We are leading the transformation of our industry toward a sustainable future

Annual and Sustainability Report 2023

Operations

Financial performance and risk

Corporate governance

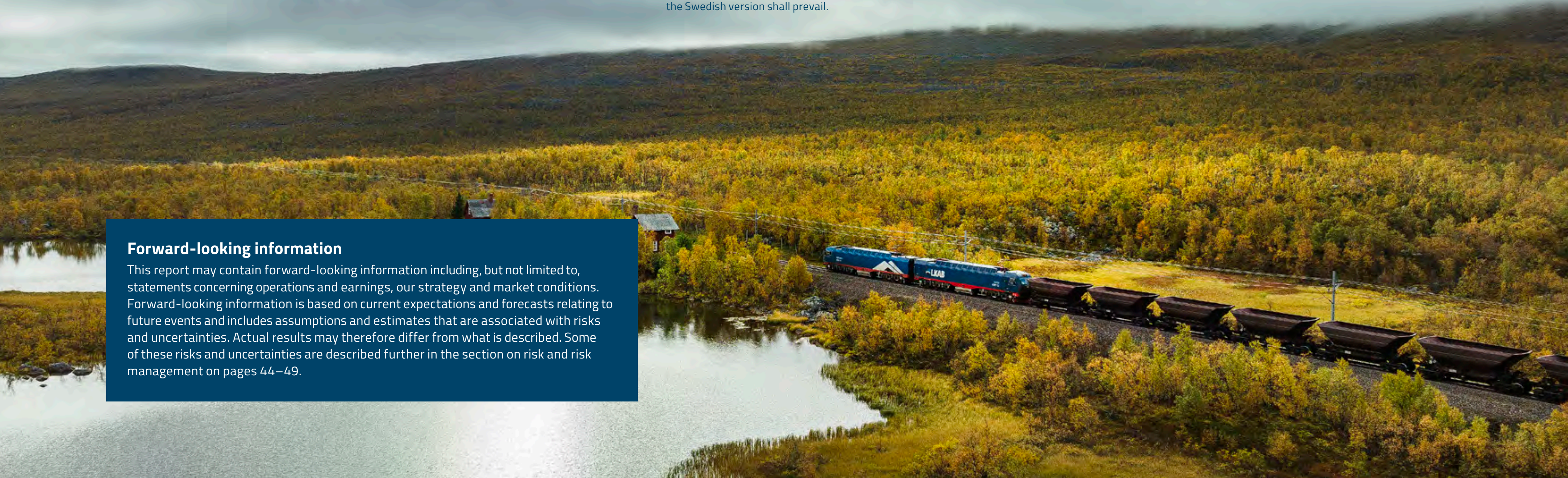
Sustainability notes

Other

The Board of Directors and the President hereby submit the annual and sustainability report for 2023 for Luossavaara-Kiirunavaara AB (publ), corporate identity number 556001-5835, a limited liability company domiciled in Luleå that is wholly owned by the Swedish state. The annual report is integrated, meaning that the description of operations – including our sustainability efforts and corporate governance statement – is reported together with the administration report and financial statements that make up the statutory part of the annual report. A statutory sustainability report has been prepared as part of the administration report, in accordance with Chapter 6 of the Swedish Annual Accounts Act. Sustainability efforts are reported according to the Global Reporting Initiative (GRI) guidelines. The scope of sustainability reporting is defined as pages 132–163.

The English version of this report is a translation of the Swedish original version. In case of discrepancies, the Swedish version shall prevail.

- Administration report, pages: 10–12, 15–20, 25–41, 44–54, 113, 119–131.
- Statutory sustainability report, pages: 10–11, 15–16, 18–20, 25–35, 44–49, 52–54.



Forward-looking information

This report may contain forward-looking information including, but not limited to, statements concerning operations and earnings, our strategy and market conditions. Forward-looking information is based on current expectations and forecasts relating to future events and includes assumptions and estimates that are associated with risks and uncertainties. Actual results may therefore differ from what is described. Some of these risks and uncertainties are described further in the section on risk and risk management on pages 44–49.

Europe's leading mining and minerals group

LKAB is an international mining and minerals group that offers sustainable iron ore, minerals and special products. Since 1890 we have developed through unique innovations and technology solutions, and the business is driven forward by nearly 5,200 employees in 12 countries.

Our high-quality iron ore products account for 90 percent of sales, while our minerals and special products are important growth areas for the future and broaden the business. We transport 83,000 tonnes a day and account for around 44 percent of Sweden's rail freight.

We are committed to developing carbon-free processes and products by 2045, leading the transformation of the iron and steel industry.

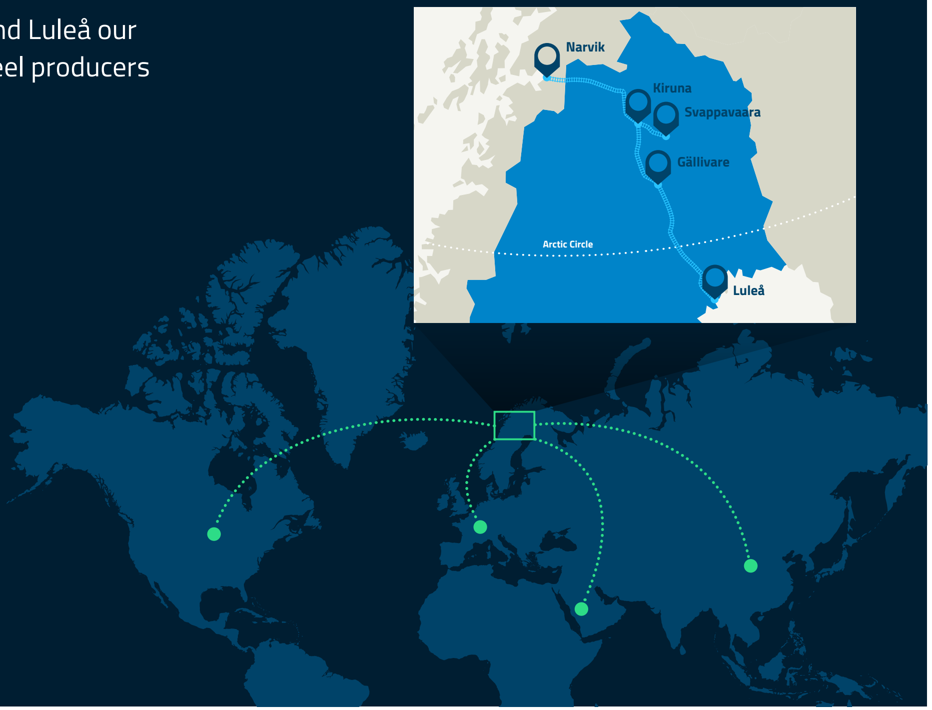
From the ports of Narvik and Luleå our products are shipped to steel producers around the world.

80 %

LKAB mines around 80 percent of all iron ore in the EU

25.3 Mt

Iron ore products delivered



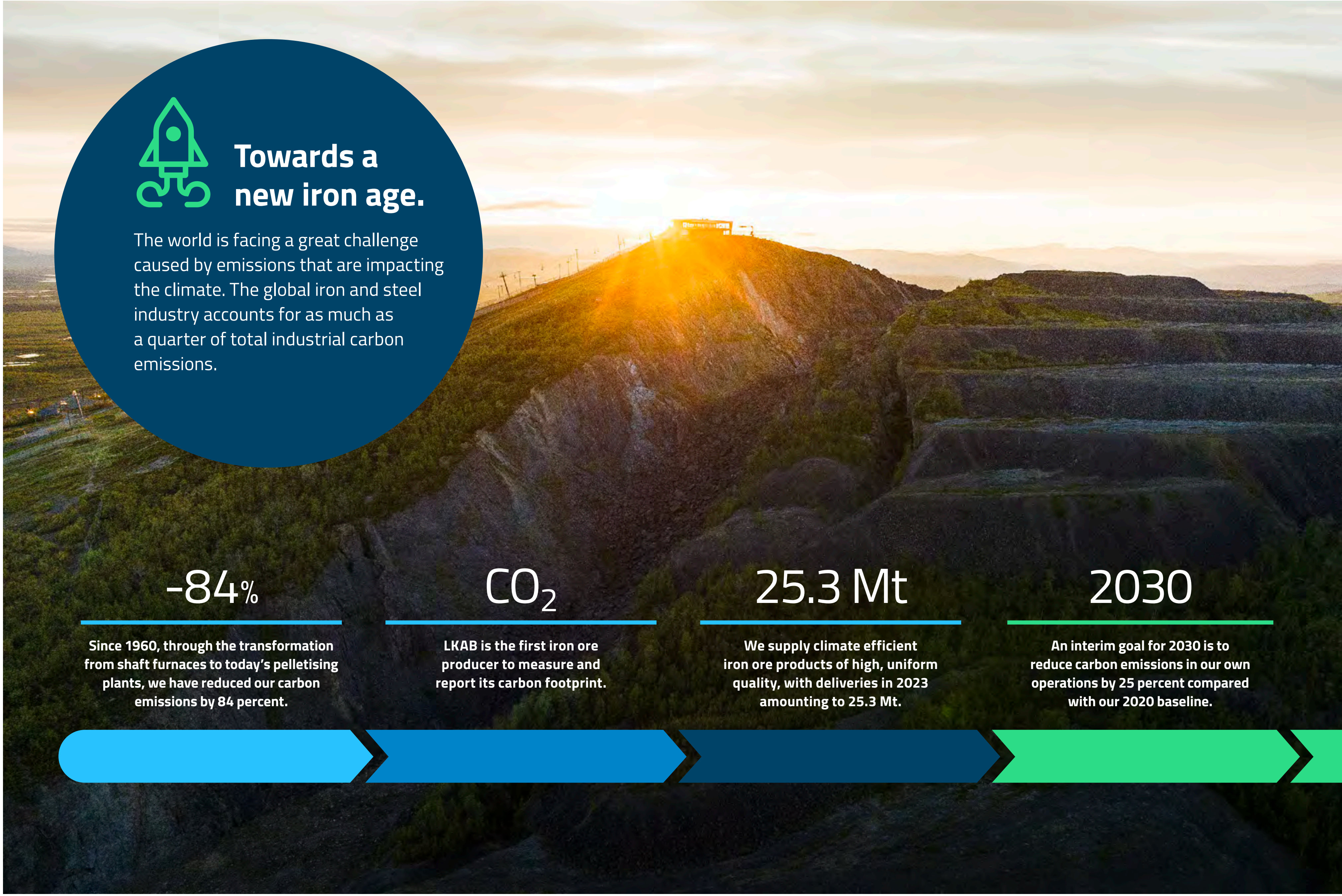
SEK 43 bn
Sales 2023

SEK 16 bn
Operating profit 2023, corresponding to an operating margin of 38 percent

5,200
Nearly 5,200 permanent employees at year-end

MSEK 5,442
Investments during 2023

4.6
Billion tonnes of mineral resources, excluding mineral reserves



Towards a new iron age.

The world is facing a great challenge caused by emissions that are impacting the climate. The global iron and steel industry accounts for as much as a quarter of total industrial carbon emissions.

-84%

Since 1960, through the transformation from shaft furnaces to today's pelletising plants, we have reduced our carbon emissions by 84 percent.

CO_2

LKAB is the first iron ore producer to measure and report its carbon footprint.

25.3 Mt

We supply climate efficient iron ore products of high, uniform quality, with deliveries in 2023 amounting to 25.3 Mt.

2030

An interim goal for 2030 is to reduce carbon emissions in our own operations by 25 percent compared with our 2020 baseline.

Our strategy is enabling us to increase sales and lower emissions

A crucial part of our strategy is to increase the value added by processing through a gradual transformation to the production of carbon-free sponge iron. Once fully implemented our transformation will mean we have carbon-free processes and products, while at the same time lowering total carbon emissions from our customers' steelmaking by 40–50 Mt per year. This is approximately equal to Sweden's entire annual emissions of greenhouse gases.

40–50 Mt

We contribute to reducing our global customers' emissions by 40–50 Mt annually.

Our processes and products are carbon-free. **2045**

Comments by the President and CEO

In a time of increasing geopolitical uncertainty, during the year we have achieved some important milestones in our transformation. At the same time, permits that are essential for our planned development regrettably appear to be delayed.

During Sweden's presidency of the Council of the EU in the first half of the year, Europe and the world turned its gaze towards the green transformation and wave of investment that is taking place in northern Sweden. Political decision-makers at both national and EU level welcomed LKAB's plans to reduce carbon emissions and begin production of phosphorus and rare earth elements. With substantial mineral resources and possibilities for fossil-free energy supply, we have fantastic opportunities here in Sweden; but with current permitting processes it takes 10 to 15 years to receive a permit to open a mine. Even then, this is followed by a significant period for the actual construction work. As a society, we do not have that amount of time if we are serious about taking climate action. Fine words are all very well, but we now need more – so that planned investments can be implemented and bring the necessary change for climate, society and future generations. Ambitious goals must be transformed into concrete actions.

Profits strong but there are remaining challenges

Let me start by stating that the year was overshadowed by the tragic fatal accident that occurred in November at a contractor's establishment within our industrial area in Kiruna. The safety both of our own employees and of suppliers on our sites is at the top of our agenda. Despite this, a person has lost their life at work – which suggests that we have not done enough and that the safety culture needs to be prioritised further.

During the year our high-quality iron ore products and our loyal customer base were crucial in a market characterised by continued uncertainty and a slowdown in steelmaking. We put a major focus on improving productivity throughout our production process, from mining to haulage and upgrading. Here we made some progress during the year, thanks to the commitment of our employees in combination with more flexible and methodical working. In this way we managed to successively increase our production volumes to levels not seen since the start of 2021. In the Kiruna mine we have taken on the challenge of reaching the production volumes we had before the seismic event in 2020, but we still have some way to go. We have also achieved progress on increasing the production stability in our processing plants in Kiruna, but again more remains to be done. Gällivare demonstrated stable volumes and Svappavaara responsibly delivered on its mission to help balance out the supply of crushed ore to our processing plants. Overall, we approached the desired levels.

The major derailment on the Iron Ore Line that took place at the end of the year demonstrated the railway's sensitivity. The repair work that came to be required in difficult weather conditions meant that the railway was not put back into operation until two months later. The railway had only been operating for a few days, however, when a new derailment put a stop to deliveries to Narvik for an additional eleven days. Together with the shortage of capacity on the line going forward, the large stockpiles that have built up will have serious consequences for future production. Both internal efforts and discussions with the Swedish Transport Administration are in progress regarding how the impact can be mitigated and delivery capacity increased.

The combination of our own efforts and a tailwind provided by the dollar remaining strong, a relatively high price for iron ore and the fact that we were paid a good premium for upgrading to pellets has meant we are delivering a strong result for the year. Our focus on sustainability has also had results; read more on page 25.

Successful exploration and mine production in development

Ever since the company was established in 1890, LKAB has been driven by new ideas and technological development. Without innovation and continual improvement, we would not still be here today. We have constantly developed our methods in terms of how we plan and mine the ore, how we haul and transport, it and how we refine the products so that our customers can get the best possible use out of it. We continually analyse whether we are doing the right things according to society's requirements and expectations, and what the market demands and will demand in the future. For us, it all starts in the mine. The current main haulage levels in our largest mines will be mined out in the 2030s and 2040s, first in Svappavaara and Gällivare, and then in Kiruna. Long-term mining of iron ore on a large scale at a depth of 1,800–2,000 metres will be both difficult and costly. Intensified and successful exploration work in recent years has nearly quadrupled the volume of mineral resources in our mines, so there is potentially significant value to exploit; read more on page 23.

To put the conditions in place for investing in continued mining at deeper levels and extracting iron ore and critical minerals, we need to either increase the volumes substantially or the degree to which our products are upgraded; ideally a combination of the two. We can see that there is a demand for the more highly upgraded sponge iron and rare earth elements. The global steel industry is planning various technical solutions for producing steel with reduced greenhouse gas emissions, encouraged by what is clearly strong demand from their customers who wish to be able to buy fossil-free steel as soon as possible.

Access to critical raw materials will also be crucial for the green transformation. No rare earth elements are currently mined in Europe, yet demand is increasing as our communities become increasingly electrified. LKAB can be a significant part of this, making a serious contribution.

When the new deposit in Kiruna was announced at the start of 2023 it was Europe's largest known deposit of rare earth elements. It is basically an iron ore deposit with concentrations of both phosphorus and rare earth elements that are currently higher than those in the ore from the Kiruna mine. To mine these profitably, the fact that the deposit has a base of iron ore is crucial. With the knowledge we have today we assess that it may extend the life of mining in Kiruna by 20 to 30 years. We are still at an early stage and a good bit of work remains, including evaluating mining methods, reaching agreement with affected stakeholders and obtaining the permits required. Once these are in place the new deposit in Kiruna could replace imports of phosphorus from Russia and increase the EU's self-sufficiency in rare earth elements.

Unpredictable permitting processes

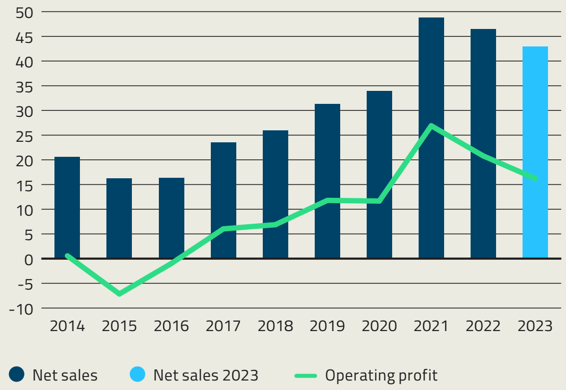
In May 2023 we submitted an application for environmental permits that would allow us to begin the transformation in Gällivare. In addition to continued mining and upgrading activities, the application

"With a fossil-free value chain from mine to finished steel we can make a tangible difference for the climate. By 2045 we can help lower global carbon emissions by 40–50 million tonnes annually – which is as much as today's annual greenhouse gas emissions for the whole of Sweden."

Read more about how LKAB is contributing to Agenda 2030 and the UN Sustainable Development Goals on page 34.

Net sales and operating profit

(SEK bn)



- In total, our deliveries of iron ore products during the year amounted to 25.3 (25.8) Mt and production increased to 26.2 (25.0) Mt.
- The average global spot price for iron ore was unchanged from the previous year at USD 120 (120) per tonne. At the end of the year the price was USD 140 per tonne. Quoted pellet premiums were around USD 30 per tonne lower year-on-year. A strong dollar during the year made a positive contribution to earnings.
- Operating profit for the year amounted to around SEK 16 billion, representing an operating margin of 38 percent. However, higher production was offset, by lower deliveries due to challenges involving capacity on the Iron Ore Line. Operating profit was also negatively impacted by higher costs as a result of lengthy scheduled maintenance shutdowns, measures to secure production capacity and higher costs for inputs. All things considered, we delivered another year of strong results.

includes the establishment of the world's first industrial-scale plant for producing fossil-free sponge iron with hydrogen as well as an apatite plant for extracting phosphorus and rare earth elements from current waste streams. It was clear from an early stage, however, that there was a risk of a very protracted permitting process, which could delay both necessary investment decisions and implementation.

We are therefore engaged in close and transparent dialogue with the parties involved, both to ensure that the public interest is strengthened and to reach consensus on what is best for the community as a whole. Nonetheless, it is clear that additional capacity and decisive action are required on the part of the administrative bodies if more predictable and efficient permitting processes are to become a reality. How this is handled will be crucial for the pace at which we are able to implement our transformation. We are also facing strategic considerations as regards both energy supply and capacity on the Iron Ore Line, where we cannot see at present that Sweden is moving forward in a way that allows us to leverage the opportunities that exist.

Capacity on the Iron Ore Line is crucial

We are making various ongoing and forward-looking investments to enhance and consolidate our flexibility and transport capacity, in order to ensure reliable deliveries to customers. We are buying more ore cars, for example, and have established a new locomotive workshop in Kiruna. In 2023 we also signed a letter of intent relating to the acquisition of an engineering company specialising in the maintenance of railway wheels; an acquisition that was completed in February 2024. These investments amount to nearly SEK 1 billion in total.

As our production approaches the desired levels, however, the limited capacity and the maintenance deficits on the Iron Ore Line are becoming an ever more obvious bottleneck. Already today the high loading is causing significant disruption, with a negative impact on delivery reliability. With an increasing need for transport and more actors using the already stretched railway, the problems are increasing and will be particularly great in the summer months, when extensive work will be carried out in the period up to 2030. Track work that has already been decided on means that nearly 4,000 train slots, as they are known, are expected to disappear in 2024. Further train slots are expected to be lost in subsequent years, while at that same time the demand for rail transport will increase significantly. With the developments in the north and the opportunities that exist for LKAB and other actors, it is becoming increasingly apparent that the lack of capacity on the Iron Ore Line is one of the main limiting factors.

The only solution is to accelerate the development of the whole of the Iron Ore Line, secure access to today's tracks and immediately put in motion the process for doubling the tracks on key sections where the impact will be greatest. It is crucial that maintenance and measures to increase capacity are planned in partnership with all actors in order to optimise both traffic and maintenance. This is a must for the green transformation in the north, involving not just LKAB's growing requirements but also other actors that need to transport goods and people in order to develop the region.

Additional initiatives are needed to secure the investments in the north

Northern Sweden has taken the lead in the global transformation towards a fossil-free future and huge investments are expected north of Gävle over the coming decades. The developments in carbon-free iron and fossil-free steel, wind power and batteries for electric vehicles are in the process of redrawing the map of Sweden, shifting its economic centre of gravity closer to the Arctic.

For a fossil-free society, significant transformations are required in everything from how people live and consume to how we produce raw materials and energy. New mines are needed, as well as an expansion of electricity production and many power lines. This gives rise to conflicts of interest that our authorities and politicians need to manage responsibly and in close dialogue with affected parties. Society cannot stop using fossil fuels without giving the opportunitiy to develop alternatives.

Crucial to all this is the energy system. Sweden needs to create the conditions for a robust expansion of new fossil-free electricity production. The expansion of the energy system is essential for industrial expansion and transformation, and they must go hand in hand if large-scale transformation is to be possible.

As an industry, we not only need reliable supply and large volumes of new power; it is also of great importance that electricity can be delivered at prices that are as competitive as possible. Sweden, which today has an almost fossil-free electricity system with large elements of hydroelectric power and nuclear power, as well as a surplus of electricity and a large land area, benefits from crucial competitive advantages over other countries in terms of how we can expand our energy system going forward. Competitive advantages that enable us not just to move away from fossil fuels, but also to continue to have lower prices than competitors, thereby enabling us to build competitiveness for Swedish industry in order to secure future jobs and welfare. In all our initiatives and in the commercial discussions we have with energy companies linked to our transformation and future needs, it becomes increasingly clear that all types of power will be needed and that there are differing

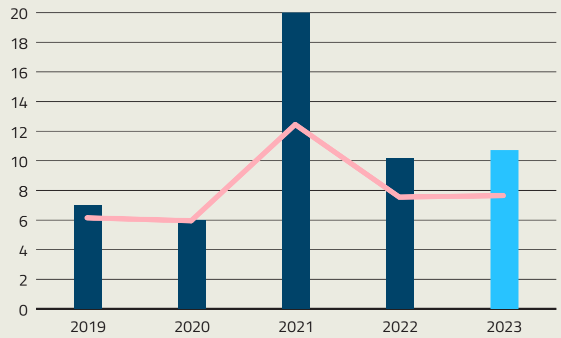
Overview and key financial ratios

	2023	2022
Net sales, MSEK	42,923	46,543
Operating profit, MSEK	16,230	20,799
Costs for urban transformation provisions, MSEK	-400	-545
Net financial income/expense, MSEK	2,928	-2,119
Profit/loss before tax, MSEK	19,158	18,680
Profit/loss for the year, MSEK	15,220	15,080
Capital expenditure on property, plant and equipment, MSEK	5,442	4,944
Operating cash flow, MSEK	10,704	10,156
Return on equity, %	20.0	21.7
Net debt/equity ratio, %	-23.8	-17.1
Dividend to owner[1], MSEK	7,600	7,540

1) The dividend proposed by the Board of Directors is subject to approval by the Annual General Meeting on 25 April 2024.

Operating cash flow and dividend

(SEK bn)



Non-financial key ratios

	2023	2022
Carbon emissions, kt	645	661
Energy use, kWh per tonne of product	165	176
Accident rate	6.3	6.5
Number of permanent employees at year-end	5,188	4,952
Percentage of women among permanent employees, %	27	26

time horizons and costs for the various choices that we make going forward. It is also clear that the most important thing in the immediate future is that permits are granted for more onshore wind in the north and in other places in Sweden, while over a different time horizon both offshore wind and nuclear power may become more important.

For northern Sweden there is also a need to rapidly expand grid infrastructure. For a long time, Sweden has developed its transmission network in order to transfer power from the north to the south. As needs in the north now increase, the transmission network now also needs to be expanded northwards so as to reach the municipalities in the Swedish orefields. If it is not, it will effectively hold back the potential expansion in the north.

Access to skills and demographic developments are also key factors in the investments. The municipalities in the north are today dealing with growing pains caused by the expansion and by challenges in social services, partly due to housing shortages. Other efforts are also needed to get sufficient numbers of people to want to move north.

In recent years LKAB has been responsible for most of the housebuilding in the Swedish orefields. Other actors also depend on homes being built, however, and if more people are able to move here it will bring great benefits for the communities. New initiatives are therefore needed to attract more actors that are willing to invest in developing attractive environments for the region's current and future residents to live in.

Secure jobs and the right skills are crucial

To run safe and sustainable mining operations, it is essential that all workers put safety first. That is at the top of our agenda and is something on which we have been concentrating efforts for a long time. Despite this, during the year an employee of one of our suppliers died – the second fatal accident in the operations in five years. This shows that the safety culture needs to be further prioritised. A culture in which each individual employee is given the right support to enable them to take responsibility for both their own safety and that of their colleagues is a must. Read more about our safety work on page 32.

To realise our long-term strategy and the plans we have set out for the immediate future, it is essential that we are the employer of first choice – especially bearing in mind the current competition in the region. In recent years LKAB has climbed up various rankings as an employer. For the first time we made the list of Sweden's 100 most attractive employers, appearing in 59th place in Academic Work's annual survey for young professionals. We have developed a strategy with clear priorities which is aimed at attracting new talent, but also – and perhaps chiefly – making the most of and developing our existing employees.

Competition is fierce and through campaigns, in Sweden and abroad, we aim to describe what LKAB can offer as an employer. We are also extremely active in the urban transformations and continue to collaborate with municipalities and local businesses to enhance the region's attractiveness, so that more people will want to move here.

A gradual transformation up to 2045

Our plans for transformation are attracting great interest among various stakeholders with differing viewpoints. It is important here to remember the bigger picture on which our strategy is based, and the fact that our transformation will take place gradually over around 25 years. That means there is time to gradually expand fossil-free types of power and to adjust technology choices along the way as needed.

The journey we have ahead of us will not be easy, but we are in a good position to develop and extend the life of our operating locations and to increase the EU's self-sufficiency. To succeed we need to continue to have strong and stable cash flows in the years ahead. But it will make no difference how good our mines and processing plants are if the steelworks cannot get hold of our products, and if our plans cannot be realised then both jobs and municipal tax revenues in our surrounding region will be at risk. What is needed is a present and guiding state with the courage to take the necessary decisions. Northern Sweden is in the world's spotlight as a hub for transformation towards a fossil-free sustainable future. A place where the climate challenge has in a short time created astounding opportunities and strong faith in the future. At a time when the global steel industry is evaluating various paths to producing steel with less or no greenhouse gas emissions, we are convinced that LKAB – with our mineral resources and the technology we have developed – is extremely well positioned. Our strategy lays the foundation for becoming part of the solution, thereby creating value not only for ourselves and our owners but also for our customers, the local community and not least the climate.

Luleå, 27 March 2024

Jan Moström, President and CEO

Key events in 2023

- An application for environmental permits was submitted for the operations in Gällivare, which in addition to the existing activities also includes the establishment of a first demo plant for producing fossil-free sponge iron with hydrogen on an industrial scale and an apatite plant for extracting phosphorus and rare earth elements from what are currently waste streams.
- The collaboration between LKAB, SSAB and Vattenfall was granted support from The Industrial Leap (Industriklivet), the Swedish Energy Agency's programme to support Swedish industry's transformation to becoming fossil free. A total of SEK 3.1 billion was allocated to establish the first demo plant in Gällivare.
- Testing of hydrogen storage conducted in partnership with SSAB and Vattenfall indicated commercial potential on the electricity market. The results showed that storage can reduce the variable costs associated with hydrogen production by 25 to 40 percent, demonstrating the opportunities that this method brings for the industry's transformation.
- An application for an exploitation concession was submitted for the new deposit in Kiruna, which has grown further during the year as a result of successful exploration. If granted it will be possible to continue developing the deposit and to prepare an application for an environmental permit.
- A new locomotive workshop was opened in Kiruna and a letter of intent was signed concerning the acquisition of 49 percent of an engineering company specialising in the maintenance of railway wheels, both important steps for securing LKAB's deliveries.
- In the early hours of Monday 13 November a serious accident occurred on LKAB's industrial site in Kiruna, resulting in the tragic death of an employee of one of our suppliers.
- At the end of the year there was a major derailment of a fully loaded ore train on the Iron Ore Line and the line was not taken back into operation until two months later. The railway had only been operating again for a few days, however, when a new derailment occurred. The shortage of capacity on the line going forward and the large stockpiles that have built up will have major consequences for future production.

For more information about our goals and performance during the year see page 17.

Our value chain

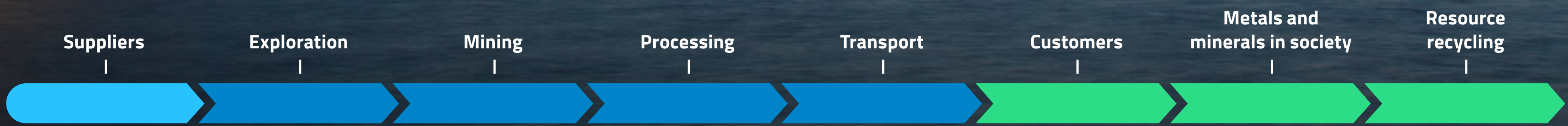
LKAB's operations form a basis for many long value chains. By taking our responsibilities seriously and through our ongoing transformation we can influence these in a sustainable direction. More than 95 percent of the emissions in our value chain are attributable to our suppliers and to customers' end products. It is therefore important that we create the conditions for all those affected to lower their emissions at the same time as reducing our own. We also put great emphasis on resource efficiency and greater utilisation of by-products, as well as on social responsibility – locally, nationally and globally.

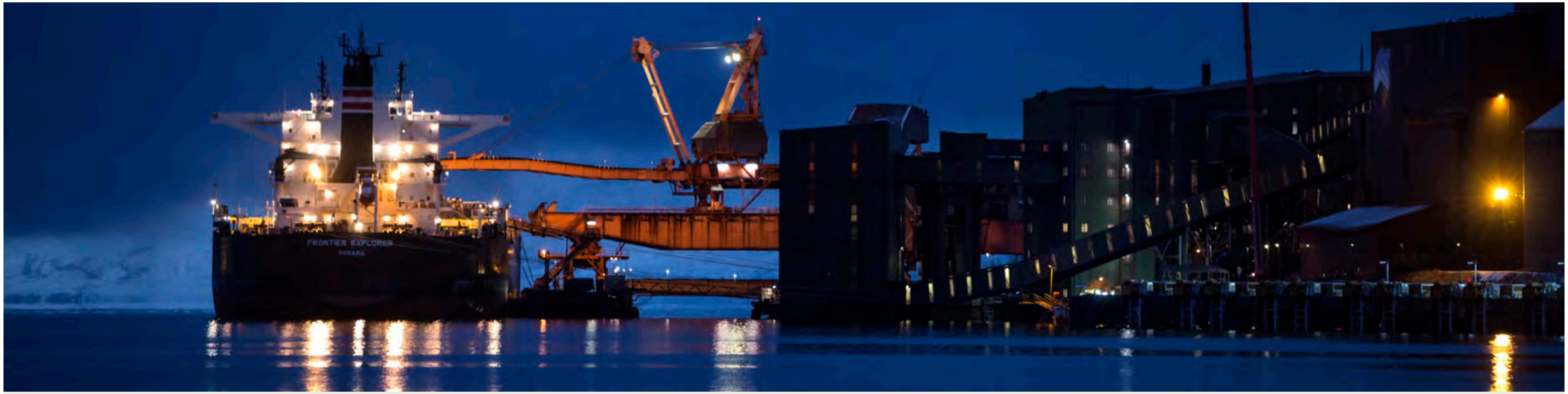
We are impacted by

- our suppliers
- our customers
- interaction with local communities
- environmental permits and access to land
- decision-makers at international, national and local level.

We impact

- the industries that use our products
- local, national and global climate transformation
- the local communities and reindeer herding in the region
- the local environment and biodiversity
- the level of corporate social responsibility in the industry as a whole, by setting high standards in safety, human rights and ethics.





Suppliers

LKAB is a significant purchaser with about 5,800 suppliers around the world, and therefore has an opportunity to influence developments. We work in partnership with strategic suppliers to increase sustainability, productivity and cost-effectiveness.

Exploration

Exploration secures the supply of iron ore and other minerals in the long term. As well as geological expertise, we need access to land areas with ore potential. Respect for our surroundings, environmental responsibility and cooperation with other local livelihoods are crucial for our operations today and in the future.

Mining

Every day around 132,000 tonnes of crude ore is mined in our underground mines and open-pit mines in Kiruna, Gällivare and Svappavaara. The mining impacts the landscape and it is essential that we have an open dialogue and good cooperation with the authorities and local communities.

Processing

Processing iron ore is highly energy-intensive and LKAB is one of Sweden's biggest consumers of energy. Using resources more efficiently and lowering our environmental impact have a high priority. Among other things, we are working to phase out fossil fuels and on measures to ensure that over time we are a net contributor to biodiversity where we operate.

Transport

LKAB is one of Sweden's biggest freight companies and accounts for around 44 percent of goods transported on Swedish railways, calculated in tonnes. Millions of tonnes of iron ore products are loaded onto the railway each year to be taken to the ports of Narvik and Luleå, for shipment to customers around the world. A sustainable and reliable logistics system is therefore business-critical. During the year we made significant investments in rail-related infrastructure. Read more on page 21.

Customers

Our customers demand and have high requirements of reliable deliveries of climate efficient iron ore products of a consistently high quality as inputs at steelworks.

Metals and minerals in society

Our customers' steel products are sold and processed into end products such as machinery, tools, cars, mobile phone masts, wind turbines, railways, bridges and buildings. As a supplier of highly upgraded iron ore products, LKAB has great opportunities to influence this part of the value chain in a positive way.

Our core business is supplemented by a growing industrial minerals portfolio, where the focus is on extracting critical minerals.

Resource recycling

Steel is society's most recycled construction material. There are also opportunities for resource recycling and greater circularity upstream in the value chain. Waste rock from the mines is used to produce ballast for the construction industry. Waste heat from the plants is reused to produce district heating. Slag from steelmaking is used to produce ground granulated blast-furnace slag (GGBS), a more sustainable alternative to cement.

Value creation

Our mission is to innovatively and competitively mine and process iron ore and minerals to produce climate efficient quality products. LKAB has a strong tradition of taking responsibility and being a positive force for development as a supplier to a global industry but also as an employer, a business partner and as a part of the community. For more information about how we create value for our stakeholders, see page 138.

Iron Ore

Operations within the Iron Ore business area take place mainly in Norrbotten, Sweden's northernmost county, and include our mines and processing as well as logistics, encompassing transport by rail and sea. Already today our highly upgraded products offer a cleaner value chain for steelmaking.

90%

The Iron Ore business area's share of the Group's external sales.

Special Products

The Special Products business area develops products and services that create value in other markets or enhance the competitiveness of our iron ore operations. The operations are mainly conducted within wholly owned subsidiaries and comprise divisions within the following areas:

- industrial minerals
- products for the mining and construction industries
- services for the mining and construction industries

10%

The Special Products business area's share of the Group's external sales.

MSEK 5,379
Paid in wages, salaries and employee benefit expenses

MSEK 18,430
Payments to our suppliers

MSEK 2,939
Taxes

MSEK 1,829
Paid out for urban transformation

MSEK 7,600
Proposed dividend to owner, the Swedish state

MSEK 80,861
Equity

Iron ore that creates value locally and globally

The Iron Ore business area's production and deliveries of high-quality iron ore products to steel producers forms the foundation of our value creation and will be the basis of our growth and profitability for many years to come. Alongside this we have begun our journey towards being able to offer more highly upgraded climate efficient products in the future.

LKAB accounted for around 80 percent of iron ore production within the EU in 2023. At a time of increasing geopolitical turbulence and a slowdown in the global economy, high-quality iron ore and a stable and loyal customer base are our foremost strengths. Europe is our largest market, followed by the Middle East, North Africa, the USA and Asia.

LKAB has a leading position on the global market for seaborne iron ore pellets. It is a position that we have created over a long period by offering steel producers with high requirements a reliable supply of upgraded, climate efficient iron ore products of a consistently high quality.

Alongside this LKAB has taken the lead in transforming the iron and steel industry. Not only do our iron ore pellets and fines have a high iron content, their consistent and predictable product properties provide a good basis for efficient and resource-efficient production of steel.

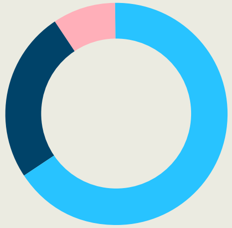
We plan to gradually phase out fossil fuels from our own operations. Our first interim goal is to reduce carbon emissions by 10 percent by 2026. Read more about our goals on page 17.

Exploration provides a foundation for the business and the intensive exploration work carried out in recent years was aimed at securing the supply of iron ore after the current main haulage levels are expected to be mined out. The positive outcome has indicated further good results with increased mineral resources and an increased level of confidence. The life of the mines can be extended by decades, provided the necessary preconditions such as permits fall into place. Read more about the development of our mineral resources and mineral reserves on page 165.

The mining in Kiruna and Gällivare involves extensive changes for the surrounding communities, the majority of whose residents are affected in some way. At the same time, it means more jobs being created and that life in Norrbotten has a bright future.

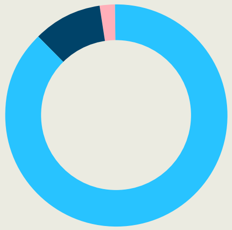
Sales by region

Percentage of sales (MSEK)



Sales by product area

Percentage of sales of iron ore products (MSEK)



For more information about our performance during the year see page 39.

MSEK 39,556
Net sales 2023
(MSEK 43,288)

MSEK 16,484
Operating profit 2023
(MSEK 21,322)

26.2 Mt
Iron ore products produced 2023
(25.0 Mt)

MSEK 11,608
Earmarked for future urban transformation
(MSEK 13,644)

4.6
Billion tonnes of mineral resources
(3.1 billion tonnes)

Iron ore products

Blast furnace pellets are used in steelmaking and are ready for use in production on delivery to the customer. Our product provides great added value in this process, since LKAB adds various additives that improve the properties of the products and provide benefits for the customer.

Direct reduction pellets, or DR pellets, are used by customers that make steel by means of reduction in a DRI furnace followed by melting in an electric arc furnace. Our high-grade pellets generate less slag, use less energy and produce a higher yield, with a lower cost per tonne of steel produced.

Fines means crushed, concentrated iron ore that our customers sinter together into lumps before it can be reduced and melted during ironmaking in blast furnaces.

Increased interest in special products

The Special Products business area has two main lines of business: development and sale of industrial minerals, and products and services for the mining and construction industries. This is an important and growing complement to our iron ore operations that increases our competitiveness, diversifies the business and supports our sustainability goals.

The operations are mainly conducted by wholly owned subsidiaries that work in partnership to support the production chain for iron ore products, while also broadening the business externally. With our own mineral resources from the existing mining, industrial minerals is the biggest part of the business and magnetite is the largest product segment. Europe is our main market, but we have customers throughout the world. In addition to magnetite products we offer a portfolio of minerals and raw materials that have been upgraded and customised for each market and application.

The industrial minerals division has operations in 11 countries including sales offices, mining, upgrading and distribution facilities. In the UK, for example, we produce the cement substitute GGBS. This is made from blast furnace slag from steelmaking and has a lower carbon footprint than cement.

The industry has various opportunities to contribute to the ongoing transformation: first and foremost by reducing its own climate impact, but also by providing the materials needed for the digital and green transformation. Examples include sustainable, circular, fossil-free mineral fertiliser and rare earth elements that are used in car batteries, solar panels and wind turbines, among other things.

Extraction of critical minerals will begin in the existing mining operations in Gällivare and the minerals will be processed further at the circular industrial park in Luleå. Read more about the new deposit in Kiruna, which creates opportunity to expand the operations further, on page 23.

The development of products and services for the mining and construction industries is driven partly by ongoing infrastructure initiatives and preparations for LKAB's future mining.

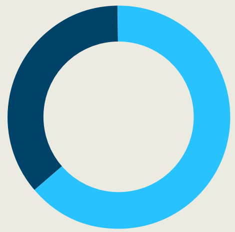
This business area is growing both organically and through acquisitions of companies with specific expertise, strategic partnerships and new business development all along the value chain.

Recently completed acquisitions include the Norwegian company REEtec, which has developed an innovative, climate efficient, competitive process for separating rare earth elements. LKAB became its principal shareholder in 2022 and the first plant is scheduled to begin operating in 2024.

In November a letter of intent was signed concerning the acquisition of parts of Duroc Rail, an engineering company with unique expertise in the maintenance of locomotive and rail car wheels. The acquisition was completed at the start of 2024.

Sales by region

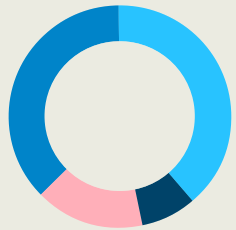
Percentage of sales (MSEK)



- Europe **64%**
- Rest of World **36%**

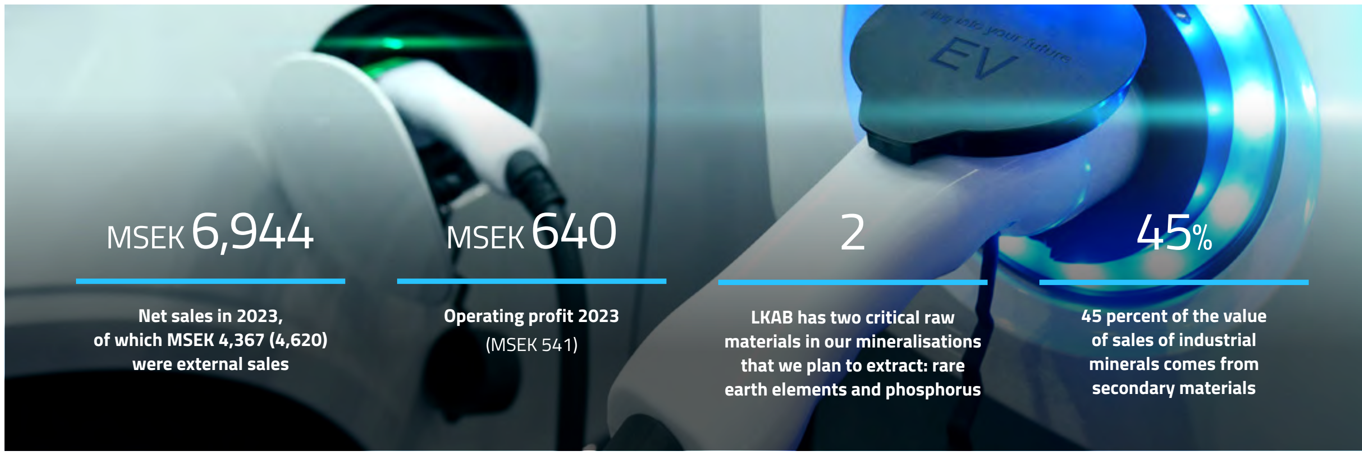
Sales by product area and service area

Percentage of external sales (MSEK)



- Magnetite **39%**
- Mineral sands **8%**
- Mining and construction services **16%**
- Other industrial minerals **37%**

For more information about performance during the year see page 40.



Industrial minerals: products and services

Our industrial minerals business primarily targets the following market segments:

Agriculture: mineral fertilisers, soil improvers and feedstuffs

Cleantech: batteries, generators and renewable energy production

Construction and engineering: cement, concrete, floor screed and roads

Manufacturing industry: water treatment, sponge iron used in powder metallurgy, plastics and coatings

Products and services for the mining and construction industries such as drilling systems, rockwork and concrete work, engineering services and explosives.

Business environment and market trends

To tackle climate change, global greenhouse gas emissions must be significantly reduced. The transformation required throughout society is one of the greatest challenges of our time, but it also presents opportunities – especially for Swedish industry.

Iron and steel serve fundamental functions in society and will continue to do so in the future. They are essential raw materials for infrastructure, buildings, the transport sector and industry, and are needed for energy transition and the development of our societies. Traditional steelmaking generates significant carbon emissions, however, through the use of coal in the process. A transformation in the iron and steel industry is therefore needed in order to meet future demand for steel and iron ore products while at the same time reaching global climate goals.

The geopolitical situation is creating uncertainty and may influence how value chains are built and how trade policy develops, affecting the conditions for the iron and steel industry. Significant capital is required to develop the new sustainable steel-producing systems, which can be challenging for companies during an economic downturn. At the same time, consumers and end-users continue to make high demands of products and the cost of greenhouse gas emissions is expected to increase significantly, with a potential negative impact on competitiveness for those who do not act in time.

Succeeding in the transformation requires entire value chains to adapt, energy systems to be expanded and policymakers to contribute by creating the right conditions. In order for the system changes required to reach the climate goals to be made in time, different actors must work together and governments must create legal frameworks and share risks with companies.

The transformation of the iron and steel industry is necessary in order to meet future demand for steel and iron ore products and at the same time achieve a sustainable industry.

Market trends in brief

- Iron ore is needed to meet society's demand for steel. Recycled steel can only satisfy a small part of demand for the raw material.
- So that the systemic changes required to reach the climate goals are made in time, governments must create the right conditions and share risks with companies.
- As the free allocation of emission allowances is phased out, costs will increase for steel producers in the EU that do not reduce their emissions.
- Demand for iron ore pellets and sponge iron is expected to increase as the steel industry gradually transforms.

Our position

LKAB is well positioned to create a sustainable value chain for steel together with its customers in the steel industry.

Highly competitive → **Enabler of transformation in the steel industry** → **Greater value from the mine**

Increased costs of carbon emissions

There are currently various systems for taxing carbon emissions, the EU system being the most comprehensive. The steel industry and other sectors with a risk of carbon leakage receive a free allocation of emission allowances within the EU. Already today the value of these allowances is high, and those actors who lower their emissions can sell the surplus allowances they were allocated. The EU has decided to phase out the free allocation starting in 2026. Instead, a Carbon Border Adjustment Mechanism (CBAM) will be introduced, requiring importers within the EU to purchase/show CBAM certificates equivalent to the embedded emissions in the goods. Phasing out the free allocation is expected to increase costs for actors – including steel producers – in the EU that do not reduce their emissions. CBAM aims to create incentives for producers outside the EU to reduce their emissions and counteract distortion of competition between producers inside and outside the EU.

A changing value chain

China has long been the largest growth market for steel, but over the next 10 to 15 years demand for steel and iron ore in the country is expected to decrease. Demand in other emerging markets is expected to remain strong, but globally the demand for steel is decreasing. At the same time the global steel industry is facing a transformation, with electrified steel production and new production processes gradually expected to replace carbon-intensive blast furnaces. Demand for high-quality recycled steel scrap will thus increase, but can only be partially met by increased recycling. Newly produced iron ore will therefore be needed for the foreseeable future to meet steel demand.

The established technology for replacing blast furnace-based steelmaking from iron ore is natural gas-based direct reduction combined with melting in an electric arc furnace. This method can reduce carbon emissions by about 30–50 percent. If the natural gas is replaced with fossil-free hydrogen, emissions can be almost completely eliminated. Direct reduction with the established technology places higher demands on the iron raw material, and demand for high-grade iron ore that can be used for direct reduction pellets is expected to increase. It will be a challenge for the industry to find ways to enable the use of lower-grade iron ore in the direct reduction process or to develop other low-carbon production methods for these ores. Technological development has begun in the industry, but more is required before industrial maturity is achieved.

Energy is the key to the transformation

The shift from carbon-based to electrified processes within the steel industry will increase demand for electricity. Sweden and the Nordics are well positioned for the transformation, given their high proportion of renewable electricity production and competitive electricity prices. In other parts of Europe and the world, there are plans for a transformation of the value chain where the initial step largely relies on natural gas. Due to the war in Ukraine the import of Russian natural gas to the EU is severely restricted, a situation expected to persist for many years. Russian gas is being replaced with imports of liquefied natural gas (LNG). Increased use of biofuels in the industry is also a possible pathway to reduce fossil carbon emissions. In northern Sweden there are favourable conditions for competitive transformation to solutions for a sustainable value chain, something demanded by the steel industry's customers. These value chains will avoid costs for carbon dioxide, strengthening their competitiveness as the free allocation of emission allowances is phased out.

Access to critical minerals

In a world with increased geopolitical uncertainty, the issue of import dependence becomes increasingly relevant. In the EU, increasing self-sufficiency in critical minerals is a priority. Rare earth elements (REEs) are used in the production of permanent magnets needed for the transformation to renewable electricity production and an electrified transport sector. Phosphorus is used in mineral fertilisers critical for global food production. The EU is heavily dependent on imports of REEs and phosphorus from countries such as China and Russia. There is good potential to extract these minerals as by-products from Swedish apatite-rich iron ore, thereby increasing self-sufficiency in Sweden and the EU.

Highly competitive

The high-grade ore extracted in our mines is an important basis for LKAB's competitiveness. The high proportion of magnetite in the ore enables high yields and high iron content, the energy of the magnetite ore being utilised in pellet production to reduce energy consumption. Additionally, LKAB's ores contain fewer substances that need to be separated, thus reducing costs for the steelworks. The high quality allows the products to be priced at a premium in the market, giving LKAB a competitive position.

Enabler of transformation in the steel industry

Demand for iron ore pellets and sponge iron is expected to increase as the steel industry gradually transforms. The high-quality iron ore and favourable conditions for renewable electricity in northern Sweden mean that LKAB can gradually increase the value of its products. By providing capacity to produce sponge iron we can supply our customers with a raw material that can enable their technology shift, with significant emissions reductions.

Greater value from the mine

Critical minerals are key to the green transformation and for sustainable agriculture. By extracting rare earth metals and phosphorus from our mining waste, LKAB has the potential to further increase the value of our mining investments and contribute sustainably to Sweden's and Europe's self-sufficiency in critical minerals.

Strategy and goals

By 2045 LKAB's processes and products will be carbon-free. We are upgrading our products, streamlining production and broadening our business – all while leading the green transformation of our industry along with our suppliers and customers. In 2023 we introduced the promise "Our greatest challenge. Your greatest opportunity.". This promise brings together all of our employees in one of our greatest challenges, which we are taking on together. Read more about our goals for 2030 and the results for 2023 on the next page.

Mission	Vision
Innovative and competitive mining and processing of iron ore and minerals to produce climate efficient quality products.	**We are leading the transformation of our industry toward a sustainable future.**

Promise	Our greatest challenge. Your greatest opportunity.

Strategic goals for 2030

Our strategic goals for sustainable value creation for the period 2022–2030 aim to support our vision of leading the transformation of our industry toward a sustainable future.

Strategy to 2045

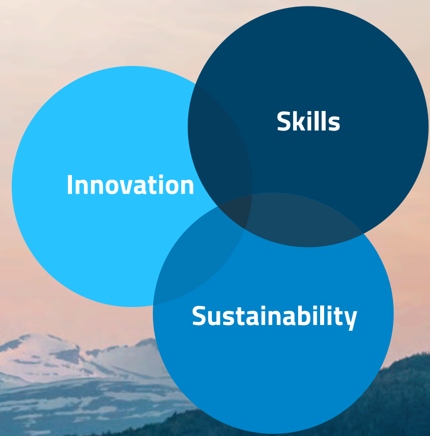
Our strategy sets out the path we are taking to achieve carbon-free processes and products, and secures LKAB's long-term competitiveness. As we move forward in the value chain and create increased growth, we are at the same time building Norrbotten into an innovation cluster for the mining and minerals industry of the future. Three important areas are enabling this transformation:

- **Stable and efficient operations**
- **Safe, healthy and stimulating workplace**
- **Climate efficient, sustainable transformation**

- **A new world standard for mining**
- **Future supplier of carbon-free sponge iron**
- **Broadening the business with extraction of critical minerals**

Our focus areas

Innovation, skills and sustainability are our key focus areas for success.



Progress towards our goals for 2030

Our strategic goals for sustainable value creation for the period 2022–2030 aim to support our vision of leading the transformation of our industry toward a sustainable future.

Stable and resource-efficient operations[1)]

LKAB shall have the financial strength required to realise our strategy and increase flexibility in our transformation.

	2023	2022	Goal for 2026	Goal for 2030
Net debt/equity ratio (%)	-23.8	-17.1	<60	<60
Return on equity (%)	20.0	21.7	>9	>9
Dividend (%)	50[2)]	50	40–60	40–60

Comments: Strong earnings and cash flow result in a negative net debt/equity ratio and a high return on equity. The Board of Directors is proposing to the Annual General Meeting that a dividend amounting to MSEK 7,600 is paid, which is 50 percent of net profit for the year.

Safe, healthy and stimulating workplace

To recruit, retain and develop the skills we need LKAB must be the best place to work. In this way we contribute to greater prosperity and to communities that are good places to live and work in.

	2023	2022	Goal for 2026	Goal for 2030
Lost time accidents per million hours worked	6.3	6.5	4	2
Long-term sick leave (%)	0.7	0.7	0.8	0.8
Women in the workforce (%)	27	26	30	–[3)]
Women managers (%)	29	28	30	–[3)]

Comments: The year was overshadowed by the tragic fatal accident that occurred in November at a contractor's establishment within LKAB's industrial area in Kiruna. The safety both of our own employees and of suppliers on our sites is at the top of our agenda. Despite this a person has lost their life at work, which suggests that we have not done enough. Group-wide efforts focusing on the safety culture are in progress to prevent serious incidents and ensure safe and healthy workplaces. Over the year we can see a continued increase in both the percentage of women in the workforce and the percentage of women managers.

Climate efficient, sustainable transformation

We shall lead the transformation of the iron and steel industry for a better climate and sustainable development.

	2023	2022	Goal for 2026	Goal for 2030
Energy use (kWh per tonne of finished product)	165	176	162	154
Carbon emissions (kt)	645[4)]	661	608	536
Biodiversity	–[5)]	–[5)]	–[5)]	–[5)]

Comments: Energy use in kWh per tonne of finished product decreased compared with 2022, mainly as a result of more stable production. Carbon emissions for the year amounted to 645 (661) kt. The use of biofuels has reduced carbon emissions over time and continued analysis work is taking place regarding possible choices of technology to achieve further reductions.

Biodiversity

LKAB is following Svemin's biodiversity roadmap, with the aim that by 2030 the Group will contribute to a biodiversity net gain in the regions where we operate. The interim goal for 2026 is for LKAB to have established a systematic approach to working for increased biodiversity. Work is in progress to put the conditions in place and plan for actions involving biodiversity. Guidelines describing the goal and approach have been developed; read more on pages 29 and 145.

1) The relevant financial targets were established by the general meeting held in October 2021.
2) The Board's proposal to the Annual General Meeting regarding dividend for 2023.
3) The goal for 2030 is to achieve a 60/40 gender balance in management teams.
4) Carbon emissions have been updated since LKAB's full-year report for 2023 as a result of an audit conducted.
5) For a description of goals and status, see the fact box on Biodiversity and read more on pages 29 and 145.

Strategy 2045

Our strategy sets out the path we are taking to achieve carbon-free processes and products, and secures LKAB's long-term competitiveness. As we move forward in the value chain step by step and create increased growth, we are at the same time building Norrbotten into an innovation cluster for the mining and minerals industry of the future. Three important areas are enabling this transformation:

A new world standard for mining

Mining iron ore profitably and safely at great depths, and moreover by carbon-free processes, demands a high level of expertise in mining design, methods and planning. Intensive work is therefore taking place at LKAB to develop a new world standard for mining through digitalisation, automation, electrification and new ways of working. Our efforts are laying the foundation for a future value chain in which iron ore is upgraded to carbon-free sponge iron.

Milestones in 2023

- Work to develop a new main design, to adapt mining methods to great depths and to ensure optimal planning of the mining has continued at high intensity.
- During the year a targeted improvement initiative in the Kiruna mine has resulted in an increase in loading productivity, among other things. This was achieved by a cross-functional group that focused on improvements in areas including remote loading, what are known as sacred production areas and systematic deviation management.
- An increased level of automation and electrification of vehicles and machinery is a central element in the development of our mining. During the year we tested various battery-powered trucks, and an automated, battery-powered loader (the second in Europe) was introduced into our mining areas. At the end of the year we ordered 12 new loaders for the Kiruna mine, all equipped to allow autonomous operation via remote control. The investment will enable more stable production 24 hours a day. In the Kiruna mine half of all loading is now carried out by remote-controlled and autonomous machinery.

Future supplier of carbon-free sponge iron

Production capacity for sponge iron is being developed in stages based on technology that uses hydrogen produced with fossil-free electricity. We are strengthening our position, increasing the value of our products and enabling carbon emissions to be reduced significantly throughout the value chain.

Milestones in 2023

- A historic application for environmental permits for the transformation in Gällivare was submitted to the Land and Environment Court. In addition to continued mining and upgrading activities, the application also covers the establishment of a first demo plant for producing fossil-free sponge iron using the HYBRIT method and an apatite plant for extracting phosphorus and rare earth elements from current waste streams.
- The collaboration between LKAB, SSAB and Vattenfall was granted support from The Industrial Leap (Industriklivet), the Swedish Energy Agency's programme to support Swedish industry's transformation to becoming fossil free. A total of SEK 3.1 billion was allocated for the establishment of a first demonstration plant in Gällivare for the production of fossil-free sponge iron on an industrial scale.
- Commercial testing of hydrogen storage within the framework of the collaboration with SSAB and Vattenfall indicates positive results that are important for the industry's transformation. Fossil-free hydrogen is a prerequisite for producing fossil-free steel and by adding storage the variable cost of hydrogen production can be significantly reduced, by 25 to 40 percent.

Broadening the business with extraction of critical minerals

Rare earth elements and phosphorus can be extracted from our flows. As a result, LKAB is growing in the market for mineral use. Rare earth elements are essential for much modern technology, being used for instance in the manufacture of car batteries, wind turbines and solar panels. Phosphorus is used to produce artificial fertilisers for agriculture.

Milestones in 2023

- Exploration results from the new deposit in Kiruna indicate significant quantities of rare earth elements and phosphorus. The deposit is now estimated at 1.7 Mt of oxides of rare earth elements in the form of an inferred mineral resource; when announced, it was Europe's largest known deposit of rare earth elements to date. Read more on page 171. An application for an exploitation concession was submitted during the year.
- The establishment of a circular industrial park for the processing of phosphorus and rare earth elements in Luleå is making progress, but depends among other things on the permitting process not being delayed.

Our most significant challenges

LKAB operates in a capital-intensive industry with a planning horizon that extends forward several decades. The global climate threat means that the iron and steel industry will need to change fundamentally, requiring significant investment by both those in the industry and the state.

Beating the clock is a major challenge if the green transformation is to become a reality in time. LKAB is also dependent on a number of external factors that are beyond our direct control. Political action, authorities' processing times, access to fossil-free electricity, attractive communities in our operating locations, as well as reliable and sufficient capacity on the Iron Ore Line are crucial if the investments that LKAB and other actors are making in Norrbotten are to create value for the region and realise the necessary green transformation.

The transformation and ensuring sustainable and safe mining operations for the coming decades entail significant investments. These will be financed through a combination of the cash flows we generate within the business and external financing. For the investments to be possible we need the right conditions to conduct our operations efficiently and profitably, today and in the years to come. Read more about our risks and how we manage them on page 44.

Permit issues

Current permitting processes are still unpredictable and slow. This is making it difficult for the industry to plan, invest and transform operations to reduce the climate impact in time. Our transformation requires various permits, both for our own operations and for suppliers. There is a real risk, however, that permits will not be obtained in accordance with our schedule for the transformation.

LKAB is in active dialogue with the authorities concerned, along with other actors including the industry organisation Svemin. We try to have early constructive and transparent dialogue with relevant stakeholders, to create the conditions for more efficient and more appropriate processes.

Supply of fossil-free energy

Producing hydrogen by electrolysis is energy-intensive. The electrification of society will require substantial and continual expansion of power transmission and electricity production from fossil-free sources. The need for electricity to power LKAB's planned step-by-step transformation in Gällivare is expected to increase gradually as various hydrogen and direct reduction plants are able to be put into operation, amounting to approximately 20 TWh sometime in the early 2030s. The pace at which plants can be built and put into operation will depend on the rate at which electricity production and grid infrastructure for energy transmission are expanded.

Together with energy companies such as Vattenfall and Statkraft, LKAB is evaluating options for future power supply. The main focus is on increased wind power, but other alternatives may become relevant in the longer term. We also maintain an active dialogue with relevant authorities.

Insufficient capacity on the Iron Ore Line

With passenger trains, freight trains and ore trains from LKAB, the 500-kilometre long stretch between Luleå and Riksgränsen and on to Narvik is Sweden's most heavily trafficked section of railway. Maintenance deficits result in frequent disruption, while the capacity is insufficient to cope with the increased volumes that will result from our own initiatives in the region and those of other industrial players. The national infrastructure plan adopted in 2022 means that certain measures will be implemented for prioritised maintenance and increased capacity, but disruptions are expected to persist. The Iron Ore Line is currently a significant issue for both existing operations and future expansion, requiring extensive investments and innovative approaches in implementation.

LKAB is in continuous dialogue with the Swedish Transport Administration and is calling for better coordination of measures, while also asserting the continued importance of ensuring expanded capacity on the Iron Ore Line, such as through double tracking. During the year the Swedish Transport Administration stated that more trains on the Iron Ore Line will mean more disruption and will have major effects on capacity and availability. Together with the Swedish Transport Administration and other operators, LKAB is investigating possibilities and effects linked to capacity on parts of the railway. LKAB is also working internally on flow optimisation to increase capacity within the system. Read about our railway investments on page 21.

Skills availability

The extensive initiatives that LKAB is undertaking depend on our ability in developing and retaining existing employees while also attracting and recruiting new talent. With multiple major industrial initiatives going on in the region, competition for skilled workers is increasing at the same time.

LKAB is working in partnership with universities and colleges and is participating in cross-industry initiatives aimed at attracting more people to move to Norrbotten. In cooperation with municipalities and other stakeholders, we work to make our operating locations attractive. We actively promote early interest in natural sciences and technology among young people through initiatives such as the LKAB Academy and specialised programmes at the upper secondary schools in our operating locations.

LKAB invests close to SEK 1 billion to meet the challenges on the Iron Ore Line

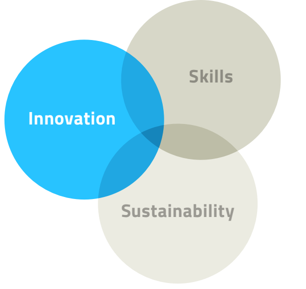
For LKAB the Iron Ore Line is an integral part of the production system that starts in the mine, goes via the railway and ports and ends with steel and mineral customers. High capacity and availability both on the Iron Ore Line and for rolling stock in the form of locomotives and rail cars are business-critical.

LKAB has ongoing investments totalling close to SEK 1 billion for increasing capacity and flexibility to meet the growing challenges on the Iron Ore Line. The investments primarily include the establishment of a new locomotive workshop in Kiruna, a decision to acquire parts of Duroc Rail – an engineering company with specialist expertise in wheel maintenance for locomotives and rail cars, as well as 100 new rail cars and modernisation of the IORE locomotives used on the Iron Ore Line.

The partnership with Duroc Rail aims to ensure that the company, which has unique expertise in wheel maintenance for locomotives and rail cars, remains and develops in Luleå. The acquisition was completed in early 2024 and also involves LKAB investing up to MSEK 200 in the construction of new industrial premises for the business. With a planned move-in by 2025, Duroc Rail will be one of the first companies to establish itself on the industrial park in Luleå – which will grow into a centre for green transformation.

Focus area

Innovation



Stable and improved productivity in our existing operations, together with ongoing implementation of innovative solutions and new ventures, are enablers of our transformation.

The mining industry works according to long-term plans, known as Life of Mine Plans (LoMP) – a compilation of all the conditions for each mine's lifespan. In parallel, LKAB works according to a basic plan for the existing operations and a transformation plan for the mines and processing of the future. Strategic partnerships with key suppliers and the products and services developed within the Special Products business area are also crucial for delivering competitive products and solutions to our customers.

In the primary operations there is a focus on operational excellence – in other words safe, efficient and stable production. Operational shutdowns and disruptions not only affect the volumes produced and delivered but also our environmental performance, such as energy efficiency, thus also negatively impacting our profitability. Consequently, we work to achieve continual improvements, focusing on production stability and on optimal utilisation of the capacity in our mines, processing plants and in logistics system.

At the same time, we are working intensively to develop and assess new technology and new methods for the mining and processing of the future. These efforts are aimed at our goal of carbon-free processes and products in 2045 and safe, efficient and profitable mining at greater depths.

Exploration provides the foundation

To secure the production of iron ore products after the current main haulage levels are expected to be mined out, intensive exploration work has been conducted in recent years. This work has resulted in increases in both mineral resources and levels of confidence, and in significant resources of rare earth elements in both the Kiruna and Gällivare deposits being presented.

LKAB plans to extract apatite concentrate from a residual product of iron ore mining, which will then be processed into phosphorous mineral fertiliser. In the process critical minerals such as rare earth elements will also be extracted; read more on page 23.

The results of the exploration provide a basis for decisions on future investments in mining at even greater depths, as well as for the development of the critical minerals business. See page 165 for more information on our exploration results, mineral resources and mineral reserves.

Constant improvements for profitable and sustainable mining

Our iron ore is mined both above and below ground. The mining takes place mainly at a depth of more than a kilometre, in the mines in Kiruna and Gällivare, which are the world's two largest underground mines for iron ore mining. In Svappavaara the ore is mined in the Leveäniemi open-pit mine.

The supply of crushed ore to the processing plants is crucial. Safe and efficient mining, processing and transportation of minerals are therefore critical to LKAB's current and future operations. This includes managing rock mechanics risks as well as optimising systems, machinery, facilities and flows. The ability to plan becomes increasingly important with mining at greater depths. The focus of the improvement work is on further developing and establishing standardised work methods for the most critical processes, with the goal of ensuring safe and stable production over time.

Our ability to redirect supplies of crushed ore between production sites allows us to avoid disruptions in the processing operations. Following the extensive seismic event in May 2020 that affected

Priorities

- Constant improvements in the existing operations
- Develop new technology, new working methods and autonomous solutions
- Strategic partnerships with suppliers

crude ore production in Kiruna, production increased in Svappavaara and Gällivare to compensate for the shortfall. This redistribution increased costs, however, such as costs relating to capacity and transportation. To increase productivity, improvement work has been carried out in areas such as remote loading and systematic deviation management. This has had good results.

More efficient processing plants

Extensive improvement work is being carried out to address production disruptions in Kiruna and to offset cost increases due to higher energy prices and inflation. The focus is on work methods, organisation and leadership.

In the future, improvement work will focus on optimising the processes, which includes ensuring reliable operation of plant and machinery, the ability and capacity to handle different types of crushed ore, optimising speed, producing the right products with the right quality within environmental constraints, and balancing risk and cost. The energy issue is becoming more and more important in processing since increasingly high-grade fuel is to be used in the pelletising and reduction processes, which account for the majority of LKAB's emissions.

Logistics – a challenge today and in the future

The railway and the ports are the backbone of our logistics system and are the link between the mine and our customers. Our products are transported along the Iron Ore Line, known as Malmbanan in Sweden and Ofotbanen in Norway, to the ports of Luleå and Narvik. The 500-kilometre long rail line is trafficked by the world's most powerful electric locomotive, the IORE loco. Freight carried on the return trip includes additives for the upgrading process.

The capacity of the Iron Ore Line is one of our biggest challenges, however. Read more about our challenges on page 20 and about our investments for reliable logistics on page 21.

Progressive evaluation of new technology and methods

Our development work has intensified in recent years to enable the transformation to a new world standard. This work is taking place close to the operations and existing work methods. A stated goal is that new technology from our development projects can also be gradually introduced into existing operations and at current mining depths once our evaluation process has resulted in a functioning method.

Nearly four times higher mineral resources can secure the future for several generations

The intensive exploration work carried out in recent years has meant that the mineral resources at our mines in Svappavaara, Gällivare and Kiruna are nearly four times higher than in 2019.

The exploration results provide a basis for decisions on future investments in mining at even greater depths, as well as for the development of the critical minerals business.

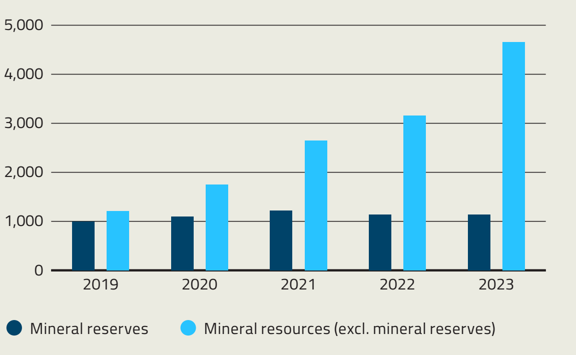
When the results for the new deposit situated north of Kiruna were presented in January 2023, it was Europe's largest known deposit of rare earth elements. It is fundamentally an iron ore deposit that has higher concentrations of both phosphorus and rare earth elements than the ore from the Kiruna mine. Since the deposit has iron ore as its base, this will allow phosphorus and rare earth elements to be extracted profitably. With the knowledge we have today we estimate that the deposit has the potential to extend the life of the mining by 20 to 30 years.

Phosphorus and rare earth elements are found in a mineral called apatite. We are working in parallel to develop a new method of separating apatite from the iron ore. We plan to do this in apatite plants that will be built directly adjacent to our processing plants. The apatite will then be further processed into phosphorus and rare earth elements at a planned industrial park in Luleå. Phosphorus is used to produce mineral fertilisers. Without mineral fertilisers, global food production would decrease by half. Rare earth elements are crucial for the production of mobile phones, electric cars and wind turbines.

Both phosphorus and rare earth elements are included on Europe's list of critical minerals. Europe currently extracts no rare earth elements and has only marginal processing capacity.

This means that our investment in circular extraction of phosphorus and rare earth elements as by-products from the existing iron ore mining in our mines and at our future industrial park in Luleå could form part of the solution for the green transformation and a more independent Europe. If the new deposit in Kiruna becomes a mine, it would mean additional expansion potential while at the same time contributing to Europe's self-sufficiency in the critical minerals needed for our transformation and for the continued competitiveness of European industry.

Mineral reserves and mineral resources



LKAB has the potential to continue mining iron ore for a long time to come. Successful exploration work means that current mineral resources amount to 4.6 billion tonnes of iron ore. To put this in perspective, two billion tonnes have been mined since LKAB was established in 1890.

Increased mining depth brings greater challenges in terms of rock stresses and increased costs. Sub-level caving, the method used in both Kiruna and Gällivare, is a resource-efficient and cost-effective method of large-scale underground mining, and its complexity increases with greater depths. Against the backdrop of the challenges we face, our comprehensive strategy and analysis work has continued during the year with in-depth concept studies of our mining locations, in which both current mining methods and alternative methods have been evaluated. Our approach has been to systematically and step-by-step evaluate and discard alternative mining methods, optimise mining depths and test sustainable solutions in our production systems, all to deliver on our long-term strategy and our strategic goals.

Group companies in collaboration

Our subsidiaries in the Special Products business area provide us with expertise and resources in areas critical to the iron ore operations. The subsidiaries play a significant role in both improvements in the existing operations and development work for the LKAB of the future. During the year a letter of intent was signed regarding the acquisition of parts of an engineering company that has specialist expertise in wheel maintenance for locomotives and rail cars. The acquisition was completed in early 2024. The Special Products business area is also tasked with evaluating and developing new businesses based on existing raw materials flows, such as the extraction of rare earth elements and phosphorus from our waste streams.

Strategic partnerships with suppliers

LKAB sees great advantages in working closely with strategically important suppliers, not least for our development projects. Our shared ambition is to identify innovative products and solutions that contribute to improved sustainability, productivity and cost-effectiveness. One example is the collaboration that is taking place with SSAB and Vattenfall.

During the year an agreement was signed with Sandvik for the delivery of 12 new loaders, all equipped to be operated autonomously through remote control. The agreement involves even closer cooperation, development of expertise and knowledge sharing between LKAB and Sandvik. The investment also enables more stable production 24 hours a day since more machines can be used for remote loading, at night and after blasting.

LKAB takes responsibility for construction of demo plant in Gällivare

The initiative for fossil-free iron and steel production being led by LKAB, SSAB and Vattenfall has entered a new phase. In May 2023 LKAB applied for an environmental permit for the demo plant in Gällivare where the hydrogen-based HYBRIT technology will move from pilot stage to industrial scale. At the same time, commercial testing of the hydrogen storage conducted within the initiative shows that storage can reduce the variable costs of hydrogen production by 25 to 40 percent.

At the end of October 2023 a supplementary application was made to the Swedish Energy Agency for assistance with taking the next step in the process, aimed at sharing the risk of moving from pilot to industrial-scale production.

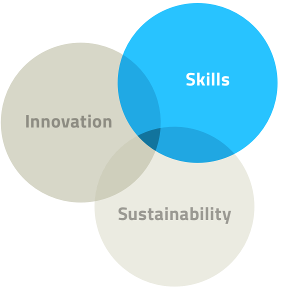
The supplementary application made it clear that LKAB has taken responsibility for constructing the planned demo plant and would thus be the main recipient of the support. Since the original application for support was prepared, the estimated investment cost for the project has increased to over SEK 20 billion, partly due to global price and cost increases. The amount of support applied for was reduced from the previous SEK 4.9 billion to SEK 3.7 billion, however, and in total support of SEK 3.1 billion was granted for the establishment of the first demo plant.

Characteristics of the rock are key

There is nothing more important than safety underground. Various initiatives are therefore under way for an even safer and more productive mine as we move deeper. Mining is a complex operation because every change – new metres of drifts and new production volumes – gives the work a new starting point, in which the mining method and anticipating its impact on the rock are central.

With increased mining depth, rock stresses increase. These can never be eliminated or reduced, but they can be shifted and controlled. Mining must always be based on the characteristics and strength of the rock, as this sets the conditions for production. Increasing the degree to which we control, anticipate and even activate seismic events in specific areas is a complex task. It is also necessary and a priority. It is a safety matter, and requires proactive and preventive work that takes multiple parameters into consideration. To reduce major seismic events we focus on sequencing; that is, how the mine is excavated, in what order and how it is gradually moved downward.

Focus area



Skills

Ensuring that LKAB has access to the skills needed to lead the transformation and develop innovative solutions for future mining is crucial to our success.

LKAB has begun an exciting transformation. We need to deliver here and now, while at the same time developing for the future and for coming generations. The transformation and our development projects are creating new roles and job opportunities, and skills are therefore a key strategic matter for us. To meet the challenges of skills supply a strategy has been developed, with clear focus areas and prioritised activities.

While we are working intensively to attract new talent, it is equally important to harness the full potential of our existing employees and ensure that everyone has opportunity to develop as the transformation takes place. This is a long-term initiative involving efforts in multiple areas, and we are working in partnership with universities as well as other companies and actors in the region.

Priorities

- Develop innovative methods to attract, retain and develop skills that meet our current and future requirements, to ensure a successful business.
- Create an inclusive organisation, with broader diversity, characterised by learning, development, efficiency and innovation.
- Contribute to attractive communities where more people want to live and work.

An attractive employer

Competition for labour in the north of Sweden has increased. To attract the right skills, we continuously work to clarify what characterises LKAB as an employer and what we offer. Our reality is summarised well in the Group's promise: "Our greatest challenge. Your greatest opportunity.". These opportunities will suit employees who are driven by curiosity, who like challenges and who have a strong desire to develop.

Commitment, innovation and responsibility are crucial to realising the strategy. We are therefore striving to broaden the recruitment base and increase diversity by recruiting more women, senior expertise and employees with international backgrounds. At the same time, we need to engage in active business intelligence to understand what will attract talent to the industry and the company.

Since the beginning of 2023 we have conducted campaigns, both in Sweden and abroad, to increase awareness of LKAB and attract new employees. During the year we also participated for the first time in Europe's largest emigration fair, Emigration Expo in the Netherlands. We are also working to establish a more coordinated and proactive recruitment department to support the operations. These targeted efforts have had a good impact. For the first time LKAB made it onto the list of Sweden's 100 most attractive employers for young talent, ranking 59th in Academic Work's annual Young Professional Attraction Index survey.

Expectations of a modern workplace are changing, and flexibility has become an increasingly important factor for people when choosing where they want to work. We work to find new solutions for hybrid ways of working, while ensuring that we offer attractive conditions and benefits. It is important to us that all our employees thrive, feel included and want to develop.

During the year pilot training sessions were held for managers with employees from different countries, in order to develop skills.

The operations in Kiruna also conducted a major diversity mapping and are continuing to work on priorities based on the results. To develop the culture all the operations have standards and rules for their work, as well as working on diversity and the organisational and social work environment. Linked to a safe and healthy work environment, six Golden Rules have been established throughout the Group. Read more about our Golden Rules on page 32 and about our diversity initiatives on page 27.

Strategic skills development

Within LKAB we strive for a culture where learning is seen as a natural part of daily work. We take a systematic approach to skills and career development, whether updating and refining existing skill sets or building up completely new expertise.

As part of this work a new digitalised process has been implemented for employees' development reviews. Career paths form a natural part of the development review process for white-collar workers. For other employees, a project is in progress to produce a new pay model strongly linked to skills and development.

Working with academic institutions

To ensure that future engineers have the right skills, we work closely with selected universities and colleges. In a collaboration with Luleå University of Technology (LTU) and others, LKAB has worked with industry partners to develop an international BSc in Sustainable Minerals Extraction that is scheduled to start in autumn 2024.

The first two-year programme for health and safety technicians, which is an industry initiative with LTU and others, concluded in the spring. New "Mechanic to Technician" modules (30 credits) were also carried out.

Through the LKAB Academy foundation we help to support preschools, elementary schools and upper secondary schools in the Swedish orefields and in Narvik, with the aim of increasing interest in science, technology and mathematics among children and young people.

LKAB works actively to develop the upper secondary schools in Kiruna and Gällivare, including efforts to create more opportunities for apprenticeship programmes. The upper secondary schools in these locations now have the same structure and offer searchable places oriented towards LKAB on several programmes. To spark young people's interest in technology at an early age LKAB and other industry partners once again jointly organised a technology fair for children and young people during the autumn school break, with a focus on new technology and innovation.

Coaching leadership

We have embarked on a journey of change, and to succeed we need to engage all employees and harness their skills and innovative power. This is a strategic issue for us, and leadership is a key enabler. In 2023 the Iron Ore business area invested in leadership development, with all managers and production leaders able to complete training in coaching leadership together. Through this training participants gained concrete tools for developing guiding leadership and a work climate characterised by inclusion, supporting each other in structured network groups. The ambition is for leadership to further motivate our employees and thereby become a driving force in the development of our business.

Attractive operating locations

Our initiatives depend on more people being prepared to move to the Norrbotten region and to stay living here. Attractive and well-functioning communities are therefore key to securing the supply of skills and expertise. The development in the region is not only creating jobs within the industry; people will also be needed to work in other areas, such as teachers and care workers. Here we are working in partnership with municipalities and other actors to achieve well-functioning infrastructure and social services, including good housing, schools and services, and to offer a wealth of cultural activities.

LKAB has built housing in the Swedish orefields that is specifically aimed at recruitment, and the construction of new homes continues. Summer jobs and internships are a significant platform for recruitment, and our ambition is to offer students temporary accommodation while they work for us.

Attractive culture

LKAB's culture is key to ensuring a business that drives improvement, development, efficiency and innovation. Empowering employees and developing leadership involves creating a common culture characterised by team spirit and respect, in which our employees develop both themselves and the business. Everything we do is based on our values: committed, innovative and responsible.

Employee survey 2023

At the end of 2023 LKAB conducted a Group-wide employee survey with questions within the following areas: my own workplace, myself as an employee, leadership, and LKAB as an employer. The results indicated improvement in most areas compared with the previous survey.

The survey produced an employee satisfaction index of 3.39 on a scale in which 4 is the highest value. 85 percent of those who responded to the survey are generally satisfied and 83 percent stated that they are proud to work at LKAB. The survey indicated very widespread agreement among employees that their managers provide them with the conditions to take responsibility for their work. Positive development was noted in the area of community and collaboration: 91 percent agreed that they support and help each other in the workplace. The survey shows that further initiatives are needed in skills development for employees. The response rate for the Group was 70 percent.

Diversity and equal opportunity

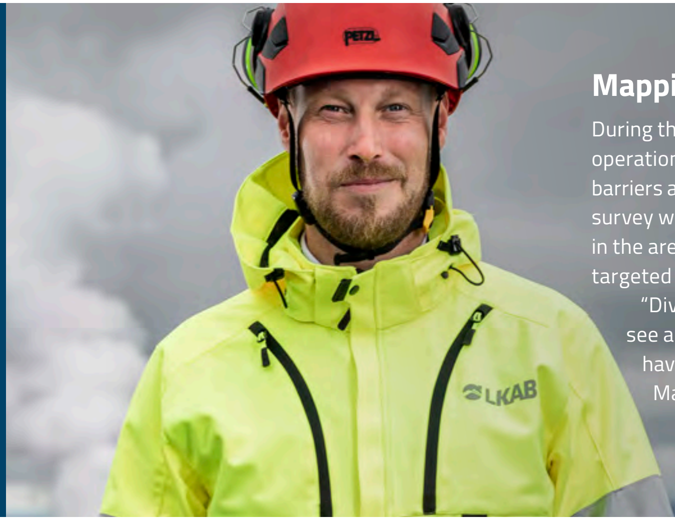
To ensure that we are innovative and can access the skills we need, it is crucial that LKAB's workplaces are characterised by diversity and inclusion. We work continually to reinforce our values-driven culture and we take a zero tolerance approach to any kind of discrimination.

The diversity perspective is integrated into every new recruitment, with the goal of recruiting more women, employees with an international background and senior expertise. For example, LKAB partners with Female Tech Engineer – a programme that links up female engineering students with Swedish industry – with the aim of reaching more female engineers and attracting them to tech-heavy positions within LKAB.

During the year LKAB signed a letter of intent regarding gender equality in industry that was developed on the initiative of the County Administrative Boards in Norrbotten and Västerbotten. In signing, we commit – among other things – to conducting management-led and conscious gender equality work while actively working to influence structures that limit development for both women and men. During the year targeted training has also been conducted for managers who have employees with international backgrounds on their teams. Within our leadership programmes we strive for both diversity and gender balance.

The percentage of women in the workforce and the percentage of women managers both increased during the year, to 27 (26) percent and 29 (28) percent respectively. During the year the percentage of foreign-born permanent employees also continued to increase, the aim being to reflect the composition of the local communities at our operating locations in northern Sweden; read more on page 149. We have expanded our ambitions for 2030 to include a goal of 60/40 gender balance in management teams, with an interim goal that women make up 30 percent of our workforce and managers by 2026.

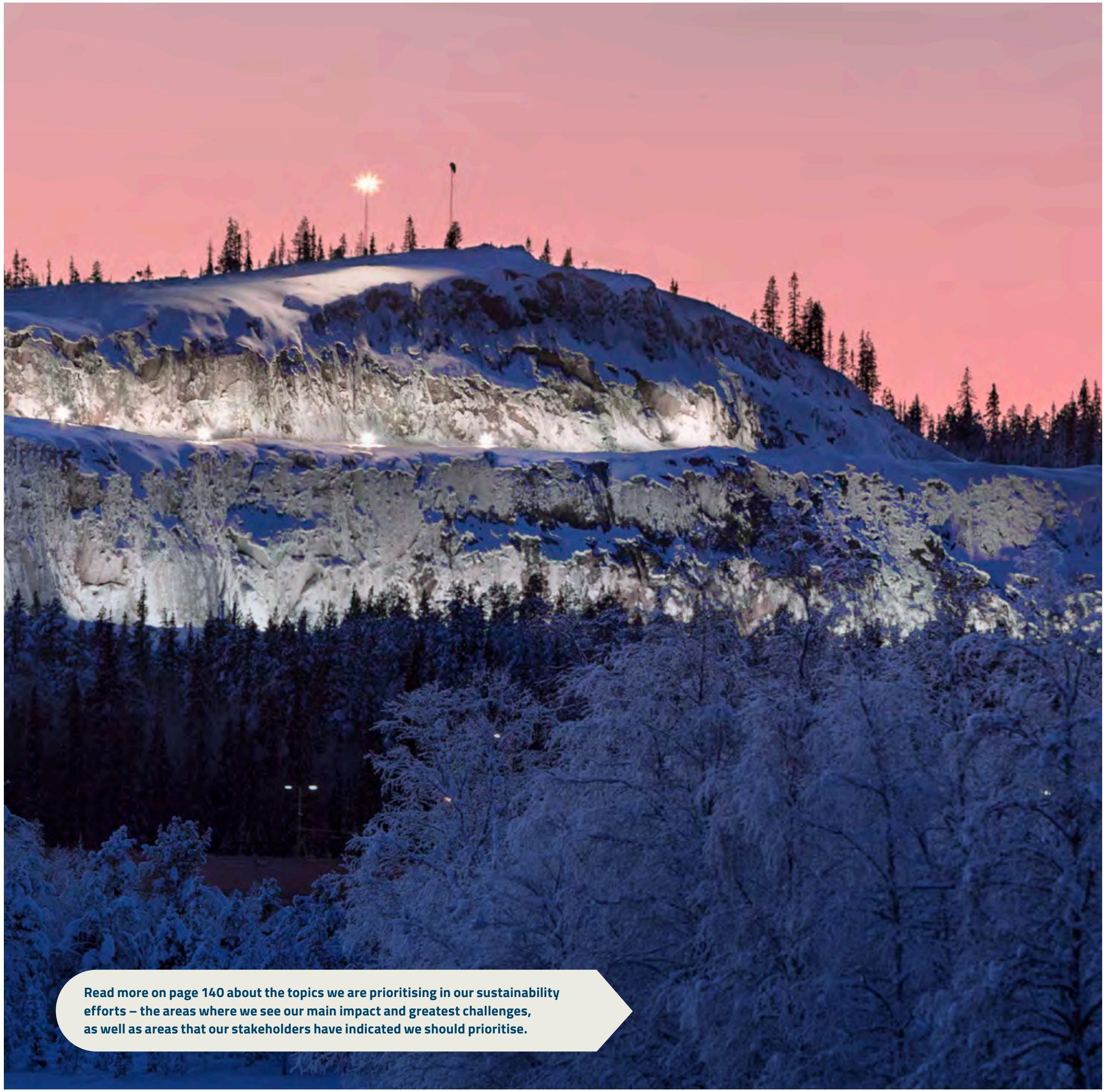
Ready for your next adventure? You'll find the jobs of the future here.



Mapping diversity and discrimination

During the year a pilot survey linked to equality data within the Iron Ore operations in Kiruna was conducted to identify and highlight structural barriers and discrimination related to the grounds of discrimination. The survey was conducted in the form of a questionnaire, with all employees in the area welcome to take part, and the results will form a basis for targeted efforts in this area.

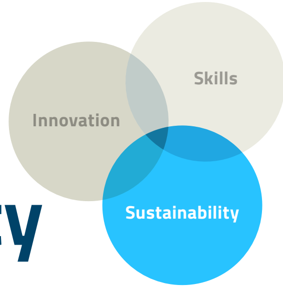
"Diversity and inclusion are important issues, and something that I see as business-critical for our operations to actively work on. We now have clear focus areas that we can work on more proactively," says Magnus Backe, Area Manager for the Iron Ore operations in Kiruna.



Read more on page 140 about the topics we are prioritising in our sustainability efforts – the areas where we see our main impact and greatest challenges, as well as areas that our stakeholders have indicated we should prioritise.

Focus area

Sustainability



As a mining company LKAB has a significant impact on the world around us, and our operations are to be conducted in an exemplary and responsible manner: minimising our impact on people, climate and the environment.

We have committed to leading the transformation of our industry, thereby moving from being part of the problem to becoming part of the solution. This is the single most important contribution we at LKAB can make for the climate and therefore for our world. During the year a significant step was taken when we submitted an application for an environmental permit for the operations in Gällivare where, among other things, we plan to build a first plant for fossil-free direct reduction of iron ore.

Transforming our operations fundamentally is a long-term endeavour that requires significant investments and is fraught with challenges. Our work today is crucial to our success in the future. It is also essential to have cooperation with and acceptance from society, partly because the development of our operations is dependent on obtaining the necessary permits.

For LKAB to be trusted and accepted, we must act responsibly and sustainably: constantly striving to improve our sustainability performance and to minimise our negative impacts throughout the value chain – from our local operating locations out into global supply chains, and cooperating closely with our customers.

Priorities

- Continued initiatives and actions to improve climate efficiency
- Develop methodology for achieving biodiversity net gain
- Develop circular business models

Climate-efficient, sustainable transformation

LKAB aims to be one of the most resource-efficient and environmentally sustainable mining and minerals companies in the world. Our business has impacts on both people and the environment. We therefore work on a broad front to minimise our impact, both in our immediate surroundings as well as regionally and globally.

LKAB's mining and processing are already among the most climate-efficient in the world, but despite this we still cause significant carbon emissions. In parallel with our long-term transformation to carbon-free processes and products, therefore, we are working to gradually reduce emissions in our existing operations. We also strive to ensure that the operations are not run at the expense of biodiversity in the regions where we operate.

In our sustainability efforts we maintain a close dialogue with our stakeholders and work in partnership with them. All our employees are to be involved, and must complete mandatory training on environmental and energy topics. The training looks at LKAB's environmental and energy approach, covering environmental aspects over the life cycle of the mine as well as chemicals, waste and dam safety.

Action to improve climate efficiency

We strive for resource-efficient energy use without emissions that impact our surroundings. LKAB's goal is to reduce energy consumption by 10 percent per tonne of finished product by 2030 while at the same time decreasing carbon emissions from our own operations by 25 percent. During the year energy consumption decreased to 165 (176) kWh per tonne of finished product, mainly as a result of more stable production.

To decrease carbon emissions, among other things we are working in stages to phase out fossil fuels as an energy source and replace these with electricity from fossil-free sources. In one of the pelletising plants in Gällivare tall oil pitch is used instead of fuel oil, thereby enabling LKAB to avoid emissions amounting to 50 kt of fossil carbon dioxide during the year. To reduce emissions intensity further in the current production system, it is necessary to replace coal in the upgrading process with other alternatives.

Efforts for increased biodiversity

Our operations utilise land, sometimes in natural areas that are particularly worthy of protection, and the need for land will increase to enable our transformation and development to take place. Biodiversity has therefore long been a priority for LKAB.

We have set a goal that by 2030 we will make a positive contribution to biodiversity in the regions where we operate – in other words, that we will achieve a biodiversity net gain. By 2026 we will be able to quantify our impact and our contribution – work that will be facilitated by CLIMB, the cross-industry tool developed by several major players in Swedish enterprise with the support of Swedish Mining Innovation; read more on page 30.

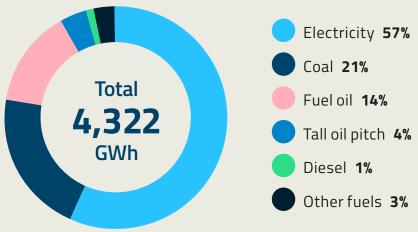
"Visions for ecological landscape design" is a way to visualise how our mining areas are to look when operations cease and is an important tool for achieving LKAB's biodiversity goal. Kiruna's vision was presented in 2020 and is actively used in projects and in the creation of new natural environments. During 2023 work was in progress to develop visions for the operations in Gällivare and Svappavaara. Dialogue with residents in the area, interest groups and other stakeholders provides valuable input to this work.

Various methods to conserve and create added ecological value are being tested in and around our operations. In cooperation with affected Sami communities, in 2022 we entered into a research project to investigate how LKAB's emissions to air impact vegetation and ecosystems in the Svappavaara area and thus reindeer husbandry. This work is expected to continue during 2024 and possibly beyond.

In Svappavaara and around the open-pit mine in Aitik in Gällivare we are working with Boliden and the Swedish University of Agricultural Sciences (Sveriges Lantbruksuniversitet, SLU) to investigate the effects of dust from the mining industry on biodiversity and ecosystem services. An action plan has been developed which includes fixed irrigation facilities for the area as well as sowing in order to green areas and thereby reduce dust.

Energy use

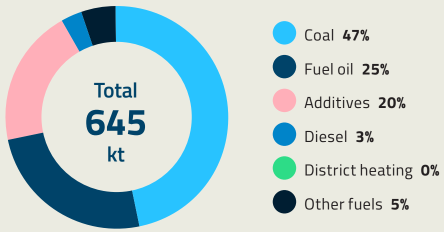
Percent



Energy use in kWh per tonne of finished product (energy intensity) decreased during the year to 165 (176), mainly as a result of more stable production.

Carbon emissions

Percent



Carbon emissions for the year amounted to 645 (661) kt. The use of biofuels has reduced carbon emissions over time and continued analysis work is taking place regarding various choices of technology to enable further reductions.

Carbon emissions broken down into Scope 1 and 2[1)]

(Kt)	Scope 1	Scope 2	Total
Iron Ore business area	620.6	0.7	621.3
Special Products business area	16.6	7.4	24.0
Total	**637.2**	**8.1**	**645.4**

1) LKAB does not currently disclose Scope 3 emissions but is reviewing how we will report within the framework of the new Corporate Sustainability Reporting Directive (CSRD).

Developing circular business models

For better utilisation of our shared resources we are developing circular business models in which resources are converted, reused and recycled. We have long used waste rock from the mines to produce ballast for the construction industry, for example, while waste heat from our plants is used for district heating. Work to enable circular and resource-efficient production as well as a circular and resource-efficient value chain is taking place in partnership with our customers and suppliers. Read more on page 147.

Large amounts of water are used in the mining and processing, and the surplus can affect ecosystems in nearby lakes and watercourses where it is discharged. Water management and treatment are therefore focus areas. Such management is to optimise the utilisation of water resources and ensure that after it has been used the water is of sufficient quality that it can be returned to the natural cycle. In Svappavaara, what is known as controlled overflow has been implemented. This means that the amount of water discharged is adjusted to the natural flows in the receiving watercourse. The permit application submitted for Gällivare during the year also includes controlled overflow as a measure to improve the stability of the water flow around the tailings pond. We are developing innovative treatment methods both within our own organisation and in collaboration with researchers.

The challenge of permitting processes

LKAB is dependent on permits in order to maintain production and make the necessary investments. Efficient and clear permitting processes are also essential to enable our transformation and other actions to reduce our climate impact.

Permitting projects are becoming increasingly complex and time-consuming, however, while the legal challenges are increasing. We are therefore making active efforts to streamline both internal and external processes in this area. During the year, for example, we centralised our resources linked to the projects and developed a management model for our applications.

Permitting processes are a challenge right across the Swedish mining industry and we are working with industry organisation Svemin to highlight this issue. We are calling for the processes to be streamlined and predictable, for example through clearer guidance regarding deadlines, the documentation required and the boundaries of the assessments. Together we are also calling for a more holistic approach that takes into account socioeconomic interests alongside environmental and climate impacts in a broader perspective.

In the slightly longer term, we see a need for a more comprehensive review of how permitting processes should be conducted – not least in the light of upcoming EU legislation. The EU's new Critical Raw Materials Act comes into force in 2024 and requires faster processes for what are classed as Strategic Projects. LKAB believes that the simplifications that will then be implemented should be applied generally to streamline the current permitting processes.

CLIMB – an award-winning tool for measuring biodiversity

This year saw the launch of CLIMB, a cross-industry model for measuring and evalatuing biodiversity that LKAB helped to develop. The tool was awarded the Sustainability Achievement of the Year 2023 by Sweden's Network for Sustainable Business (Nätverket för Hållbart Näringsliv). The jury particularly emphasised that CLIMB has been made freely available to everyone, contributing to informed decisions. It was developed through collaboration between LKAB, industry organisation Svemin, consulting firm Ecogain and others, with support from Swedish Mining Innovation.

Permit events

LKAB's operations and their impact on their surroundings, are regulated by Swedish and European legislation and by the permits in force for each part of the operations. In 2023 the following major permit events took place.

- LKAB began work on a new permit application for continued and expanded operations in Kiruna. During the year the consultation procedure was started with authorities, organisations and individuals, as well as with the general public affected. LKAB's application for capacity-enhancing measures at the tailings pond in Kiruna was announced, and LKAB intends to respond to comments received from authorities in early 2024. LKAB also submitted a permit application to the environmental review delegation regarding a test facility for hydrogen production in Kiruna.
- LKAB submitted an application to the Land and Environment Court for continued and expanded operations in Gällivare. In addition to the regular mining and processing operations, the application includes a demo plant for direct reduction of iron ore with hydrogen as well as an apatite plant for extracting apatite from residual material. Both are important steps in our transformation towards sustainability and improved resource management. In the latter part of 2023 LKAB supplemented the application based on feedback received from authorities, a process that will continue during the first half of 2024.
- LKAB worked on producing an application for establishing a circular industrial park in Luleå where, among other things, phosphorus, rare earth elements, mineral fertiliser and gypsum will be produced from the apatite that is to be extracted in Gällivare and Kiruna. Consultations took place with authorities, organisations and individuals, as well as with the general public affected.
- LKAB began work on a permit application for test mining of hematite at Gruvberget in Svappavaara. The consultation process with authorities and Kiruna Municipality was begun, and will continue in the first half of 2024.

In addition to these major matters, continuation of LKAB's operations is dependent on obtaining permission for minor changes such as changes relating to rock piles and the use of crushed ore.

Nature conservation efforts for increased biodiversity

In the Kuosajänkkä area just outside Svappavaara a long-term initiative is under way to enhance biodiversity and compensate for the impact of mining activities. Efforts include placement of dead wood, mire haymaking and controlled burning for nature conservation. Around 800 logs have been placed out that, during their decomposition, will become homes for a variety of fungi, mosses, lichens and insects. Although the wood has been there barely 10 years, it has already been colonised – including by several different bracket fungi that are rare in today's forest landscape. There are also large wetland areas where mire haymaking was carried out until the mid-20th century. This cultural tradition has been revived and new haymaking sheds have been built. Haymaking prevents plants such as wetland sedge from outcompeting other species, instead allowing orchids and rarer mosses space to grow. LKAB has signed a 50-year agreement with the landowner, with regular inventories being taken to monitor development of the natural environments during this time.

How we take responsibility

Good business ethics and far-reaching responsibility for the impact of the operations on people form the starting point for LKAB's corporate social responsibility approach. Our competitiveness is enhanced by clear procedures for sustainability in the value chain, including respect for human rights. We focus on our own employees but also on our suppliers' operations in high-risk countries (as defined by the EU and ETI Sweden) and on indigenous peoples in the areas where we operate.

Acting in consensus with and with respect for local stakeholders and livelihoods is central for acceptance of our operations. Our efforts are based on proactive and inclusive dialogue with our stakeholders.

We want to play an active part in developing attractive communities that people want to move to and where they want to remain. Here we work in partnership with local and national actors to make our operating locations more attractive. In relation to our employees we focus on offering good working conditions, opportunities to develop and putting safety first, and on ensuring a healthy, values-driven culture that promotes diversity and inclusion.

Respect for human rights

LKAB is to set an example and ensure that our employees and business partners respect human rights throughout the value chain. Our efforts are based on the Global Compact's Ten Principles for sustainable enterprise covering human rights, labour, the environment and anti-corruption. There is a focus on social impact, working conditions and safety, indigenous peoples, diversity and non-discrimination, and on operations in countries classed as being high-risk. We have a responsibility to identify and manage our impact on human rights and the environment.

Priorities

- Continued focus on a strong safety culture
- Proactive and inclusive stakeholder dialogue about our development and transformation

As a global purchaser we have an impact on the world around us. Our approach to sustainable purchasing practices is based on a risk perspective in which we classify our suppliers based on factors such as geographic risk and industry/product risk. Suppliers' work on human rights, health and safety, the environment and anti-corruption is given specific priority. LKAB's subsidiary LKAB Minerals buys and sells tungsten and tantalum, which are considered conflict minerals. For purchases of these products we have developed supplier evaluation processes to ensure as far as possible that our suppliers' extraction of minerals does not take place in conflict areas or involve serious violations of human rights. In connection with Russia's war of aggression against Ukraine, LKAB halted both deliveries to Russia and purchases of products and services from the country. Read more about human rights on pages 151 and 155.

Dialogue is central to cooperation

Acting in consensus with and with respect for local stakeholders and livelihoods is key for acceptance of LKAB's operations. In this the Sami people and Sami communities have a special position because of their status as indigenous peoples. To minimise our impact on the Sami communities and reindeer herding, LKAB has established cooperation agreements with Sami communities that have reindeer grazing pastures adjacent to the operations. The agreements provide a basis for the forums and ways of working required for sharing information, making decisions and ongoing consultation. They are based on the principle of Free Prior and Informed Consent (FPIC) as expressed in international law on the rights of indigenous peoples.

Focus on a safe and healthy work environment

Safe and healthy work environments are crucial for a sustainable LKAB, and we work continuously to improve the physical work environment as well as the organisational and social work environment. We conduct long-term, Group-wide efforts to develop a culture characterised by participation, where everyone takes responsibility for their own safety and wellbeing as well as that of others.

Since 2006 the accident rate has decreased significantly. Although the long-term trend is heading in the right direction, however, it has shown signs of levelling off. Moreover, during the autumn the worst thing that can happen occurred when a young employee at one of our subcontractors lost their life during a work shift. We take this incident extremely seriously; it highlights the importance of continuing our safety work focusing on serious risks together with our suppliers.

Throughout the year we have conducted Group-wide work on the safety culture, with the aim of increasing awareness and engagement among our managers, employees and suppliers. The focus has been on communicating and anchoring the "Safety first!"

Safety first

LKAB's approach to the work environment sets clear frameworks for how we are to work on safety, ensure that guidelines are complied with and achieve our goals. The updated version from 2022 clearly sets out the behaviours that promote a safe and healthy work environment in our Golden Rules.

The Golden Rules

- Recognise and praise good behaviour
- Lead by example
- Let's talk
- Always challenge acts that could cause harm
- Stop and think – what could go wrong?
- Never bypass a system designed to prevent harm

Code of Conduct guides us

To ensure ethical behaviour throughout the value chain we have an internal Code of Conduct for our employees and an external Supplier Code of Conduct. Knowing how our Code of Conduct is to be applied in day-to-day work is key, and new digital training in the Code of Conduct for our employees was launched at the beginning of 2023.

The Codes of Conduct are based on recognised declarations and conventions such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, UNICEF's Children's Rights and Business Principles, and the Code to Prevent Corruption in Business (the Business Code). We also joined the UN Global Compact in 2019 and Transparency International in 2020.

guidelines and on implementing our six Golden Rules for behaviour throughout the organisation. This work will continue in 2024, with both Group-wide projects and targeted activities within our business areas.

The accident rate in 2023 decreased to 6.3 (6.5) lost-time accidents per million hours worked, for the Group including our suppliers. Accidents relate mainly to slipping/tripping and falls on the same level, with sprains and strains the most common consequences. We continue to take preventive measures to reduce the number of accidents, focusing on serious incidents.

The ongoing transformation of our operations brings major challenges as well as opportunities. Within the development work to achieve a new world standard for mining there is a further focus on safety. Greater automation and digitalisation are changing how we work and communicate, making possible many activities to promote greater safety.

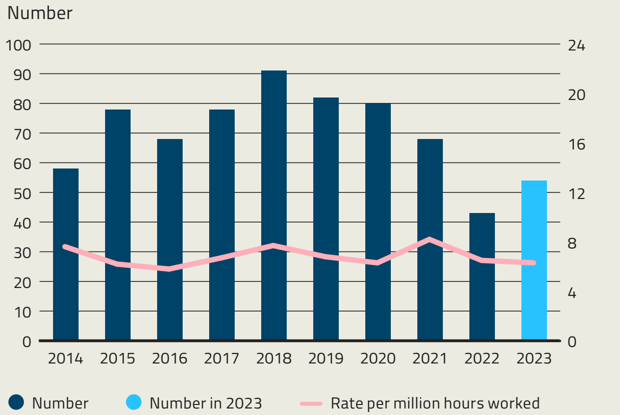
Getting suppliers involved

The workplace accident that resulted in a fatality at one of our subcontractors shows that we need to continue working together with our suppliers to create a safe work environment. Accidents and serious incidents among our suppliers are included in the Group-wide monitoring, since the guidelines for our safety work encompass everyone who works for us. Our strategy is to establish long-term relationships with the most competitive suppliers who are role models for sustainable business practices, and to involve them in our safety work. The majority of our new or renegotiated contracts allow only two subcontractor levels, thereby facilitating good dialogue. Safety is also a focus area during our supplier audits.

A holistic view of the work environment

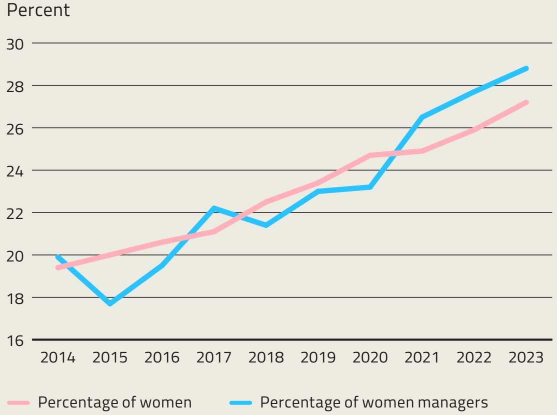
The organisational and social work environment is as important as the physical one when it comes to promoting our employees' health and wellbeing. Our perspective on the work environment therefore includes the following areas: safety, health, inclusion and wellbeing. Our internal goals for these areas are combined into a Group-wide work environment index, and there was improvement in all areas during the year. By monitoring progress every quarter we create better conditions for preventive work environment efforts. Leadership and collaboration form an important starting point for the work environment, and our managers have a key role in maintaining the safety culture. All managers are trained in the organisational and social work environment, which includes learning how to communicate effectively in their teams. Actively working to create an environment where everyone feels involved and has control over their work situation is also central. Within the Iron Ore business area, all managers completed training in coaching leadership during the year; read more on page 26.

Lost time accidents, LKAB Group



The number of lost-time accidents and serious incidents decreased during the year, but this development was overshadowed by the fatal accident in Kiruna. Group-wide initiatives in respect of the safety culture, aimed at increasing awareness among managers, employees and suppliers, continue to take place to avoid serious incidents and accidents and to ensure safe and healthy workplaces.

Percentage of women at LKAB



Women make up an increasing percentage of LKAB's employees. At the end of the year the number of permanent employees was 5,188 (4,952), of whom 27 (26) percent are women and 73 (74) percent men. The goal for 2030 is 60/40 gender balance in management teams, and we have an interim goal that women will make up 30 percent of our workforce and managers by 2026.

Employees in 2023

The average number of employees in 2023 was 4,640 and the number of permanent employees was 5,188 at year-end.

- 2,096 were white-collar employees
- 3,092 were collectively employed

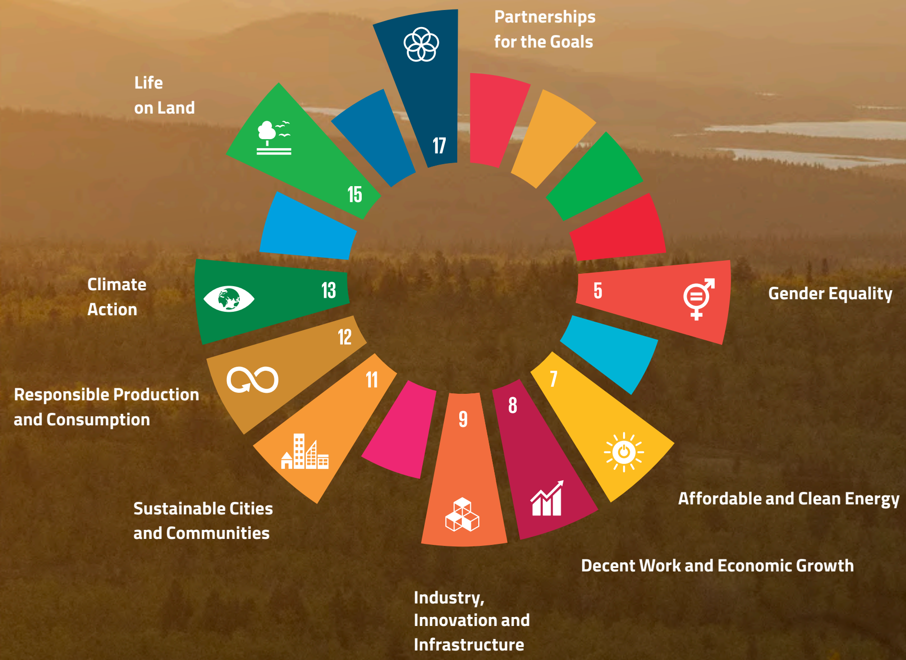
For more information on the number of employees and on remuneration, see Note 6 on pages 76–78.

Sick leave

Sick leave amounted to 4.0 (4.8) percent, with long-term sick leave accounting for only 0.7 (0.7) percent.

Our contribution to Agenda 2030

The UN Sustainable Development Goals make up the world's shared Agenda 2030. The goals are integrated and cover three dimensions of sustainable development: economic, social and environmental. As a supplier to global industries but also as a business partner, buyer, part of the community and significant employer, LKAB has both an opportunity and a duty to influence all these dimensions – both locally and globally.



Gender Equality

To be an attractive employer and retain skills we must offer a secure and inclusive workplace. We have therefore formulated goals for safe and healthy workplaces, and for increasing the percentage of women and of women managers in our operations. We are striving to broaden our recruitment base and increase diversity by recruiting more women, senior expertise and employees with international backgrounds.

▶ *Read more on page 27.*

Affordable and Clean Energy

LKAB's magnetite ore involves lower energy consumption than our competitors' hematite ore. In the transformation to the production of sponge iron the processes are based on renewable energy, for a fossil-free value chain for steel production. We are also working to phase out fossil fuels in our existing plants, for example by switching to biofuels. Using the surplus heat from pellet production for district heating in Kiruna has enabled the city's need for fossil fuels for heating to be reduced.

▶ *Read more on pages 22 and 28.*

Decent Work and Economic Growth

Safety has the highest priority and we work to develop a culture characterised by participation, in which employees take responsibility for the safety of themselves as well as others. As a global actor we encounter risks related to human rights, forced and indebted labour, health, safety and working conditions. We endeavour to be a role model for ethical behaviour, anti-corruption, respect for human rights and non-discrimination, and we also set high standards for our suppliers in this area.

▶ *Read more on page 31.*

Industry, Innovation and Infrastructure

Mining operations create employment and are a strong driver of economic growth and development. Our development projects provide examples of how we collaborate in order to seize opportunities that promote the development of a sustainable industry.

▶ *Read more on page 22.*

Sustainable Cities and Communities

Efforts to enhance our local communities and to develop the region into an innovation hub for the global mining and minerals industry enhance our competitiveness. "Development before phase-out" is a basic principle of our work on the urban transformations. To minimise the mining's negative impacts on the Sami communities and reindeer herding, LKAB has established various forms of cooperation with the three Sami communities that are directly affected.

▶ *Read more on pages 151 and 152.*

Responsible Production and Consumption

Through our suppliers, opportunities are created to influence development in the value chain. We encourage cooperation with suppliers on various sustainability initiatives, including a focus on developing the work environment and safety culture, reducing risks, reducing the climate footprint and increased circularity. Within the Special Products business area we run development projects for extracting critical minerals from mine waste, and endeavour to reduce waste volumes and to largely reuse the material extracted.

▶ *Read more on page 28.*

Climate Action

LKAB will deliver the carbon-free iron that is needed to build the cars, wind turbines and electric motors that will enable a global transformation to a carbon-free future. The ambition is a fossil-free value chain for steel production, with hydrogen used in the process instead of coal.

▶ *Read more on page 17.*

Life on Land

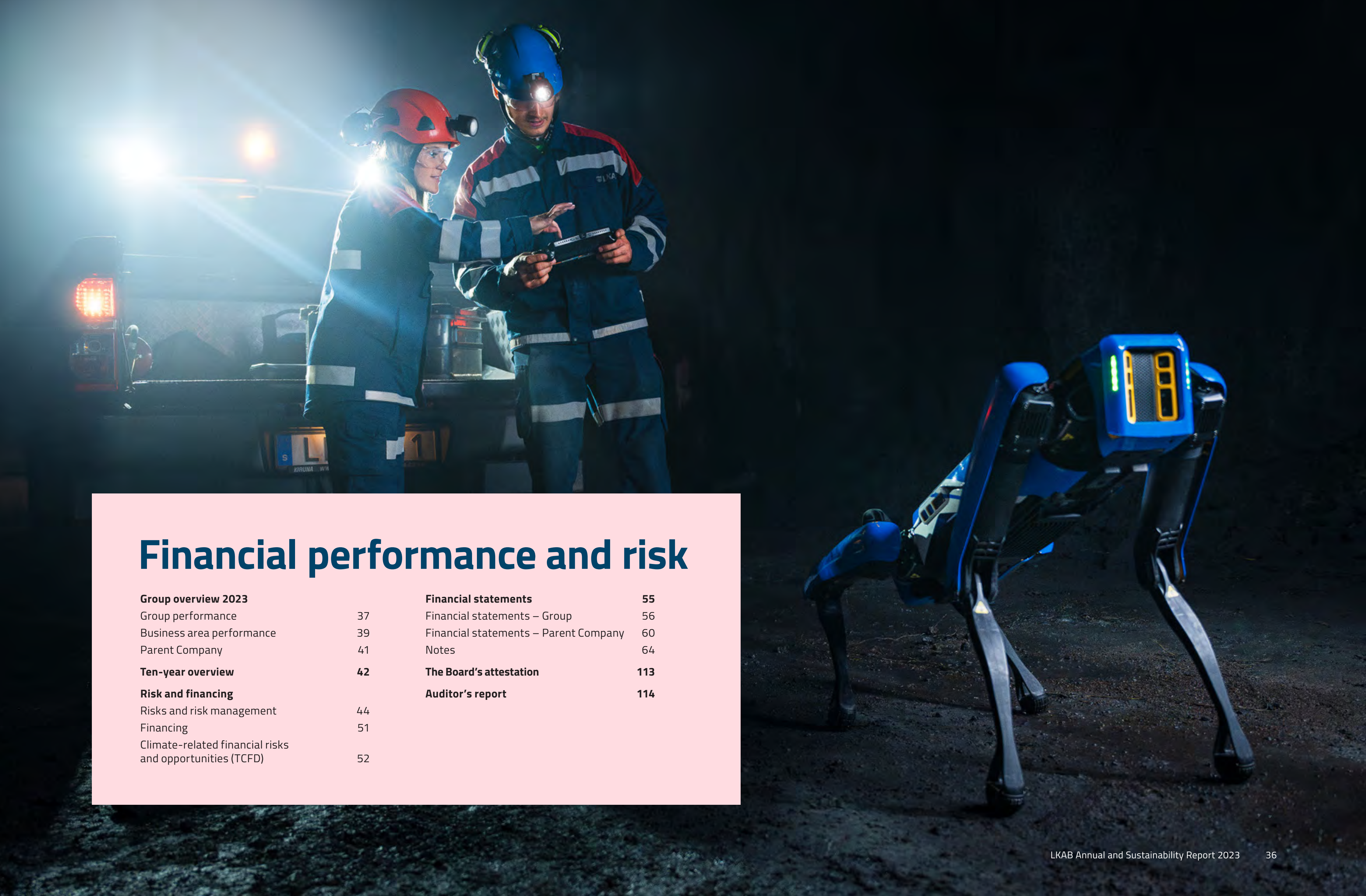
Our operations utilise land, some of which is in areas specially designated for protection. Biodiversity has long been a priority and in recent years we have raised our ambition to create added ecological value and in the longer term make a positive contribution to biodiversity.

▶ *Read more on page 145.*

Partnerships for the Goals

Working in partnership with external competencies nationally and internationally creates synergies within sustainable development while also enhancing our own competitiveness. Among other things, we collaborate with other companies in our development projects as well as with Svemin on the road map for biodiversity net gain. We are also part of the UN's Leadership Group for Industry Transition and a member of the UN Global Compact, Transparency International, CSR Sweden and other organisations.

▶ *Read more on page 134.*



Financial performance and risk

Group overview

Group

For management and follow-up, the operations are split into two business areas: the Iron Ore business area and the Special Products business area. Group-wide functions are monitored under Other Segments, which includes departments such as HR, communications, accounts, and strategic research and development. The Group's earnings and the breakdown of earnings between operating segments are described below as well as in Note 2 and Note 3 on pages 72–75.

Financial overview

The Group in summary
MSEK

	2023	2022
Net sales	42,923	46,543
Operating profit/loss	16,230	20,799
Net financial income/expense	2,928	-2,119
Profit/loss before tax	19,158	18,680
Profit/loss for the year	**15,220**	**15,080**

Analysis of change in operating profit
MSEK

Operating profit 2022	**20,799**
Iron ore prices incl. hedging	-4,535
Currency effect, iron ore incl. hedging of accounts receivable	1,601
Volume and mix, iron ore	-93
Volume, price and currency, industrial minerals	118
Costs for urban transformation provisions	145
Depreciation	165
Other income and expenses	-1,970
Operating profit 2023	**16,230**

Sales for the full year amounted to MSEK 42,923 (46,543). Lower pellet premiums and lower delivery volumes were partially offset by a weaker Swedish krona. The average global spot price[1] for iron ore products for full-year 2023 was unchanged from 2022 at USD 120 (120) per tonne. Premiums for highly upgraded products were nearly USD 30 per tonne lower than in the previous year.

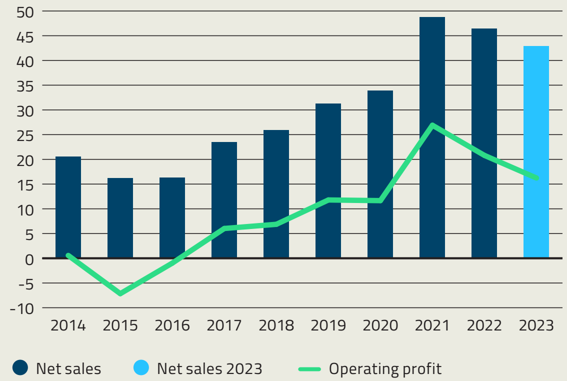
Operating profit for the full year was also negatively impacted by higher costs as a result of lengthy scheduled maintenance shut-downs, measures to secure production capacity and higher costs for inputs. An increased rate of exploration also impacted costs for the period. Operating profit for the year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

Net financial income/expense for 2023 was MSEK 2,928 (-2,119). The good return is due to rising stock markets and falling interest rates.

1) Platts IODEX 62% Fe CFR North China.

Net sales and operating profit

(MSEK)



38 %
Operating margin

20 %
Return on equity

MSEK 16,230
Operating profit/loss

MSEK 10,702
Operating cash flow

Financial position

Net financial indebtedness

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

Net debt/equity ratio

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

Financing during the year

At year-end the net debt/equity ratio was -23.8 (-17.1) percent, mainly thanks to strong cash flow from operations.

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

Operating cash flow and investments

Operating cash flow

MSEK	2023	2022
Cash flow from operating activities before expenditure on urban transformation and changes in working capital	17,559	20,831
Expenditure on urban transformation	-1,829	-2,216
Cash flow from operating activities before changes in working capital	15,730	18,615
Change in working capital	168	-2,708
Capital expenditures (net)	-5,171	-4,904
Acquisition of subsidiaries	-3	-373
Acquisition/divestment of financial assets	-20	-474
Operating cash flow	**10,704**	**10,156**

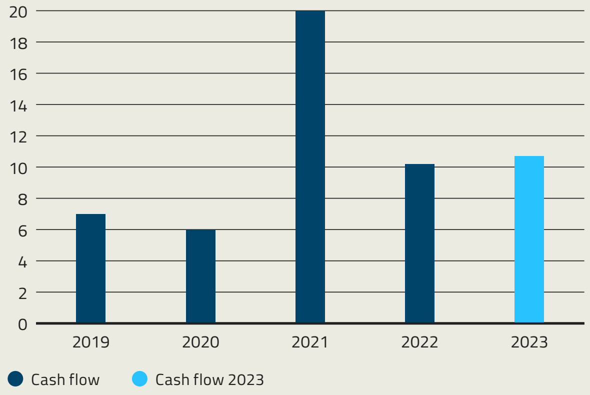
Operating cash flow for the year amounted to MSEK 10,704 (10,156), mainly impacted by lower operating profit and decreased capital tied up in accounts receivable when compared year on year.

Capital expenditure, total and by business area

MSEK	2023	2022
Group	**5,442**	**4,944**
Iron Ore business area	5,036	4,687
Special Products business area	208	165
Other Segments	198	92

Capital expenditure for the year amounted to MSEK 5,443 (4,944), the majority of which relates to investments to secure future production capacity. The year's capital expenditure on environmental protection and dam facilities amounted to around MSEK 850 (1,000). Capital expenditure for own properties in connection with the urban transformation amounted to MSEK 895 (652).

Operating cash flow
(MSEK)



Outlook for 2024

At the start of 2024 prices for highly upgraded iron ore products remained at a high level. Demand for LKAB's highly upgraded iron ore products remains good, but there is considerable uncertainty concerning global economic development and its impact on the iron ore industry.

LKAB is continuing preparations for its transformational journey towards becoming a future supplier of sponge iron, with the aim of being able to provide our customers with the raw materials for fossil-free steel. This transformation continues to entail various challenges in respect of permitting issues, energy supply, the capacity of the Iron Ore Line and prevailing external conditions.

The urban transformation work is in an intensive phase, with the result that expenditure remains high.

The major derailment on the Iron Ore Line in mid-December 2023 had a negative impact on delivery volumes in the first quarter of 2024. The line was not taken back into operation until mid-February, but the railway had only been operating again for a few days when a new derailment put a stop to deliveries to Narvik for an additional eleven days. Together with the shortage of capacity on the railway going forward, the large stockpiles that have built up is now having major consequences for future production. Both internal efforts and discussions with the Swedish Transport Administration are in progress regarding how the impact can be mitigated and how delivery capacity can be increased.

Iron Ore business area

The Iron Ore business area mines and processes iron ore products in Kiruna, Svappavaara and Gällivare. The business area produces blast furnace pellets and pellets for steelmaking via direct reduction (DR pellets), as well as fines. The upgraded iron ore products are transported via the Iron Ore Line to the ports of Narvik and Luleå for shipment to steelworks customers around the world.

Market developments in 2023

Industrial production in mature economies weakened during the year but in emerging economies development was positive. For industrial production in China, growth was higher than that recorded for 2022. Global demand for iron ore is assessed to have increased, driven mainly by greater demand in China, India and the Middle East. Iron ore imports into China increased by just over six percent for full-year 2023. The global supply of iron ore increased, but supply disruptions in the second half of the year brought the market into equilibrium, with shortages arising at times. The dollar weakened somewhat towards the end of the year but remained at a historically strong level, benefiting a large part of the iron ore industry. Demand for pellets in Europe decreased in the second half of the year when blast furnace capacity was closed down, but supply disruptions partly compensated for the lower demand. Demand for DR pellets in the Middle East developed positively over the year. The premium for ore with a higher iron content decreased in 2023 since the profitability of the steel industry declined, with steel producers in China in particular choosing to use ore with a lower content in order to cut costs.

The average global spot price for iron ore products was unchanged from the previous year at USD 120 (120) per tonne. At the end of the year the price level was USD 140 (117) per tonne. The average level of the blast furnace premium was USD 45 (72) per tonne and the premium for DR pellets averaged USD 57 (87) per tonne.

Production and delivery volumes

The production volume for the full year was 26.2 (25.0) Mt, the increase being mainly associated with more stable production in the second half of the year. Deliveries, which amounted to 25.3 (25.8) Mt, were impacted in the first half of the year by a shortage of crushed ore as well as production disruptions at the processing plants in Kiruna, during the summer by capacity restrictions on the Iron Ore Line, and in the last quarter by the derailment between Kiruna and Narvik.

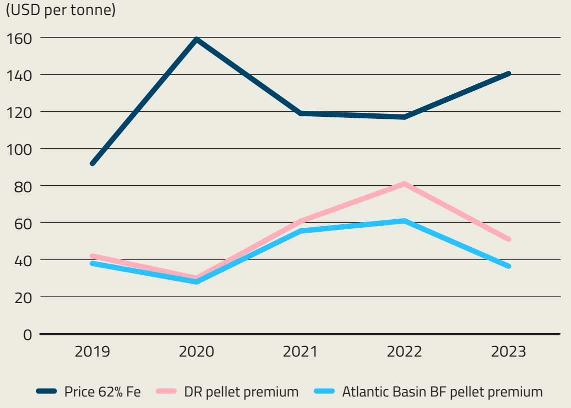
Net sales and profit

Sales for the year amounted to MSEK 39,556 (43,288). Lower pellet premiums and lower delivery volumes were partially offset by a weaker Swedish krona.

Operating profit for the year amounted to MSEK 16,484 (21,322). Costs were affected by higher prices for certain inputs as well as by costs of maintenance and transport services in order to manage production disruptions and measures to secure production capacity. An increased rate of exploration also impacted costs. Costs for urban transformation provisions totalled MSEK 400 (545).

MSEK	2023	2022
Net sales	39,556	43,288
Operating profit/loss	**16,484**	**21,322**
Costs for urban transformation provisions	-400	-545
Capital expenditure on property, plant and equipment	5,036	4,687
Depreciation	-2,601	-2,792
Deliveries of iron ore products, Mt	25.3	25.8
Proportion of pellets, %	84	83
Production of iron ore products, Mt	26.2	25.0

Development of iron ore price and pellet premium



Facts: Iron Ore

The Iron Ore business area mines and processes iron ore products in Kiruna, Svappavaara and Gällivare.

In Kiruna, mining takes place in an underground mine with a current main haulage level 1,365 metres below ground. The ore is processed above ground in three concentrating and pelletising plants.

In Svappavaara ore is mined in the Leveäniemi open-pit mine. The ore is processed in a concentrating and pelletising plant in Svappavaara.

Gällivare's underground mine consists of around 20 ore-bodies, of which around 10 are currently mined. The ore is processed above ground in two concentrating and pelletising plants.

The Iron Ore business area produces both blast furnace pellets and pellets for steel production via direct reduction (DR) pellets, as well as fines.

The iron ore products are transported along the Iron Ore Line to the ports of Narvik and Luleå for shipment to steelworks customers around the world.

Special Products business area

The Special Products business area develops products and services for markets involving industrial minerals, water-powered drilling technology, engineering services, and mining and construction contracts. The Special Products business area is also a strategic supplier within the LKAB Group.

Market developments in 2023

The market for industrial minerals is diversified, with many products and markets served in various geographies. There is therefore natural variation in sales, driven by shifts in demand over time as well as the impact of major projects being implemented. Developments in the market for industrial minerals were varied in 2023. Demand for the industrial mineral magnetite remained good and demand for GGBS increased. However, the supply of raw material from British Steel for producing GGBS was somewhat limited, partly due to production stoppages for maintenance during the year.

Demand for rockwork and associated services was generally good during the year, which is reflected in increased sales within this area.

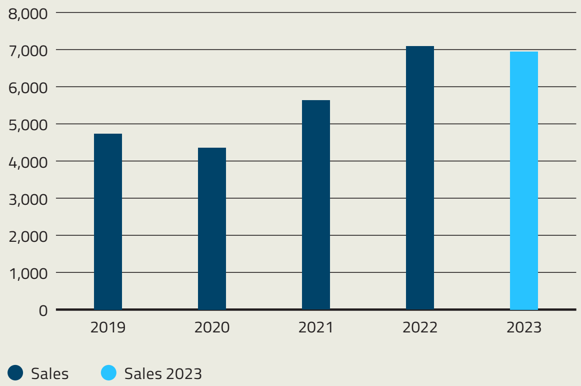
In December it was announced that LKAB had signed a letter of intent of intent relating to the acquisition of 49 percent of the shares in Duroc Rail AB. The transaction was completed in February 2024.

Net sales and profit

Net sales for 2023 were somewhat lower than in the previous year and amounted to MSEK 6,944 (7,087). Operating profit amounted to MSEK 640 (541), the improvement being mainly due to strengthened margins on sales of industrial minerals and increased sales of mining services. Earnings were offset by development costs within the ongoing project for extraction of critical minerals. Overall, operating profit for the year is the business area's highest ever. Over the past five-year period the business area's total sales (internal and external) have increased by 47 percent.

MSEK	2023	2022
Net sales	6,944	7,087
Operating profit/loss	**640**	**541**
Capital expenditure on property, plant and equipment	208	165
Depreciation	-273	-257

Sales within Special Products
(MSEK)



Facts: Special Products

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

LKAB Minerals is active in the industrial minerals market, with a leading position in sectors such as construction, plastics, paint, agriculture and the chemicals industry. Minerals from its own deposits, such as magnetite, form part of a broad portfolio of products that also includes recycled products from e.g. blast furnace slag and other industries, as well as other minerals that it sources and processes. The business has sales offices and production units in Europe, the US and Asia.

LKAB Wassara develops and manufactures water-powered precision drilling systems for mining facilities and exploration drilling, as well as dam building and geothermal energy. Customers are located throughout the world.

LKAB Berg & Betong and Bergteamet are leading providers of full service solutions for the mining and construction industries. LKAB Berg & Betong is also the world's largest producer of sprayed concrete.

LKAB Kimit supplies explosives to the mining and construction industries.

LKAB Mekaniska is a quality-conscious engineering company offering services throughout the supply chain, from planning and design to final inspection.

Other Segments

Other Segments includes Group functions such as HR, sustainability, communications, finance, strategic R&D and digitalisation. Other Segments also covers financial operations, including transactions and the results of financial hedging for foreign currencies.

Results in 2023

Operating profit (loss) for the year amounted to MSEK -935 (-941). Under LKAB's hedging strategy, price and currency risk in the Group's forecast sales are not normally hedged. Currency effects on outstanding accounts receivable are hedged, however, and this is reported within this segment.

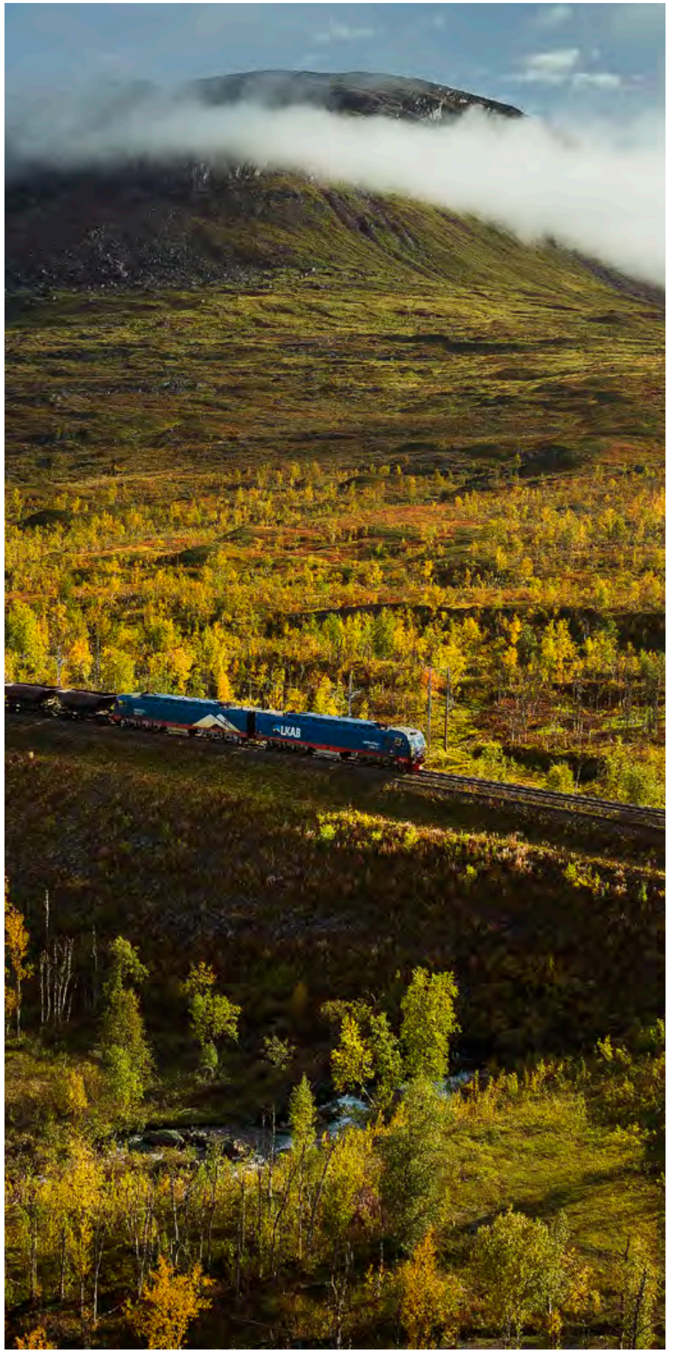
MSEK	2023	2022
Net sales excl. hedging	123	93
Net sales hedging	111	-193
Total net sales	234	-100
Operating profit/loss	**-935**	**-941**
Capital expenditure on property, plant and equipment	198	92
Depreciation	-103	-95

Parent Company

The Parent Company LKAB consists of the Iron Ore business area and the Group-wide functions reported under Other Segments. The Parent Company includes the majority of LKAB's operating activities as well as the Group's financial activities.

Parent Company in summary

MSEK	2023	2022
Net sales	39,769	43,202
Operating profit/loss	**15,294**	**20,223**
Costs for urban transformation provisions	-400	-545
Capital expenditure on property, plant and equipment	5,066	4,491
Depreciation	-2,324	-2,387
Deliveries of iron ore, Mt	25.3	25.8
Production of iron ore, Mt	26.2	25.0



Ten-year overview

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Results, MSEK										
Net sales	42,923	46,543	48,812	33,914	31,260	25,892	23,367	16,343	16,200	20,615
Operating profit before impairment losses and provisions	**16,630**	**21,344**	**27,270**	**13,050**	**13,229**	**8,975**	**7,148**	**1,621**	**1,548**	**4,002**
Impairment of property, plant and equipment	–	–	–	–	–	–	-26	-1,192	-7,136	–
Costs for urban transformation provisions	-400	-545	-372	-1,396	-1,441	-2,106	-1,147	-2,106	-1,568	-3,432
Operating profit/loss	**16,230**	**20,799**	**26,898**	**11,654**	**11,788**	**6,869**	**5,975**	**-1,677**	**-7,156**	**570**
Operating margin, %	*37.8*	*44.7*	*55.1*	*34.4*	*37.7*	*26.5*	*25.6*	*-10.3*	*-44.2*	*2.8*
Net financial income/expense	2,928	-2,119	1,484	797	1,136	-185	290	613	-115	24
Profit/loss before tax	**19,158**	**18,680**	**28,382**	**12,452**	**12,924**	**6,685**	**6,266**	**-1,063**	**-7,271**	**594**
Tax	-3,938	-3,600	-5,778	-2,695	-2,751	-1,411	-1,462	85	1,585	-247
Profit/loss for the year	**15,220**	**15,080**	**22,604**	**9,757**	**10,173**	**5,274**	**4,803**	**-978**	**-5,686**	**347**
Depreciation according to plan – property, plant and equipment, MSEK	**2,973**	**3,141**	**3,132**	**3,136**	**2,907**	**2,857**	**2,886**	**2,746**	**2,800**	**2,865**
Production and deliveries										
Production volume, Mt	26.2	25.0	26.7	27.1	27.2	26.9	27.2	26.9	24.5	25.7
Delivery volume, Mt	25.3	25.8	27.0	28.5	24.9	26.8	27.6	27.0	24.2	26.0
Deliveries of pellets, %	84	83	83	84	83	82	83	84	84	83
Capital structure and return, MSEK										
Non-current assets	58,152	54,183	49,329	43,514	41,331	40,562	34,309	35,461	35,558	40,775
Current assets	48,796	43,441	45,316	31,755	33,350	28,399	25,990	22,165	20,470	22,359
Total assets	**106,948**	**97,624**	**94,645**	**75,269**	**74,681**	**68,961**	**60,298**	**57,626**	**56,028**	**63,134**
Liabilities and equity, MSEK										
Equity	80,861	71,320	67,565	48,412	45,528	38,573	36,348	30,551	32,116	37,756
Non-current liabilities	16,238	17,095	18,458	18,542	21,467	20,040	17,139	17,740	17,900	18,402
Current liabilities	9,849	9,209	8,622	8,315	7,685	10,347	6,811	9,335	6,011	6,976
Total equity and liabilities	**106,948**	**97,624**	**94,645**	**75,269**	**74,681**	**68,961**	**60,298**	**57,626**	**56,028**	**63,134**
Return on equity, %	20.0	21.7	39.0	20.8	24.2	14.1	14.4	-3.1	-16.3	0.9
Operating assets, MSEK	61,693	59,850	52,090	49,095	49,032	46,833	38,836	42,567	40,820	45,254
Return on operating assets, %	26.7	37.2	53.2	23.8	24.6	16.0	14.8	-4.0	-16.6	1.4
Net financial indebtedness, MSEK	-19,274	-12,178	-16,553	-1,470	-1,158	3,552	-2,382	6,329	3,203	-16
Net debt/equity ratio, %	-23.8	-17.1	-24.5	-3.0	-0.9	11.0	-3.9	23.1	10.8	1.4

Ten-year overview, cont.

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Cash flow, MSEK										
Cash flow from operating activities	**15,898**	**15,907**	**23,485**	**8,963**	**9,469**	**7,059**	**8,860**	**526**	**3,834**	**7,536**
of which expenditure for urban transformation	*-1,829*	*-2,216*	*-2,681*	*-4,191*	*-2,624*	*-1,871*	*-2,178*	*-1,035*	*-291*	*-1,354*
Investing activities										
Investing activities, net – operations	-5,194	-5,751	-3,497	-2,925	-2,487	-3,673	-1,724	-3,288	-6,204	-5,463
Operating cash flow	**10,704**	**10,156**	**19,988**	**6,038**	**6,981**	**3,386**	**7,136**	**-2,762**	**-2,370**	**2,073**
Investing activities – financial	-1,754	-504	-9,960	1,780	-2,476	-972	-6,770	-1,159	1,357	-703
Cash flow after investing activities	**8,950**	**9,652**	**9,670**	**7,817**	**4,506**	**2,414**	**366**	**-3,921**	**-1,013**	**1,370**
Financing activities										
Borrowing/repayments	-18	-352	-986	-600	-1,325	705	-937	2,114	108	2,793
Dividend	-7,543	-12,432	-5,850	-6,104	-3,164	-2,882	–	–	-139	-3,500
Cash flow for the year	**1,389**	**-3,132**	**2,834**	**1,112**	**17**	**237**	**-571**	**-1,807**	**-1,044**	**663**
Employees										
Average number of employees	4,640	4,513	4,469	4,535	4,348	4,188	4,118	4,224	4,463	4,539
Women in the workforce, %	27	26	25	25	24	22	21	21	20	19
Lost time accidents per million hours worked[1)]	6.6	6.5	8.2	6.3	6.8	7.7	6.8	5.8	6.2	5.3
Sick leave, %	4.0	4.8	4.2	4.4	3.5	3.6	3.7	3.7	3.0	2.9

1) Accident rate includes suppliers.

Definitions

Operating margin: operating profit as a percentage of net sales.

Return on equity: profit for the year according to the income statement as a percentage of average equity.

Return on operating assets: operating profit as a percentage of average operating assets.

Operating assets: intangible assets, property plant and equipment, inventories, accounts receivable, other receivables. Financial assets, cash and cash equivalents and current investments are not included.

Net financial indebtedness: interest-bearing assets minus interest-bearing liabilities.

Net debt/equity ratio: net financial indebtedness in relation to equity.

Risks and risk management

LKAB operates in a capital-intensive industry with a planning horizon that extends across several decades. We have to consider risks and opportunities that have a bearing on the business as it is today and also as it will be a decade or more from now.

The world around us is changing and we need to equip ourselves for a transformation. Competitiveness is essential for our ability to invest in the future. The global climate threat means that the iron and steel industry will need to change fundamentally, which brings both opportunities and risks.

LKAB has an active Group-wide risk management process that creates transparency and awareness of the biggest risks, which helps provide a better basis for prioritising and decisions. Our work to identify and manage risks is coordinated with the strategy and business planning process and is decentralised in accordance with how the Group is governed. The risk management process is defined in the Group's Risk Management Policy.

The risks are broken down into market and external risks, business risks and financial risks. On the following pages a summary of our main risk areas is presented, along with how these are managed at an overall level. In 2022 scenario analysis was performed in accordance with TCFD recommendations to increase understanding of the climate challenges, but also opportunities, that LKAB must manage. The results of the analysis have been incorporated into the risk management process.

Significant actions taken in 2023

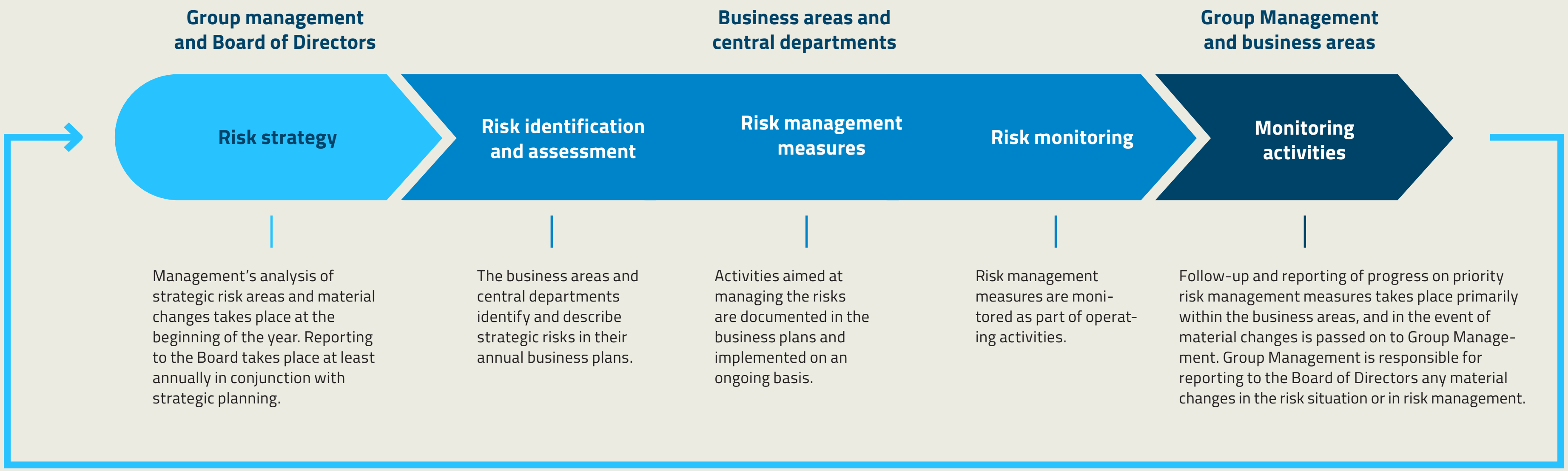
LKAB will be subject to the new Corporate Sustainability Reporting Directive (CSRD) and preparations for this therefore began in 2023. This work mainly involved performing the double materiality analysis defined in CSRD that forms the basis of how the reporting requirements affect LKAB.

Priorities for 2024

In 2024 work on implementing the processes and disclosure requirements identified in the double materiality analysis according to CSRS will be completed.

Integrated risk management

Our risk management process is integrated with the strategy and business planning process. Risks are identified, assessed, managed and monitored as part of operating activities.



Market and external risks

LKAB's business is sensitive to economic fluctuations and is exposed to a number of external risks that are difficult to influence. We manage these through business intelligence and scenario analysis, by building long-term customer relationships and by having a flexible customer and product portfolio.

Strategic risk areas	Description of risk area	Description of risk management
Market risks	One significant market risk consists of price fluctuation in the global iron ore market, which has a direct impact on LKAB's earnings and cash flow. LKAB's price is affected partly by the underlying market price of iron ore (IODEX 62% Fe CFR North China), but also by the quality premiums added on for high grade iron ore products. Future premiums for carbon-free products is a further significant risk associated with the financing of the planned transformation. Significant changes in iron ore supply and demand are a strategic market risk. One example of this is the transformation ahead of both the iron and the steel industries, which may have a material impact on the market. The changes required to create carbon-free processes and products must take place in a coordinated manner throughout the value chain. The global iron and steel market is also characterised by having a small number of actors, making mutual dependence greater than in many other sectors. Development of the Chinese iron ore and steel market greatly affects the general market conditions and is another strategically important issue for LKAB. The countries in which LKAB's customers operate have varying degrees of political and commercial stability. If regions and countries develop in such a way as to prevent LKAB from being able to sell, this is a strategic risk. The risk that production-critical raw materials, plant and equipment could increase significantly in price, or that access to these could be limited, could have significant effects on LKAB's operations. There are climate-related risks within the area, not least associated with uncertainty as regards the supply of and price of fossil fuels due to the world's imminent phasing out of fossil fuels. The supply of and price of fossil-free electricity is a highly critical issue for enabling the vision of carbon-free processes and products.	Securing flexibility in the product portfolio, customer portfolio and in production and logistics systems makes LKAB better prepared for sudden economic fluctuations. LKAB always strives to offer high, uniform product quality and reliable deliveries. In addition, the Group works in partnership with customers on technical matters, which adds value and strengthens its relationship with selected customers as well as its own long-term stability. The Special Products business area has a more diversified customer base that helps dampen economic fluctuations, since different geographical regions, segments and minerals have different economic cycles. Under the Group's Finance Policy, LKAB does not normally hedge price risk, except in exceptional cases such as binding contracts. However, cash flow is analysed on an ongoing basis and in conjunction with this, sensitivity analysis is also performed based on changes in the outside world such as prices. In periods of high expected cash outflow longer hedging of the iron ore price may be considered. To date the likelihood that the need for iron ore will be replaced by any other material has proved to be low. Re-use of scrap for steel production may replace iron ore to some extent, but so long as the industrialisation of the world continues and the world's population continues to grow the need for iron ore will remain. LKAB actively monitors customers' technological development to ensure that the products produced accord with customers' future needs. The production of fossil-free steel is an example of how a climate risk can also be an opportunity, if managed well. In 2023 LKAB began preliminary planning and design to explore the possibilities of producing fossil-free sponge iron in Gällivare using HYBRIT technology. LKAB also actively monitors the outside world in order to analyse and manage political risk, and works in partnership with national and international industry organisations. Existing and potential customers are analysed based on political, geographical and commercial risk diversification. Potential customers that could be brought in should an existing customer be lost are continually monitored. Vulnerability within the supply chain is continually analysed in order to secure deliveries of critical raw materials and equipment. There has been an increased focus on the risk of supply disruption since 2022 as a result of the current situation in the world. The objective of achieving carbon-free processes and products is by extension also an important risk-mitigating factor since it reduces dependence on fossil fuels, where both supply and price are becoming increasingly unstable. LKAB's indirect emissions (Scope 3) are greater than its direct emissions (Scope 1) and those for purchased electricity (Scope 2). LKAB is not signed up to the Science Based Targets initiative (SBTi), but currently monitors and reports Scope 1 and 2 emissions.
Risk of a lack of efficient, legally secure processes	LKAB's business depends in several ways on permits and other decisions by authorities. It is vital that processes for environmental permits, concessions and planning matters are efficient, predictable and legally secure in order to be able to plan and drive the business forward. This is particularly the case at a time when extensive transformations need to take place within the near future in order to achieve climate goals set. Risk is a particularly important issue associated with the prerequisites for obtaining access to land, to enable both energy expansion in Sweden and expansion of the capacity on the Iron Ore Line, but also to expand and develop LKAB's own industrial areas and ensure efficient management of the urban transformation in our operating locations.	Systematic ongoing stakeholder dialogue takes place with authorities and other stakeholders, focusing on what is required to secure the current operations and at the same time allow the transformation that is ahead of LKAB. Understanding among decision-makers – the government and parliament, national and local politicians, as well as authorities and courts – is key for reducing the risks within this area, but also to ensure good practice as regards the interpretation and application of laws and regulations in permitting matters. Internal strategies and processes have been established and will be developed further with a view to optimising ways of working that allow forward planning in investigative work, self-monitoring and dialogue with authorities. In 2023 LKAB submitted an application for an environmental permit for the operations in Gällivare, which is a prerequisite for being able to begin the planned transformation of the operations. In addition to continued mining and upgrading activities, the application includes the establishment of a first industrial-scale demo plant for producing fossil-free sponge iron using hydrogen as well as a new apatite plant for extracting phosphorus and rare earth elements.

Business risks

Our business exposes us to risks relating to production facilities, environmental impact, employees etc. Risks associated with the ability to ensure safe, stable and resource-efficient production need to be managed in parallel with the risks associated with long-term competitiveness and the transformation to carbon-free processes and products.

Strategic risk areas	Description of risk area	Description of risk management
Risk of insufficient mineral reserves/mineral resources	Securing LKAB's mineral reserves requires continued exploration, technical investigations and profitability studies including permits in order to have access to mineable iron ore with around 20 years of advance planning, either in existing mines or in new deposits. Insufficient advance planning in the exploration work would have serious consequences for the company's future. There are also risks associated with being able to convert the mineral resources into mineral reserves.	LKAB conducts an exploration programme that focuses on exploration close to the existing mines. The supply risk associated with shortages of mineral resources and mineral reserves has reduced considerably in both Kiruna and Malmberget in recent years. To convert mineral resources into mineral reserves, appropriate evaluations and studies need to have been performed showing that mining and processing can take place in accordance with LKAB's profitability requirements and taking into account so-called modifying factors such as metallurgy, market, environment and economics. Within all these areas there are studies under way, in various phases, associated with all LKAB's deposits.
Risk of negative environmental impact	If the existing limit on emissions are not complied with, this could have a negative effect on opportunities for future environmental permits. Exceeding the permitted levels also has a negative impact on public confidence in LKAB. There is also a risk that environmental requirements will drive high transformation costs, resulting in a competitive disadvantage. In legal terms, there is a risk that water quality standards will be lowered or jeopardised as a result of how the regulations are designed and applied. This entails risks in future permitting processes, because it is not permissible to grant a permit for an activity that lowers or jeopardises the administration's targets for water quality, regardless of whether the emissions have any negative effects on aquatic life. Another important risk associated with negative environmental impact is the negative effects that arise from inefficient energy use. The energy issue – in terms of both the type of energy and energy efficiency – is strongly linked to the goal of carbon-free processes and products by the year 2045. Transformation is an important strategic matter for the future of the business, partly to reduce the risks of negative environmental impact but also to manage the climate risks arising from a continued dependence on fossil fuels; see also under market risks. The current system of trading in emission allowances may pose a risk in the event that the system is not designed in a way that allows all to compete on equal terms. Carbon emissions are up to 10 times higher when European steel producers sinter iron ore, i.e. lump together finely ground ore for their blast furnaces, compared with the use of LKAB's sintered iron ore pellets. The products' basic function in the blast furnaces is comparable, but the European Commission has nonetheless decided not to treat them equally when allocating emission allowances. This means that the steel producers that currently have the highest carbon emissions are allocated more free emission allowances. LKAB, which has the lowest emissions, is instead penalised by being given a lower allocation. The lower allocation is thus a competitive disadvantage against competitors both within and outside of the EU Emissions Trading System. As with other mining companies, there is a risk that LKAB could suffer a dam failure. LKAB has dams constructed according to what is known as an inward method, which has demonstrated an increased risk of breach. A dam failure would have major negative consequences not just for the company's operations and for the environment, but also for neighbouring communities. Moreover, it is important that remediation is carried out for all discontinued operations in an ecologically sustainable way.	Various types of emission levels are measured systematically both by LKAB and in external audits to ensure that environmental impacts are within authorised levels. Research and development are also carried out with a view to reducing emission levels further, which is also important as preparation for potentially more stringent requirements in the future. As regards emissions to water, uranium has been raised recently as a possible permitting risk. Following investigations, however, LKAB is able to state that it is only certain forms of uranium (certain ions and complexes) that are bioavailable and thus harmful to aquatic organisms. These bioavailable forms occur only in low concentrations in the company's emissions. In the case of uranium, current regulations do not allow more sophisticated assessments to be made so that the limit value can be adjusted according to the actual risk of impact. Instead the limit applies regardless of the form in which the uranium occurs, and at a level that is lower than is often found as a natural background level in Sweden. There are therefore good reasons for the regulations to be reviewed in order to set the limit in relation to bioavailable forms that occur. This would also be in line with the guidelines developed within the EU for the underlying Water Framework Directive. The switch to non-fossil fuels and a gradual transformation to carbon-free processes and products is largely bound up with the issue of energy, since energy consumption and the type of energy decide the levels of carbon emissions. The transformation is a fundamental prerequisite for limiting the negative impact on the environment arising from current energy consumption. Today's benchmark for the free allocation of emission allowances subsidises the steel industry for continued use of the least climate-efficient technologies, directly at the expense of the most climate-efficient technologies available at LKAB. In 2023 LKAB appealed against the judgment by the tribunal at the European Court of Justice in the case concerning LKAB's exclusion from the benchmark for sintered ore in the Emissions Trading System (ETS). The Court found that the European Commission was not in error in rejecting LKAB's inclusion in the benchmark according to the provisions of the ETS directive applicable at the time. While the appeal process is ongoing, the Commission has presented a proposal for iron ore pellets and sinter to be included in the same benchmark for the period 2026–2030. A final decision on this is expected in the first quarter of 2024. LKAB's strategy is based on a significant reduction in carbon emissions, however, and this will decrease the risks associated with EU-ETS over time since the need for emission allowances will diminish. Introduction of the EU's Carbon Border Adjustment Mechanism (CBAM) in 2026 will contribute to protecting the development of carbon-free products within the EU but may have a negative impact on the competitiveness of products exported from the EU. LKAB works proactively and systematically on dam safety according to the industry's safety directive GruvRIDAS. LKAB also holds dam liability insurance for losses among third parties in the event of a dam failure. In 2020 a new international standard on dam safety was published: the Global Industry Standards on Tailings Management. In 2021 and 2023 a review of dam safety was carried out by an independent panel of international experts (TAB). Some nonconformances with the global standard – mainly related to organisation, governance and documentation – were identified, but generally LKAB's procedures and methods comply with global dam safety requirements. A safety management system is being established. Future alternative depositing methods are also being investigated. For remediation of the industrial areas, an industry-wide road map has been produced focusing on biodiversity. Internal guidelines on land use have also been produced. In 2023 work began on guidelines for waste management and dam safety.

Strategic risk areas	Description of risk area	Description of risk management
Risk of not being sufficiently competitive	LKAB's production consists largely of continuous processes where unplanned stoppages can quickly have a big impact on the company's deliveries. Unplanned stoppages can also impact product quality and emissions to air and water. Changes in climate conditions may also have a direct impact on production, e.g. changes in water levels, heavy rain, avalanches or storms. There are high risks associated with the capacity of the Iron Ore Line and insufficient availability for existing flows, as well as with breakdowns and derailments, given its single-track nature combined with the status of the railway. Increased demand from other users of the Iron Ore Line could also have negative consequences. Overall, the capacity of the Iron Ore Line could impose limits on the volume that LKAB can transport, with direct consequences for profitability. Important future issues and risks are associated with the planned transformation to carbon-free processes and to more efficient and safe large-scale mining methods at increased depths. Within some of these areas LKAB is a pioneer, which increases the risk of high costs associated with development and industrialisation of new technology. There is a risk that LKAB's competitiveness could deteriorate vis-à-vis other producers as a result of competitors in other parts of the world benefiting from greater support for green transformation (such as financial state subsidies) than LKAB does.	Efficient, safe, uninterrupted production is based on being large-scale and on continuous efficiency improvements. Good maintenance planning and a clear division of responsibilities are important components in achieving this. Audits of the production facilities are carried out annually, as are so-called interruption studies to assess the risk of unplanned stoppages in production. Based on these processes, decisions are taken on how the risks are to be or should be managed. Preventive work within fire safety is given a high priority in view of previous events. In addition, there is insurance cover for the risks of damage to property and subsequent production losses. As regards the Iron Ore Line, discussions are ongoing with other major stakeholders and potential new actors, as well as with the Swedish Transport Administration, to achieve broad consensus on the future needs of the railway and any actions that may become necessary to satisfy requirements, such as upgrades or double tracking. During the year the Swedish Transport Administration has, through its own investigations, determined that the situation on the railway will be very strained in the coming years and beyond if nothing is done. It is of the utmost importance for LKAB that the capacity of the Iron Ore Line does not limit transportation possibilities. Identifying and realising potential efficiency improvements in the mining is an important issue for LKAB's future. Various studies and development programmes are ongoing in this area. The collaboration with SSAB and Vattenfall is another example of strategic action taken to respond to the climate challenges and at the same time increase the value added by processing. Geological conditions have received increasing focus in mine planning and production management. Prioritised risk management work is in progress regarding the process for planning and optimising mining in existing mines, but also more long-term to secure future mining at increased depths. The focus is on creating geological models, mine design, stress management, mining plans and standardised ways of working as well as process control.
Risk of accidents and poor health	LKAB's employees and contractors are sometimes exposed to risky situations which may involve an increased risk of accident and/or illness. There is also the risk of negative effects arising as a result of an unhealthy working climate between people in the workplace, known as the organisational and social work environment. That LKAB is an employer with safe and healthy workplaces where employees are healthy and feel secure is an important strategic matter for the Group.	This risk is managed primarily through the Group's systematic work environment efforts, which include risk analysis as well as reporting and follow-up of risks, near-miss incidents and accidents. It also involves strengthening the safety culture through increased focus on health and safety as part of the management philosophy, but also by making sure that everybody feels included in the work environment efforts. Active work on standards and ground rules based on LKAB's values is continually ongoing. High priority is also given to continual assurance of the status of our facilities in order to minimise the accident risk. LKAB's approach within occupational health and safety sets a clear framework for how we should work on safety. Since 2022 the Group has had a common approach that is summarised in its "golden rules". These rules show clearly which behaviours encourage a safe and healthy work environment.
Risk of skills shortage	The ability to attract new employees, retain our existing employees and secure access to key skills and expertise is a very important prerequisite for long-term competitiveness, particularly at a time when the pace of change is fast. Creating the conditions for lifelong learning is a critical factor for success. Another important parameter for success is guaranteeing a work environment where employees feel secure and included and where diversity is seen as an asset. Attractive operating locations where we have good partnerships with local actors and stakeholders that encourage development, and where the housing market and infrastructure are also well developed, are essential for access to the skills needed. The risk of skill shortages due to limitations in housing availability and shortcomings in the functions offered in the communities of the Swedish orefields has, however, increased in recent years.	During the year a strategy for skills supply has been developed with prioritised focus areas and activities aimed at attracting, recruiting, and retaining expertise. LKAB has a long history of collaborating with universities and colleges and is involved with the local elementary schools and upper secondary schools in its operating locations. These efforts, but also broadening the recruitment base both geographically and from a diversity perspective, increase opportunities to recruit the necessary skills – both now and in the future. Increasing collaboration with local municipalities and regions to address the housing situation and social functions in the communities of the Swedish orefields is a priority area, as is developing and implementing short-term solutions such as providing temporary housing solutions for contractors. Increased cooperation with the Swedish School of Mines, which provides new training courses across the company's value chain, is another initiative. In addition, LKAB engages in initiatives to develop and transform the skills of existing employees; for example, in the form of clear career paths. An important part of the initiative for a new world standard for mining involves finding new ways of working as new technology is tested and developed. During the year an Allbright survey conducted diversity and discrimination mapping within the Iron Ore operations in Kiruna. The aim is to identify and highlight structural barriers and discrimination linked to the grounds of discrimination. Based on the results, focus areas have been identified that will form the basis for a proactive approach.

Strategic risk areas	Description of risk area	Description of risk management
Risk of insufficient social and legal acceptance	Acting ethically and taking a long-term approach is crucial for creating trust in LKAB. Acceptance of the operations depends on maintaining a close ongoing dialogue with stakeholders and actors in various areas. Achieving good results in the work to minimise the operations' environmental and climate impact is important for maintaining stakeholders' confidence. Clear regulations and uniform application of these is crucial for achieving mutual trust between the company, authorities and other stakeholders.	Good credibility is ensured by, among other things, the Group's Code of Conduct and sustainability policy. The Code of Conduct covers not just employees, but also partners such as suppliers and consultants. We want our suppliers to lead the field when it comes to ethics, the work environment, equality and diversity, and therefore we require that they comply with both our Basic Requirements and our Supplier Code of Conduct. Compliance is ensured partly by internal and external audits, and partly by an effective management system and a whistleblower function. There is also ongoing dialogue with our stakeholders in order to identify needs and expectations and, based on this, to design actions and coordinate messages that meet these needs and expectations. A cooperation model has been produced together with affected Sami communities. This provides a framework for forums and working methods of information exchange, decision-making and ongoing consultation.
Risk of break-in/damage by external parties	Digitalisation means that an ever increasing proportion of the activities in the Group, and also its contacts with various stakeholders, are dependent on networks and information systems. As a result of this, data security and cybersecurity risks are increasing. Threats and risks in the area of information technology range from less extensive risk at an individual level to well-planned and precisely targeted attacks on critical parts of the company's functions. In view of the situation in the world around us, the risk that a targeted attack – whether a cyberattack or a physical attack – could knock out an industrial company's production system, involving significant costs for loss of production, is a reality that LKAB must address by taking various measures to prevent it from happening. The risks in this area are considered to have increased over the past two years as a result of changes in the world around us.	Systematic data protection and cybersecurity work is conducted with a view to ensuring data security within the Group. The security work includes continual risk and vulnerability analysis, penetration tests and careful monitoring of external developments in this area. In addition, there are activities to increase the awareness and capabilities of individual users of LKAB's IT systems in order to reduce the risk associated with the "human factor". Cybersecurity work is continually reviewed, developed and adjusted as attackers' methods change. LKAB's industrial areas have perimeter protection as appropriate for the different parts of the operations, to protect the facilities from various kinds of trespass and damage. Security efforts in connection with the risks of cyberattack as well as physical break-in and damage have intensified since 2022. In 2023 a security manager was appointed to lead and coordinate security efforts within the Group.

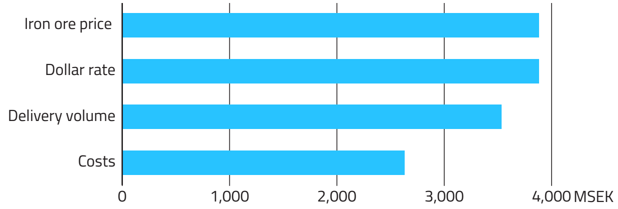
Financial risks

The financial risks are mainly associated with fluctuations in global iron ore prices and in the USD/SEK exchange rate. Together these factors could have a major impact on the company's income statement, balance sheet and cash flow.

Strategic risk areas	Description of risk area	Description of risk management
Financial risks	Financing risk is the risk that the LKAB Group cannot meet its commitments due to lack of liquidity or the inability to raise external loans for operating activities. This matter is of particular importance at a time when the Group is embarking on a transformation of the business that requires extensive investments to be made. LKAB is exposed to various types of currency risk. The main exposure stems from sales of iron ore where market pricing is in USD, known as transaction exposure. Financial risks also include credit risks associated with accounts receivable, derivatives and short-term investments.	Management of the Group's financial risks is regulated by the Finance Policy decided on by the Board. Monitoring of compliance with the Finance Policy and analysis of external factors take place continuously, including in the ongoing reporting to the Finance and Audit Committee. LKAB maintains a buffer capital aimed at, among other things, securing future investments and urban transformation costs. The capital is managed with low risk according to investment guidelines from the Finance and Audit Committee. LKAB normally only hedges currency risk in accounts receivable. However, cash flow is analysed on an ongoing basis and, in conjunction with this, sensitivity analysis is performed based on changes in external factors such as exchange rates. In periods where there are expected to be high outflows, longer currency hedging may be considered. The foreign companies within the Group mainly operate in their local currencies in order to reduce currency exposure. Translation exposure is not normally hedged. Credit assessment of new and existing customers, as well as a framework for other credit risks, are also stipulated in the Finance Policy.

Sensitivity analysis

The sensitivity analysis below summarises LKAB's earnings sensitivity to a hypothetical change in volumes, prices and currencies. Changes in the SEK/USD exchange rate, market prices and delivery volumes have the greatest impact on earnings. Analysis of iron ore prices, the dollar exchange rate and delivery volumes relates to the Iron Ore business area, while costs relate to the Group.



Group	Change %	Exposure, 2023	Unit	Effect on operating profit, 2023 (MSEK)	Exposure, 2022	Unit	Effect on operating profit, 2022 (MSEK)
Iron ore price	10	41,078	MSEK	3,883	42,203	MSEK	4,208
Dollar rate	10	3,668	MUSD	3,882	4,195	MUSD	4,208
Delivery volume	10	25.3	Mt	3,534	25.8	Mt	3,851
Costs	10	26,293	MSEK	2,629	25,199	MSEK	2,520

Financing

Market conditions for iron ore products remained favourable during the year, resulting in strong cash flow which strengthens our position for leading the transformation of the iron and steel industry.

LKAB operates in a capital-intensive industry in a cyclical sector where changes in the global iron ore price and the dollar exchange rate have a significant impact on earnings and cash flow. LKAB has significant commitments relating to urban transformation, pensions and remediation, and also needs capital for the transformation to a fossil-free value chain for steel production. These fluctuations and commitments are secured through buffer capital and available credit facilities, which together comprise the company's financial contingency arrangements.

Finance policy and management of financial assets

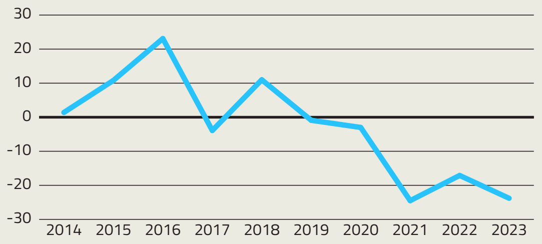
LKAB's Finance Policy provides a framework for financing activities and the management of financial risk. The Finance Policy defines the need for buffer capital, which means that LKAB manages extensive financial assets over time. As a basic principle the contractual term of financial assets and the return on these assets must track changes in the commitments, and any future decrease in financial assets must match scheduled disbursements. The risk appetite for the management of financial assets is defined in the Finance Policy and set out more specifically in investment guidelines.

The financial assets are managed in two portfolios: a liquidity portfolio and a capital portfolio for the commitments within urban transformation, remediation and pensions as well as the transformation investments. The liquidity portfolio contains fixed-income securities at banks or short-term liquid fixed-income securities in Swedish kronor. The capital portfolio has fixed-income securities with a longer duration and also includes investments in equity funds and absolute return funds.

Capital management takes place in accordance with investment guidelines approved by the Board's Finance and Audit Committee. The guidelines are issued per portfolio and asset class with limit values for deviation from a normal portfolio. Credit exposure and foreign currency exposure are permitted within set frameworks, and their management is evaluated against relevant benchmark indexes. In 2023 there was no deviation from the Finance Policy. Managed financial capital at the beginning of the year amounted to SEK 31.2 billion and at year-end to SEK 36.5 billion.

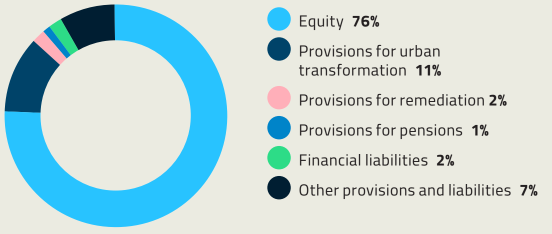
Net debt/equity ratio

Percent



LKAB's capital structure

Percent



LKAB's green bonds

LKAB has outstanding green bonds totalling SEK 2 billion with a maturity until March 2025. Financing has been allocated to a total of 11 projects that are expected to have a long-term positive impact on the environment. Around SEK 0.8 billion of the funding allocated has been invested in initiatives to reduce carbon emissions, including the development projects for the production of carbon-free sponge iron. The remainder has been used to increase resource efficiency and contribute to a more circular economy, clean transport, renewable energy and green buildings.

The bonds were issued under LKAB's MTN programme and the framework for green bonds, and are listed on Nasdaq Stockholm's Sustainable Bond List. For further information see LKAB's Green Bond Impact Report 2023 at lkab.com.

Climate-related financial risks and opportunities (TCFD)

The Task Force on Climate-related Financial Disclosures initiative (TCFD) is a market-driven initiative that has developed a framework of recommendations for voluntary and consistent reporting of climate-related financial risks and opportunities.

In 2022 scenario analysis in line with TCFD was performed and in 2023 LKAB has worked to prepare for the implementation of the EU's new Corporate Sustainability Reporting Directive (CSRD). Like TCFD, the new CSRD requires reporting of climate-related financial risks and opportunities. Implementation of CSRD 2023 is being coordinated with the TCFD efforts.

Governance, strategy and risk management

Efforts to prevent climate change and reduce the world's carbon emissions through industrial transformation are the basis of LKAB's long-term strategy. The risks and opportunities that climate change presents to the operations are therefore already to a large extent integrated into our business processes. By developing our reporting in accordance with TCFD recommendations, however, LKAB sees an opportunity to strengthen our position as a driving force for the transformation of our industry while also increasing transparency to our stakeholders.

In 2022 scenario analysis was undertaken to investigate and assess climate risks and opportunities for two different climate scenarios, with LKAB's strategy being evaluated in a low-emissions and a high-emissions scenario. Scenario analysis aims to assess future risks and opportunities in order to identify and assess the potential consequences of future events under conditions of uncertainty. The scenarios are intended to shed light on key changes within the chosen future period and draw attention to key factors driving developments within the selected scenario. The analysis helps to future-proof the business and build resilience in the wake of ever increasing climate change.

The climate scenarios used are based on, among other things, the scenarios produced by the UN's Intergovernmental Panel on Climate Change (IPCC). One scenario describes a future in which we succeed in limiting global temperature rise to 1.5–2°C above pre-industrial levels, in line with the Paris Agreement, and involves large-scale and immediate transformation. The second scenario describes a situation in which transformation has stalled and global temperature rise is limited to 3.5–5°C above pre-industrial levels, and represents a more "business as usual" scenario. The risks analysed were physical risks, both acute and chronic; transformation risks in the form of regulatory, market, technological and brand risks; and liability risks. The opportunities from a resource, energy, product and market perspective were also analysed.

Work is under way to manage the risks and opportunities identified during the scenario analysis, some of which have been escalated to the strategic risk management process. Quantification of the effect on our financial key ratios for the different scenarios is also a possible next step. In parallel, work is in progress to align LKAB's TCFD efforts with the new CSRD requirements.

Climate scenarios

Large-scale and rapid transformation (RCP 2.6)

Scenario that leads to low emissions in line with the temperature goal of the Paris Agreement (+1.5–2°C)

- Major and ongoing investments in products and businesses that contribute to reducing greenhouse gas emissions.
- Strong regulatory pressure in the form of, among other things, emission reduction requirements and higher carbon price.
- Extensive electrification, with fossil-free electricity production that meets increased needs.
- Regulations that enable/encourage transformation to climate-efficient products and technologies.
- Increased demand for climate-efficient products and services.
- Moderate physical effects of climate changes.

Stalled transformation (RCP 8.5)

Scenario that leads to high emissions not in line with the temperature goal of the Paris Agreement (+3.5–5°C)

- Regulatory pressure on a par with that at present, with few or no further decisions/goals/actions to reduce emissions put in place.
- The price of carbon emissions rises marginally.
- Fossil energy remains the dominant type of energy.
- The need for electricity grows, but mainly within industry.
- The willingness to invest in climate-efficient technology, and the products produced, increase only to a limited extent.
- Severe climate effects and extreme weather are common.

The climate scenarios that LKAB takes as a starting point are based on data from, among others, the International Panel on Climate Change (IPCC), the Swedish Meteorological and Hydrological Institute (SMHI) and the International Energy Agency (IEA).

Large-scale and rapid transformation

Risks

- Increased exposure to the electricity price and price volatility as a consequence of a rapid transformation and increasing need for electricity.
- Authorities apply the regulations in a way that is not consistent.
- Disproportionate incentives/support structures for technological transformation in which other actors/technologies are rewarded more than LKAB.
- That LKAB does not contribute sufficiently to transformation in the eyes of stakeholders.

Opportunities

- Fossil-free processing of critical minerals for transformation and resource efficiency through a circular approach.
- Transparent and efficient permitting processes.
- Rapid technological development of fossil-free hydrogen.
- Attractive employer.

Impact on LKAB

- Processing of critical minerals for transformation such as iron ore, but also of mine waste into rare earth elements and phosphorus, promotes a circular business model and LKAB is able to contribute to Europe's growing requirements.
- Transparent and efficient permitting processes enable large-scale and efficient transformation, also positively impacting the necessary expansion of transmission grids and electricity production.
- A business centred on climate-efficient and fossil-free products that are deemed to be critical for society and for transformation secures resilience.
- Disproportionate incentives/support structures for technological transformation which risk impacting LKAB's competitiveness negatively if other choices of technology are rewarded.
- Should LKAB fail and not contribute sufficiently to transformation in the eyes of stakeholders, this negatively impacts social acceptance, access to sustainable capital and the ability to attract new talent.

Stalled transformation

Risks

- Insufficient electricity production combined with high and volatile electricity prices in the wake of fossil-free electricity production not being expanded at the rate demanded.
- Chronic climate effects and extreme weather that negatively impact customers and suppliers.
- Technological transformation does not take place in a coordinated manner throughout the value chain.
- Unpredictable and inefficient permitting processes remain.
- Insufficient political and market steering towards products with lower emissions.

Opportunities

- LKAB's business centres on critical minerals, some of which are important to society but also critical for transformation.
- Sustainable companies attract more skills and talent, LKAB leads the transformation of its industry and stands out positively among employers.

Impact on LKAB

- Operating a business centred on minerals that are in demand and are judged to be critical to society strengthens resilience and the opportunity to continue to run stable operations.
- By developing in a sustainable direction LKAB can attract the skills needed – both new and existing – to drive the transformation efforts.
- Slow and unpredictable permitting processes slow the pace of the transformation.
- Rising electricity prices and price volatility in the wake of insufficient expansion of fossil-free power production.
- Uncertain level of return for fossil-free technology if there is not a wider transformation in society.
- Physical climate risks in the form of extreme weather could have very great consequences to the extent that critical logistics chains and materials flows are impacted, for example electricity production and electricity supply, if these have not been adapted to reduce vulnerability to extreme weather.

Summary

It will be important for LKAB to monitor closely the political response to climate change, particularly in Sweden and the EU, regardless of which climate scenario becomes reality; to actively monitor our position and adapt the pace of development to changes in the key variables in order to maximise the financial benefit and limit the financial risks going forward. At an overall level a low-emissions scenario is assessed to be more favourable for LKAB's transformation and future business.

A high-emissions scenario, which is characterised by high electricity prices and a slower pace of expansion of fossil-free power production, may limit the plans for electrified hydrogen production and jeopardise the profitability of carbon-free sponge iron. High variation in electricity prices is at the same time an opportunity that LKAB can exploit by adapting to the electricity price and exploiting the time arbitrage in the price volatility. The important thing, however, is that the electricity price over time is low and that the rate of expansion is high.

The majority of the risks and opportunities identified arise in both the scenarios. LKAB will continue to produce minerals that are critical for society and also crucial for transformation. This is an opportunity in both scenarios, albeit slightly greater in the low-emission scenario as demand for critical minerals for the transformation is expected to increase. The ambition to lead the transformation of our industry remains in both scenarios, something that is expected to be a decisive factor in attracting and retaining the right talent. Risks associated with the management of environmental permits, the electricity price level and expansion of new electricity production exist in both scenarios but are assessed to be more likely in a high-emissions scenario.

The transformation requires the environmental permitting processes to function more smoothly and faster than at present because LKAB's pace of change will be high.

Exactly when each risk and opportunity is realised varies between the different scenarios. Some are expected to need to be managed on an ongoing basis, while others will become relevant in 20–30 years' time.

At the same time, the enormous task that lies ahead of LKAB in driving the climate transformation of the steel industry must not be diminished. It is likely that many new risks and opportunities will be discovered along the way, and an agile and analytical approach will be a factor in success.

TCFD Index

Governance	Strategy	Risk management	Indicators and goals
The Board's oversight of climate-related risks and opportunities, page 121.	Climate-related risks and opportunities the organisation has identified, pages 15 and 44.	The organisation's processes for identifying climate-related risks, pages 15 and 44.	The organisation's indicators for evaluating climate-related risks and opportunities, page 18.
Management's role in assessing and managing climate-related risks and opportunities, page 45.	Impact of climate-related risks and opportunities on the organisation's business, strategy and financial planning, page 44.	The organisation's processes for managing climate-related risks, pages 15 and 44.	Scope 1 and 2 emissions according to the Greenhouse Gas Protocol, page 29.
	Resilience of the organisation's strategy taking into consideration different climate-related scenarios, pages 15 and 44.	Integration of the above processes into the organisation's overall risk management, page 45.	Targets used by the organisation to manage climate-related risks and opportunities, page 18.

Financial statements

Consolidated income statement

1 January – 31 December

MSEK	Note	2023	2022
	1		
Net sales	2, 3	42,923	46,543
Cost of goods sold	13, 14, 15, 31	-24,073	-23,376
Gross profit/loss		**18,850**	**23,167**
Selling expenses		-242	-191
Administrative expenses		-815	-800
Research and development expenses		-1,523	-1,300
Other operating income	4	491	395
Other operating expenses	5	-452	-400
Share of profit of joint ventures		-79	-72
Operating profit/loss	2, 6, 7, 8	**16,230**	**20,799**
Financial income		3,220	1,081
Financial expense		-292	-3,200
Net financial income/expense	9	**2,928**	**-2,119**
Profit/loss before tax		**19,158**	**18,680**
Tax	11	-3,938	-3,600
Profit/loss for the year		**15,220**	**15,080**
Profit for the year attributable to:			
Parent company shareholders	12	15,206	15,073
Non-controlling interests	12	14	7
Earnings per share before and after dilution (SEK)	12	21,723	21,532
Number of shares		700,000	700,000

Consolidated statement of comprehensive income

1 January – 31 December

MSEK	Note	2023	2022
Profit/loss for the year		**15,220**	**15,080**
Other comprehensive income			
Items that will not be reclassified to profit/loss for the year			
Remeasurement of defined-benefit pension plans		-323	336
Tax attributable to actuarial gains and losses		67	-69
Changes for the year in the fair value of equity instruments measured at fair value through other comprehensive income	26	2,307	704
		2,051	**971**
Items that have been or may be reclassified subsequently to profit or loss for the year			
Exchange differences arising on translation of foreign operations for the year	26	-193	139
Changes in fair value of cash flow hedges for the year	26	2	-5
Changes in fair value of cash flow hedges reclassified to profit or loss for the year	26	4	0
Tax attributable to components of cash flow hedges	26	-1	1
Total items reclassified to profit or loss		-188	135
Other comprehensive income for the year		**1,863**	**1,106**
Comprehensive income for the year		**17,083**	**16,186**
Comprehensive income for the year attributable to:			
Parent company shareholders		17,070	16,179
Non-controlling interests		14	7

Consolidated statement of financial position

MSEK	Note	31 Dec 2023	31 Dec 2022
Assets	1, 17, 33, 34, 35, 36, 38		
Non-current assets			
Intangible assets	13	2,425	2,130
Property, plant and equipment for operations	14	35,615	33,558
Property, plant and equipment for urban transformation	15	10,678	11,306
Interests in associates and joint ventures	16	669	732
Financial investments	20	8,758	6,448
Non-current receivables		2	2
Deferred tax assets	11	5	7
Total non-current assets		**58,152**	**54,183**
Current assets			
Inventories	23	6,755	6,205
Accounts receivable	3, 24	3,420	3,785
Prepaid expenses and accrued income	25	517	375
Other current receivables	3, 22	2,283	2,492
Current investments	20, 41	31,249	27,393
Cash and cash equivalents	41	4,572	3,191
Total current assets		**48,796**	**43,441**
Total assets		**106,948**	**97,624**

MSEK	Note	31 Dec 2023	31 Dec 2022
Equity and liabilities			
Equity	26, 44		
Share capital		700	700
Reserves		4,908	2,787
Profit brought forward including profit for the year		75,199	67,793
Equity attributable to Parent Company shareholders		**80,807**	**71,280**
Non-controlling interests		54	40
Total equity		**80,861**	**71,320**
Non-current liabilities			
Non-current interest-bearing liabilities	27	2,410	2,387
Other non-current liabilities		56	56
Provisions for pensions and similar commitments	29	1,170	992
Provisions for urban transformation, long-term portion	30, 31	9,159	10,615
Other provisions	30	1,703	1,650
Deferred tax liabilities	11	1,740	1,395
Total non-current liabilities		**16,238**	**17,095**
Current liabilities			
Current interest-bearing liabilities	27	89	86
Trade payables		2,411	2,583
Tax liabilities		718	101
Other current liabilities	3	510	464
Accrued expenses and deferred income	32	3,046	2,420
Provisions for urban transformation, short-term portion	30, 31	2,449	3,029
Other provisions	30	626	526
Total current liabilities		**9,849**	**9,209**
Total liabilities		**26,087**	**26,304**
Total equity and liabilities		**106,948**	**97,624**

Consolidated statement of changes in equity

2022 MSEK	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total	Non-controlling interests	Total equity
	Equity attributable to Parent Company shareholders							
Opening equity 1 Jan 2022	700	-141	2,087	1	64,886	67,533	32	67,565
Profit/loss for the year	–	–	–	–	15,072	15,072	7	15,080
Other comprehensive income for the year	–	139	704	-4	267	1,106	–	1,106
Comprehensive income for the year	–	139	704	-4	15,339	16,178	7	16,186
Dividend	–	–	–	–	-12,432	-12,432	–	-12,432
Closing equity 31 Dec 2022	**700**	**-2**	**2,792**	**-3**	**67,793**	**71,279**	**40**	**71,320**

See Note 26.

2023 MSEK	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve	Retained earnings incl. profit/loss for the year	Total	Non-controlling interests	Total equity
	Equity attributable to Parent Company shareholders							
Opening equity 1 Jan 2023	700	-2	2,792	-3	67,793	71,279	40	71,320
Profit/loss for the year	–	–	–	–	15,206	15,206	14	15,220
Other comprehensive income for the year	–	-193	2,308	5	-257	1,863	–	1,863
Comprehensive income for the year	–	-193	2308	5	14,949	17,069	14	17,083
Dividend	–	–	–	–	-7,543	-7,543	–	-7,543
Closing equity 31 Dec 2023	**700**	**-195**	**5,100**	**2**	**75,199**	**80,807**	**54**	**80,861**

See Note 26.

Consolidated statement of cash flows

1 January – 31 December

MSEK	Note	2023	2022
Operating activities	1, 41		
Profit/loss before tax		19,158	18,680
Adjustment for items not included in cash flow		1,328	6,683
Income tax paid		-2,904	-4,473
Expenditures, urban transformation	30, 31	-1,829	-2,216
Expenditures, other provisions	30	-23	-59
Cash flow from operating activities before changes in working capital		**15,730**	**18,615**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		-550	-1,281
Increase (-)/Decrease (+) in operating receivables		378	-2,315
Increase (+)/Decrease (-) in operating liabilities		340	888
Change in working capital		**168**	**-2,708**
Cash flow from operating activities		**15,898**	**15,907**
Investing activities			
Acquisition of property, plant and equipment	14	-5,442	-4,944
Government investment grants		20	37
Disposal of property, plant and equipment		251	3
Acquisition of subsidiaries		-3	-373
Acquisition of other financial assets – operating		-20	-485
Disposal of other financial assets – operating		–	11
Acquisition of other financial assets – non-operating		–	–
Disposals/acquisitions (net) in current investments		-1,754	-504
Cash flow from investing activities		**-6,948**	**-6,255**

1 January – 31 December

MSEK	Note	2023	2022
Financing activities			
Repayments/borrowing, repurchase agreements		–	-258
Borrowing		75	7
Repayments		-3	-16
Repayment of lease liabilities		-90	-85
Dividend paid to Parent Company shareholder	26	-7,540	-12,430
Dividend paid to non-controlling interests	26	-3	-2
Cash flow from financing activities		**-7,561**	**-12,784**
Cash flow for the year		**1,389**	**-3,132**
Cash and cash equivalents at start of year		3,191	6,289
Exchange difference in cash and cash equivalents		-8	34
Cash and cash equivalents at end of year		**4,572**	**3,191**
Consolidated operating cash flow			
Cash flow from operating activities		**15,898**	**15,907**
Acquisition of property, plant and equipment		-5,442	-4,944
Government investment grants		20	37
Disposal of property, plant and equipment		251	3
Acquisition of subsidiaries		-3	-373
Acquisition of other financial assets – operating		-20	-474
Operating cash flow (excluding current investments)		**10,704**	**10,156**
Acquisition of other financial assets – non-operating		–	–
Disposals/acquisitions (net) in current investments		-1,754	-504
Cash flow after investing activities		**8,950**	**9,652**
Cash flow from financing activities		-7,561	-12,784
Cash flow for the year		**1,389**	**-3,132**

Income statement – Parent Company

1 January – 31 December

MSEK	Note	2023	2022
	1, 38		
Net sales	2, 3	39,769	43,202
Cost of goods sold	14, 15, 31	-22,281	-21,178
Gross profit/loss		**17,488**	**22,024**
Selling expenses		-88	-55
Administrative expenses		-544	-515
Research and development expenses		-1,525	-1,262
Other operating income	4	55	90
Other operating expenses	5	-92	-59
Operating profit/loss	6, 7, 8	**15,294**	**20,223**
Earnings from financial items:			
Income from interests in Group companies		33	-135
Income from other securities and receivables held as non-current assets		1,035	668
Other interest income and similar profit/loss items		1,584	498
Interest expense and similar profit/loss items		-262	-1,655
Profit/loss after financial items	9	**17,683**	**19,599**
Appropriations	10	1,341	828
Profit/loss before tax		**19,024**	**20,427**
Tax	11	-3,882	-3,981
Comprehensive income for the year[1)]		**15,142**	**16,446**

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

Balance sheet – Parent Company

MSEK	Note	31 Dec 2023	31 Dec 2022
Assets	1, 31, 34, 35, 36		
Non-current assets			
Intangible assets	13	1,222	866
Property, plant and equipment for operations	14	30,193	27,803
Property, plant and equipment for urban transformation	15	10,679	11,306
Financial assets			
Interests in subsidiaries	39	2,921	2,917
Interests in associates and jointly controlled entities	18	1,043	1,023
Receivables from Group companies	19, 38	2,275	2,586
Other non-current securities	21	3,226	3,227
Other non-current receivables	22	86	93
Deferred tax asset	11	886	1,370
Total financial assets		**10,437**	**11,216**
Total non-current assets		**52,531**	**51,191**
Current assets			
Inventories	23	5,771	5,287
Current receivables			
Accounts receivable	3, 24	2,792	3,063
Receivables from Group companies	38	615	644
Other current receivables	3, 24	2,120	2,370
Prepaid expenses and accrued income	25	433	313
Total current receivables		**5,960**	**6,390**
Current investments	41	29,918	26,758
Cash and bank balances	41	3,533	2,081
Total current assets		**45,182**	**40,516**
Total assets		**97,713**	**91,707**

MSEK	Note	31 Dec 2023	31 Dec 2022
Equity and liabilities	1, 33, 34, 35		
Equity	26, 44		
Restricted equity			
Share capital (700,000 shares)		700	700
Statutory reserve		697	697
Non-restricted equity	40		
Profit/loss brought forward		48,683	39,777
Profit/loss for the year		15,142	16,446
Total equity		**65,222**	**57,620**
Untaxed reserves	40	10,277	11,202
Provisions			
Provisions, urban transformation	30, 31	9,159	10,615
Other provisions	29, 30	1,728	1,664
Total provisions		**10,887**	**12,279**
Non-current liabilities			
Bond loans	28	1,998	1,996
Other non-current liabilities		24	24
Total non-current liabilities		**2,022**	**2,020**
Current liabilities			
Trade payables		1,955	1,937
Liabilities to Group companies	38	651	721
Current tax liabilities		679	88
Other current liabilities		371	324
Accrued expenses and deferred income	32	2,574	1,961
Provisions for urban transformation	30, 31	2,449	3,029
Other provisions	30	626	526
Total current liabilities		**9,305**	**8,586**
Total equity and liabilities		**97,713**	**91,707**

Statement of changes in equity – Parent Company

2022 MSEK	Restricted equity Share capital	 Statutory reserve	Non-restricted equity Profit/loss brought forward	 Profit/loss for the year	Total equity
Opening equity 1 Jan 2022	700	697	52,207	–	53,604
Profit/loss for the year	–	–	–	16,446	16,446
Dividend	–	–	-12,430	–	-12,430
Closing equity 31 Dec 2022	**700**	**697**	**39,777**	**16,446**	**57,620**

See Note 26.

2023 MSEK	Restricted equity Share capital	 Statutory reserve	Non-restricted equity Profit/loss brought forward	 Profit/loss for the year	Total equity
Opening equity 1 Jan 2023	700	697	56,223	–	57,620
Profit/loss for the year	–	–	–	15,142	15,142
Dividend	–	–	-7,540	–	-7,540
Closing equity 31 Dec 2023	**700**	**697**	**48,683**	**15,142**	**65,222**

See Note 26.

Cash flow statement – Parent Company

1 January – 31 December

MSEK	Note	2023	2022
Operating activities	1, 41		
Profit/loss after financial items		17,684	19,599
Adjustment for items not included in cash flow		1,485	4,541
Income tax paid		-2,807	-4,428
Expenditures, urban transformation	30, 31	-1,829	-2,216
Expenditures, other provisions	30	-23	-59
Cash flow from operating activities before changes in working capital		**14,510**	**17,437**
Cash flow from changes in working capital			
Increase (-)/Decrease (+) in inventories		-484	-1,120
Increase (-)/Decrease (+) in operating receivables		259	-2,332
Increase (+)/Decrease (-) in operating liabilities		465	1,104
Change in working capital		**240**	**-2,348**
Cash flow from operating activities		**14,750**	**15,089**
Investing activities			
Acquisition of property, plant and equipment		-5,066	-4,491
Government investment grants		20	37
Disposal of property, plant and equipment		285	32
Change in financial assets		182	-838
Disposals/acquisitions (net) in current investments		-1,753	-504
Cash flow from investing activities		**-6,332**	**-5,764**

1 January – 31 December

MSEK	Note	2023	2022
Financing activities			
Repayments/borrowing, repurchase agreements		–	-259
Borrowing, other interest-bearing liabilities		–	–
Group contributions received		453	318
Dividend paid to Parent Company shareholder		-7,540	-12,430
Cash flow from financing activities		**-7,087**	**-12,371**
Cash flow for the year		**1,331**	**-3,046**
Cash and cash equivalents at start of year		2,885	5,897
Exchange difference in cash and cash equivalents		-8	34
Cash and cash equivalents at end of year		**4,208**	**2,885**

Note 1 Significant accounting policies

1 Compliance with standards and laws
The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the EU. The Swedish Financial Reporting Board's Recommendation RFR 1 Supplementary Rules for Consolidated Financial Statements was also applied.

The Parent Company applies the same accounting policies as the Group, except where stated below in the Parent Company's accounting policies section.

The Annual Report and consolidated financial statements were approved for issue by the Board of Directors and President on 27 March 2024. The consolidated income statement, consolidated statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet are subject to approval at the Annual General Meeting on 25 April 2024.

2 Measurement bases applied in preparing the financial statements
Assets and liabilities are recognised at historical cost, apart from certain financial assets and liabilities that are measured at fair value. Financial assets and liabilities measured at fair value consist of derivatives, financial instruments with mandatory measurement at fair value through profit or loss, as well as debt and equity instruments at fair value through other comprehensive income.

A defined-benefit pension liability/asset is recognised as the net of the fair value of plan assets and the present value of the defined-benefit liability, adjusted for any asset restrictions.

3 Functional currency and presentation currency
The functional currency of the Parent Company is the Swedish krona (SEK), which is also the presentation currency for both the Parent Company and the Group. This means that the financial statements are presented in SEK. Unless otherwise stated, all amounts are rounded off to the nearest million SEK.

4 Assessments and estimates in the financial statements
Preparing the financial statements in accordance with IFRS requires company management to make assessments, estimates and assumptions that affect the application of accounting policies and the recognised amounts of assets, liabilities, income and expenses. Actual outcomes may diverge from these estimates and assessments.
These estimates and assumptions are reviewed regularly. Changes in estimates are recognised in the period in which the change is made if the change only affects that period, or the period in which the change is made and future periods if the change affects both current and future periods.

Assessments made by company management when applying IFRS that have a significant effect on the financial statements and estimates made that may lead to significant adjustments in the following year's financial statements are described in more detail in section 28, Significant estimates and assessments.

5 Significant accounting policies applied
The following consolidated accounting policies were applied consistently to all periods that are presented in the consolidated financial statements, unless otherwise stated. The consolidated accounting policies were applied consistently in the presentation and consolidation of the Parent Company, subsidiaries and joint ventures.

6 Changes for 2023
6.1 New or amended IFRS
Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2: Disclosure of Accounting Policies, which requires entities to disclose their material accounting policies rather than their significant accounting policies. Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, which clarifies the distinction between changes in accounting policies and changes in accounting estimates. Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from a Single Transaction, on how to account for deferred tax that initially gives rise to both an asset and a liability. These amendments are largely for clarification and have not required any change in the Group's accounting policies.

The IASB made minor amendments to IAS 12 in May 2023. The amendments involve a temporary mandatory exception from accounting for deferred taxes arising from legislation adopted in order to implement the OECD Pillar Two model rules, which the Group is affected by, and certain other disclosure requirements that are presented in Note 12. The Group applies the exception from recognition and disclosure of deferred tax receivables and liabilities related to Pillar Two income taxes.

Amendments effective as of 1 January 2023 have thus had no material effect on the consolidated financial statements.

7 New standards and interpretations effective from or after calendar year 2024
New and amended standards and interpretations that enter into force for financial years starting on or after 1 January 2024 are not expected to have any material impact on the consolidated financial statements.

8 Classification etc.
Non-current assets and liabilities consist essentially of amounts that are expected to be recovered or paid more than 12 months after the end of the reporting period. Current assets and liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the end of the reporting period.

9 Operating segment reporting
An operating segment is a part of the Group that engages in business operations from which it may generate income and incur expenses and for which independent financial information is available. An operating segment's earnings are also monitored by the company's chief operating decision-maker, which is Group management, to assess its performance and to allocate resources to the operating segment. See Note 2 for a more detailed description of the classification and presentation of operating segments.

10 Principles of consolidation and business combinations
10.1 Subsidiaries
Subsidiaries are companies that operate under the control of the Parent Company. In assessing controlling interest, de facto control and potential voting rights are taken into account.

Subsidiaries are recognised according to the acquisition method. The purchase price allocation determines the fair value on the date of acquisition of acquired identifiable assets and assumed liabilities and of any non-controlling interests. Transaction costs incurred are recognised in profit or loss for the year.

Upon acquisition the Group chooses either to recognise non-controlling interests in the acquired company at fair value – in other words, goodwill is included in non-controlling interests – or as a proportion of the identifiable net assets.

10.2 Associates
Associates are companies in which the Group has a significant but not controlling influence over operating and financial governance, normally by means of a shareholding of between 20 and 50 percent of votes. Interests in associates are accounted for using the equity method, which means that the carrying amount of the Group's interests in associates corresponds to the Group's share of the associates' equity. The Group's share of associates' profit or loss after the acquisition is recognised in operating profit.

10.3 Joint ventures
Joint ventures are companies where the Group has a shared controlling interest through cooperation agreements with one or more parties and where the Group has rights to the net assets, rather than having direct rights to assets and obligations for liabilities. Interests in joint ventures are recognised according to the equity method; see above regarding associates.

10.4 Joint operations
Joint operations are cooperation arrangements where the Group and one or more partners have rights to all the economic benefits related to the operations' assets. The settlement of the operations' liabilities depends on the parties' purchase of output from the operations or capital contributions to the operations. Each party in the joint operations reports their share of assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRS standard that is applicable to these specific assets, liabilities, revenues and expenses.

Note 1 continued

10.5 Transactions that are eliminated on consolidation
Intragroup receivables and liabilities, income or expenses, and unrealised gains or losses arising from intragroup transactions between Group companies are eliminated entirely when preparing the consolidated financial statements.

11 Foreign currency
11.1 Foreign currency transactions
Transactions in foreign currency are translated to the functional currency at the exchange rate in effect on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate prevailing on the balance sheet date. Exchange rate differences that arise on translation are recognised in profit or loss for the year. Non-monetary assets and liabilities that are recognised at historical cost are translated at the exchange rate in effect on the transaction date. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the rate in effect on the date of measurement at fair value.

11.2 Financial statements of foreign entities
Assets and liabilities in foreign operations, including goodwill and other group-related surpluses and deficits, are translated from the foreign operations' functional currencies to SEK, the Group's presentation currency, at the exchange rate in effect at the end of the reporting period. Income and costs in a foreign entity are converted to Swedish kronor at an average exchange rate that constitutes an approximation of the exchange rates prevailing on the date of each transaction. Translation differences arising from currency translation of foreign entities are recognised in other comprehensive income and accumulated in a separate component in equity called the translation reserve.

11.3 Net investment in foreign operations
Monetary non-current receivables from and liabilities to a foreign operation for which settlement is not planned or is unlikely to take place within the foreseeable future are in practice part of the company's net investment in the foreign operation. An exchange rate difference that arises for the monetary non-current receivable or liability is recognised in other comprehensive income and accumulated in a separate component in equity called the translation reserve.

12 Revenue
12.1 Performance obligations and revenue recognition policies
Revenue is measured based on the compensation specified in the contract with the customer. The Group recognises revenue when control over goods or services transfers to the customer. Information on how and when performance obligations in contracts with customers are fulfilled and the associated policies for revenue recognition are summarised below.

12.1.1 Sales of iron ore
Iron ore trading is conducted in US dollars. LKAB prices iron ore mainly according to a variable pricing model, with an index-linked price based on the spot price.

The variable pricing model mainly uses quarterly prices, which means that the price is determined subsequently after the end of the quarter. The price is substantially affected by the current quarter's average for 62%/65% sinter fines CFR in China. During the quarter, revenue is based on a preliminary price. At the end of the quarter a price adjustment is recognised based on the established quarterly prices. There are also other pricing models with the same structure where the final price is determined and adjusted subsequently. The variable pricing model also uses monthly prices, determined as the previous month's price.

In the case of fixed price sales, negotiated prices apply.

The customer gains control over the goods when the goods have been delivered in accordance with the terms of sale. Invoices are issued and recognised on this date. Translation is at the current exchange rate. If sales are hedged by forward exchange contracts translation is at the hedged rate. Ongoing reservations are made for discounts granted and these decrease net sales.

Costs relating to delayed loading of vessels, known as demurrage, also affect the transaction price and are recognised within net sales.

12.1.2 Sales of industrial minerals
The Minerals group trades in a number of different minerals, both minerals in its own possession such as magnetite, huntite and mica, and external minerals that are either further processed within the Group or sold on in unchanged form to the end customer. Trade in industrial minerals occurs either in the country's local currency or in a major currency such as USD or EUR.

The customer gains control over the goods when the goods have been delivered in accordance with the contractual terms of sale. Invoicing usually takes place upon delivery and the revenue is recognised on this date. Where applicable, ongoing reservations are made for discounts granted and these decrease net sales.

12.2 Government grants
Government grants are recognised in the statement of financial position as deferred income when there is reasonable assurance that the grant will be received and the Group will comply with the terms associated with the grant. Grants are accrued systematically in profit for the year in the same way and over the same periods as the costs for which the grants are intended to compensate. Government grants related to assets are recognised as a reduction in the asset's carrying amount. In 2023 LKAB was allocated a total of SEK 3.1 billion for the establishment of a first demonstration plant in Gällivare for the production of fossil-free sponge iron on an industrial scale. Of the total sum, SEK 0.56 billion was disbursed in 2023, the grant accruing over the same periods as the costs that the grant is to compensate. For government grants see Note 4.

13 Leases
At the start of the lease or on reassessment of a lease containing various components – lease and non-lease components – the Group allocates the consideration set out in the agreement to each component based on the standalone price. In the case of leases for buildings and land, fixed amounts paid are mainly reported as a single lease component.

Leases where the Group is the lessee
The Group reports a lease liability and a right-of-use asset when the lease begins.

The lease liability is initially measured at the present value of remaining lease payments during the assessed term of the lease. The term of the lease is the non-cancellable period plus additional periods in the lease if, at the time the lease commences, it is considered reasonably certain that such options will be exercised.

The lease payments are discounted using the Group's incremental borrowing rate, which refers to the Group's borrowing cost based on a reference interest rate for interest rate swaps. In addition to the Group's credit risk, the rate reflects the term of each lease and the currency of the underlying asset.

The lease liability includes fixed payments, variable lease payments that depend on an index or a rate, and amounts expected to be paid in accordance with residual value guarantees. Variable lease payments that do not depend on an index or a rate are expensed in the period to which they relate.

The value of the liability is increased by the interest expense for the period concerned and reduced by the lease payments made. The interest expense is calculated as the value of the liability multiplied by the discount rate.

The right-of-use asset is measured initially at cost, consisting of the initial value of the lease liability plus lease payments that were made on or before the start date as well as any initial direct expenses.
The right-of-use asset is depreciated on a straight-line basis from the start date to the end of the lease term.

If rent for premises is index-linked, the liability is adjusted by a corresponding adjustment of the carrying amount of the right-of-use asset. Similarly, the values of the liability and asset are adjusted in conjunction with reassessment of the lease term. The Group includes right-of-use assets in property, plant and equipment for operations in the statement of financial position, which is the same line in which the underlying assets would have been recognised had they been owned. Lease liabilities are included in interest-bearing liabilities in the statement of financial position.

No right-of-use asset or lease liability is recognised for leases with a term of 12 months or less, or where the underlying asset is of low value. Lease payments for these leases are expensed on a straight line basis over the term of the lease.

Leases where the Group is the lessor
Where the Group is the lessor, it is established at the start date of each lease whether the lease is to be classified as a finance lease or an operating lease. The leases where the Group is the lessor are recognised as operating leases.

The Group recognises lease payments from operating leases as revenue on a straight-line basis over the term of the lease on the line for Other operating income; this primarily relates to rental income.

Note 1 continued

14 Financial income and expense

Financial income includes interest income on invested funds, dividends, gains on financial assets measured at fair value through profit or loss, the return on plan assets and gains on hedging instruments that are recognised in net financial income/expense.

Financial expense includes interest expense on borrowings, provisions, lease liabilities and defined-benefit pension obligations, losses on financial assets measured at fair value through profit or loss, impairment of financial assets and losses on hedging instruments that are recognised in net financial income/expense.

Exchange gains/losses on financial assets and financial liabilities including currency derivatives are recognised net.

Interest income and interest expense are recognised using the effective interest method. Dividends are recognised when the right to payment is established.

The effective interest rate is the rate that discounts estimated future cash flows over the expected fixed interest term to the carrying amount of the financial asset or amortised cost of the financial liability. The calculation includes all fees paid or received by the contracting parties that are part of the effective interest rate, transaction costs and all other premiums or discounts.

15 Taxes

Income tax consists of current tax and deferred tax. Income tax is recognised in profit or loss for the year except when the underlying transaction is recognised in other comprehensive income or equity, in which case the associated tax effect is recognised in other comprehensive income or equity.

Current tax is tax to be paid or received for the current year, applying the tax rates enacted or substantively enacted by the balance sheet date; adjustment of current tax attributable to prior periods is also reported here.

Deferred tax is calculated according to the balance sheet method, based on temporary differences arising between the carrying amount of assets and liabilities and their value for tax purposes. Temporary differences are not taken into consideration in Group goodwill. Temporary differences attributable to interests in subsidiaries and associates that are not expected to be reversed in the foreseeable future are also not taken into consideration.

The measurement of deferred tax is based on how the carrying amount of assets or liabilities is expected to be realised or settled. Deferred tax is calculated by applying the tax rates and tax regulations enacted or substantively enacted at the end of the reporting period.

Deferred tax assets relating to deductible temporary differences and loss carryforwards are only recognised to the extent that it is probable they will be utilised. The value of deferred tax assets is reduced when it is no longer deemed probable that they can be utilised.

16 Financial instruments

16.1 Financial assets

Financial assets include financial investments, current investments, cash and cash equivalents, loans receivable, accounts receivable and derivatives.

Accounts receivable and debt instruments issued are recognised upon being issued. Other financial assets are recognised when the Group becomes a party to the contractual terms of the instrument.

On initial recognition a financial asset is measured at fair value. In the case of financial instruments not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue are included. Receivables are measured at the transaction price. How they are reported subsequently depends on how the asset is classified.

A financial asset is derecognised in the statement of financial position when the contractual rights to the cash flows from the financial asset cease.

On initial recognition a financial asset is classified as measured at fair value through profit or loss, at amortised cost or at fair value through other comprehensive income – equity investment.

Financial assets are not reclassified after initial recognition unless the Group changes its business model for managing financial assets, in which case all the financial assets affected are reclassified as at the first day of the first reporting period after the change in business model.

For debt instruments the classification is based on two criteria: the company's business model for managing the financial asset and the instrument's contractual cash flows.

16.1.1 Financial assets measured at fair value through profit or loss

Holdings in this category are current investments and derivatives.

Debt instruments held for trading or managed and where the result will be assessed based on fair value are measured at fair value through profit or loss. This is determined at portfolio level, since this best reflects how such business is managed and how information is given to management. The information taken into consideration includes established policies and objectives of the portfolio, and how the business model's results are assessed and reported to Group management.

In the case of equity instruments (shares) the general rule is that these are measured at fair value through profit or loss. This category is used for all holdings except for holdings where the Group has irrevocably elected to present changes in value through other comprehensive income; see section 16.1.3 below. This decision is made on an investment-by-investment basis.

Net gains and losses, including interest and dividend income, are recognised in profit or loss. Derivatives contracted for operating items are recognised in operating profit, while derivatives of a financial nature are recognised in net financial income/expense.

16.1.2 Financial assets measured at amortised cost

Holdings in this category are accounts receivable, loans receivable, and cash and cash equivalents.

A financial asset is measured at amortised cost if it fulfils both of the following conditions and has not been identified as measured at fair value through profit or loss:

- it is held within a business model whose objective is to hold assets in order to collect contractual cash flows, and
- the agreed terms of the financial asset give rise to cash flows on specified dates that consist only of payments of principal and interest on the outstanding principal.

Amortised cost is determined using the effective interest rate calculated on the date of acquisition. The amortised cost is reduced by impairment losses. Interest income, exchange gains and losses, impairment losses and gains or losses on derecognition are recognised in profit or loss.

16.1.3 Equity instruments measured at fair value through other comprehensive income

Holdings in this category are equity instruments (shares) classified in this category on initial recognition.

The Group may irrevocably elect to recognise subsequent changes in the fair value of an investment in an equity instrument that is not held for trading through other comprehensive income. This decision is made on an investment-by-investment basis.

Changes in value, both realised and unrealised, are recognised in other comprehensive income and accumulated in the fair value reserve, and are never reclassified to profit or loss. Dividends are recognised as income in profit or loss.

16.2 Financial liabilities

Financial liabilities include loan liabilities, accounts payable and derivatives. Financial liabilities are reported when the Group becomes a party to the contractual terms of the instrument.

On initial recognition a financial liability is measured at fair value. In the case of financial instruments not measured at fair value through profit or loss, transaction costs directly attributable to the acquisition or issue are included. How they are reported subsequently depends on how the liability is classified.

When the obligations stated in the contract are satisfied, cancelled or expire, the financial liability is derecognised in the statement of financial position.

On initial recognition a financial liability is measured at fair value through profit or loss or at amortised cost.

16.2.1 Financial liabilities measured at fair value via profit or loss

A financial liability is classified at fair value through profit or loss if it is held for trading purposes, is a derivative or was identified as such on initial recognition.

Financial liabilities in this category are derivatives. Net gains and losses, including interest expense, are recognised in profit or loss. However, see also Note 34 regarding derivatives identified as hedging instruments.

16.2.2 Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost are loan liabilities and accounts payable.

Loan liabilities are measured initially at fair value, net after transaction costs, and subsequently at amortised cost. Amortised cost is determined using the effective interest rate calculated on the date the liability was assumed. This means that surpluses and deficits, as well as direct issue costs, are allocated across the term of the liability.

Accounts payable are measured initially at fair value and subsequently at amortised cost.

Note 1 continued

Interest expense and exchange gains and losses are recognised in profit or loss. Gains or losses on derecognition are also recognised in profit or loss.

16.3 Offsetting

Financial assets and financial liabilities are offset and recognised as a net amount in the statement of financial position only when the Group has a legally enforceable right to offset the recognised amounts and intends to settle the items on a net basis or to realise the asset and settle the liability at the same time.

17 Derivatives and hedge accounting

The Group holds financial derivatives in order to financially hedge a portion of the cash flow risks to which the Group is exposed, primarily exchange rate exposure risks.

Derivatives are measured at fair value on initial recognition. Thereafter they are measured at fair value and changes in value are recognised as described below.

When the Group initially identifies hedging relationships, the risk management objectives and the strategy are documented with the hedge. The Group also documents the economic relationship between the hedged item and the hedging instrument, including whether changes in the cash flow of the hedged item and the hedging instrument are expected to cancel each other out.

17.1 Receivables and liabilities in foreign currency

Hedge accounting is not applied to hedging of foreign currency risk since financial hedging is reflected in the accounts by the fact that both the underlying receivable or liability and the hedging instrument are recognised at the exchange rate on the closing date and the translation differences are recognised in profit for the year.

Exchange rate changes related to operating receivables and liabilities are recognised in operating profit, while exchange rate changes related to financial receivables and liabilities are recognised in net financial income/expense.

17.2 Cash flow hedging

When a derivative is identified as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the hedging reserve.

In the case of forward foreign exchange contracts, the Group only identifies changes in fair value in the spot element as hedging instruments in the cash flow hedging relationship. Fair value changes in the forward component of the forward foreign exchange contract (forward points) are reported as a hedging cost reserve and recognised in the hedging reserve in equity.

When the hedged expected cash flow affects earnings, the hedging instrument's cumulative change in value in the hedging reserve and hedging cost reserve is reclassified to profit or loss. This means that gains and losses relating to hedges are recognised in profit or loss for the year at the same time as gains and losses for the items hedged.

18 Property, plant and equipment

18.1 Owned assets

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment. Cost includes the purchase price and costs directly attributable to the asset to put it in place in working order for use in accordance with the intended purpose. The cost of self-constructed non-current assets includes expenditures for materials, expenditures for employee benefits, and other fabrication costs directly attributable to the asset where applicable.

Property, plant and equipment that consists of parts with different useful lives are treated as separate components.

The carrying amount of a property, plant and equipment item is derecognised from the statement of financial position when the asset is disposed of or retired. The gain or loss arising from the disposal or retirement of an asset is the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expense.

18.2 Exploration and evaluation expenditures

Greater knowledge of the extent of the iron ore deposits is necessary to secure access to more ore and ensure the future development of operations. The orebody is surveyed and defined by means of exploration drilling, mainly via drifts adjacent to it. Ore deposit exploration in both existing and future mining areas is expensed. This principle is also applied in the exploration of areas outside existing mines.

18.3 Underground facilities

Underground facilities from which iron ore is extracted can be divided into waste rock mining (development phase) and iron ore mining (production phase).

Waste rock mining consists of work done to expose the orebody in conjunction with the construction of a new main haulage level, facilities pertaining to transport and maintenance functions such as railways, roads, drifts, shafts, inclined drifts (a system of access for vehicle traffic from surface level to the work site underground), and facilities for service and electrical and air supply. Expenditures for facilities intended for use over a period of more than one year are capitalised in the statement of financial position. Depreciation occurs systematically over the useful life of the main haulage level concerned.

Iron ore mining mainly consists of development, cave drilling and loading, haulage and hoisting of the ore. Expenditures for these activities have a useful life of at most one year, which is why they are expensed as they are incurred.

18.4 Open-pit mines

Iron ore mining above ground takes place in what are known as open-pit mines. Stripping is carried out to expose the orebody, and such things as moraine and barren rock are removed. This is called barren rock mining.

During the development phase expenditures are capitalised as part of the cost of the mine and depreciation occurs systematically over the useful life of the mine.

Expenditure on barren rock mining during the production phase that provides improved access to ore for future mining is recognised under assets and depreciated according to the production-based method.

18.5 Remediation

Future expenditure on dismantling and removing assets and restoring sites or areas where they are located (remediation costs) as relates to ongoing operations are capitalised. Capitalised amounts consist of the present value of estimated expenditures that are simultaneously recognised as provisions.

18.6 Subsequent expenditures

Subsequent expenditures are added to the cost only when it is probable that future economic benefits associated with the asset will flow to the company and the cost can be measured reliably. All other subsequent expenditures are recognised as expenses in the period in which they arise.

A subsequent expenditure is added to the cost if the expenditure relates to the replacement of identified components or parts thereof. In cases where a new component is created, the expenditure is also added to the cost. Any undepreciated carrying amounts for replaced components, or parts thereof, are retired and expensed in conjunction with the replacement. Repairs are expensed as incurred.

18.7 Amortisation principles

Depreciation is on a straight-line basis over the asset's estimated useful life; land is not depreciated. Leased assets are depreciated over their estimated useful life or, if shorter, over the contractually agreed lease term. The Group applies component depreciation, which means that the estimated useful life of the components is used as the basis for depreciation. Facilities and equipment used in open-pit mines are normally depreciated over the lesser of the expected useful life and the useful life of the mine to which they relate.

The following periods of use are applied to property, plant and equipment including future remediation costs:

Properties used in operations, rental properties	15–100 years
Plant and machinery, open-pit mining	Production-based
Other plant and machinery	5–20 years
Equipment, tools, fixtures and fittings	5–20 years
Underground installations	12–20 years
Surface mining facilities	As ore is extracted
Capitalised remediation costs	Estimated useful life of present production structure.

Note 1 continued

Properties used in operations are mainly classified as buildings, land improvements and land. Buildings and land improvements consist of several components that are classified on the basis of function, such as roads, surfacing, service facilities, processing plants etc.

Rental properties consist of several components with varying useful lives. The main classifications are buildings and land. Buildings are divided into several components whose useful lives vary.

The following main groups of components have been identified and form the basis for depreciation of rental properties.

Frames, foundations and interior walls	100 years
Water, sewage, electrical and heating systems	50 years
Exterior facades	40 years
Windows	30 years
Interior finishing and appliances	15 years

Depreciation methods, residual values and useful life are assessed annually and adjusted as necessary.

18.8 Urban transformation

18.8.1 Acquisition of properties

When property is acquired as part of urban transformation, the cost is divided into a building component and a mine component. The distinction is based on the assumption that the building can be used for temporary rental for a limited period from acquisition until evacuation. The building component is calculated as the present value of the net cash flows from the rental. The mine component is defined as the property's total cost less the building component.

The building component is expensed in the period in which the building is expected to be utilised.

The mine component is expensed using the production-based method, which means that the cost is calculated on the basis of ore extracted relative to the estimated total volume for the current main haulage level.

For a further description of urban transformation accounting policies, see policy 28.1.1.

18.8.2 Mine assets

For provisions that relate to commitments outside the existing impact boundary (the boundary of the impact of mining to date for which compensation is payable), a mine asset relating to future mining is recognised. The mine asset is expensed using the production-based method, which means that the cost is calculated on the basis of ore extracted relative to the estimated total volume for the current main haulage level.

Mine assets related to future mining are recognised for Kiruna.

For a further description of urban transformation accounting policies, see policy 28.1.1.

18.8.3 Replacement properties

Two compensation options are offered to owners of rental properties and small houses: a replacement property equivalent to the existing property or financial compensation. For those choosing the replacement property option, all the costs of building the replacement property are recognised under property, plant and equipment. When the property is handed over the amount is deducted from provisions for the commitment; see also Note 31. Where the option of financial compensation has been chosen, the compensation paid is deducted from provisions for the commitment.

19 Intangible assets

19.1 Goodwill

Goodwill is measured at cost less any accumulated impairment losses. Goodwill is allocated to cash-generating units and tested annually for impairment; see accounting policies in section 21.1.

19.2 Research and development

Expenditures on research aimed at gaining new scientific or technical knowledge are expensed as incurred.

Expenditures on development, where research findings or other knowledge are applied to produce new or improved products or processes, are recognised as an asset in the statement of financial position, provided that the product or process is technically and commercially feasible and the company has sufficient resources to complete development and then use or sell the intangible asset. The value includes directly attributable expenditures, such as for goods and services as well as employee benefits. If the above criteria are not met, the expenditures are reported as a cost. Because no such development expenditures have met these criteria thus far, LKAB expenses all expenditures for development as incurred.

19.3 Other intangible assets

Other intangible assets acquired by the Group consist mainly of mining rights, favourable purchasing contracts, customer relationships and software; see Note 13 for a more detailed breakdown. The assets are reported at cost less accumulated amortisation and any impairment losses.

Each arrangement is assessed in terms of whether software is to be regarded as an intangible asset, a lease or a service contract for the purposes of accounting for configuration and customisation costs. If the implementation costs do not meet the criteria for recognition as an intangible asset, the costs are expensed when the implementation services are performed in accordance with the contract. If the implementation services are judged to be distinct and separately identifiable from the actual access to the software, as is generally the case, the costs are expensed as they are incurred. If, however, they are judged to be inseparable from the customer's right to receive access to the supplier's application software, the costs are recognised as an expense when the supplier provides access to the application software over the contract term. Where LKAB pays in advance for a service, an asset is recognised in the form of a prepaid expense.

Also included are emission allowances, which are recognised as described below.

19.3.1 Emission allowances

LKAB participates in the EU's system for trade in emission allowances, which grants the right to emit carbon dioxide. Allowances are allocated across the European market. The emission allowances are recognised as intangible assets and deferred income on allocation, since the company has not qualified for any allowances at the time of issue. They are measured at cost, which in the case of allocated allowances corresponds to the market price on allocation.

Qualification is at the same rate as actual emissions, when a liability to surrender emission allowances also arises. A cost of emissions and a provision for emission allowances are recorded. At the same time, a corresponding amount is transferred from deferred income to income for emission allowances. Measurement is at the average cost of allocated emission allowances.

When emission allowances are reported the corresponding number of emission allowances must be surrendered. Thus the intangible non-current asset is exhausted and the provision for discharged emissions is settled. Where a liability to supply emission allowances exceeds the remaining allocation of emission allowances, the surplus amounts are carried as a liability measured at the current market value of the number of emission allowances necessary to settle the commitment. For information on amounts see Note 30.

19.4 Subsequent expenditures

Subsequent expenditures on capitalised intangible assets are recognised as assets in the statement of financial position only when they increase the future economic benefits of the specific asset to which they relate. All other expenditures are expensed as incurred.

19.5 Amortisation principles

Amortisation is recognised in profit or loss for the year on a straight-line basis over the estimated useful life of intangible assets. Useful life is reviewed annually. Intangible assets that can be amortised are amortised from the date they are available for use. The estimated useful lives are:

Mining rights	30–50 years
Purchasing contracts	10–15 years
Customer relationships	15 years
Software in own IT environment	5 years

20 Inventories

Inventories are measured at the lower of cost or net realisable value. The cost of inventories is calculated using the first-in, first-out (FIFO) principle and includes expenditures incurred in acquiring the inventory items and bringing them to their existing location and condition. For finished goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling expenses.

Note 1 continued

21 Impairments

The Group's recognised assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. IAS 36 is applied to the impairment of assets that are not dealt with by any other IFRS standard.

21.1 Impairment of property, plant and equipment, intangible assets and interests in associates and joint ventures

If impairment is indicated, the recoverable amount of the asset is calculated.

The recoverable amount for goodwill is also calculated annually. If it is not possible to ascertain essentially independent cash flows for an individual asset, the assets are grouped at the lowest level at which it is possible to identify essentially independent cash flows (a so-called cash-generating unit).

The recoverable amount is the higher of fair value less selling expenses or value in use. In assessing value in use, the future cash flows are discounted using a rate that reflects a risk-free rate of return and the risks specific to the asset.

An impairment loss is recognised when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount. Impairment losses are charged to profit for the year. Once impairment has been identified for a cash-generating unit, the impairment loss is initially allocated to goodwill, after which other assets in the unit are proportionally impaired.

21.2 Reversal of impairment

An impairment of assets included in the scope of IAS 36 is reversed if there is an indication that the impairment no longer exists and there has been a change in the assumptions underlying the calculation of the recoverable value when the impairment loss was applied to the asset. However, impairment of goodwill is never reversed. Impairment is reversed only to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that would have been recognised, less amortisation if appropriate, if no impairment had been recognised.

21.3 Impairment of financial assets

Impairment testing of financial assets largely relates to accounts receivable. A simplified method is applied in which the loss allowance is calculated based on lifetime expected credit losses.

When calculating expected credit losses consideration is given to historical, current and forward-looking factors. The loss allowance is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows.

Impairment of accounts receivable is recognised as a decrease in the asset's carrying amount and in operating costs.

22 Capital payments to shareholders

Dividends are recognised as liabilities once they have been approved at the Annual General Meeting.

23 Earnings per share

The calculation of earnings per share is based on consolidated profit for the year attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year.

24 Employee benefits

24.1 Defined-contribution pension plans

Defined-contribution pension plans are those for which the company's obligation is limited to the amount that it agrees to pay. In such cases the size of the employee's pension depends on the contributions the company pays to the plan or to an insurance company and the return on capital generated by the contributions. Consequently it is the employee who bears the actuarial risk (that benefits will be lower than expected) and investment risk (that the invested assets will be insufficient to meet expected benefits). The company's obligations for defined-contribution plans are recognised as an expense in profit for the year as they are earned by the employees performing services for the company over a given period.

24.2 Defined-benefit pension plans

The Group's net obligation in respect of defined-benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned through their service in current and prior periods. This benefit is discounted to a present value. The discount rate is the rate at the end of the reporting period on a high-quality corporate bond, including mortgage bonds, with a maturity corresponding to the Group's pension obligations. When there is no viable market for such corporate bonds, the market rate for government bonds with a similar maturity is used instead. The calculation is performed by a qualified actuary using the Projected Unit Credit Method. The fair value of any plan assets is also calculated at the reporting date.

The Group's net obligation is the present value of the obligation, less the fair value of plan assets adjusted for any asset restrictions.

Net interest expense/income on the defined-benefit obligation/asset is recognised in profit or loss for the year under net financial income/expense. Net interest income is based on the interest that arises when discounting the net obligation; that is, interest on the obligation, plan assets and the effect of any asset restrictions. Other components are recognised in operating profit.

Revaluation effects consist of actuarial gains and losses, the difference between the actual return on plan assets and the amount included in net interest income and any changes in the effects of asset restrictions (excluding interest included in net interest income). Actuarial gains and losses arise either because the actual outcome deviates from previous assumptions or the assumptions change. Revaluation effects are recognised in other comprehensive income.

When the calculation leads to an asset for the Group, the carrying amount of the asset is restricted to the lower of the surplus in the plan or the asset restriction calculated using the discount rate. The asset restriction is the present value of the future economic benefits in the form of reduced future contributions or a cash refund. In calculating the present value of future reimbursements or payments, any minimum funding requirement is taken into account.

Changes to or reductions in a defined-benefit plan are recognised on the earliest of the following dates: a) when the change in the plan or reduction occurs, or b) when the company recognises related restructuring costs and termination benefits. The changes/reductions are recognised directly in profit or loss for the year.

The special employer's contribution is part of the actuarial assumptions. Special employer's contributions related to the difference between how the pension obligation is determined in a legal entity and in the Group are recognised as part of the net obligation. Provisions and receivables are not calculated to present value. In a legal entity, the part of the special employer's contribution that is calculated based on the Pension Obligations Vesting Act is recognised for simplicity's sake as an accrued expense rather than as part of the net obligation/asset.

24.3 Short-term benefits

Short-term employee benefits are calculated without discounting and recognised as an expense when the related services are received.

A current liability is recognised for the expected cost of profit-sharing and bonus payments when the Group has a present legal or constructive obligation to make such payments as a result of services rendered by employees and the obligation can be reliably estimated.

24.4 Termination benefits

Benefits associated with the termination of employment are expensed at the earlier of the date that the company can no longer withdraw the offer to the employee or the date that the company recognises restructuring costs.

25 Provisions

A provision is recognised in the statement of financial position when there is a present legal or constructive obligation as a result of a past event and it is probable that an outflow of economic resources will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions are made at the amount which is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Where the effect of payment timing is important, provisions are determined by discounting the expected future cash flow at a pre-tax rate that reflects current market assessments of the time value of money and, if appropriate, the risks specific to the liability.

25.1 Provisions for urban transformation

See section 28.1.1 below.

25.2 Provisions for remediation

See section 28.1.2 below.

Note 1 continued

26 Contingent liabilities
A disclosure concerning a contingent liability is made when there is a possible commitment arising from past events whose existence is confirmed only by one or more uncertain future events beyond the company's control, or when there is a commitment that is not recognised as a liability or provision because it is not probable that an outflow of resources will be required or this cannot be measured with sufficient reliability.

27 Parent Company accounting policies
The Parent Company has prepared its annual report according to the Swedish Annual Accounts Act (1995:1554) and the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for Legal Entities. The Swedish Financial Reporting Board's recommendations for listed companies are also applied. RFR 2 states that in the annual report for the legal entity, the Parent Company shall apply all IFRS and interpretations adopted by the EU as far as possible within the framework of the Annual Accounts Act, Pension Obligations Vesting Act and considering the relationship between accounting and taxation. The recommendation states the exceptions from and additions to IFRS that must be made.

27.1 Differences between Group and Parent Company accounting policies
The differences between Group and Parent Company accounting policies are detailed below. The specified accounting policies for the Parent Company were applied consistently to all periods presented in the Parent Company's financial statements.

27.2 Changed accounting policies in 2023
Unless otherwise stated below, the Parent Company's accounting policies in 2023 changed in accordance with what is stated above for the Group. The amendments have had no impact on the Parent Company's financial statements.

27.3 Upcoming changes in accounting policies
Upcoming changes to RFR 2 are expected to have no material impact on the Parent Company's financial statements on initial application.

27.4 Classification and presentation
The Parent Company uses the terms income statement, balance sheet and cash flow statement for the reports that in the Group are called consolidated income statement, statement of financial position and statement of cash flows respectively. The income statement and balance sheet for the Parent Company are presented in accordance with the Annual Accounts Act, while the corresponding Group reports are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows. The most significant differences from the consolidated statements relate primarily to recognition of financial income and expenses, financial assets and equity, and the fact that provisions are recognised under a separate heading in the balance sheet.

27.5 Subsidiaries and associates
Shares in subsidiaries, associates and jointly controlled entities are recognised in the Parent Company using the cost method. This means that transaction costs are included in the carrying amount of interests in subsidiaries, associates and jointly controlled entities.

27.6 Expanded investment
Exchange rate differences on monetary items that form part of the Parent Company's net investment in a foreign operation are recognised in profit or loss.

27.7 Financial instruments and hedge accounting
The Parent Company has chosen not to apply IFRS 9 to financial instruments. However, some of the principles of IFRS 9 are still applicable – such as those relating to impairment losses, recognition/derecognition, criteria for applying hedge accounting and the effective interest method for interest income and interest expense.

In the Parent Company non-current financial assets are measured at cost less any impairment losses.

Current financial assets are measured at the lower of cost or market. Interest-bearing securities, shares and alternative investments or commodity derivatives are measured at portfolio level. This means that for instruments in the same portfolio, unrealised gains are offset against unrealised losses. Excess losses are recognised as a reduction in interest income under other interest income and similar items. Excess gains are not recognised.

Financial liabilities are measured at amortised cost.

Derivatives used for hedging forecast cash flows to which hedge accounting is applied are not carried in the balance sheet. Changes in the value of derivatives are recognised in the same period as the hedged cash flows.

Derivatives with a negative value that are not part of a securities portfolio or to which hedge accounting is not applied are recognised as financial liabilities (other current liabilities) and measured at the amount most favourable to the company upon settlement or transfer of the obligation at the end of the reporting period.

When currency-hedging receivables in foreign currency relating to iron ore sales using forward contracts, the forward exchange rate is used to measure the hedged receivable. The forward points in the forward foreign exchange contract are recognised in net sales.

27.8 Financial guarantees
The Parent Company's financial guarantees mainly consist of security provided for subsidiaries. Financial guarantees mean that the company is committed to reimbursing the holder of a debt instrument for losses it incurs because a specified debtor fails to make payment when due according to the contractual terms. The Parent Company applies one of the reliefs permitted by the Financial Reporting Board compared with the rules of IFRS 9 in its recognition of financial guarantee agreements issued on behalf of subsidiaries. The Parent Company recognises financial guarantees as provisions in the balance sheet when the company has a commitment for which payment will probably be required to settle the commitment.

27.9 Anticipated dividends
Anticipated dividends from subsidiaries are recognised in cases where the Parent Company is solely entitled to decide on the size of the dividend and has decided on the size of the dividend before publishing its financial statements.

27.10 Operating segments
The Parent Company does not report segments with the same breakdown and to the same extent as the Group, but instead discloses the breakdown of net sales by the Parent Company's business streams.

27.11 Property, plant and equipment
With reference to RFR 2, IAS 16 (4), estimated future expenditures for dismantling and removing assets and restoring sites or areas where they are located (remediation costs) in legal entities are not capitalised. Instead, the provision for these expenditures is made gradually over the useful life.

27.12 Leased assets
The Parent Company does not apply IFRS 16, in accordance with the exemption in RFR 2. As lessee, lease payments are expensed on a straight line basis over the term of the lease and therefore right-of-use assets and lease liabilities are not reported in the balance sheet. Leases where the Parent Company is the lessor are reported as operating leases.

27.13 Intangible non-current assets
27.13.1 Research and development
All research and development expenditures are recognised as expenses in the Parent Company income statement.

27.14 Employee benefits – defined-benefit pension plans
Where a pension premium is paid to an insurance company, the Parent Company recognises a defined-benefit plan as a defined-contribution plan.

The Parent Company applies policies other than those described in IAS 19 when estimating defined-benefit plans. The Parent Company complies with the provisions of the Pension Obligations Vesting Act and Finansinspektionen's regulations since this is a prerequisite for tax deductibility. The most significant differences from IAS 19 are how the discount rate is determined, that estimation of the defined-benefit obligation is based on current salary levels without consideration of future salary increases, and that all actuarial gains and losses are recognised in the income statement.

Pension obligations secured by transfer of funds to a pension fund are recognised as a provision in the Parent Company only if the fair value of the fund assets is less than the amount of the obligations. No asset is recognised if the fund assets are greater than the obligations. The value of the company's obligations in respect of future pension payments is to be calculated in accordance with the second paragraph above.

Note 1 continued

27.15 Taxes

In the Parent Company balance sheet, untaxed reserves are recognised without dividing these into equity and deferred tax liabilities, in contrast to the Group. Similarly, the Parent Company does not allocate any part of appropriations to deferred tax in the income statement.

27.16 Group and shareholder contributions

Group contributions are recognised as appropriations.

Shareholder contributions paid are reported by the giver as an increase in Interests in Group companies and in Interests in associates and jointly controlled entities respectively.

28 Significant estimates and assessments

The preparation of financial statements requires management and the Board of Directors to make assessments and assumptions that affect recognised assets, liabilities, income and expenses and other information provided, such as contingent liabilities.

Listed below are the estimates and assessments that are considered most important for an understanding of the financial statements. Conditions for LKAB's operations change gradually, which means that these assessments also change.

28.1 Provisions resulting from mining operations

28.1.1 Provisions for urban transformation

The techniques used in ore mining in underground mines lead to deformations in the form of fissures in the ground where mining is conducted. The deformations are already or will become so extensive that it is necessary to gradually move parts of Kiruna and Malmberget.

Although there are many similarities between conditions in Kiruna and Malmberget, the geological conditions differ. In Kiruna there is a gradual spread of deformations with continuous fissuring, while in Malmberget there is widespread undermining of the ground in the city centre. The deformations are a direct result of mining operations.

LKAB has already had, and will continue to have, significant expenses related to these urban transformations. For instance, LKAB will incur expenses for the acquisition of properties and municipal infrastructure such as electricity, water and sewage systems in the affected areas. The expenditures arise from LKAB's mandatory obligation to compensate damage resulting from its mining activities.

Provisions for the damage caused by the deformations are made for damage already confirmed and damage not yet confirmed but that will occur a year or so later as a result of mining.

LKAB recognises a provision:

1. where there is an agreement or a clear constructive obligation to an external party that defines a commitment relating to future impact areas,
2. as a result of past events,
3. which is expected to result in an outflow of economic resources from the company at settlement, and
4. a reliable estimate of the amount can be made.

For those provisions that relate to commitments outside the existing impact boundary (the boundary of the impact of mining to date for which compensation is payable), a mine asset relating to future mining is recognised.

The amount of the provision is calculated on the basis of objective valuation methods for each type of asset (residential properties, land, infrastructure etc.) and a present value is assigned.

For Kiruna, provisions are recognised for all assessed commitments within the impact area of the current main haulage level according to the current deformation forecast.

Where Malmberget is concerned, environmental conditions were laid down in a ruling by the Land and Environment Court. The impact area from the mining of several different orebodies has essentially encircled central Malmberget, which means that it is no longer able to function as a normal city centre. Provisions have been made and costs expensed for the entire area that will be phased out, in accordance with the current deformation forecast.

All damage/compensation claims that are within the area impacted by mining to date are calculated and recognised as an expense in the income statement, in light of the fact that LKAB consumed the economic benefits that the mining generated.

The mine component and mine asset relating to future mining are expensed using a production-based method. This means that the cost is calculated on the basis of ore actually extracted relative to the estimated total volume for the current main haulage level. Expensing for the year is usually based on the mine asset/mine component at the start of the year. Significant events may result in the basis being adjusted during the current year.

The impact will continue for many years ahead and there will be uncertainty regarding geological consequences, assumptions about market values, demolition and waste disposal costs, etc. The uncertainty in the estimates made so far will decrease as the experience gained is taken into account in future estimates.

Provisions for urban transformation at year-end amounted to MSEK 11,608 (13,644).

28.1.2 Provisions for remediation

Obligations for remediation, dismantling and decontamination as a result of mining operations arise mainly as a result of legal environmental requirements. The Group recognises provisions for remediation costs for all legal and constructive obligations.

Future expenditures for remediation are those resulting from closed operations and ongoing operations. The company collaborates with regulatory authorities to devise long-term plans for remediation of the mining areas. Provisions for ongoing operations are based on these remediation plans.

The amount of the provision is calculated based on acreage and an assessment of future expenditures based on present day technology and other circumstances. The provision is assigned a present value. Future expenditures for ongoing operations are capitalised and depreciated over their useful life. For discontinued operations the costs have been expensed.

Provisions are reviewed and updated as needed when the mine assets' estimated useful life, costs, technical conditions, regulations or other conditions change.

The uncertainty in estimates made to date will decrease as experience gained is taken into account in future estimates.

At year-end, provisions for remediation amounted to MSEK 1,701 (1,727).

28.2 Impairment testing of property, plant and equipment

The Group reports significant values in the balance sheet in respect of property, plant and equipment. Property, plant and equipment are tested for impairment in accordance with the accounting policies described in section 21.1 above. The recoverable amounts of cash-generating units are established by calculating value in use. Value in use is based on estimates of expected future cash flows from the mining of the mineral reserves, and thus on assumptions concerning factors such as long-term iron ore prices, the USD/SEK exchange rate and levels of capital expenditure. The calculation of value in use is very sensitive to changes in the assumptions.

The Group has reported no impairment losses for 2023 or 2022.

28.3 Useful life and depreciation method for property, plant and equipment

Depreciation periods for main haulage levels, facilities and equipment in mines is dependent on future ore extraction and the mine's useful life. It is essential that changes in production and the ore base are reflected in the applied depreciation method and useful life, which is of particular importance when deciding on new main haulage levels. To achieve this, the useful lives and depreciation methods must be continuously reassessed. Changes in assessments could have a material impact on consolidated earnings and financial position.

The carrying amount of property, plant and equipment at year-end amounted to MSEK 35,615 (33,558). Depreciation for the year amounted to MSEK 2,797 (2,972).

28.4 Retirement benefits

Several assumptions are important components in the actuarial methods used to calculate pension provisions, which may have a significant impact on the recognised net obligation and annual pension cost. The discount rate and expected return on plan assets are two critical assumptions used in the calculation of pension cost for the year and the present value of pension obligations. These assumptions are assessed annually for each pension plan in each country.

The discount rate enables the measurement of future cash flows to present value on the measurement date. This rate must correspond to the yield on either high-quality corporate bonds including mortgage bonds or, if there is no viable market for such bonds, government bonds. A lower discount rate increases the present value of the pension provision and the annual cost.

To determine the expected return on plan assets, LKAB considers the current and anticipated categories of the assets as well as historical and expected returns on the various categories of assets.

Several factors do not change as often, such as personnel turnover and retirement age. For economic and other reasons, actual outcomes often differ from actuarial assumptions.

At year-end, provisions for pensions amounted to MSEK 1,170 (992).

28.5 Taxes

Significant assessments are made to determine current tax assets and liabilities as well as deferred tax assets and liabilities. LKAB must assess the likelihood that deferred tax assets will be utilised to offset future taxable profits. Actual outcomes may differ from the estimates,
for instance due to changed tax legislation or the outcome of final reviews of tax returns by authorities and tax courts.

A deferred net tax liability of MSEK -1,735 (-1,388) was recognised at year-end. The corresponding amount for current tax was a net tax liability of MSEK -714 (-96).

28.6 Disputes

LKAB is occasionally involved in disputes and legal proceedings in the ordinary course of business. Management consults with legal counsel on matters related to litigation and other experts both within and outside the company on matters concerning the ordinary course of business. Management's considered opinion is that neither the Parent Company nor any subsidiary is currently involved in any legal or arbitration proceedings that are expected to have a material effect on the business, its financial position or earnings.

Note 2 Segment reporting

Segment information

The Group's business is divided into operating segments based on the parts of the business monitored by the Group's chief operating decision maker. This is known as a management approach. Group management follows up on the results of the operations and decides how resources are to be allocated based on the products that the Group produces and sells, and these operations form the Group's operating segments. Each operating segment is headed by a person with day-to-day responsibility for the operations who reports regularly to Group management on the results of the operating segment's performance and the resources needed. The Group's internal reporting is structured so as to allow Group management to follow up on the operating segments' performance and results. An operating segment's results, assets and liabilities include items directly attributable to that segment and items which can be allocated to that segment in a reasonable and reliable way. Intra-group prices between segments are based on the arm's length principle; that is, between parties that are independent of each other, well-informed and with an interest in completing transactions. In the income statement, all items other than net financial income/expense and tax expense have been allocated to operating segments. Assets that have been allocated are property, plant and equipment; other assets have not been allocated. Where liabilities are concerned, lease liabilities and provisions for urban transformation and remediation have been allocated, while other liabilities have not been allocated. All tangible investments are included in the segments' capital expenditures on property, plant and equipment.

The Group comprises the following operating segments:

Iron Ore business area

The Iron Ore business area mines and processes iron ore products in Kiruna, Malmberget and Svappavaara. The business area produces blast furnace pellets and pellets for steelmaking via direct reduction, known as DR pellets. The business area also produces fines. Included in the business area are logistics activities for the iron ore operations.

Special Products business area

The Special Products business area covers LKAB Minerals, LKAB Wassara, LKAB Berg & Betong, LKAB Kimit, LKAB Mekaniska and Bergteamet. The business area develops and markets industrial minerals, drilling technology and full service solutions for the mining and construction industries.

Other Segments

Other Segments covers group-wide functions such as HR, communication and finance, as well as strategic research and development. Other Segments also covers financial operations, including transactions and gains or losses relating to financial hedging for iron ore prices, currencies and purchases of electricity.

Note 2 continued

Operating segments

Group	Iron Ore business area		Special Products business area		Other Segments		Total		Group-related adjustments and eliminations[1]		Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
External income	38,420	42,098	4,367	4,620	137	-175	42,923	46,543	–	–	42,923	46,543
Internal income	1,136	1,190	2,577	2,467	97	75	3,811	3,732	-3,811	-3,732	0	0
Total income	**39,556**	**43,288**	**6,944**	**7,087**	**234**	**-100**	**46,734**	**50,275**	**-3,811**	**-3,732**	**42,923**	**46,543**
Operating profit/loss	**16,484**	**21,322**	**640**	**541**	**-935**	**-941**	**16,189**	**20,922**	**41**	**-123**	**16,230**	**20,799**
Net financial income/expense											2,928	-2,119
Profit/loss before tax											**19,158**	**18,680**
Tax											-3,938	-3,600
Profit/loss for the year											**15,220**	**15,080**
Significant non-cash items												
Depreciation of property, plant and equipment	-2,601	-2,792	-273	-257	-103	-95	-2,977	-3,144	4	3	-2,973	-3,141
Costs for urban transformation provisions	-400	-545	–	–	–	–	-400	-545	–	–	-400	-545
Assets	41,398	41,830	1,120	1,110	3,776	1,924	46,294	44,864	–	–	46,294	44,864
Unallocated assets											60,654	52,760
Total assets											**106,948**	**97,624**
Investments in property, plant and equipment	5,036	4,687	208	165	198	92	5,443	4,944	–	–	5,443	4,944
Liabilities	13,445	15,548	141	170	51	27	13,637	15,745	–	–	13,637	15,745
Unallocated liabilities											12,450	10,559
Total liabilities											**26,087**	**26,304**

1) Refers to intra-group transactions and group-related adjustments, for example adjustment of the consolidated pension liability under IAS 19 and internal gains.

Note 2 continued

Geographic areas

The vast majority of Group sales are made essentially from Sweden and in the Swedish companies. The Group's products are made almost exclusively in Sweden. Capital expenditures have mainly been made in Sweden. The carrying amount of assets by country/region is based on where the assets are located, and the income for the Group is recognised based on where the customers are located.

Group	Sweden		Rest of Europe		Middle East & North Africa		Rest of World		Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
External income	7,934	8,146	20,141	21,673	9,879	11,677	4,970	5,047	42,923	46,543
Property, plant and equipment	43,408	41,687	2,867	3,149	–	–	18	28	46,293	44,864

Information about major customers

Under IFRS 8, the company must disclose information about major customers. The LKAB Group has four large customers that each account for 10 percent or more of Group sales. Sales to these customers amounted to 26 (25) percent, 11 (12) percent, 10 (13) percent and 10 (10) percent of Group sales and are reported in the Iron Ore business area.

Parent Company	Iron Ore business area		Other Segments		Parent Company total	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net sales	39,505	43,251	264	-49	39,769	43,202

Parent Company	Europe		Middle East & North Africa		Rest of World		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Net sales by geographic market	26,493	28,370	9,757	11,473	3,519	3,359	39,769	43,202

Note 3 Revenue

Breakdown of revenue from contracts with customers

The breakdown of revenue from contracts with customers into major product and service areas and into main geographic markets is summarised below.

The table also includes a reconciliation between the revenue breakdown and the Group's total external income for operating segments according to Note 2.

Group	Iron Ore business area		Special Products business area		Other Segments		Group	
MSEK	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Product/service area								
Pellets	33,765	37,270	–	–	–	–	33,765	37,270
Fines	3,833	4,064	–	–	–	–	3,833	4,064
Magnetite	–	–	1,720	1,630	–	–	1,720	1,630
Mineral sands	–	–	366	849	–	–	366	849
Other industrial minerals	–	–	1,598	1,658	–	–	1,598	1,658
Mining and construction services	–	–	683	483	–	–	683	483
Other	822	764	–	–	26	19	848	783
Total	**38,420**	**42,098**	**4,367**	**4,620**	**26**	**19**	**42,812**	**46,737**
Region								
Europe	25,144	27,266	2,793	2,728	26	19	27,963	30,013
MENA	9,757	11,473	122	204	–	–	9,879	11,677
Rest of World	3,519	3,359	1,452	1,688	–	–	4,971	5,047
Total	**38,420**	**42,098**	**4,367**	**4,620**	**26**	**19**	**42,812**	**46,737**
Revenue from contracts with customers	38,420	42,098	4,367	4,620	26	19	42,812	46,737
Other income – financing activities	–	–	–	–	111	-194	111	-194
Total external income	**38,420**	**42,098**	**4,367**	**4,620**	**137**	**-175**	**42,923**	**46,543**

Contract balances

Disclosures concerning contract liabilities from contracts with customers that are summarised below.

Group

MSEK	**31 Dec 2023**	**31 Dec 2022**
Contract liabilities included in Other current liabilities	127	82

The contract liability balance of MSEK 82 that was reported at the beginning of the period was recognised as revenue in 2023.

Note 4 Other operating income

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Rental income, properties	281	250	–	–
Gain on sale of non-current assets	4	3	1	1
Exchange gain on receivables/liabilities related to operations	85	68	39	30
Government grants	24	51	14	48
Damages	0	15	0	1
Other	97	8	1	10
Total	**491**	**395**	**55**	**90**

Note 5 Other operating expenses

MSEK	Group 2023	Group 2022	Parent Company 2023	Parent Company 2022
Property costs	347	288	59	3
Loss on sale of non-current assets	8	5	–	–
Exchange loss on receivables/liabilities related to operations	86	102	33	56
Other	11	5	–	–
Total	**452**	**400**	**92**	**59**

Note 6 Employees, employee benefit expenses and remuneration of senior executives

Average number of employees

Parent Company	2023	Of which women	Of which men	2022	Of which women	Of which men
Sweden	3,281	29%	71%	3,211	28%	72%
Total Parent Company	**3,281**	**29%**	**71%**	**3,211**	**28%**	**72%**
Subsidiaries						
Sweden	822	23%	77%	743	22%	78%
China	18	56%	44%	19	63%	37%
Netherlands	23	22%	78%	21	14%	86%
Norway	208	14%	86%	223	13%	87%
United Kingdom	241	22%	78%	247	20%	80%
Germany	12	42%	58%	12	42%	58%
Other countries	35	23%	77%	37	23%	77%
Total subsidiaries	**1,359**	**22%**	**78%**	**1,302**	**21%**	**79%**
Total Group	**4,640**	**27%**	**73%**	**4,513**	**26%**	**74%**

Gender distribution in company management as at 31 December

Parent Company	31 Dec 2023 Percentage women	31 Dec 2023 Percentage men	31 Dec 2022 Percentage women	31 Dec 2022 Percentage men
Board of Directors	42%	58%	33%	67%
Other senior executives	29%	71%	29%	71%

Salaries and other remuneration, and social security costs, of senior executives and other employees respectively in the Parent Company

Parent Company MSEK	2023 Senior executives (18 individuals)	2023 Other employees	2023 Total	2022 Senior executives (18 individuals)	2022 Other employees	2022 Total
Salaries and other remuneration						
Sweden	31	2,538	2,569	30	2440[1)]	2,470
Total Parent Company	**31**	**2,538**	**2,569**	**30**	**2,440**	**2,470**
Social security costs			1,233			1,180
of which pension costs			*420*			*433*

1) In accordance with a decision by the Board of Directors, in June a bonus of SEK 20,000 per person was paid to all employees excluding senior executives.

Note 6 continued

Senior executives
Senior executives refers to Board members, the President and the other members of Group management.

Guidelines for remuneration to the Board of Directors
The remuneration of the Chairman of the Board and Board members is decided at the AGM. The 2023 AGM approved remuneration of SEK 721,000 to the Chairman of the Board and SEK 325,000 to the other Board members elected by the AGM. Serving on the Finance and Audit Committee is remunerated with a fee of SEK 77,000 for the chair and SEK 51,500 for other committee members. Serving on the Strategy and Urban Transformations Committee is remunerated with a fee of SEK 73,600 for the chair and SEK 51,000 for other committee members. Serving on the Remuneration Committee is remunerated with a fee of SEK 30,900 for the chair and SEK 20,600 for other committee members. Remuneration is not paid any Board member who is employed at the Government Offices, nor to employee representatives.

Guidelines for the remuneration of senior executives
The 2023 AGM adopted guidelines for remuneration of senior executives. The guidelines were prepared in accordance with the government's principles for compensation and other employment terms for senior executives at state-owned companies dated 27 February 2020. The guidelines are applicable to contracts signed after the 2020 AGM. During 2023 the company complied with the applicable remuneration guidelines adopted by the general meeting. There has been no departure from the guidelines and no deviation from the decision-making process that the guidelines state is to be applied to determine the remuneration.

Remuneration and other employment terms for the President and the remuneration principles for other senior executives are prepared by a remuneration committee and approved by the Board of Directors. The Board committee has four members and is chaired by the Chairman of the Board. The Chairman of the Board approves the annual salary reviews of other Group management executives.

Remuneration of senior executives
The President and other Group management executives are paid fixed salaries. The salaries are pensionable.

President Jan Moström's basic monthly salary in 2023 was SEK 796,000. Retirement age for the President is 65. The President's pension plan is a defined-contribution plan whereby LKAB makes a yearly provision of 30 percent of the President's current fixed annual salary for a pension plan chosen by the President, which may include the ITP plan. The portion of the premium allowance that is not used to cover premiums for the ITP plan can be used by the President for a complementary pension plan. The retirement age for other senior executives is 65. They have a defined-contribution pension plan to which LKAB allocates 30 percent of annual fixed salary.

The mutual notice period for termination of employment in the case of senior executives with contracts signed prior to the 2017 AGM is six months. Severance pay equivalent to 18 monthly salaries is paid when notice of termination is given by the company. For contracts signed since the 2017 AGM a mutual notice period of six months applies. Severance pay equivalent to 12 monthly salaries is paid when notice of termination is given by the company.

For further information, see the table Remuneration and other benefits to members of Group management in 2023.

Remuneration and other benefits to the Board, accrued

SEK thousand	2023 Board fees	2022 Board fees
Chairman of the Board Göran Persson[1, 4]	818	795
Board member Anders Borg[1]	251	–
Board member Catrin Fransson[3]	390	361
Board member Eva Hamilton[1]	372	361
Board member Kerstin Konradsson[3]	251	–
Board member Lotta Mellström[2]	–	–
Board member Bjarne Moltke Hansen[1]	372	361
Board member Gunilla Saltin[4]	342	331
Board member Per-Olof Wedin[3]	373	361
Board member Gunnar Axheim[1, 5]	122	361
Board member Ola Salmén[3, 5]	130	386
Total	**3,419**	**3,315**

1) The fee also includes remuneration for work on the Strategy and Urban Transformations Committee.
2) No board fees are paid to representatives of the Ministry of Enterprise and Innovation.
3) The fee also includes remuneration for work on the Finance and Audit Committee.
4) The fee also includes remuneration for work on the Remuneration Committee.
5) Stood down from the Board at the 2023 AGM.

Remuneration and other benefits to members of Group management in 2023

SEK thousand	Basic salary[1]	Other benefits[2]	Pension cost	Total
President Jan Moström	9,901	180	2,913	12,995
Leif Boström, SVP Special Products Business Area	3,072	106	890	4,068
Niklas Johansson, SVP Communication and Climate	2,819	88	834	3,740
Pia Lindström, SVP Environment and Sustainability	2,383	201	698	3,282
Stefan Loréhn, Chief Financial Officer[3]	2,351	163	738	3,252
Michael Palo, SVP Iron Ore Business Area	3,669	200	1,071	4,940
Maria Reinholdsson, SVP HR	2,540	196	743	3,479
Peter Hansson, SVP Strategy and Business Development[4]	2,735	100	804	3,639
Total	**29,470**	**1,234**	**8,691**	**39,395**

1) Basic salary including holiday pay.
2) Other benefits include accommodation, a company car, subsistence allowances, life insurance and medical insurance.
3) Stefan Loréhn, Chief Financial Officer, from 13 February 2023.
4) Peter Hansson, SVP Strategy and Business Development, until 27 November 2023. Jenny Greberg acted in the role while recruitment was in progress.

Note 6 continued

Remuneration and other benefits to members of Group management in 2022

SEK thousand	Basic salary[1)]	Other benefits[2)]	Pension cost	Total
President, Jan Moström	9,479	179	2,798	12,456
Leif Boström, SVP Special Products Business Area	2,957	99	855	3,911
Peter Hansson, SVP Strategy and Business Development	2,835	155	842	3,832
Niklas Johansson, SVP Communication and Climate	2,700	84	801	3,585
Pia Lindström, SVP Environment and Sustainability[3)]	1,950	136	614	2,700
Michael Palo, SVP Iron Ore Business Area	3,524	180	1,028	4,732
Maria Reinholdsson, SVP HR[4)]	1,572	114	476	2,162
Roger Hahne, Acting SVP Market and Technology[5)]	371	–	130	501
Pierre Heeroma, SVP Exploration, Strategy and Business Development[6)]	1,633	51	467	2,151
Åse Juhlin, Acting SVP HR[7)]	407	1	126	534
Anna Lidbom, Acting SVP Sustainability[8)]	201	21	39	261
Grete Solvang Stoltz, SVP HR and Sustainability[9)]	1,001	7	62	1,071
Total	**28,630**	**1,028**	**8,238**	**37,896**

1) Basic salary including holiday pay.
2) Other benefits include accommodation, a company car, subsistence allowances, life insurance and medical insurance.
3) Pia Lindström from 16 February 2022.
4) Maria Reinholdsson from 4 May 2022.
5) Roger Hahne, Acting SVP Market and Technology, until 31 March 2022. Pension is payable in accordance with LKAB's pension rules for salaried employees.
6) Pierre Heeroma, SVP Exploration, Strategy and Business Development, until 31 July 2022.
7) Åse Juhlin, Acting SVP HR, until 30 April 2022. Pension is payable in accordance with LKAB's pension rules for salaried employees.
8) Anna Lidbom, Acting SVP Sustainability, until 28 February 2022. Pension is payable in accordance with LKAB's pension rules for salaried employees.
9) Grete Solvang Stoltz, SVP HR and Sustainability, until 31 January 2022. The remuneration includes final correction for accrued days.

Note 7 Auditors' fees and reimbursements

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
KPMG				
Audit engagements	11	9	5	4
Other auditing	1	1	1	1
Tax consulting	1	1	0	0
Other services	0	0	0	0
Other auditors				
Audit engagements	0	0	–	–

Audit engagements refers to statutory auditing of annual and consolidated financial statements and bookkeeping as well as the Board's and President's administration of the company, along with audits and other reviews performed as agreed upon or contracted.

This includes other tasks that are incumbent on the company's auditor to perform, as well as consultancy or other assistance occasioned by observations during such reviews or the performance of such other tasks.

Note 8 Operating expenses by type

	Group		Parent Company	
MSEK	**2023**	**2022**	**2023**	**2022**
Employee benefit expenses	5,382	5,088	3,976	3,792
Materials etc.	3,634	3,177	3,988	3,787
Energy	3,295	3,289	3,003	2,972
Transport	865	937	2,242	2,216
Provisions for urban transformation	400	545	400	545
Depreciation, amortisation and impairment	2,974	3,139	2,324	2,385
Other operating expenses	10,634	9,964	8,597	7,372
Total	**27,184**	**26,139**	**24,530**	**23,069**

Note 9 Net financial income/expense

Group

MSEK	2023	2022
Financial income		
Assets at fair value through profit or loss		
- Interest-bearing securities – net gain	987	–
- Shares and alternative investments – net gain	1,031	–
Dividends on shares at fair value through other comprehensive income	941	568
Other interest income, financial assets at amortised cost	117	25
Return on plan assets, pension plans for employees	124	67
Gain/loss on sale of shares	–	0
Exchange rate fluctuations including foreign exchange derivatives (net)	18	419
Other financial income	2	2
Total financial income	**3,220**	**1,081**

Group

MSEK	2023	2022
Financial expense		
Assets at fair value through profit or loss		
- Interest-bearing securities – net loss	–	-2,119
- Shares and alternative investments – net loss	–	-871
Interest expense, financial liabilities at amortised cost		
- Interest-bearing liabilities	-37	-22
- Provision for remediation costs	-50	-51
- Other interest expense	-12	-3
Loans receivable and shares – impairment	-4	–
Interest expense, defined-benefit pension obligations	-140	-85
Interest expense, lease liabilities	-14	-14
Fees for loan facility	-15	-14
Other financial expense	-20	-21
Total financial expense	**-292**	**-3,200**
Net financial income/expense	**2,928**	**-2,119**

Exchange rate differences refer mainly to the remeasurement of receivables in foreign currency and to shares and alternative investments including related foreign exchange derivatives.

Other financial expense refers primarily to transaction costs for derivatives and to banking and administration expenses.

Parent Company	Income from interests in Group companies		Income from interests in associates	
MSEK	**2023**	**2022**	**2023**	**2022**
Dividend	33	–	–	–
Impairment	–	-135	–	–
Total	**33**	**-135**	**–**	**–**

Parent Company	Income from other securities and receivables held as non-current assets		Other interest income and similar profit/loss items	
MSEK	**2023**	**2022**	**2023**	**2022**
Dividend, shares	941	568	–	–
Interest income, Group companies	94	100	27	14
Interest income, other	–	–	104	21
Return on shares and alternative investments	–	–	1,451	–
Exchange rate fluctuations including foreign exchange derivatives (net)	–	–	–	461
Other financial income	–	–	2	2
Total	**1,035**	**668**	**1,584**	**498**

Exchange rate differences refer mainly to the remeasurement of receivables in foreign currency and to shares and alternative investments including related foreign exchange derivatives.

Parent Company	Interest expense and similar profit/loss items	
MSEK	**2023**	**2022**
Interest expense, Group companies	-27	-6
Interest expense, interest-bearing liabilities	-37	-21
Interest expense, remediation costs	-36	-35
Interest expense, other	-7	-2
Return on shares and alternative investments	–	-1,556
Exchange rate fluctuations including foreign exchange derivatives (net)	-120	–
Fees for loan facility	-15	-14
Other financial expense	-20	-21
Total	**-262**	**-1,655**

Return on shares and alternative investments includes a return on interest-bearing securities of MSEK 987 (-2,112).

Other financial expense refers primarily to transaction costs for derivatives and to banking and administration expenses.

Note 10 Appropriations

Parent Company

MSEK	2023	2022
Difference between recognised depreciation and depreciation according to plan:		
Plant and equipment	925	375
Group contributions received	416	453
Total	**1,341**	**828**

Note 11 Taxes

Recognised in the income statement

Group

MSEK	2023	2022
Current tax expense (-)		
Tax expense for the year	-3,526	-4,068
Adjustment of tax attributable to prior years	5	140
	-3,521	**-3,928**
Deferred tax expense (-)/tax income (+)		
Deferred tax on temporary differences	-418	328
	-418	**328**
Total recognised Group tax	**-3,939**	**-3,600**

Parent Company

MSEK	2023	2022
Current tax expense (-)		
Tax expense for the year	-3,396	-4,020
Adjustment of tax attributable to prior years	-2	135
	-3,398	**-3,885**
Deferred tax expense (-)		
Deferred tax on temporary differences	-485	-96
	-485	**-96**
Total recognised Parent Company tax	**-3,883**	**-3,981**

Reconciliation of effective tax

Group

MSEK	2023 (%)	2023	2022 (%)	2022
Profit/loss before tax		**19,158**		**18,680**
Tax as per effective tax rate for Parent Company	20.60%	-3,947	20.60%	-3,848
Non-deductible expenses	0.25%	-44	0.40%	-63
Non-taxable income	-2.90%	550	-0.60%	120
Tax attributable to prior years	0.00%	5	-0.80%	140
Standard interest on tax allocation reserve and investment fund	0.00%	-8	–	–
Tax effect, reclassification of impairment losses	–	–	0.20%	-42
Other	2.60%	-495	-0.50%	93
Recognised effective tax	**20.55%**	**-3,939**	**19.30%**	**-3,600**

Parent Company

MSEK	2023 (%)	2023	2022 (%)	2022
Profit/loss before tax		**19,024**		**20,427**
Tax as per effective tax rate for Parent Company	20.60%	-3,919	20.60%	-4,208
Non-deductible expenses	0.20%	-41	0.30%	-61
Non-taxable income	-2.80%	547	-0.60%	117
Tax attributable to prior years	0.00%	-2	-0.70%	135
Standard interest on tax allocation reserve and investment fund	0.00%	-8	–	–
Other	2.40%	-460	-0.10%	36
Recognised effective tax	**20.40%**	**-3,883**	**19.50%**	**-3,981**

Tax attributable to other comprehensive income

Group

MSEK	2023	2022
Cash flow hedges incl. hedging cost reserve	-1	1
Remeasurement of defined-benefit pension plans	67	-69
Total	**66**	**-68**

Note 11 continued

Recognised in the statement of financial position and balance sheet
Recognised deferred tax assets and liabilities. Deferred tax assets and liabilities are attributable to the following:

Group	Deferred tax asset		Deferred tax liability		Net	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Intangible assets	–	–	-100	-113	-100	-113
Property, plant and equipment	268	273	-2,408	-2,376	-2140	-2,103
Current investments	–	–	-413	-295	-413	-295
Tax allocation reserve	–	–	–	–	–	–
Contingency reserve	–	–	–	–	–	–
Pension provisions	176	136	–	–	176	136
Provisions, urban transformation	580	957	–	–	580	957
Other provisions	29	30	–	–	29	30
Cash flow hedges	–	–	-1	–	-1	–
Loss carryforwards	–	–	–	–	–	–
Other	134	–	–	–	134	–
Tax assets/liabilities	**1,187**	**1,396**	**-2,922**	**-2,784**	**-1,735**	**-1,388**
Offset	-1,182	-1,389	1,182	1,389	0	0
Tax assets/liabilities, net	**5**	**7**	**-1,740**	**-1,395**	**-1,735**	**-1,388**

Parent Company	Deferred tax asset		Deferred tax liability		Net	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Property, plant and equipment	188	282	–	–	188	282
Pension provisions	95	105	–	–	95	105
Provisions, urban transformation	580	957	–	–	580	957
Other	23	26	–	–	23	26
Tax assets/liabilities	**886**	**1,370**	**–**	**–**	**886**	**1,370**

Note 11 continued

Change in deferred tax on temporary differences and loss carryforward.

Group **MSEK**	Opening balance 1 Jan 2022	Recognised in profit or loss	Recognised in other comprehensive income	Other changes	Closing balance, 31 Dec 2022
Intangible assets	-133	20	–	–	-113
Property, plant and equipment	-2,054	-29	–	-20	-2,103
Current investments	-590	294	1	–	-295
Tax allocation reserve	0	–	–	–	0
Contingency reserve	0	–	–	–	0
Pension provisions	227	-22	-69	–	136
Provisions, urban transformation	923	34	–	–	957
Other provisions	0	–	–	–	0
Cash flow hedges	0	–	–	–	0
Loss carryforwards	1	–	–	–	1
Other	0	30	–	–	30
Total	**-1,626**	**327**	**-68**	**-20**	**-1,388**

Group **MSEK**	Opening balance 1 Jan 2023	Recognised in profit or loss	Recognised in other comprehensive income	Other changes	Closing balance, 31 Dec 2023
Intangible assets	-113	13	–	–	-100
Property, plant and equipment	-2,103	-42	–	5	-2,140
Current investments	-295	-118	–	–	-413
Tax allocation reserve	0	–	–	–	0
Contingency reserve	0	–	–	–	0
Pension provisions	136	-27	67	–	176
Provisions, urban transformation	957	-377	–	–	580
Other provisions	30	-1	–	–	29
Cash flow hedges	0	–	-1	–	-1
Loss carryforwards	1	-1	–	–	0
Other	0	134	–	–	134
Total	**-1,388**	**-418**	**66**	**5**	**-1,735**

Parent Company **MSEK**	Opening balance, 1 Jan 2022	Recognised in profit or loss	Closing balance, 31 Dec 2022
Property, plant and equipment	408	-126	283
Pension provisions	108	-3	105
Provisions, urban transformation	923	34	957
Other	28	-2	26
Total	**1,467**	**-97**	**1,370**

Parent Company **MSEK**	Opening balance, 1 Jan 2023	Recognised in profit or loss	Closing balance, 31 Dec 2023
Property, plant and equipment	283	-95	188
Pension provisions	105	-10	95
Provisions, urban transformation	957	-377	580
Other	25	-2	23
Total	**1,370**	**-484**	**886**

Global minimum tax – Pillar Two

The Group is subject to the OECD's Pillar Two Model Rules. Legislation on Pillar Two has been adopted in Sweden, where LKAB is domiciled, and will come into force on 1 January 2024.

Under the legislation the Group is obliged to pay a top-up tax for the difference between the effective tax rate calculated according to the GloBE rules for each jurisdiction and the minimum tax rate of 15%.

Since the Pillar Two legislation had not come into force at the balance sheet date, the Group has no related current tax attributable to the top-up tax.

The Group applies the exception from recognition and disclosure of information about deferred tax assets and liabilities related to the OECD Pillar Two income taxes, as specified in the amendments to IAS 12 issued in May 2023.

The Group has assessed its exposure within the Pillar Two legislation when it comes into force. This assessment indicates that the Group will not be subject to significant top-up tax in any jurisdiction where the Group operates.

Note 12 Earnings per share

The number of shares amounted to 700,000 in both 2023 and 2022. Earnings attributable to Parent Company shareholders are MSEK 15,206 (15,072) and earnings per share are thus SEK 21,723 (21,532). There are no options or potential ordinary shares, so there is no dilution.

Note 13 Intangible assets

All of the Group's intangible assets are acquired.

Group

MSEK	Goodwill	Mining rights	Purchasing contracts	Customer relationships	Other	Total
Cost of acquisition						
Opening balance, 1 Jan 2022	659	281	420	483	523	2,366
Business combinations	11	–	–	–	3	14
Change in emission allowances	–	–	–	–	414	414
Disposals and retirements	–	–	–	–	–	0
Exchange rate differences	24	–	14	-12	13	39
Closing balance, 31 Dec 2022	**694**	**281**	**434**	**471**	**953**	**2,833**
Opening balance, 1 Jan 2023	694	281	434	471	953	2,833
Change in emission allowances	–	–	–	–	347	347
Disposals and retirements	–	–	–	–	–	0
Exchange rate differences	7	–	2	2	3	14
Closing balance, 31 Dec 2023	**701**	**281**	**436**	**473**	**1,304**	**3,194**
Amortisation						
Opening balance, 1 Jan 2022	-14	-185	-118	-94	-63	-474
Amortisation for the year	–	–	-39	-34	-3	-76
Exchange rate differences	-4	-1	-4	–	12	3
Closing balance, 31 Dec 2022	**-18**	**-186**	**-161**	**-128**	**-54**	**-547**
Opening balance, 1 Jan 2023	-18	-186	-161	-128	-54	-547
Amortisation for the year	–	–	-41	-36	-2	-80
Disposals and retirements	–	–	–	–	9	9
Exchange rate differences	0	-1	2	2	1	4
Closing balance, 31 Dec 2023	**-18**	**-187**	**-200**	**-162**	**-46**	**-613**
Impairment						
Opening balance, 1 Jan 2022	-61	-93	–	–	–	-154
Disposals and retirements	–	–	–	–	–	0
Exchange rate differences	-2	–	–	–	–	-2
Closing balance, 31 Dec 2022	**-63**	**-93**	**–**	**–**	**–**	**-156**
Opening balance, 1 Jan 2023	-63	-93	–	–	–	-156
Disposals and retirements	–	–	–	–	–	0
Exchange rate differences	0	–	–	–	–	0
Closing balance, 31 Dec 2023	**-63**	**-93**	**–**	**–**	**–**	**-156**
Carrying amount						
At 1 Jan 2022	584	3	302	389	460	1,738
At 31 Dec 2022	**613**	**2**	**273**	**343**	**899**	**2,130**
At 1 Jan 2023	613	2	273	343	899	2,130
At 31 Dec 2023	**621**	**1**	**235**	**311**	**1,257**	**2,425**

Note 13 continued

Amortisation is included in the following lines of the income statement

Group **MSEK**	**2023**	**2022**
Cost of goods sold	-80	-76

Parent Company **MSEK**	Mining rights	Other	Total
Cost of acquisition			
Opening balance, 1 Jan 2022	161	460	621
Change in emission allowances	–	414	414
Closing balance, 31 Dec 2022	**161**	**874**	**1,035**
Opening balance, 1 Jan 2023	161	874	1,035
Change in emission allowances	–	347	347
Closing balance, 31 Dec 2023	**161**	**1,222**	**1,383**
Amortisation			
Opening balance, 1 Jan 2022	-161	-9	-170
Closing balance, 31 Dec 2022	**-161**	**-9**	**-170**
Opening balance, 1 Jan 2023	-161	-9	-170
Disposals and retirements		9	9
Closing balance, 31 Dec 2023	**-161**	**0**	**-161**
Carrying amount			
At 1 Jan 2022	–	451	451
At 31 Dec 2022	**–**	**865**	**865**
At 1 Jan 2023	–	865	865
At 31 Dec 2023	**0**	**1,222**	**1,222**

Goodwill specification

MSEK	**31 Dec 2023**	**31 Dec 2022**
LKAB Minerals Ltd	539	531
Bergteamet AB	53	53
Units without significant goodwill value, combined	29	29
Total	**621**	**613**

Impairment testing of cash-generating units containing goodwill

Impairment testing is performed once a year, or on an ongoing basis during the year if there is any indication of impairment, and is based on estimated value in use.

This value is based on cash flow forecasts taking the annual budget and five-year strategic plan for each cash-generating unit as a starting point, as determined by the management of the Special Products business area. The cash flow forecasts beyond the planning horizon include the assumption of perpetual 1–2 percent growth. The expected cash flows were calculated to present value using an individual discount rate in line with the market (WACC). Important assumptions in the business plans are expected growth in the market and assessment of future margins.

The value in use of the LKAB Minerals Ltd cash-generating unit exceeds the carrying amount by MSEK 234 or 12 percent, and consequently there is judged to be no impairment loss. The discount rate before tax is 9.7 percent with perpetual growth of 2 percent.

The value in use of the cash-generating unit would equal the carrying amount if the perpetual growth rate were to change from 2 percent to 0.7 percent or the discount rate from 9.7 percent to 10.7 percent.

Note 14 Property, plant and equipment for operations

Group MSEK	Buildings and land	Underground installations	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Cost of acquisition						
Opening balance, 1 Jan 2022	14,152	8,395	47,761	7,778	6,079	84,165
Business combinations	369	–	–	131	–	500
Acquisitions	170	14	241	105	4,414	4,944
Remeasurement of asset, remediation	-30	–	–	–	–	-30
Reclassifications	356	58	878	107	-1,399	0
Disposals and retirements	-59	-2	-583	-229	-113	-986
Exchange rate differences	95	–	78	6	3	181
Closing balance, 31 Dec 2022	**15,053**	**8,465**	**48,375**	**7,898**	**8,984**	**88,774**
Opening balance, 1 Jan 2023	15,053	8,465	48,375	7,898	8,984	88,774
Acquisitions	179	14	205	87	4,958	5,443
Remeasurement of asset, remediation	-33	–	–	–	–	-33
Reclassifications	856	457	1,816	481	-3,610	0
Disposals and retirements	-16	-11	-583	-193	-21	-824
Exchange rate differences	-190	–	-113	-9	-17	-328
Closing balance, 31 Dec 2023	**15,849**	**8,925**	**49,700**	**8,263**	**10,294**	**93,032**
Depreciation						
Opening balance, 1 Jan 2022	-5,753	-5,619	-27,488	-5,658		-44,518
Depreciation for the year	-521	-259	-1,891	-302		-2,973
Reclassifications	-162	-36	-189	-15		-402
Disposals and retirements	37	2	588	227		854
Exchange rate differences	-36	–	-52	-5		-93
Closing balance, 31 Dec 2022	**-6,435**	**-5,912**	**-29,032**	**-5,753**		**-47,132**
Opening balance, 1 Jan 2023	-6,435	-5,912	-29,032	-5,753		-47,132
Depreciation for the year	-447	-278	-1,766	-307		-2,798
Disposals and retirements	3	11	198	187		399
Exchange rate differences	72	–	79	7		158
Closing balance, 31 Dec 2023	**-6,807**	**-6,179**	**-30,521**	**-5,866**		**-49,373**

Note 14 continued

Group MSEK	Buildings and land	Underground installations	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Impairment						
Opening balance, 1 Jan 2022	-1,730	-864	-4,514	-582	-1,239	-8,929
Reclassifications	160	36	188	15	3	402
Disposals and retirements	2	–	2	–	81	85
Closing balance, 31 Dec 2022	**-1,568**	**-828**	**-4,324**	**-567**	**-1,155**	**-8,442**
Opening balance, 1 Jan 2023	-1,568	-828	-4,324	-567	-1,155	-8,442
Impairment for the year	–	–	–	–	–	0
Reclassifications	-270	–	-790	-76	1136	0
Disposals and retirements	-2	–	88	1	2	89
Closing balance, 31 Dec 2023	**-1,840**	**-828**	**-5,027**	**-641**	**-17**	**-8,353**
Carrying amount						
At 1 Jan 2022	6,669	1,912	15,759	1,538	4,840	30,718
At 31 Dec 2022	**7,050**	**1,725**	**15,019**	**1,578**	**7,829**	**33,200**
At 1 Jan 2023	7,050	1,725	15,019	1,578	7,829	33,200
At 31 Dec 2023	**7,203**	**1,918**	**14,153**	**1,755**	**10,277**	**35,305**

Group

MSEK	2023	2022
Owned assets including favourable leases from business combinations	35,305	33,200
Leased assets	309	358
Total	**35,615**	**33,558**

Capitalised remediation costs amount to MSEK 1,123 (1,171), while cumulative depreciation and impairment losses amount to MSEK -905 (-915).

Of the net amount of MSEK 218 (256), MSEK 133 (153) is recognised as land and buildings and MSEK 85 (103) as plant and machinery.

Depreciation and impairment are included in the following lines of the income statement:

Group

MSEK	2023	2022
Cost of goods sold	-2,754	-2,935
Selling expenses	-5	-5
Administrative expenses	-4	-4
Research and development	-11	-6
Other operating expenses	-25	-23
Total	**-2,798**	**-2,973**

Disclosures concerning government grants in the Group

During the year government grants amounting to MSEK 0 (37) were received, which reduced the cost of acquisition of the assets.

Note 14 continued

Parent Company **MSEK**	Buildings and land	Underground installations	Plant and machinery	Equipment, tools, fixtures and fittings	Construction in progress	Total
Cost of acquisition						
Opening balance, 1 Jan 2022	9,502	8,395	44,484	1,619	5,826	69,826
Acquisitions	147	14	203	25	4,102	4,491
Reclassifications	299	58	801	72	-1,230	0
Disposals and retirements	-59	-2	-583	-137	-141	-922
Closing balance, 31 Dec 2022	**9,889**	**8,465**	**44,905**	**1,579**	**8,557**	**73,395**
Opening balance, 1 Jan 2023	9,889	8,465	44,905	1,579	8,557	73,395
Acquisitions	173	14	115	32	4,733	5,067
Reclassifications	812	457	1,804	180	-3,254	0
Disposals and retirements	-1	-11	-573	-37	-56	-678
Closing balance, 31 Dec 2023	**10,873**	**8,926**	**46,251**	**1,754**	**9,980**	**77,784**
Depreciation						
Opening balance, 1 Jan 2022	-3,785	-5,619	-25,503	-1,264		-36,171
Depreciation for the year	-334	-259	-1,709	-85		-2,387
Reclassifications	-161	-36	-189	-16		-402
Disposals and retirements	41	2	579	136		758
Closing balance, 31 Dec 2022	**-4,239**	**-5,912**	**-26,822**	**-1,229**		**-38,202**
Opening balance, 1 Jan 2023	-4,239	-5,912	-26,822	-1,229		-38,202
Depreciation for the year	-362	-278	-1,591	-94		-2,324
Disposals and retirements	1	11	189	36		236
Closing balance, 31 Dec 2023	**-4,599**	**-6,179**	**-28,225**	**-1,287**		**-40,290**
Impairment						
Opening balance, 1 Jan 2022	-1,300	-864	-4,378	-96	-1,239	-7,877
Impairment for the year	–	–	–	–	–	0
Reclassifications	160	36	188	15	3	402
Disposals and retirements	2	–	2	0	81	85
Closing balance, 31 Dec 2022	**-1,138**	**-828**	**-4,188**	**-81**	**-1,155**	**-7,390**
Opening balance, 1 Jan 2023	-1,138	-828	-4,188	-81	-1,155	-7,390
Impairment for the year	–	–	–	–	–	0
Reclassifications	-270	–	-790	-76	1,136	0
Disposals and retirements	–	–	88	1	0	89
Closing balance, 31 Dec 2023	**-1,408**	**-828**	**-4,891**	**-155**	**-19**	**-7,301**
Carrying amount						
At 1 Jan 2022	4,417	1,912	14,603	259	4,587	25,778
At 31 Dec 2022	**4,512**	**1,725**	**13,895**	**269**	**7,402**	**27,803**
At 1 Jan 2023	4,512	1,725	13,895	269	7,402	27,803
At 31 Dec 2023	**4,866**	**1,919**	**13,136**	**312**	**9,960**	**30,193**

Note 14 continued

Disclosures concerning government grants in the Parent Company
During the year government grants amounting to MSEK 0 (37) were received, which reduced the cost of acquisition of the assets.

Depreciation and impairment are included in the following lines of the income statement:

Parent Company

MSEK	2023	2022
Cost of goods sold	-2,312	-2,380
Administrative expenses	-2	-2
Research and development	-10	-6
Total	**-2,324**	**-2,387**

Note 15 Property, plant and equipment for urban transformation

Group and Parent Company

MSEK	Buildings and land	Construction in progress	Total
Opening balance, 1 Jan 2022	11,622	2,508	14,130
Capitalisation	329	1,262	1,591
Effect of changed assumptions and assessments	-471	–	-471
Investment grants	–	-5	-5
Adjustments, replacement properties	–	-33	-33
Closing balance, 31 Dec 2022	**11,480**	**3,732**	**15,212**
Opening balance, 1 Jan 2023	11,480	3,732	15,212
Capitalisation	–	796	796
Effect of changed estimates and assumptions	1,521	–	1,521
Investment grants	–	-20	-20
Adjustments, replacement properties	–	-2,707	-2,707
Closing balance, 31 Dec 2023	**13,001**	**1,801**	**14,802**

Group and Parent Company

MSEK	Buildings and land	Construction in progress	Total
Expensing			
Opening balance, 1 Jan 2022	-3,327	–	-3,327
Expensing of mine asset and mine component	-195	–	-195
Closing balance, 31 Dec 2022	**-3,522**	**–**	**-3,522**
Opening balance, 1 Jan 2023	-3,522	–	-3,522
Expensing of mine asset and mine component	-218	–	-218
Closing balance, 31 Dec 2023	**-3,740**	**–**	**-3,740**
Impairment			
Opening balance, 1 Jan 2022	-384	–	-384
Closing balance, 31 Dec 2022	**-384**	**–**	**-384**
Opening balance, 1 Jan 2023	-384	–	-384
Closing balance, 31 Dec 2023	**-384**	**–**	**-384**
Carrying amount			
At 1 Jan 2022	7,911	2,508	10,419
At 31 Dec 2022	**7,574**	**3,732**	**11,306**
At 1 Jan 2023	7,574	3,732	11,306
At 31 Dec 2023	**8,877**	**1,801**	**10,678**

Expensing is included in the following lines of the income statement:

Group and Parent Company

MSEK	2023	2022
Cost of goods sold	-217	-195
Total	**-217**	**-195**

The balance sheet item includes the following assets:

Group and Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Mine asset	8,648	7,337
Replacement properties	1,802	3,733
Other property acquisitions	228	236
Total	**10,678**	**11,306**

Regarding reporting of replacement properties refer to Note 1 section 18.8.3. See also Note 31 for an overall picture of items associated with urban transformation.

Note 16 Interests in associates and joint ventures

Group
Joint ventures
Summary financial information for holdings in joint ventures is detailed below. The Group has a stake in the Swedish unlisted joint venture HYBRIT Development AB, which is mainly engaged in research and development of methods for making iron and steel. The Group has rights to the net assets of the company and reports its holding according to the equity method.

MSEK	31 Dec 2023	31 Dec 2022
Share of assets	208	275
Share of liabilities	-17	-25
Carrying amount (share of net assets)	**191**	**250**
Group's share of profit/loss after tax	-79	-71
Total comprehensive income	**-79**	**-71**

Associates
Summary financial information for holdings in associates is detailed below, reported according to the equity method. The Group has a holding in the company REEtec Holding AS, Norway. REEtec has developed an innovative and sustainable process for separating rare earth elements.

MSEK	31 Dec 2023	31 Dec 2022
Share of assets	527	505
Share of liabilities	-70	-48
Carrying amount (share of net assets)	**457**	**457**
Group's share of profit/loss after tax	0	-1
Total comprehensive income	**0**	**-1**

The Group has holdings in the companies Norrskenet AB and Hsafety AB[1]. The holdings are reported according to the cost method.

MSEK	31 Dec 2023	31 Dec 2022
Carrying amount	21	25
Group's share of profit/loss after tax	–	–
Total comprehensive income	**–**	**–**

1) Hsafety AB is 25 percent owned by the subsidiary Bergteamet AB.

Note 17 Holdings in joint operations

Group
The Group has a 50 percent co-ownership in the company Likya Minerals and its subsidiary Likya Minerals Export, whose main products are minerals with flame retardant properties (UltraCarb). Likya operates out of Turkey.

Likya is a separate company but co-ownership is still considered to be a joint operation. The assessment is based on the fact that the co-owners have a commitment to buy all services that Likya provides and consequently finances Likya's entire operation in order to settle its liabilities.

68 percent of Likya's sales relate to companies within the LKAB Group.

Note 18 Parent Company's interests in associates and jointly controlled entities

Parent Company	Associates		Jointly controlled entities	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Accumulated cost				
Opening balance	511	45	537	478
Acquisitions	–	466	–	–
Capital contributions	–	–	20	59
Closing balance	**511**	**511**	**557**	**537**
Accumulated impairment				
Opening balance	-25	-25	–	–
Closing balance	**-25**	**-25**	**–**	**–**
Carrying amount	**486**	**486**	**557**	**537**

Specification of Parent Company's directly owned interests in associates and jointly controlled entities.

Company / reg. no. / domicile	Number of shares	% of votes and capital	Carrying amount
2023			
Associates			
Norrskenet AB / 556537-7065 / Gällivare	2,500	33.3%	20
REEtec Holding AS / 928177157 / Oslo	9,893,008	33.7%	466
Jointly controlled entities			
Hybrit Development AB / 559121-9760 / Stockholm	500,000	33.3%	557
Total			**1,042**
2022			
Associates			
Norrskenet AB / 556537-7065 / Gällivare	2,500	33.3%	20
REEtec Holding AS / 928177157 / Oslo	9,893,008	33.7%	466
Jointly controlled entities			
Hybrit Development AB / 559121-9760 / Stockholm	500,000	33.3%	537
Total			**1,023**

Note 19 Receivables from Group companies and associates

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Accumulated cost		
Opening balance	2,586	3,202
Lending	5	655
Repayments	-209	-1,371
Change in exchange rates	-107	100
Closing balance	**2,275**	**2,586**

Note 20 Financial investments

Group

MSEK	31 Dec 2023	31 Dec 2022
Financial investments held as non-current assets		
Shares and interests at fair value through other comprehensive income	8,319	6,011
Shares and interests at fair value through profit or loss	7	7
Financial assets for funded pension obligations	431	430
Total	**8,757**	**6,448**
Financial investments held as current assets		
Interest-bearing securities at fair value through profit or loss – held for trading	21,200	17,668
Shares and alternative investments at fair value through profit or loss	9,999	9,761
Other derivatives	50	-36
Total	**31,249**	**27,393**

Note 21 Other non-current securities

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Accumulated cost		
Opening balance	3,227	3,238
Disposal	–	-11
Closing balance	**3,227**	**3,227**

Parent Company

MSEK	31 Dec 2023		31 Dec 2022	
Specification of other non-current securities	Fair value	Carrying amount	Fair value	Carrying amount
SSAB	8,319	3,220	6,011	3,220
Other holdings	7	7	7	7
Total	**8,326**	**3,227**	**6,018**	**3,227**

Note 22 Non-current receivables and other receivables

Group

MSEK	31 Dec 2023	31 Dec 2022
Long-term receivables classed as non-current assets		
Other	2	2
Total	**2**	**2**
Other receivables classed as current assets		
Receivables, credit institutions	1,458	1,234
Recoverable VAT	375	497
Tax assets	4	5
Derivatives	66	17
PRI balance	28	25
Receivables from clients	10	10
Tax account	282	582
Receivables, collateral for derivatives	–	23
Other	60	99
Total	**2,283**	**2,492**

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Long-term receivables		
Company-owned endowment insurance	84	91
Other	2	2
Total	**86**	**93**
Other receivables (current)		
Receivables, credit institutions	1,458	1,234
Recoverable VAT	335	469
PRI balance	27	25
Tax assets	3	3
Tax account	266	570
Receivables, collateral for derivatives	–	23
Other	32	46
Total	**2,120**	**2,370**

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Long-term receivables		
Accumulated cost		
Opening balance	93	196
Advance payments	–	-100
Other	-7	-3
Closing balance	**86**	**93**

Note 23 Inventories

Group

MSEK	31 Dec 2023	31 Dec 2022
Raw materials and consumables	4,847	5,112
Work in progress	21	9
Finished goods and goods for resale	1,886	1,083
Total	**6,755**	**6,205**

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Raw materials and consumables	4,085	4,359
Finished goods	1,686	928
Total	**5,771**	**5,287**

Note 24 Accounts receivable

Accounts receivable are recognised after taking into consideration expected credit losses. Credit losses that have arisen in the Group amount to MSEK 1 (10). Regarding credit risks in accounts receivable see Note 34 Financial risks and risk management.

Note 25 Prepaid expenses and accrued income

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Prepaid insurance premiums	33	50	29	30
Prepaid expenses, fair value of derivatives	8	–	8	–
Other prepaid expenses	274	218	268	190
Other accrued income	202	106	128	94
Total	**517**	**375**	**433**	**313**

Note 26 Equity

Specification of equity reserves

MSEK	31 Dec 2023	31 Dec 2022
Translation reserve		
Opening balance	-2	-141
Translations differences for the year	-193	139
Closing balance	**-195**	**-2**
Fair value reserve		
Opening balance	2,792	2,087
Available-for-sale financial assets:		
Changes in fair value	2,308	705
Closing balance	**5,100**	**2,792**
Hedging reserve including hedging cost reserve		
Opening balance	-3	1
Cash flow hedges and hedging costs		
Changes in fair value	2	-4
Changes in fair value, transferred to profit for the year	4	0
Tax attributable to revaluations for the year	-1	0
Closing balance	**2**	**-3**

MSEK	31 Dec 2023	31 Dec 2022
Total reserves		
Opening balance	2,787	1,947
Change in reserves for the year:		
Translation reserve	-193	139
Fair value reserve	2,308	705
Hedging reserve	5	-4
Closing balance	**4,907**	**2,787**

Share capital
As at 31 December 2023, the registered share capital comprised 700,000 (700,000) ordinary shares. The share capital consists of only one type of share and all shares have equal rights. The shares are 100 percent owned by the Swedish state. The shareholder is entitled to a dividend in accordance with the Group's dividend policy. Each share entitles the holder to one vote at general meetings of shareholders. The quota value is SEK 1,000 per share.

Translation reserve
The translation reserve covers all exchange rate differences that arise in translating the financial statements of foreign entities whose financial statements were prepared in currencies other than the Group's reporting currency. The Parent Company and Group present their financial statements in SEK.

Also included in the translation reserve are exchange rate differences that arise when translating monetary non-current receivables and liabilities of foreign operations for which settlement is not planned. These form part of the company's net investment in the foreign operation.

Fair value reserve
The fair value reserve includes the accumulated net change in the fair value of equity instruments measured at fair value through other comprehensive income until such time as the assets are derecognised from the statement of financial position.

Hedging reserve
The hedge reserve includes the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to hedging transactions that have not yet occurred.

Hedging cost reserve
The hedging cost reserve reflects gains or losses attributable to the forward element of forward contracts. It is recognised initially in other comprehensive income and is reported in the same way as gains or losses in the hedging reserve.

Dividend
The Board proposes to the AGM that a dividend is paid to the owner as shown below. The AGM will be held on 25 April 2024.

MSEK	2023	2022
Ordinary dividend, SEK 10,857 per share	7,600	7,540
	7,600	**7,540**

The dividend proposed by the Board has been approved by the AGM in each of the past two years.

PARENT COMPANY

Restricted equity

Statutory reserve
The purpose of the statutory reserve is to save a portion of net profit that is not used to cover losses brought forward.

Non-restricted equity

Profit/loss brought forward
Profit/loss brought forward comprises retained earnings and profit/loss after deducting any dividend paid during the year.

Note 27 Interest-bearing liabilities

Group

MSEK	31 Dec 2023	31 Dec 2022
Non-current liabilities		
Issued corporate bonds	1,998	1,996
Other liabilities	24	24
Bank loans	150	78
Lease liabilities	238	289
Total	**2,410**	**2,387**
Current liabilities		
Current portion of lease liabilities	89	86
Total	**89**	**86**

Terms and payback periods

			31 Dec 2023		31 Dec 2022	
MSEK	Maturity	Interest rate %	Nominal value	Carrying amount	Nominal value	Carrying amount
Bonds – fixed interest	2025	4.1300	1,450	1,448	1,450	1,446
Bonds – variable interest	2025	3m STIBOR +0.65	550	550	550	550
Bank loans	2029	1m STIBOR +1.81	150	150	78	78
Other liabilities	2025		24	24	24	24
Lease liabilities	2027		327	327	375	375
Total interest-bearing liabilities			**2,501**	**2,499**	**2,477**	**2,473**

For more information about the company's exposure to interest rate risk see Note 34. The note also contains information on the maturity profile of lease liabilities.

Note 28 Non-current liabilities

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Non-current liabilities		
Issued corporate bonds	1,998	1,996
Other non-current liabilities	24	24
Total	**2,022**	**2,020**

No commercial paper issued matures later than five years after the end of the reporting period.

Note 29 Pensions

Defined-benefit pension plans

Group

MSEK	31 Dec 2023	31 Dec 2022
Present value of unfunded obligations	615	559
Present value of wholly or partially funded obligations	3,244	3,045
Total present value of obligations	**3,859**	**3,604**
Fair value of plan assets	-3,120	-3,042
Net amount in statement of financial position	**739**	**562**
The net amount is recognised in the following items in the statement of financial position:		
Financial investments	-431	-430
Provisions for pensions, non-current liabilities	1,170	992
Net amount in statement of financial position	**739**	**562**

Defined-benefit pension plans
Most of LKAB's pension plans for employees in Sweden are defined-benefit plans, which means that LKAB guarantees pensions based on a percentage of salary. Pension commitments in Sweden are secured by the company via accrued provisions, of which most are secured through credit insurance from FPG (Försäkringsbolaget PRI Pensionsgaranti). In 2013 an internal company pension fund was started for vested defined-benefit pension plans. Promises of future retirement before the age of 65 are to a certain degree contingent upon working underground and are secured by the company via accrued provisions without credit insurance. One of the defined-benefit plans operated by the Group has been closed to new entrants and during the year transitional provisions took effect. The cost is estimated at MSEK 20. The accounting effect will be recognised in the 2024 financial year.

Commitments for retirement pensions and survivor benefits for salaried employees in Sweden are secured through insurance policies from Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10, this is a defined-benefit plan that involves several employers. The company has not had access to such information as is necessary for recognising this commitment as a defined-benefit plan. The ITP2 pension plan insured via Alecta is therefore

Note 29 continued

recognised as a defined-contribution plan. The premium for the defined-benefit retirement and survivors' pension is individually calculated and depends on factors such as salary, previously earned pension and expected remaining years of service. Alecta's surplus can be distributed to the policyholders and/or the insured parties. At the end of 2023 the preliminary value of Alecta's surplus in the form of its collective funding ratio was 157 (172) percent, which is within the normal range of 125–175 percent stated in Alecta's consolidation policy for these insurance policies.

The premium to Alecta is determined by assumptions about interest rates, life expectancy, operating expenses and yield tax, and is calculated so that constant payment of premiums until the retirement date is sufficient that the entire target benefit, which is based on the insured's current pensionable salary, will be accrued.

There is no set of fixed rules for how deficits that may arise should be handled, but losses should primarily be covered by Alecta's collective solvency capital and thus will not lead to increased expenses through higher contractual premiums. There are also no rules for how any surplus or deficit should be distributed when plans are terminated or a company withdraws from the plan.

In Norway, the UK and Germany LKAB has defined-benefit pension plans as a complement to local social insurance. In the UK pensions are secured via a company-managed pension fund and in Germany via internal accrued provisions combined with credit insurance. In Norway pensions are secured via a combination of a company-managed pension fund, internal accrued provisions and credit insurance. Since 2020 the Norwegian defined-benefit pension plans have been closed to new entrants in favour of defined-contribution pension plans.

Changes in the present value of obligations for defined-benefit plans

Group

MSEK	31 Dec 2023	31 Dec 2022
Obligation for defined-benefit plans as at 1 January	3,604	4,327
Benefits paid	-197	-193
Current service cost	76	102
Past service cost	–	1
Interest expense	124	76
Remeasurements:		
- Actuarial gains and losses for changed demographic assumptions	2	-14
- Actuarial gains and losses for changed financial assumptions	28	-807
- Actuarial gains and losses for experience-based adjustments	295	171
Special employer's contributions, financial items, remeasurements and service costs	14	-143
Other changes	-5	–
Exchange rate differences	-82	84
Obligation for defined-benefit plans as at 31 December	**3,859**	**3,604**

The present value of the obligations for the Swedish, Norwegian and UK companies, which make up 98 percent, breaks down as follows:

Group	Sweden		Norway		UK	
%	**2023**	**2022**	**2023**	**2022**	**2023**	**2022**
Active members	55	49	33	27	16	22
Paid-up policy holders	13	16	18	19	26	23
Retirees	32	35	49	54	58	55

Changes in fair value of plan assets

Group

MSEK	31 Dec 2023	31 Dec 2022
Fair value of plan assets at 1 January	3,042	3,331
Contributions	84	36
Benefits paid	-69	-61
Interest income recognised in profit or loss	110	60
Return on plan assets excluding interest income	18	-401
Exchange rate differences	-65	77
Fair value of plan assets at 31 December	**3,120**	**3,042**

Plan assets consist of the following:

Group

MSEK	31 Dec 2023	31 Dec 2022
Shares	857	846
Interest-bearing assets including bonds	1,459	1,192
Alternative investments	804	1,004
Total	**3,120**	**3,042**

Note 29 continued

Costs recognised in profit or loss for the year:

Group

MSEK	31 Dec 2023	31 Dec 2022
Current service cost	76	101
Past service cost	–	1
Interest expense on obligation	124	76
Return on plan assets	-110	-60
Total net cost in profit or loss for the year	**90**	**118**

The above income statement items are reported excluding allocation of special employer's contributions for the Group.

The costs are recognised on the following lines in the income statement:

Group

MSEK	2023	2022
Cost of goods sold	76	102
Financial income	-110	-60
Financial expense	124	76
Total	**90**	**118**

The above income statement items are reported excluding allocation of special employer's contributions for the Group.

Costs recognised in other comprehensive income:

Group

MSEK	2023	2022
Remeasurements:		
Actuarial gains (-) and losses (+)	326	-649
Difference between actual return and return according to discount rate on plan assets	-18	401
Exchange rate differences	-17	7
Net recognised in other comprehensive income	**291**	**-241**

The above income statement item is reported excluding allocation of special employer's contributions for the Group.

Assumptions for defined-benefit obligations: The most significant actuarial assumptions at the end of the reporting period, assessed for each country but expressed as weighted averages, are given below.

Group

%	2023	2022
Discount rate as at 31 December	3.4	3.7
Return on plan assets as at 31 December	3.4	3.7
Future salary increase	2.7	3.0
Employee turnover	3.5	3.5
Future pension increase	2.4	2.7

Assumptions concerning future mortality are based on the standard DUS 23. The average life expectancy of an individual retiring at age 65 is 22 years for men and 24 years for women.

The actual return on plan assets for 2023 was 4.1 (11.2) percent.

Sensitivity analysis

The following table presents possible changes in actuarial assumptions at year-end, other assumptions being unchanged, and how these would affect the defined-benefit obligation. The calculation of the change in pension commitments includes the Swedish, Norwegian and UK commitments, which represent 98 percent of Group commitments.

Group

MSEK	Increase in assumptions	Decrease in assumptions
+ (increase)/– (decrease) in pension liability		
Discount rate (0.5 percentage point change)	-218	282
Expected mortality (1-year change)	102	-102
Future salary increase (0.5 percentage point change)	135	-92
Future pension increase (0.5 percentage point change)	190	-141

At 31 December 2023 the weighted average duration of the obligation was 14 (13) years.

Historical information

Group

MSEK	2023	2022	2021	2020	2019
Present value of defined-benefit obligations	3,859	3,604	4,327	4,319	4,417
Fair value of plan assets	-3,120	-3,042	-3,331	-2,926	-2,942
Net obligations	739	562	996	1,393	1,475

The Group estimates that payments into funded and unfunded defined-benefit plans in 2024 will amount to MSEK 83 and that payments in 2024 into the defined-benefit plans that are recognised as defined-contribution plans will amount to MSEK 53.

Net liability recognised in balance sheet

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
+ Present value of obligation (calculated according to Swedish principles) for wholly or partially funded pension plans	1,340	1,230
- Fair value at end of period for specifically separated assets (in pension funds and the like)	-1,574	-1,509
= Surplus in pension fund or the like (-)/net obligation (+)	**-234**	**-279**
+ Present value of obligations (calculated according to Swedish principles) for unfunded pension plans	376	417
= Net recognised for pension obligations	**376**	**417**

Note 29 continued

Changes in net liability

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Net liability at start of year for pension provisions	417	428
+ Cost of company-managed pension scheme excluding taxes as recognised in the income statement	55	87
- Pension payments	-96	-98
Net liability at year-end for pension commitments	**376**	**417**

Fair value of assets in trust by main category

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Shares	444	357
Interest-bearing assets including bonds	638	542
Alternative investments	492	610
Total	**1,574**	**1,509**

Costs relating to pensions

Parent Company

MSEK	2023	2022
Company-managed pension schemes		
Cost	55	87
Cost of company-managed pension schemes	**55**	**87**
Pension through insurance policy		
Insurance premiums	268	251
Subtotal	**323**	**338**
Special employer's contribution on pension costs	93	88
Cost of credit insurance, administrative expenses, other	6	7
Recognised net cost attributable to pensions	**422**	**433**

Net pension cost is recognised on the following lines of the income statement:

Parent Company

MSEK	2023	2022
Cost of goods sold	422	433
Total	**422**	**433**

Assumptions for defined-benefit obligations: the most significant actuarial assumptions at the end of the reporting period (expressed as weighted averages) are given below.

Parent Company

%	2023	2022
Discount rate as at 31 December	2.9	2.9

Defined-contribution pension plans

In Sweden, the Group has defined-contribution pension plans for employees that are fully paid by the companies.

Outside of Sweden there are defined-contribution plans that are financed partly by the subsidiaries and partly by employee contributions.

Payments into these plans are made regularly in accordance with the terms of each plan.

	Group		Parent Company	
MSEK	2023	2022	2023	2022
Costs for defined-contribution pension plans	323	309	268	253

No retirement solutions were paid out through insurance plans in 2023 or 2022.

Note 30 Provisions

Group

MSEK	31 Dec 2023	31 Dec 2022
Provisions		
Urban transformation	11,608	13,644
Carbon emission allowances	626	447
Remediation costs	1,701	1,727
Other	2	2
Total	**13,937**	**15,820**

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Provisions		
Urban transformation	11,608	13,644
Carbon emission allowances	626	447
Remediation costs	1,268	1,235
Total	**13,502**	**15,326**

Note 30 continued

Group **MSEK**	Urban transformation	Emission allowances	Remediation costs	Other provisions	Total
Opening balance, 1 Jan 2022	14,423	307	1,775	1	16,506
Provisions for the year	14	–	–	2	16
Remeasurement of prior year provisions	191	–	-41	–	150
Utilised provisions	-984	–	-58	-1	-1,043
Interest adjustment for the year, liabilities	–	–	51	–	51
Emissions for the year	–	447	–	–	447
Adjustment of prior year emissions	–	-307	–	–	-307
Closing balance, 31 Dec 2022	**13,644**	**447**	**1,727**	**2**	**15,820**
Less: expenditures for replacement properties	-3,733				-3,733
Closing balance, 31 Dec 2022 (net)	**9,911**	**447**	**1,727**	**2**	**12,087**
Of which to be paid out within 1 year	*3,029*	*447*	*79*	*2*	*3,557*
Of which to be paid out in 2–8 years	*6,599*	–	*322*	–	*6,921*
Of which to be paid out after 8 years	*283*	–	*1,326*	–	*1,609*
Opening balance, 1 Jan 2023	13,644	447	1,727	2	15,820
Provisions for the year	146	–	–	0	146
Remeasurement of prior year provisions	1,557	–	-53	–	1,504
Utilised provisions	-3,739	–	-23	–	-3,762
Interest adjustment for the year, liabilities	–	–	50	–	50
Emissions for the year	–	626	–	–	626
Adjustment of prior year emissions	–	-447	–	–	-447
Closing balance, 31 Dec 2023	**11,608**	**626**	**1,701**	**2**	**13,937**
Less: expenditures for replacement properties	-1,802	–	–	–	-1,802
Closing balance, 31 Dec 2023 (net)	**9,806**	**626**	**1,701**	**2**	**12,135**
Of which to be paid out within 1 year	*2,449*	*626*	*1*	*2*	*3,078*
Of which to be paid out in 2–8 years	*6,743*	–	*396*	–	*7,139*
Of which to be paid out after 8 years	*614*	–	*1,304*	–	*1,918*

Expenditures for replacement properties refers to expenses incurred which are reported as property, plant and equipment; see Note 15. The provisions and the property, plant and equipment asset are offset when the replacement property is handed over. For an overall picture of items related to urban transformation refer to Note 31.

Note 30 continued

Parent Company

MSEK	Urban transformation	Emission allowances	Remediation costs	Total
Opening balance, 1 Jan 2022	14,423	307	1,207	15,937
Provisions for the year	14	–	52	66
Remeasurement of prior year provisions	191	–	–	191
Utilised provisions	-984	–	-59	-1,043
Interest adjustment for the year, liabilities	–	–	35	35
Emissions for the year	–	447	–	447
Adjustment of prior year emissions	–	-307	–	-307
Closing balance, 31 Dec 2022	**13,644**	**447**	**1,235**	**15,326**
Less: expenditures for replacement properties	-3,733			-3,733
Closing balance, 31 Dec 2022 (net)	**9,911**	**447**	**1,235**	**11,593**
Of which to be paid out within 1 year	*3,029*	*447*	*79*	*3,555*
Of which to be paid out in 2–8 years	*6,599*	–	*322*	*6,921*
Of which to be paid out after 8 years	*283*	–	*834*	*1,117*
Opening balance, 1 Jan 2023	13,644	447	1,235	15,326
Provisions for the year	146	–	20	166
Remeasurement of prior year provisions	1,557	–	–	1,557
Utilised provisions	-3,739	–	-23	-3,762
Interest adjustment for the year, liabilities	–	–	36	36
Emissions for the year	–	626	–	626
Adjustment of prior year emissions	–	-447	–	-447
Closing balance, 31 Dec 2023	**11,608**	**626**	**1,268**	**13,502**
Less: expenditures for replacement properties	-1,802	–	–	-1,802
Closing balance, 31 Dec 2023 (net)	**9,806**	**626**	**1,268**	**11,700**
Of which to be paid out within 1 year	*2,449*	*626*	*1*	*3,076*
Of which to be paid out in 2–8 years	*6,743*	–	*396*	*7,139*
Of which to be paid out after 8 years	*614*	–	*871*	*1,485*

Note 31 Urban transformation

Net cost of urban transformation
The company's net cost consists of the following components:

Group and Parent Company

MSEK	2023	2022
Costs for urban transformation, current period	-217	-196
Effect of changed estimates and assumptions	-183	-349
Total	**-400**	**-544**

The net cost of urban transformation is recognised on the following line of the income statement:

Group and Parent Company

MSEK	2023	2022
Cost of goods sold	-400	-545
Total	**-400**	**-545**

Provisions for urban transformation
Provisions are recognised on the following lines of the balance sheet:

Group and Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Current liabilities	2,449	3,029
Non-current liabilities	9,159	10,615
Total	**11,608**	**13,644**

LKAB's accounting policies for provisions state that a provision for urban transformation is reported where there is an agreement or a clear constructive obligation that defines a commitment relating to future impact areas.

Provisions are recognised for all estimated remaining commitments in respect of the impact areas for the main haulage levels decided on. The parts of the provision that relate to commitments for areas that have not been impacted by mining to date are reported as a mine asset relating to future mining. The mine asset is expensed using a production-based method; see description in Note 1 section 18.8.

Since 2006 LKAB has paid out MSEK 16,064 in respect of previous years' provisions. Payments made in 2023 in respect of previous years' provisions amount to MSEK 1,032. The amounts do not include replacement properties.

The recognised provision for urban transformation does not include LKAB's own need to replace properties affected by the urban transformation. Capital expenditure up to and including 2023 for replacing the company's own properties amounts to a total of around SEK 3.4 billion.

To finance future urban transformation payouts, funds are allocated in accordance with the finance policy approved by the Board from time to time. The purpose of such asset management is to ensure LKAB's ability to pay and that the return on allocated funds will cover inflation over time.

Property, plant and equipment for urban transformation
The balance sheet item includes the following assets:

Group and Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Mine asset	8,648	7,337
Replacement properties	1,802	3,733
Other property acquisitions	229	236
Total	**10,679**	**11,306**

Replacement properties refers to expenditures for the construction of replacement properties for those property owners who have chosen this option. Commitments for replacement properties are recognised as a provision until handover of the replacement property. At this point, the provision is offset against expenditures for the replacement property. Adjustments to previous years' provisions relating to replacement properties for property owners amount to around SEK 4.5 billion in total.

Note 32 Accrued expenses and deferred income

	Group		Parent Company	
MSEK	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Electricity	143	364	123	313
Payroll and employee benefit expenses	1,081	1,051	859	813
Accrued trade payables	456	474	379	404
Prepaid emission allowances	595	417	595	417
Grants, Swedish Energy Agency	560	–	560	–
Other	211	114	59	14
Total	**3,046**	**2,420**	**2,574**	**1,961**

Note 33 Valuation of financial assets and liabilities at fair value and categorization

Classification and fair value and level of measurement hierarchy
The following is a summary of the fair values of consolidated financial assets and liabilities with a breakdown by measurement category. Information is also provided about to which fair value level the respective financial assets and liabilities belong.

		Carrying amount						Fair value		
Group, 31 Dec 2023 **MSEK**	Note	Fair value – hedging instruments	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other liabilities	Total	Level 1	Level 2	Total
Financial assets measured at fair value										
Shares, financial assets	20	–	7	8,319	–	–	8,326	8,319	7	8,326
Shares and alternative investments, short-term holdings	20	–	10,048	–	–	–	10,048	–	10,048	10,048
Interest-bearing, short-term holdings	20	–	21,200	–	–	–	21,200	–	21,200	21,200
Derivatives for hedging	22	–	–	–	–	–	0	–	–	0
Other derivatives	20	51	–	–	–	–	51	–	51	51
Total		**51**	**31,255**	**8,319**	**–**	**–**	**39,625**			
Financial assets not measured at fair value										
Non-current receivables	22	–	–	–	2	–	2	–	–	0
Accounts receivable		–	–	–	3,420	–	3,420	–	–	0
Other receivables	22	–	–	–	2,283	–	2,283	–	–	0
Accrued income	25	–	–	–	202	–	202	–	–	0
Cash and bank balances (cash and cash equivalents)	41	–	–	–	4,572	–	4,572	–	–	0
Total		**–**	**–**	**–**	**10,479**	**–**	**10,479**			
Financial liabilities not measured at fair value										
Issued bond loans	27	–	–	–	–	1,998	1,998	–	1,998	1,998
Other bond financing	27	–	–	–	–	–	0	–	–	0
Bank loans	27	–	–	–	–	150	150	–	–	0
Trade payables		–	–	–	–	2,411	2,411	–	–	0
Other liabilities		–	–	–	–	264	264	–	–	0
Accrued expenses	32	–	–	–	–	3,046	3,046	–	–	0
Total		**–**	**–**	**–**	**–**	**7,869**	**7,869**			

Note 33 continued

Group, 31 Dec 2022 **MSEK**	Note	Carrying amount Fair value – hedging instruments	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Other liabilities	Total	Fair value Level 1	Level 2	Total
Financial assets measured at fair value										
Shares, financial assets	20	–	8	6,011	–	–	6,019	6,011	8	6,019
Shares and alternative investments, short-term holdings	20	–	9,725	–	–	–	9,725	–	9,725	9,725
Interest-bearing, short-term holdings	20	–	17,668	–	–	–	17,668	–	17,668	17,668
Derivatives for hedging	22	–	–	–	–	–	–	–	–	–
Other derivatives	20	4	–	–	–	–	4	–	4	4
Total		**4**	**27,401**	**6,011**	**–**	**–**	**33,416**			
Financial assets not measured at fair value										
Non-current receivables	22	–	–	–	2	–	2	–	–	–
Accounts receivable		–	–	–	3,785	–	3,785	–	–	–
Other receivables	22	–	–	–	2,492	–	2,492	–	–	–
Accrued income	25	–	–	–	106	–	106	–	–	–
Cash and bank balances (cash and cash equivalents)	41	–	–	–	3,191	–	3,191	–	–	–
Total		**–**	**–**	**–**	**9,576**	**–**	**9,576**			
Financial liabilities not measured at fair value										
Issued bond loans	27	–	–	–	–	1,996	1,996	–	1,996	1,996
Other bond financing	27	–	–	–	–	–	–	–	–	–
Bank loans	27	–	–	–	–	78	78	–	–	–
Trade payables		–	–	–	–	2,583	2,583	–	–	–
Other liabilities		–	–	–	–	361	361	–	–	–
Accrued expenses	32	–	–	–	–	2,420	2,420	–	–	–
Total		**–**	**–**	**–**	**–**	**7,438**	**7,438**			

Note 33 continued

Disclosures concerning financial assets and liabilities measured at fair value are based on a fair value hierarchy with three levels. Level 1 means quoted prices in an active market, such as stock market listings. Level 2 means observable market data other than quoted prices, either direct (such as quoted prices) or indirect (derived from quoted prices). Level 3 means the fair value is determined using inputs that are not based on directly observable market data.

The measurement of fair value for current investments is based mainly on Level 2 inputs. The value of interest-bearing instruments is calculated using data from the interest-bearing securities market, obtained from Bloomberg. Shares and alternative investments are measured using inputs from the stock market or received directly from brokers.

Fair values for derivatives are calculated based on official listings from Bloomberg, with the exception of derivatives relating to the commodities portfolio which are based on quoted market prices.

For shares and non-current financial assets recognised at fair value through profit or loss the cost is considered to be an appropriate estimate of fair value.

For commercial paper issued and repurchase agreement liabilities the carrying amount is a reasonable approximation of fair value because of the short time to maturity.

The fair value of interest-bearing non-current liabilities has been calculated based on the interest rate that applied on the closing date for remaining terms.

The carrying amount of accounts receivable, other receivables, accrued income, cash and cash equivalents, trade payables, other liabilities and accrued expenses is a reasonable approximation of their fair value.

Parent Company

Measurement categories for assets and liabilities as shown below follow the above measurement categories for the Group's financial instruments.

Presented below are the assets and liabilities for which the carrying amount differs from their fair value.

Parent Company	31 Dec 2023		31 Dec 2022	
MSEK	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets at amortised cost				
Shares, financial assets	3,227	8,327	3,227	6,019
Current investments	29,918	31,924	26,758	28,196
Total	**33,145**	**40,251**	**29,985**	**34,215**
Financial liabilities at amortised cost				
Issued bond loans	-1,998	-1,998	-1,996	-1,996
Total	**-1,998**	**-1,998**	**-1,996**	**-1,996**

Note 34 Financial risks and risk management

Framework for financial risk management

The Group's activities expose it to a variety of financial risks. LKAB's financial risk management is regulated by a finance policy established by the Board which provides a framework for financial activities within the LKAB Group. The LKAB Treasury Centre is the company's central treasury function, which manages the Group's overall financial risk and is also the Group treasury. Reporting takes place on an ongoing basis to the Board's Finance and Audit Committee, which is responsible for ongoing monitoring of compliance with the finance policy and with investment guidelines passed.

The Group's aim is that financing activities will at all times support the business plan adopted and ensure that financial risks are identified, quantified and managed.

The current finance policy was established in February 2023. An updated finance policy was adopted in February 2024.

Cash flow risk in SEK

The LKAB Group's biggest financial risk is cash flow risk in SEK, which is mainly linked to fluctuations in the global iron ore price and exchange rates between USD and SEK. Together these factors could have a major negative impact on the company's income statement, balance sheet and cash flow. Another significant cash flow risk is energy price risk.

The finance policy provides guidelines for identifying and reporting the Group's total risk exposure as regards cash flow risk. Risk reporting is based on the cash flow forecast in the current business plan.

The finance policy also sets out frameworks for hedging activities. The basic rule is that the Group does not normally hedge future forecast cash flows other than confirmed flows relating to accounts receivable and trade payables. Some exceptions may be made; for example, prices may be hedged for individual commercial flows where a binding contract provides certainty. Also laid down in the finance policy are frameworks for hedging the transaction exposure of forecast net currency flows, the price components of iron ore deliveries and the price components of energy prices. The President or Chief Financial Officer decides the hedging strategy within these frameworks.

When carrying out hedging, the hedging strategy and effectiveness of the strategy are to be documented and the requirements of hedge accounting must be met; see also Note 1 Significant accounting policies, section 17 Derivatives and hedge accounting. See the Administration Report for a sensitivity analysis of cash flow risk.

Price risk for iron ore products

Price volatility in the global iron ore market impacts LKAB's earnings and cash flows. The price of LKAB's products is affected both by the global price of iron ore and by the quality premiums added to high-grade iron ore products. The price of iron ore is established daily, while the premiums are a combined result of market price and negotiations with LKAB's customers.

As shown above, the basic rule in the Group's finance policy is that LKAB does not normally hedge forecast cash flows. In 2023 deliveries to the spot price market were occasionally hedged in respect of iron ore prices. At 31 December 2023, as also at 31 December 2022, there was no outstanding hedging in respect of price risk for iron ore products.

Currency risk in iron ore sales

Currency risk exposure stems mainly from Group sales of iron ore where market pricing is in USD. The currency risk consists partly of the risk of fluctuations in the value of accounts receivable and partly of the currency risk in expected and contracted payment flows. These risks are known as transaction exposure.

As shown above, the basic rule in the Group's finance policy is that LKAB does not normally hedge forecast cash flows. Outstanding accounts receivable relating to iron ore sales are normally 100 percent hedged, however. At 31 December 2023 a total of 100 (100) percent of accounts receivable in USD were hedged.

The fair value of the forward contracts as at 31 December 2023 amounted to MSEK 49 (-13), of which MSEK 46 (-9) relates to currency hedging of accounts receivable recognised in profit for the current year. Transaction exposure in USD relating to sales of iron ore amounted to MUSD 3,668 (4,195) in 2023.

Exchange differences relating to iron ore sales are included in net sales in the total amount of MSEK 28 (433), of which MSEK 125 (-194) relates to hedges.

Note 34 continued

Energy price risk
Changes in energy prices form part of the Group's cash flow risk in SEK. The Group's energy costs correspond to 12 (13) percent of operating expenses. No financial hedging took place in 2023 to reduce this exposure.

Other currency risks
Currency risks also arise in the translation of foreign subsidiaries' assets and liabilities to the Parent Company's functional currency, known as translation exposure. LKAB does not normally hedge its translation exposure. Consolidated net foreign assets are divided into the following currencies (millions of local currency):

Maximum credit risk exposure

In local currency, million	2023	2022
EUR	12	10
GBP	151	141
USD	12	9
DKK	243	233
NOK	1,516	1,202
CNY	40	35
HKD	114	98
TRL	14	19

Other companies in the Group may also have price or currency exposure through purchases and sales in foreign currencies. The finance policy contains rules on the subsidiaries' reporting of currency risks to the LKAB Treasury Centre, which is responsible for the Group's overall management of currency exposure.

The Group also has currency risks in respect of current investments in foreign currency. Under the finance policy, currency derivatives may be used in the management of financial asset portfolios provided the currency exposure remains within specified limits.

Exchange rate differences for other currency risk are included in operating profit at MSEK -1 (-34) and in net financial income/expense at MSEK 18 (419).

Interest rate risk and share price risk
Interest rate risk refers to the risk of how the return on interest-bearing assets or interest expense on interest-bearing liabilities is impacted by a change in the interest rate. The level of interest rate risk is affected by changes in interest rates and by the amount of interest rate-sensitive capital. LKAB is mainly exposed to interest rate risk with regard to current investments and cash and cash equivalents. Exposure to interest rate risk among liabilities relates to bonds with variable interest rates; see Note 27 Interest-bearing liabilities for the Group.

Share price risk refers to the risk of a reduction in value due to changes in prices on the stock market.

For interest-bearing current investments the finance policy governs the maximum average duration in each asset portfolio. The frameworks are set in relation to each portfolio's commitments or purpose and in relation to a range of risk measures and restrictions. At 31 December 2023 interest-bearing investments amounted to MSEK 21,875 (18,471). The remaining term was 1,363 (431) days.

For shares and alternative investments the finance policy contains a number of guidelines and restrictions, including what current investments are permitted and the percentage of portfolio value.

Credit risk
Credit risk is the risk that a customer or counterparty in a financial instrument is unable to fulfil its commitments, thereby causing the Group a financial loss, and arises mainly from the Group's accounts receivable, derivatives and current investments.

Maximum credit risk exposure

MSEK	2023	2022
Derivatives	51	4
Interest-bearing instruments, short-term holding	21,200	17,668
Interest-bearing instruments, short-term holding (part of cash and cash equivalents)	675	804
Accounts receivable and other current receivables	4,689	4,638
Accrued income	202	106
Total	**26,817**	**23,220**

No impairment of financial assets is recognised in profit or loss for the year; see comments under each section below.

Credit risks in financial activities
The financial activities of the Group entail exposure to credit risks. This is primarily counterparty risks in conjunction with receivables from banks and other counterparties involved in the purchase of financial investments. The finance policy contains special counterparty rules stating the maximum credit exposure for various counterparties and for each designated asset portfolio. The Master Netting Agreement from the International Swaps and Derivatives Association (ISDA) is used for all counterparties in derivatives transactions.

The Group has no assets that have fallen due or have been impaired that resulted in credit losses. LKAB has not experienced any credit losses in current investments over the past five years.

Credit risk in accounts receivable
Commercial credit exposure arises in the ordinary course of LKAB's business primarily in the form of customer credit. Commercial credit risks are related to the customer's or counterparty's solvency; that is, their credit standing, the amount of credit granted and the credit period.

The Group's credit risk exposure is affected mainly by each customer's individual characteristics, but factors relating to the industry and the country where the customers operate are also taken into consideration. Information on concentration of revenue is given in Note 3.

The Group's finance policy contains a regulatory framework for credit rating that defines the criteria for evaluating new and existing customers from a credit risk perspective. The framework includes approval processes, credit limits and monitoring procedures. Monitoring is carried out on a quarterly basis by the Board's Finance and Audit Committee.

Based on historical customer losses and forward-looking information, LKAB assesses that no impairment of accounts receivable is necessary as at the closing date. The majority of the Group's customers have done business with the Group for many years and none of these customers' accounts had been written down or deemed to be credit-impaired as at the closing date.

The average collection period on accounts receivable was 34 days (36) in 2023.

Offsetting and similar contracts
Counterparty risk in derivative contracts is reduced through netting agreements; that is, netting of positive and negative values in all derivative contracts with one and the same counterparty. For exchange-traded derivatives there are clearing agreements that include netting. For all other counterparties in derivative transactions the Group enters into derivatives contracts under the International Swaps and Derivatives Association (ISDA) Master Netting Agreement, supplemented by an agreement on collateral for net exposures (Credit Support Annex, CSA).

These agreements give the Group a legal right to offset recognised amounts both in the ordinary course of business and in the case of a serious credit event. The items are also settled net in operating activities. Netting is applied to payments of obligations that are due at the same time, in the same currency, with the same counterparty and for the same type of instrument. Only the excess amount per instrument and currency is paid by the party that owes the most.

The table below presents disclosures about financial instruments that are covered by a legally binding framework agreement on netting or a similar agreement, along with details of any collateral provided.

Note 34 continued

Group, 2023

MSEK	Financial assets/ liabilities, gross	Offset amounts	Net amount in statement of financial position	Related amounts that are not offset: Financial instruments that are not offset	Collateral provided	Net amount
Financial assets						
Derivatives	65	0	65	–	–	65
Financial liabilities						
Derivatives	-14	0	-14	–	–	-14
Total	**51**	**0**	**51**	**–**	**–**	**51**

Group, 2022

MSEK	Financial assets/ liabilities, gross	Offset amounts	Net amount in statement of financial position	Related amounts that are not offset: Financial instruments that are not offset	Collateral provided	Net amount
Financial assets						
Derivatives	17	0	17	–	–	17
Financial liabilities						
Derivatives	-13	0	-13	–	–	-13
Total	**4**	**0**	**4**	**–**	**–**	**4**

Financing risk

Financing risk is the risk that the LKAB Group cannot meet its commitments due to lack of liquidity or the inability to raise external loans for operating activities.

The Group's finance policy defines the Group's financing needs, in the form of operating capital, needs caused by fluctuations in cash flow and planned expenditure for commitments within urban transformation, pensions and remediation, as well as transition investments. The Group's cash flow forecast is updated quarterly. Long-term financing is to cover these financing needs, as a minimum.

Guidelines on debt management in the Group's policy include target durations for external financing related to the requirement regarding net debt. Consolidated borrowing as at 31 December 2023 amounted to MSEK 2,150 (2,000). The remaining term for financial liabilities is 434 (799) days.

Credit facilities as at 31 December 2023 are shown in the following table. All credit facilities are subject to 100 percent retention of title.

Credit facilities

MSEK	Nominal	Utilised (nominal)	Available
Commercial paper programme, maturing within one year	5,000		5,000
Bond programmes	7,000		5,000
Maturing March 2025, green bonds		2,000	
Credit facility	5,000		5,000
Total	**17,000**	**2,000**	**15,000**

Note 34 continued

Maturity profile of financial assets – undiscounted cash flows

	2023						2022					
MSEK	Total	<1 month	1–3 months	3 months–1 year	1–5 years	>5 years	Total	<1 month	1–3 months	3 months–1 year	1–5 years	>5 years
Interest-bearing securities	21,875	1,851	1,531	4,941	11,823	1,729	18,471	3,236	3,256	2,935	8,211	833
Derivatives	65	53	12	–	–	–	17	12	1	4	–	–
Accounts receivable	2,792	2,527	265	–	–	–	3,063	2,726	337	–	–	–
Total	**24,732**	**4,431**	**1,808**	**4,941**	**11,823**	**1,729**	**21,551**	**5,974**	**3,594**	**2,939**	**8,211**	**833**

The Group's maturity profile for accounts receivable is considered to be similar to that of the Parent Company in all material respects. The information above refers to the Parent Company.

Maturity profile of financial liabilities – undiscounted cash flows

	2023						2022					
MSEK	Total	<1 month	1–3 months	3 months–1 year	1–5 years	>5 years	Total	<1 month	1–3 months	3 months–1 year	1–5 years	>5 years
Bond loans	1,998	–	–	–	1,998	–	1,996	–	–	–	1,996	–
Bank loans	150	–	–	30	90	30	78	–	–	15	63	–
Derivatives	14	14	–	–	–	–	13	11	2	–	–	–
Lease liabilities	358	10	16	72	182	78	411	9	15	72	203	112
Trade payables	1,955	1,798	157	–	–	–	1,937	1,910	27	–	–	–
Other liabilities and accrued expenses	1,540	738	73	729	–	–	1,665	813	69	783	–	–
Total	**6,015**	**2,560**	**246**	**831**	**2,270**	**108**	**6,100**	**2,743**	**113**	**870**	**2,265**	**112**

The Group's maturity profile for trade payables, other liabilities and accrued expenses is considered to be similar to that of the Parent Company in all material respects. The above information is taken from the Parent Company.

Asset management
LKAB's financial risk management is regulated by a finance policy approved by the Board. The Board's Finance and Audit Committee is responsible for ongoing monitoring of compliance with the finance policy and with investment guidelines passed.

LKAB defines its managed assets as equity in the Group excluding unrealised changes in the value of derivatives that are recognised directly in equity. Assets under management amounted to SEK 80.8 (71.3) billion at the end of the reporting period.

The Group's aim as regards economic sustainability is to be financially strong in order to be an innovative and responsible company that contributes to prosperity. The financial targets relate to capital structure, profitability and dividend.

The capital structure target is a net debt/equity ratio of less than 60 percent. The net debt/equity ratio is defined as the net of interest-bearing liabilities and provisions plus interest-bearing assets divided by equity. The net debt/equity ratio was -23.8 (-17.1) percent at the end of the reporting period.

The profitability target for the Group is a return on equity in excess of 9 percent. For 2023 the return was 20 (21.7) percent.

The Group's dividend policy states that the ordinary dividend to the shareholder is to be 40–60 percent of profit for the year. The proposed dividend of MSEK 7,600 represents 50 percent of the Group's profit.

Note 35 Leases

Lessee
The Group's property, plant and equipment consists of both owned and leased assets.

Group

MSEK	Note	2023	2022
Property, plant and equipment owned, including favourable leases from business combinations	15	35,305	33,200
Right-of-use assets	15	309	358
Total		**35,614**	**33,558**

Significant assets leased are land, tugboats, office and production premises, and IT equipment.

Right-of-use assets

Group MSEK	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Total
Depreciation during the year	50	6	40	96
Additions to right-of-use assets during the year	39	3	2	44
Closing balance, 31 Dec 2023	176	6	127	309

Group MSEK	Buildings and land	Plant and machinery	Equipment, tools, fixtures and fittings	Total
Depreciation during the year	46	5	41	92
Additions to right-of-use assets during the year	67	12	51	130
Closing balance, 31 Dec 2022	184	12	162	358

Additions to right-of-use assets include the cost of rights of use acquired during the year, additional amounts following review of the lease term and exchange rate changes.

Lease liabilities

Group

MSEK	2023	2022
Current	89	86
Non-current	238	289
Lease liabilities included in the statement of financial position	**327**	**375**

For a maturity analysis of the lease liabilities see Note 34 Financial risks and risk management.

Amount recognised in profit or loss
IFRS 16

Group

MSEK	2023	2022
Depreciation of right-of-use assets	96	92
Interest on lease liabilities	14	14
Costs of short-term leases	175	190
Costs of low-value leases	109	109
Total	**394**	**405**

IAS 17/RFR 2 Non-cancellable lease payments

Parent Company

MSEK	2023	2022
Within one year	19	21
Between one and five years	7	10
Longer than five years	6	8
Total	**32**	**39**

IAS 17/RFR 2 Operating lease payments expensed

Parent Company

MSEK	2023	2022
Minimum lease payments	189	200

Amounts recognised in the statement of cash flows

Group

MSEK	2023	2022
Total cash outflow attributable to leases	388	396

The above cash outflow includes both amounts for leases recognised as lease liabilities and amounts paid for short-term and low-value leases.

Note 35 continued

Lessor
Lease income from leases where the Group is the lessor is as follows.

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Operating leases				
Lease income	298	276	68	69

Operating leases
The Group leases out properties; mainly residential properties. The leases are classified as operating leases because the leases do not transfer the significant risks and benefits associated with ownership of the underlying asset.

Presented below is a maturity analysis of lease payments showing the undiscounted lease payments that will be received after the closing date.

IFRS 16

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Within one year	126	138	40	37
Between one and two years	43	51	–	–
Between two and three years	30	40	–	–
Between three and four years	28	26	–	–
Between four and five years	27	25	–	–
Later than five years	340	324	28	–
Total undiscounted lease payments	**594**	**604**	**68**	**37**

Note 36 Investment commitments

At year-end the Group had contractual commitments to acquire property, plant and equipment. The commitments are forecast at MSEK 3,460 (3,559), of which MSEK 2,793 (2,771) is expected to be settled in the following financial year. The commitments relate mainly to assured future production capacity within the Iron Ore business area and to the construction of new homes associated with the urban transformations in Kiruna and Malmberget/Gällivare. The Parent Company's commitments are forecast at MSEK 3,005 (3,087), of which MSEK 2,349 (2,605) is expected to be settled in the following financial year.

Note 37 Pledged assets and contingent liabilities

	Group		Parent Company	
MSEK	**31 Dec 2023**	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Assets pledged *As pledged assets for own liabilities and provisions*				
Floating charges	112	112	–	–
Company-owned endowment insurance	84	91	84	91
Cash deposits	116	112	116	112
Collateral provided, derivatives	147	152	147	152
Total	**459**	**467**	**347**	**355**
Contingent liabilities				
Guarantees, FPG/PRI	22	20	22	20
Guarantees, GP plan	3	3	3	3
Guarantees, Swedish Tax Agency	63	63	63	63
Surety given for subsidiaries	-	–	137	138
Collateral, remediation	138	131	254	261
Other surety	19	63	19	63
Loan commitments to associates	395	–	395	–
Total	**640**	**280**	**893**	**548**

Company-owned endowment insurance is intended to cover pension commitments for the President, former President and members of Group management under the old defined-benefit pension scheme.

Deposits of cash and cash equivalents are intended to cover future expenditures for remediation measures and other restoration measures at mines after mining activities cease.

Guarantees for PRI Pensionstjänst and Gruvplanen pensions corresponded to 2 percent of commitments on the closing date.

Note 38 Related parties

Relationships with related parties
The Group is under the controlling influence of the Swedish state. The Parent Company has a related party relationship with its subsidiaries; see Note 40 Group companies.
In addition, the Parent Company has a related party relationship with the jointly controlled company Hybrit Development AB, with Vattenfall AB and its group companies, and with the Swedish Transport Administration (Trafikverket).

Summary of related party transactions

Parent Company MSEK	Year	Sales of goods/services to related parties	Interest and dividends (net)	Purchases of goods/services from related parties	Related party receivables at 31 December	Related party liabilities at 31 December
Subsidiaries	2023	1,294	126	4,831	2,890	651
Subsidiaries	2022	1,387	109	4,772	3,230	721
Jointly controlled entities	2023	18	–	19	7	–
Jointly controlled entities	2022	13	–	2	1	–
Other related parties	2023	–	–	794	–	11
Other related parties	2022	–	–	748	–	23

Transactions with related parties are priced on market terms.
For remuneration paid to the Board of Directors and senior executives see Note 6.

Note 39 Group companies

Parent Company MSEK	31 Dec 2023	31 Dec 2022
Accumulated cost		
Opening balance	3,628	2,407
Business combinations	3	472
Capital contributions	1	749
Closing balance	**3,632**	**3,628**
Accumulated impairment		
Opening balance	-711	-575
Impairment for the year	–	-136
Closing balance	**-711**	**-711**
Carrying amount	**2,921**	**2,917**

Note 39 continued

Specification of the Parent Company's and Group's holdings of shares in Group companies. The following table does not include dormant Group companies.

Subsidiary/registration number/domicile	Number of shares	Share in % 2023	Share in % 2022	31 Dec 2023 Carrying amount	31 Dec 2022 Carrying amount
Swedish subsidiaries					
LKAB Fastigheter AB / 556009-8849 / Kiruna	5,000	100	100	95	95
LKAB Wassara AB / 556331-8566 / Stockholm	20,000	100	100	32	32
LKAB Berg & Betong AB / 556074-8237 / Kiruna	24,000	100	100	197	197
LKAB Nät AB / 556059-9796 / Kiruna	10	100	100	2	1
LKAB Minerals AB / 556223-1786 / Luleå	1,600,000	100	100	916	916
LKAB Malmtrafik AB / 556031-4808 / Kiruna	208,000	100	100	257	257
LKAB EAF 1 AB / 559252-4879 / Kiruna	25,000	100	100	0	0
Bergteamet AB / 556524-0081 / Boliden	750	75	75	150	150
LKAB Centrumhotellet AB / 559108-5724 / Kiruna	500	100	100	498	496
Foreign subsidiaries					
LKAB Norge AS / 918 400 184 / Narvik, Norway	300,000	100	100	763	763
LKAB Trading (Shanghai) Co., Ltd. / 91310000577478375G / Shanghai, China		100	100	10	10
Indirect holdings via the subsidiary LKAB Minerals AB					
LKAB Minerals B.V. / 24236591 / Breda, Netherlands		100	100	–	–
LKAB Minerals Inc / 02-0551509 / Cincinnati, USA		100	100	–	–
LKAB Minerals GmbH / HRB 16692 / Essen, Germany		100	100	–	–
LKAB Minerals Asia Pacific Ltd / 876455 / Hong Kong SAR, China		100	100	–	–
LKAB Minerals OY / 1934671-4 / Helsinki, Finland		100	100	–	–
LKAB Minerals AS / A/S277716 / Nuuk, Greenland		100	100	–	–
LKAB Minerals Tianjin Minerals Co / 70051551-5 / Dongli District Tianjin, China		100	100	–	–
LKAB Holdings Ltd (LKAB Minerals Limited) / 04621769 / Derby, UK		100	100	–	–
LKAB Minerals Ltd (Francis Flower (Northern) Ltd) / 03799817 / Derby, UK		100	100	–	–
Indirect holdings via the subsidiary LKAB Berg & Betong AB					
LKAB Mekaniska AB / 556013-3059 / Kiruna		100	100	–	–
LKAB Kimit AB / 556190-6115 / Kiruna		100	100	–	–
Indirect holdings via the subsidiary LKAB Malmtrafik AB					
LKAB Malmtrafikk AS / 974 644 991 / Narvik, Norway		100	100	–	–
Total Parent Company				**2,921**	**2,917**

Note 40 Untaxed reserves

Parent Company

MSEK	31 Dec 2023	31 Dec 2022
Accumulated depreciation in excess of plan:		
Plant and equipment		
Opening balance	11,202	11,577
Dissolution/depreciation in excess of plan for the year	-925	-375
Closing balance	**10,277**	**11,202**
Carrying amount	**10,277**	**11,202**

Note 41 Specifications for statement of cash flows

Cash and cash equivalents – Group

MSEK	31 Dec 2023	31 Dec 2022
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	3,897	2,388
Current investments, equated with cash and cash equivalents[1]	675	803
In statement of financial position and statement of cash flows	**4,572**	**3,191**

Cash and cash equivalents – Parent Company

MSEK	31 Dec 2023	31 Dec 2022
The following subcomponents are included in cash and cash equivalents:		
Cash and bank balances	3,533	2,081
Current investments, equated with cash and cash equivalents[1]	675	804
According to balance sheet and statement of cash flows	**4,208**	**2,885**

1 Cash and cash equivalents include current investments (interest-bearing investments) that were classified as cash and cash equivalents based on the following:
- They have an insignificant risk of fluctuations in value
- They can be easily converted to cash
- They have a maximum maturity of three months from date of acquisition

Interest paid and dividend received

	Group		Parent Company	
MSEK	2023	2022	2023	2022
Dividend received	941	568	974	568
Interest received	117	25	213	136
Interest paid	-64	-39	-86	-37
Total	**994**	**554**	**1,101**	**667**

Adjustments for items not included in cash flow

	Group		Parent Company	
MSEK	2023	2022	2023	2022
Depreciation	2,974	3,139	2,324	2,385
Impairment of shares and participations, Group companies	–	–	–	136
Exchange differences	-33	-23	115	-134
Return on current investments	-2,018	2,990	-1,451	1,556
Gain on sale/retirement of property, plant and equipment	80	38	67	14
Change in other receivables/liabilities, derivatives	-42	8	14	–
Provisions for pensions	-146	-101	-48	-14
Provisions for urban transformation	400	542	400	542
Other provisions	47	46	56	91
Other non-cash items	64	45	7	-35
Total	**1,326**	**6,683**	**1,485**	**4,541**

Note 41 continued

Reconciliation of liabilities from financing activities

Group MSEK	31 Dec 2022	Cash flows	Non-cash changes	31 Dec 2023
Bond loans	1,996	–	2	1,998
Lease liabilities	374	-48	–	326
Other liabilities	24	–	–	24
Bank loans	78	72	–	150
Acquired operations	0	–	–	0
Liabilities from financing activities	**2,472**	**-24**	**2**	**2,498**

Parent Company MSEK	31 Dec 2022	Cash flows	Non-cash changes	31 Dec 2023
Bond loans	1,996	–	2	1,998
Other liabilities	24	–	–	24
Bank loans	0	–	–	0
Liabilities from financing activities	**2,020**	**–**	**2**	**2,022**

Acquisitions of subsidiaries – Group

MSEK	2023	2022
Acquired assets and liabilities		
Intangible assets	–	8
Property, plant and equipment	–	499
Financial assets	–	4
Inventories	–	–
Operating receivables	–	3
Cash and cash equivalents	–	–
Total assets	**–**	**514**
Non-current interest-bearing liabilities	–	–
Deferred tax liabilities	–	-8
Current operating liabilities	–	-31
Total provisions and liabilities	**–**	**-39**
Non-controlling interests	–	–
Consideration paid		475
Less: Cash and cash equivalents in acquired business	–	–
Effect on cash and cash equivalents	**–**	**475**

Note 42 Key ratios – disclosures

Alternative performance measures

The company also presents certain non-IFRS financial performance measures and key ratios in the annual report. The management considers this supplementary information to be important if readers of the report are to obtain an understanding of the company's financial position and performance.

Definitions

Return on equity	Profit after tax as a percentage of average shareholders' equity.
Underlying operating profit/loss	Operating profit/loss excluding costs for urban transformation provisions and impairment of intangible assets and of property, plant and equipment.
Operating cash flow	Cash flow from operating activities and investing activities, excluding current investments. A reconciliation of operating cash flow is given in the financial statements on page 59.
Net financial indebtedness	Interest-bearing liabilities less interest-bearing assets.
Net debt/equity ratio	Net financial indebtedness divided by equity.

Net financial indebtedness

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

Net debt/equity ratio

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

Return on equity

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

Note 43 Events after the closing date

Following the major derailment on the Iron Ore Line in mid-December 2023 the line was not taken back into operation until two months later, but had only been operating again for a few days when a new derailment put a stop to deliveries to Narvik for a futher 11 days. Together with the shortage of capacity on the line going forward, the large stockpiles that have built up mean this is now having major consequences for future production. Both internal efforts and discussions with the Swedish Transport Administration are in progress regarding how the impact can be mitigated and how delivery capacity can be increased.

Acquisition of Duroc Rail AB has been completed after the closing date.

Note 44 Proposed appropriation of earnings

The Board and the President propose that the MSEK 63,825 in unappropriated earnings, of which MSEK 15,142 represents profit for the year, be allocated as follows:

MSEK	
Dividend, 700,000 shares at SEK 10,857 per share	7,600
Carried forward	56,225
Total	**63,825**

The Board's statement to the 2023 Annual General Meeting of Luossavaara-Kiirunavaara AB regarding the dividend proposed for the 2023 financial year, as required under Chapter 18 section 4 of the Swedish Companies Act
The Board has proposed that a sum of MSEK 7,600 is distributed from non-restricted equity to the shareholder. Following this dividend it is proposed that MSEK 56,225 is carried forward. The proposed dividend represents 12 percent of Luossavaara-Kiirunavaara AB's non-restricted equity, which amounts in total to MSEK 63,825. In the Group as a whole retained earnings including profit for the year attributable to owners of the parent amount to MSEK 75,199 before the dividend and MSEK 67,599 after the dividend.

Operations
The company's operations are capital-intensive. Compared with other iron ore companies, which nearly all mine ore in open-pit mines, the company has a greater need for capital since underground mining requires more extensive investment. The business is highly volume-, price- and currency-dependent. LKAB's strategy involves a major transformation of the company's business and could entail a high level of investment for a long period to come. LKAB also has major commitments relating to urban transformation necessitated by the mining, in Kiruna and Malmberget. The company requires good financial strength over time to secure the company's commitments and strategy. In accordance with its finance policy, the company has set aside provisions to secure its liquidity needs, the urban transformation, pensions and to enable the transformation.

Financial position of the company and the Group
The financial position of the company and the Group as at 31 December 2023 is set out in the annual report for the 2023 financial year, where the accounting policies applied to assets, provisions and liabilities are also stated. The Group's equity includes accumulated unrealised gains in the amount of MSEK 4,908, of which MSEK 2,121 relates to changes in value during the year.

Consolidation requirements and liquidity
LKAB has a dividend policy stating that the dividend to the owner in the long term is to constitute 40 to 60 percent of the consolidated earnings after tax, adjusted to the average earnings level over a business cycle and taking into account investment plans, consolidation requirements and the Group's liquidity and position in general. The proposed ordinary dividend of MSEK 7,600 amounts to 50 percent of consolidated earnings after tax.

The proposed distribution of earnings does not impact the company's ability to meet existing and foreseen payment obligations on time. The company's liquidity ratio is considered to be clearly sufficient for the requirements that the liquidity forecasts imply, with good readiness to cope with variations in ongoing payment obligations.

Dividend justification
The Board has considered other known circumstances that could be of significance for the company's and the Group's financial position and that have not been taken into account within what is stated above.

In this consideration no circumstances have emerged that might make the proposed dividend appear unwarranted.

Dividend for the 2023 financial year
The Board proposes that a dividend is paid for the 2023 financial year in the amount of MSEK 7,600 in accordance with LKAB's dividend policy.

The Board's attestation

The Board of Directors and the President attest that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements were prepared in accordance with international financial reporting standards as referred to in Regulation 1606/2002/EC of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The Annual Report and the consolidated financial statements give a fair presentation of the Parent Company's and the Group's financial position and earnings. The Administration Report for the Parent Company and the Group provides a fair review of developments in the Parent Company's and the Group's operations, financial position and earnings and describes significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Proposed appropriation of earnings

The Board and the President propose that the MSEK 63,825 in unappropriated earnings, of which MSEK 15,142 represents profit for the year, be allocated as follows:

Distributed to the company's owner	MSEK 7,600
Carried forward	MSEK 56,225
Total	**MSEK 63,825**

Luleå, 27 March 2024

Göran Persson
Chairman of the Board

Anders Borg
Board member

Catrin Fransson
Board member

Eva Hamilton
Board member

Kerstin Konradsson
Board member

Lotta Mellström
Board member

Bjarne Moltke Hansen
Board member

Gunilla Saltin
Board member

Per-Olof Wedin
Board member

Anders Elenius
Employee representative

Tomas Larsson
Employee representative

Stefan Tallfjärd
Employee representative

Jan Moström
President and CEO

As stated above, the Annual Report, consolidated financial statements and the statutory Sustainability Report were approved for publication by the Board of Directors on 27 March 2024. The consolidated income statement, statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet are subject to approval at the Annual General Meeting on 25 April 2024.

Our Auditor's report was presented on 27 March 2024.

KPMG AB

Helena Arvidsson Älgne
Authorised Public Accountant

Auditor's Report

To the general meeting of the shareholders of Luossavaara-Kiirunavaara AB (publ), corp. id 556001-5835

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Luossavaara-Kiirunavaara AB (publ) for the year 2023, except for the corporate governance statement on pages 118–131 and the sustainability report on pages 10–11, 15–16, 18–20, 25–35, 44–49 and 52–54. The annual accounts and consolidated accounts of the company are included on pages 10–12, 15–20, 25–41, 44–131 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 118–131 and sustainability report on pages 10–11, 15–16, 18–20, 25–35, 44–49 and 52–54. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Provisions for urban transformation

See disclosure notes 30 and 31 and the accounting principles on page 71 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

The group has significant obligations due to deformations in the ground caused by the mining operations. As at 31 December 2023 the group and the parent company have recognised provisions related to urban transformation in the amount of MSEK 11,608.

The deformations in the ground are already so extensive, or will become so, that it is necessary to move parts of Kiruna and Malmberget.

The group has a legal obligation to compensate for damage resulting from its mining activities and therefore recognises provisions for urban transformation in Kiruna and Malmberget as the obligations arise. Provisions for these obligations are dependent on the extent of the ground deformations, estimates of damage and compensation claims from affected parties, future inflation and discount rates.

The assumptions used as the basis for the provisions are complex and difficult to estimate. Changes in the estimates and assumptions could have a significant impact on the group's and the parent company's earnings and financial position.

Response in the audit

We have examined the group's framework for the approval and payment of compensation to affected parties. We have evaluated the adherence to the framework through sample testing.

Furthermore, we have inspected the group's procedures to identify obligations and assess the extent of the obligations including the assumptions made.

We have examined the reasonableness of the group's accounting policies, calculations and assumptions for recognition of urban transformation provisions, and the disclosures that have been included in the annual accounts and the consolidated accounts.

Property, plant and equipment

See disclosure notes 14 and 15 and the accounting principles on pages 67-68 and 70-71 in the annual accounts and consolidated accounts for detailed information on and descriptions of this matter.

Description of key audit matter

As at 31 December 2023 the group and the parent company have recognised property, plant and equipment in the amount of MSEK 46,293 and MSEK 40,872 respectively.

Depreciation periods for main haulage levels, facilities and equipment in mines is dependent on future ore extraction and the useful economic lives of the mines. It is essential that changes in production and the ore base are reflected in the applied depreciation method and useful economic life.

Changes to the assumptions regarding useful economic lives could have a material impact on the group's and the parent company's earnings and financial position.

Response in the audit

We have gained an understanding of the planned mining and ore base and evaluated the group's principles and procedures for depreciation of mining-related property, plant and equipment.

We have evaluated the group's procedures for following up construction in progress and have verified through audit sampling reported capital expenditure against actual supplier invoices and other expenditure. We have assessed whether the accounting treatment is in line with the applicable accounting framework. We have assessed the depreciation periods and methods applied by the group for plant and equipment in the mines.

We have also evaluated the disclosures on property, plant and equipment that have been included in the annual accounts and the consolidated accounts

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–9, 13–14, 17, 21–24, 42–43 and 132–173. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden 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 annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, 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 opinions. 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 the company's internal control relevant to our 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 internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any 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 annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. 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 a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Luossavaara-Kiirunavaara AB (publ) for the year 2023 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our 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 opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 118–131 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

The auditor's opinion regarding the statutory sustainability report

The Board of Directors is responsible for the sustainability report on pages 10–11, 15–16, 18–20, 25–35, 44–49, 52–54. and that it is prepared in accordance with the Annual Accounts Act.

Our examination has been conducted in accordance with FAR´s standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the statutory sustainability report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

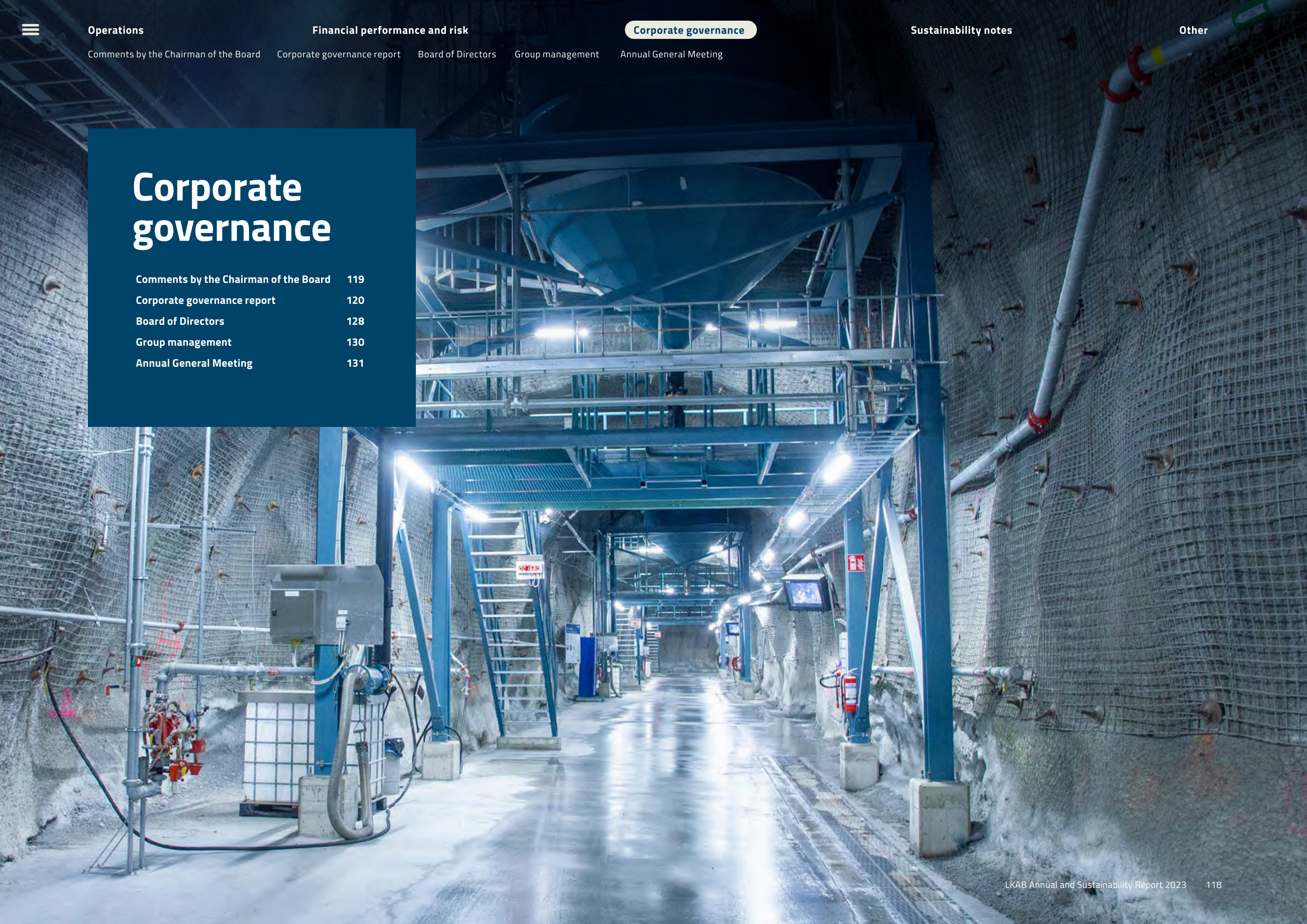
A statutory sustainability report has been prepared.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Luossavaara-Kiirunavaara AB (publ) by the general meeting of the shareholders on the 27 April 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2019.

Stockholm 27 March 2024

KPMG AB

Helena Arvidsson Älgne
Authorized Public Accountant



Corporate governance

Comments by the Chairman of the Board

After seven intense and fantastic years, I am leaving my position as Chairman of LKAB in conjunction with the spring annual general meeting. Having the opportunity to contribute to the development of this business, which possesses completely unique assets in the form of mining expertise and ore, has been extremely rewarding. Below I highlight some of our progress.

First and foremost, I am proud of the very strong financial results we have achieved. These are a prerequisite for building a successful business for the future. From my first day as Chairman, the focus has been on charting a sustainable and profitable direction for the business. This has involved strategic choices of path for both the short and the very long term – all the way to 2045. Only with the support of solid strategic work can well-founded decisions about important measures and investments for the future be made. Decisions based on ongoing evaluation of risks and opportunities, as well as the current and future market needs for the ore we extract from our mines. Compared to 2016, sales have increased significantly. With an unbroken chain of strong results and cash flows, we have financed our investments for a future competitive LKAB. We have also delivered dividends to the Swedish state of nearly SEK 46 billion including the dividend proposed by the Board for 2023.

A mining industry for future generations

It is also pleasing and of great significance that the extensive resources we have invested in completing the exploration work have yielded very good results. In fact, we can now report mineral resources that are nearly four times higher than in 2019. Resources that will significantly extend the lifespan of our operations. This is dependent on obtaining permits, however. At present, I see a significant risk that we will end up in a situation where sluggish bureaucracy and environmental assessments become the biggest enemy of climate action. Here the Swedish state must be resolute in its actions if the values that exist in our mines are to be able to be realised.

In my first comments as Chairman I emphasised that LKAB must set an example as regards sustainability. Now I can proudly state that with our superior raw material, we have taken the lead in the industry's transformation to green steel production. Gaining acceptance of the need for fossil-free electricity in our mining and refining processes has been crucial. And the decision in 2021 to increase our shareholding in SSAB strengthened the conditions for a fossil-free value chain from mine to steel: LKAB as a supplier of carbon-free sponge iron, together with SSAB's ambition to be a leading producer of fossil-free steel.

Major breakthroughs have also occurred in the extensive urban transformation, with the inauguration of Kiruna's new city centre in September 2022 marking a milestone. It shows that when business and community work together, even cities can be moved.

Strong measures are needed for Iron Ore Line capacity

The Iron Ore Line, which connects the ports of Narvik and Luleå, is the lifeline between the Atlantic and the Bay of Bothnia. Unfortunately, this lifeline has a serious blockage caused by many years of severe underinvestment. This is reflected not least in the serious and extremely costly consequences of the derailment that occurred in December 2023.

For us and the major industrial projects under construction in the region, reliable transportation is crucial. We have the potential to double our production, but since we cannot deliver what we produce today, we are already in a very worrying situation. Added to this is the strategic importance the Iron Ore Line will have for Sweden as a full member of NATO. A rapid improvement in the condition and capacity of the Iron Ore Line is therefore critical both for our expansion plans and for other needs that will create growth, jobs and vibrant communities in Norrbotten. Unfortunately, I do not see that the planned measures are either extensive enough or being conducted at a pace that will meet the need along the Iron Ore Line's route and in the region as a whole.

As I hand over to a new chair, I do so with the conviction that good leadership should be characterised by both continuity and change, bringing the best of the old into the new. Finally, I extend my heartfelt thanks to Jan and his management team, as well as to all employees, for their contributions to this company that is so important for Sweden and for Europe.

Luleå, 27 March 2024

Göran Persson
Chairman of the Board

"With an unbroken chain of strong results and cash flows, we have financed our investments for a future competitive LKAB."

Corporate governance structure

LKAB's owner, the Swedish state, is ultimately responsible for making decisions on corporate governance. At the Annual General Meeting the owner (shareholder) appoints Board members, the Chairman of the Board and an auditor. The Board is responsible to the owner for the company's organisation and the administration of its affairs. The diagram below summarises how governance and control are organised at LKAB.

1. Annual General Meeting

The AGM is LKAB's highest decision-making body and the forum at which the shareholder formally exercises its influence. Among other things, the AGM resolves on adoption of the income statement and balance sheet, discharge from liability of the Board, the election of Board members and the auditor, financial goals, the remuneration of Board members and the auditor, and guidelines for the remuneration of senior executives.

2. Board nominations

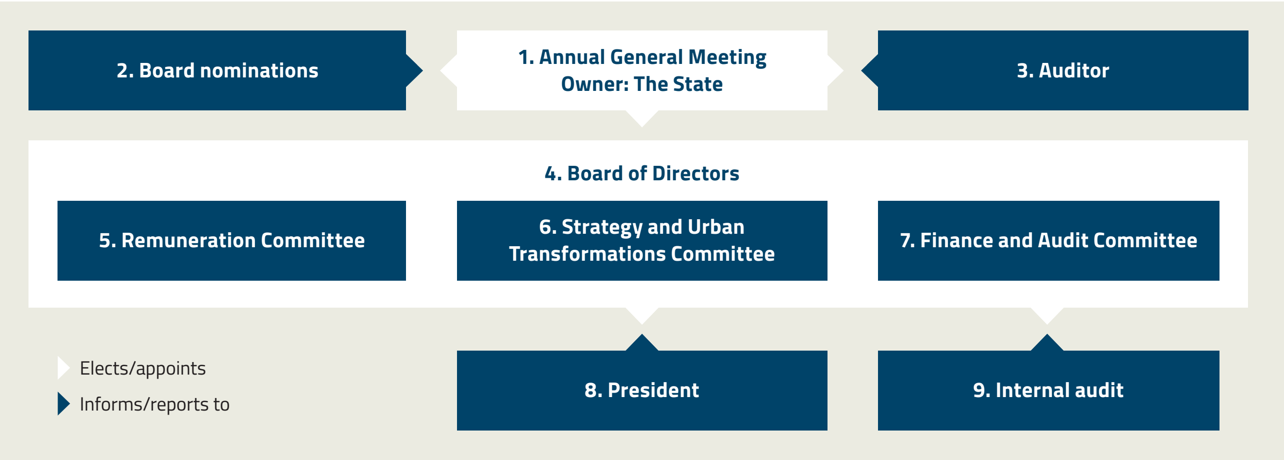
LKAB does not have a nomination committee. The preparation of decisions on the nomination of Board members instead takes place through a Board nomination process in accordance with the State Ownership Policy. The work is coordinated by the department for state-owned enterprises at the Swedish Ministry of Finance. See deviations from Code rules on page 121.

3. Auditor

The auditor reports to the shareholder at the AGM and provides an audit report on the Annual Report and the Board's administration of the company. The auditors report regularly, verbally and in writing, to the Finance and Audit Committee on how the audit was conducted and on the auditor's assessment of internal control at the company. A summary of the annual audit is also submitted to the full Board.

4. Board of Directors

The Board of Directors is responsible for the company's organisation and manages the company's affairs on behalf of the owner. The work of the Board includes continuously monitoring the company's financial situation and ensuring that the company is organised so that its bookkeeping, asset management and other financial circumstances are controlled in a satisfactory manner. The Board also appoints the President.



5. Remuneration Committee

The committee produces proposals and prepares matters relating to remuneration and other terms of employment for the President and other members of Group management, as well as the Board's proposed guidelines for remuneration of senior executives and the company's remuneration report. The committee also monitors the company's process for succession planning and talent management, and evaluates the company's employee incentive programmes annually.

6. Strategy and Urban Transformations Committee

The committee prepares and follows up matters relating to the company's strategy and the long-term conditions for mining operations, and monitors that the company is managing the urban transformation efficiently and appropriately.

7. Finance and Audit Committee

This committee oversees the company's financial reporting and sustainability reporting by reviewing key accounting matters and other factors that could affect the quality of reporting content. The committee also monitors compliance with LKAB's Finance Policy, including the company's liquidity management, borrowing and hedging. The committee also establishes investment guidelines for capital management and monitors compliance with these.

8. President

The President is appointed by the Board of Directors. The President is responsible for the ongoing administration of the company in accordance with the Board's guidelines and instructions, and for ensuring that the strategic direction and the Board's decisions are implemented and followed.

9. Internal audit

Internal audit is performed by an external party based on an annual plan decided by the Finance and Audit Committee. Internal audit complements the external audit and typically focuses on one or a few areas each year.

Governing documents, guidelines and regulations

Basic regulations

The basis for corporate governance at LKAB is Swedish legislation, the Swedish Corporate Governance Code (the Code), the State Ownership Policy and principles for state-owned enterprises ("State Ownership Policy") and internal governing documents. In the State Ownership Policy the government describes missions and objectives, applicable frameworks and its position on important matters of principle related to corporate governance in state-owned enterprises; see also www.government.se.

Code of Conduct

The Code of Conduct describes how we at LKAB are to conduct ourselves towards each other, towards our business partners and towards the community around us. It is based on LKAB's values – Committed, Innovative and Responsible (CIR) – and on international guidelines and our wish to set an example both in business and in the community. The Code of Conduct is to be complied with by all employees of LKAB, and also by our business partners such as suppliers and consultants. We want our suppliers to also lead the field when it comes to ethics, the work environment, equality and diversity, and therefore we require that they comply with both our Basic Requirements and our Supplier Code of Conduct.

Policy documents

Sustainability Policy
LKAB's mission is to utilise iron ore and mineral resources in a responsible way and to secure lasting competitiveness and long-term value creation. Our goal is a business that is sustainable in the long term, in which diversity is an asset. We will get there through zero accidents and illness, by showing respect for human rights and by minimising negative impact and energy consumption.

Risk Management Policy
Through effective risk management work we create the best conditions for achieving our strategic goals. A systematic way of working creates understanding of and makes us equipped to identify, prioritise, manage and monitor our risks.

Finance Policy
The Finance Policy is to ensure that all the Group's financial risks are identified and managed according to risk appetite, and that financing activities support the business plan adopted. The policy sets out the overall framework for financing activities as well as how responsibility for the activity is allocated and how good internal control is ensured.

Insider Policy
The Insider Policy aims to ensure that LKAB manages insider information correctly and that insider trading does not occur.

LKAB's values and policies are described in more detail on our website lkab.com.

Deviations from the Code

In accordance with the State Ownership Policy, LKAB applies the Swedish Corporate Governance Code (the Code). LKAB's governance for the 2023 financial year differs from the requirements stated in the Code on the following points.

Code rule	Deviation and explanation/comment
Item 1.1 Publication of information on shareholder's right of initiative.	The purpose of this rule is to give shareholders the opportunity to prepare for the AGM in a timely manner and to have a matter included in the notice of the AGM. At wholly state-owned enterprises there is no reason to apply this rule and therefore no information is published concerning the shareholder's right of initiative.
Item 2 The company shall have a nomination committee that represents the company's shareholders.	Due to its ownership structure, LKAB does not have a nomination committee. The Board nomination process follows the policies outlined in the State Ownership Policy and is coordinated by the Swedish Ministry of Finance. Proposals for the election of the auditor and for auditor's fees are presented by the Board and adopted by the company, applying the EU Audit Regulation. Accordingly, the references to the nomination committee in items 1.2, 1.3, 4.6, 8.1 and 10.2 of the Code are also not applicable.
Item 10.2 The corporate governance report shall contain information that indicates whether Board members are independent of major shareholders.	This provision is aimed primarily at protecting minority shareholders in companies with dispersed ownership. At wholly state-owned enterprises there is no reason to apply this rule.

Shareholders and Annual General Meeting

Shareholders

LKAB is wholly owned by the Swedish state. The Government Offices of Sweden administers companies through the special organisation for administration of state-owned enterprises that is part of the Swedish Ministry of Finance.

To achieve active and professional company administration the owner has developed a corporate governance model that includes a number of tools and processes. In the State Ownership Policy the government describes missions and objectives, applicable frameworks and important matters of principle related to corporate governance in state-owned enterprises. The State Ownership Policy also contains principles for external reporting as well as principles for remuneration and other terms of employment for senior executives.

Establishing and monitoring financial objectives is another important governance tool that the state has as owner. LKAB's financial goals were decided by the owner at an extraordinary general meeting held in 2021 and relate to profitability, capital structure and dividend; for the goals and how they are monitored see page 18.

Annual General Meeting 2023

LKAB's Annual General Meeting took place on 27 April 2023 at Vetenskapens Hus in Luleå. The owner was represented by Daniel Kristiansson of the Ministry of Finance. The meeting was chaired by Chairman of the Board Göran Persson. The Annual General Meeting was open to the public and directly after the meeting two short seminars were held concerning LKAB's planned circular industrial park in Luleå and future electricity supply, among other things.

Resolutions passed at the Annual General Meeting included the following:

- A dividend of SEK 10,771 per share, representing a total of SEK 7,540,000,000.
- Re-election of Board members Göran Persson, Catrin Fransson, Eva Hamilton, Bjarne Moltke Hansen, Lotta Mellström, Gunilla Saltin and Per-Olof Wedin, and election of Anders Borg and Kerstin Konradsson as new Board members. Gunnar Axheim and Ola Salmén left the Board.
- Re-election of Göran Persson as Chairman of the Board.
- Remuneration of SEK 721,000 to the Chairman of the Board and SEK 325,000 to the other Board members elected at the AGM. Remuneration is not paid to any Board member who is employed at the Government Offices, nor to employee representatives.
- Re-election of the registered accounting firm KPMG AB as auditor for a period of one year.
- Resolution on unchanged guidelines for remuneration and other terms of employment for senior executives.

The minutes of the 2023 AGM and of other recent years' general meetings are available on LKAB's website at lkab.com.

Board nominations

The Government Offices of Sweden has made Board nominations in accordance with the process set out in the State Ownership Policy. The work is coordinated by the department for state-owned enterprises at the Swedish Ministry of Finance. LKAB's expertise requirements are analysed based on the company's operations, situation and future challenges. Diversity aspects such as ethnic and cultural background are among the factors considered. The government aims for gender balance both on individual company boards and at portfolio level. In order to be considered for a Board position, a person must have a high level of expertise relevant to current business operations, business development, industry expertise, financial matters, sustainable enterprise or in other relevant areas. They must also have a high level of integrity and the ability to act in the best interests of the company.

LKAB's Group management has adopted a Group HR guideline stating that diversity and equal opportunity are important factors in recruitment. The recruitment process is to be conducted systematically using transparent selection criteria, with a high level of integrity and free from any kind of discrimination. The guideline is applied in all recruitment within the Group.

Auditor

On behalf of the owner, the auditor independently reviews the administration by the Board and President as well as the company's annual report and accounts. The auditor also performs a review of the company's interim report for the third quarter and of the company's sustainability report. The auditor is elected by the AGM. The work of the auditor is evaluated annually.

At the Annual General Meeting on 27 April 2023 KPMG AB was re-elected as auditor for a period of one year. Authorised public accountant Helena Arvidsson Älgne is the chief auditor. The remuneration paid to the auditor is specified in Note 7 on page 78 of the Annual Report.

Board of Directors

Composition and division of duties of the Board of Directors

LKAB's Articles of Association state that the company's Board of Directors shall consist of no fewer than six and no more than eleven AGM-elected members, excluding deputies. The Board consists of nine AGM-elected members: five women and four men. One of the AGM-elected members is employed at the Government Offices of Sweden. Employees are represented by three members and three deputies in accordance with the Board Representation (Private Sector Employees) Act. Board members have broad and extensive experience from trade and industry, and most maintain other duties as members of the boards of large companies. To avoid conflicts of interest the members of the Board report other assignments outside the company to the Chairman of the Board. The members of the Board are presented on pages 128–129. The Board annually establishes rules of procedure for the Board, instructions for the President and instructions for financial reporting. These documents define the basic divisions of responsibility and powers between the Board, Board committees, the Chairman and the President.

Chairman of the Board

The duties of the Chairman are subject to the Swedish Companies Act, the Code and the State Ownership Policy. They are further specified in the Board's rules of procedure. The Chairman's duties include organising and leading the work of the Board, ensuring that the Board fulfils its duties and that its decisions are implemented effectively, and ensuring that the Board evaluates its own work annually. The Chairman is not a member of Group management.

Coordination responsibility is a special task incumbent on those who chair state-owned enterprises. This responsibility means that, through the Chairman, the Board is to coordinate its views in writing with representatives of the owner when the company faces important decisions such as substantial strategic changes in the company's operations, major acquisitions, mergers or disposals, or decisions which involve significant changes to the company's risk profile or balance sheet.

The work of the Board of Directors in 2023

In 2023 the Board held 10 meetings, including one extra Board meeting and one constituent Board meeting. The meetings were held in Luleå, Kiruna and Stockholm, as well as digitally. The meetings follow a set agenda to ensure the Board's information needs are met. The first meeting of the year is usually an annual accounts session attended by the auditor. At this meeting, the Board deliberates with the company's auditors without the President or other members of Group management being present. At the second Board meeting the Annual and Sustainability Report is discussed. The third to eighth meetings tend to be devoted to operational, strategic and personnel matters, among other things, and to market development. At the last Board meeting of the year decisions are made on the business plan and budget for the coming year. In March the Board looked in more depth at LKAB's transformation in Malmberget. The Board visited the Kiruna mine and Kiruna's new city centre in conjunction with the Board meeting in August.

During 2023 the Board continued to focus on LKAB's transformation for the future. The goal is that, together with Swedish industry, we will be at the forefront of the global transformation to sustainable development and reduced climate impact. The intention is to move a step forward in the value chain and replace pellets with sponge iron (DRI/HBI) produced using hydrogen. The first steps in the transformation are planned in Gällivare, and in May 2023 LKAB submitted an application for environmental permits for continued and expanded operations in Gällivare including facilities for direct reduction of iron ore using hydrogen and a plant for extracting apatite. Competitive mining at greater depths is also crucial for the company's future. In June LKAB submitted an application for an exploitation concession for the new deposit in Kiruna. This is essentially an iron ore deposit, but the ore also contains high concentrations of both phosphorus and rare earth elements. The Group can broaden its business by extracting and processing such valuable by-products.

The major challenges on the Iron Ore Line in the form of maintenance deficits and failure to expand capacity were another important item on the Board's agenda during the year. A high level of availability on the railway and at the ports in Luleå and Narvik are business-critical, both for the current operations and for LKAB's future initiatives. In 2023 a strategic investment was made in rail and logistics when the Board decided to acquire 49 percent of the shares in Duroc Rail AB and to construct a new industrial property for wheel maintenance in Luleå, with the aim of securing unique local expertise for LKAB's locomotives and ore cars.

Other pressing matters in 2023 included managing the company's investment affairs, ongoing urban transformation in Kiruna and Gällivare, good cost control, stable production and systematic maintenance, legally secure and efficient environmental permitting processes, as well as work to reinforce the safety culture and lower the accident rate throughout the LKAB Group. The conclusions of the company's internal audit, which in 2023 focused on the Group's capital management, were reported back to the Board. The annual review of LKAB's governing documents was performed. Preparations were made for forthcoming regulatory changes affecting sustainability reporting, focusing on the EU's Corporate Sustainability Reporting Directive (CSRD).

Deputies to employee representatives also participate in Board meetings. The President is not a Board member, but participates in Board meetings along with the Chief Financial Officer. The company's Legal Counsel serves as secretary of the Board. Board member attendance at 2023 Board and committee meetings is shown in the table on page 126.

Committees

According to the State Ownership Policy, it is the Board's responsibility to assess the need for establishing special committees. LKAB's Board has established a Finance and Audit Committee, a Strategy and Urban Transformations Committee, and a Remuneration Committee. Committee work is of a preparatory and advisory nature. However, in special cases the Board may delegate decision-making powers to the committees. Committee members and chairs are appointed at the constituent Board meeting that follows the AGM each year.

Finance and Audit Committee

The Finance and Audit Committee has five members: Catrin Fransson, (chair), Kerstin Konradsson, Lotta Mellström, Per-Olof Wedin and Stefan Tallfjärd. Its meetings are also attended by the Chief Financial Officer and, when needed, the company's auditor. The committee is tasked with quality assurance of LKAB's financial reporting and sustainability reporting, and with ensuring that the company has appropriate risk management, complies with established principles for reporting and internal control, and that LKAB undergoes a qualified, effective and independent audit. The committee also establishes investment guidelines for capital management and monitors compliance with these. The Finance and Audit Committee is also responsible for purchases of audit services and prepares a reasoned proposal for the election of an auditor that is presented to the Board of Directors for approval, and also prepares the Board's proposal for the appropriation of earnings for the financial year. The committee's duties also include monitoring that the company's liquidity management, financing and hedging activities comply with the Finance Policy passed by the Board, and otherwise preparing financial matters that require Board approval. The Finance and Audit Committee is also responsible for planning the internal audit. In 2023 the internal audit focused on the Group's capital management. The audit was performed by an external party. In addition to this, during 2023 the Finance and Audit Committee addressed, among other things, the company's investment planning process, preparations for the implementation of CSRD, and ongoing development and transition to a new Enterprise Resource Planning (ERP) system. The committee made a study visit to Luleå in conjunction with one of the meetings.

During the year the Finance and Audit Committee held eight meetings, one of which was held per capsulam.

Strategy and Urban Transformations Committee

The Strategy and Urban Transformations Committee has five members: Göran Persson (chair), Anders Borg, Eva Hamilton, Bjarne Moltke Hansen and Anders Elenius. The meetings are also attended by the President and the Senior Vice President of Urban Transformation. The duties of the Strategy and Urban Transformations Committee include monitoring the company's strategy work and its progress on priority activities, monitoring the company's management of matters of particular strategic importance for mining, such as access to land and efficient and legally secure permitting processes, as well as preparing matters relating to urban transformation and monitoring the company's management in this area. Other items on the committee's agenda during 2023 included preparation and follow-up of the completed update of the company's mineral reserves and mineral resources, developments in the collaboration with SSAB and Vattenfall, future power supply, the need for maintenance and expansion of the Iron Ore Line, and ongoing negotiations with Region Norrbotten regarding compensation for Kiruna's hospital, which is affected by ground deformation from mining activities.

The committee held six meetings during the year.

Remuneration Committee

The Remuneration Committee has four members: Göran Persson (chair), Lotta Mellström, Gunilla Saltin and Tomas Larsson.
The Senior Vice President of Human Resources also attends the meetings.

The Remuneration Committee's duties include preparing and evaluating the remuneration and other terms of employment for the President and other members of the Group management team, preparing the Board's proposed guidelines for remuneration of senior executives and the company's remuneration report, monitoring the company's process for succession planning and talent management, and annually evaluating the company's employee incentive programmes.

The Remuneration Committee held three meetings during the year.

Evaluation

Evaluation of the Board of Directors

The Board's work is evaluated once a year with questions on how the Board as a whole and the Board members individually fulfil their duties. This evaluation is used in the Board's internal work. The Chairman is responsible for following up the results so that they can form a basis for discussions and improvements. The evaluation in 2023 was conducted with the assistance of an external consulting firm and consisted of a web survey as well as interviews with the Board members. The results and analysis of the evaluation were discussed by the full Board at its meeting in December 2023. The Chairman of the Board notifies the owner of relevant results of the evaluation ahead of work related to the election of new Board members.

Evaluation of the President

The evaluation of the President's performance is a fundamental task of the Board of Directors. The Board continually evaluates the President's work and has regular deliberations at Board meetings where Group management are not present. The evaluation in 2023 was conducted with the assistance of an external consulting firm and consisted of a web survey as well as interviews with the Board members. The results and analysis of the evaluation were discussed by the full Board at its meeting in December 2023.

Remuneration principles

Guidelines

The 2023 AGM approved remuneration levels for Board members and auditors, and also adopted guidelines for remuneration of senior executives which accord with the government's principles for remuneration and other terms of employment for senior officers of state-owned enterprises dated 27 February 2020. The total remuneration is based on fixed remuneration, benefits and pension. No variable remuneration is paid to senior executives in Group management. The guidelines passed by the AGM for 2023 and reporting on the remuneration paid to senior executives can be found in Note 6 on pages 76–78. LKAB has also published a separate remuneration report, which is available on its website at lkab.com.

The Board is proposing that the AGM on 25 April 2024 adopts unchanged guidelines for remuneration of senior executives, these being in accordance with the government's principles for remuneration and other terms of employment for senior officers of state-owned enterprises dated 27 February 2020. The Board's proposal is designed to ensure that LKAB can offer senior executives remuneration that is competitive, capped, reasonable and appropriate. The total remuneration package is to be moderate and well-balanced, and must contribute to good ethics and a good corporate culture. The guidelines cover both LKAB and all its subsidiaries.

Remuneration to the Board of Directors

Total fees to the Board members elected by the AGM amounted to SEK 3,419,400 in 2023. See Note 6 on pages 76–78.

Incentive programme

LKAB's 2023 incentive programme is designed to stimulate involvement and reward important factors in the Group's success. It provides added motivation for fulfilling targets and implementing the LKAB Group's strategy, of which sustainability is an integral part. Input parameters include monitoring performance against targets for production and delivery volumes, a work environment index, costs and profitability.

The incentive programme is made up of two parts: a Group-wide component, and a component linked to each business area and Group-wide departments. The maximum remuneration is SEK 60,000 per person and year. The remuneration is only paid if the LKAB Group reports a profit for the year. Senior executives are not included in the incentive programme.

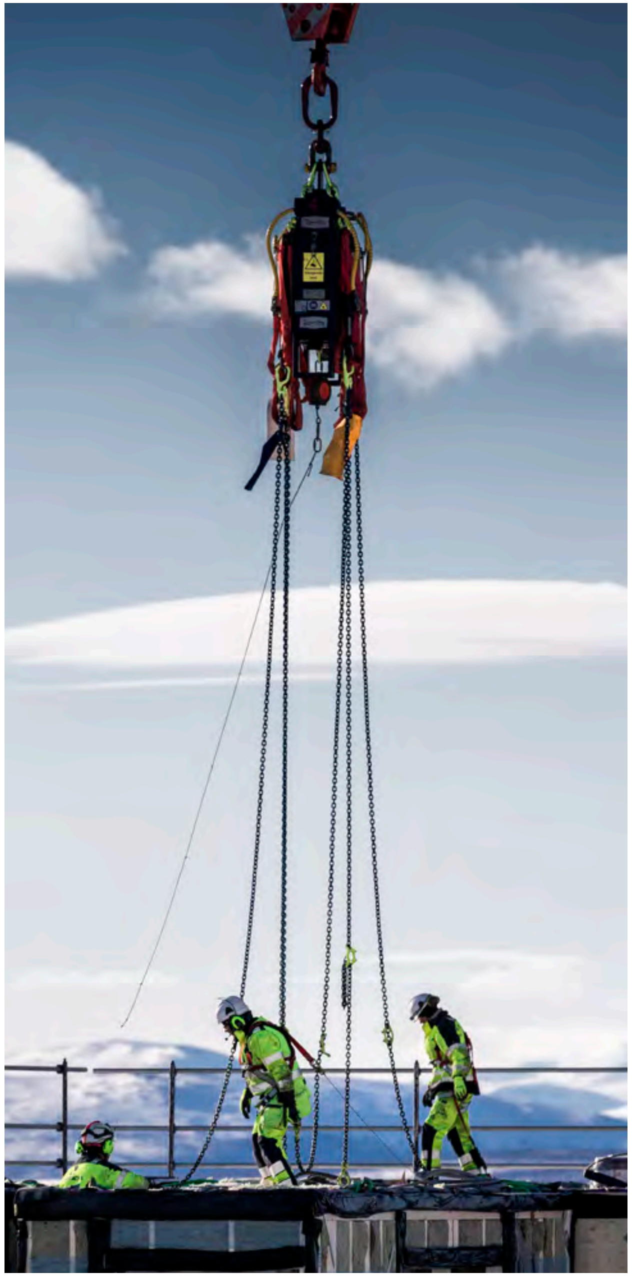
LKAB's management

Group management and Group management structure

The President, who is also the Chief Executive Officer of the LKAB Group, is responsible for day-to-day management in accordance with the Swedish Companies Act. General responsibilities are stated in the President's instructions and the Board's rules of procedure.

The President has established a Group management team for steering the Group's overall direction. To intensify the focus on the strategy and the road ahead, from March 2023 the Strategy and Business Development department is included in Group management. Group management holds monthly meetings where important issues are discussed and matters to be raised with the Board are prepared. The CEO also has monthly operational follow-up meetings with each business area and Group function to discuss matters such as results, forecasts, investments, progress towards targets set, significant events and current challenges. The CEO also has a more in-depth follow-up meeting with the management team of each business area four times a year.

Information on members of Group management can be found on page 130.



The work of the Board of Directors in 2023

Q1

February
Adoption of the year-end report.
Review of 2022 audit.
Review of the Group's governing documents and decisions on new policy documents.

March
Approval of Annual and Sustainability Report.

Q2

April
Adoption of interim report for Q1.
Annual General Meeting, including decision on dividend of SEK 7.54 billion. Constituent Board meeting.

June
Decisions on updated strategy.

Q3

August
Adoption of interim report for Q2.
Visit to Kiruna mine and Kiruna's new city centre in conjunction with Board meeting.

Q4

December
Decisions on business plan and budget for 2024.
Review of evaluation of the Board of Directors and of the President for 2023.

October
Adoption of interim report for Q3.
Decision to acquire 49 percent of the shares in Duroc Rail AB, a strategic investment to secure wheel maintenance for LKAB's locomotives and ore cars.

Board meetings 2023

	13/2	28/3	27/4	Constituent	15/6	30/6	4/8	23–24/8	27/10	13/12
Göran Persson	■	■	■	■	■	■	■	■	■	■
Gunnar Axheim	■	■	■							
Anders Borg				■	■	■	■	■	■	■
Anders Elenius	■	■	■	■	■	–	■	■	■	■
Catrin Fransson	■	■	■	■	■	■	■	■	■	■
Dan Hallberg	■	■	■							
Eva Hamilton	■	■	■	■	■	■	■	■	■	■
Bjarne Moltke Hansen	■	■	■	■	■	■	■	■	■	■
Kerstin Konradsson				■	■	■	■	■	■	■
Tomas Larsson	■	■	■	■	■	–	■	–	■	■
Lotta Mellström	■	■	■	■	■	■	■	■	■	■
Ola Salmén	■	■	■							
Gunilla Saltin	■	■	■	■	■	■	■	■	■	■
Stefan Tallfjärd	■	–	■	■	■	■	■	■	■	–
Per-Olof Wedin	■	■	■	■	■	■	■	■	■	■
Emil Lantto (deputy)	■	–	■	■	■	■	■	■	■	■
Peter Nordström (deputy)	–	■	■	■	■	■	■	■	■	■
Hans Thorneus (deputy)				■	■	■	■	■	■	■

Finance and Audit Committee 2023

	8/2	16/2	23/3	24/4	12/6	10/8	20/10	7/12
Catrin Fransson	■	■	■	■	■	■	■	■
Kerstin Konradsson					■	■	■	–
Lotta Mellström	■	■	■	■	■	■	■	■
Ola Salmén	■	■	■	■				
Per-Olof Wedin	■	■	■	■	■	■	■	■
Dan Hallberg	■	■	■	■				
Stefan Tallfjärd					■	■	■	–

Strategy and Urban Transformations Committee 2023

	1/2	11/4	2/6	15/8	17/10	1/12
Göran Persson	■	■	■	■	■	■
Gunnar Axheim	■	■				
Anders Borg			■	■	■	■
Eva Hamilton	■	■	■	■	■	■
Bjarne Moltke Hansen	■	■	■	■	■	■
Anders Elenius	■	■	■	■	■	■

Remuneration Committee 2023

	15/3	29/6	4/12
Göran Persson	■	■	■
Lotta Mellström	■	■	■
Gunilla Saltin	■	■	■
Tomas Larsson	■	■	■

Internal control over financial reporting

The Board's responsibility for internal control over financial reporting is regulated by the Swedish Companies Act, Annual Accounts Act and Corporate Governance Code. The Board has overall responsibility for financial reporting, and its rules of procedure govern the internal division of duties between the Board and the Finance and Audit Committee. Work on internal control over financial reporting within LKAB is based on the five internal control components below.

Control environment

LKAB's internal control structure is based on a defined division of responsibilities between the Board, Board committees and the President. The internal control structure is also based on the Group's organisation and the way business is conducted, including well-defined roles and responsibilities, delegation of powers, governing documents such as policies, guidelines and instructions, and clearly defined management processes. The Board and management review the Group's governing documents each year for the purpose of ensuring good internal governance and control and that the structure and content of the Group's governing documents are clear. The most important elements of the control environment for financial reporting are dealt with in the Group's governing documents for accounting, financial transactions and regulation of the division of authority. Group instructions and systems for the presentation and consolidation of the Group's financial statements aim to ensure the accuracy of its financial reporting.

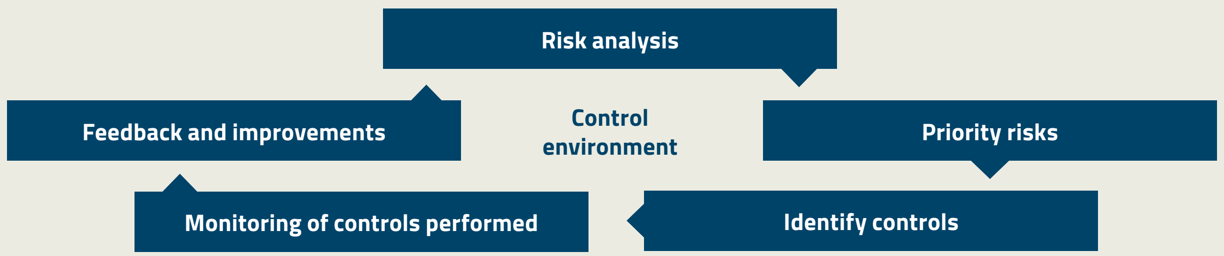
Risk assessment

Under LKAB's Risk Management Policy a comprehensive risk analysis is carried out annually for financial reporting at Group level and for each business area. Based on the comprehensive risk analysis, priority processes are identified and worked on in a structured way through process mapping, including documenting risks and controls. The purpose of this is to ensure ongoing management and monitoring of risks identified.

Control activities

In addition to the Board and its Finance and Audit Committee, the management teams in the Group are also general control bodies. The business processes are designed to ensure that any deviations in the financial reporting are prevented or detected and rectified by controls built into the processes. Control activities include everything from review of performance outcomes at management team meetings to specific account reconciliation and analysis at various levels in the day-to-day processes for financial reporting.

Internal control – financial reporting



Information and communication

Information on steering documents such as policies, guidelines and instructions is available on LKAB's intranet. Changes to instructions for financial reporting are updated regularly and communicated to the functions and operations concerned. The Group's central accounts function is tasked with ensuring the application of Group-wide instructions for financial reporting and with identifying and communicating on weaknesses and areas for improvement in financial reporting processes.

Monitoring activities

Business processes that are judged to have a material impact on financial reporting are monitored continually, for example by performing risk analysis or based on previously identified weaknesses or deviations. In 2023 ongoing audits of standardised controls were carried out according to plan. The results of these reviews are fed back to the operations concerned and actions decided on are monitored on an ongoing basis.

LKAB has an internal control function that is responsible for the framework for internal control over financial reporting. The function reports to the Chief Financial Officer and presents matters relating to internal governance and control at the meetings of the Finance and Audit Committee.

The structure for monitoring internal control that currently exists at LKAB is deemed to meet the Board's requirements.

Luleå, 27 March 2024

The Board of Directors, through the Chairman

Göran Persson

Board of Directors

1. GÖRAN PERSSON

Chairman of the Board

Born: 1949

Board member since: 2017

Education: Studies in sociology and political science at Örebro University College.

Background: Prime Minister of Sweden 1996–2006, chairman of the Council of the EU 2001, Swedish Finance Minister 1994–1996, Swedish Minister for Schools 1989–1991, leader of the Swedish Social Democratic Party 1996–2007, Chairman of the Board at Sveaskog AB 2008–2015, board member at Ålandsbanken 2015–2019.

Other directorships: Chairman of Swedbank AB and GreenGold Group AB. Senior advisor, Lumo Advise AB.

2. ANDERS BORG

Board member since: 2023

Born: 1968

Education: Studies in economics, economic history, political science and philosophy at Stockholm University and Uppsala University.

Background: Sweden's Finance Minister 2006–2014. Advisor to the Riksbank (Sweden's central bank) and expert advisor in the Prime Minister's Office. Former advisor and board member at various companies in the sectors of telecommunications, fintech and public administration. Has also worked for Citigroup, ABN AMRO and SEB, and has been an active member of the World Economic Forum for many years.

Other directorships: Chairman of the Board at Sehlhall Fastigheter AB, Checkin.com Group AB and DanAds International AB. Board member at Rud Pedersen Public Affairs Company AB, Viaplay Group AB and Stena International S.A. Senior advisor to Kinnevik, Nordic Capital, East Capital and Amundi.

3. CATRIN FRANSSON

Board member since: 2021

Born: 1962

Education: MBA, Luleå University of Technology, Senior Executive Programme, London Business School.

Background: CEO Svensk Exportkredit (Swedish Export Credit Corporation) 2014–2021. Swedbank 1997–2014, including in senior positions such as head of the Swedish Banking Division and Group Products Division.

Other directorships: Chairman of the Board at Swedfund International AB. Board member at insurance company PRI Pensionsgaranti.

4. EVA HAMILTON

Board member since: 2015

Born: 1954

Education: Dag Hammarskjöld College. Economics at Uppsala University. Journalism at Stockholm University.

Background: Chairman of the Board at Radiotjänst i Kiruna 2006–2015. Previous directorships at Fortum Oyj 2015–2021, Lindex 2015–2019 and Stockmann 2019–2021. CEO at SVT 2006–2014. Head of SVT Fiction 2004–2006. Head of SVT News and Sport 2000–2004. Journalist at Sydsvenska Dagbladet, Sundsvalls Tidning, Aftonbladet, SvD, Dagens Industri and Rapport/SVT. Brussels correspondent 1993–1996.

Other directorships: Chairman of the Board at Luleå University of Technology, the Swedish Film & TV Producers' Association and Nexiko Media AB. Board member at Bonnier News AB, Bonnier News Local AB, Expressen/Life Style AB and Yrkesnämnden för film och TV (Screen Skills Committee Sweden).

5. KERSTIN KONRADSSON

Board member since: 2023

Born: 1967

Position: President and CEO, Erasteel.

Education: MSc in Metallurgy, KTH Royal Institute of Technology.

Background: President, Boliden Smelters and CEO, Boliden Commercial AB 2012–2019. President, Åkers Cast Rolls Europe & Asia and CEO, Åkers Sweden AB 2007–2011. Vice President Metallurgy and other senior positions at SSAB Oxelösund AB 1995–2007. Board member at Höganäs AB 2016–2021.

Other directorships: Board member at Sibelco NV, DEME Group NV, Green14 AB and Blue Institute. Member of the Royal Swedish Academy of Engineering Sciences (IVA) and Deputy Chair of Division V Mining and Materials Engineering.

6. LOTTA MELLSTRÖM

Board member since: 2018

Born: 1970

Position: Senior advisor and corporate administrator within the department for state-owned enterprises at the Ministry of Finance.

Education: MSc Business and Economics, Lund University.

Background: At the Swedish Government Offices since 2001. Analyst within the department for state-owned enterprises at the Ministry of Enterprise and Innovation/Ministry of Finance 2001–2008, management consultant Resco AB 2000–2001, controller Sydkraft Försäljning AB 1998–2000, management trainee and controller positions within the ABB Group 1993–1998.

Other directorships: Board member at Jernhusen AB.

7. BJARNE MOLTKE HANSEN

Board member since: 2016

Born: 1961

Education: BSc Engineering, Akademiet for de Tekniske Videnskaber.

Background: Group Executive Vice President (Koncerndirektør) FLSmidth & Co. 2002–2017, President Aalborg Portland Holding A/S 2000–2002, President Cembrit Holding A/S 1995–2000, various managerial positions at Unicon A/S 1984–1995.

Other directorships: Chairman of the Board at Aalborg Portland Holding A/S, RMIG A/S, Pindstrup Mosebrug A/S, Randers Tegl A/S and Aasted ApS. Board member at PPC Ltd and Danish SGD Investment Fund, Investment Committee.

8. GUNILLA SALTIN

Board member since: 2017

Born: 1965

Position: Managing Director Tata Steel Downstream Europe.

Education: MSc in Chemical Engineering KTH Royal Institute of Technology, Stockholm, PhD Chemical Engineering University of Idaho, MBA Stockholm School of Economics.

Background: Positions within the Mondi Group 2019–2023, including as president of Mondi's Uncoated Fine Paper division. Södra Group 2000–2019, including as Executive Vice President Södra Cell and Site Manager Södra Cell Värö. Research engineer and process engineer MoDo 1994–2000.

Other directorships: Board member at Gränges AB.

9. PER-OLOF WEDIN

Board member since: 2018

Born: 1955

Education: MSc in Engineering, KTH Royal Institute of Technology, Stockholm

Background: President and CEO Sveaskog AB 2011–2019, CEO Svevia 2008–2011, head of Stora Enso's Uncoated Magazine Papers and Pulp division and its Transport and Distribution department 2001–2008, CEO Stora Enso Grycksbo AB 1998–2001. Senior positions within SCA and Modo 1982–1998.

Other directorships: Chairman of the Board at Skogssällskapet and Envigas AB. Board member at Inlandsbanan AB and High Coast Distillery AB. Member of the Royal Swedish Academy of Engineering Sciences (IVA), Division VIII Forestry Engineering, and of the Royal Swedish Academy of Agriculture and Forestry, Forestry Division.

Board of Directors cont.

EMPLOYEE REPRESENTATIVES

10. ANDERS ELENIUS

Born: 1965
Position: Production driller
Board member since: 2018
Education: Upper secondary school.
Background: Employed by LKAB since 1990.
Other directorships: Chair of Gruv 12:an, the local trade union association for IF Metall Malmfälten.

11. TOMAS LARSSON

Born: 1983
Position: Scaler
Board member since: 2018
Education: Upper secondary school.
Background: Employed by LKAB since 2003.
Other directorships: Chair of Gruv 4:an, the local trade union association for IF Metall Malmfälten.

12. STEFAN TALLFJÄRD

Born: 1971
Position: Section leader
Board member since: 2023 (deputy member 2020–2023)
Education: Within building and construction.
Background: Employed at LKAB since 1998 in various departments, all underground in Gällivare.
Other directorships: Board member at Ledarna Malmberget/Luleå/Stockholm, board member at Ledarna Process Industry, representative at GRAMKO.

13. EMIL LANTTO

Born: 1984
Position: Operating mechanic
Deputy board member since: 2020
Education: Upper secondary school.
Background: Employed by LKAB since 2011.
Other directorships: Chair of the local trade union association IF Metall Klubb Svartöstaden, board member at the Mine Workers' Industry Forum and at the foundation Stiftelsen Ellen och Harald Björnlunds Hem för Gamla i Luleå.

14. PETER NORDSTRÖM

Born: 1963
Position: Rock worker
Deputy board member since: 2020
Education: Upper secondary school, trade union training.
Background: Employed by LKAB since 2010.
Other directorships: Chair of Klubb 135:an, the local trade union association for IF Metall Malmfälten; Chairman of the Board at Vittangi Alltjänst AB.

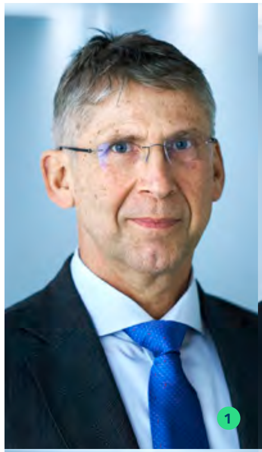
15. HANS THORNEUS

Born: 1975
Position: IT Architect
Deputy board member since: 2023
Education: Economics, specialisation Controller, Växjö University (Linnaeus University).
Background: Employed by LKAB since 1995.
Other directorships: Deputy Chair Unionen Kiruna/Svappavaara. Board member Unionen Region Norrbotten.

AUDITOR AND SECRETARY

Auditor
KPMG
Helena Arvidsson Älgne
Authorised Public Accountant

Secretary
Malin Sundvall
General Counsel, LKAB
Secretary of the Board since 2008



Group management

1. JAN MOSTRÖM[1)]

President and CEO

Education: Mining Engineer, Bergsskolan Filipstad 1983
Year employed: 2015
Born: 1959
Other engagements: Chairman of SveMin (industry association of mining, mineral and metal producers) and Euro Mine, Deputy Chairman of GAF (the Association of Mining Employers), and board member Svensk Näringsliv (Confederation of Swedish Enterprise).
Background: Boliden 2000–2015, Skellefteå Municipality 1998–2000, Boliden 1979–1998.

2. NIKLAS JOHANSSON

Senior Vice President,
Communication and Climate

Education: MBA, Stockholm School of Economics 1998
Year employed: 2020
Born: 1970
Background: Ministry for Foreign Affairs 2019, Ministry of Enterprise and Innovation 2016–2019, Opcon AB 2007–2016, Prime Minister's Office 2003– 2006, Government Offices 1996 and 1997–2003, European Parliament 1994–1995.

3. PER LANDSTRÖM

Senior Vice President,
Strategy and Business Development

Education: MBA, Umeå University, 2004.
Year employed: 2018
Born: 1980
Background: Boliden 2013–2018, Metso 2012–2013, LKAB 2005–2012.

4. PIA LINDSTRÖM

Senior Vice President,
Environment and Sustainability

Education: Bachelor's degree in Environmental and Health Protection, Umeå University 1994, Executive Programme in Industrial Management, KTH Royal Institute of Technology, Stockholm 2017–2018 and supplementary studies in, among other things, inorganic chemistry.
Year employed: 2022
Born: 1970
Background: Boliden 1998–2022, Norsjö Municipality 1996–1998.

5. STEFAN LORÉHN

Chief Financial Officer

Education: MBA, Umeå University 2002
Year employed: 2023
Born: 1978
Background: Holmen 2010–2023, KPMG 2008–2010, Holmen 2003–2008, EY 2002–2003.

6. MICHAEL PALO

Senior Vice President,
Iron Ore business area

Education: MSc in Engineering, Luleå University of Technology, 2004
Year employed: 2018
Born: 1977
Background: Boliden 2011–2018, Pon Equipment 2010– 2011, LKAB 2005– 2010.

7. MARIA REINHOLDSSON

Senior Vice President,
HR

Education: Master of Business Administration (MBA), Edinburgh Business School 2016; bachelor's degree in Human Resources, Umeå University 1994
Year employed: 2022
Born: 1968
Background: Telenor 2017–2022, Infinera 2016–2017, Telenor 2011–2016, Vattenfall 1997–2011.

8. DARREN WILSON

Senior Vice President,
Special Products business area

Education: Master of Business Administration (MBA), Open University.
Year employed: 2013
Born: 1969
Background: Saint-Gobain 1986–2013.

CHANGES TO GROUP MANAGEMENT

Stefan Loréhn took up the position of Chief Financial Officer in February 2023, replacing Peter Hansson who moved to the role of SVP Strategy and Business Development.

Peter Hansson left the role of SVP Strategy and Business Development in November 2023, after which Per Landström took over as SVP in February 2024.

Leif Boström left the role of SVP Special Products business area at the end of 2023 and was succeeded by Darren Wilson.

REMUNERATION

For remuneration to Group management in 2023 see Note 6 on pages 76–78.

1) Neither the President and CEO nor any natural person or legal entity related to him has any significant shareholdings or partnerships in companies with which LKAB has significant business relationships.

Annual General Meeting, financial calendar and contacts

ANNUAL GENERAL MEETING

Date
LKAB's Annual General Meeting will be held in Luleå at 3 pm on Thursday 25 April 2024.

Attendance
The Annual General Meeting is open to the public.

Notice of general meeting
The notice of the Annual General Meeting, financial information and other information can be found at lkab.com.

The printed version of LKAB's Annual and Sustainability Report 2023 will be available on 25 April 2024 and can be ordered via info@lkab.com.

FINANCIAL INFORMATION

Interim reports

25 April 2024, Interim Report Q1 2024

14 August 2024, Interim Report Q2 2024

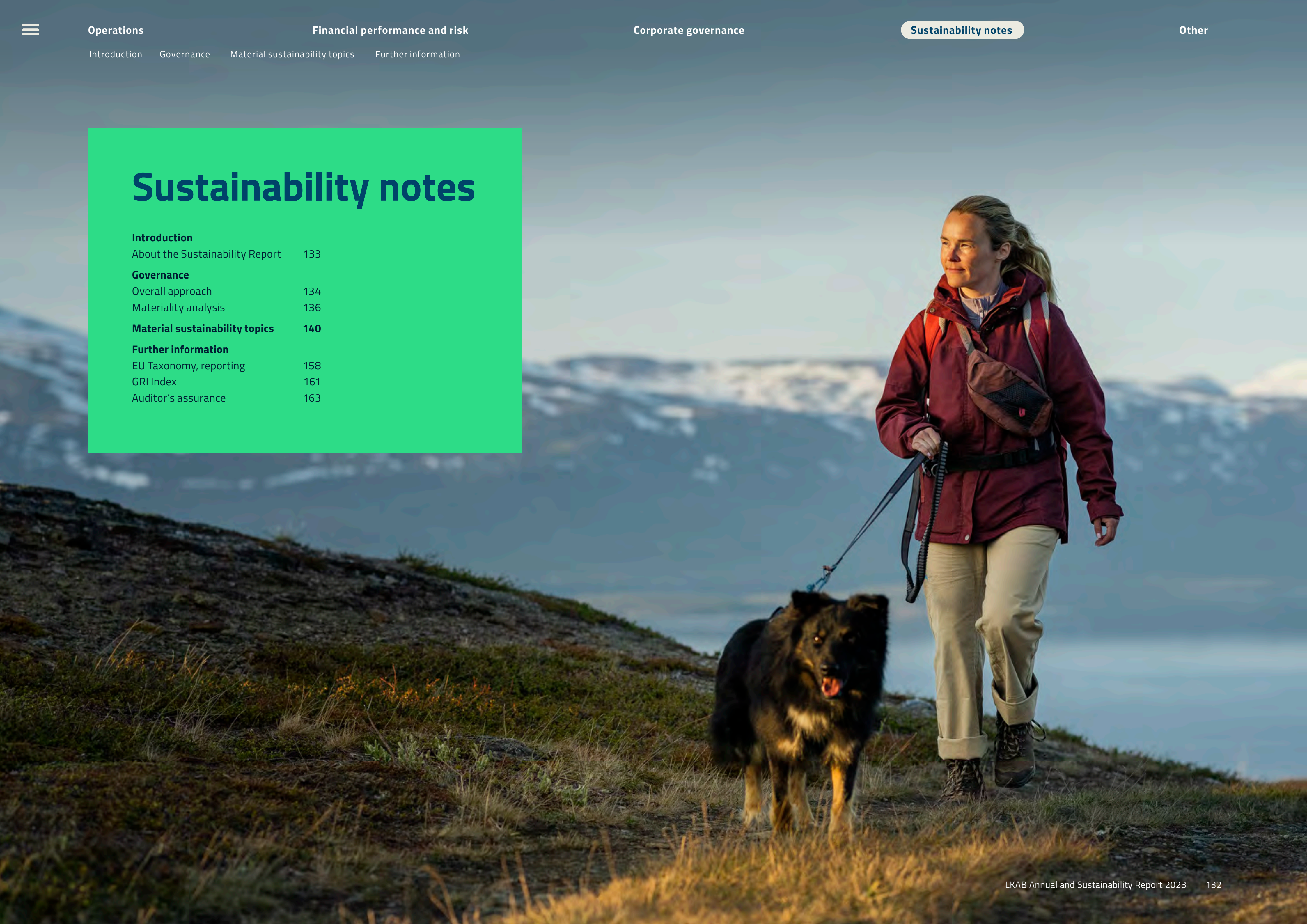
24 October 2024, Interim Report Q3 2024

February 2025, Interim Report Q4 2024 together with Year End Report

CONTACT

Please direct any questions regarding LKAB's financial information to Stefan Loréhn, CFO or Jan Moström, President and CEO.

Please direct any questions regarding the sustainability report to Pia Lindström, SVP Environment and Sustainability.



Sustainability notes

About the Sustainability Report

LKAB publishes its sustainability report annually as an integrated part of its annual report. The sustainability report covers the 2023 financial year unless otherwise stated. This year's sustainability report is to be seen as an update since there have been no major changes between the years.

Since 2008 LKAB has prepared its sustainability report in accordance with the framework for sustainability reporting issued by the Global Reporting Initiative (GRI). For 2023 the version applied is the GRI Universal Standards 2021. The Mining and Metals Sector Supplement (MM) is also applied. The sustainability report is published annually and covers the period 1 January 2023 to 31 December 2023, which is in line with LKAB's financial reporting. This sustainability report was published on 27 March 2024.

Where the GRI framework calls for detailed descriptions of specific topics, LKAB has chosen to summarise the supplementary information and clarifications in the sustainability notes.

The Annual and Sustainability Report also contains information about how we are contributing to Agenda 2030 and the UN Sustainable Development Goals; see page 34.

In 2022, a scenario analysis was conducted in line with the framework issued by the Task Force on Climate-related Financial Disclosures (TCFD). During 2023 LKAB worked on preparations for implementing the Corporate Sustainability Reporting Directive (CSRD) – the EU's new directive on sustainability reporting. Like TCFD, the new directive contains requirements concerning the reporting of climate-related financial risks and opportunities, and the continued implementation of TCFD in 2023 is linked to the implementation of CSRD. Read more on page 52.

Sustainability information in the Annual Report encompasses the pages indicated in the GRI index on page 161. The statutory sustainability report prepared in accordance with Chapter 6 Section 10 of the Swedish Annual Accounts Act has been integrated into LKAB's administration report, its scope being defined in the Annual and Sustainability Report's table of contents on page 2.

Boundaries of the report

As in previous years, the report concentrates on the Nordic activities and focuses on the iron ore operations in Sweden and Norway. The Iron Ore business area makes up the bulk of activities, accounting for 90 percent of the Group's sales. Documentation from the Special Products business area is also included. Information concerning subsidiaries has been included in the report where deemed relevant. Which entities are covered by reported data is shown throughout.

The boundaries of the reporting on each material topic are described on page 140, where it is specified whether the topic in question is material to the LKAB Group (internally) or for some point in the value chain (externally).

External assurance

LKAB's sustainability reporting is assured by an external party in accordance with the government's ownership policy for state-owned enterprises. The table of contents on page 2 specifies which pages are subject to external assurance. The auditing firm KPMG is regarded as independent of LKAB's Board of Directors, which issues and signs the Annual and Sustainability Report as a whole.

Corporate Sustainability Reporting Directive

LKAB will be subject to the new Corporate Sustainability Reporting Directive (CSRD). Efforts in 2023 mainly involved performing the double materiality analysis defined in CSRD, which forms the basis for how the reporting requirements affect LKAB. In 2024 work to implement the processes and disclosure requirements identified in the double materiality analysis according to CSRD will be completed.

Overall sustainability governance approach

The Group's strategic goals for sustainable value creation are set by the Board of Directors. The goals ensure that the business is run with a focus on sustainability, providing the conditions for and acceptance of its long-term operation. LKAB must also satisfy its owner's requirement that, as a state-owned company, it sets an example of sustainable enterprise. The strategic goals are detailed on page 18. The Board of Directors has overall responsibility for the company's sustainability efforts; read more on page 28.

The sustainability perspective is integrated into LKAB's business governance. Our governing documents provide a starting point for this, setting out our approach and how the business is to be run. In addition to the State Ownership Policy, they include our vision, mission and values as well as our Code of Conduct and a number of policies and Group guidelines that support our work in key areas.

The Group strategy is one of the governing documents that sets out specific actions required in order to achieve the desired development in the period up to 2045. This provides a framework for other governing documents. Roadmap 2030 sets out in concrete terms how active sustainability efforts are to contribute to the realisation of the Group's strategy. There is also the Group's business plan. The most operational category of governing document consists of the business plans for the business areas and the central departments, which break down the Group's overall goals into targets and activities specific to their activities.

Responsibility, monitoring and evaluation

Operational responsibility lies with the President and CEO. The environment and sustainability department is responsible for developing and supporting the Group's sustainability work. The Senior Vice President of Environment and Sustainability is a member of the Group management team and is thus responsible for the strategic management in this area. Operational responsibility lies with the central departments or the Senior Vice Presidents of the business areas, and with the organisation's departments and subsidiaries. The central departments support the efforts and provide an internal control function.

Reporting to the Board takes place on a monthly and quarterly basis and in conjunction with dialogue with the owner. Many key performance indicators are monitored continuously to ensure that LKAB is complying with permits and conditions. The results are also reported to the competent authorities for external monitoring. Data collection and the quality of processes are evaluated by internal business auditors as well as through the external assurance of the sustainability reporting.

LKAB has a whistleblower system for reporting any irregularities. The system is called SpeakUp and is available to both internal and external users. Reports can be made in multiple languages and anonymously, verbally, in writing or via a meeting. The accounting and finance department is responsible for investigating matters received. Reporting takes place to the Board's Finance and Audit Committee. The Ethics Council acts as an advisor to the legal department and is responsible for procedures, calibration and evaluation of the system. The Ethics Council includes the Chief Financial Officer, General Counsel and the Senior Vice President of HR.

Permits

In most cases LKAB's operations require permits under the Environmental Code. These permits are crucial for allowing us to maintain production as well as to make investments and environmental improvements. LKAB plans to transform the business by, among other things, making a shift from mainly producing iron ore pellets for blast furnaces using fossil fuels to fossil-free sponge iron made with hydrogen, as well as by extracting phosphorus and critical minerals/metals from waste material that is currently deposited. Like the existing mining and processing activities, the operations required to implement the transformation require permits under the Environmental Code. During the year we therefore worked on a number of permitting cases for the business.

In 2023 LKAB began work on a new permit application for continued and expanded operations in Kiruna (by Kiirunavaara mountain). During the year the consultation procedure was initiated

Membership of associations

CSR Sweden
Network for working on and driving sustainability efforts

Euromines
The European association for the mining industry

UN Global Compact
Initiative to promote sustainability topics

The Swedish Anti-Corruption Institute (IMM)
Trade organisation that works to disseminate information and knowledge concerning what corruption is and how it can be prevented

Jernkontoret
Industry association of the Swedish steel sector

Svemin
The industry association of the mining, minerals and metals sector in Sweden

Swedish Wind Energy Association (SWEA)
Trade association for companies working with wind power and renewable energy

Swedish Safety Culture Network (SÄKU)
Network for safety culture

Transparency International Sweden
Anti-corruption network

with the County Administrative Board for Norrbotten county (the supervisory authority) and the individuals that may be assumed to be or become particularly affected by the operations, as well as the other state authorities, municipalities, affected Sami communities and members of the public who may be assumed to be affected. The consultation procedure will continue in 2024, in parallel with investigatory work and the production of documentation for a future application and associated environmental impact assessment.

In 2023 LKAB also submitted an application for continued and expanded operations in Gällivare. In addition to the regular mining and processing operations, the application includes a demo plant for direct reduction of iron ore with hydrogen using the HYBRIT technology, as well as an apatite plant for extracting the phosphate mineral apatite from residual material. In the latter part of 2023 work took place to supplement the application based on feedback received from authorities and this work is expected to continue during the early part of 2024.

LKAB also plans to establish a circular industrial park in Luleå where, among other things, phosphorus, rare earth elements, mineral fertiliser and gypsum will be produced from the apatite that is to be extracted in Gällivare and Kiruna. Work on the application documents for this industrial facility continued in 2023. Supplementary consultations took place during the year with authorities, organisations and individuals, as well as with the general public affected.

In 2023 LKAB submitted an application to Bergsstaten (the Mining Inspectorate of Sweden) for an exploitation concession for the new deposit, which is located close to LKAB's existing operations in Kiruna. The deposit contains large amounts of iron, but also significant amounts of other valuable minerals such as phosphate (apatite) and rare earth elements, and is of great importance for continued long-term profitable mining activities in Kiruna. An exploitation concession is followed by the process of applying for an environmental permit, land allocation and any other necessary permits such as a zoning plan and planning permission before any future mining can begin. The project has risks and challenges associated with land use, including reindeer husbandry, human rights (indigenous peoples) and outdoor life, which need to be investigated and managed in dialogue with the stakeholders concerned. We are endeavouring to develop the project in accordance with the mitigation hierarchy, i.e. to avoid, minimise and compensate for negative impacts.

Certification

To ensure compliance with Swedish legislation, comply with LKAB's management systems and similar requirements, and to systematically identify risk factors and meet future demands and expectations, LKAB's operations are certified to ISO 9001 – Quality Management, ISO 14001 – Environmental Management, ISO 45001 – Occupational Health and Safety, ISO 50001 – Energy Management and SA 8000 – Social Accountability.

ISO certification held	ISO 9001	ISO 14001	ISO 45001	ISO 50001	SA 8000
LKAB	●	●	●	●	
LKAB Berg & Betong AB	●	●	●		
LKAB Mekaniska AB	●	●	●		
LKAB Kimit AB	●	●	●		
LKAB Fastigheter AB					
LKAB Nät AB					
LKAB Malmtrafik AB	●	●	●	●	
LKAB Malmtrafikk AS	●	●	●	●	
LKAB Norge AS	●	●	●	●	
LKAB Minerals AB	●	●	●		
LKAB Minerals Ltd	●	●	●	●	
LKAB Minerals Oy	●	●	●		
LKAB Minerals BV	●	●	●		
LKAB Minerals GmbH	●				
LKAB Minerals AP	●	●	●		
LKAB Minerals Tianjin	●				
LKAB Minerals Inc	●				
Likya Minerals	●	●	●		
LKAB Wassara	●	●	●		
LKAB Trading	●				●

External charters, principles and initiatives

Agenda 2030
LKAB works actively to contribute to Agenda 2030 and the UN Sustainable Development Goals. Read more on page 34.

EcoVadis
LKAB Minerals' sustainability efforts are assessed annually by EcoVadis based on criteria relating to the environment, health and safety, human rights, ethics and sustainable procurement. EcoVadis has reviewed more than 60,000 companies globally and in 2023 LKAB's industrial minerals operations received a rating of gold, representing the 95th percentile – thereby surpassing over 95 percent of companies rated by EcoVadis.

UN Global Compact
LKAB's membership of the Global Compact is a way of showing that we accept our responsibilities as regards human rights, labour, the environment and anti-corruption in accordance with the Global Compact's Ten Principles. These are based on the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. These principles form the basis of the Group's Code of Conduct and Supplier Code of Conduct.

UN Guiding Principles on Business and Human Rights
We aim to act in accordance with the UN Guiding Principles on Business and Human Rights, which is reflected in our Code of Conduct, Sustainability Policy, Human Rights Guideline and the Supplier Code of Conduct.

Global Reporting Initiative (GRI)
Since the 2008 reporting year LKAB has applied the GRI's guidelines on sustainability reporting, in accordance with the State Ownership Policy. Since 2022 the GRI Universal Standards 2021 have been applied, supplemented with the Mining and Metals Sector Supplement.

OECD Guidelines for Multinational Enterprises
We aim to comply with these international guidelines and this is reflected in the Group's Code of Conduct and Supplier Code of Conduct.

REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals)
LKAB is subject to the EU regulation on chemical substances. The majority of the chemically modified products that are produced and sold are registered, while other products are naturally occurring minerals that are exempt from registration under REACH.

UNICEF Children's Rights and Business Principles
Our commitment to these principles on children's rights is reflected in the Group's Code of Conduct and Supplier Code of Conduct.

Materiality analysis and priorities for sustainability work

The materiality analysis forms a basis for our strategic decisions on and objectives for sustainable development. It also provides a framework for the content of the sustainability report.

In 2021 LKAB adopted new strategic goals for sustainable value creation for the period 2022–2030 and updated the strategic framework in order to clarify our priorities within environmental and climate sustainability, social sustainability and financial sustainability. Our latest materiality analysis was conducted in 2022 with the aim of identifying stakeholders' expectations and priorities in relation to our transformation and strategic focus. In 2023 work took place on preparations for CSRD, including conducting the double materiality analysis on which our future reporting will be based.

Business intelligence

Sustainability topics that are important for stakeholder trust and for LKAB's ability to contribute to sustainable development have been identified through broad and continuous business intelligence that is based on:

- Identifying best practice for sustainable operations in general and for the industry specifically, including the development of guidelines aligned with the EU Taxonomy.
- Comparing with topics identified as material by competitors and industry colleagues, in Sweden and globally.
- Standards based on international initiatives such as the UN Sustainable Development Goals (SDGs) and management systems.
- Topics and issues highlighted in the media that are related to LKAB and the mining industry.

Stakeholder engagement

LKAB identifies stakeholders based on impact in the value chain. We define stakeholders as groups of people that, directly or indirectly, may affect or be affected by LKAB's operations and the decisions we take. Priority stakeholders are selected based on this definition and on mutual influence.

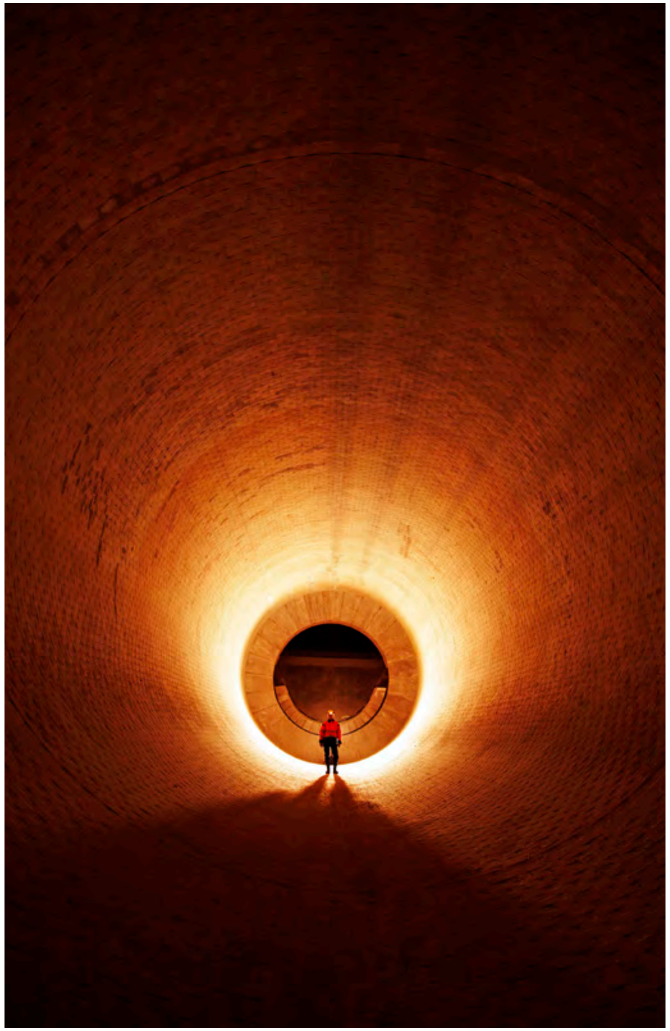
We conduct a dialogue with stakeholders in which questions, expectations and feedback on the work to validate and prioritise the sustainability topics can be raised. A more in-depth analysis is carried out regularly; most recently in 2022, which included surveys, in-depth interviews and a workshop. For our stakeholders, forms of dialogue and topics raised, see page 138.

Prioritisation of material topics

We apply an external and an internal perspective when prioritising material topics, the external perspective being based on the topics that stakeholders highlight as priorities. The stakeholders' priorities then form a common basis for an internal assessment. The internal perspective is further based on the topics where we have an opportunity and a responsibility to drive sustainability and create value within the frameworks of our business model and vision. A topic with a major impact on sustainable development may be classified as less material if LKAB's procedures and governance are adequate and the risks associated with the topic are therefore assessed to be lower.

Validation of the materiality analysis

Dialogue takes place with internal and external stakeholders through, among other things, opinion polls and employee surveys, which is included in the validation of the materiality analysis.



LKAB's material topics

- Transformation for a sustainable climate
- Energy security
- Biodiversity
- Circularity and resource efficiency
- Responsible and attractive employer
- Dialogue with stakeholders
- Community engagement
- Sustainable value chains
- Financial strength

Process to establish material topics

Business intelligence → **Stakeholder engagement** → **Prioritisation of material sustainability topics** → **Validation of the materiality analysis**

Our stakeholders

LKAB conducts a dialogue with many different stakeholders in order to encourage the cooperation required to run a sustainable business and lead the transformation of our industry.

Stakeholders and forms of dialogue	Topics raised	How LKAB impacts this group
Customers Continuous dialogue in various forums, collaborations and development projects.	▪ Product development for more sustainable products and solutions. ▪ Communication to create incentives that encourage active sustainability work, what we are doing within social sustainability and other areas of our environmental efforts, as well as the company's plans going forward. ▪ Expand sustainability reporting, e.g. to include Scope 3 greenhouse gas emissions.	***Locally and globally:*** Several of our customers are active in the global market, and through development projects and long-lasting customer relationships we promote sustainable development by developing climate-efficient products and processes.
Employees Informal and formal dialogue in the form of workplace meetings, performance reviews, strategy days, health and safety officer meetings, union negotiations and employee surveys.	▪ Attractive employer – a broad commitment to recruitment, securing skills supply, career opportunities, skills development and rehabilitation, among other things. ▪ Helping to make the locations where we operate more attractive. ▪ Credibility of messages and actions. ▪ Continued focus on values and inclusion.	***Locally:*** Strategic work to achieve good working conditions, greater equality and diversity contributes to employees' health and wellbeing.
Suppliers and contractors Regular meetings, dialogue, supplier days and partnerships with suppliers.	▪ Environmentally friendly transport systems/logistics: transport by rail rather than road. ▪ Clear requirements specification and evaluation process for sustainability topics in procurement. ▪ Information about sustainability to increase awareness throughout the value chain.	***Locally:*** We secure jobs locally and regionally. ***Globally:*** To positively impact human rights, environmental and economic sustainability throughout the value chain we set requirements of our suppliers in accordance with the Supplier Code of Conduct.
Communities – local residents Cooperation agreements with municipalities affected by our operations. Individual and public meetings, consultation, publications and social media content ensure opportunities for dialogue. LKAB also engages in collaborative projects and sponsorship, and is involved with various organisations.	▪ Including the community and the perspective of young people in processes and decisions. ▪ Clear and frequent information, communication and cooperation. ▪ Helping to make the Swedish orefields more attractive, housing options. ▪ Minimising local environmental impact.	***Locally:*** The operations have varying degrees of social, environmental and economic impact on residents and other livelihoods in the local areas. Dialogue with stakeholders takes place at an early stage and is conducted continually in order to avoid, minimise and compensate for our impact. Dialogue with e.g. different interest groups enables us to understand impacts.
Communities – indigenous peoples Meetings – both individual and public – and consultation provide opportunities for dialogue. There are also cooperation agreements with the Sami communities affected by the operations.	▪ Land management and utilisation of land. ▪ Remediation of affected areas, restoring nature, wetlands, watercourses and post-treatment of old deposits. ▪ Limit negative environmental impact, emissions to air, water and land. ▪ Dialogue and consultation. ▪ Rights of indigenous peoples, needs of and impact on reindeer husbandry.	***Locally:*** The operations have varying degrees of social, environmental and economic impact on indigenous peoples. Dialogue in various areas enables us to understand our impact.

Stakeholders and forms of dialogue	Topics raised	How LKAB impacts this group
Authorities and legislators Public meetings and individual meetings, nationally and internationally, with relevant authorities, county administrative boards and municipalities.	▪ Good advance planning for all decisions and processes. ▪ Mandate and responsibility to comply with permit requirements. ▪ Setting an example together. ▪ Reduced climate and environmental impact.	***Locally***: Authorities and legislators set requirements of the operations in order to minimise negative impact and ensure that LKAB works to maintain permits. ***Globally:*** We contribute specialist expertise (in the EU, for example) so as to influence social, environmental and economic norms in a positive direction.
Interest groups Dialogue and consultation with interest groups representing the environment and communities. Sector cooperation via membership of organisations such as Euromines and SveMin.	▪ Human rights, particularly the rights of children and indigenous peoples. ▪ Circular economy, recycling and sustainable consumption. ▪ Legislation and political governance, including for efficient permitting processes. ▪ Attractive workplaces to ensure skills supply. ▪ Communicating the breadth of the sustainability work and creating acceptance for mining operations.	***Locally and globally:*** Dialogue with stakeholders takes place at an early stage and is conducted continually in order to avoid, minimise and compensate for our impact. Dialogue with e.g. different interest groups enables us to understand impacts.
Schools, universities and colleges Individual and public meetings, collaborative projects, sponsorship and involvement on boards.	▪ Playing a greater role in the discussion of minerals policy relating to permitting processes. ▪ Attractive workplaces with equal opportunities in "heavy industry". ▪ Digitalisation on human terms.	***Locally and globally:*** Ongoing dialogue together with continuous and project-based collaboration with schools, universities and colleges increases knowledge and opportunities for continued operation and positive development.
Owner LKAB's owner, the Swedish state, is represented on the Board and at the Annual General Meeting. Dialogue and reporting take place continuously through owner dialogue, Board representation, owner analysis, visits and meetings.	▪ Safe and healthy work environment, good terms of employment. ▪ Human rights. ▪ Diversity and equal opportunity. ▪ Reduced climate and environmental impact through sustainable use of resources. ▪ Good business ethics and active anti-corruption efforts. ▪ Achieve the strategic goals for sustainable value creation. ▪ Contributing to achieving the Sustainable Development Goals.	***Locally and globally:*** We are owned by the state, which sets high requirements that its portfolio of companies must provide an example of sustainable enterprise. This results in increased focus on sustainability topics both in the company and in the value chain.
The silent stakeholder The environment in its capacity as the "silent stakeholder" (does not have a voice).	▪ A healthy external environment. ▪ Contributing to achieving the Sustainable Development Goals. ▪ Introducing fundamental environmental and climate aspects into the company's priority actions. ▪ Working actively on strategies that respond to and proactively manage these aspects, as well as identifying challenges and opportunities.	The silent stakeholder impacts or is impacted by the operations but has not been sufficiently prioritised. All other stakeholders and operations are entirely dependent on a healthy external environment and a good climate.

Material topics, impact in the value chain and risk

LKAB is working to achieve a sustainable mining industry both nationally and internationally, including by setting requirements in the value chain for social, environmental and economic sustainability. Within each area we have identified a number of material topics. Our work on these material topics is linked to our strategic risks, and impacts the various parts of the value chain as shown below.

Material topic	Suppliers	LKAB	Customers	Communi-ties	Link to strategic risk
Transformation for a sustainable climate Our operations in Sweden account for four percent of Swedish industry's total carbon emissions. We have therefore seen opportunities and taken on a major challenge: to transform to carbon-free processes and products by 2045. Entirely fossil-free production from mine to steel is the cornerstone of our development projects. ▶ *Read more on page 142.*	●	●	●	●	▪ Market risk ▪ Risk of a lack of efficient, legally secure processes ▪ Risk of negative environmental impact ▪ Risk of not being sufficiently competitive
Energy security Our transformation means that we will need to use much more electricity. Fossil fuels will be phased out and replaced by more electricity produced from wind, water or nuclear power. To meet the need for electricity, different types of power sources will have to be utilised. ▶ *Read more on page 143.*	●	●	●	●	▪ Market risk ▪ Risk of a lack of efficient, legally secure processes ▪ Risk of negative environmental impact
Biodiversity Our operations have a material impact on the environment, utilise land and impact the look of the landscape as well as biodiversity and livelihoods of those around us. One of our strategic goals is to be a net contributor to biodiversity, which means making a positive contribution to biodiversity in the regions and areas in which we operate. ▶ *Read more on page 145.*	●	●	●	●	▪ Risk of insufficient social and legal acceptance ▪ Risk of a lack of efficient, legally secure processes ▪ Risk of negative environmental impact
Circularity and resource efficiency We are working to minimise waste and to enable usage of and create circular flows for, our residual products. In 2023 work continued on developing technology to utilise minerali-sations and rare earth elements and to be able to convert waste into valuable resources. ▶ *Read more on page 147.*	●	●	●	●	▪ Market risk ▪ Risk of a lack of efficient, legally secure processes ▪ Risk of negative environmental impact ▪ Risk of insufficient social and legal acceptance

Material topic	Suppliers	LKAB	Customers	Communi-ties	Link to strategic risk
Responsible and attractive employer To stay attractive as an employer we offer opportunities for lifelong learning, clear career paths and personal development. Skills supply is one of our most important strategic issues for achieving our transformation. It is essential to offer a healthy organisational and social work environment that enables people to develop and is characterised by diversity, equal opportunity and non-discrimination. ▶ *Read more on page 148.*	●	●		●	▪ Risk of accidents and poor health ▪ Risk of skills shortage ▪ Risk of insufficient social and legal acceptance ▪ Risk of break-in/damage by external parties
Dialogue with stakeholders To ensure long-term social acceptance for our operations and development we need those who live, work and have their livelihoods in our local communities to be kept informed of our development and be included in our transformation. We maintain a continuous dialogue with our stakeholders. We endeavour to minimise our negative impact and maximise the positive. ▶ *Read more on page 151.*	●	●	●	●	▪ Risk of insufficient social and legal acceptance ▪ Risk of a lack of efficient, legally secure processes
Community engagement As a significant employer and business operator, we have a big impact on our local communities. Our ambition is development before phase-out. We invest in our operating locations and work in partnership with residents, municipalities and other actors to ensure well-functioning infrastructure and social services, including good housing, schools, services and culture. ▶ *Read more on page 152.*	●	●		●	▪ Risk of insufficient social and legal acceptance ▪ Risk of negative environmental impact
Sustainable value chains Our social responsibility extends throughout the value chain. We will work preventively and systematically to combat corruption and maintain good business ethics. We will give consideration to human rights and take responsibility for ensuring that these rights are respected, with a particular focus on our social impact from mining, on suppliers' operations in high-risk countries and on the rights of indigenous peoples. ▶ *Read more on page 155.*	●	●	●	●	▪ Market risk ▪ Risk of insufficient social and legal acceptance
Financial strength By operating a profitable business we create jobs for employees and external stakeholders. We have an economic impact and create value through the dividend to our owner as well as through taxes, investments in research and development, infrastructure, the urban transformations, acquisitions and sponsorship. Our goal is to be a financially viable and sustainable company that remains competitive under varying economic conditions. ▶ *Read more on page 157.*	●	●	●	●	▪ Financial risk ▪ Risk of insufficient mineral reserves/mineral resources ▪ Market risk ▪ Risk of not being sufficiently competitive

Transformation for a sustainable climate

Mining and processing iron ore is a highly energy-intensive business. Our operations caused 645 Kt of direct carbon emissions in 2023. That means we account for four percent of total carbon emissions from industry and are in fifth place among companies with the highest carbon emissions in Sweden[1]. We have therefore taken on a great challenge and have seen opportunities through transformation to carbon-free processes and products by 2045. Entirely fossil-free production from mine to steel is the cornerstone of our development projects. Read more about our strategy on page 17.

Our direct carbon emissions are mainly caused by the fact that our current processes are half supplied with energy from fossil fuels such as coal, fuel oil and diesel. LKAB's goal to eliminate our carbon emissions involves phasing out fossil fuels. This is being done through electrification, by replacing fossil fuels with biofuels and through increased recycling of waste heat in our processes, which also helps to reduce reported energy use. In 2022 one of the pelletising plants in Gällivare fully replaced heavy fuel oil with tall oil pitch. The transition from oil-fired boilers to district heating for maintaining oil temperature at the energy depot in Luleå has shown good indications of significantly decreased energy requirements, and carbon emissions from the facility have almost been able to be eliminated.

Boundary: material both internally and externally.

1) The comparison relates to 2022 emissions in accordance with EU-ETS.

For further information on our carbon emissions see page 29.

Direct carbon emissions

The calculation methods for LKAB's direct (Scope 1) emissions are based on national legislation and the EU Emissions Trading System, and are derived from actual materials and energy used.

The emissions are caused mainly by fuels and additives used in pellet production and transport. Transport is not included in the monitoring for EU-ETS, but is included in the emissions and goals monitored and reported in the Annual and Sustainability Report. The emission factors used for each fuel and additive are regulated through permits for carbon emissions.

Indirect carbon emissions

Indirect (Scope 2) carbon emissions originate from electricity and are calculated using the electricity suppliers' emission factors or the country's energy mix. In 2023 electricity purchases in Norway and Sweden consisted of origin-labelled electricity from non-fossil sources. Emissions from purchased district heating are also included in Scope 2. Work to identify Scope 3 greenhouse gas emissions, i.e. by customers and suppliers, was carried out in 2021. Efforts in respect of Scope 3 continued in 2023 in the form of various partnerships with suppliers and customers related to sustainable purchasing and transport.

Governance

This area is governed overall by our Sustainability Policy and the Group's energy management system, which is certified to ISO 50001. The energy management team works to ensure that the energy management system meets the requirements, that continual improvements are made and that action plans to improve energy performance are established. Reducing carbon emissions is also one of the Group's strategic goals, and is reported both quarterly and on an annual basis. We are also covered by the EU Emissions Trading System and report to the competent authorities on an ongoing basis. Governance and reported emissions and energy use are reviewed annually by external parties.

Carbon emissions by Scope (1 and 2)

(Kt)	Scope 1	Scope 2[2]	Total
Iron Ore business area	620.6	0.7	621.3
Special Products business area	16.6	7.4	24.0
Total	**637.2**	**8.1**	**645.4**

Biogenic emissions LKAB Sweden	**2023**	**2022**
Carbon dioxide (kt)	50.3	53.4

Carbon emissions LKAB Minerals outside Sweden	**2023**	**2022**
Carbon dioxide (kt)	20.8	31.3

Energy consumption LKAB Minerals outside Sweden	**2023**	**2022**
Energy consumption (GWh)	108	145

2) Scope 2 data for electricity is calculated using the market-based method.

Through our work on the material topic *Transformation for a sustainable climate* we are contributing to achieving UN Sustainable Development Goals 9, 13 and 17.

Through our work on the material topic ***Energy security*** we are contributing to achieving UN Sustainable Development Goals 7 and 9.

Energy security

The great impact that the steel industry currently has on the climate and LKAB's transformation to carbon-free processes and products mean that LKAB is going to need to use increasing amounts of electricity. Production will be transformed in stages, and LKAB's power requirements will therefore gradually increase. The operations in Malmberget are to be transformed first and this is scheduled to be complete in the first half of the 2030s.

Historically, hydroelectric power and fossil fuels such as oil and coal have been our main energy source, but in the future fossil fuels will be phased out and replaced with more electricity produced using solar, wind, hydroelectric and nuclear power. To meet the need for electricity different types of power sources will have to be utilised. A large part of the volume needed in the near future already exists in Sweden, but there are many actors that require more electricity and it is expected that Sweden's electricity consumption will need to double over time – which is why fossil-free power production capacity needs to be continually added as the need for electricity increases.

In view of the above, LKAB has begun collaborating with various energy companies and other actors on the following:

- Establishing power production in electricity price areas SE1 and SE2. Sweden has four price areas in total, SE1 and SE2 being the two northern areas.
- Establishing solutions for power distribution.
- Establishing solutions for hydrogen production and hydrogen infrastructure.

Boundary: material both internally and externally.

Governance

Governance is carried out by means of strategic sustainability goals and by monitoring performance within the framework of the governance structure. Reduced energy intensity is also a strategic Group goal and is reported quarterly and on an annual basis. Responsibility for strategic management lies with the Senior Vice President of Environment and Sustainability, while operational responsibility is delegated to the Senior Vice Presidents of the business areas and from there on to the organisation's departments and subsidiaries. Central departments support the efforts and provide an internal control function. Governance and reported energy use are reviewed by external parties annually.

Environmental impact

Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions

The process for pellet production results in emissions to air of primarily sulphur dioxide (SO_2), nitrogen oxides (NOx) and carbon dioxide (CO_2) from the burning of fuel. This can have a regional impact on sulphur and nitrogen balances, and by extension a global impact through the greenhouse effect – thereby in turn impacting biodiversity, natural resources and ecosystem services, for example.

Determination of emissions to air is based on samplings regulated in self-monitoring programmes and, where applicable, on calculations based on quantities of fuel consumed and emission factors, or mass balance calculations. Mass balance calculations are completed for emissions from the pelletising process of SO_2, F and HCl. Both mobile and stationary sources are covered by environmental conditions and are included in the reported data. Emissions to air are monitored continuously via measurements as well as random sampling. In Kiruna the limit for SO_2 was exceeded in 2023. Production had problems involving breakdowns and multiple startups as well as problems with respect to lime, which are assessed to be contributory factors. Continued work is under way to improve the effectiveness of flue gas scrubbing and to reduce the number of startups and shutdowns.

Precipitated particulates are measured using the NILU (Norwegian Institute for Air Research) method at a number of measuring points in the communities. More information on data measurement points and measurement techniques can be found in LKAB's annual environmental reports and in the self-monitoring programmes submitted to supervisory authorities. In Svappavaara the limit for precipitated particulates was exceeded for 2022, but in 2023 the action plans developed for improvement measures had positive results on compliance with limits. The operations in Narvik exceeded the permitted limits for both noise and vibrations on a recurring basis in 2023, and actions to address this are being explored. Also in Narvik, the limits set for suspended material and pH value to water were exceeded; a new treatment facility is planned to address this.

Total number and volume of significant spills

In autumn 2021 it was discovered that an unusually large volume of oil had been consumed despite normal use and that around 1,600 m^3 of fuel oil was missing at the industrial area in Kiruna. Further investigation detected leakage in the ground, railyard and ditches during summer and autumn 2022. The incident was found to have been caused by material wear in a culvert pipe. A review of procedures and control mechanisms for both consumption volumes and material strength was carried out. In autumn 2022 emergency remediation measures were begun. In 2023 the emergency remediation work continued, with a focus on spring thaw and the bare ground period, to avoid the spread of fuel oil to surrounding watercourses. More long-term solutions to minimise the risk of spreading have been designed. The risk of spreading will need to be managed for many years to come, while remediation and restoration actions need to be investigated and scheduled.

Significant fines and other sanctions for non-compliance with environmental laws and regulations

In 2023 LKAB was fined the equivalent of SEK 100,000 for having failed to comply with the limit value for precipitated particulates in Mertainen during two months in 2022.

Mined amounts, inputs, residual products and emissions	2023	2022
Mined amounts		
Crude ore, magnetite and hematite (Mt)	46.6	48.0
Huntite (kt)	21.1	27
Dolomite (kt)	76.3	112
Finished products (Mt)	26.2	25.0
Inputs		
Explosives (kt)	20.5	19
Concrete produced ($10^3 m^3$)	170	216
Additives (kt)	325	820
Residual products		
Barren rock (Mt)	21	20.2
Barren rock recirculated (Mt)	7.1	7.8
Tailings (Mt)	4.9	4.7
Tailings recirculated (Mt)	0	0
Waste lime (kt)	64.9	71
Waste lime recirculated (Mt)	0	0
Other waste deposits LKAB Minerals (kt)	2.3	5

Mined amounts, inputs, residual products and emissions	2023	2022
Emissions to air from product manufacturing[1]		
Particulates (t)[2]	968	592
Sulphur dioxide (t)	487	483
Hydrogen fluoride (t)	29	36
Hydrogen chloride (t)	86	81
Nitrogen oxide (t)	3,760	3,884
Emissions to water[3]		
Nitrogen (t)	460	459
Phosphorus (kg)	336	366
Trace metals (kg)	150	144
Emissions of trace metals[3]		
Chromium (kg)	2.1	1.6
Cadmium (kg)	0.4	0.3
Copper (kg)	23.2	25.9
Nickel (kg)	85.1	71.4
Lead (kg)	0.1	0.3
Zinc (kg)	24.7	28.7
Arsenic (kg)	14.8	15.4
Total trace metals (kg)	**150.4**	**143.7**

1) Refers to total emissions in Kiruna, Svappavaara and Gällivare.
2) Refers to total emissions from pelletising plants, central boiler plant as well as operating and maintenance plants in Kiruna, Svappavaara, Gällivare, Luleå and Narvik.
3) The quantities are based on overflow water from ponds in Kiruna, Svappavaara and Gällivare.

Significant spills in 2023	Kiruna	Gällivare	Svappavaara	Narvik	Luleå	Special Products
Significant spills with financial impact, number	0	0	0	2	0	0
Spills reported to authority, number	98	25	17	2	1	0
Volume, litres	25,590	3,474	700	265	1	0
Description of spills reported to authority (mainly oil, diesel and glycol)	Oil spillage. Remediation was carried out for all and no material negative impact was able to be found.	Oil spillage. Remediation was carried out for all. Two glycol spills into wastewater.	Spillage of oil and diesel on ground and in water. Remediation was carried out for all.	Oil spill, full remediation.	Coal spill. Volume unclear, but not assessed to be serious.	

Biodiversity

Our operations have a material impact on the environment, utilise land and impact the look of the landscape as well as biodiversity and the livelihoods of those around us. LKAB conducts operations at six sites close to protected areas or areas with high nature values. Operations that are affected are Kiruna, Svappavaara (Gruvberget and Leveäniemi), Gällivare, Mertainen, Masugnsbyn, the Wicken plant in the UK and one operating location close to Denizli in Turkey. Biodiversity has therefore long been a priority at LKAB. In 2023 an area of natural land with high biodiversity was utilised to expand deposition capacity at the tailings pond, in connection with which ditches and infrastructure were adjusted and moved. The area consists of wetland in Swedish biodiversity class 2[1] and is situated within Kiruna's industrial area. The part of the area affected is around 1.7 hectares.

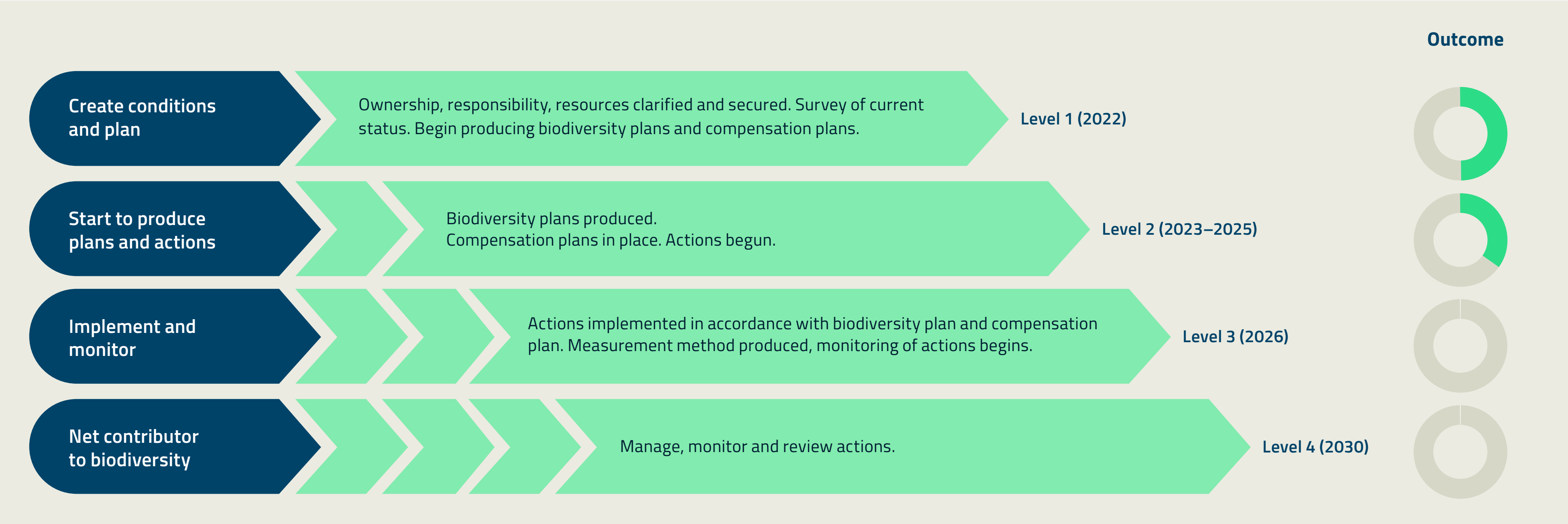
Another significant impact is diffuse dust from industrial areas. To study the impact of the dust generation on vegetation and ecosystem services, research projects are under way in partnership with the Swedish University of Agricultural Sciences (SLU) and Oslo University. We work to create well-maintained and green industrial areas and to plan what form our management, remediation and landscape design will take in the future.

One of our strategic goals in the period up to 2030 is increased biodiversity, which means making a net contribution to biodiversity in the regions and environments in which we operate. This is in line with the industry-wide roadmap that we helped to produce in partnership with Svemin. Education and systematic mapping of impact on biodiversity have been carried out for both the Swedish operations and the operations abroad. This mapping has clarified responsibilities and ownership, while the securing of resources has been partly clarified. An inventory of nature values has been taken in Kiruna, Svappavaara and Gällivare to assess both the current position and the reference value (2021) using the CLIMB model. This will be developed further through the production of local biodiversity plans in 2024.

Biodiversity efforts are based on the four steps of the mitigation hierarchy: avoid, minimise, restore and finally compensate. A biodiversity plan focuses on the first three steps in the mitigation hierarchy and involves an action plan for the operations that impact biodiversity. The action plan describes how our operating locations can be developed to enable increased biodiversity during the operational phase. When developing the plan, several aspects are taken into account for assessment, including nature inventory, and the evaluation and calculation of biodiversity in the area regarding its current state. In the subsequent steps, measures are identified for the short and long term to achieve the goal of increased biodiversity, together with compensation, and for remediation of the operational area when activities end.

The mining operations also discharge water into nearby lakes and watercourses. Although there is a high degree of recirculation in the processing operations, the groundwater pumped up from the mines means that the operations generate surplus water.

1) Biodiversity class 1 = highest level of positive significance for biodiversity; Biodiversity class 2 = high level of positive significance for biodiversity; Biodiversity class 3 = substantial level of positive significance for biodiversity.



The water, in the form of wet tailings, is fed into dam systems where sedimentation takes place before it is discharged into the surroundings. There is a local impact on ecological parameters such as fish size and plankton composition. Various kinds of nitrogen and salts (known as principal elements) occur in increased concentrations in the discharge water. The water quality in the recipients is monitored in respect of chemical and biological values. Investigation of the causes of the impacts is in progress. In Svappavaara improvements have been made by directing and adapting the discharge of water to natural flows, thereby improving water quality in our recipients throughout the year. These measures are planned to be implemented in multiple operating locations.

Boundary: material both internally and externally.

Remediation plans

The permitting processes require remediation plans to be submitted that include a general description of how LKAB intends to restore land used for industrial and mining activities. Our internal guidelines also describe ecological remediation efforts which aim to speed up the increase in the land's biodiversity as well as its values for reindeer husbandry.

Governance

LKAB's sustainability efforts go further than the legislation requires, through our own environmental goals, the environmental management system implemented and our development work. The goal is for biodiversity to be followed up quarterly and governed via the management structure. Compliance with the permit levels is ensured through regular follow-up based on self-monitoring programmes. We also monitor progress in connection with reporting on our strategic goals for sustainable value creation to the Board and in the sustainability report, as well as in the annual environmental reports compiled for regulatory authorities. The environmental management system is certified to ISO 14001, one element of which involves risk analysis that applies the precautionary principle in order to prevent adverse environmental impacts. Environmental incidents are reported via a nonconformity management system.

The Sustainability Policy and the guidelines on land use and water management provide a foundation for the management of environmental efforts. The guidelines on land use apply to all LKAB's operating areas and state that the mitigation hierarchy is to be followed as far as possible, with efforts based on the following steps: avoid, minimise, restore and – as a last resort – compensate for environmental damage. The guidelines on water management set out that water is a resource that must be protected and managed. Water management is to optimise the utilisation of water resources while they are being used by LKAB and ensure that subsequently the water is of the quality required to be able to return it to the natural cycle.

Through our work on the material topic ***Biodiversity*** we are contributing to achieving UN Sustainable Development Goal 15.

Circularity and resource efficiency

Our mines are among the most high-tech in the world. Safe, resource-efficient production using well-developed production methods and processes is crucial for our profitability. Our goal is to be a strong, sustainable company that remains competitive under varying economic conditions. We are achieving this partly by developing the core operations for high-grade iron ore products and also by expanding more broadly into the industrial minerals market.

The focus is on safety, autonomy, productivity and decreased environmental impact and on eliminating greenhouse gas emissions throughout the value chain.

Our development work for internal processes is carried out in a chain that runs from laboratory scale through pilots to full-scale trials, with a focus on maximising product yield and minimising the volume of residual products and emissions both at LKAB and among our customers.

Using residual material or secondary materials in order to work in a more resource-efficient way and with greater circularity is an ever greater element of our operations. Successful development involves cooperation between different categories of personnel, often both within our own organisation and among our customers. Our development work is based on a fundamental understanding of the function of the products in our customers' processes in order to meet quality requirements.

In 2023 the Special Products business area continued to work on technological development for utilising mineralisations. Through this development work, waste can be transformed into valuable resources, such as phosphorus and rare earth elements, in order to meet society's needs for critical and strategic raw materials. Here LKAB has the opportunity to make a concrete contribution to several of the EU's identified materials.

We work to minimise waste, enable usage and create circular flows for our own residual products, and we actively utilise secondary raw materials/by-products that arise in processes and operations of other companies and industries.

LKAB's circular focus is underpinned by several factors, including the risk of material shortages, prompted by recent changes in pit permits and in the market for easily accessible materials. We use barren rock as a construction material and are testing geomorphological deposition in which piles of barren rock are shaped to appear more natural in the landscape. We produce and use GGBS (Ground Granulated Blast-furnace Slag) as well as ballast form barren rock in the concrete mix with cement. Development work is in progress to find potential ways of disposing of waste lime from our operations instead of depositing it. We are also investigating possibilities for reducing wet waste through thickening and also working to increase our circular flows within water and energy, since large quantities are required for pellet production.

Boundary: material both internally and externally.

Governance

Resource management is governed at an overall level by our Sustainability Policy and by the Group's quality, energy and environmental management systems. Our materials and energy use is monitored at an increasingly detailed level.

Through our work on the material topic ***Circularity and resource efficiency*** we are contributing to achieving UN Sustainable Development Goals 12 and 13.

Responsible and attractive employer

To maintain our attractiveness as an employer, we strive for a culture where learning is seen as a natural part of daily work. We take a systematic approach to skills and career development, whether developing and refining existing skillsets or building up new expertise.

An important parameter in this is a healthy organisational and social work environment that enables people to develop and ensures that diversity, inclusion, equal opportunity and non-discrimination are a given.

Our operations as associated with health and safety risks for employees, contractors and suppliers, and LKAB has a great responsibility as regards health and safety, the work environment and working conditions. Anyone wishing to enter the industrial areas and mines must complete safety training, whether they are employed by us or an external contractor. Plans and organisation for managing various types of crises are in place, and training activities are carried out regularly.

Work to prevent and eliminate occupational health and safety risks, to create safe workplaces and to manage work-related injuries and unsafe situations is based on cooperation between employer, employees, trade unions, health and safety officers, support organisations, clients and suppliers.

Boundary: material internally.

Performance reviews and employee surveys

Performance reviews and employee surveys are conducted regularly and we work on the results on a continual basis. The most recent employee survey was carried out in the fourth quarter of 2023; read more on page 27.

Incident management

All employees as well as our suppliers can report incidents in the work environment such as risks, near misses, accidents and work-related sick leave. Such incidents are investigated and remedial measures are taken to avoid injury and ill-health among employees and suppliers. The goal for 2022 onwards is to achieve an accident rate no higher than four by 2026 and no higher than two by 2030.

Workforce

The number of permanent employees is 5,188 (4,952), of whom 27 (26) percent are women and 73 (74) percent are men. A total of 39 of the permanent employees work part-time, of whom 18 are women and 21 men. The number of fixed-term employees is 273, consisting of 135 women and 138 men.

All employees in Sweden and Norway are covered by collective bargaining agreements, with the exception of Group management. Of the total number of hours worked by LKAB and suppliers, suppliers account for 41 percent with the majority of contracted hours relating to construction projects, maintenance of LKAB's sites and IT support. The number of suppliers and contractors active within LKAB's industrial areas varies during the year, but has been found to peak in conjunction with LKAB's maintenance shutdowns.

The information is compiled from entry systems, payroll systems and HR systems in each country. LKAB has no workers on zero hours contracts and consequently disclosures on this topic are not applicable.

Labour/management relations

The notice period in connection with organisational changes in the Group varies, but complies with applicable legislation, working methods and procedures. In the case of organisational changes discussions take place with the trade unions at an early stage and employees are supported by an action plan that is adapted to the local circumstances.

Diversity and equal opportunity

Diversity and equal opportunity contribute to long-term sustainability and LKAB has zero tolerance of any kind of discrimination or harassment.

LKAB's guidance on diversity for the period 2020–2025 aims to create the conditions for increased diversity and to prevent and exclude discrimination. The results of the work are measured continually, including through our employee surveys.

Governance

This work is governed by national regulations and legislation on health and safety, the Group's Sustainability Policy, health and safety goals, health and safety management system, Code of Conduct, guidance on diversity, Supplier Code of Conduct, Supplier Handbook, Group HR guidelines, the Group guidelines on safety, the management philosophy and Group guidelines on communication. We are certified to ISO 45001 which sets requirements concerning systematic health and safety work. To reduce the number of accidents we use a Group-wide monitoring model and we describe and encourage desired behaviours in our "golden rules", aiming to reinforce the safety culture; read more on page 32. Contractors are also included in our safety efforts and statistics are also kept of accidents involving contractors. Objectives within this area are followed up on a quarterly basis, with reporting to the Board of Directors, and other metrics are monitored to ensure that the work is proceeding according to plan and in accordance with the goals for the operations.

Through our work on the material topic ***Responsible and attractive employer*** we are contributing to achieving UN Sustainable Development Goals 5 and 8.

Incidents discovered in 2023

In 2023 three incidents of discrimination or harassment were reported through the company's whistleblower channel. For one of the incidents it was unclear whether the report concerned discrimination or harassment of an LKAB employee, and the matter was closed without action. The other two incidents were addressed and dealt with.

Number of employees	Number of part-time employees	Number of full-time employees	2023	2022
Asia, total number of employees	**0**	**18**	**18**	**17**
Asia, men	0	7	7	7
Asia, women	0	11	11	10
UK, total number of employees	**5**	**228**	**233**	**243**
UK, men	2	184	186	197
UK, women	3	44	47	46
Finland, total number of employees	**3**	**1**	**4**	**6**
Finland, men	1	1	2	2
Finland, women	2	0	2	4
Netherlands, total number of employees	**5**	**13**	**18**	**18**
Netherlands, men	2	12	14	13
Netherlands, women	3	1	4	5
Norway, total number of employees	**0**	**208**	**208**	**212**
Norway, men	0	180	180	184
Norway, women	0	28	28	28
Slovakia, total number of employees	**0**	**1**	**1**	**1**
Slovakia, men	0	0	0	1
Slovakia, women	0	1	1	0
Sweden, total number of employees	**23**	**4,890**	**4,913**	**4,775**
Sweden, men	16	3,456	3,472	3,418
Sweden, women	7	1,434	1,441	1,357
Turkey, total number of employees	**0**	**48**	**48**	**49**
Turkey, men	0	45	45	48
Turkey, women	0	3	3	1
Germany, total number of employees	**3**	**8**	**11**	**11**
Germany, men	0	6	6	6
Germany, women	3	2	5	5
Spain, total number of employees	**0**	**1**	**1**	**1**
Spain, men	0	1	1	1
Spain, women	0	0	0	0
Greece, total number of employees	**0**	**1**	**1**	**1**
Greece, men	0	1	1	1
Greece, women	0	0	0	0
USA, total number of employees	**0**	**5**	**5**	**5**
USA, men	0	1	1	1
USA, women	0	4	4	4

Permanent employees in Sweden[1] Age	2023	2022
<25	301	266
25–29	470	467
30–34	637	624
35–39	605	540
40–44	505	440
45–49	440	474
50–54	557	571
55–59	641	506
60+	297	260

1) Broken down into average values for the year.

Gender breakdown and average age	2023	2022
Percentage of women in LKAB's management team	38	28
Percentage of men in LKAB's management team	62	72
Percentage of women on LKAB's Board of Directors	42	44
Percentage of men on LKAB's Board of Directors	58	56
Percentage of women in LKAB's workforce	27	26
Percentage of men in LKAB's workforce	73	74
Average age, LKAB's management team	55	54
Average age, LKAB's Board of Directors	59	64

Individuals born abroad, according to data from Statistics Sweden	2023	2022
Percentage with a foreign background, total	10	10
Percentage with a foreign background, women	11	10
Percentage with a foreign background, men	10	10
Percentage with a foreign background, <35 years old	11	10
Percentage with a foreign background, 35–54 years old	10	11
Percentage with a foreign background, 55+ years old	10	10
Percentage with a foreign background, white-collar	15	15
Percentage with a foreign background, blue-collar	8	7

Deviation: Individuals born abroad stated only for the whole of the Swedish operations.

Labour practices and decent work	2023
Number of newly recruited permanent employees	349
Percentage of newly recruited permanent employees who are women	37
External recruitments as a percentage of permanent employees at 31 December previous year	7
External departures as a percentage of permanent employees at 31 December previous year	8
Number of permanently employed women who left during the year	111
Number of permanently employed women aged <30 who left during the year in the region Sweden/Norway	32
Number of permanently employed women aged 30–50 who left during the year in the region Sweden/Norway	58
Number of permanently employed women aged 50+ who left during the year in the region Sweden/Norway	21
Number of permanently employed men who left during the year	284
Number of permanently employed men aged <30 who left during the year in the region Sweden/Norway	81
Number of permanently employed men aged 30–50 who left during the year in the region Sweden/Norway	108
Number of permanently employed men aged 50+ who left during the year in the region Sweden/Norway	95

Annual total compensation ratio	2023
Highest paid individual	9,900,825
Median pay	573,046
Pay ratio[2]	17
Change in pay ratio[3]	0.65

2 Expresses relative pay as a ratio between LKAB's highest paid individual and the median pay in the organisation.
3 Refers to change in relative pay as a ratio between the percentage increase in annual compensation for LKAB's highest paid individual and the percentage increase in median compensation in the organisation.

The HR statistics have been taken from current and previous HR systems where values could not be otherwise obtained. The status date is 31 December unless otherwise stated. The average number of employees is based on the actual number of hours worked in relation to each individual's standard working hours and is taken from the payroll system. The foreign companies report data manually and the number per month has been added up before being divided by 12 and rounded up to the nearest whole number.

Comparative figures for employee turnover have been obtained by comparing the outcome with the number of employees on the closing date last year.

Accidents	2023	Comments	Boundaries
Number of accidents leading to absence, employees	54		Group-wide
Number of lost-time accidents, women	14	The gender of the injured person is specified for employees in Sweden and Norway, and is thus not certain for contract workers and other countries.	Group-wide
Number of lost-time accidents, men	40	The gender of the injured person is specified for employees in Sweden and Norway, and is thus not certain for contract workers and other countries.	Group-wide
Number of lost-time accidents, Sweden/Norway	51		Sweden/Norway
Number of lost-time accidents, other countries	3		Other countries
Number of lost-time accidents, contractors	37		Sweden, including LKAB Minerals
Fatalities due to occupational accidents, employees	0		Group-wide
Fatalities due to occupational accidents, contractors	1	In November a tragic fatal accident occurred at a contractor's establishment within LKAB's industrial area in Kiruna.	Group-wide
Accident rate, calculated as number of lost-time accidents per million hours worked	6.3	The 2026 target is maximum 4 accidents per million hours worked. Effective from 2017 contractors' accidents are also included in monitoring.	Group-wide, including contractors
Most common type of injury	Sprains/strains	Among lost-time accidents the category "Tripping or falls on the same level" was the commonest cause. The commonest injury is sprains/strains.	Group-wide
Number of working days lost due to accidents	614		Group-wide, excluding LKAB Minerals

Dialogue with stakeholders

LKAB maintains dialogue with many different stakeholders in order to encourage the cooperation required to run a sustainable business and lead the transformation of our industry.

To ensure long-term social acceptance for our operations and development we need those who live, work and have their livelihoods in our local communities to be kept informed about our operations and development and to be included in our transformation. We conduct dialogue with our stakeholders to identify issues and expectations, and to gain feedback for validating and prioritising the work. We endeavour to minimise our negative impact and maximise the positive. Successful social sustainability efforts involve systematically identifying and managing risks associated with our impact on our stakeholders, but also giving consideration to and actively including them in our decision-making processes.

As an employer it is important to have a continual dialogue with employees, for example by talking to both employees and trade union representatives who represent the employees' interests. Our employees are represented on the Board by union representatives.

We strive to find solutions in consensus with our stakeholders in order to ensure the access to land and the legally certain permitting processes required to create the LKAB of the future. Here the Sami people and Sami communities have a special position because of their status as indigenous peoples.

Cooperation agreements have been drawn up with the Sami communities within whose territories LKAB has operations, with relevant parts of the agreement based on the principle of free, prior and informed consent (FPIC) as expressed in international law on the rights of indigenous peoples. The agreements form a framework for the forums and working methods that are needed for sharing information, decision-making and ongoing consultation. They are built on reciprocity and respect, and aim to put everyone in a better situation to reach agreement and find solutions on different issues. During the year four cooperation meetings were held in accordance with the cooperation agreement with the Sami community in Gällivare, while only one cooperation meeting in accordance with the cooperation agreement was held with the Sami communities affected by the mining activities in Kiruna and Svappavaara.

The Sami communities highlighted shortcomings in compliance with the cooperation agreements entered into between the Sami communities and LKAB in 2013. During the year a dialogue has been conducted with the aim of examining the conditions for continued cooperation in accordance with the agreements. Parallel to this, a research study to evaluate the cooperation agreements was initiated in cooperation with the affected Sami communities. A well-functioning dialogue with the Sami communities is of the utmost importance for LKAB and this work has a high priority.

See the table Our stakeholders on page 138.

Incidents of violations involving rights of indigenous peoples
Questions have been raised as to whether LKAB has disregarded human rights (protection of property) as a result of the substantial number of collisions with reindeer along the Iron Ore Line. An external review is being carried out in cooperation with the Sami communities affected.

Boundary: material both internally and externally.

Governance

Our values "Committed – Innovative – Responsible", our Code of Conduct, Sustainability Policy, our Group guidelines on human rights, Group HR guidelines, Supplier Code of Conduct and Supplier Handbook provide guidance on desired behaviour within and outside of the organisation. In accordance with international guidelines such as the OECD Guidelines on Due Diligence, Agenda 2030, the UN Guiding Principles and the GRI framework for sustainability reporting we maintain a continual dialogue with our stakeholders.

Dialogue with stakeholders
Dialogue with our stakeholders is a key part of our work to contribute to all of the UN Sustainable Development Goals that we are working towards.

Community engagement

LKAB has a major impact on local communities as a significant employer and business actor, and through various initiatives LKAB helps develop attractive communities. The urban transformations being carried out in the operating locations for continued mining operations are having a major impact and are helping to develop new residential areas, business premises, functions and the construction of a new city centre in Kiruna, as well as remodelling and densification of parts of central Gällivare. The urban transformations make great demands of LKAB's ability to cooperate with all property owners and other stakeholders such as municipalities, authorities, businesses and residents. Furthermore, this places particularly high demands on the municipalities concerned, and through various agreements LKAB contributes financial and personnel resources to meet these demands. Communication is very important, as it has been through the years, for taking people's views into consideration and maintaining a respectful, open and transparent dialogue both concerning the day-to-day operations and concerning changes and unforeseen events.

Dialogue and cooperation with property owners and stakeholders take place directly and indirectly, for example via meetings, consultation, information meetings, news forums, partnerships with suppliers, sponsorship, outdoor ventures and educational initiatives.

The Sami people and Sami communities have a special position as a stakeholder group due to their status as indigenous peoples. Cooperation agreements have been drawn up with the Sami communities in whose territories LKAB operates and is planning future mining activities. See also the material topic "Dialogue with stakeholders".

Boundary: material both internally and externally.

Other social impacts of the operations

Control and monitoring of land impacts and deformation limits are regulated by conditions in the environmental permits. Measurements are mainly taken using GPS measurement rods placed around the communities in Kiruna and Gällivare. In the course of the ongoing urban transformation in Kiruna, land and properties have continued to be affected by ground deformation despite not yet being expected to be impacted according to the deformation forecasts. A special working group with various representatives from LKAB is working on the issue, and an extensive programme of test drilling is under way to gain a better understanding of the conditions and causes. Overall around 45 households in central Kiruna have been impacted, resulting in ongoing relocation being brought forward. For those households impacted the effects have resulted in them being able to be relocated and in conjunction with this, depending on the type of housing and agreement, some have been prioritised for vacant apartments and offered relocation expenses in accordance with LKAB's compensation principles. In some cases this has involved LKAB using its own property portfolio to provide extra assistance to those in particular need. An review of documentation and methods is being conducted in order to estimate future deformation from the mining.

Ground vibrations from blasting, seismic activity and atmospheric shock waves are measured continuously by online monitoring equipment at the operating locations of Kiruna, Gällivare, Svappavaara and Masugnsbyn, and through vibration measurement in Narvik. The vibration limit for the operations in Narvik was exceeded in 2023. To reduce the number of vibration incidents that exceed the limits, investigation is in progress into which mechanisms and circumstances generate vibrations. This will result in proposed actions.

Another environmental impact monitored is noise, which is measured annually at a number of measurement points at all the operating locations in accordance with the Swedish Environmental Protection Agency's guidelines for immission measurement of external industrial noise. The noise limit was exceeded in Narvik in 2023. The main sources of noise have been identified and noise-damping measures are planned.

Governance

Activities relating to the utilisation of land and urban transformation are governed by laws and regulations, LKAB's guidelines on land use and a compensation model for property purchases that was published in 2015. The compensation model was evaluated in 2022 and supplemented with offers to purchase newly produced apartments in compensation for homes in housing cooperatives.

LKAB receives views and grievances concerning community- and environment-related issues by post, email or phone. All cases and incidents are investigated, with feedback provided on a continuous basis. Follow-up is carried out primarily by the organisation concerned and responsible – for example, by the environmental department or the department for urban transformation in Kiruna or Gällivare. Depending on the nature of the incidents, they are reported to the supervisory authority and followed up through formal information exchange.

Work on communication and sponsorship is governed by our communication strategy and by the Group guidelines on communication.

11 SUSTAINABLE CITIES AND COMMUNITIES | 17 PARTNERSHIPS FOR THE GOALS

Through our work on the material topic ***Community engagement*** we are contributing to achieving UN Sustainable Development Goals 11 and 17.

62%

of Kiruna residents take a positive view of the urban transformation and 68 percent have great confidence in LKAB's ability to fulfil its responsibility for the urban transformation.

72%

of Gällivare residents take a positive view of the urban transformation and 79 percent have great confidence in LKAB's ability to fulfil its responsibility for the urban transformation.

Results for 2023 for Kiruna, Gällivare, Svappavaara and Narvik

Grievances filed about environmental impacts	
Total number of complaints filed concerning environmental impacts	94
Number of complaints addressed during the period	92
Number of complaints resolved during the period	90
Number of previous complaints resolved during the period	4
Grievances filed about social impacts[1)]	
Total number of claims filed during the period	20
Number of claims addressed during the period	20
Number of claims accepted during the period	0
Number of claims rejected during the period	9
Number of previous claims accepted during the period	2
Number of previous claims rejected during the period	2
Grievances filed about urban transformation	
Total number of complaints filed during the period	4
Number of complaints addressed during the period	4
Number of complaints resolved during the period	4
Grievances filed via whistleblower system SpeakUp[2)]	
Total number of complaints	21
Number of complaints addressed/dealt with during the period	1

1) Claims filed are included in reported environmental grievances.

2) Of the grievances filed via SpeakUp, only one was classified as a whistleblower grievance as defined by law. SpeakUp grievances are reported to the Board's Finance and Audit Committee, which in turn informs the Board. The grievance filed falls within the category of corruption. The other 20 grievances have been addressed and dealt with by the function concerned.

Resettlement, dwellings and residents

Number of households resettled in 2023 (total)	33 (264)

Approach and measures taken to prevent negative consequences of resettlement for those affected
For affected tenants within LKAB's own housing portfolio, LKAB Fastigheter conducts the dialogue. LKAB Fastigheter informs its own tenants with plenty of notice, with the aim of starting the dialogue five years before resettlement has to take place. The resettlements are managed based on the tenants' own preferences, with tenants being resettled in newly constructed housing or within existing housing stock. Existing compensation rules provide for gradual rent increases over a period of eight years, with full rent being paid by the tenant from the ninth year. LKAB works to ensure that private property owners, as well as landlords and municipal housing companies, take the same responsibility for their tenants when it comes to agreed compensation for functionality. Their tenants are also covered by compensation for staged rent increases. In the case of other property owners – those living in co-op apartments and individual family houses – an offer is made in accordance with the compensation rules (monetary compensation or functional replacement). Under the compensation rules, businesses affected are dealt with by special resettlement efforts in which we work closely with the municipal property companies. A continued primary goal for Kiruna is to use the compensation rules to offer new properties and premises that are prepared and adapted for all businesses, so that they can be relocated to Kiruna's new centre in stages and quickly establish themselves and conduct business there. This objective has been achieved well; more residents had moved in, and more businesses had been established by the time the new city centre celebrated its 1st anniversary on 1 September 2023. In Gällivare the relocation has been ongoing for a longer period, meaning significantly fewer businesses have needed to be relocated compared to Kiruna. The businesses affected have been dealt with individually in accordance with the compensation rules. LKAB has agreed compensation for relocation or closure for the majority of the property owners, according to their own preference.

Significant disputes that have arisen in the process and how these were resolved
LKAB has an ongoing dispute with Gällivare Municipality concerning fencing within a phase-out area in east Malmberget. In brief, LKAB has placed fencing on its own land to avoid undesired access to the deformation zone, and the Municipality has objected to this. The parties have not been able to agree on the matter, which will now be decided by the courts. LKAB submitted a request for a planning directive to the government in November 2023.

Urban transformation

The extensive changes in the communities in recent years as a result of the mining in Kiruna and Gällivare have taken place gradually. The majority of residents are affected in some way. We take responsibility for the impact that the mining has by compensating those who have to relocate and making it easier for them. The development of attractive and vibrant operating locations in partnership with the people who live there, the municipalities and local businesses is a key part of our strategy.

The mining and LKAB's investments for the future require long planning horizons and access to the land that is impacted and needed. This access is ensured through valid environmental permits and agreements with municipalities and property owners. Once zoning plans have been changed to indicate industrial land in accordance with agreements and municipal decisions, we can apply for and be given the necessary permits for mining, with land being allocated by Bergsstaten (the Mining Inspectorate of Sweden).

Milestones in Kiruna

In Kiruna the urban transformation, which is in an intensive phase, has continued at an unabated pace throughout the year. To facilitate relocation to the development areas, Kiruna's new city centre is a priority area. Here LKAB continued its work on carrying out various important projects for the construction of new homes, office premises and retail space. The housing project for quarters 7, 8 and 9 was completed and these were handed over to Kirunabostäder AB as compensation. Tenants have moved into the 297 apartments, the additional residents making the city centre more lively. Another major project that was completed was Kiruna's new police station. This was handed over to the property owner during the autumn and occupancy has begun.

The first relocated burger restaurant, Annies Grill, also opened its doors in the city centre during the year. During the year LKAB acquired an additional two housing cooperatives within the impact area with 215 apartments, and now only one housing cooperative remains to be acquired out of the 14 within the impact area of the mine.

On 1 September Kiruna's new city centre celebrated its 1st anniversary with various events that LKAB participated in financing. Around 15 businesses have been relocated to the city centre during the year and about 60 businesses have established themselves there since its opening. The project in quarter 6 also progressed during the year. Here LKAB is constructing a large commercial building containing a hotel for Kiruna Municipality, office premises and a small number of retail spaces. The project portfolio for residential properties accords with current needs, taking into consideration the pace of the phase-out work. However, LKAB still sees a need for a continual and long-term

Continued on next page

Principles of the urban transformation

LKAB aims for development before phase-out, which means that new homes, commercial premises and important social functions are to be completed or under construction before previous built environments are phased out. LKAB and the municipalities agree schedules for the urban transformation. The municipality determines what form the communities will take, while under the Minerals Act it is LKAB that pays for the costs that arise when mining makes the transformation necessary. Property owners are offered an equivalent home or financial compensation equal to the market value plus 25 percent. For industrial and commercial properties LKAB again aims to find constructive solutions together with the property owners based on the same principles. LKAB compensates residential tenants for their removal expenses, offers staged rent increases and has negotiated lower rents with the Swedish Union of Tenants (Hyresgästföreningen) for tenants moving from phase-out areas into new-build replacement housing. The same principles apply in the case of commercial tenants.

Those living in apartments in private housing cooperatives are offered monetary compensation equivalent to the price of an equivalent new-build apartment within a housing cooperative in the area. As of 2022 LKAB has given those living in apartments in one of the housing cooperatives that LKAB is acquiring the option to use their compensation to buy an equivalent new-build apartment within a housing cooperative in the locality. This offer includes living in one of the housing cooperatives that LKAB has yet to acquire within the impact area of the mining and is not being applied retrospectively.

realisation of more residential projects and is working strategically to drive development faster than the phase-out and persuade Kiruna Municipality to work in partnership with LKAB to achieve this objective.

Five projects are progressing according to plan in the Skjutbane area, adding approximately 700 homes, with preparations being made for occupancy to begin during 2024. In Kiruna's city centre LKAB initiated two additional residential projects in 2023 as well as a collaborative project with Riksbyggen, adding more than 250 homes in total. Throughout the year two stages of extensive phase-out work have been conducted in Kiruna's old city centre, largely in the Ortdrivaren district. LKAB worked further on the project to move Kiruna's church, which is in a planning and design phase, and is now carrying out preparatory work to ready the former industrial site where the church is to be located next to the new city centre. One critical activity is to work with the municipality to get the new zoning plan adopted for the church's new location, the required aviation obstacle assessment being an important element. In addition, preparations are being made for construction of the church's relocation route and this will commence in the coming years.

In 2012 LKAB paid for a new railway line to Kiruna as part of its efforts to secure land for continued mining. One outstanding issue concerns a permanent replacement railway station. The Swedish Transport Administration has carried out an investigation and produced a transport plan with a recommended solution, with the station positioned close to Kiruna's new city centre. The directives state that the railway extension to the new station location is to be financed externally, but this funding is currently lacking.

In 2021 LKAB signed an agreement with Region Norrbotten regarding the funding of a feasibility study for a new hospital in Kiruna, as the current hospital needs to be replaced due to the impact of mining activities.

For LKAB the feasibility study is a crucial requirement, but its work is being hampered by the fact that Region Norrbotten has not yet presented any feasibility study. Negotiations with Region Norrbotten are ongoing regarding monetary compensation from LKAB to the Region for the construction of a new equivalent hospital, but the parties are far apart due to Region Norrbotten's unreasonably high demands.

At the end of the year Kiruna Municipality and Region Norrbotten reached agreement on the location of the hospital in Kiruna, an area where a new zoning plan and new land surveys are required – further delaying the time when a new hospital can be completed.

In parallel, there is a process under way to reach agreement on the monetary compensation for the hospital so that construction can begin. Otherwise, there is a significant risk that the existing hospital will have to be decommissioned before a new hospital has been able to be completed and that healthcare will have to be provided in temporary facilities.

Milestones in Malmberget and Gällivare

The urban transformation in Malmberget and Gällivare has been in an intensive phase in recent years. New residential areas have been built and various new municipal buildings have been opened. The future townscape of Gällivare has begun to take shape. In 2016 LKAB signed an agreement with Gällivare regarding compensation for municipal buildings in the area that would be impacted by the mining. This agreement made it possible to build new, modern structures such as the new Kunskapshuset upper secondary school, the new sports arena and the new multi-activity arena now being built in central Gällivare.

In addition to the municipal buildings, at the end of 2023 LKAB had acquired and entered into agreements with property owners for 98 percent of the properties within the phase-out areas in Malmberget. 89 percent of these properties have been vacated and have either been demolished or are in the process of being demolished. In compensation, over these years LKAB has built a total of 1,463 homes in Gällivare and Koskullskulle, consisting of a mix of apartment blocks and individual houses, with LKAB being responsible for 1,177 of these homes. In ongoing projects 315 housing units will be produced, with LKAB responsible for 254 of these. The homes include residential construction within projects such as the new Bryggeribacken district and the development area in west Repisvaara, LKAB's second largest area for replacement single-family homes. The construction project for Gladan, one of northern Sweden's largest building projects, is progressing. Gladan will become an important part of Gällivare's centre and will add 85 apartments of varying sizes, a retail store, a heated parking garage and other business premises, which are scheduled to be ready to move into in 2024/2025. A further three heritage buildings were moved during 2023 from Malmberget to Nuolajärvi in Gällivare. As part of this project 12 buildings containing a total of 40 apartments have been moved. The project encompasses more buildings, with further relocations scheduled for the coming years.

Another milestone is the construction of the replica of Disponentvillan, the mine manager's house in Malmberget, which was completed in Koskullskulle during the year. The building holds significant symbolic value; parts of the old house that could not be moved have been preserved, and the house will be put into use during 2024.

In partnership with LKAB Urban Transformation, during the year Riksbyggen began constructing the housing cooperative BRF Sjöparken in central Gällivare, which will provide an additional 61 apartments. The project is being co-financed by the parties and is scheduled to be ready for occupancy by the turn of the year 2024/2025.

Sustainable value chains

Our social responsibility extends throughout the value chain – within our organisation, to our local communities, to suppliers and customers. We must give consideration to human rights and take responsibility for ensuring that these rights are respected, with a particular focus on our social impact from mining, our suppliers' operations in high-risk countries, and on indigenous peoples in the communities where we operate. Successful social sustainability efforts involve systematically identifying and managing risks associated with impacts on human rights, but also giving consideration to and actively including our stakeholders in the local communities in our decision-making processes.

Corruption is an obstacle to sustainable development. Internationally, the risks within the mining sector are substantial and to protect ourselves we need to have a high level of awareness as well as effective and continually updated anti-corruption efforts. Our business is to be run with great integrity and we must act in a professional, businesslike and impartial manner in our relations with our business partners. Our desire to set an example both in industry and in the community demands systematic and preventive work within anti-corruption and business ethics, which develops our own organisation along with our business partners in the value chain. These efforts are aimed at promoting social factors such as health, safety and labour rights, and preventing the risk of child labour and forced labour. We also work together to manage environmental factors such as biodiversity, emissions to land, water and air, as well as emissions that impact the climate.

LKAB is both a supplier to and a customer of various sectors. Certain geographical regions, goods and segments are associated with greater sustainability risks, particularly as regards corruption, environmental impact, working conditions and human rights. Our aim is to work with business partners that are role models for sustainable enterprise, which also reduces business risk and contributes to cost savings.

We take preventive action to combat corruption and to ensure that human rights are respected in our business, through risk assessments, transparent systems and clear monitoring.

Boundary: material both internally and externally.

Modern slavery

Each year LKAB publishes a statement on modern slavery and human trafficking, describing our actions to ensure that modern slavery and human trafficking do not occur in our operations and value chain. Since the 2022 financial year we have also incorporated the Norwegian legislation into our governing document "LKAB Modern Slavery Act and Transparency Act Statement 2022".

Modern Slavery Act 2015

In accordance with the requirements of section 54 of the UK Modern Slavery Act 2015, which applies to all companies with operations in the UK, we must describe the steps taken to ensure that no form of modern slavery or human trafficking occurs within our operations or our supply chains.

Norway's Transparency Act (LOV-2021-06-18-99)

Åpenhetsloven – Lov om virksomheters åpenhet og arbeid med grunnleggende menneskerettigheter og anstendige arbeidsforhold

In accordance with the requirements applicable to companies with operations in Norway we must describe the steps taken to promote the operations' respect for fundamental human rights and decent labour working conditions in conjunction with the production of goods and provision of services. The description is also to include how we ensure public access to information concerning how LKAB manages negative impacts on fundamental human rights and decent work within our operations and in our supply chains.

Governance

Risks of corruption and irregular practices are assessed as part of the Group's overall risk management. The Group adopted an anti-corruption programme during 2023. Basic anti-corruption training for all employees is ongoing and will continue during 2024.

The Code of Conduct is available in Swedish, Norwegian, English, German, Dutch, Chinese and Turkish to meet the needs of the employees. Training in the Code of Conduct is continuous and takes place through digital training as well as discussions and reviews at workplace meetings. The training also forms part of the induction process for new employees.

Our values "Committed – Innovative – Responsible", our Code of Conduct, Sustainability Policy, Group guidelines on human rights, Group anti-corruption guidelines, the Group purchasing guidelines, Supplier Code of Conduct and Supplier Handbook provide guidance on desired behaviour within and outside of the organisation.

Responsibility for strategic management lies with the Senior Vice President of Environment and Sustainability, while operational responsibility is delegated to the Senior Vice Presidents of the business areas and from there on to the organisation's departments and subsidiaries. Central departments support the efforts and provide an internal control function.

Corruption

Incidents where an employee has used their position for personal gain

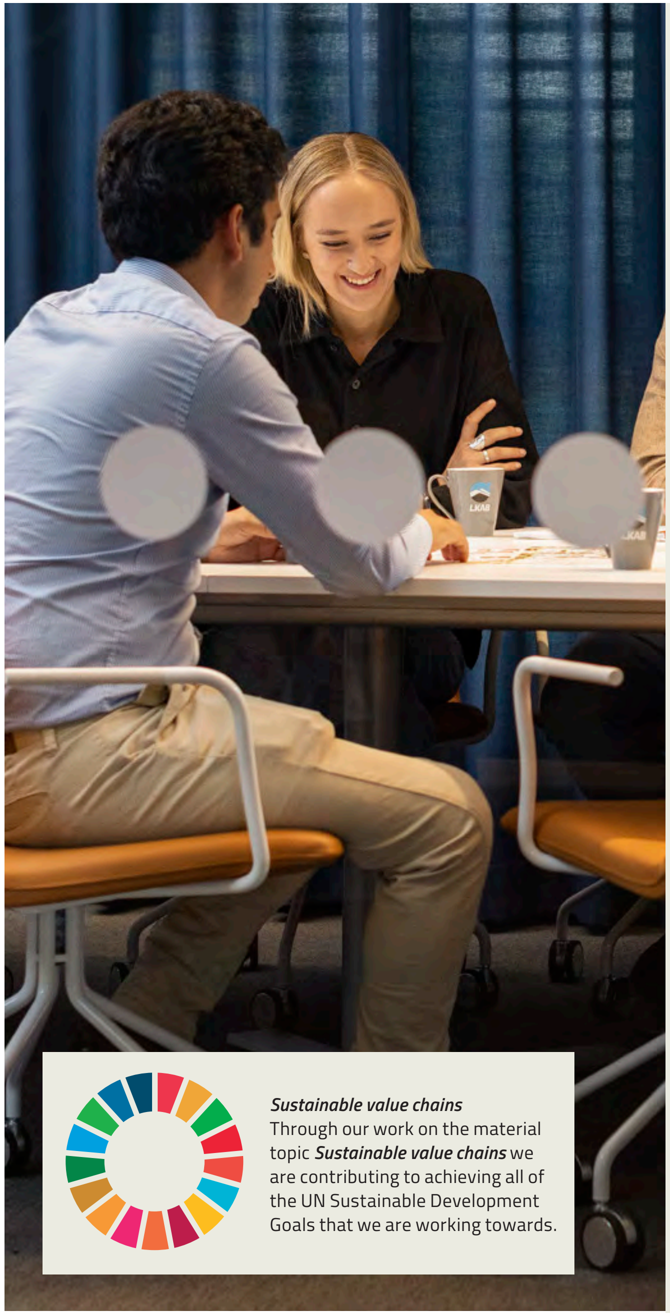
- 2023: 4 incidents (2022: 5 incidents), all of which have been dealt with and closed.

Arbitrary conduct

Incidents with consequences for an employee under labour law because of breach of the contract of employment

- 2023: 0 incidents (2022: 2 incidents)

2023	LKAB Group
Number of suppliers audited in respect of the following impacts:	
308-2 Environmental	38
414-2 Social	38
Number of suppliers identified as having significant actual and potential negative impacts:	
308-2 Environmental	0
414-2 Social	0
Significant actual and potential negative impacts identified:	
308-2 Environmental	–
414-2 Social	–
Percentage of suppliers identified as having impacts with which improvements were agreed upon as a result of assessment, as a percentage in each area:	
308-2 Environmental	0%
414-2 Social	0%
Percentage of suppliers identified as having impacts with which relationships were terminated as a result of assessment. Information for each area:	
308-2 Environmental	0%
414-2 Social	0%



Sustainable value chains
Through our work on the material topic ***Sustainable value chains*** we are contributing to achieving all of the UN Sustainable Development Goals that we are working towards.

Purchases and suppliers

LKAB makes significant purchases that impact the world around us. We must act in a sustainable way to reduce the risks all along the value chain, focusing on the goals in Agenda 2030. Specific priority areas include suppliers' work on human rights, the work environment, the environment and business ethics/anti-corruption.

We have around 5,800 suppliers in various sectors. Of these, around 200 suppliers have been identified as being higher risk. Just over half of purchasing consists of contract work, transport and logistics. A further significant part is made up of purchases of equipment, raw materials and chemicals, as well as various types of services. LKAB's suppliers can be found in 35 different countries; mostly in Sweden and Norway, but also in the rest of Europe, the US and Asia.

To ensure compliance with the LKAB Group's purchasing guidelines, thus ensuring high business ethics as well as competitive, sustainable and efficient purchasing, a number of key activities have been identified within the Iron Ore business area.

Among other things, a review of checkpoints and requirements when bringing in new suppliers is under way. In addition, during the year, a process for assessing risks in existing purchasing categories was conducted, based on risks related to supply and sustainability, and the process was established as an annually recurring activity. In 2023 LKAB developed a supplier onboarding process for supplier qualification, including initial risk assessment and control.

During the year meetings were also held with suppliers, for the purpose of dialogue to ensure a focus on safe and healthy workplaces where employees can develop.

Based on the EU's Green Deal and, among other things, tightened import regulations on steel, the Carbon Border Adjustment Mechanism (CBAM) and the EU's Corporate Sustainability Reporting Directive (CSRD), work is in progress to ensure compliance with current and future legislation in these areas.

Risk-based approach

LKAB's work on sustainable purchasing is based on a risk perspective. Suppliers are classified based on geographic risk, industry/product risk and business-critical risk. Our Supplier Code of Conduct has two parts: basic requirements and enhanced requirements. The basic requirements are those to which we take a zero tolerance approach. These must be met by all suppliers from the first delivery of goods or services. The enhanced requirements specify these basic requirements in more detail. We expect all suppliers to try to fulfil the enhanced requirements within an agreed period and to pass on these requirements along their own value chains.

Under the State Ownership Policy, in its purchasing LKAB must specify labour law requirements that suppliers must meet. These include minimum requirements of wages, working hours and annual leave in accordance with applicable laws and regulations or terms that have been agreed in relevant collective bargaining agreements. The requirements made of the main supplier also apply to any subcontractors that directly contribute to producing the product or service at any stage.

We conduct follow-ups on suppliers' sites where there is deemed to be a higher risk of deviation from the Supplier Code of Conduct. During these site visits LKAB analyses the operations and interviews employees and management. After its visits the supplier is given a report detailing identified points of non-compliance with our requirements and recommended actions that should be prioritised. The suppliers then come back with an action plan, which may result in joint improvement projects.

Strategic partnerships with suppliers

LKAB sees great advantages in developing partnerships with strategically important suppliers. The intention is to identify innovative products and solutions that contribute to increased sustainability, productivity and cost efficiency. Measures such as consolidating the work to fewer suppliers and establishing long-term relationships with ongoing dialogue meetings provide better conditions to develop along with our suppliers in priority areas such as the work environment, safety and quality. In procurement, greater importance is being attached to suppliers having the skills and resources to work on sustainability matters.

Buying office in Asia

LKAB's local buying office in Shanghai, China, helps to lower costs, improve quality and reduce sustainability risk in the value chain. This local presence makes it easier to support suppliers considered to have good potential to develop and improve, for example in the areas of health and safety, employment terms, the environment and business ethics.

Financial strength

Materiality and impact

LKAB's business is capital-intensive and has significant economic impact on our stakeholders such as suppliers, employees, partners and our owner, the Swedish state. Implementing the established strategy in the coming years, which entails LKAB taking the lead in the green transformation of the iron and steel industry, involves high investment levels and extensive capital requirements. Additionally, we have a major impact on the communities where we operate mines, and we therefore have a significant responsibility and financial commitment for remediation and the ongoing urban transformation in Kiruna and Gällivare. A strong financial position is crucial to ensure that we can fulfil our commitments to society, achieve our high ambitions and secure sustainable mining operations for future generations.

Thanks to many years of good profitability and strong cash flows, LKAB has been able to offer secure job opportunities and build up a strong financial position. Significant amounts of dividends and corporate taxes have been paid to the Swedish state over the years, including around SEK 35 billion in dividends in the last five years alone. Our profitability has also enabled investments in internal research and development, infrastructure, the urban transformations and acquisitions of strategic businesses that support our future direction. Another important area is that we allocate resources to make the communities where we operate attractive places to live. We are a proud and active partner to cultural and sports associations, as well as schools and universities. LKAB has also financed a total of 11 projects expected to have a long-term positive impact on the environment through outstanding green bonds totalling SEK 2 billion maturing in March 2025. Read more about our financing and green bonds on page 51.

Our future financial stability depends on our ability to extract our mineral resources profitably and deliver high-quality iron ore and minerals to our customers. Our exploration work is the foundation for this. Good knowledge of the size and quality of reserves, expected product quality, production volume and total extraction costs is essential for making decisions about future mining investments. Another prerequisite is that necessary permits are in place.

Boundary: material both internally and externally.

Governance

LKAB's financial goals, including the dividend policy, are proposed by the Board of Directors and adopted by the general meeting of shareholders. In addition, there are a number of governing policies such as the Finance Policy, which defines how the Group's overall financial risks are identified and managed and also outlines how the financial activities support the approved business plan. The corporate governance report describes how responsibility for financial reporting is distributed and how good internal control is ensured; read more on page 127.

8 DECENT WORK AND ECONOMIC GROWTH
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE
11 SUSTAINABLE CITIES AND COMMUNITIES

Through our work on the material topic ***Financial strength*** we are contributing to achieving UN Sustainable Development Goals 8, 9 and 11.

Economic value distributed (MSEK)	2023
Suppliers excl. sponsorship	18,381
Sponsorship activities	49
Employees	5,379
Urban transformation payments	1,829
Shareholders	7,540
Taxes	2,939
Total value distributed	**38,116**

Distributed to suppliers incl. sponsorship (MSEK)	2023
Materials etc.	3,634
Energy	3,295
Transport	865
Other operating expenses	10,633
Board fees	3
Total distributed to suppliers	**18,430**

Distributed taxes by country (MSEK)	2023
Sweden	2,847
Norway	28
Rest of World	64
Total distributed to tax	**2,939**

Reporting according to the EU Taxonomy Regulation

Since the mining industry is not yet included as a sector in the EU Taxonomy Regulation, only small parts of LKAB's operations within logistics, real estate and recycling of residual products are Taxonomy-eligible. The proportions of the LKAB Group's economic activities that are Taxonomy-eligible and Taxonomy-aligned in 2023 are shown in the tables on the following pages.

Reporting for the 2023 financial year relates to all six environmental objectives in the EU Taxonomy. For the first two environmental objectives, the proportion of both Taxonomy-eligible and Taxonomy-aligned activities is to be reported. For the last four environmental objectives, only eligibility and not alignment are reported. In order for a particular economic activity to be classed as environmentally sustainable by LKAB it must make a substantial contribution to one or more of the Taxonomy-defined environmental objectives, must not significantly harm any of the other objectives and must meet minimum requirements within sustainability.

LKAB's Code of Conduct is based on recognised declarations and conventions such as the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, UNICEF's Children's Rights and Business Principles, and the Code to Prevent Corruption in Business (the Business Code). LKAB has also been a member of the UN Global Compact since 2019 and of Transparency International since 2020. The Global Compact's principles cover areas such as human rights, labour and anti-corruption. By being a signatory to the Global Compact LKAB aims to ensure that impacts in the community and in suppliers' operations in high-risk countries do not have negative social impacts.

LKAB complies with the requirements of the UK Modern Slavery Act, which means that each year we publish a statement stating that no forms of modern slavery, human trafficking, forced or slave labour occur within LKAB's operations or supply chain. For more information about our social sustainability efforts in areas such as human rights, anti-corruption, tax and fair competition, see pages 32 and 142–157.

To assess whether an economic activity does significant harm to any of the Taxonomy-defined environmental objectives an analysis was carried out for each operation against the screening criteria given in Regulation 2021/2139/EU. Risk assessment and scenario analysis were performed at an overall level based on the TCFD framework, and climate scenarios with a time horizon of 10–30 years were obtained from the Swedish Meteorological and Hydrological Institute (SMHI); see pages 52–54.

LKAB is following Svemin's biodiversity roadmap, with the aim that by 2030 the Group will contribute to a biodiversity net gain in the regions where we operate; see pages 145–146.

The analysis of which economic activities are covered by the Taxonomy Regulation was carried out on a company-by-company basis using definitions of sectors, in the first instance via the NACE codes, as described in the technical criteria. The proportion of Taxonomy-defined capital expenditure (CapEx) and operational expenditure (OpEx) has been analysed based on defined accounting standards and the costs defined in the Taxonomy Regulation.

Associated companies are not normally consolidated and therefore are not included in the Taxonomy reporting. LKAB's involvement in the associated companies HYBRIT Development AB and REEtec Holding AS are therefore not included.

When calculating Taxonomy-defined CapEx and OpEx the precautionary principle was applied, and only costs material to the operations were included. The same applies in cases where there are technical restrictions on the data that can be collected. Double-counting has been avoided by ensuring that only external sales and separate cost components were included in the totals for the relevant activities.

Turnover: External net sales according to IFRS 15 Revenue and the portion of other operating income that relates to rental income for properties in accordance with IFRS 16 Leases.

OpEx: Costs of development, maintenance and repair, renovation and other direct costs required to maintain the function of property, plant and equipment. This means that OpEx does not correspond to the LKAB Group's total operating expenses, but rather only – as mentioned above – expenditure associated with the asset's continuation and functioning as intended.

CapEx: Additions to intangible assets and property, plant and equipment before depreciation and amortisation, revaluations including impairment losses, with the exception of changes in fair value. The amounts include assets added through business combinations.

Ongoing investments relating to replacement properties that are to be handed over to property owners upon completion are not included within Taxonomy-defined CapEx.

This year's amounts for CapEx do not include any financing via green bonds.

Nuclear energy and fossil gas related activities

Nuclear energy related activities		
1.	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	NO
2.	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	NO
3.	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	NO
Fossil gas related activities		
4.	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	NO
5.	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	NO
6.	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	NO

Turnover

	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s) (2)	Turnover (3)	Proportion of turnover, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1)/Taxonomy-eligible (A.2) proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Materials recycling of non-hazardous waste	CCM 5.9	1,733	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	Y	Y	3%		
Rail transport, freight	CCM 6.2	2	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	–	Y	0%		T
Acquisition and ownership of buildings	CCM 7.7	73	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		1,808	4%	4%	–	–	–	–	–	–	Y	–	Y	Y	Y	Y	3%		
Of which enabling activities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	Y	–	E	
Of which transitional activities		2	0%	0%						–	Y	–	Y	Y	–	Y	0%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Rail transport, freight	CCM 6.2	0	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	211	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		211	0%	0%	–	–	–	–	–								0%		
A. Turnover of Taxonomy-eligible activities (A.1+A.2)		2,019	5%	5%	–	–	–	–	–								3%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Turnover of Taxonomy-non-eligible activities		41,185	95%																
TOTAL		43,204	100%																

OpEx

	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s) (2)	OpEx (3)	Proportion of OpEx, year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1)/Taxonomy-eligible (A.2) proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Materials recycling of non-hazardous waste	CCM 5.9	56	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	Y	Y	0%		
Rail transport, freight	CCM 6.2	301	4%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	–	Y	4%		T
Acquisition and ownership of buildings	CCM 7.7	2	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	0%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		359	5%	5%	–	–	–	–	–	–	Y	–	Y	Y	Y	Y	5%		
Of which enabling activities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	Y	–	E	
Of which transitional activities		301	4%	4%						–	Y	–	Y	Y	–	Y	4%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Rail transport, freight	CCM 6.2	16	0%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								0%		
Acquisition and ownership of buildings	CCM 7.7	46	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								1%		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		61	1%	1%	–	–	–	–	–								1%		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		420	6%	6%	–	–	–	–	–								6%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		6,795	94%																
TOTAL		7,215	100%																

CapEx

	2023			Substantial contribution criteria						DNSH criteria ('Does Not Significantly Harm')									
Economic activities	Code(s) (2)	CapEx (3)	Proportion of CapEx year N (4)	Climate change mitigation (5)	Climate change adaptation (6)	Water (7)	Pollution (8)	Circular economy (9)	Biodiversity (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	Minimum safeguards (17)	Taxonomy-aligned (A.1)/Taxonomy-eligible (A.2) proportion of turnover, 2022 (18)	Category (enabling activity) (19)	Category (transitional activity) (20)
		Currency	%	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y; N; N/EL	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Materials recycling of non-hazardous waste	CCM 5.9	17	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	Y	Y	0%	–	–
Rail transport, freight	CCM 6.2	71	1%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	Y	Y	–	Y	4%	–	T
Acquisition and ownership of buildings	CCM 7.7	0	0%	Y	N/EL	N/EL	N/EL	N/EL	N/EL	–	Y	–	–	–	–	Y	6%	–	–
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		88	2%	2%	–	–	–	–	–	–	Y	–	Y	Y	Y	Y	10%		
Of which enabling activities		–	–	–	–	–	–	–	–	–	–	–	–	–	–	Y	–	E	
Of which transitional activities		71	1%	1%						–	Y	–	Y	Y	–	Y	4%		T
A.2. Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL	EL;N/EL										
Rail transport, freight	CCM 6.2	232	4%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								4%		
Acquisition and ownership of buildings	CCM 7.7	597	11%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								8%		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		828	15%	15%	–	–	–	–	–								12%		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		917	17%	17%	–	–	–	–	–								22%		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		4,603	83%																
TOTAL		5,520	100%																

GRI Index

Statement of use: LKAB has reported in accordance with the GRI Standards for the period 1 January 2023 to 31 December 2023.
GRI 1 applied: GRI 1: Foundation 2021.
Applicable GRI sector standard: Published in Q1 2024 but was not available during the applicable financial year (2023).

GRI Standard		Disclosure	Location	Comments and omissions
GRI 2: General Disclosures				
GRI 2: General Disclosures 2021		**The organization and its reporting practices**		
	2–1	Organisational details	2–3, 149	
	2–2	Entities included in the organisation's sustainability reporting	72, 133	
	2–3	Reporting period, frequency and contact point	131, 133	
	2–4	Restatements of information	133	
	2–5	External assurance	133, 163	
		Activities and workers		
	2–6	Activities, value chain and other business relationships	10–14	
	2–7	Employees	148–149	No information provided about employees on zero-hours contracts.
	2–8	Workers who are not employees	148	
		Governance		
	2–9	Governance structure and composition	120–126, 128–129	
	2–10	Nomination and selection of the highest governance body	122	
	2–11	Chairman of the Board	128	
	2–12	Role of the highest governance body in overseeing the management of impacts	123, 134	
	2–13	Delegation of responsibility for managing impacts	120.134	
	2–14	Role of the highest governance body in sustainability reporting	122–123, 133	
	2–15	Conflicts of interest	122	
	2–16	Communication of critical concerns	152	
	2–17	Collective knowledge of the highest governance body	123	
	2–18	Evaluation of the performance of the highest governance body	123–124	
	2–19	Remuneration policies	77, 124	
	2–20	Process to determine remuneration	123–124	
	2–21	Annual total compensation ratio	77, 149	
		Strategy and policy		
	2–22	Statement on sustainable development strategy	6–9	
	2–23	Policy commitments	31–32, 121, 134–135	
	2–24	Embedding policy commitments	32, 134, 155	
	2–25	Processes to remediate negative impacts	134, 138–139, 142, 145–146, 151–153	
	2–26	Mechanisms for seeking advice and raising concerns	32, 134, 155	
	2–27	Compliance with laws and regulations	144	
	2–28	Membership associations	134	
	2–29	Stakeholder engagement	138–139, 151	
	2–30	Collective bargaining agreements	148	

GRI Standard		Disclosure	Location	Comments and omissions
GRI 3: Material Topics 2021				
GRI 3: Material Topics 2021	3–1	Process to determine material topics	135–137	
	3–2	Material topics	137, 140–141	
	3–3	Management of material topics	18, 34–35, 121, 134–135	
GRI 200: Economic Disclosures				
Economic performance				
GRI 3: Material Topics 2021	3–3	Management of material topics	18, 51, 121, 157	
GRI 201: Economic Performance 2016	201-1 + MM	Direct economic value generated and distributed	157	
	201–3	Defined benefit plan obligations and other retirement plans	93–96	
Indirect economic impacts				
GRI 3: Material Topics 2021	3–3	Management of material topics	121, 134–135	
GRI 203: Indirect Economic Impacts 2016	203–2	Significant indirect economic impacts	152–154	
Anti-corruption				
GRI 3: Material Topics 2021	3–3	Management of material topics	121, 134–135, 155–156	
GRI 205: Anti-corruption 2016	205–3	Confirmed incidents of corruption and actions taken	152, 155	
GRI 300: Environmental				
Materials				
GRI 3: Material Topics 2021	3–3	Management of material topics	29–30, 121, 134–135, 147	
GRI 301: Materials 2016	301–1	Materials used by weight or volume	144	
Energy				
GRI 3: Material Topics 2021	3–3	Management of material topics	18, 29, 121, 134–135, 142–143	
GRI 302: Energy 2016	302–1	Energy consumption within the organisation	29, 142	No information is provided regarding total fuel consumption within the organisation from renewable sources or regarding electricity, heat, cool and steam consumption and energy sold.
	302–3	Energy intensity	18, 29	
Biodiversity				
GRI 3: Material Topics 2021	3–3	Management of material topics	18, 29–31, 121, 134–135, 145–146	
GRI 304: Biodiversity 2016	304-2 + MM	Significant impacts of activities, products and services on biodiversity	29, 145–146	
	MM2	Sites requiring biodiversity management plan	29, 145–146	

GRI Index cont.

GRI Standard		Disclosure	Location	Comments and omissions
Emissions to air				
GRI 3: Material Topics 2021	3–3	Management of material topics	18, 28–29, 121, 134–135, 142	
GRI 305: Emissions 2016	305–1	Direct (Scope 1) GHG emissions	4, 29, 142	No information is provided regarding source of emission factors and global warming potential.
	305–2	Energy indirect (Scope 2) GHG emissions	4, 29, 142	No information is provided regarding source of emission factors and global warming potential.
	305-7 + MM	Nitrogen oxides (NOx), sulphur oxides (SOx) and other significant air emissions	144	
Effluents and waste				
GRI 3: Material Topics 2021	3–3	Management of material topics	28–30, 121, 134–135, 145–147	
GRI 306: Effluents and Waste 2020	306–3	Significant spills	144	
	MM3	Total amounts of overburden, rock, tailings and sludges	144	
Environmental Compliance				
GRI 3: Material Topics 2021	3–3	Management of material topics	28–30, 121, 134–135, 145–147	
GRI 307: Environmental Compliance 2016	307–1	Non-compliance with environmental laws and regulations	144	
Supplier environmental assessment				
GRI 3: Material Topics 2021	3–3	Management of material topics	121, 134–135, 155–156	
GRI 308: Supplier Environmental Assessment 2016	308–2	Negative environmental impacts in the supply chain and actions taken	155	
GRI 400: Social disclosures				
Employment				
GRI 3: Material Topics 2021	3–3	Management of material topics	25–27, 31–32, 121, 134–135, 148	
GRI 401: Employment 2016	401–1	Employee turnover	95, 149	No information is provided on employee turnover outside our operations in Sweden and Norway.
Labour/management relations				
GRI 3: Material Topics 2021	3–3	Management of material topics	121, 134–135, 148	
GRI 402: Labour/Management Relations 2016	402–1	Minimum notice periods regarding operational changes	148	
Occupational health and safety				
GRI 3: Material Topics 2021	3–3	Management of material topics	18, 32–33, 121, 134–135, 148	
GRI 403: Occupational Health and Safety 2018 + MM	403-2 + MM	Types of injury and rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities	31–33, 148,150	

GRI Standard		Disclosure	Location	Comments and omissions
Diversity and equal opportunity				
GRI 3: Material Topics 2021	3–3	Management of material topics	18, 27, 121–122, 134–135, 148	
GRI 405: Diversity and Equal Opportunity 2016	405–1	Diversity of governance bodies and employees	33, 128–130, 148–149	Reporting according to the age categories: under 30 years, 30–50 years and over 50 years, for employees and board members, is not provided.
Non-discrimination				
GRI 3: Material Topics 2021	3–3	Management of material topics	27, 121, 134–135, 148	
GRI 406: Non-discrimination 2016	406–1	Incidents of discrimination and corrective actions taken	148	
Rights of indigenous peoples				
GRI 3: Material Topics 2021	3–3	Management of material topics	31–32, 121, 134–135, 151	
GRI 411: Rights of Indigenous Peoples 2016 + MM 5	411–1	Incidents of violations involving rights of indigenous peoples	151	
	MM5	Operations in or adjacent to indigenous peoples' territories, and agreements with indigenous peoples	32, 151–152	
Human rights assessment				
GRI 3: Material Topics 2021	3–3	Management of material topics	31–32, 121, 134–135, 151, 155–156	
GRI 412: Human Rights 2016	412–1	Operations that have been subject to human rights reviews or impact assessments	151, 155–156	
Supplier social assessment				
GRI 3: Material Topics 2021	3–3	Management of material topics	121, 134–135, 155–156	
GRI 414: Supplier Social Assessment 2016	414–2	Negative social impacts in the supply chain and actions taken	155	
Local communities				
GRI 3: Material Topics 2021	3–3	Management of material topics	120–121, 134–135, 152–153	
GRI 413: Local Communities 2016	413–2	Operations with significant actual and potential negative impacts on local communities	152	
Resettlement				
GRI 3: Material Topics 2021	3–3	Management of material topics	120–121, 134–135, 152–153	
MM9	MM9	Households affected by resettlement, and effect on their livelihoods	153–154	
Closure plan				
GRI 3: Material Topics 2021	3–3	Management of material topics	121, 134–135, 145	
MM10	MM10	Operations with closure plans	146	
Emergency preparedness				
GRI 3: Material Topics 2021	3–3	Management of material topics	121, 134–135, 148	

Auditor's Limited Assurance Report on the Sustainability Report

To Luossavaara-Kiirunavaara AB,
org. number 556001-5835

Introduction
We have been engaged by the Board of Directors of Luossavaara-Kiirunavaara AB ("LKAB") to undertake a limited assurance engagement of LKAB's Sustainability Report for the year 2023. The company has defined the scope of the Sustainability Report in conjunction with the table of contents on the inside cover.

Responsibilities of the Board of Directors and the Chief Executive Officer for the Sustainability Report
The Board of Directors and the Chief Executive Officer are responsible for the preparation of the Sustainability Report in accordance with the applicable criteria, which are explained on page 133 of the Sustainability Report and are the parts of the Sustainability Reporting Guidelines (published by The Global Reporting Initiative) which are applicable to the Sustainability Report, as well as the accounting and calculation principles that the Company has developed. This responsibility also includes such internal control as is relevant to the preparation of a Sustainability Report that is free from material misstatements, whether due to fraud or error.

Responsibilities of the Auditor
Our responsibility is to express a conclusion on the Sustainability Report based on the limited assurance procedures we have performed. Our engagement is limited to the historical information reported and thus does not include forward-looking information.

We conducted our limited assurance engagement in accordance with ISAE 3000 Assurance engagements other than audits or reviews of financial information (revised). A limited assurance engagement consists of making inquiries, primarily of persons responsible for the preparation of the Sustainability Report, and applying analytical and other review procedures. The procedures performed in a limited assurance engagement vary in nature from, and are less in extent than for, a reasonable assurance engagement conducted in accordance with IAASB's Standards on Auditing and other generally accepted auditing standards in Sweden.

The firm applies ISQM 1 (International Standard on Quality Management) and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. We are independent of LKAB in accordance with generally accepted auditing standards in Sweden and have otherwise fulfilled our ethical responsibilities under these requirements.

Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance conclusion.

Our procedures are based on the criteria defined by the Board of Directors and the Chief Executive Officer as described above. We consider these criteria suitable for the preparation of the Sustainability Report.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion below.

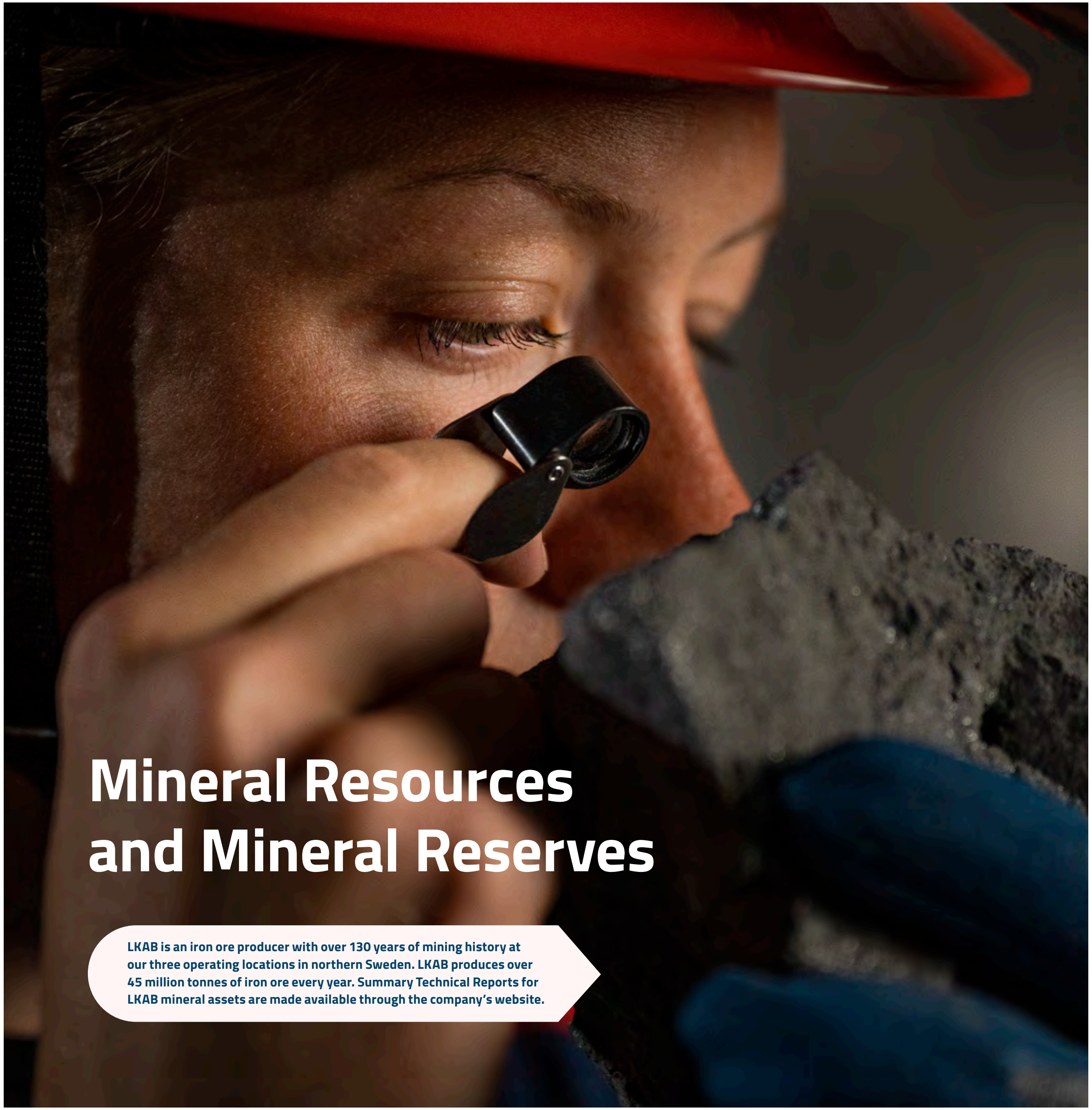
Conclusion
Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report, is not prepared, in all material respects, in accordance with the criteria defined by the Board of Directors and the Chief Executive Officer.

Stockholm, 27 March 2024

KPMG AB

Helena Arvidsson Älgne	Torbjörn Westman
Authorized Public Accountant	Expert Member of FAR

Other



Mineral Resources and Mineral Reserves

LKAB is an iron ore producer with over 130 years of mining history at our three operating locations in northern Sweden. LKAB produces over 45 million tonnes of iron ore every year. Summary Technical Reports for LKAB mineral assets are made available through the company's website.

Development 2023

This year's update of the Mineral Resources and Mineral Reserves continues to show good results from the ongoing exploration activities and technical studies. LKAB continually updates the geological interpretations for each asset and maintains international best practise during the exploration activities, for geological data collection and Resource and Reserve modelling.

Mineral Resources and Mineral Reserves

Mineral Resources and Mineral Reserves are the basis of a mining company's operations and require successful and continuous exploration and application of mining processes. Mining costs and the ore price are important factors that affect the level of Mineral Resources and Mineral Reserves being reported. The exploration initiatives over the past year in addition to the updated geological models have resulted in a further increase of about 43 percent to the Mineral Resources (Exclusive of Reserves). Total Mineral Resources now equate to 4.6 billion tonnes, Exclusive of Reserves. Total Mineral Reserves tonnage is around the same as last year.

Alongside the growth in iron and phosphorus resources, LKAB continues to report increased rare earth element resources in the Malmberg deposits in Gällivare and the deposits in Kiruna, which include Per Geijer.

Intensive exploration and technical studies

LKAB has continued its intensive approach to exploration over the last 12 months with drilling at all deposits targeting extensions to the mineralisation and to areas where an improved geological understanding is required.

Highlights of the 2023 activities include the implementation of revised geological models, a process which has been completed by LKAB over the last 2-years and all deposits have now been updated. Significant changes include a lowering of the modelling cut-off grade used to create the mineralisation domains and robust control of the geological understanding and complex grade distribution. Detailed structural and litho-geochemical studies have also been completed that improve the models. The impact of the drilling and the new models completed during 2023 has been significant increases in tonnages across most deposits.

To account for the global increase in tonnes and the corresponding decrease in grade that results from the lowered modelling cut-off grade, LKAB has completed Mineral Resource optimisation studies for all deposits. The optimisation process uses LKAB's mining costs and optimistic long-term price assumptions to determine those parts of the deposit that have Reasonable Prospects for Eventual Economic Extraction (RPEEE) and only those parts of the Resources that demonstrate a positive revenue are reported as part of the final Mineral Resource Statements. The optimisation process is a standard technique for reporting Mineral Resources within the Mining Industry and continues to demonstrate LKAB's commitment to best practise.

The combined exploration and modelling / RPEEE activities have resulted in a 49 percent increase in reported Resource tonnes at Malmberget, a 63 percent increase in reported Resource tonnes at the Per Geijer deposit and a 108 percent increase in reported Resource tonnes at Gruvberget.

The Per Geijer deposit is now estimated to contain some 1.7 million tonnes of in-situ rare earth oxides at an Inferred confidence level.

During 2024, LKAB will continue to drill and to develop the modelling and resource estimation processes to ensure maximum value from the exploration activities. Technical studies will also continue, including the optimisation of mining techniques to deliver safe extraction of iron ore at greater depths, permit applications at Per Geijer, and pilot studies to support fossil-free iron production at Malmberget.

Definitions

About The Classification
Mineral Resources and Mineral Reserves are estimated separately and are divided into different categories. LKAB's Mineral Resources are reported exclusive of mineral reserves. Mineral Reserves are those portions of Mineral Resources which, after the application of the modifying factors, result in an estimated tonnage and grade or quality, that in the opinion of the Competent Person making the estimates can be the basis of a viable project. When Mineral Resources are converted to Mineral Reserves, those quantities are subtracted from the Mineral Resources. The Mineral Resource statement presented here has been classified following the definitions and guidelines of The PERC Reporting Standard (2021) from which the following definitions have been taken.

Inferred Mineral Resource
An Inferred Mineral Resource is that part of a Mineral Resource for which quantity and grade or quality are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade or quality continuity. An Inferred resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to a Mineral Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Indicated Mineral Resource
An Indicated Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of modifying factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing and is sufficient to assume geological and grade or quality continuity between points of observation. An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Mineral Reserve.

Measured Mineral Resource
A Measured Mineral Resource is that part of a Mineral Resource for which quantity, grade or quality, densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of modifying factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing and is sufficient to confirm geological and grade or quality continuity between points of observation. A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Mineral Reserve or to a Probable Mineral Reserve.

Probable Mineral Reserve
A Probable Mineral Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. The confidence in the modifying factors applying to a Probable Mineral Reserve is lower than that applying to a Proved Mineral Reserve.

Proved Mineral Reserve
A Proved Mineral Reserve is the economically mineable part of a Measured Mineral Resource. A Proved Mineral Reserve implies a high degree of confidence in the modifying factors.

Environmental, Social and Governance (ESG) Considerations
LKAB strive to maintain very high ESG standards and throughout the 2023 reporting period have commenced aligning group ESG policies to the PERC reporting code. This allows the reporting of our Mineral Resources and Mineral Reserves to be in a transparent manner with an evaluation of ESG context and factors to ensure extraction can be reasonably justified at the time of reporting. Work continues to deliver urban transformation as part of the current mine plan, together with obtaining and maintaining environmental permits from regulatory bodies and a social licence to operate from host communities and neighbours who may potentially be affected by future operations. The company's participation in the collaborative project for fossil-free iron and steel production is a key goal for achieving sustainability in future operations.

Iron Mineral Resources and Mineral Reserves in 2023

Kiruna

Measured and Indicated Mineral Resources have increased overall due to an update of the geological model and to drilling completed. In total, the Kiruna Mineral Resources increased to 816 million tonnes, an increase of 3 percent from 2022.

Mineral Reserves have decreased by 32 million tonnes to 725 million tonnes at 41.9 percent Fe resulting from depletion due to mining and also from updated life of mine planning. Almost all the decrease was from Proven Reserves with Probable Reserves largely unchanged.

Malmberget

Successful exploration of down-dip extensions of the Fabian and Western Field deposits in addition to the updated geological models has resulted in significant additions to the Mineral Resources reported this year. In total, the Malmberget Mineral Resources increased to about 1.8 billion tonnes, an increase of 49 percent from 2022.

Additional Mineral Resources have enabled an increase of Proven and Probable Reserves by a total of 50 million tonnes. Depletion from mining resulted in an overall increase in Mineral Reserves of 32 million tonnes to 317 million tonnes at 40.6 percent Fe.

Svappavaara

Leveäniemi

Mineral Resources decreased at Leveäniemi from 137 million tonnes to 120 million tonnes, in-line with mining depletion for the period. Limited exploration drilling combined with minor changes to the geological model have resulted in only minor changes to the Mineral Resource.

Mineral Reserves decreased for the year by 6 million tonnes to 91 million tonnes at 45.7 percent Fe largely due depletion from mining. A small increase in Mineral Reserves arose from optimisation of the mine plan.

Gruvberget

Successful exploration extended the mineralisation down-dip and along strike on the southern half of the deposit as well as infilling areas of previously unclassified material. This, combined with updates to the geological model have resulted in an increase in all categories of Mineral Resources. In total, the Gruvberget Mineral Resources increased to 836 million tonnes, an increase of 108 percent from 2022.

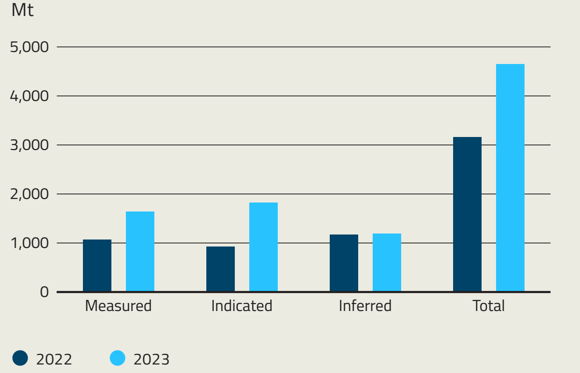
Mertainen

No drilling or updates to the geological model were completed in 2023.

Per Geijer

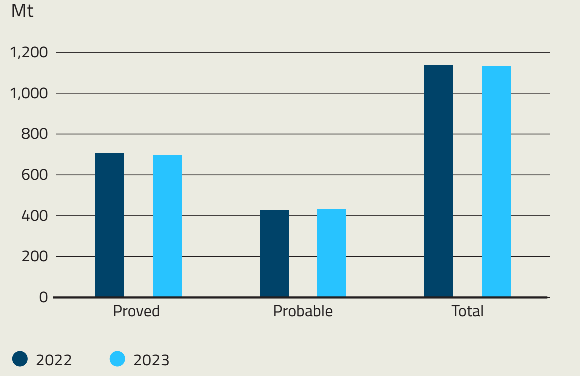
Ongoing exploration at Per Geijer resulted in extensions to the current mineralisation, which remains open in all directions.
In total, the Per Geijer Mineral Resources increased to 956 million tonnes, an increase of 63 percent from 2022. Indicated Mineral Resources increased by 249 million tonnes and Inferred Mineral Resources increased by 121 million tonnes.

Iron Mineral Resources as at 31 December 2023[1)]



1) Does not include "Must Take" material.

Iron Mineral Reserves as at 31 December 2023



Iron Mineral Resources (Mineral Reserves excluded)

as at 31 December 2023 (including sorting plants)

	Quantity, Mt		Percent, Fe	
	2023	2022	2023	2022
Kiruna magnetite[1)]				
Measured	460	403	62.5	63.6
Indicated	304	244	57.2	60.5
Inferred	52	147	50.1	54.4
Total	**816**	**795**	**59.7**	**60.7**
Kiruna				
Must Take	0.5	5	38.9	12.4
Malmberget magnetite				
Measured	751	439	51.1	57.9
Indicated	629	214	50.7	57.8
Inferred	278	374	43.7	54.5
Total	**1,658**	**1,027**	**49.7**	**56.6**
Malmberget mixed				
Measured	35	6	43.6	57.7
Indicated	18	18	46.7	51.7
Inferred	49	31	44.9	44.3
Total	**103**	**55**	**44.8**	**48.2**
Malmberget hematite				
Measured	7	5	51.1	61.2
Indicated	5	6	55.7	54.9
Inferred	2	0,4	52.0	52.7
Total	**14**	**12**	**52.9**	**57.6**
Malmberget				
Must Take	5	102	7.8	23.9
Leveäniemi magnetite				
Measured	89	81	44.6	44
Indicated	27	44	42.1	44.6
Inferred	2	10	27.9	31.5
Total	**118**	**135**	**43.8**	**43.2**

	Quantity, Mt		Percent, Fe	
	2023	2022	2023	2022
Leveäniemi mixed				
Measured	2	1	60.1	62.4
Indicated	1	1	53.2	60.2
Inferred		0,01		59
Total	**3**	**2**	**58.7**	**61.5**
Leveäniemi hematite				
Measured	–	–	–	–
Indicated	–	–	–	–
Inferred	–	–	–	–
Total	**–**	**–**	**–**	**–**
Leveäniemi				
Must Take	–	–	–	–

Iron Mineral Resources (projects with no Mineral Reserves)

per 31 december 2023

	Quantity, Mt		Percent, Fe	
	2023	2022	2023	2022
Gruvberget magnetite				
Measured	165	53	45.9	52.9
Indicated	140	86	50.3	42.2
Inferred	105	125	50.7	54.6
Total	**410**	**264**	**48.6**	**50.2**
Gruvberget mixed				
Measured	39	9	47.9	54.1
Indicated	64	16	54.2	50.1
Inferred	72	24	57.1	55.4
Total	**175**	**49**	**54.0**	**53.4**
Gruvberget hematite				
Measured	42	18	51.3	52.8
Indicated	128	34	58.8	54.7
Inferred	78	34	57.9	57.6
Total	**248**	**86**	**57.2**	**55.5**
Gruvberget				
Must Take	3	3	8.9	9.9
Mertainen magnetite				
Measured	47	47	36.0	36.0
Indicated	58	58	34.4	34.4
Inferred	44	44	32.6	32.6
Total	**149**	**149**	**34.4**	**34.4**
Mertainen				
Must Take	–	–	–	–
Per Geijer magnetite				
Measured	–	–	–	–
Indicated	323	136	49.4	52.6
Inferred	292	227	45.9	50.8
Total	**615**	**363**	**47.7**	**51.5**
Per Geijer mixed				
Measured	–	–	–	–
Indicated	75	42	40.5	47.4
Inferred	95	109	37.7	45.6
Total	**171**	**151**	**38.9**	**46.1**
Per Geijer hematite				
Measured	–	–	–	–
Indicated	52	23	49.4	54.6
Inferred	118	48	46.1	55.3
Total	**169**	**71**	**47.1**	**55.0**
Per Geijer				
Must Take	1,2	0,6	8.6	9.2

1) Including Konsuln.

Iron Mineral Reserves

as at 31 December 2023 (including sorting plants)

	Quantity, Mt		Percent, Fe	
	2023	2022	2023	2022
Kiruna				
Proved	333	365	42.4	42.4
Probable	393	392	41.4	41.4
Total	**725**	**757**	**41.9**	**41.9**
Malmberget magnetite				
Proved	276	247	40.6	40.3
Probable	30	25	38.3	37.8
Total	**306**	**272**	**40.4**	**40.1**
Malmberget hematite				
Proved	7	7	47.0	46.8
Probable	4	5	46.0	46.3
Total	**11**	**12**	**46.6**	**46.6**
Leveäniemi				
Proved	83	89	47.4	47.1
Probable	8	8	27.4	27.2
Total	**91**	**97**	**45.7**	**45.4**

UK operations

Operations are located at Dimmock Cote Quarry and Bracken Quarry in the UK and for the third time, LKAB is reporting Mineral Resources and Mineral Reserves from its UK operations under the PERC Standard.

Limestone Mineral Resources (Mineral Reserves excluded)

as at 31 December 2023

Bracken Quarry, Lund, UK	**Limestone**	
	2023	**2022**
	Kt	Kt
Measured	0	0
Indicated	0	0
Inferred	789	789
Total	**789**	**789**

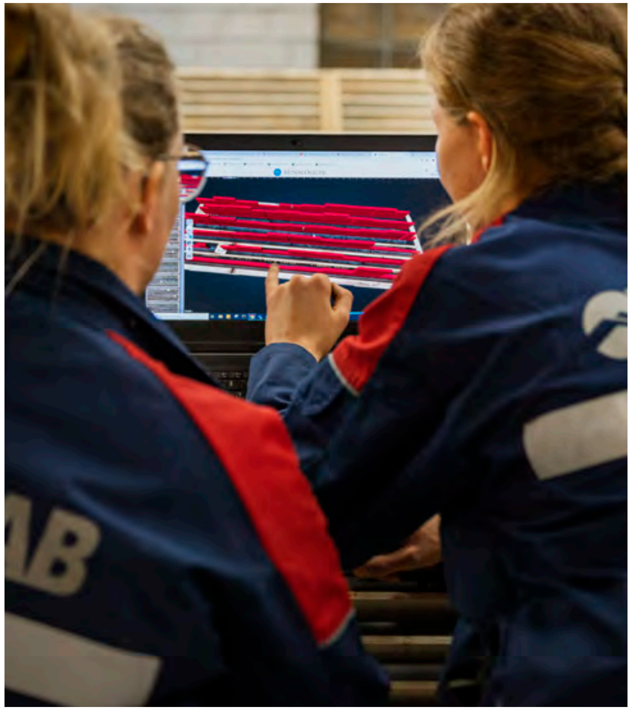
Limestone Mineral Reserves

as at 31 December 2023

Dimmocks Cote Quarry, Wicken Cambridgeshire, UK	**Limestone**			
	2023	**2022**	**2023**	**2022**
	Kt[1]	Kt[1]	Kt[1]	Kt[2]
Proved	–	–	–	–
Probable	630	647	471	471
Total	**630**	**647**	**471**	**471**

1) Included in planning permission.
2) Not included in planning permission.

Phosphorous and rare earth element Mineral Resources in 2023



LKAB plan to create a sustainable business from LKAB mine tailings and offer Phosphoric Acid, Phosphate-fertilizer products and by-products containing rare earth elements (REE) and gypsum. The initiative is part of an ongoing LKAB study for extracting critical minerals from the by-products of the mining and processing of iron ore.

LKAB's mine tailings are a by-product of iron ore mining; they are essentially a secondary raw material from which an apatite mineral concentrate rich in phosphorus (P) can be recovered. The iron ore has demonstrated RPEEE as required by international Mineral Resource reporting codes. This equally demonstrates the continued production of apatite tailings in which rare earth oxides (REO) are also found.

The project is planned to be implemented through a flotation process of fresh tailings to produce an apatite concentrate. This will be followed by additional hydro-chemical processes to produce Phosphorous products, MREO (Mixed rare earth oxides) concentrate and gypsum. These by-products are under detailed technical evaluation as a revenue generator from the existing tailings stream currently produced. Key drivers in this initiative are sustainability, resource efficiency, circularity, and the drive to fossil fuel-free manufacturing methods.

Current studies are focussed on the Kiruna and Malmberget future tailings although the Svappavaara and Per Geijer future tailings will also be considered as potential apatite sources during further studies. Recent metallurgical testwork has been completed on the Per Geijer project with similar properties being observed when compared to the Kiruna and Malmberget operations.

As part of the project and to accelerate future technical studies, the P and REO have been estimated into the Mineral Resource models.

To date, estimation of phosphorous within the Resource models follows the same strategy and uses the same data quantity as the iron estimate. As such, the classification of the phosphorous Resources is aligned with the iron classification. No Mineral Reserves are currently being reported for phosphorous or contained apatite.

Rare earth data collection commenced as part of the standard assay suite in 2017 and as such, rare earth data have a more limited spatial extent throughout the Kiruna and Malmberget deposits. Per Geijer, being based on recent drill data only, has an equal count of Fe, P and REE analyses. However, the limited data at Kiruna and Malmberget and the early-stage metallurgical test work being undertaken, has restricted the classification of the rare earth elements to the Inferred Mineral Resource category.

Following further exploration at Per Geijer and updates to the geological model, the Per Geijer deposit is now estimated to contain some 1.7 million tonnes of in-situ rare earth oxides as an Inferred Mineral Resource.

Phosphorous Mineral Resources (inclusive of Reserves)

as at 31 December 2023

	Quantity, Mt		Percent, P	
	2023	2022	2023	2022
Kiruna[1]				
Measured	1,060	983	0.32	0.35
Indicated	310	287	0.42	0.26
Inferred	52	147	0.76	0.39
Must Take	7	19	0.08	0.18
Total	**1,429**	**1,437**	**0.36**	**0.33**
Malmberget				
Measured	1,044	707	0.58	0.61
Indicated	654	292	0.52	0.43
Inferred	329	406	0.72	0.61
Must Take	7	165	0.27	0.5
Total	**2,033**	**1,570**	**0.58**	**0.57**
Svappavaara				
Measured	478	301	0.53	0.45
Indicated	423	245	0.62	0.45
Inferred	301	236	0.61	0.51
Must Take	3	3	0.20	0.15
Total	**1,204**	**785**	**0.58**	**0.47**
Per Geijer				
Measured	–	–	–	–
Indicated	450	201	2.63	2.74
Inferred	505	384	2.05	2.24
Must Take	1	1	0.56	0.79
Total	**956**	**585**	**2.32**	**2.41**

REE Mineral Resources (inclusive of Reserves)

as at 31 December 2023

	Quantity, Mt		Percent, TREO[2]	
	2023	2022	2023	2022
Kiruna[1]				
Measured	–	–	–	–
Indicated	–	–	–	–
Inferred	1,421	1,418	0.018	0.017
Must Take	7	19	0.004	0.009
Total	**1,429**	**1,437**	**0.018**	**0.017**
Malmberget				
Measured	–	–	–	–
Indicated	–	–	–	–
Inferred	2,026	1,405	0.022	0.022
Must Take	7	165	0.01	0.02
Total	**2,033**	**1,570**	**0.022**	**0.022**
Per Geijer				
Measured	–	–	–	–
Indicated	–	–	–	–
Inferred	955	585	0.182	0.182
Must Take	1	1	0.028	0.091
Total	**956**	**586**	**0.182**	**0.182**

1) Including Konsuln.
2) Content in percent of all rare earth elements in oxide form.

Basis for estimates

LKAB reports its Mineral Resources and Mineral Reserves in accordance with the PERC Reporting Standard (2021). Estimation of Mineral Resources and Mineral Reserves requires judgment to interpret available geological data and subsequently to select an appropriate mining method and then to establish an extraction schedule. The estimation process requires assumptions about future commodity prices and demand, exchange rates, production costs, transport costs, close-down and restoration costs, recovery rates and discount rates and, in some instances, the renewal of mining licenses. There are many uncertainties in the estimation process and assumptions that are valid at the time of estimation may change significantly when new information becomes available. New geological or economic data, or unforeseen operational issues may change the estimates of Mineral Resources and Mineral Reserves. Estimates are made based on the following underlying factors:

Metal prices

Mineral Resources and Mineral Reserves provide a basis for the company's long-term planning. Mineral Resource estimates are reported within an optimised open pit and / or underground optimised mineable stopes at all projects. Additionally, Fe cut-off grades are applied to all material below the current Reserve base elevation at Kiruna and Malmberget, calculated after the optimisation study and assuming increased overall operating costs. For those projects where Reserves are not currently declared, an elevation of approximately 1.1 km below topography has been selected as the base below which to apply the calculated cut-off grade at increased operating costs. At Mertainen, a 20% Fe cut-off has also been applied due to modelled low-grade material located within the Mertainen optimised open pit. This approach is considered by the Competent Person to represent 'reasonable prospects for eventual economic extraction'. Mineral Reserve estimates are reported considering a long-term price of 70 USD/tonne of iron ore (62% Fe) over the coming business cycle.

Dilution

Dilution is referred to as the waste material that is being mined along with the ore during mining operations. This material varies in percentage, depending on various mining and geological factors. LKAB systematically monitors the quantity of waste rock mixed with mined ore and this data is included in all estimates of Mineral Reserves.

Recovery

Depending on the mining method employed, orebody geometry and other technical and geological factors, some percentage of the ore cannot be recovered. The percentage of recoverable mineable Mineral Reserves is defined as ore recovery. This factor has been taken into consideration in the estimates of Mineral Reserves.

Risks and uncertainties

Not achieving environmental permits remains a future threat to mining at LKAB. Seismic behaviour of rock, associated with mining at deeper levels, can disrupt mining operations by restricting production rates and Mineral Reserves as experienced at the Kiruna mine in 2020. Future challenges associated with mining at depth also pose a risk to the declaration of the company's Mineral Resources. LKAB's participation in the collaborative project for fossil-free iron and steel production creates opportunities to access new emerging markets for fossil-free iron and to introduce new sustainable production practices. Technical studies undertaken have shown the reasonable prospect for eventual economic extraction of phosphate and rare earth oxides as by-products of iron ore tailings. This ongoing testwork is at an early stage of development and the final process route to eventual product(s) has not as yet been confirmed. Future additional Mineral Reserves depend on the outcome of technical studies currently underway to assess the potential for mining below existing Mineral Reserves at Kiruna, Malmberget and Leveäniemi as well as at Per Geijer and Gruvberget.

Standards, codes and recommendations

The Mineral Resource and Mineral Reserve estimates have an effective date of 31 December 2023 and have been classified and reported in accordance with the PERC Reporting Standard 2021.

Competent Persons

The Mineral Resource estimates were prepared under the supervision of Howard Baker FAusIMM(CP), Managing Director and Resource Geologist, Baker Geological Services Ltd (BGS) who is a "Competent Person" as defined in the PERC Reporting Standard 2021. Mr Baker has reviewed and approved the scientific and technical information in this report and has confirmed that: "At the effective date of the Public Report, to the best of my knowledge, information and belief, the Public Report contains all scientific and technical information required to be disclosed in order to make the Public Report not misleading".

The Mineral Reserves estimates were prepared under the supervision of Tim McGurk CEng FIMMM QMR, Corporate Consultant (Mining Engineering) with SRK Consulting (UK) Ltd who is a "Competent Person" as defined in the PERC Reporting Standard 2021. Mr McGurk has reviewed and approved the scientific and technical information in this news release and has confirmed that: "At the effective date of the Public Report, to the best of my knowledge, information and belief, the Public Report contains all scientific and technical information required to be disclosed in order to make the Public Report not misleading".

The above text was compiled by Mr Howard Baker and Mr Tim McGurk. The Mineral Resource and Mineral Reserve statements in this report have been reviewed and approved by Howard Baker (BGS), Guy Dishaw, Principal Consultant and Tim McGurk, Corporate Consultant of SRK Consulting (UK) Limited.

March 2024

Tim McGurk B.Eng, C.Eng, FIMMM
Competent Person

Howard Baker, FAusIMM(CP).
Competent Person

Guy Dishaw, P.Geo.
Competent Person

Pan-European Reserves & Resources Reporting Committee (PERC) Reporting Standard

LKAB compiles its Mineral Resources and Mineral Reserves annually. LKAB's reporting method follows the PERC Reporting Standard 2021 aimed at a balanced assessment of the value of LKAB's mines and deposits. The 2021 edition of the PERC Reporting Standard is aligned with the November 2019 version of the CRIRSCO International Reporting Template (Committee for Mineral Reserves International Reporting Standards). This report covers the reporting period from 1 January 2023 to 31 December 2023.

Terminology and definitions

General glossary

Barren rock: rock that is not ore; synonymous with waste rock.

Blast furnace pellets: iron ore pellets that are reduced to crude iron in a steelworks blast furnace.

Concentrating: beneficiation of finely ground ore by separation into a concentrate of iron ore powder with very high purity, known as slurry.

Corruption: incidents where an employee uses their position in the company for personal gain.

Crude iron: molten iron from a blast furnace that is subsequently refined in a steelworks.

Crude ore: see crushed ore.

Crushed ore: designates iron ore from the mines before it has been upgraded.

Direct Reduced Iron (DRI): input material for steel production in electric arc furnaces; also known as sponge iron.

Direct reduction (DR) pellets: DR pellets are iron ore pellets designed for using natural gas to reduce the oxygen in the iron ore to produce DRI, which is used to produce steel in an electric arc furnace.

Exploration: systematic searching for natural raw materials such as minerals and rocks. Exploration may take the form of geophysical surveys, geochemical investigation or geological surveys.

Fossil-free steel: steel produced using reducing agents and energy from fossil-free sources.

Fossil-free steel production: steel produced from renewable energy sources and iron ore reduced to crude iron using fossil-free reducing agents, such as hydrogen.

GRI (Global Reporting Initiative): international standard for sustainability reporting.

Ground deformation: the mining gives rise to ground deformation – in other words, ground movements.

Hematite: mineral, iron ore (Fe_2O_3), named from the Greek for "blood stone". Has no magnetic properties.

Huntite: mineral with various uses, including as a halogen-free flame-retardant additive in plastics and cables.

Industrial minerals: collective term for rocks, minerals or other naturally occurring materials that are of economic value, excluding metals, energy minerals and gemstones.

Iron ore: ore with a high content of the element iron. A mineralisation is described as ore if it is profitable to mine it. The minerals magnetite and hematite are examples of iron ore.

Magnetite: mineral, ferrimagnetic iron ore (Fe_3O_4), also known as lode-stone, which in upgraded form is used for iron and steel production. Other applications for magnetite include water purification, noise and vibration dampening and as ballast in high-density concrete.

Main haulage level: haulage level in an underground mine from which ore is transported to surface level via skip hoists.

Mine City Park: the areas that are to be phased out in favour of mining and transformed into park areas in Kiruna. More parks will be added as the urban transformation continues.

Pelletising: process whereby slurry is mixed with additives and binder, rolled into balls and sintered in a pelletising plant.

Pellet premium: mark-up factor on the iron ore price for producers of upgraded iron ore products.

Open-pit mining: an ore deposit that is situated close to the surface and is mined in the open air.

Ore: economic term for a mineral that is deemed profitable to mine.

Ore base: the percentage difference between the mined crude ore and the theoretical quantity of ore.

Orebody: underground mining of ore is largely about finding orebodies and building drifts – which involves blasting tunnels/passageways in the rock – in order to be able to mine the ore along these orebodies.

Remediation: clean-up, restoration and/or ecological compensation of mining areas that have reached end-of-life.

Seismic event: rock tremor, earthquake.

Sorting: rough sorting, crushing and screening to separate waste rock and increase the iron concentration of the ore.

Sintering: fusing of fine-grained ore (fines) into lumps (sinter) at a high temperature.

Sponge iron: sponge iron is produced by removing the oxygen from the iron ore at low temperatures using carbon dioxide and hydrogen made from natural gas.

Sub-level caving: the method of mining that LKAB employs in its underground mines. It means that the ore is mined level by level and that waste rock loosens and fills the space where the ore was. As a result, no cavities are left underground, while the ground above slowly sinks.

Swedish orefields: describes a geographical area in the northern Swedish county of Norrbotten that includes Kiruna, Gällivare and Svappavaara.

Values: LKAB's values: committed – innovative – responsible.

Waste rock: collective economic term for the rock that is not ore.

Zoning plan: a zoning plan shows how a defined area in a municipality may be built on and how land and water areas may be used.

Units and abbreviations

g: gram

GWh: gigawatt hour

kg: kilogram

kt: kilotonne

kWh: kilowatt hour

m^3: cubic metre

Mg: milligram

mg/m^3 ndg: milligrams per standard cubic metre dry gas

MSEK: million Swedish kronor

Mt: million tonnes

ppm: parts per million

SEK bn: billion Swedish kronor

TJ: terajoule

TWh: terawatt hour

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