

» Business Review January-December 2023

Seppo Voutilainen
Interim CEO

Ville Sirviö
CFO

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Terrafame

» The operating result decreased in a challenging market, but basic production continued close to a record level

Net sales
1–12/2023

EUR 560.9 million

1–12/2022 EUR 584.4 million

Battery chemicals
business 1–12/2023

EUR 167.5 million

1–12/2022 EUR 207.1 million

29.9% of total net sales

EBITDA
1–12/2023⁽¹⁾

EUR 99.4 million

1–12/2022 EUR 152.1 million

Operating result
1–12/2023⁽¹⁾

EUR 38.4 million

1–12/2022 EUR 93.9 million



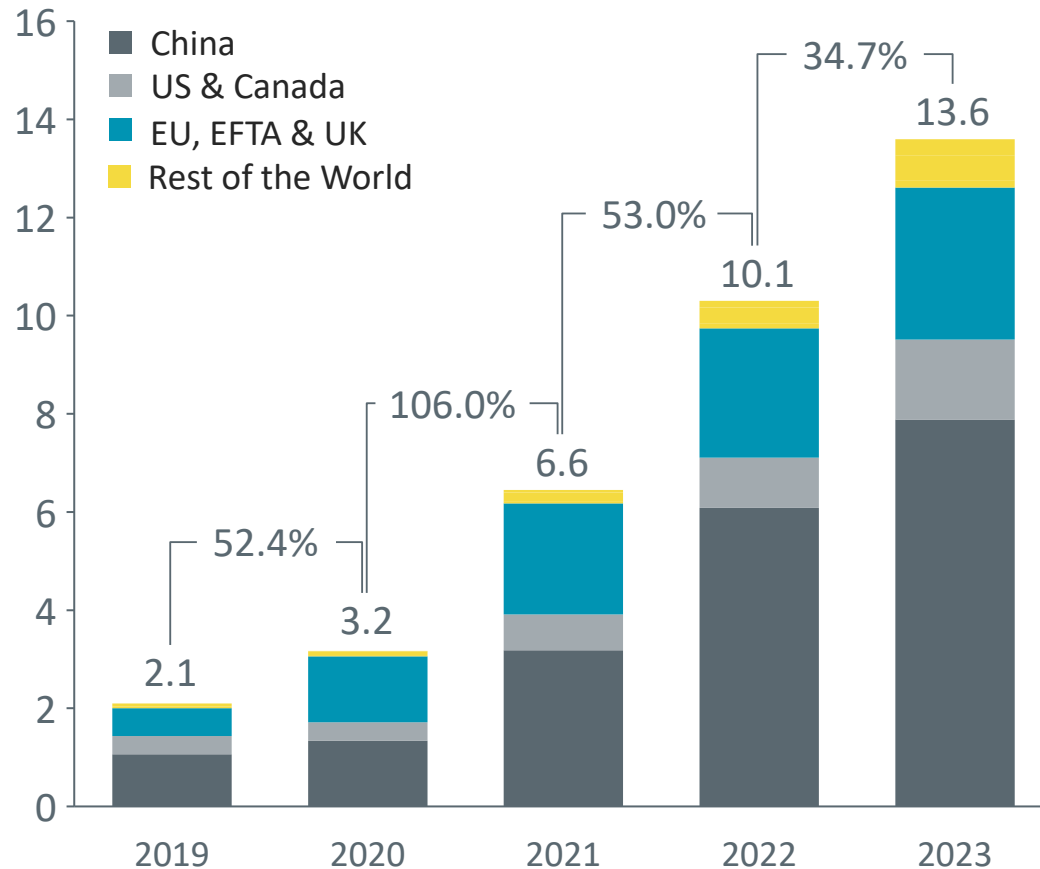
1) Excluding non-recurring items. An increase in an environmental provision recognised in the fourth quarter of 2023 had a negative impact of EUR 15.1 million on EBITDA and the operating result. Taking into account the change in the provision, the EBITDA for 2023 is EUR 84.3 million and the operating result EUR 23.3 million.



» **Market
review**

» In 2023, growth in EV sales was weaker than expected, especially in the Chinese market

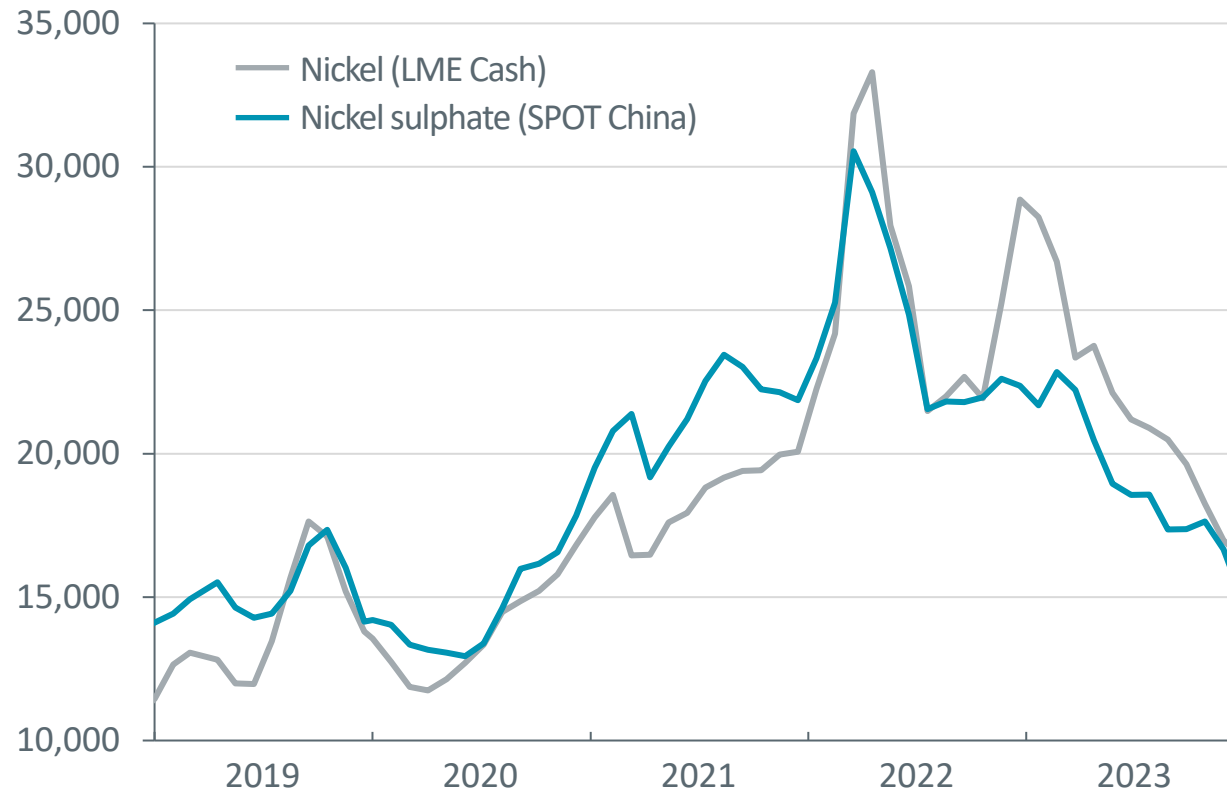
Global EV sales*, million units



- In 2023, a total of around 13.6 (10.1) million EVs* were sold globally. This represents an increase of almost 35% from 2022.
- Around 7.9 (6.0) million EVs* were sold in China, 3.1 (2.6) million in Europe, and a total of 1.6 (1.0) million in the United States and Canada.

»» Price development of nickel and nickel sulphate

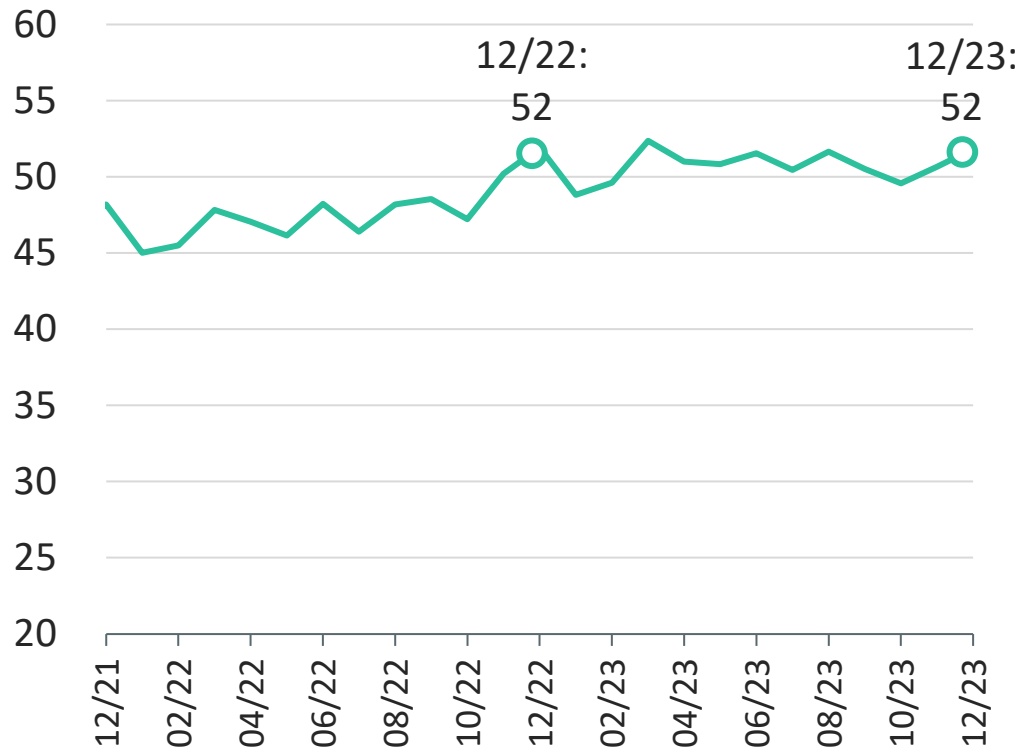
Price development of nickel and nickel sulphate, USD/t



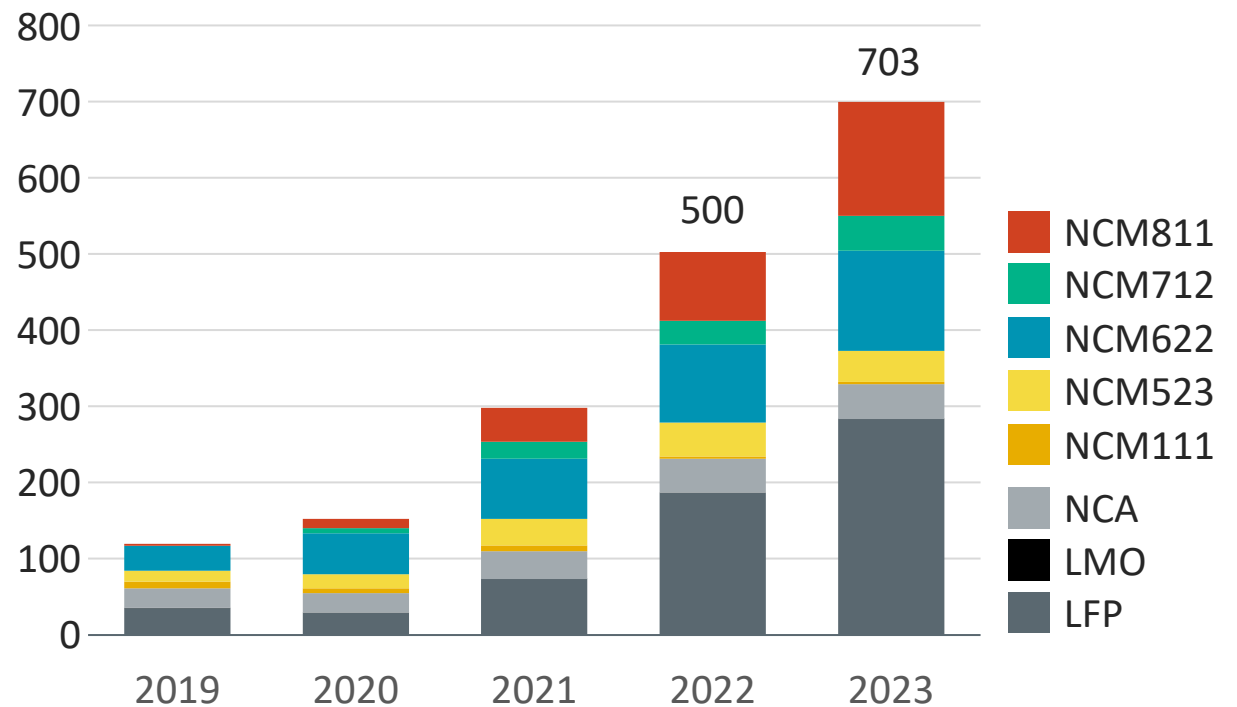
- In 2023, the average market price of nickel was 21,477 USD/t, which was around 16% lower than in 2022.
- The average market price of nickel in Q4 2023 was 17,247 USD/t, which was around 32% lower than in Q4 2022 and around 7% lower than in Q3 2023.
- In 2023, the average market price of nickel sulphate (SPOT China) was 18,930 USD/t, which was around 16% lower than in 2022.
- The average market price of nickel sulphate in Q4 2023 was 16,449 USD/t, which was 26% lower than in Q4 2022 and 7% lower than in Q3 2023.

» EV battery market continued to divide into high nickel NCM batteries and LFP batteries

Sales weighted average EV battery size, kWh



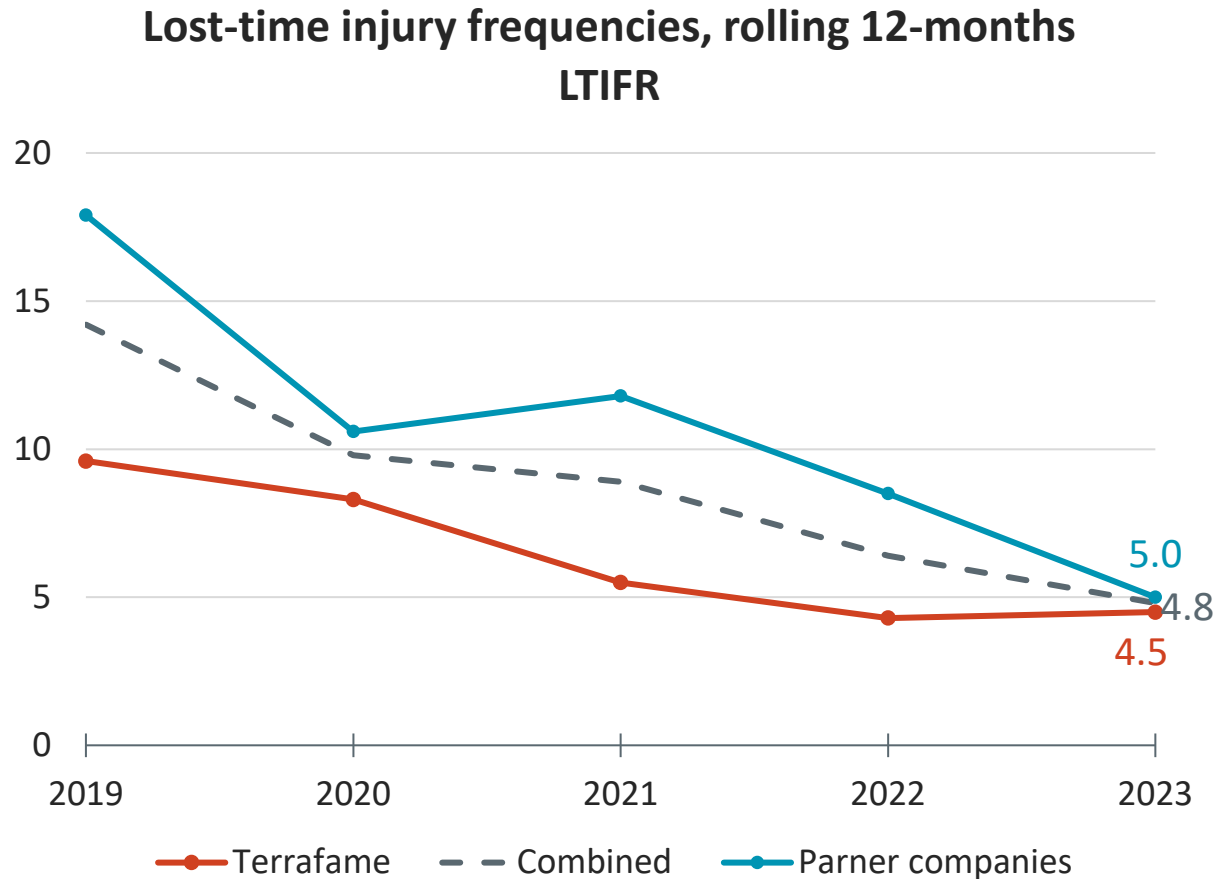
Monthly weighted market share of cathode battery chemistry, GWh





» Our goal is zero injuries

» Occupational safety is constantly being developed



TerraFame employed **842** (763) persons at the end of December 2023 and, moreover, an average of **1,038** (738) partner companies' employees (FTE) worked in the industrial area during the review period.

» Financing arrangements



» Terrafame strengthened its financing position towards the end of 2023

- The funds managed by Galena Asset Management and Mandatum Holding Ltd exercised the option rights previously granted to them.
 - The funds raised by means of the option rights have been used to repay long-term loans of EUR 142 million granted by Trafigura and Mandatum, meaning that Terrafame no longer has shareholder loans from Trafigura or Mandatum.
- As part of the shareholders' financing arrangement, Finnish Minerals Group increased the working capital facility granted to Terrafame from EUR 40 million to EUR 65 million and extended its maturity until June 2025.
- In addition, Terrafame agreed on a new loan arrangement of EUR 250 million. The loan package is unsecured, with a maturity of four years. It includes a bullet loan of EUR 100 million and a revolving credit facility of EUR 150 million.

Ownership of Terrafame Ltd after the financing arrangements

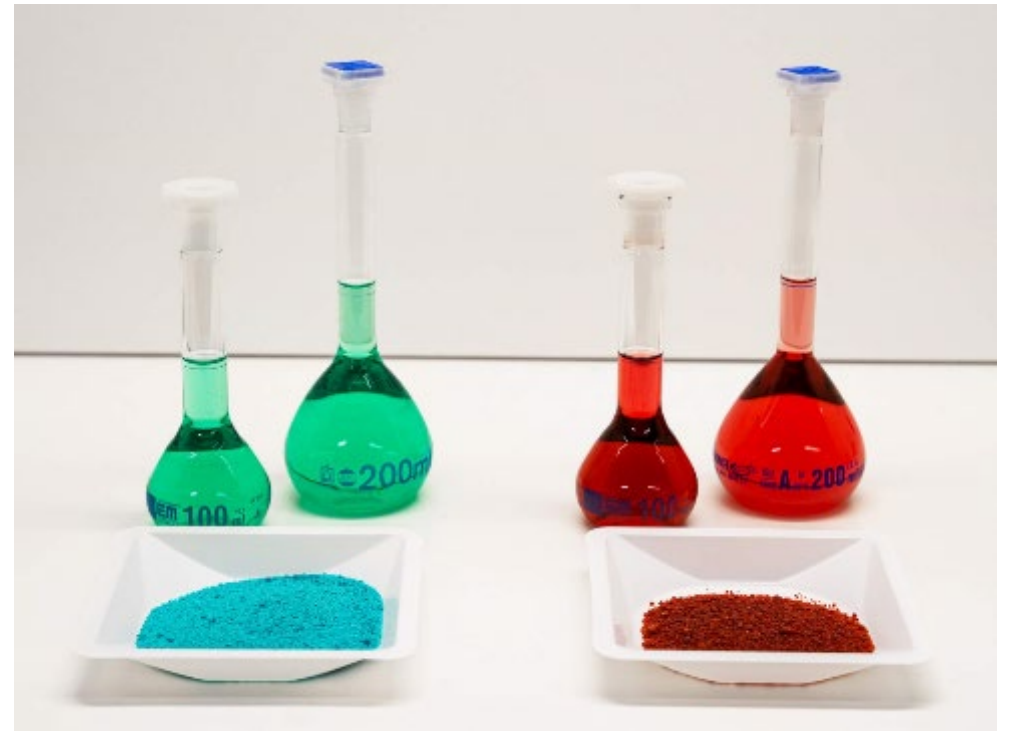
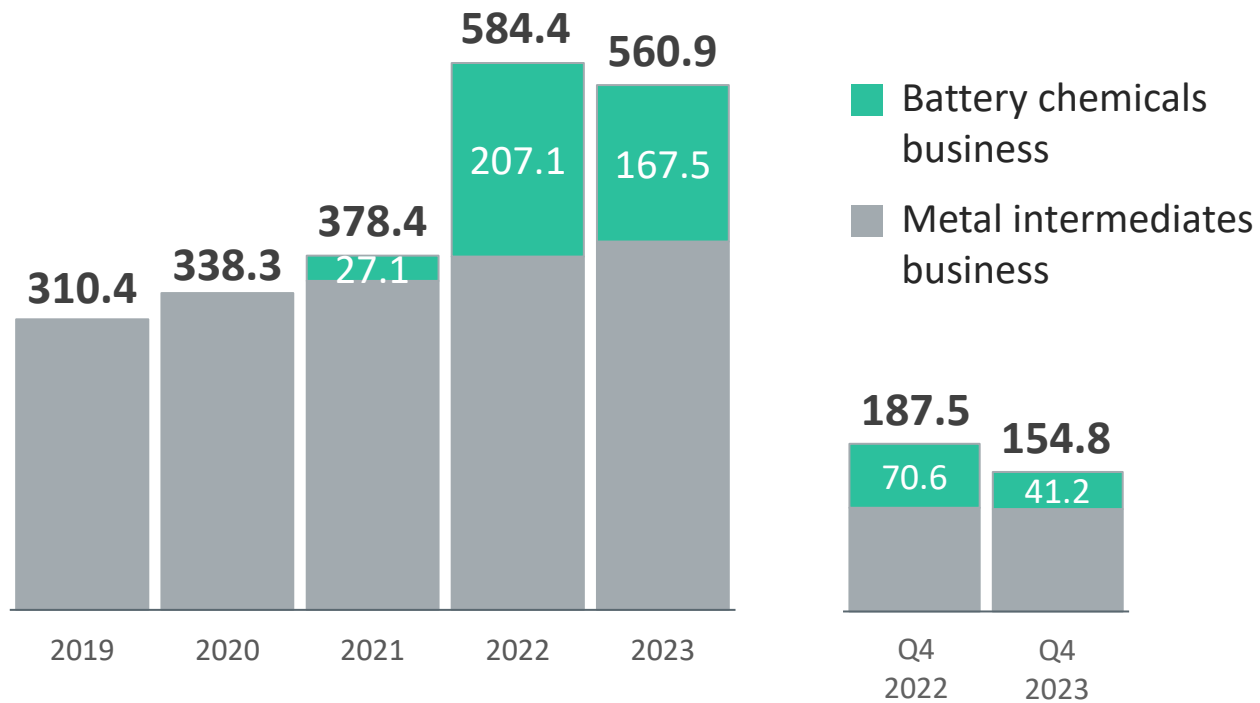
Finnish Minerals Group	56.1%
Galena Asset Management	39.4%
Mandatum	4.5%



»» **Financial
review**

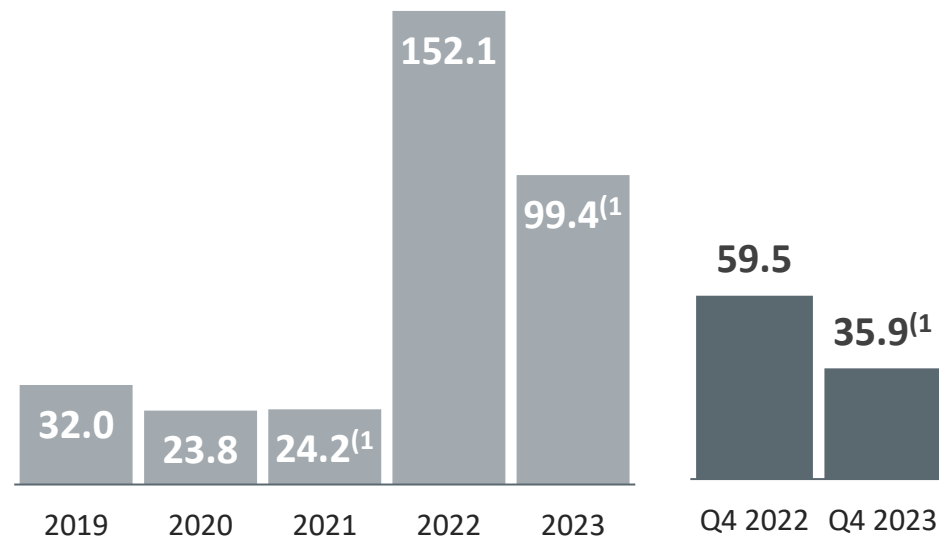
>> Metal intermediates business balanced the challenges of battery chemicals business in 2023

Net sales, EUR million

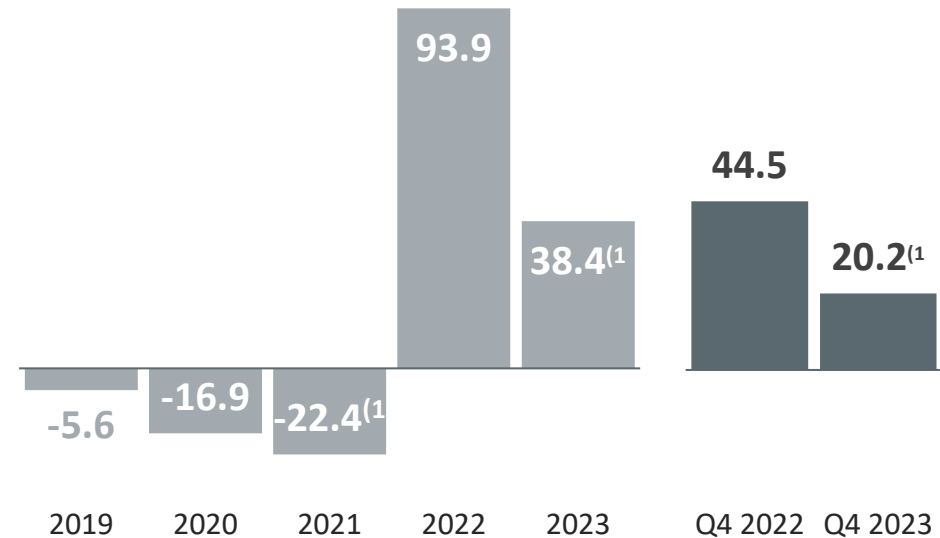


»» The decrease in EBITDA and the operating result was caused by lower market prices and lower production volumes at the battery chemicals plant

EBITDA, EUR million



Operating result, EUR million



1) Excluding non-recurring items. The increase in the environmental provision weakened the reported results by EUR 72.9 million in 2021 and by EUR 15.1 million in 2023.

>> Key figures in brief

EUR million	10–12/ 2023	10–12/ 2022	Change	1-12/ 2023	1–12/ 2022	Change
Net sales	154.8	185.7	-16.6%	560.9	584.4	-4.0%
Battery chemicals business	41.2	70.6	-41.6%	167.5	207.1	-19.1%
Metal intermediates business	113.6	115.1	-1.3%	393.4	377.2	4.3%
EBITDA¹	20.8	59.5	-65.1%	84.3	152.1	-44.6%
EBITDA, excl. non-recurring items	35.9	59.5	-39.7%	99.4	152.1	-34.7%
Operating result¹	5.1	44.5	-88.5%	23.3	93.9	-75.2%
Operating result, excl. non-recurring items	20.2	44.5	-54.5%	38.4	93.9	-59.1%
Free cash flow²	-5.0	16.7	n.a.	-52.5	9.8	n.a.
Capital expenditure	41.9	24.5	71.0%	138.2	83.0	66.5%

1) An increase in an environmental provision recognised in the fourth quarter of 2023 had a negative impact of EUR 15.1 million on EBITDA and the operating result.

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

>>Key events after the financial period

CEO Joni Lukkaroinen resigned his position

- Terrafame announced on 17 January 2024 that the company's CEO Joni Lukkaroinen would resign his position. The company's Board of Directors appointed Seppo Voutilainen as the interim CEO of Terrafame.

Terrafame received two interim decisions from the Vaasa Administrative Court in January

- The permission granted by the Northern Finland Regional State Administrative Agency to increase the extraction of ore and waste rock annually was excluded from the interim decisions issued by the Vaasa Administrative Court. In addition, the interim decisions issued by the Vaasa Administrative Court included restrictions concerning the construction and use of the new secondary leaching area (SEK5-8) and the new waste rock area (KL1).
- The interim decisions do not have an immediate impact on Terrafame's production, but they affect waste rock dumping plans and ongoing construction projects. If the final decisions by the Vaasa Administrative Court are delayed, the interim decisions may also have an impact on extraction volumes and, consequently, on production and net sales.

Terrafame initiated a profitability programme

- The goal is to improve the annual cash flow by a total of EUR 10 million and to improve the company's international competitiveness and profitability.
- The company estimates that if realized, the measures of the profitability programme would start to impact the company's profitability as of the second half of 2024.
- As part of the profitability programme, Terrafame has on 21 February 2024 issued an invitation to change negotiations concerning all personnel groups on production-related and financial grounds.

»» Near-term outlook

- The battery chemicals market will continue to be challenging in 2024, but Terrafame's production process will also enable flexible operations in the intermediates market.
- The price development of base metals and battery chemicals involves considerable uncertainty.
- The development of operational efficiency, profitability and safety at work will continue.
- Terrafame is preparing to start uranium recovery by the summer of 2024.





Terrafame

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

www.terrafame.com

