

RECORD PROFIT FOR THE FIRST QUARTER

LKAB delivers record high operating profit for the first quarter with consistently high production in a continued favourable market. This positive development creates good conditions for the company's transformational journey to a carbon-free operation. Net sales for the quarter increased by 52 percent and amounted to MSEK 12,256 (8,044). Operating profit increased by 124 percent to a total of MSEK 7,153 (3,191), a historically high level for LKAB.

OPERATIONS – FIRST QUARTER

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Net sales	3, 4	12,256	8,044	33,914
Operating profit/loss		7,153	3,191	11,654
Net financial income/expense		386	-780	797
Profit/loss before tax		7,539	2,411	12,452
Profit/loss for the period		5,978	1,879	9,757
Costs for urban transformation provisions		-64	-74	-1,396
Operating cash flow		3,812	1,792	6,038
Investments in fixed assets		542	619	2,763
Depreciation		-747	-737	-3,136
Deliveries of iron ore products, Mt		6.9	7.3	28.5
Proportion of pellets, %		88	89	84
Production of iron ore products, Mt		7.4	7.4	27.1
Return on equity, %	9	27.1	22.2	20.8
Net debt/equity ratio, %	9	-10.8	-0.1	-3.0



→ Consistently high-production is crucial for a competitive LKAB that is carbon-free in the long term. In a favourable market, profitability is boosted further, as are the conditions for the massive investments ahead of us.

- The production volume for the first quarter continued at a high level and totalled 7.4 (7.4) Mt.
- Delivery volumes were according to plan, but somewhat lower than in the same period last year and totalled 6.9 (7.3) Mt, with pellets accounting for 88 (89) percent.
- At MSEK 7,153 (3,191), operating profit for the first quarter was the highest ever for a single quarter. Higher prices for highly upgraded iron ore products were offset somewhat by a lower dollar exchange rate and higher costs. The cost increases relate mainly to higher energy prices, increased rock reinforcement, crushed ore handling associated with the seismic event in Kiruna and continued investments in exploration and development programmes.
- The average global spot price¹ for iron ore products in the first quarter was USD 167 (89) per tonne, which was USD 33 higher than in the fourth quarter 2020. The price at the end of the quarter was USD 167 per tonne. Iron ore prices above USD 150 per tonne have not occurred since the record years 2010–2013. Quoted pellet premiums were also higher during the first quarter year-on-year.
- Operating cash flow for the first quarter was MSEK 3,812 (1,792).
- The return on equity was 27.1 (22.2) percent.
- The net debt/equity ratio was -10.8 (-0.1) percent.

7.4 Mt
Produced during the quarter

6.9 Mt
Delivered during the quarter

88%
Percentage of pellets for the quarter

¹ Platts IODEX 62% Fe CFR North China

LKAB – GROUP

NET SALES AND OPERATING PROFIT/LOSS

ANALYSIS OF CHANGE IN OPERATING PROFIT/LOSS MSEK		Q1
Operating profit 2020		3,191
Iron ore prices incl. hedging		6,063
Currency effect, iron ore incl. hedging of accounts receivable		-1,656
Volume and mix, iron ore		-257
Volume, price and currency, industrial minerals		25
Costs for urban transformation provisions		11
Depreciation		-10
Other income and expenses		-214
Operating profit 2021		7,153

Sales for the first quarter increased by 52 percent or MSEK 4,212 year-on-year. Higher prices for highly upgraded iron ore products were offset by a lower dollar exchange rate. The average spot price for iron ore for the quarter was a high USD 167 (89)/tonne. Higher year-on-year premiums for highly upgraded products also had a positive effect.

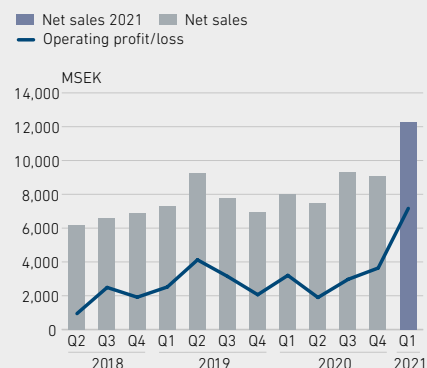
Operating profit for the quarter was also affected by higher energy prices, increased rock reinforcement and increased expenses for crushed ore handling associated with the seismic event in the Kiruna mine in May 2020. The cost of investments in future exploration and development programmes also had an effect on operating profit for the quarter, which totalled MSEK 7,153 (3,191).

CASH FLOW

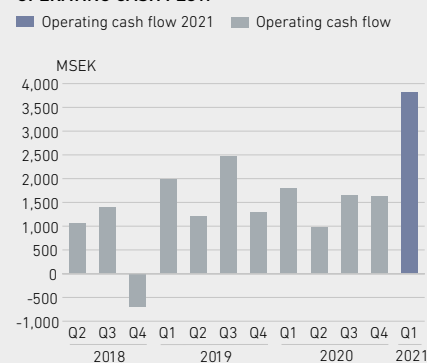
MSEK	Q1 2021	Q1 2020	Full year 2020
Cash flow from operating activities before expenditure on urban transformation and changes in working capital	7,374	3,362	13,707
Expenditures, urban transformation	-708	-1,204	-4,191
Cash flow from operating activities before changes in working capital	6,666	2,158	9,516
Change in working capital	-2,315	210	-553
Capital expenditures (net)	-539	-576	-2,693
Acquisition/divestment of financial assets	-	-	-232
Operating cash flow	3,812	1,792	6,038

Operating cash flow for the first quarter totalled MSEK 3,812 (1,792), due mainly to the positive impact from the higher year-on-year operating profit. An increase in working capital tied up in respect of accounts receivable had a negative effect.

NET SALES AND OPERATING PROFIT/LOSS



OPERATING CASH FLOW



RETURN ON EQUITY



LKAB – GROUP

NET FINANCIAL INCOME/EXPENSE AND NET FINANCIAL INDEBTEDNESS

Net financial income/expense for the first quarter was MSEK 386 (-780), with the increase mainly relating to a higher return on financial investments. During the first quarter of 2020, yields on financial investments were affected by negative stock market developments as a result of the corona pandemic.

The net debt/equity ratio was -10.8 (-0.1) percent, which is mainly due to positive cash flow and decreased liabilities relating to provisions for urban transformation.

CREDIT FACILITIES

MSEK	Nominal	Utilised (nominal)	Available
Commercial paper programme, maturing within one year	5,000		5,000
Bond programme	7,000		4,000
Maturing June 2021		1,000	
Maturing March 2025, green bonds		2,000	
Other bond financing, maturing 2022	250	250	
Credit facility	6,023		6,023
Total	18,273	3,250	15,023

All credit facilities are subject to 100 percent retention of title.

EVENTS DURING THE QUARTER

Recovery work continued during the quarter following the seismic event that occurred in the Kiruna mine in May 2020, and production capacity in the mine is currently just under 90 percent. However, the supply of crushed ore to processing plants could be secured by redirecting crushed ore between production sites, which entailed increased costs. At the beginning of 2021, it was decided to temporarily open the Mertainen mine in Svappavaara for production with the aim of supplementing the supply of crushed ore for the year ahead.

The effects of the corona pandemic continue to call for flexibility and other measures in LKAB's operations. The maintenance shutdowns planned for the spring were radically reduced in scope to lower the risk of spread of infection. However, this means additional maintenance interventions will be carried out later in the year, which will impact total annual production volumes and costs.

In the past two years LKAB has substantially increased its exploration efforts in order to secure production after the current main haulage levels are expected to be mined out. During the quarter, exploration results were presented showing that mineral assets increased in 2020 by 45 percent from around 1.2 to 1.7 billion tonnes, and for the first time, LKAB confirmed major phosphorus assets as a result of the exploration efforts made.

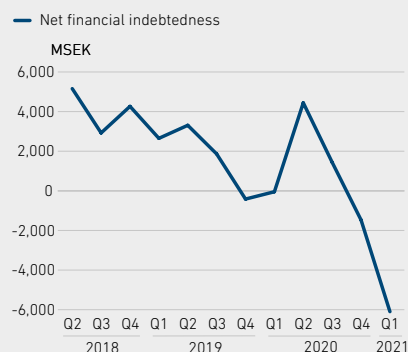
OUTLOOK FOR 2021

The iron ore price at the beginning of 2021 was at a record high level and demand for LKAB's highly upgraded iron ore products remains good. The global extent of the corona pandemic and its impact on communities and economies will continue to affect LKAB, but to what extent is difficult to predict.

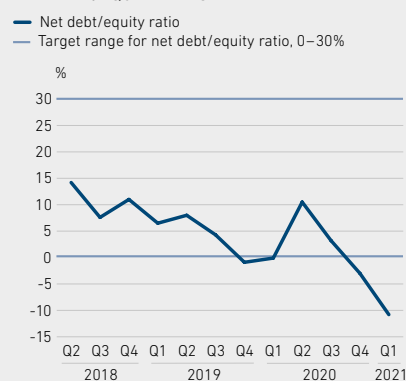
The urban transformation work is in an intensive phase, with an increased number of acquisitions as well as the construction of new replacement properties for property owners, which will result in continued high expenditure in 2021. Gällivare Municipality has still not approved the necessary zoning plan amendment for eastern Malmberget, which risks delaying the schedule for the phase-out area and thus limiting future production.

LKAB is continuing its transformational journey towards becoming tomorrow's sponge iron supplier with the aim of providing our customers with the raw materials for fossil-free steel. The next important step in the HYBRIT initiative has been taken in the form of the demo plant for fossil-free sponge iron, which is planned for completion in Malmberget in 2026. The plant will be integrated with LKAB's pellets production and form an important part of the transformation process.

NET FINANCIAL INDEBTEDNESS



NET DEBT/EQUITY RATIO



Risks and risk management

LKAB operates in a capital-intensive industry with a planning horizon that extends across several decades. LKAB must therefore consider risks and opportunities that have a bearing on the business as it is today, but must also act today for a transformation to entirely new future conditions. The global climate threat means the iron and steel industry will need to change fundamentally. For LKAB this brings opportunities but also risks. In view of this, and in line with the government's stricter ownership policy introduced in 2020, LKAB has begun the process of producing disclosures according to TCFD¹ guidelines. Managing both risks and opportunities from a climate perspective is a key tool for securing LKAB's resilience and adaptability as the climate changes. In 2020 strategic risks were consolidated into overall risk areas, each then broken down into market and external risk, business risk and financial risk.

For further information on risks see LKAB's annual report.

¹ The Task Force on Climate-related Financial Disclosures (TCFD) initiative includes guidelines on climate-related financial risk reporting linked to the impact of climate change over time and of potential instruments to limit carbon emissions.

SUSTAINABLE DEVELOPMENT

FOLLOW-UP OF OBJECTIVES

MSEK	Q1 2021	Q1 2020	Full year 2020	Objective for 2021
Accidents involving absence (no. per million hrs) ¹	7.3	6.8	6.3	3.5
Women in the total workforce (%)	25	24	25	25
Women managers (%)	25	22	23	25
Particulate emissions (mg/m ³ ntg)	14	9	29	10
Nitrogen emissions to water (g/t FP) ²	7	5	20	21
Energy consumption (kWh/t FP)	162	163	159	138
CO ₂ emissions (kg/t FP) ²	26	26	25	24
Nitrogen emissions to air (g/t FP) ²	149	155	140	<158

¹ Accidents involving absence per million hours worked for the Group including suppliers
² Comparative figures for Q1 2020 have been adjusted to reflect the revised figures for the full year.

The accident rate for the first quarter increased compared to the same period last year and was 7.3 (6.8). The increase is due to more accidents reported by suppliers. The focus remains on preventing serious incidents and accidents by raising awareness among managers and employees through ongoing work on the safety culture.

The percentage of women at the end of the first quarter was 25 (24) percent, which is in line with the goal for 2021.

Somewhat higher particulate emissions in the beginning of the year were due to continued problems with three dust extraction systems in Malmberget. Work is in progress to resolve the problems.

During the quarter, energy and CO₂ intensity were on a par with the same period last year, but above the target level for 2021. The replacement of carbon in the upgrading process is essential for reducing CO₂ intensity in the current production system. Trials with tall oil as a replacement for fuel oil in one of the pellets plants in Malmberget showed good results, and evaluations will be made during the year prior to a decision on the next step.

The increased spread of Covid-19 continues to impact the whole of society. LKAB has continued to adapt its operations in accordance with national and regional recommendations.

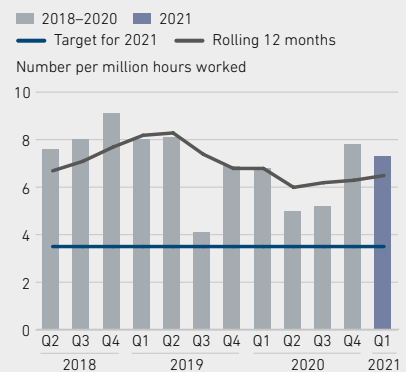
STRATEGIC SUSTAINABILITY WORK

Not only do LKAB's strategy and transformation plan aim to achieve carbon-dioxide-free processes by 2045. A crucial element also involves raising upgrading levels and a gradual transition to the production of carbon-free sponge iron. This transformation will enable the reduction of carbon emissions from our global customers by 35 Mt, equivalent to around two thirds of Sweden's total emissions. The transformation will also create conditions for a more than twofold sales increase and ensure LKAB's competitiveness for the long term. The transformation is a process that will take many years, with many development projects and initiatives that will be gradually integrated into LKAB's operations.

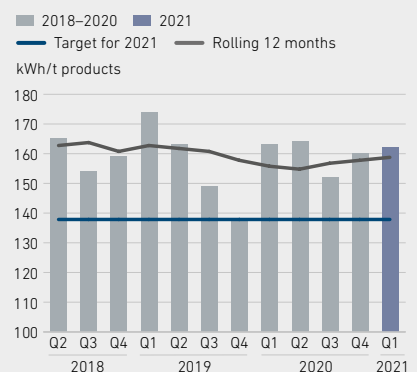
Plans were presented during the quarter for a demo plant in Malmberget for completion in 2026; the plant will have an annual production of 1.3 million tonnes of fossil-free sponge iron. The demo plant, which was established under the HYBRIT initiative, will be integrated with LKAB's pellets production and forms an important part of our transformation planning. The intention is to expand sponge iron production to a full industrial scale of 2.7 million tonnes by 2030 in order to provide our customers with raw materials for fossil-free steel.

A decision was also taken under the initiative to build a pilot rock cavern storage facility for hydrogen gas in connection with the HYBRIT direct reduction pilot plant in Luleå. Fossil-free hydrogen gas, which will replace carbon and coke, is a crucial part of the production technology for fossil-free iron and steel production, where carbon dioxide emissions are in principle eliminated.

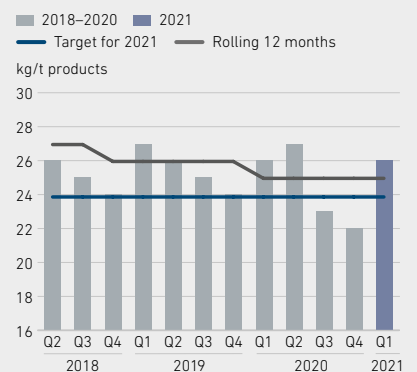
ACCIDENTS



ENERGY CONSUMPTION



CO₂ EMISSIONS



4,599

Average number of employees

25%

% women

MARKET DEVELOPMENT

THE STEEL AND IRON ORE MARKET

The global steel and iron ore industry

Global production of crude steel in the first two months of the year totalled 315 Mt, which was an increase of 7 percent compared with the same period last year.

Steel prices in China, Europe and the USA continued to rise in the first quarter compared with the previous quarter. Steel prices are currently at historically high levels, not seen since before the 2008 financial crisis.

Crude steel production in China increased by 13 percent in the period January–February. The capacity utilization rate in China’s blast furnaces remained above 90 percent during the first two months of the year despite reduced margins for blast furnace producers owing to high raw material costs. The margins are likely to improve as demand picks up again after the Chinese new year.

Crude steel production in Europe (EU27) fell by 4 percent in January–February compared to the same period last year. The capacity that was closed due to the corona pandemic is now back in production, and demand has recovered. Nevertheless, demand is still considered to be fundamentally weak. Demand is expected to increase by 3 percent during the first quarter, equivalent to a consumption increase of 1 Mt.

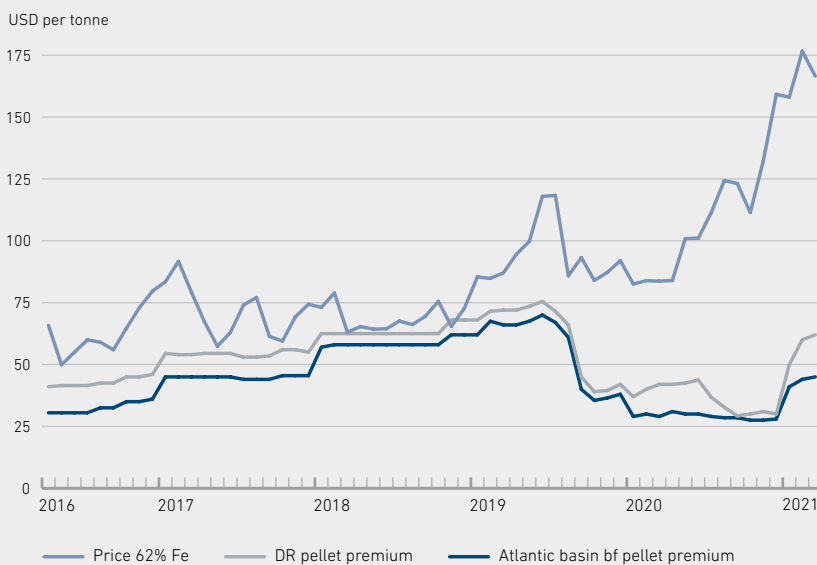
In the USA, production of crude steel decreased by 10 percent in the period January–February. As yet, steel production has not caught up with the increase in demand. Low interest rates and the anticipation of major infrastructure projects favour the steel industry and will contribute overall to an anticipated 25 percent increase in demand in 2021. However, high steel prices constitute a risk that may contribute to a slowing of demand. Total exports from Australia’s four largest iron ore producers were 4 Mt higher during January and February compared to the same period last year. Exports from the Brazilian producer Vales fell by 3 Mt during the same period.

Iron ore spot price developments

The spot price increased during the first quarter. The average price for the quarter was USD 167/tonne, which was USD 33/tonne higher than in the preceding quarter. The lowest price quoted during the quarter was USD 150 per tonne and the spot price ended the quarter at USD 167 per tonne. Quoted pellet premiums for blast furnace

DEVELOPMENT OF THE SPOT PRICE FOR IRON ORE AND QUOTED PELLETT PREMIUMS

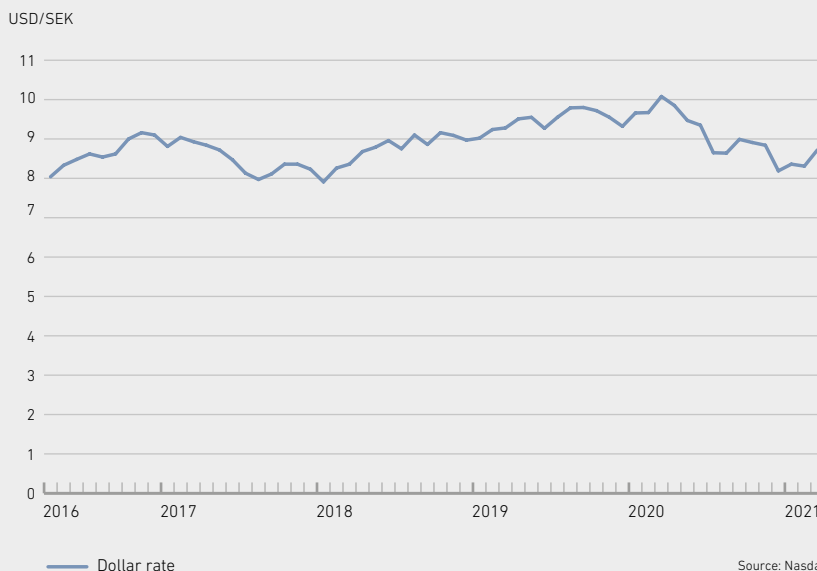
1 April 2016–31 March 2021



Source: PLATTS

CHANGES IN THE DOLLAR EXCHANGE RATE

1 April 2016–31 March 2021



Source: Nasdaq

pellets and direct reduction pellets rose sharply to USD 45 per tonne and USD 62 per tonne respectively by the end of the quarter, which is an increase of USD 17 per tonne and USD 32 per tonne respectively compared to the previous quarter. The pellet premium in China also increased during the quarter and was quoted at USD 61 per tonne at the end of the quarter, an increase of USD 17 per tonne compared with the

previous quarter. The price difference between Platts IODEX 65% Fe and 62% Fe increased sharply during the quarter. The average for the quarter was USD 24/tonne, an increase of USD 12/tonne compared with the preceding quarter. To summarize, iron ore prices are currently at historically high levels. Price levels of over USD 150 per tonne have not occurred since the former peak years of 2010–2013.

IRON ORE BUSINESS AREA

The Iron Ore business area includes mines and processing plants in Kiruna, Svappavaara and Malmberget, as well as rail freight services and the ports in Narvik and Luleå.

OPERATIONS SUMMARY

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Net sales	3.4	11,732	7,526	31,727
Operating profit/loss		7,604	3,535	12,756
Costs for urban transformation provisions		-64	-74	-1,396
Investments in fixed assets		486	579	2,472
Depreciation		-678	-673	-2,864
Deliveries of iron ore products, Mt		6.9	7.3	28.5
Proportion of pellets, %		88	89	84
Production of iron ore products, Mt		7.4	7.4	27.1

Production and delivery volumes for the first quarter remained at a high level. The production volume for the quarter was on a par with the same period last year and totalled 7.4 (7.4) Mt. Delivery volumes were somewhat lower than in the same period last year but were according to plan and totalled 6.9 (7.3) Mt, with pellets accounting for 88 (89) percent.

Sales for the quarter increased by 56 percent year-on-year, mainly due to higher prices for highly upgraded iron ore products. A lower dollar exchange rate had a negative impact on sales for the quarter.

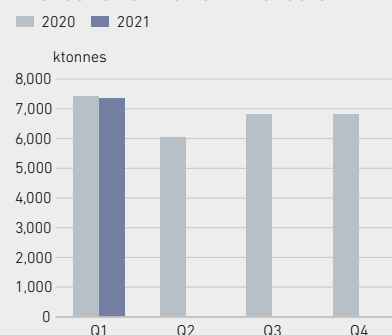
Operating profit for the quarter was MSEK 7,604 (3,535). Higher energy prices, increased rock reinforcement and measures to secure the supply of crushed ore following the seismic event in the Kiruna mine in May 2020, led to slightly increased costs for the first quarter.

FACTS



- The Iron Ore business area mines and processes iron ore products in Kiruna, Svappavaara and Malmberget.
- 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.
- Malmberget's underground mine consists of around 20 orebodies, 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 steelmaking via direct reduction (DR pellets), as well as fines.
- The iron ore products are transported along the Malmbanan and Ofofbanen ore railway to the ports of Narvik and Luleå for shipment to steelworks customers around the world.

PRODUCTION OF IRON ORE PRODUCTS



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.

OPERATIONS SUMMARY

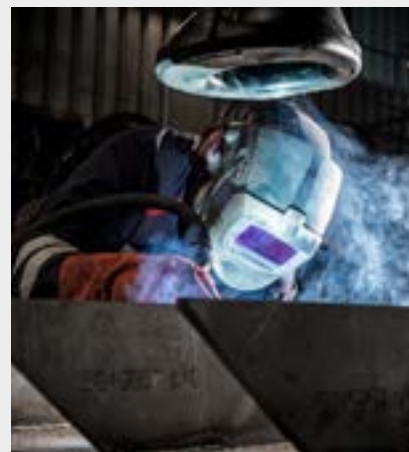
MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Net sales	3.4	1,114	1,000	4,362
Operating profit/loss		70	53	261
Investments in fixed assets		25	21	145
Depreciation		-47	-47	-192

Net sales for the first quarter were 11 percent higher than the same period last year, mainly due to higher delivery volumes of the industrial mineral magnetite and increased sales of concrete. A slight increase in the sales of engineering services, crushed materials and rock reinforcement works to the Iron Ore business area also helped to improve sales.

At MSEK 70 (53), operating profit for the quarter was 32 percent higher than in the same quarter last year. Higher sales and improved margins for industrial minerals in the UK contributed to the strong financial performance.

Investments in property, plant and equipment increased in comparison with the same period last year, mainly in respect of drilling rigs to the mine in Kiruna.

FACTS



- The Special Products business area covers LKAB Minerals, LKAB Wassara, LKAB Berg & Betong, LKAB Kimit and LKAB Mekaniska.
- LKAB Minerals is active in the industrial minerals market, with a leading position in areas such as building and construction, plastics, paint, agriculture and the chemicals industry. It offers a broad portfolio of products that includes minerals from its own deposits, such as magnetite; recycled products, e.g. from blast furnace slag and other industries; as well as other minerals that it sources and processes. LKAB Minerals has sales offices and production units in Europe, the US and Asia.
- LKAB Wassara develops and manufactures water-powered precision drilling systems for mining, construction and exploration drilling as well as dam building and geothermal energy. Customers are located throughout the world.
- LKAB Berg & Betong is a leading provider 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, all provided by its own team.

OTHER SEGMENTS

Other Segments covers supporting operations such as group-wide functions¹ and certain operations that take place in subsidiaries. Other Segments also covers financial operations, including transactions and gains/losses relating to financial hedging for foreign currencies and purchases of electricity.

OPERATIONS SUMMARY

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Net sales excl. hedging		25	10	83
Net sales hedging		-117	-65	-36
Total net sales	3.4	-92	-55	47
Operating profit/loss		-493	-402	-1,291
Investments in fixed assets		31	19	147
Depreciation		-22	-17	-78

The lower operating profit for the first quarter is mainly due to lower gains from hedging activities. Increased exploration activities and ongoing development projects increased costs for the quarter.

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.

¹ Group-wide functions within Other Segments mainly refers to the Group functions for HR, communication and finance, as well as strategic R&D and exploration.

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.

OPERATIONS SUMMARY

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Net sales		11,633	7,462	31,743
Operating profit/loss		7,042	3,091	11,196
Costs for urban transformation provisions		-64	-74	-1,396
Investments in fixed assets		498	573	2,481
Depreciation		-589	-581	-2,384
Deliveries of iron ore products, Mt		6.9	7.3	28.5
Production of iron ore products, Mt		7.4	7.4	27.1

SIGNATURES

This report was not subject to review by the company's auditors.

Luleå, 22 April 2021
Luossavaara-Kiirunavaara AB (publ)



Jan Moström
President and CEO

FINANCIAL INFORMATION

Interim Report Q2 2021
12 August 2021

Interim Report Q3 2021
28 October 2021

Reports are available at www.lkab.com

Any questions concerning the Interim Report may be directed to Jan Moström, President and CEO. Interviews may be booked through Niklas Johansson, Senior Vice President Communication and Climate, on +46 (0)10 144 52 19.



LKAB – GROUP

STATEMENT OF INCOME

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Net sales	3, 4	12,256	8,044	33,914
Cost of goods sold		-4,713	-4,512	-20,918
Gross profit/loss		7,544	3,531	12,996
Selling expenses		-48	-39	-144
Administrative expenses		-136	-150	-587
Research and development expenses		-197	-165	-652
Other operating income		78	98	413
Other operating expenses		-69	-78	-301
Share of profit of joint ventures		-19	-6	-72
Operating profit/loss	3	7,153	3,191	11,654
Financial income		447	184	1,197
Financial expense		-61	-964	-399
Net financial income/expense		386	-780	797
Profit/loss before tax		7,539	2,411	12,452
Tax		-1,561	-532	-2,695
Profit/loss for the period		5,978	1,879	9,757
Attributable to Parent Company shareholders		5,978	1,879	9,757
Earnings per share before and after dilution (SEK)		8,540	2,685	13,938
Number of shares		700,000	700,000	700,000

STATEMENT OF COMPREHENSIVE INCOME

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Profit/loss for the period		5,978	1,879	9,757
Other comprehensive income for the period				
Items that will not be reclassified to profit/loss for the year				
Remeasurement of defined-benefit pension plans		97	-131	-21
Tax attributable to actuarial gains and losses		-20	27	4
Changes for the period in the fair value of equity instruments measured at fair value through other comprehensive income		1,762	-995	-472
		1,839	-1,099	-488
Items that have been or may be reclassified subsequently to profit/loss for the year				
Gains/losses on translation of foreign entities for the period		162	-264	-273
Changes in fair value of cash flow hedges for the period		0	-53	-0
Changes in fair value of cash flow hedges transferred to profit/loss for the year		0	-5	-10
Tax attributable to components of cash flow hedges		0	13	3
		162	-309	-281
Other comprehensive income for the period		2,001	-1,408	-769
Total comprehensive income for the period attributable to the Parent Company shareholders		7,979	471	8,988

LKAB – GROUP

STATEMENT OF FINANCIAL POSITION

MSEK	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible assets		1,425	1,384	1,349
Property, plant and equipment for operations		30,533	30,384	30,515
Property, plant and equipment for urban transformation		8,195	7,832	7,954
Interests in associates and joint ventures		278	131	297
Financial investments	5	5,070	2,739	3,285
Non-current receivables		102	102	102
Deferred tax asset		6	5	12
Total non-current assets		45,608	42,575	43,514
Current assets				
Inventories		4,146	4,701	4,226
Accounts receivable		5,317	3,058	3,313
Prepaid expenses and accrued income		304	301	155
Other current receivables		1,731	1,194	1,583
Current investments	5	22,054	19,547	19,073
Cash and cash equivalents		4,579	5,727	3,406
Total current assets		38,133	34,528	31,755
TOTAL ASSETS		83,741	77,103	75,269
EQUITY AND LIABILITIES				
Equity				
Share capital		700	700	700
Reserves		1,666	-811	-259
Retained earnings incl. profit/loss for the period		54,026	46,110	47,971
Equity attributable to Parent Company shareholders		56,392	45,999	48,412
Total equity		56,392	45,999	48,412
Non-current liabilities				
Non-current interest-bearing liabilities		2,543	3,585	2,544
Provisions for pensions and similar commitments		1,676	1,909	1,741
Provisions, urban transformation		10,932	12,518	11,081
Other provisions		1,629	1,301	1,617
Deferred tax liabilities		1,617	1,294	1,560
Total non-current liabilities		18,397	20,606	18,542
Current liabilities				
Current interest-bearing liabilities		1,062	2,887	1,064
Trade payables		1,721	2,423	1,746
Tax liabilities		1,053	14	207
Other current liabilities		425	351	327
Accrued expenses and deferred income		1,407	1,396	1,458
Provisions, urban transformation		2,935	3,300	3,191
Other provisions		349	128	323
Total current liabilities		8,952	10,498	8,315
Total liabilities		27,349	31,104	26,857
TOTAL EQUITY AND LIABILITIES		83,741	77,103	75,269

LKAB – GROUP

STATEMENT OF CHANGES IN EQUITY

Equity attributable to Parent Company shareholders

2020 MSEK	Reserves				Retained earnings including profit/loss for the year	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve		
Opening equity 1 Jan 2020	700	-54	540	7	44,335	45,528
Profit/loss for the year					9,757	9,757
Other comprehensive income for the year		-273	-472	-7	-17	-769
Comprehensive income for the year		-273	-472	-7	9,740	8,988
Dividend					-6,104	-6,104
Closing equity 31 Dec 2020	700	-327	68	0	47,971	48,412

Equity attributable to Parent Company shareholders

2020 MSEK	Reserves				Retained earnings including profit/loss for the year	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve		
Opening equity 1 Jan 2020	700	-54	540	7	44,335	45,528
Profit/loss for the year					1,879	1,879
Other comprehensive income for the year		-264	-995	-45	-104	-1,408
Comprehensive income for the year		-264	-995	-45	1,775	471
Closing equity 31 Mar 2020	700	-318	-455	-38	46,110	45,999

Equity attributable to Parent Company shareholders

2021 MSEK	Reserves				Retained earnings including profit/loss for the year	Total equity
	Share capital	Translation reserve	Fair value reserve	Hedging reserve incl. hedging cost reserve		
Opening equity 1 Jan 2021	700	-327	68	0	47,971	48,412
Profit/loss for the year						
Other comprehensive income for the year		162	1,762	0	77	2,001
Comprehensive income for the year		162	1,762	0	6,055	7,979
Dividend						
Closing equity 31 Mar 2021	700	-165	1,831	0	54,026	56,392

PERSONNEL

MSEK	Q1 2021	Q1 2020	Full year 2020
Average number of employees	4 599	4,320	4,535
– of which women	1 118	988	1,092
– of which men	3 481	3,332	3,443

LKAB – GROUP

STATEMENT OF CASH FLOWS

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Operating activities				
Profit/loss before tax		7,539	2,411	12,452
Adjustment for items not included in cash flow		512	1,831	3,743
Income tax paid		-676	-879	-2,479
Expenditures, urban transformation		-708	-1,204	-4,191
Expenditures, other provisions		-1	-1	-9
Cash flow from operating activities before changes in working capital		6,666	2,158	9,516
Cash flow from changes in working capital				
Increase (-)/Decrease (+) in inventories		79	90	566
Increase (-)/Decrease (+) in operating receivables		-2,389	-767	-1,363
Increase (+)/Decrease (-) in operating liabilities		-5	887	244
Change in working capital		-2,315	210	-553
Cash flow from operating activities		4,351	2,368	8,963
Investing activities				
Acquisition of property, plant and equipment		-542	-619	-2,763
Government investment grants		-	-	5
Disposal of property, plant and equipment		3	43	65
Acquisition/disposal of other financial assets – operating		-	-	-232
Acquisition/disposal of other financial assets – non-operating		-	-2,661	-2,666
Disposals/acquisitions (net) in current investments		-2,650	2,001	4,446
Cash flow from investing activities		-3,189	-1,236	-1,146
Financing activities				
Repurchase agreements		-	2,547	-173
Repayments/borrowing		-	-250	-348
Repayment of lease liabilities		-19	-25	-79
Dividends paid to Parent Company shareholders		-	-	-6,104
Cash flow from financing activities		-19	2,272	-6,705
Cash flow for the period		1,143	3,404	1,112
Cash and cash equivalents at start of period		3,406	2,312	2,312
Exchange difference in cash and cash equivalents		31	11	-19
Cash and cash equivalents at end of period		4,579	5,727	3,406
Change in cash and cash equivalents		1,143	3,404	1,112
Sub-components of cash and cash equivalents				
Cash and bank balances		4,479	5,017	3,316
Current investments (maturity <90 days)		100	710	90
Cash and cash equivalents		4,579	5,727	3,406
Consolidated operating cash flow				
Cash flow from operating activities		4,351	2,368	8,963
Acquisition of property, plant and equipment		-542	-619	-2,763
Government investment grants		-	-	5
Disposal of property, plant and equipment		3	43	65
Acquisition/disposal of other financial assets – operating		-	-	-232
Operating cash flow (excluding current investments)		3,812	1,792	6,038
Acquisition/disposal of other financial assets – non-operating		-	-2,661	-2,666
Disposals/acquisitions (net) in current investments		-2,650	2,001	4,446
Cash flow after investing activities		1,162	1,132	7,817
Cash flow from financing activities		-19	2,272	-6,705
Cash flow for the period		1,143	3,404	1,112

LKAB – PARENT COMPANY

INCOME STATEMENT

MSEK	Note	Q1 2021	Q1 2020	Full year 2020
Net sales		11,633	7,462	31,743
Cost of goods sold		-4,326	-4,123	-19,624
Gross profit/loss		7,307	3,340	12,119
Selling expenses		-7	-8	-29
Administrative expenses		-73	-98	-365
Research and development expenses		-189	-158	-619
Other operating income		9	23	112
Other operating expenses		-4	-6	-21
Operating profit/loss		7,042	3,091	11,196
Profit/loss from financial items		413	133	678
Profit/loss after financial items		7,455	3,225	11,874
Appropriations				838
Profit/loss before tax		7,455	3,225	12,712
Tax		-1,536	-694	-2,598
Profit/loss for the period¹		5,919	2,531	10,114

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

LKAB – PARENT COMPANY

BALANCE SHEET

MSEK	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
ASSETS				
Non-current assets				
Intangible assets		194	69	194
Property, plant and equipment for operations		25,240	25,225	25,341
Property, plant and equipment for urban transformation		8,195	7,832	7,954
Financial assets				
Interests in subsidiaries		1,680	1,814	1,680
Interests in associates and jointly controlled entities		380	148	380
Receivables from subsidiaries		3,158	3,437	3,043
Other non-current securities		2,869	2,864	2,869
Other non-current receivables		206	213	206
Deferred tax asset		1,394	1,478	1,394
Total financial assets		9,686	9,953	9,571
Total non-current assets		43,315	43,109	43,059
Current assets				
Inventories		3,461	4,000	3,471
Current receivables				
Accounts receivable		4,891	2,663	3,013
Receivables from subsidiaries		188	112	264
Other current receivables		1,673	1,122	1,439
Prepaid expenses and accrued income		213	226	114
Total current receivables		6,965	4,123	4,830
Current investments		20,235	20,245	17,398
Cash and bank balances		4,271	4,573	3,083
Total current assets		34,932	32,940	28,782
TOTAL ASSETS		78,247	76,049	71,841

LKAB – PARENT COMPANY

BALANCE SHEET

MSEK	Note	31 Mar 2021	31 Mar 2020	31 Dec 2020
TOTAL EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		700	700	700
Statutory reserve		697	697	697
Non-restricted equity				
Profit/loss brought forward		35,687	31,677	25,573
Profit/loss for the period		5,919	2,531	10,114
Total equity		43,003	35,605	37,084
Untaxed reserves		12,202	12,552	12,202
Provisions				
Provisions, urban transformation		10,932	12,518	11,081
Other provisions		1,552	1,491	1,537
Total provisions		12,484	14,009	12,618
Non-current liabilities				
Bond loans		2,241	3,241	2,241
Liabilities to credit institutions		10	10	10
Total non-current liabilities		2,251	3,251	2,251
Current liabilities				
Bonds and commercial papers		1,000	100	1,000
Liabilities to credit institutions		-	2,720	-
Other financial liabilities				
Trade payables		1,252	1,990	1,243
Liabilities to subsidiaries		503	1,139	409
Current tax liabilities		1,033	0	184
Other current liabilities		269	187	222
Accrued expenses and deferred income		977	1,069	1,116
Provisions, urban transformation		2,935	3,300	3,191
Other provisions		337	126	320
Total current liabilities		8,306	10,632	7,685
TOTAL EQUITY AND LIABILITIES		78,247	76,049	71,841

NOTES

NOTE 1

Accounting policies

This interim report was prepared in accordance with IAS 34, Interim Financial Reporting, and applicable regulations in the Annual Accounts Act. Disclosures in accordance with IAS 34 are provided both in notes and elsewhere in the interim report. The interim report for the Parent Company was prepared in accordance with Chapter 9 of the Annual Accounts Act, Interim Reporting.

All amounts are presented in SEK millions (MSEK) unless otherwise indicated. Rounding differences may occur.

The accounting policies and calculation methods applied in this interim report conform to the accounting policies applied in the preparation of the 2020 annual report. For further information concerning the Group's accounting policies refer to LKAB's Annual and Sustainability Report for 2020. New and amended standards and interpretations from the IASB have had no impact on consolidated earnings or financial position, or on the presentation of the interim report.

NOTE 2

Significant assumptions and estimates

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. For further information concerning these, please refer to LKAB's 2020 annual report.

NOTE 3

Segment reporting

Segment information is provided on pages 6–8 of the interim report.

The segments in summary

	Iron Ore		Special Products		Other		Eliminations/ group adjustments		Group	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
MSEK										
External income	11,714	7,504	650	615	-108	-75			12,256	8,044
Internal income	17	23	464	385	15	20	-497	-428		
Total income	11,732	7,526	1,114	1,000	-92	-55	-497	-428	12,256	8,044
Operating profit/loss	7,604	3,535	70	53	-493	-402	-27	4	7,153	3,191
Net financial income/expense									386	-780
Profit/loss before tax									7,539	2,411

NOTES

NOTE 4

Revenue breakdown

Revenue from contracts with customers for the segments is reported below broken down by product/service area and region. The table also includes a reconciliation between the revenue breakdown and total external income according to Note 3.

MSEK	Iron Ore		Special Products		Other		Group	
	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020	Q1 2021	Q1 2020
Product/service area								
Pellets	10,394	6,772					10,394	6,772
Fines	1,203	642					1,203	642
Magnetite			129	105			129	105
Mineral sands			145	130			145	130
Other industrial minerals			327	343			327	343
Mining and construction services			49	38			49	38
Other	118	89			10	-10	128	78
Total	11,714	7,504	650	615	10	-10	12,374	8,108
Region								
Europe	7,893	4,431	407	388	10	-10	8,310	4,808
MENA	2,853	2,291	7	26			2,860	2,317
Rest of World	968	782	235	201			1,204	983
Total	11,714	7,504	650	615	10	-10	12,374	8,108
Revenue from contracts with customers	11,714	7,504	650	615	10	-10	12,374	8,108
Other income – financing activities					-117	-65	-117	-65
Total external income	11,714	7,504	650	615	-108	-75	12,256	8,044

NOTE 5

Disclosures regarding financial instruments

The table below shows the financial instruments measured at fair value in the statement of financial position.

Group, 31 Dec 2021

MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	4,699			4,699
Shares, current holdings		8,225		8,225
Interest-bearing instruments		13,929		13,929
Derivatives			-59	-59
Total	4,699	22,095		26,794

Group, 31 Mar 2020

MSEK	Level 1	Level 2	Level 3	Total
Shares, financial assets	2,402			2,402
Shares, current holdings		6,442		6,442
Interest-bearing instruments		13,803		13,803
Derivatives	12	-46		-34
Total	2,414	20,199		22,613

Fair value calculation

The following summarises the methods and assumptions mainly used in determining the fair value of financial instruments reported in the table above. Disclosures relating to fair value measurement 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.

Fair value measurements for current investments are 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.

Fair value of other assets and liabilities

The carrying amount of other assets and liabilities is considered to be a reasonable approximation of fair value.

NOTES

NOTE 6

Pledged assets and contingent liabilities, Parent Company

Pledged assets

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
<i>As pledged assets for own liabilities and provisions</i>			
Company-owned endowment insurance	104	111	104
Deposit of cash and cash equivalents	112	112	112
Collateral provided, derivatives	423	289	212
Pledged assets bonds repurchase agreements	–	2,721	–
Total pledged assets	638	3,233	428

Contingent liabilities

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
Guarantees, FPG/PRI	16	16	16
Guarantees, GP plan	3	4	3
Guarantees, Swedish Tax Agency	63	63	63
Surety given for subsidiaries	116	127	111
Accounts receivable factored with recourse	–	37	–
Collateral, remediation	58	62	59
Total contingent liabilities	256	309	252

NOTE 7

Transactions with related parties

No transactions that have significantly affected the company's financial position and earnings took place between LKAB and related parties.

NOTE 8

Events after the end of the reporting period

There are no significant events after the end of the reporting period to report.

NOTE 9

Key ratios – disclosures

Alternative key ratios

The company also presents certain non-IFRS financial benchmarks and key ratios in the interim report. The management considers this supplementary information to be important if readers of this report are to obtain an understanding of the company's financial position and performance.

Definitions

Return on equity	Profit after tax, rolling 12 months, as a percentage of average equity.
Operating cash flow	Cash flow from operating activities and investing activities, excluding current investments.
Net financial indebtedness	Interest-bearing liabilities less interest-bearing assets.
Net debt/equity ratio	Net financial indebtedness divided by equity.

Operating cash flow

A reconciliation of operating cash flow can be found in the section *The LKAB Group in summary*.

Net financial indebtedness

In 2020, LKAB made a minor adjustment to the calculation of net financial indebtedness as regards non-interest-bearing assets that previously reduced net debt. The purpose of the adjustment is to provide more relevant information about the Group's net indebtedness. Comparative figures have been restated in accordance with the change.

Net financial indebtedness

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
Loans payable	3,605	6,471	3,608
Provisions for pensions	1,676	1,909	1,741
Provisions, urban transformation	13,867	15,818	14,272
Provisions, remediation	1,757	1,360	1,736
Less:			
Cash and cash equivalents	-4,579	-5,727	-3,406
Current investments	-22,054	-19,547	-19,073
Financial investments	-371	-330	-348
Net financial indebtedness	-6,098	-46	-1,470

Net debt/equity ratio

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
Net financial indebtedness, MSEK	-6,098	-46	-1,470
Equity, MSEK	56,392	45,999	48,412
Net debt/equity ratio, %	-10.8	-0.1	-3.0

Return on equity

MSEK	31 Mar 2021	31 Mar 2020	31 Dec 2020
Profit/loss after tax R 12, MSEK	13,856	9,671	9,757
Average equity, MSEK	51,196	43,520	46,970
Return on equity, %	27.1	22.2	20.8

NOTES

NOTE 10

Quarterly data for the Group

MSEK	Note	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net sales		12,256	9,082	9,333	7,456	8,044	6,947	7,751	9,233
Operating profit/loss		7,153	3,625	2,955	1,883	3,191	2,047	3,128	4,109
Net financial income/expense		386	321	600	656	-780	67	139	383
Profit/loss before tax		7,539	3,945	3,555	2,540	2,411	2,113	3,266	4,492
Profit/loss for the period		5,978	3,079	2,800	1,998	1,879	1,630	2,618	3,545
Costs for urban transformation provisions		-64	-82	-963	-277	-74	-93	-861	-102
Operating cash flow		3,812	1,622	1,651	972	1,792	1,302	2,480	1,216
Investments in property, plant and equipment		542	929	643	571	619	735	677	570
Deliveries of iron ore products, Mt		6.9	7.0	7.6	6.6	7.3	6.5	5.5	6.7
Proportion of pellets, %		88	83	82	83	89	81	79	84
Production of iron ore products, Mt		7.4	6.8	6.8	6.0	7.4	7.2	7.3	6.2
Return on equity, %	9	27.1	20.8	18.6	19.4	22.2	24.2	23.0	22.6
Net debt/equity ratio, %	9	-10.8	-3.0	3.2	10.5	-0.1	-0.9	4.3	8.0