

SOTKAMO SILVER AB

Higher silver price offset low silver grade

Interim Report Q2/2024



HIGHLIGHTS

April – June

- Net sales decreased by 13 % to 105 MSEK (120 MSEK), driven mainly by a lower average silver grade, which led to lower silver production. Reduced production volumes offset by improved metal prices. Net sales increased by 25 % compared to Q1 2024
- EBITDA decreased by 64 % to 19 MSEK (53), EBITDA margin decreased to 18 % (44), but EBITDA increased by 11 % compared to Q1 2024
- EBIT decreased to 0 MSEK (34) however EBIT increased by 1.2 MSEK compared to Q1 2024
- The profitability decreased mainly due to lower silver grade and increased contractor costs
- Cash and cash equivalents amounted to 30 MSEK (36)
- Investments went up to 12 MSEK (8)
- The production amounted to approximately 274,000 ounces of silver (383,000), 590 ounces of gold (836), 167 tonnes of lead (317), and 359 tonnes of zinc (662) in concentrates
- In June, the Supreme Administrative Court rejected the Company's claim regarding the taxation of unrealized foreign exchange gains which resulted in an expense of 15 MSEK

January – June

- Underground operations were in mining areas with below-average metal content, which weakened the profitability
- Net sales increased by 1 % to 190 MSEK (188 MSEK), driven mainly by the positive development of silver and gold prices
- EBITDA decreased by 39 % to 36 MSEK (59), EBITDA margin decreased to 19 % (32)
- EBIT decreased to -1 MSEK (24)
- Profitability decreased mainly due to lower silver grade and increased contractor costs
- Cash and cash equivalents decreased to 30 MSEK (79)
- Investments increased by 79 % to 29 MSEK (16)
- The production was approximately 583,000 ounces of silver (590,000), 1,307 ounces of gold (1,352), 364 tonnes of lead (549), and 697 tonnes of zinc (1,177) 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

After reporting period

- On July 3, 2024, the Company's mine waste and closure plan was approved by the authorities and the lower temporary annual limits on mining were lifted
- In July, the Company decided to switch the environmental guarantor. As a result, the cash collateral of EUR 3.5 million will be released during the third quarter to the Company improving the Company's cash position.

OUTLOOK

Guidance for 2024

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

We still expect profitability to be 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).

Compared to the previous guidance, we now also assume, that silver grade increases in the range of 90 to 110 g/tonne in H2 2024 and mining volumes improve through mining contractor capacity increase.

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

High silver price offset low silver grade

The price of silver continued its positive development in the second quarter. The ounce price peaked at over USD 30 during the quarter and averaged USD 28.8 per ounce.

Our net sales increased significantly from the first quarter, supported by the high silver price, but lagged behind the previous year's comparison period, which is explained, above all, by the lower average silver grade in the area mined than in the comparison period.

Total silver production in the second quarter was 274,000 ounces (383,000). After a winter with a lot of snow, the increased amount of meltwater made mining challenging at the beginning of the quarter. Technical challenges with the mining equipment also slowed down the progress of drifting and ore mining. We have agreed with the contractor to increase resources in order to speed up the mining.

Our EBITDA decreased by 64 percent year-on-year to SEK 19 million. The operating margin was 18 per cent in the second quarter. Like in the previous quarter, profitability was affected by the general increase in costs and the contractor's index increases. Operating cash flow was SEK 10 million.

In June we received a decision from the Supreme Administrative Court, according to which the company's claim for adjustment in connection with the tax treatment of unrealised exchange rate gains was rejected. This had an impact of SEK 15 million on the net result for the second quarter.

During the first half of the year, we lagged behind the mining plan, which had a negative impact on the average silver grade and, thus, also on the amount of silver produced. During the rest of the year, as the mining reliability improves and new stopes open, we expect production volumes to return to the previous good level. For the whole year, we expect to continue to follow our guidance, but the implementation of the guidance requires that the silver grade and mining volumes increase as planned in the second half of the year.

In line with our strategy, we will focus on the stable operation of the current silver mine during the rest of the year and continue the measures related to extending the life of the mine according to our plans.

We continued to improve our sustainability according to "Toward Sustainable Mining" principles. We focused on crisis management, mine closure planning, energy efficiency and GHG emissions in addition to biodiversity management, targeting to reach A-level in each of these segments during 2024.



Mikko Jalasto, CEO

Key figures

	Q2/24	Q2/23	Change, %	H1/24	H1/23	Change, %	2023
Net sales, MSEK	105	120	-13	190	188	1	407
EBITDA, MSEK	19	53	-64	36	59	-39	140
EBITDA margin %	18	44	-59	19	32	-40	34
EBIT, MSEK	0	34		-1	24		67
EBIT margin %	0	28		-1	13		16
Equity ratio %	40	43	-7	40	43	-7	43
Cash liquidity %	50	90	-45	50	90	-45	105
Net debt-to-EBITDA ratio	2.1	3.8	-45	2.1	3.8	-45	1.5
Personnel at the end of the period	55	48	15	55	48	15	47
Silver production, koz	274	383	-28	583	590	-1	1 411
Mill feed, kt	127	137	-7	251	233	8	478
Average silver grade, g/tonne	83	101	-18	87	93	-6	106

Financial performance

During the second quarter, **net sales** decreased by 13 % to 105 MSEK (120), driven mainly by a lower average silver grade, which led to lower silver production. Reduced production volumes offset by improved metal prices.

Other income was -9 MSEK (-1) during the quarter, including mainly reversal of estimated unrealized final sales price adjustment due to the price 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.

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. The change in the reporting procedure has no impact on the result for the reporting period. For more information on the change in reporting procedure, see Other information, Revenue recognition, IFRS 15.

EBITDA decreased by 64 % to 19 MSEK (53) and EBITDA margin decreased to 18 % (44). The profitability decreased mainly due to lower silver grade and increased contractor costs. **EBIT** decreased to 0 MSEK (34).

In June, the Company received a ruling from the Supreme Administrative Court, according to which the Company's claim for adjustment regarding the tax treatment of unrealized exchange rate gains was rejected, which had a negative effect of 15 MSEK on Q2 result.

The Company's main **investment** in the first half of the year were infill drilling, underground decline, CAPEX drifts, tertiary crusher rebuild and nitrogen management. Investments in the underground mine and environment amounted to 12 MSEK (8) during the quarter and 29 MSEK (16) during H1/2024.

During the second quarter **silver price** fluctuated in a range between \$25.7 and \$32.0 per ounce and during H1/2024 between \$22.1 and \$32.0. At the end of the quarter, the silver price was \$29.4 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 second quarter, the **Euro** weakened against the US dollar by 0.4 %, being at 1.0749 at the beginning and at 1.0705 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 positive impact of 0.4 MSEK on the Company's result. The Euro weakened during the second quarter against the **Swedish krona** from 11.5250 to 11.3595 average being 11.4529 which decreased the Company's result by 0.2 MSEK. In the first half of the year, the euro strengthened against the Swedish krona from 11.0960 at the beginning of the year to 11.3595 average being 11,3907, which improved the Company's result by 0.4 MSEK.

The new mining tax which became effective on Jan 1st, 2024, weakened the second-quarter result by 1 MSEK.

Financial position and cash flow

During the quarter, the Group's **cash and cash equivalents** decreased to 30 MSEK (36) and to 30 MSEK (79) during H1/2024. The Company generated **cash flow from operating activities** 3 MSEK during Q1/2024 and 10 MSEK during Q2/2024 .

In July, after period-end, the Company decided to switch the environmental guarantor. As a result, the cash collateral of EUR 3.5 million will be returned to the Company improving the Company's 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** decreased to 40% (43).

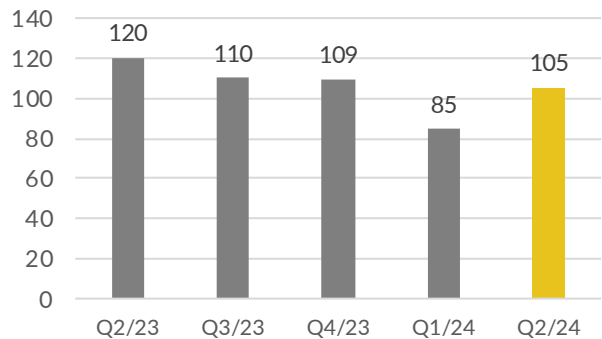
The Group's **equity** was 257 MSEK (289) which corresponds to 0.90 SEK (1.01) a share non-diluted, and 0.78 SEK (0.90) diluted.

Market data

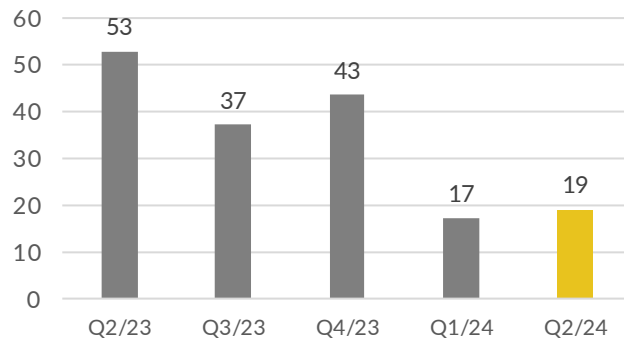
	Q2/24	Q2/23	H1/24	H1/23	2023
Average silver price USD	28.8	24.1	26.1	23.3	23.3
Average EUR/USD	1.0767	1.0887	1.0813	1.0807	1.0812
Average EUR/SEK	11.5080	11.4579	11.3883	11.3236	11.4765

Financial key figures

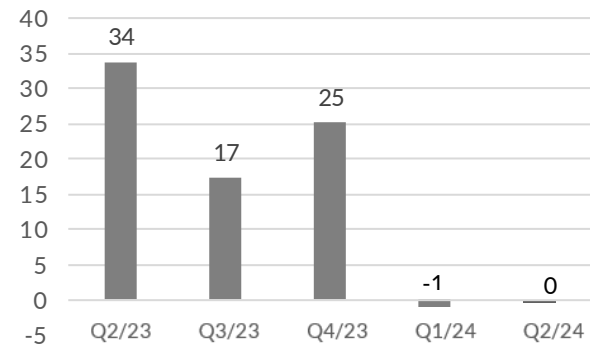
Net Sales, MSEK



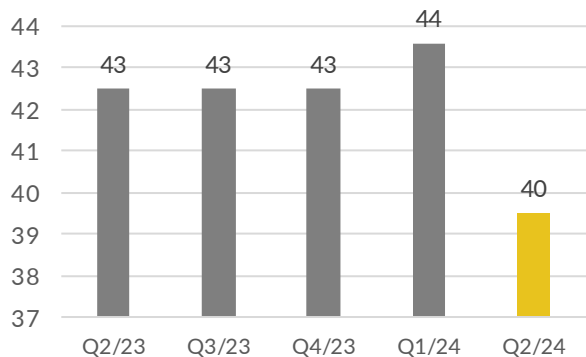
EBITDA, MSEK



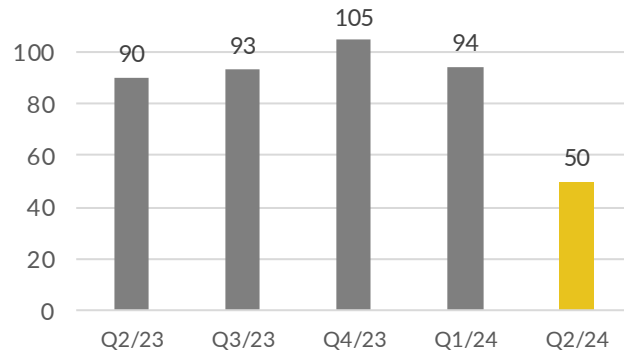
EBIT, MSEK



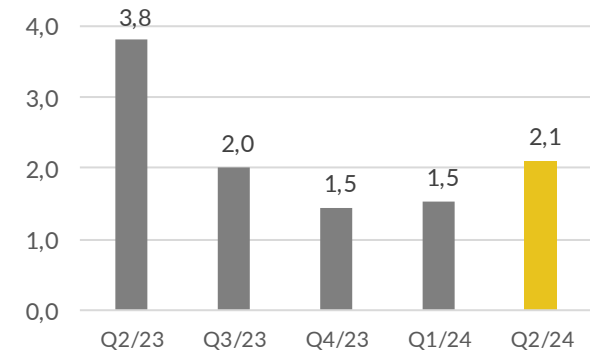
Equity ratio, %



Cash liquidity, %



Net debt-to-EBITDA



Operational performance

During the second quarter of 2024, the total amount of milled ore decreased by 7% to 127,000 tonnes compared to the previous year (137,000). Mining volume was below the Company's production plans due to underground mining capacity, which was limited by contractor resource availability in drifting and stope mining and flooding caused by extraordinarily fast snow melting at the beginning of the quarter. In total, the production amounted to 274,000 ounces of silver (383,000), 590 ounces of gold (836), 167 tonnes of lead (317), and 359 tonnes of zinc (662) in concentrates.

Silver production was lower compared to the previous year, due to lower silver head grade and the limited underground mining capacity. The silver head grade was 83 g/tonne (101), which was result of unexpected low silver grades in the 60-meter level stopes that were mined during the quarter. We expect the silver head grade to return to estimated range of 90-110 g/tonne during Q3, once the preparatory drifting has been finalized on a 460-meter level and lower grade 60-meter level stopes are not having a significant part in the total plant feed.

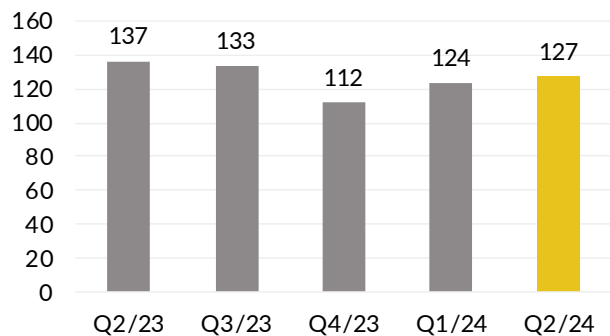
We, together with our mining contractor, have developed and agreed an improvement plan to ensure adequate underground mining capacity for the future. This plan includes improvements in the availability of mining equipment as well as increased resourcing on the

contractor side. The mining contractor has already increased the resourcing during the summer and new additional mining equipment are expected to arrive during the third quarter.

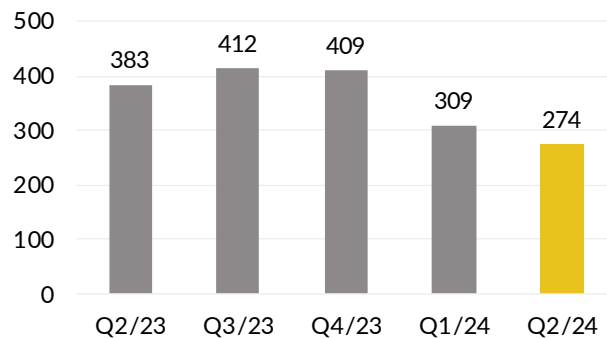


Operational key figures

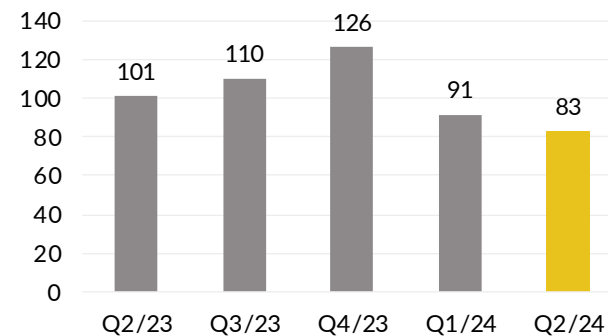
Milled ore, ktonnes



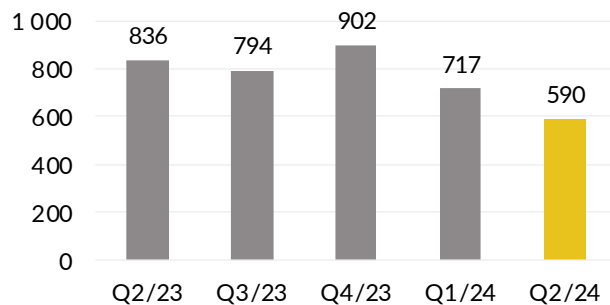
Silver production, koz



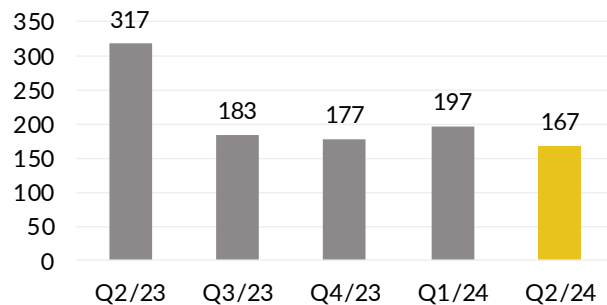
Silver head grade, g/tonne



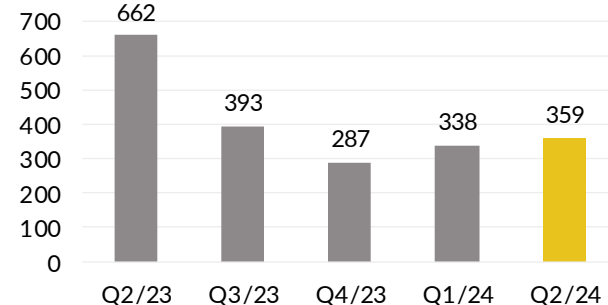
Gold production, oz



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 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 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 cash flow 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, Q2/2024

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

The Company continued preparations for the first LOM-related exploration drilling campaign expected to begin during the third quarter of 2024.

Exploration, broader Kainuu region

In the near future, the Company will focus on the development of the current mine and the sites in its immediate vicinity. During the quarter, Sotkamo Silver continued preparations for further studying the mineralization on the west side of the current mine.

Operational efficiency

We, together with our mining contractor, have developed and agreed an improvement plan to ensure adequate underground mining capacity for the future. This plan includes improvements in the availability of mining equipment as well as increased resourcing on the contractor side. The mining contractor has already increased the resourcing during the summer and new additional mining equipment are expected to arrive during the third quarter.

Increased mining capacity will enable us to also access the 460-480 meter level untouched stope areas in the middle part of the third quarter. This is expected to ensure the average silver head grade to targeted levels for the rest of the year.

Infill drilling campaigns for 2024 were finalized in June and these results are available for preliminary stope models and drifting plans down to 550 meter level.

Financing of investments

In June we negotiated with a new environmental collateral provider. As a result, the cash collateral of EUR 3.5 million will be released to the Company during the third quarter improving the Company's cash position.

Sustainability

Safety

The lost time injury frequency rate (LTIFR, the number of lost time injuries for million working hours) was 19 (7) 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 safety training and practices. We want to reinforce and encourage a positive safety culture in its own organization and with its contractors. The long-term goal for LTI is zero. At the end of the period, the Company's own personnel and regular contractors at mine had worked 42 days without LTIs.

Environmental permits

As it has been previously communicated (Q4/2023 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. In July, after period-end, the Regional State Administrative Agency for Northern Finland approved the plan and thus the temporary annual limits on total mining and flotation have now been lifted. Consequently, the

Company may resume operations in accordance with the permit received in 2020, in which the maximum total limit for mining is set at 1.8 million tons per year. According to Sotkamo Silver's management, neither the earlier decision by the Administrative Court or the approval from the Regional State Administrative Agency are expected to have a significant impact on silver production volumes in 2024 or the Company's long-term plans.

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 continued to focus on advancing the following protocols: crisis management, mine closure, energy efficiency and GHG emissions, and biodiversity management.

Personnel

The Company had 55 (48) own employees and 107 (99) contracted employees permanently working at the silver mine site.



Picture: Sustainability experts on their regular inspection tour at Tailings Management Facility

Shares and trading

Sotkamo Silver AB's share capital on June 30, 2024 was 275,504,549 SEK and the number of shares was 285,758,153.

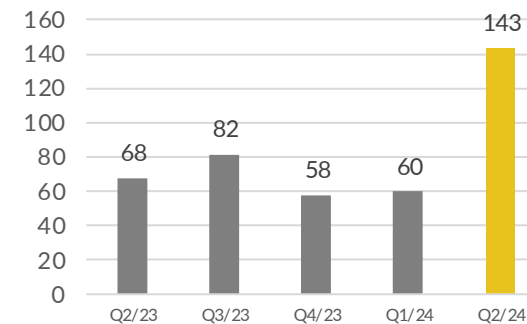
Sotkamo Silver AB's shares are traded on NGM Equity Stockholm and on Nasdaq Helsinki. The Company ticker code is SOSI at NGM Equity and SOSI1 at Nasdaq Helsinki. The shares' ISIN-number is SE0001057910. The shares are also traded on Börse Berlin, Open Market, where the Company code number is A0MMF4 and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

During the second quarter 143,339,937 (102,936,306) and 203,106,665 (192,713,903) shares during H1 2024 were traded on NGM Equity in Stockholm and Nasdaq in Helsinki.

Share information

	Q2/24	Q2/23
Share price, SEK	1.46	0.57
Highest share price during the period, SEK	2.21	0.67
Lowest share price during the period, SEK	1.09	0.53
Quota value, SEK	0.96	0.96
Market cap, MSEK	418	163
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

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

On July 3, 2024, the Company's mine waste and closure plan was approved by the authorities and the lower temporary annual limits on mining were lifted.

Also in July, the Company decided to switch the environmental guarantor. As a result, the cash collateral of EUR 3.5 million will be released during the third quarter to the Company improving the Company's cash position.

In 2022 Sotkamo Silver AB issued convertibles of series 2022/2026 in an aggregated nominal amount of 6.4 M€. Convertibles in an aggregated nominal amount of 60,018 € have been converted to shares in July. After the conversion, the aggregated nominal amount for the outstanding convertibles amounts to approximately 6.3 M€.

The conversion price per share was EUR 0.1538. Through the conversion, the total number of shares and votes in Sotkamo Silver increases with 390,234 in total 286,148,387. Through the conversion, the share capital

increased with SEK 376,231.6 to in total SEK 275,880,780.7.

Financial calendar

- Q3/2024: 25 October 2024
- Q4/2024: 14 February 2025

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

Stockholm, 26 July 2024

Sotkamo Silver AB's Board of Directors and CEO

Eeva-Liisa Virkkunen (Chairperson)

Jukka Jokela

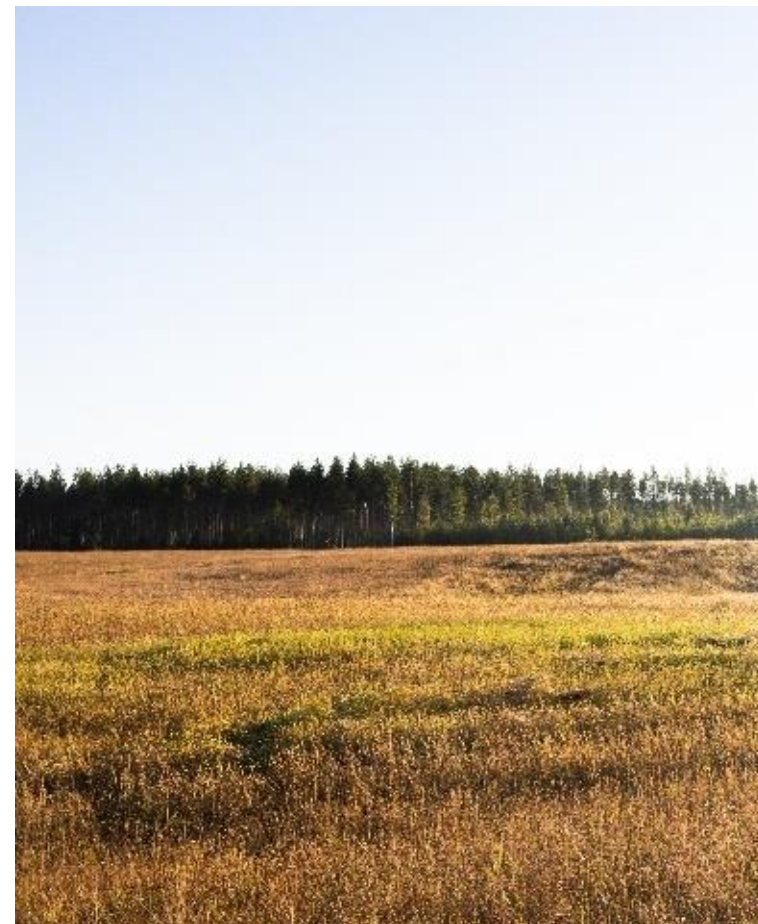
Joni Lukkaroinen

Kimmo Luukkonen

Sixten Sunabacka

Mauri Visuri

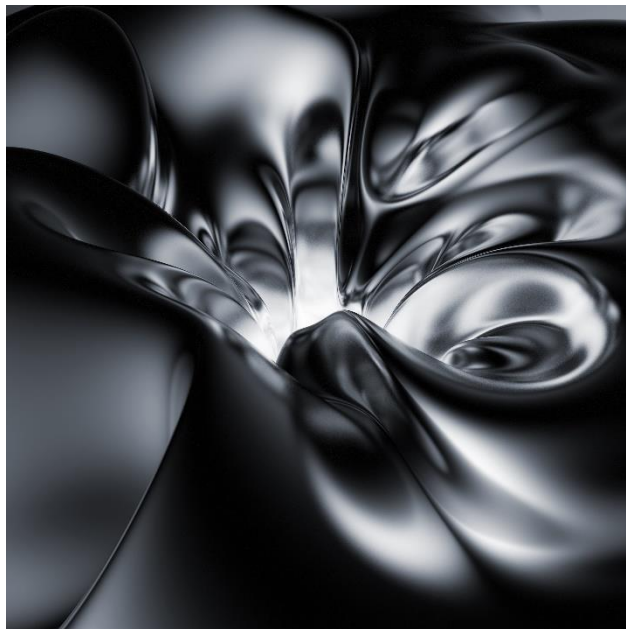
Mikko Jalasto (CEO)



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	Q2/24	Q2/23	H1/24	H1/23	2023
Net sales	105.3	120.3	189.8	187.6	406.8
Change of finished goods	1.1	0.0	3.2	-1.8	-2.8
Other income	-8.7	-0.8	0.7	-3.4	5.0
Supplies and services	-55.5	-46.1	-108.1	-78.6	-172.4
Other expenses	-11.7	-9.4	-28.1	-23.2	-51.4
Employee expenses	-11.5	-11.2	-21.3	-21.3	-45.4
EBITDA	19.0	52.9	36.1	59.2	139.8
Depreciation and amortization	-19.1	-19.0	-37.3	-35.1	-73.1
EBIT	-0.1	33.8	-1.3	24.1	66.7
Financial income	3.6	0.7	1.2	-0.7	-1.6
Financial expenses	-23.3	-15.5	-31.0	-22.1	-34.5
Interest expenses on lease payments	-0.1	-0.2	-0.2	-0.3	-0.6
Financial net	-19.9	-15.0	-30.0	-23.1	-36.7
Result after financial items	-20.0	18.8	-31.3	1.0	30.0
Taxes	-14.1	-1.8	-14.1	-2.8	-2.8
Result for the period	-34.0	17.1	-45.3	-1.8	27.2

Result that may be reclassified to current period result:

Amount in MSEK	Q2/24	Q2/23	H1/24	H1/23	2023
Translation differences	-3.6	16.9	6.4	18.1	-3.4
Cash flow hedges	0.1	0.0	-0.6	0.0	0.5
Income tax of cash flow hedges	0.0	0.0	0.1	0.0	-0.1
Total comprehensive income	-37.5	34.0	-39.3	16.3	24.2
Attributable to:					
The parent company					
shareholders	-37.5	34.0	-39.3	16.3	24.2
Total	-37.5	34.0	-39.3	16.3	24.2
Earnings per share, non-diluted, SEK	-0.12	0.06	-0.16	-0.01	0.09
Earnings per share, diluted, SEK	-0.12	0.05	-0.16	-0.01	0.08

Consolidated, condensed balance sheet

Amount in MSEK	30.6.2024	30.6.2023	31.12.2023
Intangible fixed assets	0.2	0.3	0.3
Tangible fixed assets	523.8	551.2	517.5
Right of use assets	7.0	11.9	9.3
Financial fixed assets	40.5	29.7	33.6
Total fixed assets	571.6	593.1	560.7
Current assets			
Inventories	7.4	5.4	4.2
Trade receivables	25.4	34.0	37.6
Derivatives	0.0	0.0	0.5
Other assets	16.5	11.6	15.5
Cash and cash equivalents	29.7	35.8	78.9
Total current assets	79.0	86.8	136.7
Total assets	650.6	679.9	697.4
Equity			
Share capital	275.5	275.5	275.5
Other contributed capital	236.3	237.2	236.3
Translation differences	21.5	36.5	15.0
Cash flow hedges	0.0	0.0	0.4
Retained earnings	-231.0	-258.1	-258.1
Result of the period	-45.3	-1.8	27.1
Total Equity	256.9	289.3	296.3

Amount in MSEK	30.6.2024	30.6.2023	31.12.2023
Liabilities			
Provision	34.9	33.3	34.1
Non-current borrowings	189.0	251.0	226.4
Non-current lease liabilities	3.2	7.4	5.1
Non-current derivative liabilities	17.5	2.6	4.1
Deferred tax liability	0.0	0.0	0.1
Total non-current liabilities	209.7	261.0	235.6
Current borrowings	58.7	29.5	40.7
Current lease liabilities	4.9	5.8	5.4
Derivative financial instruments	0.0	0.0	0.0
Trade payables and other payables	85.5	61.1	85.2
Total current liabilities	149.1	96.3	131.3
Total liabilities	393.7	390.6	401.1
Total equity and liabilities	650.6	679.9	697.4
Equity ratio %	39.5	42.5	42.5
Cash liquidity ratio %	49.6	89.8	105.2
Equity per share, SEK	0.90	1.01	1.04
Equity per share, diluted, SEK	0.78	0.90	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					-45	-45
Sum of period result					-45	-45
Other Comprehensive income						
Translation difference			6			6
Cash flow hedges				-1		-1
Income tax of cash flow hedges				0		0
Sum of other comprehensive income	0	0	6	0	0	6
Closing Equity 30.6.2024	276	236	21	0	-276	257

Consolidated, condensed statement of cash flow

Amount in MSEK	H1/24	H1/23	2023
Operating activities			
Result for the period	-45.3	-1.8	27.1
Adjustments for items not effecting cash	78.5	58.6	107.3
Interest paid	-18.6	-11.5	-17.7
Cash flow from operating activities before changes in working capital	14.5	45.3	116.8
Cash flow from changes in working capital			
Change in inventories	-3.3	1.5	2.7
Change in operating receivables	5.1	13.1	0.0
Change in operating liabilities	-6.6	-29.0	-7.7
Cash flow from operating activities	9.8	31.0	111.8

Amount in MSEK	H1/24	H1/23	2023
Investing activities	-28.5	-14.9	-46.7
Share issue and convertible loan conversion	0.0	38.6	38.6
Issue costs	0.0	-9.3	-10.3
Repayment of lease liabilities	-2.7	-5.4	-8.2
Change in loans	-29.7	-5.0	-4.6
Cash flow from financing activities including share issue	-32.4	19.0	15.6
Change in cash and cash equivalents	-51.1	35.0	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	29.7	35.8	78.9

Parent company condensed statement of income

Amount in MSEK	H1/24	H1/23	2023
Net sales	0.0	0.0	0.0
Other income	0.0	0.0	0.0
Supplies	-0.3	0.0	0.0
Other expenses	-4.8	-18.4	-25.3
Employee expenses	-1.0	-0.8	-3.2
EBITDA	-6.1	-19.2	-28.5
Depreciation and amortization	0.0	0.0	-0.1
EBIT	-6.1	-19.3	-28.6
Financial income	17.2	11.1	-1.1
Financial expenses	-5.4	-125.8*	-122.7*
Financial net	11.7	-114.7	-123.8
Result after financial items	5.6	-133.9	-152.4
Group contributions	0.0	0.0	-16.7
Taxes	-14.1	-1.1	-2.8
Result for the period	8.5	-135.0	-171.9

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

Parent company condensed balance sheet

Amount in MSEK	30.6.2024	30.6.2023	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	147.1	143.0	129.1
Total fixed assets	322.2	318.1	304.2
Other assets	9.8	18.6	17.1
Cash and cash equivalents	3.6	11.0	2.9
Total current assets	13.4	29.6	20.0
Total assets	335.6	347.8	324.2
Equity and liabilities			
Equity	215.9	259.4	225.0
Liabilities			
Long term liabilities	71.6	73.8	69.6
Short term liabilities	48.1	14.6	29.6
Total liabilities	119.7	88.4	99.2
Total Equity and liabilities	335.6	347.8	324.2

Exchange rates

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

	30.6.2024	30.6.2023	31.12.2023
Balance sheet day rate EUR/SEK	11.36	11.79	11.10
Balance sheet day rate USD/SEK	10.61	10.85	10.04
Average rate for the reporting period EUR/SEK	11.39	11.32	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, except for the change in the reporting procedure for the financial year 2024 presented in the section 'Recognition of revenue, IFRS 15' below. This change has no impact on the profit and loss or equity reported for the financial year.

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. - 30.6.2024.

The sales information presented in this Interim Report for the comparison periods of the previous financial year (Q2/23, H1/23 and 2023) has not been restated but presented in accordance with the reporting given in the previous financial year.

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 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 June 30, 2024, the fair value of the convertible option component was 17 MSEK and the fair value of the liability component was 48 MSEK. The fair value changes recognized through the income statement were: conversion option liability -13 MSEK, and liability component -7 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 0.0 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 June 2024, the fair value of accounts receivable amounts to 25 MSEK (34) 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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