial income*	-23,6	14,6	88,2
Financial expenses	-2,8	-2,4	-371,6
Financial net	-26,4	12,2	-283,4
Result after financial items	-43,8	10,3	-292,0
Group contributions	-8,9	0,0	0,0
Taxes	-1,1	0,0	0,0
RESULT FOR THE PERIOD	-53,7	10,3	-292,0

*Financial income consists mainly of adjusting interest rate on capital loans in previous years

PARENT COMPANY CONDENSED BALANCE SHEET

<i>Amount in MSEK</i>	31.3.2023	31.3.2022	31.12.2022
Assets			
Fixed assets			
Intangible fixed assets	0,0	0,0	0,0
Tangible fixed assets	0,2	0,3	0,3
Shares in subsidiaries	174,9	174,9	174,9
Financial fixed assets	224,6	527,2	247,8
Deferred tax asset	0,0	0,0	0,0
Total fixed assets	399,8	702,4	422,9
Other assets	17,1	81,7	16,6
Cash and cash equivalents	33,5	6,7	0,7
Total current assets	50,7	88,4	17,3
Total assets	450,5	790,8	440,3
Equity and liabilities			
Equity	343,5	670,3	368,0
Liabilities			
Long term liabilities	67,6	66,2	69,3
Short term liabilities	39,4	54,4	2,9
Total liabilities	106,9	120,6	72,3
Total equity and liabilities	450,5	790,8	440,3

EXCHANGE RATES

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

	31.3.2023	31.3.2022	31.12.2022
Balance sheet day rate EUR/SEK	11.28	10.34	11.13
Balance sheet day rate USD/SEK	10.35	9.26	10.44
Average rate for the reporting period EUR/SEK	11.20	10.48	10.63

PARENT COMPANY

As a consequence of renewed assessment of the tax domicile of the Sotkamo Silver AB, Sotkamo Silver AB is from 2021 treated as liable for Finnish taxation. This has led to some adjustments in intercompany transactions which have been included in the Profit and Loss for Q1 2023. All transactions are eliminated at group level, except for a tax expense of 1 MSEK. Other items affected at Sotkamo Silver AB level are:

Management fee

- Year 2020: 410 250,45 EUR
- Year 2021: 437 490,14 EUR
- Year 2022: 471 536,30 EUR

Interests on capital loans

- Year 2020: 1 121 970,64 EUR
- Year 2021: 1 121 970,64 EUR
- Year 2022: 1 182 451,72 EUR

Group contribution

- Year 2022: 800 304,47 EUR

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 2022.

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 2022.

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 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

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 convertibles is 4.5 years with a maturity date on 30 September 2026, to the extent that 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 the 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 March 31, 2023, the fair value of the convertible option component was 4 MSEK and the fair value of the liability component was 35 MSEK. The fair value changes recognized through a profit and loss account were: conversion option liability -1 MSEK, and liability component -3 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 31 March 2023, the fair value of accounts receivable amounts to 17 M SEK (42) and is recognized in the item Trade Receivables in Current assets in 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