

# Annual and Sustainability Report 2024

Silver for the future



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# Sotkamo Silver

Sotkamo Silver is a mining and ore exploration company that develops and utilizes 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 respecting the interests of local stakeholders. 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 ores are processed into concentrates, which are sold to the smelters in accordance with a supply agreement. The Company also has mining and ore exploration rights for mineral deposits in the vicinity of the silver mine in Kainuu.

The Company's strength is the ability to reproduce mining know-how and operational activities in an efficient and responsible manner in new projects. Sotkamo Silver cooperates with reliable partners in the value chain and is committed to operating responsibly.

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 and at Nasdaq Helsinki. Sotkamo Silver has approximately 22,000 shareholders, of which approximately 85% are from Finland.



# Year in brief

## HIGHLIGHTS

Sotkamo Silver continued its strategy to develop the existing silver mine and responsibly utilize natural resources while striving to increase mineral resources through ongoing exploration activities at the current mine. The company made significant advancements in sustainability processes and in drilling efforts at the current mine. Higher metal prices supported profitability while production volumes were lower than in the previous year.



- The production was approximately 1,166,000 ounces of silver (1,411, 000), 2,595 ounces of gold (3,048), 729 tonnes of lead (909), and 1,642 tonnes of zinc (1,857) in concentrates.
- Net sales increased by 1 percent from the previous year, supported by favorable prices of silver and gold.
- EBITDA decreased to SEK 109 million (140) and EBITDA margin to 26% (34). Profitability decreased mainly due to lower silver grade and increased cost of supplies and services.
- Average silver head grade decreased from previous year and was 89 g/ton in 2024.
- During the third quarter, the Company successfully negotiated with a new environmental collateral provider, resulting in the release of SEK 40 million in cash collateral.
- The company's claim for adjustment regarding the tax treatment of unrealized exchange rate gains was rejected by Supreme Administration Court, which had a negative effect of SEK 15 million on result.
- The Company conducted infilling drilling to support mine development and began exploration drilling in current mine to increase its mineral resources in 2025.
- Sotkamo Silver attained Level A in all categories of Finland's Towards Sustainable Mining (TSM) system.

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

ANNUAL REVENUE 2024

**412 MSEK**

EBITDA 2024

**109 MSEK**

SILVER PRODUCTION

**1,166,000 oz**

BY-PRODUCTS

Gold **2,595 oz**

Lead **729 t**

Zinc **1,642 t**

ENRICHING

**497,000 ton**

SILVER GRADE

**89 g/ton**

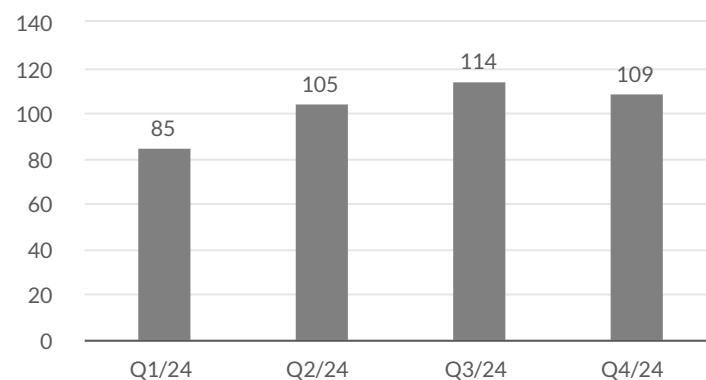
INVESTMENTS

**70 MSEK**

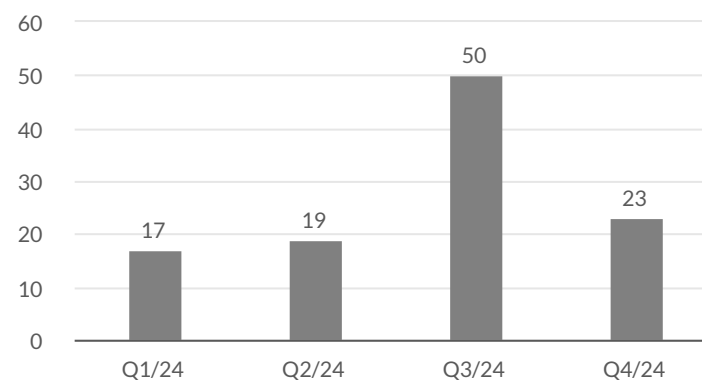


## Financial key figures

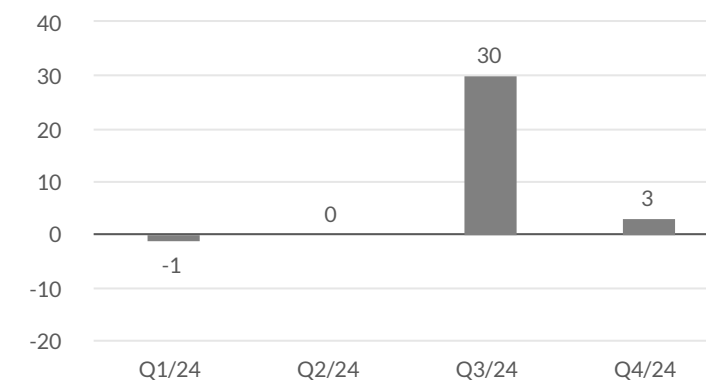
Net Sales, MSEK



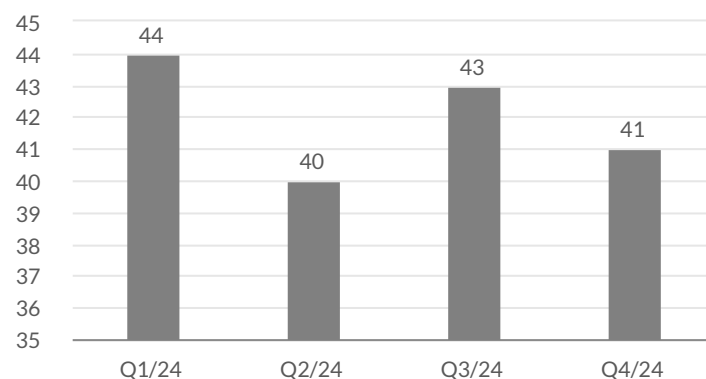
EBITDA, MSEK



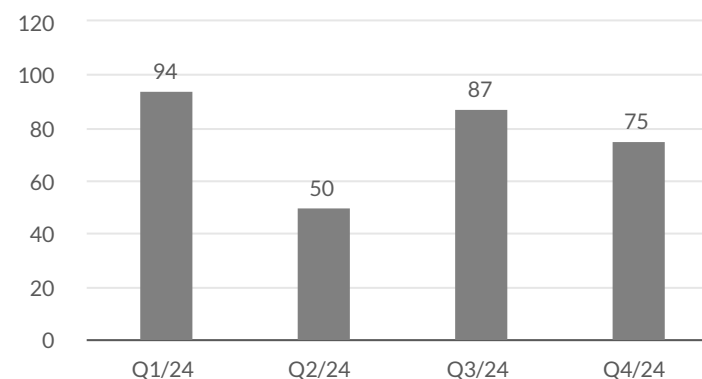
EBIT, MSEK



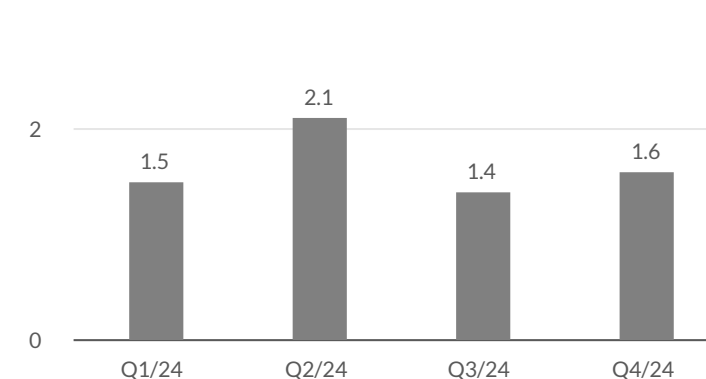
Equity ratio, %



Cash liquidity, %



Net debt-to EBITDA, %



# CEO review

In 2024, despite challenges in underground mining affecting silver production, we saw a slight rise in net sales thanks to favourable metal prices. We achieved Level A in all categories of Finland's Towards Sustainable Mining (TSM) system, marking significant progress in sustainability. This, along with a clear target to improve operational performance, lays the groundwork for 2025 when we focus on building resilience to manage uncertainties in underground mining.

During the year, we produced 1.17 million ounces of silver, which remained below our plan due to the challenges in underground mining. The lack of sufficient mining capacity and realization of rock mechanical risk depleted our short term ore availability and lowered the production of silver. Our EBITDA margin was 26.4%, while the expectation was over 28%. The Net sales increased by 1% to SEK 412 million (410), driven mainly by the positive development of silver and gold prices.

Silver price developed positively in the first half of the year and maintained higher levels in the second half. The outlook for silver price, along with plans to increase silver production in 2025, supports our profitability.

We achieved Level A in all categories of Finland's Towards Sustainable Mining (TSM) system, underscoring our commitment to sustainability. This accomplishment is the result of continuous diligent work by the organization. Additionally, we initiated a dual materiality assessment to prepare for the Corporate Sustainability Reporting Directive (CSRD), identifying key themes and development areas for future reporting.

The focus for 2025 will be on operational performance and leveraging the improved silver price. To increase silver production, it is important to

enhance the mine's resilience by developing alternative mining areas to mitigate uncertainties related to underground mining. While operational performance is our top priority in 2025, we also continue the work with responsible use of natural resources and exploration in the current mine and the Kainuu region, which are our key strategic areas.

I sincerely want to thank our employees for dedication and hard work this year. Together, we can enhance silver production and ensure long-term success for Sotkamo Silver.

Mikko Jalasto  
CEO Sotkamo Silver





# Strategy and activities

Sustainability and Respect for Local Stakeholders are at the heart of our strategy

Our mission is to "Discover, mine and create – metals and value"

## STRATEGY

### The cornerstones of Sotkamo Silver's strategy are:

Development of the existing silver mine and ensuring a solid foundation for the Company's expansion

Increase mineral resources by continuing exploration in the current mine and the Kainuu region

Responsible use of natural resources



### During 2024, Sotkamo Silver has:

- A project was initiated to enhance the reliability of silver production by ensuring adequate mining capacity and developing a mining plan to better cope with unforeseen situations in underground mining.
- Successfully executed infill and exploration drilling to support current operations and target of increasing life of the mine to 2035.
- Continued delivering pyrite (by-product) to reduce the environmental impacts and increase resource efficiency.
- Company's Finland's Towards Sustainable Mining (TSM) system has been externally verified to level A.
- Successfully negotiated with a new environmental collateral provider, resulting in the release of SEK 40 million in cash collateral.
- The company's claim for adjustment regarding the tax treatment of unrealized exchange rate gains was rejected by Supreme Administration Court, which had a negative effect of SEK 15 million on result.
- We have continued to evaluate various options to finance our future growth.

## KEY FOCUS AREAS IN 2025

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

We started the first LOM-related exploration drilling campaign in September. Drilling will continue during the first half of 2025 with an additional 6,300 meters and new LOM estimations will be announced at the end of 2025. Additionally first drilling campaign to the western side of the current mineralization was conducted during the autumn and this serves as basis for future drilling plans for the western side.

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 continued 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. The focus for 2025 is the development of the current mine and the potential in its immediate vicinity.

### Operational efficiency

In collaboration with our mining contractor, we prioritized improving drifting and ore mining capacity to support mine development needs. The insufficient capacity led to drifting delays in 2024 and, combined with rock mechanical challenges, resulted in decreased ore availability at the end of the year. For 2025, our focus is on the ongoing development of alternative mining areas within the current mine. This will aid us in managing potential production interruptions in the main area and enhance our resilience to unexpected situations.

### Financing of investments

In 2025, the Company will continue and moderately increase investments in infill and exploration drilling with cash flow from operating activities financing to the extent currently feasible. The Company continues to explore financing options for potential investment scenarios for extending the life the current mine, the further exploration of the broader Kainuu region, as well as refinancing current loans due in 2026.





# Why invest in Sotkamo Silver

**A Strong Demand for Silver on the Market due to the Green Transition**

**Capability for efficient and Stable Production**

**Plans to Extend the Life of the Silver Mine**

**The Ore Exploration Programme, Promising Mineral Resources and Strong Expertise are Creating a Future Growth Path**

**Commitment to Sustainable Development**

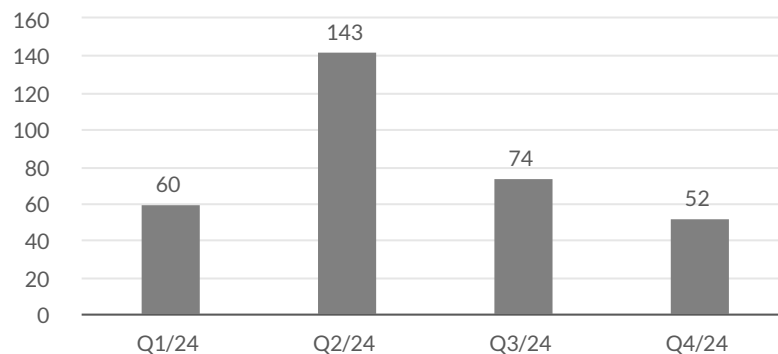
# Share

## Shares and trading

Sotkamo Silver AB's share capital on December 31, 2024, was 275,880,781 SEK and the number of shares was 286,148,387. 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 2024 329,187,719 (330,248,106) shares were traded on NGM Equity in Stockholm and Nasdaq in Helsinki.

The articles of association contain no restrictions on the transferability of the company's shares, such as post-transfer acquisition rights clauses, and no other circumstances of that type have been identified that the company is liable to disclose under the provisions in Chapter 6, Section 2a of the Swedish Annual Accounts Act. To the best of company's knowledge, there are no shareholder agreements or other agreements between the company's shareholders aimed at jointly influencing the Company. Neither does the Board of Directors know of any agreements or similar that could lead to a change in control of the company.

## Shares Traded (million)



## Share information

	31 Dec 2024	31 Dec 2023
Share price, SEK	1.00	0.79
Highest share price during the period, SEK	2.09	1.54
Lowest share price during the period, SEK	0.73	0.43
Quota value; SEK	0.96	0.96
Market cap, MSEK	286	227
Number of shares	286,148,387	285,758,153
Number of shares, diluted	327,383,120	327,383,120
Share capital, MSEK	276	276

## Largest shareholders 31 Dec 2024

Name	Number of shares	Ownership (%)
Hexof Oy	21,994,812	8
Esa Tauriainen	5,237,218	2
Avanza Pension	4,281,369	2
Mikko Leinonen	3,475,000	1
Jouko Eerola	2,500,000	1
Jouni Heikkilä	2,488,500	1
Others	246,171,488	86
<b>Total shares</b>	<b>286,148,387</b>	<b>100</b>



# Targets and guidance

On 14 February 2025, Sotkamo Silver published guidance for 2025.

## Guidance

- The Company expects to produce 1.2 – 1.4 million ounces of silver
- Annual EBITDA margin to be at least 30%
- Net debt-to-EBITDA to be below 1.5 at year-end

The Company's profitability is significantly affected by external factors, such as metal prices and exchange rates and internal factors like uncertainties related to ore volumes and metal grades. The achievement of the guidance assumes that metal prices and EUR/USD rate stay approximately at the current level of the time when the guidance was published (14 February 2025).

## Medium-term Targets

Medium-term targets until the end of the year 2027 will be updated during the second half of the year 2025.



# Silver market

Silver enables to use green, renewable energy, such as wind and solar power.

Silver plays a key role in the industry, in the continuous electrification of modern society and in many key renewable energy solutions. Silver has the best thermal conductivity of all metals, and its ability to conduct heat and electricity makes it a versatile material for the needs of the metal industry\*.

The silver market is forecast to record another significant deficit (total supply less demand) for the fifth consecutive year in 2025. In keeping with previous years, silver industrial demand will remain the key driver of this favorable supply/demand backdrop, with volumes projected to hit a new record high this year\*. Most of the world's silver supply (80%), comes from mines, and the remaining 20% is mainly derived from recycling. The industry is responsible for more than half of global silver demand, but silver is also used in the jewellery industry, in cutlery, in coins and as an investment.

## Electric Vehicles and Renewable Energy

- Silver and gold in semiconductors, sensors, cable harnesses, controllers, displays, etc.
- Silver carbonate anodes in solid electrolyte lithium batteries
- Concentrating solar power plants, wind turbines and new battery technologies

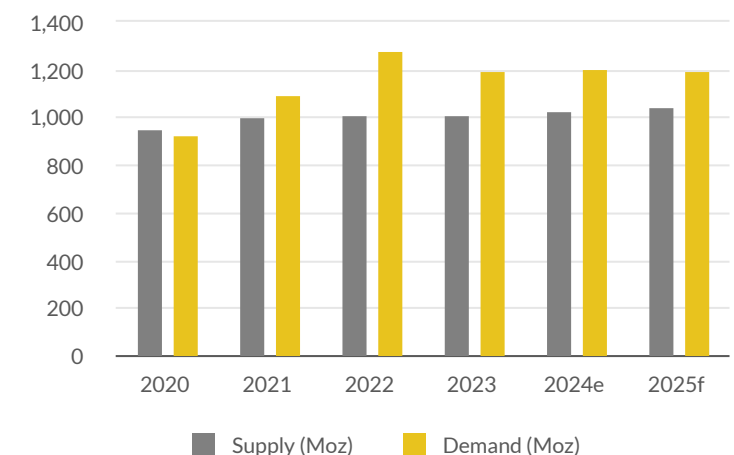
## Solar Cells and Renewable Energy

Silver plays a key role in the production of solar cells to be used as a source of green electricity.

## Smartphones and Other Devices

Silver nanowires replace indium tin oxide in touchscreens.

## Silver demand exceeds supply



Source: Silver Institute's World Silver Survey 2024 and press release on January 29, 2025

\*Silver Institute An annual report on the global silver market, "World Silver Survey" has been published since 1990 by the Silver Institute. The Survey provides market participants with supply and demand statistics for key sectors of the silver market, as well price and trade data. Copies of each year's report are available in PDF format on the web pages of the Silver Institute and are freely downloaded: <https://www.silverinstitute.org/all-world-silver-surveys/>. Silver Institute's 2025 supply and demand forecast: <https://silverinstitute.org/global-silver-market-forecast-to-remain-in-a-sizeable-deficit-in-2025/>



# Silver mine and production

The actual mining operations at the Finnish Sotkamo silver mine commenced in 2019 and have since reached a stable level. During its operation, Sotkamo Silver has further invested in enhancing the production process and improving cost-efficiency by increasing the capacity of the concentration plant by 10–20%. Additionally, investments in drilling and extending the decline have facilitated mining activities in new areas reaching depths of up to 480 meters.

Sotkamo Silver employs around 50 people in its concentration plant, administration, planning, and supervision. A subcontractor with about 100 staff handles mining operations. Most personnel and production costs are variable.

Silver is the main metal produced by the company. It is used in various applications, such as solar panels and electric vehicles, which are part of the green transition. Due to its high conductivity, silver is essential in many industrial applications.

All high-quality concentrates produced have been contractually agreed to be delivered for further refining to smelters in Sweden and Finland, resulting in no need for the Company to undertake special sales efforts regarding production. The silver mine yielded approximately 1.2 million ounces of silver in 2024.

During the year, the total amount of milled ore increased by 4% to 497,000 tonnes compared to the previous year (478,000). Silver production was below the Company's production plans, mainly due to insufficient mining capacity. In total, the production amounted to 1,166,000 ounces silver (1,411,000), 2,595 ounces of gold (3,048), 729 tonnes of lead (909), and 1,642 tonnes of zinc (1,857) in concentrates.

Silver production fell short of targets due to insufficient mining capacity. Although equipment availability and workforce improved in the second half of the year, delayed drifting created a tight situation with no alternative stopes. In December, the lack of alternative stopes led to a severe ore shortage when a rock structure collapse caused delays, requiring a redesign of the structural support and mining plan.

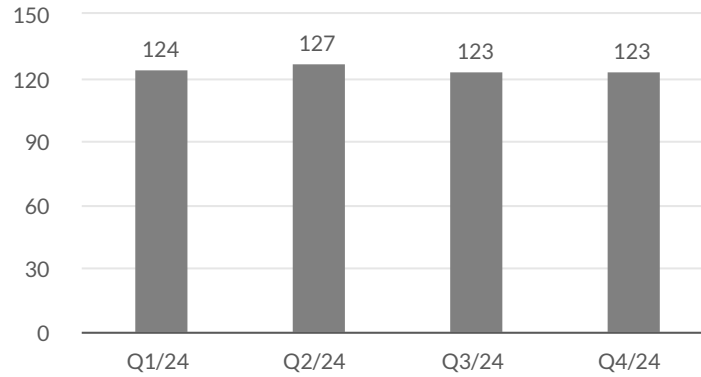


Since last quarter of 2024, the company has increased drifting to the desired level, aiming to increase operational and alternative stopes for the future. This additional drifting and preparatory work will continue through 2025, gradually building resilience against mining uncertainties. In the long run, this approach is expected to stabilize ore silver grade in the plant feed by allowing better blending from different mining areas.

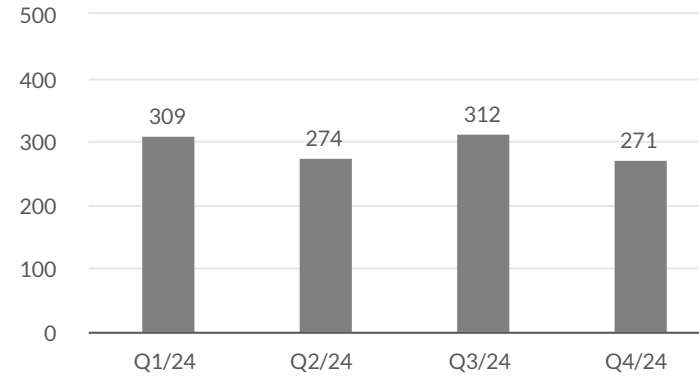
Infill and exploration drilling progressed as planned in 2024. The infill drilling provided additional information to upgrade the mineral resources to ore reserves and further develop the mining plan. Infill drilling will continue in second quarter of 2025 and it will support the creation of a long-term mine plan with alternative mining areas and stopes. The exploration drilling in the current mine aims to provide data to extend the life of the mine until 2035. The drilling campaigns started in the second half of 2024 and are expected to be completed at the beginning of 2025. Once drilling is completed, the necessary reporting of the results will be carried out and published by the end of the year.

## Operational key figures

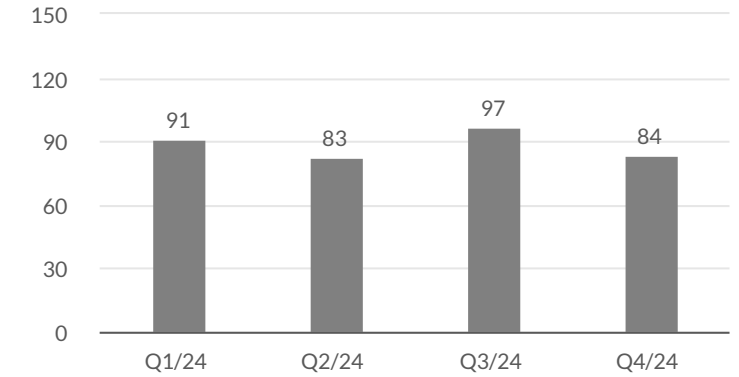
Milled ore, tonnes



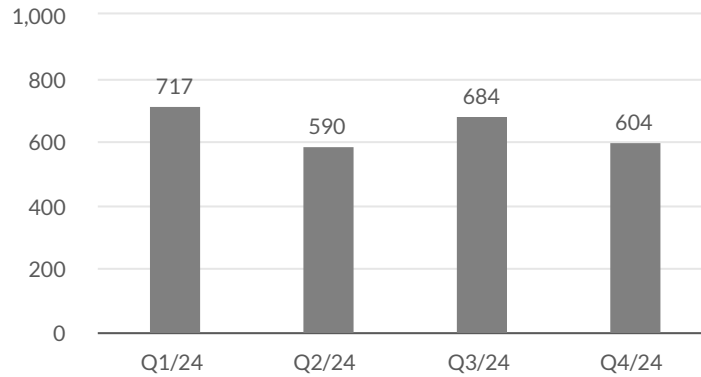
Silver production, koz



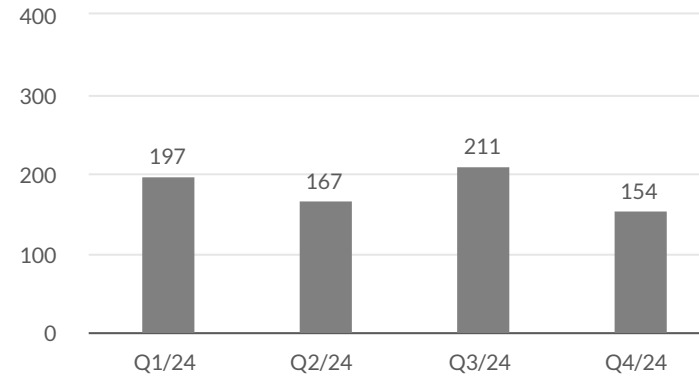
Silver head grade, g/tonne



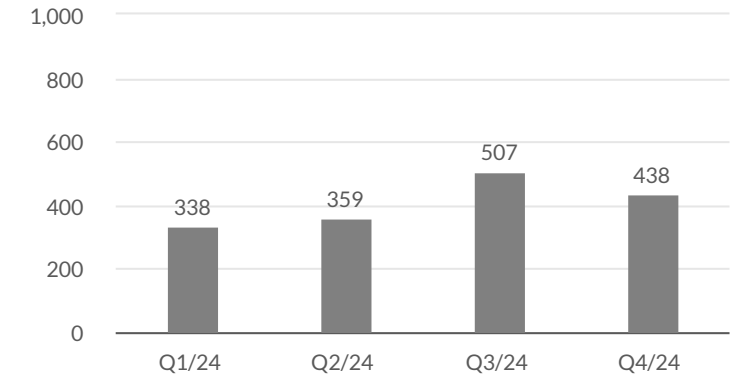
Gold production, oz



Lead production, tonnes



Zinc production, tonnes



# Mine expansion, mineral deposits and ore reserves

## DEFINITIONS IN BRIEF

**Ore reserves** represent the area where production is focused on in the short-term. Detailed infill drilling is conducted in this region to ensure optimized mine planning and to optimize silver grade in production. The objective of Sotkamo Silver is to ensure that ore reserves are annually increased by a minimum one year's worth of production with infill drilling.

**Mineral resources** represent resources which are fairly well-known, but not yet drilled in detail. Mineral resources are upgraded to Ore reserves with infill drilling. The best-known resources in this area form the basis for estimating the current Life-of-Mine (LOM), currently 2031.

Areas beyond the above-mentioned mineral resources represent further potential for exploration to expand the Life-of-Mine. Sotkamo Silver aims to extend LOM to 2035 by the end of 2025. Information about this area has been based on earlier geological studies and earlier exploration drilling and is now explored with drillings started in 2024.

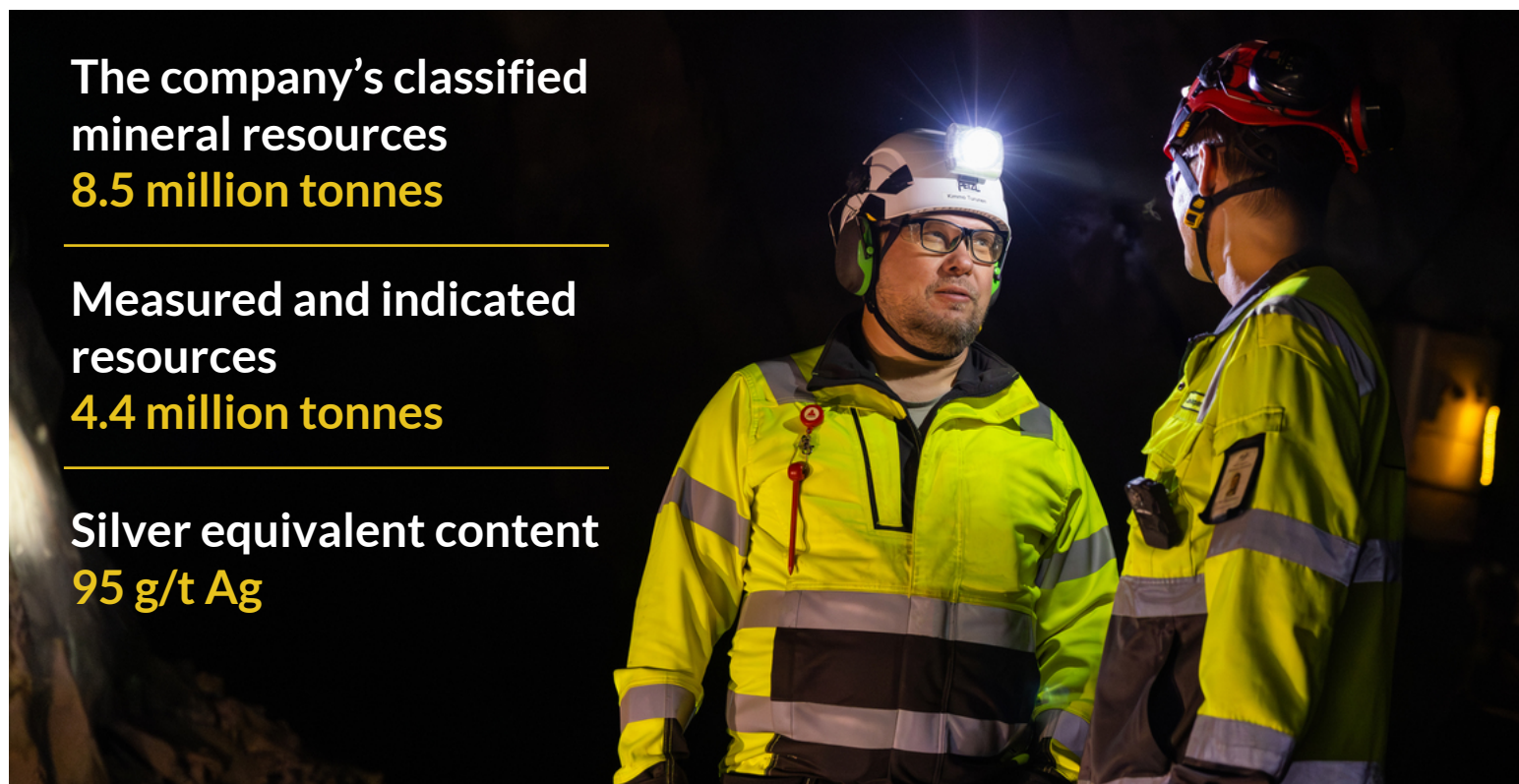
As drilling is expensive, all in-fill drilling and exploration activities are carefully planned. Drilling is always conducted gradually and in the most economically feasible manner.

Mineral Resources and Ore Reserves are categorized based on the international JORC code.

The company's classified  
mineral resources  
**8.5 million tonnes**

Measured and indicated  
resources  
**4.4 million tonnes**

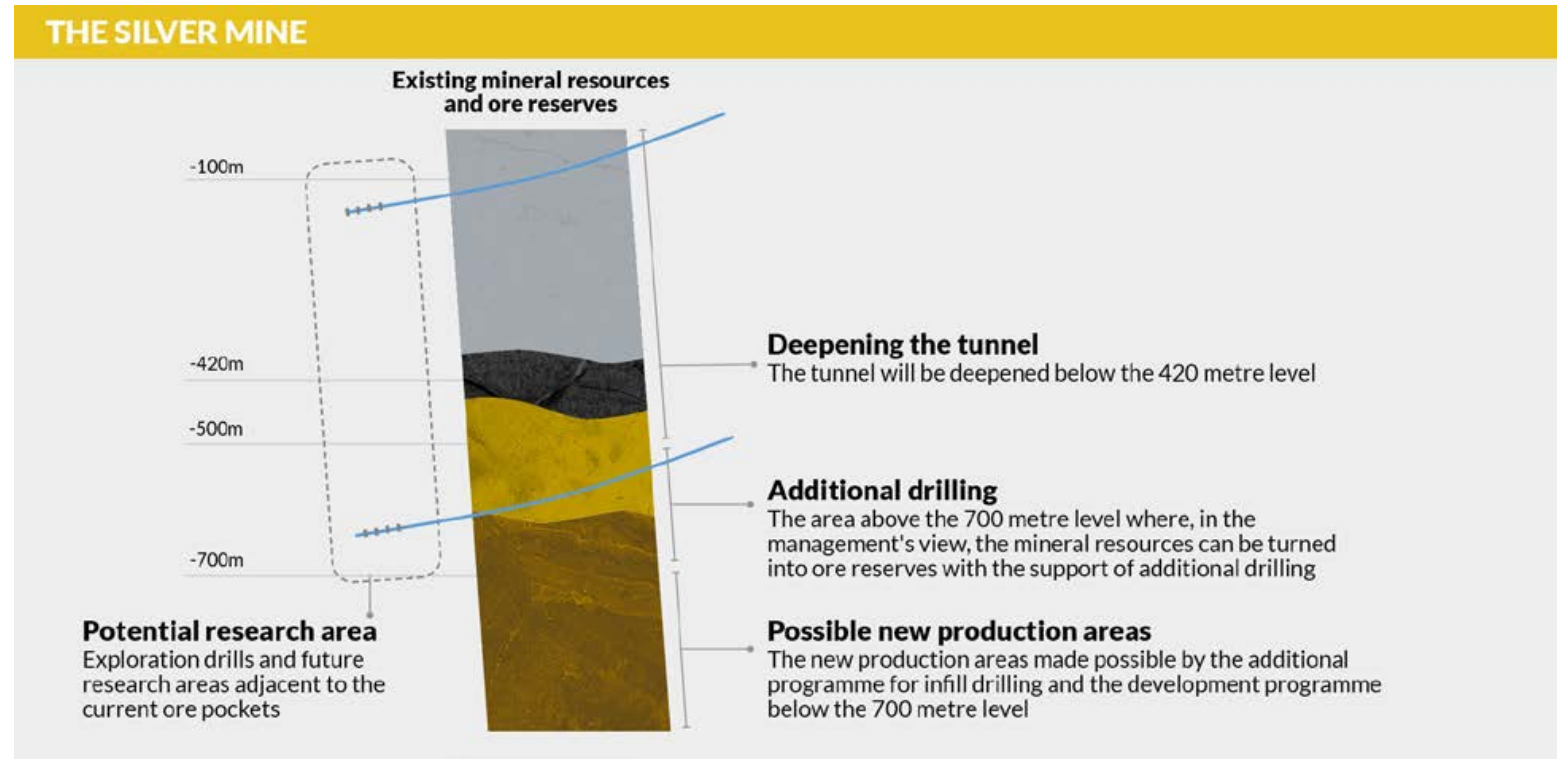
Silver equivalent content  
**95 g/t Ag**





In accordance with its updated ore reserve estimate of 31.12.2024, Sotkamo Silver estimates that the ore reserves ("ORE") of the silver mine total 1.39 million tonnes of ore, which includes silver, gold, lead and zinc\*. Due to general cost increases cut-off-grade of the net smelter return (NSR) has been increased to 50 EUR/ton from earlier used 45 EUR/ton. Other variables and assumptions remain the same as in ORE update done in the end of 2023. Sotkamo Silver retains its estimate of the silver mine's mineral resources ("MRE") and plans to update them next in 2025.

The company believes that the amount of ore reserves and economically extractable mineral resources is now sufficient for approximately 6–7 years of mining. It is possible to increase the resources further with infill and exploration drilling. The purpose of infill drilling is to enable the upgrade of the mine's currently known mineral resources to ore reserves. Exploration drilling aims to expand the known amount of mineral resources either in the current mine or in new ore exploration areas. In the coming years, Sotkamo Silver will focus not only on the current mine, but also on the development of areas in its immediate vicinity. Sotkamo Silver aims to extend the life of the mine to 2035 by the end of 2025.



## The company's classified mineral resources

Table 1

### Mineral Resources Sotkamo Silver as of 31 Dec. 2024

Category	Tonne (kt)	Silver (g/t)	Gold (g/t)	Lead (%)	Zinc (%)	AgEq (g/t)	Silver (koz)	Gold (koz)	Lead (t)	Zinc (t)
Measured	865	54	0.26	0.21	0.55	97	1,502	7	1,816	4,757
Indicated	3,579	56	0.23	0.22	0.51	94	6,444	26	7,874	18,252
Total	4,444	56	0.24	0.22	0.52	95	7,945	34	9,690	23,009
Inferred	4,052	52	0.16	0.25	0.61	90	6,774	21	10,130	24,717
<b>Total</b>	<b>8,496</b>	<b>54</b>	<b>0.20</b>	<b>0.23</b>	<b>0.56</b>	<b>92</b>	<b>14,719</b>	<b>55</b>	<b>19,820</b>	<b>47,726</b>

Table 2

### Ore reserves Sotkamo Silver as of 31 Dec. 2024

Category	Tonne (kt)	Silver (g/t)	Gold (g/t)	Lead (%)	Zinc (%)	AgEq (g/t)	Silver (koz)	Gold (koz)	Lead (t)	Zinc (t)
Proven	1,254	91	0.20	0.24	0.60	130	3,669	8	3,003	7,476
Probable	138	82	0.22	0.32	0.54	124	365	1	448	739
<b>Total</b>	<b>1,392</b>	<b>90</b>	<b>0.20</b>	<b>0.25</b>	<b>0.59</b>	<b>130</b>	<b>4,034</b>	<b>9</b>	<b>3,452</b>	<b>8,215</b>

# Ore exploration programme

## Tipasjärvi greenstone belt – around the Silver Mine

Sotkamo Silver has carried out preliminary interpretations based on existing data from previous geological and geophysical surveys. The work identified seven high-priority goals or target areas that were proposed for further work and follow-up. An assessment of the aforementioned data strengthens the potential of exploration in the greenstone belt, and management is confidently looking forward to the next phase of investigation.

## Peura-aho and Hietaharju – nickel, copper, platinum and palladium

Sotkamo Silver Oy has acquired the mining and exploration rights for the Hietaharju and Peura-aho mining concessions and for the Hietaharju North exploration area in Suomussalmi from Boliden.

The Kiannanniemi nickel-copper-platinum-palladium deposits are located in the northern part of the Kuhmo greenstone belt and were discovered and investigated by Outokumpu in the early 1960s. The stone samples detected by a prospector were the first indication. The most recent work was carried out by Altona Mining Ltd in 2005–2011.

Altona Mining Ltd prepared mineral resource calculations for the deposits in accordance with the Australasian JORC Code. The estimates are shown in table 3.

The estimates of the mineral resources are based on the results of core holes drilled in the area (21 kilometres overall). Metallurgical laboratory testing of Peura-aho and Hietaharju yielded marketable concentrates. In addition to nickel and copper, the concentrations of platinum and palladium are significant.

## Local Ore Exploration Programme and Development

In addition to the development projects of the silver mine, Sotkamo Silver also develops and searches for future growth paths in accordance with its strategy. Project REX is a local ore exploration programme to develop an attractive mineral resource portfolio and to find new exploitable ore reserves in the Kainuu region.

In the subsequent years, Sotkamo Silver will focus on the development of the current mine and the sites in its immediate vicinity. There are several indications of possible mineralizations in the Company's current main area of operations, the Tipasjärvi greenstone belt regional exploration in Sotkamo, and the geological nature of the area is highly similar to that of the silver mine. Deposits have also been found in the northern part of the greenstone belt in Kuhmo, Finland, and more extensively studied key projects include Hietaharju and Peura-Aho in the Suomussalmi area. The Suomussalmi area in Finland is a particularly promising project, and Sotkamo Silver has already acquired the mining rights to Suomussalmi's reserves.

## Exploration of the broader Kainuu region



Table 3  
Mineral resources in Peura-Aho and Hietaharju as of 31 Dec. 2024

Category	Million tonnes	Ni %	Cu %	Co %	Pt g/t	Pd g/t
Indicated	0.40	0.63	0.29	0.04	0.28	0.62
Inferred	0.09	0.48	0.23	0.04	0.21	0.42
Total Peura-Aho	0.49	0.60	0.27	0.03	0.27	0.58
Indicated	0.85	0.85	0.44	0.06	0.53	1.25
Inferred	0.24	0.59	0.27	0.04	0.34	0.89
Total Hietaharju	1.09	0.80	0.40	0.05	0.49	1.17



# Sustainability Report

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## INTRODUCTION

Sotkamo Silver's sustainability principles are the foundation of everything we do. We want to operate sustainably and responsibly from the perspective of the environment, our stakeholders, customers and shareholders.

This Sotkamo Silver Sustainability Report, the fourth of its kind, describes our operations in 2024. It outlines the main goals, measures and indicators of the company's sustainability work.

The report follows the principles outlined in the guidelines of the Global Reporting Initiative (GRI). Sotkamo Silver complies with sustainability reporting requirements in accordance with the legislation in force at any given time and the timetable defined in legislation.

## 2024 IN BRIEF

We upgraded our TSM Finland standard protocols' performance level in Mine closure, Biodiversity, Climate change to level A. Our Crisis management system was updated to be compliant with the standard requirements.

We implemented our Code of Conduct to our personnel and regular contractors.

Resource efficiency was improved when the pyrite concentrate deliveries were increased by 15% from 2023.

Our science and risk assessment based mine closure plan was approved by the permit authority.

We started to prepare for the CSRD reporting by conducting double materiality assessment and Gap analysis.

## SOTKAMO SILVER AS A COMPANY

Sotkamo Silver Group consists of the parent company Sotkamo Silver AB and its Finnish subsidiary Sotkamo Silver Oy. Sotkamo Silver AB is listed on the NGM Main Regulated Equity in Stockholm and on the main listing on Nasdaq Helsinki.

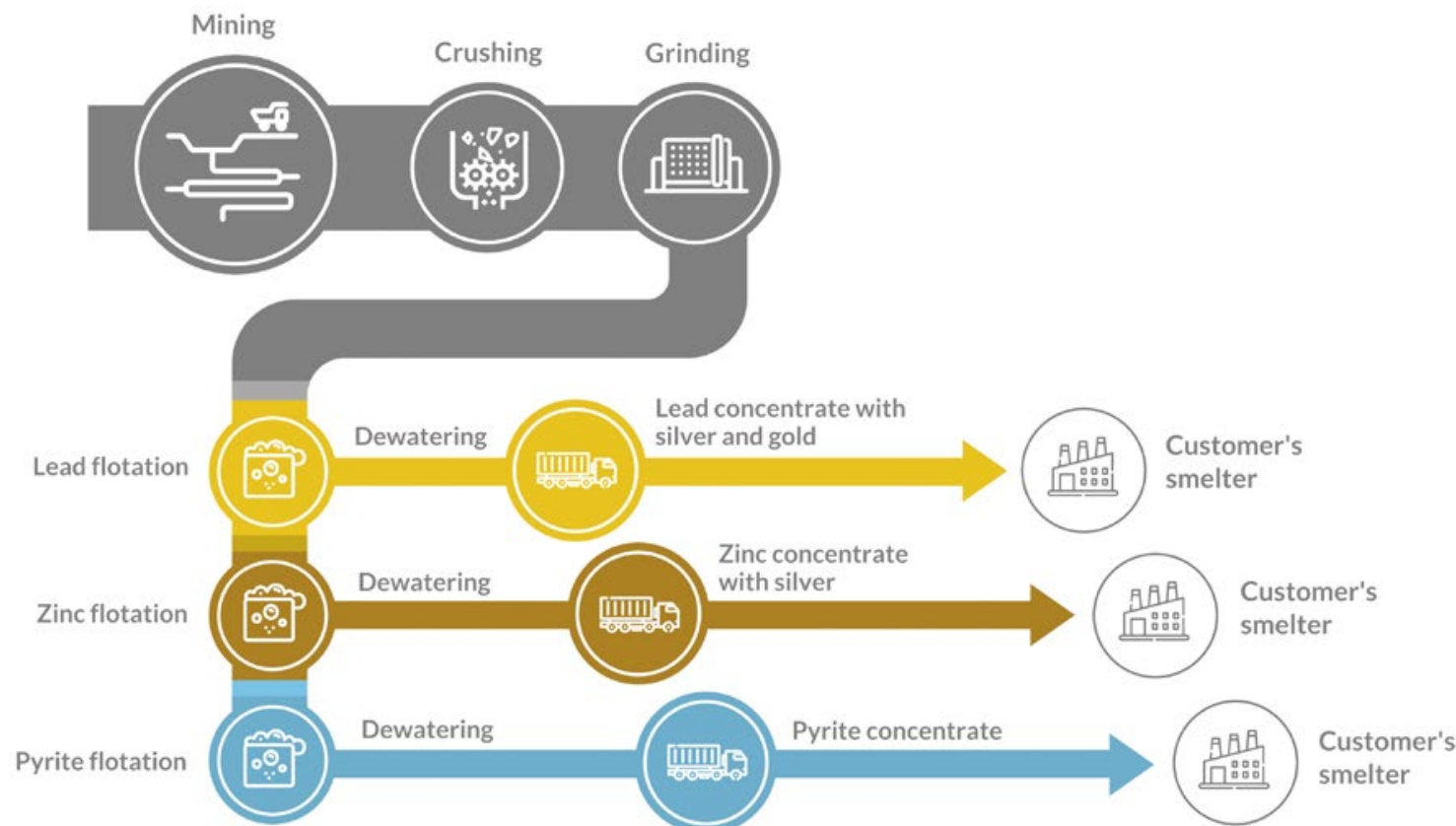
Sotkamo Silver's purpose is to produce precious metals responsibly and efficiently, and to develop its operations profitably on a long-term basis. The company is guided by two strong values: responsibility and locality. The main principles in our everyday operations are sustainability, transparency, respect and reliability. Our operations generate well-being and value for our owners, our personnel and the local community.

Sotkamo Silver produces concentrates containing silver, gold, zinc, lead and pyrite. The company's main project is the silver mine located in Sotkamo, Finland. The mine began production in March 2019. Its operations are divided into an underground mine and an open pit and include the mining, storing, crushing and transport of ore and waste rock as well as the concentration of ore.

In 2024 the Sotkamo silver mine produced 1.17 million ounces of silver. The mine also produces gold, zinc and lead. The ores are processed into concentrates, which are sold to smelters in accordance with a supply agreement.

During the years 2018–2024, Sotkamo Silver has invested SEK 771 million in the silver mine of which environmental investments amount to approximately 15%. In 2024, the Group's turnover was SEK 412 million.

Sotkamo Silver's business has significant positive regional economic and social impacts. More than 50% of the turnover is estimated to remain in the local economy in Eastern and Northern Finland through services and goods procured and wages paid. The mining tax, property taxes, employer-related tax-like payments, and employee income taxes totaled SEK 15 million in 2024



## OUR STAKEHOLDERS

At Sotkamo Silver, we are committed to transparent and open operations. We want to build trust and strong relationships with our stakeholders.

We actively collaborate with our stakeholders and we are happy to present our operations and their impacts to them. Identified stakeholders are interested in our operations and they expect continuity of our operations. Our main stakeholders, their expectations and engagement methods are listed in Table 1.

A monitoring group, made up of representatives of local communities, met five times in 2024. The monitoring group includes persons from both permanent and summer residents of the area near the mine, landowners, village associations, fisheries associations, the Kainuu district of the Finnish Association for Nature Conservation, the municipality of Sotkamo, Metsähallitus and the local authorities. The meetings addressed the environmental impacts of the mine and other topical issues.

In addition to the monitoring group meetings, we organized two public events in Sotkamo municipal center related to our permit processes.

Stakeholder	Expectations	Engagement methods
<b>CUSTOMERS</b>	<ul style="list-style-type: none"> <li>• High quality</li> <li>• Ethical and responsible operations</li> </ul>	<ul style="list-style-type: none"> <li>• Customer meetings</li> <li>• Visits to the mine</li> <li>• Open interaction</li> </ul>
<b>PERSONNEL</b>	<ul style="list-style-type: none"> <li>• Responsible operations</li> <li>• A safe and healthy working environment</li> <li>• Stable employment relationships</li> </ul>	<ul style="list-style-type: none"> <li>• A quarterly employee survey</li> <li>• Performance appraisals</li> <li>• Training</li> <li>• Continual improvement of safety</li> </ul>
<b>LOCAL COMMUNITY AND ORGANIZATIONS</b>	<ul style="list-style-type: none"> <li>• Minimising environmental impacts</li> <li>• Transparency</li> <li>• Employment opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Open interaction</li> <li>• Regular meetings of the joint monitoring group</li> <li>• Annual reporting</li> </ul>
<b>LICENSING AUTHORITIES</b>	<ul style="list-style-type: none"> <li>• Compliance with permit decisions</li> <li>• Open proactive communication</li> </ul>	<ul style="list-style-type: none"> <li>• Continuous monitoring and reporting</li> <li>• Regular meetings with the authorities</li> </ul>
<b>SHAREHOLDERS</b>	<ul style="list-style-type: none"> <li>• Responsible and profitable operations</li> <li>• Continuous improvement of responsibility and risk management</li> <li>• Value creation</li> </ul>	<ul style="list-style-type: none"> <li>• Financial reporting</li> <li>• Disclosures according to stock exchange rules</li> <li>• Investor meetings</li> </ul>
<b>SUPPLIERS AND SUBCONTRACTORS</b>	<ul style="list-style-type: none"> <li>• Responsible operations</li> <li>• A safe working environment</li> <li>• Long-term partnerships</li> <li>• Local collaboration opportunities</li> </ul>	<ul style="list-style-type: none"> <li>• Open interaction</li> <li>• Continual improvement of safety</li> <li>• Code of Conduct</li> </ul>
<b>OTHER FINNISH MINING COMPANIES</b>	<ul style="list-style-type: none"> <li>• Industry collaboration</li> <li>• Implementation of responsible mining</li> </ul>	<ul style="list-style-type: none"> <li>• Active participation in the activities of the trade association (Finnish Mining Association)</li> </ul>

Table 1. Sotkamo Silver's stakeholder collaboration



## THE GOALS OF OUR SUSTAINABILITY WORK

Safety and the development of a positive safety culture are at the core of our sustainability policy. We identify and assess risks and impacts to the environment, safety, and the community before taking action.

We are committed to preventing the degradation of habitats, biodiversity, and ecosystem services caused by our operations and to compensating for any negative impacts through biodiversity offset measures. We continuously improve the efficiency of energy and natural resource use.

We are actively and openly in contact with those affected by our operations and strive to take their views into account. In our operations, we respect the habits, interests and rights of our stakeholder communities.

We uphold ethical practices. We offer our employees and contractors a working environment in which everyone is treated fairly and respectfully.

We are committed to the TSM Finland Mining Responsibility System.

Our sustainability work is focused on three themes:

- Responsible operations
- Safety and commitment
- Caring for the environment

Our activities and performance level in these topics are later presented in this report in their respective sections.

### Responsible operations

- We are a reliable partner and uphold ethical business practices
- Risk management is essential for building a sustainable business



**We are number one in our size category in terms of responsible mining**

### Safety and commitment

- We ensure a safe and healthy working environment
- Committed and satisfied personnel is a prerequisite for our success



**We are constantly and systematically improving our safety culture**

### Caring for the environment

- We minimize the environmental impact of our operations
- We are taking action to achieve carbon neutrality by 2035



**We are committed to the goal of the Paris Climate Agreement**

## RESPONSIBLE OPERATIONS

### “We are number one in our size category in terms of responsible mining”

We are a reliable partner and follow ethical practices. Risk management is central to the development of our responsible operations. Sotkamo Silver's sustainability management is based on the company's own responsibility policy, the TSM Finland Mining Responsibility System and the principles of the international ISO 9001, ISO 14001 and ISO 45001 standards for quality, environment and occupational health and safety.

The company's operations are guided by ethical principles (Code of Conduct). Sotkamo Silver's ethical operating principles were updated in 2023 to comply with the principles of the UN corporate sustainability initiative (Global Compact). The Code of Conduct describes the key principles and procedures to which the Group's personnel and board members are committed, including respect for human rights and the prevention of corruption and bribery.

The ethical principles are supplemented by more detailed guidelines, such as the personnel manual, administrative regulation, and insider policy.

Sotkamo Silver's Code of Conduct is available on the company's website: <https://www.silver.fi/en/sustainability/code-of-conduct-en>

#### Rating A in TSM Finland Mining Responsibility System

In 2024, Sotkamo Silver updated its management systems for Mine closure, Biodiversity, Climate change to level A and Crisis management compliant with the standard requirements. Stakeholder cooperation reached Level AA. The performance level of all implemented management systems was verified externally. The results for each protocol are presented below:

Protocol	Performance level
Crisis management	compliant
Stakeholder Co-operation	AA
Tailings Management	A
Water Management	A
Occupational Health and Safety	A
Climate Change	A
Biodiversity Management	A
Mine Closure	A

TSM Finland standard is based on the international Towards Sustainable Mining (TSM) standard. The companies committed to the system follow principles that are sustainable from the point of view of nature, people and the economy throughout the life cycle of mining, from prospecting for minerals to the closure and aftercare of mines.

The performance level is assessed in the protocols on scale from C to AAA (C, B, A, AA and AAA), of which the lowest, Level C, corresponds to compliance with legal requirements. In general, reaching A in rating requires developing and implementing the processes defined in the protocols. At Level A, communications regarding the management systems must be transparent and the reporting must be public. The Crisis management performance level is assessed as compliant/non-compliant instead of the rating system.

TSM standard creates a concrete basis for the development of responsible operations. Companies report their results annually, and their performance is verified by an external expert every three years.

More information on TSM Finland: [www.kaivosvastuu.fi](http://www.kaivosvastuu.fi)

#### ESG risk management (Environmental, Social and Governance)

We are continuously assessing ongoing and potential risks to our operations. The CEO and the Board of Directors are responsible for operational risk management procedures and for ensuring that the risks are taken into account in strategic planning.

Mining causes environmental risks, which are being constantly assessed and monitored. The provisions of the environmental permit issued for the operations also set a benchmark for risk management. The most significant risks are related to water management and solid mining waste. These, as well as emissions to the air, vibration and noise are monitored carefully according to a detailed monitoring programme.

In occupational safety, we invest in the continuous identification of hazards and risk management. We conduct occupational safety risk assessments regularly and use this information to prepare our annual action plan. We have conducted risk assessments for routine work and based our work instructions on them. Hazards related to the task at hand are always reviewed prior to the start of work.

## SAFETY AND COMMITMENT

**"We are constantly and systematically improving our safety culture"**

### Occupational health and safety

We are committed to zero lost time injury goal in occupational safety. The employer is responsible for enabling safe working conditions. It is the collective responsibility of all personnel and contractors working at the mine to use appropriate protective equipment and follow safe working procedures, as well as to report safety deficiencies and other observations.

In our occupational health and safety management system the responsibilities, duties and other tasks of the company's management and personnel are clearly documented. We base our safety work in systematic approach by identifying the potential hazards and assessing the risks related in the work tasks. Safety orientation and training is mandatory for everyone working at the mine, and occupational health and safety are part of the selection criteria for contractors and suppliers. We have created a detailed monitoring and reporting method for safety observations, near miss situations and lost time injuries. The targets and their achievement rate, needed corrective actions and their follow-up is regularly reported to the management.

We monitor occupational safety every month with the Lost Time Injury Frequency Rate (LTIFR), which measures the number of accidents leading to absences per million hours worked. Sotkamo Silver monitors the accident frequency of both its own personnel and its regular contractors' personnel.

At the end of 2024, the accident frequency of Sotkamo Silver's personnel was 22.4 and that of its contractors 11.8. At the end of the year, the accident frequency of everyone working at the silver mine was 15.3. The

development of the accident frequency is presented in Figure 1. We believe that the actions taken in 2024 will result in lower LTIFR in our operations. In 2024 we allocated more resources on developing the safety work and updated our safety training program for our own personnel and our regular contractors. In 2025 we aim to further invest in developing the safety skills in our operations, focusing especially in strengthening the integration of the hazard identifying in our daily tasks and the root cause analyses approach in our risk assessment process.



Lost Time Injury Frequency Rate (LTIFR) at the silver mine 2019–2024

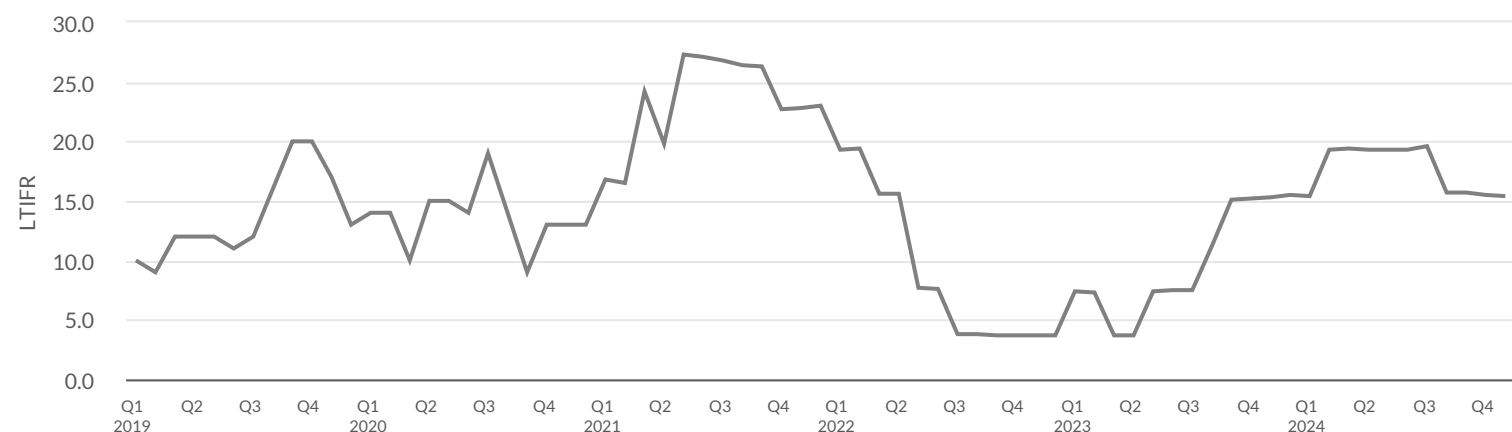


Figure 1. LTIFR at the silver mine 2019–2024



## Employee satisfaction and commitment

The Group supports employee satisfaction and commitment by providing benefits that promote well-being and security. The Group adheres to collective agreements and offers social benefits, such as health coverage, pension schemes, and paid leave, as well as insurance protections, including accident insurance.

We carry out employee satisfactory surveys four times a year. The results are used for monitoring employee satisfaction and identifying development areas as well as for daily management and its development.

As metrics for employee satisfaction, we use indicators describing the success of leadership and ability to work, as well as the eNPS engagement index. The questions in the personnel survey are answered on a scale of 1 to 5, in which 3.5 to 4 is considered good and 4 to 5 excellent.

The indicator describing the leadership success (Figure 2) is affected by the responses to the questions “I know what is expected of me in my work”, “I have a clear understanding of my role and responsibilities”, “My immediate manager supports me in succeeding in my tasks” and “I get sufficient feedback about my work” in the employee satisfactory survey. The December 2024 result of 4.15 was at an excellent level and exceeded the target of 4.0.

Ability to work indicator (Figure 3) is examined with the following questions: “there is a caring atmosphere at our workplace”, “My employer cares about the personnel’s well-being at work”, “My job does not put my health or safety at risk”, and “I feel healthy enough to work in my current position in two years’ time”. The work ability indicator (3.93) was a bit below the targeted excellent level (4.0) in December 2024. We develop occupational safety and well-being continuously in cooperation with the occupational health and safety committee and occupational health care.

Employee engagement is tracked with the eNPS (Employee Net Promoter Score) engagement index (Figure 4), which is based on how likely the employees would recommend the company as a workplace. Based on the responses, the personnel is divided into three groups: promoters, passives and detractors. The eNPS is obtained by subtracting the percentage of detractors from the percentage of promoters. The minimum promoter score is –100 (everyone is a detractor) and the maximum score is 100 (everyone is a promoter). The net promoter score wasn’t at the target level in 2024 (30) but developed positively towards the end of the year.

To strengthen the employee satisfaction and commitment, a workplace well-being development team with members from all employee groups was formed during 2024. The team has initiated development actions to improve leadership skills, communications and ability to work. We look forward on seeing the results of the team work in the future.

### Leadership success indicator

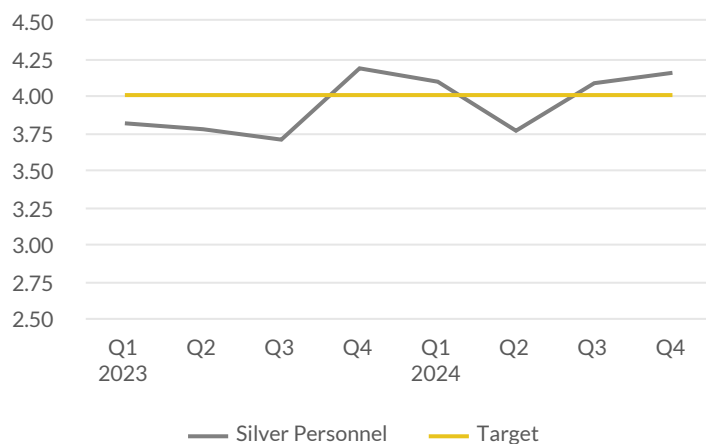


Figure 2. Leadership success indicator, scale 1 to 5

### Ability to work indicator

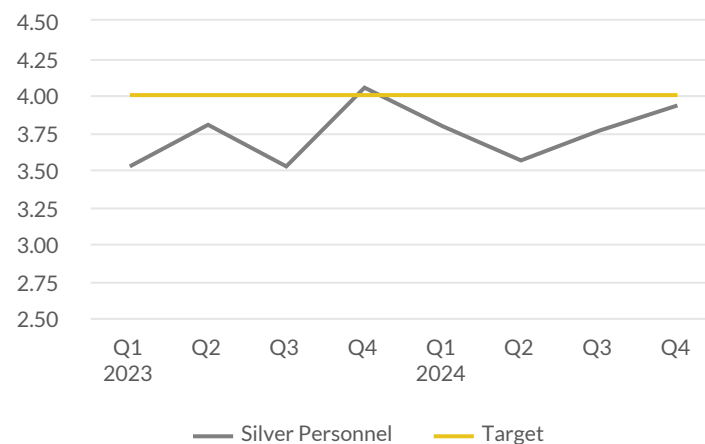


Figure 3. Ability to work indicator, scale 1 to 5

### eNPS

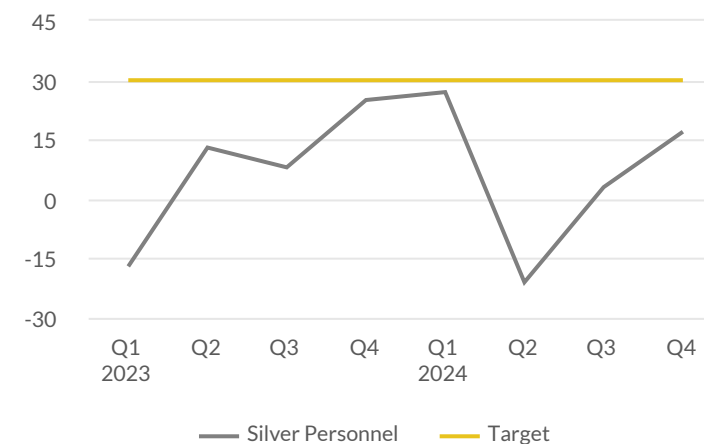


Figure 4. Net promoter score eNPS, scale –100 to 100

## CARING FOR THE ENVIRONMENT

### "We are committed to the goal of the Paris Climate Agreement"

Our environmental work is guided by the company's sustainability policy and the valid environmental permit. We are also aware of our stakeholders' high expectations regarding environmental protection. We develop our operations so that we can operate within the limits set by the environmental permit and meet the expectations of our stakeholders.

#### Carbon footprint and energy consumption

Since 2023, we have calculated our company's carbon footprint in accordance with the Greenhouse Gas (GHG) Protocol by the World Resources Institute (WRI) and World Business Council for Sustainable Development (WBCSD). We have developed calculation and reporting according to our plans during 2024 and implemented a new improved calculation method.

Scope 1 emissions include greenhouse gas emissions caused by the fuels used in the company's own and contractors' vehicles, machinery, and equipment within the mining area, as well as by explosives used in the mine.

Scope 2 includes emissions from purchased electricity, which are reported using both market-based and location-based approaches. The market-based approach takes into account renewable energy guarantees of origin, while the location-based approach is based on a nationally determined emission factor that is internationally comparable.

For Scope 3, we have considered the most relevant categories as listed in Table 2.

In 2024, the reported carbon dioxide emissions were higher than the previous year due to more detailed reporting of purchased products, services, capital goods, and business travel included in Scope 3 emissions.

The increase in location-based Scope 2 emissions is due to a change in the emission factor used in the calculation

More information on the calculation method: <https://www.silver.fi/en/sustainability/greenhouse-gas-emissions-calculation>

	2024	2023
<b>SCOPE 1</b>		
Use of explosives	91	92
Vehicles	2,543	2,805
Own heat production	625	637
<b>Scope 1 in total</b>	<b>3,259</b>	<b>3,533</b>
<b>SCOPE 2</b>		
Electricity purchased – market-based	13,872	13,450
Electricity purchased – location-based	2,332	1,142
<b>SCOPE 3</b>		
Materials and services purchased	4,790	1,362
Capital goods	696	
Manufacture of fuels and energy lost in transmission	1,640	1,215
Transport and distribution (incoming)	415	191
Operational waste	94	27
Business Travel	5	
Commuter traffic	195	140
Transport and distribution (outgoing)	562	545
<b>Scope 3 in total</b>	<b>8,397</b>	<b>3,480</b>
<b>CO<sub>2</sub> EMISSIONS IN TOTAL</b>		
<b>Scope 1, 2 (market-based) &amp; 3</b>	<b>25,528</b>	<b>20,463</b>
<b>Scope 1, 2 (location-based) &amp; 3</b>	<b>13,988</b>	<b>8,154</b>

Table 2. CO<sub>2</sub> emissions (tCO<sub>2</sub>e)

#### Energy Consumption



Figure 5. Energy consumption in gigawatt-hours (GWh).

Energy consumption (Figure 5) includes the fuel and electricity consumption at the entire mine site. Our infra and production machinery is mainly electricity driven but also fuel oil and diesel are used in mining, excavating and transporting. Propane gas is used in the underground mine ventilation air heating in winter.

Mining waste

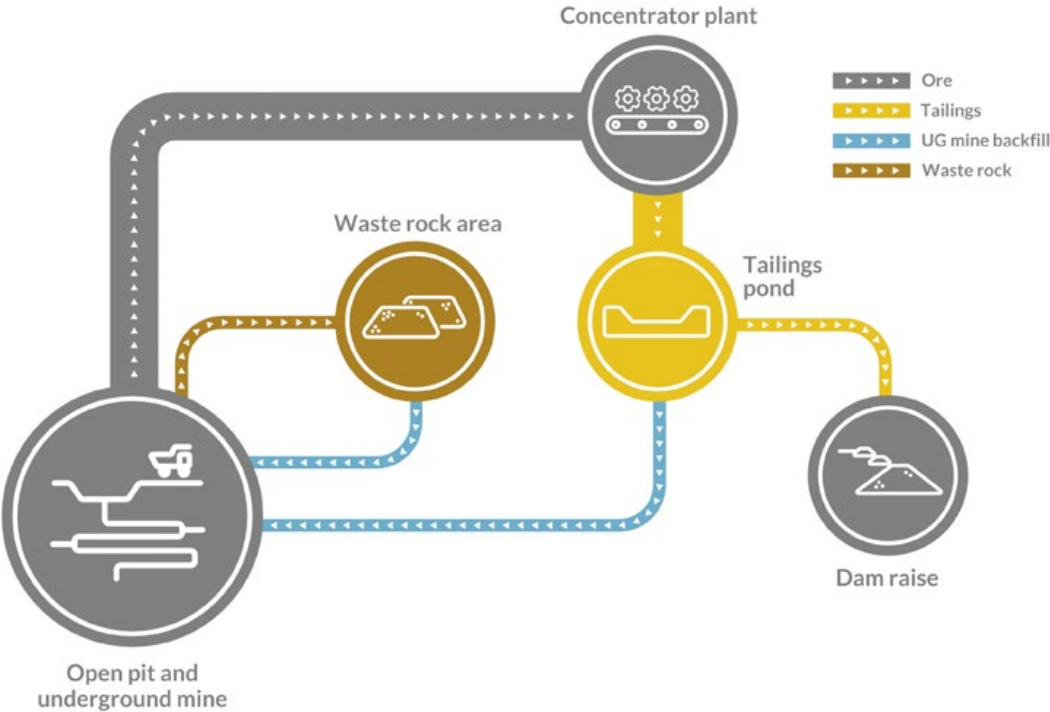
Sotkamo Silver’s mining operations generate waste rock and tailings as mining waste. The management of mining waste is guided by the requirements of the environmental permit and the company’s principles of minimizing waste generation and promoting reuse.

We prevent waste generation by careful planning and scheduling of mining operations. The excavation of waste rock is timed so that we can

utilise the materials as efficiently as possible in the backfill of the underground mine.

The waste rock is utilised in the underground mine backfill. Tailings are used as a building material in the dam raises of the tailings pond. We plan to increase the recovery rate of tailings, which is why we began using it as a mine backfill material in 2023. The mining waste is placed in its own mining waste areas: in the waste rock area and in the tailings pond.

Unused tailings are disposed of in the tailings pond, which will be closed at the end of the operations in accordance with the mine closure plan. When the mine has been closed, no waste rock will be left in the waste rock area, as it will be utilised in its entirety during the operations as underground mine backfill. The utilisation of mining waste and the amounts accumulated and their utilisation rates are presented in Table 3.



	2024		2023	
	Waste rock	Tailings	Waste rock	Tailings
Quantity produced (kt)	218	478	197	459
Underground mine backfill (kt)	218	26	197	7
Dam raise (kt)	0	63	0	35
Quantity utilised (kt)	218	89	197	42
Utilisation rate (%)	100	19	100	9

Table 3. Quantities of mining waste (kt=kilotonnes=1,000 t) and the utilisation rate (%)



Other waste for recovery and final disposal

The recoverable waste materials generated at the silver mine are scrap iron and other recycled metal, mixed waste utilised as energy and clean wood waste. Construction waste that cannot be utilised as energy is directed to final disposal. Waste classified as hazardous consists almost entirely of waste oils and oily waste that is processed appropriately. The annual tonnages for these materials are presented in Table 4.

	2024	2023
Recycled materials (t)	227	134
Waste to energy and clean wood waste (t)	47	64
Construction waste (t)	35	62
Waste classified as hazardous (t)	31	29

Table 4. Other waste generated in the mine for recovery and final disposal (t=tonnes )

Promotion of the circular economy

Sotkamo Silver’s goal is to minimize the amount of waste generated in its operations and to use natural resources efficiently. We follow the key principles of the circular economy, and our most significant actions to promote it are presented in Table 5.



Sale of pyrite concentrate

The ore mined at the Sotkamo Silver mine contains 3 to 5 % pyrite, a sulphur-rich mineral. Pyrite concentrate is one of Sotkamo Silver’s products, which is the result of a three-stage concentration process. During the first stage, the precious metals and galena are separated by flotation from the ground ore. During the second stage, sphalerite containing silver is separated from the ore. During the last stage, the sulphur-containing minerals, pyrite and pyrrhotite, are separated to pyrite concentrate, which also contains some gold and silver.

Aspect	2024
Closed loop	Continuously high level of recycled water used in production
	The utilisation of waste rock in underground mine backfill
	Use of tailings as a building material for dam raises and underground mine backfill
Resource efficiency	Optimisation of mine ventilation and heating
	Sale of pyrite concentrate
Utilisation of an industrial by-product	Use of a circuit board manufacturing by-product as a flotation chemical

Table 5. Examples of promoting the circular economy

The pyrite concentrate production has several benefits. The three-stage concentration process enables removing the mineral with the highest sulphur content from the tailings. This reduces the environmental risks of piled tailings during mining and increases their recovery potential.

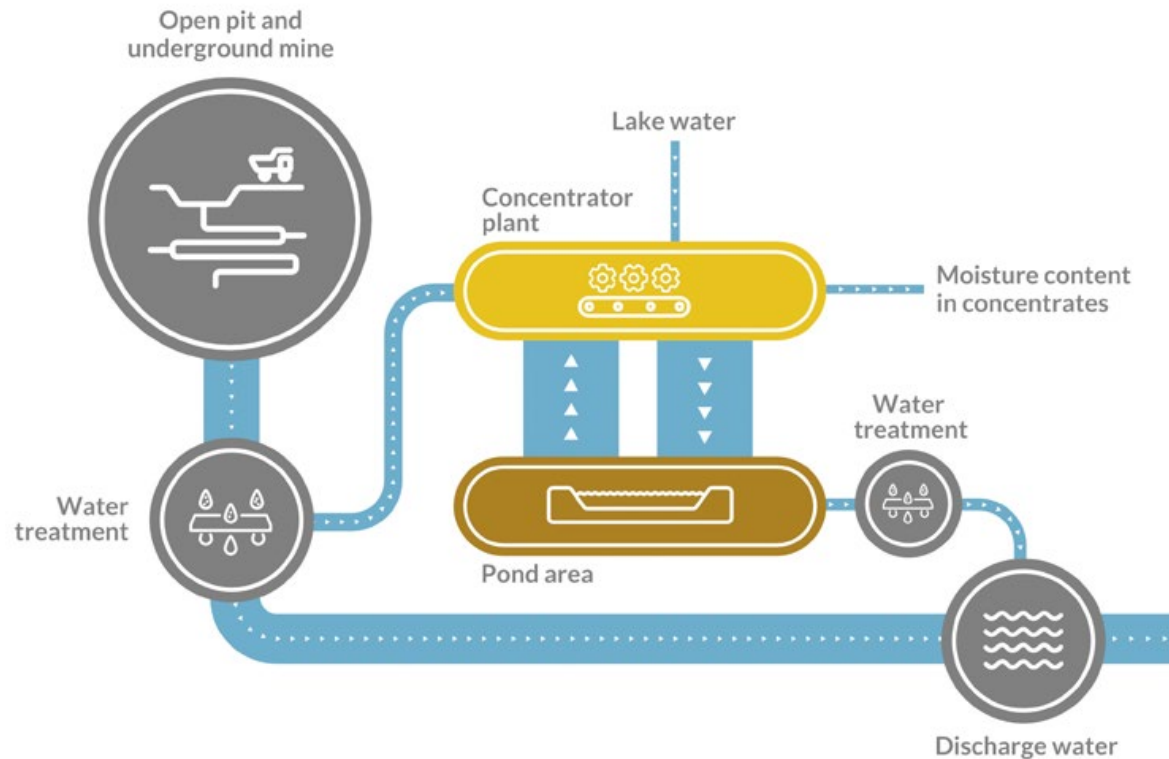
Pyrite is used as the main raw material in the production of sulphuric acid and as a consumable material in copper, lead and nickel smelters, for example . The pyrite concentrate deliveries increased by 15% from the previous year in 2024, amounting to 10,700 tonnes.

## Water management

Responsible water management is a cornerstone of our operations and the high recycle rate of water in our concentrate production reflects this. We operate our concentrate production with almost solely recycled water and minimize the lake water intake. We recycle the water from the tailings management facility back to the concentrate production and use treated mine water as a fresh water in the process. These water streams combined are almost 100 % of the water usage at Silver Mine.

The recycling rate is presented in Figure 6. The amount of lake water used in production is presented in Figure 7. In 2024, the recycling rate declined moderately as more lake water was used in our operations due to variation in the process operating parameters.

The water discharged from the mine area is treated to minimize environmental impacts on natural waters.



## Recycling rate of water used in production, %

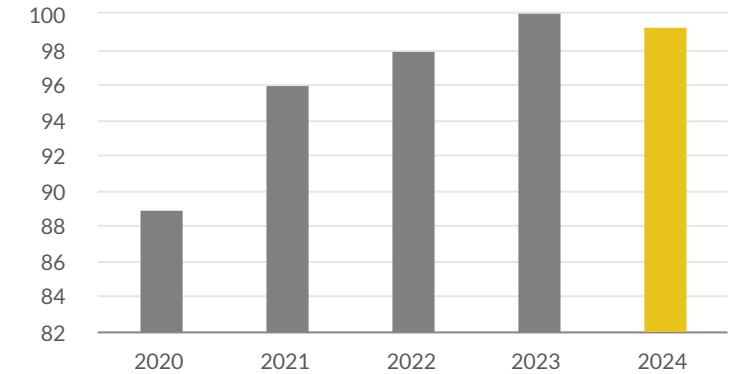


Figure 6. Recycling rate of water used in production, %.

## Use of lake water in production

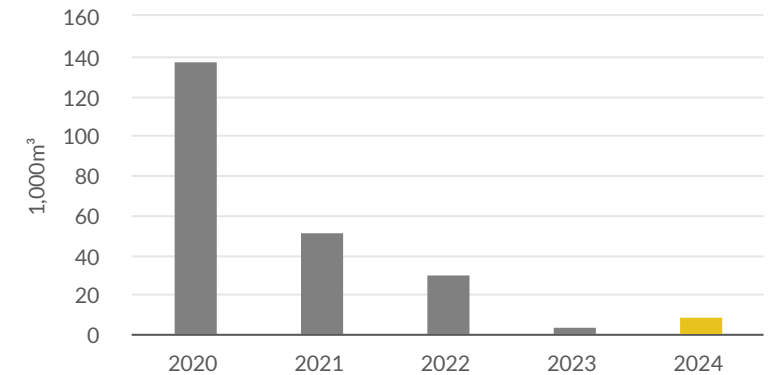


Figure 7. Use of lake water in production, 1,000 m<sup>3</sup>

## Environmental permits and impacts

Our operations are guided by the environmental permits. In 2024, our science and risk assessment based mine closure plan was approved by the permit authority. Also the environmental impact assessment procedure on the tailings pond expansion, UG mine deep extension and production capacity ramp-up was completed.

We monitor the level of environmental protection in accordance with the authority approved monitoring programme and publish the reports on the company's website.

In 2024, we reported two breaches of the environmental permit limit regulations. In addition, we recorded one deviation with minor and 13 environmental incidents with no environmental impacts outside the mine. We also recorded one inquiry from a stakeholder near the mine. The permit limits for annual nitrogen and phosphorus loads for the receiving water bodies. Despite the limit exceedances of the nutrients, the monitoring data continues to indicate excellent ecological state and no indications of eutrophication in the nearest classified lakes. The annual permit limits for the nutrient loads and tailings' sulphur content is presented in Table 6.

With the further development of the explosives, water management and treatment, we expect to reduce the nitrogen load in 2025 under the permit limit. Based on our environmental impact assessments, monitoring data on the receiving body and studies on the nature of our phosphorus load, we applied for higher permit limit for total phosphorus load and new, lower permit limit for eutrophication causing phosphate load. However, to ensure the protection of the receiving water bodies, we will continue the development work to reduce the phosphorus load.

In 2024, we participated in a project to improve the living conditions for migratory fish populations in the local waterway. This, together with the wetland project we previously initiated, are important actions for promoting biodiversity.

Load	Permit limit	Actual level in 2024	Actual level in 2023
Total nitrogen (kg/year)	7,000	8,070	14,370
Total phosphorus (kg/year)	40	90	41
Sulphur content of the tailings (%)	0.30	0.26	0.32

Table 6. Annual permit limits and actuals in 2024 and 2023.





# Preparing for the Corporate Sustainability Reporting Directive (CSRD)

For EU to reach its set sustainability objectives both public and private investments need to be increasingly directed towards sustainable economic activities. To facilitate these investments, the EU has over recent years introduced directives and regulations to create the standards and rules by which the sustainability of different economic activities should be defined and measured. Transparency and comparability are key aspects of these rules to avoid greenwashing.

In practice, this has meant introducing new reporting requirements for both investors and investee companies. Investors who want to market their products as 'green' for their customers and beneficiaries need standardized and transparent information from the companies they invest in. This is where the Corporate Sustainability Reporting Directive (CSRD) steps into the picture.

Companies of different sizes are gradually entering into the scope of the CSRD requirements from 2024 onward. The Group's management has acknowledged the preliminary information on the 'OMNIBUS 1' proposal released by the European Commission on 26 February 2025 and is closely monitoring legislative developments concerning CSRD reporting requirements within the EU. The Group complies with sustainability reporting requirements in accordance with the legislation in force at any given time and the timetable defined in legislation.

In 2024, the Group started to prepare for the requirements by conducting a Double Materiality Assessment. The assessment involves a structured process to identify and assess which standardized sustainability topics Sotkamo Silver considers material for investors who want to understand its overall long-term sustainability profile. The Double Materiality Assessment derives its name after the fact that it requires companies to consider two dimensions of materiality:

- 1 **Impact materiality:** negative and positive impacts on people and the environment stemming from their own operations and value chains as well as
- 2 **Financial materiality:** the likely financial implications on the company itself from sustainability-related incidents, regulative changes and resource dependencies.



In its first Double Materiality Assessment, Sotkamo Silver built on its strong existing sustainability management and reporting practices, for instance, by interviewing key stakeholders. As a result, the key elements of Sotkamo Silver's value chain and relevant associated impacts, risks and opportunities were identified. All impacts, risks and opportunities were assessed according to EU rules and the whole process was documented to provide evidence for all chosen sustainability topics.

The material sustainability topics determine the actual standardized disclosure requirements for Sotkamo Silver. These disclosure requirements are further broken down into qualitative and quantitative datapoints. In 2024 Sotkamo Silver also performed a gap analysis against its material datapoints to assess its readiness to comply with the directive. Due to Sotkamo Silver's extensive existing environmental permitting and impact assessments, Sotkamo Silver's readiness to comply with the upcoming directive was deemed to be very good.

As a summary of the work conducted during 2024 for preparing for the CSRD, a summary of the most material topical standards and associated materiality viewpoints can be found in the Table 7.

Topical standard	Impact materiality	Financial materiality
E1 Climate change	x	x
E2 Pollution	x	x
E3 Water and marine resources	x	
E4 Biodiversity and ecosystems	x	
E5 Circular economy and resource use	x	x
S1 Own Workforce	x	x
S2 Workers in the value chain	x	
S3 Affected communities	x	x
S4 Consumers and end-users	Not material	Not material
G1 Business conduct		x

Table 7. The most material topical standards and associated materiality viewpoints

## TARGETS FOR 2025

In occupational safety, the target is zero lost time injuries. To achieve the target, we will strengthen the integration of the hazard identifying in our daily tasks and the root cause analyses approach.

We will continue our work to protect the local water bodies' ecological health and recreational use through responsible water management, focusing in particular on lowering the nutrient load on water, keeping the sulphur content of the tailings under the permitted level and keeping up the open communication on the environmental impacts of our operations.

We will implement the Equitable, diverse and inclusive TSM Finland standard protocol in our operations and focus to develop especially our Climate change and Biodiversity management.

We will continue to develop our sustainability reporting based on the double materiality assessment and gap analysis.

We will strengthen the circular economy integration in our mining waste management and mine closure planning.

*The Board of Directors and the CEO also present Sotkamo Silver AB (publ) Sustainability Report for 2024. The sustainability report describes the Group's work based on economic, environmental and social aspects. The report has been prepared in accordance with the requirements of the Annual Accounts Act.*

This is a translation from the Swedish original report

# Auditor's opinion regarding the statutory sustainability report

TO THE GENERAL MEETING OF THE SHAREHOLDERS IN SOTKAMO SILVER AB (PUBL), CORPORATE IDENTITY NUMBER 556224-1892

## Engagement and responsibility

It is the board of directors who is responsible for the sustainability report for the year 2024 on pages 19-32 and that it is prepared in accordance with the Annual Accounts Act in accordance with the older wording that applied before 1 July 2024.

## The scope of the examination

Our examination has been conducted in accordance with FAR:s auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

## Opinion

A statutory sustainability report has been prepared.

Stockholm, 31 March 2025

KPMG AB

Ola Larsmon  
*Authorised Public Accountant*

# Board of Directors' Report

The Board of Directors and the CEO of Sotkamo Silver AB, business ID 556224-1892, with a registered office in Stockholm, Sweden, hereby issues the financial statements for the Group and the parent company for the financial year 2024.

## THE YEAR IN BRIEF

- Sales revenue SEK 412 million (410).
- EBITDA SEK 109 million (140).
- EBIT SEK 32 million (67).
- Profit for the year amounted to SEK -16 million (27).
- Result per share SEK -0.06 (0.10).
- Cash and cash equivalents increased to SEK 88 million (79).
- Investments amounted to SEK 70 million (46).
- During the year, 497,000 tonnes of ore were enriched, and the average silver grade was 89 g/tonne.
- During the year, Sotkamo Silver produced:
  - 1.17 million ounces of silver, equivalent to 36 tonnes
  - 2,595 ounces of gold
  - 729 tonnes of lead
  - 1,642 tonnes of zinc.
- The company generated cash flow from operating activities SEK 112 million (112). Cash and cash equivalents increased to SEK 88 million (79). According to the company's estimate, its liquidity is adequate for at least the next 12 months of operations, including loan instalments and interest payments.
- The company continued infill drilling to enable cost-effective detailed planning for the coming years. On 31st December 2024, Sotkamo Silver updated the silver mine's ore reserve estimate. According to the estimates, the ore reserve amounted to a total of 1.39 million tonnes at the time of its launch, and with today's measured mineral resources, this is sufficient for approximately 6–7 years of mining.
- As per 31 December 2024, LTIFR (Lost Time Injury Frequency Rate) totalled 15 (15).



## Operations

### Mining and production

Silver production did not meet targets during 2024 as insufficient mining capacity lead to delays in drifting and consequently stope availability. Efforts to increase capacity began to show results in the second half. Delayed drifting resulted in a tight situation with no alternative stopes, causing ore shortages, particularly in December when local rock structure collapse led to delays and necessitated a redesign of the structural support and mining plan. The company increased drifting at the end of the year to enhance operational and alternative stopes for the future. This additional drifting and preparatory work is expected to continue through 2025, gradually building resilience against uncertainties in underground.

Infill and exploration drilling progressed well in 2024. The infill drilling upgraded mineral resources to ore reserves and enhanced the mining plan. Continuing into 2025, infill drilling will remain integral part to support a longer-term mine plan with alternative areas and stopes. Extending LOM to 2035 remains a strategic target, with exploration drilling results expected to provide adequate data for this.

Sotkamo Silver has also continued planning longer-term exploration of the Kuhmo-Suomussalmi greenstone belt in the Kainuu region. Modern modeling tools to analyze existing research data and this information is intended to assist the company in preparing investment plans for further exploration activities. The primary focus for 2025 will be on the development of the current mine and the sites in its immediate vicinity.

The company achieved Level A in all categories of Finland's Towards Sustainable Mining (TSM) system, highlighting our sustainability progress. We also began a dual materiality assessment for the Corporate Sustainability Reporting Directive (CSRD), identifying key themes and areas for future reporting development.

### Result

EBIT for 2024 was SEK 32 million (67). Profitability decreased mainly due to lower silver grade and increased cost of supplies and services.

14 February 2024 the company set a goal of producing 1.45- 1.55 million ounces of silver, annual EBITDA margin to be at least 28% and net debt-to-EBITDA to be below 2.0 at year end. 28 August 2024 the company updated the silver production guidance to 1.2 - 1.4 million ounces of silver. During the year, 497,000 ore tonnes were processed, and 1.17 million ounces of silver was produced. The EBITDA margin was 26%. The net debt-to-EBITDA ratio was 1.6 which was below the target (2.0).

### Changes in management

No changes took place in management.

### 2024 and beyond

In 2025, the focus will be on maintaining the company's profitability and continuing the work to improve future success factors, including extending the Life-of-Mine (LOM), carrying out exploration in the Kainuu area and ensuring the sustainability of operations. The required drilling for the LOM extension will start in 2024 and continue in 2025. Based on the drilling results, the target is to increase the LOM to 2035 by the end of 2025. Sotkamo Silver will also continue activities to enable exploration in the broader Kainuu area. Using modern modelling tools to analyse existing research data, the company aims to identify the exploration areas with the greatest potential in the Kuhmo-Suomussalmi greenstone belt and plan for more detailed exploration activities in those areas.

### Changes in equity

Convertibles in an aggregated nominal amount of SEK 0.7 million was converted to shares.

## Events after the reporting period

15 January 2025 Sotkamo Silver issued a profit warning, stating that silver production and EBITDA margin were somewhat lower than expected for 2024.

7 February 2025 released a significant milestone in its sustainability work. Sotkamo Silver's operations are strongly based on responsibility and locality. The company's sustainability performance is assessed using the industry specific Towards Sustainable Mining (TSM) Finland standard, in which the company achieved at least an A level in all areas of the standard, verified by an external evaluator in December 2024. Achieving level A requires a commitment to principles and goals that promote responsible operations, implementation of action plans, reporting on them and communication.

The company announced on 18 February 2025, that a vehicle had caught fire in its underground mine, leading to a temporary suspension of production. The fire was successfully extinguished, employees evacuated safely, and damage assessment work began on the same day. The company gradually resumed mining operations from 20 February 2025.

## Other information

### Company in brief

Sotkamo Silver is a mining and ore prospecting company that develops and utilizes mineral deposits in the Kainuu region in Finland.

### Employees

As of 31 December 2024, the Group employed 51 (47) people.

### Remuneration of senior executives

The primary purpose of remuneration is to attract, retain and motivate people and provide a competitive remuneration package. To ensure that remuneration is in line with the interests of shareholders, remuneration is based on the achievement of specific individual targets that are set annually by Board of Directors. If the award levels are close to the

maximum, the Board of Directives may delay part of the payment (max 50%) for the following year. The company's remuneration levels are systematically compared to the industry's general remuneration practices and long-term incentive programmes based on the development of the company's objectives.

The 2024 Annual General Meeting renewed the guidelines that essentially mean the company will offer its management team market-based remuneration, enabling the company to recruit and retain qualified employees. Remuneration can consist of the following components: (i) a fixed base salary, (ii) variable remuneration, (iii) pension benefits and (iv) other customary benefits. Variable remuneration is based partly on the profit targets set for the company as a whole and partly on the targets achieved by the individual. Variable remuneration may not exceed 40% of the fixed salary. Pension benefits are contribution-based and can amount to a maximum of 20% of the base salary.

The Board was also authorised, under special circumstances, to deviate from these remuneration guidelines in individual cases. Should this take place, information about the reasons for the deviation must be provided at the following Annual General Meeting.

In 2024, the company has complied with the guidelines for remuneration adopted by the Annual General Meeting.

The CEO and management have severance agreements from three to six months. On the CEO's side, the notice period is three months. The company may terminate the CEO contract with immediate effect. The notice period for other management is three months on both sides.

### Proposal on guidelines for senior executives for the 2025 Annual General Meeting

The Board's proposed guidelines concerning the salary and other remuneration of company management for the General Meeting on 24 April 2025 is in accordance with the provisions in chapter 8 of the Companies Act.

A successful implementation of Sotkamo Silver's business strategy and the safeguarding of Sotkamo Silver's long-term interests, including its sustainability, requires that Sotkamo Silver is able to offer its senior executives market-based remuneration that enables the Group to recruit and retain qualified employees. Company management and senior executives include the CEO and other members of the management team. The guidelines do not cover remuneration decided by the Annual General Meeting such as the remuneration to the members of the Board of Directors.

The remuneration to the company management may consist of the following components: (i) a fixed base salary, (ii) variable salary, (iii) pension benefits, (iv) customary benefits.

Variable salary is based on the achievement of profit targets set for the company as a whole and on the targets achieved by the individual and the completion of specific projects. Variable salary may not exceed 40% of the fixed base salary. Pension benefits are contribution-based and can amount to a maximum of 20% of the base salary.

In the case of termination by the employer, the notice period is a maximum of six months, and in the case of termination by the senior executive, the notice period is three months.

The Board of Directors may decide to temporarily deviate from the guidelines in whole or in part if there are special reasons to do so in an individual case and a deviation is necessary to meet the long-term interests, including sustainability, of the Sotkamo Silver Group or to safeguard the Group's financial viability.

### Parent company

The parent company's business consists of managing group-wide functions and handling stock market-related issues. Net result for the year was SEK -15 million. (-172) The relevant figures can be found in the parent company's balance sheet and income statements.

### Company information

Company name: Sotkamo Silver AB  
Business ID: 556224-1892

Address: Box 5216, SE-102 45 Stockholm, Sweden  
Registered office: Stockholm, Sweden

### Branch

The parent company has a branch in Finland whose business consists of administering group-wide functions.

### Company information

Company name: Sotkamo Silver AB, Branch in Finland  
Business ID: 2946859-8  
Address: Hopeatie 20, 88600 Sotkamo, Finland  
Registered office: Sotkamo, Finland

### Impact of operations on external environment

The Group reports in its annual report in accordance with the Swedish Accounting Act (Årsredovisningslagen, ÅRL Chapter 6, Section 1) on its permit- and notification-required activities and their environmental impact. The Group's operational activities take place primarily in Finland, and it adheres to Finnish environmental legislation in its operations. The reporting covers the status of permit- and notification-required activities, any missing permits, the Group's dependence on them, and significant requirements under Finnish environmental legislation.

The Group reports in the sustainability report on the main environmental impacts, such as emissions to air, water, and soil, as well as waste and noise. The nutrient load limits for water were exceeded for nitrogen and phosphorus in 2024. This is also detailed in the sustainability report.

The Silver Mine's environmental permit covers its operations and is valid indefinitely. Additionally, the Group submitted a separate permit application in 2024 to increase the height of the existing tailings storage facility dam. This environmental permit application for the dam raise ensures sufficient deposition capacity for production needs in the coming years.

The Group also submitted a separate environmental permit application in 2024 to expand the existing tailings storage facility. The expansion, as outlined in the environmental permit application, secures adequate deposition capacity to extend the mine's operational life until 2035.

In addition to the tailings storage facility permit applications, the Group applied in 2024 for a higher annual total phosphorus emission limit. The requested change does not pose a risk to the ecological status or recreational use of nearby water bodies. With the increase in the total phosphorus emission limit as outlined in the permit application, the Group can continue using its current phosphorus-containing but environmentally safe chemical in its production.

### **Sustainability report**

The statutory sustainability report in accordance with the Annual Accounts Act (ÅRL) comprises pages 19–32.

### **Significant risks and uncertainties**

Significant risks and uncertainties facing the company are described in the Corporate Governance Report on pages 45–49.

### **Treasury shares**

The company does not hold any own shares.

Amount in million SEK

Group	2024	2023	2022	2021	2020
Sales revenue*	412.2	410.3	370.9	386.8	365.5
Other income*	1.4	1.5	11.1	0.6	11.6
Result for the year	-16.4	27.2	-27.8	-17.5	-46.7
Balance sheet total	698.7	697.4	642.5	663.6	658.0
Result per share, before dilution (SEK)	-0.06	0.10	-0.14	-0.09	-0.26
Result per share, after dilution (SEK)	-0.06	0.08	-0.14	-0.09	-0.24
Equity per share, before dilution (SEK)	1.01	1.04	1.22	1.24	1.18
Equity per share, after dilution (SEK)	0.88	0.91	1.03	1.18	1.11
Equity/assets ratio, %**	41.3	42.5	37.9	37.5	32.2
Quick ratio, %**	75.0	100.9	46.4	27.2	68.7
Cash and cash equivalents	88.3	78.9	0.8	36.7	35.4
Average number of employees	51.0	46.0	51.0	53.0	51.0

\*Sales revenue and other income for 2023 restated as described on page 60.

Parent company	2024	2023	2022	2021	2020
Sales revenue*	1.5	0.0	0.0	0.0	-0.1
Other income*	0.0	0.0	0.0	0.6	0.2
Result for the year	-15.1	-171.9	-292.0	32.7	-5.6
Balance sheet total	346.7	324.2	440.3	713.5	646.1
Result per share, before dilution (SEK)	-0.05	-0.60	-1.46	0.16	-0.03
Result per share, after dilution (SEK)	-0.05	-0.60	-1.46	0.16	-0.03
Equity per share, before dilution (SEK)	0.73	0.79	1.84	3.29	3.21
Equity per share, after dilution (SEK)	0.64	0.70	1.55	3.13	3.02
Equity/assets ratio, %**	60.6	69.2	83.6	92.5	89.4
Quick ratio, %**	9	67	224	68	61
Cash and cash equivalents	0.7	2.9	0.7	31.5	5.0
Average number of employees	0	0	0	0	1

Alternative key performance measures are marked with \*\*. For more detailed definitions, please see section Definitions on pages 84-87.

Proposed allocation of the parent company's result, SEK

Share premium reserve	503,305,617
Retained earnings	-570,229,384
Result for the year	-15,105,541
	-82,029,308

The Board of Directors proposes that the share premium account, the retained earnings and the result for the year, totalling SEK -82,029,308, be carried forward.



# Corporate Governance Report

As a limited liability company incorporated in Sweden, Sotkamo Silver AB is governed under the provisions of the Swedish Companies Act and its Articles of Association. The Board of Directors has responsibility for control and management of the company, and the chief executive officer holds the day-to-day responsibility. Shareholders participate in the control and management of Sotkamo Silver through actions taken at general meetings.

The Board of Directors at Sotkamo Silver AB sets the standard for the company's business. The importance of good corporate governance is implicit in this philosophy. It is the duty of the Board of Directors to serve as a prudent fiduciary for shareholders and to oversee management. To fulfil its responsibilities and to discharge its duty, the Board of Directors follows the procedures and standards that are outlined in the Swedish Corporate Governance Code and the Guidelines issued by NGM Equity stock exchange, Stockholm. Sotkamo Silver applied the Code in 2024, except that it does not have a Remuneration Committee. The Swedish Corporate Governance Code is based on the principle of comply or explain. This means that Sotkamo Silver does not always have to comply with every rule in the Code.

If the Company finds that a certain rule is inappropriate due to particular circumstances, it can choose another solution than that found in the Code. However, the company must clearly state that it has not complied with the rule, along with an explanation of the company's preferred solution and the reason for this. The company must also give an account of how it has applied the Code in an annual corporate governance report, including alternative solutions and the reasons for them.

The company applies the Swedish Corporate Governance Code, except that it does not have a Remuneration Committee, as the Board believes that such committee work is so important that the entire Board is engaged in these issues. The Swedish Corporate Governance Code is available at [bolagsstyrning.se](https://bolagsstyrning.se).

The foremost aims of corporate governance are to promote an active and responsible ownership; to uphold a transparent and sound balance of power between owners, board and corporate management; and to ensure correct and accessible corporate information for the shareholders, the capital market and society.

The Board of Directors is responsible for ensuring that the company's organisation is structured in such a way that the company's financial circumstances can be adequately controlled and that external financial information such as interim Reports and annual reports are prepared in accordance with the relevant accounting standards, legal requirements and other rules and directives applicable to listed companies. Sotkamo Silver applies the IFRS Accounting Standards as adopted by the European Union.

The Company has also chosen to report mineral resources and ore reserves according to the 2012 JORC Code.

Interim reports are issued by the CEO on behalf of the Board and examined by the Audit Committee and then by the Board as a whole. The CEO ensures that financial accounting in the group companies is carried out in compliance with legal requirements and that financial management is conducted in a satisfactory manner.

The Board ensures the quality of the Group's financial reporting and deals not only with the company's financial reports and significant accounting matters, but also matters related to internal control, compliance with rules, reliability of reported values, events after the balance sheet date, changes in estimates, judgments and other conditions that affect the quality of the financial statements.

## Risks and risk management

Sotkamo Silver works continuously to assess and evaluate risks that the Group is, and may be, exposed to.

The CEO and the Board are responsible for specifying and implementing day-to-day risk management procedures and for ensuring that risks are taken into account in the Group's strategic planning.

The CFO coordinates risk management activities and risk reporting.

Sotkamo Silver divides its risks into three main categories: financial, operational and other risks.

## Direct or indirect shareholdings in the company, representing at least one-tenth of the voting rights of all shares in the company

A list of the company's largest shareholders is available on page 10 and is updated on an ongoing basis on the company's website.

## Nomination Committee

The Annual General Meeting adopts the following guidelines for the nominating process. The owner that holds the largest number of shares and voting rights, based on statistics from Euroclear Sweden AB on 31 August, appoints a Nomination Committee of three people after consultation with the three next biggest shareholders. The Nomination Committee for the 2025 Annual General Meeting comprises Harri Widing, Vesa Heikkilä and Matti Saarikoski. Lawyer Peter Vennerstrand is the secretary of the Nomination Committee. Peter Vennerstrand receives initiatives and proposals and answers shareholders' questions regarding the Nomination Committee. The Nomination Committee's task is to present proposals to the Annual General Meeting regarding the number of Board members, the composition of the Board and fees payable to Board members as well as any special fees payable for Committee assignments.

The Nomination Committee presents proposals for the Chair of the Board and the Chair presiding over the Annual General Meeting and, where applicable, on auditors and their fees. The Chairman of the Nomination Committee is appointed by the Nomination Committee. The Nomination Committee's mandate continues until the appointment of a new Nomination Committee. If a member of the Nomination Committee leaves the Committee before its assignment has been completed, or if a material change occurs in the ownership after the appointment of the Committee, the Nomination Committee's composition is changed in accordance with the above principles.

Changes in the composition of the Nomination Committee are published on the company's website.

The Nomination Committee applied as a diversity policy rule 4.1 of the Code, according to which the Board is to have a composition appropriate for the company's operations, phase of development and other relevant circumstances. The Board members elected by the shareholders' meeting are collectively to exhibit diversity and breadth of qualifications, experience and background. The company is to strive for gender balance on the Board. The Nomination Committee's proposals are publicly announced in connection with the publication of the notice of the Annual General Meeting. In connection with its assignment, the Nomination Committee is required to fulfil the duties which, according to the Swedish Corporate Governance Code, are to be considered in the company's nominating process, and at the Committee's request, Sotkamo Silver must provide personnel resources, such as a secretarial function for the Nomination Committee, to facilitate the Committee's work. If required, Sotkamo Silver must also bear reasonable costs for external consultants, which the Nomination Committee deems necessary for the Committee to fulfil its assignment.

The Nomination Committee has met three times during the year and has also been in contact by telephone. Information on how shareholders can submit proposals to the Nomination Committee has been available on the company's website. The Nomination Committee's task is to ensure that the Board is made up of members who together have the knowledge and experience that shareholders require from senior management. The

Nomination Committee's work also includes preparing the election of auditor.

### Annual General Meeting 23 April 2024

The following decisions were made at the meeting: The income statements and balance sheets for the parent company and the Group for the financial year 2023 were adopted. The meeting decided that no dividend would be paid. The members of the Board of Directors and the CEO were discharged from liability for the financial year.

The meeting decided that the Board would consist of six members without deputies. Jukka Jokela, Kimmo Luukkonen, Sixten Sunabacka, Eeva-Liisa Virkkunen and Mauri Visuri were re-elected as Board members. Joni Lukkaroinen was elected as a new member of the Board. Eeva-Liisa Virkkunen was re-elected as Chair of the Board.

The meeting decided to elect the auditing company KPMG as the company's auditor until the end of the 2025 Annual General Meeting with authorised auditor Ola Larsmon as auditor in charge until further notice. The meeting resolved not to authorise the Board of Directors to issue new shares or other financial instruments.

The company is governed by the General Meeting, the Board of Directors and the CEO in accordance with the rules and regulations of the law or other statute.

The General Meeting is the company's highest decision-making body. The General Meeting elects the members of the Board of Directors, adopts the income statement and balance sheet, decides on the allocation of profits and discharge from liability for the members of the Board of Directors, and adopts the remuneration to the Board of Directors and the auditor, as well as the terms of remuneration for the company's senior executives.

The General Meeting authorises the Board of Directors to make decisions on matters that do not concern day-to-day operations. All the shares in Sotkamo Silver have the same voting rights, with one vote per share. All shareholders who are registered in the share register and who

have notified the company of their participation in the meeting by the date specified in the notice have the right to participate in the company's meetings and vote their shares. Shareholders may also be represented by proxy at the meeting. The Board of Directors plays the main role in internal control and risk management.

### Articles of Association

The Articles of Association regulate the company's operations, share capital, appointment and dismissal of Board members. The Board of Directors must consist of at least three and no more than seven members. The Articles of Association also regulate how and within which period notice of meetings must be given.

### Members of the Board of Directors

The company's Board of Directors consists of six members. The work of the Board is led by Chair Eeva-Liisa Virkkunen. Jukka Jokela, Joni Lukkaroinen, Kimmo Luukkonen, Sixten Sunabacka and Mauri Visuri are members.

### Board of Directors

The Board is elected at the Annual General Meeting for the period until the next Annual General Meeting. The Board of Directors is responsible for the company's organisation and management. At the constitutive Board meeting immediately following the Annual General Meeting, the Board adopts rules of procedure that regulate its work and responsibilities of the Chair in greater detail. The Chair leads the work of the Board and monitors the business through continuous dialogue with the CEO, who manages the day-to-day administration. The division of work between the Board of Directors and the CEO is stated in the CEO's instructions, which are adopted at the constitutive meeting of the Board of Directors.

Each year, the Board is required to hold at least six meetings, one constitutive and five regular Board meetings. At its regular meetings, the Board discusses the CEO's report on operations regarding the company's economic and financial position, the report on the subsidiary and the report on operations. In addition, it adopts interim reports and year-end reports and approves the annual report with proposals for profit

allocation. The Board also reviews the rules of procedure, considers the budget for the coming year and decides on meetings and reporting for the coming year.

The Board of Directors plays the main role in internal control and risk management.

At the beginning of each year, the Board determines the themes to be addressed in addition to reviewing the business. Examples of such themes include interim reporting and budget work, visits to the mine and meetings with the auditor.

During the year, the Board held 19 board meetings. In addition, the Board of Directors has been in continuous contact about the company's operations and development. The year's board meetings mainly discussed

- the mining investment and cost development
- cash flow development
- sustainability and
- financing.

Joni Lukkaroinen participated in 14 , Jukka Jokela in 17, Eeva-Liisa Virkkunen and Kimmo Luukkonen in 18 board meetings and Sixten Sunabacka and Mauri Visuri in 19 board meetings.

### Remuneration of the Board of Directors

Decisions on the remuneration to the Board are made by the Annual General Meeting. The Annual General Meeting on 23 April 2024 decided that a total of EUR 169,600, excluding meeting fees, would be paid in remuneration to the Board of Directors and that the Chair would receive an annual remuneration of EUR 45,000, the Vice Chair would receive an annual remuneration of EUR 28,600 and the other Board members not employed by the Sotkamo Silver Group would receive an annual remuneration of EUR 24,000 each. In addition, it was decided that meeting fees of EUR 500 per meeting would be paid to each board member. A meeting fee of EUR 500 per meeting is paid to each member for work in the Audit Committee and other board committees.

### Remuneration of senior executives

The primary purpose of remuneration is to attract, retain and motivate people and provide a competitive compensation package. To ensure that remuneration is in line with the interests of shareholders, remuneration is based on the achievement of specific individual targets. The company's remuneration levels are systematically compared to the industry's general remuneration practices and long-term incentive programmes based on the development of the company's objectives. The 2024 Annual General Meeting renewed the guidelines that essentially mean the company will offer its management team market-based remuneration, enabling the company to recruit and retain qualified employees.

Remuneration can consist of the following components:

- (i) a fixed base salary, (ii) variable remuneration, (iii) pension benefits and (iv) other customary benefits. Variable remuneration is based partly on the profit targets set for the company as a whole and partly on the targets achieved by the individual. Variable remuneration may not exceed 40% of the fixed salary. Pension benefits are contribution-based and can amount to a maximum of 20% of the base salary.

The Board was also authorised, under special circumstances, to deviate from these remuneration guidelines in individual cases. Should this take place, information about the reasons for the deviation must be provided at the following Annual General Meeting.

In 2024, the company has complied with the guidelines for remuneration adopted by the Annual General Meeting.

## MEMBERS OF THE BOARD OF DIRECTORS



### Eeva-Liisa Virkkunen

Chair since 2020 and member of the Board since 2018

Eeva-Liisa Virkkunen (b. 1957) holds a master's degree in economics from the Helsinki School of Economics. Eeva-Liisa is Vice Chair of the Board of West Railway Ltd and Neova Oy and board member of Robit Oy. Eeva-Liisa is also chair of the Audit Committee in the previously mentioned companies. In 2014–2020, she held the position of senior vice president, group finance and control at Metso Corporation in Helsinki. Previously she has been member of the Board of Directors of Destia, Finland, and has handled board duties in several companies of the Metso Group and Rettig Group in Finland.

Shareholding (own or related party): 0. She is independent in relation to the company and management and major shareholders of the company.



### Sixten Sunabacka

Board member since 2020

Sixten Sunabacka (b. 1960) holds a master's degree in forestry from the University of Helsinki and an Executive MBA from Aalto University. He is the founder of SuFor Oy and currently serves as Chair of Oy Stockfors Ab, Oy Arbonaut Ltd, and the Finland's Forest Museum Foundation. Additionally, he is a board member and partner at MW Forest Sense AB in Sweden. His previous roles include CEO of Tornator Oy and director of the forest sector and bioeconomy for the Finnish government. Sixten has also held management and board positions within UPM Oy. He has contributed to the national forest sector and bioeconomy through his participation in various boards and national working groups.

Shareholding (own or related party): 0. He is independent in relation to the shareholders of the company.



### Kimmo Luukkonen

Board member since 2021

Kimmo Luukkonen (b. 1957) has a master's degree in mining engineering from the Helsinki University of Technology. Kimmo is senior adviser at X3 Advisors Group in Finland. Kimmo has a total of 35 years of experience in management positions in the mining industry in Finland and abroad. Kimmo was managing director of Pyhäsalmi Mine Oy in Finland in 2009–2020 and during the period 2001–2009 he held managerial positions in Inmet Mining Corporation in Turkey, Nalunaq Gold Mine A/S in Greenland and Tara Mines Ltd and Outokumpu Oy in Ireland.

Shareholding (own or related party): 0. He is independent in relation to the company and management and major shareholders of the company.



### Jukka Jokela

Board member since 2022

Jukka Jokela (b. 1954) has a master's degree in geology and mineralogy from the University of Turku. Jukka has long and comprehensive experience in the international exploration and mining industry. Jukka is the managing director and founder of Joexco Oy, Finland; senior advisor at FinEx Metals Ltd, Canada; and board member of Endomines Oy, Finland. He was previously CEO of Anglo American Sakatti Mining Oy, Finland; VP Finnish operations of Northland Resources AS, Norway; and CEO of Northland Mines Oy, Finland. Jukka has also held various senior positions at Store Norske Gull AS, Norway; Polar Mining Oy, Finland; and Outokumpu Mining Oy, Finland.

Shareholding (own or related party): 0. He is independent in relation to the company and management and major shareholders of the company.



### Mauri Visuri

Board member since 2023

Mauri Visuri (b. 1957) has a master's degree in economics from the University of Vaasa and a degree in mechanical engineering. Mauri is the CEO and chair of the board of Teknoventure Oy. Mauri has been active in the financial and capital markets for several years and has extensive experience in the mining and process industry. In addition, he has held over twenty-five positions as board member (chair or member) of listed and unlisted companies. Mauri has been CEO of four different companies since the late 1980s.

Shareholding (own or related party): 105,957 through companies. He is independent in relation to the company and management and major shareholders of the company.



### Joni Lukkaroinen

Board member since 2024

Joni Lukkaroinen (b. 1965) has a master's degree in engineering from the Helsinki University of Technology. Joni is the Chairman of the Board at Laania Oy, Ductor Oy and Extron Engineering Oy, and a board member at Lukkaroinen Arkkitehdit Oy. Joni has over 35 years leadership experience in the heavy base industries – Metals and Mining, Oil and Chemicals and Forest Products. Last 8 years Joni was the CEO of Terrafame Oy, before that CEO of Kronochem Group and before that various leadership positions at Finnforest Oy, Dynea Oy and Neste Oy.

Shareholding (own or related party): 0. He is independent in relation to the company and management and major shareholders of the company.



## COMPANY MANAGEMENT



**Mikko Jalasto**  
CEO and Managing Director of  
Sotkamo Silver AB and Sotkamo Silver  
Oy since 2022

Mikko Jalasto (b. 1976) has a MSc (Eng.) from the University of Technology in Helsinki. Mikko has strong industrial experience gained both in Finland and abroad.

Mikko worked as Chief Operating Officer (COO) from January 2021 before becoming CEO.

Shareholding (own or related party):  
250,000.



**Tommi Talasterä**  
Group Chief Financial Officer (CFO)  
since 2021

Tommi Talasterä (b. 1973) has a master's degree in business administration from Hanken School of Economics in Helsinki. Tommi has over 20 years of experience in managerial positions in finance in both the mining and service sectors.

Shareholding (own or related party):  
187,500.



**Arttu Ohtonen**  
Chief Sustainability Officer (CSO)  
since 2021

Arttu Ohtonen (b. 1983) has a MSc (Eng.) in process and environmental engineering from the University of Oulu. From 2012, Arttu worked as the subsidiary's Environmental Manager.

Shareholding (own or related party):  
25,000.



**Pasi Määttä**  
Chief Operating Officer (COO) since  
2022

Pasi Määttä (b. 1970) has a MSc (Eng.) from the University of Oulu. Pasi has over 20 years of experience in various positions in the mining and process industry. Pasi worked as a mine manager from September 2021 before becoming the Chief Operating Officer (COO).

Shareholding (own or related party):  
56,117.

## Committee work

### Audit Committee

The Audit Committee consists of Eeva-Liisa Virkkunen and Kimmo Luukkonen. During the year, the Committee held eight meetings. Both members participated in each committee meeting.. The Committee mainly reviews and examines the quarterly reports, but also ensures the company's internal control, primarily regarding the financial statements. In 2024, the Committee and companies followed the same IFRS accounting rules as in the previous year, which the Company is required to apply. The auditor attended five of the Audit Committee's meetings during the year.

The Audit Committee's tasks include:

- monitoring financial reporting and ensuring its reliability
- ensuring the effectiveness of the internal control system
- planning and determining the scope of and following up on the year's external audit
- providing assistance to the Nomination Committee regarding the proposal for auditor
- monitoring the external auditor's impartiality and independence in relation to the company, including the extent to which the auditor provides the company with services other than auditing.

### Remuneration Committee

The Remuneration Committee consists of the entire Board of Directors. All matters relating to the remuneration of employees in the Group are considered to be of the utmost importance. Thus, the Board of Directors is of the opinion that these matters are best addressed by the Board as a whole together with the CEO.

### Technical Committee

The Technical Committee consists of the entire Board of Directors. All matters relating to exploration and mining are considered to be of the utmost importance. Thus, the Board of Directors is of the opinion that these matters are best addressed by the Board as a whole.

## Internal control

### Definition of internal control

Internal control is the process influenced by the Board of Directors, management and other personnel designed to provide the Board of Directors with reasonable assurance that the company's targets are achieved in the following areas:

- purposeful and efficient operations
- reliable financial reporting
- compliance with applicable laws and regulations.

A description of how internal control over financial reporting is organised.

### Control environment

The foundation for internal control over financial reporting is laid by the control environment, including the organisation, decision paths, powers and responsibilities. This has been documented and communicated in governing documents such as internal guidelines, manuals and codes, including, for example, the division of tasks between the CEO and the other bodies established by the Board, as well as instructions for authorisation and accounting and reporting instructions. The Company works actively on risk assessment and risk management to ensure that the risks to which the company is exposed are managed within the established framework.

In the risk assessment, attention has been paid to matters such as significant balance sheet and income statement items, where the risk of material error could arise. Control activities are carried out monthly based on this risk assessment, both in the form of preventive guidelines and observation reconciliations.

### Information and communication

Guidelines and manuals are continuously updated and communicated internally within the Group.

### Follow-up

The Board receives monthly financial reports and discusses the financial situation of the company and Group at each Board meeting.

In 2024, special emphasis was placed on the follow-up of the operational performance, liquidity forecast and profitability development. Production has been a particular focus area, with follow-ups of revenues and costs as well as liquidity forecasts.

### Evaluation and position regarding a special internal audit function

Due to the limited scope of operations, the Board of Directors is of the opinion that no special internal audit function is needed and that internal control can be performed through the organisation and working methods described above.

## Audit

The company's auditors review the financial statements and the management of the company by the Board of Directors and the CEO.

The auditors are appointed annually by the General Meeting. The audit firm KPMG was elected auditor at the Annual General Meeting on 23 April 2024, with Ola Larsmon as auditor in charge, for the period until the end of the 2025 Annual General Meeting. Ola Larsmon does not hold any shares in Sotkamo Silver AB. According to the resolution of the Annual General Meeting, reasonable audit fees shall be paid based on an invoice. In 2024, remuneration to the auditor amounted to SEK 2.2 million (2.0). During the year, the auditor participated in several meetings of the Audit Committee.

The company's auditor performed a general review of the interim report for the period January–September 2024.

## RISK FACTORS

Sotkamo Silver operates in an international cyclical industry that is exposed to fluctuations in metal prices. The business affects the surrounding environment, and working environment and safety risks are associated with many of the processes. Sotkamo Silver has a strong focus on the environment and safety work. In general, the risks to which Sotkamo Silver's operations are exposed can be divided into operational and financial risks. These risks and Sotkamo Silver's approach to managing them are described below.

<i>Risk</i>	<i>Risk description</i>	<i>Risk mitigation and comments for the year</i>
<b>Operational risks</b>		
<b>Mineral resources and ore reserve risk</b>	Estimates of mineral resources and ore reserves are inherently uncertain. Uneven distribution of metals in the mineralisation, density of drilling and samples, bias, inaccuracy and precision of sampling and analysis of the impact on the accuracy of the data used for interpolating the ore model. Consequently, the ore model and mining plans are best estimates and may contain misinterpretations and errors	Increasing the confidence level of mineral resources and ore reserves through continuous exploration, mining facility and development mitigates the risk and ensures the long-term viability of operations. Sufficient drilling and use of industry best practices in combination with quality assurance and quality control practices minimise the risk of data-driven errors in estimates.
<b>Geotechnical risk in underground mining</b>	Fall of ground in a decline or connecting drift can interrupt production, limit access to mining areas and put people working in the mine at risk.  A cave-in in one of the stopes in production will cause delays, possible ore losses and dilution, and extra costs due to handling oversize and installing additional support to regain access to one or more stopes but does not prevent operations in other areas of the mine.	The company utilizes geotechnical data (RQD and Q') and other applicable information in operational planning and installs engineered support for the tunnel network and for the stopes. The measures taken and their adequacy are monitored.  The company aims to the situation where it has several independent operating areas in the mine.
<b>Risk of unplanned interruption of production</b>	Large and highly developed machinery and equipment are used in mining operations. Unplanned interruptions can occur, for example, due to technical problems, injuries, accidents or strikes. This, in turn, can lead to delays and failure to reach production and cost targets.	Great emphasis is placed on training and maintenance as well as on identifying critical elements to minimise these risks during production. The company aims to minimise the total cost of the Group's damage risks. This is done by continuously developing damage prevention and damage limitation in the operations and by introducing and developing insurance solutions. The company has chosen to employ qualified personnel, most of whom have long experience in the position in question.

<i>Risk</i>	<i>Risk description</i>	<i>Risk mitigation and comments for the year</i>
<b>Operational risks</b>		
<b>Environmental risk</b>	<p>Environmental risk management and risk assessment consider both inherent and external environmental risks. Inherent risks are direct risks in mining operations. External risks include, for example, climate change and extreme weather conditions that could affect the mining area.</p> <p>The results of mining operations have a direct impact on the environment. The operations generate waste streams that must be processed in accordance with circular economy principles to minimize the environmental impacts of the operations and maximize resource efficiency. The unutilized mining waste must be deposited in the designated mine waste areas to ensure environmental safety.</p> <p>Releases into water may contain residues of chemicals and explosives, oil, leachate from the processed ore and waste rock. Releases into air may contain soot, dust, greenhouse and related gases. These releases are monitored according to environmental and other related legislative requirements.</p>	<p>The company has invested in the latest technology for water treatment and in mining waste deposition sites. The facilities fulfill the authorities' requirements, planning and executing follows BAT principles. Environmental operations are being regularly assessed by the TSM Finland (Towards Sustainable Mining) standard protocols.</p> <p>Extreme weather conditions have been taken into account in the planning of environmental investments. Water quality is sampled on an ongoing basis. Work on emissions is based on risk analyses, ongoing control and maintenance. The company is in regular contact with the licensing authorities.</p>
<b>Occupational health and safety risks</b>	<p>Mining work and following processes are carried out in a demanding environment including several known dangers and risk-factors. The operations involve, for example, handling chemicals, heavy machinery, vehicles and explosives that can injure workers. Accidents can occur and if they do, they will have a direct impact on the company's opportunities and value.</p>	<p>The company has invested in the development of safety culture and employs roles like Working Safety Manager, Mine Safety Manager and HSE expert. Mine Safety Manager is a certified mine safety officer. In order to control down the risks associated to all operations, systematic risk assessment together with safety audits are carried out. Systematic investigations of near-misses and workplace accidents with lessons-learned culture is in place.</p> <p>Main KPI, the number of lost time injuries for a million working hours (LTI), is discussed also at each Board meeting. The company's goal is to reach zero LTI.</p>



<i>Risk</i>	<i>Risk description</i>	<i>Risk mitigation and comments for the year</i>
<b>Operational risks</b>		
<b>Risk of skills supply</b>	The company is dependent on qualified personnel in different positions. The ability to retain current personnel and recruit new employees is central to the company's future development.	The company is working continuously on being an attractive employer to help it retain and recruit qualified personnel. The company maintains good cooperation with recruitment and staffing companies. As regards service providers, the company chooses the best available partners with good credentials and a strong financial standing.
<b>Supply of goods and services</b>	All of the company's operations depend on the continuous supply of equipment, supplies and services. Suppliers' goods and service production as well as logistics chains for inbound and outbound deliveries are sensitive to external influences and disturbances.	The company works actively to reduce these risks by having several qualified suppliers in each category and area. In cases where only one supplier is available, the risk is reduced through safety stocks and by identifying alternative supply solutions. Preventive risk management takes place on a continuous basis, but the organisation's ability to quickly adapt is also important in the management of supply risks.
<b>Permit risks</b>	Sotkamo Silver currently has all the necessary permits in place for the Silver Mine. Delays in the authorities' processing of permits may affect the company's production volumes.	The company has always maintained good communication with the relevant authorities and stakeholders. The company has implemented sustainability standard TSM Finland to further improve its operations according to the environmental and other permit requirements placed on the company.
<b>Image risk</b>	Negative publicity in national, local and/or social media and general opposition to the mining industry or the company itself. Deliberate media attacks.	Transparent communication and public relations with the media and other relevant stakeholders. Open and transparent information via press releases and the company's website.
<b>Risk of losing social licence</b>	The social license and acceptance of businesses and mining by all stakeholders are critical to successful operations. Undesired environmental impacts, conflicts with local stakeholders or failures regarding health and safety may affect stakeholder acceptance.	A sustainable and responsible approach to environmental issues and impacts, as well as transparent and timely reporting, are key factors in maintaining the social license and acceptance of the various stakeholders. Active collaboration with the local stakeholders, regular monitoring group meetings with the representatives from the local communities.

<i>Risk</i>	<i>Risk description</i>	<i>Risk mitigation and comments for the year</i>
<b>Financial and market risks</b>		
<b>Exchange rate and metal price risks</b>	Pricing terms for products are based mainly on metal exchanges, and ours are priced in USD. As a result, transaction exposure arises as exchange rates fluctuate between the moment the transaction is agreed and the moment it is settled. Changes in exchange rates and metal prices have a major impact on Sotkamo Silver's profit and cash flow	The company did not hedge the price or transaction risk related to sold metals in 2024. The company decided to implement silver metal price risk hedging with euro-denominated instruments in 2025 according to hedging policy approved by the Board of Directors.
<b>Translation risk</b>	The Group's balance sheet consists mainly of assets and liabilities in euros. Consequently, the company has an exposure of the net in the balance sheet in EUR/SEK as the Parent Company's accounting currency is SEK	Under the company's Treasury Policy, the company does not actively eliminate the effect of translation exposure through equity hedging.
<b>Refinancing and liquidity risks</b>	The risk that the company will be unable to obtain the requisite financing or meet its payment obligations due to insufficient liquidity.	<p>The company limits refinancing risk through diversification of counterparties, financing sources and maturities, and through good governance to ensure compliance with loan agreement terms. Current liquidity is available in the form of unutilized credit facility and is reviewed regularly.</p> <p>In June the company successfully negotiated with a new environmental collateral provider, resulting in the release of EUR 3.5 million in cash collateral.</p> <p>The company has continued to evaluate different various options to finance the future growth.</p>
<b>Interest rate risk</b>	The change in the market value of the debt and current cost in the event of a change in interest rates.	The company's senior loan is tied to a variable interest rate, which exposes the company to interest rate risk. The convertible loan and other minor loans are tied to a fixed interest rate. The Company does not currently work with interest rate derivatives. Smaller agreements as leasing agreements are dependent on market interest rates. The Company has chosen not to secure them.
<b>Energy price risk</b>	Changes in energy prices constitute a risk for our financial performance.	The company has hedged partially the electricity purchase price according to the policy approved by the Board of Directors.

Risk	Risk description	Risk mitigation and comments for the year
Other risks		
Geopolitical risks	<p>Instability and the emergence of new geopolitically unstable areas can also disturb manufacturing and deliveries, affect the company's raw material and transport costs as well as exchange rates and metal prices, which in turn affect the Group's financial results.</p>	<p>The company closely monitors events that may have a negative impact on the macroeconomic or geopolitical factors affecting its markets.</p> <p>The resurgence of great power competition, particularly between the US and China, dominates the geopolitical landscape. This rivalry manifests in trade wars, proxy conflicts, and shifting alliances.</p> <p>Rising authoritarianism, coups, and conflicts in the Global South, exacerbated by democratic backsliding and economical challenges, pose significant risk.</p> <p>Divergent economic conditions globally lead to fluctuating monetary policies and currency markets, creating uncertainty. The global resurgence of nationalism, fueled by economic and cultural anxieties poses challenges for companies operating in increasingly protectionists environments.</p> <p>The company works continuously on business continuity plans based on the possible consequences of such events.</p>
Cyber risks	<p>Various cyber risks ranging from identity fraud to attacks on the IT network and IT services and even process control systems have become increasingly common and may hit the company, causing financial damage and disruption to operations.</p>	<p>The company has taken steps to control the access and identity of the users who have access to the IT systems. Data networks are segmented and protected by security zones. In addition, virus protection, firewalls, and other technological methods for software and hardware are kept up to date, and best practices are applied to ensure cybersecurity. Staff are trained and kept aware of risks, and they alerted if the level of risk is found to be elevated.</p>



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## Consolidated statement of comprehensive income

Amount in million SEK	Note	2024	2023
Net sales		412.2	410.3
Other income		1.4	1.5
<b>Total</b>	<b>2</b>	<b>413.6</b>	<b>411.8</b>
Change in inventories		13.5	-2.8
Supplies		-220.1	-172.4
Other external expenses	3	-53.6	-51.4
Employee expenses	4	-44.3	-45.4
Depreciation and amortization	5	-76.5	-73.1
<b>EBIT</b>		<b>32.5</b>	<b>66.7</b>
Financial income	6	6.4	0.7
Financial expenses	7	-41.2	-37.4
<b>Net financial items</b>		<b>-34.8</b>	<b>-36.7</b>
<b>Income after financial items</b>		<b>-2.3</b>	<b>30.0</b>
Taxes	8	-14.1	-2.8
<b>Result for the year</b>		<b>-16.4</b>	<b>27.2</b>

Amount in million SEK	Note	2024	2023
Other comprehensive income			
<i>Items that may be reclassified to the income statement</i>			
Translation differences		9.4	-3.4
Cash flow hedges		-2.1	0.5
Income tax on cash flow hedges		0.4	-0.1
<b>Total comprehensive income for the year</b>		<b>-8.7</b>	<b>24.2</b>
Comprehensive income for the year attributable to:			
Parent company's shareholders		-8.7	24.2
Earnings per share, non-diluted (SEK)	16	-0.06	0.10
Earnings per share, diluted (SEK)	16	-0.06	0.08
Total number of shares		286,148,387	285,758,153

## Consolidated balance sheet

Amount in million SEK	Note	31 Dec. 2024	31 Dec. 2023
<b>ASSETS</b>			
Fixed assets			
Intangible fixed assets	9	0.3	0.3
Right-of-use assets	23	4.7	9.3
Tangible fixed assets	10	541.3	517.5
Deferred tax assets	8	0.3	0.0
Other non-current receivables	13, 25	2.3	33.6
<b>Total fixed assets</b>		<b>548.9</b>	<b>560.7</b>
Current assets			
Inventories		17.9	4.2
Trade receivables	25	30.3	37.6
Other current receivables	14, 25	9.0	8.2
Derivative instruments	28	0.0	0.5
Accrued income and prepayments	15	4.4	7.3
Cash and cash equivalents	19, 25	88.3	78.9
<b>Total current assets</b>		<b>149.8</b>	<b>136.7</b>
<b>Total assets</b>		<b>698.7</b>	<b>697.4</b>

Amount in million SEK	Note	31 Dec. 2024	31 Dec. 2023
<b>EQUITY AND LIABILITIES</b>			
Equity			
Share capital	16	275.9	275.5
Other contributed capital		236.6	236.3
Translation differences		24.4	15.0
Cash flow hedges		-1.3	0.4
Retained earnings		-231.0	-258.1
Result for the year		-16.4	27.2
<b>Equity attributable to the parent company's shareholders</b>		<b>288.3</b>	<b>296.3</b>
<b>Total equity</b>		<b>288.3</b>	<b>296.3</b>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Interest-bearing liabilities	17	190.0	226.4
Non-current lease liabilities	17	1.7	5.1
Non-current derivative liabilities	17, 25	0.0	4.1
Deferred tax liability		0.0	0.1
Provision for restoration of land	24	42.4	34.1
<b>Total non-current liabilities</b>		<b>234.1</b>	<b>269.8</b>
<b>Current liabilities</b>			
Interest-bearing liabilities	17	71.6	40.7
Current lease liabilities	17	3.8	5.4
Derivative instruments	28	1.6	0.0
Trade payables		53.0	53.8
Other current liabilities		18.0	3.8
Accrued expenses and deferred income	18, 25	28.3	27.6
<b>Total current liabilities</b>		<b>176.3</b>	<b>131.3</b>
<b>Total liabilities</b>		<b>410.4</b>	<b>401.1</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>698.7</b>	<b>697.4</b>

## Consolidated statement of changes in equity

Equity attributable to the parent company's shareholders

Amount in million SEK	Share capital	Other contributed capital	Translation differences	Cash flow hedges	Retained earnings incl. result for the year	Total equity
Opening equity on 1 Jan. 2023	274.9	212.5	18.4	0,0	-262.1	243.7
<b>Comprehensive income</b>						
Result for the year					27.2	27.2
<i>Other comprehensive income</i>						
Translation differences			-3.4	0.0		-3.4
Cash flow hedges				0.5		0.5
Income tax on cash flow hedges				-0.1		-0.1
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>-3.4</b>	<b>0.4</b>	<b>27.2</b>	<b>24.2</b>
<b>Transactions with shareholders</b>						
Decrease in share capital	-264.0				264.0	0.0
Bonus issue	260.0				-260.0	0.0
Share issue	4.6	23.7				28.4
<b>Total transactions with shareholders</b>	<b>0.6</b>	<b>23.7</b>	<b>0.0</b>	<b>0.0</b>	<b>4.0</b>	<b>28.4</b>
Closing equity on 31 Dec. 2023	275.5	236.3	15.0	0.4	-230.9	296.3
<b>Comprehensive income</b>						
Result for the year					-16.4	-16.4
<i>Other comprehensive income</i>						
Translation differences			9.4	0.0		9.4
Cash flow hedges				-2.1		-2.1
Income tax on cash flow hedges				0.4		0.4
<b>Total comprehensive income</b>	<b>0.0</b>	<b>0.0</b>	<b>9.4</b>	<b>-1.7</b>	<b>-16.4</b>	<b>-8.7</b>
Share issue and convertible loan conversion	0.4	0.3				0.7
Bonus issue	0.0				0.0	0.0
Share issue	0.0	0.0				0.0
<b>Total transactions with shareholders</b>	<b>0.4</b>	<b>0.3</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.7</b>
Closing equity on 31 Dec. 2024	275.9	236.6	24.4	-1.3	-247.3	288.3

## Consolidated cash flow statement

Amount in million SEK	Note	2024	2023
<b>Operating activities</b>			
Result for the period		-16.4	27.2
Items not affecting cash flow	20	118.3	107.3
Interest paid		-20.5	-17.7
Taxes paid		0.0	0.0
<b>Cash flow from operating activities before changes in working capital</b>		<b>81.5</b>	<b>116.8</b>
Increase (-)/Decrease (+) in inventory		-13.7	2.7
Increase (-)/Decrease (+) in operating receivables		41.8	0.0
Increase (+)/Decrease (-) in operating liabilities		2.1	-7.7
<b>Cash flow from operating activities</b>		<b>111.6</b>	<b>111.8</b>
<b>Investing activities</b>			
Acquisition of intangible assets	9	0.0	0.0
Acquisition of tangible fixed assets	10	-69.7	-46.7
Disposal of tangible assets		0.0	0.0
Increase in other financial assets		0.0	0.0
<b>Cash flow from investing activities</b>		<b>-69.7</b>	<b>-46.7</b>

Amount in million SEK	Note	2024	2023
<b>Financing activities</b>			
Share issue		0.0	38.6
Paid issue costs		0.0	-10.3
Amortisation of lease liabilities	17	-5.3	-8.2
Loans raised	17	0.0	0.0
Repayment of loans	17	-29.9	-4.6
<b>Cash flow from financing activities</b>		<b>-35.2</b>	<b>15.6</b>
Cash flow for the year		6.7	80.7
Cash and cash equivalents as at the beginning of the year		78.9	0.8
Foreign exchange differences in cash and cash equivalents		2.7	-2.6
<b>Cash and cash equivalents as at the end of the year</b>		<b>88.3</b>	<b>78.9</b>



## Parent company income statement

Amount in million SEK	Note	2024	2023
Net sales	2	1.5	0.0
Other income	2	0.0	0.0
<b>Total income</b>		<b>1.5</b>	<b>0.0</b>
Supplies		0.0	0.0
Other external expenses	3	-11.5	-25.3
Employee expenses	4	-2.5	-3.2
Depreciation	5	-0.1	-0.1
<b>EBIT</b>		<b>-12.6</b>	<b>-28.6</b>
Financial income	6	71.9	37.1
Financial expenses	7	-47.0	-160.8
<b>Net financial items</b>		<b>24.9</b>	<b>-123.8</b>
<b>Result before tax</b>		<b>12.3</b>	<b>-152.4</b>
Group contributions		-13.3	-16.7
Tax for the year	8	-14.1	-2.8
<b>Result for the year</b>		<b>-15.1</b>	<b>-171.9</b>

As the parent company has no transactions attributable to Other comprehensive income, no Statement of income has been prepared.

## Parent company balance sheet

Amount in million SEK	Note	31 Dec. 2024	31 Dec. 2023
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Intangible fixed assets</i>			
Mining rights	9	0.0	0.0
		<b>0.0</b>	<b>0.0</b>
<b>Tangible fixed assets</b>			
Machinery and equipment	11	0.1	0.2
		<b>0.1</b>	<b>0.2</b>
<b>Financial assets</b>			
Shares in Group companies	12	174.9	174.9
Receivables from Group companies		165.6	128.8
Other non-current receivables	13	0.0	0.4
		<b>340.6</b>	<b>304.0</b>
<b>Total fixed assets</b>		<b>340.6</b>	<b>304.2</b>
<b>Current assets</b>			
Receivables from Group companies		4.3	16.5
Other current receivables	14	0.7	0.4
Accrued income and prepayments	15	0.3	0.1
Cash at bank and in hand	19	0.7	2.9
<b>Total current assets</b>		<b>6.0</b>	<b>20.0</b>
<b>TOTAL ASSETS</b>		<b>346.7</b>	<b>324.2</b>

Amount in million SEK	Note	31 Dec. 2024	31 Dec. 2023
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	16	275.9	275.5
Reserve account		16.1	16.1
		<b>292.0</b>	<b>291.7</b>
<i>Unrestricted equity</i>			
Share premium account		503.3	502.9
Retained earnings		-570.2	-398.3
Result for the year		-15.1	-171.9
		<b>-82.0</b>	<b>-67.2</b>
<b>Total equity</b>		<b>210.0</b>	<b>224.4</b>
<b>Provisions</b>		0.0	0.0
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Long-term convertible loan	17	72.0	69.6
<b>Total non-current liabilities</b>		<b>72.0</b>	<b>69.6</b>
<i>Current liabilities</i>			
Trade payables		0.3	0.6
Short-term convertible loan	17	0.0	0.0
Other payables		62.4	28.1
Accrued expenses and deferred income	18	2.0	1.5
<b>Total current liabilities</b>		<b>64.7</b>	<b>30.2</b>
<b>Total liabilities</b>		<b>136.7</b>	<b>99.8</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>346.7</b>	<b>324.2</b>

## Parent company change in equity

Amount in million SEK	Share capital	Reserve account	Share premium account	Retained earnings incl. result for the year	Total equity
Opening equity on 1 Jan. 2023	274.9	16.1	479.2	-402.3	368.0
<b>Comprehensive income</b>					
Result for the year				-171.9	-171.9
Other comprehensive income					
Translation differences					
<b>Total comprehensive income</b>				<b>-171.9</b>	<b>-171.9</b>
<b>Transactions with shareholders</b>					
Bonus issue	260.0			-260.0	0.0
Share issue	4.6		34.0		38.6
Issue costs			-10.3		-10.3
Decrease in equity	-264.0			264.0	0.0
Total transactions with shareholders	0.6		23.7	4.0	28.3
<b>Closing equity on 31 Dec. 2023</b>	<b>275.5</b>	<b>16.1</b>	<b>502.9</b>	<b>-570.2</b>	<b>224.4</b>

Amount in million SEK	Share capital	Reserve account	Share premium account	Retained earnings incl. result for the year	Total equity
<b>Comprehensive income</b>					
Result for the year				-15.1	-15.1
Other comprehensive income					
Translation differences					
<b>Total comprehensive income</b>				<b>-15.1</b>	<b>-15.1</b>
<b>Transactions with shareholders</b>					
Bonus issue					
Share issue	0.4		0.3		0.7
Issue costs					
Decrease in equity					
Total transactions with shareholders	0.4		0.3		0.7
<b>Closing equity on 31 Dec. 2024</b>	<b>275.9</b>	<b>16.1</b>	<b>503.2</b>	<b>-585.3</b>	<b>210.0</b>

## Parent company cash flow

Amount in million SEK	Note	2024	2023
<b>Operating activities</b>			
EBIT		-12.6	-28.6
Adjustment for items not included in cash flow	20	0.1	0.1
Interest paid		-5.8	-5.9
Other financial expenses		0.0	0.0
Interest received		0.2	0.0
Taxes paid		0.1	0.0
<b>Cash flow from operating activities before changes in working capital</b>		<b>-18.0</b>	<b>-34.4</b>
<b>Cash flow from changes in working capital</b>			
Increase (-)/Decrease (+) in operating receivables		-0.5	0.2
Increase (+)/Decrease (-) in operating liabilities		5.2	8.4
<b>Cash flow from operating activities</b>		<b>-13.3</b>	<b>-25.9</b>
<b>Investing activities</b>			
Investment in tangible assets		0.0	0.0
Loans raised		0.0	-0.3
<b>Cash flow from investing activities</b>		<b>11.0</b>	<b>-0.3</b>

Amount in million SEK	Note	2024	2023
<b>Financing activities</b>			
Share issue		0.0	38.6
Issue costs		0.0	-10.3
New loans raised		0.0	0.0
Repayment of loans receivable		0.0	0.0
<b>Cash flow from financing activities</b>		<b>0.0</b>	<b>28.4</b>
<b>Cash flow for the year</b>		<b>-2.2</b>	<b>2.2</b>
Cash and cash equivalents at the beginning of the year		2.9	0.7
Foreign exchange gains/losses on cash and cash equivalents		0.0	0.0
<b>Cash and cash equivalents at the end of the year</b>		<b>0.7</b>	<b>2.9</b>



# Notes to the financial statements

## Note 1 Key accounting and valuation principles

### GENERAL ACCOUNTING PRINCIPLES

Sotkamo Silver AB, business ID 556224-1892, is a limited liability company registered in Sweden. The company's registered office is in Stockholm, and the address is Nybrogatan 34, 102 45 Stockholm. Sotkamo Silver's share is listed on NGM Equity in Stockholm. The company has a secondary listing on NASDAQ Helsinki.

The company is the parent company of Sotkamo Silver Group, which engages primarily in mining and related activities.

The annual report was approved for issuance by the Board of Directors on 31 March 2025. The balance sheets and income statements will be presented for adoption by the Annual General Meeting on 24 April 2025.

### BASIS OF PREPARATION

The consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as approved by the EU as well as IFRIC Interpretations. Furthermore, the Group also applies the Swedish Corporate Reporting Board's recommendation RFR 1 Supplemental Accounting Rules for Groups, which specifies the additions to IFRS disclosures required by the provisions of the Annual Accounts Act.

The parent company's accounting currency is the Swedish Krona (SEK), which is also the reporting currency for the Group and the parent company.

In the Group's accounting, items are measured at cost, with the exception of certain financial assets that are measured at fair value.

The parent company's accounting principles follow those applied by the Group except for the rules set out in the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The parent company's accounting principles are described under the heading Parent company's accounting principles.

The key accounting principles applied are described below. These principles have been applied consistently for the year presented, unless stated otherwise.

### NEW AND AMENDED STANDARDS APPLIED BY THE GROUP

The new standards that entered into force in 2024 did not have any significant impact on the Group's financial reporting nor any impact on the Group's result or financial position. The Group has not proactively applied new amended standards and amendments and interpretations of existing standards that have not yet entered into force.

### ESTIMATES AND JUDGEMENTS

To prepare financial statements in accordance with the IFRS, assessments and assumptions must be made that affect the disclosed asset and liability amounts, income and expense amounts, and other information disclosed in the financial statements. The estimates and judgements of the Board of Directors and management are based on past experience and forecasts of future development. The actual outcome may differ from these judgements.

### VALUATION OF INVENTORY

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

The Company recognized in the third quarter 2024 the value of its stocks of maintenance spare parts and consumables as a component of inventory. The change in accounting practice is consistent with the increase in the value of purchases of spare parts, consumables and maintenance services. Previously, spare parts and consumables purchases were expensed directly to the income statement, as the value of the inventory at the end of a reporting period was considered to be insignificant. The spare parts and consumables inventory value

was at the end of the year SEK 10 million, which was reflected on EBITDA through change of inventories.

### LEGAL DISPUTES

Sotkamo Silver regularly analyses and assesses outstanding legal disputes using external advisors to assess the need for provisions. See Note 22, Pledged assets and contingent liabilities.

### ASSET RETIREMENT OBLIGATION (ARO)

The company has made a provision for the restoration of the mining area. In the balance sheet, this reserve is recorded as a provision and a fixed asset, respectively. The asset is depreciated according to the same principle as the mining asset with production units (units-of-production method). Provisions for reclamation are made based on an assessment of future costs on the basis of current conditions.

Provisions are reviewed regularly, and updates are made if necessary when assessments of useful life, costs, technical requirements, regulations or other conditions change. See Note 10, Tangible fixed assets and Note 24, Provisions for land restoration.

### VALUATION OF FIXED ASSETS

Impairment tests for tangible and intangible assets are based on the company's internal business plan and assumptions about the future development of, for example, metal prices, smelting and refining wages and exchange rates. Changes in the market prices of metals, smelting and refining fees and exchange rates have a major impact on the Group's future cash flows and thus on estimated impairment.

Assumptions about the price development of metals, refining costs and exchange rates are made by company management with the support of external experts. Assumptions are reviewed annually and adjusted if required. For more information, see Note 10, Tangible fixed assets.

Capitalised preparations, facilities and equipment in mines are depreciated at the rate at which the ore extracted from the underlying mines is used, that is, using the unit-of-production method. The depreciation rates are based on ore reserves and

the mineral resources that are expected to be extracted from these. In turn, these estimates are highly dependent on ore reserves and consequently, on matters such as expected future metal prices. Changing circumstances may cause changes in the future depreciation rate.

Fixed assets are depreciated based on the useful life of individual assets.

#### MINERAL RESOURCES

Sotkamo Silver's mineral resources are divided into the categories probable or proven. The assessment is based on geological measurements and assumptions explained in more detail on pages 15–17. Sotkamo Silver's assessment of the size of its mineral resources affects the annual depreciation costs and impairment tests.

#### ACCOUNTING PRINCIPLES

##### Consolidated financial statements

The consolidated financial statements comprise the parent company and all the companies over which the parent company exercises a dominant influence through direct or indirect ownership. Dominant influence refers to companies in which Sotkamo Silver has influence, is exposed to or is entitled to variable returns from its involvement, and can use its influence over the company to affect its return. This is usually the case if the ownership and voting rights exceed 50%. The existence and impact of potential voting rights, which are currently exercisable or convertible, are taken into account when assessing whether the Group can exercise a dominant influence over another company. Subsidiaries are included in the consolidated financial statements from the date on which a dominant influence is acquired, and divested companies are included in the consolidated financial statements until the date of divestment, that is, until the date on which dominant influence ceases.

The consolidated financial statements are prepared in accordance with the acquisition method, which means that the acquisition cost of a business is the fair value of the consideration issued (including the fair value of any assets, liabilities and equity instruments issued). The acquired identifiable assets, liabilities and contingent liabilities are recognised at fair value at the acquisition date. For each acquisition, a decision is made whether to recognise non-controlling interests at fair value or at the proportionate share of the acquired company's net assets. If necessary, the subsidiaries' accounts are adjusted to comply with the same principles applied by other Group companies. All internal transactions between the Group companies and Group holdings are eliminated when preparing the consolidated financial statements.

##### Translation of foreign subsidiaries and other foreign operations

The functional currency is the currency of the primary economic environment in which the subsidiaries operate. Upon consolidation into the reporting currency, the balance sheets of foreign subsidiaries are translated at the exchange rates prevailing at the end of the reporting period and the income statement is translated at the average rates of the reporting period. Accrued exchange differences and accumulated translation differences related to the translation of subsidiaries are reported under other comprehensive income.

##### Revenue recognition

The Group's revenue consists primarily of the sales of silver concentrates and by-products. Sales are recognised 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 related to the flotation concentrate, the transaction price is calculated based on preliminary data on the amount of concentrate, metal content and metal price, less reimbursement for treatment costs and contaminant content. Final invoicing takes place when all the input parameters (concentrate quantity, metal content and price, contaminant content, etc.) have been determined. Any changes in the amount of concentrate and metal content in final invoicing are reported as net sales.

Silver concentrate is usually sold under pricing arrangements which means that the final price is determined based on quoted market prices for a specified period after the actual date of sale. Regarding these sales, the Group must estimate the transaction price to be received on the date of sale, considering relevant commodity market prices. Adjustments to the receivable due to changes in the quoted commodity prices are made up to the date of final pricing.

Previously, the Group presented product price adjustments due to differences between preliminary and final metal content calculations based on laboratory assays in net sales. Adjustments to the final product price due to changes in the market price after the market price estimate made on the trade date were reported in other operating income/expenses. As of the second quarter of the financial year, the Group has adopted a reporting procedure in which adjustments for both metal content and changes in market prices in the final sales revenue of products after an estimate made on the trade date are presented in the income

statement in net sales. In the financial statements for the financial year, the cumulative difference between the estimated selling price on the trading date and the final actual selling price for the year, both in terms of metal content and market price changes, is disclosed in Table A below.

Revenue from activities that are not part of ordinary activities is reported under other income.

The change in the reporting procedure corresponds to the general reporting practice of the industry and improves the comparability of financial statements with other operators in the same industry. The change does not affect the reported profit or loss or equity for the financial year. The information for net sales and other income for the comparison period 1.1.–31.12.2023 has been restated in accordance with the new reporting procedure in accordance with table B and C below, following the provisions of IAS 8.

MSEK	FY 2024	FY 2023
<b>Metal content adjustment in Net Sales</b>	-0.2	-1.0
<b>Market price adjustment in Net Sales</b>	-0.8	0.0
<b>Total</b>	-1.1	-1.0

Table A: Metal content and market price adjustment for metals included in Net Sales for the financial period 1.1.–31.12.2024 and the comparison period 1.1.–31.12.2023

MSEK	FY 2024	FY 2023
<b>Net Sales</b>	413.0	406.8
<b>Other income</b>	0.5	5.0

Table B: Net sales and other income in the financial statements presented in accordance with the previous reporting procedure

MSEK	FY 2024	FY 2023
<b>Net Sales</b>	412.2	410.3
<b>Other income</b>	1.4	1.5

Table C: Net sales and other income in the financial statements presented in accordance with the current reporting procedure

## FINANCIAL INSTRUMENTS

### Valuation principles

#### *Fair value*

Trade receivables are measured at fair value using market prices for metals from trading venues for metal derivatives, that is, the London Metal Exchange (LME) and the London Bullion Market Association (LBMA). The discount rates are based on current market rates per the currency and time to maturity of the financial instrument. Exchange rates are taken from the Riksbank, Sweden's central bank. Trade receivables are measured at level 2, that is, as instruments that are not traded in an active market but for which observable market data are used as the basis for the instrument's measurement (either directly or indirectly).

The fair value of other current receivables and trade payables is considered to be the same as the carrying value due to short maturity. For reasons of materiality, the fair value of other financial instruments is assessed to be essentially the same as the carrying value.

The company uses electricity price fixing agreements to hedge the electricity price risk. Derivatives are initially recognised at fair value on the day the derivative contract is entered into and subsequently remeasured at fair value at the end of each reporting period. The recognition of subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if it is, the nature of the item being hedged. The company identifies certain derivatives as hedges of a certain risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging relationship, the entity documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of hedging instruments are expected to offset changes in the cash flows of hedged items. The company documents its risk management objective and strategy to complete its hedging transactions. The fair value of derivative instruments designated in hedging relationships was SEK -1.6 million at the end of the year.

The effective portion of changes in the fair value of derivatives that are designated and meet the conditions for cash flow hedges is recognised in the cash flow hedge reserve in equity. The gain or loss attributable to the ineffective portion is recognised immediately in the income statement, under other gains/(losses).

The cumulative amounts in equity are reclassified in the periods when the hedged item affects profit or loss.

#### *Amortised cost*

Amortised cost is calculated using the effective interest method. This means that any premiums or discounts as well as directly attributable costs or income are accrued over the term of the contract using the calculated effective interest rate. The effective interest rate is the interest rate that gives the instrument's acquisition value as a result of the present value calculation of future cash flows.

#### **Classification and measurement category**

Sotkamo Silver assigns financial instruments into the following measurement categories and classifies the instruments at amortised cost, fair value through profit or loss or fair value through other comprehensive income, see also Note 25. The classification depends on the characterisation of the instrument and the business model within which it is held.

#### *Financial assets at amortised cost*

Financial assets categorised as amortised cost include cash and cash equivalents and other long- and short-term receivables. These financial instruments are characteristically debt instruments held within a "hold to collect" business model with the purpose of receiving cash flows from payments of principal and any interest.

Cash and cash equivalents include short-term investments with a maturity of no more than three months from the date of acquisition that can easily be converted into cash. Financial instruments in this category are initially recognised at fair value plus transaction costs and in subsequent periods at amortised cost. The expected maturity of other current receivables is short, which is why they are recognised at nominal amount without discounting in accordance with the amortised cost method.

Sotkamo measures the future expected credit losses related to investments in debt instruments recognised at amortised cost based on forward-looking information. The Group chooses the provisioning method based on whether there has been a significant increase in credit risk.

#### *Financial assets at fair value through profit or loss*

Financial assets in this category consist of trade receivables arising from the sale of silver and from electricity price fixing agreements hedging the electricity price risk. These trade receivables are initially recognised at fair value with any

transaction costs directly in the income statement. In subsequent periods, changes in fair value are recognised as other income. Further details are provided under "Revenue recognition", discussed above.

Financial assets are included in current assets except for items with maturities more than 12 months after the end of the reporting period, which are classified as non-current assets.

#### *Convertible loans*

Convertible loans are initially recognised at fair value and in subsequent periods at amortised cost. Where the convertible loan note has a separate equity component, the fair value of the debt component is determined using a discount rate based on the market rate of a loan with the same terms but without the share conversion right. The amount is recognised as a liability at amortised cost using the effective interest rate method until the loan note is converted or matures. The conversion right is initially recognised as the difference between the fair value of the financial instrument as a whole and the fair value of the debt component. The conversion right is initially recognised as the difference between the fair value of the financial instrument as a whole and the fair value of the debt component. The difference is reported under equity net of tax, or alternatively, if the conversion right does not meet the definition of equity under IFRS standards, as a liability.

At the beginning of April 2022, the company carried out a directed issue of convertibles with an aggregate nominal amount of up to EUR 6.4 million. During the third quarter 2024 convertibles in an aggregated nominal amount of EUR 60,018 was converted to shares. After the conversion, the aggregated nominal amount for the outstanding convertibles amounts to approximately EUR 6.3 million. The convertibles carry an annual interest of 8%. 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 that date. The conversion price at the time of issuance was 0.175 EUR per share and after the share issue the conversion price is 0.1538 EUR per share. The convertible contains two components: a conversion option component that will be recognised at fair value under the Black-Scholes model through profit and loss and a debt component that will be recognised at amortised cost using the effective interest method. At the inception date, the fair value of the conversion option was SEK 34 million and the fair value of the debt component was SEK 32 million. On 31 December 2024, the fair value of the conversion option was SEK 7 million and the fair value of the debt component was SEK 53 million. The fair value change during 2024 for the conversion option liability was SEK -3 million, and the effective interest rate cost recorded for the liability component was SEK 14 million.

#### Recognition and measurement

Purchases and sales of financial assets are recognised on the business day – the date on which the Group undertakes to buy or sell the asset. Financial assets are derecognised when the right to receive cash flows from the instrument has expired or been transferred, and the Group has transferred substantially all of the risks and rewards of ownership.

However, liabilities to credit institutions are not recognised until the settlement date. A financial liability is derecognised when the obligation in the contract has been fulfilled or if significant parts of the loan terms have been renegotiated.

#### Other financial liabilities

Financial liabilities mainly consist of liabilities to credit institutions and trade payables. The expected maturity of trade payables is short, which is why they are recognised at nominal amount in accordance with the amortised cost method when the amount is considered to correspond to the fair value. Liabilities to credit institutions are initially measured as the funds received less any set-up fees and are later valued at amortised cost.

Interest expenses are recognised on an ongoing basis in the income statement except for the part that is included in the acquisition value of tangible fixed assets. Accumulated set-up fees are recognised directly for the loan to the extent that the loan agreement's underlying loan commitment has been utilised and is accrued in the income statement as other financial expenses over the contractual loan term.

#### Assets and liabilities in foreign currency

Receivables, liabilities and derivatives in foreign currencies are converted into SEK at the rate on the balance sheet date. Exchange differences from operating receivables and operating liabilities are included in EBIT. Exchange differences from other financial assets and liabilities, including any income, are recognised under financial items.

#### Government grants and subsidies

Government subsidies refer to aid and support, the purpose of which is to provide an economic advantage, while government grants provide companies with resources that can be allocated to an undertaking. Government grants attributable to assets are recognised either as deferred revenue or as an item reducing the carrying amount of the asset.

#### Intangible fixed assets

Intangible fixed assets include licences, other similar rights and exploration rights obtained in business combinations.

Separately acquired intangible assets are recognised at cost. Intangible assets acquired through a business combination are recognised at fair value on the acquisition date.

Intangible assets have a determinable useful life and are recognised at cost less accumulated amortisation and impairment losses. Other intangible fixed assets, excluding exploration rights, are amortised over an estimated useful life of 10 years. For exploration rights, see below.

Exploration rights and research and development costs related to exploration and evaluation assets

Sotkamo Silver's research and development mainly consists of exploration. The company also engages in the development of mining and concentration processes. Research expenditure is expensed when it arises. Where the economic potential has been determined for the extraction of a mining deposit, the expenditure is expensed up to this point. Exploration and evaluation assets are measured at cost. The following are examples of expenses that can be included in the acquisition cost of exploration and evaluation assets: acquisition of prospecting rights; topographical, geological, geochemical and geophysical studies; exploratory drilling; trenching; sampling; and activities related to the evaluation of the technical feasibility and commercial viability of extracting a mineral resource. Additional principles are described under tangible and intangible fixed assets. Exploration rights obtained in business combinations have been treated as intangible assets.

#### Tangible fixed assets

Land, plant and equipment and associated costs for development, preparatory production measures and future reclamation costs are recorded at acquisition cost less depreciation and any impairment.

Repair and maintenance costs are expensed, major improvements and replacements are capitalised.

Projected future costs for the dismantling and removal of a tangible asset and the restoration of the place or area where the tangible asset is located (reclamation costs) are capitalised. The capitalised amount consists of projected discounted

costs which are simultaneously reported as provisions. The effects of subsequent events that result in costs exceeding the provision are discounted, capitalised as fixed assets and increased provisions and depreciated over the remaining life of the asset.

Deferred mining costs consist partly of waste rock excavation to access the ore body, and partly of work related to infrastructure facilities, roads, tunnels, shafts and inclined drifts, as well as service, electricity and air distribution facilities. Costs for preparation incurred to expand mining capacity, develop new ore bodies and prepare mining areas for future ore production are capitalised.

#### DEPRECIATION POLICIES FOR TANGIBLE FIXED ASSETS

Depreciation is based on the acquisition cost and estimated useful life. Depreciation of an asset begins when it can be used.

Facilities and capitalised values included in preparations are depreciated according to the unit-of-production method that is based on the ore reserves and partly on the mineral resource in the ore body. Depreciation is carried out to the estimated residual value. The estimated residual values and production capacity are regularly tested. Facilities that are not directly linked to production capacity are depreciated based on asset's expected life. The estimated useful life is based on the assumption that the necessary environmental permits can be obtained. The following estimated useful lives are applied to tangible fixed assets, including future reclamation costs: Preparations and capitalised restoration costs in parallel with metal extraction.

- Buildings 81 months
- Land improvements 81 months
- Machinery 81 months
- Equipment, tools and installations 81 months

Sotkamo Silver applies component depreciation, which means that larger process facilities are divided into sub-components with different useful lives and thus different depreciation periods.

#### IMPAIRMENT

On each reporting date, an assessment is made to determine whether there is any indication of impairment of the Group's assets. If this is the case, the asset's recoverable amount is calculated. Intangible assets are subject to annual impairment tests even if there is no indication of impairment. The recoverable amount of an asset is the higher of its value in use and the value received if the asset were sold to an independent party, calculated as the fair value less costs to



sell. The value in use is the present value of all incoming and outgoing payments attributable to the asset during its expected use in operations, plus the present value of the net realisable value at the end of the asset's useful life. The period the asset is expected to be used is based on the assumption that the necessary environmental permits can be obtained. If the estimated recoverable amount is less than the carrying amount, a write-down is made to the asset's recoverable amount. Impairment losses are recognised in the income statement. Impairments are reversed if changes in the assumptions leading to the original impairment mean that the impairment is no longer warranted. Impairments are not reversed to such an extent that the carrying amount exceeds the value that would have been reported, after deduction of planned depreciation and amortisation, if no impairment had been made. Impairment reversals are recognised in the income statement. Goodwill impairment is not reversed. See also the section on Valuation of fixed assets.

#### LEASING

**The Group leases various buildings, mining machinery, equipment for concentration plants and crushing plants.**

Leases are recognised as right-of-use assets and corresponding liability on the date on which the leased asset becomes available for use by the Group. Each lease payment is divided into debt amortisation and financial expense.

The financial expense must be distributed over the lease period so that an amount corresponding to a fixed interest rate for the liability reported in the respective period is allocated to each accounting period. The right of use is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term.

Assets and liabilities arising from leases are reported initially at present value. Lease liabilities comprise the present value of the following lease payments:

- fixed fees (including fees that are fixed in substance), less incentive receivables
- Amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a call option, if it is reasonably certain that the lessee will exercise the option, and the lease payments are discounted at the implicit interest rate if it can be determined, and otherwise at the margin loan rate.

Right-of-use assets are measured at cost and include the following:

- the amount the lease liability was originally valued at SEK 71.6 million
- leasing fees paid on or before the commencement date, after deduction of any benefits received in connection with the signing of the lease
- initial direct expenses

Payments for short-term contracts and leases of lesser value are expensed on a straight-line basis in the income statement. Short-term contracts are contracts with a lease term of 12 months or less.

Options to extend or terminate contracts are included in the asset and liability when it is reasonably certain that they will be exercised.

Terms are applied to maximise flexibility in the management of contracts.

#### TAXES

The tax expense (income) for the period comprises current tax and deferred tax. Taxes are recognised in the income statement, other comprehensive income or equity depending on where the underlying transaction has been recognised. Current tax is the tax calculated on the taxable profit (loss) for the period. The taxable profit (loss) for the year differs from the reported profit (loss) for the year before tax in that it has been adjusted for non-taxable and non-deductible items as well as temporary differences. The Group's current tax is calculated according to the tax rates prescribed or announced at the balance sheet date.

The company's claim for adjustment regarding the tax treatment of unrealized exchange rate gains was rejected by Supreme Administration Court, which had a negative effect of SEK 15 million on result.

Deferred tax is reported using the balance sheet method. According to it, deferred tax liabilities are reported in the balance sheet for all taxable temporary differences between the reported and fiscal values of assets and liabilities. Deferred tax assets are recognised in the balance sheet in respect of losses carried forward and all deductible temporary differences to the extent that it is probable that the amounts can be used to offset future taxable surpluses. The carrying amount of deferred tax assets is tested at each closing date and reduced to the extent that it is no longer probable that sufficient taxable surpluses will be available. Deferred tax is calculated according to the tax rates expected to apply for the period in which the asset is recovered or the liability is settled. Both deferred and current tax assets and tax liabilities are offset when they are related to income tax levied by the same tax authority.

#### PROVISIONS

Provisions are recognised when the Group has or can be assumed to have an obligation as a result of past events and it is probable that payments will be required to fulfil the obligation. A further prerequisite is that it is possible to reliably estimate the amount to be paid.

When a significant effect arises as to the point at which a provision is made, the provision is measured at the present value of the amount expected to be required to settle the obligation. Here, a pre-tax discount rate is used that reflects current market assessments of the time value of money and the risks associated with the provision. The increase due to the passage of time is reported as an interest expense. Provisions are divided into a current and non-current part.

With the exception of pensions (see separate section), Sotkamo Silver's provisions primarily refer to reclamation costs that are expected to arise when an operation is discontinued. Provisions are also made for any remuneration payable upon termination of employment when an employee has received notice of termination or accepts voluntary redundancy. A provision and an expense are recognised in connection with a termination if Sotkamo Silver is obligated to either give notice of termination prior to the normal end of employment or provide remuneration to encourage early retirement.

#### CONTINGENT LIABILITY

A contingent liability is a potential liability arising from past events, the realisation of which depends on one or more uncertain future events and is outside the control of the Group. A contingent liability may also be an existing obligation that is not recognised in the balance sheet because it is unlikely that an outflow of resources will be required or because the size of the obligation cannot be reliably calculated.

## SHARE CAPITAL

Ordinary shares are classified as share capital. Transaction costs related to a new share issue are reported as a deductive item, net of tax, from the issue proceeds received.

## SEGMENT AND GEOGRAPHICAL MARKET INFORMATION

A small integrated organisation, Sotkamo Silver comprises a single segment for mining, concentration and exploration. Mining and concentration are located at the silver mine in the municipality of Sotkamo in Finland, and exploration is carried out by geologists at the silver mine.

## PARENT COMPANY'S ACCOUNTING PRINCIPLES

The parent company's annual financial statements have been prepared in accordance with the Annual Accounts Act, the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for Legal Entities and statements issued by the Corporate Reporting Board. Under RFR 2, the parent company must, in the accounts for the legal entity, apply all EU-approved IFRS Accounting Standards and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and with due regard to the connection between reporting and taxation. The recommendation specifies the exceptions and additions to be made in relation to the IFRS. The differences between the Group's and the parent company's accounting principles are described under the headings below.

### Financial instruments

The parent company does not measure financial instruments in accordance with IFRS 9. Financial fixed assets are measured at acquisition cost minus any impairment and financial current assets according to the principle of the lowest value (see the Group's accounting principles). At the end of 2023, the Group evaluated the loan granted by Sotkamo Silver AB to Sotkamo Silver Oy in view of the regulations of IFRS 9, which require interest-free loans to be evaluated. An impairment of SEK 116 million was recognised for the purpose of strengthening equity in the subsidiary. This did not affect the consolidated financial statements.

### Subsidiary

Shares in subsidiaries are reported in the parent company in accordance with the acquisition value method. Transaction costs in connection with the acquisition of subsidiaries are reported as an expense in the consolidated financial statements, and in the parent company, they are reported as part of the acquisition value. The value of subsidiaries and fixed assets is tested when there is an indication of impairment. The most important parameters in an impairment test of a subsidiary

are the expected future free cash flow in the subsidiary and assumptions about the discount rate. In the applied forecasts, the key assumption for future profitability is based on estimated metal prices and production. The metal prices used in forecasts were: silver USD 31 per oz, zinc USD 2,739 per t, gold USD 2603 per oz and lead USD 2,092 per t. The EUR/USD rate used in forecasts was 1.09. Impairment testing did not show any indication of impairment.

### Leasing

The parent company does not apply IFRS 16 for leasing but accounts for lease payments on a straight-line basis over the lease period.

## FINANCIAL RISK MANAGEMENT

A group is typically exposed through its operations to a variety of financial risks: market risk (including currency risk, interest rate risk, and price risk), credit risk, liquidity risk and cash flow risk.

To eliminate market risk as far as possible, Sotkamo Silver has set up certain goals, principles and methods.

The methods for doing this are to closely monitor developments on the cost side, metal prices and exchange rates and adopt measures without delay to eliminate the risks that may arise in the business. Monitoring is carried out by both management and the Board of Directors over the short and long term.

### (a) Market risk

#### i. Currency risk

The company's value development is affected by both metal prices and currency fluctuations. Most of the company's operating expenses are in EUR and administrative expenses in SEK, while revenue from future products is priced in USD. The relationship between these currencies will affect the company's value development.

The subsidiary's loans and the parent company's convertible loans are in EUR, similar to the major costs. This reduces currency risk. The company continuously evaluates whether to hedge its currency risk. During 2024, the euro strengthened against the Swedish krona, moving from 11.09 at the beginning of the year to 11.46 at the end of the year. This had a positive impact of SEK 0.2 million on the company's result. The strengthening of the euro increased the company's assets by SEK 23.9 million and the company's liabilities by SEK 11.6 million.

#### ii. Price risk

The Group is exposed to price risk related to the development of commodity

prices. Currently, no hedging is in place for commodity prices. The change in the price of silver by one dollar will affect net sales by approximately SEK 17 million.

#### iii. Interest rate risk related to cash flows and fair values

iv. Sotkamo Silver Oy has loans in EUR at variable interest rates. The company is exposed to interest rate risk due to changes in market rates. Sotkamo Silver Oy's borrowing in EUR amounts to SEK 201.5 million (223.6). An interest rate increase of 1% would increase interest expenses by approximately SEK 2.0 million (2.2).

#### (b) Credit risk

Credit and counterparty risk is the risk that the counterparty in a financial transaction fails to meet its obligations on the due date. Credit risk is managed at the group level and arises primarily through bank deposits, blocked bank assets and loan receivables. The Group only accepts banks, financial institutions and customers with high creditworthiness.

#### (c) Liquidity risk

Prudence in managing liquidity risk means holding sufficient cash and marketable securities to meet the liquidity needs created by the exploration business. In the current phase of operations, the Group strives to ensure liquidity through owner and loan financing. Management also closely monitors rolling forecasts of the Group's liquidity.

#### (d) Capital risk

The Group's objective regarding the capital structure is to secure the Group's ability to continue its operations so that it can generate returns to shareholders and benefits to other stakeholders and to maintain an optimal capital structure to keep the cost of capital down.

## GOING CONCERN

The company's management and Board of Directors monitor cash flows and cash flow forecasts for the coming year on an ongoing basis. The cash flow forecast includes expected production, costs and projected metal prices. If any parameter changes from the forecast, the Board and management will react to the extent possible to review the need for any external funding. The cash flow forecast indicated that the company was a going concern with a positive cash flow.

## MATURITY ANALYSIS OF FINANCIAL LIABILITIES

The table below analyses the Group's financial liabilities, broken down by the time remaining until the contractual maturity date on the balance sheet date. The amounts included in the table are the undiscounted cash flows of the instruments. The amounts due within 12 months of the balance sheet date correspond to the carrying amount of the items because the discounting effect is insignificant.

Parent's financial liabilities (Convertible loan) amount to SEK 72 million and are due in year 2026, to the extent conversion has not taken place.

Contractual maturities of financial liabilities as of 31 December 2024 (MSEK)	0–1 years	1–2 years	2–5 years	More than 5 years	Total contractual cash flows
Loans from credit institutions	25.7	12.3	24.5	0.0	62.5
Lease liabilities	3.8	2.3	0.3	0.0	6.4
Senior loans	45.9	93.0	0.0	0.0	139.0
Convertible loans	0.0	72.0	0.0	0.0	72.0
Trade payables*	53.0	0.0	0.0	0.0	53.0

\*All trade payables are due in 2025

Contractual maturities of financial liabilities as of 31 December 2023 (MSEK)	0–1 years	1–2 years	2–5 years	More than 5 years	Total contractual cash flows
Loans from credit institutions	13.0	13.0	35.6	0.0	61.6
Lease liabilities	5.8	3.8	1.7	0.0	11.3
Senior loans	27.7	44.4	89.9	0.0	162.0
Convertible loans	0.0	0.0	69.6	0.0	69.6
Trade payables*	53.8	0.0	0.0	0.0	53.8

\*All trade payables are due in 2024

## EXCHANGE RATES

The following exchange rates have been used in this report for conversion from EUR to SEK.

	2024	2023
Rate at the balance sheet day	11.4865	11.0960
Average rate	11.4322	11.4765

## Note 2 Income and fixed assets

Amount in million SEK	2024	2023
<b>Group</b>		
Net sales by geographic area and product		
Finland, Zinc-silver concentrate	35.4	33.5
Finland, pyrite	2.4	2.1
Sweden, Silver-lead concentrate	374.4	371.2
Sweden, pyrite	0.0	0.0
<b>Total turnover</b>	<b>412.2</b>	<b>406.8</b>

All concentrates have been sold to Boliden Commercial AB.

Amount in million SEK	2024	2023
<b>Group</b>		
Tangible fixed assets by geographic area		
Finland	541.2	517.3
Sweden	0.1	0.2
<b>Summa tangible fixed assets</b>	<b>541.3</b>	<b>517.5</b>

## Note 3 Auditors' fees and reimbursement of expenses

### AUDIT FEE

Amount in million SEK	2024	2023
<b>GROUP</b>		
PwC/KPMG		
Audit assignment <sup>1)</sup>	2.2	1.8
Fees for audit-related consulting services <sup>2)</sup>	0.0	0.0
Fees for tax consulting <sup>3)</sup>	0.0	0.0
All other fees <sup>4)</sup>	0.0	0.2
<b>Total</b>	<b>2.2</b>	<b>2.0</b>

### PARENT COMPANY

PwC/KPMG		
Audit assignment <sup>1)</sup>	1.3	1.1
Fees for audit-related consulting services <sup>2)</sup>	0.0	0.0
Fees for tax consulting <sup>3)</sup>	0.0	0.0
All other fees <sup>4)</sup>	0.0	0.1
<b>Total</b>	<b>1.3</b>	<b>1.2</b>

- 1 Audit fees consist of fees for the annual audit assignment and other audit services of the kind that can only be performed by the external auditor and include the audit of the consolidated financial statements and the statutory audit. Parent company audit assignment was SEK million (0.6) and other fees SEK 0.0 (0.1) million.
- 2 Fees for audit-related consulting services consist of fees for statements and other assignments that are relatively closely related to the audit of the Group's and companies' annual reports and that are traditionally performed by an external auditor.
- 3 Fees for tax consulting include fees for transfer pricing, charges for tax services, tax consultations and tax advice related to acquisitions, divestments and other projects as well as support for tax audits.
- 4 All other fees - Fees for other services.

## Note 4 Personnel

Average number of employees	2024	2023
<b>Parent company in Sweden</b>		
Men	0	0
Women	0	0
<b>Total in parent company</b>	<b>0</b>	<b>0</b>
<b>Subsidiary in Finland</b>		
Men	43	40
Women	8	6
<b>Total in subsidiary</b>	<b>51</b>	<b>46</b>
<b>Group, total</b>	<b>51</b>	<b>46</b>

Salaries, other remuneration and social security expenses in million SEK	2024	2023
<b>Group</b>		
Board of Directors, CEO and management	10.6	10.2
(of which variable remuneration)	0.0	1.3
Other employees	26.5	27.4
<b>Less capitalised payroll costs</b>		
<b>Total</b>	<b>37.1</b>	<b>37.6</b>
<b>Social security expenses</b>	<b>0.4</b>	<b>1.2</b>
<b>Pension expenses</b>	<b>6.8</b>	<b>5.8</b>
<b>Less capitalised social security costs and pensions</b>		
<b>Total</b>	<b>7.2</b>	<b>7.0</b>
<b>Parent company</b>		
Board of Directors	2.5	2.4
Other employees	0.0	0.0
<b>Total</b>	<b>2.5</b>	<b>2.4</b>
<b>Social security expenses</b>	<b>0.0</b>	<b>0.0</b>
<b>Pension expenses</b>	<b>0.0</b>	<b>0.0</b>
<b>Total</b>	<b>0.0</b>	<b>0.0</b>



## REMUNERATION TO SENIOR EXECUTIVES

2024

Amount in thousand SEK	Gender	Base salary/fee	Variable remuneration	Audit Committee	Social security expenses	Pension expenses	Total expense
Eeva-Liisa Virkkunen, Chair of the Board	Female	576		46			622
Sixten Sunabacka, Vice Chair of the Board	Male	403					403
Jarmo Vesanto, Board member	Male	99					99
Kimmo Luukkonen, Board member	Male	345		46			391
Jukka Jokela, Board member	Male	345					345
Mauri Visuri, Board member	Male	351					351
Joni Lukkaroinen, Board member	Male	246					246
Mikko Jalasto, CEO	Male	2,799			83	489	3,371
Other senior executives, 3	Male	5,401			161	943	6,505
<b>Total</b>		<b>10,565</b>	<b>0</b>	<b>92</b>	<b>244</b>	<b>1,432</b>	<b>12,333</b>

2023

Amount in thousand SEK	Gender	Base salary/fee	Variable remuneration	Audit Committee	Social security expenses	Pension expenses	Total expense
Eeva-Liisa Virkkunen, Chair of the Board	Female	586		46			632
Sixten Sunabacka, Vice Chair of the Board	Male	417					417
Jarmo Vesanto, Board member	Male	376					376
Kimmo Luukkonen, Board member	Male	370		29			399
Jukka Jokela, Board member	Male	364					364
Mauri Visuri, Board member	Male	222					222
Mikko Jalasto, CEO	Male	2,099	599		81	472	3,251
Other senior executives, 3	Male	4,399	736		153	898	6,186
<b>Total</b>		<b>8,833</b>	<b>1,335</b>	<b>75</b>	<b>234</b>	<b>1,370</b>	<b>11,847</b>

## BENEFITS OF SENIOR EXECUTIVES

### Principles

The remuneration to the Board, including the Chair of the Board, is determined by the shareholders at the Annual General Meeting and applies to the period until the next Annual General Meeting.

### Remuneration and benefits of the Board of Directors

The total remuneration paid to the Board of Directors for the financial year 2024 amounted to SEK 2.44 million (2.41).

### Audit Committee

The members of the Audit Committee received EUR 500 per meeting, totalling SEK 92,000 (75,000) in 2024.

### Remuneration and benefits of CEO

In 2024, remuneration to the CEO amounted to SEK 3.371 million (3.251). The CEO's remuneration consisted of fixed salary. Variable remuneration was not paid for the CEO or other senior executives for 2024. The CEO and management have severance agreements from three to six months. On the CEO's side, the notice period is three months. The company may terminate the CEO contract with immediate effect. The notice period for other management is three months on both sides.

### Pension plans

#### Group

Both the parent company and the subsidiary, Sotkamo Silver Oy, have defined contribution pension schemes.

## Note 5 Depreciation and write-downs of tangible and intangible fixed assets

Amount in million SEK	2024	2023
<b>Group</b>		
Depreciation of intangible assets	0.0	0.0
Depreciation of tangible fixed assets	71.6	67.8
Depreciation of right-of-use assets	4.9	5.3
Write-down of intangible assets	0.0	0.0
<b>Total depreciation</b>	<b>76.5</b>	<b>73.1</b>
<b>Parent company</b>		
Depreciation of tangible fixed assets	0.1	0.1
Write-down of intangible assets	0.0	0.0
<b>Total depreciation and write-downs</b>	<b>0.1</b>	<b>0.1</b>

## Note 6 Financial income

Amount in million SEK	2024	2023
<b>Group</b>		
Exchange rate gains	4.0	0.0
Interest income	2.5	0.7
Fair value gains on debt instruments at fair value through the income statement	0.0	0.0
<b>Total financial income</b>	<b>6.4</b>	<b>0.7</b>
<b>Parent company</b>		
Exchange rate gains	0.8	6.2
Exchange rate gains, Group	40.2	0.0
Interest income	0.1	0.0
Interest income, Group	30.8	30.9
<b>Total financial income</b>	<b>71.9</b>	<b>37.1</b>

## Note 7 Financial expenses

Amount in thousand SEK	2024	2023
<b>Group</b>		
Exchange rate losses	0.6	3.5
Interest on restoration reserve	2.3	2.7
Interest on lease liabilities	0.4	0.6
Interest expenses	31.4	30.6
Other financial expenses	6.5	0.0
<b>Total financial expenses</b>	<b>41.2</b>	<b>37.4</b>
<b>Parent company</b>		
Interest expenses, other*	7.4	122.7
Adjustments to interest on previous years'	0.0	38.1
Exchange rate losses	0.0	0.0
Exchange rate losses, Group	39.6	0.0
<b>Total financial expenses</b>	<b>47.0</b>	<b>160.8</b>

\* Financial expenses of 2023 mainly consist of a capital loan write-down of SEK 116.3 million.

## Note 8 Income tax

On 31 December 2024, tax losses in the Group amounted to approximately SEK 86 million (78). The parent company has no tax losses. Deferred tax assets attributable to tax losses have not been included in the balance sheet.

### GROUP

Amount in million SEK	%	2024	%	2023
<b>Result before tax</b>		-2.3		30.0
Tax according to the applicable tax rate of the Group	20.0	0.5	20.0	-6.0
<b>Tax effect of</b>				
Non-deductible expenses		-5.7		-4.3
Losses carried forward		0.0		16.3
Tax effect of net loss from operations not recognised as a deferred tax asset		0.0		0.0
Increase in deferred depreciation in taxation		5.8		-5.4
Other items		-0.5		-0.6
Adjustment for previous years		-14.1		-2.8
<b>Reported current tax</b>		<b>-14.1</b>		<b>-2.8</b>

### PARENT COMPANY

Amount in thousand SEK	%	2024	%	2023
<b>Result before tax</b>		-1.0		-169.1
Tax according to the applicable tax rate of the parent company	20.0	0.2	20.0	33.8
<b>Tax effect of</b>				
Non-deductible expenses		-0.2		-23.3
Non-taxable income		0.0		0.0
Losses carried forward		0.0		0.0
Tax effect of net loss from operations not recognised as a deferred tax asset				
Adjustment for previous years		-14.1		-13.4
Other items		0.0		0.8
<b>Reported current tax</b>		<b>-14.1</b>		<b>-2.8</b>

## EXPIRY YEAR OF LOSSES CARRIED FORWARD

Amount in thousand SEK	Group	Parent company
Losses excluding recognised deferred tax asset	86.3	0.0
<b>Losses carried forward per expiry year</b>		
2029	55.1	
2030	15.8	
2032 or later	15.4	
Without time limit	0.0	0.0
<b>Total</b>	<b>86.3</b>	<b>0.0</b>

On 31 December 2024, the company has a deferred tax asset of SEK 0.3 million (0.1) related to the valuation of cash flow hedges. The change in the deferred tax asset has been recorded in other comprehensive income on the line Cash flow hedges tax.

Sotkamo Silver AB has been liable to pay corporate tax on its global income in Finland since 2021.

## Note 9 Exploration rights and research and development costs related to exploration and evaluation assets

Amount in million SEK	2024	2023
<b>Accumulated cost</b>		
At the beginning of the year	50.4	50.4
Acquisitions during the year in parent	0.0	0.0
Translation differences	0.0	0.0
<b>Closing accumulated cost</b>	<b>50.4</b>	<b>50.4</b>
<b>Accumulated depreciation and impairment</b>		
At the beginning of the year	-50.3	-50.3
Depreciation for the year	0.0	0.0
Impairment for the year	0.0	0.0
Translation differences	0.0	0.0
<b>Closing accumulated impairment</b>	<b>-50.3</b>	<b>-50.3</b>
<b>Carrying amounts</b>	<b>0.0</b>	<b>0.0</b>

## Note 10 Tangible fixed assets – Group

Amount in million SEK	Buildings and land	Machinery and equipment	Deferred mining costs	Work in progress	Total tangible fixed assets
<b>Acquisition cost</b>					
Opening balance on 1 Jan. 2023	197.3	256.3	326.8	0.0	780.5
Investments	0.0	8.0	35.2	6.9	50.1
Disposals and retirements	0.0	-0.6	0.0	0.0	-0.6
Translation differences for the year	-0.3	-1.3	-2.1	-0.2	-3.9
Closing balance on 31 Dec. 2023	197.0	262.5	359.9	6.7	826.0
Opening balance on 1 Jan. 2024	197.0	262.5	359.9	6.7	826.0
Investments	0.2	11.2	58.8	6.8	77.0
Disposals and retirements	0.0	0.0	0.0	0.0	0.0
Translation differences for the year	3.8	12.7	12.9	0.3	29.7
Closing balance on 31 Dec. 2024	201.0	286.4	431.6	13.7	932.8
<b>Depreciation</b>					
Opening balance on 1 Jan. 2023	-38.0	-108.5	-97.2	0.0	-243.7
Depreciation for the year	-8.3	-31.1	-28.3	0.0	-67.7
Translation differences for the year	0.4	1.4	1.2	0.0	3.0
Closing balance on 31 Dec. 2023	-46.0	-138.2	-124.3	0.0	-308.5
Opening balance on 1 Jan. 2024	-46.0	-138.2	-124.3	0.0	-308.5
Depreciation for the year	-7.8	-30.6	-33.2	0.0	-71.6
Translation differences for the year	-1.5	-5.3	-4.5	0.0	-11.3
Closing balance on 31 Dec. 2024	-55.2	-174.2	-162.0	0.0	-391.4
Carrying amount, balance sheet 31 Dec. 2023	151.1	124.3	235.6	6.7	517.5
Carrying amount, balance sheet 31 Dec. 2024	145.8	112.3	269.6	13.7	541.3



## Note 11 Tangible fixed assets – parent company

### MACHINERY AND EQUIPMENT

Amount in million SEK	
<b>Acquisition cost</b>	
Opening balance on 1 Jan. 2023	0.3
Investments	0.0
Disposals and retirements	0.0
<b>Closing balance on 31 Dec. 2023</b>	<b>0.3</b>
Opening balance on 1 Jan. 2024	0.3
Investments	0.0
Disposals and retirements	0.0
<b>Closing balance on 31 Dec. 2024</b>	<b>0.3</b>
<b>Depreciation</b>	
Opening balance on 1 Jan. 2023	-0.1
Depreciation for the year	-0.1
<b>Closing balance on 31 Dec. 2023</b>	<b>-0.1</b>
Opening balance on 1 Jan. 2024	-0.1
Depreciation for the year	-0.1
<b>Closing balance on 31 Dec. 2024</b>	<b>-0.2</b>
<b>Carrying amount, balance sheet 31 Dec. 2023</b>	<b>0.2</b>
<b>Carrying amount, balance sheet 31 Dec. 2024</b>	<b>0.1</b>

## Note 12 Participations in Group companies

### PARENT COMPANY

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
Accumulated cost		
At the beginning of the year	174.9	174.9
<b>Closing balance</b>	<b>174.9</b>	<b>174.9</b>
Carrying amount at the end of the year	174.9	174.9

Subsidiary/Business ID/ Registered Office	Number of shares	Proportion , %	Equity, million SEK	Book value, million SEK
Sotkamo Silver Oy 2029706-7, Sotkamo, Finland	180,000	100	-238.6	174.9

Shares in subsidiaries are reported in the parent company in accordance with the acquisition value method. Transaction costs related to the acquisition of subsidiaries are reported as an expense in the consolidated financial statements, and in the parent company, they are reported as part of the acquisition value.

The value of subsidiaries and fixed assets is tested when there is an indication of impairment. The most important parameters in an impairment test of a subsidiary are the expected future free cash flow in the subsidiary and the assumptions about the discount rate. In the applied forecasts, the key assumption for future profitability is based on estimated metal prices and production. The metal prices used in forecasts were: silver USD 31 per oz, zinc USD 2,739 per t, gold USD 2603 per oz and lead USD 2,092 per t. The EUR/USD rate used in forecasts was 1.09. Impairment testing did not show any indication of impairment.

## Note 13 Other non-current receivables

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
Blocked bank assets	2.3	33.6
<b>Total non-current receivables</b>	<b>2.3</b>	<b>33.6</b>

### Subsidiary

SEK 2.0 million concern securities to authorities (The Safety and Chemicals Agency, Tukes and Kainuu Centre for Economic Development, Transport and the Environment). In 2023, the assets in escrow accounts included the cash collateral required by the issuer of the environmental guarantee.

### Parent company

SEK 0.3 million concern blocked bank assets for credit card.

## Note 14 Other receivables

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
<b>Group</b>		
VAT receivable	8.4	6.8
Tax receivable	0.5	1.3
Other items	0.3	0.1
<b>Total</b>	<b>9.3</b>	<b>8.2</b>
<b>Parent company</b>		
VAT receivable	0.5	0.2
Tax receivable	0.2	0.2
Other items	0.0	0.0
<b>Total</b>	<b>0.7</b>	<b>0.4</b>

## Note 15 Accrued income and prepayments

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
<b>Group</b>		
Prepayments	4.4	7.3
Other items	0.0	0.0
<b>Total</b>	<b>4.4</b>	<b>7.3</b>
<b>Parent company</b>		
Prepayments	0.3	0.0
Other items	0.0	0.1
<b>Total</b>	<b>0.3</b>	<b>0.1</b>

## Note 16 Equity

The company has only ordinary shares. All the shares are fully paid. Each share entitles to one vote.

### Result per share

Result per share is calculated by dividing the period's result attributable to the parent company's shareholders by the average number of shares

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
Result attributable to the parent company's shareholders	-16.4	27.2
Weighted average number of shares before dilution	286,148,387	285,758,153
Weighted average number of shares after dilution	327,383,120	326,992,886
Result per share, before dilution (SEK)	-0.06	0.10
Result per share, after dilution (SEK)	-0.06	0.08

If the convertible loan is converted in full, the number of shares will increase by 41,234,733 shares (conversion price EUR 0.1538).

## Note 17 Interest-bearing liabilities

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
<b>Interest-bearing non-current liabilities, Group</b>		
Loans from credit institutions	36.9	48.6
Lease liabilities	1.7	5.1
Derivative liabilities	7.3	4.2
Senior loans	93.04	134.30
Convertible loans*	52.8	43.5
<b>Total</b>	<b>191.7</b>	<b>235.6</b>
*See Note 1: Convertible loans		
<b>INTEREST-BEARING CURRENT LIABILITIES, GROUP</b>		
Loans from credit institutions	25.7	13.0
Lease liabilities	3.81	5.40
Senior loans	45.95	27.70
Convertible loans	0.0	0.0
<b>Total</b>	<b>75.4</b>	<b>46.2</b>

### LIABILITIES, SUBSIDIARY

Loans from credit institutions	Interest rate	Amount in thousand EUR	Amount in million SEK
SP Optia	12-month Euribor +2.5%	32	0.4
Business Finland	Base rate minus 3% (always at least 1%)	5,411	62.2
OP Bank	3-month Euribor +1.75%	0	0.0
Senior loan	12-month Euribor +6.5%	12,100	139.0
<b>Total</b>		<b>17,543</b>	<b>201.5</b>

The company and the senior lenders entered into an agreement to amend the terms of the senior loan agreement by postponing the first amortisation (EUR 1.5 million that would have matured on 31 March 2023) to the closing date of the senior loan (31 March 2026). The covenants of the senior loan agreement were

met at the end of 2024 and the company estimates that it will also meet the covenants in 2025.

The fair value of the Group's interest bearing liabilities is the same as the reported value due to variable interest rates.

### LIABILITIES, PARENT COMPANY

Loans from credit institutions	Interest rate	Amount in thousand EUR	Amount in million SEK
Convertible loans	8%	6,342	72.8
<b>Total</b>			<b>72.8</b>

### LIABILITIES ATTRIBUTABLE TO FINANCING ACTIVITIES GROUP

Amount in million SEK	Interest-bearing liabilities	Lease liabilities	Total
<b>Total 1 January 2023</b>	<b>266.2</b>	<b>15.0</b>	<b>281.2</b>
Cash flow	-4.6	-8.2	-12.7
Change in lease agreement	0.0	3.5	3.5
Convertible loan conversion	0.0	0.0	0.0
Other changes	6.4	0.0	6.4
Exchange rate differences	-0.8	0.1	-0.7
<b>Total 31 December 2023</b>	<b>267.1</b>	<b>10.5</b>	<b>277.7</b>
Cash flow	-29.9	-5.3	-35.2
Change in lease agreement	0.0	0.3	0.3
Exchange rate differences	9.3	0.1	9.3
Other changes	8.5	0.0	8.5
<b>Total 31 December 2024</b>	<b>254.3</b>	<b>5.5</b>	<b>259.9</b>

The option component is reported under non-current derivative liabilities and is not included in interest-bearing liabilities in the balance sheet.

## Note 18 Accrued expenses and deferred income

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
<b>Group</b>		
Accrued personnel costs and board fees	6.8	0.0
Accrued interest expenses	12.2	12.6
Other items	9.3	15.0
<b>Total</b>	<b>28.3</b>	<b>27.6</b>
<b>Parent company</b>		
Accrued interest expenses	0.0	1.5
Other items	2.0	3.0
<b>Total</b>	<b>2.0</b>	<b>4.4</b>

## Note 19 Cash and cash equivalents

The item cash and cash equivalents comprises bank deposits. Blocked bank assets are reported as financial fixed assets. The total assets in the blocked accounts amount to SEK 2.3 million.

## Note 20 Items not included in cash flow

Amount in million SEK	Note	2024	2023
<b>Group</b>			
<b>Adjustment for items not included in cash flow</b>			
Depreciation and impairment of intangible assets	9	0.0	0.0
Depreciation of tangible fixed assets	10	76.5	73.0
The year's provision for land restoration.		0.0	0.0
Other items not affecting cash flow		41.8	34.3
		<b>118.3</b>	<b>107.3</b>
<b>Parent company</b>			
<b>Adjustment for items not included in cash flow</b>			
Depreciation of tangible fixed assets	10	0.1	0.1
		<b>0.1</b>	<b>0.1</b>

Other items that do not affect cash flow mainly consist of exchange rate differences.

## Note 21 Pledged assets, contingent liabilities and commitments

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
<b>Group</b>		
<b>Contingent liabilities</b>	<b>0.0</b>	<b>10.2</b>
<b>Pledged assets</b>		
Pledged assets related to senior loan	825.4	773.7
Blocked bank assets related to bonds	0.0	0.0
Blocked bank assets for restoration	2.0	33.2
Blocked bank assets related to credit cards	0.3	0.4
<b>Total pledged assets</b>	<b>827.7</b>	<b>807.3</b>
<b>Commitments</b>		
Investment commitments related to tangible fixed assets	0.0	0.0
Commitments attributable to start of production <sup>1)</sup>	1.1	3.7
<b>Total commitments</b>	<b>1.1</b>	<b>3.7</b>

1) Related to the remaining part of the premiums for restoration insurance.

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
<b>Parent company</b>		
<b>Contingent liabilities</b>	<b>0.0</b>	<b>10.2</b>
Pledged assets related to senior loan	825.4	773.7
<b>Pledged assets</b>		
Blocked bank assets related to credit cards	0.3	0.4
<b>Total contingent liabilities and pledged assets</b>	<b>825.7</b>	<b>774.1</b>

Senior loan securities consist of:

- (a) Parent Guarantee
- (b) Pledges by the Parent:
  - (1) Shareholder loan receivables (650,5 MSEK)
  - (2) Shares of the subsidiary (174.9 MSEK)
- (c) Pledges by the Subsidiary:
  - (1) Mining concession (reg.no. K8194)
  - (2) Business mortgage (402,0 MSEK)
  - (3) Real estate mortgage (402,0 MSEK)

In 2022 and 2023, Sotkamo Silver AB accumulated unrealised exchange rate gains related to intra-group loans granted to Sotkamo Silver Oy, which Sotkamo Silver AB has reported in its financial statements. The company applied for a preliminary ruling from the Central Tax Board for the financial year 2023. The Board decided that the foreign exchange gains are taxable. The company appealed the advance ruling.

The company filed a tax return for the financial year 2022 in accordance with the Tax Administration's view and did so also for the financial year 2023. However, the company requested a correction of the Tax Administration's tax decision for the financial year 2022 and has been granted a deferral of the tax payment.

The company's claim for adjustment regarding the tax treatment of unrealized exchange rate gains was rejected by Supreme Administration Court, which had a negative effect of SEK 15 million on result.

## Note 22 Related party transactions

Group Amount in million SEK	2024	2023
<b>Related party relationship</b>	<b>service purchases</b>	<b>service purchases</b>
CEO, through the company	0.0	0.0
Other senior executives	0.6	0.0
<b>Total</b>	<b>0.6</b>	<b>0.0</b>
<b>Parent company sales to subsidiary</b>		
<b>Amount in million SEK</b>		
Intra-group interest rates	30.8	30.8
Management fee	6.2	4.7
<b>Total</b>	<b>37.0</b>	<b>35.5</b>

All transactions were made at arm's length.

## Note 23 Right-of-use assets

Right-of-use assets Amount in million SEK	Carrying amount 1 Jan. 2024	Carrying amount 31 Dec. 2024	Additional lease	Translation differences	Depreciation
Buildings	2.4	1.1	0.0	0.1	-1.3
Machinery and equipment	6.9	3.6	0.0	0.2	-3.6
<b>Total</b>	<b>9.3</b>	<b>4.7</b>	<b>0.0</b>	<b>0.3</b>	<b>-4.9</b>

Rent from low-value leases have been recognised in the income statement at SEK 0.2 million (0.2).

Right-of-use assets Amount in million SEK	Carrying amount 1 Jan. 2023	Carrying amount 31 Dec. 2023	Additional lease	Translation differences	Depreciation
Buildings	3.9	2.4	0.1	0.0	-1.6
Machinery and equipment	7.4	6.9	0.7	2.6	-3.8
<b>Total</b>	<b>11.2</b>	<b>9.3</b>	<b>0.8</b>	<b>2.6</b>	<b>-5.3</b>

Amount in million SEK	2024	2023
Cash flow		
Cash flow from operating activities		
Interest paid	-0.4	-0.6
Cash flow from financing activities		
Amortisation of lease liabilities	-5.3	-8.2

For information about contractual lease liabilities, see Note 1.



## Note 24 Provision for restoration of land

### Amount in million SEK

Carrying amount at the beginning of the financial year	34.1
Additional provisions	10.5
Discounting effect	-2.2
<b>Carrying amount at the end of the financial year</b>	<b>42.4</b>

For a description of the reserve, see Note 1.

## Note 25 Financial assets and liabilities

Amount in million SEK	31 Dec. 2024	31 Dec. 2023
<b>Financial assets</b>		
Financial assets are measured at amortised cost*		
Other non-current receivables	2.3	33.6
Other receivables	9.0	8.2
Cash and cash equivalents	88.3	78.9
<b>Total</b>	<b>99.6</b>	<b>120.7</b>
Financial assets measured at fair value through profit and loss		
Trade receivables	30.3	37.6
Derivative	0.0	0.5
<b>Financial liabilities</b>		
Financial liabilities measured at fair value through profit and loss		
Non-current derivative liabilities	0.0	4.1
Liabilities measured at amortised cost*		
Borrowing	261.6	267.1
Trade payables and other payables	71.0	57.6
Lease liabilities	5.5	10.5
Accrued expenses and deferred income	28.3	27.6
<b>Total</b>	<b>366.4</b>	<b>366.9</b>

\*Fair value approximates the value according to amortised cost

## CHANGES IN THE CONVERSION OPTION COMPONENT IN THE CONVERTIBLE LOAN

Amount in million SEK	Derivative liabilities
<b>Total 1 January 2023</b>	<b>1.8</b>
Changes through profit or loss	2.3
Exchange rate differences	-0.1
<b>Total 31 December 2023</b>	<b>4.1</b>
Changes through profit or loss	3.1
Exchange rate differences	0.2
<b>Total 31 December 2024</b>	<b>7.3</b>

The conversion option component of the convertible loan has been recorded at fair value using the Black-Sholes model through profit or loss.

## Note 26 Proposed allocation of the parent company's result, SEK

Share premium account	503,305,617
Retained earnings	-570,229,384
Result for the year	-15,105,541
	<b>-82,029,308</b>

The Board of Directors proposes that the share premium account, the retained earnings and the profit for the year, a total of SEK -82,029,308, be carried forward.

## Note 27 Events after the reporting period

15 January 2025 Sotkamo Silver issued a profit warning, stating that silver production and EBITDA margin were somewhat lower than expected for 2024.

7 February 2025 released a significant milestone in its sustainability work. Sotkamo Silver's operations are strongly based on responsibility and locality. The company's sustainability performance is assessed using the industry specific Towards Sustainable Mining (TSM) Finland standard, in which the company achieved at least an A level in all areas of the standard, verified by an external evaluator in December 2024. Achieving level A requires a commitment to principles and goals that promote responsible operations, implementation of action plans, reporting on them and communication.

The company announced on 18 February 2025, that a vehicle had caught fire in its underground mine, leading to a temporary suspension of production. The fire was successfully extinguished, employees evacuated safely, and damage assessment work began on the same day. The company gradually resumed mining operations from 20 February 2025.

## Note 28 Derivatives

2023

Amount in million SEK	Carrying amount	Fair value	Anticipated accounting				
			2024	2025	2026	2027	After 2027
Electricity price contract	0.5	0.5	0.5	0.0	0.0	0.0	0.0
Hedging of future cash flows	0.5	0.5	0.5	0.0	0.0	0.0	0.0

2024

Amount in million SEK	Carrying amount	Fair value	Anticipated accounting				
			2025	2026	2027	2028	After 2028
Electricity price contract	-1.6	-1.6	-1.2	-0.4	0.0	0.0	0.0
Hedging of future cash flows	-1.6	-1.6	-1.2	-0.4	0.0	0.0	0.0

Fair value of the hedging instruments with a hedged purchase price of 2.7 MW of electricity is included in the Cash flow hedges item in the balance sheet. Hedges were fully effective.

### VALUE ADJUSTMENT OF HEDGING INSTRUMENTS

Amount in million SEK	2024	2023
Total value adjustment of hedging instruments reported in other comprehensive income during the year	-2.1	0.5

## Signing of the annual report

The Board of Directors and the CEO declare that the consolidated financial statements have been prepared in accordance with the IFRS Accounting Standards as adopted by the EU, and give a true and fair view of the Group's position and performance. The annual report has been prepared in accordance with generally accepted accounting principles, and gives a true and fair view of the parent company's position and performance.

The Board of Directors' Report for the Group and the parent company gives a true and fair view of the development of the Group's and the parent company's operations, position and results, and describes material risks and uncertainties faced by the parent company and the companies included in the Group.

The income statements and balance sheets will be presented for adoption to the Annual General Meeting on 24 April 2025.

Stockholm, on 31 March 2025

Eeva-Liisa Virkkunen  
Chair of the Board

Sixten Sunabacka  
Vice Chair of the Board

Jukka Jokela  
Board member

Kimmo Luukkonen  
Board member

Joni Lukkaroinen  
Board member

Mauri Visuri  
Board member

Mikko Jalasto  
Chief Executive Officer

Our audit report has been submitted on 31 March 2025

KPMG AB

Ola Larsmon  
Auditor in charge

# Auditor's report

(This is a translation of the Swedish original)

To the general meeting of the shareholders of Sotkamo Silver AB (publ), corporate identity number 556224-1892

## Report on the annual accounts and consolidated accounts

### Opinions

We have audited the annual accounts and consolidated accounts of Sotkamo Silver AB (publ) for the year 2024, except for the corporate governance statement on pages 39-49. The annual accounts and consolidated accounts of the company are included on pages 34-78 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2024 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 39-49 and the sustainability report on pages 19-32. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11..

### Basis for opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

### Other matter

The audit of the annual accounts for year 2023 was performed by another auditor who submitted an auditor's report dated 2 April 2024, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

### Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

## Key audit matter

***Valuation of tangible fixed assets related to the Silver Mine in Sotkamo according to the consolidated financial statements, as well as the valuation of shares in subsidiaries and receivables from subsidiaries in the parent company.***

*Refer to note 10, note 12, and accounting principles on pages 59-64 in the annual report and consolidated financial statements for detailed information and description of the area.*

### **Description of key audit matter**

As of December 31, 2024, the group's reported value for tangible fixed assets amounts to SEK 541 million, which constitutes 78% of the total assets. As of December 31, 2024, the parent company's reported value for shares in subsidiaries amounts to SEK 175 million, which constitutes 50% of the total assets, and receivables from subsidiaries amount to SEK 166 million, which constitutes 48% of the total assets.

Given that the life of the mine is limited, management is annually preparing an impairment test of the group's tangible fixed assets and the parent company's shares in subsidiaries and receivables from subsidiaries. The impairment test is complex and involves significant management judgments. According to current requirements, the test must be conducted using a relevant technique where the judgments are based on the company's internal business plan and future development. Examples of such judgments include future cash flows, which require assumptions about future metal prices, smelting and refining costs, and foreign exchange rates. Another important assumption is the discount rate to be used to reflect market assessments of the time value of economic benefits and the specific risks the business faces.

Given the above, there are significant judgments that are key to the accounting, and therefore the area has been assessed as a key audit matter in our audit.

## Response in the audit

We have reviewed management's impairment test to assess whether it has been conducted in accordance with the relevant technique. Furthermore, we have evaluated management's forecasts for future cash flows and the assumptions underlying them, which include the long-term growth rate and the assumed discount rate, by reviewing and evaluating management's documentation and plans. We have also evaluated previous years' judgments in relation to actual outcomes. We have also checked the completeness of the disclosures in the annual report and assessed whether they are consistent with the assumptions management has applied in its impairment testing and whether the information is sufficiently comprehensive to understand management's judgments.



## Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-33 and 85-90. The sustainability report is included on pages 19-32. This other information also contains the Remuneration report for Sotkamo Silver AB (publ) 2024 that has been published on the company's website the same date as this report.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

## Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting

from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

## Report on other legal and regulatory requirements

### Auditor's audit of the administration and the proposed appropriations of profit or loss

#### Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Sotkamo Silver AB (publ) for the year 2024 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

#### Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

#### Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

#### Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

## The auditor's examination of the ESEF report

### Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Sotkamo Silver AB (publ) for year 2024.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

### Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Sotkamo Silver AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the

circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

### The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 39-49 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR's standard RevR 16 The auditor's examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts

and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Sotkamo Silver AB by the general meeting of the shareholders on the 23 April 2024. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2024.

Stockholm, 31 March 2025

KPMG AB

Ola Larsmon  
Authorized Public Accountant

# Definitions

## Key performance indicators and glossary

The use of key performance indicators (KPI) not defined in the IFRS. The company's financial statements are prepared in accordance with the IFRS. See above for further information on accounting principles. Only a few KPIs are defined in the IFRS. Since the second quarter of 2016, the company has applied ESMA's (European Securities and Markets Authority) new guidelines for alternative performance measures. An alternative performance measure is a financial measure of historical or future performance, financial position or cash flow that is not defined or specified in IFRS. To facilitate management's and other stakeholders' analysis of the Group's development, the company discloses certain alternative performance measures that are not prepared in accordance with the IFRS. The alternative performance measures provide additional information and do not replace key performance indicators defined in accordance with the IFRS. The company's definitions of alternative performance measures may differ from those of other companies.

### AG

The chemical symbol for silver.

### AG/EQ

Silver equivalent. Mineral resources are often reported in metal equivalents of the primary metal, e.g. AgEq. The secondary minerals are multiplied by their current metal prices, and the result is divided by the current metal price of the primary metal to obtain the corresponding metal equivalent.

### ALL IN CASH COST

Cost of production per troy ounce of silver produced, taking into account investments to maintain future production. Income from by-products, lead, zinc and gold, has reduced the production cost of silver.

### CONCENTRATION

Concentration of minerals and/or metals from the ore to metals or mineral/metal concentrates.

### INFERRED MINERAL RESOURCE

Mineral resource estimated on the basis of assumed content and continuity, extrapolation from known and indicated mineral resource, for which there is a geological basis. Inferred mineral resources may or may not be supported by samples or measurements. See also Terminology regarding mineral resources and ore reserves at the end of this section.

### MEANS USED

External costs, personnel costs and investments in exploration assets and equipment.

### AU

The chemical symbol for gold.

### BANKABLE FEASIBILITY STUDY

See Feasibility study

### BASE METAL

Copper, lead, tin and zinc.

### RIGHT TO MINE WITHIN SPECIFIED BORDERS

The right to have an area designated for mining under certain conditions.

### PROVEN MINERAL RESERVE

Proven ore reserve is the proven economically mineable part of a known mineral resource. The economic conditions must be established in a feasibility study, at least in a pre-feasibility study. The quantity of the ore reserve is calculated on the basis of the size demonstrated in slabs, shafts

or drill holes. The grade/quality is calculated based on the results of a detailed sampling. The observations, samples and measurements are of such density and the geological conditions so well known that the size, geometric shape, depth, metal grade and grade continuity in the ore are well known. See also Terminology regarding mineral resources and ore reserves at the end of this section.

### CORE

Cylindrical samples from diamond drilling analysed for metal grade.

### CASH COST

Cost of production per troy ounce of silver produced, after the deduction of revenues from the by-products lead, zinc and gold.

### CUT-OFF

The lowest grade included in the mineral resource or ore reserve estimate of the mineral/ore deposit, depending on the metal grade and metal price.

### OPEN PIT

Mining above ground.

### DIAMOND DRILLING (CORE DRILLING)

Drilling in rock that produces a rod-shaped sample of the rock.

### EQUITY PER SHARE

Equity in relation to the number of shares on the balance sheet date. Calculation: Equity divided by the number of shares.

### EBITDA

Earnings Before Interest, Taxes, Depreciation and Amortisation



## EBIT

Earnings Before Interest and Taxes

## ETF

In the majority of cases, an ETF is an index fund. The main difference between an ETF and a traditional index fund is that an ETF is traded on the stock exchange.

## BANKABLE FEASIBILITY STUDY

A comprehensive study of the mineral deposit which considers all the geological, technical, legal, economic and other relevant factors. The purpose of the study is to provide the basis for decisions on exploration. A completed pre-feasibility study is required to convert mineral resources into ore reserves.

## FINMIN

Finnish Mining Association

## FLOTATION

Process engineering method using surfactants to separate and enrich minerals and metals from a water mixed slurry.

## FEASIBILITY STUDY

See Bankable feasibility study.

## MINING

Production of metal/mineral concentrates that are further refined in smelters.

## GREENSTONE BELT

Geographical area with metamorphic and sedimentary rocks, which are usually found in the Precambrian shield area.

## GTK

Geological Survey of Finland

## INDICATED MINERAL RESOURCE

Mineral resource, the quantity and quality of which are calculated in the same way as for a measured mineral resource, but the distance between the observation points is greater. The degree of certainty, even though it is lower than that of measured mineral resources, is high enough to presume continuity between the observation points. See also Terminology regarding mineral resources and ore reserves at the end of this section.

## EXPLORATION PERMIT

Older designation of exploration permit.

## INVESTMENTS

Investments refer to investments in tangible fixed assets and investments in right-of-use assets

## IRR

Internal Rate of Return. The average annual return of an investment.

## JORC CODE

An Australasian code for reporting mineral resources and ore reserves to investors and other stakeholders.

## CASH AND CASH EQUIVALENTS

Short-term assets less inventories in relation to short-term liabilities

## QUALIFIED PERSON

A person who is registered and approved by the mining industry's interest organisations for the accounting of mineral resources. A qualified person must be deeply familiar with the mineral industry, hold a university degree and at least five years of relevant professional experience.

## MEASURED MINERAL RESOURCE

Mineral resources are calculated based on the quantity demonstrated in slabs, shafts or drill holes.

The grade/quality is calculated based on the results of a detailed sampling. The observations, samples and measurements are of such density and the geological conditions so well known that the size, geometric shape, depth and metal grade of the mineral resource are well known. See also Terminology regarding mineral resources and ore reserves at the end of this section.

## CORE DRILLING (DIAMOND DRILLING)

Drilling in rock that produces a rod-shaped sample of the rock.

## LTIFR

(Lost time injury frequency rate) meaning sickness absence in days due to workplace accident per million hours worked.

## ORE

Metallic mineral deposit that can be mined economically.

## ORE SORTING

Ore sorting is a process for upgrading rock materials containing minerals. Ore sorters use an electric broadband X-ray source to identify ore quality on a moving conveyor belt. This XRT separation technology clearly indicates the potential for reducing the amount of non-ore material fed in the concentration plant while increasing the silver grade in the feed. Ore sorting is an excellent first step in the metallurgical process.

## MINERAL

A naturally formed solid inorganic substance often with a definite chemical composition and usually with a definite crystal form.

## MINERALISATION

Natural concentration in rock or soil of one or more economically valuable minerals can also be called a deposit.

## ORE RESERVES

The economically workable portion of probable and proven mineral resources determined based on at least one initial feasibility study.

## MINERAL RESOURCE

The economically workable portion of measured and indicated mineral resources determined based on at least one initial feasibility study.

## NI 43 101 CODE

A Canadian code for reporting mineral resources and ore reserves to investors and other stakeholders.

## NPV

Net Present Value. The present value is the estimated value of an investment's future cash flows, discounted taking into account a given discount rate. The net present value is the difference between the present value and the discounted investment cost.

## NUGGET EFFECT

Coarse grain size of metallic gold or silver that leads to the results of core drilling indicating a lower content than the actual gold content due to the fact that not all gold grains remain in the core or that they are lost when handling the core.

## PB

The chemical symbol for lead.

## PRODUCTION TUNNEL (INCLINED DRIFT)

A spiral tunnel close to the ore that is mainly used for transport.

## PROSPECTING

A search for economically minable ores.

## TEST DRILLING

Deep sampling to gather information for geological modelling of the deposit regarding the content and size of the deposit. See also core drilling.

## TRIAL OPERATION

A small-scale operation for obtaining reliable results of the selected process solution and verifying geological data as an indication for future regular operation.

## QUALIFIED PERSON

See Qualified Person.

## RC DRILLING

Reverse Circulation. A drilling technique in which a crushed soil or rock sample is lifted through an inner pipe in the drilling rod, resulting in an uncontaminated sample.

## RESULT PER SHARE

Result divided by the number of shares.

## RFID

Radio-frequency identification (RFID) is a technique for remotely reading information from transponders and memory devices called tags.

## RETURN ON EQUITY

Income after financial items and financial expenses as a percentage of average equity.

## OVERALL PROFITABILITY RATE

Income after financial items and financial expenses as a percentage of average total capital.

## COVERAGE RATIO

Income after financial items plus interest expenses divided by interest expenses.

## PROBABLE ORE RESERVE

The economically mineable part of an indicated mineral resource. The economic conditions are determined through a full feasibility study also in this case. The quantity of the ore reserve (ore) is calculated in the same way as for proven ore reserves, but the distance between the observation points can be greater. The degree of certainty, even though it is lower than that of measured ore reserves, is high enough to presume continuity between the observation points. See also Terminology regarding mineral resources and ore reserves at the end of this section.

## SGU

Geological Survey of Sweden.

## PRODUCTION TUNNEL (INCLINED DRIFT)

A spiral tunnel close to the ore that is mainly used for transport.

## EQUITY/ASSETS RATIO

Equity in relation to total assets.

## SVEMIN

The Swedish Association of Mines, Mineral and Metal Producers. See [www.mining.se](http://www.mining.se).

## TAIVALJÄRVI

Location in the municipality of Sotkamo, where the company's main assets are located.

## BUSINESS FINLAND (FORMERLY TEKES)

Finnish state authority. Business Finland funds and promotes ambitious research and development projects of companies, universities and research institutes.

## TON(NE)

Unit of mass. In Sotkamo Silver's English-language reports, ton(ne) is used as a metric unit of measurement.

## UNDERGROUND MINE

A mine where the mining of ore takes place in underground tunnels, in contrast to open pit mines.

## EXPLORATION PERMIT

A time-bound exclusive right to explore a specific land area containing metal deposits. Provides the opportunity to protect the investments made. The commitment includes land reclamation and payment to the landowner.

**OUNCE, TR. OZ.**

Troy ounce, 1 troy ounce = 31.1035 grams, unit of measure for silver, gold and other precious metals.

**RECOVERY**

The proportion of a metal that can be extracted in the concentration process.

**ZN**

The chemical symbol for zinc.

**PRECIOUS METAL**

Gold, silver, platinum and palladium.

## SILVER IN A NUTSHELL

### A quick guide to silver

Each element is unique in its own way, but the properties of silver make it exceptional among all substances found in the periodic table. The atomic symbol of silver is Ag.

For example, silver is malleable and supple, making it perfect for jewellery and cutlery. Because it is one of the world's most reflective substances, silver has a uniquely beautiful shine.

Silver is also one of the world's best conductors of electricity, offering applications in electronic components such as wires, switches and circuit boards. The combination of ductility and electrical conductivity makes silver perfect for electronics gadgets like smartphones, as it can be bent and pressed into small spaces without breaking.

Silver also exhibits the unique property of penetrating bacterial cell walls. This enables silver ions to be used as biocides, which is becoming increasingly important as the overuse of chemical antibiotics is making some bacteria immune to them.

As if this were not enough, silver has been valued for centuries as an investment similar to gold. However, due to its lower value, silver is more accessible to a larger number of people who choose to hold on to physical silver instead of paper currency.

Silver is found in the earth's crust. Silver is usually mined as a secondary metal, found mainly in combination with gold, copper and lead, from which it must be separated.

Silver has been considered a precious metal for around 6,000 years. It was first used as a currency in 700 BC and has had a role as a trading metal in almost every ancient and modern culture. From the drachma of the ancient Greeks, which contained an eighth of an ounce of silver, to the Roman denarius and the British pound, which contained a certain amount of the metal.

Ag

## ANNUAL GENERAL MEETING AND CALENDAR

### Annual General Meeting

The Annual General Meeting will be held on 24 April 2025.

### Calendar

Sotkamo will publish financial information as follows:

- Q1/2025 will be published on 29 April 2025
- Q2/2025 will be published on 31 July 2025
- Q3/2025 will be published on 23 October 2025





