# INTERIM REPORT

## FOURTH QUARTER 2022

RANA GRUBER

### CEO Gunnar Moe comments:

# STRONG PRODUCTION TREND, COST DISCIPLINE, AND STRATEGIC PROGRESS BOOSTING OUTLOOK

2022 was an exceptional year, where both the devastating war in Ukraine and fluctuating markets affected us all. Raw material prices have been highly volatile throughout the year, including prices for iron ore. In the fourth quarter, prices bottomed out at USD 79/mt in late October but recovered significantly towards the end of the quarter. The price increase was primarily due to the lifting of Covid-related restrictions in China, which is the world's largest buyer of iron ore, combined with low stocks of both iron ore and steel in the country.

The world's steel producers are heading quickly in the direction of producing more sustainable steel. Hence, there is a pressure on the raw materials suppliers to deliver iron ore concentrates with lower carbon footprint. Evidently, Rana Gruber's strategy to produce higher quality products and remove all $CO_2$ from the production enhances our market position going forward. Our favourable geographical location in Europe will be of growing importance and advantage also in the time to come.

At the end of the year, Rana Gruber secured a significant frame agreement with the electric mining equipment supplier Sandvik for delivery of electric mining machines and vehicles. This agreement plays a key role in our ambition of producing carbon-free iron ore concentrates during 2025.

Rana Gruber has a strong commitment to the development of local communities in Northern Norway. We are pleased to see that our social efforts are acknowledged, such as through The Local Jobs and Value Creation Award for December by the Nordland County part of The Confederation of Norwegian Enterprise (NHO).

We always target zero injuries related to the production, with tailored safety measures providing a healthy work environment at Rana Gruber. Sadly, there were two production-related injuries which led to short-term absence from work in the past quarter. Safety is our utmost priority, and we will continue to focus on the safety of our employees in the coming year.

Rana Gruber's production of iron ore concentrates has over time followed a strong trend, backed by higher production volumes and improved product quality. Production volumes ended at 1.73 million mt in 2022 – one of the highest production levels historically – and almost five per cent above 2021. Production optimisation and stability are key to all mining companies aiming to supply excellent products and results over time. Therefore, the strong operational performance, including higher volumes and continued quality improvements, provides a promising foundation for 2023.

The cost per tonne in the second half of the year is lower than the start of the year, even though cost inflation is impacting Rana Gruber as well as most other businesses. This shows that our work with cost optimisation and high and stable production yields results.

We are entering a new year with confidence and great progress. A highly positive production trend, reduced production costs per mt produced, and strategic progress enabling higher prices for our products create a bedrock for further profitability.

Gunnar Moe

Gunnar Moe
CEO Rana Gruber ASA

# REVIEW OF THE FOURTH QUARTER 2022[1]

## FOURTH QUARTER HIGHLIGHTS

- The strong production trend continued – volumes for the fourth quarter ended at 460' mt (435' mt).2 Annual production at record high levels historically, backed by value chain improvements.
- Progress towards decarbonisation target, and first electric mining vehicle delivered by Sandvik. Further project management work and design initiated to substitute all mining vehicles with electric alternatives.
- Progress with lifting the iron content in line with strategy, and installation of new spiral concentrators for the hematite product (H400) on track. Promising initial results.
- Cash cost per mt decreased to NOK 448 (NOK 472) following the positive production trend. Expectations for less cost inflation impact going forward.
- Prices strengthened towards the end of the quarter and ended significantly over fourth quarter average.
- The board of directors decided to pay out a quarterly dividend of NOK 3.00/share, implying a pay-out ratio of 70 per cent.

## EVENTS AFTER THE QUARTER-END

- Rana Gruber has secured forward contracts under which Rana Gruber will sell 450 000 mt in the period from the second quarter of 2023 to the first quarter of 2024 at an average price of USD 121.47/mt. The swap contracts relate to physical shipments in the period from the first quarter of 2023 to the fourth quarter of 2023. Final financial settlement of these shipments will be connected with the swap contracts.
- Sandvik and Rana Gruber have entered into a frame agreement for the delivery of 19 mining machines to be delivered in the period from 2023 to 2025. So far, the company has ordered four of these machines. These four machines have a value of NOK 58 million. Enova SF, which is owned by the Ministry of Climate and Environment, has granted the company NOK 8.7 million to support the procurement of the four machines. The purchase of the 15 remaining machines will be financed over the company's existing leasing facilities.

## PRESENTATION OF GAINS FROM ELECTRIC POWER DERIVATIVES

- Rana Gruber always hedges a part of the volume of electric power purchases (cf. note 23.3.3 in 2021 annual report). But at the end of 2022, the company entered into larger hedging positions than usual. Previously, the derivatives have been treated under the own use exemption of IFRS 9, and accounted for as a fixed price electric power delivery with no separation of the embedded derivative. In 2022, there has been significant differences between the system price that has been hedged and the area price that has been paid. As a result of this, the criteria for the own use exemption are no longer met, as the electric power price has not been fixed. Since these electric power price variances are expected to continue going forward, the company has concluded that the derivatives are no longer sufficiently linked to the physical delivery of electric power and therefore should be accounted for as separate derivatives at fair value through profit and loss.
- The company hedged almost all of the volume for the fourth quarter of 2022, almost all of the volume for 2023, and some of the volume for 2024. This has resulted in large, realised gains on the hedges in the fourth quarter, in addition to a large share of unrealised gains for the portfolio in 2023 and 2024. Previously, realised gains were added to, and realised losses were subtracted from, the OPEX, while unrealised gains were excluded from the result due to the own use exemption described above.

1 *This interim report is based on the IFRS, in contrast to the interim report for the corresponding period last year, which was based on NGAAP. The historical results included in this report therefore differ from the results communicated last year.*

2 *Information in parentheses refers to the corresponding period in the previous year.*

**Now, both realised and unrealised gains are included under other financial gains/losses in the P&L.**

- **The realised gains for the fourth quarter amounted to NOK 48.2 million. This is now booked under financial gains/losses in the P&L.**
- **The realised gains for the first three quarters of the year amounted to NOK 29.1 million in total. This has been moved from OPEX to other financial gains/losses in the full year figures for 2022.**
- **Unrealised gains for 2023 and 2024 amounted to NOK 140.5 million. This is booked under other financial gains/ losses in the P&L.**
- **The unrealised figures will be adjusted for and will have no effect on the adjusted net profit and the DPS. This is in line with the company's dividend policy.**
- **The definition of cash cost has been changed in line with the change in accounting principles. The cash cost now includes realised gains/losses from electric power hedging. See the appendix with APMs to see the new definition and calculation of cash cost.**

## KEY FINANCIAL FIGURES (IFRS)

| *Amounts in NOK million, except where indicated otherwise* | **Q4 2022** | Q4 2021 | Change (%) | **2022** | 2021 | Change (%) |
|---|---|---|---|---|---|---|
| Revenues | **382.8** | 276.4 | 38.5 | **1 423.3** | 1 668.4 | (14.7) |
| EBITDA | **168.0** | 97.5 | 72.3 | **567.0** | 937.3 | (39.5) |
| EBITDA margin (%) | **43.9** | 35.3 | 8.6pp | **39.8** | 56.2 | (16.4pp) |
| Net profit | **268.0** | 8.3 | 3 143.9 | **496.6** | 592.0 | (16.1) |
| Adjusted net profit | **158.1** | 102.5 | 54.2 | **404.1** | 499.5 | (19.1) |
| Cash cost | **206.8** | 205.7 | 0.5 | **836.1** | 775.3 | 7.8 |
| Cash cost per mt produced (NOK) | **448** | 472 | (5.0) | **482** | 468 | 3.2 |
| EPS (NOK) | **7.23** | 0.21 | 3 268.9 | **13.39** | 15.83 | (15.4) |
| Adjusted EPS (NOK) | **4.26** | 2.74 | 55.6 | **10.90** | 13.35 | (18.4) |

*For explanation of EBITDA, EBITDA margin, adjusted net profit, cash cost, and cash cost per mt produced, see the appendix to the interim financial statements.*

The interim reports of 2022 are based on the IFRS, contrary to the NGAAP-based interim reports of 2021. The historical figures included in this report have therefore been restated in accordance with the IFRS. For a 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.

# OPERATIONAL REVIEW

## PRODUCTION

| *Amounts in thousand metric tons, except where indicated otherwise* | **Q4 2022** | Q4 2021 | Change (%) | **2022** | 2021 | Change (%) |
|---|---|---|---|---|---|---|
| **Production concentrate** | **460** | 435 | 5.8 | **1 728** | 1 652 | 4.5 |
| Production hematite | **435** | 406 | 7.0 | **1 630** | 1 545 | 5.5 |
| Production magnetite | **25** | 29 | (13.2) | **98** | 108 | (9.1) |
| **Production Colorana** | **1.6** | 1.3 | 24.6 | **5.5** | 5.3 | 2.9 |
| | | | | | | |
| **Production ore** | **1 379** | 1 423 | (3.1) | **5 127** | 5 150 | (0.4) |
| Production underground (ore) | **635** | 741 | (14.3) | **2 648** | 2 767 | (4.3) |
| Production open pit (ore) | **745** | 682 | 9.1 | **2 479** | 2 383 | 4.0 |
| Production open pit (waste rock) | **1 136** | 1 350 | (15.9) | **4 536** | 4 909 | (7.6) |
| | | | | | | |
| **Volumes sold** | | | | | | |
| Volume hematite | **372** | 367 | 1.4 | **1 519** | 1 441 | 5.4 |
| Volume magnetite | **27** | 29 | (5.5) | **93** | 106 | (12.2) |
| Volume Colorana | **1.3** | 1.1 | 14.7 | **5.6** | 5.7 | (0.9) |

The production in the quarter totalled 460' mt (435' mt) of iron ore concentrate. This is in line with the production in the third quarter and is a continuation of the positive production trend. This is a result of continuous work to adjust and improve the capacity of the processing plant, and operational adjustments ensuring stable and high-quality ore delivered from the mine, which enables better utilisation of the plant.

Hematite concentrate amounted to 435' mt (406' mt) of the produced volume. In addition, 25' mt (29' mt) of magnetite concentrate and 1.6' mt (1.1' mt) of Colorana products were produced.

Due to the timing of shipments, the volumes sold in the quarter were moderate compared to the volumes produced (revenues depending on the timing and number of shipments leaving the port in Rana each quarter). The company had high inventories at the end of 2022. The amount of stored volumes is expected to normalise during the first half of 2023.

## PRODUCT AREAS

| | Hematite | | Magnetite | | Colorana, special products | |
|---|---|---|---|---|---|---|
| | **Q4 2022** | Q4 2021 | **Q4 2022** | Q4 2021 | **Q4 2022** | Q4 2021 |
| Revenues (NOK million) | **328** | 227 | **33** | 32 | **13** | 9 |
| Volumes sold (mt) | **371 800** | 366 666 | **27 023** | 28 599 | **1 296** | 1 130 |
| Revenues per mt (NOK) | **882** | 620 | **1 225** | 1 112 | **9 725** | 8 053 |
| Cash cost per mt (NOK)* | **423** | 459 | **423** | 459 | **7 664** | 6 438 |
| Cash margin per mt (NOK) | **459** | 161 | **802** | 653 | **2 061** | 1 615 |
| Margin per mt (%) | **52.1** | 26.0 | **65.5** | 58.7 | **21.2** | 20.1 |
| Production (mt) | **434 759** | 406 334 | **24 873** | 28 657 | **1 609** | 1 292 |

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

The hematite production yielded a margin of 52.1 per cent (26.0 per cent) per mt. The margin increase for the hematite production compared to the fourth quarter of 2021 is largely explained by the final settlement of shipments done during the third quarter and significant lower freight cost in 2022. For more information about the booking of revenues, please see note 6 in the consolidated annual report for 2021.

The magnetite production yielded a margin of 65.5 per cent (58.7). The margin increase is is largely explained by increased prices and reduced cash cost per mt.

Colorana products yielded a margin of 21.2 per cent (20.1). The increase is explained by increased prices and product mix.

## DEVELOPMENT PROJECTS

Rana Gruber is focusing on three key strategic projects, as previously communicated. The first is eliminating all carbon emissions from the production before the end of 2025, the second is increasing the product quality by lifting the iron content, and the third is increasing the magnetite production.

A detailed review of the progress of the three development projects was given in the capital markets update in November 2022. All three projects are proceeding according to plan and the next update will be given during the second half of 2023.

## HSE

There were two production-related injuries in the quarter which led to short-term absence from work. Both incidents were handled according to procedure. The company is constantly working with ensuring safety measures in all parts of the production, and will use the experience with these incidents in the future preventive HSE-training.

## FINANCIAL REVIEW

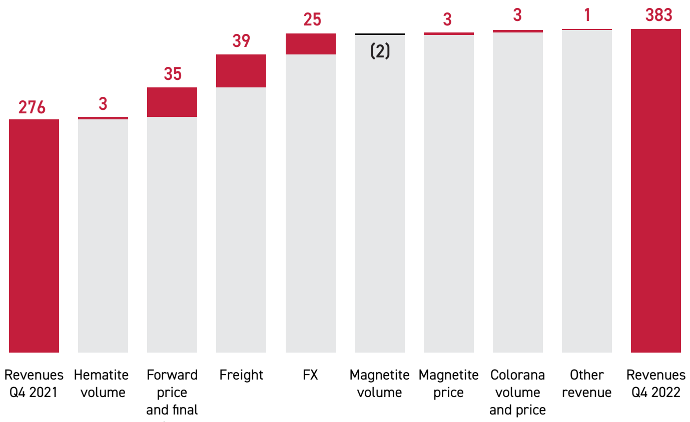
| *Amounts in NOK million, except where indicated otherwise* | **Q4 2022** | Q4 2021 | Change (%) | **2022** | 2021 | Change (%) |
|---|---|---|---|---|---|---|
| Revenues | **382.8** | 276.4 | 39 | **1 423.3** | 1668.4 | (15) |
| Raw materials and consumables used | **(116.5)** | (86.3) | 35 | **(398.3)** | (327.6) | 22 |
| Other costs | **(138.5)** | (119.3) | 16 | **(515.1)** | (447.7) | 15 |
| Change in inventory | **40.2** | 26.8 | 50 | **57.0** | 44.2 | 29 |
| EBITDA | **168.0** | 97.5 | 72 | **567.0** | 937.3 | (40) |
| Depreciation | **(40.1)** | (46.2) | (13) | **(158.7)** | (174.2) | (9) |
| EBIT | **127.9** | 51.4 | 149 | **408.3** | 763.1 | (47) |
| Net financial income/(expenses) | **215.7** | (40.3) | (635) | **228.4** | (3.3) | (6 932) |
| Pre tax profit | **343.6** | 11.1 | 3 003 | **636.7** | 759.7 | (16) |
| Tax | **(75.6)** | (2.8) | 2 588 | **(140.1)** | (167.7) | (16) |
| Net profit | **268.0** | 8.3 | 3 144 | **496.6** | 592.0 | (16) |
| Adjustments* | **(141.0)** | 120.8 | (217) | **(118.5)** | (118.7) | - |
| Tax on adjustments | **31.0** | (26.6) | (217) | **26.1** | 26.1 | - |
| Adjusted net profit | **158.1** | 102.5 | 54 | **404.1** | 499.5 | (19) |
| | | | | | | |
| EPS | **7.23** | 0.21 | 3 269 | **13.39** | 15.83 | (15) |
| Adjusted EPS | **4.26** | 2.74 | 56 | **10.90** | 13.35 | (18) |

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

## PROFIT AND LOSS

Total revenues for the fourth quarter came in at NOK 382.8 million (NOK 276.4 million). The increase is largely explained by higher realised prices for shipments done in the third quarter (final settlement at higher prices compared to those underlying reported revenues in the third quarter), reduced freight cost, and a weaker Norwegian currency (concentrates sold in EUR and USD).

**Revenues**
*Amounts in NOK million*

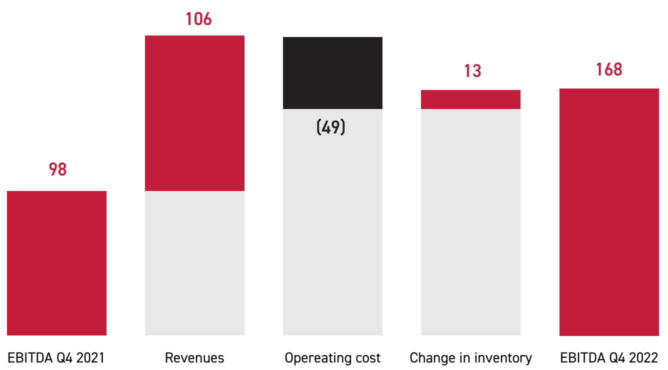



The reported cash costs[3] ended at a total of NOK 206.8 million (NOK 205.7 million), which corresponds to NOK 448/mt produced (NOK 472/mt produced). This reduction in cash cost/mt produced was driven by the increase in production and realised gains on electric power hedging. The cash cost level is slightly above the previous quarter, but below the average for the entire year.

The operating costs increased as a result of general inflation, higher electric power prices, increased activities in strategic projects, and increased costs related to the open pit operation.

Increased revenues and a positive change in inventory had a positive impact on the operating profit (EBITDA), which ended at NOK 168.0 million (NOK 97.5 million).

**EBITDA**
*Amounts in NOK million*




Net financial income of NOK 228.1 million consists mainly of gains related to electric power hedging, losses related to the hedging of iron ore, and gains related to currency hedges.[4] In addition, net financial items include currency regulation on trade receivables and bank accounts. For more information about net financial income, please see note six to the interim financial statements.

In the fourth quarter of 2022, the above-mentioned factors resulted in a net profit of NOK 268.0 million (NOK 8.3 million). This corresponds to earnings per share (EPS) of NOK 7.23 (NOK 0.21).

The adjusted net profit for the quarter amounted to NOK 158.1 million (NOK 102.5 million), which gives an adjusted EPS of NOK 4.26 (NOK 2.74).

According to the company's dividend policy, the adjusted net profit shall constitute the IFRS based net profit after tax, adjusted for unrealised gains and losses from the portfolio of hedging positions related to iron ore and currency. The relevant hedging positions are those related to shipments initiated in the quarter of reporting for which the final price is concluded in the subsequent quarter. In this case, the shipments are those initiated in the fourth quarter of 2022 for which the final price is concluded in the first quarter of 2023. From the fourth quarter of 2022, unrealised positions of electric power is included in the net financial income and adjusted for in the adjusted net profit.

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. This part of the dividend policy was developed to enable more accurate evaluations of the company's performance, excluding accounting effects from factors which do not relate to the production and sales of the reporting period.

For the fourth quarter, the net profit was adjusted relative to the unrealised loss from the hedging of iron ore, unrealised gain from the hedging of USD, and gain from the hedging of electric power.

*3 For updated explanation of cash cost, see the appendix to the interim financial statements*
*4 The company does not apply hedge accounting.*

## FINANCIAL POSITION AND LIQUIDITY

| *Amounts in NOK million, except where indicated otherwise* | **Q4 2022** | Q3 2022 | Change (%) | Q4 2021 | Change (%) |
|---|---|---|---|---|---|
| Total assets | **1 445** | 1 333 | 8 | 1 130 | 28 |
| Total equity | **835** | 606 | 38 | 582 | 44 |
| Equity ratio (%) | **57.8** | 45.5 | 12.3pp | 51.5 | 6.3pp |
| Cash and cash equivalents | **213** | 339 | (37) | 264 | (19) |
| Interest bearing debt | **138** | 132 | 5 | 114 | 21 |

The interest-bearing debt towards financial institutions consists of lease and rent obligations. Apart from this, the company has no long-term debt towards financial institutions. The company has an unused credit facility of NOK 100 million.

After dividend distributions for the third quarter of the year, the company's equity ratio was 57.8 per cent (45.5 per cent in the third quarter).

Total cash holdings at the end of the quarter were NOK 213 million.

### CASH FLOW

The total cash flow from the operations was negative by NOK 9.8 million (positive NOK 39.4 million). The deviation from EBITDA is mainly due to changes in working capital.

The capex for the period totalled NOK 67.1 million (NOK 12.3 million), of which NOK 46.4 million was development capex, mainly related to the new mine level and the strategic development project to increase the minimum iron content in the hematite concentrate from 63 to 65 per cent. NOK 20.7 million was related to maintenance.

Financing activities consisted of NOK 38.9 million (NOK 132.5 million) as pay-out of dividends and NOK 10.3 million as payment of the principal portion of the lease liabilities.

In sum, the total cash flow for the quarter was negative by NOK 125.9 million (negative NOK 162.9 million).

## MARKET AND HEDGING POSITIONS

The market prices for iron ore increased towards the end of the quarter. The increase was largely caused by the re-opening of China and a lower production guiding from the larger players in Brazil and Australia.

The management continuously assesses the company's portfolio of hedging positions based on dialogue with and input from customers, partners, industry experts, and analysts. The hedging positions shall contribute to a sustainable and stable cash flow, enabling future investments and compliance with the company's dividend policy. As stated in the hedging policy, hedging positions can cover a maximum of 50 per cent of the annual production volumes, and can be divided into positions for a duration of two years.

At 31 December, the company had multiple hedging positions related to both prices of iron ore and exchange rate. The total hedging positions of iron ore held by the company cover 240 000 mt, at an average price of USD 140/mt. 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.

The company is subject to financial and market risks related to decreases in iron ore prices and increases in freight rates. It is also subject to currency and exchange rate risk.

For the upcoming reporting period, sources of uncertainty include the geopolitical situation in Europe and East Asia, the European energy market, and challenges with the global supply chain. In addition, the company faces risks related to lockdowns in China reducing global demand for iron ore, and risks related to higher input costs.

For a more detailed description of potential risks, please see an overview in the annual report for 2021.

## SHARE INFORMATION

On 31 December, the company had 6 398 shareholders. The 20 largest shareholders held a total of 59.1 per cent of the shares.

The share was traded between NOK 39.00 and 51.1 per share in the quarter, with a closing price of NOK 51.1 per share on 31 December 2022.

Pursuant to the company's adjusted dividend policy, the company aims to distribute 50–70 per cent of the adjusted net profit as quarterly dividends. The adjusted 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 and exchange rate. The relevant hedging positions are those related to shipments initiated in the quarter of reporting for which the final price is concluded in the subsequent quarter. In this case, the shipments are those initiated in the third quarter for which the final price is concluded in the fourth. 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 board has the flexibility to utilise approximately 30 per cent of the estimated dividend payments to repurchase Rana Gruber shares for subsequent redemption and reduce the dividend payments correspondingly. Any buyback program to achieve the same purpose for future quarters will be announced separately.

The board has decided that a dividend of NOK 3.00 per share will be paid out for the fourth quarter. This will be paid out at or around 1 March.

| Ex. date | Dividend (NOK/share) |
|---|---:|
| 17 February 2023 | 3.00 |
| 14 November 2022 | 1.05 |
| 26 August 2022 | 1.51 |
| 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 long-term market outlook for iron ore remains positive. In the short-term, the market demand may be volatile due to the turbulent global economic situation. However, restrictions are easing in China, which has led to a positive price momentum in the second half of the fourth quarter of 2022 and the beginning of 2023.

The entire world's steel production is heading quickly in the direction of reducing carbon footprint, which will impact the raw material suppliers. Rana Gruber's ongoing strategic projects to eliminate carbon emissions from the operations, and to improve the product quality support this direction. The completion of these projects is also expected to contribute to solid product margins.

The company will not finance the three strategic projects with either new interest-bearing debt or share issues. The company plans to finance the projects with earnings from operations and lease obligations for vehicles and mobile machinery. The zero-carbon emissions project will also be financed through a public financial support scheme. The company is currently in dialogue with authorities to agree on the exact amount. The completion of these projects is expected to be within the previously communicated time frame, with finalisation in 2024 (Fe65 and M40) and 2025 (Carbon free production).

Rana Gruber's production volumes have been strong over time. The historically strong production during the last two quarters of 2022 is expected to remain stable in the following quarters. With stable and high production, vast resources, solid customer base, solid financial position, and investments in strategic projects, the outlook for Rana Gruber remains positive.

# INTERIM FINANCIAL STATEMENTS

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| *Amounts in NOK thousand* | *Notes* | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|---|
| Revenue | *5* | **382 823** | 276 380 | **1 423 319** | 1 668 429 |
| | | | | | |
| Changes in inventories | | **40 151** | 26 831 | **57 028** | 44 190 |
| Raw materials and consumables used | | **(116 482)** | (86 337) | **(398 305)** | (327 567) |
| Employee benefit expenses | | **(75 829)** | (70 359) | **(288 089)** | (258 611) |
| Depreciation | *7, 8* | **(40 118)** | (46 179) | **(158 736)** | (174 247) |
| Other operating expenses | | **(62 624)** | (48 975) | **(226 966)** | (189 106) |
| **Operating profit/(loss)** | | **127 921** | 51 361 | **408 251** | 763 088 |
| Financial income | | **3 457** | (804) | **9 383** | 541 |
| Financial expenses | | **(3 823)** | (2 567) | **(11 358)** | (12 439) |
| Other financial gains/(losses) | *6* | **216 054** | (36 916) | **230 383** | 8 555 |
| **Financial income/(expenses), net** | | **215 688** | (40 287) | **228 408** | (3 343) |
| | | | - | | |
| **Profit/(loss) before income tax** | | **343 609** | 11 074 | **636 659** | 759 745 |
| | | | - | | |
| Income tax expense | *4* | **(75 594)** | (2 812) | **(140 065)** | (167 697) |
| **Profit/(loss) for the period** | | **268 015** | 8 262 | **496 594** | 592 048 |
| | | | | | |
| **Other comprehensive income from items that will not be reclassified to profit or loss:** | | | - | | |
| Actuarial gains and losses | | **-** | (324) | **-** | (1 296) |
| Tax on items not reclassified to profit or loss | | **-** | 71 | **-** | 285 |
| **Net other comprehensive income/(loss)** | | **-** | (253) | **-** | (1 011) |
| **Comprehensive profit for the period** | | **268 015** | 8 009 | **496 594** | 591 037 |
| | | | | | |
| **Earnings per share (in NOK):** | | | | | |
| Basic and diluted earnings per ordinary share | | **7.23** | 0.21 | **13.39** | 15.83 |

## CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| *Amounts in NOK thousand* | *Notes* | **31 December 2022** | 30 September 2022 | 31 December 2021 |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Mine properties | *8* | **309 096** | 285 854 | 303 768 |
| Property, plant, and equipment | *7* | **182 300** | 169 977 | 153 416 |
| Right-of-use assets | | **137 893** | 129 780 | 114 284 |
| Other non-current financial assets | | **-** | - | 1 500 |
| Derivative financial assets | *9, 10* | **23 151** | - | - |
| **Total non-current assets** | | **652 440** | 585 611 | 572 968 |
| | | | | |
| **Current assets** | | | | |
| Inventories | | **159 919** | 133 502 | 89 215 |
| Trade receivables | *9* | **178 670** | 45 142 | 63 087 |
| Other current receivables | *9* | **53 635** | 29 500 | 36 802 |
| Derivative financial assets | *9, 10* | **187 545** | 200 930 | 103 247 |
| Cash and cash equivalents | *9* | **212 837** | 338 765 | 264 363 |
| **Total current assets** | | **792 606** | 747 839 | 556 714 |
| **Total assets** | | **1 445 046** | 1 333 450 | 1 129 682 |
| | | | | |
| **EQUITY AND LIABILITIES** | | | | |
| **Equity** | | | | |
| Share capital | | **9 271** | 9 271 | 9 348 |
| Share premium | | **92 783** | 92 783 | 92 783 |
| Other equity | | **733 367** | 504 292 | 479 680 |
| **Total equity** | | **835 421** | 606 346 | 581 811 |
| | | | | |
| **Liabilities** | | | | |
| Lease liabilities | | **97 199** | 92 791 | 82 601 |
| Deferred tax liabilities | | **170 416** | 94 822 | 30 351 |
| Provisions | | **15 000** | 15 000 | 15 000 |
| Other non-current liabilities | | **2 265** | 3 868 | 1 553 |
| Net defined benefit liabilities | | **-** | | 975 |
| **Total non-current liabilities** | | **284 880** | 206 481 | 130 480 |
| | | | | |
| Trade payables | | **160 614** | 154 562 | 119 115 |
| Lease liabilities (current portion) | | **40 935** | 38 755 | 31 107 |
| Current tax liabilities | | **72 291** | 112 354 | 145 653 |
| Derivative financial liabilities | *9, 10* | **-** | 121 900 | 7 680 |
| Other current liabilities | | **50 905** | 93 052 | 113 836 |
| **Total current liabilities** | | **324 745** | 520 623 | 417 391 |
| **Total liabilities** | | **609 625** | 727 104 | 547 871 |
| | | | | |
| **Total equity and liabilities** | | **1 445 046** | 1 333 450 | 1 129 682 |

RANA GRUBER

## CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

| *Amounts in NOK thousand* | *Notes* | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|---|
| **Cash flow from operating activities:** | | | | | |
| Profit before income tax | | **343 609** | 11 074 | **636 659** | 759 745 |
| | | | | | |
| **Adjustments for:** | | | | | |
| Movements in provisions, pensions, and government grants | | **(975)** | (554) | **(975)** | (554) |
| Depreciation of tangible assets | *7, 8* | **40 117** | 46 179 | **158 736** | 174 247 |
| Unrealised loss/(gain) on derivative financial instruments | *6* | **(131 666)** | 104 597 | **(115 129)** | (253 313) |
| Net interest income/expense | | **531** | 6 545 | **3 712** | 11 898 |
| **Working capital changes:** | | | | | |
| Change in inventories | | **(26 417)** | (46 579) | **(70 704)** | (54 109) |
| Change in receivables and payables | | **(194 386)** | (40 854) | **(151 637)** | 276 845 |
| Income tax paid | | **(40 063)** | (33 265) | **(73 362)** | (33 265) |
| Interests received | | **3 292** | (804) | **7 647** | 541 |
| Interests paid | | **(3 823)** | (6 891) | **(11 359)** | (13 589) |
| **Net cash flow from operating activities** | | **(9 781)** | 39 448 | **383 588** | 868 446 |
| | | | | | |
| **Cash flow from investment activities:** | | | | | |
| Expenditures on mine development | *8* | **(45 234)** | (7 723) | **(96 021)** | (67 011) |
| Expenditures on property, plant, and equipment | *7* | **(21 883)** | (4 563) | **(65 698)** | (58 642) |
| Cash receipt from repayment of loans | | **-** | - | | 133 939 |
| **Net cash flow from investing activities** | | **(67 117)** | (12 286) | **(161 719)** | 8 286 |
| | | | | | |
| **Cash flow from financing activities:** | | | | | |
| Acquisition of treasury shares | | **-** | (59) | **(14 163)** | (2 835) |
| Payment of principal portion of lease liabilities | | **(10 090)** | (4 182) | **(30 412)** | (25 653) |
| Cash repayments of amounts borrowed | | **-** | (53 248) | **-** | (196 288) |
| Cash receipts from amounts borrowed | | **-** | - | **-** | |
| Dividends paid | | **(38 940)** | (132 538) | **(228 821)** | (412 587) |
| **Net cash flow from financing activities** | | **(49 030)** | (190 027) | **(273 396)** | (637 363) |
| | | | | | |
| Net increase/(decrease) in cash and cash equivalents | | **(125 927)** | (162 865) | **(51 526)** | 239 369 |
| Cash and cash equivalents at the beginning of the period | | **338 765** | 427 228 | **264 363** | 24 994 |
| Cash and cash equivalents at the end of the period | | **212 838** | 264 363 | **212 837** | 264 363 |

## STATEMENT OF CHANGES IN EQUITY

| *Amounts in NOK thousand* | Share capital | Share premium | Treasury shares | Retained earnings | **Total equity** |
|---|---|---|---|---|---|
| **Balance at 1 January 2021** | 9 348 | 92 783 | - | 276 565 | **378 696** |
| Profit for the year | - | - | - | 592 048 | **592 048** |
| Other comprehensive income | - | - | - | (1 011) | **(1 011)** |
| **Total comprehensive income** | - | - | - | 591 037 | **591 037** |
| Dividends paid | - | - | - | (385 087) | **(385 087)** |
| Acquisition of treasury shares | - | - | (2 835) | - | **(2 835)** |
| **Balance at 30 December 2021** | 9 348 | 92 783 | (2 835) | 482 515 | **581 811** |
| | | | | | **-** |
| **Balance at 1 January 2022** | 9 348 | 92 783 | (2 835) | 482 515 | **581 811** |
| Profit for the year | - | - | - | 496 594 | **496 594** |
| Other comprehensive income | - | - | - | - | **-** |
| **Total comprehensive income** | - | - | - | 496 594 | **496 594** |
| Dividends paid | - | - | - | (228 821) | **(228 821)** |
| Issue of ordinary shares | - | - | - | - | **-** |
| Acquisition of treasury shares | - | - | (14 163) | - | **(14 163)** |
| Share capital reduction | (77) | | 16 998 | (16 921) | **-** |
| **Balance at 31 December 2022** | 9 271 | 92 783 | - | 733 367 | **835 421** |

# NOTES TO THE INTERIM FINANCIAL STATEMENTS

## NOTE 1: GENERAL INFORMATION

The accompanying interim financial statements for the period ending 31 December 2022 include the financial statements of Rana Gruber ASA. The comparable financial statements for the period ending 31 December 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 THE 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 (the "EU") 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 2022.

These interim financial statements are unaudited.
The accounting policies applied by the company in these interim financial statements are the same as those applied by the company in its financial statements for the year ended 31 December 2021 except from electric power derivates as mentioned below. Because of rounding differences, numbers or percentages may not add up to the sum totals.

Previously the electric power derivatives have been treated under the own use exemption of IFRS 9, and accounted for as a fixed price electric power delivery with no separation of the embedded derivative. In 2022, there has been significant differences between the system price that has been hedged and the area price that has been paid. As a result of this, the criteria for own use exemption is no longer met, as the pricing in fact has not been fixed. Since these variances are expected to continue going forward, the company has concluded that the derivatives are no longer sufficiently linked to the physical delivery of electric power and therefore should be accounted for as separate derivatives at fair value through profit and loss.

In the interim financial statements, the fourth quarter (Q4) is defined as the reporting period from 1 October to 31 December.

All amounts are presented in NOK thousands (TNOK) 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 and expenses, and other information provided, such as contingent liabilities. 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 decided that a dividend of NOK 3.00 per share will be paid for the fourth quarter. The dividend will be paid out at or around 1 March.

The company has rebalanced its portfolio of electric power derivative instruments with the aim of ensuring a better correlation between its hedging instruments and the electric power prices observed in the region of operation. This balancing has resulted in significant financial gains which are not expected to occur in future reporting periods.

The financial position and the performance of the company was not particularly affected by any significant events or transactions, other than those mentioned above, during the fourth 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 company 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 from sources other than contracts with customers stem primarily 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:

| *Amounts in NOK thousand* | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|
| Sales of hematite | **242 786** | 221 508 | **1 305 452** | 1 626 776 |
| Sales of magnetite | **33 115** | 31 807 | **110 653** | 115 254 |
| Sales of Colorana | **12 562** | 9 119 | **50 469** | 43 839 |
| **Total revenue from contracts with customers** | **288 463** | 262 434 | **1 466 574** | 1 785 869 |
| Effect from provisionally priced receivables (Hematite) | **85 277** | 5 918 | **(68 733)** | (135 865) |
| Other income | **9 083** | 8 028 | **25 479** | 18 425 |
| **Total revenue** | **382 823** | 276 380 | **1 423 320** | 1 668 429 |

## NOTE 6: OTHER FINANCIAL GAINS AND LOSSES

| *Amounts in NOK thousand* | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|
| Net gain/(loss) on financial assets at fair value through profit or loss - derivatives on exchange rates | **103 949** | (4 809) | **(61 166)** | (38 917) |
| Net gain/(loss) on financial assets at fair value through profit or loss - derivatives on iron ore prices | **(74 229)** | (33 045) | **53 239** | 23 401 |
| Net gain/(loss) on financial assets at fair value through profit or loss - derivatives on interest rates | **-** | - | **-** | 2 615 |
| Net gain/(loss) on financial assets at fair value through profit or loss - derivatives on electric power | **188 624** | - | **217 768** | - |
| Net foreign exchange gains (losses) | **(2 290)** | 938 | **20 542** | 21 456 |
| **Total other financial gains and losses** | **216 054** | (36 916) | **230 383** | 8 555 |

As a consequence of rebalancing the positions in the electric power market, and in line with the company's hedging strategies, Rana Gruber has realised a gain during 2022 of NOK 77 292 thousand, which is included in the Net gain/(loss) – derivatives on electric power. The aim for the rebalancing was to ensure a more optimal hedging strategy for the future energy consumption needed, and hence avoiding adverse impacts from future volatility in the spot market in the region where Rana Gruber is located. See Note 10.3 for further details on the open positions at 31 December 2022

RANA GRUBER

## NOTE 7: PROPERTY, PLANT, AND EQUIPMENT

| **Property, plant, and equipment**<br>*Amounts in NOK thousand* | Land and bulidings | Machinery and plants | Operating equipment etc. | **Total** |
|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | |
| Opening net book amount (1 January 2021) | 16 803 | 110 844 | 7 044 | **134 691** |
| Additions | 34 037 | 22 947 | 1 658 | **58 642** |
| Depreciation charge | (4 093) | (33 735) | (2 089) | **(39 917)** |
| **Closing net book amount (31 December 2021)** | 46 747 | 100 056 | 6 613 | **153 416** |
| **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 (31 December 2021)** | 46 747 | 100 056 | 6 613 | **153 416** |
| **Period ended 31 December 2022 (YTD)** | | | | |
| Opening net book amount (1 January 2022) | 46 747 | 100 056 | 6 613 | **153 416** |
| Additions | 20 860 | 41 194 | 3 644 | **65 698** |
| Depreciation charge | (5 799) | (28 374) | (2 641) | **(36 814)** |
| **Closing net book amount (31 December 2022)** | 61 808 | 112 876 | 7 616 | **182 300** |
| **At 31 December 2022** | | | | |
| Cost | 108 065 | 653 060 | 60 681 | **821 806** |
| Accumulated depreciation and impairment | (46 257) | (540 184) | (53 065) | **(639 506)** |
| **Net book amount (31 December 2022)** | 61 808 | 112 876 | 7 616 | **182 300** |

| **Property, plant, and equipment (Q4)**<br>*Amounts in NOK thousand* | Land and bulidings | Machinery and plants | Operating equipment etc. | **Total** |
|---|---|---|---|---|
| **Period ended 30 September 2022** | | | | |
| Opening net book amount (1 January 2022) | 46 747 | 100 056 | 6 613 | **153 416** |
| Additions | 19 605 | 21 363 | 2 847 | **43 815** |
| Depreciation charge | (4 208) | (21 130) | (1 916) | **(27 254)** |
| **Closing net book amount (30 September 2022)** | 62 144 | 100 289 | 7 544 | **169 977** |
| **At 30 September 2022** | | | | |
| Cost | 106 810 | 633 229 | 59 884 | **799 923** |
| Accumulated depreciation and impairment | (44 666) | (532 940) | (52 340) | **(629 946)** |
| **Net book amount (30 September 2022)** | 62 144 | 100 289 | 7 544 | **169 977** |

| **Property, plant, and equipment**<br>*Amounts in NOK thousand* | Land and bulidings | Machinery and plants | Operating equipment etc. | **Total** |
|---|---|---|---|---|
| **Period ended 31 December 2022 (Q4)** | | | | |
| Opening net book amount (1 October 2022) | 62 144 | 100 289 | 7 544 | **169 977** |
| Additions | 1 255 | 19 831 | 797 | **21 883** |
| Depreciation charge | (1 591) | (7 244) | (725) | **(9 560)** |
| **Closing net book amount (31 December 2022)** | 61 808 | 112 876 | 7 616 | **182 300** |

## NOTE 8: MINE PROPERTIES

| **Mine properties**<br>*Amounts in NOK thousand* | Exploration and evaluation assets | Mines under construction | Producing mines | **Total** |
|---|---|---|---|---|
| **Year ended 31 December 2021** | | | | |
| Opening net book amount (1 January 2021) | - | - | 346 344 | **346 344** |
| Additions | 8 539 | - | 58 472 | **67 011** |
| Transfers | - | - | - | **-** |
| Depreciation charge | - | - | (109 587) | **(109 587)** |
| **Closing net book amount (31 December 2021)** | 8 539 | - | 295 229 | **303 768** |
| | | | | |
| **At 31 December 2021** | | | | |
| Cost | 8 539 | - | 914 276 | **922 815** |
| Accumulated depreciation and impairment | - | - | (619 047) | **(619 047)** |
| **Net book amount (31 December 2021)** | 8 539 | - | 295 229 | **303 768** |
| | | | | |
| **Period ended 31 December 2022 (YTD)** | | | | |
| Opening net book amount (1 January 2022) | 8 539 | - | 295 229 | **303 768** |
| Additions | 41 714 | 39 537 | 14 770 | **96 021** |
| Transfers | (41 976) | 41 976 | - | **-** |
| Depreciation charge | - | - | (90 693) | **(90 693)** |
| **Closing net book amount (31 December 2022)** | 8 277 | 81 513 | 219 306 | **309 096** |
| | | | | |
| **At 31 December 2022** | | | | |
| Cost | 8 277 | 81 513 | 929 046 | **1 018 836** |
| Accumulated depreciation and impairment | - | - | (709 740) | **(709 740)** |
| **Net book amount (31 December 2022)** | 8 277 | 81 513 | 219 306 | **309 096** |

| **Mine properties (Q4)**<br>*Amounts in NOK thousand* | Exploration and evaluation assets | Mines under construction | Producing mines | **Total** |
|---|---|---|---|---|
| **Period ended 30 September 2022** | | | | |
| Opening net book amount (1 January 2022) | 8 539 | - | 295 229 | **303 768** |
| Additions | 40 481 | - | 10 306 | **50 787** |
| Transfers | - | - | - | **-** |
| Depreciation charge | - | - | (68 701) | **(68 701)** |
| **Closing net book amount (30 September 2022)** | 49 020 | - | 236 834 | **285 854** |
| | | | | |
| **At 30 September 2022** | | | | |
| Cost | 49 020 | - | 924 582 | **973 602** |
| Accumulated depreciation and impairment | - | - | (687 748) | **(687 748)** |
| **Net book amount (30 September 2022)** | 49 020 | - | 236 834 | **285 854** |

| **Mine properties**<br>*Amounts in NOK thousand* | Exploration and evaluation assets | Mines under construction | Producing mines | **Total** |
|---|---|---|---|---|
| **Period ended 31 December 2022 (Q4)** | | | | |
| Opening net book amount (1 October 2022) | 49 020 | - | 236 834 | **285 854** |
| Additions | 1 233 | 39 537 | 4 464 | **45 234** |
| Transfers | (41 976) | 41 976 | - | **-** |
| Depreciation charge | - | - | (21 992) | **(21 992)** |
| **Closing net book amount (31 December 2022)** | 8 277 | 81 513 | 219 306 | **309 096** |

The transfers from 'exploration and evaluation assets' and subsequent additions to 'mines under construction' primarily relate to the work on the next underground mine level (L91) in the Kvannevann Øst mine, including the development of access tunnels and infrastructure needed to develop level 91 for the Kvannevann underground mine. The production from this mine level is expected to commence in 2024.

## NOTE 9: FINANCIAL ASSETS AND LIABILITIES

### 9.1. Financial assets

| *Amounts in NOK thousand* | **31 December 2022** | 30 September 2022 | 31 December 2021 |
|---|---|---|---|
| **Finacial assets measured at amortised cost:** | **296 555** | 413 364 | 325 196 |
| - Other current receivables | **53 635** | 29 500 | 36 802 |
| - Trade receivables not subject to provisional pricing mechanism (amortised cost) | **30 083** | 45 099 | 22 531 |
| - Other non-current financial assets | **-** | - | 1 500 |
| - Cash and cash equivalents | **212 837** | 338 765 | 264 363 |
| **Finacial assets measured at fair value through profit or loss:** | **148 587** | - | 40 736 |
| - Trade receivables subject to provisional pricing mechanism (fair value) | **148 587** | - | 40 736 |
| **Derivatives (measured at fair value through profit or loss):** | **210 696** | 200 930 | 103 247 |
| - Foreign exchange forward contracts | **11 380** | - | - |
| - Iron ore forward contracts | **58 840** | 200 930 | 103 247 |
| - Electric power forward contracts | **140 476** | - | - |
| **Total financial assets** | **655 838** | 614 294 | 469 179 |

### 9.2. Financial liabilities

| *Amounts in NOK thousand* | **31 December 2022** | 30 September 2022 | 31 December 2021 |
|---|---|---|---|
| **Liabilities measured at amortised cost** | **213 784** | 243 130 | 234 504 |
| - Trade payables and other current liabilities | **211 519** | 239 262 | 232 951 |
| - Other non-current liabilities | **2 265** | 3 868 | 1 553 |
| **Liabilities measured at fair value through profit or loss:** | **-** | 8 310 | - |
| - Prepayments subject to provisional pricing mechanism | **-** | 8 310 | - |
| **Derivatives (measured at fair value through profit or loss):** | **-** | 121 900 | 7 680 |
| - Foreign exchange forward contracts | **-** | 121 900 | 7 680 |
| - Iron ore forward contracts | **-** | - | - |
| - Electric power forward contracts | **-** | - | - |
| **Total financial liabilities** | **213 784** | 373 340 | 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**

| *Amounts in NOK thousand* | 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:** | | | | |
| Other liabilities subject to provisional pricing mechanism | - | - | - | **-** |
| Derivatives (liabilities) | - | (7 680) | - | **(7 680)** |
| **Total financial liabilities measured at fair value** | - | (7 680) | - | **(7 680)** |

**At 30 September 2022**

| *Amounts in NOK thousand* | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Financial assets valued at FVPL:** | | | | |
| Trade receivables subject to provisional pricing mechanism | - | - | - | **-** |
| Derivatives (assets) | - | 200 930 | - | **200 930** |
| **Total financial assets measured at fair value** | - | 200 930 | - | **200 930** |
| **Financial liabilities valued at FVPL:** | | | | |
| Prepayments subject to provisional pricing mechanism | - | (8 310) | - | **(8 310)** |
| Derivatives (liabilities) | - | (121 900) | - | **(121 900)** |
| **Total financial liabilities measured at fair value** | - | (130 210) | - | **(130 210)** |

**At 31 December 2022**

| *Amounts in NOK thousand* | Level 1 | Level 2 | Level 3 | **Total** |
|---|---|---|---|---|
| **Financial assets valued at FVPL:** | | | | |
| Trade receivables subject to provisional pricing mechanism | - | 148 587 | - | **148 587** |
| Derivatives (assets) | - | 210 696 | - | **210 696** |
| **Total financial assets measured at fair value** | - | 359 283 | - | **359 283** |
| **Financial liabilities valued at FVPL:** | | | | |
| Other liabilities subject to provisional pricing mechanism | - | - | - | **-** |
| Derivatives (liabilities) | - | - | - | **-** |
| **Total financial liabilities measured at fair value** | - | - | - | **-** |

Trade receivables subject to the provisional pricing mechanisms are considered 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 are considered level 2. Fair value estimates have been determined based on present value calculations and other commonly used valuation techniques. The company's derivative instruments are primarily swaps 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 the derivative instrument is related to.

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 company 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) |
|---|---|---|---|---|
| Maturity within 3 months | 22 800 | 8.81 | 9.67 | (46 711) |
| Maturity within 3 to 6 months | 33 000 | 9.48 | 10.25 | (43 933) |
| Maturity within 6 to 9 months | 24 000 | 9.72 | 10.56 | (24 992) |
| Maturity within 9 to 12 months | 24 000 | 10.46 | 11.41 | (6 264) |
| **Balances at 30 September 2022** | 103 800 | 9.61 | 10.46 | (121 900) |

| 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 | 33 000 | 9.48 | 10.25 | (8 831) |
| Maturity within 3 to 6 months | 24 000 | 9.72 | 10.56 | 1 334 |
| Maturity within 6 to 9 months | 12 000 | 10.46 | 11.36 | 9 355 |
| Maturity within 9 to 12 months | 12 000 | 10.46 | 11.45 | 9 523 |
| **Balances at 31 December 2022** | 81 000 | 9.84 | 10.68 | 11 381 |

**10.2. Iron ore price derivatives**
The company 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% Fe Fines). The following positions were held by the company 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 30 September 2022** | Quantity (metric tons) | Weighted average fixed price (USD) | Fair value (thousand NOK) |
|---|---|---|---|
| **Derivatives already matured and recognised as other current receivables:** | **50 000** | **147.21** | **26 186** |
| Matured iron ore derivatives (*) | 50 000 | 147.21 | 26 186 |
| | | | |
| **Iron ore derivatives recognised as financial assets:** | **390 000** | **141.70** | **200 930** |
| Maturity within 3 months | 150 000 | 143.69 | 78 669 |
| Maturity within 3 to 6 months | 150 000 | 137.58 | 71 299 |
| Maturity within 6 to 9 months | 90 000 | 145.23 | 50 962 |
| Maturity within 9 to 12 months | 90 000 | 145.23 | - |

| **Balances at 31 December 2022** | Quantity (metric tons) | Weighted average fixed price (USD) | Fair value (thousand NOK) |
|---|---|---|---|
| **Derivatives already matured and recognised as other current receivables:** | **50 000** | **143.69** | **18 655** |
| Matured iron ore derivatives (*) | 50 000 | 143.69 | 18 655 |
| | | | |
| **Iron ore derivatives recognised as financial assets:** | **240 000** | **140.45** | **58 844** |
| Maturity within 3 months | 150 000 | 137.58 | 31 510 |
| Maturity within 3 to 6 months | 90 000 | 145.23 | 27 334 |
| Maturity within 6 to 9 months | - | - | - |
| Maturity within 9 to 12 months | - | - | - |

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

### 10.3. Electric power derivatives

The company entered into electric power price derivatives during 2022 with the aim of managing the risk from electric power price fluctuations in the spot market, corresponding with the energy consumption required for the company's operations. The company manages these fluctuations by entering into forward contracts with reference to the Nord Pool prices (system price) for the expected energy consumption for future periods. The positions held at 31 December 2022 can be summarised as follows:

| **Balances at 31 December 2022:** | Quantity (MWh) | Weighted average fixed price per MWh (EUR) | Fair value (thousand NOK) |
|---|---|---|---|
| Maturity within 3 months | 21 590 | (87,75) | 32 209 |
| Maturity within 3 to 6 months | 21 840 | (87,75) | 26 830 |
| Maturity within 6 to 9 months | 22 080 | (87,75) | 26 223 |
| Maturity within 9 to 12 months | 22 090 | (87,75) | 32 063 |
| Maturity within 12 to 24 months | 70 272 | 26,52 | 23 151 |
| **Balances at 31 December 2022** | 157 872 | (36,89) | 140 476 |

## NOTE 11: RELATED PARTY TRANSACTIONS

**Transactions with related parties**

| *Amounts in NOK thousand* | Party | Relationship | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|---|---|
| Purchase of open-pit production services | Leonhard Nilsen & Sønner AS | Significant influence over the company | **(36 764)** | (38 540) | **(141 876)** | (135 368) |
| Purchase of mine level services | Leonhard Nilsen & Sønner AS | Significant influence over the company | **(36 234)** | (8 725) | **(79 616)** | (57 486) |
| Sales of operations and maintenance services | Leonhard Nilsen & Sønner AS | Significant influence over the company | **126** | 127 | **458** | 508 |
| Sales of administrative services | Greenland Ruby/LNS Greenland AS | Significant influence over the company | **205** | 820 | **518** | 1 636 |
| Sales of administrative services | LNS Mining AS | Other related parties | **618** | 600 | **2 472** | 2 400 |
| **Total related party profit or loss items** | | | **(72 049)** | (45 718) | **(218 044)** | (188 310) |

## NOTE 12: COMMITMENTS

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

**Capital commitments**

| *Amounts in NOK thousand* | **31 December 2022** | 30 September 2022 | 31 December 2021 |
|---|---|---|---|
| Property, plant, and equipment | **5 945** | 5 970 | - |
| Leases | **67 218** | 64 499 | 16 459 |
| **Total capital commitments** | **73 163** | 70 469 | 16 459 |

Rana Gruber has entered a contract with Leonhard Nilsen & Sønner AS (LNS) for the first phase of development of the next mining level (L91). They started the work in the second quarter of 2022. The contract includes development of access tunnels and infrastructure needed to develop the mining level 91 for the Kvannevann underground mine in the Ørtfjell area, where production is expected to commence during 2024. Infrastructure development includes both areas for maintenance, and water and ventilation handling solutions.

## NOTE 13: EVENTS AFTER THE REPORTING PERIOD

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 2022 fourth quarter interim financial report for the company.

## APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

The company reports its financial results in accordance with accounting principles 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 users with additional meaningful financial information that should be considered when assessing the company'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 for 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 company 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 company'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 company 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 company's operating activities.

**EBIT margin** is defined as EBIT in percentage of revenues. The company 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 company's operating activities.

**EBITDA margin** is defined as EBITDA in percentage of revenues. The company 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 company'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.

**Equity ratio** is defined as total equity in percentage of total assets. The company 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 the owners' equity.

**Cash cost** is defined as the sum of raw materials and consumables used, employee benefit expenses, and other operating expenses adjusted for realised hedging positions of electric power. The company has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of cost of production in the company'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 company has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of cost of production in the company's operating activities.

**Net nterest-bearing debt** is defined as the company'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 company, a financial APM the company 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:

| *Amounts in NOK thousand* | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|
| Profit/(loss) for the year | **268 015** | 8 262 | **496 594** | 592 048 |
| Income tax expense | **75 594** | 2 812 | **140 065** | 167 697 |
| Net financial income/(expenses) | **(215 688)** | 40 287 | **(228 408)** | 3 343 |
| **(a) EBIT** | **127 921** | 51 361 | **408 251** | 763 088 |
| Depreciation and amortisation | **40 118** | 46 179 | **158 736** | 174 247 |
| **(b) EBITDA** | **168 039** | 97 540 | **566 987** | 937 335 |
| (c) Revenues | **382 823** | 276 380 | **1 423 319** | 1 668 429 |
| **EBIT margin (a/c)** | **33%** | 19% | **29%** | 46% |
| **EBITDA margin (b/c)** | **44%** | 35% | **40%** | 56% |

The table below sets forth reconciliation of adjusted net profit:

| *Amounts in NOK thousand* | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|
| Profit before tax for the period | **343 609** | 11 074 | **636 659** | 759 745 |
| One-offs | **-** | - | **15 000** | - |
| Unrealised hedging positions iron ore | **94 927** | 116 015 | **32 634** | (157 613) |
| Unrealised hedging positions FX | **(95 401)** | 4 808 | **(25 697)** | 38 917 |
| Unrealised hedging positions electric power | **(140 476)** | - | **(140 476)** | - |
| **Adjusted profit before tax** | **202 659** | 131 897 | **518 120** | 641 049 |
| Ordinary income tax | **(75 594)** | (2 812) | **(140 065)** | (167 697) |
| Tax on adjustments | **31 009** | (26 581) | **26 079** | 26 113 |
| **Adjusted net profit** | **158 074** | 102 504 | **404 134** | 499 465 |

The table below sets forth reconciliation of equity ratio:

| *Amounts in NOK thousand* | **31 December 2022** | 30 September 2022 | 31 December 2021 |
|---|---|---|---|
| (a) Total equity | **835 421** | 606 346 | 581 811 |
| (b) Total assets | **1 445 046** | 1 333 450 | 1 129 682 |
| **Equity ratio (a/b)** | **58%** | 45% | 52% |

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

| *Amounts in NOK thousand* | **Q4 2022** | Q4 2021 | **2022** | 2021 |
|---|---|---|---|---|
| Raw materials and consumables used | **116 482** | 86 337 | **398 305** | 327 567 |
| Employee benefit expenses | **75 829** | 70 359 | **288 089** | 258 611 |
| Other operating expenses | **62 624** | 48 975 | **226 966** | 189 106 |
| Realised hedging positions electric power | **(48 148)** | - | **(77 292)** | - |
| **(a) Cash cost** | **206 787** | 205 671 | **836 068** | 775 284 |
| | | | | |
| Metric tons of hematite produced | **435** | 406 | **1 630** | 1 545 |
| Metric tons of magnetite produced | **25** | 29 | **98** | 108 |
| Metric tons of Colorana produced | **1.6** | 1.3 | **5.5** | 5.3 |
| **(b) Metric tons of iron ore produced** | **462** | 436 | **1 734** | 1 658 |
| **Cash cost per metric tons (a/b)** | **448** | 471 | **482** | 468 |

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

| *Amounts in NOK thousand* | **31 December 2022** | 30 September 2022 | 31 December 2021 |
|---|---|---|---|
| Lease liabilities | **138 134** | 131 546 | 113 708 |
| **Total interest-bearing debt** | **138 134** | 131 546 | 113 708 |
| Cash and cash equivalents | **(212 837)** | (338 765) | (264 363) |
| **Net interest-bearing debt** | **(74 703)** | (207 219) | (150 655) |

## Rana Gruber ASA

**Visiting address in Mo i Rana:**
Mjølanveien 29, Gullsmedvik
NO-8601 Mo i Rana
Norway

**Postal address:**
Postboks 434
NO-8601 Mo
Norway

**T:** (+47) 75 19 83 00

**Investor relations:**
**E:** ir@ranagruber.no

**www.ranagruber.no**