Fourth quarter results 2021
11 February 2022

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Leading the way for decarbonisation of the global steel industry

2021 highlights

- All time high revenues and EBITDA
- **Attractive dividend yield**
- **Listed on Euronext Growth**, preparing for main list
- **Six per cent production increase** resulted in total production of 1 653' metric tons (mt) in 2021
- **Estimated iron ore resources** of 444 million mt, of which 94 million mt classified as a reserve
- **Ambitious decarbonisation strategy launched**
- Offtake agreement with Cargill extended until 2030 supporting strategy of decarbonisation

NOK 1.6bn
Revenues 2021[1]

444 million mt
Resources available

NOK 885m
EBITDA 2021[1]

70%
Target dividend pay-out of net income[2]

Key figures are presented based on NGAAP (Norwegian General Accepted Accounting Principles). All further financial accounting and reports, including the annual report for 2021, will be based IFRS.

[1] 2021 numbers are actuals [2] Dividend policy 50%-70%

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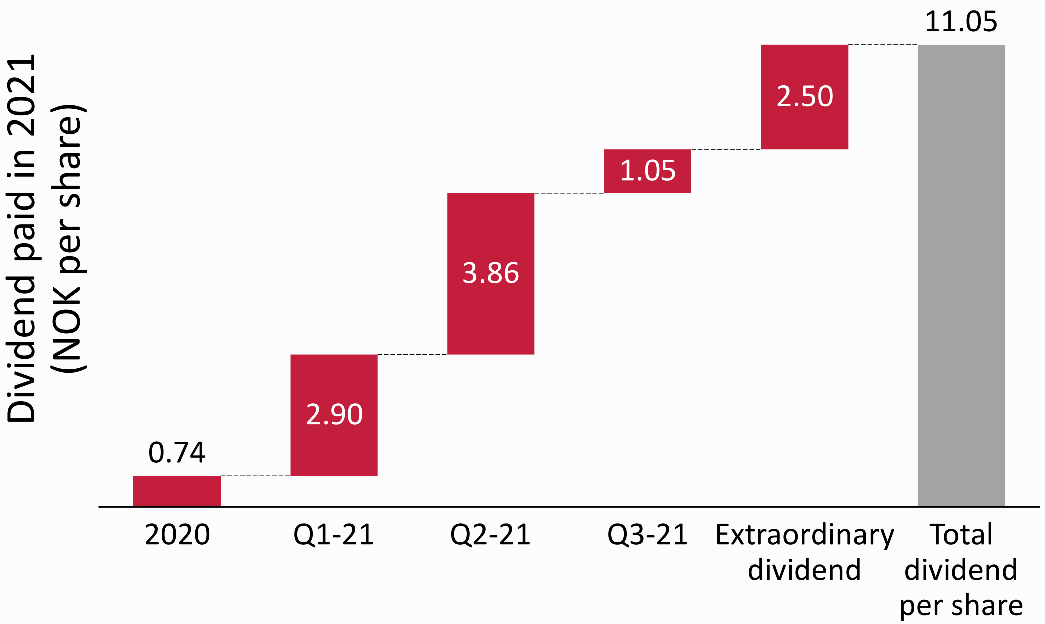
Attractive dividend yield: NOK 413 million distributed to Rana Gruber's shareholders in 2021

NOK 413 million distributed to shareholders in 2021



Adjusted dividend policy following IFRS transition

"The company will target to distribute 50-70 per cent of the adjusted net profit as quarterly dividends. The board can decide that up to 30 per cent of the allocated dividend amount can be applied for acquisition of own shares. Adjusted net profit shall for the purpose of the dividend policy constitute is the IFRS based net profit after tax, adjusted for unrealised gains and losses from the company's portfolio of hedging positions related to iron ore, USD, and freight, which does not impact the shipments concluded in the quarter. The board can also adjust for larger specific events that the board does not consider to be of relevance for normal business."

Buy-back program initiated in line with dividend policy

NOK 413 million distributed to shareholders in 2021

- For Q4-21 the board of directors has resolved to distribute a dividend of NOK 1.51/share
- The dividend will be paid out in Q1-22
- Dividend and share buybacks imply a pay-out ratio of 70 per cent, in line with the adjusted dividend policy

Share buyback program starting 14 February

- A program has been initiated to repurchase shares in the market for a total value of up to NOK 14 million
- The shares purchased under the program will be cancelled, subject to approval by the company's general meeting
- The share buyback program will be completed by 25 February 2022
- The buyback program will be carried out by way of repurchases in the market
- Repurchases of shares under the buyback program will be based on the board authorisation to acquire own shares granted by the company's extraordinary general meeting on 8 December 2021

Highlights Q4-21:

Continued increase in production, extraordinary dividends distributed

Highlights Q4 2021

- Revenues came in at NOK 253.5 million (Q4-20 at NOK 469.8 million)
- Market prices for iron ore trended somewhat down in Q4-21. At the end of 2021, iron ore prices stabilised at levels around USD 120/mt. Solid foundation for 2022
- Production of iron ore concentrate increased to 435’ metric tons (mt), which is ten per cent higher in Q4-20
- Cash cost per mt reduced despite higher energy costs and continued increased activity in the open pit mine
- The board of directors decided to distribute an extraordinary cash dividend of NOK 2.50/share to the company’s shareholders in Q4-21
- The company paid down all long-term debt to financial institutions
- For Q4-21 the board of directors proposes a quarterly dividend of NOK 1.51/share to be paid out in Q1-22, implying a pay-out ratio of 70 percent (inc. share buy-backs amounting to NOK 14 million by Q1-22)

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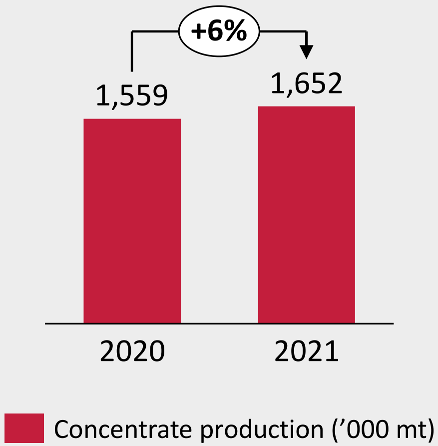
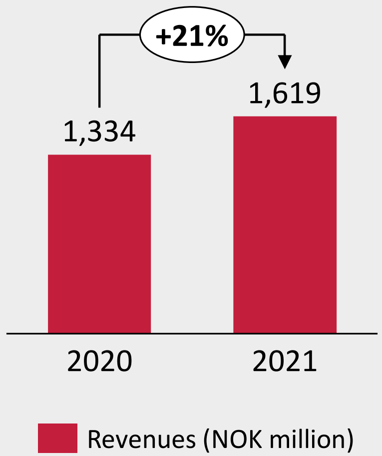
FY21 financial highlights: Revenues 21 per cent higher in 2021

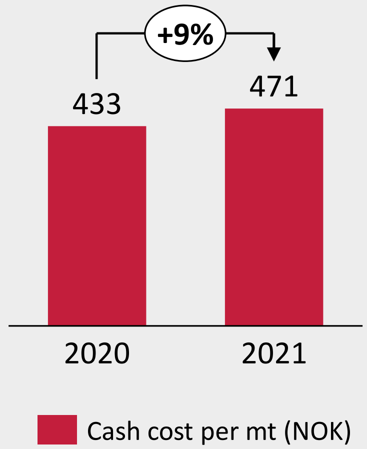
Continued operational improvements



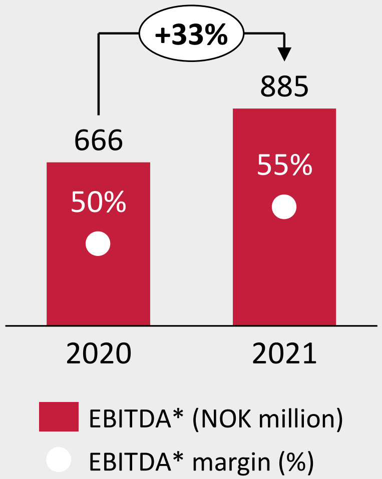
Revenues up vs 2020



Cash cost per mt impacted by energy costs and increased activity



EBITDA significantly up



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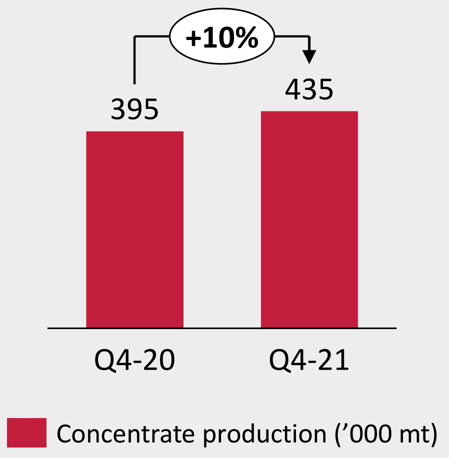
Key figures are presented based on NGAAP (Norwegian General Accepted Accounting Principles). All further financial accounting and reports, including the annual report for 2021, will be based IFRS.

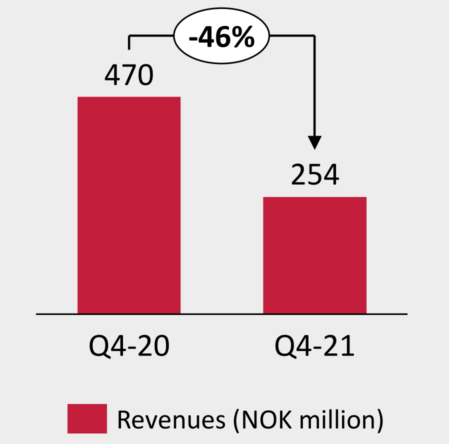
* EBITDA defined as EBIT + depreciation + amortisation of operational development

Q4-21 financial highlights: Increased production and lower prices

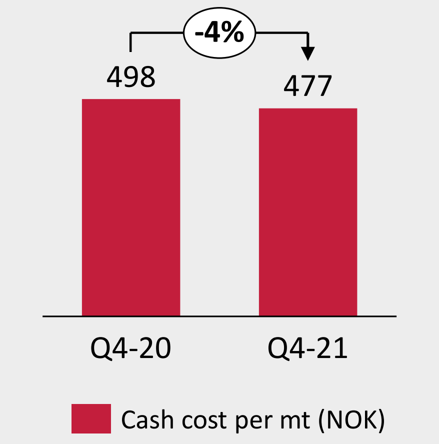
Continued operational improvements



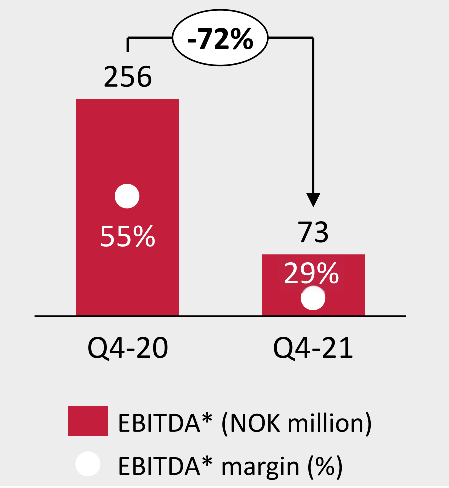
Revenue decline from lower market prices



Cash cost per mt reduced in Q4 despite higher energy costs and increased activity



EBITDA reduced from lower realised prices and higher costs



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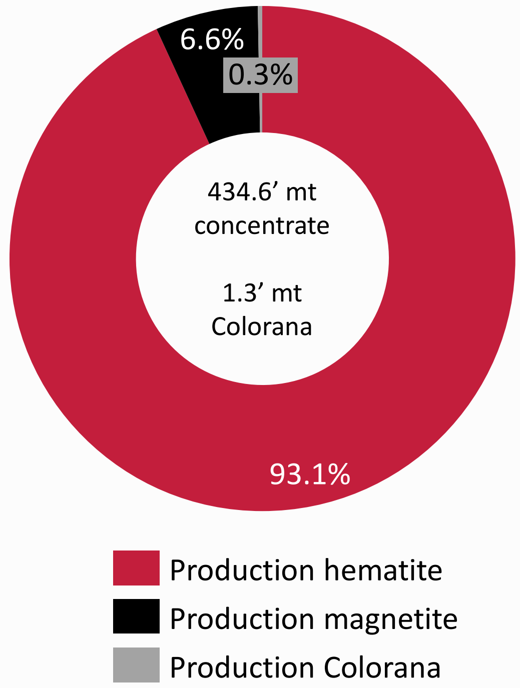
Continued operational improvement lifted production with 10%

10 per cent increase in concentrate production in Q4-21

- Production totalled 434.6’ mt of iron ore concentrate, +10 per cent vs Q4-20, due to continued operational improvements
- Sales volumes somewhat below production due to timing of shipments
- Total production of ore was 4 per cent higher in Q4-21 vs Q4-20. Production shifted from underground to open pit due to:
  - Favorable weather conditions for open pit production
  - The shift to a new mining level
  - Planned build-up of inventory to mitigate risk
- No injuries
- Increased sick leave due to Covid-19 measures



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Key figures

Amounts in NOK million	Q4-21	Q4-20	Change (%)	FY-21	FY-20	Change (%)
Revenue	**253.5**	469.8	(46%)	**1 618.7**	1 333.6	21%
COGS	**(97.3)**	(95.4)	2%	**(364.8)**	(347.3)	5%
Amortization of development drifts	**10.9**	10.3	6%	**37.2**	40.0	(7%)
Other costs	**(121.0)**	(111.3)	9%	**(450.1)**	(368.1)	22%
Change in inventories	**26.8**	(17.1)	(257%)	**44.2**	8.0	455%
EBITDA	**72.9**	256.2	(72%)	**885.2**	666.2	33%
Depreciation	**(34.0)**	(28.5)	19%	**(131.3)**	(107.1)	23%
Amortisation of development drifts	**(10.9)**	(10.3)	6%	**(37.2)**	(40.0)	(7%)
EBIT	**28.0**	217.5	(87%)	**716.7**	519.0	38%
Hedging iron ore gain/(loss)	**103.3**	(40.5)	(355%)	**(62.5)**	(134.0)	(53%)
Other net financials	**(2.5)**	5.2	(149%)	**(35.4)**	(214.2)	(83%)
Pre-tax-profit	**128.8**	182.2	(29%)	**618.9**	170.8	262%
Tax	**(28.3)**	(40.1)	(29%)	**146.3**	77.0	90%
Net profit	**100.4**	142.1	(29%)	**516.9**	273.0	89%
EPS (NOK)	**2.69**	3.80	(29%)	**13.85**	7.30	90%
DPS (NOK)	**1.51**	-	-	**11.05**	-	-
Share buy-back	**14.00**	-	-	**-**	-	-
Payout ratio (%)	**70%**	-	-	**80%**	-	-

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

* EBITDA defined as EBIT + depreciation + amortisation of operational development

Hedging provides increased visibility in volatile markets

1/3 of hematite production for FY22 secured at an average of USD 136/mt

- At year-end 2021, agreements in place to sell 240' mt in Q2-22 at an average price of USD 136/mt, 30' mt in Q3-22 at an average price of USD 157/mt, and 30' mt in Q4-22 at an average price of USD 157/mt.
- Following quarter-end, the company has secured forward contracts under which Rana Gruber will sell 120' mt in Q3-22 and Q4-22 at an average price of 130.3 USD/mt. Furthermore, Rana Gruber AS has agreed to sell a total of 90' mt in Q1-23 at an average price of 129.9 USD/mt .

Forward contracts *Amounts in NOK thousand*	Amount	Monthly maturity	Average price	Unrealised gain/(loss)
Forward contracts for hedging future sales	240 000 metric tons	Q2-22	136 USD	4 198
Forward contracts for hedging future sales	30 000 metric tons	Q3-22	157 USD	1 255
Forward contracts for hedging future sales	30 000 metric tons	Q4-22	157 USD	1 348

** Contracts entered after 31. December 2021 is not included*

Historic hematite prices
Platts, IODEX 62% Fe CFR North China

Satisfactory liquidity in volatile market conditions

Dividends driving cash flows

	Q4-21	Q4-20	FY-21
Net cash flow from operations	30.4	79.5	830.2
Net cash flow used in investing activities	(15.0)	19.7	(110.5)
Net cash flows used in financing activities	(178.2)	(80.7)	(480.4)
Total cash flow	(162.9)	18.4	239.4
Cash holdings	264.4	427.2	264.4

Strong cash flows from operations

2021

- Operational cash flows amounted to NOK 830 million in FY21 (vs NOK 402 million)
- NOK 413 million distributed as dividends throughout 2021 (NOK 116m)
- Repayment of NOK 273.6 million in non-current liabilities during 2021 (NOK 99 million)

Q4-21

- Capex for the fourth quarter totalled NOK 15 million, related to maintenance of mining equipment, vehicles and buildings
- Dividends of NOK 132 million distributed in Q4-21

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

Solid financial position

Equity ratio of 50.0 per cent

	31.12.21	30.09.21	Change (%)	31.12.20
Total assets	1 128.0	1 168.2	(3%)	1 033.0
Total equity	563.9	613.6	(8%)	491.3
Equity ratio (%)	50.0%	52.5%	(2 pp)	47.6%
Cash and cash equivalents	264.4	427.2	(38%)	25.0
Interest bearing debt	72	116	(38%)	269

Further reduction in long-term debt

- Except for leasing obligations, the company's debt towards financial institutions consists of an unused credit facility of NOK 100 million.
- Due to the strong financial position of Rana Gruber, the company has repaid the entire USD loan of NOK 50 million in the fourth quarter of 2021.

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

Transition to IFRS – key topics for changes

Revenue and trade receivables

NGAAP principle:

Revenue booked based on last known monthly average

IFRS principle:

Revenue booked based on last known forward prices for the corresponding month when shipments will be finally settled

Leases

NGAAP principle:

Operational leases accounted under OPEX, not affecting depreciations. This mainly consists of mining equipment, vehicles, office premises and other equipment

IFRS principle:

Leasing will be in total be accounted as financial leasing, affecting depreciations in the P&L

Derivative financial assets and liabilities

NGAAP principle:

Value of derivative positions included in the accounting corresponding to the shipments with the same final settlement month as the derivatives

IFRS principle:

Derivative portfolios will be measured at fair value, changes in the portfolio value will be included in the P&L under financials

Other changes

Other changes will apply for depreciation principles of mining property, pensions and the opening balance for the transition from NGAAP to IFRS

Key takeaways and outlook

Continued increase in production, extraordinary dividends distributed

- Market prices for iron ore trended somewhat lower in Q4-21. At the end of 2021, iron ore prices stabilised at levels around USD 120/mt. Solid foundation for 2022.
- Production of iron ore concentrate increased to 435’ metric tons (mt), which is ten per cent higher compared to Q4-20.
- Cash cost per mt was reduced from Q4-20. Reduction achieved despite higher energy costs and continued increased activity in the open pit mine.
- An extraordinary cash dividend of NOK 2.50/share distributed to the company’s shareholders in Q4-21.
- The company paid down all long-term debt to financial institutions.
- For Q4-21 the board of directors has resolved a quarterly dividend of NOK 1.51/share to be paid out in Q1-22, implying a pay-out ratio of 70 per cent (inc. share buy-backs amounting to NOK 14 million by Q1-22).

Strong market fundamentals on a global level

- Market fundamentals remain strong on a global level
- Increased governmental spending on infrastructure projects globally continues to be a positive demand driver for Rana Gruber products
- Stable iron ore prices at the current levels provide a solid foundation for our performance in 2022
- Production is expected to continue at the same level as in 2021
- Strategic projects will increase product margins and reduce carbon emissions
- Increased activity will involve increased cash costs for some time

Questions and answers

Contact: ir@ranagruber.no
Next report: Q1 2022 – 12 May 2022

Appendix: IFRS accounting: Revenues will be based on forward prices

Illustration of booking of hematite revenues at Rana Gruber under the IFRS accounting principles

Q4-21			Q1-22			
October	November	December	January	February	March	Q4-21 Reporting
						Q4-21 report 11 February
Shipment 1 →	→	→	→			**New: Booked on forward prices for January at December 31 (Platts)** Settled on January average (Impact Q1-22)
Shipment 2 →	→	→	→			**New: Booked on forward prices for January at December 31 (Platts)** Settled on January average (Impact Q1-22)
	Shipment 3 →	→	→	→		**New: Booked at February forward prices (at end of December)** Settled on February average (Impact Q1-22)
	Shipment 4 →	→	→	→		**New: Booked at February forward prices (at end of December)** Settled on February average (Impact Q1-22)
		Shipment 5 →	→	→	→	**New: Booked at March forward prices (at end December)** Settled on March average (Impact Q1)
		Shipment 6 →	→	→	→	**New: Booked at March forward prices (at end December)** Settled on March average (Impact Q1)

The Q4 2021 report and presentation is based on the Norwegian accounting standard (NGAAP), while the annual report for 2021 and all future reporting will be based on the IFRS accounting principles.

Booking of revenues differ between the two accounting standards. The lag effect remains (three months settlement), while booking of non-settled shipments under IFRS will be based on forward prices. In sum, the accounting will be similar, with a transition from the average of the last month in the quarter to forward prices for specific shipments.

For illustration purposes. The illustration assumes evenly distribution of shipments throughout the quarter

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