



## GRANGEX Quarterly Report

### FIRST QUARTER 2023

- Net sales amounted to TSEK 9 428 (4 571).
- EBITDA amounted to TSEK -1 730 (-4 443).
- Operating profit amounted to TSEK -1 885 (-4 494).
- Earnings per share before and after dilution amounted to SEK -0.13 (-0.56).
- Anglo American and its subsidiary Dannemora Iron AB entered into a royalty agreement of MUSD 10 and agreed on a term sheet for a future supply agreement covering the first eleven years of production.

### After the end of the period

- The main hearing on Dannemora's application was conducted in the Swedish Land and Environment Court from 9 to 11 May. The ruling will be delivered on 22 June 2023.

Financial overview	Q1 2023	Q1 2022	FY 2022
Net sales, TSEK	9 428	4 571	23 138
EBITDA, TSEK	-1 730	-4 443	-11 684
Operating profit (EBIT), TSEK	-1 885	-4 494	-12 574
Earnings per share before and after dilution, SEK	-0.13	-0.56	-1.51
Cash liquidity (%)	707	500	125
Equity, TSEK	131 295	140 140	132 408
Cash and cash equivalents, TSEK	103 741	50 106	12 712
Balance sheet total, TSEK	251 466	157 407	148 266
Equity ratio (%)	52	89	89
Staff at end of period	12	11	12

*The comparative figures refer to the corresponding period of the previous year.*

## COMMENTS FROM THE CEO

On 6 March, we made history at GRANGEX by signing the strategically important agreement package with Anglo American. This means we have a term sheet to sell all the production for the first 11 years with an estimated sales value of approximately SEK 15 billion and that Anglo American paid MUS\$ 10 for a royalty agreement. With Anglo American, GRANGEX is now fundamentally changing, and we notice, for example, that the interest in the Dannemora project has increased significantly among potential financiers and key suppliers. The strategic value of the cooperation with Anglo American is challenging to assess, but one thing is certain: it will accelerate project implementation and lower the risk of the Dannemora project.

During the quarter, we also left the Dannemora project's study phase and entered the first part of the implementation phase. This part of the implementation will continue until we have received the environmental permit and can start pumping the mine and begin construction work in Dannemora.

At the time of writing, the Swedish Land and Environment Court has just concluded the main hearing regarding our permit application to restart operations in the Dannemora mine. The application has been processed at record speed since it was submitted at the end of June last year. Two central issues characterised the hearing: the application and interpretation of the EU Water Framework Directive and how it should be applied during the emptying of the mine into the Sundbro River; and the EU Species Directive and how it should be applied to the bats present in the old parts of the mine. Our overall assessment after the hearing is that we were very likely able to convince the Court of our interpretation and application through stringent documentation and argumentation on these matters. The Court has announced that it will deliver its ruling in our authorisation case on 22 June.

Stockholm in May

Christer Lindqvist  
Chief Executive Officer.

## THE BUSINESS

GRANGEX, through its subsidiaries Grängesberg Exploration AB and Dannemora Iron AB, develops mineral deposits containing iron ore, apatite, and rare earth elements (REE). The feasibility studies carried out in 2021 were deepened in 2022, and the final feasibility study for Dannemora was published in December 2022.

In 2021, the preparations for a permit application under the Swedish Environmental Code for the restart of the Dannemora mine were finalised. The application was submitted to the Swedish Land and Environment Court in Nacka in June 2022 and was announced in November same year. The main hearing was held from 9 to 11 May 2023 and, following the hearing, the Court announced that the ruling will be delivered in June 2023.

The environmental application for the Apatite project in Grängesberg is expected to be submitted by the end of 2023.

The subsidiary Sala Bly AB is the only producer in the Nordic region of lead manufacturing that supplies inputs to the industry. Sala Bly is the first fossil-free producer of products based on circular lead.

## THE DANNEMORA PROJECT

During the quarter, operations have been focused on finalising negotiations with two potential customers and in March, the Company signed a royalty agreement with Anglo American with a term sheet for a future off-take agreement for the first eleven years of planned production. The estimated sales value amounts to approximately SEK 15 billion. In addition, preparations for the main hearing regarding the environmental permit for restarting the mine in the Swedish Land and Environment Court have been in focus.

### Agreement with Anglo American

Under the agreement, Anglo American has paid MUS\$ 10 for the right to a percentage of the future sales value. The payment for this right is deemed to be on market terms and was paid during the period. In addition, the Company has signed a term sheet for a future off-take agreement covering the first eleven years of production. For the agreement to be valid, Anglo American will participate in the upcoming project funding for the Dannemora project once the Swedish Land and Environment Court has granted an environmental permit.

Currently, technical additions to the published feasibility study are being made as part of Anglo American's credit preparation process. Among other things, a verification test will take place during the summer in a pilot plant at SGS in Chile that simulates the complete beneficiation process.

During the period, the project moved from the study phase to the first phase of the construction project, focusing on in-depth planning, early construction and procurement of the necessary equipment for the initial activities in Dannemora.

## THE APATITE PROJECT IN GRÄNGESBERG

During the period, the final process development continued at SGS in Canada. The next step will be a confirmatory process test before the upcoming environmental application and project study.

## THE OPERATIONS IN SALA BLY

The positive trend for Sala Bly from 2022 has continued into 2023. Sales doubled in the first quarter compared to the first quarter of 2022 and amounted to TSEK 9 268 (4 592). This increase has occurred mainly in the sheet metal and lead brick segments, which are mainly aimed at the medical device industry, and in the lead wire segment for the ammunition industry. Efforts to improve the work environment continue, and a new programme was initiated during the quarter with the aim of highlighting both safety and the work environment.

## COMMENTS ON THE RESULTS AND FINANCIAL POSITION OF THE GROUP

### Future liquidity development

Additional long-term funding is required to enable the restart of the Dannemora mine and the Apatite project in Grängesberg. Work on securing project funding is proceeding with the Company's financial advisors, Swedbank and Sparebank1.

During the quarter, liquidity has been strengthened by the royalty agreement with Anglo American and the preparatory steps for the restart of the Dannemora mine until the main funding is secured. The agreement is treated as a financial liability at amortised cost with associated interest until production starts for accounting purposes. When payment has been made, and royalties will be paid in USD, there is also an exchange rate adjustment that is recognised as either a financial income or a financial expense. Accounting amortisation, i.e., payment of royalties, is expected to occur in line with the delivery and sale of iron ore from 2025 to 2036.

### The quarter January–March 2023

Net sales amounted to TSEK 9 428 (4 571). This large increase is attributed to Sala Bly. The improvement in operating profit of TSEK -1 885 (-4 494) is also attributable to Sala Bly as other costs, apart from raw material costs, remain at the same level as the previous year.

During the quarter, development costs of TSEK 9 011 (5 422) arising from the Dannemora and Apatite projects have been capitalised under the IFRS 6 "Exploration for and Evaluation of Mineral Resources". These costs have mainly been incurred in the ongoing preparations for the environmental assessments of the two projects, as well as pilot tests and consultancy costs for preparing the final and complementary feasibility studies.

## EVENTS DURING THE QUARTER IN ADDITION TO THOSE PRESENTED ABOVE

### Safety and environment

No workplace accidents leading to sick leave or any incident notifications were reported during the quarter.

### Personnel

The number of employees in the Group at the end of the reporting period was 12, of which two in the Parent Company. In addition, there is a project organisation consisting primarily of consultants.

## EVENTS AFTER THE REPORTING PERIOD

From 9 to 12 May 2023, the Swedish Land and Environment Court held the main hearing on the environmental permit to restart the Dannemora mine. The on-site inspection in Dannemora was held on 11 May 2023, after which the hearing was closed. The ruling is expected on 22 June 2023.

## SHARES AND TRADING

Share data	2023-03-31	2022-03-31
Number of shares	8 694 861	4 345 421 682
Share capital, SEK	43 474 307	43 454 216

On 31 March 2023, Grängesberg Exploration Holding AB's share capital amounted to SEK 43 474 307, and the number of shares amounted to 8 694 861. There are two warrant programmes, TO5 aimed at staff and strategically important consultants and TO6 aimed at the Board of Directors. The subscription price is SEK 36.70 per share in both programmes, with the subscription of shares to take place from 2 June 2025 up to and including 1 October 2025. Outstanding warrants on the reporting date are 57 310

warrants of series T05 and 57 264 warrants of series T06. If the two programmes are fully subscribed, the dilution will be 1.32% and the Company will receive MSEK 4.2.

Grängesberg Exploration Holding AB's shares are traded on NGM Nordic SME. The Company's ticker is GRANGX. The ISIN number of the shares is SE0007789417.

## RISK FACTORS

Financial and operational risks have an impact on the business of GRANGEX. The Company's activities must be weighed against the risks, complications, and additional costs to which industrial activities and planned mining operations may be exposed. The Company can control and act against these risks to varying degrees. For a more detailed description of significant risks, including financing risks, uncertainties and how GRANGEX manages them, please refer to the 2022 Annual Report pp. 28–29.

## FINANCIAL CALENDAR

- The Annual General Meeting is held on 16 May 2023 at Jernkontoret in Stockholm.
- Interim report Q2 2023 will be published on 23 August 2023.
- Interim report Q3 2023 will be published on 9 November 2023.
- The year-end report for 2023 will be published on 20 February 2024.
- Interim report Q1 2024 will be published on 16 May 2024.

## ANNUAL REPORT AND FINANCIAL STATEMENTS

Reports are available on the Company website: [www.grangex.se](http://www.grangex.se)

Stockholm on 16 May 2023

Grängesberg Exploration Holding AB (publ.)

Christer Lindqvist

CEO

Grängesberg Exploration Holding AB (publ.)

## CONSOLIDATED STATEMENT OF INCOME

Amounts in TSEK	Not	2023-01-01	2022-01-01	2022-01-01
		2023-03-31	2022-03-31	2022-12-31
Net turnover	3	9 428	4 571	23 138
Other income		113	307	948
Sum of income		9 541	4 878	24 086
Supplies		-5 018	-3 321	-13 997
Other external expenses	5	-3 888	-3 764	-12 552
Employee expenses		-2 364	-2 236	-9 220
EBITDA		-1 730	-4 443	-11 684
Depreciation and amortization		-156	-50	-890
EBIT		-1 885	-4 494	-12 574
Finance income		1 868	0	0
Finance cost		-1 096	-105	-387
Financial cost net		773	-105	-387
Result after financial items		-1 113	-4 599	-12 961
Income tax expense		0	3	0
Result for the period		-1 113	-4 596	-12 961
Other comprehensive income		0	0	0
Total profit for the period		-1 113	-4 596	-12 961
Total profit for the period attributable to: Parent companys shareholders		-1 113	-4 596	-12 961

## CONSOLIDATED BALANCE SHEET

Amounts in TSEK		2023-03-31	2022-03-31	2022-12-31
<b>ASSETS</b>				
<b>Fixed assets</b>	<b>Not</b>			
Intangible fixed assets		102 065	62 027	93 090
Assets with right of use		33 250	497	33 266
Tangible fixed assets		688	33 415	688
Financial fixed assets		224	224	224
<b>Total fixed assets</b>		<b>136 227</b>	<b>96 162</b>	<b>127 268</b>
<b>Current assets</b>				
Inventories		2 070	1 401	2 703
Accounts receivables	4	5 192	4 460	1 272
Other assets		3 981	4 472	3 930
Accruals and deferred income		255	805	381
Cash and cash equivalents	4	103 741	50 106	12 712
<b>Total current assets</b>		<b>115 239</b>	<b>61 244</b>	<b>20 998</b>
<b>TOTAL ASSETS</b>		<b>251 466</b>	<b>157 407</b>	<b>148 266</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Share capital		43 474	43 454	43 474
Other equity		207 681	206 999	207 681
Retained earnings		-119 860	-110 313	-118 747
<b>Equity attributable to the parent company's shareholders</b>		<b>131 295</b>	<b>140 140</b>	<b>132 408</b>
<b>Long term liabilities</b>				
Other long term liabilities	4	103 977	5 428	975
Leasing liability	4	184	227	184
<i>Total long term liabilities</i>		<i>104 161</i>	<i>5 655</i>	<i>1 159</i>
<b>Short term liabilities</b>				
Leasing liability	4	265	206	265
Accounts payable	4	7 517	7 315	6 457
Current tax liability		7	34	273
Other short term liabilities	4	4 521	1 421	4 393
Accrued expenses and prepaid income		3 700	2 635	3 311
<i>Total short term liabilities</i>		<i>16 010</i>	<i>11 612</i>	<i>14 699</i>
<b>Total liabilities</b>		<b>120 171</b>	<b>17 267</b>	<b>15 858</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>251 466</b>	<b>157 407</b>	<b>148 266</b>

## GROUP'S CASHFLOW ANALYSIS IN SUMMARY

Amounts in TSEK	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
<b>Cash flows from operating activities</b>			
Operating profit	-1 730	-4 494	-11 684
Adjustments for non-cash items	1 453	109	190
Investment income	7	0	1
Interest expense	-1 096	-103	-387
Betald skatt	-266	-141	-98
<b>Cash flows from operating activities before change in working capital</b>	<b>-1 365</b>	<b>-4 629</b>	<b>-11 978</b>
<b>Working capital changes</b>			
Change in inventories	633	-57	-1 360
Change in trade and other receivables	-3 704	-2 991	560
Change in trade payables	1 577	1 134	2 380
<b>Cash flows from operating activities</b>	<b>-2 858</b>	<b>-6 543</b>	<b>-10 398</b>
<b>Cash flows from investing activities</b>			
Aquisitions of mineral rights and exploration expenses	-9 011	-5 422	-36 625
Aquisitions of equipment	-105	-245	-704
<b>Cash flows from investing activities</b>	<b>-9 115</b>	<b>-5 666</b>	<b>-37 329</b>
<b>Cash flows from financing activities</b>			
Proceeds from share capital issues	0	37 263	40 744
Share issue costs	0	-2 183	-4 962
Amortering av lån	-537	-849	-3 427
Nyupptagna lån	103 539	0	0
<b>Cash flows from financing activities</b>	<b>103 002</b>	<b>34 231</b>	<b>32 355</b>
<b>Net period cash flow</b>	<b>91 028</b>	<b>22 022</b>	<b>-15 372</b>
<b>Cash and cash equivalent at beginning of period</b>	<b>12 712</b>	<b>28 084</b>	<b>28 084</b>
<b>Cash and cash equivalents at end of period</b>	<b>103 741</b>	<b>50 106</b>	<b>12 712</b>



# CHANGES IN EQUITY OF GROUP ATTRIBUTABLE TOPARENT COMPANY SHAREHOLDERS

Amount in TSEK	Share capital	Other contributed capital	Retained earnings incl. profit for the period	Total equity
<b>Opening balance equity 2021-01-01</b>	<b>38 279</b>	<b>177 094</b>	<b>-105 786</b>	<b>109 587</b>
<b>Comprehensive income</b>				
Profit/loss for the period			-4 596	-4 596
Other comprehensive income			0	0
<b>Total comprehensive income</b>			<b>-4 596</b>	<b>-4 596</b>
<b>Transactions with shareholders in their capacity as owners</b>				
New Share Issue	5 175	32 088		37 263
Cost of issue		-2 183		-2 183
<b>Total transactions with shareholders</b>	<b>5 175</b>	<b>29 905</b>		<b>35 080</b>
<b>Closing equity 2022-03-31</b>	<b>43 454</b>	<b>206 999</b>	<b>-110 382</b>	<b>140 071</b>
<b>Closing equity 2022-12-31</b>	<b>43 474</b>	<b>207 681</b>	<b>-118 747</b>	<b>132 408</b>
<b>Opening equity 2023-01-01</b>	<b>43 474</b>	<b>207 681</b>	<b>-118 747</b>	<b>132 408</b>
<b>Comprehensive income</b>				
Profit/loss for the period			-1 113	-1 113
Other comprehensive income			0	0
<b>Total comprehensive income</b>			<b>-1 113</b>	<b>-1 113</b>
<b>Closing equity 2023-03-31</b>	<b>43 474</b>	<b>207 681</b>	<b>-119 860</b>	<b>131 295</b>

## PARENT COMPANY INCOME STATEMENT

Amounts in TSEK	2023-01-01 2023-03-31	2022-01-01 2022-03-31	2022-01-01 2022-12-31
Net sales	5 294	1 929	11 822
Other income	6	0	-26
Total income	5 300	1 929	11 796
Other external costs	-5 772	-2 766	-18 294
Staff costs	-812	-776	-3 993
Depreciation and amortization	-3	0	-13
Operating profit/loss	-1 287	-1 613	-10 505
Interest income and similar income items	6	601	2 338
Interest expenses and similar income items	-1	-22	-5 082
Financial items, net	5	579	-2 744
Profit/loss after financial items	-1 282	-1 034	-13 249
Group contribution	0	0	1 363
Profit/loss before tax	-1 282	-1 034	-11 886
Tax on profit/loss for the period	0	0	0
Profit/loss for the period	-1 282	-1 034	-11 886

In the parent company, there are no items reported as other comprehensive income, which is why total comprehensive income corresponds to the periods's result.

## PARENT COMPANY BALANCE SHEET

Amounts in TSEK

ASSETS	2023-03-31	2022-03-31	2022-12-31
<b>Fixed assets</b>			
Intangible fixed assets	0	191	0
Tangible fixed assets	44	60	47
Financial fixed assets	110	110	110
Participations in Group companies	70 848	70 848	70 848
<b>Total fixed assets</b>	<b>71 002</b>	<b>71 209</b>	<b>71 005</b>
<b>Current assets</b>			
Receivables from Group companies	76 059	40 341	69 406
Other current receivables	2 458	2 198	2 172
Prepaid expenses and accrued income	2 516	166	2 516
Cash and bank	1 406	50 151	10 107
<b>Total current assets</b>	<b>82 439</b>	<b>92 856</b>	<b>84 200</b>
<b>TOTAL ASSETS</b>	<b>153 441</b>	<b>164 065</b>	<b>155 205</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
<i>Restricted equity</i>			
Share capital	43 474	43 454	43 474
<i>Total restricted equity</i>	<i>43 474</i>	<i>43 454</i>	<i>43 474</i>
<i>Non-restricted equity</i>			
Retained earnings	104 934	116 137	116 820
Profit/loss for the period	-1 282	-1 034	-11 886
<i>Total non-restricted equity</i>	<i>103 652</i>	<i>115 103</i>	<i>104 934</i>
<b>Total equity</b>	<b>147 126</b>	<b>158 557</b>	<b>148 408</b>
<b>Liabilities</b>			
<i>Non-current liabilities</i>			
Interest-bearing liabilities	0	703	0
<i>Total non-current liabilities</i>	<i>0</i>	<i>703</i>	<i>0</i>
<i>Current liabilities</i>			
Accounts payable	2 618	1 305	2 540
Tax liability	41	104	181
Other current liabilities	1 829	2 324	1 833
Accrued expenses and deferred income	1 825	1 072	2 242
<i>Total current liabilities</i>	<i>6 313</i>	<i>4 805</i>	<i>6 796</i>
<b>Total liabilities</b>	<b>6 313</b>	<b>5 508</b>	<b>6 796</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>153 441</b>	<b>164 065</b>	<b>155 205</b>

## OTHER INFORMATION

### Note 1 General information

Grängesberg Exploration Holding AB (GRANGEX), corp. reg. no. 556710-2784, is a Parent Company registered in Sweden with its office in Stockholm at Sandhamnsgatan 48A, 115 60 Stockholm, Sweden.

The operations of the Parent Company and its subsidiaries include Grängesberg Exploration Holding AB, Grängesberg Exploration AB, Dannemora Iron AB, Sala Bly AB, and Sala Bly Fastigheter AB.

The Board of Directors approved this interim report for publication on 16 May 2023.

### Note 2 Principles for the preparation of the quarterly report

The consolidated financial statements have been prepared under the International Financial Reporting Standards (IFRS) approved by the EU and the Swedish Financial Reporting Board's recommendation RFR 1, Supplementary Accounting Rules for Groups, specifying the amendments to IFRS disclosures required by the provisions of the Swedish Annual Accounts Act. This quarterly report has been prepared for the Group under IAS 34, Interim Financial Reporting, and the Swedish Annual Accounts Act, and for the Parent Company under the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2, Accounting for Legal Entities. Accounting principles and calculation methods remain unchanged compared to those applied in the 2022 Annual Report.

Unless otherwise stated, all amounts are reported in thousands of SEK (TSEK). The figures in brackets refer to the comparison period.

### New and amended standards applied by the Group

None of the new and amended standards effective for financial years beginning 1 January 2023 impact the consolidated financial statements.

### New and amended standards not yet applied by the Group

A series of new standards and interpretations come into effect for financial years beginning on or after 1 January 2023, and they have not been applied in preparing this financial report.

### New significant estimates and assessments

The royalty agreement with Anglo American is in USD and is translated into SEK, which is GRANGEX's accounting currency. The size of the royalty payment will depend on future cash flows from the ore sales. The Company estimates that royalty payments will be made during the planned first eleven years of production.

### Note 3 Net sales

The Group's revenue from agreements with customers relates mainly to sales of lead manufacturing.

**Revenue from external customers by country, based on the location of the customers:**

	Jan–Mar 2023	Jan–Mar 2022	Jan–Dec 2022
Sweden	7 533	3 577	20 935
Other EU countries	1 622	686	31 495
Rest of Europe	273	130	708
<b>Total</b>	<b>9 428</b>	<b>4 571</b>	<b>23 138</b>

## Note 4 Financial instruments

For most of the Group's borrowings, the carrying amount corresponds to their fair value since the interest on these borrowings is on par with current market rates or because of the short-term nature of the borrowings. The royalty agreement with Anglo American is recognised as a financial liability at amortised cost. Royalties are expected to be paid as iron ore is delivered and sold during the first eleven years of planned production.

## Note 5 Transactions with external related parties

There have been no transactions between GRANGEX and external related parties that have materially affected the position or performance.

## Note 6 Events after the reporting period

From 9 to 12 May 2023, the Swedish Land and Environment Court held the main hearing on the environmental permit to restart the Dannemora mine. The on-site inspection in Dannemora was held on 11 May 2023, after which the hearing was closed. The ruling is expected in June 2023.

## Alternative key figures

In addition to the key financial figures that are prepared in accordance with the IFRS, Grängesberg presents key financial figures outside the scope of the IFRS, such as EBITDA and cash liquidity. These alternative key figures are considered to be important results and performance indicators for investors and other readers of the Annual Report. The alternative key figures should be regarded as complementary information and not as a substitute for the financial information presented in accordance with IFRS. GRANGEX's definitions of these measures that are not defined by the IFRS are provided in this note.

## Definitions of key figures

EBITDA: Operating profit before depreciation and amortisation (Earnings Before Interest, Tax, Depreciation, and Amortisation).

EBIT: Operating profit (Earnings Before Interest and Taxes).

Cash liquidity (%): Current assets minus inventories in relation to current liabilities.

Equity ratio (%): Equity in relation to total assets.

**A more detailed Key Figures table and glossary can be found in the Annual Report 2022 p. 69.**

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**This report is a translation of GRANGEX Quarterly report of January-March 2023, published on May 16th 2023. The Swedish version shall take precedence if different interpretations can be made of the different language versions.**

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