

Q3
2023

Interim Report

High production limited by transport capacity

LKAB's operating profit for the third quarter amounted to nearly SEK 5 billion. Higher production was however offset by limited capacity on the Ore Railway.



Operations – third quarter

| MSEK | Note | Q3 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|------|--------------|--------------|---------------|---------------|-------------------|
| Net sales | 3, 4 | 10,819 | 12,244 | 32,125 | 36,594 | 46,543 |
| Operating profit/loss | | 4,987 | 5,909 | 12,430 | 18,126 | 20,799 |
| Net financial income/expense | | 65 | -150 | 1,943 | -2,388 | -2,119 |
| Profit/loss before tax | | 5,052 | 5,759 | 14,373 | 15,738 | 18,680 |
| Profit/loss for the period | | 4,001 | 4,574 | 11,588 | 12,618 | 15,080 |
| Costs for urban transformation provisions | | -221 | -321 | -344 | -493 | -545 |
| Operating cash flow | | 1,608 | 3,336 | 8,290 | 9,852 | 10,156 |
| Capital expenditure on property, plant and equipment | | 1,244 | 1,269 | 3,872 | 3,508 | 4,944 |
| Depreciation | | -733 | -778 | -2,225 | -2,327 | -3,141 |
| Deliveries of iron ore products, Mt | | 6.3 | 6.6 | 18.8 | 19.5 | 25.8 |
| Proportion of pellets, % | | 82 | 83 | 85 | 84 | 83 |
| Production of iron ore products, Mt | | 7.0 | 6.6 | 19.2 | 18.6 | 25.0 |
| Return on equity, % | 9 | | | 19.5 | 23.1 | 21.7 |
| Net debt/equity ratio, % | 9 | | | -18.1 | -17.4 | -17.1 |

- **The production volume** for the third quarter was the highest since the start of 2021 and amounted to 7.0 (6.6) Mt.
- **The delivery volume** was 6.3 (6.6) Mt, with pellets accounting for 82 (83) percent. Maintenance work during the summer on the Ore Railway limited transport capacity for the period.
- **Operating profit** for the third quarter totalled MSEK 4,987 (5,909), impacted mainly by lower prices for highly upgraded iron ore products and lower delivery volumes.

- **The average global spot price**¹⁾ for iron ore products in the third quarter was higher than in the same period last year and amounted to USD 114 (104) per tonne, which was USD 3 higher than in the second quarter of 2023. The price at the end of the quarter was USD 120 per tonne. Quoted pellet premiums for the quarter were just over USD 30 per tonne lower than in the same period last year.
- **Operating cash flow** for the third quarter was mainly affected by the lower profit and amounted to MSEK 1,608 (3,336).
- **The return on equity** was 19.5 (23.1) percent.
- **The net debt/equity ratio** was -18.1 (-17.4) percent.

1) Platts IODEX 62% Fe CFR North China.

SEK **5.0** bn

Operating profit/loss

7.0 Mt

Produced during the quarter

6.3 Mt

Delivered during the quarter

LKAB – Group

Net sales and operating profit

Analysis of change in operating profit MSEK

| | Q3 | Q1–Q3 |
|--|--------------|---------------|
| Operating profit 2022 | 5,909 | 18,126 |
| Iron ore prices incl. hedging | -819 | -4,822 |
| Currency effect, iron ore incl. hedging of accounts receivable | 96 | 1,444 |
| Volume and mix, iron ore | -90 | -579 |
| Volume, price and currency, industrial minerals | 33 | 39 |
| Costs for urban transformation provisions | 100 | 149 |
| Depreciation | 45 | 101 |
| Other income and expenses | -287 | -2,028 |
| Operating profit 2023 | 4,987 | 12,430 |

Sales for the third quarter totalled MSEK 10,819 (12,244). The lower sales are mainly due to lower pellet premiums and lower delivery volumes, which were partly offset by a weaker Swedish krona. The average global spot price¹⁾ for iron ore products for the third quarter was USD 114 (104) per tonne. Premiums for highly upgraded products were just over USD 30 per tonne lower than in the same quarter last year. Operating profit for the quarter was MSEK 4,987 (5,909).

Operating profit for the first three quarters of the year amounted to MSEK 32,125 (36,594). Lower prices for highly upgraded iron ore products and lower delivery volumes were partially offset by a weaker Swedish krona. The average global spot price¹⁾ for iron ore products for January – September was USD 117 (128) per tonne. Premiums for highly upgraded products were nearly USD 30 per tonne lower than in the same period last year.

Operating profit for January–September was also negatively impacted by higher costs as a result of lengthy scheduled maintenance shutdowns, measures to secure production capacity and higher prices for energy and other inputs. An increased rate of exploration also impacted costs for the period. Operating profit for the first three quarters of the year amounted to MSEK 12,430 (18,126).

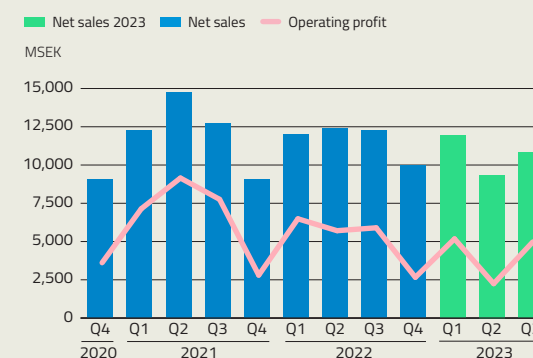
Cash flow

| MSEK | Q3 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|--------------|--------------|--------------|--------------|----------------|
| Operating profit ¹⁾ | 5,188 | 6,029 | 14,227 | 18,065 | 20,831 |
| Expenditure on urban transformation | -545 | -641 | -1,515 | -1,654 | -2,216 |
| Change in working capital | -1,790 | -803 | -573 | -2,673 | -2,708 |
| Capital expenditures (net) | -1,242 | -1,255 | -3,847 | -3,492 | -4,904 |
| Acquisition of subsidiaries | -2 | – | -2 | -373 | -373 |
| Acquisition/divestment of financial assets | 0 | 6 | 0 | -21 | -474 |
| Operating cash flow | 1,608 | 3,336 | 8,290 | 9,852 | 10,156 |

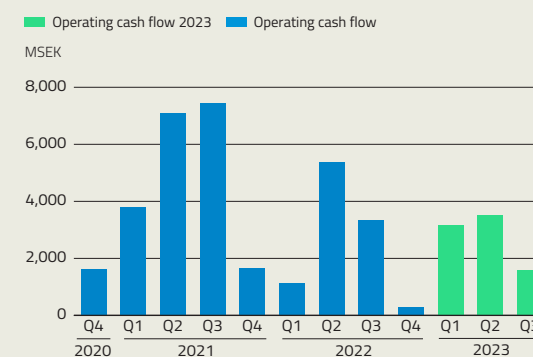
1) Operating profit adjusted for non-cash items and before costs for urban transformation provisions.

Operating cash flow was impacted mainly by the lower profit, amounting for the third quarter to MSEK 1,608 (3,336) and for January – September to MSEK 8,290 (9,852).

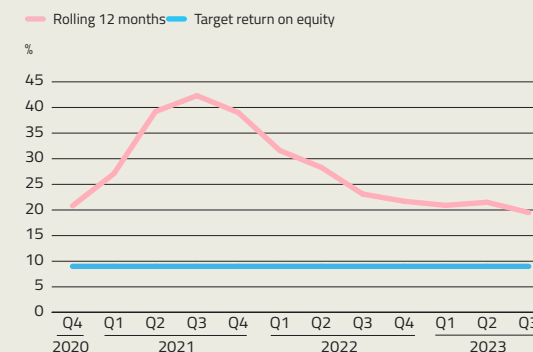
NET SALES AND OPERATING PROFIT/LOSS



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 65 (-150) and for January – September to MSEK 1,943 (-2,388). The improvement compared with the corresponding period last year is due to a higher return on financial investments.

The net debt/equity ratio was -18.1 (-17.4) percent.

LKAB has undrawn committed credit facilities of SEK 5 bn maturing in the third quarter of 2028.

Events during the quarter

The seismic event in the Kiruna mine in spring 2020 means that production of crushed ore from the mine remains lower than normal and production is expected to be affected for a further couple of years. Measures to secure production volumes also involve higher costs than normal. During the summer extensive maintenance works were carried out on the Ore Railway, bringing about a further deterioration in transport capacity for parts of the third quarter. In September the Swedish Transport Administration delivered an analysis commissioned by the government concerning measures in the transport infrastructure of northern Sweden with the aim of supporting the green industrial transformation in northern Sweden. Among other things, the Swedish Transport Administration notes that without a double track between Boden

and Luleå the traffic load is assessed to be so high that there is a risk that not all the traffic will be able to be accommodated during at least parts of the day and that the railway must be declared to be overloaded.

In May LKAB submitted an application for environmental permits for the operations in Gällivare, which in addition to the existing mining and upgrading activities also includes the establishment of a first demo plant for producing fossil-free sponge iron with hydrogen using the HYBRIT method and an apatite plant for extracting phosphorus and rare earth elements from current waste streams. During the initial processing of the permit case it has emerged that the proposed schedule for any decisions on building cannot be realised. The date of building decisions will not be able to be clarified until the first quarter of 2024 at the earliest. The impact on the schedule for the first demo plant is difficult to assess at present.

Events after the end of the reporting period

After the end of the quarter LKAB appealed against the judgment by the tribunal at the European Court of Justice in the case concerning LKAB's exclusion from the benchmark for sintered ore in the Emissions Trading System (ETS). The Court found that the European Commission was not in error in rejecting LKAB's inclusion in the benchmark, according to the provisions of the ETS directive that were applicable at the time.

Outlook for 2023

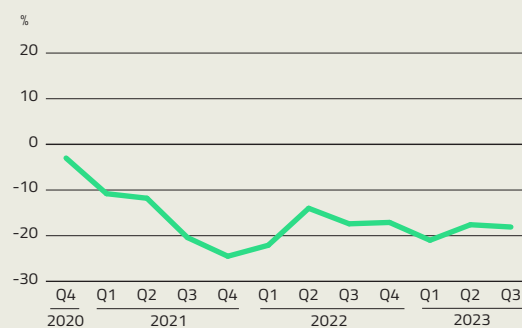
Prices for highly upgraded iron ore products have decreased during the year but remained at high levels at the start of the final quarter of the year. Demand for LKAB's highly upgraded iron ore products remains good, but there is considerable uncertainty concerning global economic development and its impact on the iron ore industry. At the same time, LKAB is seeing a general increase in the cost level for inputs, materials and services.

LKAB is continuing preparations for 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, the capacity of the Ore Railway and prevailing external conditions.

The urban transformation work is in an intensive phase, with the result that expenditure remains high. Gällivare Municipality has still not approved the necessary zoning plan amendment for eastern Malmberget, which partly risks delaying the schedule for the phase-out area and thus limiting future production, partly extend the ongoing permit process and thus the schedule for the Hybrit demo plant.

NET DEBT/EQUITY RATIO

Net debt/equity ratio (The net debt/equity ratio shall not exceed 60 percent)



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 unpredictability and inefficiency of the permitting processes continues to present operational risks, among other things demonstrated by the courts' decision to reject the application for a new permit for the operations in Kiruna and the difficulty in establishing a schedule for and making progress in the permitting process for the operations in Gällivare. Alongside the collective permit evaluation procedures in Kiruna and Gällivare, therefore, the need for alternative evaluation pathways for production-critical parts needs to be considered.

Access to land is a matter of strategic importance for securing current production and ongoing urban transformation, as well as for enabling LKAB's transformation. Dialogues concerning land issues continue with parties affected in our operating locations.

Capacity on the Ore Railway continues to be one of LKAB's biggest challenges as regards securing both current and future delivery volumes. LKAB is in continuous dialogue with the Swedish Transport Administration on this matter.

LKAB is closely monitoring developments in the market and the effects of the geopolitical turmoil following in the wake of the war in Ukraine.

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

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

Sustainable development

Strategic goals for sustainable value creation

| | Q3 2023 | Full year 2022 | Goal for 2026 | Goal for 2030 |
|--|------------|-------------------|------------------|------------------|
| Stable and efficient operations | | | | |
| Net debt/equity ratio (%) | -18.1 | -17.1 | <60 | <60 |
| Return on equity ¹⁾ (%) | 19.5 | 21.7 | >9 | >9 |
| Dividend (%) | – | 50 | 40–60 | 40–60 |
| Climate-efficient sustainable transition | | | | |
| Energy use ¹⁾ (kWh/t FP) | 166 | 176 | 162 | 154 |
| Carbon emissions ¹⁾ (kt) | 623 | 661 | 608 | 536 |
| Biodiversity | – | – | – | – |
| Safe, healthy and stimulating workplace | | | | |
| Lost time accidents ^{1,2)} (no. per million hrs) | 6.1 | 6.5 | 4.0 | 2.0 |
| Long-term sick leave ¹⁾ (%) | 0.7 | 0.7 | 0.8 | 0.8 |
| Women in the workforce (%) | 27 | 26 | 30 | — ³⁾ |
| Women managers (%) | 29 | 28 | 30 | — ³⁾ |

1) For rolling 12 months.

2) Lost time injuries per million hours worked for the Group, including suppliers.

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

For a description of the strategic goals for sustainable value creation see LKAB's Annual and Sustainability Report 2022, page 16.

CARBON EMISSIONS AND ENERGY CONSUMPTION

The goal for 2030 is a 25 percent decrease in LKAB's carbon emissions compared with 2020, with an interim goal of a 15 percent decrease in emissions by 2026.

The goal in respect of energy is to decrease energy use by 10 percent by 2030 and 5 percent by 2026, compared with 2021. Energy intensity is calculated based on the entire Group's energy use in relation to iron ore products produced.

Energy use in kWh per tonne of finished product decreased somewhat during the third quarter, mainly as a result of higher production, amounting at the end of the quarter to an annual rate of 166 (176) kWh per tonne of finished product.

Carbon emissions continued to decrease in the third quarter, despite higher production, and at the end of the quarter amounted to an annual rate of 623 (661) kt. A partial switch to biofuel and improved carbon intensity, mainly in Kiruna and Svappavaara, is contributing to the reduction in absolute carbon emissions. Analysis of possible technology options for enabling further carbon reductions continues.

At the end of the third quarter the accident rate was 6.1 (6.5) for rolling 12 months. Safe and healthy workplaces are crucial if LKAB is to be sustainable long term. Group-wide work on the safety culture is taking place – aimed at increasing awareness among managers, co-workers and suppliers – in order to prevent serious incidents and accidents.

At the end of the third quarter sickness absence was in line with the previous year.

The percentage of women in the workforce at the end of the third quarter was 27 (26) percent, while among management the percentage of women was 29 (28) percent.

Efforts to create the conditions for biodiversity improvement are progressing according to plan. An assessment model for biodiversity called CLIMB (Changing Land Use Impact on Biodiversity), which LKAB has been involved in developing, was launched in May. During the summer an inventory of nature values was taken in Kiruna, Svappavaara and Malmberget in order to make measurements for assessing both the current position and reference values.

BIODIVERSITY

The strategic goals for 2022–2030 include an objective to achieve a biodiversity net gain.

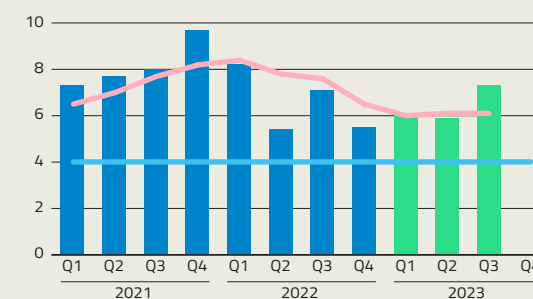
Biodiversity refers to the variety of nature – which includes plants, fungi and animals as well as their different habitats, both on land and in water.

LKAB is following Svemin's biodiversity roadmap, with the aim 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 approach to working for increased biodiversity.

INJURIES

2021–2022 2023 Target for 2026 Rolling 12 months

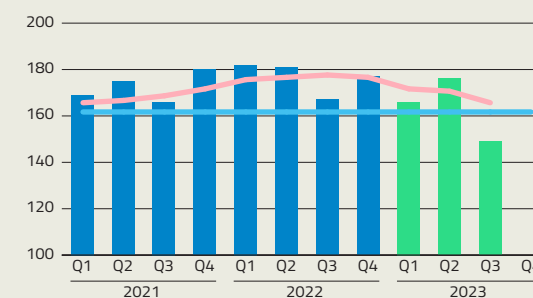
Number per million hours worked



ENERGY USE

2021–2022 2023 Target for 2026 Rolling 12 months

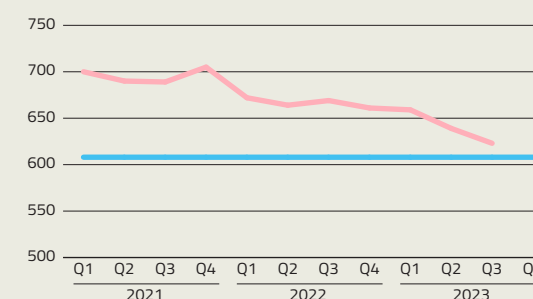
kWh/t finished product (FP)



CO₂ EMISSIONS

Target for 2026 Rolling 12 months

kt



Strategic sustainability work

LKAB's strategy and transformation plan aim to achieve carbon-free processes and products in our own operations by 2045. A crucial element of this strategy is to increase the value added by processing and to gradually transition to the production of carbon-free sponge iron, which will enable our global customers to reduce their carbon emissions. The ambition is a future production volume of 24 Mt of sponge iron by 2050, which would enable carbon emissions from global steel production to be decreased by an amount more or less corresponding to all of Sweden's annual greenhouse gas emissions.

The transformation will put the conditions in place to secure our competitiveness over time and is an ongoing process that will take many years, with multiple development projects and initiatives being gradually integrated into the operations. LKAB's transformation involves various challenges, such as permit matters, energy supply and current external factors. These could impact progress and implementation, as it is essential that our initiatives are completed profitably.

During the year LKAB has submitted an application for environmental permits required to begin the transformation in Gällivare. In addition to continued mining and upgrading activities, the application includes the establishment of a first demo plant for producing fossil-free sponge iron using the HYBRIT method and an apatite plant for extracting phosphorus and rare earth elements from current waste streams. Already at an early stage in the permitting process, however, we see a risk that how the process is being handled could affect the schedules associated with implementation of the transformation. Current permitting processes thus continue to be one of LKAB's greatest challenges.



Market development

The steel and iron ore market

The global steel and iron ore industry

Global manufacturing industry has continued to slow in the third quarter. Construction investments have fallen in the EU but have increased somewhat in the USA. In China there is continued uncertainty concerning the development of the property market, which has resulted in a weaker construction market. Compared with last year demand for iron ore is assessed to have increased somewhat, driven mainly by China while demand from Europe was lower. The global supply of iron ore has increased over the year, with production increases at all the main producers in both Australia and Brazil.

The market for fines is assessed to have been in equilibrium during the quarter. The dollar has remained strong in the third quarter, which favours a large part of the iron ore industry. Demand for pellets in Europe and the Middle East has remained good, but the global supply has increased.

Iron ore spot price developments

The spot price IODEX 62% Fe for fines increased to USD 120 per tonne at the end of the third quarter compared with USD 112 per tonne at the end of the second quarter. The average price for the third quarter was USD 114 (104) per tonne, compared to USD 111 per tonne in the second quarter of 2023.

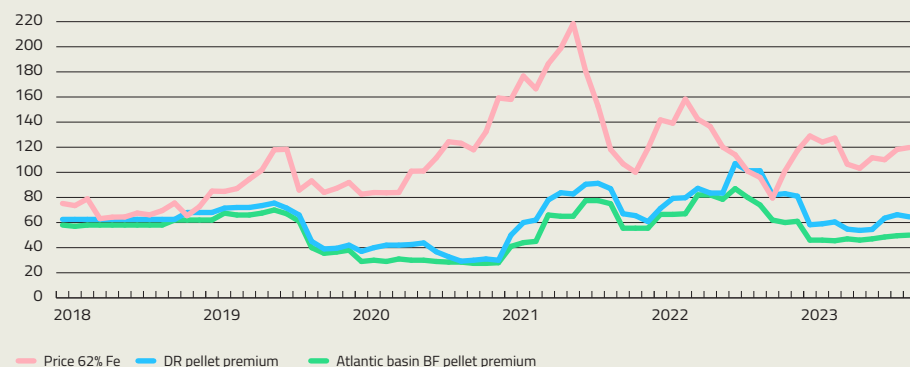
The dollar strengthened by two percent against the Swedish krona compared with the second quarter and on average was two percent stronger against the krona in the third quarter when compared year on year.

The quoted premiums for blast furnace pellets and DR pellets increased on the previous quarter, but were lower than the historically high levels in the third quarter last year. The average level of the blast furnace premium was USD 49 (80) per tonne in the third quarter, compared to nearly USD 47 per tonne in the second quarter. The premium for DR pellets averaged over USD 65 (85) per tonne in the third quarter compared with USD 54 per tonne in the preceding quarter.

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

1 January 2018 – 30 September 2023

USD per tonne

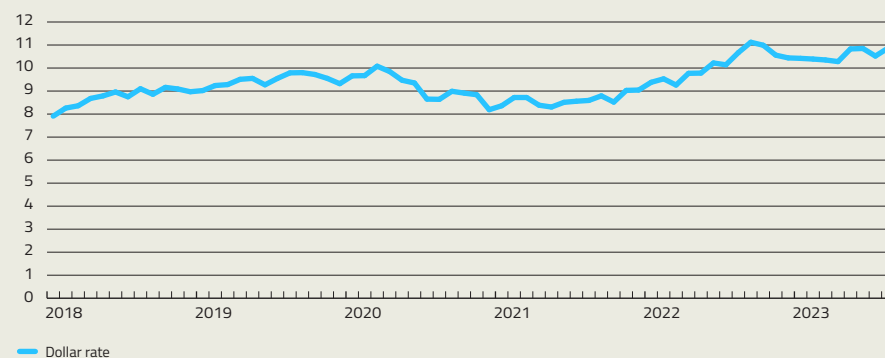


Source: PLATTS

CHANGES IN THE DOLLAR EXCHANGE RATE

1 January 2018 – 30 September 2023

USD/SEK



Source: Nasdaq

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 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|------|--------------|--------------|---------------|---------------|-------------------|
| Net sales | 3.4 | 10,055 | 11,455 | 29,730 | 34,185 | 43,288 |
| Operating profit | | 5,095 | 6,146 | 12,839 | 18,589 | 21,322 |
| Costs for urban transformation provisions | | -221 | -321 | -344 | -493 | -545 |
| Capital expenditure on property, plant and equipment | | 1,161 | 1,198 | 3,661 | 3,288 | 4,687 |
| Depreciation | | -635 | -685 | -1,948 | -2,063 | -2,792 |
| Deliveries of iron ore products, Mt | | 6.3 | 6.6 | 18.8 | 19.5 | 25.8 |
| Proportion of pellets, % | | 82 | 83 | 85 | 84 | 83 |
| Production of iron ore products, Mt | | 7.0 | 6.6 | 19.2 | 18.6 | 25.0 |

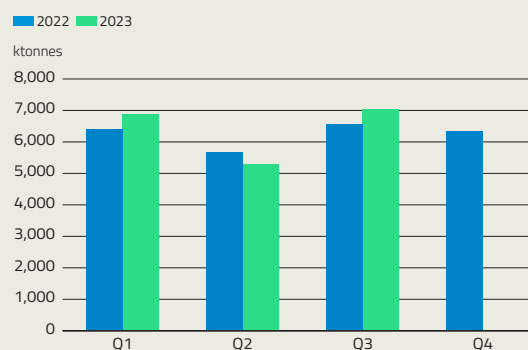
The production volume in the third quarter amounted to 7.0 (6.6) Mt, which was the highest production volume since the start of 2021. The delivery volume was affected by a shortage of rail transport capacity as a result of works on the railway line and amounted to 6.3 (6.6) Mt, with pellets accounting for 82 (83) percent.

Sales for the third quarter totalled MSEK 10,055 (11,455), affected mainly due to lower pellet premiums and lower delivery volumes. A weaker Swedish krona had a positive impact. Operating profit for the quarter amounted to MSEK 5,095 (6,146). The production

volume for January – September amounted to 19.2 (18.6) Mt. Deliveries, which amounted to 18.8 (19.5) Mt, were impacted in the first half of the year by a shortage of crushed ore as well as production disruptions at the processing plants in Kiruna, and during the summer by capacity restrictions on the Ore Railway.

Sales for January–September totalled MSEK 29,730 (34,185). Lower prices for highly upgraded iron ore products and lower delivery volumes were partially offset by a weaker Swedish krona. Operating profit for the first three quarters of the year amounted to MSEK 12,839 (18,589). Costs were affected by higher prices for energy and certain inputs as well as by the costs of maintenance and transport services in order to manage production disruptions and for measures to secure production capacity. An increased rate of exploration also impacted costs.

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 ore-bodies, 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 Malmaban 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 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|------|------------|------------|---------------|---------------|-------------------|
| Net sales | 3.4 | 1,723 | 1,901 | 5,139 | 5,305 | 7,087 |
| Operating profit/loss | | 158 | 178 | 450 | 434 | 541 |
| Capital expenditure on property, plant and equipment | | 32 | 48 | 105 | 140 | 165 |
| Depreciation | | -69 | -65 | -203 | -189 | -257 |

Net sales for the third quarter amounted to MSEK 1,723 (1,901). Operating profit for the quarter amounted to MSEK 158 (178), affected mainly by increased development expenses compared with the same period in the previous year.

Net sales for January–September were somewhat lower than in the same period last year and amounted to MSEK 5,139 (5,305). Operating profit amounted to MSEK 450 (434), the improvement in earnings being mainly due to strengthened margins for sales of industrial minerals and to increased sales of mining services and products.

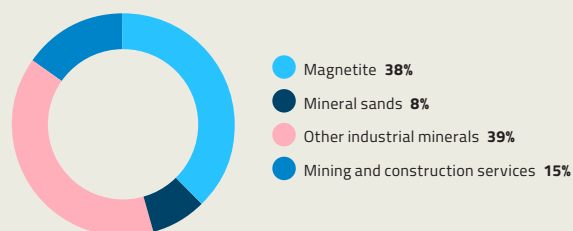


FACTS

- The Special Products business area covers LKAB Minerals, LKAB Wassara, LKAB Berg & Betong, LKAB Kimit, LKAB Mekaniska and Bergteamet.
- 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 minerals, 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 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.

SALES BY PRODUCT AREA AND SERVICE AREA

Percentage of external sales (MSEK)
January–September 2023



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 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|------|-------------|-------------|---------------|---------------|-------------------|
| Net sales excl. hedging | | 28 | 20 | 94 | 67 | 93 |
| Net sales hedging | | -6 | -191 | -74 | -280 | -193 |
| Total net sales | 3.4 | 22 | -171 | 20 | -213 | -100 |
| Operating profit/loss | | -189 | -340 | -808 | -781 | -941 |
| Capital expenditure on property, plant and equipment | | 51 | 23 | 105 | 80 | 92 |
| Depreciation | | -29 | -27 | -74 | -74 | -95 |

The operating result for the third quarter was MSEK -189 (-340) and for January – September MSEK -808 (-781), with a less negative result of hedging activities having had a positive effect when compared year-on-year. Continued investments in digitalisation and development projects also impacted the result for the period.

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 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|------|--------------|--------------|---------------|---------------|-------------------|
| Net sales | | 10,071 | 11,278 | 29,743 | 33,974 | 43,202 |
| Operating profit/loss | | 4,862 | 5,716 | 11,877 | 17,637 | 20,223 |
| Costs for urban transformation provisions | | -221 | -321 | -344 | -493 | -545 |
| Capital expenditure on property, plant and equipment | | 1,190 | 1,125 | 3,657 | 3,141 | 4,491 |
| Depreciation | | -562 | -592 | -1,719 | -1,779 | -2,387 |
| Deliveries of iron ore products, Mt | | 6.3 | 6.6 | 18.8 | 19.5 | 25.8 |
| Production of iron ore products, Mt | | 7.0 | 6.6 | 19.2 | 18.6 | 25.0 |

Signatures

Luleå, 27 October 2023

Luossavaara-Kiirunavaara AB (publ)

Jan Moström

President and CEO

Financial information

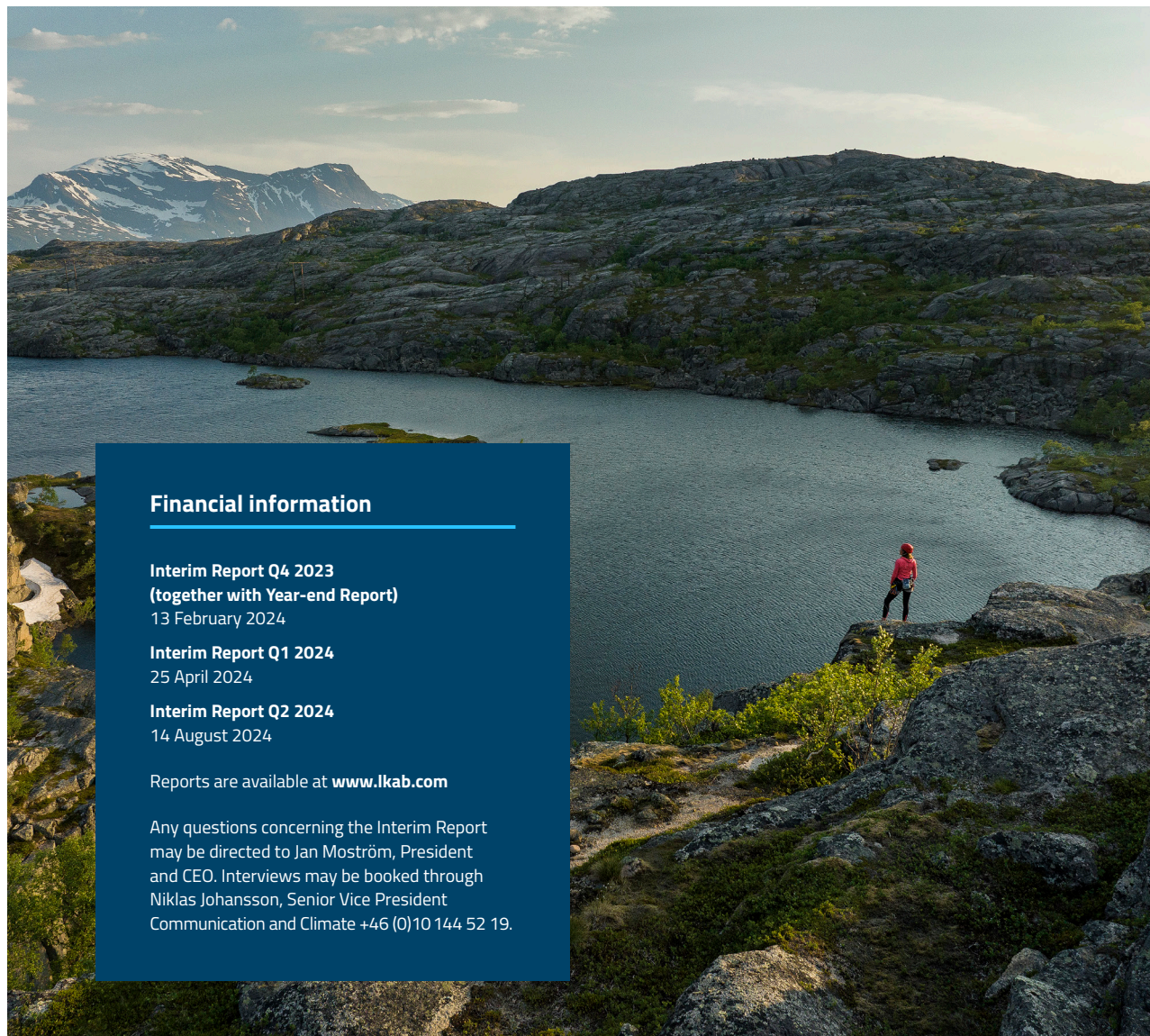
Interim Report Q4 2023
(together with Year-end Report)
13 February 2024

Interim Report Q1 2024
25 April 2024

Interim Report Q2 2024
14 August 2024

Reports are available at 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 +46 (0)10 144 52 19.



Auditor's review report

We have reviewed the condensed interim financial information (interim report) for Luossavaara Kiirunavaara AB (publ) as of 30 September 2023 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 less in scope than an audit conducted in accordance with International Standards on Auditing (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 2023
KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant

LKAB – Group

Statement of income

| MSEK | Note | Q3 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|------|--------------|--------------|---------------|---------------|-------------------|
| Net sales | 3, 4 | 10,819 | 12,244 | 32,125 | 36,594 | 46,543 |
| Cost of goods sold | | -5,263 | -5,786 | -17,842 | -16,918 | -23,376 |
| Gross profit/loss | | 5,556 | 6,458 | 14,283 | 19,676 | 23,167 |
| Selling expenses | | -60 | -44 | -179 | -136 | -191 |
| Administrative expenses | | -124 | -155 | -575 | -557 | -800 |
| Research and development expenses | | -360 | -316 | -1,117 | -831 | -1,300 |
| Other operating income | | 93 | 92 | 369 | 316 | 395 |
| Other operating expenses | | -102 | -106 | -302 | -294 | -400 |
| Share of profit of joint ventures | | -17 | -20 | -50 | -48 | -72 |
| Operating profit/loss | 3 | 4,987 | 5,909 | 12,430 | 18,126 | 20,799 |
| Financial income | | 225 | 293 | 2,156 | 1,235 | 1,081 |
| Financial expense | | -160 | -443 | -213 | -3,623 | -3,200 |
| Net financial income/expense | | 65 | -150 | 1,943 | -2,388 | -2,119 |
| Profit/loss before tax | | 5,052 | 5,759 | 14,373 | 15,738 | 18,680 |
| Tax | | -1,051 | -1,185 | -2,785 | -3,120 | -3,600 |
| Profit/loss for the period | | 4,001 | 4,574 | 11,588 | 12,618 | 15,080 |
| Profit for the period attributable to: | | | | | | |
| Parent company shareholders | | 3,998 | 4,573 | 11,576 | 12,612 | 15,073 |
| Non-controlling interests | | 3 | 1 | 12 | 6 | 7 |
| Earnings per share before and after dilution (SEK) | | 5,711 | 6,534 | 16,537 | 18,017 | 21,532 |
| Number of shares | | 700,000 | 700,000 | 700,000 | 700,000 | 700,000 |

Statement of comprehensive income

| MSEK | Note | Q3 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|---|------|---------------|--------------|---------------|---------------|-------------------|
| Profit/loss for the period | | 4,001 | 4,574 | 11,588 | 12,618 | 15,080 |
| Other comprehensive income for the period | | | | | | |
| Items that will not be reclassified to profit/loss for the year | | | | | | |
| Remeasurement of defined-benefit pension plans | | 180 | 140 | 109 | 346 | 336 |
| Tax attributable to actuarial gains and losses | | -37 | -29 | -22 | -71 | -69 |
| Changes during the period in the fair value of equity instruments measured at fair value through other comprehensive income | | -1,596 | 556 | 575 | -46 | 704 |
| | | -1,453 | 667 | 662 | 229 | 971 |
| Items that have been or may subsequently be reclassified to profit or loss for the year | | | | | | |
| Translation differences for foreign operations | | 24 | 48 | -23 | 101 | 139 |
| Changes in fair value of cash flow hedges | | 2 | -1 | 1 | -2 | -5 |
| Changes in fair value of cash flow hedges reclassified to profit or loss for the year | | 0 | 0 | 4 | 0 | 0 |
| Tax attributable to components of cash flow hedges | | 0 | 0 | -1 | 1 | 1 |
| | | 26 | 47 | -20 | 100 | 135 |
| Other comprehensive income for the period | | -1,427 | 714 | 642 | 329 | 1,106 |
| Comprehensive income for the period | | 2,574 | 5,288 | 12,230 | 12,947 | 16,186 |
| Comprehensive income for the period attributable to: | | | | | | |
| Parent company shareholders | | 2,571 | 5,287 | 12,218 | 12,941 | 16,179 |
| Non-controlling interests | | 3 | 1 | 12 | 6 | 7 |

LKAB – Group

Statement of financial position

| MSEK | Note | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|--|------|----------------|---------------|---------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | | 2,488 | 2,116 | 2,130 |
| Property, plant and equipment for operations | | 34,960 | 32,909 | 33,558 |
| Property, plant and equipment for urban transformation | | 13,103 | 10,943 | 11,306 |
| Interests in associates and joint ventures | | 682 | 267 | 732 |
| Financial investments | 5 | 7,016 | 5,691 | 6,448 |
| Non-current receivables | | 2 | 2 | 2 |
| Deferred tax asset | | 7 | 11 | 7 |
| Total non-current assets | | 58,259 | 51,939 | 54,183 |
| Current assets | | | | |
| Inventories | | 6,589 | 5,841 | 6,205 |
| Accounts receivable | | 3,377 | 3,567 | 3,785 |
| Prepaid expenses and accrued income | | 503 | 395 | 375 |
| Other current receivables | | 2,234 | 2,275 | 2,492 |
| Current investments | 5 | 28,368 | 26,363 | 27,393 |
| Cash and cash equivalents | | 4,235 | 4,098 | 3,191 |
| Total current assets | | 45,307 | 42,539 | 43,441 |
| TOTAL ASSETS | | 103,566 | 94,478 | 97,624 |

| MSEK | Note | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|---|------|----------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Share capital | | 700 | 700 | 700 |
| Reserves | | 3,342 | 2,001 | 2,787 |
| Retained earnings incl. profit/loss for the period | | 71,913 | 65,339 | 67,793 |
| Equity attributable to Parent Company shareholders | | 75,955 | 68,040 | 71,280 |
| Non-controlling interests | | 53 | 39 | 40 |
| Total equity | | 76,008 | 68,079 | 71,320 |
| Non-current liabilities | | | | |
| Non-current interest-bearing liabilities | | 2,350 | 2,366 | 2,387 |
| Other non-current liabilities | | 56 | 56 | 56 |
| Provisions for pensions and similar commitments | | 794 | 1,060 | 992 |
| Provisions, urban transformation | | 12,289 | 10,881 | 10,615 |
| Other provisions | | 1,674 | 1,570 | 1,650 |
| Deferred tax liabilities | | 1,627 | 1,477 | 1,395 |
| Total non-current liabilities | | 18,790 | 17,410 | 17,095 |
| Current liabilities | | | | |
| Current interest-bearing liabilities | | 87 | 66 | 86 |
| Trade payables | | 2,671 | 2,358 | 2,583 |
| Tax liabilities | | 633 | 64 | 101 |
| Other current liabilities | | 507 | 1,076 | 464 |
| Accrued expenses and deferred income | | 2,328 | 2,009 | 2,420 |
| Provisions, urban transformation | | 2,012 | 2,905 | 3,029 |
| Other provisions | | 529 | 511 | 526 |
| Total current liabilities | | 8,768 | 8,989 | 9,209 |
| Total liabilities | | 27,558 | 26,399 | 26,304 |
| TOTAL EQUITY AND LIABILITIES | | 103,566 | 94,478 | 97,624 |

LKAB – Group

Statement of changes in equity

| 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 | – | – | – | – | 15,072 | 15,072 | 7 | 15,079 |
| Other comprehensive income for the year | – | 139 | 704 | -4 | 267 | 1,106 | – | 1,106 |
| Comprehensive income for the year | – | 139 | 704 | -4 | 15,339 | 16,178 | 7 | 16,186 |
| Dividend | – | – | – | – | -12,432 | -12,432 | – | -12,432 |
| Closing equity 31 Dec 2022 | 700 | -2 | 2,792 | -3 | 67,793 | 71,279 | 40 | 71,320 |

| 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 Sep 2022 | 700 | -39 | 2,042 | -2 | 65,339 | 68,040 | 39 | 68,079 |

| 2023 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 2023 | 700 | -2 | 2,792 | -3 | 67,793 | 71,279 | 40 | 71,320 |
| Profit/loss for the year | – | – | – | – | 11,576 | 11,576 | 12 | 11,588 |
| Other comprehensive income for the year | – | -23 | 575 | 4 | 87 | 642 | – | 642 |
| Comprehensive income for the year | – | -23 | 575 | 4 | 11,663 | 12,218 | 12 | 12,232 |
| Dividend | – | – | – | – | -7,543 | -7,543 | – | -7,543 |
| Closing equity 30 Sep 2023 | 700 | -26 | 3,367 | 1 | 71,913 | 75,955 | 53 | 76,008 |

LKAB – Group

Statement of cash flows

| MSEK | Q3 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|---------------|---------------|---------------|----------------|-------------------|
| Operating activities | | | | | |
| Profit/loss before tax | 5,052 | 5,759 | 14,373 | 15,738 | 18,680 |
| Adjustment for items not included in cash flow | 879 | 1,568 | 1,920 | 6,310 | 6,683 |
| Income tax paid | -738 | -1,286 | -2,050 | -3,942 | -4,473 |
| Expenditures, urban transformation | -545 | -641 | -1,515 | -1,654 | -2,216 |
| Expenditures, other provisions | -5 | -12 | -15 | -41 | -59 |
| Cash flow from operating activities before changes in working capital | 4,643 | 5,388 | 12,713 | 16,411 | 18,615 |
| Cash flow from changes in working capital | | | | | |
| Increase (-)/Decrease (+) in inventories | -554 | -671 | -384 | -917 | -1,281 |
| Increase (-)/Decrease (+) in operating receivables | -635 | -164 | 240 | -2,213 | -2,315 |
| Increase (+)/Decrease (-) in operating liabilities | -601 | 32 | -429 | 457 | 888 |
| Change in working capital | -1,790 | -803 | -573 | -2,673 | -2,708 |
| Cash flow from operating activities | 2,853 | 4,585 | 12,139 | 13,738 | 15,907 |
| Investing activities | | | | | |
| Acquisition of property, plant and equipment | -1,244 | -1,269 | -3,872 | -3,508 | -4,944 |
| Government investment grants | – | 14 | 20 | 14 | 37 |
| Disposal of property, plant and equipment | 2 | – | 4 | 2 | 3 |
| Acquisition of subsidiaries | -2 | – | -2 | -373 | -373 |
| Acquisition of other financial assets – operating | – | – | – | -29 | -485 |
| Disposal of other financial assets – operating | – | 6 | – | 8 | 11 |
| Acquisition/disposal of other financial assets – non-operating | – | – | – | 0 | – |
| Disposals/acquisitions (net) in current investments | -187 | -3,640 | 343 | 686 | -504 |
| Cash flow from investing activities | -1,432 | -4,889 | -3,506 | -3,200 | -6,255 |
| Financing activities | | | | | |
| Repurchase agreements | – | -10 | – | -260 | -258 |
| Repayments | 0 | -4 | -2 | -13 | 7 |
| Borrowing | -3 | 1 | 12 | 7 | -16 |
| Repayment of lease liabilities | -22 | -40 | -66 | -80 | -85 |
| Dividend paid to Parent Company shareholder | – | – | -7,540 | -12,430 | -12,430 |
| Dividend paid to non-controlling interests | -3 | – | -3 | -2 | -2 |
| Cash flow from financing activities | -28 | -53 | -7,598 | -12,778 | -12,784 |

| MSEK | Q3 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|--------------|--------------|---------------|---------------|-------------------|
| Cash flow for the period | 1,393 | -357 | 1,034 | -2,240 | -3,132 |
| Cash and cash equivalents at start of period | 2,842 | 4,432 | 3,191 | 6,289 | 6,289 |
| Exchange difference in cash and cash equivalents | 0 | 23 | 9 | 49 | 34 |
| Cash and cash equivalents at end of period | 4,235 | 4,098 | 4,235 | 4,098 | 3,191 |
| Change in cash and cash equivalents | 1,393 | -357 | 1,034 | -2,240 | -3,132 |
| Sub-components of cash and cash equivalents | | | | | |
| Cash and bank balances | 3,162 | 3,698 | 3,162 | 3,698 | 2,388 |
| Current investments (maturity <90 days) | 1,073 | 400 | 1,073 | 400 | 803 |
| Cash and cash equivalents | 4,235 | 4,098 | 4,235 | 4,098 | 3,191 |
| Consolidated operating cash flow | | | | | |
| Cash flow from operating activities | 2,853 | 4,585 | 12,139 | 13,738 | 15,907 |
| Acquisition of property, plant and equipment | -1,244 | -1,269 | -3,872 | -3,508 | -4,944 |
| Government investment grants | 0 | 14 | 20 | 14 | 37 |
| Disposal of property, plant and equipment | 2 | – | 4 | 2 | 3 |
| Acquisition of subsidiaries | -2 | – | -2 | -373 | -373 |
| Acquisition/disposal of other financial assets – operating | 0 | 6 | 0 | -21 | -474 |
| Operating cash flow (excluding current investments) | 1,608 | 3,336 | 8,290 | 9,852 | 10,156 |
| Acquisition/disposal of other financial assets – non-operating | – | – | 0 | 0 | – |
| Disposals/acquisitions (net) in current investments | -187 | -3,640 | 343 | 686 | -504 |
| Cash flow after investing activities | 1,421 | -304 | 8,633 | 10,538 | 9,652 |
| Cash flow from financing activities | -28 | -53 | -7,598 | -12,778 | -12,784 |
| Cash flow for the period | 1,393 | -357 | 1,034 | -2,240 | -3,132 |

Employees

| MSEK | Q3 2023 | Q3 2022 | Full year 2022 |
|-----------------------------|---------|---------|----------------|
| Average number of employees | 4,567 | 4,426 | 4,513 |
| – of which women | 1,225 | 1,083 | 1,164 |
| – of which men | 3,342 | 3,343 | 3,349 |

LKAB – Parent Company

Income statement

| MSEK | Note | Q3 2023 | Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Full year 2022 |
|--|------|--------------|--------------|---------------|---------------|-------------------|
| Net sales | | 10,071 | 11,278 | 29,743 | 33,974 | 43,202 |
| Cost of goods sold | | -4,778 | -5,111 | -16,316 | -15,153 | -21,178 |
| Gross profit/loss | | 5,293 | 6,167 | 13,427 | 18,821 | 22,024 |
| Selling expenses | | -19 | -10 | -62 | -37 | -55 |
| Administrative expenses | | -53 | -100 | -356 | -339 | -515 |
| Research and development expenses | | -355 | -310 | -1,106 | -806 | -1,262 |
| Other operating income | | 6 | 0 | 17 | 52 | 90 |
| Other operating expenses | | -10 | -31 | -43 | -54 | -59 |
| Operating profit/loss | | 4,862 | 5,716 | 11,877 | 17,637 | 20,223 |
| Profit/loss from financial items | | 136 | -150 | 1,314 | -1,014 | -624 |
| Profit/loss after financial items | | 4,998 | 5,566 | 13,191 | 16,623 | 19,599 |
| Appropriations | | – | – | – | – | 828 |
| Profit/loss before tax | | 4,998 | 5,566 | 13,191 | 16,623 | 20,427 |
| Tax | | -1,029 | -1,146 | -2,523 | -3,307 | -3,981 |
| Profit/loss for the period¹⁾ | | 3,969 | 4,420 | 10,668 | 13,316 | 16,446 |

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

Balance sheet

| MSEK | Note | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|---|------|---------------|---------------|---------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Intangible assets | | 1,221 | 863 | 866 |
| Property, plant and equipment for operations | | 29,496 | 27,104 | 27,803 |
| Property, plant and equipment for urban transformation | | 13,103 | 10,944 | 11,306 |
| Financial assets | | | | |
| Interests in subsidiaries | | 2,920 | 3,035 | 2,917 |
| Interests in associates and jointly controlled entities | | 1,023 | 527 | 1,023 |
| Receivables from subsidiaries | | 2,373 | 2,555 | 2,586 |
| Other non-current securities | | 3,227 | 3,230 | 3,227 |
| Other non-current receivables | | 93 | 96 | 93 |
| Deferred tax asset | | 1,370 | 1,466 | 1,370 |
| Total financial assets | | 11,005 | 10,909 | 11,216 |
| Total non-current assets | | 54,825 | 49,820 | 51,191 |
| Current assets | | | | |
| Inventories | | 5,658 | 4,988 | 5,287 |
| Current receivables | | | | |
| Accounts receivable | | 2,594 | 2,648 | 3,063 |
| Receivables from Group companies | | 561 | 487 | 644 |
| Other current receivables | | 2,032 | 2,123 | 2,370 |
| Prepaid expenses and accrued income | | 399 | 301 | 313 |
| Total current receivables | | 5,586 | 5,559 | 6,390 |
| Current investments | | 27,363 | 25,135 | 26,758 |
| Cash and bank balances | | 2,740 | 3,377 | 2,081 |
| Total current assets | | 41,347 | 39,059 | 40,516 |
| TOTAL ASSETS | | 96,172 | 88,879 | 91,707 |

LKAB – Parent Company

Balance sheet

| MSEK | Note | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|----------------------------------|------|---------------|---------------|---------------|
| EQUITY AND LIABILITIES | | | | |
| Equity | | | | |
| Restricted equity | | | | |
| Share capital | | 700 | 700 | 700 |
| Statutory reserve | | 697 | 697 | 697 |
| Non-restricted equity | | | | |
| Profit/loss brought forward | | 48,683 | 39,777 | 39,777 |
| Profit/loss for the period | | 10,668 | 13,316 | 16,446 |
| Total equity | | 60,748 | 54,490 | 57,620 |
| Untaxed reserves | | 11,202 | 11,577 | 11,202 |
| Provisions | | | | |
| Provisions, urban transformation | | 12,289 | 10,881 | 10,615 |
| Other provisions | | 1,667 | 1,529 | 1,664 |
| Total provisions | | 13,956 | 12,410 | 12,279 |

| MSEK | Note | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|--------------------------------------|------|---------------|---------------|---------------|
| Non-current liabilities | | | | |
| Bond loans | | 1,997 | 1,995 | 1,996 |
| Other non-current liabilities | | 24 | – | 24 |
| Total non-current liabilities | | 2,020 | 1,995 | 2,020 |
| Current liabilities | | | | |
| Trade payables | | 1,999 | 1,737 | 1,937 |
| Liabilities to Group companies | | 923 | 811 | 721 |
| Current tax liabilities | | 618 | 21 | 88 |
| Other current liabilities | | 395 | 848 | 324 |
| Accrued expenses and deferred income | | 1,774 | 1,573 | 1,961 |
| Provisions, urban transformation | | 2,012 | 2,905 | 3,029 |
| Other provisions | | 524 | 512 | 526 |
| Total current liabilities | | 8,246 | 8,407 | 8,586 |
| TOTAL EQUITY AND LIABILITIES | | 96,172 | 88,879 | 91,707 |

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 2022 annual report. For further information concerning the Group's accounting policies refer to LKAB's Annual and Sustainability Report for 2022. 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 2022.

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 | |
|-------------------------------|---------------|---------------|------------------|---------------|---------------|---------------|------------------------------------|---------------|---------------|---------------|
| | Q1–Q3 2023 | Q1–Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 | Q1–Q3 2023 | Q1–Q3 2022 |
| MSEK | | | | | | | | | | |
| External income | 28,956 | 33,346 | 3,220 | 3,515 | -51 | -266 | – | – | 32,125 | 36,594 |
| Internal income | 774 | 839 | 1,919 | 1,790 | 72 | 53 | -2,764 | -2,683 | – | – |
| Total income | 29,730 | 34,185 | 5,139 | 5,305 | 20 | -213 | -2,764 | -2,683 | 32,125 | 36,594 |
| Operating profit/loss | 12,839 | 18,589 | 450 | 434 | -808 | -781 | -51 | -116 | 12,430 | 18,126 |
| Net financial income/expense | | | | | | | | | 1,943 | -2,388 |
| Profit/loss before tax | | | | | | | | | 14,373 | 15,738 |

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 2023 | Q1-Q3 2022 | Q1-Q3 2023 | Q1-Q3 2022 | Q1-Q3 2023 | Q1-Q3 2022 | Q1-Q3 2023 | Q1-Q3 2022 |
| MSEK | | | | | | | | |
| Product/service area | | | | | | | | |
| Pellets | 25,649 | 29,659 | | | | | 25,649 | 29,659 |
| Fines | 2,683 | 3,131 | | | | | 2,683 | 3,131 |
| Magnetite | | | 1,223 | 1,199 | | | 1,223 | 1,199 |
| Mineral sands | | | 257 | 683 | | | 257 | 683 |
| Other industrial minerals | | | 1,262 | 1,293 | | | 1,262 | 1,293 |
| Mining and construction services | | | 479 | 340 | | | 479 | 340 |
| Other | 624 | 556 | | | 22 | 14 | 646 | 569 |
| Total | 28,956 | 33,346 | 3,220 | 3,515 | 22 | 14 | 32,199 | 36,874 |
| Region | | | | | | | | |
| Europe | 19,460 | 22,213 | 2,153 | 2,089 | 22 | 14 | 21,636 | 24,316 |
| MENA | 7,271 | 7,982 | 117 | 243 | | | 7,388 | 8,225 |
| Rest of World | 2,225 | 3,151 | 949 | 1,183 | | | 3,174 | 4,333 |
| Total | 28,956 | 33,346 | 3,220 | 3,515 | 22 | 14 | 32,199 | 36,874 |
| Revenue from contracts with customers | 28,956 | 33,346 | 3,220 | 3,515 | 22 | 14 | 32,199 | 36,874 |
| Other income – financing activities | | | | | -74 | -280 | -74 | -280 |
| Total external income | 28,956 | 33,346 | 3,220 | 3,515 | -51 | -266 | 32,125 | 36,594 |

Note 5 Disclosures regarding financial instruments

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

| Group 30 Sep 2023 MSEK | Level 1 | Level 2 | Level 3 | Total |
|------------------------------|--------------|---------------|----------|---------------|
| Shares, financial assets | 6,587 | – | – | 6,587 |
| Equity-related investments | – | 9,985 | – | 9,985 |
| Interest-bearing instruments | – | 19,456 | – | 19,456 |
| Derivatives | – | 89 | – | 89 |
| Total | 6,587 | 29,530 | – | 36,118 |

| 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 |
| Total | 5,262 | 26,348 | – | 31,610 |

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 financial assets and liabilities is estimated to be a reasonable approximation of fair value.

Note 6 Pledged assets and contingent liabilities, Parent Company

Pledged assets

| MSEK | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|---|----------------|----------------|----------------|
| <i>As pledged assets for own liabilities and provisions</i> | | | |
| Company-owned endowment insurance | 91 | 94 | 91 |
| Cash deposits | 113 | 112 | 112 |
| Collateral provided, derivatives | 98 | 551 | 152 |
| Total pledged assets | 302 | 757 | 355 |

Contingent liabilities

| MSEK | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|-------------------------------------|----------------|----------------|----------------|
| Guarantees, FPG/PRI | 22 | 20 | 20 |
| Guarantees, GP plan | 3 | 3 | 3 |
| Guarantees, Swedish Tax Agency | 63 | 63 | 63 |
| Surety given for subsidiaries | 145 | 147 | 138 |
| Collateral, remediation | 255 | 262 | 261 |
| Other surety | 29 | 63 | 63 |
| Total contingent liabilities | 517 | 558 | 548 |

Note 7 Transactions with related parties

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

Note 8 Events after the end of the reporting period

After the end of the quarter LKAB appealed against the judgment by the tribunal at the European Court of Justice in the case concerning LKAB's exclusion from the benchmark for sintered ore in the Emissions Trading System (ETS). The Court found that the European Commission was not in error in rejecting LKAB's inclusion in the benchmark, according to the provisions of the ETS directive that were applicable at the time.

Note 9 Key ratios – disclosures

Alternative performance measures

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*.

Note 9 continued

Net financial indebtedness

| MSEK | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|-----------------------------------|----------------|----------------|----------------|
| Loans payable | 2,437 | 2,432 | 2,473 |
| Provisions for pensions | 794 | 1,060 | 992 |
| Provisions, urban transformation | 14,301 | 13,786 | 13,644 |
| Provisions, remediation | 1,750 | 1,772 | 1,727 |
| Less: | | | |
| Cash and cash equivalents | -4,235 | -4,098 | -3,191 |
| Current investments | -28,368 | -26,363 | -27,393 |
| Financial investments | -422 | -419 | -430 |
| Net financial indebtedness | -13,743 | -11,830 | -12,178 |

Net debt/equity ratio

| MSEK | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|---------------------------------|----------------|----------------|----------------|
| Net financial indebtedness | -13,743 | -11,830 | -12,178 |
| Equity | 76,008 | 68,079 | 71,320 |
| Net debt/equity ratio, % | -18.1 | -17.4 | -17.1 |

Return on equity

| MSEK | 30 Sep 2023 | 30 Sep 2022 | 31 Dec 2022 |
|----------------------------|----------------|----------------|----------------|
| Profit/loss after tax R12 | 14,050 | 15,216 | 15,080 |
| Average equity | 72,044 | 65,893 | 69,443 |
| Return on equity, % | 19.5 | 23.1 | 21.7 |

Note 10 Quarterly data for the Group

| MSEK | Note | Q3 2023 | Q2 2023 | Q1 2023 | Q4 2022 | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 |
|---|------|--------------|--------------|--------------|--------------|--------------|---------------------|--------------|--------------|
| Net sales | | 10,819 | 9,350 | 11,955 | 9,949 | 12,244 | 12,375 | 11,976 | 9,064 |
| Operating profit/loss | | 4,987 | 2,257 | 5,186 | 2,673 | 5,909 | 5,719 | 6,497 | 2,815 |
| Net financial income/ expense | | 65 | 1,345 | 533 | 269 | -150 | -546 | -1,691 | 352 |
| Profit/loss before tax | | 5,052 | 3,602 | 5,719 | 2,942 | 5,759 | 5,173 | 4,806 | 3,167 |
| Profit/loss for the period | | 4,001 | 3,048 | 4,539 | 2,462 | 4,574 | 4,231 | 3,812 | 2,599 |
| Costs for urban transformation provisions | | -221 | -78 | -46 | -52 | -321 | -118 | -55 | -83 |
| Operating cash flow | | 1,608 | 3,519 | 3,163 | 304 | 3,336 | 5,370 ¹⁾ | 1,146 | 1,637 |
| Investments in property, plant and equipment | | 1,244 | 1,557 | 1,072 | 1,437 | 1,269 | 1,416 | 823 | 977 |
| Deliveries of iron ore products, Mt | | 6.3 | 5.8 | 6.7 | 6.4 | 6.6 | 6.2 | 6.7 | 6.8 |
| Proportion of pellets, % | | 82 | 81 | 90 | 79 | 83 | 82 | 86 | 78 |
| Production of iron ore products, Mt | | 7.0 | 5.3 | 6.9 | 6.3 | 6.6 | 5.7 | 6.4 | 6.7 |
| Return on equity ¹⁾ , % | 9 | 19.5 | 21.5 | 20.9 | 21.7 | 23.1 | 28.3 | 31.6 | 39.0 |
| Net debt/equity ratio ¹⁾ , % | 9 | -18.1 | -17.6 | -21.0 | -17.1 | -17.4 | -14.0 | -22.1 | -24.5 |

1) Rolling 12 months.