Terrafame's January-June 2026: Strategy execution progressed as planned and profitability improved

January–June 2026 in brief

The financial information presented about Terrafame Ltd in this media release consists of unaudited IFRS figures. The figures in brackets refer to the corresponding period in the previous year unless otherwise stated.

- Net sales were EUR 266.1 (233.6) million, corresponding to an increase of 13.9% year-on-year.
- Net sales from the battery chemicals business totalled EUR 127.8 (126.1) million, or 48.0% (54.0%) of the company's total net sales, representing an increase of 1.3% year-on-year. Battery chemicals production was temporarily curtailed during the early part of the year due to relatively higher prices of metal intermediates, resulting in net sales remaining at the level of the comparison period.
- Net sales from the metal intermediates business totalled EUR 138.3 (107.5) million, representing an increase of 28.7% year-on-year. The increase in net sales was driven by high delivery volumes of metal intermediates and a higher nickel market price than in the comparison period.
- EBITDA increased to EUR 51.5 (25.5) million, or 19.4% (10.9%) of net sales. EBITDA was positively affected by improved operational efficiency and stronger nickel and nickel sulphate prices during the first part of the year. Increased mining and electricity taxes introduced at the beginning of the year reduced EBITDA by nearly EUR 11 million.
- Operating result improved to EUR -8.5 million (-24.1 million) as a result of improved operational efficiency. Operating result was weakened by higher depreciation resulting from major investments.
- The total lost-time injury frequency rate on the industrial site was 2.2 (3.5), the lowest figure in Terrafame's history.
- The company took significant steps in executing its strategy during the review period by deciding on a major investment to expand primary bioleaching area and launching a pre-feasibility study on scandium production.

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Key figures

EUR million	1–6/2026	1–6/2025	Change	1–12/2025
Net sales	266.1	233.6	13.9%	556.1
Battery chemicals business	127.8	126.1	1.3%	197.0
Metal intermediates business	138.3	107.5	28.7%	359.1
EBITDA	51.5	25.5	102.0%	79.5
Operating result	-8.5	-24.1	n.n.	-35.0
Total capital expenditure	64.8	54.0	20.0%	134.7

	30 Jun 2026	30 Jun 2025	Change	31 Dec 2025
Shareholder’s equity, EUR million	661.6	687.7	-3.8%	638.9
Work in progress, EUR million	287.9	280.3	2.7%	272.8
Balance sheet total, EUR million	1 458.4	1 442.2	1.1%	1 395.8
Own personnel, active	960	954	0.6%	887
Partner companies’ personnel on average on review period, FTE	912	1 088	- 16.2 %	956
Total lost-time injury frequency rate, 12-month LTIFR1	2.2	3.5	-37.1%	1.5
Own personnel	0.7	3.7	-81.1%	1.4
Partner companies’ personnel	3.4	3.5	-2.9%	1.6

LTIFR1 = The number of occupational accidents leading to an absence of at least one day per million hours worked, 12-month rolling.

CEO Antti Koulumies

During the first half of 2026, Terrafame progressed in the implementation of its renewed strategy as planned. At the same time, we continued to improve operational efficiency and achieved a record level of occupational safety among our own personnel.

As a result of improving operational efficiency, the company’s profitability developed positively during the first half of the year, although operating result remained negative due to higher depreciation resulting from major investments. Both EBITDA and the operating result improved compared to the corresponding period in the previous year. The development was further supported by stronger prices of nickel and nickel sulphate. Profitability was burdened in particular by cost inflation in chemicals and fuels, the temporary adjustment of battery chemicals production as well as the increased mining and electricity taxes introduced at the beginning of the year. Excluding the impact of these tax increases, Terrafame would have delivered a positive result.

The market environment showed cautious signs of improvement during the review period, particularly driven by growth in the European electric vehicle market, which is highly relevant to Terrafame. This supported the gradual strengthening of demand for battery chemicals. Positive price development was also seen in the nickel market, driven primarily by production curtailments in certain countries. We expect significant volatility in global market prices to continue. We believe that the growing importance of responsible and regional supply chains further strengthens Terrafame's position as a European supplier of high-quality battery materials.

Operationally, the year started under varying conditions. The cold winter, combined with restrictions on ore mining resulting from permit limitations that were in place last year, created challenges for the production of intermediate products. Nevertheless, production largely met its targets during the review period. I am pleased with the strong expertise of Terrafame's personnel in operating the company's unique production process. Following the temporary adjustment of battery chemicals production at the beginning of the year, strengthening demand and new customer agreements enabled production to be increased later in the review period. The ramp-up of uranium recovery also continued to progress well.

Key milestones in the execution of our strategy included the sale-and-leaseback arrangement of the internal electricity network, progress in the LEACHMAX investment programme to increase primary leaching capacity, the start of copper production, and the pre-feasibility study on scandium recovery. Together, these initiatives support our goal of maximising the value derived from ore and broadening Terrafame's product portfolio.

Terrafame employees have done good work in mitigating the impacts of cost inflation by continuing efficiency improvement initiatives and identifying new development opportunities. Through these efforts, we have been able to partially offset rising costs in chemicals and fuels.

We conducted change negotiations during the spring to improve competitiveness and profitability and to mitigate the adverse impacts of the increased mining and electricity taxes. While the negotiations unfortunately resulted in workforce reductions, they also pave the way for a more efficient management model for production and maintenance. At the same time, together with our employees, we further developed local agreements, including those related to salary increases, helping to create a more performance-oriented wage structure.

The development of occupational safety was mixed. I am particularly pleased that the performance of our own personnel reached a new record level during the review period. The development of our partner companies, however, fell short of our expectations. Safety is a shared responsibility, and we will work even more systematically to further improve safety across our partner network.

The progress of environmental permit processes is essential for ensuring the continuity of our operations and the implementation of our strategy. In April, we submitted a permit application covering our entire operations and the utilisation of the Kolmisoppi ore deposit. The EU's CRMA status granted to the Kolmisoppi project enables accelerated processing, and given the project's significance, we consider it important that the permitting process proceeds in a predictable and timely manner.

During the first half of the year, we strengthened the foundations for Terrafame's long-term success. I would like to extend my sincere thanks to all Terrafame employees, our partner companies and other stakeholders for their work. During the second half of the year, our focus will be on ensuring production performance, continuing operational development and advancing our strategic growth projects in a determined manner.

Key events during the review period

Terrafame launched a pre-feasibility study on scandium recovery to strengthen Europe's security of supply of critical raw materials

On 19 May, Terrafame announced the launch of a pre-feasibility study on scandium recovery as part of its existing production process. The study aims to assess the technical and economic viability of scandium production. Subject to a successful outcome, Terrafame could become the only producer of scandium in Europe. The study is expected to be completed by the end of 2026, with a potential investment decision to follow in 2027.

Terrafame invested in primary leaching capacity - sale and leaseback of the internal electricity network formed a significant part of the financing

Terrafame provided an update on the progress of its strategy on 12 May. One of the key elements of Terrafame's strategy for 2026–2030 is the redesign of its metal intermediate products production logic. To support this objective, Terrafame approved a significant LEACHMAX investment programme aimed at expanding the primary leaching area, which is the first stage of its bioleaching process. As part of the overall financing package, Terrafame applied in April 2026 for EUR 18.3 million in funding from the EU Innovation Fund, which forms part of the EU's climate policy and the European Green Deal.

The investment will extend the leaching time of ore, increasing nickel and zinc production while improving the recovery of by-products such as cobalt and copper. Construction of the new primary leaching heap has commenced, and production operations are scheduled to begin in early 2027. Funding for the investment programme is further supported by the sale-and-leaseback arrangement of the internal electricity network, which releases capital for strategic growth investments.

Terrafame submitted a permit application covering its entire operations and the Kolmisoppi project - the company expects swift processing

On 30 April, Terrafame submitted an environmental and water permit application to the Finnish Supervisory Agency. The application covers the company's entire operations as well as the Kolmisoppi project. In December 2025, the Regional State Administrative Agency for Northern Finland required that the permitting of the Kolmisoppi project be addressed as part of Terrafame's main permit.

The progress of the Kolmisoppi project, the company's second ore deposit, is particularly critical. Kolmisoppi would enable uninterrupted ore mining around the turn of the decade, with the objective of commencing mining operations at Kolmisoppi as early as 2028. In March 2025, the Kolmisoppi project was granted strategic project status under the EU Critical Raw Materials Act (CRMA). This status enables accelerated permitting procedures. Terrafame expects the permit application to be processed within approximately one year, as the timely progress of the permitting process is critical to the continuity of the company's operations and its long-term development.

Market environment

Electric vehicle and battery markets

Compared with the corresponding period of the previous year, the global electric vehicle market recorded modest growth during January−June 2026, while regional differences became more pronounced. During January–May 2026, global sales of electric passenger cars and light commercial vehicles totalled approximately 7.6 million units, representing growth of around 1% compared to the corresponding period last year.

Growth was driven primarily by Europe, where electric vehicle sales increased by nearly 26% to two million vehicles. In China, sales volumes were 14.5% below the comparison period, despite the country remaining the largest electric vehicle market globally.

The crisis in the Strait of Hormuz has increased fuel prices, but its potential impact on the development of electric vehicle demand over the medium term remains unclear.

Sold electric passenger cars and light commercial electronic vehicles, million pcs	1–5/2026	1–5/2025	Change	1–12/2025
China	3.90	4.55	-14.5%	13.60
North America	0.58	0.77	-24.8%	1.87
Europe	2.00	1.57	25.7%	4.30
Asia (excl. China)	0.73	0.40	83.1%	1.17
Others	0.39	0.19	102.7%	0.56
Total	7.56	7.48	1.1%	21.25

Source: Benchmark Mineral Intelligence. The figures for 2025 have been updated.

Growth in the electric vehicle battery market continued to be driven by cost-efficient vehicle segments, where the adoption of lithium iron phosphate (LFP) batteries continued to increase. At the same time, demand for high-nickel NMC battery chemistries grew more moderately, although they maintained their position in electric vehicles requiring long driving range and high performance.

Cathode battery chemistry market share	5/2026	5/2025	12/2025
LFP	58.5%	53.9%	59.4%
NMC622	10.0%	13.2%	12.6%
NMC712	5.0%	6.2%	5.6%
NMC811+	20.2%	18.3%	16.7%
Others	6.3%	8.4%	5.7%

Source: Benchmark Mineral Intelligence.

Nickel market

Despite continued structural overcapacity in the nickel market, mine production quotas in Indonesia, sharp price increases in certain chemicals, and policies aimed at increasing local value-added processing created uncertainty over nickel availability, thereby supporting price increases during the review period.

This further highlights the strategic importance of supply chains outside Indonesia, particularly in the battery value chain. Strong growth in the European electric vehicle market, combined with the increasing need for regional battery materials supply chains, supported the long-term prospects of European battery chemicals producers.

The LME (London Metal Exchange) nickel price trended upwards during the first half of the year as the market became increasingly concerned about the prerequisites for continued production growth in Indonesia and the availability of raw material. During January–June 2026, the average nickel price was 15.4% higher than in the corresponding period last year.

The market for battery-grade nickel developed more strongly than the LME nickel market. During January–June 2026, the average market price of nickel sulphate (SPOT China) was 25.8% higher than in the corresponding period last year.

Pride development of nickel and nickel sulphate, on average, USD/t	**1–6/2026**	**1–6/2025**	**Change**	**1–12/2025**
Nickel, LME Cash	17,737	15,374	15.4%	15,160
Nickel sulphate, SPOT China	18,933	15,047	25.8%	15,301

Sustainability

Sustainability and continuous improvement form the foundation of Terrafame's operations. The company's sustainability policy guides environmental responsibility, social responsibility and good governance throughout the value chain.

Terrafame systematically reduces its climate impacts in line with the Paris Agreement and targets carbon neutrality in its own operations (Scope 1–2) by 2039. The company develops its operations beyond regulatory requirements, taking biodiversity into consideration and promoting the principles of the circular economy. Terrafame actively engages with its stakeholders, adheres to its ethical principles and requires responsible business practices from its partners and suppliers.

Terrafame's Sustainability Report 2025 is available on the company's website at www.terrafame.com > Company > Reports and publications.

Carbon footprint of nickel products

Terrafame updated the life cycle assessments (LCAs) of its nickel products in autumn 2025.

The carbon footprint of nickel sulphate used in battery chemicals production has decreased by approximately 10% compared to the first assessment conducted in 2020. The carbon footprint of nickel sulphate remains among the lowest in the industry globally. The carbon footprint of the company's nickel intermediate product, nickel-cobalt sulphide, decreased by approximately 11% compared to the previous assessment.

This positive development has been achieved through improvements in the chemical and energy efficiency of the production process.

The carbon footprints of the nickel products produced at Terrafame's industrial site in Sotkamo, Finland, – nickel sulphate and nickel-cobalt sulphide – were assessed in life cycle assessments carried out in 2020 and 2025. The assessments were limited to cradle-to-gate production, covering Terrafame's production process from mining operations through to the point at which the products leave the factory gate.

Key occupational safety indicators

Safety is one of Terrafame's core values, and the continuous development of the company's safety culture has been a key priority since the start of its operations. The objective is to ensure that work at the industrial site is safe for both Terrafame's own employees and the employees of partner companies in all circumstances and situations. Terrafame's goal is zero injuries.

During the review period, the lost-time injury frequency rate of Terrafame's own personnel continued to improve and reached a record-low level. The improvement was supported, among other things, by the extensive occupational safety campaign launched in 2025.

The lost-time injury frequency rate among partner companies remained at the level of the comparison period. However, safety performance has deteriorated during 2026 compared with the end of 2025. Terrafame will intensify its collaboration with partner companies operating on the industrial site to improve the situation.

Lost-time injury frequency, 12-mont LTIFR1	30 Jun 2026	30 Jun 2025	Change	31 Dec 2025
Terrafame employees	0.7	3.7	-81.1%	1.4
Partner companies	3.4	3.5	-2.9%	1.6
Total on the industrial site	2.2	3.5	-37.1%	1.5

Environmental monitoring

Terrafame monitors the state of the environment surrounding the industrial site in accordance with permit decisions and the environmental monitoring programme approved by the authorities. Annual environmental monitoring reports (in Finnish) are available on Terrafame's website at www.terrafame.fi > Naapureille > Ympäristötarkkailuraportit. The annual environmental monitoring reports for 2025 was published in May 2026.

Sulphate loading to watercourses is one of the most significant environmental impacts of Terrafame's operations. Sulphate loading originates from the treatment of run-off waters and the discharge of treated water. During January–June 2026, sulphate loading remained clearly below the annual permit limits.

Key indicators related to discharge waters	1-6/2026	1-6/2025	Change	1-12/2025
Purified discharge waters, Mm^3	4.2	4.4	-4.5%	8.4
Sulphate in discharge waters, tonnes	5,012	5,507	-9.0%	12,424

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Key events after the review period

Vaasa Administrative Court amends closure requirements for waste rock areas

In July, the Vaasa Administrative Court amended the environmental permit for the KL1 and KL2 waste rock areas regarding, among other things, the closure structures and implementation schedule. The decision, for example, requires the closure structures approved under the original permit and validated through extensive research to be supplemented with an additional mineral sealing layer. Terrafame is currently evaluating the implications of the decision and considering whether to appeal.

Terrafame strengthens its Leadership Team through two appointments

Mikko Rantaharju has been appointed Head of Battery Chemicals Business and Uranium Operations and a member of the Management Team, effective from 12 August 2026.

Ilkka Pitkänen has been appointed Chief Financial Officer and a member of the Management Team, effective from 1 August 2026. He succeeds Ville Sirviö, who will continue with the company as an adviser until 31 August 2026 to ensure a smooth transition of responsibilities.

Near-term outlook

- Terrafame will continue to develop occupational safety and operational efficiency in order to improve profitability.
- The execution of the strategy will continue as planned through the advancement of ongoing investment projects and the preparation of future ones.
- Considerable uncertainty remains regarding the price development of base metals and battery chemicals. The company will continue to utilise its production flexibility to adapt to changing market conditions.

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