

Q3  
2022

## Interim Report

# Continued uncertainty in the world affects profits

LKAB's net sales for the third quarter amounted to a high MSEK 12,244. In an uncertain world, however, stable deliveries were offset by falling iron ore prices. Operating profit for the quarter was MSEK 5,909 (7,769).



## Operations – third quarter

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Net sales	3, 4	12,244	12,744	36,594	39,748	48,812
Operating profit/loss		5,909	7,769	18,126	24,083	26,898
Net financial income/expense		-150	234	-2,388	1,132	1,484
Profit/loss before tax		5,759	8,002	15,738	25,215	28,382
<b>Profit/loss for the period</b>		<b>4,574</b>	<b>6,355</b>	<b>12,618</b>	<b>20,005</b>	<b>22,604</b>
Costs for urban transformation provisions		-321	-148	-493	-289	-372
Operating cash flow		3,336	7,430	9,852	18,351	19,988
Capital expenditure on property, plant and equipment		1,269	994	3,508	2,382	3,359
Depreciation		-778	-778	-2,327	-2,314	-3,132
Deliveries of iron ore products, Mt		6.6	6.3	19.5	20.2	27.0
Proportion of pellets, %		83	80	84	84	83
Production of iron ore products, Mt		6.6	6.7	18.6	20.0	26.7
Return on equity, %	10			23.1	42.3	39.0
Net debt/equity ratio, %	10			-17.4	-20.4	-24.5

- **The production volume** for the third quarter was partly affected by continued production disruptions at the pelletising plants in Kiruna and amounted to 6.6 (6.7) Mt.
- **The delivery volume** for the quarter was 6.6 (6.3) Mt, with pellets accounting for 83 (80) percent.
- **Operating profit** for the third quarter amounted to MSEK 5,909 (7,769), which was mainly an effect of lower prices for highly upgraded iron ore products. A stronger dollar exchange rate and higher delivery volumes made a positive contribution. Operating profit was also impacted by higher costs for production disruptions and by higher prices for energy and some input goods.

- **The average global spot price<sup>1)</sup>** for iron ore products in the third quarter was substantially lower than in the same period last year and amounted to USD 104 (164) per tonne, which was USD 34 lower than in the previous quarter. The price at the end of the quarter was USD 96 per tonne. Quoted pellet premiums for the quarter were somewhat higher than in the same period last year.
- **Operating cash flow** for the third quarter was MSEK 3,336 (7,430).
- **The return on equity** was 23.1 (42.3) percent.
- **The net debt/equity ratio** was -17.4 (-20.4) percent.

1) Platts IODEX 62% Fe CFR North China.

SEK 5.9 bn

Operating profit/loss

6.6 MT

Produced during the quarter

6.6 MT

Delivered during the quarter

# LKAB – Group

## Net sales and operating profit

### Analysis of change in operating profit MSEK

	Q3	Q1–Q3
<b>Operating profit 2021</b>	<b>7,769</b>	<b>24,083</b>
Iron ore prices incl. hedging	-3,477	-7,363
Currency effect, iron ore incl. hedging of accounts receivable	2,175	5,004
Volume and mix, iron ore	169	-1,868
Volume, price and currency, industrial minerals	57	119
Costs for urban transformation provisions	-173	-204
Depreciation	–	-13
Other income and expenses	-611	-1,632
<b>Operating profit 2022</b>	<b>5,909</b>	<b>18,126</b>

Sales for the third quarter totalled MSEK 12,244 (12,744). Lower prices for highly upgraded iron ore products were mitigated by a higher dollar exchange rate and somewhat higher delivery volume. The average global spot price<sup>1)</sup> for iron ore products for the third quarter was USD 104 (164) per tonne. Premiums for highly upgraded products were somewhat higher than in the same quarter last year.

Operating profit for the quarter was also affected by production disruptions in Kiruna as well as measures to secure production capacity. General price rises, mainly for energy and input goods, accounted for a little over 25 percent of the cost increase for the quarter. Continued investments for the future also increased costs for the quarter. Operating profit for the quarter was MSEK 5,909 (7,769).

Cumulative sales for the year to September were lower than in the same period last year and totalled MSEK 36,549 (39,748). Lower prices for highly upgraded iron ore products and lower delivery volumes were offset by a higher dollar exchange rate. The average global spot price<sup>1)</sup> for iron ore products for January–September was USD 127 (177) per tonne. However, premiums for highly upgraded products were higher than in the same period last year.

Cumulative operating profit for the year to September was also affected by the costs of maintenance actions postponed from the pandemic year of 2021, by production disruptions at the pelletising

plants in Kiruna and by general price rises for energy and input goods. An increase in the workforce in connection with continued initiatives for stable production processes and the transition to carbon-free processes and products had an impact on costs for the period. Operating profit for the first three quarters of the year amounted to MSEK 18,126 (24,083).

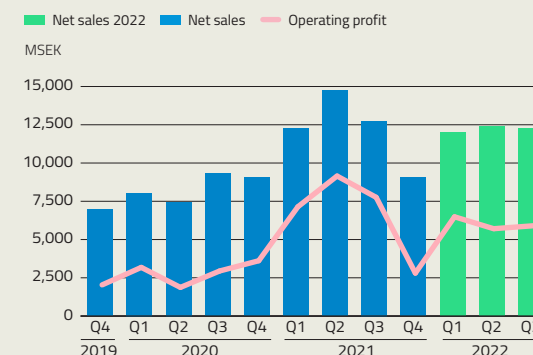
## Cash flow

MSEK	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Cash flow from operating activities before expenditure on urban transformation and changes in working capital	6,029	5,765	18,065	22,185	25,207
Expenditure on urban transformation	-641	-228	-1,654	-1,388	-2,681
<b>Cash flow from operating activities before change in working capital</b>	<b>5,388</b>	<b>5,537</b>	<b>16,411</b>	<b>20,797</b>	<b>22,526</b>
Change in working capital	-803	3,055	-2,673	143	959
Capital expenditures (net)	-1,255	-976	-3,492	-2,356	-3,217
Acquisition of subsidiaries	–	-150	-373	-150	-150
Acquisition/divestment of financial assets	6	-36	-21	-83	-130
<b>Operating cash flow</b>	<b>3,336</b>	<b>7,430</b>	<b>9,852</b>	<b>18,351</b>	<b>19,988</b>

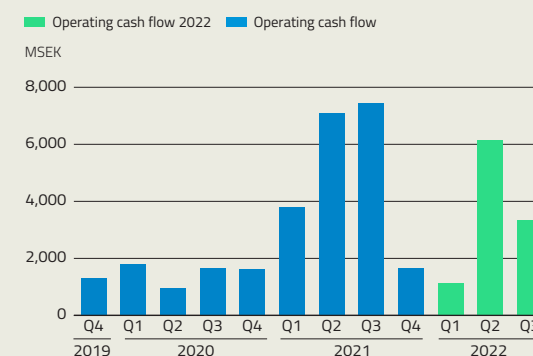
Operating cash flow for the third quarter amounted to MSEK 3,336 (7,430), with an increase in capital tied up – mainly in accounts receivable – and in expenditure on urban transformation as well as other capital expenditure having a negative effect when compared year on year.

For the first three quarters of the year operating cash flow totalled MSEK 9,852 (18,351), the negative year-on-year effect being the result of lower operating profit, more working capital tied up in accounts receivable, increased capital expenditure and greater expenditure on urban transformation. Cash flow for the quarter was also affected by a corporate acquisition relating to Centrumhotellet in Kiruna during the first quarter.

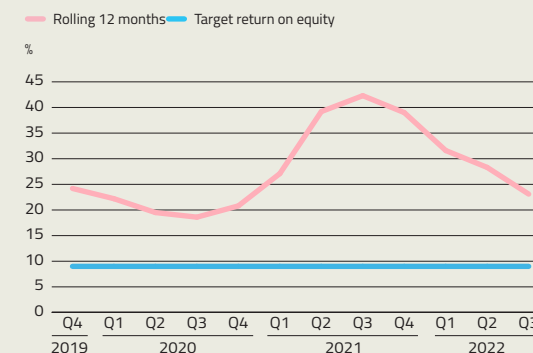
## NET SALES AND OPERATING PROFIT/LOSS



## OPERATING CASH FLOW



## RETURN ON EQUITY



1) Platts IODEX 62% Fe CFR North China.

## Net financial income/expense and net financial indebtedness

Net financial income/expense for the third quarter amounted to MSEK -150 (234) and the cumulative total for the year to September was MSEK -2,388 (1,132). Significant Swedish and global stock market falls – due to the war in Ukraine, geopolitical unrest and rising interest rates caused by high inflation – affected the return on financial investments negatively.

The net debt/equity ratio was -17.4 (-20.4) percent.

## Credit facilities

MSEK	Nominal	Utilised (nominal)	Available
Commercial paper programme, maturing within one year	5,000		5,000
Bond programmes	7,000		5,000
<i>Maturing March 2025, green bonds</i>		2,000	
Credit facility	5,000		5,000
<b>Total</b>	<b>17,000</b>	<b>2,000</b>	<b>15,000</b>

All credit facilities are subject to 100 percent retention of title.

## Events during the quarter

The production volume for the quarter was impacted by continued disruptions at the pelletising plants in Kiruna and measures to secure production capacity.

Production of crushed ore is to some extent still affected by the substantial seismic event that took place at the Kiruna mine in spring 2020. Recovery work in the affected area has entered the final phase and an evaluation of production solutions for a safer, more sustainable, deeper mine continues.

In June the Land and Environment Court of Appeal denied LKAB's appeal of earlier rulings in the environmental impact assessment for the operations in Kiruna. LKAB has appealed to the Supreme Court and at the same time has begun a new permit application.

During the quarter LKAB announced that Stefan Loréhn had been appointed as its new Chief Financial Officer (CFO), taking office in the first quarter of 2023. Stefan Loréhn will replace Peter Hansson, who will then move on from Group management to other assignments within LKAB.

## Outlook for 2022

In the first three quarters of the year the iron ore price was significantly lower than in the previous year. Demand for LKAB's highly upgraded iron ore products remains good, but considerable uncertainty remains concerning global economic development and its impact on the iron ore industry.

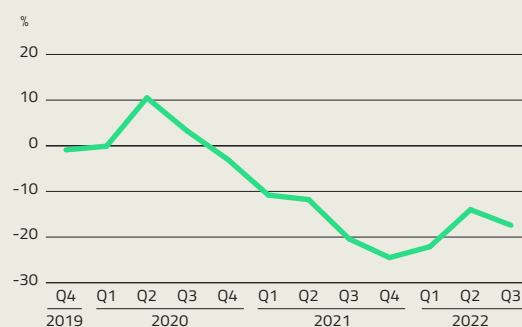
Current geopolitical unrest, with rising interest rates and high inflation as a result of the war in Ukraine, causes LKAB to expect the cost level to increase for energy, some input goods and materials. The long-term consequences for energy, commodities markets and other supply chains remains difficult to assess.

LKAB is continuing its transformational journey towards becoming a future supplier of sponge iron, with the aim of being able to provide our customers with the raw materials for fossil-free steel. However, this transition brings with it various challenges in respect of permitting issues, energy supply and prevailing external conditions.

Urban transformation work has entered an intensive phase, and consequently expenditure will remain high throughout 2022. Gällivare Municipality has still not approved the necessary zoning plan amendment for eastern Malmberget, which risks delaying the schedule for the phase-out area and thus limiting future production.

## NET DEBT/EQUITY RATIO

Net debt/equity ratio The net debt/equity ratio shall not exceed 60%



## RISKS AND RISK MANAGEMENT

LKAB operates in a capital-intensive industry with a planning horizon that extends across several decades, and must therefore not only consider risks and opportunities that have a bearing on the business as it is today but also act for a transition to entirely new future conditions. The global climate threat means the iron and steel industry will need to change fundamentally. Managing both risks and opportunities from a climate perspective is important for securing LKAB's resilience and adaptability as the climate changes.

The risk of a lack of efficient, legally secure processes has materialised with the complete rejection by the Land and Environment Court of LKAB's application for the operations in Kiruna in October 2021 – a decision that LKAB appealed. In June, a non-unanimous Land and Environment Court of Appeal denied LKAB's appeal. LKAB has appealed to the Supreme Court and at the same time has begun a new permit application.

Access to land is a strategically important issue for securing current production, safeguarding ongoing urban transformation and enabling LKAB's transition. Dialogues concerning land issues continue with parties affected in our operating locations.

LKAB is closely monitoring developments in the market and the effects of the geopolitical turmoil following in the wake of the war in Ukraine. See also the section on Market development, page 5.

LKAB is also monitoring developments in Cements's permit process since an interruption in cement deliveries would have very serious consequences for LKAB's production. LKAB is analysing the risks and evaluating both short-term solutions and long-term sustainable alternatives.

For further information concerning risks, refer to LKAB's Annual and Sustainability Report.

# Sustainable development

## Strategic goals for sustainable value creation

	Q1-Q3 2022	Q1-Q3 2021	Full year 2021	Goal 2026	Goal 2030
<b>Stable and efficient operations<sup>1)</sup></b>					
Net debt/equity ratio (%)	-17.4	-20.4	-24.5	<60%	–
Return on equity (%)	23.1	42.3	39.0	>9%	–
Dividend (%)	–	–	55% <sup>2)</sup>	40–60%	–
<b>Climate-efficient sustainable transition</b>					
Energy use (kWh/t FP)	177	170	171	162	154
Carbon emissions (tonnes)	494	528	713	608	536
<b>Safe, healthy and stimulating workplace</b>					
Lost time accidents (per million hrs) <sup>3)</sup>	6.9	7.6	8.2	4.0	2.0
Long-term sick leave (%)	0.7	0.6	0.6	0.8	0.8
Women in the workforce (%)	25	25	25	30	– <sup>4)</sup>
Women managers (%)	27	25	27	30	– <sup>4)</sup>

1) The current financial targets were established by the Board in October 2021.

2) Refers to distribution of the Group's earnings after tax for 2021.

3) Lost time accidents per million hours worked for the Group including suppliers.

4) The goal for 2030 is to achieve a 60/40 gender distribution in management teams.

Refer to page 20 of the LKAB Annual and Sustainability Report 2021 for a description of the strategic goals for sustainable value creation.

Energy in kWh per tonne of finished product has increased compared with the same period last year, partly due to lower production volumes and production disruptions at the pelletising plants.

Carbon emissions decreased compared with the same period last year and amounted to 494 (528) kt, due partly to lower production volumes and partly to a different energy mix. Fuel oil has been replaced by tall oil pitch at one of the pelletising plants in Malmberget/Gällivare, which is having a positive effect on carbon emissions. The analysis of possible technology options enabling further carbon reductions continues.

The accident rate, which exhibited a positive trend in the first half of the year, deteriorated somewhat in the third quarter and for January–September amounted to 6.9 (7.6). Safe, healthy workplaces are crucial for a sustainable LKAB over the long term and there is a great focus on measures to maintain the positive accident rate trend. Group-wide work on the safety culture – aimed at increasing awareness among managers, co-workers and suppliers – is in progress to avert serious near-misses and accidents.

Sick leave is on par with the target value, but a little above the previous year.

The proportion of women remains at the 2021 level and the proportion of women managers is 27 (25) percent.

Work is under way to create the conditions for biodiversity and to plan for biodiversity efforts. Guidelines describing the goal and working method have been developed, and workshops will be held in the Group during the year.

## CARBON EMISSIONS AND ENERGY CONSUMPTION

The goal for 2030 is for LKAB's carbon emissions (Scope 1–2) to decrease by 25 percent compared to 2020. The goal for energy is to reduce energy use by 10 percent by 2030.

Based on these new goals, the inventory boundaries for carbon emissions and energy intensity have been changed and the comparative figures restated.

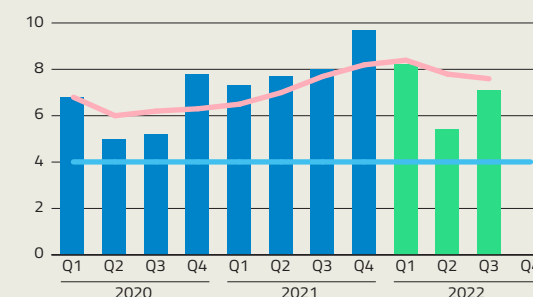
## BIODIVERSITY

LKAB is following SVEMIN's biodiversity roadmap, with the objective that by 2030 the Group will contribute to a biodiversity net gain in the regions where we operate. The interim goal for 2026 is for LKAB to have established a systematic way of working for increased biodiversity.

## ACCIDENTS

2020–2021 2022 Target for 2026 Rolling 12 months

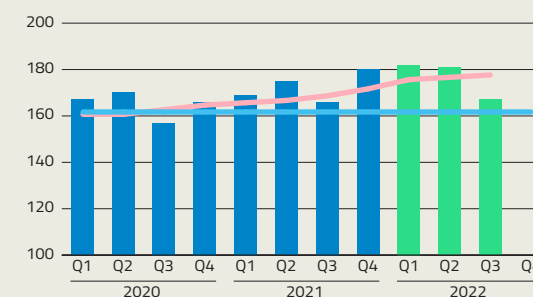
Number per million hours worked



## ENERGY USE

2020–2021 2022 Target for 2026 Rolling 12 months

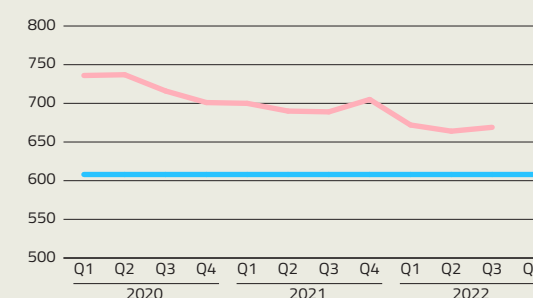
kWh/t products



## CO<sub>2</sub> EMISSIONS

Target for 2026 Rolling 12 months

kt





### Strategic sustainability work

LKAB's strategy and transformation plan aim at more than just achieving the goal of carbon-free processes and products by 2045. Increasing the level of processing and gradually transitioning to the production of carbon-free sponge iron are crucial elements of our strategy and will enable our global customers to reduce their carbon emissions. The ambition for the future production volume of sponge iron is a volume of 24 Mt by 2050, which will allow global customers to reduce their carbon emissions to a level approaching that of Sweden's entire greenhouse gas emissions.

The transition will put us in a position to more than triple sales and will secure our competitiveness over time. This process will take many years, with multiple development projects and initiatives being gradually integrated into our operations. However, LKAB's transition entails a number of challenges such as permitting issues and energy supply, where uncertainties in the world at large may affect progress and implementation.

Within the HYBRIT initiative – which LKAB is running jointly with SSAB and Vattenfall – new research has shown that hydrogen direct reduced sponge iron, produced using HYBRIT technology, has superior properties and is of a superior quality.

Work on LKAB's comprehensive transition with the aim of carbon-free processes and products by 2045 is continuing. The preparatory work at the industrial area in Malmberget/Gällivare that LKAB's Board decided earlier in the year to invest in was started during the quarter. As part of the HYBRIT initiative, here preparations are being made for the world's first industrial-scale facility for hydrogen-produced sponge iron. The facility is expected to be completed by 2026.

Within the HYBRIT initiative a pilot facility for storing fossil-free hydrogen was taken into operation in Luleå. The rock cavern facility is the first of its type in the world for the storage of fossil-free hydrogen. The two-year test period will now continue until the end of 2024 and represents another important step by the initiative in the development of a complete value chain for fossil-free iron and steelmaking.





# Market development

## The steel and iron ore market

### The global steel and iron ore industry

Rising inflation and market interest rates combined with continued uncertainty in the geopolitical situation have resulted in weaker expectations of economic development among consumers and companies in western economies during the third quarter. Industrial activity has been maintained around the world at the beginning of the third quarter, but tended to weaken towards the end of the quarter. In Europe sharply rising prices for natural gas, generally rising electricity prices and limitations in electricity production have resulted in electricity prices at times reaching extreme levels, which has been challenging to manage for electricity-intensive industries as well as for Europe's population. The uncertainty concerning global economic development remains going into the fourth quarter.

Global production of crude steel decreased by just over four percent in January–September and decreased by two percent in the third quarter compared with the same period last year. Steel production in China rose in the third quarter after a decrease in the first half of the year. Compared with January–September last year production in China fell by three percent and in the rest of the world

by five percent. In the EU steel production decreased by 14 percent in the third quarter and by eight percent for January–September compared with the previous year.

Steel production in Ukraine and Russia has decreased from around five percent of global steel production before the war in Ukraine started, to around four percent. In Ukraine production has decreased by 66 percent this year but exports of iron ore pellets have continued, albeit at a lower level. Exports of pellets from Russia to Western Europe have likely gradually been reduced to a limited volume.

Global demand for iron ore has decreased due to lower levels of steel production and lower demand for steel. In the EU the blast furnace capacity was restricted by the steel companies. The global supply of iron ore has continued to be affected by weather conditions and logistics disruptions, with supply and demand in equilibrium for a large part of the quarter but a surplus towards the end. Demand for iron ore pellets in Europe has been stable during the quarter but supply has been affected by the war in Ukraine. Globally, the supply of pellets has been restricted by the weather conditions, the war in Ukraine and the introduction of an export duty in India.

### Iron ore spot price developments

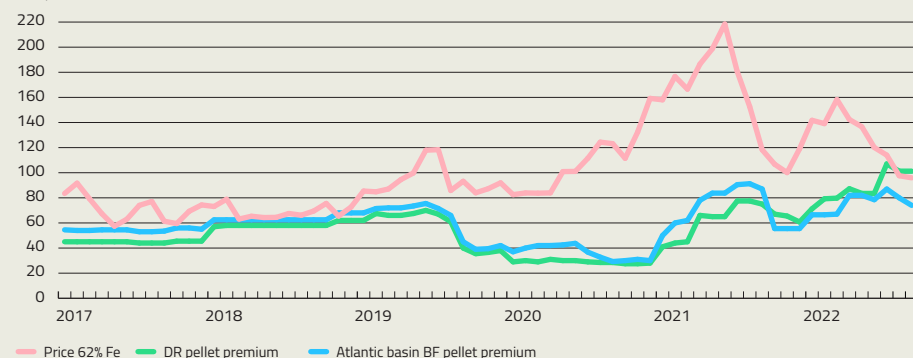
The spot price (IODEX 62% Fe) for fines was around USD 115 per tonne at the start of the third quarter but in September fell to below USD 100 per tonne. The price at the end of the third quarter was USD 96 per tonne. The average price just reached USD 104 (164) per tonne, compared to USD 138 per tonne in the previous quarter. For January–September the average price was a scant 30 percent lower than the same period last year. During the quarter the dollar strengthened substantially against the Swedish krona and was more than 20 percent stronger than in the third quarter 2021.

Quoted pellet premiums remained at historically high levels in the third quarter. In the third quarter the average price for blast furnace pellets was USD 80 (77) per tonne and for direct reduction pellets USD 103 (90) per tonne, compared with USD 81 per tonne and USD 85 per tonne respectively in the previous quarter. Premiums for blast furnace and direct reduction pellets in the first nine months were 23 and 16 percent higher respectively than in the previous year. The difference in price between high-grade iron ore and standard-grade ore (Platts IODEX 65% Fe and 62% Fe) decreased to USD 23 (32) per tonne, compared with USD 28 per tonne in the previous quarter.

### DEVELOPMENT OF THE SPOT PRICE FOR IRON ORE AND QUOTED PELLET PREMIUMS

1 January 2017–30 September 2022

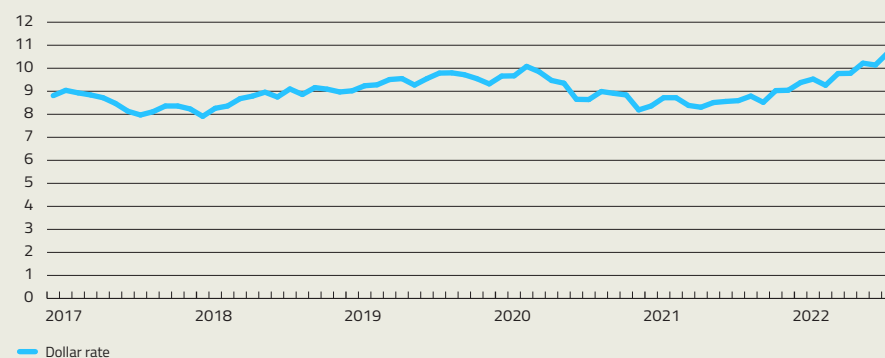
USD per tonne



### CHANGES IN THE DOLLAR EXCHANGE RATE

1 January 2017–30 September 2022

USD/SEK



# Iron Ore business area

The Iron Ore business area includes mines and processing plants in Kiruna, Svappavaara and Malmberget/Gällivare, as well as rail freight services and the ports in Narvik and Luleå.

## Operations summary

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Net sales <sup>1)</sup>	3.4	11,455	12,068	34,185	37,679	46,185
<b>Operating profit<sup>1)</sup></b>		<b>6,146</b>	<b>7,874</b>	<b>18,589</b>	<b>24,246</b>	<b>27,625</b>
Costs for urban transformation provisions		-321	-148	-493	-289	-372
Capital expenditure on property, plant and equipment		1,198	893	3,288	2,150	3,154
Depreciation <sup>1)</sup>		-685	-704	-2,063	-2,107	-2,843
Deliveries of iron ore products, Mt		6.6	6.3	19.5	20.2	27.0
Proportion of pellets, %		83	80	84	84	83
Production of iron ore products, Mt		6.6	6.7	18.6	20.0	26.7

1) During the second quarter, exploration activities and parts of the Group function for technology were removed from Other Segments to business area Iron Ore. Comparative figures have been adjusted to reflect the organisational change.

The production volume for the third quarter was affected by production disruptions at the pelletising plants in Kiruna. The delivery volume amounted to 6.6 (6.3) Mt, with pellets accounting for 83 (80) percent.

Sales for the third quarter were five percent lower than in the corresponding quarter the previous year. Lower prices for highly upgraded iron ore products were offset by a higher dollar exchange rate and higher delivery volume.

Operating profit for the quarter was MSEK 6,146 (7,874). Measures to manage production disruptions and to secure production capacity, as well as generally higher prices for input goods, services

and energy, caused costs to increase compared with the same period last year. Earnings were also affected by a cost increase for urban transformation provisions in accordance with annual remeasurement of the commitment.

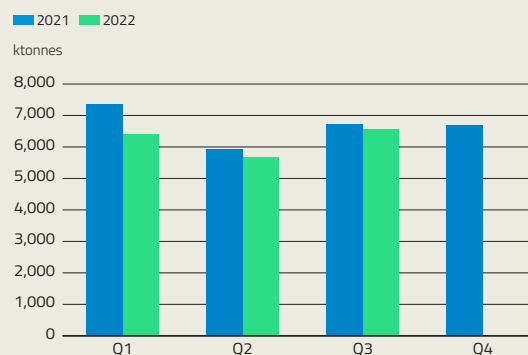
The production volume for the first three quarters of the year decreased by 1.4 Mt in a year-on-year comparison and totalled 18.6 (20.0) Mt. The decrease was mainly an effect of extended planned maintenance shutdowns, start-up problems following maintenance shutdowns and production disruptions at the processing plants in Kiruna. Deliveries totalled 19.5 (20.2) Mt, with pellets accounting for 83 (84) percent.

Sales for January–September were 10 percent lower than in the same period in the previous year. A lower level of deliveries and lower prices for highly upgraded iron ore products were mitigated by a higher dollar rate.

Cumulative operating profit for the year to September amounted to MSEK 18,589 (24,246). Higher costs for urban transformation provisions, increased rock reinforcement, increased maintenance actions, production disruptions and inflation increased costs for the period.

Increased capital expenditure relates mainly to replacement buildings in the urban transformation programme, measures to reduce risk and stabilise production, and preparatory works associated with the transition to carbon-free processes and products.

## PRODUCTION OF IRON ORE PRODUCTS



## FACTS

- The Iron Ore business area mines and processes iron ore products in Kiruna, Svappavaara and Malmberget/Gällivare.
- In Kiruna, mining takes place in an underground mine with a current main haulage level 1,365 metres below ground. The ore is processed above ground in three concentrating and pelletising plants.
- In Svappavaara ore is mined in the Leveäniemi open-pit mine. The ore is processed in a concentrating and pelletising plant in Svappavaara.
- Malmberget's underground mine consists of around 20 orebodies, of which around 10 are currently mined. The ore is processed above ground in two concentrating and pelletising plants.
- The Iron Ore business area produces both blast furnace pellets and pellets for steelmaking via direct reduction (DR) pellets, and fines.
- The iron ore products are transported along the Malmbanan and Ofotbanen ore railway to the ports of Narvik and Luleå for shipment to steelworks customers around the world.

# Special Products business area

The Special Products business area develops products and services for markets involving industrial minerals, water-powered drilling technology, engineering services and mining and construction contracts. The Special Products business area is also a strategic supplier within the Group.

## Operations summary

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Net sales	3.4	1,901	1,554	5,305	4,038	5,633
<b>Operating profit/loss</b>		<b>178</b>	<b>94</b>	<b>434</b>	<b>275</b>	<b>380</b>
Capital expenditure on property, plant and equipment		48	39	140	90	147
Depreciation		-65	-57	-189	-153	-216

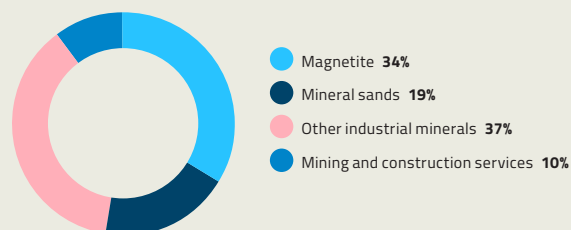
Net sales for the third quarter increased by 22 percent in a year-on-year comparison, mainly due to higher sales volumes for the industrial minerals magnetite and mineral sands, higher average prices for processed minerals and a positive currency effect for all industrial minerals sales. Higher internal sales – particularly of explosives, concrete, crushed materials and rock reinforcement work – also contributed to the sales increase for the quarter. Operating profit for the quarter was MSEK 178 (94). The improvement in earnings is due mainly to increased sales of magnetite, but the acquisition of Bergteamet AB during the third quarter of 2021 also contributed to the quarter's earnings.

At MSEK 5,305 (4,038), net sales for January–September increased by 31 percent compared to the corresponding period last year. The higher sales figure is primarily driven by an increase in the magnetite sales volume, improved average prices for sales of other industrial minerals, a positive currency effect and the acquisition of Bergteamet AB in August 2021. Operating profit for the three first quarters was MSEK 434 (275), which is an increase of 58 percent. The main reason for the improved earnings is a higher sales volume for magnetite.

Capital expenditure and depreciation have increased during 2022, mainly as a result of the acquisition of Bergteamet AB.

## SALES BY PRODUCT AREA AND SERVICE AREA

Percentage of external sales (MSEK)  
January–September 2022



## FACTS

- The Special Products business area covers LKAB Minerals, LKAB Wassara, LKAB Berg & Betong, LKAB Kimit, LKAB Mekaniska and Bergteamet AB.
- LKAB Minerals is active in the industrial minerals market, with leading positions in areas such as construction, plastics, paint, agriculture and the chemicals industry. Minerals from LKAB's own deposits such as magnetite, recovered products from e.g. blast furnace slag and other industries together with purchased and upgraded mineral are offered in a broad portfolio. The business has sales offices and production units in Europe, the US and Asia.
- LKAB Wassara develops and manufactures water-powered precision drilling systems for mining, construction and exploration drilling as well as dam building and geothermal energy. Customers are located throughout the world.
- LKAB Berg & Betong and Bergteamet AB are leading providers of full service solutions for the mining and construction industries. LKAB Berg & Betong is also the world's largest producer of sprayed concrete.
- LKAB Kimit supplies explosives to the mining and construction industries.
- LKAB Mekaniska is a quality-conscious engineering company offering services throughout the supply chain, from planning and design to final inspection.



## Other Segments

Other Segments includes Group functions such as HR, sustainability, communications, finance, strategic R&D and digitisation. Other Segments also covers financial operations, including transactions and gains/losses relating to financial hedging for foreign currencies.

### Operations summary

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Net sales excl. hedging <sup>1)</sup>		20	6	67	38	47
Net sales hedging		-191	-119	-280	-62	-126
<b>Total net sales</b>	3.4	<b>-171</b>	<b>-113</b>	<b>-213</b>	<b>-24</b>	<b>-79</b>
<b>Operating profit/loss<sup>1)</sup></b>		<b>-340</b>	<b>-185</b>	<b>-781</b>	<b>-324</b>	<b>-951</b>
Capital expenditure on property, plant and equipment		23	62	80	142	58
Depreciation <sup>1)</sup>		-27	-18	-74	-54	-71

<sup>1)</sup> During the second quarter, exploration activities and parts of the Group function for technology were moved from Other Segments into the Iron Ore business area. Comparative figures have been adjusted to reflect the organisational change.

The lower operating profit for the first three quarters of the year compared to the previous year is mainly due to decreased earnings from hedging activities, increased costs for a new business system and increased costs in respect of digitisation.

Under LKAB's hedging strategy, price and currency risk in the Group's forecast sales are not normally hedged. Currency effects on outstanding accounts receivable are hedged, however.

## Parent Company

The Parent Company LKAB consists of the Iron Ore business area and the group-wide functions reported under Other Segments. The Parent Company includes the majority of LKAB's operating activities as well as the Group's financial activities.

### Operations summary

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Net sales		11,278	11,952	33,974	37,644	46,103
<b>Operating profit/loss</b>		<b>5,716</b>	<b>7,602</b>	<b>17,637</b>	<b>23,719</b>	<b>26,431</b>
Costs for urban transformation provisions		-321	-148	-493	-289	-372
Capital expenditure on property, plant and equipment		1,125	915	3,141	2,207	3,068
Depreciation		-592	-600	-1,779	-1,818	-2,464
Deliveries of iron ore products, Mt		6.6	6.3	19.5	20.2	27.0
Production of iron ore products, Mt		6.6	6.7	18.6	20.0	26.7

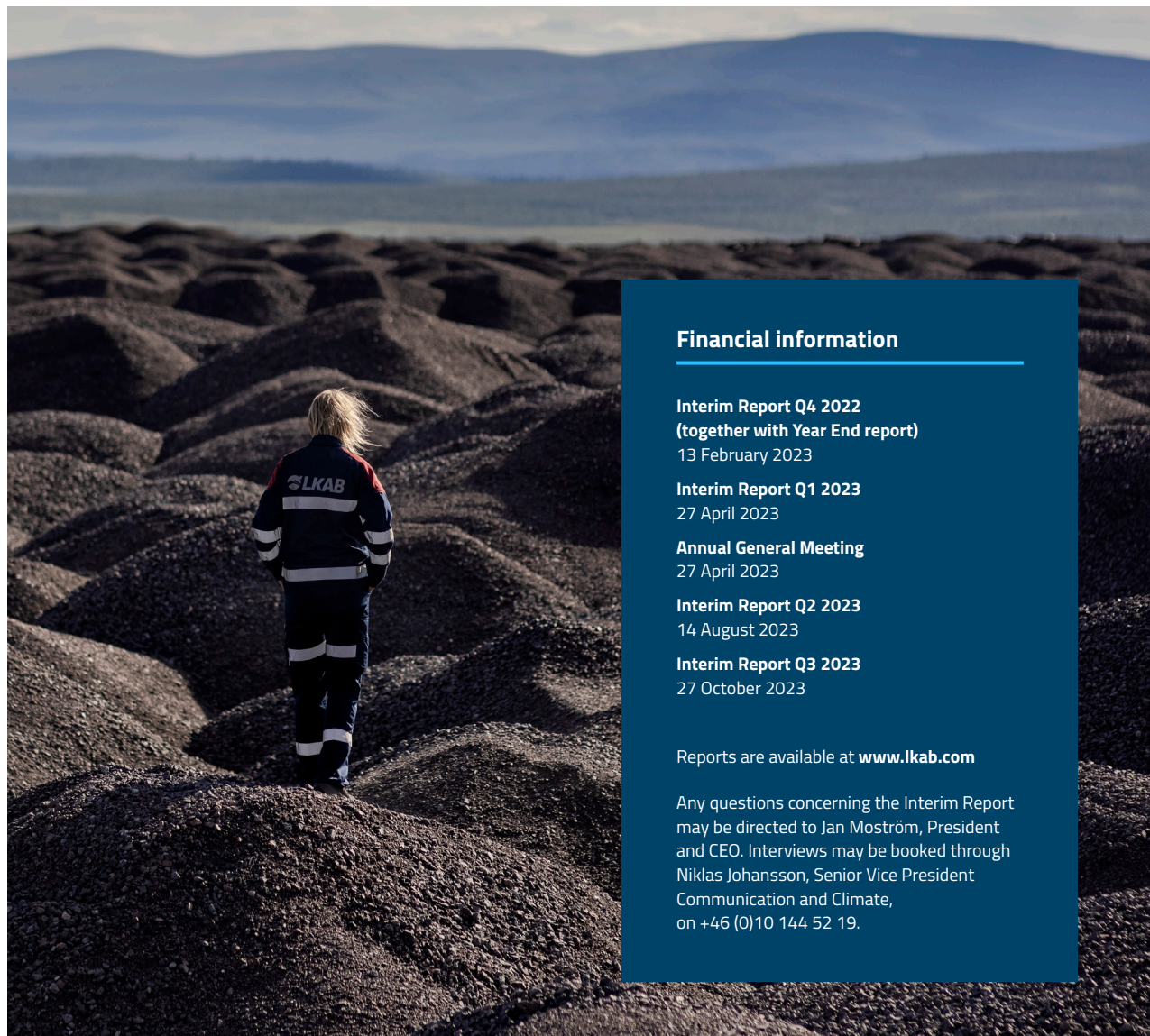
# Signatures

Luleå, 27 October 2022

Luossavaara-Kiirunavaara AB (publ)

Jan Moström

President and CEO



## Financial information

**Interim Report Q4 2022  
(together with Year End report)**

13 February 2023

**Interim Report Q1 2023**

27 April 2023

**Annual General Meeting**

27 April 2023

**Interim Report Q2 2023**

14 August 2023

**Interim Report Q3 2023**

27 October 2023

Reports are available at [www.lkab.com](http://www.lkab.com)

Any questions concerning the Interim Report may be directed to Jan Moström, President and CEO. Interviews may be booked through Niklas Johansson, Senior Vice President Communication and Climate, on +46 (0)10 144 52 19.

# Auditor's review report

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We have reviewed the condensed interim financial information (interim report) for Luossavaara Kiirunavaara AB (publ) as of 30 September 2022 and for the nine-month period then ended. The Board of Directors and the Chief Executive Officer are responsible for the preparation and presentation of this interim financial report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

## Focus and scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially limited in scope compared to the focus and scope of an audit conducted in accordance with ISA and generally accepted auditing practices. The review procedures conducted consequently do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act in the case of the Group and in accordance with the Annual Accounts Act in the case of the Parent Company.

Luleå, 27 October 2022  
KPMG AB

Helena Arvidsson Älgne  
Authorised Public Accountant



# LKAB – Group

## Statement of income

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Net sales	3, 4	12,244	12,744	36,594	39,748	48,812
Cost of goods sold		-5,786	-4,607	-16,918	-14,440	-19,996
<b>Gross profit/loss</b>		<b>6,458</b>	<b>8,137</b>	<b>19,676</b>	<b>25,308</b>	<b>28,816</b>
Selling expenses		-44	-37	-136	-120	-157
Administrative expenses		-155	-152	-557	-489	-704
Research and development expenses		-316	-204	-831	-679	-1,175
Other operating income		92	117	316	320	537
Other operating expenses		-106	-70	-294	-193	-286
Share of profit of joint ventures		-20	-22	-48	-64	-133
<b>Operating profit/loss</b>	3	<b>5,909</b>	<b>7,769</b>	<b>18,126</b>	<b>24,083</b>	<b>26,898</b>
Financial income		293	291	1,235	1,342	1,892
Financial expense		-443	-58	-3,623	-210	-408
<b>Net financial income/expense</b>		<b>-150</b>	<b>234</b>	<b>-2,388</b>	<b>1,132</b>	<b>1,484</b>
<b>Profit/loss before tax</b>		<b>5,759</b>	<b>8,002</b>	<b>15,738</b>	<b>25,215</b>	<b>28,382</b>
Tax		-1,185	-1,647	-3,120	-5,210	-5,778
<b>Profit/loss for the period</b>		<b>4,574</b>	<b>6,355</b>	<b>12,618</b>	<b>20,005</b>	<b>22,604</b>
Profit for the period attributable to:						
Parent company shareholders		4,573	6,354	12,612	20,004	22,603
Non-controlling interests		1	1	6	1	1
Earnings per share before and after dilution (SEK)		6,534	9,079	18,017	28,579	32,291
Number of shares		700,000	700,000	700,000	700,000	700,000

## Statement of comprehensive income

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
<b>Profit/loss for the period</b>		<b>4,574</b>	<b>6,355</b>	<b>12,618</b>	<b>20,005</b>	<b>22,604</b>
<b>Other comprehensive income for the period</b>						
<b>Items that will not be reclassified to profit/loss for the year</b>						
Remeasurement of defined-benefit pension plans		140	-190	346	-54	273
Tax attributable to actuarial gains and losses		-29	39	-71	11	-56
Changes during the period in the fair value of equity instruments measured at fair value through other comprehensive income		556	34	-46	1,038	2,019
		<b>667</b>	<b>-117</b>	<b>229</b>	<b>995</b>	<b>2,236</b>
<b>Items that have been or may subsequently be reclassified to profit/loss for the year</b>						
Gains/losses on translation of foreign entities for the period		48	4	101	112	186
Changes in fair value of cash flow hedges for the period		-1	-12	-2	-12	1
Changes in fair value of cash flow hedges reclassified to profit or loss		0	–	0	–	0
Tax attributable to components of cash flow hedges		0	2	1	1	0
		<b>47</b>	<b>-6</b>	<b>100</b>	<b>101</b>	<b>187</b>
<b>Other comprehensive income for the period</b>		<b>714</b>	<b>-123</b>	<b>329</b>	<b>1,096</b>	<b>2,423</b>
<b>Comprehensive income for the period</b>		<b>5,288</b>	<b>6,232</b>	<b>12,947</b>	<b>21,101</b>	<b>25,027</b>
Comprehensive income for the period attributable to:						
Parent company shareholders		5,287	6,231	12,941	21,100	25,026
Non-controlling interests		1	1	6	1	1

# LKAB – Group

## Statement of financial position

MSEK	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		2,116	1,710	1,738
Property, plant and equipment for operations		32,909	31,002	31,047
Property, plant and equipment for urban transformation		10,943	10,160	10,419
Interests in associates and joint ventures		267	308	287
Financial investments	6	5,691	4,790	5,726
Non-current receivables		2	102	102
Deferred tax asset		11	1,097	10
<b>Total non-current assets</b>		<b>51,939</b>	<b>49,169</b>	<b>49,329</b>
<b>Current assets</b>				
Inventories		5,841	4,489	4,924
Accounts receivable		3,567	2,717	2,074
Prepaid expenses and accrued income		395	296	192
Other current receivables		2,275	2,128	1,696
Current investments	6	26,363	25,581	30,141
Cash and cash equivalents		4,098	8,778	6,289
<b>Total current assets</b>		<b>42,539</b>	<b>43,989</b>	<b>45,316</b>
<b>TOTAL ASSETS</b>		<b>94,478</b>	<b>93,158</b>	<b>94,645</b>

MSEK	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		700	700	700
Reserves		2,001	958	1,947
Retained earnings incl. profit/loss for the period		65,339	62,027	64,885
<b>Equity attributable to Parent Company shareholders</b>		<b>68,040</b>	<b>63,685</b>	<b>67,532</b>
Non-controlling interests		39	21	33
<b>Total equity</b>		<b>68,079</b>	<b>63,706</b>	<b>67,565</b>
<b>Non-current liabilities</b>				
Non-current interest-bearing liabilities		2,366	2,447	2,366
Other non-current liabilities		56		56
Provisions for pensions and similar commitments		1,060	1,811	1,396
Provisions, urban transformation		10,881	12,447	11,444
Other provisions		1,570	1,707	1,560
Deferred tax liabilities		1,514	2,805	1,636
<b>Total non-current liabilities</b>		<b>17,410</b>	<b>21,217</b>	<b>18,458</b>
<b>Current liabilities</b>				
Current interest-bearing liabilities		66	316	318
Trade payables		2,358	1,861	1,794
Tax liabilities		64	687	657
Other current liabilities		1,076	611	689
Accrued expenses and deferred income		2,009	1,475	1,662
Provisions, urban transformation		2,905	2,927	2,979
Other provisions		511	358	523
<b>Total current liabilities</b>		<b>8,989</b>	<b>8,235</b>	<b>8,622</b>
<b>Total liabilities</b>		<b>26,399</b>	<b>29,452</b>	<b>27,080</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>94,478</b>	<b>93,158</b>	<b>94,645</b>

# LKAB – Group

## Statement of changes in equity

2021 MSEK	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total		
Opening equity 1 Jan 2021	700	-327	68	0	47,971	48,412	–	48,412
Profit/loss for the year	–	–	–	–	22,604	22,604	-1	22,603
Other comprehensive income for the year	–	186	2,019	1	217	2,423	–	2,423
Comprehensive income for the year	–	186	2,019	1	22,821	25,027	-1	25,026
Dividend	–	–	–	–	-5,850	-5,850	–	-5,850
Call option	–	–	–	–	-56	-56	–	-56
Acquisition of part-owned subsidiaries, non-controlling interest	–	–	–	–	–	–	33	33
Closing equity 31 Dec 2021	700	-141	2,087	1	64,886	67,533	32	67,565

2021 MSEK	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total		
Opening equity 1 Jan 2021	700	-327	68	0	47,971	48,412	–	48,412
Profit/loss for the year	–	–	–	–	20,005	20,005	–	20,005
Other comprehensive income for the year	–	132	1,095	-10	-43	1,174	–	1,174
Comprehensive income for the year	–	132	1,095	-10	19,962	21,179	–	21,179
Dividend	–	–	–	–	-5,850	-5,850	–	-5,850
Call option	–	–	–	–	-56	-56	–	-56
Acquisition of part-owned subsidiary, non-controlling interest already held	–	–	–	–	–	–	21	21
Closing equity 30 Sep 2021	700	-195	1,163	-10	62,027	63,685	21	63,706

2022 MSEK	Equity attributable to Parent Company shareholders						Non-controlling interests	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total		
Opening equity 1 Jan 2022	700	-141	2,087	1	64,886	67,533	32	67,565
Profit/loss for the year	–	–	–	–	12,612	12,612	6	12,618
Other comprehensive income for the year	–	101	-46	-2	274	329	–	329
Comprehensive income for the year	–	101	-46	-2	12,886	12,941	6	12,947
Dividend	–	–	–	–	-12,432	-12,432	–	-12,432
Closing equity 30 September 2022	700	-39	2,042	-2	65,339	68,040	39	68,079



# LKAB – Group

## Statement of cash flows

MSEK	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
<b>Operating activities</b>					
Profit/loss before tax	5,759	8,002	15,738	25,215	28,382
Adjustment for items not included in cash flow	1,568	398	6,310	1,551	2,182
Income tax paid	-1,286	-2,628	-3,942	-4,575	-5,339
Expenditures, urban transformation	-641	-228	-1,654	-1,388	-2,681
Expenditures, other provisions	-12	-6	-41	-7	-18
<b>Cash flow from operating activities before changes in working capital</b>	<b>5,388</b>	<b>5,537</b>	<b>16,411</b>	<b>20,797</b>	<b>22,526</b>
<b>Cash flow from changes in working capital</b>					
Increase (+)/Decrease (-) in inventories	-671	-464	-917	-263	-698
Increase (+)/Decrease (-) in operating receivables	-164	3,261	-2,213	-19	1,000
Increase (+)/Decrease (-) in operating liabilities	32	258	457	425	657
<b>Change in working capital</b>	<b>-803</b>	<b>3,055</b>	<b>-2,673</b>	<b>143</b>	<b>959</b>
<b>Cash flow from operating activities</b>	<b>4,585</b>	<b>8,592</b>	<b>13,738</b>	<b>20,940</b>	<b>23,485</b>
<b>Investing activities</b>					
Acquisition of property, plant and equipment	-1,269	-994	-3,508	-2,382	-3,359
Government investment grants	14	16	14	23	137
Disposal of property, plant and equipment	–	2	2	3	5
Acquisition of subsidiaries	–	-150	-373	-150	-150
Acquisition/disposal of other financial assets – operating	6	-36	-21	-83	-130
Acquisition/disposal of other financial assets – non-operating	–	–	0	-358	-358
Disposals/acquisitions (net) in current investments	-3,640	-1,116	686	-5,838	-9,960
<b>Cash flow from investing activities</b>	<b>-4,889</b>	<b>-2,278</b>	<b>-3,200</b>	<b>-8,785</b>	<b>-13,815</b>
<b>Financing activities</b>					
Repurchase agreements	-10	-2,119	-260	-989	-986
Repayments/borrowing	-3	80	-6	78	76
Repayment of lease liabilities	-40	-17	-80	-53	-76
Dividends paid to Parent Company shareholders	–	–	-12,432	-5,850	-5,850
<b>Cash flow from financing activities</b>	<b>-53</b>	<b>-2,056</b>	<b>-12,778</b>	<b>-6,814</b>	<b>-6,836</b>

MSEK	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
<b>Cash flow for the period</b>	<b>-357</b>	<b>4,258</b>	<b>-2,240</b>	<b>5,341</b>	<b>2,834</b>
Cash and cash equivalents at start of period	4,432	4,509	6,289	3,406	3,406
Exchange difference in cash and cash equivalents	23	11	49	31	49
Cash and cash equivalents at end of period	4,098	8,778	4,098	8,778	6,289
<b>Change in cash and cash equivalents</b>	<b>-357</b>	<b>4,258</b>	<b>-2,240</b>	<b>5,341</b>	<b>2,834</b>
<b>Sub-components of cash and cash equivalents</b>					
Cash and bank balances	3,698	7,832	3,698	7,832	5,914
Current investments (maturity <90 days)	400	946	400	946	375
<b>Cash and cash equivalents</b>	<b>4,098</b>	<b>8,778</b>	<b>4,098</b>	<b>8,778</b>	<b>6,289</b>
<b>Consolidated operating cash flow</b>					
<b>Cash flow from operating activities</b>	<b>4,585</b>	<b>8,592</b>	<b>13,738</b>	<b>20,940</b>	<b>23,485</b>
Acquisition of property, plant and equipment	-1,269	-994	-3,508	-2,382	-3,359
Government investment grants	14	16	14	23	137
Disposal of property, plant and equipment	–	2	2	3	5
Acquisition of subsidiaries	–	-150	-373	-150	-150
Acquisition/disposal of other financial assets – operating	6	-36	-21	-83	-130
<b>Operating cash flow (excluding current investments)</b>	<b>3,336</b>	<b>7,430</b>	<b>9,852</b>	<b>18,351</b>	<b>19,988</b>
Acquisition/disposal of other financial assets – non-operating	–	–	0	-358	-358
Disposals/acquisitions (net) in current investments	-3,640	-1,116	686	-5,838	-9,960
<b>Cash flow after investing activities</b>	<b>-304</b>	<b>6,314</b>	<b>10,538</b>	<b>12,155</b>	<b>9,670</b>
Cash flow from financing activities	-53	-2,056	-12,778	-6,814	-6,836
<b>Cash flow for the period</b>	<b>-357</b>	<b>4,258</b>	<b>-2,240</b>	<b>5,341</b>	<b>2,834</b>

## Personnel

MSEK	Q3 2022	Q3 2021	Full year 2021
Average number of employees	4,426	4,917	4,469
– of which women	1,083	1,221	1,113
– of which men	3,343	3,696	3,356

# LKAB – Parent Company

## Income statement

MSEK	Note	Q3 2022	Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Full year 2021
Net sales		11,278	11,952	33,974	37,644	46,103
Cost of goods sold		-5,111	-4,068	-15,153	-12,982	-18,113
<b>Gross profit/loss</b>		<b>6,167</b>	<b>7,884</b>	<b>18,821</b>	<b>24,662</b>	<b>27,990</b>
Selling expenses		-10	-8	-37	-23	-39
Administrative expenses		-100	-84	-339	-295	-434
Research and development expenses		-310	-196	-806	-650	-1,129
Other operating income		0	17	52	40	61
Other operating expenses		-31	-11	-54	-15	-18
<b>Operating profit/loss</b>		<b>5,716</b>	<b>7,602</b>	<b>17,637</b>	<b>23,719</b>	<b>26,431</b>
<b>Profit/loss from financial items</b>		<b>-150</b>	<b>211</b>	<b>-1,014</b>	<b>763</b>	<b>675</b>
<b>Profit/loss after financial items</b>		<b>5,566</b>	<b>7,813</b>	<b>16,623</b>	<b>24,482</b>	<b>27,106</b>
Appropriations		–	–	–	–	943
<b>Profit/loss before tax</b>		<b>5,566</b>	<b>7,813</b>	<b>16,623</b>	<b>24,482</b>	<b>28,049</b>
Tax		-1,146	-1,600	-3,307	-5,041	-5,679
<b>Profit/loss for the period<sup>1)</sup></b>		<b>4,420</b>	<b>6,213</b>	<b>13,316</b>	<b>19,441</b>	<b>22,370</b>

1) Profit/loss for the period corresponds to comprehensive income for the period.

## Balance sheet

MSEK	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>ASSETS</b>				
<b>Non-current assets</b>				
Intangible assets		863	450	451
Property, plant and equipment for operations		27,104	25,676	25,778
Property, plant and equipment for urban transformation		10,944	10,160	10,419
<b>Financial assets</b>				
Interests in subsidiaries		3,035	1,830	1,832
Interests in associates and jointly controlled entities		527	451	498
Receivables from subsidiaries		2,555	3,116	3,202
Other non-current securities		3,230	3,238	3,238
Other non-current receivables		96	206	196
Deferred tax asset		1,466	1,394	1,467
<b>Total financial assets</b>		<b>10,909</b>	<b>10,235</b>	<b>10,433</b>
<b>Total non-current assets</b>		<b>49,820</b>	<b>46,521</b>	<b>47,081</b>
<b>Current assets</b>				
Inventories		4,988	3,848	4,167
Current receivables		–	–	–
Accounts receivable		2,648	2,090	1,558
Receivables from subsidiaries		487	330	419
Other current receivables		2,123	2,036	1,617
Prepaid expenses and accrued income		301	211	137
<b>Total current receivables</b>		<b>5,559</b>	<b>4,667</b>	<b>3,731</b>
Current investments		25,135	24,166	27,645
Cash and bank balances		3,377	7,493	5,522
<b>Total current assets</b>		<b>39,059</b>	<b>40,174</b>	<b>41,065</b>
<b>TOTAL ASSETS</b>		<b>88,879</b>	<b>86,695</b>	<b>88,146</b>

# LKAB – Parent Company

## Balance sheet

MSEK	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Restricted equity				
Share capital		700	700	700
Statutory reserve		697	697	697
Non-restricted equity				
Profit/loss brought forward		39,777	29,838	29,838
Profit/loss for the period		13,316	19,441	22,370
<b>Total equity</b>		<b>54,490</b>	<b>50,676</b>	<b>53,605</b>
Untaxed reserves		11,577	12,202	11,577
<b>Provisions</b>				
Provisions, urban transformation		10,881	12,447	11,444
Other provisions		1,529	1,600	1,525
<b>Total provisions</b>		<b>12,410</b>	<b>14,047</b>	<b>12,969</b>

MSEK	Note	30 Sep 2022	30 Sep 2021	31 Dec 2021
<b>Non-current liabilities</b>				
Bond loans		1,995	1,992	1,995
Liabilities to credit institutions		–	–	–
<b>Total non-current liabilities</b>		<b>1,995</b>	<b>1,992</b>	<b>1,995</b>
<b>Current liabilities</b>				
Bonds and commercial papers		0	250	260
Liabilities to credit institutions		0	10	–
Trade payables		1,737	1,391	1,374
Liabilities to Group companies		811	648	587
Current tax liabilities		21	687	630
Other current liabilities		848	486	501
Accrued expenses and deferred income		1,573	1,032	1,158
Provisions, urban transformation		2,905	2,927	2,979
Other provisions		512	347	511
<b>Total current liabilities</b>		<b>8,407</b>	<b>7,778</b>	<b>8,000</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>88,879</b>	<b>86,695</b>	<b>88,146</b>



# Notes

## Note 1 Accounting policies

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable regulations in the Annual Accounts Act. Disclosures in accordance with IAS 34 are provided both in notes and elsewhere in the interim report. The Parent Company's financial reports have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities.

All amounts are presented in SEK millions (MSEK) unless otherwise indicated. Rounding differences may occur. The English version of LKAB's interim report is a translation of the Swedish original version. In case of discrepancies, the Swedish version shall prevail.

The accounting policies and calculation methods applied in this interim report conform to the accounting policies applied in the preparation of the 2021 annual report. For further information concerning the Group's accounting policies refer to LKAB's Annual and Sustainability Report for 2021. New and amended standards and interpretations from the IASB are not assessed to have any material impact on the consolidated financial statements.

## Note 2 Significant assumptions and estimates

The preparation of financial statements requires management and the Board of Directors to make assessments and assumptions that affect recognised assets, liabilities, income and expenses and other information provided, such as contingent liabilities. For further information concerning these, please refer to LKAB's Annual and Sustainability Report 2021.

## Note 3 Segment reporting

Segment information is provided on pages 7–9 of the interim report.

### The segments in summary

	Iron Ore		Special Products		Other		Eliminations/ group adjustments		Group	
MSEK	Q1–Q3 2022	Q1–Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Q1–Q3 2022	Q1–Q3 2021
External income	33,346	37,188	3,515	2,621	-266	-61	–	–	36,594	39,748
Internal income	839	491	1,790	1,417	53	37	-2,683	-1,944	–	–
<b>Total income</b>	<b>34,185</b>	<b>37,679</b>	<b>5,305</b>	<b>4,038</b>	<b>-213</b>	<b>-24</b>	<b>-2,683</b>	<b>-1,944</b>	<b>36,594</b>	<b>39,748</b>
<b>Operating profit/loss</b>	<b>18,589</b>	<b>24,246</b>	<b>434</b>	<b>275</b>	<b>-781</b>	<b>-324</b>	<b>-116</b>	<b>-114</b>	<b>18,126</b>	<b>24,083</b>
Net financial income/expense									-2388	1,132
<b>Profit/loss before tax</b>									<b>15,738</b>	<b>25,215</b>

## Note 4 Revenue breakdown

Revenue from contracts with customers for the segments is reported below broken down by product/service area and region. The table also includes a reconciliation between the revenue breakdown and total external income according to Note 3.

	Iron Ore		Special Products		Other		Group	
	Q1–Q3 2022	Q1–Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Q1–Q3 2022	Q1–Q3 2021	Q1–Q3 2022	Q1–Q3 2021
<b>MSEK</b>								
<b>Product/service area</b>								
Pellets	29,659	32,453	–	–	–	–	29,659	32,453
Fines	3,131	4,303	–	–	–	–	3,131	4,303
Magnetite	–	–	1,199	859	–	–	1,199	859
Mineral sands	–	–	683	500	–	–	683	500
Other industrial minerals	–	–	1,293	1,062	–	–	1,293	1,062
Mining and construction services	–	–	340	200	–	–	340	200
Other	556	432	–	–	14	1	569	433
<b>Total</b>	<b>33,346</b>	<b>37,188</b>	<b>3,515</b>	<b>2,621</b>	<b>14</b>	<b>1</b>	<b>36,874</b>	<b>39,810</b>
<b>Region</b>								
Europe	22,213	25,091	2,089	1,653	14	1	24,316	26,745
MENA	7,982	8,488	243	18	–	–	8,225	8,506
Rest of World	3,151	3,609	1,183	950	–	–	4,333	4,559
<b>Total</b>	<b>33,346</b>	<b>37,188</b>	<b>3,515</b>	<b>2,621</b>	<b>14</b>	<b>1</b>	<b>36,874</b>	<b>39,810</b>
Revenue from contracts with customers	33,346	37,188	3,515	2,621	14	1	36,874	39,810
Other income – financing activities	–	–	–	–	-280	-62	-280	-62
<b>Total external income</b>	<b>33,346</b>	<b>37,188</b>	<b>3,515</b>	<b>2,621</b>	<b>-266</b>	<b>-61</b>	<b>36,594</b>	<b>39,748</b>

## Note 5 Business combinations

On 23 February 2022 the parent company acquired 100 per cent of the shares in SMEBAB Agat AB, which has been included in the consolidated financial statements.

The purchase consideration was MSEK 475 and was paid in cash. Following acquisition, the name of the company was changed to LKAB Centrumhotellet AB.

The company owns a hotel property in Kiruna that is leased to Scandic. Prior to the acquisition, LKAB Centrumhotellet AB did not conduct any activities other than the construction of the hotel property.

There are no external transaction expenses or acquisition-related costs attributable to the acquisition.

### Purchase price allocation

The acquired company's net assets at the acquisition date

<b>MSEK</b>	<b>30 Sep 2022</b>
Property, plant and equipment	499
Financial assets	4
Trade and other receivables	3
Cash and cash equivalents	–
Accounts payable and other operating liabilities	-31
Deferred tax liability	-8
<b>Net identifiable assets and liabilities</b>	<b>467</b>
Group goodwill	8
<b>Consideration transferred</b>	<b>475</b>

### Other acquisitions

Other minor acquisitions also took place within the LKAB Group during the period, but as these are not significant, no detailed disclosures about the acquisitions have been made. Consideration transferred totals MSEK 9.

## Note 6 Disclosures regarding financial instruments

The table below shows the financial instruments measured at fair value in the statement of financial position.

Group 30 Sep 2022 MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	5,262	–	–	5,262
Equity-related investments	–	8,491	–	8,491
Interest-bearing instruments	–	17,872	–	17,872
Derivatives	–	–15	–	–15
<b>Total</b>	<b>5,262</b>	<b>26,348</b>	<b>–</b>	<b>31,610</b>

Group 30 Sep 2021 MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	4,394	–	–	4,394
Equity-related investments	–	8,786	–	8,786
Interest-bearing instruments	–	16,795	–	16,795
Derivatives	–	1	–	1
<b>Total</b>	<b>4,394</b>	<b>25,582</b>	<b>–</b>	<b>29,976</b>

### Fair value measurement

The following summarises the methods and assumptions mainly used in determining the fair value of financial instruments reported in the table above. Disclosures relating to fair value measurement are based on a fair value hierarchy with three levels.

Level 1 means quoted prices in an active market, such as stock market listings. Level 2 means observable market data other than quoted prices, either direct (such as quoted prices) or indirect (derived from quoted prices). Level 3 means the fair value is determined using inputs that are not based on directly observable market data.

The measurement of fair value for current investments is based mainly on Level 2 inputs. The value of interest-bearing instruments is calculated using data from the interest-bearing securities market, obtained from Bloomberg. Shares and alternative investments are measured using inputs from the stock market or received directly from brokers. Fair values for derivatives are calculated based on official listings from Bloomberg, with the exception of derivatives relating to the commodities portfolio which are based on quoted market prices.

### Fair value of other assets and liabilities

The carrying amount of other assets and liabilities is estimated to be a reasonable approximation of fair value.

## Note 7 Pledged assets and contingent liabilities, Parent Company

### Pledged assets

MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
<i>As pledged assets for own liabilities and provisions</i>			
Company-owned endowment insurance	94	104	94
Deposit of cash and cash equivalents	112	112	112
Collateral provided, derivatives	551	298	288
<b>Total pledged assets</b>	<b>757</b>	<b>514</b>	<b>494</b>

### Contingent liabilities

MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
Guarantees, FPG/PRI	20	17	17
Guarantees, GP plan	3	3	3
Guarantees, Swedish Tax Agency	63	63	63
Surety given for subsidiaries	147	119	121
Collateral, remediation	262	59	264
Other surety	63	–	28
<b>Total contingent liabilities</b>	<b>558</b>	<b>261</b>	<b>496</b>



## Note 8 Transactions with related parties

No transactions significantly affecting the company's financial position and earnings took place between LKAB and related parties.

## Note 9 Events after the end of the reporting period

There are no significant events after the end of the reporting period to report.

## Note 10 Key ratios – disclosures

### Alternative key ratios

The company also presents certain non-IFRS financial benchmarks and key ratios in the interim report.

The management considers this supplementary information to be important if readers of this report are to obtain an understanding of the company's financial position and performance.

### DEFINITIONS

Return on equity	Profit after tax, rolling 12 months, as a percentage of average equity.
Operating cash flow	Cash flow from operating activities and investing activities, excluding current investments.
Net financial indebtedness	Interest-bearing liabilities less interest-bearing assets.
Net debt/equity ratio	Net financial indebtedness divided by equity.

### Operating cash flow

A reconciliation of operating cash flow can be found in the section *The LKAB Group in summary*.

### Net financial indebtedness

In 2020 LKAB made a minor adjustment to the calculation of net financial indebtedness as regards non-interest-bearing assets that previously reduced net debt. The purpose of the adjustment is to provide more relevant information about the Group's net indebtedness. Comparative figures have been restated in accordance with the change.

### Net financial indebtedness

MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
Loans payable	2,432	2,763	2,684
Provisions for pensions	1,060	1,811	1,396
Provisions, urban transformation	13,786	15,374	14,423
Provisions, remediation	1,772	1,836	1,775
Less:			
Cash and cash equivalents	-4,098	-8,778	-6,289
Current investments	-26,363	-25,581	-30,141
Financial investments	-419	-390	-400
<b>Net financial indebtedness</b>	<b>-11,830</b>	<b>-12,965</b>	<b>-16,553</b>

### Net debt/equity ratio

MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
Net financial indebtedness	-11,830	-12,965	-16,553
Equity	68,079	63,706	67,565
<b>Net debt/equity ratio, %</b>	<b>-17.4</b>	<b>-20.4</b>	<b>-24.5</b>

### Return on equity

MSEK	30 Sep 2022	30 Sep 2021	31 Dec 2021
Profit/loss after tax R 12	15,216	23,105	22,604
Average equity	65,893	54,563	57,989
<b>Return on equity, %</b>	<b>23.1</b>	<b>42.3</b>	<b>39.0</b>

**Note 11**   **Quarterly data for the Group**

MSEK	Note	Q3 2022	Q2 2022	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020
Net sales		12,244	12,375	11,976	9,064	12,744	14,748	12,256	9,082
Operating profit/loss		5,909	5,719	6,497	2,815	7,769	9,161	7,153	3,625
Net financial income/expense		-150	-546	-1,691	352	234	512	386	321
Profit/loss before tax		5,759	5,173	4,806	3,167	8,002	9,674	7,539	3,945
<b>Profit/loss for the period</b>		<b>4,574</b>	<b>4,231</b>	<b>3,812</b>	<b>2,599</b>	<b>6,355</b>	<b>7,672</b>	<b>5,978</b>	<b>3,079</b>
Costs for urban transformation provisions		-321	-118	-55	-83	-148	-77	-64	-82
Operating cash flow		3,336	5,370 <sup>1)</sup>	1,146	1,637	7,430	7,111	3,812	1,622
Investments in property, plant and equipment		1,269	1,416	823	977	994	846	542	929
Deliveries of iron ore products, Mt		6.6	6.2	6.7	6.8	6.3	6.9	6.9	7.0
Proportion of pellets, %		83	82	86	78	80	85	88	83
Production of iron ore products, Mt		6.6	5.7	6.4	6.7	6.7	5.9	7.4	6.8
Return on equity <sup>2)</sup> , %	10	23.1	28.3	31.6	39.0	42.3	39.2	27.1	20.8
Net debt/equity ratio <sup>2)</sup> , %	10	-17.4	-14.0	-22.1	-24.5	-20.4	-11.8	-10.8	-3.0

1) Operating cash flow for the second quarter 2022 has been adjusted from the previously reported figure.

2) Refers to the end of the quarter.