



INTERIM REPORT

FIRST QUARTER 2022



**RANA
GRUBER**

CEO Gunnar Moe comments:

ANOTHER MILESTONE FOR RANA GRUBER



The past three months have also been characterised by the dreadful war in Ukraine. As both Russia and Ukraine are large producers of iron ore, the current situation may affect both the global supply and the demand for iron ore. At the same time, China is still the major market driver, demonstrated by the temporary drops in market prices due to Chinese authorities imposing Covid-related restrictions which reduced the short-term demand for iron ore.

In the first quarter of the year, revenues came in at NOK 515.7 million (509.4). The market prices for iron ore on the Platts index in the quarter fluctuated between USD 119,5/mt and USD 162,8/mt. This resulted in an adjusted EPS of NOK 2.99 (3.18) for the quarter. The costs of the quarter increased due to various circumstances. More than half of the cost increases stems from one-offs the financial contribution to the new Polarsirkelen Airport in Mo I Rana and the cost related to the transfer of our share to the main list of Oslo Stock Exchange. In addition, increased costs in the quarter include wage adjustments, novel recruitments, increased pension and insurance prices, and finally, the increased input prices (for e.g. diesel, explosives and steel). Together, these factors resulted in an operating profit (EBITDA) of NOK 283.7 million (326.7). At the end of the quarter the total hedging positions held by the company cover 760.000 mt at an average price of USD 140.51/mt.

In addition to solid financial results, the first quarter continued the positive trend for our safety KPIs with zero injuries related to the production. This shows that our tailored safety measures are working, proving a healthy work environment at Rana Gruber.

Rana Gruber has progressed with previously announced strategic initiatives. To reach the goal of eliminating CO2 emissions, from the operations by the end of 2025, we have started organising the replacement of propane-based heating of the mines with a more climate-friendly alternative. This is likely to be either electric heating or bio heating which will contribute to emission reductions from the fall of 2022 onwards. We have also ordered new

electric passenger cars, a new drilling rig, and we have intensified the dialogue with electric machinery suppliers. Due to supply chain bottlenecks, the delivery of some of these items might be delayed. We will revert with further updates on the strategic projects by the end of this year.

The aim to increase the average iron content in our products to ~65 per cent from the current average of ~63 per cent, has intensified, including the preparations for the optimisation and further development of the hematite processing. Specifically, we expect to install new equipment and optimise existing equipment in the summer of 2022 and to make further related investments in 2023. We are also collaborating with Cargill in order to prepare our customers to receive the future premium product. All of this is in line with the planned completion of the project in 2024.

MAJOR EVENTS DURING THE QUARTER

A major highlight of the quarter was the uplisting of our share on the main list of Oslo Stock Exchange.

Being the first non-bank company from the Nordland county to be on the main list, this event marked an important milestone not just for us, but also for the entire business community in northern Norway. I am both proud of and thankful for the efforts of all our employees, without which this achievement in the history of Rana Gruber would not have been attainable.

Despite the market uncertainties related to the handling of Covid-19 in China, Rana Gruber has a good visibility. With our stable production level, resources enabling 80- 90 years of mining operations, and a solid financial position, we are well positioned for the time ahead.

A handwritten signature in black ink that reads "Gunnar Moe".

Gunnar Moe
CEO Rana Gruber ASA

REVIEW OF THE FIRST QUARTER OF 2022

HIGHLIGHTS

- Revenues came in at NOK 515.7 million (NOK 509.4 million)¹.
- On average, market prices for iron ore improved vis-à-vis the previous quarter but saw a few temporary drops due to the impact of Covid-related restrictions in China.
- Production of iron ore concentrate remained stable and amounted to 406 thousand mt (411 thousand mt).
- Adjusted net profit came in at NOK 110.8 million (NOK 118.8 million). The board of directors proposed a quarterly dividend of NOK 2.09/share, implying a pay-out ratio of 70 percent.
- The company's share was uplisted to the main list of Oslo Stock Exchange.

EVENTS AFTER THE QUARTER-END

- Based on a competitive bidding process, the contractor Leonhard Nilsen & Sønner AS was awarded a subcontract for the operation of the next mining level (L91) the operations of which is expected to take place towards the end of the second quarter of 2022.

KEY FINANCIAL FIGURES (IFRS)

<i>Amounts in NOK million, except where indicated otherwise</i>	Q1 2022	Q1 2021	Change (%)
Revenues	515.7	509.4	1.2
EBITDA	283.7	326.7	(13.2)
EBITDA margin (%)	55.0	64.1	(9.1pp)
Net profit	19.8	173.2	(88.6)
Adjusted net profit	110.8	118.8	(6.7)
Cash cost	227.5	187.4	21.4
Cash cost per mt produced (NOK)	558	455	22.5
EPS (NOK)	0.53	4.64	(88.5)
Adjusted EPS (NOK)	2.99	3.18	(6.0)
Equity ratio (%)	48.5	51.5	(3.0pp)

The financial results of this report are based on the IFRS, in contrast to the NGAAP-based results of previous reports. The historical results included in this report have therefore been restated in accordance with the IFRS. For description of relevant financial reporting principles of the IFRS and effects

resulting from the transition from NGAAP to IFRS, please see the interim report for the fourth quarter of 2021 or the annual report for 2021.

Quarterly financial figures are unaudited.

¹⁾ Information in parentheses refers to the corresponding period in the previous year.

OPERATIONAL REVIEW

PRODUCTION

Amounts in thousand metric tons, except where indicated otherwise

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021
Production concentrate	406	435	407	399	411
Production hematite	383	406	378	376	385
Production magnetite	23	29	29	23	27
Production Colorana	1.6	1.3	1.5	1.2	1.4
Production ore	1 271	1 423	1 171	1 156	1 400
Production underground (ore)	717	741	643	658	726
Production open pit (ore)	554	682	528	498	674
Production open pit (waste rock)	1 203	1 350	1 436	1 055	1 068
Volumes sold					
Volume hematite	383	367	362	333	381
Volume magnetite	20	29	27	22	28
Volume Colorana	1.5	1.1	1.5	1.5	1.5

The production of the quarter totalled 406 thousand mt (411 thousand mt) of iron ore concentrate, which is in accordance with the planned production and indicates a stable production level.

Most of the produced volume was hematite concentrate of 383 thousand mt (385 thousand mt). In addition, 23 thousand mt (27 thousand mt) of magnetite concentrate and 2 thousand mt (1 thousand mt) of Colorana were produced.

The total production of ore decreased with 9.2 per cent compared to the first quarter of 2021. This decrease is the result of more work for the removal of waste rock in the open pit mine, which is done when the circumstances require, and at the expense of ore production.

PRODUCT AREAS

	Hematite		Magnetite		Colorana	
	Q1 2022	Q1 2021	Q1 2022	Q1 2021	Q1 2022	Q1 2021
Revenues (NOK million)	472.6	465.5	24.0	31.5	12.7	11.8
Volume sold (mt)	383 290	380 549	20 328	28 425	1 479	1 509
Revenues per mt (NOK)	1 233	1 223	1 181	1 107	8 591	7 813
Cash cost per mt (NOK)*	539	442	539	442	5 598	5 177
Cash margin per mt (NOK)	703	781	642	665	2 993	2 636
Margin per mt (%)	56.3	63.9	54.4	60.1	34.8	33.7
Production (mt)	382 906	384 511	23 060	26 900	1 572	1 384

* For hematite and magnetite concentrates, the cash cost is not separated.

The hematite production yielded a margin of 57 per cent (64 per cent), and the magnetite production a margin of 54 per cent (60 per cent). The reduction in margins is the result of the mentioned increase in costs, more than half of which is related to the one-off costs associated with the company's economic contribution to the new Polarsirkelen Airport in Mo i Rana and the increased corporate activity related to the uplisting of the Rana Gruber share to the main list of Oslo Stock Exchange.

DEVELOPMENT PROJECTS

The company has progressed with its strategic initiatives. To reach the goal of eliminating CO₂ emissions from the operations by the end of 2025, the company has started organising the replacement of propane-based heating of the mines with a more climate-friendly alternative, which is likely to be either electric heating or bio heating and will contribute to emission reductions from the fall of 2022 onwards. The company has also ordered new electric passenger cars, a new drilling

rig, and has secured a place in the queue to electric hauling equipment suppliers who expect to deliver the equipment in 2023. Alongside electric equipment supply, the company has also started the planning of an on-site charging infrastructure.

Regarding the aim of increasing the average iron content of the hematite products from ~63 to ~65 per cent, the company has intensified the preparations for the optimisation and further development of the hematite processing. Specifically, the company expects to install new equipment and optimise existing equipment in the summer of 2022 and to make further

related investments in 2023. The company is also collaborating with Cargill in order to prepare customers to receive the coming premium product. All of this is in line with the planned completion of the project in 2024.

HSE

There were no injuries leading to absence (H1) from work in the first quarter of the year, which represents a continuation of the positive trend from the previous quarters. Once again, this confirms that the company's tailored safety measures are working, proving a healthy work environment at Rana Gruber.

FINANCIAL REVIEW

Amounts in NOK million, except where indicated otherwise

	Q1 2022	Q1 2021	Change (%)
Revenues	515.7	509.4	1.2
Raw materials and consumables used	(86.7)	(79.3)	9.3
Other costs	(140.7)	(108.0)	30.3
Change in inventory	(4.5)	4.6	(198.5)
EBITDA	283.7	326.7	(13.2)
Depreciation	(39.9)	(41.9)	(4.7)
EBIT	243.8	284.8	(14.4)
Net financial income/(expenses)	(218.4)	(64.0)	241.1
Pre tax profit	25.4	220.8	(88.5)
Tax	(5.6)	(47.5)	(88.3)
Net other comprehensive income	0.0	(0.1)	(100.0)
Net profit	19.8	173.2	(88.6)
Adjustments*	116.7	(69.8)	(267.1)
Tax on adjustments	(25.7)	15.4	(267.1)
Adjusted net profit	110.8	118.8	(6.7)
EPS	0.53	4.64	(88.5)
Adjusted EPS	2.99	3.18	(6.0)

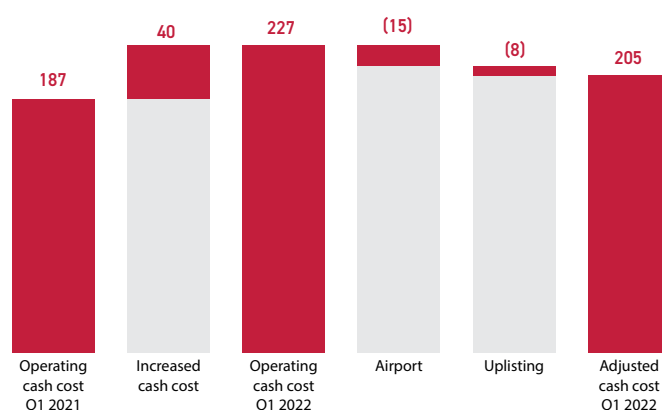
* For explanation, please see the appendix to the interim financial statements.

PROFIT AND LOSS

Total revenues for the first quarter came in at NOK 515.7 million (NOK 509.4 million). As mentioned, the first quarter saw an increase in cash costs, which ended at a total of NOK 227.5 million (NOK 187.4 million) and correspondingly 558/mt produced (NOK 455/mt produced). Of these, NOK 22.5 million – corresponding to NOK 50/mt produced – is related to the company's economic contribution to the new Polarsirkelen Airport in Mo i Rana and the increased corporate activity related to the transfer of the Rana Gruber share to the main list of Oslo Stock Exchange. These one-off costs therefore represent more than half of the increase in cash cost.

Cash cost development

Amounts in NOK million

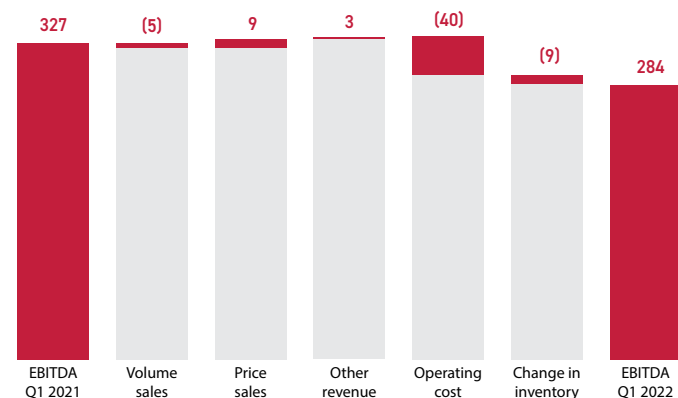


The mentioned costs affected the operating profit (EBITDA), which decreased by 13.2 per cent compared to the first quarter of 2021 and

ended at NOK 283.7 million (NOK 326.7 million). Without the one-off costs related to Polarsirkelen Airport and the uplisting to Oslo Stock Exchange, the operating profit would have been NOK 306.2 million.

EBITDA

Amounts in NOK million



Net financial items in the period consist mainly of unrealised losses related to the hedging of iron ore established in forward contracts entered into in 2021. In addition, net financial items include interest expenses and gains from currency hedges.

In sum, this resulted in a net profit of NOK 19.8 million (NOK 173.2 million), which corresponds to earnings per share (EPS) of NOK 0.52 (NOK 4.64). The adjusted net profit for the quarter amounted to NOK 110.8 million (NOK 118.8 million), which gives an adjusted EPS of NOK 2.97 (NOK 3.18) and dividends per share (DPS) of NOK 2.09 (NOK 2.90 in 2021 based on NGAAP). The adjusted net profit was largely determined by three factors. The first was the adjustment relative to the company's financial contribution to Polarsirkelen Airport. The second was the adjustment relative to the company's unrealised loss from the hedging of iron ore – except effects from shipments concluded in the quarter. The third major factor was the adjustment relative to the unrealised gain from the hedging of USD – except effects from shipments concluded in the quarter. For further information about how the adjusted net profit is determined, please see the appendix to the interim financial statements.

FINANCIAL POSITION AND LIQUIDITY

Amounts in NOK million,
except where indicated
otherwise

	31 March 2022	31 December 2021	Change %
Total assets	1 095.5	1 129.7	(3.0)
Total equity	531.1	581.8	(8.7)
Equity ratio (%)	48.5	51.5	3.0pp
Cash and cash equivalents	218.6	264.4	(17.3)
Interest bearing debt	120.5	113.7	6.0

The company has no long-term debt towards financial institutions. Interest bearing debt consists of lease and rent obligations. The company has also an unused credit facility of NOK 100 million.

After dividend distributions for the fourth quarter of 2021, the company's equity ratio was 48.5 per cent (51.5 per cent). Total cash holdings at the end of the quarter were NOK 218.6 million.

CONSOLIDATED CASH FLOW

Total cash flow from operations amounted to NOK 55.2 million (NOK 288.6 million).

Capex for the period totalled NOK 32.6 million (NOK 37.5 million), of which NOK 12.0 million was development capex, NOK 14.2 million was related to maintenance in the period, and NOK 6.4 million was related to the construction of an additional floor in the administration building. NOK 14.2 million of the capex was related to new leasing objects and not shown as investment in the cash flow statement.

Of financing activities, NOK 56.4 million (NOK 27.5 million) was pay-out of dividends, while NOK 14.2 million was acquisition of own shares, and NOK 7.9 million was payment of the principal portion of the lease liabilities.

In sum, the total cash flow for the quarter was negative by NOK 45.8 million (positive NOK 188.1 million).

MARKET AND HEDGING POSITIONS

Although iron ore prices were somewhat lower in the first quarter of 2022 compared to the first quarter of 2021, the prices improved vis-à-vis the previous quarter. There were two temporary dips in February and March respectively, caused by Chinese authorities imposing Covid-related restrictions, which reduced the short-term demand for iron ore.

The management continuously assesses the company's portfolio of hedging positions based on dialogue and input from customers, partners, industry experts, and analysts. The hedging positions shall contribute to a stable and solid cash flow, enabling future investments and a predictable and attractive pay-out strategy. As stated in the company's hedging policy, hedging positions can cover a maximum of 50 per cent of the annual production volumes, and can have a duration of maximum two years.

In the first quarter, the company made agreements to sell 120 000 mt in the third and fourth quarter of 2022 at an average price of USD 130.3/mt, 90 000 mt in the first quarter of 2023 at an average price of USD 129.9/mt, and 250 000 mt from the third quarter of 2022 to the second quarter of 2023 at an average price of USD 149.9/mt. The total hedging positions held by the company cover 760 000 mt at an average price of USD 140.51/mt.

At 31 March, the company also had multiple flexible currency hedging positions. Please see note 10 in the interim financial statements for further information about the hedging portfolio.

RISK AND UNCERTAINTIES

Rana Gruber is subject to several risks, which may affect the company's operations, performance, finances and share price. These risks are monitored by the corporate management and reported to the board on a regular basis. For a more detailed

description of the risk factors, such as decreases in iron ore prices, which may have material adverse effects for the financial results, profitability, and financial position, please see an overview in the annual report for 2021.

SHARE INFORMATION

Rana Gruber (ticker code RANA) uplisted its shares from Euronext Growth to the main list of Oslo Stock Exchange on 28 March.

At 31 March, the company had 5 098 shareholders. The 20 largest shareholders held a total of 63 per cent of the shares.

The company held 306 908 treasury shares per 31 March, which will be deleted in the second quarter.

The share traded between NOK 46.65 and 67.24 per share in the quarter, with a closing price of NOK 67 per share on 31 March.

Pursuant to the company's adjusted dividend policy, the net profit shall constitute the IFRS based net profit after tax, adjusted for unrealised gains and losses from the company's portfolio of hedging positions related to iron ore, USD, and freight, which do not impact the shipments concluded in the quarter. The board also has power of attorney to adjust for extraordinary events which do not count as being part of the company's core business.

The company aims to distribute 50-70 per cent of the adjusted net profit as quarterly dividends. The board shall however have flexibility to utilise approximately 30 per cent of the estimated dividend payments to repurchase own shares for subsequent redemption and reduce the dividend payments correspondingly. Any buyback program with this purpose will be announced.

The board has proposed that a dividend of NOK 2.09 per share will be paid for the first quarter. The dividend will be paid out at or around 25 May.

Ex. Date	Dividend (NOK/share)
16 May 2022	2.09
15 February 2022	1.51
09 December 2021	2.50
12 November 2021	1.05
30 August 2021	3.86
18 May 2021	2.90

OUTLOOK

The market outlook is affected by the war in Ukraine. Given the consequences of war and the fact that both Russia and Ukraine are major iron ore producers, both the demand and the supply of iron ore is affected.

Although the geopolitical situation affects the market for iron ore, the handling of Covid-19 in China is the main cause of market uncertainty, since the potential imposition of restrictions – in combination with China being the main global demand driver – will reduce the global demand.

For Rana Gruber, it is likely that increased commodity prices will continue to affect the costs of the operations.

Rana Gruber's production in the remaining quarters is expected to remain at a stable level comparable to that of the previous year. Included in this forecast is a turnaround of ten days for the entire mine and processing plant towards the end of the second quarter, similar to that of 2021.

With stable production, vast resources, operational excellence, and a solid financial position, the outlook for Rana Gruber remains positive.

Mo i Rana, 11 May 2022, the board of directors and CEO of Rana Gruber ASA

Morten Støver
Chair

Kristian Adolfsen
Director

Frode Nilsen
Director

Hilde Rolandsen
Director

Ragnhild Wiborg
Director

Lasse O. Strøm
Director

Johan Hovind
Director

Thomas Hammer
Director

Gunnar Moe
Chief executive officer

INTERIM FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

<i>Amounts in NOK thousand</i>	<i>Notes</i>	Q1 2022	Q1 2021
Revenue	5	515 653	509 434
Changes in inventories		(4 537)	4 607
Raw materials and consumables used		(86 742)	(79 349)
Employee benefit expenses		(72 584)	(63 709)
Depreciation	7, 8	(39 878)	(41 857)
Other operating expenses		(68 141)	(44 306)
Operating profit/(loss)		243 771	284 819
Financial income		528	-
Financial expenses		(1 972)	(4 992)
Other financial gains/(losses)	6	(216 966)	(59 035)
Financial income/(expenses), net		(218 410)	(64 027)
Profit/(loss) before income tax		25 361	220 792
Income tax expense		(5 580)	47 501
Profit/(loss) for the period		19 781	173 292
Other comprehensive income from items that will not be reclassified to profit or loss:			
Actuarial gains and losses		-	(121)
Tax on items not reclassified to profit or loss		-	27
Net other comprehensive income/(loss)		-	(95)
Comprehensive profit for the period		19 781	173 197
Earnings per share (in NOK):			
Basic and diluted earnings per ordinary share		0.53	4.64

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>Amounts in NOK thousand</i>	<i>Notes</i>	31 March 2022	31 December 2021
ASSETS			
Non-current assets			
Mine properties	8	286 776	303 768
Property, plant, and equipment	7	155 450	153 416
Right-of-use assets		122 462	114 284
Other non-current financial assets		-	1 500
Total non-current assets		564 688	572 968
Current assets			
Inventories		87 988	89 215
Trade receivables	9	176 058	63 087
Other current receivables		40 463	36 802
Derivative financial assets	9, 10	7 670	103 247
Cash and cash equivalents		218 590	264 363
Total current assets		530 769	556 714
Total assets		1 095 456	1 129 682
EQUITY AND LIABILITIES			
Equity			
Share capital		9 348	9 348
Share premium		92 783	92 783
Other equity		428 924	479 680
Total equity		531 055	581 811
Liabilities			
Lease liabilities		86 771	82 601
Net deferred tax liability		35 931	30 351
Provisions		15 000	15 000
Other non-current liabilities		3 867	1 553
Net defined benefit liabilities		1 815	975
Total non-current liabilities		143 384	130 480
Trade payables		110 685	119 115
Lease liabilities (current portion)		33 766	31 107
Current tax liabilities		129 003	145 653
Derivative financial liabilities	9, 10	104 280	7 680
Other provisions		-	-
Other current liabilities		43 283	113 836
Total current liabilities		421 017	417 391
Total liabilities		564 401	547 871
Total equity and liabilities		1 095 456	1 129 682

Mo i Rana, 11 May 2022, the board of directors and CEO of Rana Gruber ASA

Morten Støver
Chair

Kristian Adolfsen
Director

Frode Nilsen
Director

Hilde Rolandsen
Director

Ragnhild Wiborg
Director

Lasse O. Strøm
Director

Johan Hovind
Director

Thomas Hammer
Director

Gunnar Moe
Chief executive officer

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

<i>Amounts in NOK thousand</i>	<i>Notes</i>	Q1 2022	Q1 2021
Cash flow from operating activities:			
Profit before income tax		25 361	220 792
Adjustments for:			
Movements in provisions, pensions, and government grants		840	-
Depreciation of tangible assets	7, 8	39 878	41 857
Unrealised gain/(loss) on derivative financial instruments	6	192 177	(43 192)
Net finance income/expense		-	4 992
Working capital changes:			
Change in inventories		1 227	(13 070)
Change in receivables and payables		(187 610)	82 542
Income tax paid		(16 650)	-
Interests received		-	-
Interests paid		-	(5 280)
Net cash flow from operating activities		55 223	288 641
Cash flow from investment activities:			
Expenditures on mine development	8	(6 977)	(35 273)
Expenditures on property, plant, and equipment	7	(11 369)	(30 340)
Cash receipt from repayment of loans		-	133 939
Net cash flow from investing activities		(18 346)	68 326
Cash flow from financing activities:			
Acquisition of treasury shares		(14 163)	(2 776)
Payment of principal portion of lease liabilities		(7 924)	(6 754)
Cash repayments of amounts borrowed		-	(193 295)
Cash receipts from amounts borrowed		-	65 360
Dividends paid		(56 375)	(27 500)
Net cash flow from financing activities		(78 462)	(164 965)
Net increase/(decrease) in cash and cash equivalents		(41 585)	192 002
Cash and cash equivalents at the beginning of the period		264 363	24 994
Effects of exchange rate changes on cash and cash equivalents		(4 188)	(3 870)
Cash and cash equivalents at the end of the period		218 590	213 126

STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	Share capital (Note 26)	Share premium (Note 26)	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2021	9 348	92 783	-	276 565	378 696
Profit for the year				173 292	173 292
Other comprehensive income	-	-	-	(95)	(95)
Total comprehensive income	-	-	-	173 197	173 197
Acquisition of treasury shares	-	-	(2 776)	-	(2 776)
Balance at 31 March 2021	9 348	92 783	(2 776)	449 762	549 117
					-
Balance at 1 January 2022	9 348	92 783	(2 835)	482 515	581 811
Profit for the year	-	-	-	19 781	19 781
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	19 781	19 781
Dividends paid	-	-	-	(56 375)	(56 375)
Issue of ordinary shares	-	-	-	-	-
Acquisition of treasury shares	-	-	(14 162)	-	(14 162)
Balance at 31 March 2022	9 348	92 783	(16 997)	445 921	531 055

'Treasury shares' and 'retained earnings' are presented together in the statement of financial position as 'other equity'.

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

The accompanying interim financial statements for the period ended 31 March 2022 include the financial statements of Rana Gruber ASA. The comparable financial statements for the period ended 31 March 2021 include Rana Gruber ASA and its subsidiary Rana Gruber Minerals AS. The two group entities were merged in December 2021.

The consolidated financial statements for the year ended 31 December 2021 are available at www.ranagruber.no

NOTE 2: BASIS FOR PREPARATION

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all information and disclosures required by International Financial Accounting Standards ("IFRS") for a complete set of annual financial statements. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2021.

These interim financial statements are unaudited.

The accounting policies applied by the group in these interim financial statements are the same as those applied by the group in its financial

statements for the year ended 31 December 2021. Because of rounding differences, numbers or percentages may not add up to the sum totals. In the interim financial statements, the first quarter (Q1) is defined as the reporting period from 1 January to 31 March.

All amounts are presented in NOK thousand unless otherwise stated.

Significant assumptions and estimates

The preparation of financial statements requires the management and the board of directors to make assessments and assumptions that affect recognised assets, liabilities, income, expenses, contingent liabilities etc. For further information concerning these, please refer to the Rana Gruber 2021 annual report.

NOTE 3: SIGNIFICANT CHANGES, EVENTS, AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

The board has proposed that a dividend of NOK 2.09 per share will be paid for the first quarter. The dividend will be paid out at or around 25 May.

As of January 2022, Rana Gruber has altered its pension arrangement from a defined benefit plan to a defined contribution plan with a net settlement loss of NOK 811 thousand.

Apart from the effects mentioned above, there were no significant effects from particular events or transactions in the first quarter of 2022.

NOTE 4: PROFIT AND LOSS INFORMATION

Income tax expense

Income tax expense is recognised based on the management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the current quarter is 22 per cent, which is the same as the tax rate used for the comparable period.

Seasonality of operations

The mining operations for the group is not significantly affected by any seasonality fluctuations, and the production output for the current quarter has been in line with the management's operational production estimates.

NOTE 5: REVENUE

Revenue not arising from contracts with customers primarily stem from the fair value changes in the value of the trade receivables due to the provisional price mechanisms. For further information, please see note 6 in the 2021 consolidated annual report.

The following breakdown of revenue from contracts with customers presents a disaggregation by major product line:

<i>Amounts in NOK thousand</i>	Q1 2022	Q1 2021
Sales of hematite	354 364	488 959
Sales of magnetite	24 006	31 456
Sales of Colorana	12 707	11 790
Total revenue from contracts with customers	391 077	532 204
Effect from provisionally priced receivables	118 204	(23 423)
Other income	6 372	653
Total revenue	515 653	509 434

NOTE 6: OTHER FINANCIAL GAINS AND LOSSES

<i>Amounts in NOK thousand</i>	Q1 2022	Q1 2021
Net gain/(loss) on financial assets at fair value through profit or loss - derivatives on exchange rates	15 724	(8 382)
Net gain/(loss) on financial assets at fair value through profit or loss - derivatives on iron ore prices	(229 458)	(58 005)
Net gain/(loss) on financial assets at fair value through profit or loss - derivatives on interest rates	-	676
Net foreign exchange gains (losses)	(3 232)	6 676
Total other financial gains and losses	(216 966)	(59 035)

NOTE 7: PROPERTY, PLANT, AND EQUIPMENT

<i>Amounts in NOK thousand</i>	Land and buildings	Machinery and plant	Operating equipment etc.	Total
At 31 December 2021				
Cost	87 205	611 866	57 037	756 108
Accumulated depreciation and impairment	(40 458)	(511 810)	(50 424)	(602 692)
Net book amount	46 747	100 056	6 613	153 416
Period ended 31 March 2022				
Opening net book amount	46 747	100 056	6 613	153 416
Additions	7 814	2 263	1 292	11 369
Depreciation charge	(1 325)	(8 010)	-	(9 335)
Closing net book amount	53 236	94 309	7 905	155 450
At 31 March 2022				
Cost	95 019	614 129	58 329	767 477
Accumulated depreciation and impairment	(41 783)	(519 820)	(50 424)	(612 027)
Net book amount	53 236	94 309	7 905	155 450

NOTE 8: MINE PROPERTIES

<i>Amounts in NOK thousand</i>	Exploration and evaluation assets	Producing mines	Total
At 31 December 2021			
Cost	8 539	914 276	922 815
Accumulated depreciation and impairment	-	(619 047)	(619 047)
Net book amount	8 539	295 229	303 768
Period ended 31 March 2022			
Opening net book amount	8 539	295 229	303 768
Additions	2 000	4 977	6 977
Depreciation charge	-	(23 969)	(23 969)
Closing net book amount	10 539	276 237	286 776
At 31 March 2022			
Cost	10 539	919 253	929 792
Accumulated depreciation and impairment	-	(643 016)	(643 016)
Net book amount	10 539	276 237	286 776

NOTE 9: FINANCIAL ASSETS AND LIABILITIES**9.1. Financial assets**

<i>Amounts in NOK thousand</i>	31 March 2022	31 December 2021
Debt instruments measured at amortised cost:	325 971	325 196
Other current receivables	40 463	36 802
Trade receivables not subject to provisional pricing mechanism (amortised cost)	66 918	22 531
Other non-current financial assets	-	1 500
Cash and cash equivalents	218 590	264 363
Debt instruments measured at fair value through profit or loss:	109 140	40 736
Trade receivables subject to provisional pricing mechanism (fair value)	109 140	40 736
Derivatives (measured at fair value through profit or loss):	7 670	103 247
Foreign exchange forward contracts	7 670	-
Iron ore forward contracts	-	103 247
Total financial assets	442 781	469 179

9.2. Financial liabilities

<i>Amounts in NOK thousand</i>	31 March 2022	31 December 2021
Liabilities measured at amortised cost	157 835	234 504
Trade payables and other current liabilities	153 968	232 951
Other non-current liabilities	3 867	1 553
Derivatives (measured at fair value through profit or loss):	104 280	7 680
Foreign exchange forward contracts	-	7 680
Iron ore forward contracts	104 280	-
Total financial liabilities	262 115	242 184

9.3. Fair value hierarchy

The different fair value measurement levels have the following meaning:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- **Level 2:** The fair value of financial instruments that are not traded in an active market (e.g. over-the-counter derivatives)

is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to the fair value of an instrument are observable, the instrument is included in level 2.

- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the fair value of those assets and liabilities that are measured at fair value in the financial statements at each reporting date:

At 31 December 2021

<i>Amounts in NOK thousand</i>	Level 1	Level 2	Level 3	Total
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	40 736	-	40 736
Derivatives (assets)	-	103 247	-	103 247
Total financial assets measured at fair value	-	143 983	-	143 983
Financial liabilities valued at FVPL:				
Derivatives (liabilities)	-	7 680	-	7 680
Total financial liabilities measured at fair value	-	(7 680)	-	7 680

At 31 March 2022

<i>Amounts in NOK thousand</i>	Level 1	Level 2	Level 3	Total
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	109 140	-	109 140
Derivatives (assets)	-	7 670	-	7 670
Total financial assets measured at fair value	-	116 810	-	116 810
Financial liabilities valued at FVPL:				
Derivatives (liabilities)	-	(104 280)	-	(104 280)
Total financial liabilities measured at fair value	-	(104 280)	-	(104 280)

Trade receivables subject to the provisional pricing mechanisms belong to level 2. The fair value of the provisionally priced trade receivables uses the forward prices of iron ore at the stipulated settlement date. This is an observable price with an active market, which is applied to the pricing formula for the agreements. For further information, please see note 6 in the 2021 consolidated annual report.

Derivatives belong to level 2. Fair value estimates have been determined based on present value calculations and other commonly used valuation techniques. The group's derivative instruments are primarily swap contracts where fair value estimates are based on

equating the present value of a fixed and a variable stream of cash flows over the maturity of the contract. These estimates are based on observable input related to volatility, discount rates, and current market values of the underlying assets to which the derivative instrument is related.

There were no transfers between levels of fair value measurements during the reporting periods.

Fair values of financial instruments not measured at fair value are not materially different to their carrying values.

NOTE 10: DERIVATIVES

10.1. Foreign exchange rate derivatives

For the relevant reporting periods, the group held the following positions in relation to derivatives to cover its foreign exchange rate risks:

Foreign exchange derivatives by maturity:

	Sell USD (thousand)	Floor FX rate (USD/NOK)	Cap FX rate (USD/NOK)	Fair value (thousand NOK)
Maturity within 3 months	36 000	8.58	9.27	(2 195)
Maturity within 3 to 6 months	30 000	8.58	9.38	(2 904)
Maturity within 6 to 9 months	6 000	8.52	9.43	(1 285)
Maturity within 9 to 12 months	6 000	8.52	9.55	(1 296)
Balances at 31 December 2021	78 000	8.57	9.35	(7 680)

Foreign exchange derivatives by maturity:

	Sell USD (thousand)	Floor FX rate (USD/NOK)	Cap FX rate (USD/NOK)	Fair value (thousand NOK)
Matured foreign exchange derivatives (*)	-	-	-	-
Maturity within 3 months	30 000	8.64	9.49	(785)
Maturity within 3 to 6 months	19 800	8.80	9.58	1 677
Maturity within 6 to 9 months	22 800	8.81	9.67	2 392
Maturity within 9 to 24 months	27 000	8.87	9.80	4 386
Balances at 31 March 2022	99 600	8.77	9.63	7 670

10.2. Iron ore price derivatives

The group enters into forward swap derivative agreements to manage the risk of changes in iron ore prices by reference to the pricing index TSI Iron Ore CFR China (62 per cent Fe Fines). The

following positions were held by the group in relation to the iron ore derivative instruments:

Balances at 31 December 2021:

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (thousand NOK)
Derivatives already matured and recognised as other current receivables:	120 000	118.70	17 522
Matured iron ore derivatives *	120 000	118.70	17 522
Iron ore derivatives recognised as financial assets:	660 000	136.29	103 247
Maturity within 3 months	360 000	133.81	43 278
Maturity within 3 to 6 months	240 000	134.90	37 055
Maturity within 6 to 9 months	30 000	156.75	11 060
Maturity within 9 to 12 months	30 000	156.75	11 853

Balances at 31 March 2022:

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (thousand NOK)
Derivatives already matured and recognised as other current receivables:	120 000	132.30	(19 196)
Matured iron ore derivatives *	120 000	132.30	(19 196)
Iron ore derivatives recognised as financial liabilities:	760 000	140.51	(104 280)
Maturity within 3 months	240 000	135.82	(48 649)
Maturity within 3 to 6 months	130 000	145.61	(15 032)
Maturity within 6 to 9 months	150 000	143.69	(16 402)
Maturity within 9 to 24 months	240 000	140.45	(24 197)

* Matured iron ore derivatives are accounted for in other current liabilities and other current receivables and are not subject to future fair value changes.

NOTE 11: RELATED PARTY TRANSACTIONS
Transactions with related parties

<i>Amounts in NOK thousand</i>	Party	Relationship	Q1 2022	Q1 2021
Purchase of open-pit production services	Leonhard Nilsen & Sønner AS	Significant influence over the group	(42 603)	(39 454)
Purchase of mine levels services	Leonhard Nilsen & Sønner AS	Significant influence over the group	-	(21 836)
Sales of various operations and maintenance services	Leonhard Nilsen & Sønner AS	Significant influence over the group	110	335
Sales of various administrative services	Greenland Ruby/LNS Greenland AS	Significant influence over the group	65	-
Sales of various administrative services	LNS Mining AS	Other related parties	600	600
Total related party profit or loss items			(41 828)	(60 355)

NOTE 12: COMMITMENTS

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments

<i>Amounts in NOK thousand</i>	31 March 2022	31 December 2021
Property, plant, and equipment	20 283	-
Leases	30 741	16 459
Total capital commitments	51 024	16 459

The commitments held by the group at 31 March 2022 mostly relate agreements for items such as equipment, machinery, and industrial vehicles.

NOTE 13: EVENTS AFTER THE REPORTING PERIOD

Based on a competitive bidding process, Rana Gruber has decided to award the contractor Leonhard Nilsen & Sønner AS (LNS) a contract for the first phase of development of the next mining level (L91). The development of L91 is expected to start towards the end of the second quarter of 2022.

The board of directors is not aware of any other events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the company's 2022 first quarter interim financial report.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

The group reports its financial results in accordance with IFRS as issued by the IASB and as endorsed by the EU. However, the management believes that certain alternative performance measures (APMs) provide the management and other stakeholders with additional meaningful financial information that should be considered when assessing the group's ongoing performance. These APMs are non-IFRS financial measures and should not be viewed as a substitute for any IFRS financial measure. The management, the board of directors, and the long-term lenders regularly use supplemental APMs to understand, manage, and evaluate the business and its operations. These APMs are among the factors used in planning and forecasting future periods, including assessment of financial covenants compliance.

Definition of APMS

EBIT is defined as the profit/(loss) for the period before net financial income (expenses) and income tax expense. The group has decided to present this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

EBITDA is defined as the profit/(loss) for the period before net financial income (expenses), income tax expense, depreciation and amortisation. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

EBIT margin is defined as EBIT in percentage of revenues. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

EBITDA margin is defined as EBITDA in percentage of revenues. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

Adjusted net profit is defined as profit for the period adjusted for the after-tax net effects from unrealised fair value changes on derivatives with maturity within three months from the reporting date. The adjustments may also take into account extraordinary events which the board of directors does not count as being part of the company's core business.

Equity ratio is defined as total equity in percentage of total assets. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the portion of total assets that are financed from owners' equity.

Cash cost is defined as the sum of raw materials and consumables used, employee benefit expenses and other operating expenses. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the costs of the group's operating activities.

Cash cost per metric ton is defined as cash cost divided by metric tons of iron ore sold. Metric tons of iron ore are defined as metric tons of hematite and magnetite produced in the current period. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the costs of the group's operating activities.

Net interest-bearing debt is defined as the group's interest-bearing debt less cash and cash equivalents. Interest bearing debt consists of debt to credit institutions and financial leasing debt. Net interest-bearing debt is a non-IFRS measure for the financial leverage of the group, which the group intends to apply in relation to its capacity for dividend distribution and/or for doing investments when and if the company will be able to carry out its dividend distribution and/or investments policy.

Reconciliation of APMS

The table below sets forth reconciliation of EBIT, EBITDA, and EBITDA margin:

<i>Amounts in NOK thousand, except where indicated otherwise</i>	Q1 2022	Q1 2021
Profit/(loss) for the year	19 781	173 292
Income tax expense	5 580	47 501
Net financial income/(expenses)	218 410	64 027
(a) EBIT	243 771	284 819
Depreciation and amortisation	39 878	41 857
(b) EBITDA	283 649	326 676
(c) Revenues	515 653	509 434
EBIT margin (a/c)	47.3%	55.9%
EBITDA margin (b/c)	55.0%	64.1%

The table below sets forth reconciliation of adjusted net profit:

<i>Amounts in NOK thousand</i>	Q1 2022	Q1 2021
Profit before tax for the period	25 361	220 792
One-offs	15 000	-
Unrealised hedging positions iron ore	115 599	(78 176)
Unrealised hedging positions FX	(13 940)	8 382
Adjusted profit before tax	142 020	150 998
Ordinary income tax	(5 580)	(47 501)
Tax on adjustments	(25 665)	15 355
Adjusted net profit	110 775	118 852

The table below sets forth reconciliation of equity ratio:

<i>Amounts in NOK thousand, except where indicated otherwise</i>	31 March 2022	31 December 2021
(a) Total equity	531 055	581 811
(b) Total assets	1 095 456	1 129 682
Equity ratio (a/b)	48.5%	51.5%

The table below sets forth reconciliation of cash cost and cash cost per metric tons:

<i>Amounts in NOK thousand</i>	Q1 2022	Q1 2021
Raw materials and consumables used	86 742	79 349
Employee benefit expenses	72 584	63 709
Other operating expenses	68 141	44 306
(a) Cash cost	227 467	187 364
Metric tons of hematite	383.0	384.5
Metric tons of magnetite	23.0	26.9
Metric tons of Colorana	1.6	1.4
(b) Metric tons of concentrate produced	407.6	412.8
Cash cost per metric tons (a/b)	558	454

The table below sets forth reconciliation of net interest-bearing debt:

<i>Amounts in NOK thousand</i>	31 March 2022	31 December 2021
Lease liabilities	120 537	113 708
Total interest-bearing debt	120 537	113 708
Cash and cash equivalents	(218 590)	(264 363)
Net interest-bearing debt	(98 053)	(150 655)



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