

Q4 2023

Year-end Report

Profits strong but continued challenges ahead

LKAB ends 2023 with another strong quarter and is presenting operating profit for the full year of SEK 16 billion. Higher production was offset, however, by lower deliveries due to challenges involving capacity on the Ore Railway.



Operations in the fourth quarter

MSEK	Note	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales	3, 4	10,798	9,949	42,923	46,543
Operating profit/loss		3,800	2,673	16,230	20,799
Net financial income/expense		986	269	2,928	-2,119
Profit/loss before tax		4,786	2,942	19,158	18,680
Profit/loss for the period		3,632	2,462	15,220	15,080
Costs for urban transformation provisions		-56	-52	-400	-545
Operating cash flow		2,412	304	10,704	10,156
Capital expenditure on property, plant and equipment		1,571	1,437	5,442	4,944
Depreciation		-749	-815	-2,974	-3,141
Deliveries of iron ore products, Mt		6.5	6.4	25.3	25.8
Proportion of pellets, %		82	79	84	83
Production of iron ore products, Mt		7.0	6.3	26.2	25.0
Return on equity, %	9			20.0	21.7
Net debt/equity ratio, %	9			-23.8	-17.1

- **The production volume** for the fourth quarter remained stable at a relatively high level, amounting to 7.0 (6.3) Mt.
- **The delivery volume** was 6.5 (6.4) Mt, with pellets accounting for 82 (79) percent. A derailment on 17 December resulted in the suspension of all services on the Ore Railway between Kiruna and Narvik. The assessment is that the line will be put back into service at mid-February.
- **Operating profit** for the fourth quarter was MSEK 3,800 (2,673). The improved profit is due to higher production and selling prices as well as lower electricity prices.

- **The average global spot price¹⁾** for iron ore products in the fourth quarter was higher than in the same period in the previous year and amounted to USD 129 (99) per tonne, which was USD 14 higher than in the third quarter of 2023. The average price for full-year 2023 was unchanged from the previous year at USD 120 (120) per tonne. The price at the end of the quarter was USD 140 per tonne. Quoted pellet premiums were around USD 30 per tonne lower both for the last quarter compared with the same period the previous year and for full-year 2023 compared with 2022.
- **Operating cash flow** for the fourth quarter was MSEK 2,412 (304).
- **The return on equity** was 20.0 (21.7) percent.
- **The net debt/equity ratio** was -23.8 (-17.1) percent.
- **The Board of Directors is proposing to the Annual General Meeting** that an ordinary dividend amounting to MSEK 7,600 is paid, which is 50 percent of profit for the year.

1) Platt's IODEX 62% Fe CFR North China.

SEK 3.8 bn

Operating profit/loss

7.0 Mt

Produced during the quarter

6.5 Mt

Delivered during the quarter

LKAB – Group

Net sales and operating profit

Analysis of change in operating profit MSEK

	Q4	Full year
Operating profit 2022	2,673	20,799
Iron ore prices incl. hedging	495	-4,535
Currency effect, iron ore incl. hedging of accounts receivable	6	1,601
Volume and mix, iron ore	429	-93
Volume, price and currency, industrial minerals	78	118
Costs for urban transformation provisions	-4	145
Depreciation	65	165
Other income and expenses	58	-1,970
Operating profit 2023	3,800	16,230

Sales for the fourth quarter totalled MSEK 10,798 (9,949). The higher sales figure is mainly due to higher iron ore prices, higher delivery volumes and a higher percentage of pellets, which was partly offset by lower pellet premiums. The average global spot price¹⁾ for iron ore products for the fourth quarter was USD 129 (99) per tonne. Premiums for highly upgraded products were around USD 30 per tonne lower than in the same quarter last year. Operating profit for the quarter was MSEK 3,800 (2,673).

The year ended with another quarter of relatively high production, which for the full year amounted to 26.2 (25.0) Mt – a result of the recent years' investments in production-stabilising measures.

Sales for the full year amounted to MSEK 42,923 (46,543). Lower pellet premiums and lower delivery volumes were partially offset by a weaker Swedish krona. The average global spot price¹⁾ for iron ore products for full-year 2023 was unchanged from

2022 at USD 120 (120) per tonne. Premiums for highly upgraded products were nearly USD 30 per tonne lower than in the same period last year.

Operating profit for the full year was also negatively impacted by higher costs as a result of lengthy scheduled maintenance shutdowns, measures to secure production capacity and higher costs for inputs. An increased rate of exploration also impacted costs for the period. Operating profit for the year amounted to MSEK 16,230 (20,799).

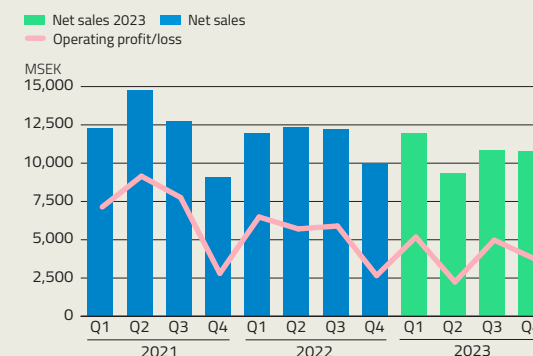
Cash flow

MSEK	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Operating profit ¹⁾	3,329	2,767	17,559	20,831
Expenditures, urban transformation	-314	-562	-1,829	-2,216
Change in working capital	741	-35	168	-2,708
Capital expenditures (net)	-1,325	-1,413	-5,171	-4,904
Acquisition of subsidiaries	–	–	-3	-373
Acquisition/divestment of financial assets	-20	-453	-20	-474
Operating cash flow	2,412	304	10,704	10,156

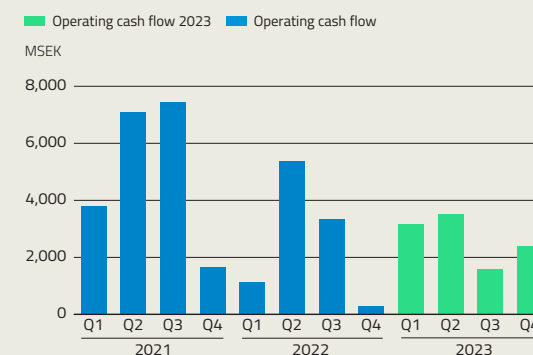
¹⁾ Operating profit adjusted for non-cash items and before costs for urban transformation provisions.

Operating cash flow for the quarter was MSEK 2,412 (304), which was higher than in the same period the previous year due to improved profits and to working capital released. Operating cash flow for the full year amounted to MSEK 10,704 (10,156).

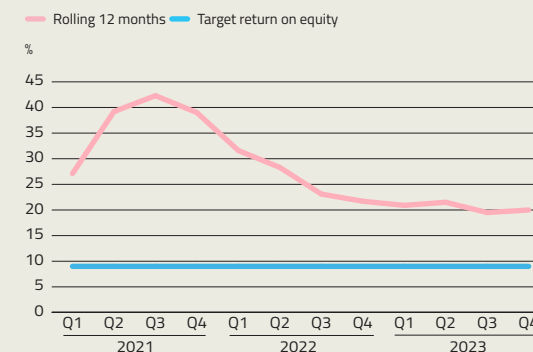
NET SALES AND OPERATING PROFIT/LOSS



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 fourth quarter amounted to MSEK 986 (269) and for the full year to MSEK 2,928 (-2,119). The good return is due to rising stock markets and falling interest rates.

The net debt/equity ratio was -23.8 (-17.1) percent.

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

Events during the quarter

The final quarter of the year was overshadowed by the tragic fatal accident that occurred in November at a contractor's establishment within LKAB's industrial area in Kiruna. Investigations are still in progress, but the Swedish Work Environment Authority has closed the case as regards LKAB's involvement in the accident. The safety both of our own employees and of suppliers on our sites is at the top of our agenda. Despite this a person has lost their life at work, which suggests that we have not done enough and that the safety culture needs to be prioritised further.

In December a major derailment took place on the Ore Railway between Kiruna and Narvik, when a fully loaded ore train jumped the rails. Since extensive repair work was required in difficult weather conditions the assessment is that the line will be put back into service at mid-February which means almost two months with no

services. LKAB's deliveries from the port in Narvik were somewhat impacted in the fourth quarter but the main impact is during the first quarter of 2024. The ongoing consequences are difficult to fully assess at present in light of the already strained capacity on the Ore Railway and effects going forward are still being investigated. The assessment is, however, that there is a significant risk that this could have far-reaching consequences.

In December it was announced that LKAB has been granted support from The Industrial Leap (Industriklivet), the Swedish Energy Agency's programme to support Swedish industry's transition to becoming fossil free. A total of SEK 3.1 billion has been allocated for the establishment of a first demonstration plant in Gällivare for the production of fossil-free sponge iron on an industrial scale.

During the quarter LKAB asked the government to intervene in respect of the zoning plan for area 5:2 in eastern Malmberget.

During 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. While the appeal process is ongoing the Commission has presented a proposal for iron ore pellets and sinter to be included in the same benchmark for the period 2026–2030.

A final decision on this is expected in the first quarter of 2024.

During the quarter it was announced that LKAB had signed a declaration of intent relating to the acquisition of 49 percent of the shares in Duroc Rail AB.

Outlook for 2024

At the start of 2024 prices for highly upgraded iron ore products remained at a high level. 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.

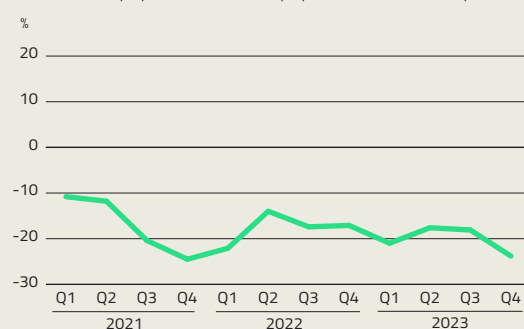
LKAB is continuing preparations for its transformational journey towards becoming a future supplier of sponge iron, with the aim of being able to provide our customers with the raw materials for fossil-free steel. This transition continues to bring with it various challenges in respect of permitting 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.

The derailment that took place on the Ore Railway will negatively impact delivery volumes in the first quarter of 2024. The consequences going forward are difficult to fully assess at present since investigations are ongoing. The assessment is, however, that there is a significant risk that this could have far-reaching consequences.

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 relating to the permitting process at Heidelberg Materials (formerly Cementa), which has a time-limited permit and has applied for a new extraction permit. As a dominant supplier, an interruption in its production could 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

	Full year 2023	Full year 2022	Goal for 2026	Goal for 2030
Stable and efficient operations¹⁾				
Net debt/equity ratio (%)	-23.8	-17.1	<60	<60
Return on equity (%)	20.0	21.7	>9	>9
Dividend (%)	50 ²⁾	50	40–60	40–60
Climate-efficient sustainable transition				
Energy use (kWh/t FP)	165	176	162	154
Carbon emissions (kt)	644	661	608	536
Biodiversity	— ³⁾	— ³⁾	— ³⁾	— ³⁾
Safe, healthy and stimulating workplace				
Lost time accidents ⁴⁾ (per million hrs)	6.3	6.5	4.0	2.0
Long-term sick leave (%)	0.7	0.7	0.8	0.8
Women in the workforce (%)	27	26	30	— ⁵⁾
Women managers (%)	29	28	30	— ⁵⁾

1) The relevant financial targets were established by the General meeting in October 2021.

2) The Board of Directors propose to the Annual General Meeting of dividend for 2023.

3) For a description of the goals and status see the section Biodiversity below and the analysis on the right.

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

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

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

Energy use in kWh per tonne of finished product decreased somewhat during the fourth quarter, mainly as a result of more stable production, the result at the end of the full year being an annual rate of 165 (176) kWh per tonne of finished product.

Carbon emissions for the year amounted to 644 (661) Kt. The usage of biofuels has reduced carbon dioxide emissions over time and analysis of possible technology options for enabling further carbon reductions continues.

At the end of the year the accident rate was 6.3 (6.5) for the 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.

Sickness absence for 2023 was in line with the previous year.

The percentage of women in the workforce at the end of the fourth 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 2023. 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. Special Products has also carried out surveys for relevant foreign operations.

CARBON EMISSIONS AND ENERGY USE

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.

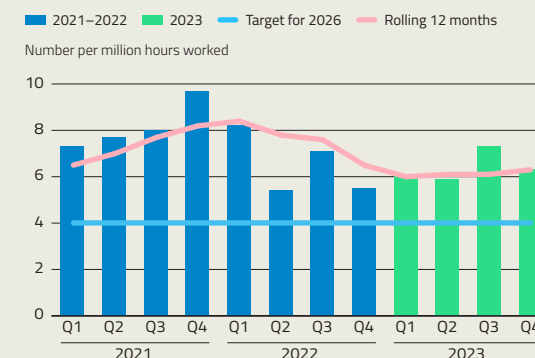
BIODIVERSITY

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

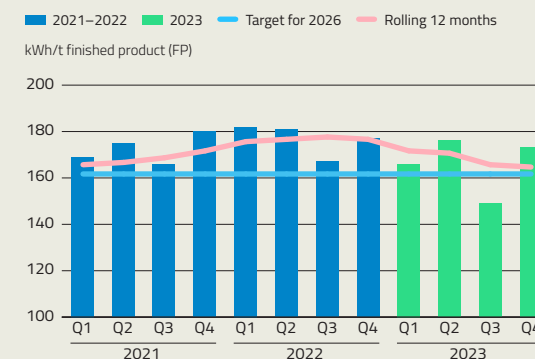
Biodiversity refers to the variety of nature – which includes plants, fungi and animals as well as their different habitats, both on land and in water.

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.

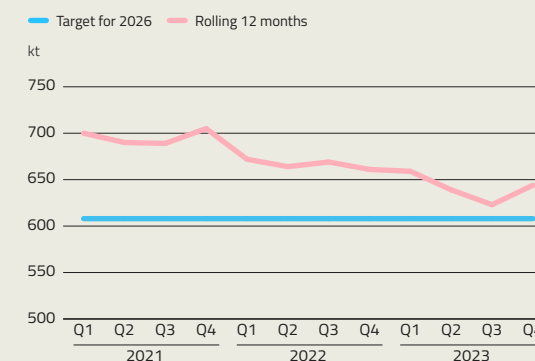
INJURIES



ENERGY USE



CO₂ EMISSIONS



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 the 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.

During the quarter it was announced that the HYBRIT initiative had been granted support from The Industrial Leap (Industriklivet), the Swedish Energy Agency's programme to support Swedish industry's transition to becoming fossil free. A total of SEK 3.1 billion has been allocated for the establishment of a first demonstration plant in Gällivare for the production of fossil-free sponge iron on an industrial scale. LKAB is responsible for construction of the plant and is therefore the recipient of the grant.



Market development

The steel and iron ore market

The global steel and iron ore industry

Industrial production in mature economies weakened in both the fourth quarter and for full-year 2023, but in developing countries the trend was positive. Industrial production in China increased in the fourth quarter and growth for the full year exceeded the level recorded for 2022.

Global demand for iron ore is assessed to have increased, driven mainly by greater demand in China, India and the Middle East. Iron ore imports into China increased by just over six percent for full-year 2023. The global supply of iron ore increased but supply disruptions in the second half of the year brought the market into equilibrium, with shortages at times.

The dollar weakened somewhat in the fourth quarter but remained at a historically strong level, benefiting a large part of the iron ore industry. Demand for pellets in Europe decreased in the second half of the year when blast furnace capacity was closed down, but supply disruptions partly compensated for the lower demand. Demand for DR pellets in the Middle East developed positively over the year. The premium for ore with a higher iron content decreased in 2023 since the profitability of the steel industry declined, with steelmakers in China in particular choosing to use ore with a lower content in order to cut costs.

Iron ore spot price developments

The spot price IODEX 62% Fe for fines increased to USD 140 per tonne at the end of year compared with USD 120 per tonne at the end of the third quarter. The average price for the fourth quarter

was USD 129 (99) per tonne, compared to USD 114 per tonne in the third quarter of 2023.

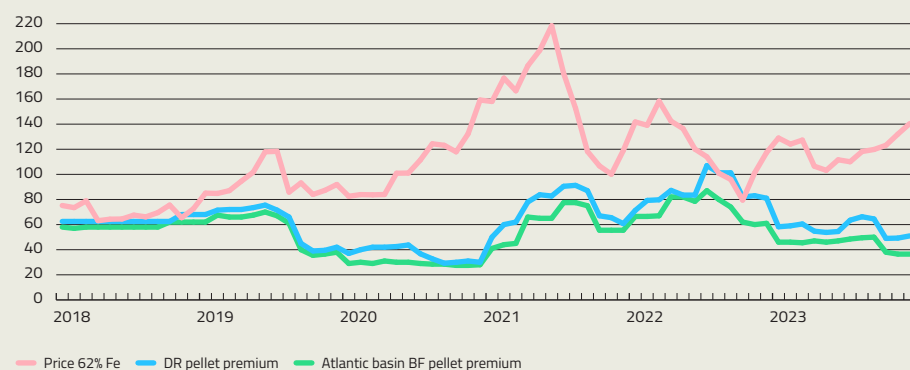
The dollar weakened against the Swedish krona by just over one percent compared with the third quarter, and on average was unchanged against the Swedish krona in the fourth quarter compared with the same period the previous year.

The quoted premiums for blast furnace pellets and DR pellets decreased from the previous quarter and were lower than the historically high levels in the fourth quarter of the previous year. The average level of the blast furnace premium was USD 37 (61) per tonne in the fourth quarter compared with USD 49 per tonne in the third quarter. The premium for DR pellets averaged USD 50 (82) per tonne in the fourth quarter compared with USD 65 per tonne in the preceding quarter.

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

1 January 2018 – 31 December 2023

USD per tonne

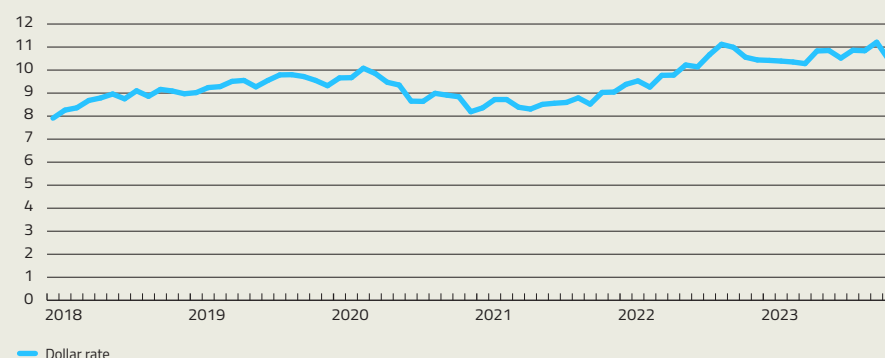


Source: PLATTS

CHANGES IN THE DOLLAR EXCHANGE RATE

1 January 2018 – 31 December 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	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales	3.4	9,825	9,104	39,556	43,288
Operating profit/loss		3,645	2,733	16,484	21,322
Costs for urban transformation provisions		-56	-52	-400	-545
Capital expenditure on property, plant and equipment		1,375	1,400	5,036	4,687
Depreciation		-653	-729	-2,601	-2,792
Deliveries of iron ore products, Mt		6.5	6.4	25.3	25.8
Proportion of pellets, %		82	79	84	83
Production of iron ore products, Mt		7.0	6.3	26.2	25.0

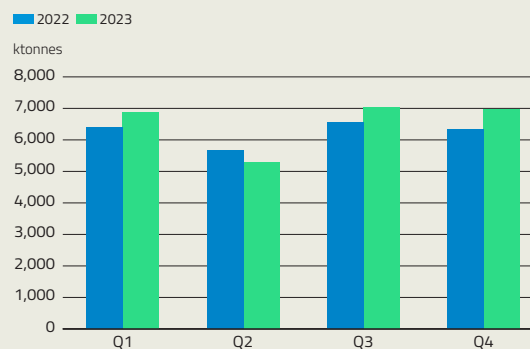
The production volume in the fourth quarter was at the same relatively high level as in the third quarter but significantly higher than in the fourth quarter of the previous year and amounted to 7.0 (6.3) Mt. The increased production for the second half of the year is a result of some investments in recent years in production-stabilising measures starting to have an effect. On 17 December a major derailment took place between Kiruna and Narvik, affecting deliveries at the end of the quarter. The delivery volume was 6.5 (6.4) Mt, with pellets accounting for 82 (79) percent.

Sales for the fourth quarter totalled MSEK 9,825 (9,104), with the main positive impacts being from higher iron ore prices, higher delivery volumes and a higher percentage of pellets. Operating profit for the quarter was MSEK 3,645 (2,733).

The production volume for the full year was 26.2 (25.0) Mt, the increase being mainly associated with more stable production in the second half of the year. Deliveries, which amounted to 25.3 (25.8) 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, during the summer by capacity restrictions on the Ore Railway and in the last quarter by the derailment between Kiruna and Narvik.

Sales for the year amounted to MSEK 39,556 (43,288). Lower pellet premiums and lower delivery volumes were partially offset by a weaker Swedish krona. Operating profit for the year amounted to MSEK 16,484 (21,322). Costs were affected by higher prices for certain inputs as well as by the costs of maintenance and transport services in order to manage production disruptions and of 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 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

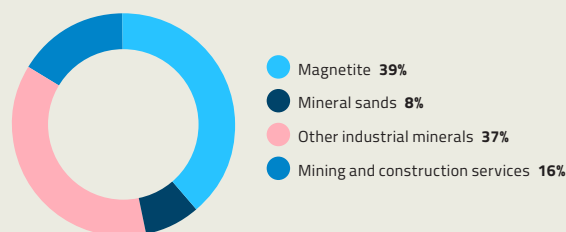
MSEK	Note	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales	3.4	1,805	1,782	6,944	7,087
Operating profit/loss		190	107	640	541
Capital expenditure on property, plant and equipment		103	26	208	165
Depreciation		-71	-67	-273	-257

Net sales for the fourth quarter amounted to MSEK 1,805 (1,782). Operating profit for the quarter amounted to MSEK 190 (107), affected mainly by a higher profit margin on sales of magnetite compared with the same period in the previous year. The overall operating margin for the business area amounted to 11 percent for the fourth quarter, compared with 6 percent in the same period the previous year.

Net sales for the full year were somewhat lower than in the same period the previous year and amounted to MSEK 6,944 (7,087). Operating profit amounted to MSEK 640 (541), the improvement in profit being mainly due to strengthened margins for sales of industrial minerals and to increased sales of mining services. Profit was weighed down by development costs within the ongoing ReeMAP project. Overall, operating profit for the year is the business area's highest ever.

SALES BY PRODUCT AREA AND SERVICE AREA

Percentage of external sales (MSEK)
January–December 2023



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.

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	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales excl. hedging		29	26	123	93
Net sales hedging		185	86	111	-193
Total net sales	3.4	214	112	234	-100
Operating profit/loss		-127	-160	-935	-941
Capital expenditure on property, plant and equipment		93	11	198	92
Depreciation		-29	-22	-103	-95

Operating profit for the third quarter amounted to MSEK -127 (-160) and for the full year to MSEK -935 (-941).

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	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales		10,026	9,227	39,769	43,202
Operating profit/loss		3,417	2,586	15,294	20,223
Costs for urban transformation provisions		-56	-52	-400	-545
Capital expenditure on property, plant and equipment		1,409	1,350	5,067	4,491
Depreciation		-605	-608	-2,324	-2,387
Deliveries of iron ore products, Mt		6.5	6.4	25.3	25.8
Production of iron ore products, Mt		7.0	6.3	26.2	25.0

Signatures

Luleå, 12 February 2024
Luossavaara-Kiirunavaara AB (publ)

Jan Moström
President and CEO

Financial information

Interim Report Q1 2024
25 April 2024

Annual General Meeting
25 April 2024

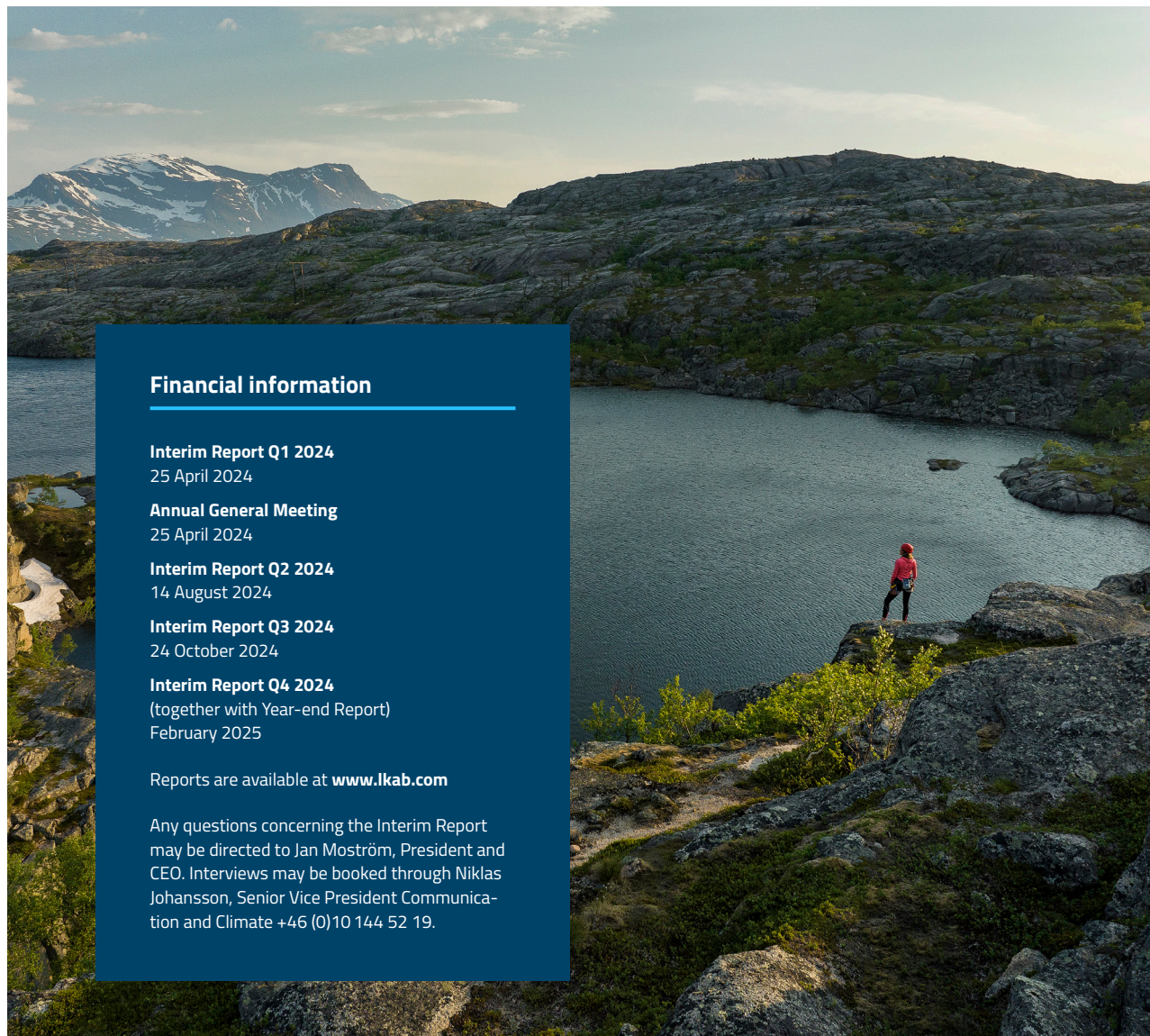
Interim Report Q2 2024
14 August 2024

Interim Report Q3 2024
24 October 2024

Interim Report Q4 2024
(together with Year-end Report)
February 2025

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.



LKAB – Group

Statement of income

MSEK	Note	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales	3, 4	10,798	9,949	42,923	46,543
Cost of goods sold		-6,231	-6,458	-24,073	-23,376
Gross profit/loss		4,567	3,491	18,850	23,167
Selling expenses		-64	-55	-242	-191
Administrative expenses		-241	-244	-815	-800
Research and development expenses		-405	-470	-1,523	-1,300
Other operating income		122	81	491	395
Other operating expenses		-150	-107	-452	-400
Share of profit of joint ventures		-29	-23	-79	-72
Operating profit/loss	3	3,800	2,673	16,230	20,799
Financial income		1,207	517	3,220	1,081
Financial expense		-221	-248	-292	-3,200
Net financial income/expense		986	269	2,928	-2,119
Profit/loss before tax		4,786	2,942	19,158	18,680
Tax		-1,154	-480	-3,938	-3,600
Profit/loss for the period		3,632	2,462	15,220	15,080
Profit for the period attributable to:					
Parent company shareholders		3,630	2,461	15,206	15,073
Non-controlling interests		2	1	14	7
Earnings per share before and after dilution (SEK)		5,186	3,515	21,723	21,532
Number of shares		700,000	700,000	700,000	700,000

Statement of comprehensive income

MSEK	Note	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Profit/loss for the period		3,632	2,462	15,220	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		-432	-9	-323	336
Tax attributable to actuarial gains and losses		89	1	67	-69
Changes for the period in the fair value of equity instruments measured at fair value through other comprehensive income		1,733	750	2,307	704
		1,389	742	2,051	971
Items that have been or may subsequently be reclassified to profit or loss for the year					
Translation differences for foreign operations		-170	37	-193	139
Changes in fair value of cash flow hedges		2	-1	2	-5
Changes in fair value of cash flow hedges transferred to profit/loss for the year		-	-	4	0
Tax attributable to components of cash flow hedges		0	0	-1	1
		-168	36	-188	135
Other comprehensive income for the period		1,222	778	1,863	1,106
Comprehensive income for the period		4,853	3,240	17,083	16,186
Comprehensive income for the period attributable to:					
Parent company shareholders		4,852	3,239	17,070	16,179
Non-controlling interests		2	1	14	7

LKAB – Group

Statement of financial position

MSEK	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets		2,425	2,130
Property, plant and equipment for operations		35,615	33,558
Property, plant and equipment for urban transformation		10,678	11,306
Interests in associates and joint ventures		669	732
Financial investments	5	8,758	6,448
Non-current receivables		2	2
Deferred tax asset		5	7
Total non-current assets		58,152	54,183
Current assets			
Inventories		6,755	6,205
Accounts receivable		3,420	3,785
Prepaid expenses and accrued income		517	375
Other current receivables		2,283	2,492
Current investments	5	31,249	27,393
Cash and cash equivalents		4,572	3,191
Total current assets		48,796	43,441
TOTAL ASSETS		106,948	97,624

MSEK	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Share capital		700	700
Reserves		4,907	2,787
Retained earnings incl. profit/loss for the period		75,199	67,793
Equity attributable to Parent Company shareholders		80,807	71,280
Non-controlling interests		54	40
Total equity		80,861	71,320
Non-current liabilities			
Non-current interest-bearing liabilities		2,410	2,387
Other non-current liabilities		56	56
Provisions for pensions and similar commitments		1,170	992
Provisions, urban transformation		9,159	10,615
Other provisions		1,703	1,650
Deferred tax liabilities		1,740	1,395
Total non-current liabilities		16,238	17,095
Current liabilities			
Current interest-bearing liabilities		89	86
Trade payables		2,411	2,583
Tax liabilities		718	101
Other current liabilities		510	464
Accrued expenses and deferred income		3,046	2,420
Provisions, urban transformation		2,449	3,029
Other provisions		626	526
Total current liabilities		9,848	9,209
Total liabilities		26,087	26,304
TOTAL EQUITY AND LIABILITIES		106,948	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

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	–	–	–	–	15,206	15,206	14	15,220
Other comprehensive income for the year	–	-193	2,308	5	-257	1,863	–	1,863
Comprehensive income for the year	–	-193	2,308	5	14,949	17,069	14	17,083
Dividend	–	–	–	–	-7,543	-7,543	–	-7,543
Closing equity 31 Dec 2023	700	-195	5,100	2	75,199	80,807	54	80,861

LKAB – Group

Statement of cash flows

MSEK	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Operating activities				
Profit/loss before tax	4,786	2,942	19,158	18,680
Adjustment for items not included in cash flow	-593	373	1328	6,683
Income tax paid	-854	-530	-2,904	-4,473
Expenditures, urban transformation	-314	-562	-1,829	-2,216
Expenditures, other provisions	-8	-18	-23	-59
Cash flow from operating activities before changes in working capital	3,017	2,205	15,730	18,615
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories	-165	-363	-550	-1,281
Increase (-)/Decrease (+) in operating receivables	138	-103	378	-2,315
Increase (+)/Decrease (-) in operating liabilities	769	431	340	888
Change in working capital	741	-35	168	-2,708
Cash flow from operating activities	3,757	2,170	15,898	15,907
Investing activities				
Acquisition of property, plant and equipment	-1,571	-1,437	-5,442	-4,944
Government investment grants	–	23	20	37
Disposal of property, plant and equipment	247	1	251	3
Acquisition of subsidiaries	–	–	-3	-373
Acquisition of other financial assets – operating	-20	-456	-20	-485
Disposal of other financial assets – operating	–	3	–	11
Acquisition/disposal of other financial assets – non-operating	–	–	–	–
Disposals/acquisitions (net) in current investments	-2,097	-1,190	-1,754	-504
Cash flow from investing activities	-3,442	-3,056	-6,948	-6,255
Financing activities				
Repurchase agreements		2		-258
Repayments	62	0	75	7
Borrowing	-1	-3	-3	-16
Repayment of lease liabilities	-24	-5	-90	-85
Dividend paid to Parent Company shareholder	–	–	-7,540	-12,430
Dividend paid to non-controlling interests	–	–	-3	-2
Cash flow from financing activities	37	-6	-7,561	-12,784

MSEK	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Cash flow for the period	354	-892	1,389	-3,132
Cash and cash equivalents at start of period	4,235	4,098	3,191	6,289
Exchange difference in cash and cash equivalents	-17	-15	-8	34
Cash and cash equivalents at end of period	4,572	3,191	4,572	3,191
Change in cash and cash equivalents	354	-892	1,389	-3,132
Sub-components of cash and cash equivalents				
Cash and bank balances			3,897	2,388
Current investments (maturity <90 days)			675	803
Cash and cash equivalents			4,572	3,191
Consolidated operating cash flow				
Cash flow from operating activities	3,757	2,170	15,898	15,907
Acquisition of property, plant and equipment	-1,571	-1,437	-5,442	-4,944
Government investment grants	0	23	20	37
Disposal of property, plant and equipment	247	1	251	3
Acquisition of subsidiaries	–	–	-3	-373
Acquisition/disposal of other financial assets – operating	-20	-453	-20	-474
Operating cash flow (excluding current investments)	2,412	304	10,704	10,156
Acquisition/disposal of other financial assets – non-operating	–	–	–	–
Disposals/acquisitions (net) in current investments	-2,097	-1,190	-1,754	-504
Cash flow after investing activities	315	-886	8,948	9,652
Cash flow from financing activities	39	-6	-7,560	-12,784
Cash flow for the period	354	-892	1,389	-3,132

Employees

MSEK	Full year 2023	Full year 2022
Average number of employees	4,640	4,513
– of which women	1,246	1,164
– of which men	3,394	3,349

LKAB – Parent Company

Income statement

MSEK	Note	Q4 2023	Q4 2022	Full year 2023	Full year 2022
Net sales		10,026	9,227	39,769	43,202
Cost of goods sold		-5,964	-6,025	-22,281	-21,178
Gross profit/loss		4,062	3,202	17,488	22,024
Selling expenses		-26	-18	-88	-55
Administrative expenses		-188	-176	-544	-515
Research and development expenses		-420	-456	-1,525	-1,262
Other operating income		37	39	55	90
Other operating expenses		-48	-5	-92	-59
Operating profit/loss		3,417	2,586	15,294	20,223
Profit/loss from financial items		1,075	390	2,389	-624
Profit/loss after financial items		4,493	2,976	17,684	19,599
Appropriations		1,341	828	1,341	828
Profit/loss before tax		5,834	3,804	19,024	20,427
Tax		-1,360	-674	-3,882	-3,981
Profit/loss for the period¹⁾		4,474	3,130	15,142	16,446

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

Balance sheet

MSEK	Note	31 Dec 2023	31 Dec 2022
ASSETS			
Non-current assets			
Intangible assets		1,222	866
Property, plant and equipment for operations		30,193	27,803
Property, plant and equipment for urban transformation		10,679	11,306
Financial assets			
Interests in subsidiaries		2,921	2,917
Interests in associates and jointly controlled entities		1,043	1,023
Receivables from Group companies		2,275	2,586
Other non-current securities		3,226	3,227
Other non-current receivables		86	93
Deferred tax asset		886	1,370
Total financial assets		10,437	11,216
Total non-current assets		52,531	51,191
Current assets			
Inventories		5,771	5,287
Current receivables			
Accounts receivable		2,792	3,063
Receivables from Group companies		615	644
Other current receivables		2,120	2,370
Prepaid expenses and accrued income		433	313
Total current receivables		5,960	6,390
Current investments		29,918	26,758
Cash and bank balances		3,533	2,081
Total current assets		45,182	40,516
TOTAL ASSETS		97,713	91,707

LKAB – Parent Company

Balance sheet

MSEK	Note	31 Dec 2023	31 Dec 2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		700	700
Statutory reserve		697	697
Non-restricted equity			
Profit/loss brought forward		48,683	39,777
Profit/loss for the period		15,142	16,446
Total equity		65,222	57,620
Untaxed reserves		10,277	11,202
Provisions			
Provisions, urban transformation		9,159	10,615
Other provisions		1,728	1,664
Total provisions		10,887	12,279

MSEK	Note	31 Dec 2023	31 Dec 2022
Non-current liabilities			
Bond loans		1,998	1,996
Other non-current liabilities		24	24
Total non-current liabilities		2,022	2,020
Current liabilities			
Trade payables		1,955	1,937
Liabilities to Group companies		651	721
Current tax liabilities		679	88
Other current liabilities		371	324
Accrued expenses and deferred income		2,574	1,961
Provisions, urban transformation		2,449	3,029
Other provisions		626	526
Total current liabilities		9,305	8,586
TOTAL EQUITY AND LIABILITIES		97,713	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 are 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

MSEK	Iron Ore		Special Products		Other		Eliminations/ group adjustments		Group	
	Full year 2023	Full year 2022	Full year 2023	Full year 2022	Full year 2023	Full year 2022	Full year 2023	Full year 2022	Full year 2023	Full year 2022
External income	38,420	42,098	4,367	4,620	137	-175	–	–	42,923	46,543
Internal income	1,136	1,190	2,577	2,467	97	75	-3,811	-3,732	–	–
Total income	39,556	43,288	6,944	7,087	234	-100	-3,811	-3,732	42,923	46,543
Operating profit/loss	16,484	21,322	640	541	-935	-941	41	-123	16,230	20,799
Net financial income/expense									2,928	-2,119
Profit/loss before tax									19,158	18,680

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.

MSEK	Iron Ore		Special Products		Other		Group	
	Full year 2023	Full year 2022	Full year 2023	Full year 2022	Full year 2023	Full year 2022	Full year 2023	Full year 2022
Product/service area								
Pellets	33,765	37,270	–	–	–	–	33,765	37,270
Fines	3,833	4,064	–	–	–	–	3,833	4,064
Magnetite	–	–	1,720	1,630	–	–	1,720	1,630
Mineral sands	–	–	366	849	–	–	366	849
Other industrial minerals	–	–	1,598	1,658	–	–	1,598	1,658
Mining and construction services	–	–	683	483	–	–	683	483
Other	822	764	–	–	26	19	848	783
Total	38,420	42,098	4,367	4,620	26	19	42,812	46,737
Region								
Europe	25,144	27,266	2,793	2,728	26	19	27,963	30,013
MENA	9,757	11,473	122	204	–	–	9,879	11,677
Rest of World	3,519	3,359	1,452	1,688	–	–	4,970	5,047
Total	38,420	42,098	4,367	4,620	26	19	42,812	46,737
Revenue from contracts with customers	38,420	42,098	4,367	4,620	26	19	42,812	46,737
Other income – financing activities	–	–	–	–	111	-194	111	-194
Total external income	38,420	42,098	4,367	4,620	137	-175	42,923	46,543

Note 5 Disclosures regarding financial instruments

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

Group 31 Dec 2023				
MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	8,319	7	–	8,326
Equity-related investments	–	10,049	–	10,049
Interest-bearing instruments	–	21,200	–	21,200
Derivatives	–	51	–	51
Total	8,319	31,307	–	39,626

Group 31 Dec 2022				
MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	6,011	8	–	6,019
Equity-related investments	–	9,725	–	9,725
Interest-bearing instruments	–	17,668	–	17,668
Derivatives	–	4	–	4
Total	6,011	27,405	–	33,416

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	31 Dec 2023	31 Dec 2022
<i>As pledged assets for own liabilities and provisions</i>		
Company-owned endowment insurance	84	91
Cash deposits	116	112
Collateral provided, derivatives	147	152
Total pledged assets	347	355

Contingent liabilities

MSEK	31 Dec 2023	31 Dec 2022
Guarantees, FPG/PRI	22	20
Guarantees, GP plan	3	3
Guarantees, Swedish Tax Agency	63	63
Surety given for subsidiaries	137	138
Collateral, remediation	254	261
Other surety	19	63
Loan commitments to associates	395	–
Total contingent liabilities	893	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

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

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	31 Dec 2023	31 Dec 2022
Loans payable	2,499	2,473
Provisions for pensions	1,170	992
Provisions, urban transformation	11,608	13,644
Provisions, remediation	1,701	1,727
Less:		
Cash and cash equivalents	-4,572	-3,191
Current investments	-31,249	-27,393
Financial investments	-431	-430
Net financial indebtedness	-19,274	-12,178

Net debt/equity ratio

MSEK	31 Dec 2023	31 Dec 2022
Net financial indebtedness	-19,274	-12,178
Equity	80,861	71,320
Net debt/equity ratio, %	-23.8	-17.1

Return on equity

MSEK	31 Dec 2023	31 Dec 2022
Profit/loss after tax R12	15,220	15,080
Average equity	76,090	69,443
Return on equity, %	20.0	21.7

Note 10 Quarterly data for the Group

MSEK	Note	Q4 2023	Q3 2023	Q2 2023	Q1 2023	Q4 2022	Q3 2022	Q2 2022	Q1 2022
Net sales		10,798	10,819	9,350	11,955	9,949	12,244	12,375	11,976
Operating profit/loss		3,800	4,987	2,257	5,186	2,673	5,909	5,719	6,497
Net financial income/ expense		986	65	1,345	533	269	-150	-546	-1,691
Profit/loss before tax		4,786	5,052	3,602	5,719	2,942	5,759	5,173	4,806
Profit/loss for the period		3,632	4,001	3,048	4,539	2,462	4,574	4,231	3,812
Costs for urban transformation provisions		-56	-221	-78	-46	-52	-321	-118	-55
Operating cash flow		2,412	1,608	3,519	3,163	304	3,336	5370 ¹	1,146
Investments in property, plant and equipment		1,571	1,244	1,557	1,072	1,437	1,269	1,416	823
Deliveries of iron ore products, Mt		6.5	6.3	5.8	6.7	6.4	6.6	6.2	6.7
Proportion of pellets, %		82	82	81	90	79	83	82	86
Production of iron ore products, Mt		7.0	7.0	5.3	6.9	6.3	6.6	5.7	6.4
Return on equity ¹⁾ , %	9	20.0	19.5	21.5	20.9	21.7	23.1	28.3	31.6
Net debt/equity ratio ¹⁾ , %	9	-23.8	-18.1	-17.6	-21.0	-17.1	-17.4	-14.0	-22.1

1) Rolling 12 months.