

SOTKAMO SILVER AB

Stronger start than previous year

Interim Report Q1/2024



HIGHLIGHTS

January – March

- Net sales increased by 26 % to 85 MSEK (67 MSEK), driven mainly by a higher silver production volume, higher average silver grade and positive development of silver price. Sales of zinc and lead decreased driven mainly by lower zinc price and lower head grades
- EBITDA raised by 167 % to 17 MSEK (6), EBITDA margin increased to 20 % (9)
- EBIT increased to -1 MSEK (-10)
- Compared to the corresponding period, the profitability raised significantly driven by a higher average silver grade, higher silver price and improved efficiency of mining activities. However, the profitability compared to the previous quarter decreased mainly due to lower silver grade, increased contractor costs and increased amount of preparatory work in the underground mine
- Cash and cash equivalents amounted to 38 MSEK (34)
- Investments more than doubled to 17 MSEK (8)
- The production amounted to approximately 309,000 ounces of silver (207,000), 717 ounces of gold (516), 197 tonnes of lead (232), and 338 tonnes of zinc (515) 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 (14 February 2024) the following guidance for 2024:

- The Company expects to produce 1.45 -1.55 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 expects profitability to remain at a good level in 2024. Profitability is supported by improved operational efficiency but burdened by inflation and cost escalation. The Company's profitability is significantly affected by external factors, such as metal prices, exchange rates and inflation. The achievement of the guidance assumes a slight increase in metal prices and EUR/USD rate to remain approximately at the level of the time when the guidance was published (14 February 2024).

Medium-term targets

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

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

Stronger start than previous year

In the first quarter, Sotkamo Silver's net sales increased by 26 percent to SEK 85 million. The amount of milled ore increased both from the previous quarter and from the comparison period. As we anticipated last quarter, the average silver head grade was lower than the exceptionally high level of the previous quarter. However, silver production increased by 49 percent year-on-year to 309,000 ounces (207,000). At the beginning of the quarter, production was also affected by individual technical challenges in underground mining and the concentrator plant.

As we continue our journey towards our targets for this year, we are supported by the positive development of silver and gold prices which have risen sharply over the past month. A recent report by the Silver Institute forecasts that demand for silver will continue to clearly exceed supply for the full year as well. During April, the silver price in Euro terms was on the highest level during our mine production.

Sotkamo Silver's EBITDA increased by 167 percent year-on-year to SEK 17 million. EBITDA margin in the first quarter was 20 percent. Profitability was affected by increasing costs, which reflected general inflation, and the preparatory work for future production carried out during the quarter. The Group's cash and cash equivalents decreased as a result of loan repayments and investments carried, however operating cash flow was SEK 2.7 million positive.

We proceeded as planned to improve our sustainability performance. Nitrogen emissions have been reduced as anticipated due to the commissioning of the bioreactor, and work progressed to achieve performance level A in accordance with the Towards Sustainable Mining standard. The mine waste management and closure plan related to the environmental permit is in process.

In the second quarter, we will focus on continuing stable production in order to take full advantage of the favorable silver market.

Mikko Jalasto, CEO



Key figures

	Q1/24	Q1/23	Change, %	1-12/23
Net sales, MSEK	85	67	26	407
EBITDA, MSEK	17	6	167	140
EBITDA margin %	20	9	113	34
EBIT, MSEK	-1	-10		67
EBIT margin %	-1	-14		16
Equity ratio %	44	40	9	43
Cash liquidity %	94	67	40	105
Net debt-to-EBITDA ratio	1,5	11,7	-87	1,5
Personnel at the end of the period	49	44	11	47
Silver production, koz	309	207	49	1 411
Mill feed, kt	124	97	28	478
Average silver grade, g/tonne	91	82	12	105

Financial performance

During the first quarter, **net sales** increased by 26 % to 85 MSEK (67 MSEK), driven mainly by a higher silver production volume, higher average silver grade and positive development of silver price. Sales of zinc and lead decreased driven by lower zinc price and lower head grades.

Other income was 9 MSEK (7) during the quarter, including mainly estimated unrealized final sales price adjustment due to the price difference between provisional and final invoices for the period. Net sales included -1 MSEK estimated final metal content adjustment due to the metal content difference between provisional and final invoices for the period. The final sales prices for silver and gold are based on the monthly average market price two months after the delivery, deducted by the customer's smelter charges.

EBITDA increased by 167 % to 17 MSEK (6) and EBITDA margin increased to 20 % (9). Compared to the corresponding period, the profitability increased significantly driven by a higher average silver grade, higher silver price and improved efficiency of mining activities. The decrease in profitability compared to the previous quarter was mainly due to lower silver grade, the impact of inflation on contract prices and preparatory work carried out in the underground mine for the coming quarters.

The impact of inflation on contract prices and preparatory work carried out in the underground mine for the coming quarters increased expenses for supplies and services compared to the corresponding period.

EBIT improved to -1 MSEK (-10) driven mainly by higher revenues.

Investments in the underground mine and environmental investments increased by 107 % to 17 MSEK (8) during the quarter. Infill drilling continued, and costs were included in the investments of the period.

During the quarter **silver price** fluctuated in a range between \$22.1 and \$25.4 per ounce. At the end of the quarter, the silver price was \$24.5 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.

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

In the first quarter, the **Euro** weakened against the US dollar by 2.2 %, being at 1.1050 at the beginning and at 1.0811 at the end of the quarter. The changes in the value of the Euro against the **US dollar** during the quarter had a positive impact of 1.9 MSEK on the Company's result. The Euro strengthened against the **Swedish krona** from 11.0960 at to 11.5250 which decreased the Company's result by 0.3 MSEK. The new mining tax which became effective on Jan 1st, 2024, weakened the first-quarter result by 1 MSEK.

Financial position and cash flow

During the quarter, the Group's **cash and cash equivalents** increased by 12 % to 38 MSEK (34). The Company amortized the senior loan by MSEK 28.8 and paid interest on the senior loan by MSEK 16.8. **Cash flow from operating activities** amounted to 3 MSEK during Q1. According to the Company's estimate, it has sufficient liquidity for at least the next 12 months of operations.

The Group's **equity ratio** increased to 44 % (40).

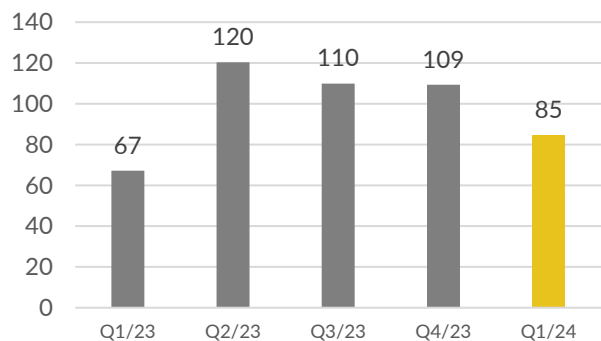
The Group's **equity** was 294 MSEK (255) which corresponds to 1.03 SEK (0.89) a share non-diluted, and 0.90 SEK (0.79) diluted.

Market data

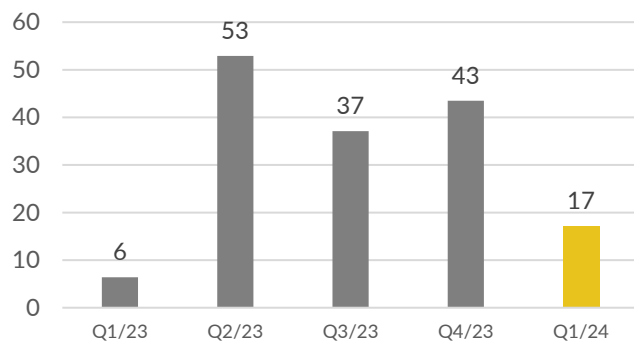
	Q1/24	Q1/23	1-12/23
Average silver price USD	23.3	22.5	23.3
Average EUR/USD	1.0858	1.0730	1.0812

Financial key figures

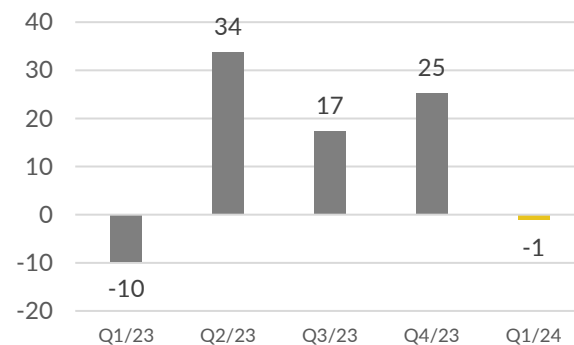
Net Sales, MSEK



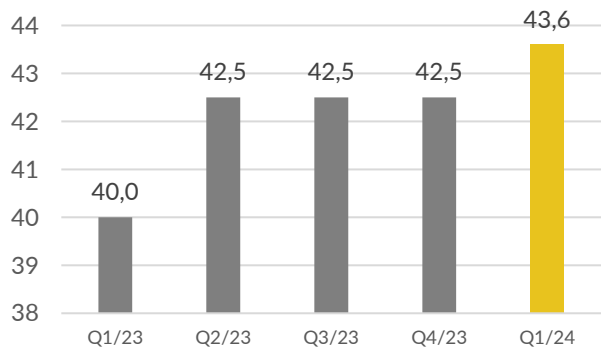
EBITDA, MSEK



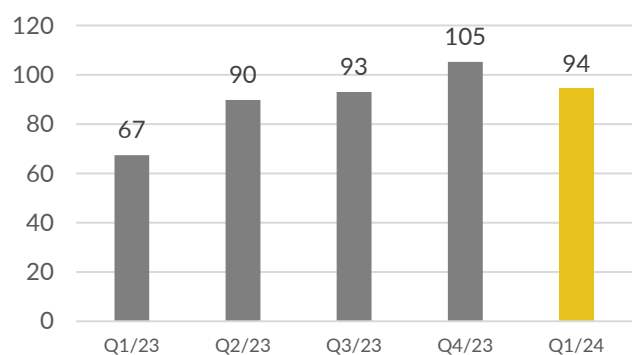
EBIT, MSEK



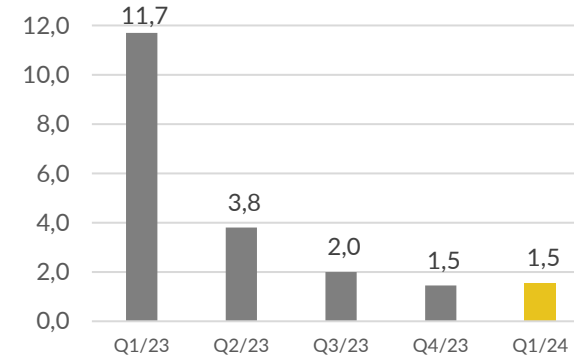
Equity ratio, %



Cash liquidity, %



Net debt-to-EBITDA



Operational performance

During the first quarter of 2024, the total amount of milled ore increased by 28% to 124,000 tonnes compared to the previous year (97,000). Volume was slightly below the Company's production plans due to individual technical issues in underground mining and at the concentration plant. In total, the production amounted to 309,000 ounces silver (207,000), 717 ounces of gold (516), 197 tonnes of lead (232), and 338 tonnes of zinc (515) in concentrates.

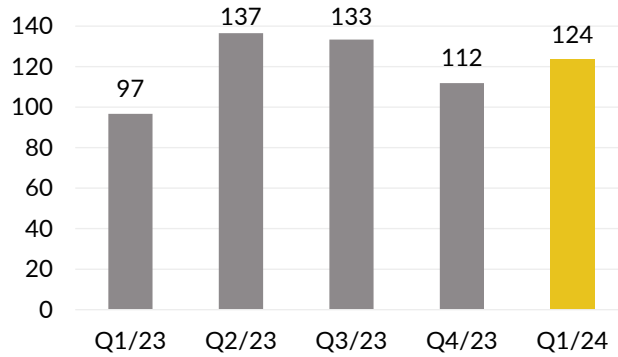
While silver production was higher compared to the previous year, it was at a lower level than during the past few quarters. The silver head grade was 91 g/tonne (82), which was at the lower end of the estimated range of 90-110 g/tonnes, as anticipated last quarter. We expect to continue to see monthly variation in silver grades, as is typical in mining. Lead and zinc production remained roughly on the same level as in the past few quarters.

Despite the technical issues at the beginning of the quarter, the work done together with our mining contractor has progressed further towards stable long-term operations. The amount of successful preparatory work completed in the underground mine during the first quarter will ensure more stable ore mining and efficient drilling programs in the coming quarters.

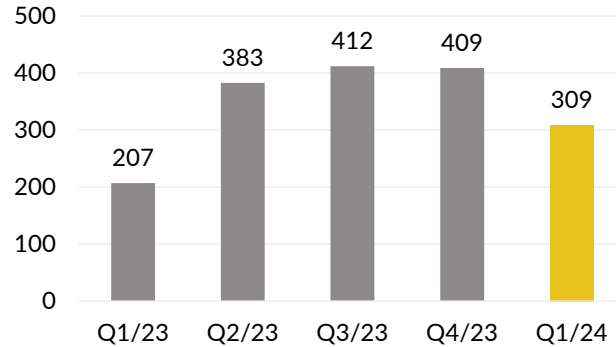


Operational key figures

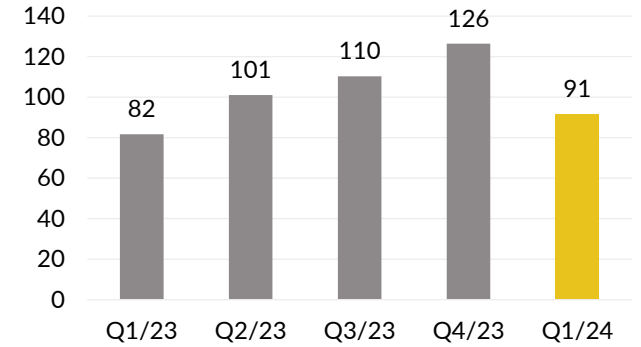
Milled ore, ktonnes



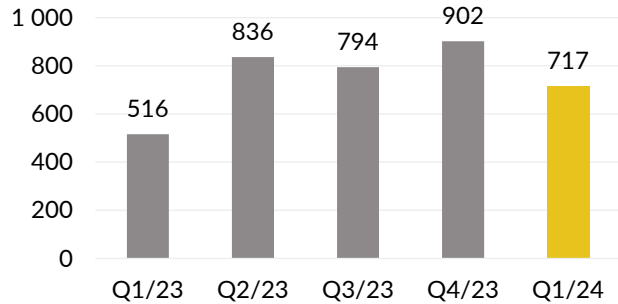
Silver production, koz



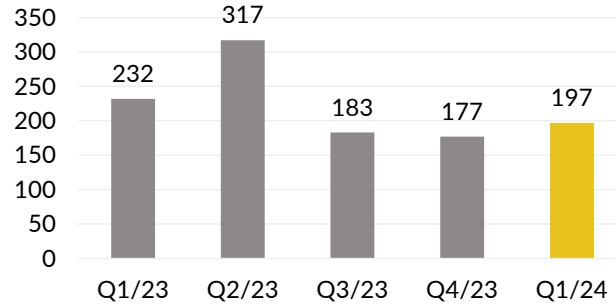
Silver head grade, g/tonne



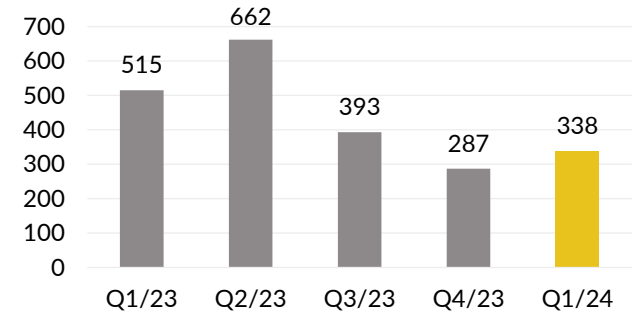
Gold production, oz



Lead production, tonnes



Zinc production, tonnes



Strategy

The cornerstones of Sotkamo Silver's strategy are:

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

Key focus areas in 2024

- **Extending Life-of-Mine (LOM), current mine:** The first LOM-related exploration drilling campaign will begin during 2024. In 2025, the campaigns will be completed, the results analysed and new estimated LOM announced. While there remains potential on the western side of the current mineralisation, LOM extension activities will focus below the 700 meter level in the current mine.
- **Exploration, broader Kainuu region:** Sotkamo Silver continues activities to use modern modeling tools to analyze existing research data to support the longer-term exploration of the Kuhmo-Suomussalmi greenstone belt in the Kainuu region. This information should support the company as it continues to prepare investment plans related to further exploration activities.
- **Operational efficiency:** Sotkamo Silver continues to focus on improving operational efficiency to maintain high profitability and to curb cost escalation.

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

Key activities, Q1/2024

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

Sotkamo Silver completed the exploration drilling plans for 2024 and an agreement has been made with the drilling contractor on the implementation of the drilling. These drillings aim to extend the life of the mine (LOM) until 2035.

Exploration, broader Kainuu region

Aerial survey data was modeled using new tools and supplemented with additional information. The work will continue to identify the most promising exploration areas as well as financial planning related to the future exploration activities.

Sustainability

Safety

The lost time injury frequency rate (LTIFR, the number of lost time injuries for million working hours) was 19 (4) at the end of the period, including all contractors. LTIFR of 19 corresponds to five Lost Time Injuries (LTI) within a 12-month period. In order to lower LTIFR, the company has taken corrective measures, paying special attention to safety management by strengthening the safety training and practices. The Company wants to reinforce and encourage a positive safety culture in its own organization and with its contractors. The long-term goal for LTIFR is zero. At the end of the period, the Company's own personnel and regular contractors at mine had worked 46 days without LTIs.

Nitrogen emission reduction

The annual limit for nitrogen emissions to water is defined in the silver mine's environmental permit. As it has been previously communicated (Q3/2023 report), in 2023 the annual permit limit was slightly exceeded. The Company has since focused on ongoing and planned emission reduction activities in close dialogue with authorities. As a part of these activities, in December 2023, the silver mine's water treatment was supplemented with a nitrogen removal bioreactor. Four months after the installation, the data shows emissions have been approximately cut in half compared to the comparison period. With these activities, Sotkamo Silver expects to be within the limits of the

permit. The Company continues to closely monitor emissions.

Environmental permits

As has been previously communicated (Q4/2024 report), in November 2023 the Vaasa Administrative Court dismissed appeals against the environmental permits awarded to Sotkamo Silver in 2020 and 2022. Concurrently, the court stated that the Company must ensure that mining volumes remain within the annual limits set by the 2013 environmental permit, pending approval of a mine waste management and closure plan. The Company filed the plan in March 2022 and supplemented it in January 2024. The process has progressed as according to the normal procedure and the Company expects approval during the spring 2024. The decision did not have a significant impact on the Company's production volumes in 2023, nor does the management expect significant impact on volumes in 2024.

Sustainable mining

Sotkamo Silver aims at achieving performance level A in accordance with the Towards Sustainable Mining standard. According to management, the Company's operations are currently at level A in four of the protocols: tailings management, water management, occupational health and safety and stakeholder cooperation. During the quarter, the Company focused on advancing the following protocols: crisis management, mine closure, energy efficiency and GHG emissions, biodiversity management.

Personnel

The Company had 49 (44) own employees and 97 (93) contracted employees permanently working at the silver mine site.



Picture: Mine experts assess the blasting of the bottom of the open pit mine

Shares and trading

Sotkamo Silver AB's share capital on March 31, 2024 was 275,504,549 SEK and the number of shares was 285,758,153.

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

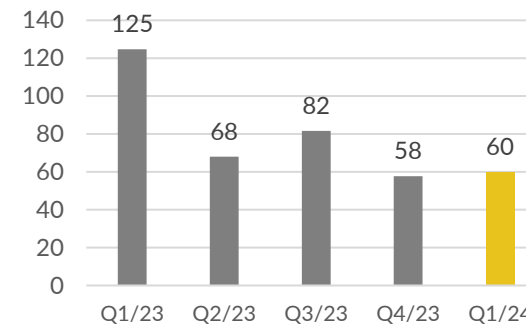
During the first quarter 59,766,728 (124,701,996) shares were traded on NGM Equity in Stockholm and Nasdaq in Helsinki.

Share information

	Q1/24	Q1/23
Share price, SEK	1.11	0.56
Highest share price during the period, SEK	1.15	1.42
Lowest share price during the period, SEK	0.73	0.47
Quota value, SEK	0.96	0.96
Market cap, MSEK	317	160
Number of shares	285,758,153	285,758,153
Number of shares, diluted	327,372,893	327,372,893
Share capital, SEK	275,504,549	275,504,549

Table 1

Shares Traded (million)



Risks and uncertainties

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

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

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

The risks and mitigating them are described in more detail in the Annual Report for 2024, p. 43–45.

Events after the reporting period

Resolutions made at the Annual General Meeting

The AGM made the following decisions (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 director. Eeva-Liisa Virkkunen was re-elected chairman 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 on 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.

Financial calendar

- Q2/2024: July 26, 2024
- Q3/2024: October 25, 2024
- Q4/2024: To be determined

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

Stockholm, April 30, 2024

Sotkamo Silver AB's Board of Directors and CEO

Eeva-Liisa Virkkunen (Chairman)

Jukka Jokela

Joni Lukkaroinen

Kimmo Luukkonen

Sixten Sunabacka

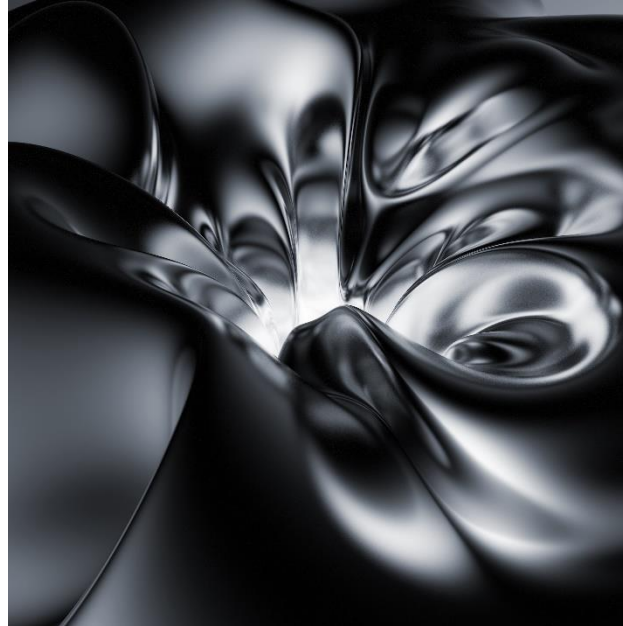
Mauri Visuri

Mikko Jalasto (CEO)

About Sotkamo Silver

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

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



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

Consolidated, condensed statement of income and other comprehensive income

Amount in MSEK	Q1/24	Q1/23	Q1-Q4/23
Net sales	84.5	67.2	406.8
Change of finished goods	2.1	-1.8	-2.8
Other income	9.4	-2.6	5.0
Supplies and services	-52.6	-32.5	-172.4
Other expenses	-16.4	-13.8	-51.4
Employee expenses	-9.9	-10.1	-45.4
EBITDA	17.1	6.4	139.8
Depreciation and amortization	-18.3	-16.1	-73.1
EBIT	-1.2	-9.7	66.7
Financial income	-2.4	-1.3	-1.6
Financial expenses	-7.7	-6.5	-34.5
Interest expenses on lease payments	-0.1	-0.2	-0.6
Financial net	-10.1	-8.1	-36.7
Result after financial items	-11.3	-17.8	30.0
Taxes	0.0	-1.1	-2.8
Result for the period	-11.3	-18.9	27.2

Result that may be reclassified to current period result:

Amount in MSEK	Q1/24	Q1/23	Q1-Q4/23
Translation differences	10.0	1.2	-3.4
Cash flow hedges	-0.7	0.0	0.5
Income tax of cash flow hedges	0.1	0.0	-0.1
Total comprehensive income	-1.8	-17.7	24.2
Attributable to:			
The parent company			
shareholders	-1.8	-17.7	24.2
Total	-1.8	-17.7	24.2
Earnings per share, non-diluted, SEK	-0.07	-0.07	0.09
Earnings per share, diluted, SEK	-0.09	-0.07	0.08

Consolidated, condensed balance sheet

Amount in MSEK	31.3.2024	31.3.2023	31.12.2023
Intangible fixed assets	0.3	0.3	0.3
Tangible fixed assets	537.3	536.6	517.5
Right of use assets	8.3	12.7	9.3
Financial fixed assets	37.8	25.6	33.6
Total fixed assets	583.7	575.2	560.7
Current assets			
Inventories	6.4	5.1	4.2
Trade receivables	31.4	17.2	37.6
Derivatives	0.0	0.0	0.5
Other assets	16.6	10.7	15.5
Cash and cash equivalents	37.6	33.5	78.9
Total current assets	92.1	66.6	136.7
Total assets	675.8	641.8	697.4
Equity			
Share capital	275.5	275.5	275.5
Other contributed capital	236.3	237.2	236.3
Translation differences	25.0	19.6	15.0
Cash flow hedges	-0.1	0.0	0.4
Retained earnings	-231.0	-258.1	-258.1
Result of the period	-11.3	-18.9	27.1
Total Equity	294.4	255.3	296.3

Amount in MSEK	31.3.2024	31.3.2023	31.12.2023
Liabilities			
Provision	35.4	31.8	34.1
Non-current borrowings	238.5	245.5	226.4
Non-current lease liabilities	4.3	8.2	5.1
Non-current derivative liabilities	7.1	4.0	4.1
Deferred tax liability	0.0	0.0	0.1
Total non-current liabilities	250.0	257.7	235.6
Current borrowings	13.5	25.4	40.7
Current lease liabilities	5.2	5.7	5.4
Derivative financial instruments	0.1	0.0	0.0
Trade payables and other payables	77.2	65.8	85.2
Total current liabilities	96.0	96.9	131.3
Total liabilities	381.4	386.5	401.1
Total equity and liabilities	675.8	641.8	697.4
Equity ratio %	43.6	39.8	42.5
Cash liquidity ratio %	94.4	67.4	105.2
Equity per share, SEK	1.03	0.89	1.04
Equity per share, diluted, SEK	0.90	0.79	0.92

Consolidated, condensed change in equity

Amount in MSEK	Share capital	Other contributed capital	Translation differences	Cash flow hedges	Retained earnings	Total equity
Opening equity 1.1.2023	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 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					-11	-11
Sum of period result					-11	-11
Other Comprehensive income						
Translation difference			10			10
Cash flow hedges				-1		-1
Income tax of cash flow hedges				0		0
Sum of other comprehensive income	0	0	10	-1	0	10
Closing Equity 31.3.2024	276	236	25	0	-242	294

Consolidated, condensed statement of cash flow

Amount in MSEK	Q1/24	Q1/23	Q1-Q4/23
Operating activities			
Result for the period	-11.3	-18.9	27.1
Adjustments for items not effecting cash	27.1	23.3	107.3
Interest paid	-17.6	-9.5	-17.7
Cash flow from operating activities before changes in working capital	-1.8	-5.1	116.8
Cash flow from changes in working capital			
Change in inventories	-2.3	1.8	2.7
Change in operating receivables	2.2	33.6	0.0
Change in operating liabilities	4.6	-16.9	-7.7
Cash flow from operating activities	2.7	13.4	111.8

Amount in MSEK	Q1/24	Q1/23	Q1-Q4/23
Investing activities	-16.2	-7.6	-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	-1.4	-4.0	-8.2
Change in loans	-28.2	0.6	-4.6
Cash flow from financing activities including share issue	-29.7	25.9	15.6
Change in cash and cash equivalents	-43.2	31.7	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	1.9	0.0	-2.6
Cash and cash equivalents at the end of period	37.6	33.5	78.9

Parent company condensed statement of income

Amount in MSEK	Q1/24	Q1/23	Q1-Q4/23
Net sales	0.0	0.0	0.0
Other income	0.0	0.0	0.0
Supplies	-0.1	0.0	0.0
Other expenses	-2.3	-17.0	-25.3
Employee expenses	-0.4	-0.3	-3.2
EBITDA	-2.7	-17.3	-28.5
Depreciation and amortization	0.0	0.0	-0.1
EBIT	-2.7	-17.3	-28.6
Financial income	9.3	-23.6	-1.1
Financial expenses	-1.6	-2.8	-122.7*
Financial net	7.7	-26.4	-123.8
Result after financial items	5.0	-43.8	-152.4
Group contributions	0.0	-8.9	-16.7
Taxes	0.0	-1.1	-2.8
Result for the period	5.0	-53.7	-171.9

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

Parent company condensed balance sheet

Amount in MSEK	31.3.2024	31.3.2023	31.12.2023
Assets			
Fixed assets			
Intangible fixed assets	0.0	0.0	0.0
Tangible fixed assets	0.2	0.2	0.2
Shares in subsidiaries	174.9	174.9	174.9
Financial fixed assets	141.7	224.6	129.1
Total fixed assets	316.8	399.8	304.2
Other assets	13.1	17.1	17.1
Cash and cash equivalents	5.8	33.5	2.9
Total current assets	18.9	50.7	20.0
Total assets	335.8	450.5	324.2
Equity and liabilities			
Equity	229.4	343.5	225.0
Liabilities			
Long term liabilities	72.5	67.6	69.6
Short term liabilities	33.8	39.4	29.6
Total liabilities	106.3	106.9	99.2
Total Equity and liabilities	335.8	450.5	324.2

Exchange rates

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

	31.3.2024	31.3.2023	31.12.2023
Balance sheet day rate EUR/SEK	11.53	11.28	11.10
Balance sheet day rate USD/SEK	10.66	10.35	10.04
Average rate for the reporting period EUR/SEK	11.28	11.20	11.48

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.

Revenue recognition, IFRS 15

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

For revenue relating to the flotation concentrate, the transaction price is calculated on preliminary data on the

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

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

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

Inventories

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

Fair value of financial instruments and trade receivables

The Company implemented at the beginning of April 2022 a directed issue of convertibles of an aggregate nominal amount of up to 6.4 MEUR. The convertibles carry an annual interest of 8.0%. The term of the convertibles is 4.5 years with a maturity date on 30 September 2026, to the extent that conversion has not taken place before such date. The conversion price 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 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 March 31, 2024, the fair value of the convertible option component was 7 MSEK and the fair value of the liability component was 49 MSEK. The fair value changes recognized through income statement were: conversion option liability -3 MSEK, and liability component -3 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 -0.1 MSEK.

Cash flow hedges that qualify for hedge accounting

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

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

For other financial instruments, the carrying amount is a reasonable estimate of fair value. The fair value of embedded derivatives is found in Level 2 of the fair value hierarchy. On 31 March 2024, the fair value of accounts receivable amounts to 31 MSEK (17) 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 SEK, The Earnings divided by the number of shares

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

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

Ounce, Troy ounce which is 31.1035 grams

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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