



INTERIM REPORT

FIRST QUARTER 2023



RANA
GRUBER

CEO Gunnar Moe comments:

INCREASING PRODUCT QUALITY FOR SUSTAINABLE STEEL PRODUCTION



The production trend from late 2022 continued in the first quarter of 2023, despite some seasonal variations. The concentrate production of the first quarter was 434' metric tons, up from 406' metric tons in the first quarter last year. The quality uplift from the second half of 2022 remains and planning for further process improvement in the annual summer maintenance stop in June is in progress.

Safety is always our utmost priority, and Rana Gruber will continue to focus on our safety measures. Sadly, we experienced two production-related injuries during the first quarter, leading to short-term absence from work. Both incidents were quickly and well-handled by dedicated personnel.

The markets for our iron ore concentrates are global and nominated in USD and EUR, while most of our operating costs are in NOK. The recent weakening of the Norwegian currency against USD and EUR has strengthened our competitiveness.

Iron ore prices remain at historically high levels and we believe this will continue through the first half of 2023. At the end of the first quarter, we saw global financial markets facing challenges in the banking sector. This and other global events can and will affect the development in the global iron ore market. After quarter-end, we have seen the iron ore market softening, but we believe low steel stocks in China will positively impact the market at some point.

Steel producers globally are searching for new ways of producing steel to reduce the industry's carbon footprint. As a raw material supplier to the steel industry, Rana Gruber will contribute to reducing emissions with measures throughout the entire value chain. Firstly, we will eliminate all carbon emissions from our own production within the end of 2025. Secondly, Rana Gruber will produce iron ore with higher iron content, reducing the mills' CO2

footprint. Increased iron content has been an important part of our strategic development projects over time. With promising results from our studies, we are excited about the opportunity of lifting the iron content even further than anticipated.

To enable decarbonisation of the steel industry's processes, Rana Gruber expects the producers to start the transition from traditional blast furnace steelmaking towards the use of electric arc furnaces, which require direct reduction (DR) iron as a feedstock. We also believe that one of the critical challenges that will be faced by the industry is the lack of suitable iron ore feedstock as this process requires ultrahigh grade, low impurity iron ore.

Rana Gruber has conducted studies and minor scale tests, which have given us a strong belief in our ability to produce hematite of 67 per cent Fe, which meets the DR criteria. We see this as a great opportunity, since we expect the market for DR products to be undersupplied with strong demand in the transition to a more sustainable steel industry. In March, the board of directors decided to continue and upscale the testing around the development of a direct reduction grade iron ore.

Rana Gruber has extended the partnership with Cargill another five years to 2035, with a further 5-year extension subject to certain conditions being met. This will allow Rana Gruber and Cargill to collaborate on the development of our future products and to work with the customers to ensure Rana Gruber's access to market segments who will value the future premium grade. Together, we are ready to pave way for the future of mining.

At the end of January, we saw the strong development of the iron ore prices. Thus, we have secured the pricing of 450' mt from the second quarter of 2023 to the first quarter of 2024, with an average price above 120 USD/mt. This secures cash flow, which contributes to delivering on our communicated dividend policy, while we also develop our strategic projects.

Rana Gruber continues to distribute dividends, returning capital to the company's investors. The board of directors decided to pay out a quarterly dividend of NOK 2.86/share for the first quarter of 2023. So far, we have distributed NOK 831.1 million in dividends. This means that we have distributed 70 per cent of the adjusted net profit as dividends in all the nine quarters since the company became public.

Gunnar Moe
CEO of Rana Gruber ASA

A handwritten signature in black ink that reads "Gunnar Moe". The signature is fluid and cursive, with "Gunnar" on the top line and "Moe" on the bottom line.

REVIEW OF THE FIRST QUARTER OF 2023

HIGHLIGHTS

- The strong production trend from 2022 continued, with production volumes of 434' mt, representing a 7 per cent year-over-year increase.
- Reduction in cash cost per mt to NOK 496 (NOK 558), which is equivalent to 47.7 USD per mt, following the positive production trend.
- Positive progress on project of lifting iron ore content further. Decision to continue studies and testing on the development of a direct reduction grade iron ore, Fe67.
- Partnership with Cargill extended by five years until 2035 to further pursue strategic development projects.
- Frame agreement with the supplier Sandvik for the delivery of 19 battery-electric vehicles, supporting project to become the world's first carbon free iron ore producer before the end of 2025.
- The board of directors decided to pay out a quarterly dividend of NOK 2.86/share, implying a pay-out ratio of 70.0 per cent.

EVENTS AFTER THE QUARTER-END

- Following consistently high production volumes and short-term reduction in demand from European steel mills due to larger maintenance stop, Rana Gruber will ship approx. 120 000 mt to China. This will contribute to normalising stored volumes, but involves freight cost of 42 USD/mt in the second quarter.

KEY FINANCIAL FIGURES (IFRS)

Amounts in NOK million, except where indicated otherwise	Q1 2023	Q1 2022	Change (%)
Revenues	493.0	515.7	(4.9)
EBITDA	226.3	273.6	(17.3)
EBITDA margin (%)	45.9	53.1	(7.2pp)
Net profit	97.4	19.8	392.5
Adjusted net profit	151.4	110.8	36.7
Cash cost	216.4	227.5	(4.9)
Cash cost per mt produced (NOK)	496	558	(11.1)
EPS (NOK)	2.63	0.53	392.5
Adjusted EPS (NOK)	4.08	2.99	36.7

- Quarterly financial figures are unaudited.

- For explanation of EBITDA, EBITDA margin, adjusted net profit, cash cost, and cash cost per mt produced, see the appendix to the interim financial statements.

- Information in parentheses refers to the corresponding period in the previous year.

OPERATIONAL REVIEW

PRODUCTION

Amounts in thousand metric tons, except where indicated otherwise	Q1 2023	Q1 2022	Change (%)
Production concentrate	434	406	7.0
Production hematite	403	383	5.4
Production magnetite	31	23	33.5
Production Colorana	1.9	1.6	17.9
Production ore	1 135	1 271	(10.7)
Production underground (ore)	632	717	(11.9)
Production open pit (ore)	503	554	(9.1)
Production open pit (waste rock)	483	1 203	(59.9)
Volumes sold			
Volume hematite	423	383	10.4
Volume magnetite	28	20	37.9
Volume Colorana	1.8	1.5	24.8

The production in the quarter totalled 434' mt (406' mt) of iron ore concentrate. This is in line with the positive trend from the second half of 2022, despite some seasonal variations due to cold weather with snow and ice.

Low production of waste rock in the open pit is due to a favourable position in the Kvannevann East mine. Production of ore and waste rock in the open pit will increase in the second and third quarter compared to the first, due to production of magnetite ore from the smaller pit, "Nordmalmen".

Production of hematite concentrate amounted to 403' mt (383' mt). In addition, 31' mt (23' mt) of magnetite concentrate and 1.9' mt (1.6' mt) of Colorana products were produced.

Volume sold of hematite was 423' mt (383' mt), which corresponds to seven shipments. This resulted in a small reduction of hematite concentrate inventory in the first quarter of 2023. The company expects to reduce the inventory further in the coming months.

PRODUCT AREAS

	Hematite		Magnetite		Colorana, special products	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
Revenues (NOK million)	433	476	39	24	18	13
Volumes sold (mt)	423 039	383 290	28 041	20 328	1 845	1 479
Revenues per mt (NOK)	1 023	1 242	1 393	1 181	9 771	8 591
Cash cost per mt (NOK)*	473	539	473	539	5 841	5 598
Cash margin per mt (NOK)	550	703	920	642	3 930	2 993
Margin per mt (%)	53.7	56.6	66.0	54.4	40.2	34.8
Production (mt)	403 460	382 906	30 795	23 060	1 853	1 572

* For hematite and magnetite concentrates, the cash cost is not separated.

The hematite production yielded a margin of 53.7 per cent (56.6 per cent) per mt. The margin reduction for the hematite production compared to the first quarter of 2022 is largely explained by lower iron ore prices. For more information about the booking of revenues, please see note 5 in the consolidated annual report for 2022.

The magnetite production yielded a margin of 66.0 per cent (56.6). The margin increase is largely explained by increased prices and reduced cash cost per mt.

Colorana products yielded a margin of 40.2 per cent (34.8). The increase is explained by increased prices and sales mix.

DEVELOPMENT PROJECTS

Rana Gruber is focusing on three key strategic projects, as previously communicated. The first is eliminating all carbon emissions from the production before the end of 2025. The company signed a frame agreement for 19 battery-electric mining vehicles with Sandvik in February 2023. The purchase of these machines will be financed over the company's existing leasing facilities.

The second project is increasing the product quality by lifting the iron content, and the third is increasing the magnetite production. A detailed review of the progress of the three

development projects was given in the capital markets update in November 2022. All three projects are proceeding according to plan and the next update will be given during the second half of 2023.

HSE

Sadly, there were two production-related injuries which led to short-term absence from work in the past quarter. Rana Gruber is constantly working with ensuring safety measures in all parts of the production, and will use the experience with these incidents in the future preventive HSE training.

FINANCIAL REVIEW

Amounts in NOK million, except where indicated otherwise	Q1 2023	Q1 2022	Change (%)
Revenues	493.0	515.7	(4)
Raw materials and consumables used	(102.0)	(91.7)	11
Other costs	(143.9)	(145.8)	(1)
Change in inventory	(20.8)	(4.5)	358
EBITDA	226.3	273.6	(17)
Depreciation	(39.7)	(39.9)	(-1)
EBIT	186.6	233.7	(20)
Net financial income/(expenses)	(61.7)	(208.3)	(70)
Pre-tax profit	124.9	25.4	393
Tax	(27.5)	(5.6)	393
Net profit	97.4	19.8	393
Adjustments*	69.2	116.7	(41)
Tax on adjustments	(15.2)	(25.7)	(41)
Adjusted net profit	151.4	110.8	37
EPS	2.63	0.53	393
Adjusted EPS	4.08	2.99	37

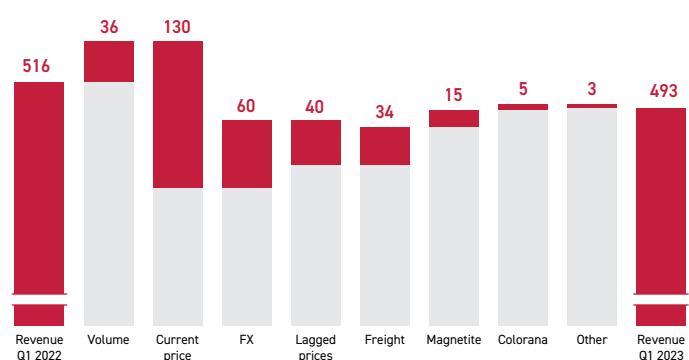
* For explanation, please see the appendix to the interim financial statements.

PROFIT AND LOSS

Total revenues for the first quarter came in at NOK 493.0 million (NOK 515.7 million). Higher volumes sold, a weaker Norwegian currency and reduced freight costs lifted the total revenues for the quarter. These impacts were however offset by lower iron ore prices in the end of the quarter compared to last year. In addition, lagged effects from shipments done in the previous quarter contributed more to the revenues of the first quarter of 2022 than in 2023. One vessel in the first quarter was also sent to a storage facility in central Europe. Since the final destination is not concluded, Rana Gruber has assumed China freights on this vessel. The cargo has a potential upside if the company succeeds in placing the volume in Europe.

Revenues

Amounts in NOK million



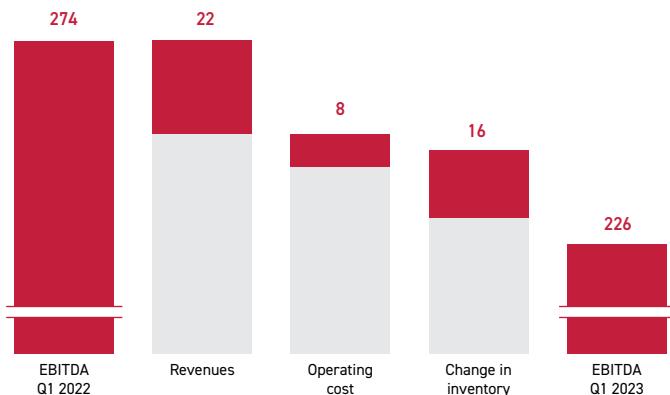
Cash costs ended at a total of NOK 216.4 million (NOK 227.5 million), which corresponds to NOK 496/mt produced (NOK 558/mt produced). The reduction in cash cost/mt produced was driven by the higher production and realised gains on electric power hedging.

Operating costs were slightly higher than in the same period last year due to global inflation and increased activity related to the company's strategic projects. Insourcing of workstreams also have a short-term effect on the operating cost before this will contribute to lower capex in the future. Rana Gruber monitors the cost development on an ongoing basis with the aim to reduce impact from the strong inflation pressure the global economy is currently experiencing.

Reduced revenues, increased operating costs, and a negative change in inventory had a negative impact on the operating profit (EBITDA), which ended at NOK 226.0 million (NOK 274.0 million).

EBITDA

Amounts in NOK million



Net financial expenses of NOK 61.7 million in the first quarter of 2023 consist mainly of value adjustments of hedging of electric power, iron ore, and currency.¹ In addition, net financial items include currency regulation on trade receivables and bank accounts. For more information about net financial income, please see note 6 to the interim financial statements.

In the first quarter of 2023, the above-mentioned factors resulted in a net profit of NOK 97.4 million (NOK 19.8 million). This corresponds to earnings per share (EPS) of NOK 2.63 (NOK 0.53).

Adjusted net profit for the quarter amounted to NOK 151.4 million (NOK 110.8 million), which gave an adjusted EPS of NOK 4.08 (NOK 2.99).

¹) The company does not apply hedge accounting.

FINANCIAL POSITION AND LIQUIDITY

Amounts in NOK million, except where indicated otherwise	31 March 2023	31 December 2022	Change (%)
Total assets	1 458	1 445	(1)
Total equity	809	823	(2)
Equity ratio (%)	55.5	57.0	(1.5pp)
Cash and cash equivalents	232	213	9
Interest bearing debt	153	138	11

Interest-bearing debt towards financial institutions consists of lease and rent obligations. Apart from this, the company has no long-term debt towards financial institutions. Rana Gruber has an unused credit facility of NOK 100 million.

After dividend distributions for the fourth quarter of 2022, the company's equity ratio was 55.5 per cent (57.0 per cent at year-end 2022).

Total cash holdings at the end of the quarter were NOK 232 million.

CASH FLOW

Total cash flow from the operations was positive by NOK 231.1 million (NOK 51.0 million). The deviation from EBITDA is mainly due to changes in working capital.

Capex for the period totalled NOK 94.1 million (NOK 18.3 million), of which NOK 85.1 million was development capex, mainly related to the new mine level and the Fe65 project as well as the new heating facility in the underground mine that will contribute to the CO₂ project. NOK 9.0 million was related to maintenance.

Financing activities consisted of NOK 118.2 million (NOK 78.5 million) as pay-out of dividends and NOK 7.0 million as payment of the principal portion of the lease liabilities.

In sum, the total cash flow for the quarter was positive by NOK 18.8 million (negative NOK 45.8 million).

MARKET AND HEDGING POSITIONS FOR IRON ORE

The market prices for iron ore have been strong through the quarter. At the end of the quarter, volatility increased in the iron ore market due to the global macroeconomic uncertainty. Effects from the reopening in China continue to be the main driver for the iron ore price in the short term.

The management continuously assesses the company's portfolio of hedging positions based on dialogue with and input from customers, partners, industry experts, and analysts. The hedging positions shall contribute to a sustainable and stable cash flow, enabling future investments and compliance with

the company's dividend policy. As stated in the hedging policy, hedging positions can cover a maximum of 50 per cent of the annual production volumes, and can be divided into positions for a duration of two years.

At 31 March, the company had multiple hedging positions related to both prices of iron ore and exchange rate. The total hedging positions of iron ore held by the company cover 540' mt, at an average price of USD 125/mt. Please see note 10 to the interim financial statements for further information about the hedging portfolio.

RISK AND UNCERTAINTIES

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

The company is subject to financial and market risks related to decreases in iron ore prices and increases in freight rates. It is also subject to currency and exchange rate risk, as well as inflation risk impacting input costs.

China is the main demand driver for iron ore, and events impacting the Chinese market also impact the iron ore market.

For a more detailed description of potential risks, please see an overview in the annual report for 2022.

SHARE INFORMATION

On 31 March, the company had 6 656 shareholders. The 20 largest shareholders held a total of 59.1 per cent of the shares.

The share was traded between NOK 49.00 and NOK 64.20 per share in the quarter, with a closing price of NOK 60.90 per share on 31 March 2023.

Pursuant to the company's adjusted dividend policy, the company aims to distribute 50-70 per cent of the adjusted net profit as quarterly dividends. The adjusted net profit shall constitute the IFRS based net profit after tax, adjusted for unrealised gains and losses from the company's portfolio of hedging. The relevant hedging positions are those related to shipments initiated in the quarter of reporting for which the final price is concluded in the subsequent quarter. In this case, the shipments are those initiated in the first quarter for which the final price is concluded in the second. The board also has power of attorney to adjust for extraordinary events which do not count as being part of the company's core business.

The board has the flexibility to utilise approximately 30 per cent of the estimated dividend payments to repurchase Rana Gruber shares for subsequent redemption and reduce the dividend payments correspondingly. Any buyback program to achieve the same purpose for future quarters will be announced separately.

The board has decided that a dividend of NOK 2.86 per share will be paid out for the first quarter. It will be paid out at or around 25 May. This means that the company has distributed 70 per cent of the adjusted net profit as dividends in all the nine quarters since the company became public.

Ex. Date	Dividend (NOK/share)
15 May 2023	2.86
17 February 2023	3.00
14 November 2022	1.05
26 August 2022	1.51
16 May 2022	2.09
15 February 2022	1.51
Dividend paid in 2021	10.31

OUTLOOK

Long-term market outlook for iron ore remains positive. In the short term, market demand may be volatile due to global market turbulence.

The entire world's steel production is heading quickly in the direction of reducing carbon footprint, which will impact the raw material suppliers. Rana Gruber's ongoing strategic projects to eliminate carbon emissions from the operations, and to improve the product quality support this direction. The completion of these projects is also expected to have a positive impact on product margins.

Rana Gruber will not finance the three strategic projects with either new interest-bearing debt or share issues. The company plans to finance the projects with earnings from operations and lease obligations for vehicles and mobile machinery. The zero-carbon emissions project will also be partly financed through a public financial support scheme. The company is currently in dialogue with authorities to agree on the exact amount. The completion of these projects is expected to be within the previously communicated time frame, with finalisation during 2024 (Fe65 and M40) and 2025 (Carbon free production).

Increasing the iron ore content may be a significant contributor to reducing the carbon footprint among the steel producers. As a result of a review of the European steel industry together with Cargill, Rana Gruber decided to continue the studies around the development of a direct reduction (DR) grade iron ore (Fe67). Preliminary studies and tests have given the company a strong belief in its ability to produce a hematite iron ore of around 67 per cent Fe, suitable for DR production, in an economically viable way. A transition to higher content iron ore will require further test work to enable the optimisation of processing methodology, and product specification, which will be critical to underpin the necessary investments.

Rana Gruber's production volumes have been strong over time. The historically strong production during the last two quarters of 2022, and the first quarter of 2023 is expected to remain stable in the following quarters. With stable and high production, vast resources, solid customer base, solid financial position, and investments in strategic projects, the outlook for Rana Gruber remains positive.

Due to short-term reduction in demand from European steel mills (due to larger maintenance stop), Rana Gruber will ship approx. 120 000 mt to China in the second quarter. This will reduce inventory, but will also increase freight cost.

Mo i Rana, 10 May 2023

The board of directors and CEO of Rana Gruber ASA

Morten Støver
Chair

Kristian Adolfsen
Director

Frode Nilsen
Director

Hilde Rolandsen
Director

Ragnhild Wiborg
Director

Lasse O. Strøm
Director

Johan Hovind
Director

Henriette Zahl Pedersen
Director

Gunnar Moe
Chief executive officer

INTERIM FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

Amounts in NOK thousand	Notes	Q1 2023	Q1 2022
Revenue	5	492 966	515 653
Changes in inventories		(20 790)	(4 537)
Raw materials and consumables used		(101 980)	(91 732)
Employee benefit expenses		(77 649)	(72 584)
Depreciation	7, 8	(39 654)	(39 878)
Other operating expenses		(66 244)	(73 234)
Operating profit/(loss)		186 648	233 688
Financial income		2 317	528
Financial expenses		(2 243)	(1 972)
Other financial gains/(losses)	6	(61 809)	(206 883)
Financial income/(expenses), net		(61 735)	(208 327)
Profit/(loss) before income tax		124 913	25 361
Income tax expense	4	(27 481)	(5 580)
Profit/(loss) for the period		97 432	19 781
Other comprehensive income from items that will not be reclassified to profit or loss:			
Actuarial gains and losses		-	-
Tax on items not reclassified to profit or loss		-	-
Net other comprehensive income/(loss)		-	-
Comprehensive profit for the period		97 432	19 781
Earnings per share (in NOK):			
Basic and diluted earnings per ordinary share		2.63	0.53

STATEMENT OF FINANCIAL POSITION

Amounts in NOK thousand	Notes	31 March 2023	31 December 2022
ASSETS			
Non-current assets			
Mine properties	8	368 327	309 096
Property, plant, and equipment	7	187 656	182 300
Right-of-use assets		149 775	137 893
Derivative financial assets	9, 10	10 952	23 151
Total non-current assets		716 710	652 440
Current assets			
Inventories		151 827	159 919
Trade receivables	9	195 187	178 670
Other current receivables	9	42 111	53 635
Derivative financial assets	9, 10	120 101	187 545
Cash and cash equivalents	9	231 611	212 837
Total current assets		740 838	792 606
Total assets		1 457 548	1 445 046
EQUITY AND LIABILITIES			
Equity			
Share capital		9 271	9 271
Share premium		92 783	92 783
Other equity		707 176	720 999
Total equity		809 230	823 053
LIABILITIES			
Lease liabilities		108 340	97 199
Deferred tax liabilities		173 527	146 046
Provisions		15 000	15 000
Other non-current liabilities		2 265	2 265
Total non-current liabilities		299 132	260 510
Trade payables		168 702	160 614
Lease liabilities (current portion)		44 840	40 935
Current tax liabilities		72 072	109 029
Derivative financial liabilities	9, 10	11 060	-
Other current liabilities		52 512	50 905
Total current liabilities		349 187	361 483
Total liabilities		648 319	621 993
Total equity and liabilities		1 457 548	1 445 046

Mo i Rana, 10 May 2023
The board of directors and CEO of Rana Gruber ASA

Morten Støver
Chair

Kristian Adolfsen
Director

Frode Nilsen
Director

Hilde Rolandsen
Director

Ragnhild Wiborg
Director

Lasse O. Strøm
Director

Johan Hovind
Director

Henriette Zahl Pedersen
Director

Gunnar Moe
Chief executive officer

STATEMENT OF CASH FLOWS

Amounts in NOK thousand	Notes	Q1 2023	Q1 2022
Cash flow from operating activities:			
Profit before income tax		124 913	220 792
Adjustments for:			
Movements in provisions, pensions, and government grants		-	840
Depreciation of tangible assets	7, 8	39 654	39 878
Unrealised gain/(loss) on derivative financial instruments	6	90 703	192 177
Net finance income/expense		(74)	-
Working capital changes:			
Change in inventories		8 092	1 227
Change in receivables and payables		4 703	(191 798)
Income tax paid		(36 958)	(16 650)
Interests received		2 317	-
Interests paid		(2 243)	-
Net cash flow from operating activities		231 106	51 035
Cash flow from investment activities:			
Expenditures on mine development	8	(78 621)	(6 977)
Expenditures on property, plant, and equipment	7	(15 484)	(11 369)
Cash receipt from repayment of loans		-	-
Net cash flow from investing activities		(94 104)	(18 346)
Cash flow from financing activities:			
Acquisition of treasury shares		-	(14 163)
Payment of principal portion of lease liabilities		(6 974)	(7 924)
Cash repayments of amounts borrowed		-	-
Cash receipts from amounts borrowed		-	-
Dividends paid		(111 255)	(56 375)
Net cash flow from financing activities		(118 229)	(78 462)
Net increase/(decrease) in cash and cash equivalents		18 774	(45 773)
Cash and cash equivalents at the beginning of the period		212 837	264 363
Cash and cash equivalents at the end of the period		231 611	218 590

STATEMENT OF CHANGES IN EQUITY

<i>Amounts in NOK thousand</i>	Share capital	Share premium	Treasury shares	Retained earnings	Total equity
Balance at 1 January 2022	9 348	92 783	(2 835)	482 515	581 811
Profit for the year	-	-	-	484 226	484 226
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	484 226	484 226
Dividends paid	-	-	-	(228 821)	(228 821)
Issue of ordinary shares	-	-	-	-	-
Acquisition of treasury shares	-	-	(14 163)	-	(14 163)
Share capital reduction	(77)	-	16 998	(16 921)	-
Balance at 31 December 2022	9 271	92 783	-	720 999	823 053
Balance at 1 January 2023	9 271	92 783	-	720 999	823 053
Profit for the year	-	-	-	97 432	97 432
Other comprehensive income	-	-	-	-	-
Total comprehensive income	-	-	-	97 432	97 432
Dividends paid	-	-	-	(111 255)	(111 255)
Issue of ordinary shares	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-	-
Share capital reduction	-	-	-	-	-
Balance at 31 December 2023	9 271	92 783	-	707 176	809 230

NOTES TO THE INTERIM FINANCIAL STATEMENTS

NOTE 1: GENERAL INFORMATION

Rana Gruber ASA is a limited liability company incorporated and domiciled in Norway whose shares are traded on Oslo Stock Exchange. The company was established in 1964 and the registered office is located at Mjølanveien 29 in Mo i Rana, Norway.

NOTE 2: BASIS FOR THE PREPARATION

These interim financial statements have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting" as adopted by the European Union (the "EU") and additional requirements in the Norwegian Securities Trading Act. This interim financial report does not include all information and disclosures required by International Financial Accounting Standards ("IFRS") for a complete set of annual financial statements. Accordingly, this report should be read in conjunction with the annual report for the year ended 31 December 2022.

These interim financial statements are unaudited.

The accounting policies applied by the company in these interim financial statements are the same as those applied by the company in its financial statements for the year ended 31 December 2022. Because of rounding differences, numbers or percentages may not add up to the sum totals.

In the interim financial statements, the first quarter (Q1) is defined as the reporting period from 1 January to 31 March.

All amounts are presented in NOK thousands (TNOK) unless otherwise stated.

Significant assumptions and estimates

The preparation of financial statements requires the management and the board of directors to make assessments and assumptions that affect recognised assets, liabilities, income and expenses, and other information provided, such as contingent liabilities. For further information concerning these, please refer to the Rana Gruber 2022 annual report.

NOTE 3: SIGNIFICANT CHANGES, EVENTS, AND TRANSACTIONS IN THE CURRENT REPORTING PERIOD

The board has decided that a dividend of NOK 2.86 per share will be paid for the first quarter. The dividend will be paid out at or around 25 May.

The financial position and the performance of the company was not particularly affected by any significant events or transactions, other than those mentioned above, during the first quarter of 2023.

NOTE 4: PROFIT AND LOSS INFORMATION

Income tax expense

Income tax expense is recognised based on the management's estimate of the weighted average effective annual income tax rate expected for the full financial year. The estimated average annual tax rate used for the current quarter is 22 per cent which is the same as the tax rate used for the comparable period.

Seasonality of operations

The mining operations for the company is not significantly affected by any seasonality fluctuations, and the production output for the current quarter has been in line with the management's operational production estimates.

NOTE 5: REVENUE

Revenue from sources other than contracts with customers stem primarily from the fair value changes in the value of the trade receivables due to the provisional price mechanisms. For further information please see note 5 in the 2022 annual report.

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

Amounts in NOK thousand	Q1 2023	Q1 2022
Sales of hematite	389 438	354 364
Sales of magnetite	39 068	24 006
Sales of Colorana	18 031	12 707
Total revenue from contracts with customers	446 537	391 077
Effect from provisionally priced receivables (Hematite)	43 346	118 204
Other income	3 083	6 372
Total revenue	492 966	515 653

NOTE 6: OTHER FINANCIAL GAINS AND LOSSES

Amounts in NOK thousand	Q1 2023	Q1 2022
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on exchange rates	(48 200)	15 724
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on iron ore prices	(14 925)	(229 458)
Net gain/(loss) on financial assets at fair value through profit or loss – derivatives on electricity	(5 169)	10 083
Net foreign exchange gains (losses)	6 486	(3 232)
Total other financial gains and losses	(61 809)	(206 883)

NOTE 7: PROPERTY, PLANT, AND EQUIPMENT

Amounts in NOK thousand	Land and bulidings	Machinery and plants	Operating equipment etc.	Total
Year ended 31 December 2022				
Opening net book amount (1 January 2022)	46 747	100 056	6 613	153 416
Additions	20 860	41 194	3 644	65 698
Depreciation charge	(5 799)	(28 374)	(2 641)	(36 814)
Closing net book amount (31 December 2022)	61 808	112 876	7 616	182 300
At 31 December 2022				
Cost	108 065	653 060	60 681	821 806
Accumulated depreciation and impairment	(46 257)	(540 184)	(53 065)	(639 506)
Net book amount (31 December 2022)	61 808	112 876	7 616	182 300
Period ended 31 March 2023 (YTD)				
Opening net book amount (1 January 2023)	61 808	112 876	7 616	182 300
Additions	1 933	12 982	569	15 484
Depreciation charge	(1 669)	(7 692)	(767)	(10 128)
Closing net book amount (31 March 2023)	62 072	118 166	7 418	187 656
At 31 March 2023				
Cost	109 998	666 042	61 250	837 290
Accumulated depreciation and impairment	(47 926)	(547 876)	(53 832)	(649 634)
Net book amount (31 March 2023)	62 072	118 166	7 418	187 656

NOTE 8: MINE PROPERTIES

Amounts in NOK thousand	Exploration and evaluation assets	Mines under construction	Producing mines	Total
Year ended 31 December 2022				
Opening net book amount (1 January 2022)	8 539	-	295 229	303 768
Additions	41 525	39 726	14 770	96 021
Transfers	(41 976)	41 976	-	-
Depreciation charge	-	-	(90 693)	(90 693)
Closing net book amount (31 December 2022)	8 088	81 702	219 306	309 096
At 31 December 2022				
Cost	8 088	81 702	929 046	1 018 836
Accumulated depreciation and impairment	-	-	(709 740)	(709 740)
Net book amount (31 December 2022)	8 088	81 702	219 306	309 096
Period ended 31 March 2023 (YTD)				
Opening net book amount (1 January 2023)	8 088	81 702	219 306	309 096
Additions	1 996	67 589	9 036	78 621
Transfers	-	-	-	-
Depreciation charge	-	-	(19 390)	(19 390)
Closing net book amount (31 March 2023)	10 084	149 291	208 952	368 327
At 31 March 2023				
Cost	10 084	149 291	938 082	1 097 457
Accumulated depreciation and impairment	-	-	(729 130)	(729 130)
Net book amount (31 March 2023)	10 084	149 291	208 952	368 327

The transfers from 'exploration and evaluation assets' and subsequent additions to 'mines under construction' primarily relate to the work on the next underground mine level (L91) in the Kvannevann Øst mine, including the development of access tunnels

and infrastructure needed to develop level 91 for the Kvannevann underground mine. The production from this mine level is expected to commence in 2024.

NOTE 9: FINANCIAL ASSETS AND LIABILITIES
9.1. Financial assets

Amounts in NOK thousand	31 March 2023	31 December 2022
Financial assets measured at amortised cost:	366 579	296 555
Other current receivables	42 111	53 635
Trade receivables not subject to provisional pricing mechanism (amortised cost)	92 856	30 083
Other non-current financial assets	-	-
Cash and cash equivalents	231 611	212 837
Financial assets measured at fair value through profit or loss:	102 331	148 587
Trade receivables subject to provisional pricing mechanism (fair value)	102 331	148 587
Derivatives (measured at fair value through profit or loss):	131 053	210 696
Foreign exchange forward contracts	-	11 380
Iron ore forward contracts	25 220	58 840
Electricity forward contracts	105 833	140 476
Total financial assets	599 963	655 838

9.2. Financial liabilities

Amounts in NOK thousand	31 March 2023	31 December 2022
Liabilities measured at amortised cost	260 438	213 784
Trade payables and other current liabilities	221 214	211 519
Other non-current liabilities	2 265	2 265
Liabilities measured at fair value through profit or loss:	-	-
Prepayments subject to provisional pricing mechanism	-	-
Derivatives (measured at fair value through profit or loss):	11 060	-
Foreign exchange forward contracts	-	-
Iron ore forward contracts	-	-
Electricity forward contracts	11 060	-
Total financial liabilities	234 539	213 784

9.3. 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 2022

Amounts in NOK thousand	Level 1	Level 2	Level 3	Total
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	148 587	-	148 587
Derivatives (assets)	-	210 696	-	210 696
Total financial assets measured at fair value	-	359 283	-	359 283
Financial liabilities valued at FVPL:				
Other liabilities subject to provisional pricing mechanism	-	-	-	-
Derivatives (liabilities)	-	-	-	-
Total financial liabilities measured at fair value	-	-	-	-

At 31 March 2023

Amounts in NOK thousand	Level 1	Level 2	Level 3	Total
Financial assets valued at FVPL:				
Trade receivables subject to provisional pricing mechanism	-	102 331	-	102 331
Derivatives (assets)	-	131 053	-	131 053
Total financial assets measured at fair value	-	233 384	-	233 384
Financial liabilities valued at FVPL:				
Prepayments subject to provisional pricing mechanism	-	-	-	-
Derivatives (liabilities)		(11 060)		(11 060)
Total financial liabilities measured at fair value	-	(11 060)	-	(11 060)

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. For further information, please see note 5 in the 2022 annual report.

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 10: DERIVATIVES

10.1. Foreign exchange rate derivatives

For the relevant reporting periods, the company 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	33 000	9.48	10.25	(8 832)
Maturity within 3 to 6 months	24 000	9.72	10.56	1 334
Maturity within 6 to 9 months	12 000	10.46	11.36	9 355
Maturity within 9 to 12 months	12 000	10.46	11.45	9 523
Balances at 31 December 2022	81 000	9.84	10.68	11 380

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	27 000	9.80	10.62	(15 821)
Maturity within 3 to 6 months	15 000	10.45	11.33	1 779
Maturity within 6 to 9 months	15 000	10.45	11.42	2 278
Maturity within 9 to 12 months	13 500	10.34	11.22	704
Balances at 31 March 2023	70 500	10.18	11.05	(11 060)

10.2. 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 company in relation to the iron ore derivative instruments:

Balances at 31 December 2022:	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (thousand NOK)
Derivatives already matured and recognised as other current receivables:	50 000	143.69	18 655
Matured iron ore derivatives *	50 000	143.69	18 655
Iron ore derivatives recognised as financial assets:	240 000	140.45	58 840
Maturity within 3 months	150 000	137.58	31 506
Maturity within 3 to 6 months	90 000	145.23	27 334
Maturity within 6 to 9 months	-	-	-
Maturity within 9 to 12 months	-	-	-

Balances at 31 March 2023:

	Quantity (metric tons)	Weighted average fixed price (USD)	Fair value (thousand NOK)
Derivatives already matured and recognised as other current receivables:	50 000	137.58	5 466
Matured iron ore derivatives*	50 000	137.58	5 466
Iron ore derivatives recognised as financial assets:	540 000	125.28	25 220
Maturity within 3 months	180 000	134.53	16 976
Maturity within 3 to 6 months	120 000	122.07	608
Maturity within 6 to 9 months	120 000	120.35	2 540
Maturity within 9 to 12 months	120 000	119.56	5 096

* Matured iron ore derivatives are accounted for in Other current liabilities and trade receivables, and are not subject to future fair value changes.

10.3. Electric power derivatives

The company entered into electric power price derivatives during 2022 with the aim of managing the risk from electric power price fluctuations in the spot market, corresponding with the energy consumption required for the company's operations. The company

manages these fluctuations by entering into forward contracts with reference to the Nord Pool prices (system price) for the expected energy consumption for future periods. The following positions were held by the company in relation to the electric power derivatives.

Balances at 31 December 2022:

	Quantity (MWh)	Weighted average fixed price per MWh (EUR)	Fair value (thousand NOK)
Maturity within 3 months	21 590	(87.75)	32 209
Maturity within 3 to 6 months	21 840	(87.75)	26 830
Maturity within 6 to 9 months	22 080	(87.75)	26 223
Maturity within 9 to 12 months	22 090	(87.75)	32 063
Maturity within 12 to 24 months	70 272	26.52	23 151
Balances at 31 December 2022	157 872	(36.89)	140 476

Balances at 31 March 2023:

	Quantity (MWh)	Weighted average fixed price per MWh (EUR)	Fair value (thousand NOK)
Maturity within 3 months	21 840	(87.75)	29 631
Maturity within 3 to 6 months	22 080	(87.75)	28 296
Maturity within 6 to 9 months	22 090	(87.75)	31 505
Maturity within 9 to 12 months	10 915	3.01	5 445
Maturity within 12 to 24 months	33 005	3.01	10 956
Balances at 31 March 2023	109 930	(36.89)	105 833

NOTE 11: RELATED PARTY TRANSACTIONS
Transactions with related parties

<i>Amounts in NOK thousand</i>	Party	Relationship	Q1 2023	Q1 2022
Purchase of open-pit production services	Leonhard Nilsen & Sønner AS	Significant influence over the company	(31 622)	(42 603)
Purchase of mine level services	Leonhard Nilsen & Sønner AS	Significant influence over the company	(49 175)	-
Sales of operations and maintenance services	Leonhard Nilsen & Sønner AS	Significant influence over the company	208	110
Sales of administrative services	Greenland Ruby/LNS Greenland AS	Significant influence over the company	82	65
Sales of administrative services	LNS Mining AS	Other related parties	412	600
Total related party profit or loss items			(80 095)	(41 828)

NOTE 12: COMMITMENTS

The following significant contractual commitments are present at the end of the reporting period:

Capital commitments

<i>Amounts in NOK thousand</i>	31 March 2023	31 December 2022
Property, plant, and equipment	-	5 945
Leases	167 807	67 218
Total capital commitments	167 807	73 163

Rana Gruber has entered a contract with Leonhard Nilsen & Sønner AS (LNS) for the first phase of development of the next mining level (L91). They started the work in the second quarter of 2022. The contract includes development of access tunnels and infrastructure

needed to develop the mining level 91 for the Kvannevann underground mine in the Ørtfjell area, where production is expected to commence during 2024. Infrastructure development includes both areas for maintenance, and water and ventilation handling solutions.

NOTE 13: EVENTS AFTER THE REPORTING PERIOD

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 2023 first quarters interim financial report for the company.

APPENDIX: ALTERNATIVE PERFORMANCE MEASURES

The company reports its financial results in accordance with accounting principles IFRS as issued by the IASB and as endorsed by the EU. However, the management believes that certain alternative performance measures (APMs) provide the management and other users with additional meaningful financial information that should be considered when assessing the company's ongoing performance. These APMs are non-IFRS financial measures and should not be viewed as a substitute for any IFRS financial measure. The 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.

Definition of APMs

EBIT is defined as the profit/(loss) for the period before net financial income (expenses) and income tax expense. The company has decided 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 company's operating activities.

EBITDA is defined as the profit/(loss) for the period before net financial income (expenses), income tax expense, depreciation and amortisation. The company 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 company's operating activities.

EBIT margin is defined as EBIT in percentage of revenues. The company 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 company's operating activities.

EBITDA margin is defined as EBITDA in percentage of revenues. The company 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 company's operating activities.

Adjusted net profit is defined as profit for the period adjusted for the after tax net effects from unrealised fair value changes on derivatives with maturity within three months from the reporting date.

Equity ratio is defined as total equity in percentage of total assets. The company 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 the owners' equity.

Cash cost is defined as the sum of raw materials and consumables used, employee benefit expenses, and other operating expenses adjusted for realised hedging positions of electric power. The company 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 company'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 company 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 company's operating activities.

Net interest-bearing debt is defined as the company'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 company, 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.

Reconciliation of APMs

The table below sets forth reconciliation of EBIT, EBITDA, and EBITDA margin:

Amounts in NOK thousand	Q1 2023	Q1 2022
Profit/(loss) for the year	97 432	19 781
Income tax expense	27 481	5 580
Net financial income/(expenses)	61 735	208 327
(a) EBIT	186 648	233 688
Depreciation and amortisation	39 654	39 878
(b) EBITDA	226 302	273 566
(c) Revenues	492 966	515 653
EBIT margin (a/c)	37.9%	45.3%
EBITDA margin (b/c)	45.9%	53.1%

The table below sets forth reconciliation of adjusted net profit:

<i>Amounts in NOK thousand</i>	Q1 2023	Q1 2022
Profit before tax for the period	124 913	25 361
One-offs	-	15 000
Unrealised hedging positions iron ore	19 090	115 599
Unrealised hedging positions FX	15 451	(13 940)
Unrealised hedging positions electric power	34 643	-
Adjusted profit before tax	194 097	142 020
Ordinary income tax	(27 481)	(5 580)
Tax on adjustments	(15 220)	(25 665)
Adjusted net profit	151 395	110 775

The table below sets forth reconciliation of equity ratio:

<i>Amounts in NOK thousand</i>	31 March 2023	31 December 2022
(a) Total equity	809 230	823 053
(b) Total assets	1 457 548	1 445 046
Equity ratio (a/b)	55.5%	57.0%

The table below sets forth reconciliation of cash cost and cash cost per metric tons:

<i>Amounts in NOK thousand</i>	Q1 2023	Q1 2022
Raw materials and consumables used	101 980	91 732
Employee benefit expenses	77 649	72 584
Other operating expenses	66 244	73 234
Realised hedging positions electric power	(29 474)	(10 083)
(a) Cash cost	216 399	227 467
Metric tons of hematite produced	403.0	383.0
Metric tons of magnetite produced	31.0	23.0
Metric tons of Colorana produced	1.9	1.6
(b) Metric tons of iron ore produced	435.9	407.6
Cash cost per metric tons (a/b)	496	558

The table below sets forth reconciliation of net interest-bearing debt:

<i>Amounts in NOK thousand</i>	31 March 2023	31 December 2022
Lease liabilities	153 180	138 134
Total interest-bearing debt	153 180	138 134
Cash and cash equivalents	(231 611)	(212 837)
Net interest-bearing debt	(78 431)	(74 703)



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