ANNUAL REPORT 2021

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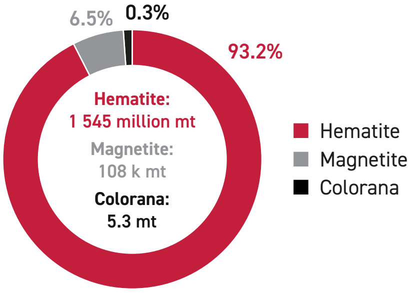
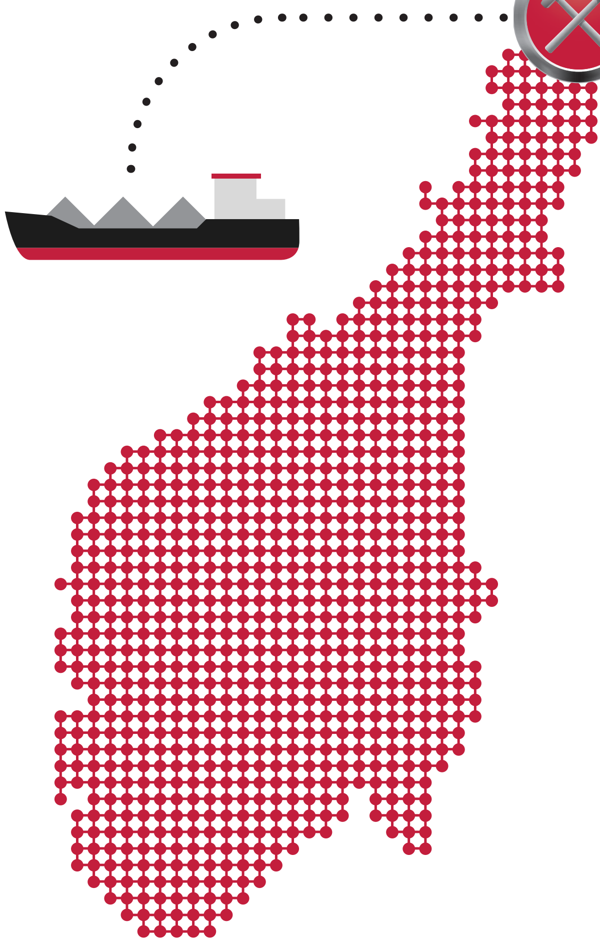
RANA GRUBER IN BRIEF

Rana Gruber is a Norwegian iron ore producer and supplier established in 1964, with operations based on more than 200 years of mining experience.

PRODUCTION SPLIT





Rana Gruber operates iron ore mining and mineral processing to yield iron ore concentrates and specialised products. The products are based on natural mineral resources, which are upgraded and tailored for applications in multiple industries without the use of chemicals. All of of Rana Gruber's production is exported, mainly to European buyers.

Rana Gruber has about 300 employees and an annual production capacity of 1.8 million metric tons (mt) of iron ore concentrates consisting of hematite and magnetite. In addition, specialised products are traded under the flagship brand Colorana®.

Rana Gruber controls five iron ore deposits located in the Dunderland Valley in Norway. In total, Rana Gruber operates at more than 23 000 000 m² (5 700 acres) for which the company has mineral rights. The company possesses a vast resource base consisting of 444 million mt of iron ore, which is expected to ensure production for several decades. The headquarter is in Mo i Rana – a premium location in the heart of Norway.

Rana Gruber has among the industry's lowest carbon emissions, and aims to become the world's first carbon free iron ore mine by the end of 2025.

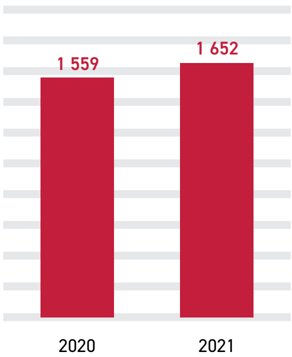
Highlights 2021

- Six per cent production growth
- Solid long-term market fundamentals supported by governmental infrastructure spending and increased environmental concern
- Market prices were volatile during the year, but stabilised towards the end of 2021, providing a solid foundation for 2022
- Oversubscribed IPO and subsequent admission to trading at Euronext Growth in Oslo in February 2021, and for transfer of shares to the main list at the Oslo Stock Exchange
- NOK 11.05 per share distributed as dividend to shareholders

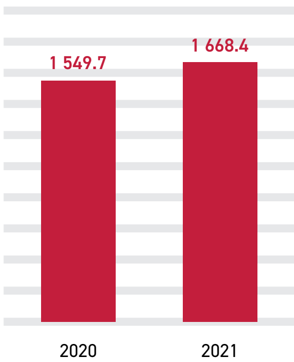
Key financial figures

	2021	2020
Revenues (NOK million)	**1 668.4**	1 549.7
EBITDA* (NOK million)	**937.3**	891.4
EBITDA* margin (%)	**56.2**	57.5
Net profit (NOK million)	**592.0**	278.9
Cash cost (NOK million)	**775.3**	666.3
Cash cost per mt (NOK)	**469.0**	427.4
EPS (NOK)	**15.86**	7.47
DPS (NOK)	**11.05**	3.12
Equity ratio (%)	**51.5**	33.6

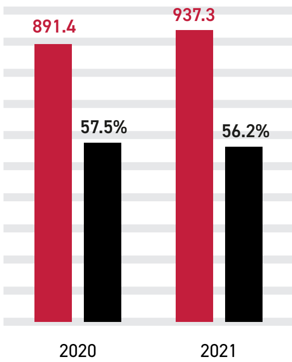
CONCENTRATE PRODUCTION
In thousand mt



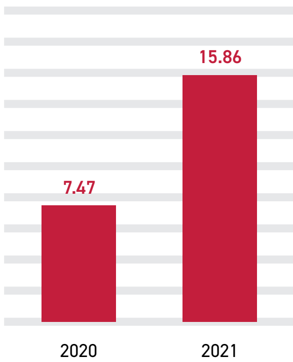
REVENUES
NOK million



EBITDA
EBITDA (NOK million)
EBITDA margin (%)



EARNINGS PER SHARE
NOK



Letter from the CEO

LEADING THE WAY FOR THE DECARBONISATION OF THE GLOBAL STEEL INDUSTRY

Sustainable mining is part of Rana Gruber's DNA, and 2025 will mark a major milestone when we are becoming the first zero carbon producer of iron ore worldwide.

As customers and companies increasingly search for ways to support climate action, the iron ore industry needs to be part of the solution and not the problem.

Iron ore is essential in our modern society, and our products are found in everything from cars, bridges and buildings to water purification systems and cosmetics. Steel – the end product – can be reused and recycled at the end of its life cycle, making it an integral part of the circular economy.

That said, the international mining industry accounts for four to seven per cent of global carbon emissions. The steel industry – and everybody throughout the value chain – has an obligation to reduce the carbon footprint.

At Rana Gruber, we dare to think differently, and we only set the most ambitious goals. That's why we in 2020 decided to remove all carbon emissions from our production by the end of 2025.

ELECTRIFICATION

Due to the combination of access to green hydropower, short transport distance and highly efficient and optimised production and processing facilities, Rana Gruber has one of the lowest carbon emissions among iron ore producers globally with 9.29 kg CO_2 per tonne iron ore concentrate produced. See the carbon accounts for further details.

Over the next three years, we will remove all carbon emissions from our production, through electrification of all mining equipment and vehicles operating the mines, as well as removing emissions from rail transport.

In addition, we are currently working to increase the iron ore content in our production. This implies that the steel mills need less input material to remain at the same production level. Rana Gruber's high-grade iron ore product will therefore allow steel mills to reduce the CO_2 emission per tonne of produced steel significantly. By lifting the iron content from ~63 to ~65 per cent, we also expect a premium price.

In this annual report, we have for the first time included reporting of our climate impact. Our climate accounting follows the greenhouse gas (GHG) protocol. The results from the reporting shows that Rana Gruber emits 9.29 kg CO_2e per tonne produced iron ore. We will continue to develop our climate accounting in 2022 and report on all relevant direct and indirect emissions. This will be important in our efforts to be the first iron ore producer globally to remove all CO_2 emissions by the end of 2025.

In 2022, we will commit to an extensive strategy for sustainable mining. We will commit to global guidelines, such as the UN Sustainable Development Goals, and assess whether we can also support the development and assess whether we can also support the development and improvement of such guidelines in other ways. We have an ambition to report according to an international standard, such as TSM, GRI and TCFD, to ensure that our efforts for a sustainable operation are documented in a reliable and accessible manner. We also think that these tools will help us improve our entire business.

ADMISSION TO TRADING AND OFFTAKE UNTIL 2030

2021 was an eventful year in several ways. In the beginning of the year, Rana Gruber was successfully admitted

"At Rana Gruber, we dare to think differently, and we only set the most ambitious goals."

on Euronext Growth in Oslo. An extraordinarily strong iron ore market in the two first quarters resulted in our strongest performance ever in the first half of the year. After the summer, market fundamentals shifted, and the global commodity markets, including our own, became more volatile. This rapid shift highlighted how important it is for a mining company to secure a sound capital structure as well as financial flexibility.

Financially, 2021 has been a milestone with revenues of NOK 1 668.4 million and operating profit (EBITDA) of NOK 937.3 million. During the year, we have distributed total dividends of NOK 11.05 per share – or NOK 413 million. Going forward, we will enhance our work of reducing production-related costs.

In 2021, we also extended the offtake agreement with Cargill until 2030 for our entire hematite production. The extension validates the quality of our iron ore products, in addition to providing predictability and a continuation of this strategically valuable partnership.

During the year, we have prepared for the transition to the main list at the Oslo Stock Exchange, which is expected to be concluded at the end of March. During our admission to trading process towards Euronext Growth last year, almost 60 per cent of our colleagues signed up as shareholders, proving the great commitment our colleagues show every day. I am also immensely proud that we had no accidents or injuries during 2021, in addition to a declining trend in sick leave.

Starting a new year, we have many important objectives to work towards. With more than 60 years of mining history and an operationally and financially strong backbone, we are positioned to lead the way for the decarbonisation of our industry, while at the same time delivering key products for the construction of our society.

Gunnar Moe

Gunnar Moe
CEO, Rana Gruber

OUR BUSINESS

Iron oxide mining started in the Dunderland valley more than 200 years ago. Today, Rana Gruber operates the Kvannevann underground mine, as well as satellite deposits, which are mined by open pit methods.

ADVANTAGEOUS LOCATION

Rana Gruber is located in a region with abundant hydro-power generated electricity and close proximity between mine, processing, and port. Combined with a highly efficient and optimised processing facility, this results in a carbon intensity that is much lower than that of comparable companies. With 9.29 kg CO_2 equivalents per tonne iron ore produced, Rana Gruber has one of the industry's lowest carbon emissions.

SAFE AND EFFICIENT OPERATIONS

The company has a long heritage of safe operations with minimal harm, leaks and injuries.

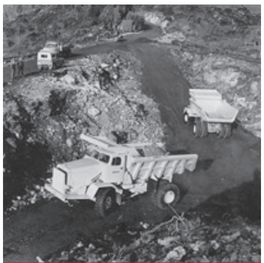
Rana Gruber has a target of eliminating CO_2 emissions by the end of 2025, which will be completed through large-scale electrification of machinery and transport. The company has a totally chemical free mineral extraction process, and state-of-the-art mining operations, logistics, and processing capabilities.

SUPPLYING A CRITICAL MARKET

Iron ore is an essential product for the global iron and steel industries. Steel made from iron ore is used for construction, automobile manufacturing, and other industrial products. Although China is one of the largest drivers of the global demand for iron ore, Rana Gruber mostly sells to European steel mills.

1800 – 1901

- Iron ore deposits in the Dunderland Valley has been well known since before the 1800s
- Swedish industrialist Mr. Pehrsson initiated mining operations
- Thomas Alva Edisson raised GBP 200 000 on the London Stock Exchange and established Dunderland Iron Ore Company (DIOC)



1902 – 1963

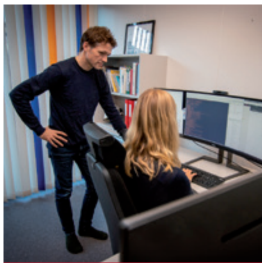
- Dunderland Iron Ore Company produced iron during 1902-1908
- DIOC taken over by AS Sydvaranger, who established Rana Gruber AS in 1937, but was expropriated in 1945
- Rana Gruber became a state-owned company and later a part of Norsk Jernverk in 1951

1964 – 1990

- Rana Gruber established as a unit under Norsk Jernverk
- New processing plant finished in 1964, which initiated the modern production
- Processing plant was further modernised in 1981
- New main crusher at Ørtfjell together with the opening of a new open-pit mine in 1983

1991 – 2009

- Rana Gruber privatised in 1991 after a management and employee buy-out
- LNS Eiendom became the majority owner of Rana Gruber AS in 2008



2010 – 2021

- Major upgrade programme introduced in 2010 with new mining plan until 2025
- Dedicated R&D department established to further improve operations
- The business optimisation system, Lean Mining, was introduced in 2017
- Admission to Euronext Growth in 2021

Rana Gruber's mining operations currently have one of the lowest carbon emissions in the industry, but the company aims to reduce CO_2 emission even further.

Strategic priorities

The company continuously strives to be a leader in sustainability. This involves reducing environmental footprint, creating a safe and attractive work environment, and being a positive contributor to the local community and society in general.

The company has defined three strategic development projects.

FIRST PROJECT: INCREASE IRON ORE CONTENT

The project aims to increase the average iron (Fe) content of the hematite products to ~65 per cent from the current average grade of ~63 per cent. This will enable the product to be linked to a premium grade price index rendering increased price for the hematite products. Substantial R&D efforts will be allocated to this project. Pilot scale testing is in progress and installation of new process equipment is expected around year-end, followed by additional R&D and associated test work.

SECOND PROJECT: EXPAND CAPACITY FOR MAGNETITE PRODUCTION

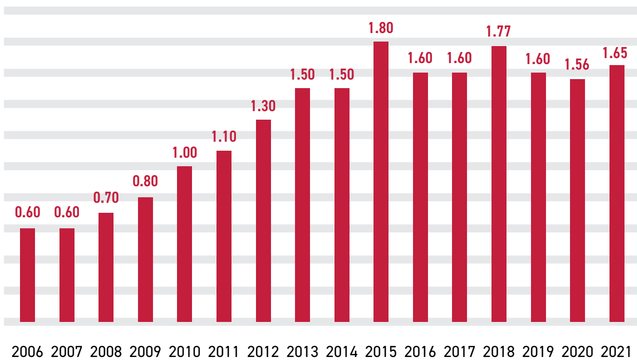
M40 is a unique natural chemical free high-grade magnetite concentrate with demand exceeding the supply. This product is not subject to the fluctuating price curve seen for iron ore concentrates supplied to the steel industry. The target is to increase the M40 volume by 50 per cent in order to supply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

THIRD PROJECT: ELIMINATE CO_2 EMISSIONS BY THE END OF 2025

Rana Gruber's mining operations currently have one of the lowest carbon emissions in the industry, but the company aims to reduce CO_2 emission even further. This will be done by substitution of fossil energy powered equipment with electrical alternatives. This project contributes to the emerging move towards sustainable supply chains within the steel industry, improved work environment from cleaner air, as well as reduced operational expenses.

HISTORICAL PRODUCTION OF IRON ORE CONCENTRATE

In million mt



There has been no serious injuries at Rana Gruber for the past ten years, and in 2021, there has not been a single injury leading to absence from work.

SAFETY FIRST! – no serious injuries for the past ten years

Safety is the utmost priority for Rana Gruber, and several measures are implemented to mitigate risks.
– Nothing is so urgent that it cannot be done safely, says HR Director Anita Mikalsen.

Rana Gruber's mining activities are organised around three main locations: the open-pit mine and the underground mine in the Dunderland Valley, and the processing plant at the port in Mo i Rana. A key priority at all locations is safety. Safety is also one of the company's values.

– We acknowledge that there are risks related to the safety of our employees. We need to be aware of general risks related to working inside and close to a mine, risks related to the equipment we use, and risks related to every employee's specific operational task. Therefore, safety is the utmost priority and the guiding principle in all our decision making. Nothing is so urgent that it cannot be done safely, says Anita Mikalsen, HR Director at Rana Gruber.

TRAINING IS KEY

Rana Gruber has implemented several measures to promote safety and mitigate risks. The company's systematic approach to safety has yielded results: There has been no serious injuries at Rana Gruber for the past ten years, and in 2021, there has not been a single injury leading to absence from work.

– For us, it is extremely important not just that employees are safe, but also that they feel safe. Our safety routines are therefore developed in close dialogue with our employees, in accordance with our systematised improvement scheme. No one should feel unsafe at Rana Gruber, says Mikalsen.

According to Mikalsen, Rana Gruber has multiple routines that support safe mining.

The company's measures for safe mining are:

- Employees need to complete thorough training modules targeting safety, and everyone receives the company handbook detailing safety routines.
- Employees wear best-in-class protective clothing and use equipment of the safest sort.
- There are procedures to identify workplace hazards and an established culture of reporting abnormalities or incidents.
- Managers are trained to always plan and lead the operation with an eye to safety.

- A management level of team leaders running the mine 24/7 with constant safety assessments of operations.
- A safety representative from the employees attend regular meetings with the working environment committee.

0

Zero serious injuries past ten years

Zero lost time injury frequency in 2021

Zero accidents in 2021

The crushed ore from the silo is filled in railway wagons, and transported to the processing plant at Gullsmedvik by rail.

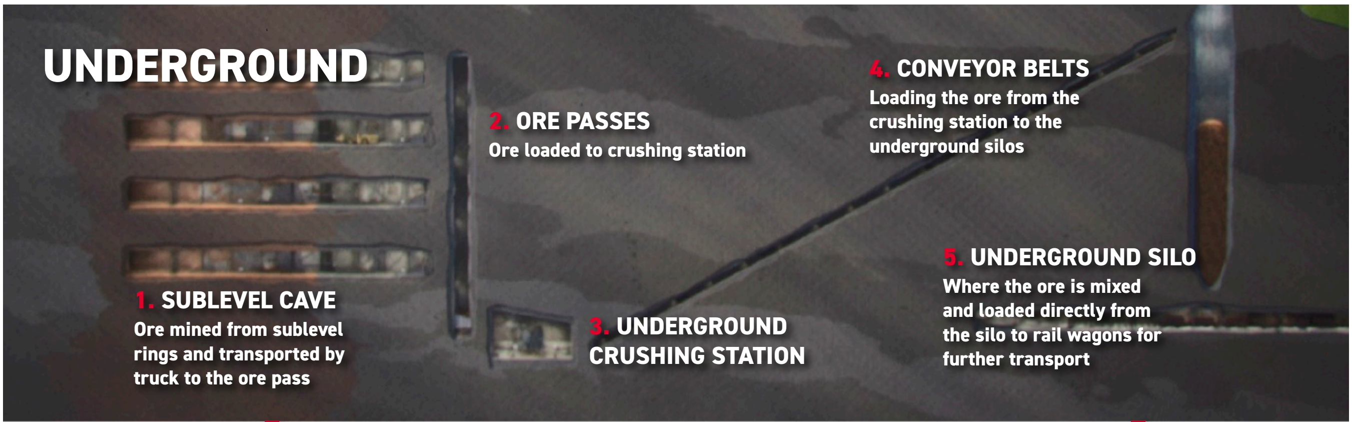
The iron ore value chain

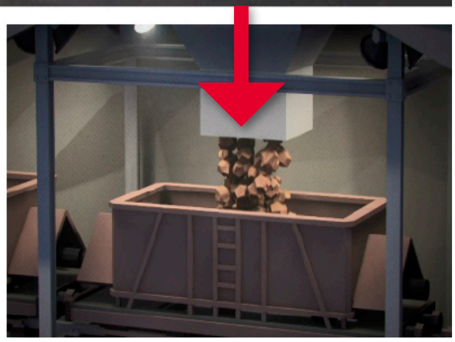
Rana Gruber's operations involve several complex steps, starting with mining and ore transport logistics, through advanced mineral processing in several product lines. A strong emphasis on R&D has resulted in high process yield without the use of chemicals, and products that go into different market tiers, e.g.:

- Hematite concentrated for steel production
- Magnetite for water purification systems
- Sub-micron iron ore minerals for pigments and other specialised products

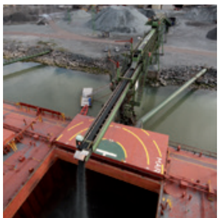
Rana Gruber is the only iron ore producer and the largest mining company in Norway, with products based on local natural mineral resources, which are upgraded and tailored for applications and exported to customers worldwide.

The ore in the underground mine is transported by trucks and crushed at the underground crushing station. Conveyor belts then transport the ore to the central underground storage silo. Ore from the open-pit operations is taken to the main crusher and blended with the underground ore in the silo. The crushed ore from the silo is filled in rail wagons. This filling takes place underground due to the special climate conditions of the area. The ore is then transported by rail to the processing plant at Gullsmedvik.

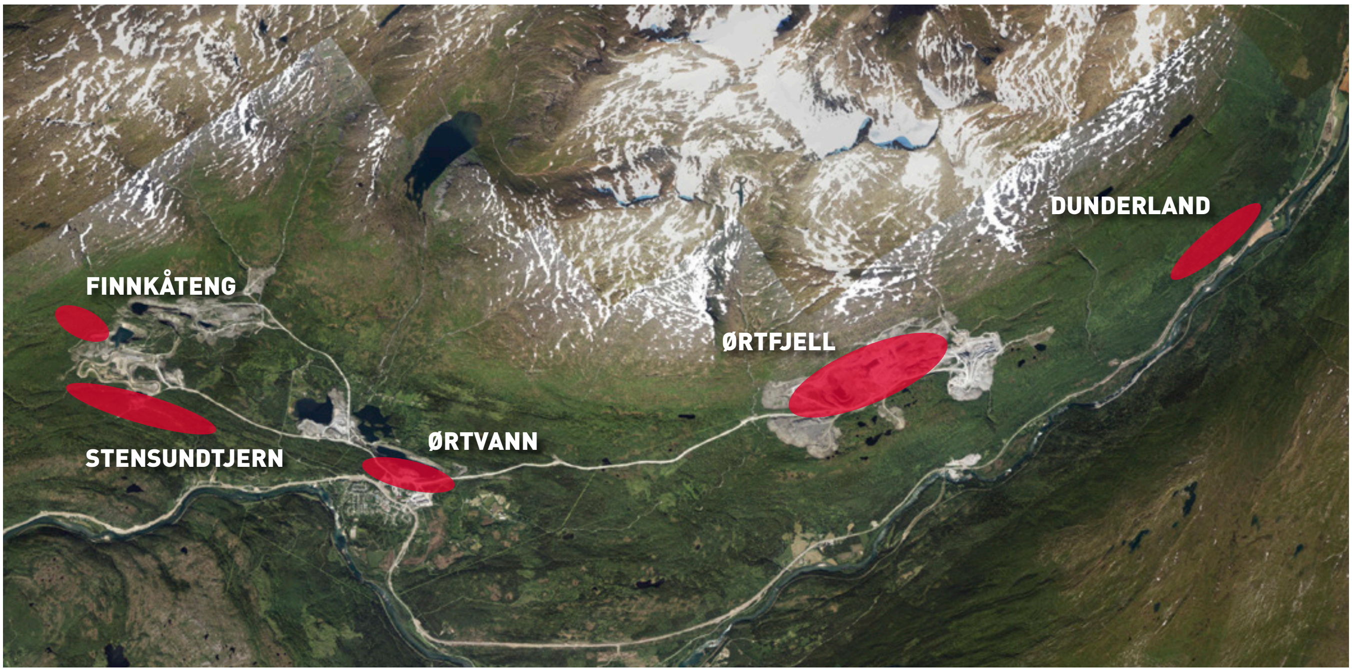






MINING	TRANSPORTATION	PROCESSING	SHIPPING	STEEL PRODUCING	END CUSTOMER
Open-pit and underground mines	Transportation by rail wagons to dressing plant on 32km downhill road reducing diesel consumption	Magnetite and hematite are extracted	Finalised products loaded and shipped to steel producers	Iron ore is processed into steel	End markets include buildings, infrastructure and cars.
RANA GRUBER'S OPERATION			RANA GRUBER NOT PART OF THE VALUE CHAIN		



Our resources and mines

The Dunderland Valley is known for its many iron oxide deposits. The horizons belong to a super group deposited in a submarine basin probably 1 billion years ago.

Rana Gruber controls five iron ore deposits. All deposits are located in Storforshei and Ørtfjell in the Dunderland Valley in Norway. In total, Rana Gruber operates more than 23 000 000 m^2 (5 700 acres) with mineral rights.

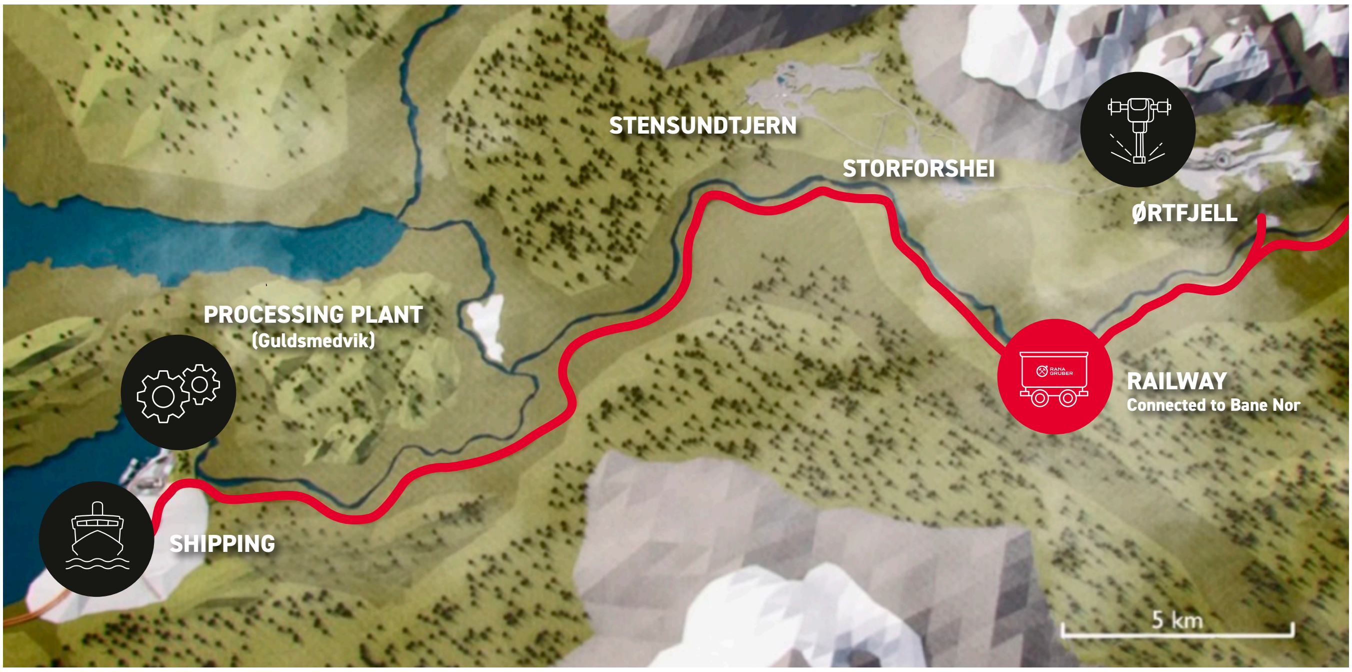
The company possesses a vast resource base exceeding 444 million mt, which is expected to ensure production for the company for several decades.

Rana Gruber operates its own mines of iron ore deposits. The mines are located in Storforshei and Ørtfjell in the Dunderland Valley, which is located approximately 35 kilometers north-east of the city of Mo i Rana. The iron ore production takes place at the company's iron ore deposits at Ørtfjell. Rana Gruber's processing plant is also located near Mo i Rana, more precisely in Gullsmed-vik, with direct access to the company's own port and railway connection.

OVERVIEW OF DEPOSITS

In mt

Location	Measured	Indicated	Interferred
Finnkåteng	-	6.6	6.0
Stensundtjern	-	35.9	0.2
Ørtvann	-	28.8	31.5
Ørtfjell	111.3	196.9	11.5
Dunderland	-	-	15.6
Total	**111.3**	**268.2**	**64.8**



Highly efficient logistics from mines to processing plant

ORE LOADED DIRECTLY FROM SILO TO RAIL WAGONS

Unique and efficient process using gravity to load ore directly from underground silos to rail wagons.

RAILWAY CONNECTED TO BANENOR

Fully loaded rail wagons are connected directly to the public railway (Nordlandsbanen) and move to the processing plant. The processing plant is located lower in the landscape than the mine, enabling a transportation of iron ore that requires minimal amounts of energy. Railway maintenance is covered by BaneNor.

SHORT DISTANCE TO PROCESSING PLANT

Very short transport distances, as the processing plant is located only ~35 km from the mines.

PROCESSING

Integrated processing plant at the shipping location. Highly cost-efficient operations.

LOADING

Products loaded on vessels at Rana Gruber's own ice-free port terminal. Most products are sold to customers free on board.

SHIPPING AND TRANSPORT

Every month, 2-3 Panamax vessels are loaded with hematite, and 2-3 short sea vessels are loaded with magnetite. The iron oxide pigments from Colorana® are packed into bags and placed on pallets for dispatch via truck or a combination of truck and rail transport to the final customer.

BUILDING THE WORLD WITH IRON ORE FROM RANA GRUBER

Iron ore is essential in our modern society, and Rana Gruber's products are building blocks in everything from cars, bridges, and buildings to water purification systems, and cosmetics.

Rana Gruber's production of iron ore concentrates is divided into three main products: hematite, magnetite, and the specialised product Colorana. Of these, hematite constituted 93.2 per cent of the total production in 2021.

Hematite

The hematite production is concentrated to iron ore bulk products formulated for metallurgical applications. Key customers are large steel manufacturers, mainly in Europe. Rana Gruber has an off-take agreement with Cargill until 2030 for the entire hematite production, in which Cargill assists the company with sales, marketing, and risk management. The end market is that of processed steel to, among other things, buildings, infrastructure, and the automotive industry.

The demand drivers for hematite are largely associated with infrastructure projects, construction, and the automotive industry. In 2021, the hematite market has been stimulated by increased governmental infrastructure projects to compensate for reduced activity following the Covid-19 pandemic. Entering 2022, the same dynamics provide support for hematite demand.

Magnetite

Magnetite from Rana Gruber is a chemical-free iron oxide concentrate. Key customers for the magnetite concentrates are within the chemical industry, mostly the European water purification industry.

Rana Gruber has a leading position in this market. In addition to water treatment, the magnetite concentrates are applied in a variety of products, such as cosmetics.

The company has announced a strategic initiative to increase the production of magnetite, following increased demand and premium pricing.

Colorana®

The specialised product Colorana is based on two types of magnetite concentrate and is used both for colorants and highly advanced products such as brake linings, magnetic stripes, and chemical processes.

Customers are located all over the world and are within a diverse group of industries or market segments, such as concrete, paint, plastics, the automotive industry, heat management, and toner production.

The demand for Colorana depends on growth within the above range of industries and markets.

LEADING THE WAY TO GREEN STEEL

Joined forces to help customers meet decarbonisation targets with high quality products.

Through a long-standing partnership, Rana Gruber and Cargill's metal business ("Cargill Metals") offer high-quality products supporting the decarbonisation of the value chain. Rana Gruber represents a sweet spot in the iron ore industry, combining low-carbon operations based on renewable energy, with commendable governance, and high-quality iron ore.

Being a significant source of carbon emissions, the global steel industry poses a challenge for the global net zero carbon emissions goal. However, the steel industry is also a vital part of the solution for a carbon neutral future.

– Steel is crucial for the world to get to net zero emissions, and a carbon neutral world needs a huge collaborative effort from players across the ferrous supply chain, including iron ore producers, distributors, and steelmakers to build the infrastructure and green technologies needed. Rana Gruber is leading the way in this transition and providing low carbon iron ore concentrate for the construction of cars and buildings with low-carbon steel, says Lee Kirk, managing director of Cargill's metal business.

Through the ambition of delivering high quality, carbon free iron ore concentrates to steel mills around Europe, Rana Gruber will provide an important contribution from the first part of the steel industry's value chain. Consequently, the important work of substituting fossil fuelled furnaces at the steel mills with other alternatives is a critical next step for reaching decarbonisation targets.

SWEET SPOT

A location close to renewable energy sources around Mo i Rana enables Rana Gruber to offer iron ore concentrates with one of the lowest carbon emissions globally among iron ore producers. Furthermore, the company has an ambition to remove all carbon emissions from the production by the end of 2025. Low carbon emissions, high scores on governance, in addition to high quality products, give Rana Gruber a unique competitive advantage.

– Rana Gruber is unique among iron ore producers in that it marries a low carbon intensity operation with commendable governance, and high-quality iron ore. Looking at the industry, it is hard to find others with high scores on all these metrics. The competitors are at best five years behind Rana Gruber, says Kirk.

HIGHER GRADE ORE REDUCES INPUT NEEDS

Higher grade iron ore contains more iron, meaning that steelmakers need less iron ore to produce the same amount of steel, resulting in both less waste and reduced carbon emissions in the production. Demand for high-grade iron ore is increasing because of higher carbon prices.

In addition, this positive demand trend for high-grade iron ore is driven by leading European steelmakers' target to reduce net carbon emissions by 30 per cent by 2030, and by 100 per cent by 2050. Increasing the iron ore grade from 63 per cent to 65 per cent is an important part of Rana Gruber's contribution to the decarbonisation of the industry. When this is realised, the company expects increased appreciation for Rana Gruber's products and hence increased price premiums.

The steel industry is gradually introducing more ambitious decarbonisation targets, as the transition to green steel requires changes in the entire value chain. While Rana Gruber is targeting carbon free mining operations, Cargill is working to decarbonise shipping. Each year, Cargill moves around 50 million tons of iron ore and 6 million tons of steel globally. European steel producers aim to be carbon neutral by 2050.

CEO of Rana Gruber, Gunnar Moe (to the right) and managing director of Cargill Metals, Lee Kirk (to the left).

EXTENDING PARTNERSHIP

Rana Gruber and Cargill extend partnership and exclusive off-take agreement for hematite concentrates until 2030.

The extension is a testament to the mutual recognition of the value of the strategic collaboration and excellent working relationship between the two companies. The strengthened partnership allows the two parties to work collaboratively while giving full play to each party's advantages on a number of long-term initiatives that provide value-added solutions which help the industry navigate the challenges of decarbonisation.

– The partnership proves our commitment to a long-term approach to iron ore production. The extension validates the quality of our iron ore products, in addition to providing predictability and a continuation of the strategically valuable partnership with Cargill, says Gunnar Moe, CEO in Rana Gruber.

As a strategic partner, Cargill's metals business provides Rana Gruber not only with solutions ranging from technical marketing to cost effective risk management. Cargill Metals also offers Rana Gruber a global network, local footprints, and a unique industry insight into the global ferrous supply chain. For instance, Cargill represents access to a broader customer base with global steel mills and an extensive distribution network. And Cargill's unique market insight as a globally leading commodity trader gives rise to competitive advantages related to the risk management of pricing, freight handling, and other relevant drivers of value.

– We are very pleased to extend this important partnership with Rana Gruber. This enables both parties to focus on their respective strengths, and to collaboratively deliver high quality iron ore products which enable a greener ferrous industry, says Kirk.

Rana Gruber and Cargill are working jointly on the strategic initiative of providing higher grade ore. In this context, this means raising the iron ore concentrate from 63 to 65 per cent. The agreement includes an exclusive off-take and marketing of Rana Gruber's hematite concentrate, which makes up around 90 per cent of Rana Gruber's production.

Extraordinary employee engagement through continuous feedback and employee ownership

The principles of lean mining have motivated a strong employee engagement in terms of work for improvement of the company's mining operation. The extraordinary employee engagement was evident when more than 6 of 10 employees invested in Rana Gruber under the admission to trading on Euronext Growth process in February.

Rana Gruber's employees show strong job engagement both in terms of the continuous work for improvement and in terms of employee ownership. These are just two effects of the company's stimulating professional environment and career formation offering.

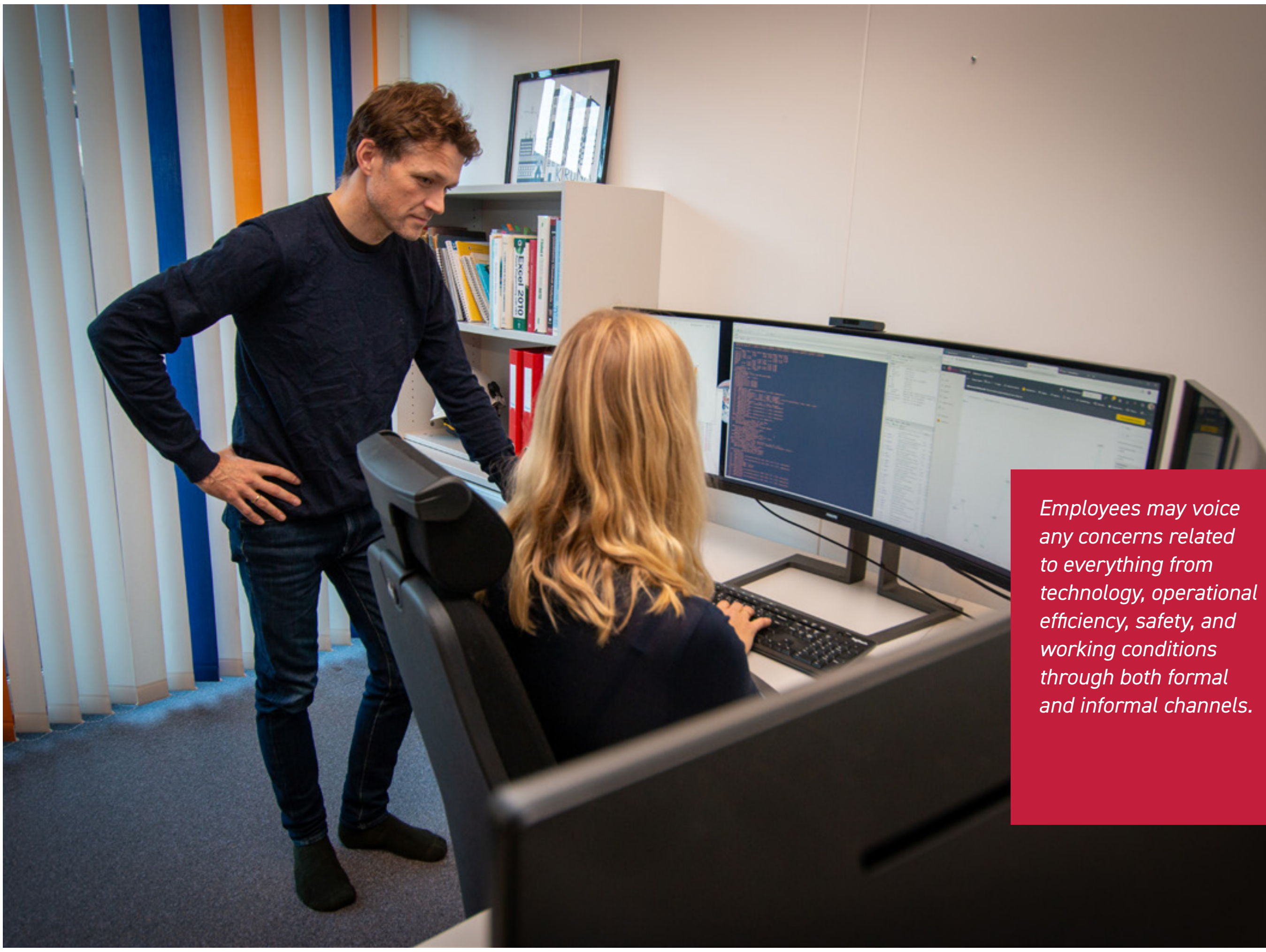
– We feel very privileged to have engaged employees, who want to improve their workplace every day. Our employees shape the company and contribute massively in our work to improve through their continuous feedback, says Anita Mikalsen, HR Director of Rana Gruber.

Rana Gruber has over time achieved low turnover and there are multiple examples of strong job involvement in the every-day operations. During 2021, five of nine who left the company retired. Two of these are still contributing on various projects. The HR Director believes that an open culture will contribute to long-lasting careers in the company.

– We hope that young people starting here in their first job will be leaders one day. A key objective is to stimulate all employees to be as good as possible, and provide opportunities for growth within the company, she says.

REDUCING WASTE IS KEY

Lean mining – a standard for reducing waste and increase efficiency – has been an important backbone in the company's approach to operational improvement, which is achieved through dialogue and cooperation between the employees and the management.



Employees may voice any concerns related to everything from technology, operational efficiency, safety, and working conditions through both formal and informal channels.

– We believe our systematised improvement scheme will enable us to implement the principles of lean mining – with which our employees are becoming increasingly familiar. The implementation of lean mining through the engagement of our employees will be crucial for our continued success, says Mikalsen.

Employees may voice any concerns related to everything from technology, operational efficiency, safety, and working conditions through both formal and informal channels, which the management then act upon to implement changes. Almost all employees are organised with Norwegian labour unions.

– We work very closely with the unions, which we believe strengthen our relationship with our colleagues and enhances work for improvement, Mikalsen adds.

6 OF 10 INVESTED

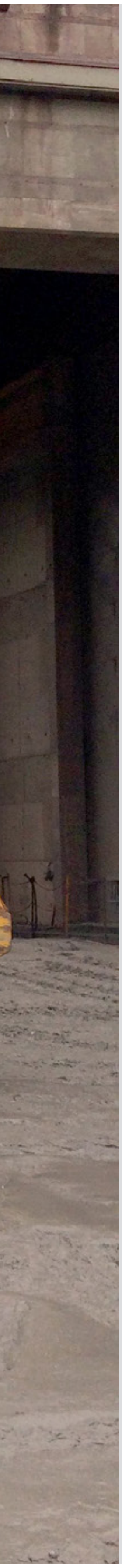
The employee engagement is also evident in that a significant number of Rana Gruber employees are shareholders in the company. The company was admitted for trading on February 26 at Euronext Growth Oslo. More than 60 per cent of the company's employees chose to invest in the company through a share purchase program, which was part of the admission process.

– I'm happy for the strong commitment, and we are proud to say that a significant share of our employees are owners of the company. This contributes to build our strong reputation and brand value – it's really a strong signal when so many colleagues have decided to invest in their employer, says Mikalsen.

The HR Director is clear that the strong engagement of the employees is not just a matter of luck.

– We make sure to both educate and facilitate the professional development of our employees. We believe that our stimulating professional environment and career formation offering are major contributors to the low turnover and extraordinary engagement of our employees, says Mikalsen.

"Being a Rana Gruber employee is something you are proud of"



MEET ONE OF OUR ROCK BLASTERS

Maria Høgås from Mo i Rana is team leader and rock blaster in the mining division. She has built her career at Rana Gruber, starting as a temporary replacement worker back in 2013. Since then, she has obtained certificates to work with several aspects of the mining operations, including transport, drilling, and rock blasting.

As a team leader and rock blaster in the mining division, Maria supervises a team of eight people, and coordinates and executes the daily drilling and rock blasting in the underground mine.

– *Why did you choose to pursue a career at Rana Gruber?*

– The company offers a stable workplace: There is always ore to extract from the mine and you know you have a job tomorrow. At the same time, you get the chance to develop yourself and build a career internally in the company, which I have found very motivating.

– *You got a team leader position in 2021. How was the transition to start leading a team of your colleagues?*

– It felt very natural to me. We have worked together for several years, and we know each other very well. So it wasn't too big of a change. At the same time, the company is very well managed, which gives the feeling of support and safety.

- *What is the Rana Gruber employee identity like?*

– Being a Rana Gruber employee is something you are proud of. Industry is big here in Mo i Rana, but we are the only ones in the entire country who do what we do, in the way we do it. I think this is really cool and gives a strong Rana Gruber identity.

Høgås became – together with around 60 per cent of her colleagues – shareholder in Rana Gruber under the admission to trading on Euronext Growth Oslo back in February 2021.

– I invested when we got the opportunity. I think this gives us not just excitement to follow the price of the stock, but also motivation to work for our continued success.

NAME:
Maria Høgås
ROLE:
Team leader mining operations
EMPLOYED SINCE:
2013
BACKGROUND:
Craft certificated rock blaster and miner

– *How do you work to implement the principles of lean mining?*

– I believe no one knows how to improve the daily job we do better than us. When operating a mine like ours, there must be continuous and open communication between those who work inside the mine, their managers, and the managers' mangers. Otherwise, one would never succeed with the highly complex operations that mining involves. Continuous feedback and communication is key to succeed with mining, Høgås says.

For the first half of the year, Rana Gruber achieved all-time high results supported by an extraordinarily strong iron ore market.

BOARD OF DIRECTORS' REPORT FOR 2021

2021 was marked by several milestones. In the beginning of the year, Rana Gruber was successfully admitted for trading on Euronext Growth in Oslo. During the year, the company has prepared for the transition to the main list at the Oslo Stock Exchange. For the first half of the year, Rana Gruber achieved all-time high results supported by an extraordinarily strong iron ore market. After the summer, global commodity markets became more volatile. Financially, this translated into revenues of NOK 1 668.4 million and operating profit (EBITDA) of NOK 937.3 million for the year. In 2021, total dividends of NOK 11.05 per share have been distributed to shareholders.

Overview of the business

The board of directors' report concerns Rana Gruber AS ("Rana Gruber" or "the company"). In an extraordinary general meeting 8 December 2021, it was resolved that the company shall convert into a public limited company (ASA). As a result, the company will be renamed Rana Gruber ASA.

BUSINESS AND LOCATION

Rana Gruber is an iron ore producer established in 1964, with operations based on more than 200 years of mining experience. The company's products are based on local natural mineral resources, which are upgraded and tailored for various applications in multiple industries, including steel production and parts of the chemical industry.

Rana Gruber operates its own mines with iron ore deposits. The mines are located in Storforshei and Ørtfjell in the Dunderland Valley, which is approximately 35 kilometers north-east of the city of Mo i Rana. The mining takes place at the company's iron ore deposits at Ørtfjell and involves both open-pit and underground mining operations. Rana Gruber's processing plant is also located near Mo i Rana, more precisely in Gullsmedvik, with direct access to Rana Gruber's own port and railway connection. The iron ore is transported from the mine to the processing plant by rail transport.

Rana Gruber has about 300 employees and a production capacity of 1.8 million metric tons ("mt") of iron ore concentrates (hematite and magnetite) and a specialised product named Colorana. The headquarter is in Mo i Rana, in the middle of Norway.

PURPOSE, VISION AND VALUES

The company's objective is to produce and sell iron ore concentrates and related activities, and – through economically sound business operations – create lasting and safe jobs in the company.

Rana Gruber's ambition is to be a force for change and a positive influence on society and the environment. Hence, the company has committed to remove all carbon emissions from the production within 2025, as the first in the global iron ore industry. Rana Gruber's goal is to be a world-class sustainable mineral producer, based on the four core values: "Safe", "Responsible", "Proud" and "Brave". Together, these values make up the philosophy that guides the company's employees, actions, and processes.

PRODUCTS AND END-USERS

Steel made from iron ore is mainly used for construction, automobile manufacturing, and other industrial applications. Hematite iron ore concentrate is shipped by sea transport, primarily to European steel mills. The magnetite-based products are shipped in smaller vessels to specialist companies, located mainly in Europe.

The end markets for hematite are those of processed steel to buildings, infrastructure, and the automotive industry. Key customers are large steel manufactures. Currently, the company delivers its entire production of hematite for steel making applications pursuant to the off-take agreement with Cargill.

Chemical-free magnetite iron oxide concentrates are used in a variety of products, such as water purification and cosmetics. The end markets for magnetite are within the chemical industry, which yields premium prices compared to the steel industry.

Colorana is Rana Gruber's own branded specialised product , which is based on two types of magnetite concentrate. Colorana products are delivered to a fragmented customer base and used both for colorants (pigment for building materials and paint products) and for highly advanced products, such as brake linings, magnetic stripes, and chemical processes.

STRATEGIC PROJECTS

The company has defined three strategic development projects for the next 3-5 years in order to strenghten long-term competitiveness.

The first project (Fe-65) aims to increase the average iron (Fe) content of the hematite products from ~63 to ~65 per cent. This will enable the product to be linked to a premium grade price index rendering increased price for the hematite products. In addition, it will contribute to lower the carbon footprint at the steel mills (less input needed to maintain the equal production).

The second project aims to increase the magnetite M40 volumes. This project is motivated by the opportunity to exploit the current situation in which the global demand exceeds the supply.

The third project aims to eliminate all carbon emissions by the end of 2025. This will be achieved by electrification of fossil energy powered mining equipment and machines, in addition to more carbon efficient rail transportation.

Colorana is Rana Gruber's own branded specialised product based on two types of magnetite concentrate, and is used for highly advanced products such as brake linings, among a range of other end products.

Key events in 2021

STABLE OPERATIONAL PERFORMANCE

Rana Gruber operates both open-pit and underground iron ore mines, as well as a processing plant producing iron ore concentrates for the steel and chemical industry.

In thousand metric tons	**2021**	2020
Production concentrate	**1 653**	1 559
Production hematite	**1 545**	1 453
Production magnetite	**108**	106
Production Colorana	**5.3**	5.0
Production ore	**5 150**	5 178
Production underground (ore)	**2 767**	3 097
Production open-pit (ore)	**2 383**	2 081
Production open-pit (waste rock)	**4 909**	4 494

Iron ore concentrate production totalled 1 653 k mt, which implies an increase of six per cent from 2020, stemming from improved operational planning.

The majority of the produced volume is hematite concentrate, which increased to 1 545 k mt in 2021. In addition, 108 k mt of magnetite concentrate, and 5.3 mt of Colorana products, were produced in 2021.

Production of ore was marginally lower in 2021 compared to 2020. In March, a new level in the underground mine, Level 123, commenced production. In the first few months, the production in Level 123 was located at a place with more waste rock, leading to less iron ore content. To compensate for this and maintain a stable iron ore production level, the company decided to increase the open-pit production. In sum, open-pit production increased by almost 15 per cent in 2021, while underground production fell back by nearly 11 per cent compared to the previous year.

In connection with the transition to the main list at the Oslo Stock Exchange, the company presented an updated ore reserves estimate at 9 December 2021. The report has been prepared by Micon International Co Limited on behalf of Rana Gruber, and in accordance with the Pan-European Reserves and Resources Reporting Committee (PERC) Standard for the Public Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2021). Of a total resource of 444 million mt, 94 mt has been classified as a reserve.

MARKET PRICES IMPACTED BY PRODUCTION LIMITS IN CHINA

Rana Gruber's main markets are characterised by strong long-term demand drivers supported by governmental infrastructure spending and increased environmental concern.

Despite solid market fundamentals, iron ore prices fell during the year. This shift, which was driven by stricter steel production regulations in China, drove prices down from an all-time high level above USD 230/mt before the summer to an average of around USD 137/mt in the second half of the year. With the increased market volatility, Rana Gruber has benefited from having a sound capital structure and financial flexibility that handles swift changes.

The average iron ore price (hematite) for 2021 was USD 159/mt (Platts, IODEX 62% Fe CFR North China), with high volatility during the year, compared with an average of USD 109/mt in 2020.

HISTORIC MARKET PRICES

USD/mt

Source: Platts.

EXTENDED PARTNERSHIP WITH CARGILL

In June 2021, Cargill and Rana Gruber agreed to extend the existing offtake agreement between the two companies by five years to 2030. The partnership involves offtake and marketing of Rana Gruber's entire hematite concentrate production. This move will allow the two companies to continue help customers worldwide meet their critical decarbonisation targets with high quality iron ore products.

OVERSUBSCRIBED IPO AND SUBSEQUENT ADMITTED FOR TRADING

In February 2021, Rana Gruber was successfully admitted for trading on Euronext Growth in Oslo. In connection with the admission process and the 50 per cent divestment from former owners LNS Mining AS, the receivables towards LNS Mining AS and Greenland Ruby AS were settled. The settlement was mainly used to restructure the company's long-term debt.

EVENTS AFTER THE BALANCE SHEET DATE

After year-end, Rana Gruber has applied for a transfer of shares admitted to trading on Euronext Growth to the main list at the Oslo Stock Exchange.

A dividend of NOK 1.51 per share for Q4 2021, or approximately NOK 56.3 million in total, was approved by the board of directors at 10 February 2022.

The company has initiated a share buyback program for a total value of up to NOK 14 million. The program will commence on 14 February 2022 and end when one of the following three events occurs: (i) the maximum number of shares to be purchased under the buyback program is acquired, (ii) the maximum amount for repurchases under the buyback program is used, and (iii) we have reached 25 February.

Pursuant to the company's adjusted dividend policy, applicable from the Q1 2022 dividends scheduled to be paid from Q2 2022, the company will aim to distribute 50–70 percent of the adjusted net profit as quarterly dividends. The board can decide that up to 30 per cent of the allocated dividend amount can be applied for acquisition of own shares. Adjusted net profit shall for the purpose of the dividend policy constitute the IFRS based net profit after tax, adjusted for unrealised gains and losses from the company's portfolio of hedging positions related to iron ore, USD, and freight, which does not impact the shipments concluded in the quarter. The board can also adjust for larger specific events that the board does not consider to be of relevance for normal business.

Financial review

All amounts in brackets are comparative figures for 2020 unless otherwise stated.

ACCOUNTING POLICIES

The following financial review for the year that ended 31 December 2021 is the first which the company has prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the EU. The implementation of the IFRS follows the company's intention to transfer to the main list at the Oslo Stock Exchange. For further information on the implementation effects from transitioning from Norwegian GAAP to IFRS, please see the 2021 consolidated financial statements, note 5.

GOING CONCERN

Both the consolidated financial statements and the separate financial statements for Rana Gruber AS have been prepared and presented based on the going concern assumption, and in accordance with section 3-3 of the Accounting Act. The board of directors confirms that the use of the going concern assumption is appropriate.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Total revenues for 2021 came in at NOK 1 668.4 million, compared with NOK 1 549.7 million last year. Volumes sold were relatively stable. Higher average market prices had a positive impact on revenue growth but were partly offset by income deductions related to freight.

Rana Gruber competes in a global iron ore concentrates market. Agreements between iron ore producers and steel mills are based on industry practices, including settlements based on the Baltic Capesize index, C3. In 2021, Rana Gruber decided to change to freight spot market exposure from a fixed price deduction in order to follow industry practise and strengthen the company's long-term competitiveness. Due to the extensive constraints in the global shipping markets, freight rates have been volatile in 2021. Together with Cargill, Rana Gruber has agreed on a fixed freight rate of 35 USD/mt. in Q4 2021 and Q1 2022 in order to ensure visibility.

A strengthening of the Norwegian currency (NOK) had a small negative effect on sales revenue translated from foreign currencies. All hematite products are sold in USD, whereas magnetite products are mainly sold in EUR.

During 2021, cash cost increased to NOK 775.3 million (NOK 666.3 million). This increase is related to the movement from one underground mining level to another, increased activity in the open-pit mine (which is operated by third-party providers contracted on a cost/tonne basis), and a general price increase resulting from increased prices of raw materials and energy, and from pressure on the supply chains.

In addition, increased corporate activity related to the key strategic initiatives and the company's transfer to the main list at the Oslo Stock Exchange required more human resource capacity in 2021 than in the prior year period.

EBITDA came in at NOK 937.3 million, corresponding to a increase of 5.1 per cent from NOK 891.4 million in 2020, as a result of increased revenues, but also partly reduced as the result of increased costs, as described above.

Net financial items of negative NOK 3.3 million mainly consisted of losses related to the hedging of iron ore in the first parts of the year, which turned into gains towards the end of the year, as well as interest and gains from currency hedges.

At year-end, approximately 19 per cent of the hematite production for 2022 has been secured in total at an average of USD 140/mt. See note 24.3 for more details about the forward contracts.

The management continuously assesses the company's portfolio of hedging positions, based on dialogue and input from customers, partners, industry experts and analysts. The hedging positions shall contribute to a stable and solid cash flow, enabling future investments and a predictable and attractive pay-out strategy. The board has authorised the administration to secure up to 50 per cent of 12 months' production volume, for a period of up to 24 months ahead.

At 31 December 2021, the company had five flexible currency hedging positions of a potential monthly impact of USD 12 million until June 2022, and USD 4 million for the remainder of 2022. See note 24 for further information about the hedging portfolio.

In sum, this resulted in a profit for the year of NOK 592.0 million, compared with NOK 278.9 million in 2020. This corresponds to earnings per share (EPS) of NOK 15.86, compared with NOK 7.46 one year earlier, and is based on the number of outstanding shares at year-end 2021.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Rana Gruber had total assets of NOK 1 129.7 million at 31 December 2021, corresponding to a decrease from NOK 1 127.4 million at the end of 2020.

Total non-current assets amounted to NOK 573.0 million at 31 December 2021, down from NOK 732.4 million the year before, of which the largest items include mine properties, property, plant, and equipment of NOK 457.2 million.

Total current assets amounted to NOK 556.7 million, up from NOK 395.0 million at 31 December 2020, including inventories of NOK 89.2 million. The increase is related to net gains on forward contracts, higher inventory, and a strong cash position. Trade receivables were NOK 63.1 million at 31 December 2021, down from NOK 298.0 million at the end of 2020, which is explained mainly by lower forward prices.

Capex for the year totalled NOK 125.7 million, of which NOK 67.0 million was development capex, NOK 40.6 million was related to maintenance in the period, and NOK 18.0 million was related to buyback of the Rana Gruber administration building from Mo Industripark AS.

Capex related to the administration building is expected to reduce operating expenses by approximately NOK 1.4 million per year going forward.

Non-current liabilities, which mainly constitutes leasing debt and deferred tax liabilities, totalled NOK 130.5 million, down from NOK 316.8 million at year-end 2020. The decrease is related primarily to the repayment of long-term debt.

The company's non-current liabilities are subject to several covenants. At the presentation of the financial statements, the company was not in breach of any of these. For details of covenants in force at 31 December 2021, see note 21.1.

Total current liabilities were NOK 417.4 million at 31 December 2021, compared to NOK 431.9 million at year-end 2020. The decrease is primarily explained by a reduction in derivative financial liabilities, which was partly offset by increases in current tax liabilities and trade payables.

Total equity ended at NOK 581.8 million, up from NOK 378.7 million at 31 December 2020. This represents an equity ratio of 51.5 per cent (33.6 per cent). The increase is explained mainly by NOK 592.0 million in profit for the period, which was partly offset by NOK 385.1 million in dividends paid.

Given the economic outlook for the industry, the board believes that the capitalised assets are in place to ensure a satisfactory return on capital for Rana Gruber.

CONSOLIDATED STATEMENT OF CASH FLOWS

Operating activities generated a cash flow of NOK 868.4 million for 2021 (NOK 520.9 million), driven mainly by increased profit.

Depreciation and amortisation for 2021 amounted to NOK 174.2 million, compared to NOK 148.7 million in 2020.

Investment activities generated a positive cash flow of NOK 8.3 million. These cash flows consist of expenditures on mine development of NOK 67.0 million and expenditures on property, plant and equipment of NOK 58.6 million, offset by cash receipt from repayment of loans of NOK 133.9 million.

Financing activities generated a negative cash flow of NOK 637.3 million (NOK 409.7 million), of which repayment of non-current liabilities and financial leasing constituted NOK 221.9 million. During 2021, Rana Gruber paid out total dividends through quarterly distributions of NOK 412.6 million (NOK 116.5 million), equating to NOK 11.05 per share.

Cash and cash equivalents amounted to NOK 264.4 million at 31 December 2021, up from NOK 25.0 million at the end of 2020. In addition, the company has an unused credit facility of NOK 100 million.

ALLOCATION OF NET PROFIT

Rana Gruber AS made a profit for the year of NOK 587.2 million for the year ending 31 December 2021. The board proposes to transfer the profit for the year after paid dividends in 2021 to other equity.

DIVIDENDS

In 2021, Rana Gruber distributed total dividends of NOK 412.59 million, corresponding to NOK 11.05 per share. According to the current dividend policy, 50–70 per cent of the company's NGAAP net income shall be distributed to shareholders, targeting a dividend distribution of 70 per cent.

Period	Dividend per share (NOK)	Dividend amount (NOK million)
Prior to admission for trading	0.74	27.50
Q1 2021	2.90	108.44
Q2 2021	3.86	144.11
Q3 2021	1.05	39.20
Extraordinary dividend	2.50	93.34
Total	11.05	412.59

The board notes that the current dividend policy will be rephrased following the conversion of the company's financial accounts to the International Financial Reporting Standards (IFRS) as adopted by the EU, however with the aim of maintaining the same cash dividend level as it would have been with continued NGAAP accounting principles.

The board's dividend decision is taking into account legal restrictions as well as capital expenditure plans related to announced strategic projects, financing requirements, and the volatile nature in which the company operates.

SEPARATE FINACIAL STATEMENTS

Rana Gruber AS had total revenue for 2021 of NOK 1 628.4 million, compared to NOK 1 512.3 million the year before. Operating profit for the year was NOK 755.4 million, compared to NOK 736.8 million for 2020, and profit for the year was NOK 587.2 million, compared to 279.0 the year before.

Rana Gruber AS merged with its sole subsidiary Rana Gruber Mineral AS in December 2021. The merger was treated as a common control transaction, where the historic book value of assets and liabilities in the subsidiary has been included in these financial statements with effect from the date of the merger. The difference between net assets in Rana Gruber Mineral AS and the historic cost of the shares in the subsidiary has been recognized in 'retained earning' with the effect of NOK 14.3 million.

As a result of the merger, the statement of the financial position for Rana Gruber AS is per the reporting date 2021 identical to the consolidated financial position for the group, and as Rana Gruber Minerals did not hold any 'cash and cash equivalents' at the time of the merger, the net cash flows from operating, investing, and financing activities will be equal to the consolidated statement of cash flows presented for the group for 2021.

For further information, please refer to the discussion in the previous sections.

Agreements with related parties

OPERATING AGREEMENT WITH LNS AS

Rana Gruber has an operating agreement with the contracting firm Leonhard Nilsen & Sønner (LNS) AS relating to the operation of the company's open-pit mine in the Ørtfjell area in Mo i Rana. The two companies also had an agreement relating to the underground level 123, where LNS was the entrepreneur. LNS is a construction company owned by Leonhard Nilsen & Sønner – Eiendom AS, who is also shareholder in Rana Gruber, holding approximately 31 per cent of the shares at 31 December 2021.

The agreement is a cooperation agreement where the parties jointly strive to optimise the operational efficiency and quality in the open-pit mine. LNS' obligations under the agreement include providing machinery and resources, and performing all activities necessary for operating the open-pit mine, including, but not limited to i.a. drilling, blasting, transportation, and loading of iron ore and waste rock.

All agreements with LNS are done based on the arm's length principle. And both companies have clearly defined responsibilities. The cooperation is evaluated on a steady basis, and all settlements are done on a monthly basis.

SERVICE AGREEMENT WITH LNS MINING

In connection with the admission to trading on Euronext Growth Oslo in February 2021, the company carried out a private placement in which LNS Mining AS (the sole shareholder of the company prior to the admission) sold 50 per cent of its shares in the company. The sale was carried out in accordance with an amendment to a shareholders' agreement with LNS Mining AS which governed how LNS Mining AS – as the selling shareholder in the private placement – was going to distribute both the net proceeds from the private placement and its remaining 50 per cent shares in the company to its ultimate shareholders ("the distribution"). The distribution took place on 30 March 2021 and the ultimate shareholders of LNS Mining AS were then made subject to customary lock-up undertakings for the shares in the company until 26 February 2022 (12 months following the admission to trading of the company's shares on Euronext Growth Oslo). LNS Mining AS did not hold any shares in the company following the distribution and does not hold any shares in the company as of this date. The company's currently largest shareholder, Leonhard Nilsen & Sønner – Eiendom AS, is still a majority shareholder of LNS Mining AS. Following the distribution, the company has sold certain administration services to LNS Mining on an ongoing basis.

SERVICE AGREEMENT WITH LNS GREENLAND A/S

On 6 May 2016, the company entered into a service agreement with LNS Greenland A/S, a company owned by LNS Mining AS. Each party may terminate the agreement by giving the other party three months written notice. Under the agreement, the company shall provide LNS Greenland A/S expertise services related to geology, exploration, short and long term mine planning and surface surveying. Rana Gruber invoices LNS Greenland DKK 100 000 on a monthly basis for the services provided and related use of equipment. In addition, the company shall invoice LNS Greenland A/S on a cost basis for expenses including travelling and lodging expenses.

Research and development

Research and development (R&D) is a key part of Rana Gruber's day to day operations. In addition, the company has a dedicated R&D department with seven employees at 31 December 2021. Salary payments to employees at the R&D department amounted to NOK 3.8 million (NOK 2.7 million).

The commitment to R&D laid the basis for increased development activity, and the company has defined three strategic development projects for the next 3–5 years which will require increased R&D investments.

Risk management

Rana Gruber is subject to several risks, which may affect the company's operations, performance, finances and share price. These risks are monitored by the corporate management and reported to the board on a regular basis.

Risk management is not about eliminating risk but taking the right risk on the basis of the company's competence, capital adequacy, and development plans. The aim of risk management is to identify threats and opportunities for the company, and steering risk towards an acceptable level, so that there is a reasonable certainty that the company's targets will be met.

On the basis of an integrated view of risk, the board has established overall strategies for risk management and parameters for financial risk in the areas of foreign currency and hedging raw materials.

The board holds that the financial statements for the year provide an accurate picture of the company's assets and liabilities, financial position and, profit at 31 December 2021.

Below is a summary of the key risks for the company. See note 23 for a more detailed description of the company's financial and market risks.

REGULATORY RISK

Rana Gruber is dependent on permits and registration in order to carry out its operations, and there is a risk that such permits and registration may be withdrawn, amended, or not renewed.

The company is subject to several general and industry-specific laws, regulations, and permits in relation to its business.

The company's activities are regulated under the Norwegian Minerals Act (The act relating to the extraction and acquisition of mineral resources). Since 2015, Rana Gruber has a permit from the Norwegian Environment Agency for deposition of waste from the production.

The new Norwegian government, elected in September 2021, has announced a strong commitment to support the Norwegian mining industry. However, there is a regulatory risk related to the design of the new government's mining policies, especially when it comes to deposition permits for the company's activities.

Furthermore, local and global taxation of carbon emissions will impact the business. However, with a decarbonisation target of removing all carbon emissions, the regulatory risk related to CO_2 taxation will depend on the extent to which the decarbonisation target is met.

The regulatory risk is managed through close dialogue with policy makers, at a regional and national level, in addition to involvement and engagement through important trade organisations, such as the Norwegian Mineral Industry.

FINANCIAL AND MARKET RISK

Decreases in iron ore prices and increases in freight costs may have a material adverse effect on Rana Gruber's results, profitability and financial position. The prices of iron ore and freight are concluded every day based on the global supply and demand.

Rana Gruber's business is subject to currency and exchange rate risk, as the majority of the company's products are sold in USD, most of its specialised products are sold in EUR, and most of its costs are denominated in NOK.

OPERATIONAL RISK

All mining and mineral processing activities are exposed to operational risk, and any events imposing risk to critical production relevant equipment and infrastructure must be mitigated. To this end, equipment and infrastructure are well maintained and backed with substantial spare parts on-site – in addition to specific maintenance plans - to reduce the probability of critical production disturbances.

Rock-stress in the underground mining operations is closely monitored and handled by rock-support measures. Furthermore, multiple operational mining locations reduce the risk of severe ore production disturbance.

Hacking and cybercrime represent an operational risk. Therefore, the IT system and network for process control is set up as a separate network without internet access, reducing the risk of external attacks.

Long term challenges following climate change might affect the company's operations, as more extreme weather can increase the risk of flooding and landslides. Several measures are considered to meet these challenges.

BUSINESS RISK

The company is dependent on a few key suppliers and contractors which subject the company to, among others, risks of delays in deliveries and production, disruption in operations, and increased costs.

The company is highly dependent on its agreement with Cargill International Trading Pte Ltd, as the latter has agreed to purchase Rana Gruber's entire annual production of hematite iron ore for steel making applications.

There are risks related to the estimation of ore/mineral reserves, as well as risks related to metallurgical sampling, in particular there is a risk that measured, indicated and inferred mineral resources cannot be converted into mineral reserves.

Rana Gruber's business may lead to pollution and damage to the environment, which may expose the company to negative attention, and thereby harm the company's reputation.

Rana Gruber is committed to providing equal opportunities for all employees in an inclusive work culture.

Corporate governance

Good corporate governance provides the foundation for long-term value creation, to the benefit of share-holders, employees, and other stakeholders. The board of directors of Rana Gruber has established a set of governance principles to ensure a clear division of roles between the board of directors, the executive management, and the shareholders. The principles are based on the Norwegian Code of Practice for Corporate Governance.

Following the transfer to the main list at the Oslo Stock Exchange, Rana Gruber will be subject to corporate governance reporting requirements under section 3-3b of the Norwegian Accounting Act and the Norwegian Code of Practice for Corporate Governance, cf. section 4.4 of the Oslo Stock Exchange Rule Book II.

The Norwegian Accounting Act may be found (in Norwegian) at lovdata.no. The Norwegian Code of Practice for Corporate Governance may be found at nues.no. Rana Gruber follows the Norwegian Code of Practice for Corporate Governance, and the company's practice is in accordance with these recommendations.

The annual statement on corporate governance for 2021 has been approved by the board and can be found in the ESG reporting section of this annual report.

EQUALITY AND ANTI-DISCRIMINATION

Rana Gruber is committed to providing equal opportunities for all employees in an inclusive work culture. Rana Gruber appreciates and recognises that every individual is unique, valuable and should be respected for his or her individual abilities. The company does not accept any form of harassment or discrimination based on gender, religion, race, national or ethnic origin, cultural background, social group, disability, sexual orientation, marital status, age, or political opinion.

The company seeks to provide equal employment opportunities and treat all employees and job seekers fairly.

Rana Gruber is subject to the requirement to provide an annual equality statement describing the company's efforts to secure equal opportunities under section 26-a in the Norwegian Equality and Anti-Discrimination Act.

The annual statement on equality is included as part of the ESG reporting section.

Corporate social responsibility

Rana Gruber is required to report on its corporate responsibility and selected related issues under section 3-3a and section 3-3c of the Norwegian Accounting Act. Rana Gruber has chosen to report on its efforts related to environmental matters, social matters, and corporate governance, which is described in the ESG reporting section and approved by the board of directors. The detailed reporting on all relevant topics can be found in the ESG reporting section.

Employees and organisation

The company had 286 permanent employees and 12 apprentices at 31 December 2021. In addition, Rana Gruber employed 8 temporary workers hired for operational project posts related to the new mining level, or to replace absence related to holiday, parental leave or sick leave. In total, the company had 306 full time employees, corresponding to 292 man-years.

CHANGES TO THE EXECUTIVE MANAGEMENT AND BOARD OF DIRECTORS

The shareholder-elected directors of the board were elected at the ordinary general meeting at 11 March 2021 for a period of two years.

The board consists of Morten Støver (chair), Kristian Adolfsen (elected by the shareholders), Frode Nilsen (elected by the shareholders), Ragnhild Wiborg (elected by the shareholders), Hilde Rolandsen (elected by the shareholders), Thomas Hammer (worker director), Johan Hovind (worker director), and Lasse Strøm (worker director).

According to the articles of association, the board of directors of the company shall consist of three to eight members.

The company has implemented a new and leaner organisational structure. The management team consists of CEO Gunnar Moe, CFO Erlend Høyen, COO Stein Tore Liljenström and HR Director Anita Brattaas Mikalsen.

INSURANCE

The company has a board liability insurance which applies to the entire board and the CEO. The amount insured is NOK 100 million.

Natural environment

Since 2012 (updated 2015), Rana Gruber has a permit from the Norwegian Environment Agency for deposition of departure/waste masses from the production. Its conditions impose restrictions on discharges to water and soil, and to emissions to the air. The company does its utmost to meet the threshold limit values in the permit. Good routines are in place to monitor discharges/emissions to ensure that negative environmental effects are prevented or reduced.

The company collaborates with the part of the mining industry involved in marine deposition to arrive jointly at the best solutions for deposition. The company collaborates closely with both the Rana local authority and other industrial companies in the area when it comes to monitoring air quality in Rana and water quality in the Rana Fjord.

Please refer to the ESG reporting section for further details on climate and the environment.

Payments to governments

The company has assessed its relations with, and payments to and from, governmental institutions in accordance with section 3-3d of the Norwegian Accounting Act [and section 5-5a of the Norwegian Securities Trading Act]. For more information, please see Note 3.22 to the financial statements.

Share and shareholder matters

A merger between Rana Gruber Mineral AS and Rana Gruber AS was completed in 2021. Rana Gruber Mineral AS was a wholly owned subsidiary of Rana Gruber AS. The purpose of the merger was to simplify the group structure. At an extraordinary general shareholder meeting at 8 December 2021, it was resolved to convert Rana Gruber AS into a public limited liability company (ASA).

Rana Gruber's shares are admitted for trading on Euronext Growth Oslo under the ticker "RANA". The company has applied for a transfer to the main list at the Oslo Stock Exchange in January 2022.

During 2021, the share traded between NOK 34.85 and NOK 79.55 per share, with a closing price of NOK 47.63 at 31 December 2021.

At 31 December 2021, the company had a total of 4 886 shareholders, of which the 20 largest held 65 per cent of the total 37 392 000 issued shares. At year-end, Rana Gruber owned 57 267 treasury shares.

Rana Gruber has one share class, and all shares have equal rights in the company. The shares are registered in the Norwegian Central Securities Depository (VPS). The company's registrar is DNB Markets. The shares carry the securities number ISIN NO0010907389.

Rana Gruber's annual general meeting for 2022 is planned to be held at 22 March 2022.

Outlook

On a global level, market fundamentals for iron ore remain strong. Increased governmental spending on infrastructure projects globally continues to be a positive demand driver for Rana Gruber's products.

2021 was impacted by volatile markets for minerals, from historically high prices of iron ore in the first half of the year to a more normalised level following a period of increased volatility after the summer. At the entry of a new year, stable iron ore prices at the current levels provide a solid foundation for the company's performance also in 2022.

Production in 2021 was slightly higher than in 2020, in accordance with Rana Gruber's promise to deliver stable production over time. The switch to a new mining level during 2021 provides a good foundation for continued stable production. The production outlook for the new year is promising and production is expected to continue at the same level as in 2021.

Long-term strategic projects have been initiated, which will increase product margins, in addition to a production with less emissions leading the way for the industry. Increased activity will for some time involve increased cash costs. However, the company now has capacity to insource some workstreams previously handled by external providers.

Operational improvements securing continued strong production, combined with a stabilised market for our products means that Rana Gruber enters 2022 on a positive note.

Declaration by the board of directors and CEO

We hereby confirm that, to the best of our knowledge, the consolidated annual financial statements for 1 January to 31 December 2021 have been prepared in accordance with applicable accounting standards and that the information in the financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company. We confirm that the financial statements give an accurate and fair view of the development, profit and position of the company, as well as a description of the principal risks and uncertainties it is facing.

Mo i Rana, Norway, 10 February 2022
The board of directors and CEO – Rana Gruber AS

Morten Støver
Chair

Kristian Adolfsen
Director

Frode Nilsen
Director

Ragnhild Wiborg
Director

Hilde Rolandsen
Director

Thomas Hammer
Director

Johan Hovind
Director

Lasse Strøm
Director

Gunnar Moe
CEO

At 31 December 2021, Rana Gruber had 286 permanent employees and 12 apprentices. With the addition of eight hired workers, the company had a total of 306 emplyoees at year-end.

BOARD OF DIRECTORS

MORTEN STØVER

(born in 1957)

Chair since 2020 (independent)

MSc in economics from BI Norwegian Business School, and multiple leadership courses from i.a. IMD.

Several management positions at Nordlandsbanken/ DNB.

Chair of LNS Mining AS, Eksportfinansiering Norge, Greenland Ruby Aps, Løvold Solutions AS, Elektro AS, Nofir AS, and Linpro AS. Director of Seaworks AS, and Chr. Jakhelln AS.

Støver held 6 000 shares at 31 December 2021.

Støver attended ten board meetings in 2021.

HILDE ROLANDSEN

(born in 1963)

Director and member of the audit committee since 2021 (independent)

MSc in economics.

Various positions at Elkem for 23 years, plant director at Renewable Energy Corporation for two years, and ownership director at Helse Nord for 11 years.

Rolandsen held no shares at 31 December 2021.

Rolandsen attended six board meetings in 2021.

RAGNHILD WIBORG

(born in 1961)

Director since 2021 (independent)

BSc in finance and macroeconomics from Stockholm School of Economics and Business Administration.

Involvement in several boards in Norway and Sweden, CEO and investment director in fund management in Norway and Sweden, and chair of audit and risk committees.

Chair of EAM Solar, Cerebrum Invest, and WKAB. Director of Kistefos.

Wiborg held 6 000 shares at 31 December 2021.

Wiborg attended six board meetings in 2021.

FRODE NILSEN

(born in 1963)

Director since 2008 (independent)

BA in civil engineering from Narvik Engineering School, MSc in civil engineering from the Norwegian University of Science and Technology, with specialisation in tunnels and mining.

Site engineer for four years, project manager for six years, project director for four years, and CEO for 15 years at Leonhard Nilsen & Sønner AS.

Chair of Leonhard Nilsen & Sønner, and LNS Spitsbergen Hålogaland Element. Director of LNS Ocean, and Andøy Energi.

Nilsen held 20 250 shares at 31 December 2021 (additional 11 689 265 shares owned through Leonhard Nilsen & Sønner Eiendom, and 70 000 through TunComp AS).

Nilsen attended ten board meetings in 2021.

KRISTIAN A. ADOLFSEN

(born in 1961)

Director since 2017 (independent)

MSc in business and economics (No. Siviløkonom) from the Norwegian School of Management (Handelshøyskolen BI) and MBA from, University of Wisconsin, Madison, USA.

Developed an international company with 25 000 employees over the past 30 years.

Chair and director of more than one hundred companies.

Adolfsen held 2 865 414 shares at 31 December 2021 (owned through several companies).

Adolfsen attended ten board meetings in 2021.

JOHAN HOVIND

(born in 1969)

Club leader and worker director since 2020 (independent)

Certificate in metallurgical processes.

30 years of experience from industrial companies in Rana.

Hovind held 606 shares at 31 December 2021.

Hovind attended nine board meetings in 2021.

LASSE ORLANDO STRØM

(born in 1990)

Operator since 2013, deputy club leader, and worker director since 2020 (independent)

Concrete worker certificate.

Concrete worker at Helgeland Betong for three years.

Strøm held 653 shares at 31 December 2021.

Strøm attended ten board meetings in 2021.

THOMAS HAMMER

(born in 1978)

Logistics manager since 2011, Rana Gruber representative at the Norwegian Engineers and Managers Association, and worker director since 2020 (independent)

Trade certificate in logistics, and leadership education from the Norwegian Armed Forces.

Over 20 years of experience with logistics in industrial companies.

Hammer held 606 shares at 31 December 2021.

Hammer attended ten board meetings in 2021.

MANAGEMENT TEAM

GUNNAR MOE

CEO since 2017 (and 2010–2013)

BA in Pedagogy from Nesna University College.

Teacher in Rana for 13 years, journalist and editor at Rana Blad for 10 years, head of personnel and administration at Rana Gruber for three years, CBDO at Momek Group for two years, and CBDO at Leonhard Nilsen & Sønner for two years.

Moe held 15 733 shares at 31 December 2021.

ERLEND HØYEN

CFO since 2020

BA in Economics and Administration from Trondheim Business School, and MSc in Financial Economics from BI Norwegian Business School.

Business controller at TDC Norge AS for two years, controller manager at TDC Norge AS for three years, senior associate at PricewaterhouseCoopers AS for one year, field economist/controller at Rana Gruber for two years, and procurement manager at Rana Gruber for five years.

Høyen held 9 682 shares at 31 December 2021.

DR. STEIN-TORE LILJENSTRÖM

COO since 2016

Master of Science from Umeå University, and PhD in Physical Chemistry from Umeå University.

Department manager at Molab AS for six years, plant manager at Rana Gruber for five years, production manager at Rana Gruber for four years, and CEO at Glør AS for one year.

Liljenstöm held 9 192 shares at 31 December 2021.

ANITA BRATTAAS MIKALSEN

HR director since 2020

Various positions at the Norwegian police for 22 years, head of personnel at Rana Gruber for three years, and head of HR at Rana Gruber for five years.

Mikalsen held 606 shares at 31 December 2021.

Rana Gruber's vision is to be a world-class sustainable mineral producer and seeks sustainable solutions in daily activities.

ESG REPORTING

Rana Gruber will soon have existed for 60 years, yet Rana's mining history originates back to the 1700s. As such, Rana Gruber is part of a proud history, and the company stands on the shoulders of miners who have been extracting iron ore from the local mountains for centuries.

Mining is a fundamental part of the Rana community's identity and history. Moreover, Rana Gruber is one of the region's largest and most important employers. It is therefore clear that the company carries several obligations, one of which is taking on a corporate social responsibility, which extends beyond being a large workplace. Rana Gruber strives to conduct its business with loyalty, care, and respect towards all: customers, suppliers, employees and shareholders, as well as society, and the environment.

Norway's new government saluted the mineral sector towards the end of 2021, as minister of trade and industry, Jan Christian Vestre, stated that the world will need the mining industry if the green transition is to succeed. He expressed ambitious goals for making the industry's operations in Norway the most sustainable in the world. Rana Gruber is ready to contribute.

The company's vision is to be a world-class sustainable mineral producer and seeks sustainable solutions in daily activities. In 2022, Rana Gruber will therefore start a strategy process aimed at committing even further to the global effort required to reach the UN's Sustainable Development Goals. To this end, Rana Gruber will look for ways to raise its ambitions in a number of ways.

Rana Gruber is required to report on several responsibilities under sections 3-3a, 3-3b and 3-3c of the Norwegian Accounting Act. The purpose of this ESG section is to provide an account of the company's work relating to the environment, society, and corporate governance.

In what follows, the company reports direct and indirect greenhouse gas (GHG) emissions in accordance with the recognised international standard: the GHG Protocol. In the future, the company will also report in accordance with other recognised international standards, such as the Global Reporting Initiative, the Task Force on Climate-Related Financial Disclosures, and the Towards Sustainable Mining (TSM) system. This will provide open and readily available information on the company's sustainability/ESG work, while simultaneously helping the company to improve its work in the relevant areas.

The environment

The company is well aware that mining has a negative impact on nature, climate, and the environment. The international mining industry (including coal mining) is responsible for huge amounts of GHG emissions. According to the McKinsey report "Climate risk and decarbonization: What every mining CEO needs to know", it accounts for up to seven per cent of the total global emissions. Another major impact factor is direct interference with nature.

Due to the environmental impact of the mining sector in general, and Rana Gruber in particular, the company aims to become an iron-ore producer contributing to a far more sustainable value chain than that of today. To this end, the company has set ambitious goals and aim to become the world's first iron-ore producer with zero CO_2 emissions by the end of 2025. Even at present, Rana Gruber is one of the iron ore producers with the lowest CO_2 emissions across all geographies (9.29 kilograms CO_2-equivalents per tonne produced iron ore concentrate on the Scope 1 and 2 emissions detailed below).

Location wise, Rana Gruber has some advantages. There is a short distance from the mining site to the harbour at Gullsmedvik, meaning that there is no need for long-distance rail transport. Hence, Rana Gruber has a good starting point for meeting the zero emissions target.

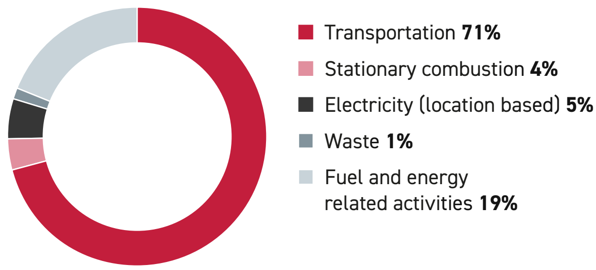
Moreover, Rana Gruber's iron ore is processed entirely by using renewable energy from the hydropower stations around Mo i Rana. Work is also underway for changing the machines and vehicles powered by fossil fuels to machines and (autonomous) vehicles powered by electricity. In addition, the company has both committed to contribute to the partial electrification of the regional railway (Nordlandsbanen), and is involved in a pilot project related to hydrogen-powered locomotives, in collaboration with Sintef and the Norwegian University of Science and Technology (NTNU).

Rana Gruber has a permit to operate pursuant to the Norwegian Pollution Control Act. The company collaborates closely with the Norwegian Directorate of Mining, and the Norwegian Environment Agency, and reports annually to both these entities.

RANA GRUBER'S CARBON ACCOUNTS

The following diagram and table detail the emissions of Rana Gruber.

GHG EMISSION PER CATEGORY 2021



ANNUAL GHG EMISSIONS PER SCOPE

In tonnes CO_2 equivalents	2019	2020	**2021**	Per cent share of total emissions
Scope 1 total	12 266	13 675	**14 352**	
Transportation	11 754	13 597	**13 636**	71%
Stationary Combustion	512	78	**716**	4%
Scope 2 total	748	884	**991**	
Electricity location based	748	884	**991**	5%
Scope 3 total	3 229	3 725	**3 860**	
Waste	235	354	**239**	1%
Fuel & Energy related activities	2 994	3 372	**3 621**	19%
Total	16 242	18 284	**19 202**	100%
Electricity market based	*26 170*	*38 877*	***39 837***	

Key Performance Indicator

	2019	2020	**2021**
Tonne iron ore	1 607 971	1 558 997	**1 652 376**
kgCO_2e (Scope 1 & Scope 2)	13 013 500	14 558 600	**15 342 500**
kgCO_2e/tonne iron ore	8.09	9.34	**9.29**

CARBON ACCOUNTING PRINCIPLES AND REPORTING METHODOLOGY

Methodology

The carbon accounting has involved greenhouse gas inventory accounting principles, which are described in the GHG Protocol Corporate Accounting and Reporting Standard (GHG Protocol) developed by the World Resources Institute and the World Business Council for Sustainable Development. In alignment with the GHG Protocol, the carbon accounting took into consideration CO_2, CH_4, N_2O, HFCs, PFCs, SF_6, and NF_3 when converting consumption data to tonnes CO_2-equivalents (tCO_2e). The Global Warming Potential used in the calculation of CO_2e is based on the Fourth Assessment Report of the Intergovernmental Panel on Climate Change.

Organisational boundary

Rana Gruber operates and controls five iron ore deposits. All deposits are located in Storforshei and Ørtfjell in the Dunderland Valley in Norway. In total, Rana Gruber operates at, and has mineral rights connected to, more than 23 000 000 m^2 (5 700 acres). To determine the "organisational boundary" – which defines the operations that make up a business or entity for the purpose of consolidating GHG emission in a carbon accounts – Rana Gruber uses the "control approach". On this approach, the organisational boundary is set such that the reported emissions are only those associated with operations over which the company has control. In Rana Gruber's case, the control in question is that which the GHG Protocol defines as "operational control", meaning that Rana Gruber has the full authority to introduce and implement operating policies at the relevant operations. In other words, Rana Gruber's carbon accounts concerns the emissions associated with those operations over which Rana Gruber has operational control.

Operational boundary

While the organisational boundary determines which operations an entity shall take into account in its carbon accounting, the "operational boundary" determines which direct and indirect emissions shall be included in the carbon accounts. Within the operational boundary, the GHG Protocol distinguishes between three "scopes".

Scope 1 concerns all direct emissions stemming from owned, leased, and rented assets. This includes emissions from transportation and stationary combustion, such as leased company cars, rail transport, and emissions from heavy machinery used to operate the mines. The total emissions of scope 1 amount to 14 352 tonnes CO_2 equivalents (tCO_2e). 80 per cent of total emissions in scope 1 derive from rail transport (2 018.3 tCO_2e) and rented tank facilities (9 493 tCO_2e).

Scope 2 concerns indirect emissions from the generation of electricity purchased by the company. These emissions can be calculated in two ways: by means of the location-based method and the market-based method. The location-based method calculates emissions by using the average emissions intensity of the grid that provides the company with electricity. The calculated emissions are then the result of that which actually generated the electricity consumed by the company. The market-based method calculates emissions by using emission factors related to supplier-specific properties, as described in the contractual agreement under which the company has purchased electricity. The calculated emissions are then the result of that which, according to the contract under which the company purchased electricity, generated the electricity purchased by the company. These methods can yield different results for scope 2 emissions, since the source of the electricity which a company actually gets from the grid may diverge from the source described in the contract under which the company purchased electricity.

Both the location-based and the market-based method have been employed in the carbon accounting of Rana Gruber. As described in the table, the location-based emissions amount to 991 tCO_2e, while the market-based emissions amount to 39 837 tCO_2e. According to the International Energy Agency, the location-based energy is based on 95 per cent renewable sources.

Scope 3 concerns indirect emissions stemming from upstream and downstream activities in Rana Gruber's value chain, which involve sources that Rana Gruber neither owns nor controls. In the carbon accounts of 2021, two categories of emissions are included. The first is downstream emissions associated with the waste generated in the operations. The second is emissions from fuel and energy-related activities, which concern emissions from the production, processing, and transportation of fuel, in addition to emissions from the generation of the electricity which is lost in the distribution network but which belongs to Rana Gruber's purchased (albeit not consumed) electricity. Other indirect emissions belonging to scope 3 were not included in the carbon accounts of 2021, but the company aims to include these in future carbon accounts. In total, the scope 3 emissions of 2021 amount to 3 860 tCO_2e.

Quantification

Rana Gruber uses consumption and activity data to calculate CO_2e emissions from their monthly operations throughout the year. The calculation method is based on the average-data method implemented through the CEMAsys software. The average-data method involves emission factors determined by the Ministry of Climate and Environment (Norway), the Department of Environment, Food and Rural Affairs (UK), the International Energy Agency, and the Norwegian Environment Agency.

To the Board of Directors in Rana Gruber AS

Report on Rana Gruber AS's greenhouse gas emissions reporting

We have undertaken a limited assurance engagement of the accompanying statement of Rana Guber AS's measurements and reporting of greenhouse gas emissions ("GHG emissions") for the period 1 January 2019 – 31 December 2021. Measurements and reporting of GHG emissions are presented in the ESG report section of Rana Gruber's 2021 annual report.

Our limited assurance engagement comprises whether Rana Gruber has developed measurements and reporting of GHG emissions and whether the GHG emissions are presented according to the GHG Protocol Corporate Accounting and Reporting Standard published by the World Resources Institute and the World Business Council for Sustainable Development (criteria). The GHG Protocol Corporate Accounting and Reporting Standard is available at https://ghgprotocol.org/corporate-standard.

Tasks and responsibilities of management
Management is responsible for Rana Gruber's GHG emissions reporting and that the GHG emissions are measured and reported in accordance with the GHG Protocol Corporate Accounting and Reporting Standard. Their responsibility includes developing, implementing and maintaining internal controls that ensure appropriate measurement and reporting of GHG emissions.

Our independence and quality control
We are independent of the company in accordance with applicable laws and regulations and the Code of Ethics for Professional Accountants (IESBA Code) and with the ethical requirements that are relevant to our independent statement, and we have fulfilled our ethical obligations in accordance with these requirements and IESBA Code. We use ISQC 1 - Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements and maintains a comprehensive quality control system including documented policies and procedures of the ethical standards, professional standards and applicable legal and regulatory claim.

The Auditors responsibilities
Our responsibility is to express a limited assurance conclusion on Rana Gruber's GHG emissions reporting based on the procedures we have performed and the evidence we have obtained. We have performed our work and will issue our statement in accordance with the International Standard on Assurance Engagements ISAE 3410 Assurance Engagements on Greenhouse Gas Statements. That standard requires that we plan and perform this engagement to obtain limited assurance about whether the GHG statement is free from material misstatement.

A limited assurance engagement undertaken in accordance with ISAE 3410 involves assessing the suitability in the circumstances of Rana Gruber AS's use of GHG Protocol Corporate Accounting and Reporting Standard as the basis for the preparation of the GHG statement, assessing the risks of material misstatement of the GHG statement whether due to fraud or error, responding to the assessed risks as necessary in the circumstances, and evaluating the overall presentation of the GHG statement. A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

PricewaterhouseCoopers AS, Postboks 748 Sentrum, NO-0106 Oslo
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Statsautoriserte revisorer, medlemmer av Den norske Revisorforening og autorisert regnskapsførerselskap

pwc

The procedures we performed were based on our professional judgment and included inquiries, observation of processes performed, inspection of documents, analytical procedures, evaluating the appropriateness of quantification methods and reporting policies, and agreeing or reconciling with underlying records.

Given the circumstances of the engagement, in performing the procedures listed above, we:

- Through inquiries, obtained an understanding of Rana Gruber AS's control environment and information systems relevant to emissions quantification and reporting, but did not evaluate the design of particular control activities, obtain evidence about their implementation or test their operating effectiveness.
- Evaluated whether Rana Gruber AS's methods for estimating emissions based on energy use and emission factors for the use of different energy sources are appropriate and have been consistently applied and reported.
- Performed procedures to assess the completeness of the reported emissions sources, data collection methods, source data and relevant assumptions applicable to estimate emissions from a selection of Rana Gruber's emission sources. The test procedures were chosen taking into consideration the emission sources' contribution to total emissions and our understanding of the risk of material errors in measurements and reporting of emissions.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement. Accordingly, we do not express a reasonable assurance opinion about whether Rana Gruber AS's GHG statement has been prepared, in all material respects, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard published by the World Resources Institute and the World Business Council for Sustainable Development.

Limited Assurance Conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that Rana Gruber ASs GHG statement for the period 1 January 2019 – 31 December 2021, is not prepared, in all material respects, in accordance with the GHG Protocol Corporate Accounting and Reporting Standard published by the World Resources Institute and the World Business Council for Sustainable Development.

Oslo, 10 February 2022
PricewaterhouseCoopers AS

Gorm F. Nymark
State authorized public accountant (Norway)

(Digitally signed)

(2)

CERTIFICATIONS

Rana Gruber has an overriding goal of minimising the environmental impact of its operations. Several certifications have been obtained, including ISO 9001:2015 (quality management), ISO 14001:2015 (environmental management) and EN 12878.

The company is also working to obtain a sustainable mine certification in collaboration with Norwegian Mineral Industry. Membership of this trade association commits one to participate in the Towards Sustainable Mining (TSM) initiative. Launched in 2004 by the Mining Association of Canada, TSM provides a system to help mining companies and their operations to evaluate and administer their environmental and social responsibilities. It provides a fully tested reporting programme used in several countries around the world.

Rana Gruber has committed to comply with TSM's guiding principles. These principles aim at safeguard of the environment, a secure workplace, and protection of indigenous communities and other stakeholders.

The TSM initiative covers eight operational areas:

1. The prevention of child and forced labour.
2. Contact with NGOs, local communities and indigenous peoples.
3. Crisis management and communication.
4. Health, safety and the environment (HSE).
5. Tailing management.
6. Management of energy consumption and GHG emissions.
7. Water stewardship.
8. Biodiversity conservation management.

Known as assessment protocols (or just protocols), these operational areas have been designed to help the reporting businesses to understand and comply with TSM's guiding principles.

REDUCING NEGATIVE IMPACT ON NATURE

Rana Gruber works continuously to reduce negative impact on nature. The company is therefore determined to ensure that sites are rehabilitated in the best possible way, which involves refilling and revegetating open-cast mines after extraction is terminated. This is done in accordance with legal regulations and in cooperation with relevant local and national governmental institutions.

In this context, the Stortjønna lake (see pictures above), provides a good example. When extraction was terminated in this area, Rana Gruber collaborated closely with Statskog to rehabilitate it in the best possible way for after-use. Stortjønna was filled with rocks and then covered with soil to allow the natural restoration of vegetation. The goal was to enable migration routes for elk and other wild animals, angling and outdoor life, and rough grazing. Just two years after extraction ended at Stortjønna, plants and trees are now starting to grow, and elk have reclaimed their migration route.

Rana Gruber's goal is to rehabilitate active open-cast mining sites to the extent possible, for the purposes listed above, and for the benefit of the local community. The company is determined to ensure that sites are rehabilitated in the best possible way.

CHEMICAL-FREE PRODUCTION

Companies involved in mining activities, like Rana Gruber, know that they have a negative impact on nature. The key question is therefore how this impact can be minimised. Most mining companies use chemicals in their operations, which helps to produce better, cleaner, and more expensive products. Despite these advantages, Rana Gruber has developed a chemical-free production, for the sake of environmental concerns.

Before and after:
Tailings from Rana Gruber have been used to fill up areas around the city of Mo i Rana.

WASTE MANAGEMENT

A universal challenge for all mining companies is waste management. Justified criticism has been directed at the industry because of the way the industry has pursued mineral processing and waste handling. Rana Gruber has a system for marine deposition in the Rana Fjord. These waters were bereft of life in the 1970s following massive pollution from coking-plant discharges. After the closing of this facility in 1979, the fjord has regenerated faster than expected. Tailings from Rana Gruber have been beneficial in this specific case, since they consist of clean sand and function as a lid locking in the old pollution on the seabed. As a result, life has returned to these waters. Naturally, however, there is no ecosystem of seabed-dwelling organisms.

Rana Gruber monitors the discharge of tailings to the sea, both continuously and through planned controls with assistance from consultants (seabed scanning and sampling of bottom sediments). The company also looks at alternative waste management solutions, together with partners and the government, for the purpose of identifying better and more sustainable solutions for the future.

Rana Gruber is aiming to look at alternative solutions, together with partners and the government, for the purpose of identifying better and more sustainable waste management solutions for the future.

SPILLING TO WATER

Rana Gruber currently holds a permit from the Norwegian Environment Agency to spill solid particles into the Rana River after ore extraction at the mine. This is issued pursuant to Norway's Act on Protection Against Pollution and Waste. In 2022, the company will assess the risks of pollution, such as its negative impacts on nature.

Spilling of fine particles to the Rana river

When extracting ore, fine particles are generated both from drilling and from transport. These particles follow the production water through the mine. The purifying plant in the mine consists of three settling pools and one clean water pool. The production water passes through a settling basin so that particles are sedimented (and later deposited), while purified water is released to the Rana river. Spilling of fine particles (i.e. so-called suspended substance) to the Rana river has a limit value of 50 mg/l. At normal water volumes, a satisfactory purification is achieved.

However, in the event of heavy rainfall and melting of snow, huge amounts of water enter the mine and thereby the purification plant. In such events, the interval between water entering and leaving the basin is too short to achieve a satisfactory sedimentation, which results in more suspended substances entering the Rana river. Because of this, the company is working to

The water curtain plant in full operation. At normal water volumes, a satisfactory purification is achieved.

Photo: Thor Båsmo

improve the purification system and to reduce the spilling of suspended substances to the river.

EMISSIONS TO AIR

Rana Gruber has introduced several measures to reduce emissions to air. One measure is to store products under a water mist system, which prevents dust from escaping the surrounding areas.

A second measure is related to the combustion of rubber, which takes place in an incinerator about once a month. During combustion, smaller amounts of sulphur and dust are emitted to the air. With the help of an external laboratory, emissions are sampled at certain intervals. This monitoring enables the company to keep emissions far below the permitted limit.

A third measure is the filtering system used in the production of COLORANA, specifically, in the production of iron oxide pigment. The filtering systems run continuously and emits very small amounts of dust. In the event of system failure or damaged filter bags, however, the emissions may increase for a limited time.

There has been some challenges with obtaining representative measurements from the filtering systems. The company has therefore worked to get an emission meter installed, so that the company can monitor emissions and avoid exceeding the permitted emission limits. In the current transitional phase, however, emission measurement will be done with the use of an external laboratory.

RANA GRUBER WINS THE RENEWABLES AWARD

Rana Gruber was awarded the Renewables Award for November 2021. The award is administered by Energy Norway, a non-profit industry organisation representing about 300 companies involved in the production, distribution and trading of electricity in Norway. The jury's statement was as follows:

Rana Gruber's efforts to explore the potential of electrical solutions in the mining industry may speed up the process of phasing in heavy, electrical machines. This has global significance, as the world must deal with an all-time-high demand for minerals, while simultaneously cutting emissions. If Rana Gruber succeeds in reaching their zero-emission targets while creating industrial jobs, the company deserves appropriate credit.

Rana Gruber always puts health and safety first, and seeks to have a constructive dialogue with relevant stakeholders.

Social matters

Mining requires high standards for safety and cooperation in face of challenges related to the operations, employees, and the local community. Rana Gruber always puts health and safety first, and seeks to have a constructive dialogue with relevant stakeholders. The company is a well-organised business characterised by instructive collaboration between the management and employee organisations. This collaboration also extends to the local community, the authorities, and other relevant organisations.

HSE

The health and safety of employees, customers and partners are always a top priority at Rana Gruber.

A dedicated policy sets high HSE standards for the working environment at all sites and plants. The aim is to offer a workplace that is free of accidents, as the result of accurate and detailed training modules, systems, and procedures, e.g. the use of top quality personal protective equipment (PPE).

The company has acquired substantial experience on operating safely, and consequently no employees have incurred serious injuries over the past ten years.

Measures are adopted in cooperation with the unions to safeguard production and operation, while simultaneously avoiding excessive workloads on employees in the event of accumulation of absence related to sickness. Dialogue and flexibility are important factors in this collaboration.

During the covid-19 pandemic, the prevalence of sick leave has increased. This is both due to the required precaution connected with Covid-19 symptoms, and the care for sick children.

Just as in 2020, great attention was needed to deal with the pandemic in 2021. Rana Gruber has introduced a "traffic light" model, with measures tailored to fit the instructions given by the authorities. These measures include working from home, reorganising working hours to reduce potential close contacts, testing, keeping a safe distance, and the use of PPE. In addition, visits and travel have been minimised, with measures to reduce risks which could affect the operations.

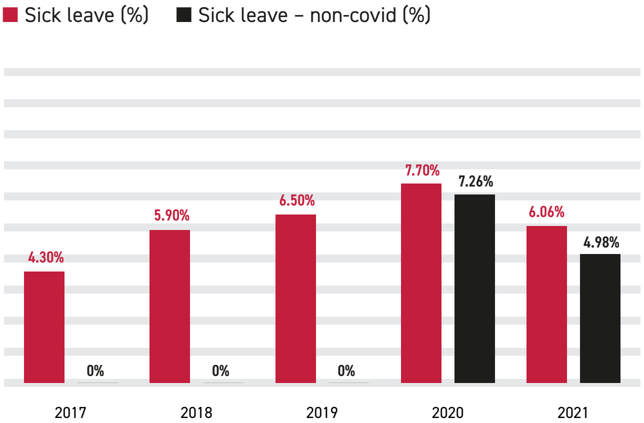
SAFE WORKING CONDITIONS

Working conditions at Rana Gruber must be secure and hygienic. Company policy includes health checks for employees, keeping track of lost working hours, and registering and reporting potential occupational hazards. The company's workforce turnover is low, and great emphasis is placed on ensuring a good and secure working environment for employees.

At Rana Gruber, there is an established culture for reporting abnormal conditions or incidents, and the company handbook – which describes safety routines – is issued to all employees.

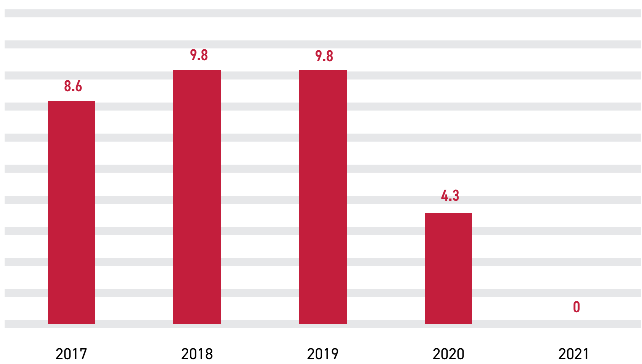
Rana Gruber conducts a health survey every three years to map possible employee problems relating to dust, noises, fumes, chemicals, working hours, job satisfaction, psychosocial factors and the like. Due to the pandemic, the 2021 survey has been postponed until 2022.

SICK LEAVE



WORK RELATED INJURIES

H1-numbers



The left figure shows total sick leave figures (red) and total sick leave with covid-related leave left out (black).

The company conducts annual working environment assessments in order to map Rana Gruber employees' exposure to hazardous substances, dust, and noise. These assessments are based on guidelines and standards from the Norwegian Labour Inspection Authority. They involve a detailed occupational hygiene assessment, covering a minimum of six measurements in each group of workers with comparable exposure to an unwanted item, and a statistical assessment of the results. The analysed results are combined with risk assessments and a mapping of potential measures for reducing exposure to the unwanted item. These interventions always aim to remove the source of the unwanted item to the extent possible. Working environment assessments were conducted in 2021 for the mine and the rubber shop.

HIGH LEVEL OF UNIONISATION

Rana Gruber fully supports the tripartite collaboration between employers, unions, and the government in the Norwegian society. Close and trustful cooperation with the unions is crucial for the company's development and growth. As an employer, Rana Gruber both respects and encourages employees to form and join unions of their own choice. The level of workforce unionisation is close to 100 per cent.

The management holds regular joint meetings with elected union officers through the working environment committee (AMU), and collaborates on framing employment regulations which define rules on matters such as recruitment and dismissal, working hours and pay, and disciplinary rules for the company.

Rana Gruber wants to encourage constructive discussion and openness in negotiations, and makes provisions for communication with all employees, for the purpose of handling conflicts or other areas of concern. Moreover, employees have influence on the company's decisions through board representation, and through the general meeting as shareholders.

WHISTLEBLOWING

Each and every employee has the right to report irregularities in the company they work for. In addition, effective whistleblowing mechanisms can be a valuable resource for risk management, protection against financial losses, liabilities and reputational damage. The management in collaboration with union officials therefore ensure that the Rana Gruber's whistleblowing system for the reporting of irregularities is in place. The company is also responsible for making sure that whistleblowers do not experience any direct or indirect sanctions.

It is in Rana Gruber's interest that these mechanisms are well known among the employees, and the company will work continuously to train and guide employees in collaboration with union officials.

ANTI-CORRUPTION

Rana Gruber has a specific anti-corruption policy. In addition, the company has developed a set of guidelines that comply with Norwegian legislation and statutory regulations. This document applies to Rana Gruber and all its employees. The policy provides an overview of rules and procedures for preventing corruption, and explains how employees should behave in order to avoid it. All Rana Gruber managers are required to ensure that these procedures are well known in the organisation, and that a culture for compliance is established.

THE EQUALITY STATEMENT OF 2021

Mining is traditionally a male-dominated industry. In 2021, women accounted for 53 of Rana Gruber's 286 employees. The executive management team of four includes one woman, while the female proportion of the board of directors is 40 per cent.

As a matter of principle, the most qualified and suitable candidate will be chosen for employment at Rana Gruber. Nevertheless, the company realises that targeted efforts must be installed to meet the requirements set by the Norwegian Equality and Anti-Discrimination Act. The results of these efforts are described in this equality statement.

The statement has two parts. The first part contains a mapping of differences in salaries between men and women, and of and work done involuntarily part-time. The mapping was undertaken by the HR director, Anita B Mikalsen, in collaboration with union representatives in January 2022. The second part contains the results of an assessment of the company's work to promote gender equality and anti-discrimination, as well as those of a risk assessment related to these topics. These assessments were conducted by a team of representatives from the HR department and the unions in January 2022, and consisted of: Anita B. Mikalsen (HR director), Helene Solem (head of quality and HSE), Thomas Hammer (union representative of the technical officers), Jim Johansen (head of personnel), and Johan Hovind (club leader in Fellesforbundet).

This work was supervised by representatives from Sustainability AS and Risikotavler AS, according to a methodology based on the ISO 31000 standard for risk management. The board and management of Rana Gruber was also informed, and has approved, of this work.

Mining is traditionally a male-dominated industry. In 2021, women accounted for 53 of Rana Gruber's 286 employees.

Part 1: Status for gender equality

Salary differences

The company has assessed whether there are differences in salary between men and women. The assessment was conducted by comparing average salary (including fixed salary, overtime pay and other variable supplements) within, but not across, four employee categories: operators, office/mercantile positions, technical officers, and managers.

The results for each employee category are displayed in the tables below, and explanatory comments are attached to each table.

Operators	Women	Men
Employees	33	195
Average yearly salary (NOK)	564 633	594 648
Payments in kind (NOK)	1460 equivalent	1460 equivalent

The operators category consists of team leaders, core workers, specialised workers, and auxiliary workers from all departments of the operations.

This category is covered by both general and company-specific collective agreements, which regulate how the salaries for this group are determined. Specifically, salaries and supplements are determined according to working conditions, seniority, and responsibilities, independent of other potential differences between individual employees. This means that operators who work in the same place, have the same responsibilities, and the same level of seniority, have the same salary.

The difference in average salary for women and men is largely based on the collective agreement's provisions for seniority supplements, as there are relatively few women with more than ten years of employment in the company. The difference can also be traced to the fact that there are fewer female team leaders, whose responsibility implies salary compensation, and to the fact that there are fewer women working in the underground mine, which involves working conditions with an associated compensation.

All employees received a gift bonus in December 2020, except one employee who received the bonus in January 2021. The bonus was based on the number of months employed by the company in 2020 and was the same for everyone who had been employed the same number of months.

Payments in kind consist of insurance schemes, which are the same for all employees in the company, regardless of position.

Office/mercantile positions	Women	Men
Employees	5	6
Average yearly salary (NOK)	696 796	637 475
Payments in kind (NOK)	1460 equivalent	1460 equivalent

The office/mercantile positions catergory includes office positions, mercantile positions, and positions within IT, warehousing, purchasing, marketing, personnel and finance. Some positions are covered by both general and company-specific collective agreements, while others do not fall under any collective agreement.

In this group, there is a relatively large proportion of women with several years of employment in the company compared to men, which has effects on the average salary. Two employees have received a compensation for extraordinary work pressure in 2020, which was issued in January 2021. Several other women received a similar compensation in 2020.

Technical officers	Women	Men
Employees	7	25
Average yearly salary (NOK)	695 903	745 029
Payments in kind (NOK)	1460 equivalent	1460 equivalent

The technical officers category includes employees with engineering background or other shorter practically oriented educational backgrounds.

Women and men with the same education, experience and responsibilities have similar salaries in this category. However, several men are seniors who have gone from management positions to technical officer positions, while keeping the same salary, which explains the difference in average salary. One technical officer has received compensation for particularly heavy workload at a given period, which was issued as a one-off compensation.

Managers	Women	Men
Employees	5	24
Average yearly salary (NOK)	1 070 517	998 921
Payments in kind (NOK)	1460 equivalent	1460 equivalent

The managers category ranges from operations managers to top management positions, except the CEO.

Most female managers belong to the higher management levels, while most male managers belong to lower management levels, which explains the difference in average salaries.

Some managers have received compensation for extreme workload over time, issued as a one-off compensation. One manager has also received a termination bonus, in accordance with an employment contract, which was issued many years ago.

Work which is involuntarily part time

Part-time positions have only been established on request from employees for seniority or health reasons. The company has never advertised part-time positions.

Employees		Temporary positions		Parental leave		Part time positions		Positions which are involuntarily part time	
Women	Men	Women	Men	Women	Men	Women	Men	Women	Men
53	253	4	16	5	12	0	9	0	0

Part 2: Rana Gruber's work for equality and non-discrimination

Historically, there has been an active collaboration between the management and employee representatives through the unions and the company's working environment committee. The management has also had regular meetings with representatives of employee organisations.

In 2021, however, the company has seen the need to initiate systematic work to meet the requirements of the strengthened Equality and Anti-Discrimination Act, which requires employers to actively parttake in work to promote gender equality and anti-discrimination, and to issue a statement on this work.

In January 2022, a team with representatives from the HR department and the unions was established. The team went through a checklist developed by the Norwegian Gender Equality and Anti-Discrimination Inspection Authority to map already existing principles and guidelines relating to equality and anti-discrimination, and to evaluate the company's previous work on these topics. In addition, the team conducted a risk assessment in accordance with the ISO 31000, which is a standard for the assessment of the risk for discrimination and gender inequality. The results of this work are described below.

Current Principles and Guidelines at Rana Gruber:

- Rana Gruber shall avoid discriminatory practices relating to gender, age, race, and religion, and the company does not tolerate physical, verbal, or sexual abuse or harassment in the workplace.
- The company should select the best qualified and most suitable candidate for all positions.
- The HR department should have the final say for recruitments. This is to ensure that considerations related to gender equality and diversity are taken into account in the recruitment process. Relevant union representatives shall look at the list of applicants and provide input. First-line managers (i.e. managers of shifts and departments) shall participate in interviews together with the relevant line manager and HR manager. The final decision shall be made by the HR manager, and the union representative shall be informed of the decision.
- Considerations of equality and non-discrimination shall be taken into account in the personnel policy.
- The management shall collaborate with union representatives to ensure that matters worthy of criticism are communicated through the whistleblowing system.
- Rana Gruber shall conduct working environment assessments annually at various locations at the company's sites, and a health assessment shall be conducted every three years. The working environment assessments should be based on the Norwegian Labour Inspection Authority's guidelines and standards.
- All employees shall receive the company's handbook describing safety routines.

Weaknesses in previous work for equality, diversity and anti-discrimination:

- Although the company has several principles and guidelines to promote gender equality and anti-discrimination, the company has not developed specific goals and measures in any great detail. To improve upon this, more specific and detailed goals and measures are due during the first half of 2022.
- The vision, guidelines and work related to gender equality and diversity are not well communicated in the organisation.
- There has not been sufficient focus on minorities, for example, with regard to dietary requirements.

Potential obstacles for equality, diversity, and anti-discrimination:

- Mining has traditionally been a male-dominated industry, and in 2021 only 53 of the company's total of 286 employees were women.
- Several work tasks in the company are characterised by requirements for good health and physique.
- There is an internal style of communication and jargon that may be perceived as exclusive.
- Rana Gruber is located in a region with less ethnic diversity than some other regions, and the company does not experience any demands from employees or other stakeholders to do any active measures to promote ethnic diversity.
- Historically, the company has had several employees from the same families, which can present challenges related to facilitating family life.
- Mining and processing plants are by nature restrictive in terms of accessibility.
- The company has a requirement that employees must be competent in a Scandinavian language. This is rooted in safety concerns. Nevertheless, this can be an obstacle to a diverse workplace, especially for foreign jobseekers.
- The shift work model offers little flexibility for working hours, which can affect the facilitation of family life and thereby gender equality.

Measures

- The company's working environment committee – in collaboration with the management team and the board – shall use the above results to develop a strategy with associated measures with the purpose of promoting gender equality and anti-discrimination in all areas required by law. The goal is to have a strategy in place during the first half of 2022.
- The forthcoming strategy with associated measures shall be made well known within the company, and a separate plan for training in gender equality and diversity work shall be developed.
- The company shall map and initiate measures to meet the requirements for universal design.
- The company will look at the measures it has previously done on a case-by-case basis in relation to working conditions to assess whether these measures can be put into a system, which is communicated to the entire organisation.
- The company shall establish routines for involving the board, the management, and the employee organisations in the work for equality and anti-discrimination.

The company believes that an overall strategy with associated measures and guidelines will put the company in a better position to formalise and document the good practices that already exist. This is turn will contribute to promote equality, diversity, and anti-discrimination at Rana Gruber.

COMMITMENTS

Rana Gruber has great confidence in its employees and take their interests seriously. The company is committed to comply with the UN's universal declaration on human rights and the ILO convention, as well as the Ethical Trading Initiative Act, which regulates and defines rights and duties of companies and employees.

Rana Gruber wants to contribute to a sustainable steel industry and will apply for membership in Responsible Steel during 2022. Responsible Steel is the steel industry's first global standard and certification initiative.

Rana Gruber has an agreement with the Norwegian Environment Agency and the Directorate of Mining to allocate funds for clean-up, control, and monitoring of e.g. sea landfill, in the event of a closure or bankruptcy.

A RESPONSIBLE NEIGHBOUR

Rana Gruber has a broad and extensive collaboration with unions, neighbours, and local industry. The company funds sports clubs, charities, and music related activities, and thereby enables recipients to gain opportunities which would otherwise have been unattainable.

Recipients include:

- BUA
- Vitensenter Nordland
- Frelsesarmeen
- FK Bodø/Glimt
- Rana FK
- Dunderlandsdalen Skytterlag
- Smeltedigelen Musikkfestival
- Storforshei IF
- Skonseng UL
- Rana Håndballklubb
- Rana Friidrettsklubb
- Rana Slalåmklubb
- Storforshei Fritidsklubb
- Fageråsbakkene
- Polarsirkelen ski
- Polarsirkelen Casting og Fluefiskeforening
- Rana Kormakeri
- Mo Hornmusikk
- Bergringen
- Fotballbane på Storforshei

Rana Gruber CEO Gunnar Moe (to the far right) and controller Vegard Nerdal (in the middle) visiting FC Bodø/Glimt with former player, Runar Berg (to the left), when the sponsorship was announced in 2020.

Individuals who have received sponsorships:

- Håkon Skog Erlandsen
- Emilie Ågheim Kalkenberg (national team athlete)
- Robin Pedersen
- Benedicte Stien Schreiner
- Marthe Kråkstad Johansen (recruit national team athlete)
- Kristian Skjømming (recruit national team athlete)
- Oda Leiråmo
- Birk Fjellheim
- Emil Bergli

Rana Gruber is also a sponsor and co-owner of Arctic Circle Raceway, which is a motorsport facility located on a former mining area. In the beginning, Rana Gruber sponsored the construction, and thereafter the company joined a group of investors to buy the facility. This is an example of how Rana Gruber, as a cornerstone company, contributes to activities in the local community.

FUNDING OF THE NEW AIRPORT IN MO I RANA

The company will participate in the funding of the new Polarsirkelen Airport in Mo i Rana with NOK 15 million. The investment will be completed in Q1 2022 and the airport will improve the region's accessibility, and enhance recruitment and business activity of the company. Rana Gruber is already shareholder in the airport's holding company.

LOW-PROFILE AND HIGH-PROFILE COMMITMENTS

Some of Rana Gruber's sponsorships are high-profile, such as its commitment to FC Bodø/Glimt. The three-year

A collaborating team of local sponsors ensured that BUA's only employee, Sofie Helløy, could continue lending out sports gear for free.

sponsorship of NOK 3 million is directed at talent development by the Glimt Academy. The purpose is, among other things, the recruitment of football players from the Helgeland region – where Rana Gruber is situated – so that talents can play for a high quality club in their own region.

SAVING BUA

Rana Gruber has also helped small enterprises to survive during crises and hardships. One particularly noteworthy example, is the fundraising for BUA, a small company in Mo i Rana that lend out outdoor sports gear for free. Rana Gruber took action when this enterprise was about to lay off its only employee. This fundraising initiative enabled BUA to continue the important work of promoting healthy outdoor activities.

SUPPORT OF KNOWLEDGE AND EDUCATION

A top priority for the company is to enhance the expertise of Rana Gruber employees. This entails covering educational costs, such as course fees, learning materials, and PCs. Paid leave is also provided for meetings, travel, and examinations. This has encouraged both master's degrees and PhDs. Upper secondary pupils have also received scholarships, and apprenticeships are offered with a range of specialisations.

This notwithstanding, one of the company's most valuable contributions is the recruitment of unskilled youngsters. Through training and mentoring, young dropouts end up with qualifications and new opportunities in life. Dropouts from upper secondary schools are among Norway's major concerns for youth and adolescents. Rana Gruber therefore believes that commitment to young individuals is among the most important contributions which Norwegian industrial companies can make to their communities.

Rana Gruber also supports research and educational institutions. The company funds Vitensenteret in Mo i Rana, a mining relevant educational program at the Norwegian University of Science and Technology, and the associated academic staff. In addition, the company has an academic partnership with the University of Tromsø.

Corporate governance

Rana Gruber seeks to maintain high standards for corporate governance and believes that good corporate governance is an important prerequisite for value creation.

The company's shares were admitted for trading on Euronext Growth Oslo in February 2021. The company has applied for a transfer to the main list at the Oslo Stock Exchange and expects that the first day of trading will be in March 2022. The company will therefore become subject to the Norwegian Code of Practice for Corporate Governance ("the code"), the recommendations of which the company aims to fulfill.

The board of directors ("the board") of Rana Gruber has prepared and approved of a corporate governance policy. The policy describes the company's main principles for corporate governance and establishes a framework of guidelines and principles that regulate the relationship between the company's shareholders, the board, the CEO, and the other management positions of the company.

Corporate governance at Rana Gruber shall be based on the following main principles:

- Rana Gruber shall at all times comply with all laws and regulations that apply to the company.
- The board shall ensure that the company has appropriate corporate governance.
- The company shall at all times seek to comply with the recommendations in the Norwegian Code of Practice for Corporate Governance. If, in the opinion of the board, there are special considerations which indicate that the company should deviate from any of these recommendations, this must be justified separately. In each annual report, the board will give an account of the company's corporate governance.
- The company's operations must be conducted in accordance with high ethical standards. The company shall take an active social responsibility.
- The company must create value for shareholders in a sustainable way. In its work, the board shall take into account economic, social, and environmental conditions.
- The board shall ensure that the company has clear goals and strategies for its operations.
- The company should have equity that is adapted to the company's goals, strategy, and risk profile.
- The board shall ensure that the company has a clear and predictable dividend policy.
- The company shall avoid any unreasonable discrimination of shareholders.
- The company's transactions with related parties shall be based on normal business terms and arm's length principles.
- The company's shares must be freely tradeable.
- The board of directors should facilitate the participation of as many shareholders as possible at the company's general meeting, so that shareholders can exercise their rights.
- The board shall ensure that the company has good internal control and appropriate systems for risk management in relation to the scope and nature of the company's activities.

Rana Gruber's principles are consistent with the recommendations. A report on Rana Gruber's compliance with the code's recommendations follows herein.

1. IMPLEMENTATION AND REPORTING ON CORPORATE GOVERNANCE

Rana Gruber's corporate governance principles are determined by the board, which has the overall responsibility for ensuring that the company has a high standard of corporate governance. The board has prepared a corporate governance policy document addressing the framework of guidelines and principles which regulate the interaction between the shareholders, the board, and the chief executive officer (the CEO).

The corporate governance policy can be changed by the board and will be reviewed by the board on an annual basis.

Deviations from the Code: None

2. BUSINESS

Rana Gruber is a Norwegian iron ore producer and supplier established in 1964, with operations based on more than 200 years of mining experience. The business purpose is set out in the company's articles of association and reads as follows:

"The company's objective is to conduct production and sales of mining products and related activities, and through economically sound business operations create lasting and safe jobs in the company. The company shall seek to develop new products and businesses, and the company may participate in other companies as owner or otherwise to fulfil the above objectives."

It follows from the company's corporate governance principles that the company must create value for shareholders in a sustainable way, for which purpose the board has defined clear objectives, strategies, and risk profiles related to the company's business activities. In its work, the board shall consider economic, social, and environmental conditions.

The board of directors evaluates these objectives, strategies, and risk profiles on a yearly basis.

Deviations from the Code: None

3. EQUITY AND DIVIDENDS

The board is committed to maintain a satisfactory capital structure for the company to support its goals, strategy and risk profile, thereby ensuring that there is an appropriate balance between equity and other sources of financing. The board will continuously assess the capital requirements related to the company's strategy and risk profile.

Equity

At 31 December 2021, the company's equity totalled NOK 581.8 million, which corresponds to an equity ratio of 51.5 per cent. The board considers Rana Gruber's financial position to be solid with the necessary capacity to support its objectives, strategy and risk profile.

Dividends

The company's current dividend policy is to target a dividend distribution of 70 per cent of the company's NGAAP net income with a policy range of 50-70 per cent, with an aim to have dividends paid quarterly. The board of directors notes that the company's current dividend policy will be adjusted in connection with the conversion of the company's financial reporting to the International Financial Reporting Standards (IFRS) adopted by the EU. However, the aim is to maintain the same cash dividend level as it would have been with continued NGAAP accounting principles.

When deciding whether to propose a dividend and when determining the dividend amount, the board of directors will take into account legal restrictions as well as capital expenditure plans related to announced strategic projects, financing requirements and the volatile nature of the market in which the company operates.

During the financial year 2021, the company's board of directors has resolved to distribute total dividends of NOK 11.05 per share. Total dividends distributed in 2021 include NOK 0.74 per share paid out prior to admission on Euronext Growth as well as an extraordinary dividend distribution of NOK 2.50 per share in December 2021. Ordinary quarterly dividend payments of NOK 7.81 were in the higher end of the policy range.

Board mandates

At the annual general shareholder meeting in 2021, the board was granted the following mandate:

"The board of directors of the company is authorised to determine dividends throughout the year based on the approved annual report for 2020. The authorisation is valid until the ordinary general meeting in 2022. The authorisation may not be used by the board of directors before it is registered in the Norwegian Register of Business Enterprises."

At the extraordinary general meeting held 8 December 2021, the board was granted the following mandate:

"The board of directors is authorised pursuant to the Private Limited Liability Companies Act section 9-4 to acquire shares in the company ("own shares") on behalf of the company with an aggregate nominal value of up to NOK 934 800 (the equivalent of 10 per cent of the company's share capital). The authority also encompasses contractual pledges over own shares."

Both mandates are valid until the annual general meeting in 2022.

In the event that a board mandate is proposed, the mandate should be limited to a specific purpose and treated as a separate issue, subject to vote by the general meeting. Board authorisations are valid for the period of time determined at the shareholders' meeting. The board's authorisations to increase the share capital or buy own shares will normally only be given for an interval lasting no longer than until the next annual general meeting after the authorisation is given.

Deviations from the Code: None

4. EQUAL TREATMENT OF SHAREHOLDERS

Rana Gruber has a single class of shares, and all shares carry the same voting and dividend rights. It follows from the company's guidelines for investor relations that all communication with shareholders shall be based on equal treatment.

Any decision to waive the pre-emption rights of existing shareholders to subscribe for shares in the event of an increase in share capital shall be justified. In the event that the board of directors resolves to carry out an increase in share capital and waive the pre-emption rights of existing shareholders on the basis of a mandate granted to the board, the justification of the increase will be publicly disclosed in a stock exchange announcement.

Deviations from the Code: None

Shareholders who are unable to attend a general meeting may cast an advance vote on matters to be considered at general meetings of the company.

5. SHARES AND NEGOTIABILITY

Rana Gruber's shares are freely tradeable and there are no restrictions on the ability to own, trade or vote for the shares.

Deviations from the Code: None

6. ANNUAL SHAREHOLDERS' GENERAL MEETING

Notice calling the annual general meeting

Rana Gruber's highest decision-making body is the general meeting of shareholders. All shareholders have the right to participate in the general meetings of the company. It follows from Rana Gruber's corporate governance principles that the board of directors shall facilitate the participation of as many shareholders as possible at the general meeting, so that they can exercise their rights. The annual general meeting for 2022 will take place at 22 March 2022.

The full notice for general shareholder meetings shall be sent to the shareholders no later than 21 days prior to the meeting. The board will ensure that the notice includes information about resolutions and that supporting information is sufficiently detailed to allow shareholders to form a view on all matters to be considered at the meeting.

Shareholders will be able to vote on each individual proposition, including on each individual candidate nominated for election.

Shareholders who wish to participate in a general shareholder meeting, shall notify the company of this within a deadline which is set out in the notice of the general meeting, and which cannot be set earlier than five days prior to the meeting. The cut-off for confirmation of attendance shall be set as short as practically possible.

Shareholders may also send notification of their attendance, using the form provided, by post or email to the company's account manager DNB, or via the company's website, www.ranagruber.no.

In accordance with article 7 of the company's articles of association, documents relating to matters to be addressed at a general meeting of shareholders may be made available on Rana Gruber's website. The same applies to documents which by law must be included in or attached to the invitation to attend the general meeting. If the documents are made available in this way, the statutory requirement with respect to distribution to shareholders is not applicable. A shareholder may ask to be sent documents relating to matters to be discussed at the general meeting. The company cannot demand any form of compensation for sending the documents to the shareholders.

Meeting chair and voting

The board, the chair of the nomination committee, and the company's auditor are expected to attend the general meetings. The general meeting elects a person to chair the meeting. The board of directors shall ensure that the general meeting is able to elect an independent chair.

Shareholders who are unable to attend a general meeting may cast an advance vote on matters to be considered at general meetings of the company. Such votes can also be cast by electronic communication. The right to vote in advance is conditional on the existence of a reassuring method for authenticating the sender. The board decides whether such a method is appropriate prior to the individual general meeting and may lay down more detailed guidelines for written advance votes. It shall be stated in the notice of the general meeting whether access to advance voting has been granted and what guidelines may be laid down for such voting.

Shareholders unable to attend may also vote by proxy and the company will nominate a person who can act as a proxy for shareholders. The procedures for electronic voting and proxy voting instructions are described in the meeting notification and published on the company website. The form provided by the company for shareholders to appoint a proxy should be drawn up so that separate voting instructions can be given for each matter to be considered by the meeting and each of the candidates nominated for election.

Minutes of the general meeting will be published as soon as possible via the Oslo Stock Exchange's messaging service www.newsweb.no (ticker: RANA) and on the company's website www.ranagruber.no.

Deviations from the Code: None

7. NOMINATION COMMITTEE

Rana Gruber has appointed a nomination committee as required by article 8 of the company's articles of association. At 31 December 2021, the nomination committee consisted of the following members:

- Leif Teksum, *chair*
- Lisbeth Flågeng
- Robert Sotberg

Guidelines for the nomination committee have been approved by the general meeting. The primary tasks of the nomination committee are to recommend and propose to the general meeting candidates and remuneration for the company's directors and nomination committee, and remuneration to the members of the board committees. The recommendation will include a proposal for appointment of chair and deputy chair to be elected by the general meeting. The members of the nomination committee's fees shall be determined by the general meeting.

According to the articles of association, the nomination committee shall consist of three members, including the chair, and the nomination committee members shall be shareholders or representatives of shareholders. The members of the nomination committee, including its chair, have been elected by the general meeting. The members of the nomination committee's period of service shall be two years unless the general meeting decides otherwise.

The nomination committee shall be composed so that the interests of the shareholder community are taken into account, and the members shall be independent of the company's board and executive management team.

In its work of proposing candidates, the nomination committee shall contact, among others, the largest shareholders, board members and the day-to-day management. A justification for proposing a candidate will be provided for each candidate separately.

The nomination committee's recommendation to the general meeting regarding the election of shareholder-elected board members, members of the nomination committee and fees should be available early enough to be sent to the shareholders together with the notice of the relevant general meeting.

Information regarding the composition of the nomination committee, which members are up for election, and how input and proposals may be submitted to the committee is posted on Rana Gruber's website under "Investors".

Deviations from the Code: None

8. BOARD OF DIRECTORS: COMPOSITION AND INDEPENDENCE

Composition

According to article 5 of Rana Gruber's articles of associations, the board shall consist of a minimum of three and a maximum of eight directors. Directors are elected by the general meeting for a period of two years. The general meeting elects the chair of the board and the deputy chair of the board.

In appointing members to the board, it is emphasised that the proposed candidates shall have the necessary experience, competence, and capacity to hold in a satisfactory and independent manner, and that there is an appropriate replacement for each individual holding a position. The board should be composed so that it can safeguard the interests of the shareholder community and the company's need for competence and diversity. It should be taken into account that the board aims to function as a collegial body.

At 31 December 2021, Rana Gruber's board comprises eight directors, five of which were elected at the company's general meeting at 18 March 2021 for a period of two years. Three directors were elected by and among the employees in June 2020 for a two-year period. The current composition of the board is presented on page 38–39 of this report, including an overview of each individual board member's competence and attendance at board meetings, and whether they are independent.

Directors are encouraged to own shares in the company. At 31 December 2021, seven of the directors held shares in Rana Gruber.

Independence of the board

Rana Gruber's board is composed such that it is able to act independently of any special interests. All members of the board of directors are independent from the company's executive management. Being the chief executive officer of Leonhard Nilsen & Sønner – Eiendom AS, Frode Nilsen is not independent from the company's largest shareholder, Leonhard Nilsen & Sønner – Eiendom AS, which is also a material business partner to the company.

Deviations from the Code: None

9. THE WORK OF THE BOARD OF DIRECTORS

The board has adopted instructions to lay down rules for the work and management of the board, as well as the CEO's work in relation to the board.

The board shall ensure proper organisation of the company's activities and supervise the company's day-to-day management. The board shall determine the necessary plans and budgets for the company's activities.

The board's primary responsibility shall be (i) participating in the development and approval of the company's strategy, (ii) performing necessary monitoring functions and (iii) acting as an advisory body for the executive management team. The board is also responsible for ensuring that the operation of the company is compliant with the company's values and ethical guidelines. The chair of the board is responsible for ensuring that the board's work is performed in an effective, efficient and correct manner.

All members of the board shall receive information about the company's operational and financial development regularly. The company's strategies shall also be subject to review and evaluation by the board at a regular basis..

It follows from the company's corporate governance principles that transactions with related parties shall be based on normal business terms and arms-length principles. A presentation of the agreements with LNS AS, LNS Greenland AS and LNS Mining, which are all related parties of the shareholder LNS Eiendom AS, is included in the board of directors' report on page 31.

According to the instructions for the board and CEO, a board member with prominent personal or financial interests in a particular matter (or with relation to a person with such interests, as defined in the Public Limited Liability Companies Act, section 1-5) shall not participate in the consideration of or decision related to that matter. Board members must also not participate in any action the board might take concerning a loan or other credit to themselves or actions concerning a guarantee for their own debt.

A board member shall inform the board if he or she, directly or indirectly, has a significant interest in an agreement entered into by the company.

Additional information on transactions with related parties can be found in Note 28 to the 2021 financial statements.

The board evaluates its own performance and expertise once a year.

Sub-committees of the board

Audit committee

Pursuant to the Norwegian Public Limited Liability Companies Act and the listing rules of the Oslo Stock Exchange, the company shall have an audit committee. The audit committee is appointed by the board.

The committee's main tasks are to prepare the board's follow-up of the financial reporting process, monitor the performance of the company's internal control and risk management systems, and maintain an ongoing dialogue with the elected auditor.

At 31 December 2021, the audit committee comprised the following:

Rana Gruber has established guidelines for the company's reporting of financial and other information based on the ideal of transparency and equal treatment of all participants in the securities market.

- Hilde Rolandsen, chair
- Morten Støver, member

The board has decided not to appoint a remuneration committee.

Deviations from the Code: None

10. RISK MANAGEMENT AND INTERNAL CONTROL

The board shall ensure that Rana Gruber has a sound internal control, and systems for risk management that are appropriate in relation to the extent and nature of the company's activities. The internal control and the systems for risk management shall also encompass the company's corporate values and ethical guidelines.

The objective of the risk management and internal control is to manage exposure to risks in order to ensure the successful conduct of the company's business, and to support the quality of financial reporting and compliance with relevant laws and regulations.

The board shall carry out an annual review of the company's most important areas of exposure to risk and its internal control arrangements.

The board shall provide an account in the annual report of the main features of the company's internal control and risk management systems as they relate to the company's financial reporting.

Internal control of financial reporting is achieved through day-to-day follow-up by the management, and supervision by the audit committee.

Deviations from the Code: None

11. REMUNERATION OF THE BOARD OF DIRECTORS

Remuneration of directors shall be reasonable and reflect the board's responsibilities, expertise, time invested and the complexity of the business. The remuneration to the directors is not performance-related and does not include share option elements.

The annual general meeting shall determine the board's remuneration after considering recommendations by the company's nomination committee. Additional information on remuneration paid to directors for 2021 is presented in note 28.3 to the financial statements. The company will establish guidelines for remuneration of the board of directors and executive management for approval at the ordinary general meeting in 2022.

None of the board directors or companies with which they are associated have assignments for the company other than their appointment as a member of the board.

The board shall be informed if individual directors perform tasks for the company or any company entities other than exercising their role as directors. Fees for any such services shall be approved by the board. Work in sub-committees may be compensated in addition to the remuneration received for board membership.

Deviations from the Code: None

12. SALARY AND OTHER REMUNERATION FOR EXECUTIVE PERSONNEL

The board will adopt separate guidelines on the remuneration of executive management which will be presented to the shareholders for approval at the ordinary general meeting in 2022 in the form of a separate document.

Further information about remuneration of executive personnel is provided under note 28.3 to the financial statements.

Deviations from the Code: None

13. INFORMATION AND COMMUNICATIONS

Investor relations

Rana Gruber has established guidelines for the company's reporting of financial and other information based on the ideal of transparency and equal treatment of all participants in the securities market. The purpose of these guidelines is to ensure simultaneous access to accurate, relevant and up-to-date information about Rana Gruber. In addition, the guidelines shall contribute to investor relations being exercised in accordance with applicable laws, rules, and recommendations.

These guidelines also include principles for the company's contact with shareholders other than through general meetings.

The company's ambition is to comply with the Oslo Stock Exchange's Code of Practice for IR.

Financial information

The company holds open investor presentations in connection with the company's quarterly reports. Presentations prepared for investors in connection with the quarterly reports are made publicly available together with the reports. Important events that affect the company will be reported immediately. The company publishes an annual financial calendar with an overview of dates for financial reporting and other important events.

Quiet period

In the 30 days period prior to the publication of results, Rana Gruber will minimise meetings and contact with investors, analysts, media, or other parties as relating to the company's results and future outlook. This is to ensure that all interested parties in the market are treated equally.

Deviations from the Code: None

14. TAKEOVERS

The board has established guidelines on how to act in the event of a take-over bid.

It follows from these guidelines, that if an offer is made for the purchase of shares in Rana Gruber, the board shall comply with the general principle of equal treatment of all shareholders, and, as far as possible, ensure that the company's activities are not unnecessarily interrupted. The board will do its best to ensure that shareholders receive the necessary information and time to assess the offer.

The board of directors shall not seek to prevent an offer to purchase shares unless it believes such an action can be defended with regard to the company's or shareholders' interests. The board will not exercise any authority or make any decisions aimed at counteracting such offers, unless this has been approved by the company's general shareholder meeting after the offer has been made public.

If an offer is made for the purchase of shares in the company, the board shall give a statement in accordance with statutory requirements and the Norwegian Code of Practice for Corporate Governance.

If an offer is made for the purchase of shares in the company, the board shall obtain a valuation from an independent expert. If an offer is made by a major shareholder, a member of the board or the day-to-day management, or related parties or related parties thereof, or others who have recently held such a position, who are either buyers or a person with a special interest in the takeover bid, the board shall obtain an independent valuation.

Any transaction that is in effect a disposal of the company's activities shall be submitted for approval by the general meeting.

Deviations from the Code: None

15. AUDITOR

The auditor makes an annual presentation of the auditing plan to the audit committee. Further, the auditor provides the board with a written confirmation that the requirement of independence has been met.

The auditor participates in all meetings of the audit committee and in the board meeting that deals with the annual report. The auditor reports to the audit committee and board on his assessment of the internal control on the financial reporting process.

At these meetings, the auditor reports on any material changes in the company's accounting principles and assessments of material accounting estimates and key aspects of the audit, and comments on any material estimated accounting figures. There have been no disagreements between the auditor and management on any material matters.

Once a year, the board of directors reviews the company's internal control procedures with the auditor, including weaknesses identified by the auditor and proposals for improvement.

The board and the audit committee have met with the auditor without representatives of executive management being present regarding the preparation of the annual report for 2021.

The board of directors has established guidelines in respect of the use of the auditor by the company's executive management for services other than the statutory financial statement audit.

At the annual general meeting, the board shall present a review of the auditor's compensation as paid for auditory work required by law and remuneration associated with other specific assignments. Compensation paid is presented in note 28.3 to the financial statements.

The board shall arrange for the auditor to attend all general meetings.

Deviations from the Code: None

Rana Gruber is part of a proud history, and the company stands on the shoulders of miners who have been extracting iron ore from the local mountains for centuries.

Consolidated financial statements 2021

RANA GRUBER – GROUP

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	*Notes*	**2021**	2020
Revenue	*6*	**1 668 429**	1 549 749
Changes in inventories	*17*	**44 190**	7 959
Raw materials and consumables used		**(327 567)**	(307 580)
Employee benefit expenses	*25*	**(258 611)**	(214 292)
Depreciation of tangible assets	*12, 13, 14*	**(174 247)**	(148 702)
Other operating expenses	*7*	**(189 106)**	(144 445)
Operating profit/(loss)		**763 088**	742 688
Financial income	*8*	**541**	6 609
Financial expenses	*8*	**(12 439)**	(27 906)
Other financial gains/(losses)	*9*	**8 555**	(363 823)
Financial income/(expenses), net		**(3 343)**	(385 120)
Profit/(loss) before income tax		**759 745**	357 568
Income tax expense	*10*	**(167 697)**	(78 681)
Profit/(loss) for the year		**592 048**	278 887
Other comprehensive income from items that will not be reclassified to profit or loss:			
Actuarial gains and losses	*25*	**(1 296)**	(2 348)
Tax on items not reclassified to profit or loss		**285**	517
Net other comprehensive income/(loss)		**(1 011)**	(1 831)
Comprehensive profit for the year		**591 037**	277 055
Earnings per share (in NOK):			
Basic and diluted earnings per ordinary share	*11*	**15.86**	7.46

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	*Notes*	**31 Dec 2021**	31 Dec 2020	1 Jan 2020
ASSETS				
Non-current assets				
Mine properties	*12*	**303 768**	346 344	276 440
Property, plant and equipment	*13*	**153 416**	134 691	140 968
Right-of-use assets	*14*	**114 284**	115 877	98 835
Other non-current financial assets	*15, 20*	**1 500**	135 439	225 965
Net deferred tax assets	*10*	**-**	-	35 718
Total non-current assets		**572 968**	732 351	777 927
Current assets				
Inventories	*17*	**89 215**	35 106	27 432
Trade receivables	*16, 20*	**63 087**	297 950	187 438
Other current receivables	*20*	**36 802**	5 758	27 254
Derivative financial assets	*20, 24*	**103 247**	31 237	-
Cash and cash equivalents	*18*	**264 363**	24 994	9 648
Total current assets		**556 714**	395 044	251 772
Total assets		**1 129 682**	1 127 395	1 029 698
EQUITY AND LIABILITIES				
Equity				
Share capital	*26*	**9 348**	9 348	9 348
Share premium	*26*	**92 783**	92 783	92 783
Other equity		**479 680**	276 565	125 510
Total equity		**581 811**	378 696	227 641
Liabilities				
Borrowings	*21*	**-**	193 295	281 146
Lease liabilities	*14*	**82 601**	89 479	71 910
Net deferred tax liabilities	*10*	**30 351**	9 147	-
Provisions	*29*	**15 000**	15 000	15 000
Other non-current liabilities		**1 553**	3 156	4 758
Net defined benefit liabilities	*25*	**975**	6 737	6 096
Total non-current liabilities		**130 480**	316 814	378 911
Borrowings	*21*	**-**	-	177 089
Trade payables	*22*	**119 115**	70 718	72 344
Lease liabilities (current portion)	*14*	**31 107**	29 084	26 925
Current tax liabilities	*10*	**145 653**	33 265	-
Derivative financial liabilities	*20, 24*	**7 680**	188 983	41 608
Other current liabilities	*22*	**113 836**	109 834	105 181
Total current liabilities		**417 391**	431 885	423 147
Total liabilities		**547 871**	748 699	802 058
Total equity and liabilities		**1 129 682**	1 127 395	1 029 698

Mo i Rana, Norway, 10 February 2022
The board of directors and CEO – Rana Gruber AS

Morten Støver — **Morten Støver**, *Chair*

Kristian A. Adolfsen — **Kristian Adolfsen**, *Director*

Frode Nilsen — **Frode Nilsen**, *Director*

Ragnhild Wiborg — **Ragnhild Wiborg**, *Director*

Hilde Rolandsen — **Hilde Rolandsen**, *Director*

Thomas Hammer — **Thomas Hammer**, *Director*

Johan Hovind — **Johan Hovind**, *Director*

Lasse Orlando Strøm — **Lasse Strøm**, *Director*

Gunnar Moe — **Gunnar Moe**, *CEO*

CONSOLIDATED STATEMENT OF CASH FLOW

Amounts in NOK thousand	*Notes*	**2021**	2020
Cash flow from operating activities:			
Profit before income tax		**759 745**	357 568
Adjustments for:			
Movements in provisions, pensions and government grants		**(554)**	1 608
Depreciation of tangible assets	*12, 13, 14*	**174 247**	148 702
Unsettled loss/(gain) on derivative financial instruments	*24*	**(95 567)**	157 747
Net finance income / expense	*8*	**11 898**	21 297
Working capital changes:			
Change in inventories	*17*	**(54 109)**	(7 674)
Change in receivables and payables	*16, 22*	**119 100**	(135 069)
Income tax paid	*10*	**(33 265)**	-
Interests received	*8*	**541**	6 609
Interests paid	*8*	**(13 589)**	(29 902)
Net cash flow from operating activities		**868 446**	520 886
Cash flow from investment activities:			
Expenditures on mine development	*12*	**(67 011)**	(156 287)
Expenditures on property, plant and equipment	*13*	**(58 642)**	(30 082)
Cash receipt from repayment of loans	*15*	**133 939**	90 526
Net cash flow from investing activities		**8 286**	(95 843)
Cash flow from financing activities:			
Acquisition of treasury shares	*26*	**(9 793)**	-
Cash receipts from sale of treasury shares	*26*	**6 958**	-
Payment of principal portion of lease liabilities	*19*	**(25 653)**	(26 925)
Cash repayments of amounts borrowed	*19*	**(196 288)**	(266 272)
Dividends paid	*26*	**(412 587)**	(116 500)
Net cash flow from financing activities		**(637 363)**	(409 697)
Net increase/(decrease) in cash and cash equivalents		**239 369**	15 346
Cash and cash equivalents at the beginning of the period	*18*	**24 994**	9 648
Cash and cash equivalents at the end of the period	*18*	**264 363**	24 994

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in NOK thousand	*Notes*	Share capital (Note 26)	Share premium (Note 26)	Treasury shares	Retained earnings	**Total equity**
Balance at 31 December 2019 (Norwegian GAAP)		9 348	92 783	-	242 097	**344 228**
Changes from the IFRS adoption	*5*	-	-	-	(116 587)	**(116 587)**
Balance at 1 January 2020		9 348	92 783	-	125 510	**227 641**
Profit for the year		-	-	-	278 887	**278 887**
Other comprehensive income		-	-	-	(1 831)	**(1 831)**
Total comprehensive income		-	-	-	277 055	**277 055**
Dividends paid	*15*	-	-	-	(126 000)	**(126 000)**
Balance at 31 December 2020		9 348	92 783	-	276 565	**378 696**
Balance at 1 January 2021		9 348	92 783	-	276 565	**378 696**
Profit for the year		-	-	-	592 048	**592 048**
Other comprehensive income		-	-	-	(1 011)	**(1 011)**
Total comprehensive income		-	-	-	591 037	**591 037**
Dividends paid		-	-	-	(385 087)	**(385 087)**
Acquisition of treasury shares	*26*	-	-	(2 835)	-	**(2 835)**
Balance at 31 December 2021		9 348	92 783	(2 835)	482 515	**581 811**

'Treasury shares' and 'retained earnings' are presented together in the consolidated statement of financial position as 'other equity'.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 01 Corporate information

Rana Gruber AS (henceforth, the 'company' or 'Rana Gruber') is a limited liability company incorporated and domiciled in Norway whose shares are traded on Euronext Growth (Oslo). The company was established in 1964 and the registered office is located at Mjølanveien 29, Norway.

Rana Gruber (the group) operates own mines with iron ore deposits. The mines are located approximately 35 kilometers north east from the city Mo i Rana in Norway, in Storforshei and Ørtfjell, located in the area called the Dunderland Valley. The iron ore production takes place at the group's iron ore deposits at Ørtfjell as open-pit production and underground operation. The group's processing plant is also located near Mo i Rana, more precisely in Gullsmedvik, with direct access to the group's own port and railway connection.

Rana Gruber consists of Rana Gruber AS and its subsidiary Rana Gruber Minerals AS ('Rana Gruber Minerals'). The two group entities were merged in December 2021.

These consolidated financial statements were authorised by the board of directors on 10 February 2022.

Note 02 Basis of preparation

2.1. FIRST-TIME ADOPTION IFRS

These financial statements, for the year ended 31 December 2021, are the first the group has prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). The implementation of IFRS follows the group's intention to list on Oslo Stock Exchange.

These financial statements will be published at the group's website. For the year ended 31 December 2020, the group prepared its financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (henceforth, 'Norwegian GAAP' or 'NGAAP').

The group has prepared consolidated financial statements that comply with IFRS as endorsed by the European Union (EU) applicable at 31 December 2021, together with the comparative periods for the year ended 31 December 2020 as described in general accounting principles and relevant notes. In preparing the financial statements, the group's opening statement of financial position was prepared at 1 January 2020, the group's date of transition to IFRS.

For the adjustments made by the group when restating its Norwegian GAAP financial statements, see Note 5.

2.2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION

Rana Gruber's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU). There are no material differences between IFRS as issued by the IASB and as endorsed by the EU for the consolidated financial statements of the group.

The 2021 consolidated financial statements have been prepared based on the going concern assumption. When preparing financial statements, management has made an assessment of the group's ability to continue as a going concern. There are no material uncertainties related to events or conditions that may cast significant doubt upon the group's ability to continue as a going concern.

2.3. HISTORICAL COST CONVENTION

The financial statements have been prepared on a historical cost basis, except for the following items being measured at fair value:

- Trade receivables subject to provisional price mechanisms (see Note 3.8).
- Defined benefit pension plans: plan assets (see Note 3.18).
- Derivative instruments (see Note 3.10).

2.4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions change. Management believes the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 31 *critical judgements and estimates*.

2.5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the group. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 03 Significant consolidation and accounting principles

3.1. FUNCTIONAL CURRENCY AND PRESENTATION CURRENCY OPP
The consolidated financial statements are presented in NOK which is also the functional currency for the entities included in the group, please see Note 31.2.1. All amounts are rounded to the nearest NOK thousand, unless stated otherwise.

3.2. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY
Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognised in profit or loss.

Gains and losses on derivative financial instruments are presented in the consolidated statement of comprehensive income within 'other financial gains/(losses)'. Foreign exchange gains and losses that relate to borrowings are presented in the consolidated statement of comprehensive income within finance expenses. All other foreign exchange gains and losses are presented within 'other financial gains/(losses)'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

3.3. SUBSIDIARIES
Subsidiaries are entities over which the group has control. The group controls an entity when it has power over the entity, when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the group.

Intercompany transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

3.4. REVENUE RECOGNITION
Please find a description of the nature of revenues for Rana Gruber in Note 6.

Rana Gruber recognises revenue at the agreed transaction price in the contract with the customer at the time when the group transfers the control of a distinct product or service to a customer. Revenue is measured at the fair value of the consideration received or receivable.

The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the group's activities as described below. The group bases its estimates on historical results and current market data, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised net of VAT, discounts and foreign exchange effects if the transaction is in a foreign currency. Intra-group sales are eliminated on consolidation. Consideration payable to customers for distinct (eg consulting) services are treated in the same way as regular purchases from suppliers for the amount reflecting its fair value.

The nature of Rana Gruber's revenue recognition is disaggregated as follows:

- Revenue related to sales of hematite.
- Revenue related to sales of magnetite.
- Revenue related to sales of specialty products (Colorana).

The majority of revenue from contracts with customers arise from the sale of hematite products. Further disclosures on the accounting policies, judgements and estimates for this revenue stream are included in Note 6.

3.5. LEASES
The group recognises right-of-use assets and lease liabilities for all lease contracts, except leases that are considered short-term (lease term of 12 months or less), or for which underlying assets are of a low value when new.

3.5.1. Right-of-use assets
The group recognises right-of-use asset at the lease commencement date. The right-of-use assets are initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, adjusted for initial direct costs and lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use assets are reduced by any impairment charges and adjusted for certain remeasurements of the lease liabilities.

3.5.2. Lease liabilities
The group recognises a lease liabilities at the lease commencement date. The lease liabilities are measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the group's incremental borrowing rate. Rana Gruber utilises the incremental borrowing rate as the discount rate for virtually all lease agreements. The group has elected to separate lease and non-lease components included in lease payments for property leases. Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate; initially measured using the index or rate at the commencement date;
- (if any) amounts expected to be payable under a residual value guarantee;
- (if any) lease payments in an optional renewal period if the group is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the group is reasonably certain not to terminate early.

The lease liabilities are measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the group's estimate of the amount expected to be payable under a residual value guarantee, or if the group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are remeasured, a matching adjustment is made to the carrying amount of the right-of-use assets.

3.6. IMPAIRMENT OF NON-FINANCIAL ASSETS
Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not

be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Rana Gruber reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the group considers the impact of health, safety, and environmental legislation in its assessment of expected useful lives and estimated residual values. The group assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate related matters are included as key assumptions where they materially impact the measure of recoverable amount and these assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

3.7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the consolidated statement of cash flows includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value, and bank overdrafts.

An integral part of the group's cash management policies is to hold bank overdrafts. Overdrafts are repayable on demand and the bank balance often fluctuates from being positive to overdrawn. Bank overdrafts are included as a component of cash and cash equivalents, and they are presented in the statement of financial position net of other cash at bank and in hand.

3.8. OTHER FINANCIAL ASSETS

Trade receivables related to provisional pricing arrangements are measured at fair value through profit or loss from initial recognition and until the date the final invoice has been issued, which is the moment when the final price of the iron ore is known. When the price is known, the trade receivables are reclassified to trade receivables which are not subject to provisional price mechanisms. Please see Note 6 for further details.

All other financial assets, excluding derivatives, meet the SPPI (solely payments of principal and interest) criteria and are managed in a business model of Hold to Collect. These financial assets are in the measurement category amortised cost. The group initially measures trade receivables not subject to provisional pricing arrangements at fair value, being the amount of consideration that is unconditional from the customer. Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in the consolidated statement of comprehensive income.

Financial assets are classified as current assets, except for those where management has the intention to hold the investment for over 12 months or financial assets with maturities later than 12 months after the balance sheet date. These assets are classified as non-current assets.

3.9. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction cost. Financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are derecognised from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liabilities that have been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liabilities for at least 12 months after the reporting period.

3.10. DERIVATIVES

The group enters into derivative agreements to reduce cash flow risk arising from changes in exchange rates, interest rates and iron ore prices.

Derivatives are initially measured at fair value and are subsequently measured at fair value through profit or loss (FVTPL) at each reporting period. The fair value of these derivatives is derived from observable prices in quoted markets. See additional information in Note 24.

3.11. IMPAIRMENT OF FINANCIAL ASSETS

The group assesses on a forward-looking basis the expected credit loss associated with its other non-current financial assets, applying the general approach for the recognition of expected credit losses. Under the general approach, the loss allowance for each financial instrument is measured at an amount equal to the 12-month expected credit losses, unless the credit risk of the financial instrument has increased significantly after initial recognition. The group does not hold any financial assets measured using the general approach whose credit risk has been significantly increased.

While cash and cash equivalents also are subject to the impairment requirements, the expected credit losses are immaterial. For trade receivables and contract assets, the group applies the simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all trade receivables and contract assets.

3.12. BORROWING COSTS

Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the group during the period.

All other borrowing costs are recognised in the consolidated statement of comprehensive income in the period in which they are incurred.

3.13. STATEMENT OF CASH FLOWS

The consolidated cash flow statement is prepared using the indirect method.

Interest paid on trade payables and interest received on trade receivables are presented as operating cash flows. Interests paid on borrowings are classified as operating cash flows.

Cash flows are only classified as investing activities if they result in the recognition of an asset in the consolidated statement of financial position.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities, whereas cash payments for short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

3.14. INVENTORIES

Iron ore stockpiles are measured and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the group expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Cost of inventories, other than consumables, is determined by using the first-in, first-out (FIFO) method and comprises of direct production costs including an appropriate portion of fixed and variable overhead costs, including depreciation, incurred in converting materials into finished goods, based on the normal production capacity. Costs of production supplies and spare parts are assigned using the weighted average cost formula.

Materials and supplies are measured at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

3.15. EXPLORATION AND EVALUATION ASSETS

The group recognises expenditures incurred during the exploration and evaluation (E&E) phase of its mining projects as assets, according to their tangible or intangible nature. These are measured initially at cost. E&E assets are not subsequently depreciated but are periodically assessed for impairment.

Expenditures that are assessed for recognition have mainly included activities related to exploratory sample drilling and subsequent geological analysis carried out to determine the economic viability and technical feasibility of the mineral resources.

After the group can demonstrate the technical feasibility and commercial viability of extracting the iron ore, E&E assets are reclassified into mines under construction. If the conclusion is that this cannot be demonstrated, E&E assets are expensed.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such circumstances include changes to operational mining plans, lack of commercially viable quantities of mineral resources for the areas in which E&E activities have taken place and changes to market prices affecting the investments plans for new mining areas.

3.16. MINE PROPERTIES (EXCLUDING E&E ASSETS) AND PROPERTY, PLANT AND EQUIPMENT

The group carries out mining operations in both underground and open-pit mines. Mine properties and property,plant and equipment ('PPE') are measured at cost less accumulated depreciation and any accumulated impairment losses. Mines under construction are reclassified into producing mines when the development phase of the mine is finalised, which is the point where the production phase starts.

The cost of mine properties and PPE includes:

- its construction cost or purchase price, respectively;
- any directly attributable costs;
- the initial estimate of restoration costs;
- any borrowing costs incurred when constructing the qualifying assets (see Note 12); and
- any reclassified E&E assets, at the point in time when the new mine operation is considered to be commercially viable and technically feasible.

Costs are capitalised until the moment mine properties and PPE assets are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Subsequent expenditure in mine properties and PPE is capitalised to the extent it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably, following the criteria above. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

3.16.1. Depreciation

PPE assets (except land) are depreciated to their residual values over their economic useful life. Infrastructure used in the underground mining activities, such as the transportation tunnels, are depreciated using a straight-line method. Other assets relating to the producing mines assets are depreciated following the unit-of-production (UOP) method.

The unit of measure is the number of underground extraction detonations performed during each reporting period, compared to the total number of extraction detonations planned for the relevant iron ore deposit. The separate mining levels, and not the mine as a whole, are used as measurement basis when applying this method.

The estimation of total expected extraction detonations is subject to a certain level of uncertainty. However, the group estimates its number of planned extraction detonations based on production and extraction plans which are monitored and updated on an ongoing basis.
The following table summarises the useful life and depreciation method by class of asset:

	Producing mines	Transportation tunnels (underground infrastructure)	Buildings	Machinery and plants	Operating equipment
Depreciation method	UoP	Straight-line	Straight-line	Straight-line	Straight-line
Useful life	Based on estimated detonations	7–15 years	7–50 years	5–10 years	5–10 years

Each component is treated separately for depreciation purposes and depreciated over its individual useful life. When a significant component is replaced, the old component is derecognised and the new component capitalised, if its cost is recoverable.

3.16.2. Stripping activity assets

The group engages in stripping activities, which consists of the removal of waste rock to access iron ore deposits, during the production phase of a surface (open-pit) mine. The group recognises stripping activity assets to the extent that it gets an improved access to the ore body that will be consumed over a period of more than one year, it can identify the component of ore body for which access has been improved; and it can measure the associated costs reliably.

Stripping activities performed for the financial reporting periods 2021 and 2020 have not been recognised within the mine properties assets due to its short-term nature. All stripping costs have consequently been included as direct costs of inventory in the period they were incurred.

3.17. RESEARCH AND DEVELOPMENT EXPENDITURES

Research activities are expensed in the period they are incurred. Development expenditures are capitalised when all the following can be demonstrated, at the time or shortly after the expenditure is incurred:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

3.18. EMPLOYEE BENEFITS

The group operates defined benefit pension plans for its employees. The group has a collective defined benefit scheme comprising of 429 persons at year-end 2021 (405 in 2020), of which 292 are working individuals (257 in 2020).

The schemes entitle those concerned to future benefits mainly depending on the number of service years, the salary level at the retirement age and the size of the yields from the Norwegian national social insurance scheme. The pension agreement is financed by funding organised with an independent insurance company. The group also has an unfunded pension commitment related to membership in the AFP (early retirement) scheme financed by the group's operations.

The liabilities recognised in the consolidated statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in 'employee benefit expenses' in the consolidated statement of comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the consolidated statement of comprehensive income as past service costs.

The group will replace its defined benefit pension plan with a defined contribution plan early in 2022.

3.19. INCOME TAXES

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for the relevant tax jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred tax/tax assets are calculated at 22% of the temporary differences between book value and tax values, in addition to tax losses to carry forward at the end of the accounting year. Tax increasing and tax reducing temporary differences that reverse or can reverse in the same period are netted.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The group measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income taxes are determined by using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Current and deferred taxes are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.20. PROVISIONS

Provisions for legal claims and future rehabilitation activities are recognised when the group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of economic resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation in the future. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The impact of climate-related matters on remediation of environmental damage is considered with determining the decommissioning liabilities on the mining assets which has been disclosed in Note 29 *provisions*.

3.21. EARNINGS-PER-SHARE

3.21.1. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the parent company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for treasury shares (see Note 26).

3.21.2. Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

A potential ordinary share is a financial instrument or other contract that may entitle its holder to ordinary share, and whose conversion into an ordinary share would lead to a reduction in earnings per share or an increase in loss per share from continuing operations.

3.22. GOVERNMENT GRANTS

Government grants relating to the purchase of property, plant and equipment are normally included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The group received 0.6 million in 2021 (2020: NOK 0.9 million) in grants from the tax incentive scheme. The group recognised income of NOK 0 million (2020: NOK 6 million) in support from the CO_2 compensation scheme. The current CO_2 compensation scheme is under revisions, and uncertainty exist whether Rana Gruber will qualify for the coming reporting periods.

In accordance with the Norwegian Accounting Act, section 3-3d, Rana Gruber has prepared a Report on payments to authorities. According to the regulations companies with activities in the extractive industry or forestry shall disclose such payments. Rana Gruber has in 2021 paid NOK 33 299 thousand as corporate income tax, NOK 34 thousand to the Norwegian Environment Agency and NOK 114 thousand to the Norwegian Directorate of Mining.

Note 04 Segment information

Rana Gruber's business is primarily related to the excavating, processing and sale of iron oxide in the form of hematite, magnetite and iron oxide pigments. Hematite is used for iron and steel production in smelting plants in Europe and magnetite is used in industrial water purification processes.

Operating segments are components of the group regularly reviewed by the chief operating decision maker to assess performance and be able to allocate resources. The group's CEO (Chief Executive Officer) is the chief operating decision maker at Rana Gruber. The group as a whole is operated as a single segment. See Note 6 for a disaggregation of revenue from external customers by product.

In April 2020 Rana Gruber entered into an offtake agreement with a single customer ensuring the sale of all of the hematite production which constitute circa 90–95% of the total annual iron ore production volumes. The total revenue from that single customer, based in the United States of America, amounted to NOK 1 460 095 thousand in 2021 (2020: NOK 936 466 thousand). Domestic sales to external customers accounted for less than 1% of total revenue for the years 2021 and 2020. Substantially all of the group's goods are delivered to end users based in the European Union and United Kingdom area.

All non-current assets held by the group are located in Norway.

Note 05 First-time adoption of IFRS

5.1. OPTIONAL EXEMPTIONS APPLIED ON THE FIRST-TIME ADOPTION OF IFRSS

IFRS 1 provides a number of exemptions when applying IFRS for the first time. The group has applied the following optional implementation exemptions:

5.1.1. Leases

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2020. Right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the amount of any prepayments made before 1 January 2020.

The lease payments associated with leases that end within 12 months as of 1 January 2020 and leases for which the underlying assets are of low value are recognised as an expense on a straight-line basis over the lease term.

5.1.2. Borrowing costs

Rana Gruber has applied the transitional provisions in IAS 23 *Borrowing Costs* and capitalise borrowing costs relating to all qualifying assets (capitalised mining activities) after the date of transition 1 January 2020. Similarly, Rana Gruber will not restate for borrowing costs capitalised under Norwegian GAAP on qualifying assets prior to the date of transition to IFRS.

5.1.3. Revenue

As a first-time adopter Rana Gruber will not restate customer contracts that were completed before 1 January 2020. A completed contract is defined as a contract for which the entity has transferred the goods in accordance with Norwegian GAAP.

5.2. RECONCILIATIONS OF THE GROUP'S EQUITY REPORTED IN ACCORDANCE WITH PREVIOUS GAAP TO ITS EQUITY IN ACCORDANCE WITH IFRS, AT THE DATE OF TRANSITION TO IFRS (1 JANUARY 2020)

Amounts in NOK thousand	*Notes*	Norwegian GAAP	Adjustments and reclassifications	IFRS 1 January 2020
ASSETS				
Non-current assets				
Mine properties	*A, B, C*	264 408	12 032	276 440
Property, plant and equipment	*D*	209 211	(68 243)	140 968
Right-of-use assets	*E*	-	98 835	98 835
Other non-current financial assets	*F, G*	239 117	(13 152)	225 965
Net deferred tax assets	*A, C, D, F, H*	-	35 718	35 718
Total non-current assets		712 736	65 191	777 927
Current assets				
Inventories	*C*	123 523	(96 091)	27 432
Trade receivables		187 438	-	187 438
Other current receivables		27 254	-	27 254
Cash and cash equivalents		9 648	-	9 648
Total current assets		347 863	(96 091)	251 772
Total assets		1 060 599	(30 901)	1 029 698
EQUITY AND LIABILITIES				
Equity				
Share capital		9 348	-	9 348
Share premium		92 783	-	92 783
Other equity		242 097	(116 587)	125 510
Total equity		344 228	(116 587)	227 641
Liabilities				
Borrowings		281 146	-	281 146
Lease liabilities	*D, E*	63 510	8 400	71 910
Net deferred tax liabilities		10 843	(10 843)	-
Provisions	*B*	-	15 000	15 000
Other non-current liabilities		6 258	(1 500)	4 758
Net defined benefit liabilties	*F*	-	6 096	6 096
Total non-current liabilities		361 757	17 154	378 911
Borrowings		177 089	-	177 089
Trade payables	*H*	100 352	(28 008)	72 344
Lease liabilities (current portion)	*D, E*	-	26 925	26 925
Derivative financial liabilities	*H*	-	41 608	41 608
Other current liabilities	*H*	77 173	28 008	105 181
Total current liabilities		354 614	68 533	423 147
Total liabilities		716 371	85 687	802 058
Total equity and liabilities		1 060 599	(30 901)	1 029 698

5.3. RECONCILIATIONS OF THE GROUP'S EQUITY REPORTED IN ACCORDANCE WITH NORWEGIAN GAAP TO ITS EQUITY IN ACCORDANCE WITH IFRS, AT 31 DECEMBER 2020

Amounts in NOK thousand	*Notes*	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 December 2020
ASSETS				
Non-current assets				
Mine properties	*A, B, C, I*	238 856	107 488	346 344
Property, plant and equipment	*D*	214 661	(79 970)	134 691
Right-of-use assets	*E*	-	115 877	115 877
Other non-current financial assets	*F, G*	151 110	(15 671)	135 439
Total non-current assets		604 627	127 724	732 351
Current assets				
Inventories	*C*	211 683	(176 577)	35 106
Trade receivables	*J*	152 074	145 876	297 950
Other current receivables	*H*	39 634	(33 876)	5 758
Derivative financial assets	*H*	-	31 237	31 237
Cash and cash equivalents		24 994	-	24 994
Total current assets		428 385	(33 341)	395 044
Total assets		1 033 012	94 383	1 127 395
EQUITY AND LIABILITIES				
Equity				
Share capital		9 348	-	9 348
Share premium		92 783	-	92 783
Other equity		389 132	(112 567)	276 565
Total equity		491 263	(112 567)	378 696
Liabilities				
Borrowings		193 295	-	193 295
Lease liabilities	*E*	75 526	13 953	89 479
Net deferred tax liabilities		54 455	(45 308)	9 147
Provisions	*B*	-	15 000	15 000
Other non-current liabilities		4 656	(1 500)	3 156
Net defined benefit liabilities	*F*	-	6 737	6 737
Total non-current liabilities		327 932	(11 118)	316 814
Borrowings		-	-	-
Trade payables	*H*	111 225	(40 507)	70 718
Lease liabilities (current portion)	*D*	-	29 084	29 084
Current tax liabilities		33 265	-	33 265
Derivative financial liabilities	*H*	-	188 983	188 983
Other current liabilities	*H*	69 327	40 507	109 834
Total current liabilities		213 817	218 068	431 885
Total liabilities		541 749	206 950	748 699
Total equity and liabilities		1 033 012	94 383	1 127 395

5.4. RECONCILIATION TO THE GROUP'S STATEMENT OF COMPREHENSIVE INCOME IN ACCORDANCE WITH IFRS FOR THE LATEST PERIOD IN THE ENTITY'S MOST RECENT ANNUAL FINANCIAL STATEMENTS (31 DECEMBER 2020)

Amounts in NOK thousand	*Notes*	NGAAP	Adjustments and reclassi-fications	IFRS 31 December 2020
Revenue	*J*	1 333 561	216 188	1 549 749
Changes in inventories		7 959	-	7 959
Raw materials and consum-ables used		(347 604)	40 024	(307 580)
Employee benefit expenses	*F*	(213 900)	(392)	(214 292)
Depreciation	*A, B, D, E*	(107 148)	(41 554)	(148 702)
Other operating expenses	*D, E, G, J*	(153 841)	9 396	(144 445)
Operating profit/(loss)		519 027	223 661	742 688
Financial income		7 628	(1 019)	6 609
Financial expenses	*D,E,K*	(26 354)	(1 552)	(27 906)
Other financial gains/(losses)	*H*	(150 354)	(213 469)	(363 823)
Financial income/(expenses), net		(169 080)	(216 040)	(385 120)
Profit/(loss) before income tax		349 947	7 621	357 568
Income tax expense		(76 912)	(1 769)	(78 681)
Profit/(loss) for the year		273 035	5 852	278 887
Other comprehensive income from items that will not be reclassified to profit or loss:	*F*			
Actuarial gains and losses from defined benefit employee benefit obligations		-	(2 348)	(2 348)
Tax related to items that are not reclassified to profit or loss		-	517	517
Net other comprehensive income/(loss)		-	(1 831)	(1 831)
Comprehensive profit/(loss) for the year		273 035	4 020	277 055

5.5. RECONCILIATION TO THE GROUP'S STATEMENT OF CASH-FLOWS IN ACCORDANCE WITH IFRSS FOR THE LATEST PERIOD IN THE ENTITY'S MOST RECENT ANNUAL FINANCIAL STATEMENTS (31 DECEMBER 2020)

Amounts in NOK thousand	*Notes*	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 December 2020
Cash flow from operating activities:				
Profit before income tax		349 947	7 621	357 568
Adjustments for:				
Movements in provisions, pensions and government grants		1 608	-	1 608
Depreciation of tangible assets	*A, B, D, E*	104 521	44 181	148 702
Unsettled loss/(gain) on derivative financial instruments	*H*	-	157 747	157 747
Net finance income / expense		18 726	2 571	21 297
Working capital changes:				
Change in inventories	*C*	(88 160)	80 486	(7 674)
Change in receivables and payables	*H, J*	35 442	(170 511)	(135 069)
Interests received		7 628	(1 019)	6 609
Interests paid	*D, E, K*	(26 354)	(3 548)	(29 902)
Net cash flow from operating activities		403 358	117 528	520 886
Cash flow from investment activities:				
Expenditures on mine development	*A,B,C*	-	(156 287)	(156 287)
Expenditures on property, plant and equipment	*D*	(86 936)	56 854	(30 082)
Cash receipt from repayment of loans		91 533	(1 007)	90 526
Net cash flow from investing activities		4 597	(100 440)	(95 843)
Cash flow from financing activities:				
Payment of principal portion of lease liabilities	*D, E*	-	(26 925)	(26 925)
Cash repayments of amounts borrowed		(276 109)	9 837	(266 272)
Dividends paid		(116 500)	-	(116 500)
Net cash flow from financing activities		(392 609)	(17 088)	(409 697)
Net increase/(decrease) in cash and cash equivalents		15 346	-	15 346
Cash and cash equivalents at the beginning of the period		9 648	-	9 648
Cash and cash equivalents at the end of the period		24 994	-	24 994

5.6. EXPLANATION OF ADJUSTMENTS AND RECLASSIFICATIONS

Note A Mine properties
Under NGAAP, stripping costs incurred for Kvannevann øst open-pit were capitalised in 2019 and depreciated over the useful life of the mine.

Under IFRS, no stripping activity assets are recognised for the reporting periods included in these financial statements, following the group's accounting policies described in Note 3.16.2. Therefore, the carrying amount of the 'mine properties'as of 1 January 2020 does not include NOK 77 351 thousand previously capitalised under NGAAP, amount which has been adjusted against 'retained earnings' of the group for an amount of NOK 60 334 thousand. These adjustments also resulted in the recognition in 'deferred tax assets'for an amount of NOK 17 017 thousand.

Additionally, at 31 December 2020, the depreciation of the stripping costs recognised under NGAAP have been reversed for an amount of NOK 12 892 thousand, and 'deferred tax assets'have been reversed for an amount of NOK 2 836 thousand. During the 2020 financial reporting period, the 'depreciation of tangible assets'increased with an amount of NOK 12 892 thousand.

Note B Rehabilitation provision
Under NGAAP, the group recognised a rehabilitation provision for an amount of NOK 1,5 million. However, the application of IAS 37, particularly with respect to the identification of obligating events, has led to the recognition an additional provision, which has been included as part of the 'mine properties asset' and depreciated over their useful life, for an amount of NOK 13.5 million. See Note 29 for more information on provisions.

Under IFRS, the cost corresponding to the rehabilitation provision have been depreciated in the 2020 reporting period for an amount of NOK 900 thousand.

Note C Subsequent expenditure in mine properties
Under NGAAP, preparatory production costs (related to opening of mine tunnels and long-hole drilling) was recognised as part of 'inventories'.

At 1 January 2020, the 'preparatory production (opening of mine tunnel)'has been reclassified from 'inventories' under NGAAP to 'mine properties' under IFRS for an amount of NOK 75 883 thousand, as these assets have depreciation profiles in excess of 12 months. On the other hand, the 'preparatory production long-hole drilling' has been reversed from 'inventories' under NGAAP against 'retained earnings' under IFRS for an amount of NOK 20 208 thousand. Therefore, the total reversal of 'inventories' at 1 January 2020 has been NOK 96 091 thousand. These adjustments also resulted in the recognition in 'deferred tax assets' for an amount of NOK 4 446 thousand.

At 31 December 2021, the 'preparatory production (opening of mine tunnel)' accumulated net additions of NOK 80 486 thousand, which have also been reclassified to 'mine properties' under IFRS.

Note D Removal of finance leases under NGAAP
Rana Gruber has under NGAAP differentiated between finance leases and operating leases. Finance leases within the group predominantly consist of railway carriages and mining equipment and operating leases consist mainly of vehicles, office premises and other equipment.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and applies to all leases in scope. The standard does not differentiate between operating and financial leases from a lessee perspective and Rana Gruber has recognised assets and liabilities for all leases meeting the recognition requirements.

The finance lease balances held under NGAAP at 1 January have been reversed when converting the financial statements to IFRS. PPE arising from finance leases under NGAAP has been reversed for an amount of NOK 68 243 thousand. The 'finance lease liabilities' have been reversed for an amount of NOK 63 510 thousand. These adjustments resulted in the recognition of 'deferred tax assets' for an amount of NOK 12 078 thousand. The difference of the reclassifications above is adjusted through an increase in 'retained earnings', for an amount of NOK 7 346 thousand.

Additionally, at 31 December 2020, PPE arising from finance leases under NGAAP has been reversed for an amount of NOK 11 727 thousand. The 'finance lease liabilities' has been reversed for an amount of NOK 12 016 thousand. These adjustments resulted in the derecognition of 'deferred tax assets' for an amount of NOK 63 thousand. The difference of the reclassifications above is adjusted through an increase in 'retained earnings, for an amount of NOK 225 thousand.

The amounts recognised in the consolidated statement of comprehensive income under NGAAP during 2020 have been reversed in converting the financial statements to IFRS. 'Depreciation of tangible assets' has been reversed for an amount of NOK 11 457 thousand. 'Financial expenses' has been reversed for an amount of NOK 2 259 thousand. 'Other operating expenses' has been increased for an amount of NOK 13 428 thousand.

Note E Recognition right-of-use assets and lease liabilities
The group apply IFRS 16 to its lease contracts. This resulted in the recognition of 'right-of-use assets' and 'lease liabilities'.

At 1 January 2020, the group recognised 'right-of-use assets' and 'lease liabilities' for an amount of NOK 98 835 thousand. NOK 71 910 corresponds to the 'non-current lease liabilities' and NOK 26 925 thousand has been classified as 'current lease liabilities'.

At 31 December 2020, the IFRS financial statements included additional adjustments and reclassifications. Additional 'right-of-use assets' and 'lease liabilities' have been recognised for an amount of NOK 17 042 thousand and NOK 19 728 thousand. NOK 17 568 corresponds to the 'non-current lease liabilities' and NOK 2 159 thousand has been classified as 'current lease liabilities'. 'Deferred tax assets' have been recognised for an amount of NOK 591 thousand.

The application of IFRS 16 resulted in several effects in the consolidated statement of comprehensive income. 'Depreciation of tangible assets' has been increased for an amount of NOK 25 961 thousand. 'Other operating expenses' has been reversed for an amount of NOK 32 732 thousand. 'Finance expenses' has been increased for an amount of NOK 9 457 thousand.

See additional information in Note 14.

Note F Net defined benefit liabilities
The group's defined benefit pension plan was in accordance with Norwegian GAAP, measured at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets was valued at their fair value. The basis for the recognition was a straight-line earnings profile and expected end salary. Actuarial assumptions were based on the Norwegian GAAP pension standard (NRS 6). Plan changes were amortised over the expected remaining service period. This also applied for actuarial gains and losses to the extent that they exceed 10% of the larger of the pension liabilities and pension funds ("the corridor").

The group's defined benefit pension plan has under IFRS been measured at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets are valued at their fair value. The basis for the recognition is a straight-line earnings profile and expected end salary. Actuarial assumptions are based on the relevant pension standard under IFRS (IAS 19).

Rana Gruber has from the IFRS opening balance 1 January 2020 and onwards fully recognised the net defined benefit liabilities, thus eliminating the corridor approach. The application of IFRS therefore resulted in the reversal of 'other non-current assets' for an amount of NOK 11 475 thousand, and the recognition of 'net defined liabilities' for an amount of NOK 6 096 thousand. 'retained earnings' have been adjusted for an amount of NOK 13 705 thousand and 'deferred tax assets' have been recognised for an amount of NOK 3 866 thousand.

At 31 December 2020, the group has made some adjustments and reclassifications to the balance sheet in addition to the ones made at 1 January 2020. 'Other non-current financial assets' have been reversed for an amount of 2 099 NOK. The 'net defined benefit liabilities' are increased by an amount of NOK 641 thousand.

Service costs incurred under NGAAP, included within 'employee benefit expenses', have been increased for an amount of NOK 392 thousand for the 2020 financial reporting period.

Additional information is included in Note 25.

Note G Investment in not-for-profit organisations
Under NGAAP, the group recognised as assets investments in other shares and businesses, included within 'other non-current financial assets'. These investments are held in not-for-profit organisations, which does not meet the definition of a financial asset under IFRS. Therefore, these investments have been reversed in the conversion to IFRS. There are no potential obligations that could constitute liabilities arising from these investments.

At 1 January 2020 'investments in other shares and businesses' has been reversed for an amount of NOK 1 678 thousand against 'retained earnings'. Additionally, at 31 December 2020, NOK 420 thousand has been reversed, debiting 'other operating expenses' in the consolidated statement of comprehensive income.

Note H Derivative financial assets and liabilities
Under NGAAP, derivative gains and losses from fair value changes have not been recognised prior to expiration/settlement of the derivative instruments.

Under IFRS, derivatives are measured at fair value through profit or loss per each financial reporting period. Depending on its net position, instruments will be presented either as 'derivative liabilities' or as 'derivative assets'.

At 1 January 2020, 'other current liabilities' and 'trade payables' have been reversed for an amount of NOK 28 008 thousand, and 'derivative financial liabilities' have been increased by NOK 41 608 thousand. On the asset side, these adjustments resulted in the recognition of a 'deferred tax assets' for an amount of NOK 9 154 thousand. The difference between assets and liabilities recognised resulted in a negative adjustment to 'retained earnings' for an amount of NOK 32 454 thousand.
At 31 December 2020, 'other current receivables' have been increased by an amount of NOK 33 876 thousand and 'derivative financial assets' have also been increased by an amount of NOK 31 237 thousand. Likewise, 'other current liabilities' and 'trade payables' have been reversed by an amount of NOK 40 507 thousand and 'derivative financial liabilities' have been recognised for an amount of NOK 188 983 thousand. These adjustments resulted in the recognition of a 'deferred tax assets' for an amount of NOK 25 551 thousand.

With respect to the consolidated statement of comprehensive income, the conversion to IFRS resulted for 2020 in net amount of losses of NOK 210 838 thousand to 'other financial gains and losses'.

See additional information about derivatives in Note 24.

Note I Depreciation of mine properties
Under NGAAP, the group has been reducing the carrying amount of the 'preparatory production (opening of mine tunnel)' following a method similar to the unit of production method. The reduction in value of the asset was reflected as 'costs of goods sold' in the income statement under NGAAP. The approach taken under NGAAP is broadly consistent with the one applied under IFRS for the 'mine properties'.

However, the group reviewed the consistency of the application under NGAAP with the accounting policies under IFRS and adapted the calculation of the accumulated depreciation following the useful life considered under IFRS, consistent with Note 3.16.

The following adjustments has been made to the NGAAP amounts for the conversion to IFRS on this specific area:

- Expenses included in 'raw materials and consumables used', within the consolidated statement of comprehensive income, have been reversed for an amount of NOK 40 024 thousand.
- 'Depreciation of tangible assets' within the consolidated statement of comprehensive income has been increased for an amount of NOK 38 900 thousand.
- The net amount from the two items above has been added to the 'mine properties' within the statement of financial position.

Note J Revenue and provisionally priced trade receivables
Under NGAAP, revenue was recognised at a point in time for all contracts with customers, generally when the vessel chartered by the customer had been loaded, under Free on Board (hereafter referred to as 'FOB') incoterm, for an amount representing the average of past iron ore spot prices.

Under IFRS, revenue is recognised using forward price for the settlement period, at the date of the sale. The accounting treatment under IFRS is explained in Note 3.4 and Note 6. This resulted in the recognition of 'trade receivables' and decrease of 'deferred tax assets' for an amount of NOK 112 000 thousand and NOK 24 640 thousand, respectively. 'Revenue' and 'other operating expenses' have been recognised for an amount of NOK 121 488 thousand and NOK 9 488 thousand, respectively.

Under NGAAP, the group has been applying hedge accounting for its iron ore price derivatives. Therefore, the gains and losses from these derivative instruments were included in the 'sales income'. Under IFRS, the group is not applying hedge accounting and therefore the losses from iron ore price derivatives have been reclassified from 'revenue' to 'other financial gains and losses' (see Note 9 for further details) for an amount of NOK 94 700 thousand in 2020.

Note K Capitalisation of borrowing costs
The group has incurred borrowing costs in the development of its 'mine properties', which met the definition of a qualifying asset. Under NGAAP, all borrowing costs have been expended as incurred. Under IFRS, borrowing costs directly attributable to a qualifying are recognised as part of the cost of the assets.

At 31 December 2020, this resulted in the increase of the carrying amount of 'mine properties' for an amount of NOK 1 854 thousand and the decrease of 'deferred tax asset' for an amount of NOK 408 thousand. In the consolidated statement of financial position for the 2020 financial reporting period, the 'depreciation' of the capitalised costs has been recognised for an amount of NOK 143 thousand, and interest expenses have been reversed for an amount of NOK 1 996 thousand.

Note 06 Revenue

6.1. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES: REVENUE FROM SALES OF HEMATITE
Revenue from sales of hematite accounts for substantially all revenue from contracts with customers.

Rana Gruber recognises revenue from its sales of hematite to its customers, acting as a principal to the transactions. Rana Gruber does not typically provide freight, shipping or insurance services to its customers. Therefore, providing the goods is the only performance obligation identified on the contracts with customers. Each shipment of hematite is treated as a separate performance obligation.

Typically, Rana Gruber is responsible for the goods until the hematite is loaded onto the vessels chartered by the customer at the port of Mo i Rana, under the Incoterms Free on Board (FOB). This is the point in time when Rana Gruber obtains an unconditional right to payment and when control is transferred to the customer. The initial invoice is normally paid by the customer within 3 to 5 working days after the shipment date. Customer acceptance for the goods is not considered a relevant indicator for Rana Gruber, as there is certainty on the specification requirements of the goods when the hematite is loaded onboard the vessels.

The sale of hematite is typically subject to a provisional price mechanism. At the moment of the sale, invoices are issued to clients based on provisional prices, reflecting the average of past spot prices of iron ore. Final prices are derived from monthly averages of iron ore prices during the reference period (typically, three months after each shipment has taken place). Typically, the final invoice is paid by the customer within 3 to 5 working days after the invoice date.

Under IFRS, revenue is recognised at the shipment date for an amount that corresponds to the average forward prices for the month in which the invoice will be finally settled. At each reporting date after the date of the sale, the corresponding trade receivable is measured using the updated forward prices. Subsequent changes in the value of the trade receivables due to changes in the forward prices are recognised as revenue up until the date of the final settlement for the shipment. When the price is known, the trade receivables are reclassified to trade receivables which are not subject to provisional price mechanisms. For disclosures on the provisionally priced trade receivables, see Note 3.8 and Note 20.

The transaction price for hematite shipments is also subject to variable consideration depending on several parameters such as Fe content and moisture, which can be estimated with a high level of certainty at the moment the revenue is recognised. When variable consideration depends on factors that are outside of Rana Gruber's influence, the variable consideration is not recognised until the moment when the uncertainty is resolved, normally being shortly before the final invoice is sent to the client.

Rana Gruber uses the practical expedient of not disclosing the information required in paragraph 120 of IFRS 15 (i.e. the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period).

6.2. DISAGGREGATED INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS

The following breakdown of revenue from contracts with customers presents a disaggregation by major product line:

Revenue

Amounts in NOK thousand	**2021**	2020
Sales of hematite	**1 644 212**	1 189 515
Sales of magnetite	**115 254**	112 721
Sales of Colorana	**43 840**	38 522
Total revenue from contracts with customers	**1 803 306**	1 340 758
Effect from provisionally priced receivables	**(146 195)**	203 984
Other income	**11 318**	5 007
Total revenue	**1 668 429**	1 549 749

Revenue arising from other than contracts with customers includes primarily the fair value changes in the value of the trade receivables due to the provisional price mechanisms from the shipment date and up until the invoice is finally settled and other income arising primarily from sale of services related to consulting and geophysical analysis. Revenue from service transactions is recognised as the service is performed.

Note 07 Other operating expenses

Amounts in NOK thousand	**2021**	2020
Mining activities: extraction and maintenance	**71 789**	66 368
Expenses related to short-term and low-value leases	**23 946**	9 995
Auditor's remuneration	**2 915**	1 080
Consulting fees	**23 074**	10 911
Energy expenses (fuel, electricity, water, etc.)	**16 619**	12 015
Insurance fees	**14 528**	11 618
Shipping costs	**14 279**	10 793
Other	**21 956**	21 664
Total other operating expenses	**189 106**	144 445

Expenses incurred in research and development projects have been NOK 3 786 thousand during the 2021 financial year (2020: NOK 2 723 thousand). No development expenses have been capitalised during 2021 or 2020, and no development expenditures were capitalised at the IFRS opening balance date 1 January 2020.

Auditor's remuneration

Amounts in NOK thousand	**2021**	2020
Statutory audit fees	**1 106**	815
Technical assistance	**1 732**	216
Tax advisory services	**77**	49
Total auditor's remuneration	**2 915**	1 080

Note 08 Finance income and costs

Amounts in NOK thousand	**2021**	2020
Finance income:	**541**	6 609
Interest income from bank deposits	**-**	27
Interest income from related parties	**-**	5 475
Other financial income	**541**	1 107
Finance costs:	**(13 589)**	(29 902)
Interest on borrowings	**(7 935)**	(23 630)
Interest on lease liabilities	**(5 579)**	(5 807)
Interest costs from related parties	**-**	(288)
Other finance costs	**(75)**	(177)
Capitalised borrowing costs (see Note 12)	**1 150**	1 996
Net finance result	**(11 898)**	(21 297)

Note 09 Other financial gains and losses

Amounts in NOK thousand	**2021**	2020
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on exchange rates	**(38 917)**	16 109
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on iron ore prices	**23 401**	(358 376)
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on interest rates	**2 615**	(2 615)
Net foreign exchange gains (losses)	**21 456**	(18 941)
Total other financial gains and losses	**8 555**	(363 823)

Note 10 Income tax

10.1. INCOME TAX EXPENSE

Amounts in NOK thousand	**2021**	2020
Current income tax	**146 207**	33 312
Change in deferred tax	**21 489**	45 369
Total income tax expense	**167 697**	78 681

10.2. DEFERRED TAX

10.2.1. Deferred tax relating to OCI

Amounts in NOK thousand	**2021**	2020
Actuarial gains and losses	**285**	517
Total deferred tax charged to OCI	**285**	517

10.2.2. Deferred tax balances

Amounts in NOK thousand	**2021**	2020	1 January 2020
Tangible fixed assets (PPE & Mine properties)	**(26 151)**	(28 315)	(6 474)
Right-of-use assets	**2 125**	1 774	-
Derivatives	**(5 572)**	34 704	9 154
Inventories	**189**	3 203	3 193
Receivables	**(3 845)**	(24 600)	40
Gain and loss account	**(292)**	(365)	(456)
Provisions	**2 970**	2 970	2 970
Pension funds/-liabilities (net)	**214**	1 482	1 341
Total deferred tax relating to temporary differences	**(30 351)**	(9 146)	9 768
Tax losses to carry forward	**-**	-	19 759
Excluded interest deduction to carry forward	**-**	-	6 191
Carrying value of deferred tax assets (liabilities)	**(30 351)**	(9 147)	35 718

Explanation of change in deferred tax

Amounts in NOK thousand	**2021**	2020
Carrying value of deferred tax at 1 January	**(9 147)**	35 718
Change in deferred tax liabilities	**(21 206)**	(44 865)
Carrying value of deferred tax at 31 December	**(30 351)**	(9 147)

10.3 RECONCILIATION OF INCOME TAX EXPENSE

Amounts in NOK thousand	**2021**	2020
Profit before tax	**759 744**	357 568
Expected income tax at statutory income tax rate of 22% (2020: 22%)	**167 144**	78 665
Permanent differences	**553**	16
Calculated tax expense/(income)	**167 697**	78 681

Note 11 Earnings per share (EPS)

11.1. BASIC AND DILUTED EARNINGS PER SHARE

Amounts in NOK	**2021**	2020
From continuing operations attributable to the ordinary equity	**15.86**	7.46
Total basic and diluted earnings per share attributable to the ordinary equity	**15.86**	7.46
Total number of outstanding shares, excluding treasury shares	**37 334 733**	37 392 000

For the reporting periods included in these financial statements, the group had no dilutive potential ordinary shares.

Note 12 Mine properties

Amounts in NOK thousand	Exploration and evaluation assets	Producing mines	Total
At 1 January 2020			
Cost	-	699 517	**699 517**
Accumulated depreciation and impairment	-	(423 077)	**(423 077)**
Net book amount	-	276 440	**276 440**
Year ended 31 December 2020			
Opening net book amount	-	276 440	**276 440**
Additions	-	156 287	**156 287**
Depreciation charge	-	(86 383)	**(86 383)**
Closing net book amount	-	346 344	**346 344**

Amounts in NOK thousand	Exploration and evaluation assets	Producing mines	Total
At 31 December 2020			
Cost	-	855 804	**855 804**
Accumulated depreciation and impairment	-	(509 460)	**(509 460)**
Net book amount	-	346 344	**346 344**
Year ended 31 December 2021			
Opening net book amount	-	346 344	**346 344**
Additions	8 539	58 472	**67 011**
Depreciation charge	-	(109 587)	**(109 587)**
Closing net book amount	8 539	295 229	**303 768**
At 31 December 2021			
Cost	8 539	914 276	**922 815**
Accumulated depreciation and impairment	-	(619 047)	**(619 047)**
Net book amount	8 539	295 229	**303 768**

12.1. SIGNIFICANT ADDITIONS FROM MINING ACTIVITIES DURING THE PERIOD

The additions made during the 2020 financial reporting period relate to the work carried out for the opening of a mine tunnel (level 123 in Ørtfjell deposit) for the group's underground mining activities.

During 2021, the group continued its works on the level 123 of the Ørtfjell deposit, which were finalised during the first quarter. These works resulted in additions to the producing mines of approximately NOK 27 million.

Other significant additions during the 2021 period related to the development of the open-pit mines. Approximately, expenditures of NOK 17 million were incurred to develop infrastructures in the Ørtfjell deposit, and NOK 11 million were incurred to develop a transportation tunnel to get to a new mine level in the Kvannevann Øst mine.

12.2. CAPITALISATION OF BORROWING COSTS

The amount of borrowing costs capitalised during the period has been NOK 1 150 thousand (2020: NOK 1 996 thousand). The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation has been 3.41% (2020: 3.95%).

12.3. EXPLORATION AND EVALUATION ACTIVITIES

The group has undertaken exploration and evaluation activities during the period to assess the technical feasibility and commercial viability of starting the extraction in new areas. The assets recognised during the period mostly relate to the cost of geophysical studies, and exploratory drilling. No exploration and evaluation expenditures have been directly recognised as expense during 2020 and 2021.

Note 13 Property, plant and equipment

Amounts in NOK thousand	Land and buildings	Machinery and plants	Operating equipment etc.	Total
At 1 January 2020				
Cost	46 415	570 406	50 563	**667 384**
Accumulated depreciation and impairment	(33 887)	(446 240)	(46 289)	**(526 416)**
Net book amount	12 528	124 166	4 274	**140 968**
Year ended 31 December 2020				
Opening net book amount	12 528	124 166	4 274	**140 968**
Additions cost	6 753	18 513	4 816	**30 082**
Depreciation charge	(2 478)	(31 835)	(2 046)	**(36 359)**
Closing net book amount	16 803	110 844	7 044	**134 691**
At 31 December 2020				
Cost	53 168	588 919	55 379	**697 466**
Accumulated depreciation and impairment	(36 365)	(478 075)	(48 335)	**(562 775)**
Net book amount	16 803	110 844	7 044	**134 691**
Year ended 31 December 2021				
Opening net book amount	16 803	110 844	7 044	**134 691**
Additions	34 037	22 947	1 658	**58 642**
Depreciation charge	(4 093)	(33 735)	(2 089)	**(39 917)**
Closing net book amount	46 747	100 056	6 613	**153 416**
At 31 December 2021				
Cost	87 205	611 866	57 037	**756 108**
Accumulated depreciation and impairment	(40 458)	(511 810)	(50 424)	**(602 692)**
Net book amount	46 747	100 056	6 613	**153 416**

Note 27 discloses information on the amount of property, plant and equipment that are pledged as security for borrowings.

During the period, the group bought back the Rana Gruber administration building from Mo Industripark AS for an amount of NOK 18 million.

Note 14 Leases

14.1. NATURE OF THE LESSEE'S LEASING ACTIVITIES

The group leases most of its production machines including dumper-truck, excavator, wheeled loader, train wagons and other vehicle used in the iron ore extraction and transportation process. The group has also in the 2020 and 2021 reporting periods had one office premises lease which was terminated in 2021. The lease term varies normally from one to five years with options to both extend and terminate the lease contracts at management's discretion.

14.2. RIGHT-OF-USE ASSETS

Amounts in NOK thousand	Buildings	Machinery	**Total**
At 1 January 2020	2 208	96 627	**98 835**
Year ended 31 December 2020			
Additions	-	43 003	**43 003**
Depreciation charge	(1 395)	(24 566)	**(25 961)**
Closing net book amount	814	115 063	**115 877**
At 31 December 2020			
Cost	2 208	139 630	**141 838**
Accumulated depreciation and impairment	(1 395)	(24 566)	**(25 961)**
Net book amount	814	115 063	**115 877**
Year ended 31 December 2021			
Additions	-	23 150	**23 150**
Depreciation charge	(814)	(23 929)	**(24 743)**
Closing net book amount	(814)	(779)	**(1 593)**
At 31 December 2021			
Cost	2 208	162 779	**164 988**
Accumulated depreciation and impairment	(2 208)	(48 495)	**(50 704)**
Net book amount	-	114 284	**114 284**

14.3. LEASE LIABILITIES

Amounts in NOK thousand	**2021**	2020
At 1 January	**118 563**	98 835
Additions	**23 150**	43 003
Interest expense	**5 579**	5 807
Lease payments	**(31 232)**	(32 732)
Currency effects	**(2 352)**	3 650
Balance at 31 December	**113 708**	118 563
Current	**31 107**	29 084
Non-current	**82 601**	89 479

The following table discloses the maturity analysis for lease liabilities (Note 23.3 includes information for other non-derivative financial liabilities):

Contractual maturities

Amounts in NOK thousand	**2021**	2020
Less than 1 year	**31 890**	29 611
1–3 years	**63 844**	64 071
4–5 years	**15 818**	10 698
More than 5 years	**24 645**	32 491
Total contractual cash-flows	**136 196**	136 870
Recognised as liabilities	**113 708**	118 563

14.4 AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

The following amounts have been recognised in the consolidated statement of comprehensive income in relation to leases:

Amounts in NOK thousand	**2021**	2020
Interest expense (included in finance cost)	**5 579**	5 807
Expense relating to short-term and low-value leases	**23 946**	9 995
Expense relating to depreciation	**24 743**	25 961

The total cash outflow for leases in 2021 has been NOK 55 177 thousand (2020: NOK 42 727 thousand).

Note 15 Other non-current financial assets

Amounts in NOK thousand	**2021**	2020	1 January 2020
Loans to related parties (see Note 28)	**-**	133 939	224 465
Other loans	**1 500**	1 500	1 500
Total other non-current financial assets	**1 500**	135 439	225 965

Note 16 Trade receivables

Amounts in NOK thousand	**2021**	2020	1 January 2020
Trade receivables subject to provisional pricing mechanism (fair value, see Note 20)	**40 736**	206 470	-
Trade receivables not subject to provisional pricing mechanism (amortised cost)	**22 531**	91 659	187 618
Loss allowance of trade receivables at amortised cost	**(180)**	(180)	(180)
Total trade receivables	**63 087**	297 950	187 438

More information about trade receivables subject to the provisional pricing mechanism can be found in Note 6.

16.1. IMPAIRMENT OF TRADE RECEIVABLES

Impairment on trade receivables has historically not been significant for the group. Trade receivables not subject to provisional price mechanisms have been grouped using the number of days past due. The expected credit loss rates used in the provision matrix are calculated using both historical loss rates and forward-looking information:

Ageing trade receivables

Amounts in NOK thousand	**2021**	2020	1 January 2020
Not due	**14 961**	74 637	169 541
Less than 30 days	**3 216**	-	3 157
30–60 days	**1 457**	1 672	1 790
61–90 days	**669**	-	-
More than 90 days	**2 229**	15 351	13 130
Total carrying value trade receivables	**22 531**	91 659	187 618

Trade receivables due more than 90 days comprise mainly related parties (see Note 28), which are closely followed by the group to detect any decrease in the quality of the receivable.

Note 17 Inventories

Amounts in NOK thousand	**2021**	2020	1 January 2020
In-house manufactured finished goods	**56 250**	13 944	15 085
Goods in progress (iron ore stockpiles)	**19 161**	14 000	4 900
Purchased semi-manufactured goods	**881**	820	605
Production supplies and spare parts	**12 923**	6 342	6 842
Total inventories at the lower of cost and net realisable value	**89 215**	35 106	27 432

Inventories are pledged as security for financial liabilities. See Note 27 for additional information.

Note 18 Cash and cash equivalents

Amounts in NOK thousand	**2021**	2020	1 January 2020
Cash at bank and in hand	**331 750**	162 613	9 648
Bank overdrafts	**(67 386)**	(137 619)	-
Net cash at bank and in hand	**264 363**	24 994	9 648
Restricted cash	**11 890**	12 609	9 612
Unrestricted cash	**252 473**	12 385	36
Total cash and cash equivalents	**264 363**	24 994	9 648

18.1. SHORT-TERM DEPOSITS

The group does not hold bank deposits or other short-term, liquid investments. Short term deposits and the other short-term, liquid investments considered as cash equivalents meet the criteria set in the accounting policies explained in Note 3.7.

18.2. RESTRICTED CASH

Part of the cash and cash equivalents disclosed is subject to regulatory restrictions on payroll tax liabilities and is therefore not available for general use by the group.

18.3. BANK OVERDRAFTS

Bank overdrafts held at 31 December 2020 and 2021 mainly relate to accounts used for payments in foreign currency (see Note 23.3.5). See Note 3.7 for information on the accounting policies followed by the group with respect to bank overdrafts.

Note 19 Reconciliation of cash-flows from financing activities

Amounts in NOK thousand	Borrowings	Lease liabilities	**Total**
Liabilities from financing activities at 1 January 2020	458 234	98 835	**557 070**
Financing cash flow (payments)	(266 272)	(26 925)	**(293 197)**
New leases	-	43 003	**43 003**
Foreign exchange adjustments	1 332	3 650	**4 982**
Other changes	1	-	**1**
Liabilities from financing activities at 31 December 2020	193 295	118 563	**311 858**
Financing cash flow (payments)	(196 288)	(25 653)	**(221 941)**
New leases	-	23 150	**23 150**
Foreign exchange adjustments	2 993	(2 352)	**641**
Liabilities from financing activities at 31 December 2021	-	113 708	**113 708**

Note 20 Financial assets and liabilities

20.1. FINANCIAL ASSETS

Amounts in NOK thousand	**2021**	2020	1 January 2020
Debt instruments measured at amortised cost:	**325 196**	291 726	450 485
Other current receivables	**36 802**	39 634	27 254
Trade receivables not subject to provisional pricing mechanism (amortised cost)	**22 531**	91 659	187 618
Other non-current financial assets	**1 500**	135 439	225 965
Cash and cash equivalents	**264 363**	24 994	9 648
Debt intruments measured at fair value through profit or loss:	**40 736**	-	-
Trade receivables subject to provisional pricing mechanism (fair value)	**40 736**	206 470	-
Derivatives (measured at fair value through profit or loss):	**103 247**	206 470	-
Foreign exchange forward contracts	**-**	31 237	-
Iron ore forward contracts	**103 247**	31 237	-
Total financial assets	**469 179**	529 433	450 485

20.2. FINANCIAL LIABILITIES

Amounts in NOK thousand	**2021**	2020	1 January 2020
Liabilities measured at amortised cost:	**234 504**	377 003	640 517
Borrowings (see Note 21)	**-**	193 295	458 234
Trade payables and other current liabilities (see Note 22)	**232 951**	180 552	177 525
Other non-current liabilities	**1 553**	3 156	4 758
Derivatives (measured at fair value through profit or loss):	**7 680**	188 983	41 608
Foreign exchange forward contracts	**7 680**	-	3 936
Iron ore forward contracts	**-**	186 368	34 165
Interest rate swaps	**-**	2 615	3 507
Total financial liabilities	**242 184**	565 986	682 125

20.3. FAIR VALUE HIERARCHY

The different fair value measurement levels have the following meaning:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the group is the current bid price. These instruments are included in level 1.
- **Level 2:** The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the fair value of those assets and liabilities that are measured at fair value in the financial statements at each reporting date:

At 31 December 2021

Amounts in NOK thousand	Level 1	Level 2	Level 3	**Total**
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	40 736	-	**40 736**
Derivatives (assets)	-	103 247	-	**103 247**
Total financial assets measured at fair value	-	143 983	-	**143 983**
Financial liabilities valued at FVPL:				**-**
Derivatives (liabilities)	-	(7 680)	-	**(7 680)**
Total financial liabilities measured at fair value	-	(7 680)	-	**(7 680)**

At 31 December 2020

Amounts in NOK thousand	Level 1	Level 2	Level 3	**Total**
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	206 470	-	**206 470**
Derivatives (assets)	-	31 237	-	**31 237**
Total financial assets measured at fair value	-	237 707	-	**237 707**
Financial liabilities valued at FVPL:				
Derivatives (liabilities)	-	(188 983)	-	**(188 983)**
Total financial liabilities measured at fair value	-	(188 983)	-	**(188 983)**

At 1 January 2020

Amounts in NOK thousand	Level 1	Level 2	Level 3	**Total**
Financial liabilities valued at FVPL:				
Derivatives (liabilities)	-	(41 608)	-	**(41 608)**
Total financial liabilities measured at fair value	-	(41 608)	-	**(41 608)**

Trade receivables subject to the provisional pricing mechanisms are considered level 2. The fair value of the provisionally priced trade receivables uses the forward prices of iron ore at the stipulated settlement date. This is an observable price with an active market, which is applied to the pricing formula for the agreements. See additional information in Note 6.

Derivatives are considered level 2. Fair value estimates have been determined based on present value calculations and other commonly used valuation techniques. The group's derivative instruments are primarily swaps contracts where fair value estimates are based on equating the present value of a fixed and a variable stream of cash flows over the maturity of the contract. These estimates are based on observable input related to volatility, discount rates and current market values of the underlying asset the derivative instrument is related to.

There were no transfers between levels of fair value measurements during the reporting periods.

Fair values of financial instruments not measured at fair value are not materially different to their carrying values.

Note 21 Borrowings

Overview of borrowings

Amounts in NOK thousand	**2021**	2020	1 January 2020
Non-current			
Bank borrowings	-	193 295	281 146
Total non-current borrowings	-	193 295	281 146
Current			
Bank borrowings	-	-	177 089
Total current borrowings	-	-	177 089
Total borrowings	-	193 295	458 234

The group agreed with the lenders to settle all the outstanding borrowings during 2021. There have been no significant differences between the amounts paid for settlements and the carrying value of the borrowings.

21.1. RELEVANT TERMS AND CONDITIONS

The group's current borrowing facility includes per the reporting date 31 December 2021 an overdraft credit facility of NOK 100 000 thousand with an interest rate based on the relevant reference rate plus a margin of 3.25% p.a. The overdraft credit facility agreement includes the following quarterly financial covenant for the group:

- Net interest-bearing debt / EBITDA < 1.5
- Equity ratio > 35%, adjusted for unrealised effects from derivative instruments
- Adverse unrealised effects from derivative instruments < 250 MNOK

21.2. ASSETS PLEDGED AS SECURITIES FOR LIABILITIES

The borrowing facility required certain assets to be pledged as security, being accounts receivables, inventory, and property, plant and equipment. Further information about the amounts and classes of assets pledged is included in Note 27.

21.3 COMPLIANCE WITH COVENANTS

The group has complied with all the financial covenants during 2021 and 2020, and Management does not expect to breach any covenant in the foreseeable future.

Note 22 Trade payables and other current liabilities

Trade payables

Amounts in NOK thousand	**2021**	2020	1 January 2020
Trade payables with third parties	**80 030**	45 220	38 473
Trade payables with related parties (see Note 28)	**39 085**	25 498	33 871
Total trade payables	**119 115**	70 718	72 344

Other current liabilities

Amounts in NOK thousand	**2021**	2020	1 January 2020
Other current liabilities with related parties (see Note 28)	**-**	-	22 178
Dividends payable	**-**	27 500	18 000
Public duties payable	**12 601**	14 233	10 755
Contract liabilities	**78 787**	-	-
Others	**22 448**	68 101	54 248
Total other curent liabilities	**113 836**	109 834	105 181

Trade payables are unsecured and are normally settled within 30 days.
The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 23 Financial risk and capital management

In conducting its operations, the group faces the following main types of risks: credit risk, liquidity risk and market risk. For each type of risk identified, this note discloses or cross-references to information about the group's exposures to the risk, how it arises; the group's objectives, policies, and processes for managing the risk and the methods used to measure the risk.

The group uses derivatives on a recurrent basis to hedge against financial risks, but the group does not apply hedge accounting.

23.1. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the group by failing to settle its obligation.

The group is exposed to credit risks in conducting its ordinary activities. The credit risk primarily relates to its trade receivables and its cash and cash equivalents.

23.1.1. Trade receivables

The group is closely following the credit rating of its customers which are regularly monitored. Within days after the iron ore is loaded onto the customer's vessels, the payment of the provisional invoice is received from the customer.

The amount of credit risk related to most iron ore shipments is limited to one shipment per client. A provisional invoice for substantially all of the consideration for the shipment is settled shortly after the shipment date, and no shipment will be made until the provisional invoice has been paid by the customer. The group does not normally hold collateral from its customers.

At 31 December 2021, the group had 30 customers (2020, 27 customers and 1 January 2020, 28). Approximately, its main 5 customers held at 31 December 2021 81% of the group's trade receivables (2020, 92%; and 1 January 2020 83%).

Rana Gruber's customer base consist of large industrial groups and the credit risk related to trade receivables are considered limited.

Management is monitoring the customers credit ratings on an ongoing basis.

At each reporting date, the group assess the impairment of its trade receivables not subject to the provisional pricing mechanism based on a loss allowance provision matrix. This matrix groups the outstanding amounts by days past due. For more information on how the impairment is done, please see Note 16.

Other non-current financial assets are also subject to impairment assessments. However, the risk of impairment of these receivables has been considered negligible as they relate to loans to related parties (Note 15), whose information is analysed closely by the group's management.

In connection with the IPO process during 2021, and the 50 per cent divestment from former owners LNS Mining AS, the loans and trade receivables towards LNS Mining AS and Greenland Ruby AS, respectively, were settled without any credit loss. See Note 28 for further information.

23.1.2. Cash and cash equivalents

Cash and cash equivalents from the group is managed by the group's Finance Department. The group limits the amount of deposits that can be held in a single bank to limit the concentration of risks.

23.2 LIQUIDITY RISK

Liquidity risk is the risk that the group will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The group manages its liquidity with a high level of prudency, with rules and policies that ensure an adequate amount of cash and cash equivalents to meet the immediate needs of resources both in the short and long term. Liquidity forecasts are regularly monitored against the contractual maturities or lease liabilities.

Shipments of iron ore are normally prepaid for an amount representing the 90% of the provisional invoice within days after the iron ore is loaded onto the customer's vessels. See Note 6.1 for further information.

23.2.1 Maturities

The following table discloses the maturity analysis for non-derivative liabilities (except for lease liabilities, which are disclosed in Note 14), showing its undiscounted remaining contractual liabilities:

At 31 December 2021

Amounts in NOK thousand	Carrying amount	Less than 3 months	3–12 months	1–5 years	**Total**
Trade payables	119 115	119 115	-	-	**119 115**
Other non-current liabilities	1 553	-	-	1 553	**1 553**
Other current liabilities	113 836	113 836	-	-	**113 836**
Total financial liabilities	234 504	232 951	-	1 553	**234 504**

At 31 December 2020

Amounts in NOK thousand	Carrying amount	Less than 3 months	3–12 months	1–5 years	**Total**
Borrowings	193 295	-	-	217 117	**217 117**
Trade payables	70 718	70 718	-	-	**70 718**
Other non-current liabilities	3 156	-	-	3 156	**3 156**
Other current liabilities	109 834	109 834	-	-	**109 834**
Total financial liabilities	377 003	180 552	-	220 273	**400 825**

At 1 January 2020

Amounts in NOK thousand	Carrying amount	Less than 3 months	3–12 months	1–5 years	**Total**
Borrowings	458 235	-	177 089	315 795	**492 884**
Trade payables	72 344	72 344	-	-	**72 344**
Other non-current liabilities	4 758	-	-	4 758	**4 758**
Other current liabilities	105 181	105 181	-	-	**105 181**
Total financial liabilities	640 518	177 525	177 089	320 553	**675 167**

The maturity of the derivative financial instruments are included in Note 24.

23.2.2. Financing facilities

The group has access to undrawn credit facilities for an amount of NOK 100 million at 31 December 2021. The interest rate margin for this loan facility is 3.25% p.a. The funds are available under the current agreement to the extent that the group complies with the relevant financial covenants.

23.3. MARKET RISK

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks for the group comprise the following three types of risk: foreign exchange risk, interest rate risk and iron ore price risk.

Trade receivables subject to the provisional pricing mechanism are settled for an amount that mainly depends on the price of iron ore, which can only be observed in the next quarter after the iron ore has been loaded onto the customer's vessels. It will be paid using the exchange rate of the final invoice date. Therefore, these receivables are affected by both foreign exchange risks and iron ore price risks.

23.3.1. Iron ore price risk

Fluctuations in international iron-ore prices pose a risk to future sales prices for Rana Gruber's products. These prices are extremely volatile, and thereby present a significant risk to profits for the company. The risk related to sales prices for iron concentrates is managed through a combination of physical fixed-price agreements with customers and financial swap agreements where iron ore is sold forward at a fixed price. The swap agreements form part of a hedging portfolio, where limits have been set for how large a share of expected production should be sold forward over and above the volumes hedged directly through fixed-price agreements with customers.

23.3.2. Freight costs risks

It follows from the renegotiated partnership agreement with Cargill that shipping freight costs are accounted for in line with average market prices for the quarter with effect from April 2021, as opposed to a fixed fee which was charged as per the previous agreement. With this transition Rana Gruber's contracts are in line with industry standards, which is considered as a prerequisite to compete with global competitors.

Following Covid-19, market fundamentals led to a global surge in shipping freight rates in 2021. Together with Cargill, Rana Gruber has agreed on a fixed freight rate of 35 USD/mt in Q4 2021 and Q1 2022 in order to ensure visibility in a volatile market.

Over time, when shipping markets normalise, the transition is expected to increase competitiveness and earnings. The company will however be exposed to price fluctuations in global shipping markets going forward. The implications are variance in the freight deduction to the company's revenues.

Mechanisms exist to secure freight costs in the same way as for iron ore.

23.3.3. Electricity price risk
Power is one of the most important input factors in iron concentrate production. Fluctuations in electricity prices and in power consumption for production pose a risk to profits at Rana Gruber.

The risk related to electricity purchases is managed by a third-party contract provider. These contracts are included in a hedging portfolio where limits have been established for how large a proportion of expected consumption (GWh) at a given future point can be bought forward today. On this basis, the portfolio is bought forward continuously for part of the expected consumption.

The management and the finance department follow up the on-going risk exposures on the basis of parameters approved by the board of directors.

23.3.4. Sensitivities
All sensitivity analyses included in this Note reflects management's views on reasonably possible changes in future prices and indexes to which the group is exposed.

23.3.5. Foreign exchange risk
The group operates in an international market for iron ore and is consequently exposed to foreign exchange risk, primarily US dollar and EUR to NOK fluctuations. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the group. The group mitigates foreign exchange risk by entering in to foreign exchange derivative positions based on future forecasted exchanges. The derivatives applied per the reporting date 2021 are foreign exchange rate cap and floor agreements, where the group receives payments at the end of each period if the exchange rates exceed or fall below the agreed strike price

The following assets and liabilities are subject to foreign exchange risk, At each reporting period:

At 31 December 2021

Amounts in thousand currency	USD	GBP	EUR	DKK
Financial assets:	**(1 922)**	**1 056**	**18 975**	**(182)**
Trade receivables subject to provisional pricing mechanism	4 619	-	-	-
Trade receivables not subject to provisional pricing mechanism	1 073	749	18 202	-
Cash and cash equivalents*	(7 613)	306	773	(182)
Bank overdraft balances	(7 613)	-	-	-
Regular bank account		306	773	(182)

** Cash and cash equivalents are comprised of amounts in bank accounts that are offset with credit facilities in other currencies.*

At 31 December 2020

Amounts in thousand currency	USD	GBP	EUR	DKK
Financial assets:	**39 881**	**306**	**-**	**(63 290)**
Trade receivables subject to provisional pricing mechanism	24 198	-	-	-
Trade receivables not subject to provisional pricing mechanism	559	306	-	-
Cash and cash equivalents*	15 125	-	-	(63 290)
Bank overdraft balances	-	-	-	(63 290)
Regular bank account	15 125	-	-	-
Financial liabilities:	**(15 396)**	**-**	**-**	**-**
Borrowings (see Note 21)	(15 396)	-	-	-
Trade payables and other current liabilities	-	-	-	-
Other non-current liabilities	-	-	-	-

** Cash and cash equivalents are comprised of amounts in bank accounts that are offset with credit facilities in other currencies.*

At 1 January 2020

Amounts in thousand currency	USD	GBP	EUR	DKK
Financial assets:	**16 393**	**165**	**1 658**	**-**
Trade receivables subject to provisional pricing mechanism	-	-	-	-
Trade receivables not subject to provisional pricing mechanism	16 393	165	1 658	-
Cash and cash equivalents	-	-	-	-
Financial liabilities:	**(19 223)**	**-**	**-**	**(25 672)**
Borrowings (see Note 21)	(19 223)	-	-	(25 672)

The following table illustrates how the profit before tax would be affected by positive or negative changes in the exchange rates with respect to the functional currency of the group, leaving every other constant the same:

Exchange rate sensitivity analysis

Amounts in NOK thousand	**2021**	2020
Increase in EUR/NOK exchange rate of 10%	**1 480**	-
Increase in USD/NOK exchange rate of 10%	**(150)**	1 910
Increase in DKK/NOK exchange rate of 10%	**(14)**	(4 937)
Increase in GBP/NOK exchange rate of 10%	**82**	24

The group enters into derivative agreements to mitigate risk related to changes in the foreign exchange rates. Complementary information can be found in Note 24.

23.3.6. Interest rate risk

The following table summarises the effects that a change of 100 basis points in the effective interest rate of the borrowings would have in the profit before tax:

Sensitivity of changes in interest rates on borrowings*

	Impact on profit after tax	
Amounts in NOK thousand	**2021**	2020
Increase in interest rate of 1%	**-**	(754)
Decrease in interest rate of 0.5%	**-**	377

**Net of effects from interest swap derivatives, ref. note 21.1*

The group enters into interest rate swap agreements to mitigate risk related to increases in the variable interest rates on its loans. More information can be found in Note 24.

23.3.7. Iron ore price risk

As a consequence of the provisional price mechanism, the future cash flows from trade receivables will fluctuate because of changes in market prices for iron ore. The following table summarises the effects that a change of 10% in the market price for iron ore would have on the profit before tax:

Iron ore prices sensitivity analysis

	Impact on profit after tax	
Amounts in NOK thousand	**2021**	2020
Increase/decrease in iron ore price of 10%	**3 177**	16 105

The group enters into iron ore price derivative agreements to cover risks arising from the change in the iron ore prices. More information can be found in Note 24.

23.4. CAPITAL MANAGEMENT: OBJECTIVES, POLICIES AND PROCESSES

The group defines capital as equity, including other reserves. The group's main objective when managing capital is to ensure the ability of the group to continue as a going concern and to meet all requirements imposed by external financing agreements in the form of covenants.

Further, the Rana Gruber aims at generating dividend payments to its shareholders based on the group's dividend policy present at any given time.

See Note 21.1 for further information on the covenants to which the group is subject to.

Note 24 Derivatives

24.1. FOREIGN EXCHANGE RATE DERIVATIVES

During 2021, the group held the following positions in relation to derivatives to cover its foreign exchange rate risks:

Foreign exchange derivatives by maturity

	Sell USD (thousand)	Floor FX rate (USD/NOK)	Cap FX rate (USD/NOK)	Fair value (thousand NOK)
Maturity within 3 months	36 000	8.58	9.27	(2 195)
Maturity within 3 to 6 months	30 000	8.58	9.38	(2 904)
Maturity within 6 to 9 months	6 000	8.52	9.43	(1 285)
Maturity within 9 to 12 months	6 000	8.52	9.55	(1 296)
Balances at 31 December 2021	78 000	8.57	9.35	(7 680)

Foreign exchange derivatives by maturity

	Sell USD (thousand)	Buy NOK (thousand)	Weighted average FX rate (USD/NOK)	Fair value (thousand NOK)
Maturity within 3 months	12 000	110 256	9.19	8 006
Maturity within 3 to 6 months	12 000	110 203	9.18	7 901
Maturity within 6 to 9 months	12 000	110 078	9.17	7 730
Maturity within 9 to 12 months	12 000	110 002	9.17	7 600
Balances at 31 December 2020	48 000	440 539	9.18	31 237

Foreign exchange derivatives by maturity

	Sell USD (thousand)	Buy NOK (thousand)	Weighted average FX rate (USD/NOK)	Fair value (NOK thousand)
Maturity within 3 months	6 000	50 396	8.40	(2 309)
Maturity within 3 to 6 months	6 000	51 069	8.51	(1 627)
Balances at 1 January 2020	12 000	101 465	8.46	(3 936)

24.2. INTEREST RATE DERIVATIVES

The group holds the following positions in relation to the interest rate swaps to financial risk arising from variable interest rates:

At 31 December 2020

	Type	Notional (in millions)	Maturity	Fixed rate	Fair value NOK thousand
Interest rate swap	Variable to fixed	NOK 100M	16.08.2021	3.86%	(2 615)
Fair value of the group's interest rate swaps					(2 615)

At 1 January 2020

	Type	Notional (in millions)	Maturity	Fixed rate	Fair value NOK thousand
Interest rate swap	Variable to fixed	NOK 100M	16.08.2021	3.86%	(3 507)
Fair value of the group's interest rate swaps					(3 507)

As a consequence of settling all borrowings during 2021 (see Note 21), all interest rate derivative agreements have also been settled during 2021.

24.3. IRON ORE PRICE DERIVATIVES

The group enters into forward swap derivative agreements to manage the risk of changes in iron ore prices by reference to the pricing index TSI Iron Ore CFR China (62% Fe Fines). The following positions were held by the group in relation to the iron ore derivative instruments:

Balances at 31 December 2021

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (NOK thousand)
Derivatives already matured and recognised as other current receivables:	**120 000**	**118.70**	**17 522**
Matured iron ore derivatives*	120 000	118.70	17 522
Iron ore derivatives recognised as financial assets:	**660 000**	**136.29**	**103 247**
Maturity within 3 months	360 000	133.81	43 278
Maturity within 3 to 6 months	240 000	134.90	37 055
Maturity within 6 to 9 months	30 000	156.75	11 060
Maturity within 9 to 12 months	30 000	156.75	11 853

Balances at 31 December 2020

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (NOK thousand)
Derivatives already matured and recognised as other current liabilities:	**165 000**	**114.93**	**(74 383)**
Matured iron ore derivatives*	165 000	114.93	(74 383)
Iron ore derivatives recognised as financial liabilities:	**960 000**	**143.78**	**(186 368)**
Maturity within 3 months	420 000	155.96	(88 724)
Maturity within 3 to 6 months	180 000	146.50	(73 279)
Maturity within 6 to 9 months	180 000	131.50	(13 548)
Maturity within 9 to 12 months	180 000	124.90	(10 818)

Balances at 31 January 2020

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (NOK thousand)
Derivatives already matured and recognised as other current liabilities:	**190 000**	**68.81**	**(28 008)**
Matured iron ore derivatives*	190 000	68.81	(28 008)
Iron ore derivatives recognised as financial liabilities:	**345 000**	**77.29**	**(34 165)**
Maturity within 3 months	150 000	75.57	(21 635)
Maturity within 3 to 6 months	110 000	75.97	(10 900)
Maturity within 6 to 9 months	85 000	82.02	(1 630)

* *Matured iron ore derivatives are accounted for in other current liabilities (see Note 22) and other current receivables (see Note 20), and are not subject to future fair value changes.*

Note 25 Employee benefit obligations

25.1. AMOUNTS RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Net defined benefits expenses

Amounts in NOK thousand	**2021**	2020
Service cost	**6 032**	5 424
Interest cost of the pension obligation	**1 440**	1 699
Yields from pension funds	**(1 414)**	(1 679)
Social security fees	**308**	277
Total (net) defined benefits expenses	**6 366**	5 720

25.2. CHANGE IN DEFINED BENEFIT OBLIGATIONS AND PLAN ASSETS

Change in defined benefit obligation

Amounts in NOK thousand	**2021**	2020
Defined benefit obligation		
At 1 January	**87 454**	76 032
Current service cost	**6 383**	5 842
Social security fees	**308**	277
Interest cost of the pension obligation	**1 440**	1 699
Actuarial loss (gain)	**(638)**	6 559
Benefits paid	**(2 556)**	(2 574)
Social security fees of benefits paid	**(668)**	(381)
At 31 December	**91 723**	87 454

Change in plan assets

Amounts in NOK thousand	**2021**	2020
At January 1	**80 717**	69 936
Expected yields from pension funds	**1 414**	1 679
Actuarial loss (gain)	**(1 934)**	4 212
Benefits contribution	**13 774**	7 846
Benefits paid	**(2 556)**	(2 574)
Social security fees of benefits paid	**(668)**	(381)
Plan assets at December 31	**90 747**	80 717
Net defined benefit liabilities (assets) at 1 January	**6 737**	6 096
Net defined benefit liabilities (assets) at 31 December	**975**	6 737

25.3. ACTUARIAL ASSUMPTIONS

The calculation of pension liabilities has been made by an actuary. The actuarial assumptions are based on commonly used assumptions within insurance regarding demographical factors and retirement:

Economic assumptions

	2021	2020
Discount rate	**1.90%**	1.70%
Estimated salary increase	**2.75%**	2.25%
Estimated pension increase	**0.00%**	0.00%
Estimated social security base figure adjustment	**2.50%**	2.00%
Expected return on funds	**1.90%**	1.70%
Expected turnover under 40 years	**8.00%**	8.00%
Expected turnover over 40 years	**0.00%**	0.00%
Life expectancy schedule	**K2013BE**	K2013BE
Disability schedule	**I73**	I73
Social security fee	**5.10%**	5.10%

25.4. OTHER EMPLOYEE BENEFIT EXPENSES

Total payroll costs incurred in 2021 was NOK 259 325 thousand (2020: NOK 213 900 thousand), of which NOK 231 846 thousand was payroll costs including bonuses (2020: NOK 188 640 thousand), NOK 12 768 thousand in social employer contribution (2020: NOK 9 848 thousand), NOK 9 651 thousand in pensions costs (2020: NOK 9 203 thousand in 2020) and NOK 5 060 thousand in other benefits (2020: NOK 6 210 thousand).

Note 26 Share capital

26.1. SHARE CAPITAL AND SHARE PREMIUM

The share capital consists only of Type A shares, with a par value of NOK 0.25 each. All shares are entitled to equal rights with respect to dividends, voting rights and other rights in accordance with Norwegian corporate law.

26.2. TREASURY SHARES

Authorised shares

	Shares		Amounts	
Amounts in NOK thousand	**2021**	2020	**2021**	2020
Fully paid ordinary shares	**37 392 000**	37 392 000	**102 131**	102 131
Total share capital and share premium	**37 392 000**	37 392 000	**102 131**	102 131

Treasury shares

	Shares		Amounts	
Amounts in NOK thousand	**2021**	2020	**2021**	2020
1 January	**-**	-	**-**	-
Additions	**202 020**	-	**9 793**	-
Disposals	**(144 753)**	-	**(6 958)**	-
Total treasury shares at 31 December	**57 267**	-	**2 835**	-

The group acquired treasury shares during the first half of 2021. Treasury shares are recognised at cost. These are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of these shares.

Note 27 Assets pledged as security

The following assets have been pledged as securities in the agreements to obtain the outstanding loans and credit facilities for the group at each reporting period:

Carrying amounts of assets pledged as security

Amounts in NOK thousand	**2021**	2020	1 January 2020
Current			
Bank borrowings:			
Trade receivables	**63 087**	297 950	187 438
Other current receivables	**36 802**	5 758	27 254
Inventories	**89 215**	35 106	27 432
Total current assets pledged as security	**189 104**	338 813	242 124
Non-current			
Lease agreements:			
Right-of-use asset	**114 284**	115 877	98 835
Bank borrowings:			
Mine properties	**303 768**	346 344	276 440
Machinery and plants	**100 056**	110 844	124 166
Operating equipment etc.	**6 613**	7 044	4 274
Total non-current assets pledged as security	**524 721**	580 109	503 715
Total assets pledged as security	**713 825**	918 922	745 839

Note 28 Related parties

28.1. CONTROLLING PARTIES

Between 1 January 2020 and 31 December 2020, the group was wholly owned by LNS Mining AS ('LNS Mining').

Rana Gruber AS was admitted to trading in Euronext Growth Oslo at 26 February 2021. In connection to the listing, LNS Mining sold part of its shares in Rana Gruber to external investors.

On 30 March 2021, LNS Mining completed the distribution of its 18 696 000 shares in Rana Gruber AS (the entity controlling the group), corresponding to 50 % of the Company's shares, to its four ultimate shareholders. The distribution of shares in the Company to LNS Mining's ultimate shareholders was resolved at an extraordinary general meeting in LNS Mining on 22 February 2021. Following the distribution of the shares in the Company to LNS Mining' ultimate shareholders, LNS Mining holds no shares in the company.

28.2. SUBSIDIARIES

At 31 December 2021, the group consists of only one legal entity, Rana Gruber AS. The wholly owned subsidiary Rana Gruber Mineral AS was merged with Rana Gruber AS late in 2021.

28.3. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation

Amounts in NOK thousand	**2021**	2020
Short-term employee benefits	**9 237**	7 533
Post-employment benefits	**528**	492
Other benefits	**1 510**	36
Total	**11 276**	8 061

28.4. TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with related parties

Amounts in NOK thousand	Party	Relationship	**2021**	2020
Purchase of services open-pit production	Leonhard Nilsen & Sønner AS	Significant influence over the Group	**(167 380)**	(146 100)
Purchase of services concerning underground mining	Leonhard Nilsen & Sønner AS	Significant influence over the Group	**(27 766)**	(152 400)
Sales of services various operations and maintenance	Leonhard Nilsen & Sønner AS	Significant influence over the Group	**508**	1 887
Sales of various administrative services	Greenland Ruby/LNS Greenland AS	Significant influence over the Group	**1 636**	2 191
Sales of various administrative services	LNS Mining AS	Other related parties	**2 400**	-
Short-term loan	LNS Mining AS	Other related parties	**-**	15 660
Total related party profit or loss items			**(190 602)**	(278 762)

28.5. BALANCES WITH RELATED PARTIES

Balance sheet items by related party

	2021	2020	1 January 2020
Trade receivables with:	**2 534**	15 332	13 756
Leonh. Nilsen & Sønner AS	**149**	753	1 368
LNS Mining	**750**	-	-
LNS Greenland/Gr. Ruby	**1 636**	14 579	12 388
Other current receivables with:	**-**	19 219	3 559
LNS Mining	**-**	19 219	3 559
Trade payables with:	**(39 085)**	(25 498)	(33 871)
Leonh. Nilsen & Sønner AS	**(39 085)**	(25 498)	(33 871)
Other current liabilities with:	**-**	-	(22 178)
Leonh. Nilsen & Sønner AS	**-**	-	(22 178)
Dividend liabilities with:	**-**	(27 500)	(18 000)
LNS Mining	**-**	(27 500)	(18 000)
Long-term-loan with:	**-**	133 939	224 465
LNS Mining	**-**	133 939	224 465
Net assets (liabilities) with:	**(36 550)**	115 492	167 731
Leonh. Nilsen & Sønner AS	**(38 936)**	(24 745)	(54 681)
LNS Mining	**750**	125 658	210 024
LNS Greenland/Gr. Ruby	**1 636**	14 579	12 388

No loss allowance has been recognised towards any of the receivables and/or loans from related parties. See Note 23.1 on how the group manages credit risk.

Note 29 Provisions

During the development and production phase of the group's mining assets, Rana Gruber recognises a provision representing the present value of the future costs that will need to be incurred to rehabilitate the locations, as required by the Norwegian Directorate of Mining. When the obligation is incurred in developing the mine, the present value of the provision is included in the cost of the mine properties. When the provision is incurred during the production phase, the provision is recognised as part of the cost of the inventory.

The present value of the rehabilitation provision is calculated assuming the costs that are expected to be incurred when the group ceases operations in the mine. With a very high degree of certainty, the mine will not cease its operations before 2050. This conclusion is based on the historical extraction of iron ore and the estimated reserves of the mine indicated in the Resource Statement made by the group.

As indicated above, the measurement of the provision is based on two main estimations: expenses that will need to be incurred for rehabilitating the locations and the date when the rehabilitation activities will take place. Changes in estimates are accounted for prospectively by adjusting the provision liabilities and the assets to which they relate.

Provisions

Amounts in NOK thousand	**2021**	2020	1 January 2020
Rehabilitation provisions	**15 000**	15 000	15 000
Total provisions	**15 000**	15 000	15 000

There have been no movement in the rehabilitation provisions as from the opening balance sheet date, as rehabilitation provisions only relate to activities performed during the development phase of the mine properties.

Note 30 Commitments

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments

Amounts in NOK thousand	**2021**	2020	1 January 2020
Property, plant and equipment	**-**	10 989	-
Leases	**16 459**	2 000	-
Total capital commitments	**16 459**	12 989	-

Rana Gruber has committed to a number of leases not yet commenced in 2021 to the value of NOK 16 459 thousand (including 4 industrial vehicles totaling NOK 15 331 thousand).

Note 31 Critical judgements and estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different when, and to the extent that, uncertainty is resolved. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

31.1. CRITICAL ESTIMATES

31.1.1. Sales of hematite

Customer contracts for hematite iron ore (Fe_2O_3) are subject to provisional pricing mechanisms where the final settlement for the delivery will be based on future iron ore prices. Further information on the use of forward prices for the initial revenue recognition and subsequent measurement of the corresponding trade receivables is disclosed in Note 6.1.

31.1.2. Depreciation of mine properties

The group's assessment of the useful life of mine properties is determined by the expected useful economic life of the assets based on management's judgement. The useful life of mine properties is based on the estimated detonations that are expected to be economically and technically feasible to be made in coming reporting periods. These estimates are based on geological surveys, past operational history and assumption on future market prices, and could change depending on technical innovations, ore prices, production costs or updated geological analysis. Any significant deviation between actual and estimated useful lives could have a material effect on the consolidated financial statement. Please see Note 3.16 for further disclosures.

31.1.3. Fair value of financial derivatives

The group uses interest rate, currency, and iron ore price swap contracts to manage the group's risk exposure to certain market fluctuations. The financial derivatives are measured at fair value in the group's statement of financial position. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. See Note 20 and Note 24 for further information on the valuation of the group's financial derivatives.

31.2. JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Accounting estimates made by the group's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions. The significant judgements that management has made in applying its accounting policies, and the estimates and assumptions for which there is a significant risk of a material adjustment to the Financial Statements within the next financial year are set out below.

31.2.1. Functional currency

The functional currency for the parent entity and its subsidiary is the currency of the primary economic environment in which the entity operates. The functional currency of each entity in the group is the Norwegian Kroner. The determination of functional currency may involve certain judgements to identify the primary economic environment and management reconsiders the functional currency of the group's entities if there is a change in events and conditions which can determine the primary economic environment assessment.

In the case of the group, even though the currency that mainly influences sales prices for iron ore is USD, Norwegian Kroner is the currency cash outflows and financing activities are nominated in; and the currency in which receipts from operating activities are usually retained. Management has thus determined that Norwegian Kroner is supported in sum by a stronger set of indicators.

31.2.2. Exploration and evaluation activities

The application of the group's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely, or determining whether the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Please see Note 3.15 for further disclosures.

31.2.3. Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of production machines and vehicle the historical lease durations, the technical condition of the leased items and the costs required to replace the leased asset are normally the most relevant factors when determining the use of extension and termination options. Please see Note 3.5 and Note 14 for further disclosures.

31.2.4. Stripping costs
Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of stripping activity assets.

Once the group has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. Please see Note 3.16 for further disclosures.

Note 32 Events after the reporting period

Management has proposed a dividend distribution of NOK 56.3 million based on the results from Q4 2021. This dividend payment will be recognised upon approval by board of directors in February 2022.

As of January 2022, the group has altered its pension arrangement from a defined benefit plan to a defined contribution plan with a net settlement gain of NOK 811 thousand.

The board of directors is not aware of any other events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2021 financial statements for the company.

Note 33 Alternative performance measures

The group reports its financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU. However, management believes that certain Alternative Performance Measures (APMs) provide management and other users with additional meaningful financial information that should be considered when assessing the group's ongoing performance. These APMs are non-IFRS financial measures and should not be viewed as a substitute for any IFRS financial measure. Management, the board of directors and the long-term lenders regularly use supplemental APMs to understand, manage and evaluate the business and its operations. These APMs are among the factors used in planning for and forecasting future periods, including assessment of financial covenants compliance.

33.1. DEFINITION OF APMS

EBIT is defined as the profit/(loss) for the year before net financial income (expenses) and income tax expense. The group has elected to present this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

EBITDA is defined as the profit/(loss) for the year before net financial income (expenses), income tax expense, depreciation and amortisation. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

EBIT Margin is defined as EBIT in percentage of revenues. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

EBITDA Margin is defined as EBITDA in percentage of revenues. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of the profit generation in the group's operating activities.

Equity Ratio is defined as total equity in percentage of total assets. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the portion of total assets that are financed from owners' equity.

Cash Cost is defined as the sum of raw materials and consumables used, employee benefit expenses and other operating expenses. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of cost of production in the group's operating activities.

Cash Cost Per Metric Ton is defined as Cash Cost divided by metric tons of iron ore sold. Metric tons of iron ore are defined as metric tons of hematite and magnetite produced in the current period. The group has presented this APM because it considers it to be an important supplemental measure for prospective investors to understand the overall picture of cost of production in the group's operating activities.

Net Interest-Bearing Debt is defined as the group's interest-bearing debt less cash and cash equivalents. Interest bearing debt consists of debt to credit institutions and financial leasing debt. Net Interest-Bearing Debt is a non-IFRS measure for the financial leverage of the group, a financial APM the Company intends to apply in relation to its capacity for dividend distribution and/or for doing investments, when and if the company will be able to carry out its dividend distribution and/or investments policy.

33.2 RECONCILIATION OF APMS

The table below sets forth reconciliation of EBIT, EBITDA and EBITDA margin:

Amounts in NOK thousand	**31 Dec 2021**	31 Dec 2020
Profit/(loss) for the year	**592 048**	278 887
Income tax expense	**167 697**	78 681
Net financial income/(expenses)[1]	**3 343**	385 120
(a) EBIT	**763 088**	742 688
Depreciation and amortisation	**174 247**	148 702
(b) EBITDA	**937 335**	891 390
(c) Revenues	**1 668 429**	1 549 749
EBIT margin (a/c)	**45.7%**	47.9%
EBITDA margin (b/c)	**56.2%**	57.5%

[1] *IFRS numbers comprise of financial income, financial expenses, and other financial gains/(losses).*

The table below sets forth reconciliation of equity ratio:

Amounts in NOK thousand	**31 Dec 2021**	31 Dec 2020
(a) Total equity	**581 811**	378 696
(b) Total assets	**1 129 682**	1 127 395
Equity ratio (a/b)	**51.5%**	33.6%

The table below sets forth reconciliation of cash cost and cash cost per metric tons:

Amounts in NOK thousand	**31 Dec 2021**	31 Dec 2020
Raw materials and consumables used	**327 567**	307 580
Employee benefit expenses	**258 611**	214 292
Other operating expenses	**189 106**	144 445
(a) Cash cost	**775 284**	666 317
Thousand metric tons of hematite produced	**1 545**	1453
Thousand metric tons of magnetite produced	**108**	106
(b) Metric tons of iron ore produced	**1 653**	1 559
Cash cost per metric tons (a/b)	**469**	427

The table below sets forth reconciliation of net interest-bearing debt:

Amounts in NOK thousand	**31 Dec 2021**	31 Dec 2020
Interest-bearing loans and borrowings	**-**	193 295
Lease liabilities	**113 708**	118 563
Total interest-bearing debt	**113 708**	311 858
Cash and cash equivalents	**264 363**	24 994
Net interest-bearing debt (assets)	**(150 655)**	286 864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Financial statements 2021

RANA GRUBER AS

STATEMENT OF COMPREHENSIVE INCOME – RANA GRUBER AS

Amounts in NOK thousand	*Notes*	**2021**	2020
Revenue	*6*	**1 628 463**	1 512 278
Changes in inventories	*17*	**45 598**	8 854
Raw materials and consumables used		**(319 940)**	(299 978)
Employee benefit expenses	*25*	**(246 195)**	(202 386)
Depreciation of tangible assets	*12, 13, 14*	**(173 756)**	(147 879)
Other operating expenses	*7*	**(178 721)**	(134 071)
Operating profit/(loss)		**755 449**	736 818
Financial income	*8*	**541**	13 089
Financial expenses	*8*	**(11 485)**	(27 716)
Other financial gains/(losses)	*9*	**8 555**	(364 491)
Financial income/(expenses), net		**(2 388)**	(379 118)
Profit/(loss) before income tax		**753 062**	357 699
Income tax expense	*10*	**(165 817)**	(78 710)
Profit/(loss) for the year		**587 246**	278 989
Other comprehensive income from items that will not be reclassified to profit or loss:			
Actuarial gains and losses from defined benefit employee benefit obligations	*25*	**(1 296)**	(2 348)
Tax related to items that are not reclassified to profit or loss		**285**	517
Net other comprehensive income/(loss)		**(1 011)**	(1 831)
Comprehensive profit/(loss) for the year, net of tax		**586 235**	277 158
Earnings per share (in NOK):			
Basic and diluted earnings per ordinary share	*11*	**15.73**	7.46

STATEMENT OF FINANCIAL POSITION – RANA GRUBER AS

Amounts in NOK thousand	*Notes*	**2021**	2020	1 January 2020
ASSETS				
Non-current assets				
Mine properties	*12*	**303 768**	346 343	276 440
Property, plant and equipment	*13*	**153 416**	133 020	139 193
Right-of-use assets	*14*	**114 284**	115 877	98 835
Other non-current financial assets	*15, 20*	**1 500**	138 339	228 865
Net deferred tax assets	*10*	**-**	-	36 330
Total non-current assets		**572 969**	733 579	779 663
Current assets				
Inventories	*17*	**89 215**	21 916	13 062
Trade receivables	*16, 20*	**63 087**	293 705	180 823
Other current receivables	*20*	**36 802**	12 197	34 649
Derivative financial assets	*20, 24*	**103 247**	31 237	-
Cash and cash equivalents	*18*	**264 363**	24 994	9 648
Total current assets		**556 713**	384 049	238 182
Total assets		**1 129 682**	1 117 628	1 017 845
EQUITY AND LIABILITIES				
Equity				
Share capital	*26*	**9 348**	9 348	9 348
Share premium	*26*	**92 783**	92 783	92 783
Other equity		**479 680**	266 984	115 827
Total equity		**581 811**	369 115	217 958
Liabilities				
Borrowings	*21*	**-**	193 295	281 146
Lease liabilities	*14*	**82 601**	89 479	71 910
Deferred tax liabilities	*10*	**30 351**	8 565	-
Provisions	*29*	**15 000**	15 000	15 000
Other non-current liabilities		**1 551**	3 156	4 758
Net defined benefit liabilities	*25*	**975**	6 737	6 096
Total non-current liabilities		**130 479**	316 231	378 910
Borrowings	*21*	**-**	-	177 089
Trade payables	*22*	**119 115**	69 796	70 173
Lease liabilities (current portion)	*14*	**31 107**	29 084	26 925
Current tax liabilities	*10*	**145 653**	33 265	-
Derivative financial liabilities	*20, 24*	**7 680**	188 983	41 608
Other current liabilities	*22*	**113 837**	111 153	105 182
Total current liabilities		**417 392**	432 283	420 977
Total liabilities		**547 871**	748 514	799 887
Total equity and liabilities		**1 129 682**	1 117 628	1 017 845

Mo i Rana, Norway, 10 February 2022
The board of directors and CEO – Rana Gruber AS

Morten Støver
Chair

Kristian Adolfsen
Director

Frode Nilsen
Director

Ragnhild Wiborg
Director

Hilde Rolandsen
Director

Thomas Hammer
Director

Johan Hovind
Director

Lasse Strøm
Director

Gunnar Moe
CEO

STATEMENT OF CASH FLOWS – RANA GRUBER AS

Amounts in NOK thousand	*Notes*	**2021**	2020
Cash flow from operating activities:			
Profit before income tax		**753 062**	357 699
Adjustments for:			
Movements in provisions, pensions and government grants		**(554)**	1 608
Depreciation of tangible assets	*12, 13, 14*	**174 247**	148 702
Unsettled loss/(gain) on derivative financial instruments	*24*	**(95 567)**	157 747
Net finance income / expense	*8*	**9 794**	14 627
Working capital changes:			
Change in inventories	*17*	**(54 109)**	(7 674)
Change in receivables and payables	*16, 22*	**126 932**	(135 200)
Income tax paid	*10*	**(33 265)**	-
Interests and dividends received	*8*	**541**	13 089
Interests paid	*8*	**(12 635)**	(29 712)
Net cash flow from operating activities		**868 446**	520 886
Cash flow from investment activities:			
Expenditures on mine development	*12*	**(67 011)**	(156 287)
Expenditures on property, plant and equipment	*13*	**(58 642)**	(30 082)
Cash receipt from repayment of loans	*15*	**133 939**	90 526
Net cash flow from investing activities		**8 286**	(95 843)
Cash flow from financing activities:			
Acquisition of treasury shares	*26*	**(9 793)**	-
Cash receipts from sale of treasury shares	*26*	**6 958**	-
Payment of principal portion of lease liabilities	*19*	**(25 653)**	(26 925)
Cash repayments of amounts borrowed	*19*	**(196 288)**	(266 272)
Dividends paid	*26*	**(412 587)**	(116 500)
Net cash flow from financing activities		**(637 363)**	(409 697)
Net increase/(decrease) in cash and cash equivalents		**239 369**	15 346
Cash and cash equivalents at the beginning of the period	*18*	**24 994**	9 648
Cash and cash equivalents at the end of the period	*18*	**264 363**	24 994

STATEMENT OF CHANGES IN EQUITY – RANA GRUBER AS

Amounts in NOK thousand	*Notes*	Share capital (Note 26)	Share premium (Note 26)	Other equity	**Total equity**
Balance at 31 December 2019 (Norwegian GAAP)		9 348	92 783	232 364	**334 495**
Changes from the IFRS adoption	*5*	-	-	(116 537)	**(116 537)**
Balance at 1 January 2020		9 348	92 783	115 827	**217 958**
Profit for the year		-	-	278 989	**278 989**
Other comprehensive income		-	-	(1 831)	**(1 831)**
Total comprehensive income		-	-	277 158	**277 158**
Dividends paid	*15*	-	-	(126 000)	**(126 000)**
Balance as at 31 December 2020		9 348	92 783	266 984	**369 115**
Balance at 1 January 2021		9 348	92 783	266 984	**369 115**
Profit for the year		-	-	587 246	**587 246**
Other comprehensive income		-	-	(1 011)	**(1 011)**
Total comprehensive income		-	-	586 235	**586 235**
Dividends paid		-	-	(385 087)	**(385 087)**
Sale of treasury shares		-	-	6 958	**6 958**
Acquisition of treasury shares	*26*	-	-	(9 793)	**(9 793)**
Merger with Rana Gruber Minerals AS	*3.3*	-	-	14 384	**14 384**
Balance at 31 December 2021		9 348	92 783	479 680	**581 811**

NOTES TO THE FINANCIAL STATEMENTS – RANA GRUBER AS

Note 01 Corporate information

Rana Gruber AS (henceforth, the 'company' or 'Rana Gruber') is a limited liability company incorporated and domiciled in Norway whose shares are traded on Euronext Growth (Oslo). The company was established in 1964 and the registered office is located at Mjølanveien 29, Mo I Rana, Norway.

Rana Gruber operates own mines with iron ore deposits. The mines are located approximately 35 kilometers north east from the city Mo i Rana in Norway, in Storforshei and Ørtfjell, located in the area called the Dunderland Valley. The iron ore production takes place at the company's iron ore deposits at Ørtfjell as open-pit production and underground operation. The company's processing plant is also located near Mo i Rana, more precisely in Gullsmedvik, with direct access to the company's own port and railway connection.

Rana Gruber has a resource base exceeding 444.4mt which is expected to ensure production for the company for several decades. These reserves are valuable, and legally, economically, and technically feasible to extract. Rana Gruber's current resource estimates are based on extensive exploration work in more recent time. Estimates are based on geological mapping combined with ground geophysics sampling, diamond drilling and airborne geophysical investigation. The estimated resource base has not been subject to audit or review from the company's elected auditor.

Rana Gruber has 306 (267 in 2020) employees working 292 (263 in 2020) full full-time equivalents in 2021.

These annual financial statements were authorised by the board of directors on 10 February 2022.

Note 02 Basis of preparation

2.1. FIRST-TIME ADOPTION IFRS

These financial statements, for the year ended 31 December 2021, are the first the company has prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU). The implementation of IFRS follows the company's intention to list on Oslo Stock Exchange.

These financial statements will be published at the company's website. For the year ended 31 December 2020, the company prepared its financial statements in accordance with the Norwegian Accounting Act and generally accepted accounting principles in Norway (henceforth, 'Norwegian GAAP' or 'NGAAP').

The company has prepared annual financial statements that comply with IFRS as endorsed by the European Union (EU) applicable at 31 December 2021, together with the comparative periods for the year ended 31 December 2020 as described in general accounting principles and relevant notes. In preparing the financial statements, the company's opening statement of financial position was prepared at 1 January 2020, the date of transition to IFRS.

For the adjustments made by the company when restating its Norwegian GAAP financial statements, see Note 5.

2.2. FINANCIAL REPORTING FRAMEWORK AND BASIS OF PREPARATION

Rana Gruber's annual financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations by the IFRS Interpretations Committee (IFRIC) as endorsed by the European Union (EU). There are no material differences between IFRS as issued by the IASB and as endorsed by the EU for the financial statements of the company.

The 2021 financial statements have been prepared based on the going concern assumption. When preparing financial statements, management has made an assessment of the company's ability to continue as a going concern. There are no material uncertainties related to events or conditions that may cast significant doubt upon Rana Gruber's ability to continue as a going concern.

2.3 HISTORICAL COST CONVENTION

The financial statements have been prepared on a historical cost basis, except for the following items being measured at fair value:

- Trade receivables subject to provisional price mechanisms (see Note 3.8).
- Defined benefit pension plans: plan assets (see Note 3.18).
- Derivative instruments (see Note 3.10).

2.4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes the underlying assumptions are appropriate. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 31 *critical judgements and estimates.*

2.5. NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Certain new accounting standards, amendments to accounting standards and interpretations have been published that are not mandatory for 31 December 2021 reporting periods and have not been early adopted by the company. These standards, amendments or interpretations are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Note 03 Significant accounting principles

3.1. FUNCTIONAL CURRENCY

The financial statements are presented in NOK which is also the functional currency for the company, please see Note 31.2.1. All amounts are rounded to the nearest NOK thousand, unless stated otherwise.

3.2. TRANSACTIONS AND BALANCES IN FOREIGN CURRENCY

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are generally recognised in profit or loss.

Gains and losses on derivative financial instruments are presented in the statement of comprehensive income within 'other financial gains/(losses)'. Foreign exchange gains and losses that relate to borrowings are presented in the statement of comprehensive income within finance expenses. All other foreign exchange gains and losses are presented within 'other financial gains/(losses)'.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

3.3. SUBSIDIARIES

Investments in subsidiaries are included in the company financial statement using the cost method. Investments are written down to the fair value if impairment is identified. Dividends and company contributions from subsidiaries are recognised as income from the investment in the subsidiary in the year that the allocation is made by the subsidiary.

Rana Gruber AS merged with its sole subsidiary Rana Gruber Mineral AS in December 2021. The merger was treated as a common control transaction, where the historic book value of assets and liabilities in the subsidiary has been included in these financial statements with effect from the date of the merger. The difference between net assets in Rana Gruber Mineral AS and the historic cost of the shares in the subsidiary has been recognised in 'other equity'.

3.4. REVENUE RECOGNITION

Please find a description of the nature of revenues for Rana Gruber in Note 6.

Rana Gruber recognises revenue at the agreed transaction price in the contract with the customer at the time when the company transfers the control of a distinct product or service to a customer. Revenue is measured at the fair value of the consideration received or receivable.

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the company's activities as described below. The company bases its estimates on historical results and current market data, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenue is recognised net of VAT, discounts and foreign exchange effects if the transaction is in a foreign currency. Consideration payable to customers for distinct (e.g. consulting) services are treated in the same way as regular purchases from suppliers for the amount reflecting its fair value.

The nature of Rana Gruber's revenue recognition is disaggregated as follows:

- Revenue related to sales of hematite.
- Revenue related to sales of magnetite.
- Revenue related to sales of specialty products (Colorana).

The majority of revenue from contracts with customers arise from the sale of hematite products. Further disclosures on the accounting policies, judgements and estimates for this revenue stream are included in Note 6.

3.5. LEASES

The company recognises right-of-use assets and lease liabilities for all lease contracts, except leases that are considered short-term (lease term of 12 months or less), or for which underlying assets are of a low value when new.

3.5.1. Right-of-use assets

The company recognises right-of-use assets at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liabilities adjusted for any lease payments made at or before the commencement date, adjusted for initial direct costs and lease incentives received. The right-of-use assets are subsequently depreciated using the straight-line method over the shorter of the lease term or the useful life of the underlying asset. In addition, the right-of-use assets are reduced by any impairment charges and adjusted for certain remeasurements of the lease liabilities.

3.5.2. Lease liabilities

The company recognises lease liabilities at the lease commencement date. The lease liabilities are measured at the present value of future lease payments at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Rana Gruber utilises the incremental borrowing rate as the discount rate for virtually all lease agreements. The company has elected to separate lease and non-lease components included in lease payments for property leases. Lease payments included in the measurement of the lease liabilities comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate; initially measured using the index or rate at the commencement date;
- (if any) amounts expected to be payable under a residual value guarantee;
- (if any) lease payments in an optional renewal period if the company is reasonably certain to exercise an extension option and penalties for early termination of a lease unless the company is reasonably certain not to terminate early.

The lease liabilities are measured at amortised cost using the effective interest rate method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the company's estimate of the amount expected to be payable under a residual value guarantee, or if the company changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liabilities are remeasured, a matching adjustment is made to the carrying amount of the right-of-use assets.

3.6. IMPAIRMENT OF NON-FINANCIAL ASSETS

Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Non-financial assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

Rana Gruber reviews the estimated residual values and expected useful lives of assets at least annually. In particular, the company considers the impact of health, safety, and environmental legislation in its assessment of expected useful lives and estimated residual values. The company assesses where climate risks could have a significant impact, such as the introduction of emission-reduction legislation that may increase manufacturing costs. These risks in relation to climate related matters are included as key assumptions where they materially impact the measure of recoverable amount and these assumptions have been included in the cash-flow forecasts in assessing value-in-use amounts.

3.7. CASH AND CASH EQUIVALENTS

Cash and cash equivalents presented in the statement of cash flows includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are held for the purpose of meeting short-term cash commitments and are subject to an insignificant risk of changes in value, and bank overdrafts.

An integral part of the group's cash management policies is to hold bank overdrafts. Overdrafts are repayable on demand and the bank balance often fluctuates from being positive to overdrawn. Bank overdrafts are included as a component of cash and cash equivalents, and they are presented in the statement of financial position net of other cash at bank and in hand.

3.8. OTHER FINANCIAL ASSETS

Trade receivables related to provisional pricing arrangements are measured at fair value through profit or loss from initial recognition and until the date the final invoice has been issued, which is the moment when the final price of the iron ore is known. When the price is known, the trade receivables are reclassified to trade receivables which are not subject to provisional price mechanisms. Please see Note 6 for further details.

All other financial assets, excluding derivatives, meet the SPPI (solely payments of principal and interest) criteria and are managed in a business model of Hold to Collect. These financial assets are in the measurement category amortised cost. The company initially measures trade receivables not subject to provisional pricing arrangements at fair value, being the amount of consideration that is unconditional from the customer. Subsequent to initial recognition, these assets are measured at amortised cost using the effective interest method. Income from these financial assets is calculated on an effective yield basis and is recognised in the statement of comprehensive income.

Financial assets are classified as current assets, except for those where management has the intention to hold the investment for over 12 month or financial assets with maturities later than 12 months after the balance sheet date. These assets are classified as non-current assets.

3.9. BORROWINGS

Borrowings are initially recognised at fair value, net of transaction cost. Financial liabilities are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of financial liabilities that have been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the company has an unconditional right to defer settlement of the liabilities for at least 12 months after the reporting period.

3.10. DERIVATIVES

The company enters into derivative agreements to reduce cash flow risk arising from changes in exchange rates, interest rates and iron ore prices.

Derivatives are initially measured at fair value, and are subsequently measured at fair value through profit or loss (FVTPL) at each reporting period. The fair value of these derivatives is derived from observable prices in quoted markets. See additional information in Note 24.

3.11. IMPAIRMENT OF FINANCIAL ASSETS

The company assesses on a forward-looking basis the expected credit loss associated with its other non-current financial assets, applying the general approach for the recognition of expected credit losses. Under the general approach, the loss allowance for each financial instrument is measured at an amount equal to the 12-month expected credit losses, unless the credit risk of the financial instrument has increased significantly after initial recognition. The company does not hold any financial assets measured using the general approach whose credit risk has been significantly increased.

While cash and cash equivalents also are subject to the impairment requirements, the expected credit losses are immaterial. For trade receivables and contract assets, the company applies the simplified approach to measuring expected credit losses, which uses a lifetime expected impairment provision for all trade receivables and contract assets.

3.12. BORROWING COSTS

Borrowing costs directly attributable to the construction of an asset that necessarily takes a substantial period of time to get ready for its intended use (a qualifying asset) are capitalised as part of the cost of the respective asset. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the company during the period.

All other borrowing costs are recognised in the statement of comprehensive income in the period in which they are incurred.

3.13. STATEMENT OF CASH FLOWS

The cash flow statement is prepared using the indirect method.

Interest paid on trade payables and interest received on trade receivables are presented as operating cash flows. Interests paid on borrowings are classified as operating cash flows.

Cash flows are only classified as investing activities if they result in the recognition of an asset in the statement of financial position.

Cash payments for the principal portion of the lease liabilities are presented as cash flows from financing activities, whereas cash payments for short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented as cash flows from operating activities.

3.14. INVENTORIES

Iron ore stockpiles are measured and valued at the lower of cost or net realisable value. Net realisable value is the estimated future sales price of the product the company expects to realise when the product is processed and sold, less estimated costs to complete production and bring the product to sale.

Cost of inventories, other than consumables, is determined by using the first-in, first-out (FIFO) method and comprises of direct production costs including an appropriate portion of fixed and variable overhead costs, including depreciation, incurred in converting materials into finished goods, based on the normal production capacity. Costs of production supplies and spare parts are assigned using the weighted average cost formula.

Materials and supplies are valued at the lower of cost or net realisable value. Any provision for obsolescence is determined by reference to specific items of stock. A regular review is undertaken to determine the extent of any provision for obsolescence.

3.15. EXPLORATION AND EVALUATION ASSETS

The company recognises expenditures incurred during the exploration and evaluation (E&E) phase of its mining projects as assets, according to their tangible or intangible nature. These are measured initially at cost. E&E assets are not subsequently depreciated but are periodically assessed for impairment.

Expenditures that are assessed for recognition have mainly included activities related to exploratory sample drilling and subsequent geological analysis carried out to determine the economic viability and technical feasibility of the mineral resources.

After the company can demonstrate the technical feasibility and commercial viability of extracting the iron ore, E&E assets are reclassified into mines under construction. If the conclusion is that this cannot be demonstrated, E&E assets are expensed.

E&E assets are assessed for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount. Such circumstances include changes to operational mining plans, lack of commercially viable quantities of mineral resources for the areas in which E&E activities have taken place and changes to market prices affecting the investments plans for new mining areas.

3.16. MINE PROPERTIES (EXCLUDING E&E ASSETS) AND PROPERTY, PLANT AND EQUIPMENT

The company carries out mining operations in both underground and open-pit mines. Mine properties and property, plant and equipment ('PPE') are measured at cost less accumulated depreciation and any accumulated impairment losses. Mines under construction are reclassified into producing mines when the development phase of the mine is finalised, which is the point where the production phase starts.

The cost of mine properties and PPE includes:

- its construction cost or purchase price, respectively;
- any directly attributable costs;
- the initial estimate of restoration costs;
- any borrowing costs incurred when constructing the qualifying assets (see Note 12); and
- any reclassified E&E assets, at the point in time when the new mine operation is considered to be commercially viable and technically feasible.

Costs are capitalised until the moment mine properties and PPE assets are in the location and condition necessary for them to be capable of operating in the manner intended by management.

Subsequent expenditure in mine properties and PPE is capitalised to the extent it is probable that future economic benefits associated with the item will flow to the entity; and the cost of the item can be measured reliably, following the criteria above. All other repairs and maintenance costs are charged to profit or loss during the reporting period in which they are incurred.

3.16.1. Depreciation

PPE assets (except land) are depreciated to their residual values over their economic useful life. Infrastructure used in the underground mining activities, such as the transportation tunnels, are depreciated using a straight-line method. Other assets relating to the producing mines assets are depreciated following the unit-of-production (UOP) method.

The unit of measure is the number of underground extraction detonations performed during each reporting period, compared to the total number of extraction detonations planned for the relevant iron ore deposit. The separate mining levels, and not the mine as a whole, are used as measurement basis when applying this method.

The estimation of total expected extraction detonations is subject to a certain level of uncertainty. However, the company estimates its number of planned extraction detonations based on production and extraction plans which are monitored and updated on an ongoing basis.

The following table summarises the useful life and depreciation method by class of asset:

	Producing mines	Transportation tunnels (underground infrastructure)	Buildings	Machinery and plants	Operating equipment
Depreciation method	UoP	Straight-line	Straight-line	Straight-line	Straight-line
Useful life	Based on estimated detonations	7–10 years	7–10 years	5–10 years	5 years

Each component is treated separately for depreciation purposes and depreciated over its individual useful life. When a significant component is replaced, the old component is derecognised and the new component capitalised, if its cost is recoverable.

3.16.2. Stripping activity assets

The company engages in stripping activities, which consists of the removal of waste rock to access iron ore deposits, during the production phase of a surface (open-pit) mine. The company recognises stripping activity assets to the extent that it gets an improved access to the ore body that will be consumed over a period of more than one year, it can identify the component of ore body for which access has been improved; and it can measure the associated costs reliably.

Stripping activities performed for the financial reporting periods 2021 and 2020 has not been recognised within the mine properties assets due its short-term nature. All stripping costs have consequently been included as direct costs of inventory in the period they were incurred.

3.17 RESEARCH AND DEVELOPMENT EXPENDITURES

Research activities are expensed in the period they are incurred. Development expenditures are capitalised when all the following can be demonstrated, at the time or shortly after the expenditure is incurred:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale.
- its intention to complete the intangible asset and use or sell it.
- its ability to use or sell the intangible asset.
- how the intangible asset will generate probable future economic benefits.
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset.
- its ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on an intangible item that was initially recognised as an expense is not recognised as part of the cost of an intangible asset at a later date.

3.18. EMPLOYEE BENEFITS

Norwegian companies are required to have occupational pension schemes according to the law on compulsory occupational pension, and the company operates defined benefit pension plans for its employees in accordance with these requirements. The company has a collective defined benefit scheme comprising of 390 persons at year-end (405 in 2020), of which 259 are working individuals (257 in 2020).

The schemes entitle those concerned to future benefits mainly depending on the number of service years, the salary level at the retirement age and the size of the yields from the Norwegian national social insurance scheme. The pension agreement is financed by funding organised with an independent insurance company. The company also has an unfunded pension commitment related to membership in the AFP (early retirement) scheme financed by the company's operations.

The liabilities recognised in the statement of financial position in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expenses' in the statement comprehensive income.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, in other comprehensive income.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of comprehensive income as past service costs.

The company will replace its defined benefit pension plan with a defined contribution plan early in 2022.

3.19. INCOME TAXES

The income tax expense or credit for the period is the tax payable on the current period's taxable income, based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Deferred tax/tax assets are calculated at 22% of the temporary differences between book value and tax values, in addition to tax losses to carry forward at the end of the accounting year. Tax increasing and tax reducing temporary differences that reverse or can reverse in the same period are netted.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and considers whether it is probable that a taxation authority will accept an uncertain tax treatment. The company measures its tax balances either based on the most likely amount or the expected value, depending on which method provides a better prediction of the resolution of the uncertainty.

Deferred income taxes are determined by using tax rates (and laws) that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Deferred tax assets are recognised only if it is probable that future taxable amounts will be available to utilise those temporary differences and tax losses.

Deferred tax assets and liabilities are offset where there is a legally enforceable right to offset current tax assets and liabilities and where the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Current and deferred taxes are recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

3.20. PROVISIONS

Provisions for legal claims and future rehabilitation activities are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation in the future. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The impact of climate-related matters on remediation of environmental damage is considered with determining the decommissioning liabilities on the mining assets which has been disclosed in Note 29 *provisions*.

3.21. EARNINGS-PER-SHARE

3.21.1. Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the parent company, excluding any costs of servicing equity other than ordinary shares
- by the weighted average number of ordinary shares outstanding during the financial year, adjusted for treasury shares (see Note 26).

3.21.2 Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and
- the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

A potential ordinary share is a financial instrument or other contract that may entitle its holder to ordinary share, and whose conversion into an ordinary share would lead to a reduction in earnings per share or an increase in loss per share from continuing operations.

3.22. GOVERNMENT GRANTS AND PAYMENTS TO AUTHORITIES

Government grants relating to the purchase of property, plant and equipment are normally included in non-current liabilities as deferred income and they are credited to profit or loss on a straight-line basis over the expected lives of the related assets.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

The company received NOK 0.6 million in 2021 (2020: NOK 0.9 million) in grants from the tax incentive scheme. The company recognised income of NOK 0 (2020: NOK 6 million) in support from the CO_2 compensation scheme. The current CO_2 compensation scheme is under revisions, and uncertainty exist whether Rana Gruber will qualify for the coming reporting periods.

In accordance with the Norwegian Accounting Act, section 3-3d, Rana Gruber has prepared a Report on payments to authorities. According to the regulations companies with activities in the extractive industry or forestry shall disclose such payments. Rana Gruber has in 2021 paid NOK 33 299 thousand as corporate income tax, NOK 34 thousand to the Norwegian Environment Agency and NOK 114 thousand to the Norwegian Directorate of Mining.

Note 04 Segment information

Rana Gruber's business is primarily related to the excavating, processing and sale of iron oxide in the form of hematite, magnetite and iron oxide pigments. Hematite is used for iron and steel production in smelting plants in Europe and magnetite is used in industrial water purification processes.

Operating segments are components of the company regularly reviewed by the chief operating decision maker to assess performance and be able to allocate resources. The company's CEO (Chief Executive Officer) is the chief operating decision maker at Rana Gruber. The company as a whole is operated as a single segment. See Note 6 for a disaggregation of revenue from external customers by product.

In April 2020 Rana Gruber entered into an offtake agreement with a single customer ensuring the sale of all of the hematite production which constitute circa 90–95% of the total annual iron ore production volumes. The total revenue from that single customer, based in the United States of America, amounted to NOK 1 460 095 thousand in 2021 (2020: NOK 936 466 thousand). Domestic sales to external customers accounted for less than 1% of total revenue for the years 2021 and 2020. Substantially all of the company's goods are delivered to end users based in the European Union and United Kingdom area.

All non-current assets held by the company are located in Norway.

Note 05 First-time adoption of IFRS

5.1. OPTIONAL EXEMPTIONS APPLIED ON THE FIRST-TIME ADOPTION OF IFRS

IFRS 1 provides a number of exemptions when applying IFRS for the first time. The company has applied the following optional implementation exemptions:

5.1.1. Leases

Lease liabilities are measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at 1 January 2020. Right-of-use assets are measured at the amount equal to the lease liabilities, adjusted by the amount of any prepayments made before 1 January 2020.

The lease payments associated with leases that end within 12 months as of 1 January 2020 and leases for which the underlying assets are of low value are recognised as an expense on a straight-line basis over the lease term.

5.1.2. Borrowing costs

Rana Gruber has applied the transitional provisions in IAS 23

Borrowing Costs and capitalise borrowing costs relating to all qualifying assets (capitalised mining activities) after the date of transition 1 January 2020. Similarly, Rana Gruber will not restate for borrowing costs capitalised under Norwegian GAAP on qualifying assets prior to the date of transition to IFRS.

5.1.3. Revenue

As a first-time adopter Rana Gruber will not restate customer contracts that were completed before 1 January 2020. A completed contract is defined as a contract for which the entity has transferred the goods in accordance with Norwegian GAAP.

5.2. RECONCILIATIONS OF THE COMPANY'S EQUITY REPORTED IN ACCORDANCE WITH PREVIOUS GAAP TO ITS EQUITY IN ACCORDANCE WITH IFRS, AS OF THE DATE OF TRANSITION TO IFRS (1 JANUARY 2020)

Amounts in NOK thousand	*Notes*	Norwegian GAAP	Adjustments and reclassifications	IFRS 1 January 2020
ASSETS				
Non-current assets				
Mine properties	*A, B, C*	264 408	12 032	276 440
Property, plant and equipment	*D*	207 436	(68 243)	139 193
Right-of-use asset	*E*	-	98 835	98 835
Other non-current financial assets	*F,G*	241 968	(13 102)	228 865
Deferred tax asset	*A, C, D, F, H*	-	36 330	36 330
Total non-current assets		713 812	65 853	779 663
Current assets				
Inventories	*C*	109 153	(96 091)	13 062
Trade receivables		180 823	-	180 823
Other current receivables		33 733	916	34 649
Cash and cash equivalents		9 648	-	9 648
Total current assets		333 357	(95 175)	238 182
Total assets		1 047 168	(29 323)	1 017 845
EQUITY AND LIABILITIES				
Equity				
Share capital		9 348	-	9 348
Share premium		92 783	-	92 783
Other equity		232 364	(116 537)	115 827
Total equity		334 495	(116 537)	217 958
Liabilities				
Borrowings		281 146	-	281 146
Lease liabilities	*D, E*	63 510	8 400	71 910
Deferred tax liability	*A, C, D, F, H*	10 231	(10 231)	-
Provisions	*B*	-	15 000	15 000
Other non-current liabilities		6 258	(1 500)	4 758
Net defined benefit liabilties	*F*	-	6 096	6 096
Total non-current liabilities		361 145	17 766	378 910
Borrowings		177 089	-	177 089
Trade payables	*H*	98 181	(28 008)	70 173
Lease liabilities (current portion)	*D,E*	-	26 925	26 925
Current tax liabilities		(916)	916	-
Derivative financial liabilities	*H*	-	41 608	41 608
Other current liabilities		77 174	28 008	105 182
Total current liabilities		351 528	69 449	420 977
Total liabilities		712 672	87 215	799 887
Total equity and liabilities		1 047 168	(29 323)	1 017 845

5.3. RECONCILIATIONS OF THE COMPANY'S EQUITY REPORTED IN ACCORDANCE WITH NORWEGIAN GAAP TO ITS EQUITY IN ACCORDANCE WITH IFRS, AS OF 31 DECEMBER 2020

Amounts in NOK thousand	*Notes*	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 December 2020
ASSETS				
Non-current assets				
Mine properties	*A, B, C, I*	238 856	107 488	346 343
Property, plant and equipment	*D*	212 990	(79 970)	133 020
Right-of-use asset	*E*	-	115 877	115 877
Other non-current financial assets	*F, G*	153 960	(15 621)	138 339
Total non-current assets		605 805	127 774	773 579
Current assets				
Inventories	*C*	198 493	(176 577)	21 916
Trade receivables	*J*	147 829	145 876	293 705
Other current receivables	*H*	46 073	(33 876)	12 197
Derivative financial assets	*H*	-	31 237	31 237
Cash and cash equivalents		24 994	-	24 994
Total current assets		417 389	(33 341)	384 049
Total assets		1 023 195	94 433	1 117 628
EQUITY AND LIABILITIES				
Equity				
Share capital		9 348	-	9 348
Share premium		92 783	-	92 783
Other equity		379 501	(112 517)	266 984
Total equity		481 632	(122 517)	369 115
Liabilities				
Borrowings		193 295	-	193 295
Lease liabilities	*E*	75 526	13 953	89 479
Net deferred tax liabilities		53 873	(45 308)	8 565
Provisions	*B*	-	15 000	15 000
Other non-current liabilities		4 656	(1 500)	3 156
Net defined benefit liabilities	*F*	-	6 737	6 737
Total non-current liabilities		327 349	(11 118)	316 231
Borrowings		-	-	-
Trade payables	*H*	110 303	(40 507)	69 796
Lease liabilities (current portion)	*D*	-	29 084	29 084
Current tax liabilities		33 265	-	33 265
Derivative financial liabilities	*H*	-	188 983	188 983
Other current liabilities	*H*	70 646	40 507	111 153
Total current liabilities		214 215	218 068	432 283
Total liabilities		541 564	206 950	748 514
Total equity and liabilities		1 023 195	94 433	1 117 628

5.4. RECONCILIATION TO THE COMPANY'S STATEMENT OF COMPREHENSIVE INCOME IN ACCORDANCE WITH IFRS FOR THE LATEST PERIOD IN THE ENTITY'S MOST RECENT ANNUAL FINANCIAL STATEMENTS (31 DECEMBER 2020)

Amounts in NOK thousand	*Notes*	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 December 2020
Revenue	*J*	1 296 090	216 188	1 512 278
Changes in inventories		8 854	-	8 854
Raw materials and consumables used		(340 002)	40 024	(299 978)
Employee benefit expenses	*F*	(201 994)	(392)	(202 386)
Depreciation of tangible assets	*A, B, D, E*	(106 325)	(41 554)	(147 879)
Other operating expenses	*D, E, G, J*	(143 467)	9 396	(134 071)
Operating profit/(loss)		513 157	223 661	736 817
Financial income		13 439	(351)	13 089
Financial expenses	*D, E, K*	(26 354)	(1 362)	(27 716)
Other financial gains/(losses)	*H*	(150 164)	(214 327)	(364 491)
Financial income/(expenses), net		(163 079)	(216 040)	(379 118)
Profit/(loss) before income tax		350 078	7 621	357 697
Income tax expense		(76 941)	(1 769)	(78 710)
Profit/(loss) for the year		273 136	5 852	278 988
Other comprehensive income from items that will not be reclassified to profit or loss:	*F*			
Actuarial gains and losses		-	(2 348)	(2 348)
Tax related to items that are not reclassified to profit or loss		-	517	517
Net other comprehensive income/(loss)		-	(1 831)	(1 831)
Comprehensive profit/(loss)		273 136	4 021	277 158

5.5. RECONCILIATION TO THE COMPANY'S STATEMENT OF CASH-FLOWS IN ACCORDANCE WITH IFRSS FOR THE LATEST PERIOD IN THE ENTITY'S MOST RECENT ANNUAL FINANCIAL STATEMENTS (31 DECEMBER 2020)

Amounts in NOK thousand	*Notes*	Norwegian GAAP	Adjustments and reclassifications	IFRS 31 December 2020
Cash flow from operating activities:				
Profit before income tax		350 078	7 621	357 568
Adjustments for:				
Movements in provisions, pensions and government grants		1 608	-	1 608
Depreciation of tangible assets	*A, B, D, E*	104 521	44 181	148 702
Unsettled loss/(gain) on derivative financial instruments	*H*	-	157 747	157 747
Net finance income / expense		18 726	(4 099)	14 627
Working capital changes:				
Change in inventories	*C*	(88 160)	80 486	(7 674)
Change in receivables and payables	*H, J*	35 442	(170 642)	(135 200)
Interests received		7 628	5 461	13 089
Interests paid	*D, E, K*	(26 354)	(3 358)	(29 712)
Net cash flow from operating activities		403 358	117 528	520 886
Cash flow from investment activities:				
Expenditures on mine development	*A,B,C*	-	(156 287)	(156 287)
Expenditures on property, plant and equipment	*D*	(86 936)	56 854	(30 082)
Cash receipt from repayment of loans		91 533	(1 007)	90 526
Net cash flow from investing activities		4 597	(100 440)	(95 843)
Cash flow from financing activities:				
Payment of principal portion of lease liabilities	*D, E*	-	(26 925)	(26 925)
Cash repayments of amounts borrowed		(276 109)	9 837	(266 272)
Dividends paid		(116 500)	-	(116 500)
Net cash flow from financing activities		(392 609)	(17 088)	(409 697)
Net increase/(decrease) in cash and cash equivalents		15 346	-	15 346
Cash and cash equivalents at the beginning of the period		9 648	-	9 648
Cash and cash equivalents at the end of the period		24 994	-	24 994

5.6. EXPLANATION OF ADJUSTMENTS AND RECLASSIFICATIONS

Note A Mine properties

Under NGAAP, stripping costs incurred for Kvannevann øst open-pit were capitalised in 2019 and depreciated over the useful life of the mine.

Under IFRS, no stripping activity assets are recognised for the reporting periods included in these financial statements, following the company's accounting policies described in Note 3.17. Therefore, the carrying amount of the 'mine properties'at 1 January 2020 does not include NOK 77 351 thousand previously capitalised under NGAAP, amount which has been adjusted against 'other equity' of the company for an amount of NOK 60 334 thousand. These adjustments also resulted in the recognition in 'deferred tax assets'for an amount of NOK 17 017 thousand.

Additionally, at 31 December 2020, the depreciation of the stripping costs recognised under NGAAP have been reversed for an amount of NOK 12 892 thousand, and 'deferred tax assets' have been reversed for an amount of NOK 2 836 thousand. During the 2020 financial reporting period, the 'depreciation of tangible assets' increased with an amount of NOK 12 892 thousand.

Note B Rehabilitation provision

Under NGAAP, the company recognised a rehabilitation provision for an amount of NOK 1.5 million. However, the application of IAS 37, particularly with respect to the identification of obligating events, has led to the recognition an additional provision, which has been included as part of the 'mine properties' asset and depreciated over their useful life, for an amount of NOK 13.5 million. See Note 29 for more information on provisions.

Under IFRS, the cost corresponding to the rehabilitation provision have been depreciated in the 2020 reporting period for an amount of NOK 900 thousand.

Note C Subsequent expenditure in mine properties

Under NGAAP, preparatory production costs (related to opening of mine tunnels and long-hole drilling) was recognised as part of 'inventories'.

At 1 January 2020, the 'preparatory production (opening of mine tunnel)' has been reclassified from 'Inventories' under NGAAP to 'mine properties' under IFRS for an amount of NOK 75 883 thousand, as these assets have depreciation profiles in excess of 12 months. On the other hand, the 'preparatory production long-hole drilling' has been reversed from 'Inventories' under NGAAP against 'other equity' under IFRS for an amount of NOK 20 208 thousand. Therefore, the total reversal of 'inventories' at 1 January 2020 has been NOK 96 091 thousand. These adjustments also resulted in the recognition in 'deferred tax assets' for an amount of NOK 4 446 thousand.

At 31 December 2021, the 'preparatory production (opening of mine tunnel)' accumulated net additions of NOK 80 486 thousand, which have also been reclassified to 'mine properties' under IFRS.

Note D Removal of finance leases under NGAAP
Rana Gruber has under NGAAP differentiated between finance leases and operating leases. Finance leases within the company predominantly consist of railway carriages and mining equipment and operating leases consist mainly of vehicles, office premises and other equipment.

IFRS 16 establishes principles for the recognition, measurement, presentation and disclosure of leases and applies to all leases in scope. The standard does not differentiate between operating and financial leases from a lessee perspective and Rana Gruber has recognised assets and liabilities for all leases meeting the recognition requirements.

The finance lease balances held under NGAAP at 1 January have been reversed in converting the financial statements to IFRS. PPE arising from finance leases under NGAAP has been reversed for an amount of NOK 68 243 thousand. The 'finance lease liabilities' have been reversed for an amount of NOK 63 510 thousand. These adjustments resulted in the recognition of 'deferred tax assets' for an amount of NOK 12 078 thousand. The difference of the reclassifications above is adjusted through an increase in 'other equity', for an amount of NOK 7 346 thousand.

Additionally, at 31 December 2020, PPE arising from finance leases under NGAAP has been reversed for an amount of NOK 11 727 thousand. The 'finance lease liabilities' has been reversed for an amount of NOK 12 016 thousand. These adjustments resulted in the derecognition of 'deferred tax assets' for an amount of NOK 63 thousand. The difference of the reclassifications above is adjusted through an increase in 'other equity', for an amount of NOK 225 thousand.

The amounts recognised in the statement of comprehensive income under NGAAP during 2020 have been reversed in converting the financial statements to IFRS. 'depreciation of tangible assets' has been reversed for an amount of NOK 11 457 thousand. 'financial fxpenses' has been reversed for an amount of NOK 2 259 thousand. 'other operating expenses' has been increased for an amount of NOK 13 428 thousand.

Note E Recognition right-of-use assets and lease liabilities
The company apply IFRS 16 to its lease contracts. This resulted in the recognition of 'right-of-use assets' and lease liabilities.

At 1 January 2020, the company recognised 'right-of-use assets' and lease liabilities for an amount of NOK 98 835 thousand. NOK 71 910 corresponds to the 'non-current lease liabilities' and NOK 26 925 thousand has been classified as 'current lease liabilities'.

At 31 December 2020, the IFRS financial statements included additional adjustments and reclassifications. Additional 'right-of-use assets' and lease liabilities have been recognised for an amount of NOK 17 042 thousand and NOK 19 728 thousand. NOK 17 568 corresponds to the 'non-current lease liabilities' and NOK 2 159 thousand has been classified as 'current lease liabilities'. 'Deferred tax assets' have been recognised for an amount of NOK 591 thousand.

The application of IFRS 16 resulted in several effects in the statement of comprehensive income. 'Depreciation of tangible assets' has been increased for an amount of NOK 25 961 thousand. 'Other operating expenses' has been reversed for an amount of NOK 32 732 thousand. 'Finance expenses' has been increased for an amount of NOK 9 457 thousand.

See additional information in Note 14.

Note F Net defined benefit liabilities
The company's defined benefit pension plan was in accordance with Norwegian GAAP, measured at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets was valued at their fair value. The basis for the recognition was a straight-line earnings profile and expected end salary. Actuarial assumptions were based on the Norwegian GAAP pension standard (NRS 6).

Planned changes were amortised over the expected remaining service period. This also applied for estimated deviations to the extent that they exceed 10 % of the larger of the pension liabilities and pension funds ("the corridor").

The company's defined benefit pension plan has under IFRS been measured at the present value of accrued future pension benefits at the balance sheet date. Pension plan assets are valued at their fair value. The basis for the recognition is a straight-line earnings profile and expected end salary. Actuarial assumptions are based on the relevant pension standard under IFRS (IAS 19).

Rana Gruber has from the IFRS opening balance 1 January 2020 and onwards fully recognised the net defined benefit liabilities, thus eliminating "the corridor" approach. The application of IFRS therefore resulted in the reversal of 'other non-current assets' for an amount of NOK 11 475 thousand, and the recognition of 'net defined liabilities' for an amount of NOK 6 096 thousand. 'other equity' have been adjusted for an amount of NOK 13 705 thousand and 'deferred tax asset' have been recognised for an amount of NOK 3 866 thousand.

At 31 December 2020, the company has made some adjustments and reclassifications to the balance sheet in addition to the ones made at 1 January 2020. 'Other non-current financial assets' have been reversed for an amount of 2 099 NOK. The 'net defined benefit liabilities' are increased by an amount of NOK 641 thousand.

Service costs incurred under NGAAP, included within 'employee benefit expenses', have been increased for an amount of NOK 392 thousand for the 2020 financial reporting period.

Additional information is included in Note 25.

Note G Investment in not-for-profit organisations
Under NGAAP, the company recognised as assets investments in other shares and businesses, included within other 'non-current financial assets'. These investments are held in not-for-profit organisations, which does not meet the definition of a financial asset under IFRS. Therefore, these investments have been reversed in the conversion to IFRS. There are no potential obligations that could constitute liabilities arising from these investments.

At 1 January 2020 'investments in other shares and businesses' has been reversed for an amount of NOK 1 628 thousand against 'other equity'. Additionally, at 31 December 2020, NOK 420 thousand has been reversed, debiting 'other operating expenses' in the statement of profit or loss.

Note H Derivative financial assets and liabilities
Under NGAAP, derivative gains and losses from fair value changes have not been recognised prior to expiration/settlement of the derivatives.

Under IFRS, derivatives are measured at fair value through profit or loss per each financial reporting period. Depending on its net position, instruments will be presented either as 'derivative liabilities' or as 'derivative assets'.

At 1 January 2020, 'other current liabilities' and 'trade payables' have been reversed for an amount of NOK 28 008 thousand, and 'derivative financial liabilities' have been increased by NOK 41 608 thousand. On the asset side, these adjustments resulted in the recognition of a 'deferred tax assets' for an amount of NOK 9 154 thousand. The difference between assets and liabilities recognised resulted in a negative adjustment to 'other equity' for an amount of NOK 32 454 thousand.

At 31 December 2020, 'other current receivables' have been increased by an amount of NOK 33 876 thousand and 'derivative financial assets' have also been increased by an amount of NOK 31 237 thousand. Likewise, 'other current liabilities' and 'trade payables' have been reversed by an amount of NOK 40 507 thousand and 'derivative financial liabilities' have been recognised for an amount of NOK 188 983 thousand. These adjustments resulted in the recognition of a 'deferred tax assets' for an amount of NOK 25 551 thousand.

With respect to the statement of comprehensive income, the conversion to IFRS resulted for 2020 in net amount of losses of NOK 210 838 thousand to 'other financial gains and losses".

See additional information about derivatives in Note 24.

Note I Depreciation of mine properties
Under NGAAP, the company has been reducing the carrying amount of the 'preparatory production (opening of mine tunnel)' following a method similar to the unit of production method. The reduction in value of the asset was reflected as 'costs of goods sold' in the income statement under NGAAP. The approach taken under NGAAP is broadly consistent with the one applied under IFRS for the 'mine properties".

However, the company reviewed the consistency of the application under NGAAP with the accounting policies under IFRS and adapted the calculation of the accumulated depreciation following the useful life considered under IFRS, consistent with Note 3.16.

The following adjustments has been made to the NGAAP amounts for the conversion to IFRS on this specific area:

- Expenses included in 'raw materials and consumables used', within the statement of profit or loss, have been reversed for an amount of NOK 40 024 thousand.
- 'Depreciation of tangible assets' within the statement of profit or loss has been increased for an amount of NOK 38 900 thousand.
- The net amount from the two items above has been added to the 'mine properties' within the statement of financial position.

Note J Revenue and provisionally priced trade receivables
Under NGAAP, revenue was recognised at a point in time for all contracts with customers, generally when the vessel chartered by the customer had been loaded, under Free on Board (hereafter referred to as 'FOB') incoterm, for an amount representing the average of past spot prices.

Under IFRS, revenue is recognised using forward price for the settlement period, at the date of the sale. The accounting treatment under IFRS is explained in Note 3.4 and Note 6. This resulted in the recognition of 'trade receivables' and decrease of 'deferred tax assets' for an amount of NOK 112 000 thousand and NOK 24 640 thousand, respectively. 'Revenue' and 'other operating expenses' have been recognised for an amount of NOK 121 488 thousand and NOK 9 488 thousand, respectively.

Under NGAAP, the company has been applying hedge accounting for its iron ore price derivatives. Therefore, the gains and losses from such derivatives were included in the sales income. Under IFRS, the company is not applying hedge accounting and therefore the losses from iron ore price derivatives have been reclassified from 'revenue' to 'other financial gains and losses' (see Note 9 for further details) for an amount of NOK 94 700 thousand in 2020.

Note K Capitalisation of borrowing costs
The company has incurred borrowing costs in the development of its 'mine properties", which met the definition of a qualifying asset. Under NGAAP, all financial expenses have been recognised during the period when they have been incurred. Under IFRS, when these borrowing costs are directly attributable to a qualifying asset, these costs should be recognised as part of the cost of the assets.

At 31 December 2020, this resulted in the increase of the carrying amount of 'mine properties' for an amount of NOK 1 854 thousand the decrease of 'deferred tax asset' for an amount of NOK 408 thousand. In the statement of financial position for the 2020 financial reporting period, the 'depreciation' of the capitalised costs has been recognised for an amount of NOK 143 thousand, and interest expenses have been reversed for and amount of NOK 1 996 thousand.

Note 06 Revenue

6.1. SIGNIFICANT ACCOUNTING POLICIES AND ESTIMATES: REVENUE FROM SALES OF HEMATITE

Revenue from sales of hematite accounts for substantially all revenue from contracts with customers.

Rana Gruber recognises revenue from its sales of hematite to its customers, acting as a principal to the transactions. Rana Gruber does not typically provide freight, shipping or insurance services to its customers. Therefore, providing the goods is the only performance obligation identified on the contracts with customers. Each shipment of hematite is treated as a separate performance obligation.

Typically, Rana Gruber is responsible for the goods until the hematite is loaded onto the vessels chartered by the customer at the port of Mo i Rana, under the Incoterms Free on Board (FOB). This is the point in time when Rana Gruber obtains an unconditional right to payment and when control is transferred to the customer.The initial invoice is normally paid by the customer within 3 to 5 working days after the shipment date. Customer acceptance for the goods is not considered a relevant indicator for Rana Gruber, as there is certainty on the specification requirements of the goods when the hematite is loaded onboard the vessels.

The sale of hematite is typically subject to a provisional price mechanism. At the moment of the sale, invoices are issued to clients based on provisional prices, reflecting the average of past spot prices of iron ore. Final prices are derived from monthly averages of iron ore prices during the reference period (typically, three months after each shipment has taken place). Typically, the final invoice is paid by the customer within 3 to 5 working days after the invoice date.

Under IFRS, revenue is recognised at the shipment date for an amount that corresponds to the average forward prices for the month in which the invoice will be finally settled. At each reporting date after the date of the sale, the corresponding trade receivable is measured using the updated forward prices. Subsequent changes in the value of the trade receivables due to changes in the forward prices are recognised as revenue up until the date of the final settlement for the shipment. When the price is known, the trade receivables are reclassified to trade receivables which are not subject to provisional price mechanisms. For disclosures on the provisionally priced trade receivables, see Note 3.8 and Note 20.

The transaction price for hematite shipments is also subject to variable consideration depending on several parameters such as Fe content and moisture, which can be estimated with a high level of certainty at the moment the revenue is recognised. When variable consideration depends on factors that are outside of Rana Gruber's influence, the variable consideration is not recognised until the moment when the uncertainty is resolved, normally being shortly before the final invoice is sent to the client.

Rana Gruber uses the practical expedient of not disclosing the information required in paragraph 120 of IFRS 15 (i.e. the aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied (or partially unsatisfied) as of the end of the reporting period).

6.2. DISAGGREGATED INFORMATION FOR REVENUE FROM CONTRACTS WITH CUSTOMERS

The following breakdown of revenue from contracts with customers presents a disaggregation by major product line:

Revenue

Amounts in NOK thousand	**2021**	2020
Sales of hematite	**1 644 211**	1 189 515
Sales of magnetite	**115 254**	112 721
Sales of Colorana	**3 875**	1 051
Total revenue from contracts with customers	**1 763 340**	1 303 287
Effect from provisionally priced receivables	**(146 195)**	203 984
Other income	**11 318**	5 007
Total revenue	**1 628 463**	1 512 278

Revenue arising from other than contracts with customers includes primarily the fair value changes in the value of the trade receivables due to the provisional price mechanisms from the shipment date and up until the invoice is finally settled and other income arising primarily from sale of services related to consulting and geophysical analysis. Revenue from service transactions is recognised as the service is performed.

Note 07 Other operating expenses

Other operating expenses

Amounts in NOK thousand	**2021**	2020
Mining activities: extraction and maintenance	**71 789**	65 373
Expenses related to short-term and low-value leases	**23 946**	9 360
Audit fees	**2 952**	959
Consulting fees	**23 074**	10 805
Energy expenses (fuel, electricity, water, etc.)	**16 619**	12 032
Insurance fees	**14 528**	11 204
Shipping costs	**14 279**	4 214
Other	**11 534**	20 124
Total other operating expenses	**178 721**	134 071

Expenses incurred in research and development projects have been NOK 2 723 thousand during the 2021 financial year (NOK 2 723 thousand in 2020). No development expenses have been capitalised during 2021 or 2020, and no development expenditures were capitalised at the IFRS opening balance date 1 January 2020.

The audit fees are further disaggregated in the following table:

Auditor's remuneration

Amounts in NOK thousand	**2021**	2020
Statutory audit fees	**1 106**	740
Other attestation and assurance services	**-**	-
Technical assistance	**1 769**	219
Tax advicory services	**77**	-
Total auditor's remuneration	**2 952**	959

Note 08 Finance income and costs

Finance income and costs

Amounts in NOK thousand	**2021**	2020
Finance income	**541**	13 089
Interest income from bank deposits	**-**	23
Interest income from related parties	**-**	5 475
Income from investments in subsidiary (group contribution)	**-**	6 484
Other financial income	**541**	1 107
Finance costs:	**(12 635)**	(29 712)
Interest on borrowings	**(6 981)**	(23 440)
Interest on lease liabilities	**(5 579)**	(5 807)
Interest costs related parties	**-**	(288)
Other finance costs	**(75)**	(177)
Capitalised borrowing costs (see Note 12)	**1 150**	1 996
Net finance result	**(10 944)**	(14 627)

Note 09 Other financial gains and losses

Other financial gains and losses

Amounts in NOK thousand	**2021**	2020
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on exchange rates	**(38 917)**	16 109
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on iron ore prices	**23 401**	(358 376)
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on interest rates	**2 615**	(2 615)
Net foreign exchange gains (losses)	**21 456**	(19 609)
Total other financial gains and losses	**8 555**	(364 491)

Note 10 Income tax

10.1. INCOME TAX EXPENSE

Income tax expense

Amounts in NOK thousand	**2021**	2020
Current income tax	**146 207**	33 312
Change in deferred tax	**19 610**	45 398
Total income tax expense	**165 817**	78 710

10.2 DEFERRED TAX

10.2.1 Deferred tax relating to OCI

Amounts in NOK thousand	**2021**	2020
Actuarial gains and losses	**285**	517
Total deferred tax charged to OCI	**285**	517

10.2.2. DEFERRED TAX BALANCES

Deferred tax balances

Amounts in NOK thousand	**2021**	2020	1 January 2020
Tangible fixed assets (PPE & Mine property assets)	**(26 151)**	(27 733)	(5 862)
Right-of-use assets	**2 125**	1 774	-
Derivatives	**(5 572)**	34 704	9 154
Inventories	**189**	3 203	3 193
Receivables	**(3 845)**	(24 600)	40
Gain and loss account	**(292)**	(365)	(456)
Provisions	**2 970**	2 970	2 970
Pension funds/-liabilities (net)	**214**	1 482	1 341
Total deferred tax relating to temporary differences	**(30 351)**	(8 565)	10 380
Tax losses to carry forward	**-**	-	19 759
Excluded interest deduction to carry forward	**-**	-	6 178
Carrying value of deferred tax assets (liabilities)	**(30 351)**	(8 565)	36 330

Explanation of change in deferred tax

Amounts in NOK thousand	**2021**	2020
Carrying value of deferred tax at 1 January	**(8 565)**	36 330
Merger with Rana Gruber Minerals	**(1 891)**	-
Change in deferred tax liabilities	**(19 895)**	(44 896)
Carrying value of deferred tax at 31 December	**(30 351)**	(8 565)

10.3 RECONCILIATION OF INCOME TAX EXPENSE

Reconciliation of income tax expense

Amounts in NOK thousand	**2021**	2020
Profit before tax	**753 062**	357 699
Expected income tax at statutory income tax rate of 22% (2020: 22%)	**165 674**	78 694
Permanent differences	**143**	16
Calculated tax expense/(income)	**165 817**	78 710

Note 11 Earnings per share (EPS)

11.1. BASIC AND DILUTED EARNINGS PER SHARE

	2021	2020
From continuing operations attributable to the ordinary equity	**15.73**	7.46
Total basic and diluted earnings per share attributable to the ordinary equity	**15.73**	7.46
Total number of outstanding shares, excluding treasury shares	**37 334 733**	37 392 000

For the reporting periods included in these financial statements, the group had no dilutive potential ordinary shares.

Note 12 Mine properties

Amounts in NOK thousand	Exploration and evaluation assets	Producing mines	Total
At 1 January 2020			
Cost	-	699 517	**699 517**
Accumulated depreciation and impairment	-	(423 076)	**(423 076)**
Net book amount	-	276 440	**276 440**
Year ended 31 December 2020			
Opening net book amount	-	276 440	**276 440**
Additions	-	156 286	**156 286**
Depreciation charge	-	(86 383)	**(86 383)**
Closing net book amount	-	346 344	**346 344**

Amounts in NOK thousand	Exploration and evaluation assets	Producing mines	Total
At 31 December 2020			
Cost	-	855 802	**855 802**
Accumulated depreciation and impairment	-	(509 459)	**(509 459)**
Net book amount	-	346 344	**346 344**
Year ended 31 December 2021			
Opening net book amount	-	346 344	**346 344**
Additions	8 539	58 472	**67 011**
Depreciation charge	-	(109 587)	**(109 587)**
Closing net book amount	8 539	295 228	**303 768**
At 31 December 2021			
Cost	8 539	914 274	**922 813**
Accumulated depreciation and impairment	-	(619 046)	**(619 046)**
Net book amount	8 539	295 228	**303 768**

12.1 SIGNIFICANT ADDITIONS FROM MINING ACTIVITIES DURING THE PERIOD

The additions made during the 2020 financial reporting period relate to the work carried out for the opening of a mine tunnel (level 123 in Ørtfjell deposit) for the company's underground mining activities.

During 2021, the group continued its works on the level 123 of the Ørtfjell deposit, which were finalised during the first quarter. These works resulted in additions to the producing mines of approximately NOK 27 million.

Other significant additions during the 2021 period related to the development of the open-pit mines. Approximately, expenditures of NOK 17 million were incurred to develop infrastructures in the Ørtfjell deposit, and NOK 11 million were incurred to develop a transportation tunnel to get to a new mine level in the Kvannevann Øst mine.

12.2. CAPITALISATION OF BORROWING COSTS

The amount of borrowing costs capitalised during the period has been NOK 1 150 thousand (NOK 1 996 thousand in 2020). The average capitalisation rate used to determine the amount of borrowing costs eligible for capitalisation has been 3,41% (2020: 3,95%).

12.3. EXPLORATION AND EVALUATION ACTIVITIES

The group has undertaken exploration and evaluation activities during the period to assess the technical feasibility and commercial viability of starting the extraction in new areas. The assets recognised during the period mostly relate to the cost of geophysical studies, and exploratory drilling.

No exploration and evaluation expenditures have been directly recognised as expense in 2021 or 2020.

Note 13 Property, plant and equipment

Amounts in NOK thousand	Land and buildings	Machinery and plants	Operating equipment etc.	Total
At 1 January 2020				
Cost	46 415	558 569	48 403	**653 387**
Accumulated depreciation and impairment	(33 887)	(436 131)	(44 176)	**(514 194)**
Net book amount	12 528	122 438	4 227	**139 193**
Year ended 31 December 2020				
Opening net book amount	12 528	122 438	4 227	**139 193**
Additions	6 753	17 793	4 817	**29 363**
Depreciation charge	(2 478)	(31 024)	(2 034)	**(35 536)**
Closing net book amount	16 803	109 207	7 010	**133 020**
At 31 December 2020				
Cost	53 168	576 362	53 220	**682 750**
Accumulated depreciation and impairment	(36 365)	(467 155)	(46 210)	**(549 730)**
Net book amount	16 803	109 207	7 010	**133 020**
Year ended 31 December 2021				
Opening net book amount	16 803	109 207	7 010	**133 020**
Additions	34 037	24 093	1 692	**59 822**
Depreciation charge	(4 093)	(33 244)	(2 089)	**(39 426)**
Impairment				**-**
Closing net book amount	46 747	100 056	6 613	**153 416**
At 31 December 2021				
Cost	87 205	611 867	57 038	**756 109**
Accumulated depreciation and impairment	(40 458)	(511 811)	(50 424)	**(602 693)**
Net book amount	46 747	100 056	6 613	**153 416**

Note 14 Leases

14.1. NATURE OF THE LESSEE'S LEASING ACTIVITIES

The company leases most of its production machines including dumper-truck, excavator, wheeled loader, train wagons and other vehicle usen in the iron ore extraction and transportation process. The company has also in the 2021 and 2020 reporting periods had one office premises lease which was terminated in 2021. The lease term varies normally from one to five years with options to both extend and terminate the lease contracts at management's discretion.

14.2. RIGHT-OF-USE ASSETS

Amounts in NOK thousand	Buildings	Machinery	**Total**
At 1 January 2020	2 208	96 627	**98 835**
Year ended 31 December 2020			
Additions	-	43 003	**43 003**
Depreciation charge	(1 395)	(24 566)	**(25 961)**
Closing net book amount	814	115 063	**115 877**
At 31 December 2020			
Cost	2 208	139 630	**141 838**
Accumulated depreciation and impairment	(1 395)	(24 566)	**(25 961)**
Net book amount	814	115 063	**115 877**
Year ended 31 December 2021			
Additions	-	23 150	**23 289**
Depreciation charge	(814)	(23 929)	**(24 743)**
Closing net book amount	(814)	(779)	**(1 593)**
At 31 December 2021			
Cost	2 208	162 779	**164 988**
Accumulated depreciation and impairment	(2 208)	(48 495)	**(50 704)**
Net book amount	-	114 284	**114 284**

14.3. LEASE LIABILITIES

Amounts in NOK thousand	**2021**	2020
At 1 January	**118 563**	98 835
Additions	**23 289**	43 003
Interest expense	**5 558**	5 807
Lease payments	**(31 631)**	(32 732)
Currency effects	**(2 352)**	3 650
Balance at 31 December	**113 708**	118 563
Current	**31 107**	29 084
Non-current	**82 601**	89 479

The following table discloses the maturity analysis for lease liabilities
(Note 23.3 includes information for other non-derivative financial liabilities):

Contractual maturities

Amounts in NOK thousand	**2021**	2020
Less than 1 year	**31 890**	29 611
1-3 years	**63 844**	64 071
4-5 years	**15 818**	10 698
More than 5 years	**24 645**	32 491
Total contractual cash-flows	**136 196**	136 870
Recognised as liabilities	**113 708**	118 563

14.4. AMOUNTS RECOGNISED IN THE STATEMENT OF COMPREHENSIVE INCOME

The following amounts have been recognised in the statement of comprehensive income in relation to leases:

Amounts in NOK thousand	**2021**	2020
Interest expense (included in finance cost)	**5 579**	5 807
Expense relating to short-term and low-value leases	**23 946**	9 360
Expense relating to depreciation	**24 743**	25 961

The total cash outflow for leases in 2021 has been NOK 55 174 thousand (2020: NOK 42 727 thousand).

Note 15 Other non-current financial assets

Other non-current financial assets

Amounts in NOK thousand	**2021**	2020	1 January 2020
Loans to related parties (see Note 28)	**-**	133 939	224 465
Investment in subsidiaries	**-**	2 900	2 900
Other loans	**1 500**	1 500	1 500
Loss allowance	**-**	-	-
Total other non-current financial assets	**1 500**	138 339	228 865

The investments in subsidiaries in 2020 only related to the investment in Rana Gruber Mineral AS, whose control was acquired in December 1998. Rana Gruber AS has in the ownership period retained a 100% ownership (and voting rights) over this subsidiary. Rana Gruber Minerals AS was merged with Rana Gruber AS with effect from December 2021. The summarised financial information over the subsidiary is the following:

Amounts in NOK thousand	**2021**	2020	1 January 2020
Current assets	**-**	20 470	23 229
Non-current assets	**-**	1 721	1 826
Current liabilities	**-**	582	612
Non current liabilities	**-**	9 077	11 810

Amounts in NOK thousand	**2021**	2020
Revenue	**46 869**	47 603
Profit from operations / total comprehensive income	**4 957**	1 774

Note 16 Trade receivables

Trade Receivables

Amounts in NOK thousand	**2021**	2020	1 January 2020
Trade receivables subject to provisional pricing mechanism (fair value, see Note 20)	**40 736**	206 470	-
Trade receivables not subject to provisional pricing mechanism (amortised cost)	**22 531**	87 415	181 003
Loss allowance of trade receivables at amortised cost	**(180)**	(180)	(180)
Total trade receivables	**63 087**	293 705	180 823

More information about trade receivables subject to the provisional pricing mechanism can be found in Note 6.

16.1. IMPAIRMENT OF TRADE RECEIVABLES

Impairment on trade receivables have historically not been significant for the company. Trade receivables not subject to provisional price mechanisms have been grouped using the number of days past due. The expected credit loss rates used in the provision matrix are calculated using both historical loss rates and forward-looking information:

Ageing trade receivables

Amounts in NOK thousand	**2021**	2020	1 January 2020
Not due	**16 776**	74 637	169 541
Less than 30 days	**3 216**	-	3 157
30–60 days	**1 457**	1 672	1 790
61–90 days	**669**	-	-
More than 90 days	**2 229**	15 351	13 130
Total carrying value trade receivables	**24 347**	91 659	187 618

Trade receivables due more than 90 days comprise mainly related parties (see Note 28), which are closely followed by the company to detect any decrease in the quality of the receivable.

Note 17 Inventories

Inventories

Amounts in NOK thousand	**2021**	2020	1 January 2020
In-house manufactured finished goods	**56 250**	4 000	4 246
Goods in progress (iron ore stockpiles)	**19 161**	14 000	4 900
Purchased semi-manufactured goods	**881**	-	-
Production supplies and spare parts	**12 923**	3 916	3 916
Total inventories at the lower of cost and net realisable value	**89 215**	21 916	13 062

Inventories are pledged as security for financial liabilities. See Note 27 for additional information.

Note 18 Cash and cash equivalents

Cash and cash equivalents

Amounts in NOK thousand	**2021**	2020	1 January 2020
Cash at bank and in hand	**331 750**	162 613	9 648
Bank overdrafts	**(67 386)**	(137 619)	-
Net cash at bank and in hand	**264 363**	24 994	9 648
Restricted cash	**11 890**	12 609	9 612
Unrestricted cash	**252 473**	12 385	36
Total cash and cash equivalents	**264 363**	24 994	9 648

18.1. SHORT-TERM DEPOSITS

The company holds bank deposits or other short-term, liquid investments. Short term deposits and the other short-term, liquid investments considered as cash equivalents meet the criteria set in the accounting policies explained in Note 3.7.

18.2. RESTRICTED CASH

Part of the cash and cash equivalents disclosed is subject to regulatory restrictions and is therefore not available for general use by the company.

18.3. BANK OVERDRAFTS

Bank overdrafts held at 31 December 2020 and 2021 mainly relate to accounts used for payments in foreign currency (see Note 23.3.5). See Note 3.7 for information on the accounting policies followed by the group with respect to bank overdrafts.

Note 19 Reconciliation of cash-flows from financing activities

Amounts in NOK thousand	Borrowings	Lease liability	**Total**
Liabilities from financing activities at 1 January 2020	458 234	98 835	**557 070**
Financing cash flow (payments)	(266 272)	(26 925)	**(293 197)**
New leases	-	43 003	**43 003**
Foreign exchange adjustments	1 332	3 650	**4 982**
Other changes	1	-	**-**
Liabilities from financing activities at 31 December 2020	193 295	118 563	**311 858**
Financing cash flow (payments)	(196 288)	(25 653)	**(221 941)**
New leases	-	23 150	**23 150**
Foreign exchange adjustments	2 993	(2 352)	**641**
Liabilities from financing activities at 31 December 2021	-	113 708	**113 707**

Note 20 Financial assets and liabilities

20.1. FINANCIAL ASSETS

Amounts in NOK thousand	**2021**	2020	1 January 2020
Debt instruments measured at amortised cost:	**325 196**	262 945	454 165
Other current receivables	**36 802**	12 197	34 649
Trade receivables not subject to provisional pricing mechanism (amortised cost)	**22 531**	87 415	181 003
Other non-current financial assets	**1 500**	138 339	228 865
Cash and cash equivalents	**264 363**	24 994	9 648
Debt instruments measured at fair value through profit or loss:	**40 763**	206 470	-
Trade receivables subject to provisional pricing mechanism (fair value)	**40 763**	206 470	-
Derivatives (measured at fair value through profit or loss):	**103 247**	31 237	-
Foreign exchange forward contracts	**-**	31 237	-
Iron ore forward contracts	**103 247**	-	-
Total financial assets	**469 206**	500 652	454 165

20.2. FINANCIAL LIABILITIES

Amounts in NOK thousand	**2021**	2020	1 January 2020
Liabilities measured at amortised cost:	**234 503**	377 400	638 347
Borrowings (see Note 21)	**-**	193 295	458 234
Trade payables and other current liabilities	**232 952**	180 949	175 355
Other non-current liabilities	**1 551**	3 156	4 758
Derivatives (measured at fair value through profit or loss:	**7 680**	188 984	41 608
Foreign exchange forward contracts	**7 680**	-	3 936
Iron ore forward contracts	**-**	186 369	34 165
Interest rate swaps	**-**	2 615	3 507
Total financial liabilities	**242 183**	566 384	679 955

20.3. FAIR VALUE HIERARCHY

The different fair value measurement levels have the following meaning:

- **Level 1:** The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the company is the current bid price. These instruments are included in level 1.
- **Level 2:** The fair value of financial instruments that are not traded in an active market (e.g. over-the counter derivatives) is determined using valuation techniques that maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.
- **Level 3:** If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The following table presents the fair value of those assets and liabilities that are measured at fair value in the financial statements at each reporting date:

At 31 December 2021

Amounts in NOK thousand	Level 1	Level 2	Level 3	**Total**
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	40 763	-	**40 763**
Derivatives (assets)	-	103 247	-	**103 247**
Total financial assets measured at fair value	-	143 983	-	**143 983**
Financial liabilities valued at FVPL:				**-**
Derivatives (liabilities)	-	7 680	-	**7 680**
Total financial liabilities measured at fair value	-	7 680	-	**7 680**

At 31 December 2020

Amounts in NOK thousand	Level 1	Level 2	Level 3	**Total**
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	206 470	-	**206 470**
Derivatives (assets)	-	31 237	-	**31 237**
Total financial assets measured at fair value	-	237 707	-	**237 707**
Financial liabilities valued at FVPL:				
Derivatives (liabilities)	-	(188 984)	-	**(188 984)**
Total financial liabilities measured at fair value	-	(188 984)	-	**(188 984)**

At 31 December 2019

Amounts in NOK thousand	Level 1	Level 2	Level 3	**Total**
Financial liabilities valued at FVPL:				
Derivatives (liabilities)	-	(41 608)	-	**(41 608)**
Total financial liabilities measured at fair value	-	(41 608)	-	**(41 608)**

Trade receivables subject to the provisional pricing mechanisms are considered level 2. The fair value of the provisionally priced trade receivables uses the forward prices of iron ore at the stipulated settlement date. This is an observable price with an active market, which is applied to the pricing formula for the agreements. See additional information in Note 6.

Derivatives are considered level 2. Fair value estimates have been determined based on present value calculations and other commonly used valuation techniques. The company's derivative instruments are primarily swaps contracts where fair value estimates are based on equating the present value of a fixed and a variable stream of cash flows over the maturity of the contract. These estimates are based on observable input related to volatility, discount rates and current market values of the underlying assets the derivative instrument is related to.

There were no transfers between levels of fair value measurements during the reporting periods.

Fair values of financial instruments not measured at fair value are not materially different to their carrying values.

Note 21 Borrowings

Overview of borrowings

Amounts in NOK thousand	**2021**	2020	1 Januar 2020
Non-current			
Bank borrowings	-	193 295	281 146
Total non-current borrowings	-	193 295	281 146
Current			
Bank borrowings	-	-	177 089
Total current borrowings	-	-	177 089
Total borrowings	-	193 295	458 234

21.1. RELEVANT TERMS AND CONDITIONS

The group's current borrowing facility includes per the reporting date 31 December 2021 an overdraft credit facility of nok 100 000 thousand with an interest rate based on the relevant reference rate plus a margin of 3.25% p.a. The overdraft credit facility agreement includes the following quarterly financial covenant for the group:

- Net interest-bearing debt / EBITDA < 1.5
- Equity ratio > 35%, adjusted for unrealised effects from derivative instruments
- Adverse unrealised effects from derivative instruments < 250 MNOK

21.2. ASSETS PLEDGED AS SECURITIES FOR LIABILITIES

The borrowing facility required certain assets to be pledged as security, being accounts receivables, inventory, and property, plant and equipment. Further information about the amounts and classes of assets pledged is included in Note 27.

21.3. COMPLIANCE WITH COVENANTS

The company has complied with all the financial covenants during 2021 and 2020, and Management does not expect to breach any covenant in the foreseeable future.

Note 22 Trade payables and other current liabilities

Trade payables

Amounts in NOK thousand	**2021**	2020	1 January 2020
Trade payables with third parties	**80 030**	44 298	36 302
Trade payables with related parties (see Note 28)	**39 085**	25 498	33 871
Total trade payables	**119 115**	69 796	70 173

Other current liabilities

Amounts in NOK thousand	**2021**	2020	1 January 2020
Other current liabilities with related parties (see Note 28)	-	1 319	22 178
Dividends payable	-	27 500	18 000
Public duties payable	**12 601**	14 233	10 755
Contract liabilities	**78 787**	-	-
Others	**22 448**	68 101	54 248
Total other curent liabilities	**113 837**	111 153	105 182

Trade payables are unsecured and are normally settled within 30 days.
The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

Note 23 Financial risk and capital management

In conducting its operations, the company faces the following main types of risks: credit risk, liquidity risk and market risk. For each type of risk identified, this note discloses or cross-references to information about the company's exposures to the risk, how it arises; the company's objectives, policies, and processes for managing the risk and the methods used to measure the risk.

The company uses derivatives on a recurrent basis to hedge against financial risks, but the company does not apply hedge accounting.

23.1. CREDIT RISK

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the company by failing to settle its obligation. The company is exposed to credit risks in conducting its ordinary activities. The credit risk primarily relates to its trade receivables and its cash and cash equivalents.

23.1.1. Trade receivables

The company is closely following the credit rating of its customers which are regularly monitored. Within days after the iron ore is loaded onto the customer's vessels, the payment of the provisional invoice is received from the customer.

The amount of credit risk related to most iron ore shipments is limited to one shipment per client. A provisional invoice for substantially all of the consideration for the shipment is settled shortly after the shipment date, and no shipment will be made until the provisional invoice has been paid by the customer. The company does not normally hold collateral from its customers.

At 31 December 2021, the company had 30 customers (27 customers at 31 December 2020 and 28 at 1 January 2020). Approximately, its main 5 customers held at 31 December 2020 81% of the company's trade receivables (2020, 92%; and 1 January 2020 83%).

Rana Gruber's customer base consist of large industrial companies and the credit risk related to trade receivables are considered limited. Management is monitoring the customers credit ratings on an ongoing basis.

At each reporting date, the company assess the impairment of its trade receivables not subject to the provisional pricing mechanism based on a loss allowance provision matrix. This matrix group the outstanding amounts by days past due. For more information on how the impairment is done, please see Note 16.

Other non-current financial assets are also subject to impairment assessments. However, the risk of impairment of these receivables has been considered negligible as they relate to loans to related parties (Note 15), whose information is analysed closely by the company's management.

In connection with the IPO process during 2021, and the 50 per cent divestment from former owners LNS Mining AS, the loans and trade receivables towards LNS Mining AS and Greenland Ruby AS, respectively, were settled without any credit loss. See Note 28 for further information.

23.1.2. Cash and cash equivalents

Cash and cash equivalents from the company is managed by the company's Finance Department. The company limits the amount of deposits that can be held in a single bank to limit the concentration of risks.

23.2. LIQUIDITY RISK

Liquidity risk is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The company manages its liquidity with a high level of prudency, with rules and policies that ensure an adequate amount of cash and cash equivalents to meet the immediate needs of resources both in the short and long term. Liquidity forecasts are regularly monitored against the contractual maturities or lease liabilities.

Shipments of iron ore are normally prepaid for an amount representing the 90% of the provisional invoice within days after the iron ore is loaded onto the customer's vessels. See Note 6.1 for further information.

23.2.1. Maturities

The following table discloses the maturity analysis for non-derivative liabilities (except for lease liabilities, which are disclosed in Note 14), showing its undiscounted remaining contractual liabilities::

At 31 December 2021

Amounts in NOK thousand	Carrying amount	Less than 3 months	3-12 months	1-5 years	**Total**
Trade payables	119 115	119 115	-	-	**119 115**
Other non-current liabilities	1 551	-	-	1 551	**1 551**
Other current liabilities	113 837	113 837	-	-	**113 837**
Total financial liabilities	234 503	232 952	-	1 551	**234 503**

At 31 December 2020

Amounts in NOK thousand	Carrying amount	Less than 3 months	3-12 months	1-5 years	**Total**
Borrowings	193 295	-	-	217 117	**217 117**
Trade payables	69 796	69 796	-	-	**69 796**
Other non-current liabilities	3 156	-	-	3 156	**3 156**
Other current liabilities	111 153	111 153	-	-	**111 153**
Total financial liabilities	377 400	180 949	-	220 273	**401 222**

At 1 January 2020

Amounts in NOK thousand	Carrying amount	Less than 3 months	3-12 months	1-5 years	**Total**
Borrowings	458 235	-	177 089	315 795	**492 884**
Trade payables	70 173	70 173	-	-	**70 173**
Other non-current liabilities	4 758	-	-	4 758	**4 758**
Other current liabilities	105 182	105 182	-	-	**105 182**
Total financial liabilities	638 348	175 355	177 089	320 553	**672 997**

The maturities of the derivative financial instruments are included in Note 24.

23.2.2. Financing facilities

The company has access to undrawn credit facilities for an amount of NOK 100 million as of 31 December 2021. The interest rate margin for this loan facility is 3.25% p.a. The funds are available under the current agreement to the extent that the company complies with the relevant financial covenants.

23.3. MARKET RISK

Market is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risks for the company comprise the following three types of risk: foreign exchange risk, interest rate risk and iron ore price risk.

Trade receivables subject to the provisional pricing mechanism are settled for an amount that mainly depends on the price of iron ore, which can only be observed in the next quarter after the iron ore has been loaded onto the customer's vessels. It will be paid using the exchange rate of the final invoice date. Therefore, these receivables are affected by both foreign exchange risks and iron ore price risks.

23.3.1. Iron ore price risk

Fluctuations in international iron-ore prices pose a risk to future sales prices for Rana Gruber's products. These prices are extremely volatile, and thereby present a significant risk to profits for the company.

The risk related to sales prices for iron concentrates is managed through a combination of physical fixed-price agreements with customers and financial swap agreements where iron ore is sold forward at a fixed price. The swap agreements form part of a hedging portfolio, where limits have been set for how large a share of expected production should be sold forward over and above the volumes hedged directly through fixed-price agreements with customers.

23.3.2. Freight costs risks

It follows from the renegotiated partnership agreement with Cargill that shipping freight costs are accounted for in line with average market prices for the quarter with effect from April 2021, as opposed to a fixed fee which was charged as per the previous agreement. With this transition Rana Gruber's contracts are in line with industry standards, which is considered as a prerequisite to compete with global competitors.

Following Covid-19, market fundamentals led to a global surge in shipping freight rates in 2021. Together with Cargill, Rana Gruber has agreed on a fixed freight rate of 35 USD/mt in Q4 2021 and Q1 2022 in order to ensure visibility in a volatile market.

Over time, when shipping markets normalise, the transition is expected to increase competitiveness and earnings. The company will however be exposed to price fluctuations in global shipping markets going forward. The implications are variance in the freight deduction to the company's revenues.

Mechanisms exist to secure freight costs in the same way as for iron ore.

23.3.3. Electricity price risk

Power is one of the most important input factors in iron concentrate production. Fluctuations in electricity prices and in power consumption for production pose a risk to profits at Rana Gruber.

The risk related to electricity purchases is managed by a third-party contract provider. These contracts are included in a hedging portfolio where limits have been established for how large a proportion of expected consumption (GWh) at a given future point can be bought forward today. On this basis, the portfolio is bought forward continuously for part of the expected consumption.

The management and the finance department follow up the on-going risk exposures on the basis of parameters approved by the board of directors. All sensitivity analyses included in this Note reflects Management's views on reasonably possible changes in future prices and indexes to which the company is exposed.

23.3.4. Sensitivities

All sensitivity analyses included in this Note reflects management's views on reasonably possible changes in future prices and indexes to which the group is exposed.

23.3.5. Foreign exchange risk

The group operates in an international market for iron ore and is consequently exposed to foreign exchange risk, primarily US dollar and EUR to NOK fluctuations. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the functional currency of the group. The group mitigates foreign exchange risk by entering into foreign exchange derivative positions based on future forecasted exchanges. The derivatives applied per the reporting date 2021 are foreign exchange rate cap and floor agreements, where the group receives payments at the end of each period if the exchange rates exceed or fall below the agreed strike price

The following assets and liabilities are subject to foreign exchange risk, at each reporting period:

At 31 December 2021

Amounts in thousand currency	USD	GBP	EUR	DKK
Financial assets:	(1 922)	1 056	18 975	(182)
Trade receivables subject to provisional pricing mechanism	4 619	-	-	-
Trade receivables not subject to provisional pricing mechanism	1 073	749	18 202	-
Cash and cash equivalents*	(7 613)	306	773	(182)
Bank overdraft balances	(7 613)	-	-	-
Regular bank account	-	306	773	(182)

** Cash and cash equivalents is comprised on amounts in bank accounts that are offset with credit facilities in other currencies.*

At 31 December 2020

Amounts in thousand currency	USD	GBP	EUR	DKK
Financial assets:	39 881	306	-	(63 290)
Trade receivables subject to provisional pricing mechanism	24 198	-	-	-
Trade receivables not subject to provisional pricing mechanism	559	306	-	-
Cash and cash equivalents *	15 125	-	-	(63 290)
Bank overdraft balances	-	-	-	(63 290)
Regular bank account	15 125	-	-	
Financial liabilities:	(15 396)	-	-	-
Borrowings (see Note 21)	(15 396)	-	-	-

** Cash and cash equivalents is comprised of amounts in bank accounts that are offset with credit facilities in other currencies.*

At 1 January 2020

Amounts in thousand currency	USD	GBP	EUR	DKK
Financial assets:	16 393	165	1 658	-
Trade receivables subject to provisional pricing mechanism	-	-	-	-
Trade receivables not subject to provisional pricing mechanism	16 393	165	1 658	-
Financial liabilities:	(19 223)	-	-	(25 672)
Borrowings (see Note 21)	(19 223)	-	-	(25 672)

The following table illustrates how the profit before tax would be affected by positive or negative changes in the exchange rates with respect to the functional currency of the company, leaving every other constant the same:

Exchange rate sensitivity analysis

	Impact on profit after tax	
Amounts in NOK thousand	**2021**	2020
Increase in EUR/NOK exchange rate of 10%	**1 480**	-
Increase in USD/NOK exchange rate of 10%	**(150)**	1 910
Increase in DKK/NOK exchange rate of 10%	**(14)**	(4 937)
Increase in GBP/NOK exchange rate of 10%	**82**	24

The company enters into derivative agreements to mitigate risk related to changes in the foreign exchange rates. Complementary information can be found in Note 24.

23.3.6. Interest rate risk

Foreign currency is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of iron ore.

The following table summarises the effects that a change of 100 basis points in the effective interest rate of the borrowings would have in the profit before tax:

Sensitivity of changes in interest rates on borrowings

	Impact on profit after tax	
Amounts in NOK thousand	**2021**	2020
Increase in interest rate of 1%	-	(754)
Decrease in interest rate of 0.5%	-	377

** Net of effects from interest swap derivatives, ref. note 21.1*

The company enters into interest rate swap agreements to mitigate risk related to increases in the variable interest rates on its loans. More information can be found in Note 24.

23.3.7. Iron ore price risk

As a consequence of the provisional price mechanism, the future cash flows from trade receivables will fluctuate becaused by changes in market prices for iron ore. The following table summarises the effects that a change of 10% in the market price for iron ore would have on the profit before tax:

Iron ore prices sensitivity analysis

	Impact on profit after tax	
Amounts in NOK thousand	**2021**	2020
Increase/decrease in iron ore price of 10%	**3 177**	16 105

The company enters into iron ore price derivative agreements to cover risks arising from the change in the iron ore prices. More information can be found in Note 24.

23.4. CAPITAL MANAGEMENT: OBJECTIVES, POLICIES AND PROCESSES

The company defines capital as equity, including other reserves. The company's main objective when managing capital is to ensure the ability of the company to continue as a going concern and to meet all requirements imposed by external financing agreements in the form of covenants.

Further, the Rana Gruber aims at generating dividend payments to its shareholders based on the company's dividend policy present at any given time.

See Note 21.1 for further information on the covenants to which the company is subject to.

Note 24 Derivatives

24.1. FOREIGN EXCHANGE RATE DERIVATIVES

During 2021, the group held the following positions in relation to derivatives to cover its foreign exchange rate risks:

Foreign exchange derivatives by maturity

	Sell USD (thousand)	Floor FX rate (USD/NOK)	Cap FX rate (USD/NOK)	Fair value (thousand NOK)
Maturity within 3 months	36 000	8.58	9.27	(2 195)
Maturity within 3 to 6 months	30 000	8.58	9.38	(2 904)
Maturity within 6 to 9 months	6 000	8.52	9.43	(1 285)
Maturity within 9 to 12 months	6 000	8.52	9.55	(1 296)
Balances at 31 December 2021	78 000	8.57	9.35	(7 680)

Foreign exchange derivatives by maturity

	Sell USD (thousand)	Buy NOK (thousand)	Weighted average FX rate (USD/NOK)	Fair value (thousand NOK)
Maturity within 3 months	12 000	110 256	9.19	8 006
Maturity within 3 to 6 months	12 000	110 203	9.19	7 901
Maturity within 6 to 9 months	12 000	110 078	9.17	7 730
Maturity within 9 to 12 months	12 000	110 002	9.17	7 600
Balances at 31 December 2020	48 000	440 539	9.18	31 237

Foreign exchange derivatives by maturity

	Sell USD (thousand)	Buy NOK (thousand)	Weighted average FX rate (USD/NOK)	Fair value (thousand NOK)
Maturity within 3 months	6 000	50 396	8.40	(2 309)
Maturity within 3 to 6 months	6 000	51 069	8.51	(1 627)
Balances at 1 January 2020	12 000	101 465	8.46	(3 936)

24.2. INTEREST RATE DERIVATIVES

At 31 December 2021

	Type	Notional (in millions)	Maturity	Fixed rate	Fair value (thousand NOK)
Interest rate swap					
Fair value of the company's interest rate swaps					-

At 31 December 2020

	Type	Notional (in millions)	Maturity	Fixed rate	Fair value (thousand NOK)
Interest rate swap	Variable to fixed	NOK 100M	16.08.2021	3.86%	(2 615)
Fair value of the company's interest rate swaps					(2 615)

At 1 January 2020

	Type	Notional (in millions)	Maturity	Fixed rate	Fair value (thousand NOK)
Interest rate swap	Variable to fixed	NOK 100M	16.08.2021	3.86%	(3 507)
Fair value of the company's interest rate swaps					(3 507)

24.3 IRON ORE PRICE DERIVATIVES

The company enters into forward swap derivative agreements to manage the risk of changes in iron ore prices by reference to the pricing index: TSI Iron Ore CFR China (62% Fe Fines). The following positions were held by the group in relation to the iron ore derivative instruments:

Balances at 31 December 2021

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (thousand NOK)
Derivatives already matured and recognised as other current receivables:	**120 000**	**118.70**	**17 522**
Matured iron ore derivatives*	120 000	118.70	17 522
Iron ore derivatives recognised as financial assets:	**660 000**	**136.29**	**103 247**
Maturity within 3 months	360 000	133.81	43 278
Maturity within 3 to 6 months	240 000	134.90	37 055
Maturity within 6 to 9 months	30 000	156.75	11 060
Maturity within 9 to 12 months	30 000	156.75	11 853

Balances at 31 December 2020

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (thousand NOK)
Derivatives already matured and recognised as other current liabilities:	**165 000**	**114.93**	**(74 383)**
Matured iron ore derivatives*	165 000	114.93	(74 383)
Iron ore derivatives recognised as financial liabilities:	**960 000**	**143.78**	**(186 369)**
Maturity within 3 months	420 000	155.96	(88 724)
Maturity within 3 to 6 months	180 000	146.50	(73 279)
Maturity within 6 to 9 months	180 000	131.50	(13 548)
Maturity within 9 to 12 months	180 000	124.90	(10 818)

Balances at 1 January 2020

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (thousand NOK)
Derivatives already matured and recognised as other current liabilities:	**190 000**	**68.81**	**(28 008)**
Matured iron ore derivatives*	190 000	68.81	(28 008)
Iron ore derivatives recognised as financial liabilities:	**345 000**	**77.29**	**(34 165)**
Maturity within 3 months	150 000	75.57	(21 635)
Maturity within 3 to 6 months	110 000	75.97	(10 900)
Maturity within 6 to 9 months	85 000	82.02	(1 630)

* *Matured iron ore derivatives are accounted for in other current liabilities (see Note 22) and other current receivables (see Note 20), and are not subject to future fair value changes.*

Note 25 Employee benefit obligations

25.1. AMOUNTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME

Net defined benefits expenses

Amounts in NOK thousand	**2021**	2020
Service cost	**6 032**	5 424
Interest cost of the pension obligation	**1 440**	1 699
Yields from pension funds	**(1 414)**	(1 679)
Social security fees	**308**	277
Total (net) defined benefits expenses	**6 366**	5 720

25.2. CHANGE IN DEFINED BENEFIT OBLIGATIONS AND PLAN ASSETS

Change in defined benefit obligation

Amounts in NOK thousand	**2021**	2020
Defined benefit obligation		
At 1 January	**87 454**	76 032
Current service cost	**6 383**	5 842
Social security fees	**308**	277
Interest cost of the pension obligation	**1 440**	1 699
Actuarial loss (gain)	**(638)**	6 559
Benefits paid	**(2 556)**	(2 574)
Social security fees of benefits paid	**(668)**	(381)
At 31 December	**91 723**	87 454

Amounts in NOK thousand	**2021**	2020
Change in plan assets		
At 1 January	**80 717**	69 936
Expected yields from pension funds	**1 414**	1 679
Actuarial loss (gain)	**(1 934)**	4 212
Benefits contribution	**13 774**	7 846
Benefits paid	**(2 556)**	(2 574)
Social security fees of benefits paid	**(668)**	(381)
Plan assets at 31 December	**90 747**	80 717
Net defined benefit liability (asset) at 1 January	**6 737**	6 096
Net defined benefit liability (asset) at 31 December	**975**	6 737

25.3. NET BENEFIT COMMITMENT

Defined benefit obligations

Amounts in NOK thousand	**2021**	2020
Estimated collective pension obligation at 31 December	**86 019**	75 015
Estimated benefits commitment 31 December	**86 019**	75 015
Pension funds (at market value) at 31 December	**(80 717)**	(69 936)
Total net benefits liability (asset)	**5 301**	5 079

25.4. ACTUARIAL ASSUMPTIONS

The calculation of pension liabilities has been made by an actuary. The actuarial assumptions are based on commonly used assumptions within insurance regarding demographical factors and retirement:

Economic assumptions

	2021	2020
Discount rate	**1.90%**	1.70%
Estimated salary increase	**2.75%**	2.25%
Estimated pension increase	**0.00%**	0.00%
Estimated social security base figure adjustment	**2.50%**	2.00%
Expected return on funds	**1.90%**	1.70%
Expected turnover under 40 years	**8.00%**	8.00%
Expected turnover over 40 years	**0.00%**	0.00%
Life expectancy schedule	**K2013BE**	K2013BE
Disability schedule	**I73**	I73
Social security fee	**5.10%**	5.10%

25.5. OTHER EMPLOYEE BENEFIT EXPENSES

Total payroll costs in 2021 was NOK 247 350 thousand (2020: NOK 201 994 thousand), of which NOK 220 487 thousand was payroll costs including bonuses (2020: NOK 177 983 thousand), NOK 12 184 thousand in social employer's contribution (2020: NOK 9 304 thousand), NOK 9 633 NOK in pensions costs (2020: NOK 8 653 thousand) and NOK 5 045 thousand in other benefits (2020: NOK 6 054 thousand).

Note 26 Share capital

26.1 SHARE CAPITAL AND SHARE PREMIUM

The share capital consists only of Type A shares, with a par value of NOK 0.25 each. All shares are entitled to equal rights with respect to dividends, voting rights and other rights in accordance with Norwegian corporate law.

26.2 TREASURY SHARES

Authorised shares	Shares		Amounts	
Amounts in NOK thousand	**2021**	2020	**2021**	2020
Fully paid ordinary shares	**37 392 000**	37 392 000	**102 131**	102 131
Total share capital and share premium	**37 392 000**	37 392 000	**102 131**	102 131

Treasury shares	Shares		Amounts	
Amounts in NOK thousand	**2021**	2020	**2021**	2020
1 January	**-**	-	**-**	-
Additions	**202 020**	-	**9 793**	-
Disposals	**(144 753)**	-	**(6 958)**	-
Total treasury shares at 31 December	**57 267**	-	**2 835**	-

The company acquired treasury shares during the first half of 2021. Treasury shares are recognised at cost. These are deducted from equity and no gain or loss is recognised on the purchase, sale, issue or cancellation of these shares. Rana Gruber holds 57 267 treasury shares per the reporting date 31 December 2021, constituting 0.15% of the total number of outstanding shares.

26.3. OVERVIEW OF THE 20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2021

Shareholder	Number of shares	Ownership percentage	Voting percentage
1. Leonhard Nilsen & Sønner - Eiendom	11 689 265	31.26%	31.26%
2. Hi Capital AS	2 224 465	5.95%	5.95%
3. Grafo AS	1 202 113	3.21%	3.21%
4. Eidissen Consult AS	1 189 991	3.18%	3.18%
5. A.H. Holding AS	1 168 008	3.12%	3.12%
6. Zolen & Månen AS	1 111 111	2.97%	2.97%
7. Songa Capital AS	988 132	2.64%	2.64%
8. The Bank of New York Mellon SA/NV	613 120	1.64%	1.64%
9. Beck Asset Management AS	588 500	1.57%	1.57%
10. Klevenstern AS	436 690	1.17%	1.17%
11. Mecca Invest AS	436 690	1.17%	1.17%
12. Nordnet Livsforsikring AS	435 696	1.17%	1.17%
13. Brown Brothers Harriman & Co.	402 772	1.08%	1.08%
14. Fougner Invest AS	378 989	1.01%	1.01%
15. Beck Holding AS	360 000	0.96%	0.96%
16. GH Holding AS	266 688	0.71%	0.71%
17. Clearstream Banking S.A.	216 523	0.58%	0.58%
18. Kara Invest AS	204 259	0.55%	0.55%
19. Skihus AS	200 000	0.53%	0.53%
20. Jaras Invest AS	200 000	0.53%	0.53%
Total	24 313 012	65.02%	65.02%

CEO Gunnar Moe holds 15 733 shares per the reporting date 31 December 2021.

Note 27 Assets pledged as security

The following assets have been pledged as securities in the agreements to obtain the outstanding loans and credit facilities for the company at each reporting period:

Carrying amounts of assets pledged as security

Amounts in NOK thousand	**2021**	2020	1 January 2020
Current			
Bank borrowings:			
Trade receivables	**63 087**	293 705	180 823
Other current receivables	**36 802**	12 197	34 649
Inventories	**89 215**	21 916	13 062
Total current assets pledged as security	**189 104**	327 818	228 534
Non-current			
Lease agreements:			
Right-of-use asset	**114 284**	115 877	98 835
Bank borrowings:			
Mine properties	**303 768**	346 343	276 440
Machinery and plants	**100 056**	109 207	122 438
Operating equipment etc.	**6 613**	7 010	4 227
Total non-current assets pledged as security	**525 240**	575 594	501 940
Total assets pledged as security	**713 825**	906 255	730 474

Note 28 Related parties

28.1. CONTROLLING PARTIES

Between 1 January 2020 and 31 December 2020, the company was wholly owned by LNS Mining AS ('LNS Mining').

Rana Gruber AS was admitted for trading in Euronext Growth Oslo at 26 February 2021. In connection to the admission, LNS Mining sold part of its shares in Rana Gruber to external investors.

On 30 March 2021, LNS Mining completed the distribution of its 18 696 000 shares in Rana Gruber AS corresponding to 50% of the company's shares, to its four ultimate shareholders. The distribution of shares in the company to LNS Mining's ultimate shareholders was resolved at an extraordinary general meeting in LNS Mining on 22 February 2021. Following the distribution of the shares in the company to LNS Mining' ultimate shareholders, LNS Mining holds no shares in the company.

28.2. SUBSIDIARIES

As of 31 December 2021, the company consists of only one legal entity, Rana Gruber AS. The wholly owned subsidiary Rana Gruber Mineral AS was merged with Rana Gruber AS late in 2021. More information can be found in Note 3.3.

28.3. KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel compensation

Amounts in NOK thousand	**2021**	2020
Short-term employee benefits	**9 237**	7 533
Post-employment benefits	**528**	492
Other benefits	**1 510**	36
Total	**11 276**	8 061

CEO Gunnar Moe

Amounts in NOK thousand	**2021**	2020
Short-term employee benefits	**3 611**	2 940
Post-employment benefits	**218**	344
Other benefits	**658**	36
Total	**4 487**	3 320

Board of directors

Amounts in NOK thousand	**2021**	2020
Short-term benefits	**1 418**	2 043
Total	**1 418**	2 043

28.4. TRANSACTIONS WITH OTHER RELATED PARTIES

Transactions with related parties

Amounts in NOK thousand	Party	Relationship	**2021**	2020
Purchase of services open-pit production	Leonhard Nilsen & Sønner AS	Significant influence over the company	**(167 380)**	(146 100)
Purchase of services concerning underground mining	Leonhard Nilsen & Sønner AS	Significant influence over the company	**(27 766)**	(152 400)
Sales of services various operations and maintenance	Leonhard Nilsen & Sønner AS	Significant influence over the company	**508**	1 887
Sales of various administrative services	Greenland Ruby/ LNS Greenland AS	Significant influence over the company	**1 636**	2 191
Sales of various administrative services	LNS Mining AS	Other related parties	**2 400**	-
Sales of various administrative services	Rana Gruber Mineral AS	Control over the subsidiary	**2 135**	4 679
Short-term loan	LNS Mining AS	Other related parties	**-**	15 660
Total related party profit or loss items			**(188 467)**	(274 083)

28.5 BALANCES WITH RELATED PARTIES

Balance sheet items by related party

Amounts in NOK thousand	**2021**	2020	1 January 2020
Trade receivables with:	**2 534**	15 332	13 756
Leonh. Nilsen & Sønner AS	**149**	753	1 368
LNS Mining	**750**	-	-
LNS Greenland/Gr. Ruby	**1 636**	14 579	12 388
Other current receivables with:	**-**	23 117	8 600
LNS Mining	**-**	19 219	3 559
Rana Gruber Mineral AS	**-**	3 898	5 041
Trade payables with:	**(39 085)**	(25 498)	(33 871)
Leonh. Nilsen & Sønner AS	**(39 085)**	(25 498)	(33 871)
Other current liabilities with:	**-**	(1 319)	(22 178)
Leonh. Nilsen & Sønner AS	**-**	-	(22 178)
Rana Gruber Mineral AS	**-**	(1 319)	-
Dividend liabilities with:	**-**	(27 500)	(18 000)
LNS Mining	**-**	(27 500)	(18 000)
Long-term-loan with:	**-**	133 939	224 465
LNS Mining	**-**	133 939	224 465
Net assets (liabilities) with:	**(36 550)**	118 071	172 772
Leonh. Nilsen & Sønner AS	**(38 936)**	(24 745)	(54 681)
LNS Mining	**750**	125 658	210 024
LNS Greenland/Gr. Ruby	**1 636**	14 579	12 388
Rana Gruber Mineral AS	**-**	2 579	5 041

No loss allowance has been recognised towards any of the receivables and/or loans from related parties. See Note 23.1 on how the company manages credit risk.

Note 29 Provisions

During the development and production phase of the company's mining assets, Rana Gruber recognises a provision representing the present value of the future costs that will need to be incurred to rehabilitate the locations, as required by the Norwegian Directorate of Mining. When the obligation is incurred in developing the mine, the present value of the provision is included in the cost of the mine properties. When the provision is incurred during the production phase, the provision is recognised as part of the cost of the inventory.

The present value of the rehabilitation provision is calculated assuming the costs that are expected to be incurred when the company ceases operations in the mine. With a very high degree of certainty, the mine will not cease its operations before 2050. This conclusion is based on the historical extraction of iron ore and the estimated reserves of the mine indicated in the Resource Statement made by the company.

As indicated above, the measurement of the provision is based on two main estimations: expenses that will need to be incurred for rehabilitating the locations and the date when the rehabilitation activities will take place. Changes in estimates are accounted for prospectively by adjusting the provision liabilities and the assets to which they relate.

Provisions

Amounts in NOK thousand	**2021**	2020	1 January 2020
Rehabilitation provisions	**15 000**	15 000	15 000
Total provisions	**15 000**	15 000	15 000

There have been no movement in the rehabilitation provisions as from the opening balance sheet date, as rehabilitation provisions only relate to activities performed during the development phase of the mine properties.

Note 30 Commitments

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments

Amounts in NOK thousand	**2021**	2020	1 January 2020
Property, plant and equipment	**-**	10 989	-
Leases	**16 459**	2 000	-
Total capital commitments	**16 459**	12 989	-

Rana Gruber has committed to a number of leases not yet commenced in 2021 to the value of NOK 16 459 thousand (including 4 industrial vehicles totaling NOK 15 331 thousand).

Note 31 Critical judgements and estimates

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different when, and to the extent that, uncertainty is resolved. Detailed information about each of these estimates and judgements is included in other notes together with information about the basis of calculation for each affected line item in the financial statements.

31.1. CRITICAL ESTIMATES

31.1.1. Sales of hematite

Customer contracts for hematite iron ore (Fe_2O_3) are subject to provisional pricing mechanisms where the final settlement for the delivery will be based on future iron ore prices. Further information on the use of forward prices for the initial revenue recognition and subsequent measurement of the corresponding trade receivables is disclosed in Note 6.1.

31.1.2. Depreciation of mine properties

The company's assessment of the useful life of mine properties is determined by the expected useful economic life of the assets based on management's judgement. The useful life of mine properties is based on the estimated detonations that are expected to be economically and technically feasible to be made in coming reporting periods. These estimates are based on geological surveys, past operational history and assumption on future market prices, and could change depending on technical innovations, ore prices, production costs or updated geological analysis. Any significant deviation between actual and estimated useful lives could have a material effect on the financial statements. Please see Note 3.16 for further disclosures.

31.1.3. Fair value of financial derivatives

The company uses interest rate, currency, and iron ore price swap contracts to manage the company's risk exposure to certain market fluctuations. The financial derivatives are valued at fair value in the company's statement of financial position. The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. See Note 20 and Note 24 for further information on the valuation of the company's financial derivatives.

31.2. JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

Accounting estimates made by the company's management are based on information available to management at the time each estimate is made. Accordingly, actual outcomes may differ materially from current expectations under different assumptions and conditions. The significant judgements that management has made in applying its accounting policies, and the estimates and assumptions for which there is a significant risk of a material adjustment to the Financial Statements within the next financial year are set out below.

31.2.1. Functional currency

The functional currency for the entity is the currency of the primary economic environment in which the entity operates. The functional currency of the company is the Norwegian Kroner. The determination of functional currency may involve certain judgements to identify the primary economic environment and management reconsiders the functional currency of the company's if there is a change in events and conditions which can determine the primary economic environment assessment.

In the case of Rana Gruber, even though the currency that mainly influences sales prices for iron ore is USD, Norwegian Kroner is the currency cash outflows and financing activities are nominated in; and the currency in which receipts from operating activities are usually retained. Management has thus determined that Norwegian Kroner is supported in sum by a stronger set of indicators.

31.2.2. Exploration and evaluation activities

The application of the company's accounting policy for E&E expenditure requires judgement to determine whether future economic benefits are likely or determining whether the technical feasibility and commercial viability of extracting a mineral resource are demonstrable. Please see Note 3.15 for further disclosures.

31.2.3. Lease term

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

For leases of production machines and vehicle the historical lease durations, the technical condition of the leased items and the costs required to replace the leased asset are normally the most relevant factors when determining the use of extension and termination options. Please see Note 3.5 and Note 14 for further disclosures.

31.2.4. Stripping costs

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations. An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and to determine the expected volumes of waste to be stripped and ore to be mined in each of these components. Please see Note 3.16 for further disclosures.

Note 32 Events after the reporting period

Management has proposed a dividend distribution of NOK 56.3 million based on the results from Q4 2021. This dividend payment will be recognised upon approval by board of directors in February 2022.

As of January 2022, Rana Gruber has altered its pension arrangement from a defined benefit plan to a defined contribution plan with a net settlement gain of NOK 811 thousand.

The board of directors is not aware of any other events that occurred after the balance sheet date, or any new information regarding existing matters, that can have a material effect on the 2021 financial statements for the company.

Statsautoriserte revisorer
Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Rana Gruber AS

Opinion

We have audited the financial statements of Rana Gruber AS (the Company), which comprise the financial statements of the Company and the consolidated financial statements of the Company and its subsidiaries (the Group). The financial statements of the Company and the Group comprise the balance sheet as at 31 December 2021 and 31 December 2020, the income statement, statement of cash flows and statement of changes in equity for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements comply with applicable legal requirements and give a true and fair view of the financial position of the Company and the Group as at 31 December 2021 and 31 December 2020 and their financial performance and cash flows for the years then ended in accordance with the International Financial Reporting Standards as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company and the Group in accordance with the requirements of the relevant laws and regulations in Norway and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the annual report other than the financial statements and our auditor's report thereon. Management (the board of directors and the general manager) is responsible for the other information. Our opinion on the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the board of directors' report, the statement on corporate social responsibility and the report on payments to government contain the information required by applicable legal requirements and whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information or that the information required by applicable legal requirements is not included, we are required to report that fact.

We have nothing to report in this regard, and in our opinion, the board of directors' report, the statement on corporate social responsibility and the report on payments to government are consistent with the financial statements and contains the information required by applicable legal requirements.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the EU, and for such internal

A member firm of Ernst & Young Global Limited control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or the Group, or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

Building a better working world

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tromsø, 10 February 2022
ERNST & YOUNG AS

The auditor's report is signed electronically

Kai Astor Frøseth
State Authorised Public Accountant (Norway)

SHAREHOLDER INFORMATION

Rana Gruber aims to be an attractive investment for shareholders, delivering competitive return through sustained growth and an attractive dividend policy.

The share is listed on Euronext Growth Oslo and the ticker code is RANA. Rana Gruber AS has one share class, and all shares have equal rights and are freely transferable. Each share grants the holder one vote and there are no structures granting disproportionate voting rights. The nominal value of the share is NOK 0.25. Total number of shares issued is 37 392 000 million. The company has applied for a transfer to the main list at the Oslo Stock Exchange, which is expected to happen within Q1 2022.

At 31 December 2021, Rana Gruber's market value was NOK 1.78 billion. The average daily volume of Rana Gruber shares traded on Euronext Growth Oslo was 268 170, equivalent to 0.72 per cent of the total number of Rana Gruber shares issued, and yielding an average daily turnover of NOK 16 051 747.

SHARE PRICE

Rana Gruber's share price opened at NOK 56.82 on the first day of listing 26 February 2021 and closed at NOK 47.63 on 30 December 2021. During 2021, the share traded between NOK 34.85 and NOK 79.55 per share.

DIVIDENDS

Rana Gruber targets a dividend distribution of 70 per cent of the company's NGAAP net income with a policy range of 50-70 per cent. Rana Gruber aims to pay out quarterly dividends.

Rana Gruber distributed total dividends of NOK 11.05 per share in 2021.

The current dividend policy will be rephrased as a result of the conversion of the company's financial accounts to the International Financial Reporting Standards (IFRS) adopted by the EU, though with the aim of maintaining the same cash dividend level as would have obtained with NGAAP accounting principles.

DIVIDEND DISTRIBUTION

	Dividend per share	DPS/EPS	Date of approval	Ex-date	Payment date
Prior to listing	NOK 0.74	-	-	-	-
Q1 2021	NOK 2.90	70%	11 May	18 May 2021	26 May 2021
Q2 2021	NOK 3.86	70%	25 August	30 August 2021	8 September 2021
Q3 2021	NOK 1.05	70%	9 November	12 November 2021	22 November 2021
Extraordinary dividend	NOK 2.50	-	8 December 2021	9 December 2021	20 December 2021

TREASURY SHARES

At an extraordinary general meeting in December 2021, the board of directors was granted authorisation to purchase up to 3 739 200 treasury shares, corresponding to 10 per cent of the company's shares, The authorisation is valid until the general meeting in 2022, and was not used in 2021. At 31 December 2021, Rana Gruber owned 57 267 treasury shares, which were bought in connection with the listing on Euronext Growth Oslo in February.

SHAREHOLDERS

At 31 December 2021, Rana Gruber had 4 886 shareholders. Non-Norwegian shareholders owned 6.9 per cent of the shares. Leonhard Nilsen & Sønner – Eiendom was the largest shareholder with 31.26 per cent of the shares.

THE 20 LARGEST SHAREHOLDERS AT 31 DECEMBER 2021

	Shareholder	Number of shares	Per cent holding
1	Leonhard Nilsen & Sønner – Eiendom	11 689 265	31.26%
2	HI Capital As	2 224 465	5.95%
3	Grafo AS	1 202 113	3.21%
4	Eidissen Consult AS	1 189 991	3.18%
5	A.H. Holding AS	1 168 008	3.12%
6	Zolen & Månen AS	1 111 111	2.97%
7	Songa Capital AS	988 132	2.64%
8	The Bank of New York Mellon SA/NV	613 120	1.64%
9	Beck Asset Management AS	588 500	1.57%
10	Klevenstern AS	436 690	1.17%
11	Mecca Invest AS	436 690	1.17%
12	Nordnet Livsforsikring AS	435 696	1.17%
13	Brown Brothers Harriman & Co.	402 772	1.08%
14	Fougner Invest AS	378 989	1.01%
15	Beck Holding AS	360 000	0.96%
16	Gh Holding AS	266 688	0.71%
17	Clearstream Banking S.A.	216 523	0.58%
18	Kara Invest AS	204 259	0.55%
19	Skihus AS	200 000	0.53%
20	Jaras Invest AS	200 000	0.53%
	Total 20 largest shareholders	24 313 012	65.02%

ANALYSTS

Three analysts are covering Rana Gruber, providing market updates and estimates for Rana Gruber's financial development.

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FINANCIAL CALENDAR 2022

22 March 2022:	Annual General Meeting
12 May 2022:	Report for Q1 2022
24 August 2022:	Report for Q2 and 1H 2022
10 November 2022:	Report for Q3 2022

RANA GRUBER

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