

A strong finish to a turnaround year

Financial Statement Release 2023



HIGHLIGHTS

October- December

- Net sales increased by 9 % to 109 MSEK (100 MSEK), driven mainly by a higher silver production volume, higher average silver grade and positive development of silver price. Sales of zinc and lead decreased driven mainly by lower zinc price and lower head grades
- EBITDA increased by 125 % to 44 MSEK (19), EBITDA margin increased by 106 % to 40 % (19)
- EBIT increased to 25 MSEK (-1)
- Profitability increased significantly driven by a higher average silver grade, higher silver price, improved efficiency of mining activities, decreased energy prices, and lower mining volumes. The cost control measures initiated during the previous year had a positive impact on the Company's operational costs
- Cash and cash equivalents increased to 79 MSEK (1)
- Investments increased by 65 % to 18 MSEK (11)
- The production amounted to approximately 409,000 ounces of silver (294,000), 902 ounces of gold (829), 177 tonnes of lead (401), and 287 tonnes of zinc (874) in concentrates

Comparative figures refer to the corresponding period of the previous year. In case of discrepancies, the official Swedish version of this report prevails.

January – December

- During 2023, Sotkamo Silver successfully implemented operational and financial turnaround, resulting in improved profitability and the fulfillment of all of the Company's targets in line with its guidance
- Net sales increased by 10 % to 407 MSEK (371 MSEK), driven mainly by a higher average silver grade and positive development of silver price
- EBITDA increased by 163 % to 140 MSEK (53), EBITDA margin increased by 139 % to 34 % (14)
- EBIT increased to 67 MSEK (-34)
- After the first quarter, profitability increased to a good level and the net debt-to-EBITDA ratio declined to 1.5
- Cash and cash equivalents increased to 79 MSEK (1)
- Investments decreased by 24 % to 46 MSEK (61)
- The production was approximately 1,411,000 ounces of silver (1,169,000), 3,048 ounces of gold (3,285), 909 tonnes of lead (1,535), and 1,857 tonnes of zinc (3,335) in concentrates
- During the first quarter, the Company secured gross proceeds from a rights issue (3.4 MEUR) and renegotiated the terms of its senior loan agreement to postpone the first installment (1.5 MEUR) to March 2026

OUTLOOK

Guidance for 2024

The Company gives the following guidance for 2024:

- The Company expects to produce 1.45 -1.55 million ounces of silver in 2024
- Annual EBITDA to be at least 28 %
- Net debt-to-EBITDA to be below 2.0 at year-end

The Company expects profitability to remain at a good level in 2024. Profitability is supported by improved operational efficiency but burdened by inflation and cost escalation. The Company's profitability is significantly affected by external factors, such as metal prices, exchange rates and inflation. The achievement of the guidance assumes a slight increase in metal prices and EUR/USD rate to remain approximately at the level of the time when the guidance is published (14 February 2024).

Medium-term targets

The Company's Board of Directors has decided (14 February 2023) on the following medium-term targets until 2025 to support the implementation of the strategy:

- Annual silver production > 1,5 million ounces
- Annual EBITDA margin > 30 %
- Net debt to EBITDA ratio < 2,0
- Extending Life of Mine (LOM) by five years until 2035
- Performance rating A verified in Kaivosvastuu protocols during 2024 *)

**) The verification is carried out by an independent auditor. More information about the mining liability system: www.kaivosvastuu.fi. The target refers to the eight areas included in the protocols as of February 2023. Since the target was set, two new areas have been added, and the Company is evaluating their implementation schedule.*

CEO REVIEW

A strong finish to a turnaround year

Sotkamo Silver ended the year with a strong fourth quarter. Silver production remained at a high level (409,000 ounces) and net sales increased by 9% from the previous year. EBITDA improved both year-on-year and quarter-on-quarter to SEK 44 million. Improvements in profitability were supported by the increased operational efficiency after the comparison period, the firm silver price, and lower mining costs during the final quarter. Additionally, the EBITDA margin was influenced by a lower electricity price compared to the previous year.

During the fourth quarter, we also made significant progress towards our key strategic sustainability goals. Our objective is to achieve an A-level rating across all aspects of the Responsible Mining System as verified by an independent auditor. According to the latest assessment by management, by the end of the year 2023, we were largely ready in four main areas: tailings management, water treatment, occupational health and safety, and stakeholder engagement. We will also continue our efforts to reduce nitrogen emissions.

In December, we reported the results of infill drilling, which were in line with our expectations and support the mining activities for the coming years. We believe the current

known ore reserves and mineral resources are sufficient for approximately 7-8 years of mining. These will be further supplemented during years 2024-2025.

Overall, the year 2023 progressed as planned, following the change of the mining contractor during the first quarter. The strategic targets we set in our rights issue in the beginning of the year 2023 have largely been achieved, and the company has successfully executed a clear operational and financial turnaround. At the end of 2022, we communicated that silver head grades would improve as we begin mining at lower levels, and this has now occurred thanks to effective execution and planning.

The turnaround was perhaps most clearly visible in our cashflow from operations, which improved by almost SEK 100 million compared to the previous year. During 2024, we will continue to focus on operational efficiency to maintain high profitability and to curb the impact of general inflation.

During the first half of this year, we will focus primarily on finalising the plans to extend the life of the mine to 2035. The necessary investments will be completed during 2024-2025. The first campaign will start already this year, in which we plan to invest approximately one million euros. Thanks to our successful turnaround, we are now able to develop our operations with cash flow from operations. I'm

very pleased with this. During 2025 we plan to finalize the required drilling, complete the analysis of results and publish updated estimates on the life of the mine.

Mikko Jalasto, CEO



Key figures

	Q4/23	Q4/22	Change, %	1-12/23	1-12/22	Change, %
Net sales, MSEK	109	100	9	407	371	10
EBITDA, MSEK	44	19	125	140	53	163
EBITDA margin %	40	19	106	34	14	139
EBIT, MSEK	25	-1		67	-34	
EBIT margin %	23	-1		16	-9	
Equity ratio %	43	38	12	43	38	12
Cash liquidity %	105	46	127	105	46	127
Net debt-to-EBITDA ratio	1,5	5,3	-73	1,5	5,3	-73
Personnel at the end of the period	47	44	7	47	44	7
Silver production, koz	409	294	39	1,411	1,169	21
Mill feed, kt	112	154	-28	478	635	-25
Average silver grade, g/tonne	126	72	75	105	69	52

Table 1

Financial performance

During the fourth quarter, **net sales** increased by 9 % to 109 MSEK (100 MSEK), driven mainly by a higher silver production volume, higher average silver grade and positive development of silver price. Sales of zinc and lead decreased mainly because of lower zinc price and lower head grades.

Other income was 6 MSEK (7) during the quarter, including mainly estimated unrealized final sales price adjustment due to the price difference between provisional and final invoices for the period. Net sales included -1 MSEK estimated final metal content adjustment due to the metal content difference between provisional and final invoices for the period. The final sales prices for silver and gold are based on the monthly average market price two months after the delivery, deducted by the customer's smelter charges.

EBITDA increased by 125 percent to 44 MSEK (19) during the quarter. Profitability increased due to a higher average silver grade, higher silver price, improved efficiency of mining activities, decreased energy prices, and lower mining volumes. The cost control measures initiated last year continued to have a positive impact on the Company's operational costs.

EBIT increased to 25 MSEK (-1).

Investments in the underground mine and environmental investments increased by 65 % to 18 MSEK (11) during the quarter. Investments during the year totalled 46 MSEK (61). Infill-drilling continued, and costs were included in the investments of the period.

During the quarter **silver price** fluctuated in a range between \$21.1 and \$25.2 per ounce and during the year between \$20.1 and \$26.0. At the end of the quarter, the silver price was \$23.8 per ounce.

The **Euro** strengthened against the US dollar by 4.3 %, being at 1.0594 at the beginning and at 1.1050 at the end of the quarter. EUR/USD rate was 1.0666 at the beginning of the year. The changes in the value of the euro against the **US dollar** during the year had a negative impact of 6.1 MSEK on the Company's result. In 2023, the Euro strengthened against the **Swedish krona** from 11.1283 at the beginning of the year to 11.0960 at the end, which decreased the Company's result by 2.7 MSEK.

Financial position and cash flow

During the quarter, the Group's **cash and cash equivalents** increased to 79 MSEK (1). **Cash flow from operating activities** amounted to 13 MSEK during Q1, 18 MSEK during Q2, 43 MSEK during Q3 and 37 MSEK during Q4. In 2023, cash flow from operating activities improved by 98 MSEK compared to last year. According to the Company's estimate, it has sufficient liquidity for at least the next 12 months of operations, including loan installment and interest payments.

The Group's **equity ratio** increased to 43 % (38).

The Group's **equity** was 296 MSEK (244) which corresponds to 1.04 SEK (1.22) a share non-diluted, and 0.92 SEK (1.03) diluted.

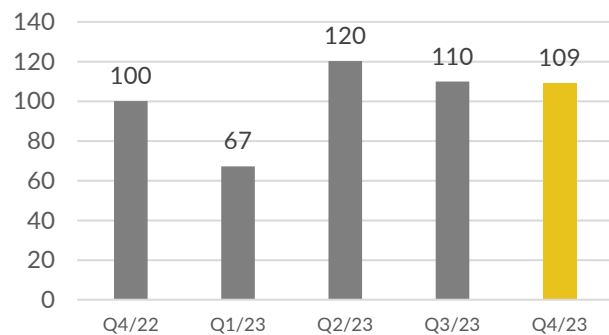
Market data

	Q4/23	Q4/22	1-12/23	1-12/22
Average silver price USD	23.2	21.2	23.3	21.7
Average EUR/USD	1.0751	1.0205	1.0812	1.0534

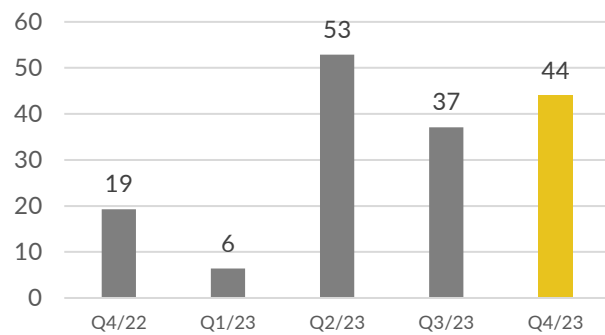
Table 2

Financial key figures

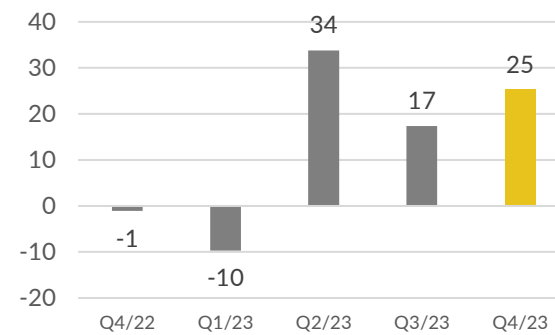
Net Sales, MSEK



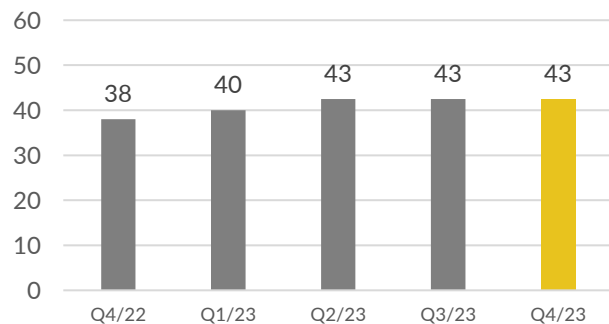
EBITDA, MSEK



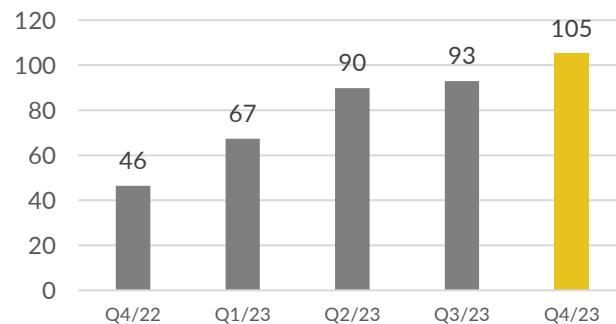
EBIT, MSEK



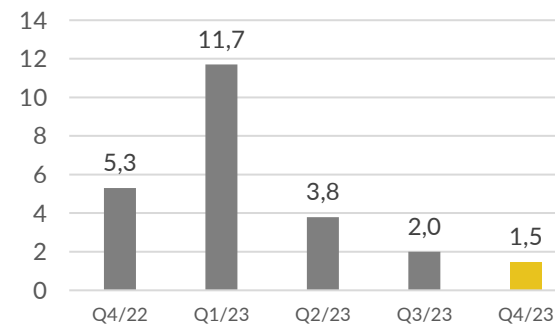
Equity ratio, %



Cash liquidity, %



Net debt-to-EBITDA



Operational performance

During the last quarter of 2023, the total amount of **milled ore** decreased by 28% to 112,000 tonnes compared to the previous year (154,000). Volume was slightly below the Company's production plans. In total, the production amounted to 409,000 ounces **silver** (294,000), 902 ounces of **gold** (829), 177 tonnes of **lead** (401), and 287 tonnes of **zinc** (874) in concentrates.

Silver production remained on a good level as high silver grade compensated for the lower volume of milled ore. Lead and zinc production decreased due to the natural variation in ore and lower volume of milled ore. Lead and zinc production is expected to improve in coming quarters.

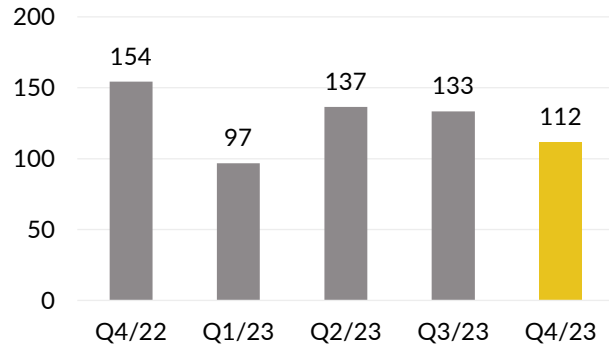
The improvement of mining operations has proceeded according to plan with the mining contractor to ensure stable long-term operations. Progress was made with drifting and decline, which are essential for cost-efficient mining in the coming quarters and years.

The **silver head grade** continued to improve during the quarter and increased to 126 g/tonne (72). While the majority of the increase was expected, the exceptionally high silver grade was related to a few higher-grade stopes in production during the quarter. The Company expects head grades to be on average between 90-110 g/tonne during the coming quarters.

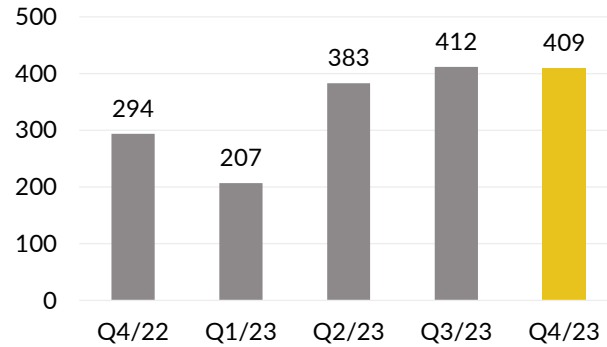


Operational key figures

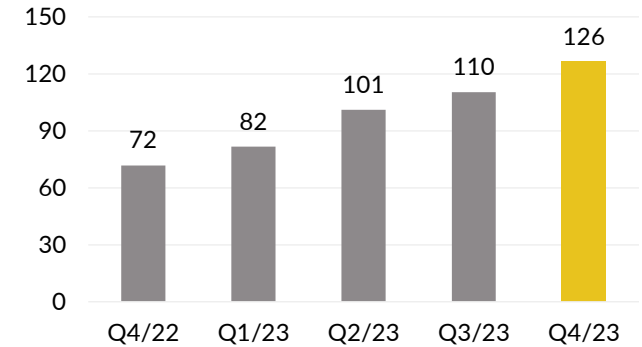
Milled ore, ktonnes



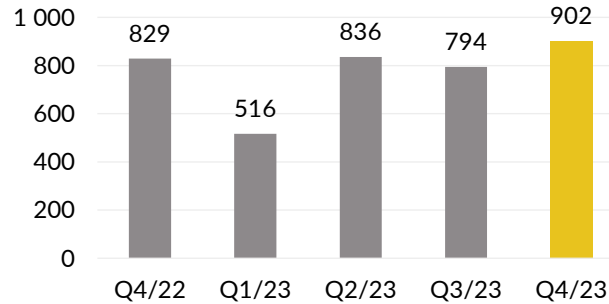
Silver production, koz



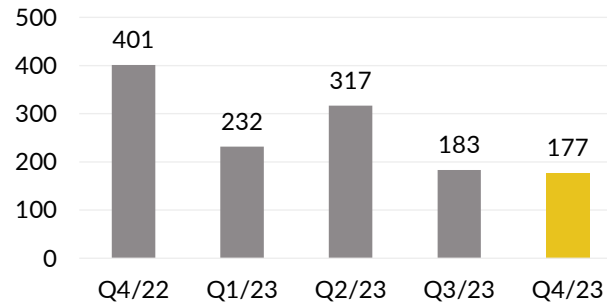
Silver head grade, g/tonne



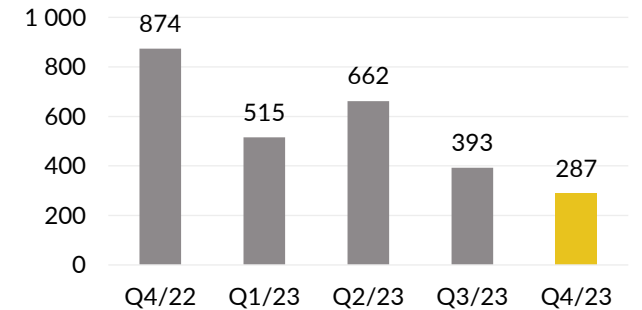
Gold production, oz



Lead production, tonnes



Zinc production, tonnes



Strategy

The cornerstones of Sotkamo Silver's strategy are:

1. Development of the existing silver mine and ensuring a solid foundation for the Company's expansion
2. Increase mineral resources by continuing exploration in the current mine and the Kainuu region
3. Sustainable use of natural resources

Previously completed activities

During 2023, Sotkamo Silver has:

- Strengthened the financial position of the Company through a successful share issue, as well as increased the profitability of the Company to improve cash flow from operations. Cash and cash equivalents increased to 79 MSEK by the end of the year.
- Reached targeted mining levels (360-420 metres) for improved head grade and turnover. Sotkamo Silver has since the second quarter of 2023 gradually increased production at these levels, enabling improved silver grades and increased profitability. Decline development continued during the rest of the year to provide a solid basis for future operations.
- Started selling pyrite (by-product) to reduce the environmental impacts and increase resource efficiency.
- The Company has partially hedged the electricity purchase price for Q1-Q3/2024.

Key activities, Q4/2023

Infill-drilling, current mine

The Company continued infill-drilling to enable cost-efficient detailed planning for the coming years. On December 27, 2023, Sotkamo Silver updated its silver mine ore reserve estimates. According to the estimate, ore reserve amounted to a total of 1.45 million tonnes at the time of publication, and combined with currently known mineral resources are sufficient for about 7-8 years of mining.

Hedging policies

Sotkamo Silver continued to evaluate opportunities to mitigate risks related to volatile metal, currency, and financial markets through derivative instruments (hedging).

Key focus areas in 2024

Extending Life-of-Mine (LOM), current mine

Sotkamo Silver continues planning activities for extending LOM until 2035. The first LOM-related exploration drilling campaign will begin during 2024. In 2025, the campaigns will be completed, the results analysed and new estimated LOM announced. While there remains potential on the western side of the current mineralisation, LOM extension activities will focus below the 700 meter level in the current mine.

Exploration, broader Kainuu region

Sotkamo Silver also continues activities to use modern modeling tools to analyze existing research data to support the longer-term exploration of the Kuhmo-Suomussalmi greenstone belt in the Kainuu region. This information should support the company as it continues to prepare investment plans related to further exploration activities.

Operational efficiency

Sotkamo Silver continues to focus on improving operational efficiency to maintain high profitability and to curb cost escalation.

Financing of investments

In 2024, the Company will continue and moderately increase investments in infill and exploration drilling, planning activities related to extending the LOM as well as above mentioned activities related to exploration in the broader region with cashflow from operating activities financing to the extent currently feasible.

The Company continues to explore financing options for potential investment scenarios for both extending the LOM of the current mine as well as the further exploration of the broader Kainuu region. The Company will communicate more about investments and financing as the planning is completed.

Safety and environment

Safety

The lost time injury frequency rate (LTIFR, the number of lost time injuries for million working hours) was 15 (4) at the end of the period, including all contractors. LTIFR of 15 corresponds to four Lost Time Injuries (LTI) within a 12-month period. In order to lower LTIFR, the company has taken corrective measures, paying special attention to safety management by strengthening the safety training and practices. The Company wants to reinforce and encourage a positive safety culture in its own organization and with its contractors. The long-term goal for LTIFR is zero. At the year-end, the Company's own personnel and regular contractors at mine had worked 108 days without LTIs.

Nitrogen emission reduction

The annual limit for nitrogen emissions to water is defined in the silver mine's environmental permit. As it has been previously communicated (25 November 2023), in 2023 the annual permit limit was exceeded during the third quarter. The Company has since focused on ongoing and planned emission reduction activities in close dialogue with authorities. As a part of these activities, in December, the silver mine's water treatment was supplemented with a nitrogen removal bioreactor. In 2024, the Company expects to meet the current nitrogen emission permit limit.

Vaasa Administrative Court upholds Sotkamo Silver's environmental permits

In November, the Vaasa Administrative Court dismissed appeals against the environmental permits awarded to Sotkamo Silver in 2020 and 2022. Concurrently, the court stated that the Company must ensure that mining volumes remain within the annual limits set by the 2013 environmental permit, pending approval of a mine waste management and closure plan. The Company has filed the plan in March 2022 and expects approval during the spring 2024. The decision did not have a significant impact on the Company's production volumes in 2023, nor does the management expect significant impact on volumes in 2024.

Sustainable mining

Sotkamo Silver aims at achieving performance level A in accordance with the Towards Sustainable Mining standard. According to management, the Company's operations are currently at level A in four of the protocols: tailings management, water management, occupational health and safety and stakeholder cooperation.

Personnel

The Company had 47 (44) own employees and 90 (95) contracted employees permanently working at the silver mine site.



Shares and trading

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

Sotkamo Silver AB's shares are traded on NGM Equity Stockholm and on Nasdaq Helsinki. The Company ticker code is SOSI at NGM Equity and SOSI1 at Nasdaq Helsinki. The shares' ISIN-number is SE0001057910. The shares are also traded on Börse Berlin, Open Market, where the Company code number is A0MMF4 and ISIN-number is the same as on NGM Equity Stockholm; SE0001057910.

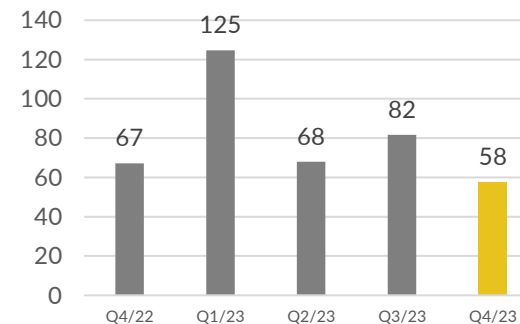
During the last quarter 57,724,901 (67,094,651) and 330,248,106 (217,553,249) shares during the year 2023 were traded on NGM Equity in Stockholm and Nasdaq in Helsinki.

Share information

	Q4/2023	Q4/2022
Share price, SEK	0.79	0.44
Highest share price during the period, SEK	0.80	0.79
Lowest share price during the period, SEK	0.63	0.43
Quota value, SEK	0.96	1.37
Market cap, MSEK	227	88
Number of shares	285,758,153	200,366,211
Number of shares, diluted	322,340,553	236,948,611
Share capital, SEK	275,504,549	274,871,388

Table 3

Shares Traded (million)



Risks and uncertainties

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

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

Regarding the Vaasa Administrative Court's decision (see Safety and Environment), the Company's management expects the Regional State Administrative Agency for Northern Finland to make a decision on the mine waste management and closure plan during spring 2024 and does not expect the Administrative Court's decision to have significant impact on production volumes in 2024. However, if the Regional State Administrative Agency for Northern Finland's decision would be delayed, the Company might have to limit production until the decision has been received.

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

Resolutions made at the Annual General Meeting

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

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

issue new shares or other financial instruments. The authorization is limited to a maximum dilution of ten (10) percent of the total number of shares outstanding at the time of the first Board resolution in accordance with the authorization.

Events after the reporting period

No significant events have materialized after the reporting period.

Board of Director's proposal for dividend distribution

The Company's Board of Directors will propose to the Annual General Meeting that no dividend will be paid for the financial year 2023.

Financial calendar

- Annual report: latest April 2, 2024
- Annual General Meeting: April 23, 2024
- Q1/2024: April 30, 2024
- Q2/2024: July 26, 2024
- Q3/2024: October 25, 2024

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

Stockholm, February 14, 2024

Sotkamo Silver AB's Board of Directors and CEO

Eeva-Liisa Virkkunen (Chairman)
Jukka Jokela
Kimmo Luukkonen
Sixten Sunabacka
Jarmo Vesanto
Mauri Visuri

Mikko Jalasto (CEO)

About Sotkamo Silver

Sotkamo Silver is a mining and ore prospecting company that develops and utilises mineral deposits in the Kainuu region in Finland. Sotkamo Silver supports the global development towards green transition technologies and produces the metals needed responsibly and by taking local stakeholders into account. Sotkamo Silver's main project is a silver mine located in Sotkamo, Finland. In addition to silver, the mine produces gold, zinc, and lead. The company also has mining and ore prospecting rights for mineral deposits in the vicinity of the silver mine in Kainuu. Sotkamo Silver Group consists of the parent company Sotkamo Silver AB and its wholly-owned Finnish subsidiary (Sotkamo Silver Oy). Sotkamo Silver is listed at NGM Main Regulated in Stockholm (SOSI), Nasdaq Helsinki (SOSI1), and Börse Berlin.

Read more about Sotkamo Silver at www.silver.fi/en/

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

Consolidated, condensed statement of income and other comprehensive income

Amount in MSEK	Q4/23	Q4/22	Q1-Q4/23	Q1-Q4/22
Net sales	109.4	100.1	406.8	370.9
Change of finished goods	-2.0	-1.6	-2.8	1.1
Other income	5.7	7.1	5.0	11.1
Supplies	-39.9	-54.8	-172.4	-215.7
Other expenses	-16.0	-20.1	-51.4	-71.4
Employee expenses	-13.7	-11.3	-45.4	-42.7
EBITDA	43.5	19.3	139.8	53.2
Depreciation and amortization	-18.3	-20.4	-73.1	-87.4
EBIT	25.2	-1.1	66.7	-34.1
Financial income	-0.3	3.8	-1.6	35.4
Financial expenses	-7.1	-6.0	-34.5	-27.9
Interest expenses on lease payments	-0.1	-0.3	-0.6	-1.1
Financial net	-7.5	-2.5	-36.7	6.3
Result after financial items	17.7	-3.6	30.0	-27.8
Taxes	0.0	0.0	-2.8	0.0
Result for the period	17.7	-3.6	27.2	-27.8

Result that may be reclassified to current period result:

Amount in MSEK	Q4/23	Q4/22	Q1-Q4/23	Q1-Q4/22
Translation differences	-12.7	4.0	-3.4	22.5
Cash flow hedges	0.7	0.0	0.5	0.0
Income tax of cash flow hedges	-0.1	0.0	-0.1	0.0
Total comprehensive income	5.6	0.4	24.2	-5.3
Attributable to:				
The parent company				
shareholders	5.6	0.4	24.2	-5.3
Total	5.6	0.4	24.2	-5.3
Earnings per share, non-diluted, SEK	0.06	-0.02	0.09	-0.14
Earnings per share, diluted, SEK	0.05	-0.02	0.08	-0.14

Consolidated, condensed balance sheet

Amount in MSEK	31.12.2023	31.12.2022
Assets		
Fixed assets		
Intangible fixed assets	0.3	0.3
Tangible fixed assets	517.5	536.7
Right of use assets	9.3	11.1
Financial fixed assets	33.6	36.4
Total fixed assets	560.7	584.5
Current assets		
Inventories	4.2	6.9
Trade receivables	37.6	39.0
Derivatives	0.5	0.0
Other assets	15.5	11.4
Cash and cash equivalents	78.9	0.8
Total current assets	136.7	58.0
Total assets	697.4	642.5
Equity		
Share capital	275.5	274.9
Other contributed capital	236.3	212.5
Translation differences	15.0	18.4
Cash flow hedges	0.4	0.0
Retained earnings	-258.1	-234.3
Result of the period	27.1	-27.8
Total Equity	296.3	243.7

Amount in MSEK	31.12.2023	31.12.2022
Liabilities		
Provision	34.1	31.4
Non-current borrowings	226.4	240.4
Non-current lease liabilities	5.1	9.4
Non-current derivative liabilities	4.1	1.8
Deferred tax liability	0.1	0.0
Total non-current liabilities	235.6	251.6
Current borrowings	40.7	25.8
Current lease liabilities	5.4	5.6
Derivative financial instruments	0.0	0.0
Trade payables and other payables	85.2	84.3
Total current liabilities	131.3	115.7
Total liabilities	401.1	398.8
Total equity and liabilities	697.4	642.5
Equity ratio %	42.5	37.9
Cash liquidity ratio %	105.2	46.4
Equity per share, SEK	1.04	1.22
Equity per share, diluted, SEK	0.92	1.03

Consolidated, condensed change in equity

Amount in MSEK	Share capital	Other contributed capital	Translation differences	Cash flow hedges	Retained earnings	Total equity
Opening equity 1.1.2022	275	213	-4	0	-234	249
Period result						
Sum of period result					-28	-28
Other Comprehensive income						
Translation difference			23	0		23
Sum of other comprehensive income	0	0	23	0	0	23
Closing Equity 31.12.2022	275	213	18	0	-262	244
PERIOD RESULT					27	27
Sum of period result					27	27
Other Comprehensive income						
Translation difference			-3			-3
Cash flow hedges				1		1
Income tax of cash flow hedges				0		0
Sum of other comprehensive income	0	0	-3	0	0	-3

Amount in MSEK	Share capital	Other contributed capital	Translation differences	Cash flow hedges	Retained earnings	Total equity
Transactions with shareholders						
Reduction of share capital	-264				264	0
Bonus issue	260				-260	0
Rights issue	5	34				39
Issue costs		-10				-10
Sum of transactions with shareholders	1	24	0	0	4	28
Closing Equity 31.12.2023	276	236	15	0	-231	296

Consolidated, condensed statement of cash flow

Amount in MSEK	Q1-Q4/23	Q1-Q4/22
Operating activities		
Result for the period	27.1	-27.8
Adjustments for items not effecting cash	107.3	76.0
Interest paid	-17.7	-22.5
Cash flow from operating activities before changes in working capital	116.8	25.8
Cash flow from changes in working capital		
Change in inventories	2.7	-1.6
Change in operating receivables	0.0	-8.1
Change in operating liabilities	-7.7	-2.7
Cash flow from operating activities	111.8	13.3

Amount in MSEK	Q1-Q4/23	Q1-Q4/22
Investing activities	-46.7	-60.9
Share issue and convertible loan conversion	38.6	0.0
Issue costs	-10.3	0.0
Repayment of lease liabilities	-8.2	-16.6
Change in loans	-4.6	27.9
Cash flow from financing activities including share issue	15.6	11.3
Change in cash and cash equivalents	80.7	-36.3
Cash and cash equivalents in the beginning of the period	0.8	36.7
Translation differences in cash and cash equivalent	-2.6	0.5
Cash and cash equivalents at the end of period	78.9	0.8

Parent company condensed statement of income

Amount in MSEK	Q1-Q4/23	Q1-Q4/22
Net sales	0.0	0.0
Other income	0.0	0.0
Supplies	0.0	-0.2
Other expenses	-25.3	-5.9
Employee expenses	-3.2	-2.5
EBITDA	-28.5	-8.6
Depreciation and amortization	-0.1	-0.1
EBIT	-28.6	-8.6
Financial income	-1.1	88.2
Financial expenses*	-122.7	-371.6
Financial net	-123.8	-283.4
Result after financial items	-152.4	-292.0
Group contributions	-16.7	0.0
Taxes	-2.8	0.0
Result for the period	-171.9	-292.0

*Note: * Financial expenses consists mainly of write-down of capital loans.

Parent company condensed balance sheet

Amount in MSEK	31.12.2023	31.12.2022
Assets		
Fixed assets		
Intangible fixed assets	0.0	0.0
Tangible fixed assets	0.2	0.3
Shares in subsidiaries	174.9	174.9
Financial fixed assets	129.1	247.8
Deferred tax asset	0.0	0.0
Total fixed assets	304.2	422.9
Other assets	17.1	16.6
Cash and cash equivalents	2.9	0.7
Total current assets	20.0	17.3
Total assets	324.2	440.3
Equity and liabilities		
Equity	225.0	368.0
Liabilities		
Long term liabilities	69.6	69.3
Short term liabilities	29.6	2.9
Total liabilities	99.2	72.3
Total Equity and liabilities	324.2	440.3

Exchange rates

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

	31.12.2023	31.12.2022
Balance sheet day rate EUR/SEK	11.10	11.13
Balance sheet day rate USD/SEK	10.04	10.44
Average rate for the reporting period EUR/SEK	11.48	10.63

Other information

Important estimates and assessments for accounting purposes

Estimates and assessments are continuously evaluated and based on historical experience and other factors, including expectations of future events that are considered reasonable under the prevailing circumstances. The group makes estimates and assumptions about the future. The estimates for accounting purposes that result from this will, by definition, rarely correspond to the actual result. The estimates and assumptions that entail a significant risk of significant adjustments in the carrying amounts of assets and liabilities are described in the annual report 2022.

Accounting principles

The interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the Annual Accounts Act and the Securities Market Act. For the parent company, the interim report has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the provisions of RFR 2 Accounting for Legal Entities. The parent company's and the group's accounting principles for the report are unchanged compared to the latest annual report for the year 2022.

Revenue recognition, IFRS 15

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

For revenue relating to the flotation concentrate, the transaction price is calculated on preliminary data on the amount of concentrate, metal content, metal price, and less reimbursement for treatment costs and contaminant content. Final billing occurs when all input parameters

(concentrate quantity, metal content, price, contaminant content, etc.) have been determined. Any changes in the amount of concentrate and metal content on final invoicing are reported as net sales.

Silver concentrates are usually sold within pricing arrangements, which means that the final price is determined by quoted market prices for a specified period after the actual sale date. Regarding these sales, the Group must estimate the transaction price to be received at the sale date considering relevant commodity market prices. Adjustments due to movements in quoted commodity prices are made up to the date of final pricing. This adjustment mechanism is based on the market price of the raw material, whereby the changes in value are not considered to constitute revenue from agreements with customers. The changes in fair value are reported in other operating income/expenses. The metal content between the provisional and final invoices may differ due to refined laboratory analysis. Adjustments due to differences in metal content are made up to the date of final pricing. The changes in fair value are reported in net sales.

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

Inventories

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

Fair value of financial instruments and trade receivables

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

The convertible contains two components: a conversion option component that will be recognized at fair value using the Black-Scholes model through a profit and loss account and a liability component that will be recognized at

amortized cost using the effective interest rate method. At the inception date, the fair value of the convertible option liability was 34 MSEK and the fair value of the liability component was 32 MSEK. On December 31, 2023, the fair value of the convertible option component was 4 MSEK and the fair value of the liability component was 45 MSEK. The fair value changes recognized through a profit and loss account were: conversion option liability -2 MSEK, and liability component -12 MSEK.

The Company uses electricity price fixing contracts to hedge electricity price risk. Derivatives are initially recognised at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Company designates certain derivatives as hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The

Company documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships were 0,5 MSEK.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses).

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit and loss.

For other financial instruments, the carrying amount is a reasonable estimate of fair value. The fair value of embedded derivatives is found in Level 2 of the fair value hierarchy. On 31 December 2023, the fair value of accounts receivable amounts to 38 MSEK (39) and is recognized in the item Trade Receivables in Current assets in the balance sheet. If there would have been any changes, the values would be reported in other operating income/expenses in the Consolidated statement of income. The fair value of accounts receivable is found in Level 2 of the fair value hierarchy.

Definition of key figures

EBITDA, Earnings Before Interest, Taxes and Depreciations & Amortizations

EBIT, Earnings Before Interest and Taxes

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

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

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

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

Ounce, Troy ounce which is 31.1035 grams



