



# INTERIM REPORT

**THIRD QUARTER 2021**



**RANA  
GRUBER**



## CEO Gunnar Moe comments: **EASING MARKET PRICES FOR IRON ORE, PARTLY FENDED OFF BY STABLE PRODUCTION AND FINANCIAL HEDGES**

The months July to September have been marked by iron ore prices trending downwards from the record-high levels in Q2 2021. This shift was driven by stricter steel production regulations in China, which we communicated in the previous quarter. The past months have also been affected by global macro trends such as the energy crisis and global shipping constraints. Advantageously, our unique location next to the hydropower sources around Rana provides greener energy than our competitors.

Iron ore prices have fallen back from the extraordinary price levels above USD 200/mt before the summer to around USD 120/mt at the end of the quarter. However, the current prices are still high in a historic perspective. With the increased market volatility we have experienced lately, Rana Gruber has benefited from having a sound capital structure and financial flexibility to handle swift changes.

We have secured operational cash flows for 2022 through forward contracts. We added to this portfolio of hedging instruments by also securing the production with settlement for November throughout the two first quarters next year. The past months have shown that close monitoring of the market, followed by hedging instruments, have resulted in significantly better results compared to a pure spot exposure.

Furthermore, our partnership with Cargill has proven to be especially valuable and robust during periods with high volatility, with its global network and unique industry insight

as well as technical marketing solutions and cost-effective risk management tools.

Rana Gruber competes in a global market for iron ore concentrates with providers from all over the world. Concentrate quality and freight costs are key elements in this competition. Over time, freight spot market exposure has become industry standard – important for our decision to switch from fixed pricing of freight. During the summer, freight spot rates increased further as shipping markets continued to be impacted by, among other factors, Covid-related restrictions. This has affected our results for the third quarter 2021. However, over time – when the shipping market normalises – we expect that these changes will have a positive impact on our competitiveness and revenues.

Operational improvement is always a key priority at Rana Gruber, proving its importance during periods of shifting market conditions. We have increased production of concentrate and Colorana compared to the previous quarters and the corresponding quarter previous year. Q3 2021 continued without any injuries related to the production, bringing key safety KPIs down to zero.

The market fundamentals remain strong due to increased governmental infrastructure spending globally after the pandemic. Rana Gruber will continue our internal improvements, including investments in increased iron ore content, further optimisation of production planning and execution as well as securing future volumes.

# HIGHLIGHTS AND KEY FIGURES

## THIRD QUARTER HIGHLIGHTS

- Revenues for the third quarter came in at NOK 263 million (Q3 2020 at NOK 317 million), impacted by the negative shift in the market for iron ore and increased freight costs.
- Market fundamentals remain solid on a global level, however, production limits at Chinese steel mills led to a negative shift in the demand for iron ore which resulted in declining market prices through the quarter.
- Production of iron ore concentrate increased by 2 per cent from Q3 2020 supported by continued operational improvements.
- Cash cost in the quarter was impacted by increased activity in the open pit mine, higher energy costs and increased activity related to strategic initiatives and the conversion to the main list at the Oslo Stock Exchange.
- Net profit came in at NOK 56.2 million (NOK 59.7 million), including net gains from hedges of NOK 58 million.
- For Q3 2021, the board has resolved to pay out NOK 1.05/share, corresponding to 70 per cent of EPS at NOK 1.51.

## EVENTS AFTER THE QUARTER-END

- On 18 October, Rana Gruber entered Iron Ore 62 per cent Fe, CFR China (TSI) forward contracts. The company has agreed to sell a total of 60,000 mt in November and December 2021 (evenly distributed) at an average price of USD 120/mt. This adds to the future/forward contracts entered in the previous quarter and highlighted in note 7 in Q2 2021 report.
- Simultaneously, Rana Gruber announced that the company has agreed with Cargill on a fixed freight rate of USD 35/mt for the fourth quarter 2021 and the first quarter 2022, to secure visibility in a pressured shipping market.
- On 28 October, Rana Gruber entered another Iron Ore 62% Fe, CFR China (TSI) forward contract, according to which the company has agreed to sell a total of 210 000 mt in Q1 2022 and Q2 2022 at an average price of USD 104.6/mt.

## CONSOLIDATED KEY FIGURES

Amounts in NOK million, except where indicated otherwise. Quarterly figures are unaudited.

	Q3 2021	Q3 2020	Change (%)	FY 2020
Revenues	<b>262.6</b>	316.9	(17%)	1 333.6
EBITDA*	<b>56.3</b>	160.9	(65%)	666.2
EBITDA* margin (%)	<b>21%</b>	51%	30pp	50%
Net profit	<b>56.2</b>	59.7	(6%)	273.0
Cash cost	<b>203.4</b>	160.4	27%	675.3
Cash cost per mt (NOK)	<b>499.1</b>	402.9	24%	433.2
EPS	<b>1.51</b>	1.60	(6%)	7.3
DPS	<b>1.05</b>	-	N/A	N/A
Equity ratio	<b>52.5%</b>	42.1%	10pp	47.6%

\* EBITDA defined as EBIT + depreciation + amortisation of development drifts.

# THIRD QUARTER 2021

## OPERATIONAL REVIEW

### PRODUCTION

Rana Gruber operates both open pit and underground iron ore mines, as well as a processing plant producing iron ore concentrates for the steel and chemical industry.

<i>In thousand metric tons</i>	Q3 2021	Q3 2020	Change (%)	FY 2020
<b>Production Concentrate</b>	<b>407.5</b>	398.1	2%	1 559.0
Production hematite	<b>378.5</b>	369.2	3%	1 452.6
Production magnetite	<b>29.0</b>	28.9	0%	106.4
<b>Production Colorana</b>	<b>1.5</b>	1.1	36%	5.0
<b>Production ore</b>	<b>1 170.6</b>	1 191.9	(2%)	5 177.9
Production underground (ore)	<b>642.8</b>	790.2	(19%)	3 097.1
Production open pit (ore)	<b>527.8</b>	401.6	31%	2 080.7
Production open pit (waste rock)	<b>1 435.9</b>	1 102.9	30%	4 494.0

For the third quarter 2021, production totalled 407.5' metric tons of iron ore concentrate, an increase of 2 per cent compared with the same period in 2020. The positive production trend is a result of continued operational improvements.

Most of the produced volume is hematite concentrate, which increased to 378.5' metric tons, an increase of 3 per cent from Q3 2020. In addition, 29.0' metric tons of magnetite concentrate were produced in the period July to September 2021, which is on a par with the corresponding period of 2020.

Total production of ore was marginally lower in the third quarter of 2021 compared with last year. During the quarter, some production shifted from underground to open pit, mainly as a result of the movement from one underground mining level to another. In addition, flood and related production issues in Q3 2020 reduced open pit production in the comparable period of 2020.

As previously communicated, production underground has over the past quarters been lifted from one mining level to another. Normally, a new mining level implies increased variability in production. Q3 2021 was impacted by some additional work related to the new mining level, increasing the need for open-pit production.

The average iron ore price (hematite) for the third quarter 2021 was USD 163.7/mt (Platts, IODEX 62% Fe CFR North China), compared with USD 118.7/mt in the same period of 2020. Iron ore prices have trended downwards during the quarter.

### Market development



Source: Platts. Historic market prices as of 31 October 2021.

The final price for hematite concentrate is settled with a three-month lag, implying that all shipments in any given quarter will be finally settled in the following quarter. Only shipments completed in the quarter's first month will be settled before the time of reporting (which usually is scheduled in the middle of the next quarter). For Q3 2021, shipments for July will be fully settled at average prices for October (Platts index), while shipments in August and September will be booked at the last known average in the quarter, ie the average for September (Platts index).

Please see next page for an illustration of booking of hematite revenues at Rana Gruber (the illustration assumes evenly distribution of shipments throughout the quarter):

Q3 2021			Q4 2021		
July	August	September	October	November	December
				<b>Q3 2021 report 10 Nov</b>	
Shipment 1	→		Settled on Oct average (Platts)	Realised revenues included in Q-report	
Shipment 2	→		Settled on Oct average (Platts)	Realised revenues included in Q-report	
	Shipment 3	→		Booked at September average. Settled at November average (post reporting. Impact Q4)	
	Shipment 4	→		Booked at September average. Settled at November average (post reporting. Impact Q4)	
		Shipment 5	→	Booked at Sept average	Settled on Dec average (Impact Q4)
		Shipment 6	→	Booked at Sept average	Settled on Dec average (Impact Q4)

Rana Gruber is currently transferring to IFRS based accounting principles, which will impact how shipments are booked going forward. It is expected that Q4 2021 will be reported based on new accounting principles. The lag effect

remains, while booking of non-settled shipments will most likely be based on forward prices. In sum, accounting will be similar, with a transition from average of the last month in the quarter to forward prices for the specific shipments.

## PRODUCT AREAS

	Hematite		Magnetite		Colorana, special products	
	Q3 2021	Q3 2020	Q3 2021	Q3 2020	Q3 2021	Q3 2020
Revenue, NOK million	<b>216</b>	258	<b>30</b>	35	<b>12</b>	11
Volume sold, mt	<b>361 598</b>	348 594	<b>26 727</b>	28 699	<b>1 512</b>	1 411
Revenue per mt, NOK	<b>597</b>	739	<b>1 119</b>	1 206	<b>7 907</b>	8 079
Cash cost per mt, NOK*	<b>481</b>	382	<b>481</b>	382	<b>5 564</b>	7 947
Cash margin per mt, NOK	<b>117</b>	357	<b>638</b>	823	<b>2 343</b>	132
Margin per mt,%	<b>20%</b>	48%	<b>57%</b>	68%	<b>30%</b>	2%
Production, mt	<b>378 493</b>	369 245	<b>28 972</b>	28 865	<b>1 468</b>	1 078

\* For hematite and magnetite, the cash cost is not separated. The processing is done in the combined processing plant, using a closed slurry setup.

For the third quarter, the hematite production yielded a margin of 20 per cent compared to 48 per cent one year earlier. The reduction is mainly a result of lower prices for iron ore concentrates and higher cash cost. The margin for the magnetite production was 57 per cent, down from 68 per cent in the third quarter 2020, primarily as a result of higher cash cost.

## DEVELOPMENT PROJECTS

The company has defined three strategic development projects for the next 3-5 years. One project (Fe-65) aims to increase the average iron (Fe) content of the hematite products to 65 per cent from the current average grade of 63.5 per cent. This will enable the product to be linked to a premium grade price index rendering increased price for the hematite products.

Furthermore, the company aims to increase its magnetite M40 volumes, on the back of a continued strong demand side exceeding supply. As the global iron ore producer with lowest CO2 emissions, Rana Gruber has committed to eliminating all carbon emissions by 2025. This will be achieved by substituting fossil energy powered equipment with electrical alternatives, in addition to more carbon efficient railway transportation. This will lower the emissions from 6 kg CO2/mt to 0 over the next 4 years.

These projects require increased R&D and general activity, which has been activated during the quarter. An update on the strategic projects will be provided in the Q4 2021 or Q1 2022 reports.

## HSE

The third quarter of 2021 was marked by continued safe and stable production, and Rana Gruber reports no accidents or injuries. In addition, the declining trend in sick leave sustained and in Q3, sick leave was reported at 5.1 per cent, implying a low level compared to an industry average. The company has integrated a new and leaner organisational structure.

Please see [www.ranagruber.no](http://www.ranagruber.no) for an updated overview of the company structure.

Covid-19 has had limited effects on the production at Rana Gruber.

## FINANCIAL REVIEW

Information in parentheses refers to the corresponding periods the previous year.

Amounts in NOK million, except where indicated otherwise. Quarterly figures are unaudited

	Q3 2021	Q3 2020	Change (%)	FY 2020
Revenues	<b>262.6</b>	316.9	(17%)	1 333.6
COGS	<b>(96.6)</b>	(78.8)	23%	(347.6)
Amortisation of development drifts	<b>8.3</b>	10.3	(19%)	40.0
Other costs	<b>(115.0)</b>	(91.8)	25%	(367.7)
Change in inventory	<b>(2.9)</b>	4.4	(165%)	8.0
EBITDA	<b>56.3</b>	160.9	(65%)	666.2
Depreciation	<b>(33.7)</b>	(26.2)	29%	(107.1)
Amortisation of development drifts	<b>(8.3)</b>	(10.3)	(19%)	(40.0)
EBIT	<b>14.3</b>	124.4	(89%)	519.0
Hedging iron ore gain/(loss)	<b>58.3</b>	(45.1)	(229%)	(134.0)
Other net financials	<b>(0.5)</b>	(2.7)	(82%)	(214.2)
Pre tax profit	<b>72.1</b>	76.6	(6%)	170.8
Tax	<b>(15.9)</b>	(16.8)	(6%)	76.9
Net profit	<b>56.2</b>	59.7	(6%)	273.0
EPS (NOK)	<b>1.51</b>	1.60	(6%)	7.30
DPS (NOK)	<b>1.05</b>	-	N/A	-
Payout ratio	<b>70%</b>	-	N/A	-

## PROFIT AND LOSS

Information in parentheses refers to the corresponding periods the previous year.

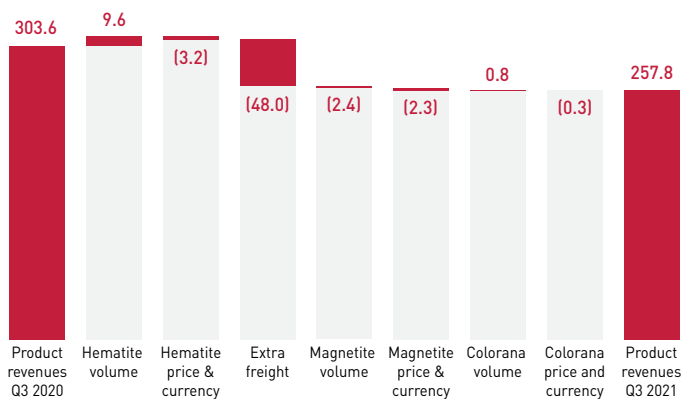
Total revenues for the third quarter came in at NOK 262.6 million, compared with NOK 316.9 million in the same period last year. As illustrated below, revenues declined as a result of a negative shift in the market for iron ore. Simultaneously, volumes produced and sold held up well.

Rana Gruber competes in a global market for iron ore concentrates with providers from all over the world. Concentrate quality and freight costs are key elements in this competition. As communicated previously this year Rana Gruber has decided to change to freight spot market exposure from a fixed price deduction.

Agreements between iron ore producers and steel mills are based on industry practices, including settlement with freight spot market prices. This has been important for Rana Gruber's transition to this pricing regime. Fixed

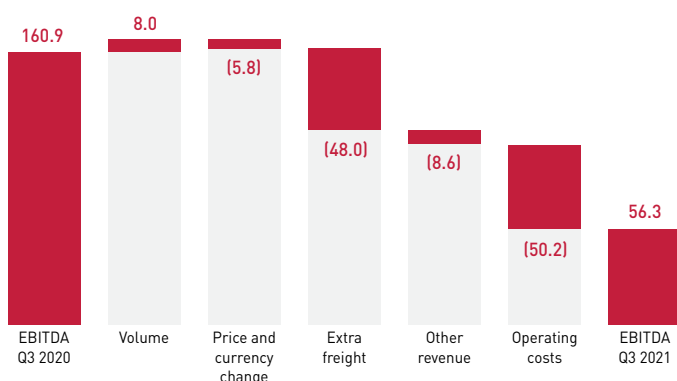
shipping prices would over time weaken the company's competitiveness. Due to the extensive constraints in the global shipping markets, freight rates have risen lately. Changes in freight cost exposure lowered revenues by approximately NOK 48 million for Q3 2021 compared with the previous fixed rate regime of NOK 20.25 per mt. The transition is expected to improve competitiveness and revenues over time when shipping markets normalise.

A strengthening of the Norwegian currency (NOK) had a negative translation effect on reported revenues in the third quarter 2021 compared with the same period of 2020. All hematite products are sold in USD, whereas magnetite products are mainly sold in EUR.

**Figure 1: Revenues from products Q3 2021 vs Q3 2020**


For the third quarter, cash cost<sup>1</sup> increased to NOK 203.4 million (NOK 160.4 million), related to the production of both hematite and magnetite concentrates. This increase is caused by higher activity in the open pit mine, as a result of the movement from one underground mining level to another. In addition, flood and related production issues in Q3-20 reduced open pit production in the comparable period of 2020. The company is assessing what working streams to insource from external providers. In addition, the recent surge in energy prices lifted prices for fuel and power consumption. Increased corporate activity related to the key strategic initiatives and the company's transfer to Oslo Børs' main list required more human resource capacity in the quarter.

EBITDA came in at NOK 56.3 million in the quarter (NOK 160.9 million). The lower operating results follow lower revenues due to the negative market shift, in addition to increased costs.

**Figure 2: EBITDA Q3 2021 vs Q3 2020**


Net financial items in the period mainly consist of gains related to hedging of iron ore related to forward contracts entered into in 2020 and 2021, as well as interest and gains from currency hedges.

<sup>1</sup> Cash cost: COGS – amortisation of development drifts + Other costs.

During the third quarter Rana Gruber entered into a new Iron Ore 62% Fe, CFR China (TSI) future contract according to which Rana Gruber will sell a total of 330 000 mt in 2021 and 2022 at an average price of 143 USD/mt.

Following quarter-end, agreements have been made to sell a total of 60 000 mt in November and December at an average price of 120 USD/mt and 210 000mt in Q1 2022 and Q2 2022 at an average price of 104.6 USD/mt.

At the date of reporting, 34 per cent of the hematite production for 2021 and 2022 have been secured in total at an average of USD 137/mt.

The management continuously assesses the company's portfolio of hedging positions, based on dialogue and input from customers, partners, industry experts and analysts. The hedging positions shall contribute to a stable and solid cash flow, enabling future investments and a predictable and attractive pay-out strategy. As stated in the company's hedging policy, hedging positions can comprise a maximum of 50 per cent of annual production volumes, and can be divided into positions for a duration of two years. The Board will review the hedging strategy during the second half of 2021.

On 30 September the company had secured USD 12 million at an average exchange rate USD/NOK of 9.17, evenly distributed until 31 December 2021. The company also has four flexible currency hedging positions of a potential monthly impact of USD 9 million. See note 7 for further information about the hedging portfolio.

In sum, this resulted in a net profit for the third quarter of NOK 56.2 million, compared with NOK 59.7 million in the same period last year. This corresponds to earnings per share (EPS) of NOK 1.51, compared with NOK 1.60 one year earlier.

## FINANCIAL POSITION AND LIQUIDITY

Except for leasing obligations, the company's debt towards financial institutions consists of an unused credit facility of NOK 100 million as well as a single USD loan of NOK 50 million. Due to the strong financial position of Rana Gruber the board of directors has decided to repay the entire USD loan of NOK 50 million in the fourth quarter of 2021.

<i>Amounts in NOK thousand</i>	Q3 2021	Q2 2021	Change %	FY 2020
Total assets	1 168	1 169	0%	1 033
Total equity	614	597	3%	491
Equity ratio (%)	52.5%	51.1%	1.4pp	47.6%
Cash and cash equivalents	427	425	1%	25
Interest bearing debt	116	126	(8%)	269

At 30 September, the company's equity ratio was 52.5 per cent (51.1 per cent at the end of Q2 2021), after provisions for dividend payments for the third quarter. With cash holdings at

the end of the third quarter of NOK 427 million the company has satisfactory liquidity in volatile market conditions.

### CONSOLIDATED CASH FLOW

Cash flow from operations amounted to NOK 187.5 million (NOK 161.9 million), investment activities were related to the capex detailed below, while dividend payments for the second quarter amounted to NOK 144 million. Hence, total cash flow for the third quarter was NOK 3 million (NOK -2 million).

Capex for the period totalled NOK 32 million, of which NOK 5 million was development capex, NOK 9 million was related to maintenance in the period and NOK 18 million was related to buyback of Rana Gruber administration building from Mo Industripark AS. Capex related to the administration building is expected to reduce operating expenses by approximately NOK 1.4 million per year.

NOK 32 million of total capex is classified under fixed assets in the company's balance sheet.

## RISK AND UNCERTAINTIES

Following the listing at Euronext Growth, the company has published an Information Memorandum (IM) at the company's IR web (<https://ranagruber.no/investors/>). Risks and uncertainties are in this document thoroughly

described, such as decreases in iron ore prices, having a material adverse effect on the business, results, profitability, and financial position of the company. Please see the investor relations web page for more information.

## SHARE INFORMATION

Rana Gruber is listed Euronext Growth Oslo (ticker: Rana) since 26 February 2021.

On 30 September 2021, the company had 4 606 shareholders. The 20 largest shareholders held a total of 65 per cent of the shares.

The company holds 57 267 treasury shares.

During the third quarter 2021, the share traded between NOK 50.50 and NOK 76.00 per share, with a closing price of NOK 54.90 per share on 30 September 2021.

The Board of Directors of Rana Gruber AS has decided to merge Rana Gruber Mineral AS and Rana Gruber AS.

Rana Gruber Mineral AS is a wholly owned subsidiary of Rana Gruber AS. The purpose of the merger is to simplify the company structure. For the individual shareholder in Rana Gruber AS, the merger will have no practical or legal significance. The merger process is expected to be completed in the beginning of December.

The board has proposed that a dividend of NOK 1.05 per share will be paid for the third quarter 2021. The dividend will be paid out at or around the 22 of November. The share will be listed ex-dividend on the 12 of November. This comes on top of the dividend of NOK 6.76 per share which has been distributed for the first half of the year.

## OUTLOOK

Following historically high prices of iron ore in the first half-year, recent months have been marked by a downwards price shift driven by stricter steel production regulations in China. On a global level, market fundamentals remain strong and increased governmental spending on infrastructure projects globally continues to be a positive driver for Rana Gruber's products. Historically, prices for iron ore are at high levels, but the market continues to be characterised by uncertainty and volatility.

In periods of higher volatility, our hedging strategy has proven valuable, showcased in Q3 2021. Rana Gruber has now secured 34 per cent of the production for 2021 and 2022 at an average price of USD 137/mt. The effect is more security and predictability going forward.

Production has been stable over the past quarter, delivering on our promise to deliver stability in production volumes over time. As expected, the switch to a new mining level has increased production variations somewhat but going forward we benefit from this transition. We expect higher underground production and reduced open pit activity in the fourth quarter.

Long-term strategic projects have been initiated, which will increase product margins, in addition to a production with less emissions leading the way for our industry. Increased activity will for some time involve increased cash costs. However, the company now has capacity to insource some working streams previously handled by external providers.



# CONDENSED INTERIM FINANCIAL STATEMENTS

## CONDENSED CONSOLIDATED STATEMENT OF INCOME <sup>1</sup>

<i>Amounts in NOK thousand</i>	<b>Q3 2021</b>	Q3 2020	FY 2020
<b>Revenue</b>			
Sales income	<b>261 233</b>	315 153	1 328 554
Other operating income	<b>1 327</b>	1 738	5 007
<b>Total revenue</b>	<b>262 561</b>	316 891	1 333 561
<b>Operating expenses</b>			
Cost of goods sold	<b>96 623</b>	78 847	347 604
Change in stock of products	<b>2 866</b>	(4 378)	(7 959)
Personell expenses	<b>65 261</b>	51 938	213 900
Depreciation	<b>33 733</b>	26 219	107 148
Other operating expenses	<b>49 778</b>	39 897	153 841
<b>Total operating expenses</b>	<b>248 260</b>	192 523	814 534
<b>Operating profit</b>	<b>14 301</b>	124 367	519 027
<b>Financial items</b>			
Other financial income	<b>2 394</b>	(3 157)	7 628
Financial income (expenses)	<b>55 384</b>	(44 631)	(176 708)
Net financial items	<b>57 778</b>	(47 788)	(169 080)
<b>Profit/loss before tax</b>	<b>72 079</b>	76 579	349 947
Income tax expense	<b>15 857</b>	16 847	76 912
<b>Net profit</b>	<b>56 222</b>	59 732	273 035
Earnings per share	<b>1.51</b>	1.60	7.30

<sup>1)</sup> Quarterly figures are unaudited.

**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION <sup>1</sup>**

<i>Amounts in NOK thousand</i>	<i>Note</i>	<b>30 September 2021</b>	30 June 2021	31 December 2020
<b>ASSETS</b>				
Mines	2	<b>228 897</b>	250 329	238 856
Land, buildings and other real estate	2	<b>33 689</b>	17 210	16 802
Machinery and equipment	2	<b>182 240</b>	178 390	190 814
Operating equipment and office furniture	2	<b>6 888</b>	7 715	7 044
<b>Total property, plant and equipment</b>		<b>451 714</b>	453 644	453 517
Investments in other shares and businesses		<b>2 903</b>	2 903	2 097
Loan to group companies		-	-	133 939
Other subordinated loans		<b>1 500</b>	1 500	1 500
Other long term receivables		<b>21 546</b>	22 700	13 574
<b>Total financial non-current assets</b>		<b>25 950</b>	27 103	151 110
<b>Total fixed assets</b>		<b>477 664</b>	480 747	604 627
Stock		<b>210 337</b>	221 534	211 683
Trade accounts receivable		<b>33 089</b>	27 903	152 074
Other current receivables		<b>19 844</b>	13 876	39 634
<b>Total current receivables</b>		<b>52 933</b>	41 779	191 708
Bank deposits and other liquid assets		<b>427 227</b>	424 512	24 994
<b>Total current assets</b>		<b>690 498</b>	687 825	428 385
<b>Total assets</b>		<b>1 168 162</b>	1 168 572	1 033 012
<b>EQUITY AND LIABILITIES</b>				
Share capital		<b>9 348</b>	9 348	9 348
Share premium		<b>92 783</b>	92 783	92 783
Own shares		<b>(14)</b>	(14)	-
<b>Total paid-in equity</b>		<b>102 117</b>	102 117	102 131
Other equity		<b>514 281</b>	497 261	389 132
Own shares - market value		<b>(2 762)</b>	(2 762)	-
<b>Total retained earnings</b>		<b>511 519</b>	494 499	389 132
<b>Total equity</b>		<b>613 636</b>	596 616	491 263
Deferred tax		<b>54 455</b>	54 455	54 455
Financial leasing liabilities	3	<b>65 730</b>	68 711	75 526
Long term debt to financial institutions	3	<b>49 875</b>	56 858	193 295
Other non-current liabilities	3	<b>4 656</b>	4 656	4 656
<b>Total non-current liabilities</b>		<b>174 716</b>	184 680	327 931
Income tax payable		<b>33 265</b>	33 265	33 265
Short term debt to financial institutions		-	-	-
Trade accounts payable		<b>68 819</b>	79 634	111 225
Public duties payable		<b>8 654</b>	11 496	14 233
Other current liabilities		<b>112 283</b>	17 039	27 595
Income tax payable of this year's profit		<b>117 587</b>	101 730	-
Dividend		<b>39 201</b>	144 112	27 500
<b>Total current liabilities</b>		<b>379 810</b>	387 277	213 818
<b>Total liabilities</b>		<b>554 525</b>	571 956	541 749
<b>Total equity and liabilities</b>		<b>1 168 162</b>	1 168 572	1 033 012

<sup>1)</sup> Quarterly figures are unaudited.

**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS <sup>1</sup>**

<i>Amounts in NOK thousand</i>	<b>Q3 2021</b>	Q3 2020	FY 2020
<b>Operating activities</b>			
Profit before tax	<b>72 121</b>	76 579	349 947
Proceeds from Norwegian tax incentive scheme	-	-	1 608
Gain on sale of fixed assets	-	-	(2 627)
Depreciation	<b>33 733</b>	26 219	107 148
Change in stock, mine tunnel	<b>8 336</b>	-	(80 846)
Change in stock, other	<b>2 861</b>	(2 659)	(7 674)
Change in trade accounts receivable and payable	<b>(16 105)</b>	70 572	46 236
Change in other accruals	<b>86 502</b>	(8 798)	(10 794)
<b>Net Cash flow from operations</b>	<b>187 448</b>	161 913	402 998
<b>Investing activities</b>			
Proceeds from sale of fixed assets	-	15	2 627
Investment in fixed assets	<b>(31 812)</b>	(31 156)	(87 045)
Proceeds from sale of shares	-	(344)	-
Investments in ass. Companies and other shares	-	-	(420)
Change in other investments	<b>1 154</b>	3 077	(2 098)
<b>Net cash flows used in investing activities</b>	<b>(30 658)</b>	(28 407)	(86 936)
<b>Financing activities</b>			
Repayment of non-currents liabilities and fin. Leasing	<b>(11 341)</b>	(21 807)	(99 020)
New long-term debt and financial leasing	-	-	23 185
Exchange rate adjustments long term debt	<b>1 378</b>	(6 287)	-
Change in current liabilities (bank overdraft)	-	(87 902)	(177 089)
Change in liabilities and intercompany balances	-	94 677	68 348
Dividends (paid)	<b>(144 112)</b>	(114 000)	(116 500)
Purchase of own shares	-	-	-
<b>Net cash flows used in financing activities</b>	<b>(154 075)</b>	(135 319)	(301 076)
<b>Total cash flows (change in liquid assets)</b>	<b>2 715</b>	(1 814)	14 986
Bank deposit and cash at start of periode	<b>424 512</b>	8 365	9 648
Bank deposit and cash at end of periode	<b>427 227</b>	6 551	24 634
+ ordinary limit bank overdraft	<b>100 000</b>	205 000	100 000
Bank overdraft not utilised and deposits	-	-	-

<sup>1)</sup> Quarterly figures are unaudited.

## PRINCIPLES AND NOTES TO THE INTERIM FINANCIAL STATEMENTS <sup>1</sup>

### NOTE 1: GENERAL INFORMATION

The consolidated interim report for the third quarter of 2021 has been prepared in consistency with the accounting policies of the annual financial statements for the year ended December 2020. This interim report was approved 9 November. The presentation currency is Norwegian kroner. The interim report is prepared in accordance with the Norwegian Accounting Act and good accounting practice in Norway. The interim report is unaudited.

#### About Rana Gruber

Rana Gruber is a Norwegian sustainable iron ore producer and supplier established in 1964, with operations based on more than

200 years of mining experience. The Company's products are based on own natural mineral resources which are upgraded and tailored for applications and exported to its customers worldwide. Rana Gruber produces and sells iron ore concentrate, primarily serving steel producers and participants in the chemical industry. The subsidiary Rana Gruber Mineral AS produces and sells micronized iron oxides and other dissemination of iron ore, and primarily serves paint manufactures and participants in the building- and automotive industries. Rana Gruber has about 300 employees and a production capacity of 1.8 million metric tons of iron ore concentrates and specialty products.

### NOTE 2: TANGIBLE FIXED ASSETS

<i>Amounts in NOK thousand</i>	Mine	Land and bulidings	Machinery and plats	Operating equipment etc.	Total
<b>Rana Gruber AS Group</b>					
Cost at 31 December 2020	734 156	53 168	756 282	55 379	<b>1 598 985</b>
Addidtions	36 162	22 101	35 352	1 835	<b>95 450</b>
Disposals	-	-	-	-	-
<b>Cost at 30 September 2021</b>	<b>770 318</b>	<b>75 269</b>	<b>791 634</b>	<b>57 214</b>	<b>1 694 435</b>
Accumulated depreciation at 31 December 2020	495 300	36 365	565 468	48 335	<b>1 145 468</b>
Depreciation in 2021 at 30 September 2021	46 121	5 215	43 926	1 991	<b>97 253</b>
Accumulated depreciation at 30 September 2021	541 421	41 580	609 394	50 326	<b>1 242 721</b>
<b>Carrying amounts at 30 September 2021</b>	<b>228 897</b>	<b>33 689</b>	<b>182 240</b>	<b>6 888</b>	<b>451 714</b>
<b>Leasing costs for the year of fixed assets not carried in the balance sheet</b>			18 513	188	<b>18 701</b>

<i>Amounts in NOK thousand</i>	Mine	Land and bulidings	Machinery and plats	Operating equipment etc.	Total
<b>Rana Gruber AS Group</b>					
Cost at 30 June 2021	760 904	55 116	789 558	57 046	<b>1 662 624</b>
Addidtions	9 414	20 154	2 076	168	<b>31 811</b>
Disposals	-	-	-	-	-
<b>Cost at 30.09.21</b>	<b>770 318</b>	<b>75 269</b>	<b>791 634</b>	<b>57 214</b>	<b>1 694 435</b>
Accumulated depreciation at 30 June 2021	510 583	37 905	611 168	49 331	<b>1 208 987</b>
Depreciation for Q3	30 838	3 675	(1 774)	995	<b>33 734</b>
Accumulated depreciation at 30 September 2021	541 421	41 580	609 394	50 326	<b>1 242 721</b>
<b>Carrying amounts at 30 June 2021</b>	<b>228 897</b>	<b>33 689</b>	<b>182 240</b>	<b>6 888</b>	<b>451 714</b>
<b>Leasing costs for the quarter of fixed assets not carried in the balance sheet</b>			6 443	77	<b>6 520</b>

Both the parent company and the group apply straight-line depreciation for all fixed assets.

The economic lives have been calculated to: 3-10 years 7-10 years 5-10 years 5 years

<sup>1)</sup> Quarterly figures are unaudited.

**NOTE 3: NON-CURRENT LIABILITIES TO FINANCIAL INSTITUTIONS AND FINANCIAL LEASING DEBT**

<i>Amounts in NOK thousand</i>	Q3 2021		YTD 2021		FY 2020	
	Non-current liabilities	Leasing debt	Non-current liabilities	Leasing debt	Non-current liabilities	Leasing debt
<b>Rana Gruber AS group</b>						
<b>Interest-bearing debt start of periode</b>	<b>56 858</b>	<b>68 711</b>	193 295	75 526	281 146	63 510
New loans and financial leasing agreements	-	-	65 360	-	-	23 185
Foreign currency regulation currency loans	<b>1 377</b>	-	712	-	1 332	-
Ordinary loan and leasing instalments	<b>(8 360)</b>	<b>(2 981)</b>	(18 913)	(9 796)	(60 067)	(11 169)
Extraordinary loan instalments	-	-	(190 580)	-	(29 116)	-
<b>Interest-bearing debt end of periode</b>	<b>49 875</b>	<b>65 730</b>	56 858	68 711	193 295	75 526

**NOTE 4: EQUITY**
**Change in equity 2021**

<i>Amounts in NOK thousand</i>	Share capital	Own shares	Share premium	Other equity	<b>Total</b>
<b>Rana Gruber AS group</b>					
<b>Equity at 31 December 2020</b>	9 348	-	92 783	389 132	<b>491 263</b>
Result Q1 2021	-	-	-	155 025	<b>155 025</b>
Result Q2 2021	-	-	-	205 653	<b>205 653</b>
Result Q3 2021	-	-	-	56 222	<b>56 222</b>
Dividend Q1 2021	-	-	-	(108 437)	<b>(108 437)</b>
Dividend Q2 2021	-	-	-	(144 112)	<b>(144 112)</b>
Dividend Q3 2021	-	-	-	(39 201)	<b>(39 201)</b>
Buyback own shares	-	(14)	-	(2 762)	<b>(2 776)</b>
<b>Equity at 30 September 2021</b>	9 348	(14)	92 783	511 519	<b>613 636</b>

**NOTE 5: REVENUES**

<i>Amounts in NOK thousand</i>	Q3 2021	Q3 2020	YTD 2021	YTD 2020	FY 2020
<b>Rana Gruber AS group</b>					
<b>Sales income per business area</b>					
Iron ore concentrate	<b>261 233</b>	315 153	<b>1 359 652</b>	856 868	1 321 093
Other sales income	<b>1 327</b>	1 738	<b>5 543</b>	6 938	7 462
<b>Total revenues</b>	<b>262 560</b>	316 891	<b>1 365 195</b>	863 806	1 328 555
Including: export (iron ore and iron oxides mainly in the EU area)	<b>260 885</b>	314 681	<b>1 358 658</b>	856 154	1 320 014
Including: domestic sales	<b>1 675</b>	2 210	<b>6 537</b>	7 652	8 541

**NOTE 6: TAX**

P&L tax calculated 22%. Final payable tax will subject to permanent and temporary differences.

## NOTE 7: FOREIGN CURRENCIES AND MARKET RISK

Fluctuations in international iron ore prices implies the risk for future sales prices on Rana Gruber's products. The prices are very volatile and therefore constitute significant profit risk for the company and the Group.

The risk related to the sales prices on iron concentrates is managed by a combination of physical fixed price agreements with customers and financial swap agreements, whereby iron

ore is sold in advance at a fixed price. The swap agreements are part of a hedge portfolio, with fixed limits for the size of expected production to be sold in advance, in excess of the volumes hedged through fixed price agreements directly with customers.

As at 30 September 2021, the company has the following financial hedge positions on iron ore:

### Forward contracts\*

<i>Amounts in NOK thousand</i>	Amount	Monthly maturity	Average price	Unrealised gain/(loss)
Forward contracts for hedging future sales	210 000 metric tons	Q1 2022	155 USD	11 070
Forward contracts for hedging future sales	180 000 metric tons	Q2 2022	147 USD	9 720
Forward contracts for hedging future sales	30 000 metric tons	Q3 2022	157 USD	12 960
Forward contracts for hedging future sales	30 000 metric tons	Q4 2022	157 USD	13 770

\* Contracts entered after 30 September 2021 is not included.

### Currency risk

Rana Gruber is exposed for fluctuations in the currencies EUR/NOK, USD/NOK and GBP/NOK, as revenues from the sale of the company's products is priced in these foreign currencies. The euro income is of such a volume that it matches the costs for power trading incurred by the Group, also priced in euros. Hedging of EUR/NOK is therefore carried out only for individual transactions of significant importance. Revenues in GBP/NOK presently constitute such a low volume that no hedging is carried out for these currencies.

All sales of iron ore concentrate to the steel industry are priced in USD. The main currency exposure is therefore related to USD/NOK. In order to mitigate the result effect of fluctuations in this currency, the company is selling parts of expected USD income in advance. All currency forward contracts and structured derivatives are included in a hedge portfolio approved by the Board.

As of 30 September 2021, the company has the following financial hedge positions on USDNOK:

### Forward contracts

<i>Amounts in NOK thousand</i>	Amount	Monthly maturity	Foreign currency rate, average	Unrealised gain
Contracts for hedging future sales	USD 12 000	2021	9.17	-

### Structure on USDNOK, guaranteed floor of 8.42 with increasing barrier over time.

Expiration date	Guaranteed rate		Barrier		Amount	
	USDNOK	up to USDNOK	valid from	valid to	USD	NOK
27.10.2021	8.42	9.20	29.09.2021	27.10.2021	1 000 000	8 420 000
26.11.2021	8.42	9.23	28.10.2021	26.11.2021	1 000 000	8 420 000
28.12.2021	8.42	9.26	27.11.2021	28.12.2021	1 000 000	8 420 000

**Structure on USDNOK, guaranteed floor of 8.56 with increasing barrier over time:**

Expiration date	Guaranteed rate		Barrier		Amount	
	USDNOK	up to USDNOK	valid from	valid to	USD	NOK
27.10.2021	8.56	9.11	29.09.2021	27.10.2021	2 000 000	17 120 000
26.11.2021	8.56	9.14	28.10.2021	26.11.2021	2 000 000	17 120 000
29.12.2021	8.56	9.17	29.11.2021	29.12.2021	2 000 000	17 120 000
27.01.2022	8.56	9.20	30.12.2021	27.01.2022	2 000 000	17 120 000
24.02.2022	8.56	9.23	28.01.2022	24.02.2022	2 000 000	17 120 000
29.03.2022	8.56	9.26	25.02.2022	29.03.2022	2 000 000	17 120 000
27.04.2022	8.56	9.29	30.03.2022	27.04.2022	2 000 000	17 120 000
27.05.2022	8.56	9.32	28.04.2022	27.05.2022	2 000 000	17 120 000
28.06.2022	8.56	9.35	30.05.2022	28.06.2022	2 000 000	17 120 000

**Structure on USDNOK, guaranteed floor of 8.57 with increasing barrier over time:**

Expiration date	Guaranteed rate		Barrier		Amount	
	USDNOK	up to USDNOK	valid from	valid to	USD	NOK
27.10.2021	8.57	9.11	29.09.2021	27.10.2021	1 000 000	857 000
26.11.2021	8.57	9.14	28.10.2021	26.11.2021	1 000 000	857 000
29.12.2021	8.57	9.17	29.11.2021	29.12.2021	1 000 000	857 000
27.01.2022	8.57	9.20	30.12.2021	27.01.2022	1 000 000	857 000
24.02.2022	8.57	9.23	28.01.2022	24.02.2022	1 000 000	857 000
29.03.2022	8.57	9.26	25.02.2022	29.03.2022	1 000 000	857 000
27.04.2022	8.57	9.29	30.03.2022	27.04.2022	1 000 000	857 000
27.05.2022	8.57	9.32	28.04.2022	27.05.2022	1 000 000	857 000
28.06.2022	8.57	9.35	30.05.2022	28.06.2022	1 000 000	857 000

**Structure on USDNOK, guaranteed floor of 8.74 with increasing barrier over time:**

Expiration date	Guaranteed rate		Barrier		Amount	
	USDNOK	up to USDNOK	valid from	valid to	USD	NOK
27.10.2021	8.74	9.31	29.09.2021	27.10.2021	5 000 000	43 675 000
26.11.2021	8.74	9.36	28.10.2021	26.11.2021	5 000 000	43 675 000
29.12.2021	8.74	9.41	29.11.2021	29.12.2021	5 000 000	43 675 000
27.01.2022	8.74	9.46	30.12.2021	27.01.2022	5 000 000	43 675 000
24.02.2022	8.74	9.51	28.01.2022	24.02.2022	5 000 000	43 675 000
29.03.2022	8.74	9.56	25.02.2022	29.03.2022	5 000 000	43 675 000
27.04.2022	8.74	9.61	30.03.2022	27.04.2022	5 000 000	43 675 000
27.05.2022	8.74	9.66	28.04.2022	27.05.2022	5 000 000	43 675 000
28.06.2022	8.74	9.71	30.05.2022	28.06.2022	5 000 000	43 675 000



## **Rana Gruber ASA**

**Visiting address in Mo i Rana:**

Rana Gruber AS and RG Mineral AS  
Mjølanveien 29, Gullsmedvik  
NO-8601 Mo i Rana  
Norway

**Postal address:**

Postboks 434  
NO-8601 Mo  
Norway

**T:** (+47) 75 19 83 00

**Investor relations:**

**E:** [ir@ranagruber.no](mailto:ir@ranagruber.no)

**[www.ranagruber.no](http://www.ranagruber.no)**