



**Rana Gruber AS**

**Interim report  
First quarter 2021**



**RANA  
GRUBER**

## First quarter highlights

- Revenues for the first quarter amounted to NOK 529 million, a doubling from NOK 260 million in the corresponding period last year, supported by all-time high iron ore prices
- 411' metric tons concentrate produced in the first three months of the year, up 5 per cent from in the same period of 2020, average hematite prices realised 1 267 NOK/mt
- EBITDA came in at NOK 345 million, corresponding to an EBITDA margin of 65 percent, up from NOK 105 million in Q1-20, mainly driven by stronger prices
- Rana Gruber targets to distribute 50-70 per cent of net result as dividend on a quarterly basis. For Q1-21, the board has resolved to pay out NOK 2.90/share, corresponding to 70 per cent of EPS at NOK 4.15
- Oversubscribed IPO and subsequent listing at Euronext Growth in Oslo on 26 February

### CEO Gunnar Moe comments:

## “A milestone quarter for Rana Gruber”

The past three months have been marked by several milestones for Rana Gruber. Our key priority has been to ensure safety for all our colleagues during the coronavirus outbreak, and I would like to thank all our employees for their contribution during these special times. In the first quarter Rana Gruber was admitted to trading at Euronext Growth Oslo from 26 February 2021.

Furthermore, Rana Gruber has delivered record-high quarterly results, driven by all-time-high prices for iron ore. Revenues more than doubled in the first quarter, with operating profit (EBITDA) more than three times higher compared to Q1-20.

Rana Gruber's progress is supported by a historically strong market for iron ore – an important input factor for infrastructure projects globally. Prices have increased due to supply side limitations – specifically iron ore of high quality – combined with increased demand following a ramp-up of infrastructure projects globally to boost the economy post Covid-19. One of the world's largest iron ore producers, Vale in Brazil, is still not running at full capacity.

Hence, most industry experts expect high prices for iron ore this year and probably also next year.

The strategic priority of lifting the production to iron ore with higher iron concentrate, will strengthen both Rana Gruber's long-term market position and profits. In addition to increasing the iron ore content, the company has also launched two other strategic projects: Expanding magnetite production and reducing CO<sub>2</sub> emissions even further through electrification of mining equipment. We will revert with an update on these projects towards the end of this year or early 2022.

Rana Gruber is entering springtime with increased optimism. First and foremost, due to the ramp-up of the vaccination programme, which gives rise to a hope that we can gradually return to a more normal everyday life. Rana Gruber will continue to deliver on our decarbonisation strategy and our strong commitment to safe and efficient production. This involves continued preparedness mode in response to the coronavirus situation. Considering this, I am humble and happy that all our colleagues have been safe, contributing to the best quarter in our company's history.

## Key figures

<i>Amounts in NOK million, except where indicated otherwise. Quarterly figures are unaudited.</i>	Q1-21	Q1-20	Change (%)	FY-20
<b>Revenues</b>	<b>529.0</b>	260.4	<b>103%</b>	1 333.6
<b>EBITDA*</b>	<b>345.2</b>	105.6	<b>227%</b>	666.2
<b>EBITDA* margin (%)</b>	<b>65%</b>	41%	<b>25pp</b>	50%
<b>Net profit</b>	<b>155.0</b>	18.1	<b>759%</b>	273.0
<b>Cash cost</b>	<b>188.3</b>	163.6	<b>15%</b>	675.3
<b>Cash cost per mt (NOK)</b>	<b>457.8</b>	417.5	<b>9%</b>	433.2
<b>EPS (NOK)</b>	<b>4.15</b>	0.48	<b>759%</b>	0.01
<b>DPS (NOK)</b>	<b>2.90</b>	-	<b>-</b>	N/A
<b>Equity ratio (%)</b>	<b>52.3%</b>	35.8%	<b>16.5pp</b>	47.6%

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

# 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>Figures in 1 000 metric tons (mt)</i>	<b>Q1-21</b>	<b>Q1-20</b>	<b>Change (%)</b>	<b>FY20</b>
<b>Production concentrate</b>	<b>411.4</b>	<b>391.9</b>	<b>5%</b>	<b>1 559.0</b>
Production hematite	<b>384.5</b>	367.4	5%	1 452.6
Production magnetite	<b>26.9</b>	24.5	10%	106.4
<b>Production Colorana</b>	<b>1.4</b>	<b>1.3</b>	<b>9%</b>	<b>5.0</b>
<b>Production ore</b>	<b>1 400.2</b>	<b>1 280.8</b>	<b>9%</b>	<b>5 177.9</b>
Production underground (ore)	<b>726.0</b>	751.4	-3%	3 097.1
Production open pit (ore)	<b>674.3</b>	529.5	27%	2 080.7
<b>Production open pit (waste rock)</b>	<b>1 067.7</b>	<b>983.7</b>	<b>9%</b>	<b>4 494.0</b>

Production in the first quarter totalled 411' metric tons of concentrate, corresponding to an increase of 5 per cent compared to Q1-20, which is in line with the mine plan and within the variations expected from the ore quality. The majority of produced volume is hematite concentrate, which constituted 385' metric tons this quarter, up from 367' metric tons in the first quarter of 2020. In addition, 27' metric tons of magnetite concentrate were produced in the first three months of 2021, an increase of 10 per cent from Q1-20.

Production of Colorana, Rana Gruber's specialised iron ore product, increased to 1.4' metric tons in Q1-21, from 1.3' metric tons in the first three months of the previous year. The production uplift was driven by increased demand for industries producing specialised products.

Construction of a new mining level in the underground mine, Level-123, was finalised as planned in Q1-21. Production of ore from the new mine Level-123 commenced during the first quarter, temporarily overlapping the end of production at the previous mine, Level-155. At both levels, production is adjacent to the ore and waste rock borders, and the ore iron content is expected to vary more in the first months after switching production level. This might translate to variations in concentrate volume in the coming two to three quarters.

Open pit production increased by 27 per cent, driven by favourable operational conditions and planned increase of raw material stock.

## Market development

	<b>Q1-21</b>	<b>Q1-20</b>	<b>FY-2020</b>
<b>Product prices (average)</b>			
<b>IODEX 62% FE CFR North China (\$/dmt)</b>	<b>166.9</b>	89.0	108.7
<b>Currency rates (average)</b>			
<b>USD/NOK</b>	<b>8.51</b>	9.49	9.4
<b>EUR/NOK</b>	<b>10.26</b>	10.47	10.7

Sources: Platts, Norges Bank

The average iron ore (hematite) price for the quarter was USD 166.9/mt. 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. Consequently, 90 per cent of the spot price is paid as the ore is loaded onboard each shipment leaving the company's facilities in Mo i Rana Norway while 10 percent is held back until the final price has been settled. Hence, the final price can end up higher or lower than what has been accounted for. For illustration purposes, a price change of USD +/-1 will have a positive or negative revenue impact of USD 380' in Q2-21.

The iron ore price has been supported by a rebound in world steel demand led by infrastructure related post-Covid economic stimuli and an international shortage of iron ore supply. China dominated the demand by taking more than 70 per cent of the seaborne raw material in Q1-21. However, more countries have been ramping up industrial production and in turn an increase in demand for iron ore, as economies continue to successfully contain the pandemic. The world steel association upwardly revised the demand outlook for world steel demand to 5.8 per cent in 2021.

Iron ore supply has been struggling to measure up to the increasing demand irrespective of being 7.3 per cent higher year-on-year in the first quarter. Much of the increase was due to improved exports from Brazil following 2 years of severe disruptions and less seasonal weather-related disruptions. Exports from Australia improved by 4.4 per cent during a relatively mild cyclone season, while exports from North Atlantic based countries were slightly down with the severe winter season. Also, the pandemic has been causing some disruptions to port logistics and mining operations. Going forward, seasonally exports should ramp up although still short based on the demand outlook.

Source: Clarkson Platou Securities. Clarkson Platou Securities acted as Euronext Growth advisors to Rana Gruber in connection with the admission to trading of its shares on Euronext Growth Oslo.

## Product areas

	Hematite		Magnetite		Colorana, special products	
	Q1-21	Q1-20	Q1-21	Q1-20	Q1-21	Q1-20
Revenue, NOK million	482.1	220.2	32.0	23.6	13.0	14.0
Volume sold, mt	380 549	353 417	28 425	21 113	1 509	1 544
Revenue per mt, NOK	1 267	623	1 127	1 120	8 589	9 043
Cash cost per mt, NOK*	440	395	440	395	5 211	6 949
Cash margin per mt, NOK	826	228	686	725	3 379	2 093
Margin per mt, %	65%	37%	61%	65%	39%	23%
Production, mt	384 511	367 353	26 900	24 529	1 375	1 266

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

For Q1-21 the hematite production yielded a margin of 65 per cent compared to 37 per cent for Q1-20, mainly driven by the price increase for iron ore products. The margin for magnetite production was 61 per cent, down from Q1-20 due to increased cash cost. Margins for the specialised Colorana products increased from 23 per cent to 39 per cent in Q1-21, due to lower cash cost in this segment.

Cash cost increased for both the production of hematite and magnetite, mainly driven by higher utility costs, increased production of waste rock in the iron ore production and IPO related costs. Markets for all products were solid and almost all production volumes for FY 2021 are already sold.

## Development projects

The company has defined three strategic development projects for the next 3-5 years:

### Fe-65

The project 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. Substantial R&D efforts will be allocated to this project. Pilot scale testing is in progress and installation of new process equipment is expected around year-end, followed by additional R&D and associated test work.

### Increased magnetite M40 volume

The M40 is a unique natural chemical free high-grade magnetite concentrate with demand exceeding the supply. This product is not subject to the fluctuating price curve seen for iron ore concentrates supplied to the steel industry. The target to increase the M40 volume by 50 per cent in order to supply the high demand.

### Zero CO<sub>2</sub>-emission

Rana Gruber currently has mining operations with 40 per cent lower CO<sub>2</sub> emissions than industry average, but targets to reduce CO<sub>2</sub> emission even further. This will be done by substitution of fossil energy powered equipment to electrical alternatives. This project taps into the emerging move towards sustainable supply chains for the steel industry, improved work environment from cleaner air, as well as reduced operational expenses.

## Financial review

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

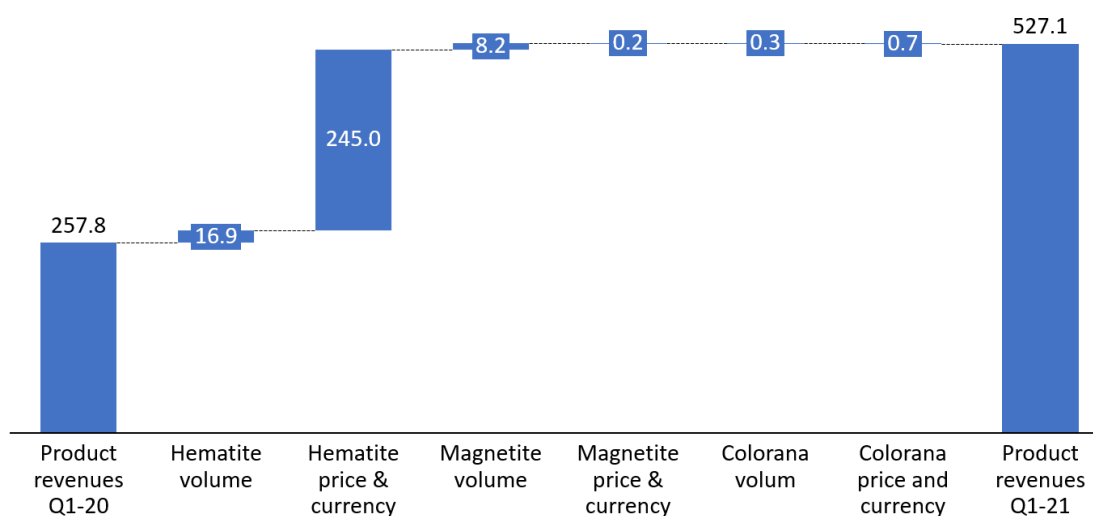
Amounts in NOK million, except where indicated otherwise. Quarterly figures are unaudited.	Q1-21	Q1-20	Change (%)	FY-20
<b>Revenue</b>	<b>529.0</b>	260.4	<b>103%</b>	1 333.6
<b>COGS</b>	<b>(88.8)</b>	(86.2)	<b>3%</b>	-347.6
<b>Amortization of development drifts</b>	<b>9.4</b>	9.8	<b>(3%)</b>	40.0
<b>Other costs</b>	<b>(109.0)</b>	(87.2)	<b>25%</b>	-367.7
<b>Change in invent.</b>	<b>4.6</b>	8.8	<b>(48%)</b>	8.0
<b>EBITDA</b>	<b>345.2</b>	105.6	<b>227%</b>	666.2
<b>Depreciation</b>	<b>(31.7)</b>	(26.2)	<b>21%</b>	107.1
<b>EBIT</b>	<b>304.1</b>	69.6	<b>337%</b>	519.0
<b>Hedging iron ore gain/(loss)</b>	<b>(105.2)</b>	<b>(20.8)</b>	<b>(406%)</b>	<b>(134.0)</b>
<b>Other net financials</b>	<b>(0.2)</b>	(25.7)	<b>99%</b>	(35.5)
<b>Pre-tax-profit</b>	<b>198.7</b>	23.1	<b>759%</b>	349.9
<b>Tax</b>	<b>(43.7)</b>	(5.1)	<b>759%</b>	-76.9
<b>Net profit</b>	<b>155.0</b>	18.1	<b>759%</b>	273.0
<b>EPS (NOK)</b>	<b>4.15</b>	0.48	-	0.01
<b>DPS (NOK)</b>	<b>2.90</b>	-	-	N/A
<b>Payout ratio (%)</b>	<b>70%</b>	-	-	N/A

### Profit and loss

Total revenues for the quarter came in at NOK 529.0 million, an increase of 103 percent from NOK 260.4 million in the same period last year. As illustrated below, this progress was primarily driven by higher hematite prices and increased volumes sold.

Average hematite prices (Fe62) for the quarter was USD 166.9/mt (USD 89.0/mt) and prices for iron ore are expected to remain strong. A strengthening of the Norwegian currency had a negative translation effect on reported revenues in the first quarter of 2021 compared with the first three months of 2020. All hematite products are sold in USD, whereas magnetite products are mainly traded in EUR.

Figure 1. Revenues from products Q1-21 vs Q1-20



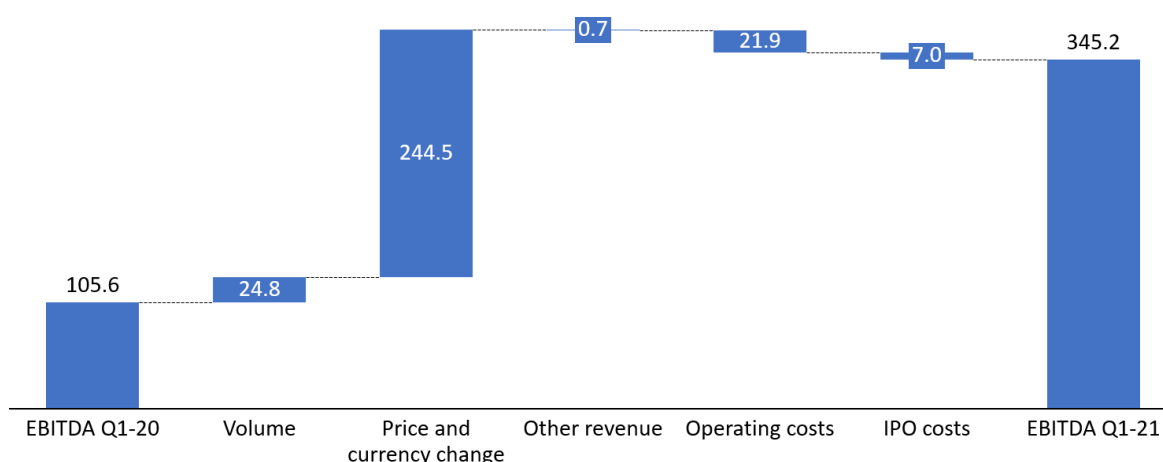
Cash costs\* amounted to NOK 188.3 million (NOK 163.6 million), mainly driven by increased activity in open pit and underground production. Total mass removal of more than 200' metric tons in Q1-21 lifted the cash cost for the period. The increased mass removal in the quarter was related to a planned build-up of raw material stocks to level out production due to a scheduled downtime in the upcoming quarters (holiday and larger scheduled maintenance).

The termination of the CO<sub>2</sub> compensation regime had a negative impact on cash cost of NOK 1.1 million in Q1-21. The future structure of the CO<sub>2</sub> compensation regime is still to be settled.

In addition, the cash cost for Q1-21 included IPO related costs of NOK 7.0 million. Cost discipline and efficiency initiatives reducing the cash cost per metric ton is a key part of the company's strategic priorities going forward.

EBITDA amounted to NOK 345.2 million in the quarter (NOK 105.6 million), corresponding to an increase of 227 per cent. The progress is mainly driven by higher realised prices as well as increased volume produced and sold.

Figure 2. EBITDA Q1-21 vs Q1-20



Net financial items in the period mainly consist of losses related to hedging of iron ore and interest costs. Hedging positions entered in 2020 are expected to generate losses also going forward as these positions were entered into in a different market situation at a time when the company's financial position was less solid. The company expects that the magnitude of these losses will decrease gradually as an increasing share of the hedging positions was entered into at higher levels.

Net financial items include currency adjustments related to debt in foreign currency and receivables. At 31 March the company had USD 7.6 million in outstanding debt which is subject to currency fluctuations, which could have an impact on net financial items going forward.

At 31 March the company had secured USD 36 million at an average exchange rate USD/NOK of 9.17, evenly distributed until 31.12.2021. The company also has a flexible currency hedging position of a potential monthly impact of USD 1 million. See note 7 for further information about the hedging portfolio

In sum, this implied a net profit for the quarter of NOK 155.0 million, compared with NOK 18.1 million in Q1-20, which corresponds to earnings per share (EPS) of NOK 4.15, up from NOK 0.48 in the same period last year.

### 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. The settlement was mainly used to restructure the company's long-term debt, resulting in a total change in long term debt towards financial institutions of a negative NOK 128 million for the first quarter. With the exception of leasing obligations, the company's debt towards financial institutions is now related to a single USD loan of 7.6 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 quarter was NOK 188.1 million (negative NOK 8.1 million) and cash holdings by the end of first quarter of NOK 213.1 million. Main operational drivers were increased sales volumes and higher prices of hematite compared with last year.

Capex for the first quarter totalled NOK 37.5 million, of which NOK 33.5 million was development capex and NOK 4.0 million was related to maintenance in the quarter. Development capex is mainly related to the new mine level, Level 123, which was finalised in March. This mine level is expected to produce iron ore for the next five years.

NOK 30.3 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

<i>Amounts in NOK million, except where indicated otherwise. Quarterly figures are unaudited.</i>	<b>Q1-21</b>	<b>FY-20</b>	<b>Change (%)</b>
<b>Total assets</b>	<b>1 023</b>	1 033	<b>-1%</b>
<b>Total equity</b>	<b>535</b>	491	<b>9%</b>
<b>Equity ratio (%)</b>	<b>52.3%</b>	47.6%	<b>4.7pp</b>
<b>Cash and cash equivalents</b>	<b>213</b>	25	<b>753%</b>
<b>Interest bearing debt</b>	<b>137</b>	269	<b>-49%</b>

At 31 March 2021, the company's equity ratio is 52.3 per cent (47.6 per cent for FY-20) after provisions for dividend payments for the first quarter.

## Share information

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

At 31 March 2021, the company had 2 817 shareholders. The 20 largest shareholders held a total of 71 per cent of the shares.

The company holds 57 267 treasury shares.

During the first quarter of 2021, the share traded between NOK 59.01 and NOK 77.50 per share, with a closing price of NOK 60.80 per share at 31 March 2021.

On 26 March, it was announced that the stabilisation period initiated on 26 February has been discontinued. No stabilisation transactions have been undertaken.

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's 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 2.90 per share will be paid for the first quarter 2021. The dividend will be paid out at or around the 26 of May. The share will be listed ex-dividend on the 18<sup>th</sup> of May.

## Outlook

The company's progress in Q1-21 is supported by a historically strong market for iron ore, with prices increasing due to supply side limitations combined with increased demand from infrastructure projects globally post Covid-19. The price increase has continued also post-quarter providing indications for a solid quarter ending before the summer. On the production side, the company expects that production volumes may vary somewhat in the upcoming quarters, due to the shift to a new level in the mine. However, all volumes for FY-21 have already been sold.

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. The record-high market also provides flexibility to pursue projects either expanding Rana Gruber's business opportunities or reducing cash cost.



# Condensed Interim Financial Statements

## Condensed consolidated statement of income

<i>Amounts in NOK thousand</i>	Q1-21	Q1-20	FY2020
<b>REVENUE</b>			
Sales income	527 107	257 811	1 328 554
Other operating income	1 897	2 599	5 007
<b>TOTAL REVENUE</b>	<b>529 004</b>	<b>260 410</b>	<b>1 333 561</b>
<b>OPERATING EXPENSES</b>			
Cost of goods sold	88 786	86 216	347 604
Change in stock of products	(4 607)	(8 806)	(7 959)
Personnel expenses	63 704	52 616	213 900
Depreciation	31 697	26 213	107 148
Other operating expenses	45 309	34 552	153 841
<b>Total operating expenses</b>	<b>224 890</b>	<b>190 791</b>	<b>814 534</b>
<b>Operating profit</b>	<b>304 113</b>	<b>69 620</b>	<b>519 027</b>
<b>FINANCIAL ITEMS</b>			
Other financial income	4 210	20 887	7 628
Financial expenses	(109 616)	(67 361)	(176 708)
Net financial items	(105 407)	(46 474)	(169 080)
<b>PROFIT/LOSS BEFORE TAX</b>	<b>198 707</b>	<b>23 146</b>	<b>349 947</b>
Income tax expense	43 716	5 092	76 912
<b>NET PROFIT FOR THE YEAR</b>	<b>154 991</b>	<b>18 054</b>	<b>273 035</b>
<b>Earnings per share</b>	<b>4.15</b>	<b>0.48</b>	<b>7.30</b>

## Condensed consolidated statement of financial position

<i>Amounts in NOK thousand</i>	Notes	31.03.2021	31.12.2020
<b>ASSETS</b>			
Mines	2	245 342	238 856
Land, buildings and other real estate	2	17 591	16 802
Machinery and equipment	2	181 286	190 814
Operating equipment and office furniture	2	7 942	7 044
<b>Total property, plant and equipment</b>		<b>452 160</b>	<b>453 517</b>
Investments in other shares and businesses		2 397	2 097
Loan to group companies		-	133 939
Other subordinated loans		1 500	1 500
Other long-term receivables		24 677	13 574
<b>Total financial non-current assets</b>		<b>28 574</b>	<b>151 110</b>
<b>TOTAL FIXED ASSETS</b>		<b>480 735</b>	<b>604 627</b>
<b>Stock</b>			
Trade accounts receivable		97 003	152 074
Other current receivables		18 383	39 634
<b>Total current receivables</b>		<b>115 386</b>	<b>191 708</b>
Bank deposits and other liquid assets		213 126	24 994
<b>TOTAL CURRENT ASSETS</b>		<b>542 632</b>	<b>428 385</b>
<b>TOTAL ASSETS</b>		<b>1 023 367</b>	<b>1 033 012</b>
<b>EQUITY AND LIABILITIES</b>			
Share capital	4	9 348	9 348
Share premium	4	92 783	92 783
Own shares	4	(14)	-
<b>Total paid-in equity</b>		<b>102 117</b>	<b>102 131</b>
Other equity	4	435 686	389 132
Own shares - market value	4	(2 762)	-
<b>Total retained earnings</b>		<b>432 925</b>	<b>389 132</b>
<b>TOTAL EQUITY</b>		<b>535 042</b>	<b>491 263</b>
Deferred tax		54 455	54 455
Financial leasing liabilities	3	71 786	75 526
Long term debt to financial institutions	3	64 980	193 295
Other non-current liabilities		4 656	4 656
<b>Total non-current liabilities</b>		<b>195 877</b>	<b>327 931</b>
Income tax payable		33 265	33 265
Short term debt to financial institutions		-	-
Trade accounts payable		65 951	111 225
Public duties payable		8 383	14 233
Other current liabilities		32 697	27 595
Income tax payable of this year's profit	6	43 716	-
Dividend	4	108 437	27 500
<b>Total current liabilities</b>		<b>292 448</b>	<b>213 818</b>
<b>TOTAL LIABILITIES</b>		<b>488 325</b>	<b>541 749</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1 023 367</b>	<b>1 033 012</b>

## Condensed consolidated statement of cash flows

<i>Amounts in NOK thousand</i>	<b>Q1-21</b>	<b>Q1-20</b>	<b>FY2020</b>
<b>OPERATING ACTIVITIES</b>			
Profit before tax	<b>198 707</b>	23 146	349 947
Proceeds from Norwegian tax incentive scheme	-	-	1 608
Gain on sale of fixed assets	-	(1 907)	(2 627)
Depreciation	<b>31 697</b>	26 213	107 148
	-	-	-
Change in stock, mine tunnel	<b>1 762</b>	(10 838)	(80 486)
Change in stock, other	<b>(4 200)</b>	(8 387)	(7 674)
Change in trade accounts receivable and payable	<b>9 796</b>	(10 912)	46 236
Change in other accruals	<b>20 504</b>	5 281	(10 794)
<b>Net Cash flow from operations</b>	<b>258 266</b>	<b>22 597</b>	<b>403 358</b>
	-	-	-
<b>Investing activities</b>	-	-	-
	-	-	-
Proceeds from sale of fixed assets	-	1 907	2 627
Investment in fixed assets	<b>(30 341)</b>	(36 909)	(87 045)
Proceeds from sale of shares	-	-	-
Investments in ass. Companies and other shares	<b>(300)</b>	-	(420)
Change in other investments	<b>(11 103)</b>	(6 058)	(2 098)
<b>Net cash flows used in investing activities</b>	<b>(41 744)</b>	<b>(41 060)</b>	<b>(86 936)</b>
	-	-	-
<b>Financing activities</b>			
Repayment of non-currents liabilities and fin. Leasing	<b>(197 034)</b>	(16 820)	- 99 020
New long-term debt and financial leasing	<b>64 980</b>	2 035	23 185
Exchange rate adjustments long term debt	-	36 622	-
Change in current liabilities (bank overdraft)	-	(9 444)	- 177 089
Change in liabilities and intercompany balances	<b>133 939</b>	(2 001)	68 348
Dividends (paid)	<b>(27 500)</b>	-	- 116 500
Purchase of own shares	<b>(2 776)</b>	-	-
<b>Net cash flows used in financing activities</b>	<b>(28 391)</b>	10 392	- 301 077
	-	-	-
<b>Total cash flows (change in liquid assets)</b>	<b>188 131</b>	<b>(8 071)</b>	<b>15 345</b>
Bank deposit and cash at 1 January	<b>24 994</b>	9 648	9 648
<b>Bank deposit and cash at 31 March</b>	<b>213 125</b>	<b>1 577</b>	<b>24 994</b>
	-	-	-
+ ordinary limit bank overdraft	<b>100 000</b>	205 000	100 000
	-	-	-
Bank overdraft not utilized and deposits	<b>100 000</b>	37 355	112 349

# Principles and notes to the interim financial statements

## Note 1 – General information

Reference is made to the accounting principles in the group accounts 2020. This interim report for the first 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 11 May 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.

## Note 2 - Tangible fixed assets

<i>Amounts in NOK thousand</i>	<b>Mine</b>	<b>Land and buildings</b>	<b>Machinery and plants</b>	<b>Operating equipment etc.</b>	<b>Total</b>
<b>Rana Gruber AS Group</b>					
Cost at 31 December 2020	734 156	53 168	756 282	55 379	1 598 985
Additions	14 127	789	14 524	901	30 340
Disposals	-	-	-	-	-
Cost at 31 March 2021	748 283	53 956	770 806	56 280	1 629 326
Accumulated depreciation at 31 December 2020	495 300	36 365	565 468	48 335	1 145 468
Depreciation for the first quarter (preliminary)	7 641	-	24 053	3	31 697
Accumulated depreciation at 31 March 2021	502 941	36 365	589 521	48 338	1 177 165
<b>Carrying amounts at 31 March 2021</b>	<b>245 342</b>	<b>17 591</b>	<b>181 286</b>	<b>7 942</b>	<b>452 160</b>
Leasing costs for the year of fixed assets not carried in the balance sheet	-	-	6 064	77	6 141

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

*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	-
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### Note 3 – Non-current liabilities to financial institutions and financial leasing debt

<b>Rana Gruber AS Group</b>	<b>31 March 2021</b>		<b>31 December 2020</b>	
<i>Amounts in NOK thousand</i>	<b>Non-current liabilities</b>	<b>Leasing debt</b>	<b>Non-current liabilities</b>	<b>Leasing debt</b>
<b>Interest-bearing debt</b>	193 295	75 526	281 146	63 510
New loans and financial leasing agreements	65 360	-	-	23 185
Foreign currency regulation currency loans	(380)	-	1 332	-
Ordinary loan and leasing instalments	(2 715)	(3 739)	(60 067)	(11 169)
Extraordinary loan instalments	(190 580)	-	(29 116)	-
<b>Interest-bearing debt end of period</b>	<b>64 980</b>	<b>71 786</b>	<b>193 295</b>	<b>75 526</b>

### Note 4 – Equity

#### **Rana Gruber AS Group**

*Amounts in NOK thousand*

	<b>Share capital</b>	<b>Approved issue of new shares</b>	<b>Share premium</b>	<b>Other equity</b>	<b>Total</b>
<b>Change in equity in the first quarter</b>					
<b>Equity at 31 December 2020</b>	<b>9 348</b>	-	<b>92 783</b>	<b>389 132</b>	<b>491 263</b>
Profit for the quarter	-	-	-	154 991	154 991
Allocated dividend	-	-	-	(108 437)	(108 437)
Purchase of own shares	-	(14)	-	(2 762)	(2 776)
<b>Equity at 31 March 2021</b>	<b>9 348</b>	<b>(14)</b>	<b>92 783</b>	<b>432 925</b>	<b>535 042</b>

### Note 5 – Revenues

#### **Rana Gruber AS Group**

*Amounts in NOK thousand*

<b>Sales income per business area</b>	<b>Q1-21</b>	<b>Q1-20</b>
Iron ore concentrates	<b>527 107</b>	257 811
Other sales income	<b>1 897</b>	2 599
<b>Total revenues</b>	<b>529 004</b>	<b>260 410</b>
Including: export (iron ore and iron oxides mainly in the EU area)	<b>526 623</b>	257 811
Including: domestic sales	<b>2 381</b>	2 599

*The parent company's sales income includes freight amounting to NOK 2.4 million (NOK 1.9 million in the first quarter of 2020).*

### 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 31 March 2021, the company has the following financial hedge positions on iron ore:

Forward contracts	Amount (1 000)	Monthly maturity	Average price	Unrealised loss (USD)
Forward contracts for hedging future sales	180 000 metric tons	Third quarter 2021	131 USD	1.547
Forward contracts for hedging future sales	180 000 metric tons	Fourth quarter 2021	125 USD	0.730

### 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 31 March 2021, the company has the following financial hedge positions on USDNOK:

Forward contracts	Amount (1 000)	Monthly maturity	Foreign currency rate, average	Unrealised gain (1 000)
Contracts for hedging future sales	USD 36 000	2021	9.17	NOK 22 855

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
28.04.2021	8.42	9.02	27.03.2021	28.04.2021	1 000 000	8 420 000
26.05.2021	8.42	9.05	29.04.2021	26.05.2021	1 000 000	8 420 000
28.06.2021	8.42	9.08	27.05.2021	28.06.2021	1 000 000	8 420 000
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	9.2	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

## 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.