

» Business Review January–September 2022

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Chief Executive Officer

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Terrafame

» January–September 2022 key figures

Total
net sales

+52%

398.7 MEUR

(261.7 MEUR)

Net sales of
battery chemicals business

35%
of net
sales

139 MEUR

(9.7 MEUR)

EBITDA

92.6 MEUR

(11.2 MEUR)

Lost-time injury frequency
all employees¹⁾

7.5

(8.7)



1) 12 month rolling lost-time injury frequency (LTIFR1) incl. Terrafame's and partner companies' personnel.

»» Topical themes

- Lost-time injury frequency rate has started improve thanks to the programme for operational excellence, which began in late 2020.
- The carbon footprint of nickel sulfate produced by Terrafame is already 60% lower than the industry average. The company has reduced emissions from its own production on a long-term basis and now aims to achieve carbon neutrality by 2039.
- Terrafame filed an application with the Vaasa Court of Appeal to reduce a collateral to a reasonable level. The application is related to the Regional State Administrative Agency for Northern Finland, that issued its decision on the environmental and water permit covering all Terrafame's operations on 20 June 2022.



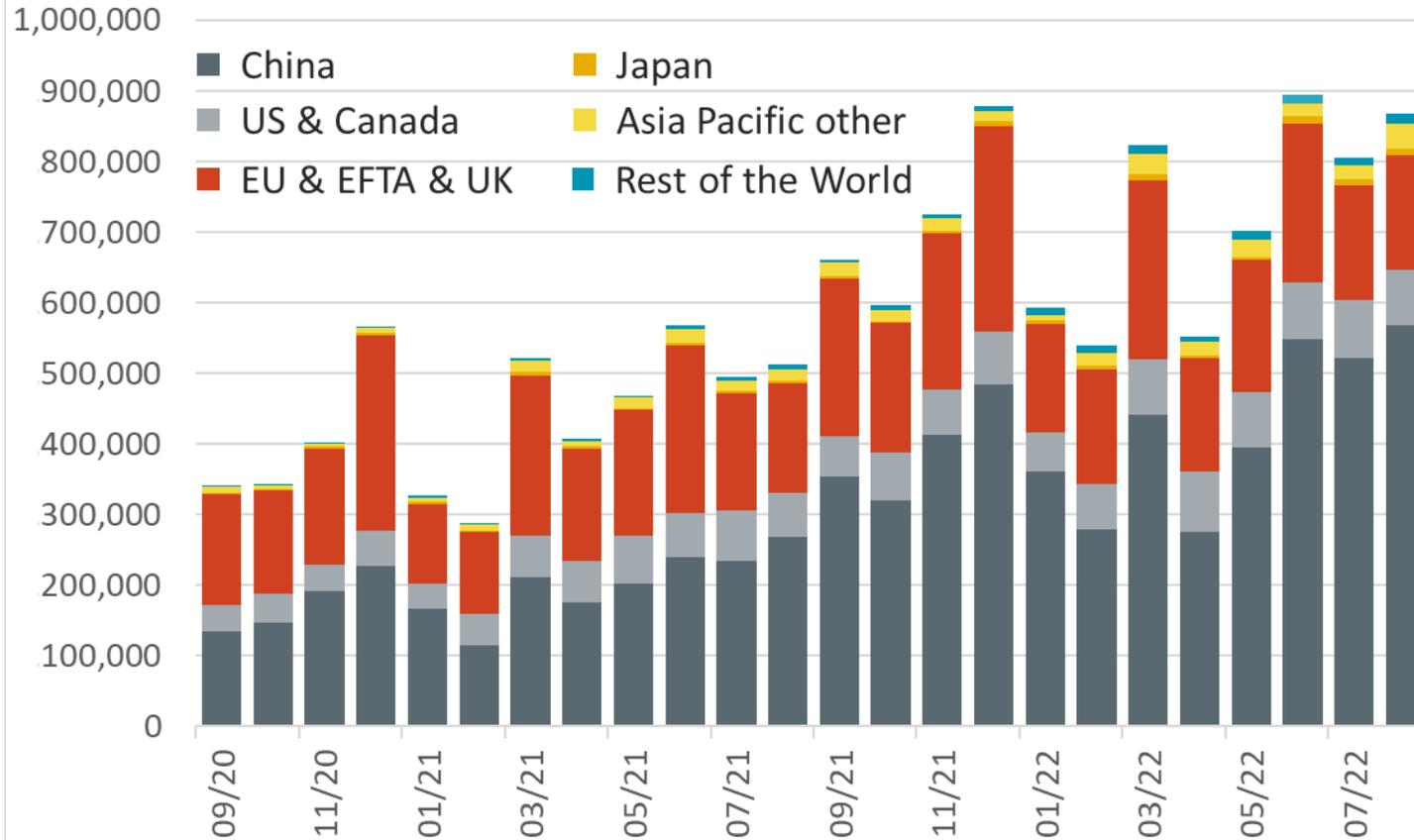
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»» **Market review**

» Global sales of electric vehicles have continued strong

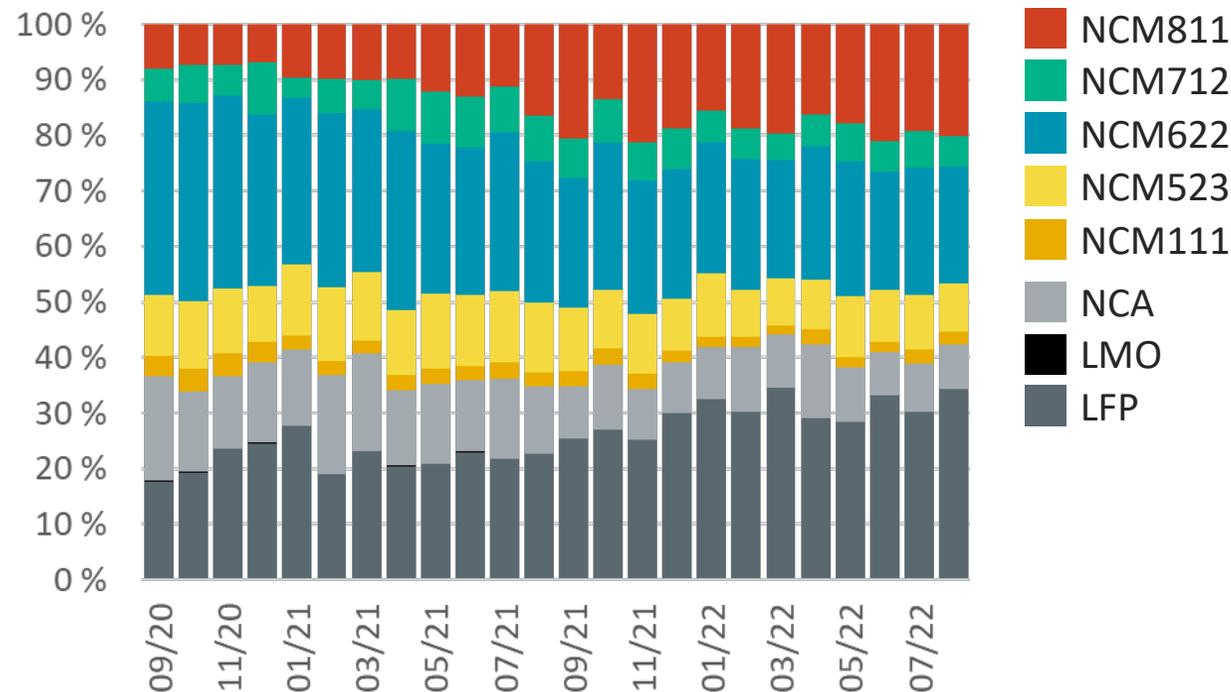
Global EV sales



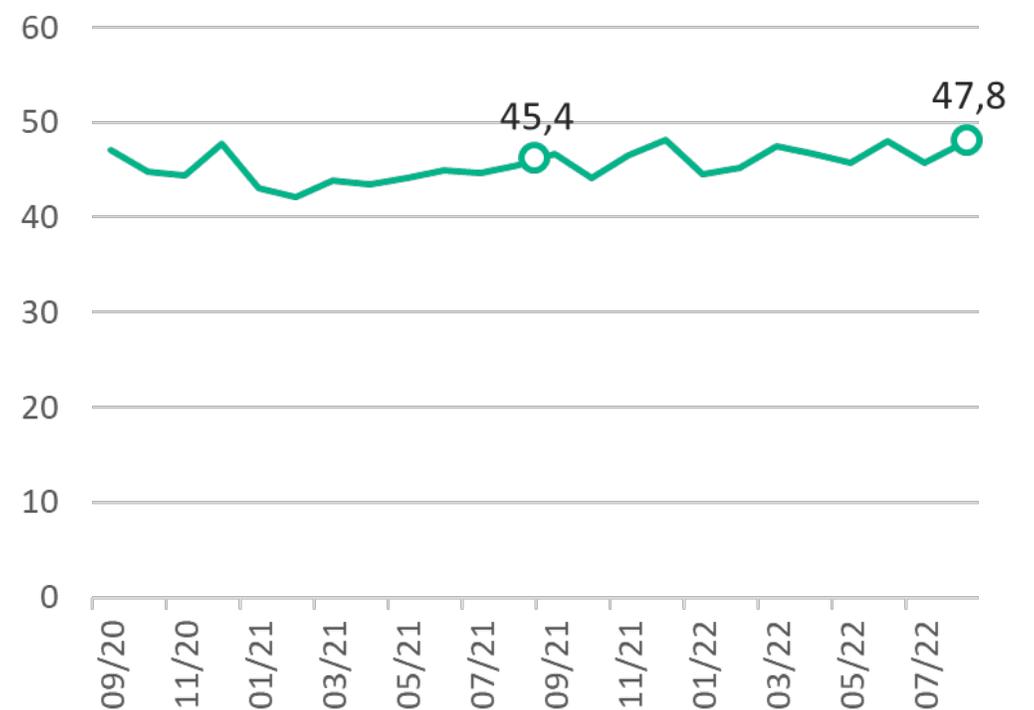
- In January–August 2022, around 5.8 (3.7) million EVs were sold globally, which represents an increase of around 59% year-on-year.
- In total, around 3.4 (1.6) million electric passenger cars and light commercial vehicles were sold in China between January and August, representing about 60% of global sales. The sales more than doubled year-on-year.
- Sales were also strong in the USA and Canada, whose combined electric car sales increased 30%.
- In Europe, sales increased by 8.5%.

» The market share of nickel rich batteries (NCM811) is increasing

Monthly weighted average EV battery cathode chemistry



Monthly sales weighted average EV battery pack size, kWh



>> Nickel price development

Nickel price development, USD/t



— Day price for nickel on the London Metal Exchange

- The average nickel price was
 - 25,684 USD/t in Q1-Q3 2022, which was 43% higher than in the corresponding period of 2021.
 - 22,063 USD/t in Q3 2022, which was 15% higher than year-on-year, and 24% lower than in Q2 2022.
- The price of nickel sulphate in Q1-Q3 was also higher than in the corresponding period of 2021.

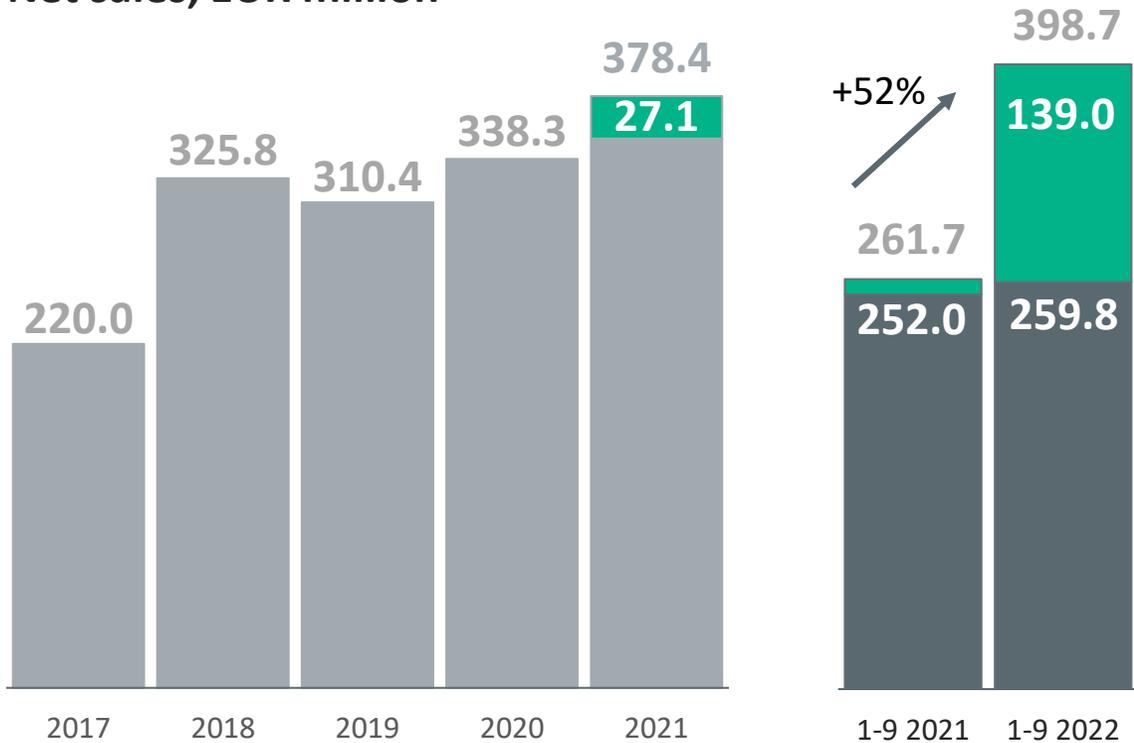
Source: Macquarie



» Key figures
January–September
2022

» Battery chemicals business' sales amounted to about 35% of the total in 1-9 2022

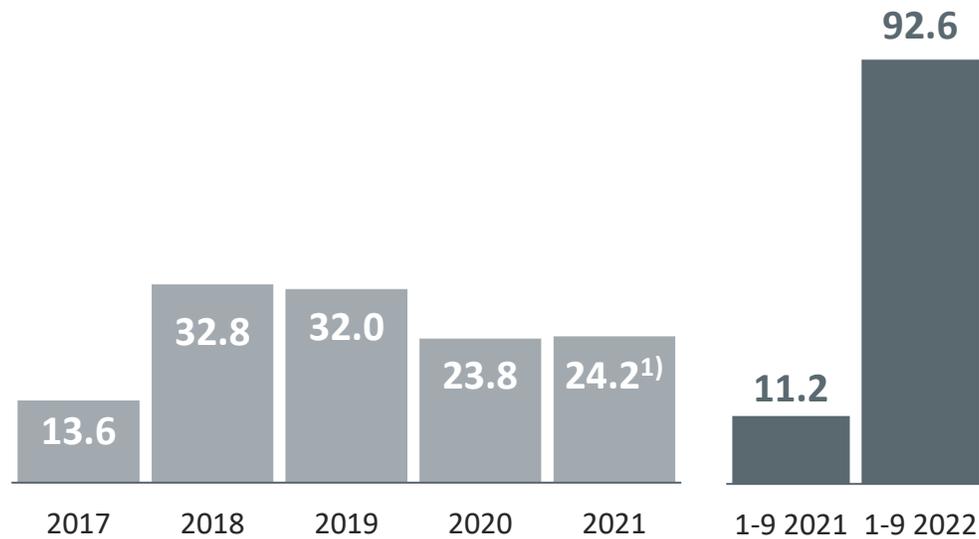
Net sales, EUR million



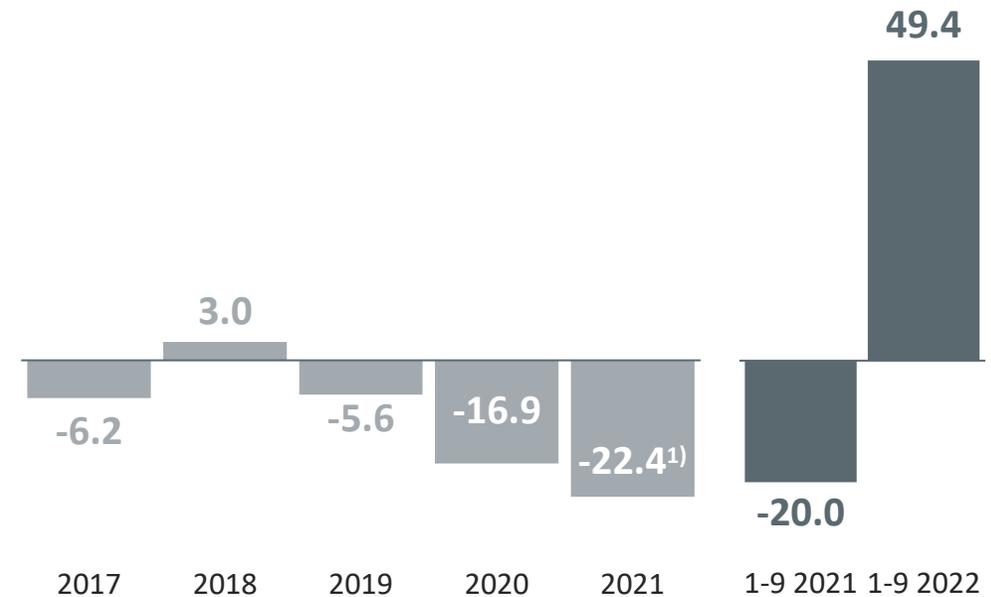
■ Battery Chemicals business
■ Metal Intermediates business

>> Strong net sales offset the impact of higher material prices on EBITDA

EBITDA, EUR million



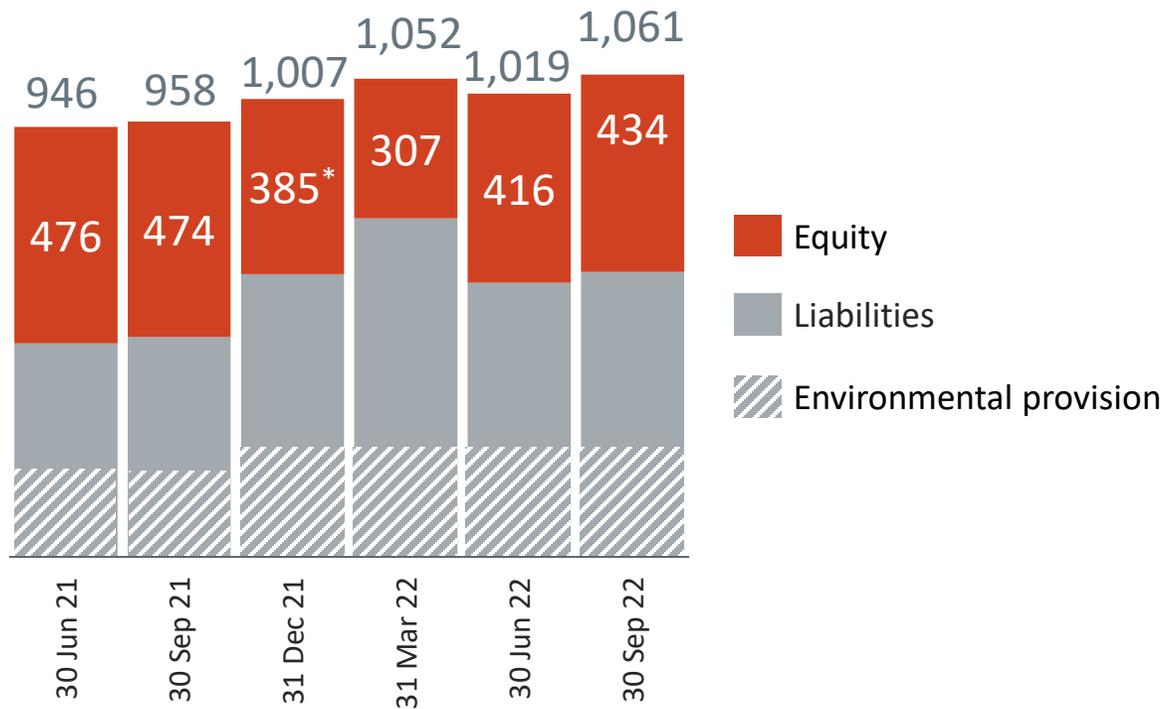
Operating result, EUR million



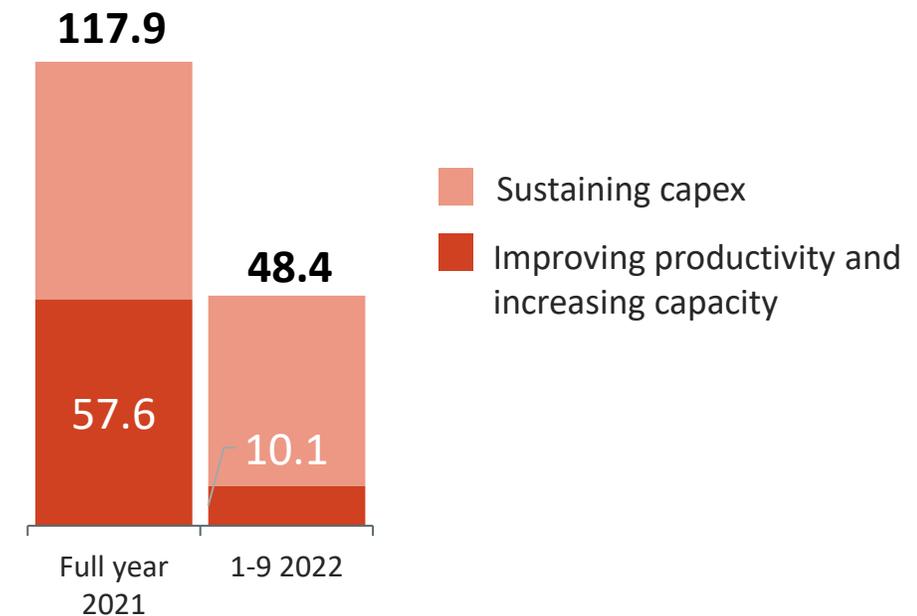
1)Excl. non-recurring items. An increase in the environmental provision had a negative impact of EUR 72.9 million on EBITDA and the operating result in the fourth quarter of 2021.
Reported EBITDA for 2021 was EUR -48.8 million and reported operating result was EUR -95.3 million.

» Investments in 1-9 2022 were mainly sustaining capex related - The battery chemicals plant is on a ramp-up stage

Equity and liabilities, EUR million



Capital expenditure, EUR million



*The change in the environmental provision had EUR -72.9 million effect on the results for the financial year and equity on 31 December 2021.

» Key figures in brief

	Q3 2022	Q3 2021	Change	1-9 2022	1-9 2021	Change	2021
Net sales, EUR million	139.5	76.7	82%	398.7	261.7	52%	378.4
Battery Chemicals business	39.1	9.7	303%	139.0	9.7	n.a.	27.1
Metal Intermediates business	100.4	67.0	50%	259.8	252.0	3%	351.3
EBITDA, EUR million	32.5	-5.1	n.a.	92.6	11.2	726%	-48.8¹
EBITDA, excl. non-recurring items, EUR million	32.5	-5.1	n.a.	92.6	11.2	726%	24.2
Operating result, EUR million	18.0	-15.7	n.a.	49.4	-20.0	n.a.	-95.3¹
Operating result, excl. non-recurring items, EUR million	18.0	-15.7	n.a.	49.4	-20.0	n.a.	-22.4
Free cash flow, EUR million²	0.4	-25.2	n.a.	-6.9	-54.2	n.a.	-43.2
Capital expenditure, EUR million³	19.2	30.2	-36%	58.5	100.9	-42%	117.9

1) The financial result for full year 2021 includes an impact of EUR -72.9 million due to a non-recurring change in the environmental provision.

2) Free cash flow from operating activities after sustaining capital expenditure = EBITDA - change in net working capital - sustaining capital expenditure.

3) Division of investments between categories was amended retroactively for 1-9/2021. The impact of the amendment on the free cash flow of January–September 2021 was EUR -15,5 million.



»» Outlook for 2022

- Terrafame has customer negotiations and product approval processes in progress related to battery chemicals.
- The ramp-up of production at the battery chemicals plant continues.
- The price development of base metals and battery chemicals involves considerable uncertainty.
- Terrafame continues to improve its operational efficiency and profitability.





Terrafame

**Enhancing low-carbon
mobility with responsible
battery chemicals.**

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