

SOTKAMO SILVER AB

Restored profitability

Interim Report Q3/2024



HIGHLIGHTS

July – September

- Net sales increased by 4% to 114 MSEK (110 MSEK*), driven mainly by higher prices of silver, gold and zinc and increased zinc production. Net sales increased by 35% compared to Q1 2024 and 8 % compared to Q2 2024.
- EBITDA increased by 34% to 50 MSEK (37) and EBITDA margin increased to 44 % (34). EBITDA was 33 MSEK higher than in Q1 2024 and 31 MSEK higher than in Q2 2024.
- EBIT increased by 75% to 30 MSEK (17). EBIT was 32 MSEK higher than in Q1 2024 and 31 MSEK higher than in Q2 2024.
- Cash and cash equivalents amounted to 76 MSEK (65). The Company changed the environmental collateral provider, and cash collateral of 3.5 MEUR was released.
- Investments were 18 MSEK (12). A large part of the investments is related to exploration drilling, the aim of which is to extend the life of the mine and infill drilling that increases the predictability of production.
- The Company recognized the value of its stocks of spare parts and consumables (MSEK 8) as a component of inventory, which is reflected on EBITDA through change of inventories.
- The production amounted to approximately 312,000 ounces of silver (412,000), 684 ounces of gold (794), 211 tonnes of lead (183), and 507 tonnes of zinc (393)

in concentrates. Silver production increased by 14% and zinc production by 41% compared to Q2/2024.

January – September

- Net sales increased by 2% to 304 MSEK (297 MSEK), driven mainly by the positive development of silver and gold prices
- EBITDA decreased by 11% to 86 MSEK (96), EBITDA margin decreased to 28 % (32). Profitability decreased mainly due to lower silver grade and increased contractor costs
- EBIT decreased to 29 MSEK (41)
- Cash and cash equivalents increased to 76 MSEK (65)
- Investments increased to 46 MSEK (28).
- The production was approximately 895,000 ounces of silver (1,002,000), 1,991 ounces of gold (2,146), 575 tonnes of lead (732), and 1,204 tonnes of zinc (1,570) in concentrates

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

In case of discrepancies, the official Swedish version of this report prevails

OUTLOOK

Guidance for 2024 (unchanged)

The Company has given (28 August 2024) the following guidance for 2024:

- The Company expects to produce 1.2 -1.4 million ounces of silver
- Annual EBITDA margin to be at least 28 %
- Net debt-to-EBITDA to be below 2.0 at year-end

The Company's profitability is significantly affected by external factors, such as metal prices, exchange rates and inflation. 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 (28 August 2024).

Medium-term targets

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

- Annual silver production > 1.5 million ounces
- Annual EBITDA margin > 30 %
- Net debt to EBITDA ratio < 2.0
- Extending Life of Mine (LOM) by five years until 2035
- Performance rating A in Finnish Towards Sustainable Mining ("Kaivosvastuu") protocols during 2024*

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

CEO'S REVIEW

Profitability and silver grade improved

Profitability was better than last year and the EBITDA margin for the quarter was 44%. Good profitability was supported by the strong price of silver and the silver grade in the ore fed to the concentration plant having increased from the beginning of the year. Operating cash flow was SEK 66 million positive and the Company's cash and cash equivalents increased to SEK 76 million. The cash security of EUR 3.5 million released from the environmental collateral had a positive effect on cash and cash equivalents.

We successfully opened new mining levels at a depth of 460–480 metres, through which the average silver content was higher, as expected. The average silver content increased towards the end of the third quarter and was in line with the target levels for the full quarter.. The measures taken to increase underground mining have progressed, which means that the progress of drifting and quarrying was at the planned level at the end of the third quarter.

The price of silver was USD 31.1 per ounce at the end of the review period, compared to a low of USD 26.9 per

ounce in August. Investors' interest in silver has increased during the year due to lower interest rates, the weakening of the dollar and continued strong industrial demand for silver, among other reasons. The weakening of the dollar from EUR 1.07 to EUR 1.12, on the other hand, reduced the returns received in euros from silver.

In July, the authorities approved our mine waste and closure plan, which removed the temporarily lower annual limits for mining. In September, the Kainuu ELY Centre also issued a reasoned conclusion on the environmental impact assessment report for Sotkamo Silver. Based on this conclusion, we have now started preparing the permit application for the expansion of the tailings dam.

Work on the areas of the Towards Sustainable Mining responsibility system has also progressed well, and we are aiming for level A in all areas. During the past quarter, we continued training the personnel and organised, among other things, a dam accident exercise related to the management of tailings.

During the third quarter, we also started drilling in the deep extension aimed at extending the life of the mine, as well as exploration drilling for potential mineralisation on the side of the current orebody. We will tell more about the extending the life of the mine at the end of the year 2025 after all the drillings results are completed. Similarly, we will

tell you more about the potential on the west side of the current orebody in early 2025.

We expect that the demand for silver and the general market situation will continue to be favourable, and in order to respond to this, we will further develop production together with the mining contractor.



Mikko Jalasto, CEO

Key figures

	Q3/24	Q3/23	Change, %	Q1-Q3/24	Q1-Q3/23	Change, %	2023
Net sales, MSEK	114	110	4 %	304	297	2 %	407
EBITDA, MSEK	50	37	34 %	86	96	-11 %	140
EBITDA margin %	43.6	33.7	29 %	28.2	32.4	-13 %	34.4
EBIT, MSEK	30	17	75 %	29	41	-30 %	67
EBIT margin %	26.7	15.8	69 %	9.6	13.9	-31 %	16
Equity ratio %	42.8	42.5	1 %	42.8	42.5	1 %	43
Cash liquidity %	86.6	93.0	-7 %	86.6	93.0	-7 %	105
Net debt-to-EBITDA ratio	1.4	2.0	-30 %	1.4	2.0	-30 %	1.5
Personnel at the end of the period	50	47	6 %	50	47	6 %	47
Silver production, koz	312	412	-24 %	895	1,002	-11 %	1,411
Mill feed, kt	123	133	-8 %	374	367	2 %	478
Average silver grade, g/tonne	97	110	-12 %	90	99	-9 %	106

For more detailed definitions, please see section Definitions on page 27.

Financial performance

During the third quarter, **net sales** increased by 4% to 114 MSEK (110 MSEK), driven mainly by higher prices of silver, gold and zinc and increased zinc production. Net sales increased by 35 % compared to Q1 2024 and 8 % compared to Q2 2024.

Other income was 0.2 MSEK (2.6) during the quarter, including mainly proceeds from the recycling.

EBITDA increased by 34% to 50 MSEK (37) and EBITDA margin increased to 44 % (34). EBITDA was 33 MSEK higher than in Q1 2024 and 31 MSEK higher than in Q2 2024. **EBIT** increased by 75 % to 30 MSEK (17). EBIT was 32 MSEK higher than in Q1 2024 and 31 MSEK higher than in Q2 2024.

The Company recognized the value of its stocks of 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 stated at the end of the third quarter is MSEK 8, which is reflected on EBITDA through change of inventories.

The Company's main **investments** in the quarter were exploration and infill drilling, underground decline, CAPEX drifts, tailings pond dam raises, and nitrogen management. Investments in the underground mine, plant and environment amounted to 18 MSEK (12) during the quarter and 46 MSEK (28) during Q1-Q3/2024.

During the third quarter **silver price** fluctuated in a range between \$26.9 and \$32.5 per ounce average being \$29.4 (\$23.6) per ounce and during Q1-Q3/2024 between \$22.1 and \$32.5 average being \$27.2 (\$23.4) per ounce. At the end of the quarter, the silver price was \$31.1 per ounce.

A change of one USD in the price of silver affects the Company's revenue by approximately 16 MSEK annually.

Based on the World Silver Survey 2024 (17 April 2024) by Silver Institute, silver demand exceeded silver supply in 2023 for the third consecutive year, resulting in a structural market deficit of 184.3 Moz. According to the institute, the total silver supply is forecasted to decrease modestly by 1 percent in 2024, resulting in the second-largest market deficit (215.3 Moz) in more than 20 years.* The forecasted structural market deficit should support the silver price in 2024.

In the third quarter, the **Euro** strengthened against the US dollar by 4.6 %, being at 1.0705 at the beginning and 1.1196 at the end of the quarter. EUR/USD rate was 1.1050 at the beginning of the year. The changes in the

value of the Euro against the **US dollar** during the quarter had a negative impact of 3 MSEK on the Company's result. The Euro weakened during the third quarter against the **Swedish krona** from 11.3650 to 11.3000 average being 11.4512 which had a minor effect on the Company's result. In Q1-Q3/2024, the euro strengthened against the Swedish krona from 11.0906 at the beginning of the year to 11.3000 average being 11.4118, which improved the Company's result by 0.1 MSEK.

The new mining tax which became effective on Jan 1st, 2024, weakened the third-quarter result by 1 MSEK and Q1-Q3/2024 result by 3 MSEK.

*<https://www.silverinstitute.org/wp-content/uploads/2024/04/World-Silver-Survey-2024.pdf>

Financial position and cash flow

During the quarter, the Group's **cash and cash equivalents** increased to 76 MSEK (65). The Company generated **cash flow from operating activities** 66 MSEK during Q3/2024, 7 MSEK during Q2/2024 and 3 MSEK during Q1/2024.

In July the Company changed the environmental guarantor. As a result, the cash collateral of EUR 3.5 million was returned to the Company improving the cash position.

According to the Company's estimate, it has sufficient liquidity for at least the next 12 months of operations.

The Group's **equity ratio** remained at 43% (43).

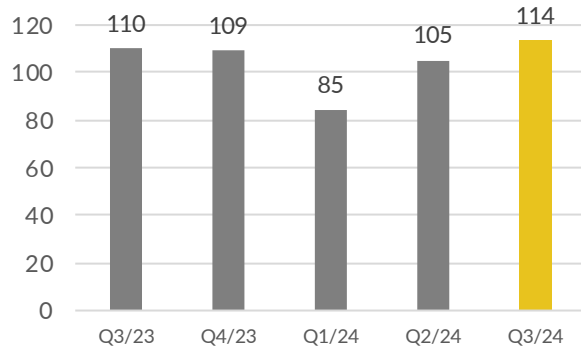
The Group's **equity** was 288 MSEK (291) which corresponds to 1.01 SEK (1.02) a share non-diluted, and 0.88 SEK (0.90) diluted.

Market data

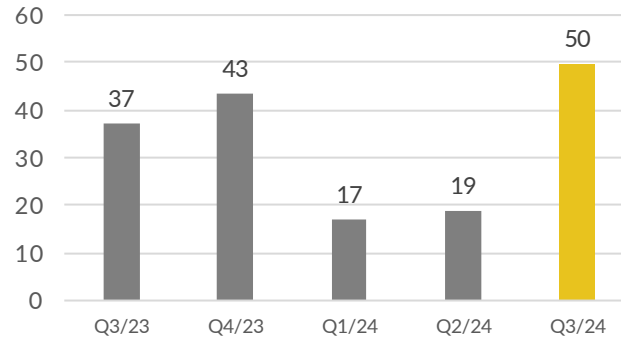
	Q3/24	Q3/23	Q1-Q3/24	Q1-Q3/23	2023
Average silver price USD	29.4	23.6	27.2	23.3	23.3
Average EUR/USD	1.0983	1.0884	1.0871	1.0807	1.0812
Average EUR/SEK	11.4512	11.7638	11.4118	11.4758	11.4765

Financial key figures

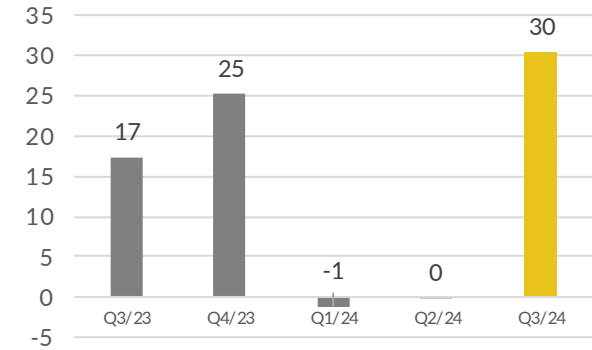
Net Sales, MSEK



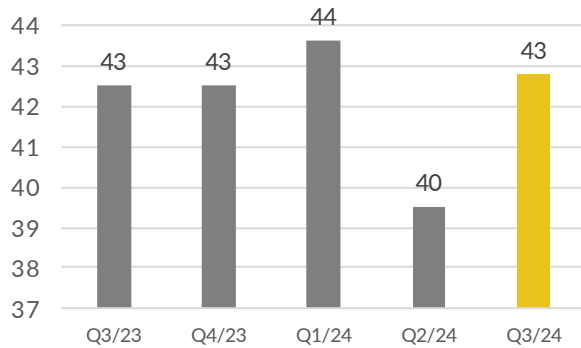
EBITDA, MSEK



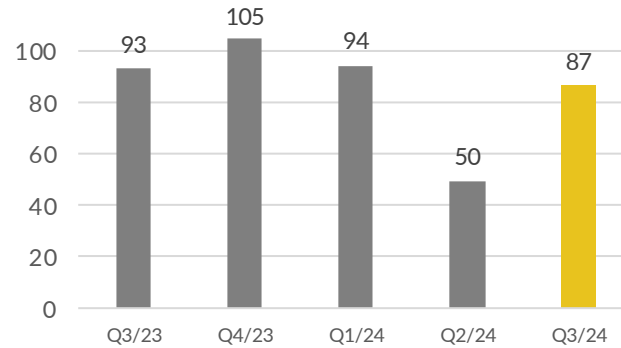
EBIT, MSEK



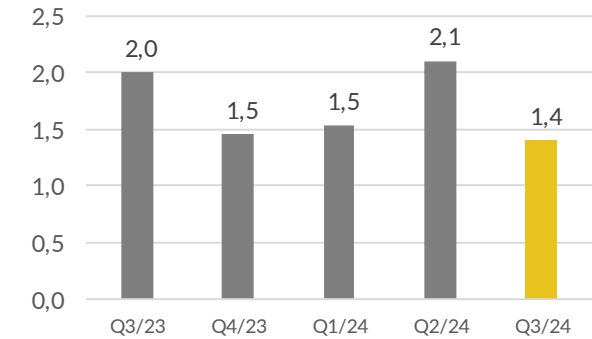
Equity ratio, %



Cash liquidity, %



Net debt-to-EBITDA



Operational performance

During the third quarter of 2024, the total amount of milled ore decreased by 8% to 123,000 tonnes compared to the previous year (133,000). Mining volume was below the Company's production plans in the beginning of the quarter and improved to the planned level in the end of the period. In total, the production amounted to 312,000 ounces of silver (412,000), 684 ounces of gold (794), 211 tonnes of lead (183), and 507 tonnes of zinc (393) in concentrates.

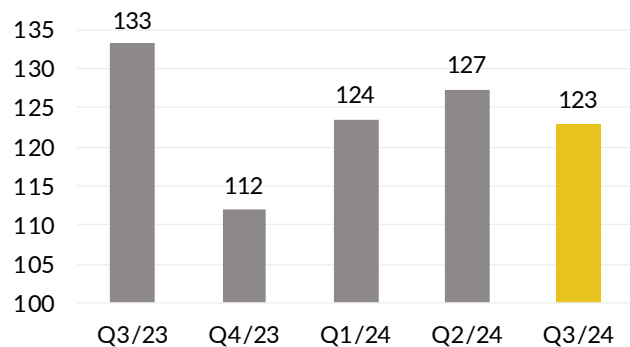
Silver production was lower compared to the previous year, due to lower silver head grade and lower underground mining volumes. The silver head grade was 97 g/tonne (110). During the third quarter the silver head grade improved compared to the previous quarter which was result of accessing new mining levels in 460-480 meters. We expect the silver head grade to remain in the estimated range of 90-110 g/tonne during the rest of the year.

The improvement plan to ensure adequate underground mining capacity has been progressing well and together with our mining contractor we reached the planned drifting and ore mining volumes in the latter part of the third quarter. The planned improvements in the availability of mining equipment and increased resourcing have been mostly finalized and the work continues to ensure consistent planning and execution of underground mining in coming quarters.

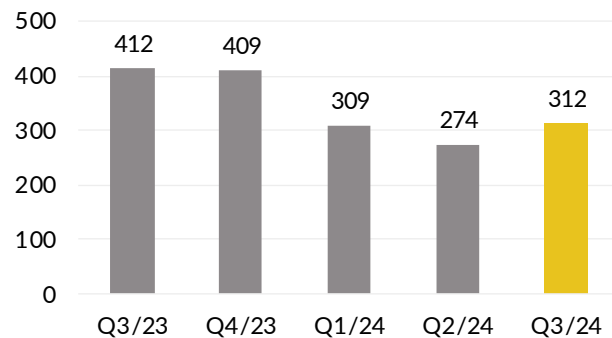


Operational key figures

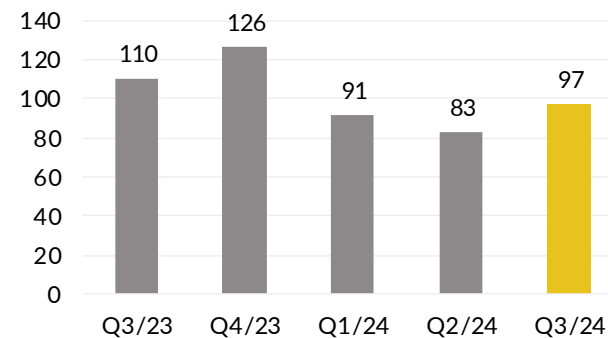
Milled ore, ktonnes



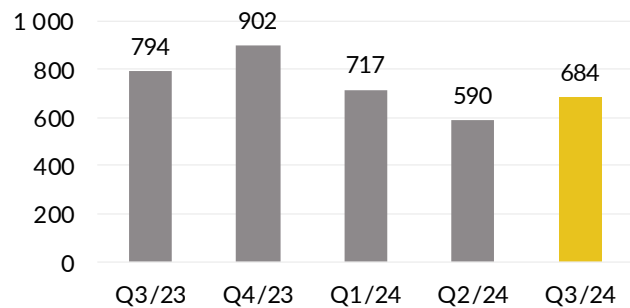
Silver production, koz



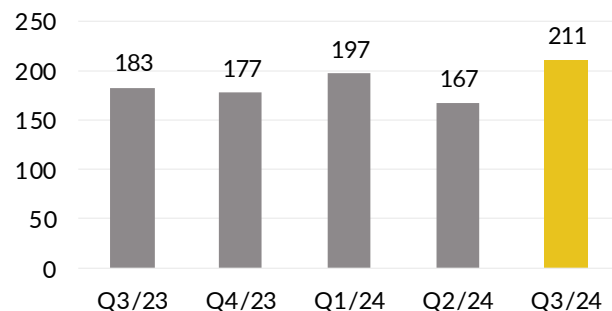
Silver head grade, g/tonne



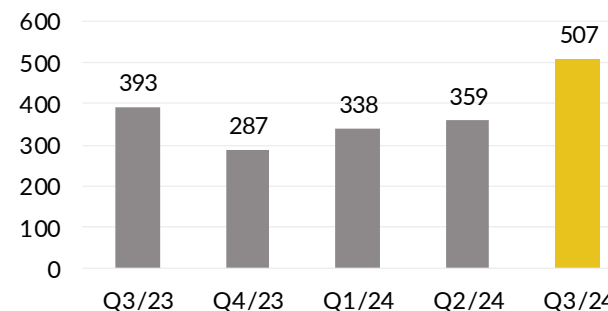
Gold production, oz



Lead production, tonnes



Zinc production, tonnes



Strategy

The cornerstones of Sotkamo Silver's strategy are:

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

Key focus areas in 2024

- **Extending Life-of-Mine (LOM), current mine:** The first LOM-related exploration drilling campaign started in September. In 2025, the campaigns will be completed, the results analysed and new estimated LOM announced. While the potential on the western side is very interesting, the LOM extension activities will focus below the 700-meter level in the current mine.
- **Exploration, broader Kainuu region:** Sotkamo Silver continues activities to use modern modeling tools to analyse existing research data to support the longer-term exploration of the Kuhmo-Suomussalmi greenstone belt and Tipasjärvi greenstone belt in the Kainuu region. This information should support us as we continue to prepare investment plans related to further exploration activities.
- **Operational efficiency:** We continue to focus on improving operational efficiency to maintain high profitability and to curb cost escalation. The primary

short-term focus is on ensuring the execution of mining and drifting plans together with the mining contractor.

- **Financing of investments:** In 2024, we will continue and moderately increase investments in infill and exploration drilling with cash flow from operating activities financing to the extent currently feasible. We continue to explore financing options for potential investment scenarios for both extending the LOM of the current mine as well as the further exploration of the broader Kainuu region. We will communicate more about investments and financing as the planning is completed.

Key activities, Q3/2024

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

We started the first LOM-related exploration drilling campaign in September. Further drillings will continue during first half of next year with additional 6,300 meters and new LOM estimations are announced in the end of the 2025.

Exploration, broader Kainuu region

In the near future, we will focus on the development of the current mine and the sites in its immediate vicinity. The first drilling campaign to western side of the current mineralization was conducted during the third quarter. This campaign included seven drillholes which will be analysed

in coming months and based on the results the next steps are defined in the beginning of 2025.

Operational efficiency

Together with our mining contractor we have increased the drifting and ore mining capacity, which has enabled us to increase drifting volumes and we have opened the first new stopes in the 460-480 meter level untouched areas. This is expected to ensure the average silver head grade to remain on targeted levels for the rest of the year.

Based on the infill drilling campaign results, we have preliminary stope models and drifting plans down to 550 meter level.

Financing of investments

We invested significantly with cash flow from operating activities in exploration drilling, the aim of which is to extend the life of the mine and infill drilling that increases the predictability of production.

We changed our environmental collateral provider, and cash collateral of EUR 3.5 million was released to the Company.

Sustainability

Safety

The lost time injury frequency rate (LTIFR), the number of lost time injuries for a million working hours) was 16 (19) at the end of the period, including all contractors. LTIFR of 16 corresponds to five Lost Time Injuries (LTI) within a 12-month period. To lower LTIFR, we have taken corrective measures and paying special attention to safety management by further training of employees, updating work procedures and making new risk assessments. The goal of zero accident can be achieved by continuously developing safety management and positive safety culture. At the end of the period, the Company's own personnel and regular contractors at mine had worked 27 days without LTIs.

Phosphorus load in the discharge water

The total phosphorus load in the silver mine's discharge water is limited to 40 kg per year under the environmental permit. Sadly, we had to inform the authorities, that the limit was exceeded during Q3/2024 and we continue with authorities to find best ways to reduce the phosphorus load

We estimate that 90% of the phosphorus in the discharge water comes from phosphinate, the chemical used in the flotation process. Based on available scientific research, phosphinate is stable and does not decompose into other

chemical compounds, such as eutrophication-causing phosphate.

This stability makes its removal from the water difficult but also renders it harmless to the environment.

Despite the exceedance, we believe there is a minimal environmental impact, if any. Water samples consistently show good quality, with no observable phosphate levels in the discharged water. Monitoring results indicate that nearby rivers and lakes remain within safe limits. In addition, the water studies conducted for the Environmental Impact Assessment (EIA) 2022-2024 suggest that even higher phosphorus levels would not negatively affect the ecological state of the nearest classified water bodies. These findings support the potential for amending the current permit limit; however, we continue to seek ways to reduce its phosphorus load.

We estimate that the permit limit exceedance doesn't have an operational effect on the Company. The Company is committed to protecting local water bodies' ecological health and recreational use through responsible water management and comprehensive monitoring.

The Environmental Impact Assessment completed

The contact authority submitted Environmental Impact Assessment (EIA) reasoned conclusion on the tailings pond expansion, UG mine depth extension and production capacity ramp-up. The EIA procedure started in 2022 is

now complete and the Company can apply environmental permit for the operations assessed in the EIA.

Sustainable mining

We aim at achieving performance level A in accordance with the Towards Sustainable Mining standard. According to management, our operations are currently at level A in four of the protocols: tailings management, water management, occupational health and safety and stakeholder cooperation. During the quarter, we continued to focus on advancing the following protocols: crisis management, mine closure, energy efficiency and GHG emissions, and biodiversity management. We continued the training of our employees and conducted an emergency drill on dam failure.

The performance level in 2023 will be verified by external expert during Q4.

Grant for circular economy development project

In August 2024, the ELY Centre of North Ostrobothnia granted us project funding from the European Regional Development Fund for a circular economy development project started in 2023, the aim of which is to investigate and develop new business opportunities in circular economy by utilizing mining and other possible industrial side streams in a sustainable way. The maximum amount of grant is 1.9 MEUR for the duration of the project by the end of 2025.

Personnel

We had 50 (47) own employees and 108 (91) contracted employees permanently working at the silver mine site.



Shares and trading

Sotkamo Silver AB's share capital on September 30, 2024 was 275,880,781 SEK and the number of shares was 286,148,387. During the quarter, the number of shares and votes in Sotkamo Silver AB has increased as a result of the conversion of convertibles of series 2022/2026. Before the conversion, there were a total of 285,758,153 shares and votes in the Company.

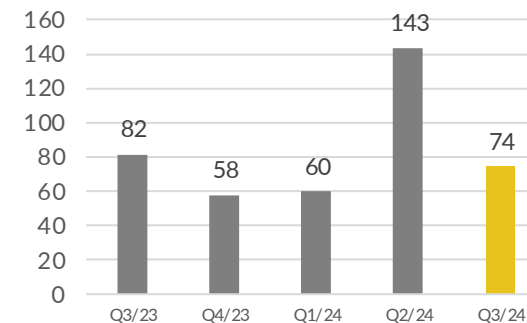
Sotkamo Silver AB's shares are traded on NGM Equity Stockholm and on Nasdaq Helsinki. The Company ticker code is SOSI at NGM Equity and SOSI1 at Nasdaq Helsinki. The shares' ISIN-number is SE0001057910. The shares are also traded on Börse Berlin, Open Market, where the Company code number is A0MMF4 and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

During the third quarter 74,286,866 (81,638,556) and 277,345,775 (274,843,853) shares during Q1-Q3 2024 were traded on NGM Equity in Stockholm and Nasdaq in Helsinki.

Share information

	Q3/24	Q3/23
Share price, SEK	0.92	0.67
Highest share price during the period, SEK	1.75	0.71
Lowest share price during the period, SEK	0.86	0.58
Quota value, SEK	0.96	0.96
Market cap, MSEK	262	191
Number of shares	286,148,387	285,758,153
Number of shares, diluted	327,383,120	327,383,120
Share capital, SEK	275,880,781	275,504,549

Shares Traded (million)



Risks and uncertainties

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

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

The metal grades of the Company's ore reserves vary. The Company proceeds underground according to the mining plan in a certain order optimal for mining. Therefore, in the short term, the metal grades of the ore may be above or below the estimated average metal grade of ore reserves, which causes volatility in the Company's net sales and profitability.

The risks and mitigating them are described in more detail in the Annual Report for 2023, p. 43-45.

Resolutions made at the Annual General Meeting

The AGM made the following decisions on 23 April 2024:

- The Income Statement and the balance sheet for both the parent company and the group regarding the financial year 2023 were adopted by the AGM. The AGM decided that no dividend would be paid out for the financial year 2023. The members of the Board and the CEO were granted discharge from liability for the financial year 2023.
- The AGM decided that the Board would comprise of six ordinary members. Jukka Jokela, Kimmo Luukkonen, Sixten Sunabacka, Eeva-Liisa Virkkunen and Mauri Visuri were re-elected as directors and Joni Lukkaroinen was elected as a new director. Eeva-Liisa Virkkunen was re-elected chairperson of the Board.
- The AGM resolved to elect the auditing company KPMG until the end of the AGM 2025.
- The guidelines for remuneration for the management and the procedure for appointing the members of the nomination committee were approved in accordance with the proposals from the Board.
- The AGM approved the Board's remuneration report for 2023.
- The AGM approved the nomination committee's proposal for annual fees to the Board.
- The Board's proposal to authorize the Board to resolve new issues of shares and other financial instruments was

not supported by the necessary majority of the cast votes and the shares represented at the AGM. The AGM resolved not to authorize the Board to issue new shares or other financial instruments.

Events after the reporting period

No significant events have materialized after the reporting period.

Financial calendar

- Q4/2024: 14 February 2025
- Financial Statements and the Board of Directors' Report for the Year 2024: Week commencing 31 March 2025
- Q1/2025: 29 April 2025
- Q2/2025: 31 July 2025
- Q3/2025: 23 October 2025

The Annual General Meeting is planned to be held on 24 April 2025 in Stockholm.

The interim report has been reviewed by the Company's auditors.

Stockholm, 25 October 2024
Sotkamo Silver AB's Board of Directors and CEO

Eeva-Liisa Virkkunen (Chairperson)
Jukka Jokela
Joni Lukkaroinen
Kimmo Luukkonen
Sixten Sunabacka
Mauri Visuri

Mikko Jalasto (CEO)



Review report

To the Board of Directors of Sotkamo Silver AB
Corp. id. 556224-1892

Introduction

We have reviewed the condensed interim financial information (interim report) of Sotkamo Silver AB as of 30 September 2024 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 25 October 2024

KPMG AB

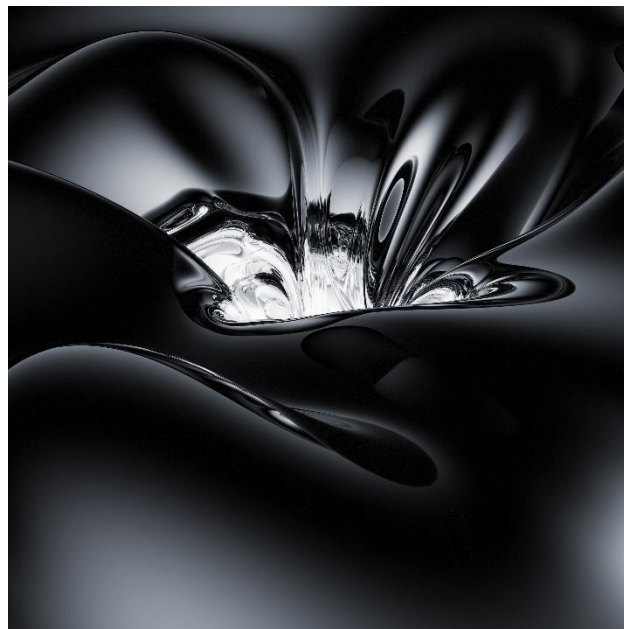
Ola Larsmon
Authorized Public Accountant

This is a translation of the original Swedish version published on www.silver.fi/sv/investerare/rapporter-och-material

About Sotkamo Silver

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

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



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

Consolidated, condensed statement of income and other comprehensive income

Amount in MSEK	Q3/24	Q3/23	Q1-Q3/24	Q1-Q3/23	2023
Net sales	113.8	109.9	303.6	297.5	406.8
Change of finished goods	8.1	1.1	11.3	-0.8	-2.8
Other income	0.2	2.6	0.8	-0.8	5.0
Supplies and services	-52.2	-53.9	-160.3	-132.5	-172.4
Other expenses	-9.9	-12.2	-38.0	-35.4	-51.4
Employee expenses	-10.3	-10.4	-31.6	-31.7	-45.4
EBITDA	49.7	37.1	85.8	96.3	139.8
Depreciation and amortization	-19.3	-19.7	-56.6	-54.8	-73.1
EBIT	30.4	17.4	29.2	41.5	66.7
Financial income	0.5	-0.7	1.7	-1.3	-1.6
Financial expenses	1.2	-5.3	-29.8	-27.4	-34.5
Interest expenses on lease payments	-0.1	-0.2	-0.3	-0.5	-0.6
Financial net	1.6	-6.2	-28.4	-29.2	-36.7
Result after financial items	32.0	11.2	0.8	12.3	30.0
Taxes	0.0	0.0	-14.1	-2.8	-2.8
Result for the period	32.0	11.2	-13.3	9.4	27.2

Result that may be reclassified to current period result:

Amount in MSEK	Q3/24	Q3/23	Q1-Q3/24	Q1-Q3/23	2023
Translation differences	-1.5	-8.7	5.0	9.3	-3.4
Cash flow hedges	0.3	-0.2	-0.3	-0.2	0.5
Income tax of cash flow hedges	-0.1	0.0	0.1	0.0	-0.1
Total comprehensive income	30.8	2.3	-8.5	18.6	24.2
Attributable to:					
The parent company					
shareholders	30.8	2.3	-8.5	18.6	24.2
Total	30.8	2.3	-8.5	18.6	24.2
Earnings per share, non-diluted, SEK	0.11	0.04	-0.05	0.03	0.09
Earnings per share, diluted, SEK	0.10	0.03	-0.05	0.03	0.08

Consolidated, condensed balance sheet

Amount in MSEK	30.9.2024	30.9.2023	31.12.2023
Intangible fixed assets	0.2	0.3	0.3
Tangible fixed assets	520.6	531.8	517.5
Right of use assets	5.8	10.8	9.3
Financial fixed assets	2.2	31.9	33.6
Total fixed assets	528.8	574.2	560.7
Current assets			
Inventories	15.4	6.3	4.2
Trade receivables	34.6	27.0	37.6
Derivatives	0.3	0.0	0.5
Other assets	18.8	11.4	15.5
Cash and cash equivalents	76.4	64.7	78.9
Total current assets	145.4	109.5	136.7
Total assets	674.2	683.7	697.4
Equity			
Share capital	275.9	275.5	275.5
Other contributed capital	236.6	236.3	236.3
Translation differences	20.0	27.7	15.0
Cash flow hedges	0.2	-0.1	0.4
Retained earnings	-231.0	-258.1	-258.1
Result of the period	-13.3	9.4	27.1
Total Equity	288.4	290.7	296.3

Amount in MSEK	30.9.2024	30.9.2023	31.12.2023
Liabilities			
Provision	34.8	32.5	34.1
Non-current borrowings	188.2	234.3	226.4
Non-current lease liabilities	2.4	6.3	5.1
Non-current derivative liabilities	6.0	3.2	4.1
Deferred tax liability	0.1	0.0	0.1
Total non-current liabilities	196.6	243.9	235.6
Current borrowings	58.4	42.1	40.7
Current lease liabilities	4.3	5.7	5.4
Derivative financial instruments	0.0	0.2	0.0
Trade payables and other payables	91.8	68.7	85.2
Total current liabilities	154.4	116.7	131.3
Total liabilities	385.8	393.0	401.1
Total equity and liabilities	674.2	683.7	697.4
Equity ratio %	42.8	42.5	42.5
Cash liquidity ratio %	86.6	93.0	105.2
Equity per share, SEK	1.01	1.02	1.04
Equity per share, diluted, SEK	0.88	0.90	0.92

Consolidated, condensed change in equity

Amount in MSEK	Share contributed capital	Other contributed capital	Translation differences	Cash flow hedges	Retained earnings	Total equity
Opening equity 1.1.2023	275	213	18	0	-262	244
Period result					27	27
Sum of period result					-27	27
Other Comprehensive income						
Translation difference			-3			-3
Cash flow hedges				1		1
Income tax of cash flow hedges				0		0
Sum of other comprehensive income	0	0	-3	0	0	-3
Transactions with shareholders						
Reduction of share capital	-264				264	0
Bonus issue	260				-260	0
Rights issue	5	34				39
Issuer costs		-10				-10
Sum of transactions with shareholders	1	24	0	0	4	28

Amount in MSEK	Share contributed capital	Other contributed capital	Translation differences	Cash flow hedges	Retained earnings	Total equity
Closing Equity 31.12.2023	276	236	15	0	-231	296
Period result					-13	-13
Sum of period result					-13	-13
Other Comprehensive income						
Translation difference			5			5
Cash flow hedges				0		0
Income tax of cash flow hedges				0		0
Sum of other comprehensive income	0	0	5	0	0	5
Transactions with shareholders						
Share issue and convertible loan conversion	0	0				1
Issue cost		0				0
Sum of transactions with shareholders	0	0	0	0	0	1
Closing Equity 30.9.2024	276	237	20	0	-244	288

Consolidated, condensed statement of cash flow

Amount in MSEK	Q1-Q3/24	Q1-Q3/23	2023
Operating activities			
Result for the period	-13.3	9.4	27.1
Adjustments for items not effecting cash	94.5	83.2	107.3
Interest paid	-21.8	-16.7	-17.7
Cash flow from operating activities before changes in working capital	59.4	75.8	116.8
Cash flow from changes in working capital			
Change in inventories	-11.2	0.6	2.7
Change in operating receivables	32.1	17.6	0.0
Change in operating liabilities	-4.4	-19.6	-7.7
Cash flow from operating activities	75.9	74.4	111.8

Amount in MSEK	Q1-Q3/24	Q1-Q3/23	2023
Investing activities	-46.1	-27.5	-46.7
Share issue and convertible loan conversion	0.0	38.6	38.6
Issue costs	0.0	-10.3	-10.3
Repayment of lease liabilities	-4.1	-6.8	-8.2
Change in loans	-29.8	-4.5	-4.6
Cash flow from financing activities including share issue	-33.8	17.0	15.6
Change in cash and cash equivalents	-4.0	63.9	80.7
Cash and cash equivalents in the beginning of the period	78.9	0.8	0.8
Translation differences in cash and cash equivalent	1.6	0.0	-2.6
Cash and cash equivalents at the end of period	76.4	64.7	78.9

Parent company condensed statement of income

Amount in MSEK	Q1-Q3/24	Q1-Q3/23	2023
Net sales	0.0	0.0	0.0
Other income	0.0	0.0	0.0
Supplies	-0.6	0.0	0.0
Other expenses	-6.8	-22.6	-25.3
Employee expenses	-1.6	-1.9	-3.2
EBITDA	-9.0	-24.6	-28.5
Depreciation and amortization	-0.1	0.0	-0.1
EBIT	-9.1	-24.6	-28.6
Financial income	24.1	4.1	-1.1
Financial expenses	-6.7	-123.5	-122.7*
Financial net	17.4	-119.3	-123.8
Result after financial items	8.4	-144.0	-152.4
Group contributions	0.0	0.0	-16.7
Taxes	-14.1	-2.8	-2.8
Result for the period	-5.7	-146.8	-171.9

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

Parent company condensed balance sheet

Amount in MSEK	30.9.2024	30.9.2023	31.12.2023
Assets			
Fixed assets			
Intangible fixed assets	0.0	0.0	0.0
Tangible fixed assets	0.1	0.2	0.2
Shares in subsidiaries	174.9	174.9	174.9
Financial fixed assets	153.9	134.9	129.1
Total fixed assets	329.0	310.0	304.2
Other assets	6.7	17.6	17.1
Cash and cash equivalents	14.6	7.5	2.9
Total current assets	21.3	25.1	20.0
Total assets	350.3	335.2	324.2
Equity and liabilities			
Equity	219.4	249.5	225.0
Liabilities			
Long term liabilities	70.6	72.0	69.6
Short term liabilities	60.3	13.6	29.6
Total liabilities	130.9	85.7	99.2
Total Equity and liabilities	350.3	335.2	324.2

Exchange rates

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

	30.9.2024	30.9.2023	31.12.2023
Balance sheet day rate EUR/SEK	11.3000	11.4923	11.0960
Balance sheet day rate USD/SEK	10.0929	10.8413	10.0416
Average rate for the reporting period EUR/SEK	11.4118	11.4758	11.4765

Other information

Important estimates and assessments for accounting purposes

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

significant adjustments in the carrying amounts of assets and liabilities are described in the annual report 2023.

Accounting principles

The interim report has been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, the Annual Accounts Act and the Securities Market Act. For the parent company, the interim report has been prepared in accordance with the Annual Accounts Act and the Securities Market Act, which is in accordance with the provisions of RFR 2 Accounting for Legal Entities. The parent company's and the group's accounting principles for the report are unchanged compared to the latest annual report for the year 2023, except for:

- 1) The change in the reporting procedure for the financial year 2024 is presented in the section 'Recognition of revenue, IFRS 15' below. This change has no impact on the income statement or equity reported for the financial year.
- 2) In the third quarter 2024, the Company changed its accounting practice and recognized the value of its stocks of spare parts and consumables as a component of inventory.

Revenue recognition IFRS 15

The Group's revenue primarily consists of sales of silver concentrates and by-products. Sales are recognized as

revenue when control of the concentrate is transferred to the customer, which is considered to have been done when the concentrate has been transported and received by the customer. Where the agreements contain multiple performance commitments, the transaction price is allocated to each separate performance commitment based on their standalone selling prices.

For revenue relating to the flotation concentrate, the transaction price is calculated on preliminary data on the amount of concentrate, metal content, metal price, and less reimbursement for treatment costs and contaminant content. Final billing occurs when all input parameters (concentrate quantity, metal content, price, contaminant content, etc.) have been determined. Any changes in the amount of concentrate and metal content on final invoicing are reported as net sales.

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

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 the notes on sales revenue.

Revenue from activities outside ordinary activities is reported as 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.

In the financial statements for the financial year 2024, the change of reporting procedure will be applied retrospectively in accordance with the provisions of IAS 8.

The new reporting procedure will also be applied in this Interim Report 1.1. - 30.9.2024.

The change presented above, has not been restated for the comparison period in this report, but they are presented in accordance with the reporting given in the previous financial year, as the effect has not been considered significant. In previous reporting procedure, the sales pricing accruals recorded between net sales and other operating income at the end of the reporting period have typically been below 5.0 MSEK depending on price development in the global metals market.

Inventories

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

accordance with applicable sales terms, less any applicable variable sales costs.

Fair value of financial instruments and trade receivables

The Company implemented at the beginning of April 2022 a directed issue of convertibles of an aggregate nominal amount of up to 6.4 MEUR. During Q3/2024 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 6.3 MEUR. The convertibles carry an annual interest of 8.0%. The term of the convertibles is 4.5 years with a maturity date on 30 September 2026, to the extent that conversion has not taken place before such date. The conversion price 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 recognized at fair value using the Black-Scholes model through the income statement and a liability component that will be recognized at amortized cost using the effective interest rate method. At the inception date, the fair value of the convertible option liability was 34 MSEK and the fair value of the liability component was 32 MSEK. On September 30, 2024, the fair value of the convertible option component was 6

MSEK and the fair value of the liability component was 48 MSEK. The fair value changes recognized through the income statement during Q1-Q3/2024 were: conversion option liability -2 MSEK, and liability component -11 MSEK.

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

At the inception of the hedge relationship, the Company documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking its hedge transactions. The fair values of derivative financial instruments designated in hedge relationships were 0.3 MSEK.

Cash flow hedges that qualify for hedge accounting

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

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

For other financial instruments, the carrying amount is a reasonable estimate of fair value. The fair value of embedded derivatives is found in Level 2 of the fair value hierarchy. On 30 September 2024, the fair value of accounts receivable amounts to 35 MSEK (27) and is recognized in the item Trade Receivables in Current assets in the balance sheet. If there would have been any changes, the values would be reported in other operating income/expenses in the Consolidated statement of income. The fair value of accounts receivable is found in Level 2 of the fair value hierarchy.

Definitions

EBITDA, Earnings Before Interest, Taxes and Depreciations & Amortizations

EBIT, Earnings Before Interest and Taxes

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

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

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

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

Ounce, Troy ounce which is 31.1035 grams

TSM Finland, The mining industry's sustainability is monitored and developed through the international Towards Sustainable Mining standard. The purpose of implementing the standard is to encourage the industry to adopt and develop more responsible practices. The Responsible Mining tools, such as social responsibility reporting and the mining responsibility systems, have been developed in collaboration with the Sustainable Mining Network.





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