



INTERIM REPORT

Q2 AND FIRST HALF 2021



**RANA
GRUBER**



CEO Gunnar Moe comments:

REACHING NEW HEIGHTS VOLUMES SECURED UNTIL 2030

The first half of 2021 was characterized by a continued strong price momentum for iron ore supported by good production planning and execution. For Rana Gruber, this translated into a doubling of revenues which ended at NOK 1.1 billion for the first half year. In the same period, Rana Gruber more than tripled its operating profit (EBITDA).

Gladly, we have concluded the first half of the year without any cases of covid-19 infection. Furthermore, we had no injuries related to our production, and the sick leave has decreased significantly over the first half of 2021. Offering a safe workplace, with limited sick leave, is our most important priority.

Risk mitigation and production planning are key objectives for an iron ore producer. In the second quarter of 2021, we completed a scheduled 10-days maintenance period for all production facilities. Although these maintenance periods impact our ore production, we are very satisfied that production of concentrates remain on planned levels. Hence, all shipments were delivered as planned thanks to a strategic build-up of raw material in the previous quarter. This demonstrates the importance of good production planning and execution.

After the summer the market for iron ore has been impacted by stricter steel production regulations in China. However, the market

fundamentals remain strong driven by governmental spending globally. With this backdrop, Rana Gruber secured volumes for the upcoming 12 months in the beginning of August.

In June, we announced that we have extended the offtake agreement with Cargill for another five years, securing sales of all our hematite concentrate until 2030. The extension until 2030 validates the quality of our iron ore products, in addition to providing predictability and a continuation of the strategic valuable partnership with Cargill. Over time, Cargill has proved excellence in realising the highest prices for iron ore, while we also share the joint strategy of reducing carbon emission throughout the global value chain for steel production. Hence, we will together develop iron ore concentrate with higher iron ore content, bringing emissions in the steel mills down.

Rana Gruber has the industry's lowest carbon emissions per metric ton produced today.¹ By 2025, we will remove all our carbon emissions by electrification of machinery and railway transport. We strongly believe that Rana Gruber will be the first carbon-free iron ore producer globally, but more importantly we will set the standard for all our iron ore colleagues globally to follow our example.

¹) Company reports

HIGHLIGHTS AND KEY FIGURES

SECOND QUARTER HIGHLIGHTS

- Revenues for the second quarter increased to NOK 574 million, a doubling from NOK 287 million in Q2 2020, implying the second consecutive quarter with record high revenues and profits. The results were supported by solid production and a continued strong market for iron ore
- The price momentum for iron ore continued in the quarter, with average hematite prices of USD 199.9/mt (Platts, IODEX 62% Fe CFR North China), 20 per cent higher than Q1 2021 and 118 per cent higher than Q2 2020
- Concentrate production increased by 7 per cent from Q2 2020 and totalled 398.9' metric tons in the quarter
- EBITDA for the second quarter came in at NOK 411 million, corresponding to an EBITDA margin of 72 per cent, up from NOK 144 million in Q2 2020, mainly driven by stronger prices
- For Q2 2021, the board has resolved to pay out NOK 3.86/share, corresponding to 70 per cent of EPS at NOK 5.51, making Q2 2021 the second consecutive quarter with dividend distribution in the top end of the targeted range of 50-70 per cent
- During Q2 2021, Rana Gruber extended its offtake agreement with Cargill until 2030 to continue help customers meet decarbonisation targets with high quality products. The nine years' offtake agreement reduces financial risk and continues the strategic partnership

EVENTS AFTER THE QUARTER

- In August 2021, Rana Gruber AS entered into Iron Ore 62% Fe, CFR China (TSI) swap contracts. According to the swap contracts, Rana Gruber AS has agreed to sell a total of 330 000 mt in 2021 and 2022 at an average price of USD 143/mt.
- After the close of the quarter, prices for iron ore have been impacted by stricter steel production regulations in China. However, the market fundamentals remain strong.

CONSOLIDATED KEY FIGURES

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

	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)	FY 2020
Revenues	573.6	286.5	100%	1 102.6	546.9	102%	1 333.6
EBITDA*	410.6	143.5	186%	755.9	249.1	203%	666.2
EBITDA margin (%)	72%	50%	43%	69%	46%	51%	50%
Net profit	205.7	52.8	289%	360.7	70.9	409%	273.0
Cash cost	178.6	154.8	15%	366.9	318.4	15%	675.3
Cash cost per mt (NOK)	447.7	413.5	8%	452.8	415.5	9%	433.2
EPS (NOK)	5.51	1.41	290%	9.65	1.9	409%	7.3
DPS (NOK)	3.86	-	-	6.76	N/A	-	N/A
Equity ratio	51%	40%	11pp	51%	40%	11pp	48%

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

SECOND QUARTER AND FIRST HALF 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>	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)	FY 2020
Production Concentrate	398.9	374.4	7%	810.3	766.4	6%	1 559.0
Production hematite	375.6	349.7	7%	760.1	717.1	6%	1 452.6
Production magnetite	23.3	24.7	(6%)	50.2	49.4	2%	106.4
Production Colorana	1.2	1.3	(6%)	2.6	2.5	2%	5.0
Production ore	1 156.2	1 335.2	(13%)	2 556.4	2 616.1	(2%)	5 177.9
Production underground (ore)	657.9	766.1	(14%)	1 383.9	1 517.4	(9%)	3 097.1
Production open pit (ore)	498.2	569.2	(12%)	1 172.5	1 098.6	7%	2 080.7
Production open pit (waste rock)	1 055.0	1 131.0	(7%)	2 122.7	2 114.6	0%	4 494.0

For the first half-year 2021, production totalled 810.3' metric tons of iron ore concentrate, an increase of 6 per cent compared with the first half of 2020. The positive production trend is a result of improved operational planning, high utilisation at the processing plant and high iron ore quality.

Most of the produced volume is hematite concentrate, which increased to 760.1' metric tons for the first six months of the year, up from 717.1' metric tons in H1 2020. In addition, 50.2' metric tons of magnetite concentrate were produced in the

period January to June 2021, an increase of 2 per cent from the corresponding period of 2020.

Production of ore has been marginally lower in the first half of 2021 compared to the first half of 2020. The lower production volumes from the underground mine and open pit mine in Q2 2021 were related to higher raw material stocks entering the quarter, in addition to higher iron ore quality (implying lower need for iron ore in the processing plant).

MARKET DEVELOPMENT

	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Product prices (average)					
Platts, IODEX 62% Fe CFR North China (\$dmt)	199.9	91.9	183.6	91.1	108.7
Currency rates (average)					
USD/NOK	8.37	10.06	8.44	9.74	9.4
EUR/NOK	10.09	11.01	10.18	10.73	10.7

The average iron ore price (hematite) for the second quarter 2021 was USD 199.9/mt (Platts, IODEX 62% Fe CFR North China) and USD 183.6/mt for the first six months of the year.

The final price is settled with a three-month lag, implying that shipments in any given quarter will be finally settled in

the following quarter. Furthermore, shipments are prepaid (90%) as they leave Rana Gruber, implying a potential translation effect between prices at the date of shipment and the final settlement. The company has a cautious approach towards booking of revenues with future settlement.

PRODUCT AREAS

	Hematite				Magnetite				Colorana, special products			
	Q2 2021	Q2 2020	H1 2021	H1 2020	Q2 2021	Q2 2020	H1 2021	H1 2020	Q2 2021	Q2 2020	H1 2021	H1 2020
Revenue, NOK million	534	243	1 016	463	26	31	58	55	10	7	23	21
Volume sold, mt	332 542	353 108	713 091	706 525	22 445	24 899	50 870	46 012	1 529	1 021	3 038	2 565
Revenue per mt, NOK	1 605	688	1 424	655	1 163	1 240	1 143	1 185	6 411	6 722	7 493	8 119
Cash cost per mt, NOK*	432	398	437	397	432	398	437	397	5 593	5 109	5 370	6 025
Cash margin per mt, NOK	1 172	290	987	259	730	842	705	788	818	1 613	2 123	2 094
Margin per mt,%	73%	42%	69%	39%	63%	68%	62%	67%	13%	24%	28%	26%
Production, mt	375 571	349 698	760 082	717 051	23 340	24 701	50 240	49 385	1 202	1 278	2 586	2 544

* 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 first half-year, the hematite production yielded a margin of 69 per cent compared to 39 per cent one year earlier, mainly driven by price increases for iron ore concentrates. The margin for the magnetite production was 62 per cent, down from the first half of 2020.

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.

In the second quarter Rana Gruber announced an extension of the offtake agreement with Cargill, where the latter commits to offtake all volumes of hematite until 2030. Another pillar of the agreement, is the two parties' joint efforts to increase the iron ore content in the production, which subsequently will decrease carbon emission in the global steel industry's value chain.

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 per metric ton produced¹⁾, 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. An update on the strategic projects will be provided in the Q4 2021 or Q1 2022 reports.

HSE

The first six months of 2021 were marked by a safe and stable production. Rana Gruber reports no accidents or injuries. In addition, there is a declining trend in sick leave. In Q2, sick leave was reported at 5.2 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 for an updated overview of the company structure.

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

¹⁾ Company reports

FINANCIAL REVIEW

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

	Q2 2021	Q2 2020	Change (%)	H1 2021	H1 2020	Change (%)	FY 2020
Revenues	573.6	286.5	100%	1 102.6	546.9	102%	1 333.6
COGS	(82.1)	(86.8)	(5%)	(170.9)	(173.0)	(1%)	(347.6)
Amortisation of development drifts	8.6	9.7	(12%)	18.0	19.5	(8%)	40.0
Other costs	(105.0)	(77.8)	35%	(214.0)	(164.9)	30%	(367.7)
Change in inventory	15.6	11.8	32%	20.2	20.6	(2%)	8.0
EBITDA	410.6	143.5	186%	755.9	249.1	203%	666.2
Depreciation	(31.8)	(26.2)	21%	(63.5)	(52.4)	21%	(107.1)
Amortisation of development drifts	(8.6)	(9.7)	(12%)	(18.0)	(19.5)	(8%)	(40.0)
EBIT	370.3	107.6	244%	674.4	177.2	281%	519.0
Hedging iron ore gain/(loss)	(118.8)	(27.7)	329%	(224.0)	(48.5)	362%	(134.0)
Other net financials	12.2	(12.2)	(200%)	12.0	(37.9)	(132%)	(35.0)
Pre tax profit	263.7	67.7	289%	462.4	90.9	409%	349.9
Tax	(58.0)	(14.9)	289%	(101.7)	(20.0)	409%	(76.9)
Net profit	205.7	52.8	289%	360.7	70.9	409%	273.0
EPS (NOK)	5.51	1.41	290%	9.65	1.90	409%	7.30
DPS (NOK)	3.86	-	-	6.76	-	-	-
Payout ratio	70%	0%	-	70%	0%	-	0%

PROFIT AND LOSS

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

Total revenues for the first half-year came in at NOK 1 103 million, an increase of 102 per cent from NOK 547 million in the same period last year. As illustrated below, this progress was primarily driven by higher hematite prices and increased volumes sold.

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

For the first half-year, cash cost² increased to NOK 367 million (NOK 318 million). The year-on-year increase was mainly driven by increased production of iron ore concentrates and open pit activity. Cash cost also included IPO related costs of NOK 10.4 million for the first half-year of 2021.

Cash cost per metric ton for production of both hematite and magnetite was reduced from the first to the second quarter 2021, which demonstrates the group's ability to continue the positive production trend and simultaneously reducing costs per ton.

EBITDA increased to NOK 411 million in the quarter (NOK 144 million), corresponding to an increase of 186 per cent.

2) Cash cost: COGS – amortisation of development drifts + Other costs.

Figure 1: Revenues from products Q2 2021 vs Q2 2020

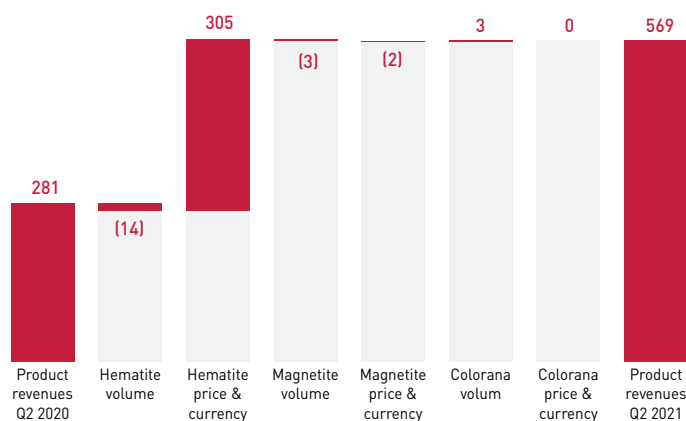


Figure 2: Revenues from products H1 2021 vs H1 2020

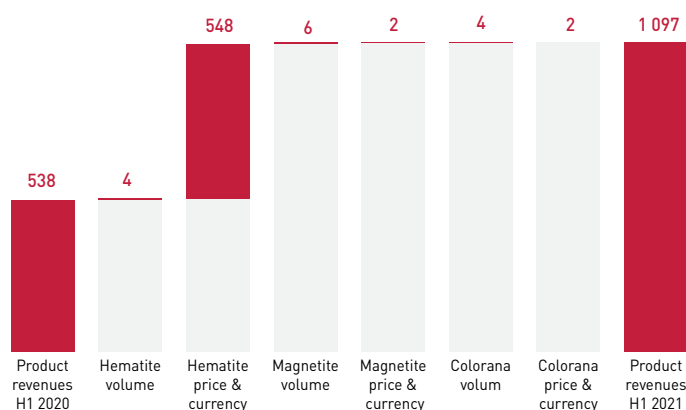
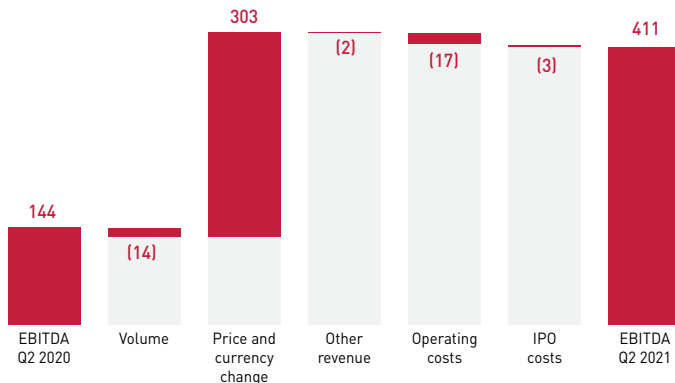
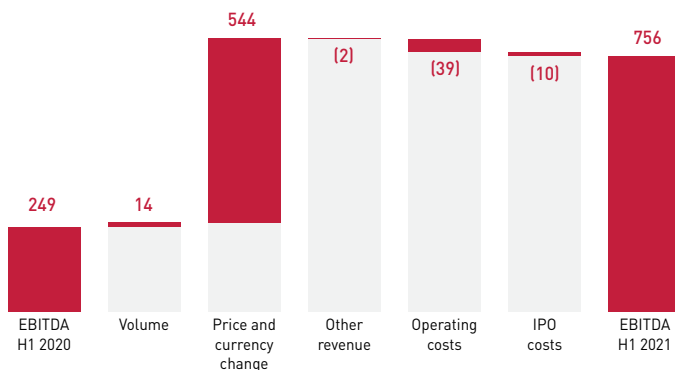


Figure 3: EBITDA Q2 2021 vs Q2 2020

Figure 4: EBITDA H1 2021 vs H1 2020


The progress is mainly driven by higher realised prices as well as increased volume produced and sold.

Net financial items in the period mainly consist of losses related to hedging of iron ore as well as interest and gains from currency hedges. The current hedging portfolio consists of hedges entered in 2020, as described in the Q1 2021 report, in addition to new hedges. On 10 May, Rana Gruber announced the entry of new iron ore swap contracts for 2022, including securing 240' mt in 2022 at an average price of USD 165.1/mt. Furthermore, another 330' mt in 2021 and 2022 were secured in the beginning of August, at an average price of USD 146/mt. In sum, these hedges imply that 31 per cent of the hematite volumes over the next 1.5 years have been secured in total at an average of USD 145/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. The last hedges made in August secures operational cash flow for the company until the end of 2022. 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 June the company had secured USD 24 million at an average exchange rate USD/NOK of 9.17, evenly distributed until 31.12.2021. The company also has two flexible currency hedging position of a potential monthly impact of USD 3 million. See note 8 for further information about the hedging portfolio.

In sum, this implied increased net profit for the first half-year to NOK 361 million, compared with NOK 71 million in the same period last year, which corresponds to earnings per share (EPS) of NOK 9.65, up from NOK 1.9 one year earlier.

FINANCIAL POSITION AND LIQUIDITY

In connection with the IPO process and the 50 per cent divestment from former owners LNS Mining AS, the receivables towards LNS Mining AS and Greenland Ruby AS were settled. This is the main effect on the changes on receivables in the balance sheet for the first half-year. The settlement was mainly used to restructure the company's long-term debt, resulting in a reduction in interest-bearing debt of NOK 143 million for the first half-year. Except for leasing obligations, the company's debt towards financial institutions is now related to a single USD loan of 6.5 million, which is expected to be paid equally over the next two years, as well as an unused credit facility of NOK 100 million.

CONSOLIDATED CASH FLOW

Total cash flow for the first half-year was NOK 399 million (negative NOK 1.2 million) and cash holdings by the end of the second quarter of NOK 424 million. Main operational drivers were increased sales volumes and higher prices of hematite compared with last year.

Capex for the first six months totalled NOK 70.9 million, of which NOK 40 million was development capex and NOK 30 million was related to maintenance in the period. Development capex is mainly related to the new mine level, Level 123 (finalised in March), in addition to capex related to exploration drilling and the company's strategic projects. This mine level is expected to produce iron ore for the next five years.

NOK 63.6 million of the total capex is classified under fixed assets in the company's balance sheet, and NOK 7.3 million is classified as increased stock in the balance sheet, relating to mine tunnelling.

Restructuring of the company's debt and settlement of receivables towards LNS Mining AS, as well as some extraordinary dividends to previous owners prior to the IPO process, drove the large changes in the financial cash flow.

FINANCIAL POSITION

Amounts in NOK thousand	H1 2021	FY 2020	Change (%)
Total assets	1 169	1 033	13%
Total equity	597	491	21%
Equity ratio (%)	51.1%	47.6%	7%
Cash and cash equivalents	425	25	400
Interest bearing debt	126	269	(53%)

On 30 June 2021, the company's equity ratio is 51.1 per cent (47.6 per cent for FY 2020) after provisions for dividend payments for the second quarter.

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 June 2021, the company had 3 685 shareholders. The 20 largest shareholders held a total of 69 per cent of the shares.

The company holds 57 267 treasury shares.

During the first half of 2021, the share traded between NOK 59.01 and NOK 84.00 per share, with a closing price of NOK 74.00 per share on 30 June 2021.

At the end of March, LNS Mining AS completed the distribution of its 18 696 000 shares in Rana Gruber AS,

corresponding to 50 per cent of the company's shares, to its ultimate shareholders. Following the distribution of the shares in the company to LNS Mining' ultimate shareholders, LNS Mining does not hold any shares in the company. All shares being distributed to LNS Mining's ultimate shareholders are subject to customary lock-up undertakings for a period until 26 February 2022.

The board has proposed that a dividend of NOK 3.86 per share will be paid for the second quarter 2021. The dividend will be paid out at or around the 8 September. The share will be listed ex-dividend on 30 August. This comes on top of the dividend of NOK 2.90 per share which was distributed for the first quarter.

OUTLOOK

The company's progress in the first six months of 2021 is supported by a historically strong market for iron ore, backed by infrastructure projects and growth initiatives globally. However, the market for iron ore is subject to fluctuations and going into the third quarter prices are somewhat lower than the levels we have seen in the second quarter. Short-term outlook has been impacted by stricter regulations on steel producers in China.

Governmental spending on infrastructure projects globally continues to be a positive driver for our products. All production volumes for FY 2021 are already sold and today's hedging portfolio secures operational cash flow for the company until end of 2022. On the production side, the positive production trend at the end of the quarter continued going into the third quarter.

In Q2 2021, an extension of the offtake agreement for all our hematite production with Cargill until 2030 was announced. This milestone agreement supports long-term stability and predictability, reduces the company's financial risk, in addition to providing a continuation of the strategic important partnership with Cargill on important projects. Rana Gruber and Cargill will join forces to produce, market and sell iron ore concentrate with higher iron ore content.

Long-term strategic projects have been initiated which will enable higher product margins, in addition to a production with less emissions leading the way for our industry.

RESPONSIBILITY STATEMENT BY THE BOARD OF DIRECTORS AND CEO

The board of directors and CEO have considered and approved the condensed consolidated financial statements for the period 1 January to 30 June 2021. We confirm to the best of our knowledge that the condensed financial statements for the above-mentioned period:

- Have been prepared in accordance with Norwegian Generally Accepted Accounting Principles (NGAAP)
- Provide a true and fair view of the company's assets, liabilities, financial position, and overall result for the period viewed in their entirety
- That the interim management report includes a fair review of any significant events that arose during the above-mentioned period and their effect on the financial report
- Provide a true picture of any significant related parties' transactions, principal risks and uncertainties faced by the company

Mo i Rana, 25 August 2021
The board of directors and CEO
Rana Gruber ASA

Morten Støver
Chairman of the board

Hilde Rolandsen
Board member

Johan Hovind
Board member

Kristian Adolfsen
Board member

Ragnhild Wiborg
Board member

Thomas Hammer
Board member

Frode Nilsen
Board member

Lasse O. Strøm
Board member

Gunnar Moe
Chief executive officer

CONDENSED INTERIM FINANCIAL STATEMENTS

CONDENSED CONSOLIDATED STATEMENT OF INCOME ¹

<i>Amounts in NOK thousand</i>	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Revenue					
Sales income	571 312	283 904	1 098 419	541 715	1 328 554
Other operating income	2 319	2 601	4 216	5 200	5 007
Total revenue	573 631	286 505	1 102 635	546 915	1 333 561
Operating expenses					
Cost of goods sold	82 123	86 782	170 909	172 997	347 604
Change in stock of products	(15 618)	(11 842)	(20 224)	(20 649)	(7 959)
Personell expenses	59 259	47 541	122 953	100 157	213 900
Depreciation	31 822	26 213	63 519	52 427	107 148
Other operating expenses	45 782	30 223	91 060	64 775	153 841
Total operating expenses	203 369	178 917	428 217	369 708	814 534
Operating profit	370 262	107 588	674 418	177 208	519 027
Financial items					
Other financial income	13 873	(21 451)	18 083	(564)	7 628
Financial expenses	(120 478)	(18 419)	(230 094)	(85 779)	(176 708)
Net financial items	(106 604)	(39 869)	(212 011)	(86 343)	(169 080)
Profit/loss before tax	263 657	67 719	462 407	90 864	349 947
Income tax expense	58 005	14 898	101 730	19 990	76 912
Net profit	205 653	52 820	360 678	70 874	273 035
Earnings per share	5.51	1.41	9.65	1.90	7.30

¹⁾ Quarterly figures are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION ¹

<i>Amounts in NOK thousand</i>	<i>Note</i>	30 June 2021	30 June 2020	31 December 2020
ASSETS				
Mines	2	250 329	313 884	238 856
Land, buildings and other real estate	2	17 210	12 827	16 802
Machinery and equipment	2	178 390	171 483	190 814
Operating equipment and office furniture	2	7 715	4 745	7 044
Total property, plant and equipment		453 644	502 940	453 517
Investments in other shares and businesses		2 903	1 678	2 097
Loan to group companies		-	227 842	133 939
Other subordinated loans		1 500	1 500	1 500
Other long term receivables		22 700	16 153	13 574
Total financial non-current assets		27 103	247 173	151 110
Total fixed assets		480 747	750 112	604 627
Stock		221 534	158 889	211 683
Trade accounts receivable		27 903	97 371	152 074
Other current receivables		13 876	25 629	39 634
Total current receivables		41 779	123 000	191 708
Bank deposits and other liquid assets		424 512	8 365	24 994
Total current assets		687 825	290 254	428 385
Total assets		1 168 572	1 040 366	1 033 012
EQUITY AND LIABILITIES				
Share capital		9 348	9 348	9 348
Share premium		92 783	92 783	92 783
Own shares		(14)	-	-
Total paid-in equity		102 117	102 131	102 131
Other equity		497 261	312 971	389 132
Own shares - market value		(2 762)	-	-
Total retained earnings		494 499	312 971	389 132
Total equity		596 616	415 102	491 263
Deferred tax		54 455	10 843	54 455
Financial leasing liabilities	3	68 711	70 766	75 526
Long term debt to financial institutions	3	56 858	274 344	193 295
Other non-current liabilities	3	4 656	6 258	4 656
Total non-current liabilities		184 680	362 211	327 931
Income tax payable		33 265	18 382	33 265
Short term debt to financial institutions		-	94 960	-
Trade accounts payable		79 634	99 652	111 225
Public duties payable		11 496	11 068	14 233
Other current liabilities		17 039	16 544	27 595
Income tax payable of this year's profit		101 730	-	-
Dividend		144 112	18 000	27 500
Total current liabilities		387 277	263 052	213 818
Total liabilities		571 956	625 264	541 749
Total equity and liabilities		1 168 572	1 040 366	1 033 012

¹⁾ Quarterly figures are unaudited.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS ¹

<i>Amounts in NOK thousand</i>	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Operating activities					
Profit before tax	263 658	67 718	462 365	90 864	349 947
Proceeds from Norwegian tax incentive scheme	-	-	-	-	1 608
Gain on sale of fixed assets	-	(1 624)	-	(3 531)	(2 627)
Depreciation	31 822	26 214	63 519	52 427	107 148
Change in stock, mine tunnel	-	(7 739)	1 762	(18 577)	(80 846)
Change in stock, other	(7 413)	(8 402)	(11 613)	(16 789)	(7 674)
Change in trade accounts receivable and payable	82 888	100 278	92 684	89 366	46 236
Change in other accruals	(8 107)	(37 057)	12 397	(31 775)	(10 794)
Net Cash flow from operations	362 848	139 388	621 114	161 985	402 998
Investing activities					
Proceeds from sale of fixed assets	-	1 624	-	3 531	2 627
Investment in fixed assets	(33 297)	(38 780)	(63 638)	(75 689)	(87 045)
Proceeds from sale of shares	-	-	-	-	-
Investments in ass. Companies and other shares	(506)	-	(806)	-	(420)
Change in other investments	1 977	-	(9 126)	(6 058)	(2 098)
Net cash flows used in investing activities	(31 826)	(37 156)	(73 570)	(78 216)	(86 936)
Financing activities					
Repayment of non-currents liabilities and fin. Leasing	(11 198)	(17 425)	(208 232)	(34 245)	(99 020)
New long-term debt and financial leasing	-	10 650	64 980	12 685	23 185
Exchange rate adjustments long term debt	-	(14 607)	-	22 015	-
Change in current liabilities (bank overdraft)	-	(72 684)	-	(82 128)	(177 089)
Change in liabilities and intercompany balances	-	(1 377)	133 939	(3 378)	68 348
Dividends (paid)	(108 437)	-	(135 937)	-	(116 500)
Purchase of own shares	-	-	(2 776)	-	-
Net cash flows used in financing activities	(119 635)	(95 444)	(148 026)	(85 052)	(301 076)
Total cash flows (change in liquid assets)	211 387	6 788	399 518	(1 283)	14 986
Bank deposit and cast at start of periode	213 125	1 577	24 634	9 648	9 648
Bank deposit and cast at end of periode	424 616	8 365	424 616	8 365	24 634
+ ordinary limit bank overdraft	100 000	205 000	100 000	205 000	100 000
Bank overdraft not utilised and deposits	-	-	-	-	-

¹⁾ Quarterly figures are unaudited.

PRINCIPLES AND NOTES TO THE INTERIM FINANCIAL STATEMENTS ¹

NOTE 1: GENERAL INFORMATION

Reference is made to the accounting principles in the group accounts 2020. This interim report for the first half 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 25 August 2021. 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 buildings	Machinery and plants	Operating equipment etc.	Total
Rana Gruber AS group					
Cost at 31 December 2020	734 156	53 168	756 282	55 379	1 598 985
Additions	26 748	1 948	33 276	1 666	63 638
Disposals	-	-	-	-	-
Cost at 30 June 2021	760 904	55 116	789 558	57 046	1 662 624
Accumulated depreciation at 31 December 2020	495 300	36 365	565 468	48 335	1 145 468
Depreciation for the first half of 2021 (preliminary)	15 283	1 540	45 700	996	63 519
Accumulated depreciation at 30 June 2021	510 583	37 905	611 168	49 331	1 208 987
Carrying amounts at 30 June 2021	250 321	17 210	178 390	7 715	453 636
Leasing costs for the year of fixed assets not carried in the balance sheet			12 070	111	12 181

NOK 7 295 concerning mine tunnel share of investment classified as stock have been deducted from mine additions.

<i>Amounts in NOK thousand</i>	Mine	Land and buildings	Machinery and plants	Operating equipment etc.	Total
Rana Gruber AS group					
Cost at 31 March 2021	748 283	53 957	770 806	56 280	1 629 325
Additions	12 621	1 159	18 752	765	33 298
Disposals	-	-	-	-	-
Cost at 30 June 2021	760 904	55 116	789 558	57 046	1 662 624
Accumulated depreciation at 31 March 2021	502 941	36 365	589 521	48 338	1 177 165
Depreciation for Q2	7 642	1 540	21 647	993	31 822
Accumulated depreciation at 30 June 2021	510 583	37 905	611 168	49 331	1 208 987
Carrying amounts at 30 June 2021	250 321	17 210	178 390	7 715	453 636
Leasing costs for the quarter of fixed assets not carried in the balance sheet			6 006	34	6 040

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

¹⁾ Quarterly figures are unaudited.

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

<i>Amounts in NOK thousand</i>	April - June		January - June		January - December 2020	
	Non-current liabilities	Leasing debt	Non-current liabilities	Leasing debt	Non-current liabilities	Leasing debt
Rana Gruber AS group						
Interest-bearing debt start of periode	64 980	71 787	193 295	75 526	281 146	63 510
New loans and financial leasing agreements	-	-	65 360	-	-	23 185
Foreign currency regulation currency loans	(285)	-	(665)	-	1 332	-
Ordinary loan and leasing instalments	(7 838)	(3 076)	(10 553)	(6 815)	(60 067)	(11 169)
Extraordinary loan instalments	-	-	(190 580)	-	(29 116)	-
Interest-bearing debt end of periode	56 858	68 711	56 858	68 711	193 295	75 526

NOTE 4: EQUITY**Change in equity first half of 2021**

<i>Amounts in NOK thousand</i>	Share capital	Own shares	Share premium	Other equity	Total
Rana Gruber AS group					
Equity at 31 December 2020	9 348	-	92 783	389 132	491 263
Result Q1 2021	-	-	-	155 025	155 025
Result Q2 2021	-	-	-	205 653	205 653
Dividend Q1 2021	-	-	-	(108 437)	(108 437)
Dividend Q2 2021	-	-	-	(144 112)	(144 113)
Buyback own shares	-	(14)	-	(2 762)	(2 776)
Equity at 30 June 2021	9 348	(14)	92 783	494 499	596 615

NOTE 5: REVENUES

<i>Amounts in NOK thousand</i>	Q2 2021	Q2 2020	H1 2021	H1 2020	FY 2020
Rana Gruber AS group					
Sales income per business area					
Iron ore concentrate	571 312	283 904	1 098 419	541 715	1 321 093
Other sales income	2 319	2 601	4 216	5 200	7 462
Total revenues	573 631	286 505	1 102 635	546 915	1 328 555
Including: export (iron ore and iron oxides mainly in the EU area)	669 655	283 662	1 196 278	541 473	1 320 014
Including: domestic sales	(96 024)	2 843	(93 643)	5 442	8 541

NOTE 6: TAX

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

NOTE 7: TRANSACTIONS WITH RELATED PARTIES

<i>Amounts in NOK thousand</i>	January - June 2021	January - June 2020
Purchase of services open-pit production from Leonhard Nilsen & Sønner AS	72 400	76 900
Purchase of services concerning new mine level from Leonhard nilsen & Sønner AS	33 400	77 300
Sales of services various operations and maintenance to Leonhard Nilsen & Sønner AS	365	187
Sales of various administrative services to Greenland Ruby/LNS Greenland AS	976	870
Sales of various administrative services to LNS Mining AS	1 200	-

Balances with related parties

<i>Amounts in NOK thousand</i>	Leonh. Nilsen & Sønner AS		LNS Mining		LNS Greenland/Gr. Ruby	
	30 Jun 2021	31 Dec 2020	30 Jun 2021	31 Dec2020	30 Jun 2021	31 Dec 2020
Trade receivables	22	753	1 500	-	976	14 579
Other current receivables	-	-	-	19 219	-	-
Trade payables	17 149	25 498	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Dividend liabilities	-	-	-	27 500	27 500	-
Long-term loan	-	-	-	133 939	-	-
Net (receivables - liabilities)	(17 127)	(24 745)	1 500	125 658	976	14 579

NOTE 8: 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 June 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	180 000 metric tons	Q4 2021	125 USD	(10.8)
Forward contracts for hedging future sales	90 000 metric tons	Q1 2022	173 USD	0.441
Forward contracts for hedging future sales	90 000 metric tons	Q2 2022	166 USD	0.774
Forward contracts for hedging future sales	30 000 metric tons	Q3 2022	157 USD	0.561
Forward contracts for hedging future sales	30 000 metric tons	Q4 2022	157 USD	0.909

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 June 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 24 000	2021	9.17	NOK 14 314

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
28.07.2021	8.42	9.11	29.06.2021	28.07.2021	1 000 000	8 420 000
26.08.2021	8.42	9.14	29.07.2021	26.08.2021	1 000 000	8 420 000
28.09.2021	8.42	9.17	27.08.2021	28.09.2021	1 000 000	8 420 000
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
28.07.2021	8.56	9.02	30.06.2021	28.07.2021	2 000 000	17 120 000
27.08.2021	8.56	9.05	29.07.2021	27.08.2021	2 000 000	17 120 000
28.09.2021	8.56	9.08	30.08.2021	28.09.2021	2 000 000	17 120 000
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

YOUR NOTES



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