

Director's Report

General information about the operation

Boliden Mineral AB is a wholly-owned subsidiary of Boliden AB, Corporate ID No. 556051-4142, and has its registered office in Stockholm, Sweden. Boliden AB prepares the consolidated financial statements for the main Group.

Boliden Mineral AB carries out operations in three mining areas in Sweden. The ores mined contain zinc, copper, lead, gold and silver together with small quantities of other metals. Boliden Mineral AB's Rönnskär smelter produces pure metals, custom alloys and a number of by-products including sulfuric acid and zinc clinker. The raw material comprises metal concentrates from mines and metals from electronic materials. Rönnskär is a world leader in electronics recycling. Sales of finished metals are handled by the subsidiary Boliden Commercial AB and are mainly to industrial customers in northern Europe.

For further, more detailed information and key ratio definitions, we refer in all material respects to the Boliden Group's annual report for 2020.

Earnings trends and cash flow

At SEK 16,703 m for full-year 2020, revenues are higher than for 2019 (SEK 15,625 m), and operating profit improved to SEK 5,501 m (4,485). The higher revenues and profit are explained by higher volumes of produced metal, higher grades and higher metal prices. Net financial items increased to SEK 1,424 m (1,371), mainly as a result of currency gains.

Cash flow totaled SEK 2,396 m, an improvement of SEK 3,280 m compared to the previous year, largely due to no dividend payout.

Multi-year summary

SEK m	2020	2019	2018	2017	2016
Net sales	16 703	15 625	15 384	15 213	11 734
Profit before tax	6 344	5 857	7 699	6 246	3 618
Equity/assets ratio	43,30%	40,03%	43,26%	45,70%	38,49%

Expectations with regard to the future development

of Boliden Mineral AB's profitability are primarily affected by metal grades in the mines, recovery in the smelters, metal prices and US dollar exchange rate trends, all of which are factors beyond the company's influence. Therefore good cost control, efficient production processes and increased market demand are all important success factors.

Boliden mineral AB's operation will in all material respects continue according to previous strategies, and the focus will be to carry on operations as usual even though the current Covid 19 situation demands great flexibility. To

a result of higher short-term absence related to Covid 19, the previously announced target production rate of 45 m metric tons per year in Aitik will not be achieved until 2021.

Research and development activities

Boliden's R&D activities consist mainly of exploration aimed at adding new base metal deposits. Certain research is also conducted into mining and smelter processes. We refer to the section on accounting principles for further information.

Environmental information

Boliden Mineral AB conducts extensive operations and can in this context become involved in disputes and legal proceedings. Furthermore, Boliden's various operations are subject to licensing to a great extent and also to wide-ranging environmental and other regulations. Continued operation is dependent to a great extent on the retention and renewal of existing licenses and the granting of new ones.

Boliden monitors legal developments in relevant fields, and implements, follows up and ensures compliance with applicable laws and regulations. Boliden actively participates in e.g. the field of environmental law through membership in industry and stakeholder organizations, lobbying, presentations and training initiatives for decision-makers and other stakeholder groups. For further information, refer to the Boliden Group's sustainability report for 2020.

Financial risks

Boliden Mineral AB has a centralized finance department whose duties include managing financial risks with the exception of credit risks in trade receivables. The role of the finance department is to support management and operational units on behalf of the parent company and Group. This leads to good internal risk management. The company's finance department handles currency and metal price risks, liquidity risks, credit and counterparty risks, risk management and insurance. For further, more extensive descriptions of the company's risk exposure, we refer to the Boliden Group's annual report for 2020.

Personnel

To create wealth, Boliden must offer its employees safe working environments, skills development, opportunities for career development and a good work/life balance.

For further, more extensive descriptions of the company's priority areas for personnel, we refer to the Boliden Group's annual report for 2020.

Significant events during the financial year

Aitik electric trolley track

An electrified test track for rock dumper transports in Aitik went into operation in the autumn of 2018. During the two-year project, Boliden collaborated with a number of partners and the project was supported by the Swedish Energy Agency. The project concerned the development, construction and evaluation of an electrified track with overhead wires and four modified rock dumpers with pantographs.

During the autumn of 2019, a decision was taken to convert an additional 10 rock dumpers to electric power and build a further 3 kilometers of electric trolley track. Overall, the installation reduces greenhouse gas emissions from transportation by almost 15% over the mine's life span. Commissioning will take place in stages up until 2022.

High short-term absence in 2020 due to Covid 19 had a negative impact on production.

Rönnskär leaching plant

Work continued during the year with the leaching plant investment in Rönnskär. The plant, which was initially scheduled for operation in 2020, will be commissioned in the fall of 2021. It will be used to extract more metal from residual materials, and it will also reduce the amount of waste deposited in the deep-sea repository in Rönnskär.

Rönnskär converter hall and sulfuric acid plant

In 2019, a decision was taken to invest SEK 350 m in a converter hall and sulfuric acid plant in Rönnskär. The major part of the investments will take place during 2019 and 2020. This means the capacity to treat raw materials at Rönnskär will increase by 12%. The new capacity is scheduled for commissioning in the beginning of 2021.

Underground repository in Rönnskär

During the year, construction of an underground waste repository in Rönnskär continued.

Fossil-free electricity

Boliden concluded an agreement during the year with Agder Energi for the supply of fossil-free electricity to all of its Swedish sites.

Proposed allocation of company profit

The following earnings are available for distribution by the AGM (SEK XXX m)

Hedge reserve	109 000 000
Retained earnings	6 559 645 382
Net profit for the year	<u>5 207 185 187</u>
	11 875 830 569

The Board proposes that SEK XXX m

be distributed to the shareholders	4 000 000 000
be carried forward	<u>7 875 830 569</u>
	11 875 830 569

The Board of Directors proposes that SEK 4,000,000,000 be paid in dividends, corresponding to SEK 2,424 per share.

The Board of Directors proposes that the Annual General Meeting authorise the Board of Directors to determine the disbursement date.

The Board of Directors considers the proposed dividend payment to be justifiable with regard to the equity requirements imposed by the nature and scope of the operations and the risks to which they are subject, and to the company's consolidation and liquidity requirements and general position.

This statement shall be viewed in the light of the information presented in the annual accounts.

The company management has no plans for any major changes to the existing operations, such as substantial investments in or the divestment or winding up of operations.

Concerning the company's earnings and position in general, we refer to the following financial statements with their associated notes and comments.

Income statements

<i>Amount in SEK m</i>	<i>Note</i>	<u>2020</u>	<u>2019</u>
Revenues	3	16 703	15 625
Cost of goods sold	4	-10 077	-10 132
Gross profit		6 625	5 493
Selling expenses	4	-61	-57
Administrative expenses	4	-614	-541
Research and development costs	4	-464	-527
Other operating income	5	15	116
Operating profit	1-4, 9	5 501	4 485
Profit from financial items			
Earnings from participations in Group companies	6	1 123	1 389
Earnings from participations in associated companies		0	-10
Övriga ränteutgifter och liknande resultatposter	7	1 070	170
Interest expenses and similar profit/loss items	8	-769	-178
Profit after financial items		6 925	5 856
Appropriations			
Group contributions made		-243	-150
Accelerated depreciations	9	-338	151
Profit before tax		6 344	5 857
Tax	10	-1 137	-945
Net profit for the year		5 207	4 911

Boliden AB operations are run on behalf of Boliden Mineral AB, which means that profit or loss from Boliden AB's operations are reported in Boliden Mineral AB.

Consolidated Statements of comprehensive income

<i>Amount in SEK m</i>	<u>2020</u>	<u>2019</u>
Net profit for the year	5 207	4 911
Other comprehensive income		
Items to be reclassified the income statement		
Cash flow hedging		
Change in market value of derivative instruments	-23	206
Fiscal effect on derivative instruments	5	-44
Transfers to the Income Statement	2	-2
Total items to be reclassified to the income statement	-16	160
Total other comprehensive income	-16	160
Comprehensive income for the period	5 191	5 071

Balance sheets

Amount in SEK m	Note	2020-12-31	2019-12-31
ASSETS			
Non-current assets			
Intangible assets			
Intangible assets	11	18	19
		18	19
Property, plant and equipment			
Buildings and land	11	3 756	3 369
Deferred mining costs		4 624	4 381
Machinery and other technical facilities		10 169	10 045
Equipment, tools, fixtures and fittings		300	213
Work in progress and advance payments in respect of property, plant and equipment		4 726	4 641
		23 575	22 648
Other non-current assets			
Participations in Group companies	12 - 13	13 076	12 964
Derivative instruments	22	7	18
Financial receivables from group companies	22	4 942	7
Other non-current securities holdings	14	2	2
Non-current receivables	22	112	110
Deferred tax		–	–
		18 139	13 100
Total non-current assets		41 733	35 768
Current assets			
Inventories			
Raw materials and consumables		718	648
Goods under manufacture		590	572
Finished goods and tradable goods		219	253
Advance payments to suppliers		–	–
		1 527	1 473
Current receivables			
Trade receivables	25	239	259
Trade receivables with Group companies		1 771	1 361
Financial receivables from group companies		5 884	5 994
Other receivables	15	145	9
Prepaid expenses and accrued income	16	58	128
Derivatives	22	250	218
		8 347	7 969
Cash and bank balances		3 721	1 325
Total current assets		13 595	10 767
TOTAL ASSETS		55 328	46 535

Balance sheets

Amount in SEK m	Note	2020-12-31	2019-12-31
EQUITY AND LIABILITIES			
Equity	26		
<i>Restricted equity</i>			
Share capital (1,650,000 shares, quota value SEK 100)		165	165
Development expenditure fund		8	6
Statutory reserve		3 149	3 149
Revaluation reserve		1 061	1 191
		<u>4 383</u>	<u>4 511</u>
<i>Non-restricted equity</i>			
Retained earnings		6 560	1 648
Hedge reserve		109	125
Net profit for the year		5 207	4 911
		<u>11 876</u>	<u>6 684</u>
		16 259	11 195
Untaxed reserves			
Accumulated accelerated depreciations	17	9 697	9 359
		<u>9 697</u>	<u>9 359</u>
Provisions			
Provisions for pensions and similar undertakings	18	587	557
Provisions for deferred tax	10	75	73
Other provisions	19	1 209	1 135
		<u>1 872</u>	<u>1 765</u>
Non-current liabilities			
Liabilities to credit institutions	20-22	5 200	2 511
Financial liabilities to group companies	22	18 547	15 524
Derivatives	22	17	–
		<u>23 765</u>	<u>18 035</u>
Current liabilities			
Liabilities to credit institutions	20-22	–	158
Trade and other payables	20-22	909	950
Trade and other payables to Group companies	22	15	12
Provisions	19	241	168
Current tax liabilities		–	51
Financial liabilities to group companies	22	993	2 990
Other liabilities	23	219	326
Accrued costs and prepaid income	24	1 171	1 330
Derivatives	22	188	195
		<u>3 736</u>	<u>6 180</u>
TOTAL EQUITY AND LIABILITIES		55 328	46 535

Summary of changes in equity

<i>Amount in SEK m</i>	<i>Share capital</i>	<i>Fund for Dev. exp.</i>	<i>Reserve fund</i>	<i>Revaluation fund</i>	<i>Hedge reserve</i>	<i>Non-restricted capital</i>	<i>Total capital</i>
Closing balance according to the balance sheet							
December 31, 2018	165	3	3 149	1 322	-35	8 520	13 124
Dividend						-7 000	-7 000
Re-route fund for dev. expenditure		3				-3	0
Re-route for depreciating revaluation				-131		131	-
Net profit for the year						4 911	4 911
Other comprehensive income					160		160
Equity as of December 31, 2019	165	6	3 149	1 191	125	6 560	11 196
Dividend							-
Net profit for the year						5 207	5 207
Re-route fund for dev. expenditure		2				-2	-
Re-route for depreciating revaluation				-130		130	-
Other comprehensive income				-	-16	-	-16
Equity as of December 31, 2020	165	8	3 149	1 061	109	11 894	16 386

Share capital Amount in SEK

Shares	Quota value	Number of shares	Share capital
Class A shares	100	1 650 000	165 000 000

According to Boliden Mineral AB's articles of association, share capital must total no less than SEK 75,000,000 and no more than SEK 300,000,000.

Statutory reserve

The statutory reserve also includes amounts transferred to the share premium reserve before January 1, 2006. The statutory reserve may not be reduced through the allocation of profits.

Revaluation reserve

The costs of fixed assets were revalued in 2001. The annual depreciations of the revalued cost of fixed assets are recognized in the income statement and then transferred from the revaluation fund to retained earnings. The revaluation reserve may not be reduced through the allocation of profits.

Non-restricted reserves

The previous year's non-restricted equity, together with profits for the year, constitute non-restricted reserves. Non-restricted equity in the parent company is available for distribution to shareholders.

Statements of cash flow

<i>Amount in SEK m</i>	<i>Note</i>	<i>2020</i>	<i>2019</i>
Operating activities			
Profit after financial items		6 925	5 856
Adjustment for items not included in cash flow, etc.			
Depreciation, amortization and impairment of assets	11	2 844	2 714
Other		342	519
		10 111	9 088
Tax paid		-1 318	-1 533
Cash flow from operating activities before changes in working capital		8 792	7 556
<i>Cash flow from changes in working capital</i>			
Increase (-)/Decrease (+) in inventories		-54	155
Increase (-)/Decrease (+) in operating receivables		-488	-104
Increase (+)/Decrease (-) in operating liabilities		-311	398
Cash flow from operating activities		7 940	8 005
Investment activities			
Shareholder contribution made		-	-
Acquisition of shares and subsidiary	13	-112	-
Acquisition of financial assets		-	-
Acquisition of intangible and tangible assets	11	-3 797	-4 181
Cash flow from investing activities		-3 910	-4 181
Financing activities			
Loans to Group companies		770	2 484
Change in loan liabilities		2 531	-192
Dividend paid		-	-7 000
Increase in non-current receivables		-4 935	-
Group contribution received (+) / made (-)		-	-
Cash flow from financing activities		-1 634	-4 708
Cash flow for the year		2 397	-884
Opening cash and cash equivalents		1 325	2 209
Closing cash and cash equivalents		3 722	1 325

Accounting principles and notes to the financial statements

Amount in SEK m om inget annat anges

General accounting principles

Boliden Mineral AB (publ.), Swedish Company reg. no. 556231-6850, is a limited liability company registered in Sweden. The company's registered office is in Boliden Mineral AB is wholly owned by Boliden AB, which is listed on NASDAQ Stockholm and included in the Large Cap segment. Boliden AB (publ), company registration number 556051-4142, has its registered office in Stockholm, Sweden.

It is the parent company of the Boliden Mineral Group whose principal operations are mining and the production of metals and related operations. The company's functional currency is Swedish crowns (SEK). All amounts in the financial statements are presented in millions of Swedish crowns (SEK m) unless otherwise specified.

The company's accounting principles comply with those of the Boliden Group with the exception of the mandatory rules set forth in the Swedish Financial Reporting Board's recommendation RFR 2, accounting for legal entities.

Some of the most significant accounting principles applied are described below. These principles have been applied consistently for all years presented, unless otherwise specified.

The annual report was prepared in accordance with the Swedish Annual Accounts Act, the Swedish Financial Reporting Board's recommendations RFR 2, accounting for legal entities, and statements from the Swedish Financial Reporting Board. RFR 2 means that the annual report for the legal entity must apply all IFRSs and statements approved by the EU as far as possible within the framework of the Swedish annual accounts act taking into account the relationship between accounting and taxation. The recommendation specifies the exemptions and supplements that apply to IFRS.

Estimations and assessments

To enable preparation of the accounts, estimations and assumptions must be made that affect the amounts of the assets and liabilities reported and the revenue, expenses and other information provided in the annual accounts. Board of Directors and company management's estimations and assessments are based on historical experience and forecast future developments. The actual outcome may differ from these assessments.

Valuation of inventories

Because it is not easy to distinguish the parts of the process and refined metals inventories that derive from externally purchased material from mined concentrates from our own operation, an estimation is made of the internal proportion in process inventories and refined metals inventories by means of a historical breakdown of raw materials used.

Legal disputes

Boliden regularly reviews outstanding legal disputes with the help of internal legal counsel and, if necessary, external advisors, to assess the need for provisions, see Pledged assets and contingent liabilities.

Reclamation costs

Provisions for reclamations are made on the basis of an assessment of future costs based on current conditions. Provisions are reviewed regularly by internal or external specialists and updates made as necessary when the estimated useful lives, costs, technical conditions, regulations or other conditions change. The company also constantly reviews requirements in regard to closed mines.

Valuation of non-current assets

Impairment tests for tangible and intangible assets are based on the company's internal business plan and assumptions about future developments in e.g. metal prices, treatment and refining charges and exchange rate risks. Changes in market prices for metals, treatment and refining charges and currencies have a major impact on future cash flows and the consequent need for impairment. Assumptions with regard to price trends for metals, treatment and refining charges and currencies are made by Company management with the help of external experts. The assumptions are reviewed on an annual basis and adjusted when necessary. For further information, see Note 11, Property, plant and equipment.

The depreciation periods for deferred mining costs, installations and equipment in mines depend on future ore extraction and the lifespan of the mine. The assessment of these aspects is, in turn, heavily dependent on mineral reserves and, consequently, on factors such as future metal prices. Changes to conditions may entail changes to the rate of depreciation applied in future. Business area mines establishes annual production plans throughout the lifetimes of mines.

Financial instruments

The following financial instruments, i.e. financial assets and liabilities, are recognized in the Balance Sheet: shares, receivables, cash and cash equivalents, liabilities and derivatives.

Financial instruments are recognized in the Balance Sheet when the company becomes bound by the instrument's contractual terms (the economic approach). However, liabilities to credit institutions are not reported until the settlement date. Financial liabilities are removed from the balance sheet when the rights in the contract have been enjoyed, expired or transferred to another counterparty. Financial liabilities are removed from the balance sheet when the agreement's obligations are fulfilled or if significant aspects of the loan terms are renegotiated.

Financial instruments are reported at the fair value or amortized cost, depending on the initial categorization under IAS 39. On each reporting date, an evaluation is made of whether there are objective indications that a financial asset or group of financial assets exists that are in need of impairment.

Valuation principles

Fair value

The fair value of derivatives is based on listed bid and ask prices on the closing day and on a discounting of estimated cash flows and includes the assumption of risk. Market prices for metals are obtained where the metal derivatives are traded, i.e. the London Metal Exchange (LME) and the London Bullion Market Association (LBMA). Discount rates are based on current market rates per currency and time to maturity for the financial instrument. Exchange rates are obtained from the Riksbank (Swedish Central Bank). When disclosing the fair value of liabilities to credit institutions, fair value is calculated as the discounted agreed amortizations and interest payments at estimated market interest rates. The fair value of Trade receivables and trade and other payables are held to be the same as the carrying amount due to their short maturity, the fact that provisions are made for doubtful trade receivables, and that any penalty interest will be invoiced. If changes in value cannot be determined for financial assets or liabilities reported at fair value, they are reported at the cost of the instruments at their time of acquisition, which corresponds to the fair value at the time of acquisition plus transaction costs.

Boliden provides information on all financial assets and liabilities reported at fair value in the Balance Sheet on the basis of a three-level fair value hierarchy. Level one comprises instruments that are listed and traded on an active market where identical instruments are traded. Level two comprises instruments that are not traded on an active market, but where observable market data is used for valuation of the instruments (either directly or indirectly). Level three comprises instruments where the valuation is, to a considerable extent, based on unobservable market data. The assessments were conducted on the basis of the circumstances and factors that apply with regard to the various instruments. Metal futures are classified as level two, in that the discounted prices are based on listed daily prices from the exchanges. Currency futures and interest swaps have also been classified as level two, with reference to the fact that the valuation is based on observable market data. The fair value of liabilities to credit institutions have been classified as level two. Shares and participations that are not listed have been classified as level three. Exceptions to classification on the basis of the fair value hierarchy are made for trade and other receivables, cash and cash equivalents, and trade and other payables where the carrying amount is deemed to constitute a reasonable estimation of the fair value.

Amortized cost

Amortized cost is calculated using the effective interest rate method. This means that any premiums or discounts, as well as expenses or income directly attributable to them, are distributed over the duration of the contract with the aid of the estimated effective interest rate. The effective interest rate is the rate that yields the instrument's historical cost as a result in conjunction with current value calculation of future cash flows.

Valuation category

Boliden Mineral AB divides financial instrument into the valuation categories and classes below; see also Note 22. Classification depends on the characteristics of the instrument and the business model under which it is held.

Financial assets at amortized cost

The financial assets in this category include financial investments, cash and cash equivalents, and receivables not listed on an active market. These financial instruments are characterized by being part of a business model where the purpose is to hold them until maturity and to collect cash flows from payments of principals and any interest. Cash and cash equivalents comprise short-term investments with a due date of no more than three months from the acquisition date and which are easily converted into cash. Cash and cash equivalents are only exposed to an insignificant risk of fluctuations in value and are reported at amortized cost. Receivables include trade receivables and interest-bearing current holdings of securities or other investments not classified as non-current assets and which are not attributable to cash and cash equivalents. Receivables are reported at the anticipated recoverable amount, less any impairment charges. The anticipated term of trade receivables and other current receivables is short, and the value is, therefore, reported at the nominal amount without any discounting, in accordance with the amortized cost method.

Financial assets at fair value through profit or loss

The financial instruments measured at fair value in the Income Statement include shares and participations. These instruments are characterized as being part of a business model whose purpose is to hold them until maturity or for trading, where their sale is expected in the near future. The financial assets in this category are valued at fair value with changes in value are recognized in the Income Statement. Shares for which the fair value cannot be established are reported at their historical cost, taking into account accumulated

Derivatives

Derivatives that are valued at fair value, and for which changes in the value are reported in net financial items, consist of currency futures; they are not included in the hedge accounting.

Hedge accounting

Derivatives used in hedge accounting comprise derivatives valued at fair value included in fair value hedging or cash flow hedging. The derivatives comprise metals futures, currency futures and interest derivatives. The hedge relationship is identified and an assessment of the hedge's efficacy is documented, both when hedging commences and on an ongoing basis. Efficacy is assessed by means of an analysis of the economic correlation between the hedged item and hedging instrument, and by ensuring that the effect of the credit risk does not dominate changes in the value of underlying items and instruments. The hedge ratio for the hedge relationship is the same as

Other financial liabilities

Financial liabilities primarily consist of liabilities to credit institutions and trade and other payables. The anticipated term of trade and other payables is short, and the value is consequently reported at a nominal amount in accordance with the amortized cost method as the amount is held to correspond to the value. Liabilities to credit institutions are initially valued at amounts received, less any set-up fees, and are then valued at amortized cost. Interest expenses are reported on a rolling basis in the Income Statement with the exception of the part included in the historical cost for property, plant and equipment. Capitalized set-up fees are reported directly against the loan liability to the extent that the loan agreement's underlying loan guarantee has been utilized, and are allocated over time in the Income Statement under Other financial expenses over the contractual term of the loan. If a loan agreement is terminated or otherwise ceases to apply at a point in time prior to the end of the original contractual term, capitalized set-up fees are recognized as an expense. If a current agreement is renegotiated during the contractual term, any additional fees in connection with the renegotiation are allocated over the remaining contractual term of the loans.

Assets and liabilities in foreign currencies

Receivables, liabilities and derivatives in foreign currencies are converted to Swedish kronor at the exchange rate applying on the closing day. Exchange rate and operating liabilities are included in operating profit while exchange rate differences on financial assets and liabilities, including any profit/loss, are reported under financial items. Exchange rate effects on financial instruments used in cash flow hedging are reported under Other comprehensive income with the exception of any exchange rate differences on currency swaps in foreign currencies reported under net financial items.

Classification and reporting of derivatives used for hedging purposes

Cash flow hedging (forecast cash flows)

Hedge accounting is applied to financial derivatives that refer to the hedging of forecast flows. This means that the effective share of unrealized market values is reported under Other comprehensive income until the hedged item, such as forecast metal sales, US dollar income and interest expenses, is realized and thus reported in the Income Statement. Realized profits/losses attributable to metal and currency derivatives are reported under net sales, while profit/loss on interest derivatives is reported under net financial items. When hedging future interest payments, use is made of both individual interest swaps and multiple interest swaps in what is known as portfolio hedging. Any ineffective part of cash flow hedging is reported under net financial items.

Offsetting of financial assets and liabilities

The offsetting of financial assets and liabilities is regulated by ISDA agreements (International Swaps and Derivatives Association), which regulate offsets between contracted counterparties as part of operating activities and in conjunction with circumstances relating to breach of contract or early termination. In its day-to-day operations, Boliden offsets payments on undertakings with the same maturity date, currency and counterparty, and for the same type of instrument. Only the excess amount per instrument and currency is paid by the party with the greater outstanding liability. In the event of a breach of contract or early termination, which may be caused by circumstances not directly linked to the negligence of any counterparty, all terminated undertakings under ISDA agreements are offset per counterparty at a sum payable by the party with the greater outstanding liability.

Government contributions and support

Government support refers to subsidies, grants or premiums designed to provide an economic benefit, or Government support in the form of transfers of resources to the company and which may be attached to a commitment. Government support attributable to assets is reported either by recognizing the support as a prepaid income or by reducing the carrying amount of the asset.

Revenue recognition

Sales of metal concentrates, metals, and by-products are reported upon delivery to the customer in accordance with the terms and conditions of sale, i.e. revenue is recognized when the essential rights and liabilities arising from ownership are transferred to the buyer. Sales are recognized after VAT, discounts and exchange rate differences on sales in foreign currency.

The company's metal concentrates are invoiced provisionally upon delivery. Final invoicing takes place when all relevant parameters are determined (concentrate quantity, metal content, impurity content, metal price for the agreed price setting period, which is usually the average price on the LME in the month following delivery).

The company's metals are invoiced to customers via subsidiaries on delivery. The price risk associated with the purchasing and sale of metals is eliminated at Group level by hedging the difference between the quantity purchased and the quantity sold on a daily basis. Smelter revenues consist of refining charges, free metals, compensation for impurities in the raw material and the value of by-products.

Income from activities outside the sphere of the regular operations is reported as Other operating income.

Exploration, research and development

Boliden's R&D consists mainly of exploration, i.e. the search for new base metal deposits. In addition, there is limited development of mining and smelting processes. Expenditure on research and development is mainly expensed as it occurs. When the financial potential for the exploitation of a mine deposit has been confirmed, the expenses are booked as costs up to that date. After that date, the expenses are capitalized as deferred mining costs, the governing principles of which are described under Property, plant and equipment.

Intangible assets

Intangible assets acquired separately are recognized at cost less accumulated depreciation and any accumulated impairment charges. The company applies the activation model, which means that work involved in producing internally generated intangible fixed assets is split into a research phase and a development phase. All expenditures arising from the company's research phase are recognized as expenses as they arise. All development expenditures are recognized as an asset when the conditions for capitalizing an asset are met. Expenditures for an internally generated intangible fixed asset are included in the cost only if the purpose of the acquisition is for the component to form part of a new unique asset through the proprietary development work. When the company reports expenditures for proprietary development work as an asset, the corresponding amount is transferred from non-restricted equity to a fund for development expenditures.

Depreciation of intangible fixed assets is calculated on a straight-line basis over the estimated useful life of the asset, which is estimated at 5 years. Estimated useful life and depreciation methods are reviewed if there is an indication that they have changed compared to the estimations at the previous closing date. The effect of any changes in estimations and assessments is reported prospectively. Depreciation begins when the asset can be used.

Property, plant and equipment

Land, plants and equipment, and associated capitalized costs for development, pre-production measures and future reclamation recognized at cost and any revaluations reduced by depreciations and any impairment. Interest expenses attributable to financing development and completion of essential property, plant and equipment are included in cost. Repair and maintenance expenses are booked as costs, while major improvements and replacements are capitalized.

Deferred mining costs at mines consist of the waste rock excavation required to access the orebody, work relating to infrastructure, roads, tunnels, shafts and inclined drifts, as well as service, electricity and air distribution facilities. Deferred mining costs arising from capacity expansion in the mining operation, the development of new ore bodies, and the preparation of mining areas for future ore production are capitalized. Mining costs arising from waste rock removal from open pit mines are capitalized as part of an asset when it becomes possible to identify the part of an orebody to which access has been improved. This means waste rock capitalization is calculated per individual pushback.

Depreciation principles for Property, plant and equipment

Depreciation according to plan is based on the original capitalized values and the estimated useful life. Depreciation of an asset begins when said asset becomes operational, i.e. once it is in the location and in the condition necessary for it to be used in the way intended by company management. Plant and capitalized values attributable to waste rock are depreciated per push-back concurrent with metal extraction in relation to the anticipated metal extraction for the entire push-back. Installations and capitalized values included in deferred mining costs are depreciated under a production-dependent depreciation method based on proven and probable mineral reserves in the relevant orebodies. Depreciation is effected down to the estimated residual value. Estimated residual values and lifespan are subject to ongoing review. Plant not directly linked to production capacity is depreciated on the basis of its anticipated lifespan. Smelters and production plants are depreciated linearly over their anticipated useful lives.

The following depreciation terms are applied for property plant and equipment:

Buildings	20 - 50 years
Land improvements	20 years
Deferred mining costs and waste rock capitalization	Concurrently with metal extraction
Processing facilities	10 - 25 years
Machinery	3 - 10 years
Equipment, tools, fixtures and fittings	3 - 10 years

Boliden applies component depreciation, whereby major processing facilities are broken down into component parts with different useful lives and thus different depreciation periods.

Removal of property, plant and equipment from the balance sheet

The carrying amount of property, plant and equipment is removed from the balance sheet upon retirement or disposal, or when no future economic benefits are expected from the use, retirement or disposal of the asset for component. When additional expenditures are included in the cost, the carrying amount of the components replaced is removed from the balance sheet. The gains or losses arising from the removal of property, plant and equipment or component from the balance sheet is the difference between what may be obtained after deduction of direct selling costs, and the carrying amount of the asset. The capital gain or loss that arises when property, plant and equipment or a component is removed from the balance sheet is recognized in the income statement as other operating income or other operating expense.

Impairments

On each reporting occasion, an assessment is performed to determine whether there is any indication of impairment in respect of the company's assets. Should this be the case, the recoverable amount of the asset is calculated. The recoverable amount consists of the higher of the value in use of the asset in the operation and the value that would have been obtained had the asset been sold to an independent party, fair value less selling expenses. The value in use consists of the present value of all incoming and outgoing payments attributable to the asset for the duration of its expected use in the operation, plus the present value of the net sales value at the end of the asset's useful life. If the asset's estimated recoverable amount is lower than the carrying amount, the latter is written down to the level of the former.

Impairments are reported in the Income Statement. Impairments charged are reversed if there are changes in the assumptions that led to the original impairment that mean the impairment is no longer justified. The reversal of an impairment is not performed such that the carrying amount exceeds what would've been recognized after deduction of depreciations according to plan had no impairment been made. Reversals of impairments are reported in the income statement.

Leasing

Leases and associated charges are reported on a straight-line basis over the lease period.

Inventories

The company's inventories consist primarily of mined concentrates and materials tied up in the smelters' production process. Inventories are valued at whichever is the lower of the historical cost in accordance with the first-in-first-out principle and the net sale value, thus taking into account the risk of obsolescence. In the inventories of metals from our own mines and in-house semi-finished and finished products, cost comprises direct production costs plus surcharges for indirect production costs. Supplies inventories are valued at whichever is the lower of the average historical cost and the replacement value.

Tax

The tax expense (tax income) for the period comprises current tax and deferred tax. Taxes are reported in the income statement, other comprehensive income and equity.

Current tax is the tax calculated on the taxable profit/loss for each period. Taxable profit/loss for the year differs from reported profit/loss for the year before tax in that it is adjusted for non-taxable and non-deductible items and temporary differences. The company's current tax liability is calculated in accordance with the taxation rates stipulated or announced on the closing day.

Deferred tax is reported using the balance sheet method, under which deferred tax liabilities are reported in the balance sheet for all taxable temporary differences between reported and fiscal values of assets and liabilities. Deferred tax assets are reported in the balance sheet in respect of loss carry-forwards and all deductible temporary differences to the extent that it is likely that these amounts can be used to offset future taxable surpluses. The carrying amount of deferred tax assets is tested at the end of each accounting period and reduced to the extent that it is no longer likely that sufficient taxable surpluses will be available for use. Deferred tax is calculated in accordance with the tax rates that are expected to apply for the period in which the asset is recovered or the liability settled.

Both deferred and current tax receivables and tax liabilities are offset when they relate to income tax levied by the same tax authority.

Provisions

Provisions are reported when the Group has, or may be considered to have, an obligation as a result of events that have occurred and it is likely that disbursements will be required in order to fulfill this obligation. A further prerequisite is that it should be possible to make a reliable estimate of the amount to be disbursed.

With the exception of pensions, the company's provisions relate mainly to reclamation expenses that are expected to arise when an operation is closed. Provisions are also made for any purchases of emissions allowances and possible compensation for termination such as may be payable when an employee has received a notice of termination or when an employee accepts voluntary retirement. The company also reports a provision and an expense in conjunction with termination of employment where the company is obliged to either terminate the employee before the normal date of termination or the payment of compensation to encourage early retirement.

Provisions for reclamations are made on the basis of an assessment of future costs based on current conditions. Provisions are reviewed regularly by internal or external specialists and updates made as necessary when the estimated useful lives, costs, technical conditions, regulations or other conditions change. The company also constantly reviews requirements in regard to closed mines.

See also Note 20, Trade and other receivables.

Contingent liability

A contingent liability is a potential undertaking that derives from events that have occurred and whose incidence is only confirmed by one or more uncertain future events. A contingent liability can also be an existing undertaking that has not been reported in the balance sheet because it is unlikely that an outflow of resources will be required or because the size of the undertaking cannot be calculated.

Employee benefits

Pension commitments

For pension systems where the employer is committed to defined contribution systems, the undertaking in relation to the employee ceases when the agreed premiums have been paid. Premiums paid are booked as costs on an ongoing basis.

The Swedish Pension Obligations Vesting Act contains rules that lead to different accounting set forth in IAS 19. Eligibility for tax deductions is contingent upon application of the Swedish Pension Obligations Vesting Act. The rules in IAS 19 regarding defined-benefits pension plans need not be applied to legal entities. The Company does not apply IAS 19.

Dividend

A dividend payment proposed by the Board of Directors does not reduce equity until it has been approved by the AGM. Discounted dividends may be reported in cases where the parent company has sole right to decide on the size of a dividend having made sure that the dividend does not exceed the subsidiary's ability to pay it.

Group contributions and shareholder contributions

Group contributions received or made are reported as appropriations.

Shareholders' contributions are booked directly against non-restricted equity by the recipient and as an increase in the Participations in Group companies item the contributor.

Consolidated information

No consolidated accounts have been prepared for Boliden Mineral AB under chapter 7, section 2 paragraph 1 of the Swedish Annual Accounts Act. In accordance with Chapter 6 Section 10 paragraph 2 of the Swedish annual accounts act, no statutory sustainability report has been prepared. The sustainability report for the group was prepared by Boliden AB and can be found in Boliden AB's annual report for 2020.

Boliden Mineral AB is a subsidiary of Boliden AB, Corporate ID No. 556051-4142, and has its registered office in Stockholm, Sweden. The company forms part of a group in which Boliden AB prepares consolidated accounts. The annual report for the Group is available from Boliden AB, Box 44, SE 101 20 Stockholm or on Boliden's website at www.boliden.com.

Key ratio definitions

Equity/assets ratio

Adjusted equity / Balance sheet total. Adjusted equity refers to shareholders' equity + untaxed reserves less deferred tax liability.

Note 1 Employees and personnel costs

	2020	2019
Average number of employees		
Sweden	3 348	3 230
<i>of whom men</i>	<i>77%</i>	<i>77%</i>
Percentage of women in company management		
The Board of Directors	20%	20%
Other senior executives	20%	20%
Salaries, other remuneration and social security expenses		
Salaries and other remunerations	1 905	1 824
Board of Directors and CEO	32	35
Total	1 938	1 859
Social security expenses	902	880
<i>(of which pension costs)</i>	<i>(127)</i>	<i>(119)</i>

Salaries and remunerations refer only to personnel in Sweden.

Specification of remunerations paid to the Board Members and senior executives.

SEK thousand	Basic salary		Variable remuneration ¹⁾		Other benefits		Pension benefit	
	2020	2019	2020	2019	2020	2019	2020	2019
The Board of Directors								
Mikael Staffas, President	7 843	7 844	3 361	2 941	27	69	2 768	2 793
Other Board members	10 668	14 132	2 984	3 490	282	267	4280 ₂₎	3 064

1) The amount is attributable to 2020 but will be disbursed in 2021

2) Of which SEK 534 thousand relates to the premium for 2019.

No fees were paid out to Board members.

Note 2 Auditors' fees and reimbursement of expenses

	2020	2019
Audit engagements	3	3
	3	3

Audit assignments refer to the auditor's remuneration for the statutory audit. The work includes the audit of the annual report and accounting, the administrative of the Board and the President and the fee for audit advice provided in connection with the audit assignment.

Deloitte AB was the Auditor-in-charge for the 2020 and 2019 audits.

Note 3 Revenues

	2020	2019
Per line of business		
Mines	12 868	12 322
Smelters	3 631	3 156
Other	204	148
Total	16 703	15 625
Per geographic market		
Sweden	15 786	14 649
Nordic region, other	175	265
Europe, other	567	649
Other markets	174	63
	16 703	15 625

Revenues are based on where customers are located.

SEK 15,925 m (14,647) of revenues relates to sales to Group companies.

Note 4 Key expense items

	2020	2019
Raw material costs, incl. inventory changes	-16	-214
Personnel costs	-2 936	-2 868
Energy costs	-1 148	-1 223
Spare parts and consumables	-2 142	-2 048
Transport costs	-328	-283
External services	-2 279	-2 242
Capitalized expenses	965	922
Other external costs	-472	-576
Scrapping of plant	-18	-11
Depreciations according to plan	-2 844	-2 714
	<u>-11 217</u>	<u>-11 257</u>

The specification of significant types of costs refers to items included under Cost of goods sold, sales, administration, research and development costs in the income statement. In all material respects, costs for depreciations are reported in the income statement under Cost of goods sold.

Note 5 Other operating income

	2020	2019
Payment for sludge deliveries	-	20
Damages received	50	0
Support received	39	6
Rental income	6	7
Sales of forest products	6	6
Sales of district heating	15	12
Scrap sales	6	12
Exchange rate losses/gains	-131	43
Other	24	10
	<u>15</u>	<u>116</u>

Note 6 Earnings from participations in Group companies

	2020	2019
Capital losses, disposals	-9	-
Dividend	1 132	1 389
	<u>1 123</u>	<u>1 389</u>

Note 7 Interest income and similar profit/loss items

	2020	2019
Interest income	1	-
Interest income, Group companies	201	163
Other	868	7
	<u>1 070</u>	<u>170</u>

Note 8 Interest expenses and similar profit/loss items

	2020	2019
Interest expenses	-130	-148
Interest expenses, Group companies	-2	-5
Currency fluctuations	-637	-26
	<u>-769</u>	<u>-178</u>

Note 9 Accelerated depreciations

	2020	2019
Difference between book depreciations and depreciation according to plan		
Machinery and other technical facilities	338	151
	<u>338</u>	<u>151</u>

Note 10 Tax

	2020	2019
Current tax income (+) / tax expense (-)		
Tax expenses for the period	-1 126	-973
Adjustment of tax attributable to previous years	-4	13
	<u>-1 130</u>	<u>-961</u>
Deferred tax income (+) / tax expense (-)		
Deferred tax expense for temporary differences	-7	15
Total reported tax income (+) / tax expense (-)	<u>-1 137</u>	<u>-945</u>

Reconciliation of effective tax

Reported profit before tax	6 344	5 857
Tax according to current taxation rate	-1 358	-1 253
Fiscal effect of non-deductible expenses	-15	-7
Fiscal effect of non-taxable income	240	300
Revaluation effect due to a change in the taxation rate	0	0
Market valuation of deferred tax assets in respect of endowment insurance	0	3
Adjustment of tax attributable to previous years	-4	13
	<u>-1 137</u>	<u>-945</u>

Deferred tax assets/tax liability

The tax assets reported in the Balance Sheet and the provision for deferred tax relates to the following assets and liabilities.

	2020			2019		
	Deferred tax asset	Deferred tax liability	Net	Deferred tax asset	Deferred tax liability	Net
Buildings and land	-	-98	-98	-	-90	-90
Other provisions	28		28	28		28
Financial instruments	-5		-5	-11		-11
Total	23	-98	-75	-	17	-17
Offset	-23	23		-17	17	
Total deferred tax assets/tax liability	0	-75	-75	0	-73	-73

	Amount at beginning of year	Reported in the Income Statement	Reported in comprehensive income	Reported in equity	Amount at year-end
2020					
Buildings and land	-90	-8	-	-	-98
Other provisions	28	1	-	-	29
Financial instruments	-11	-	5	-	-6
Total	-73	-7	5	-	-75
2019					
Buildings and land	-102	12	-	-	-90
Other provisions	25	3	-	-	28
Financial instruments	33	-	-44	-	-11
Total	-44	15	-44	-	-73

Note 11 Intangible assets

	Capitalized expenditures	Advances	Total Intangible assets
Historical costs			
According to the balance sheet 12/31/2018			
At the beginning of the year	25	6	31
Investments	6	3	9
Sales and retirements	–	–	–
Reclassifications	–	–	–
According to the balance sheet			
2019-12-31	31	8	40
At the beginning of the year	31	8	40
Investments	1	5	5
Sales and retirements	–	–	–
Reclassifications	–	–	–
According to the balance sheet			
2020-12-31	32	13	45
Depreciation			
According to the balance sheet 12/31/2018			
At the beginning of the year	-14	–	-14
Depreciation for the year	-6	–	-6
Sales and retirements	–	–	–
Reclassifications	–	–	–
According to the balance sheet			
2019-12-31	-20	–	-20
At the beginning of the year	-20	–	-20
Depreciation for the year	-7	–	-7
Sales and retirements	–	–	–
Reclassifications	–	–	–
According to the balance sh			
2020-12-31	-27	–	-27
Closing balance, 2019	11	8	20
Closing balance, 2020	5	13	18

Note 11 Property, plant and equipment

	<i>Buildings and land</i>	<i>Deferred mining costs</i>	<i>Machinery and other technical facilities</i>	<i>Equipment, tools, fixtures and fittings</i>	<i>Work in prog and PPE advance</i>	<i>Total Property, plant and equipment</i>
Historical costs						
According to the balance sheet 12/31/2018						
At the beginning of the year	5 774	11 547	24 609	193	4 023	46 145
Investments	208	1 038	1 187	119	1 621	4 172
Sales and retirements	-17	-11	-352	-5	0	-386
Reclassifications	362	-	507	-	-876	-7
According to the balance sheet 2019-12-31	6 327	12 574	25 950	307	4 768	49 924
At the beginning of the year	6 327	12 574	25 950	307	4 768	49 924
Investments	313	855	854	26	1 743	3 793
Sales and retirements	-13	-178	-351	-3	0	-545
Reclassifications	320	384	848	106	-1 658	0
According to the balance sheet 2020-12-31	6 948	13 635	27 302	436	4 853	53 172
Depreciation						
According to the balance sheet 12/31/2018						
At the beginning of the year	-2 755	-7 263	-14 724	-74	-127	-24 943
Depreciation for the year	-221	-939	-1 522	-25	-	-2 708
Sales and retirements	14	10	341	5	-	370
Reclassifications	3	-	-	-	-	3
According to the balance sheet 2019-12-31	-2 959	-8 193	-15 905	-94	-127	-27 277
At the beginning of the year	-2 959	-8 193	-15 905	-94	-127	-27 277
Depreciation for the year	-239	-997	-1 557	-44	-	-2 837
Sales and retirements	5	178	330	3	-	516
Reclassifications	-	-	-	-	-	-
According to the balance sheet 2020-12-31	-3 193	-9 011	-17 133	-135	-127	-29 598
Closing balance, 2019	3 369	4 381	10 045	213	4 641	22 648
Closing balance, 2020	3 756	4 624	10 169	300	4 726	23 575
Depreciations according to plan, Included in operating profit						
2020	-239	-997	-1 557	-44	-	-2 837
2019	-221	-939	-1 522	-25	-	-2 708

The undepreciated residual value for the revaluation of buildings and machinery is SEK 1,061 m (1,191).

Note 12 Participations in Group companies

	2020-12-31	2019-12-31
Accumulated costs		
At the beginning of the year	17 334	17 334
Disposal	-9	-
Acquisitions	122	-
	<u>17 446</u>	<u>17 334</u>
Accumulated impairment charges		
At the beginning of the year	-4 370	-4 370
	<u>-4 370</u>	<u>-4 370</u>
Book value at year-end	13 076	12 964

Note 13 Specification of company shareholdings and participations in Group companies

<i>Subsidiary / Corporate ID no. / Registered office</i>	<i>Equity</i>	<i>Profit for the period</i>	<i>Number of shares Percentage</i>	<i>Percentage share share</i>	<i>Book value</i>
Boliden Harjavalta Oy, 1591739-9, Harjavalta, Finland	1 703	478	125 000	100,0	1 100
Boliden Kokkola Oy, 0772004-3, Kokkola, Finland <i>Kokkolan Teollisuusvesi OY, 2558533-2, Kokkola, Finland</i>	1 813	551	10 000 000	100,0	2 975
Boliden Commercial AB, 556158-2205, Stockholm <i>Boliden Commercial UK Ltd, 5723781, Warwickshire, United Kingdom</i> <i>Boliden Commercial Deutschland GmbH, 165903, Neuss, Germany</i>	1 199	142	1 000	100,0	1 172
Tara Mines Holding DAC, 60135, Navan, Ireland <i>Boliden Tara Mines DAC, 33148, Navan, Ireland</i> <i>Irish Mine Development Ltd, 174811, Navan, Ireland</i> <i>Rennicks and Bennett Ltd, 34596, Navan, Ireland</i> <i>APC Properties DAC, 361022, Navan, Ireland</i> <i>Tara Prospecting Ltd, 34434, Navan, Ireland</i> <i>Tara Exploration and Development Company Ltd, E1292, Navan, Ireland</i> <i>Dowth Investment Holdings Ltd, 338698, Toronto, Canada</i>	2 317	114	15 196 665	100,0	—
Boliden Odda AS, 911177870, Odda, Norway	890	344	1 500 000	100,0	1 518
Boliden Bergsöe AB, 556041-8823, Landskrona, Sweden <i>Boliden Bergsoe AS, A/20862149, Gostrop, Denmark</i>	234	76	100 000	100,0	93
Kuhmo Nickel Ltd, 05311516, London, England	1	0	240 000	100,0	4
Boliden Kyllylahti Oy, 1925450-2, Polvijärvi, Finland <i>Kuhmo Metals Oy, 1925450-2, Poljärvä, Finland</i>	-79	-13	—	—	210
Boliden Keivitsa Mining Oy, 2345699-1, Sodankylä, Finland <i>Boliden FinnEx Oy, 2345662-5, Sodankylä, Finland</i>	8 861	190	946 373 357	100,0	6 003
Other subsidiaries, dormant or of minor importance	—	—	—	—	1
					13 076

Note 14 Specification of other non-current securities holdings

	<i>Number of shares</i>	<i>Percentage share</i>	<i>Book value</i>
Argentis AB	61 364	45,45	1
Bottenvikens Stuveri AB	6 725	8,62	1
Industriell servicecentral i Skellefteå	5	—	0
HSB, Gällivare	1	—	0
			2

Note 15 Other receivables

	2020-12-31	2019-12-31
Tax assets	137	—
Other	8	9
	145	9

Note 16 Prepaid expenses and accrued income

	2020-12-31	2019-12-31
Accrued interest, Group companies	5	3
Prepaid financial expenses	11	11
Other items	42	113
	<u>58</u>	<u>128</u>

Note 17 Untaxed reserves

	2020-12-31	2019-12-31
Accumulated accelerated depreciations		
Machinery and fixtures and fittings	9 697	9 359
	<u>9 697</u>	<u>9 359</u>

Of untaxed reserves, SEK 1,998 m (2,003) is deferred tax. Deferred tax constitutes 20.6% (21.4).

Note 18 Provisions for pensions and similar undertakings

The specification of amounts recognized in the balance sheet has been calculated as follows:

	2020-12-31	2019-12-31
The present value of the obligations (calculated according to Swedish principles) relating to unfunded pension plans	587	557

Specification of changes in net debt reported

in the balance sheet in respect of pensions:

	2020-12-31	2019-12-31
Net debt at the beginning of the year with respect to pension commitments	557	512
In-house pension costs reported in the income statement excl tax	65	74
Change in reported liability in respect of endowment insurance	2	13
Pension payments	-38	-42
Net debt at year-end	<u>587</u>	<u>557</u>

SEK 476 m (448) of net debt is covered by the Swedish Pension Obligations Vesting Act.

Specification of in-house pension expenses and revenues for the period.

	2020-12-31	2019-12-31
Cost of accrual of pensions etc.	50	92
Interest expense (calculated discount effect)	15	28
In-house pension costs excl tax	<u>65</u>	<u>120</u>

The following actuarial assumptions have been used for the calculation of pension provisions:

Discount rate obligations PRI/FPG	3,84%	3,84%
GP plan discount rate during the vesting period and one-off premiums	0,30%	0,70%
GP plan discount rate during disbursement	-0,80%	-0,80%

The commitments are calculated based on the salary level applicable on the relevant balance sheet date.

Next year's expected payment for defined-benefit pension plans is SEK 43.0 m (37.1).

Note 19 Other provisions

	2020-12-31	2019-12-31
Cost of restructuring measures	2	2
Reclamation costs	1 448	1 301
	1 450	1 303

2020	Reclamation costs	Other	Total
Book value at the beginning of the year	1 301	2	1 303
Additions to existing provisions	232	–	232
Payments	-85	–	-85
Re-routing	–	–	–
Book value at year-end	1 448	2	1 450

Anticipated time of outflow of resources:

2021	241	–	241
2022	170	–	170
2023 and 2024	372	–	372
2025 and beyond	665	2	667
	1 448	2	1 450

2019	Reclamation costs	Other	Total
Book value at the beginning of the year	1 031	2	1 033
Additions to existing provisions	350	–	350
Payments	-80	–	-80
Re-routing	–	–	–
Book value at year-end	1 301	2	1 303

Anticipated time of outflow of resources:

2020	168	–	168
2021	272	–	272
2022 and 2023	454	–	454
2024 and beyond	407	2	409
	1 301	2	1 303

Note 20 Financial liabilities and maturity structure

2020-12-31		Financial liabilities				Maturity structure				
SEK m	Currency	Interest %	Reported amount	2021	2022	2023	2024	2025	2026+	
Bilateral loans	EUR	1,24%	2 108	26	23	337	559	554	731	
Bilateral loans	SEK	1,86%	3 093	51	58	59	2 536	602		
Trade and other payables			909	909	–	–	–	–	–	
Derivative instruments			205	188	1	7	9	–	–	
Total Boliden			6 315	1 174	82	403	3 104	1 156	731	

2019-12-31		Financial liabilities				Maturity structure				
SEK m	Currency	Interest %	Reported amount	2020	2021	2022	2023	2024	2025+	
Bilateral loans	EUR	0,77%	1 503	169	107	105	333	332	494	
Bilateral loans	SEK	1,75%	1 166	17	585	9	9	9	602	
Trade and other payables			950	950	–	–	–	–	–	
Derivative instruments			195	195	–	–	–	–	–	
Total Boliden			3 814	1 331	692	114	342	341	1 096	

1) Weighted interest including interest swaps.

2) The duration analysis includes gross flows of loans and interest, including flows from any derivatives.

Note 21 Financial derivative instruments

Boliden uses financial derivative instruments to manage foreign exchange risk, raw material price risk and interest rate risk arising in its operations.

Outstanding derivative instruments, SEK m	2020-12-31		2019-12-31	
	Nominal amount	Fair value	Nominal amount	Fair value
Transaction exposure (binding commitments)				
Currency futures	-4 827	64	-5 103	30
Transaction exposure (forecast cash flows)				
Currency futures	85	-1	-434	-8
Interest derivatives	-5 057	-12	-1 480	16
Total		52		38

The table above does not include nominal amounts or fair value before netting (under IAS 32) for derivative instruments concluded with intra-group counterparties. The fair value in the amount of SEK 0 m for raw material derivatives consists of two opposing derivative positions of SEK 48 m (- 88) and SEK - 48 m (88).

Note 22 Financial assets and liabilities by valuation category

2020-12-31	Valuation and classification	Fair value through profit or loss	Amortized cost	Derivatives (hedge accounting)	Total carrying amount	Total fair value
Valuation and classification						
ASSETS						
Other non-current securities holdings	3	2			2	2
Derivative instruments	2			7	7	7
Financial receivables from group companies			4 942		4 942	4 942
Non-current receivables			112		112	112
Current assets						
Current receivables						
Trade receivables			239		239	239
Trade receivables with Group companies			1 771		1 771	1 771
Financial receivables from group companies			5 884		5 884	5 884
Derivative instruments	2	69		181	250	250
Cash and cash equivalents						
Cash and bank balances			3 721		3 721	3 721
Total financial assets		71	16 669	188	16 928	16 928
LIABILITIES						
Non-current liabilities						
Liabilities to credit institutions	2		5 200		5 200	5 200
Financial liabilities to Group companies			18 547		18 547	18 547
Derivative instruments				17	17	17
Current liabilities						
Liabilities to credit institutions	2				-	-
Financial liabilities to group companies			993		993	993
Trade and other payables			909		909	909
Trade and other payables to Group companies			15		15	15
Derivative instruments	2	5		183	188	188
Total financial liabilities		5	25 664	200	25 869	25 869

2019-12-31	Valuation and classification	Fair value through profit or loss	Amortized cost	Derivatives (hedge accounting)	Total carrying amount	Total fair value
Valuation and classification						
ASSETS						
	Other non-current securities holdings	3	2		2	2
	Derivative instruments			18	18	18
	Financial receivables from group companies		7		7	7
	Non-current receivables		110		110	110
Current assets						
Current receivables						
	Trade receivables		259		259	259
	Trade receivables with Group companies		1 361		1 361	1 361
	Financial receivables from group companies		6 144		6 144	6 144
	Derivative instruments	2	43	175	218	218
Cash and cash equivalents						
	Cash and bank balances		1 325		1 325	1 325
	Total financial assets		45	193	9 444	9 444
LIABILITIES						
Non-current liabilities						
	Liabilities to credit institutions	2	2 511		2 511	2 511
	Financial liabilities to Group companies		15 524		15 524	15 524
	Derivative instruments					
Current liabilities						
	Liabilities to credit institutions	2	158		158	158
	Financial liabilities to group companies		3 140		3 140	3 140
	Trade and other payables		950		950	950
	Trade and other payables to Group companies		12		12	12
	Derivative instruments	2	12	183	195	195
	Total financial liabilities		12	183	22 490	22 490

Boliden's financial instrument holdings, which are reported at fair value in the balance sheet are all classified as level 2 items in the fair-value hierarchy (see accounting principles), with the exception of a minor amount of level 3 holdings in other shares and participations. The fair value of liabilities to credit institutions, the fair value is calculated as discounted agreed amortizations and interest payments at estimated market interest rate levels. As of December 31, 2020, interest rates in current loan agreements are anticipated to be in line with rates on the credit market. Thus in essence, fair value corresponds to the carrying amount.

The carrying amounts of trade receivables and payables is considered to be the same as their fair value due to their short time to maturity, the fact that provisions are made for doubtful trade receivables, and that any penalty interest will be invoiced. The fair value of derivatives where hedge accounting is applied has been calculated for informational purposes. Non-current financial liabilities to Group companies have a maturity greater than 5 years.

Note 23 Other liabilities

	2020-12-31	2019-12-31
Energy tax	2	16
VAT	112	67
Personnel pre-tax	75	71
Special payroll tax, social security contributions, policyholder tax, property tax	25	170
External derivatives	–	–
Deferred tax, financial instruments	–	–
Other	6	2
	219	326

Note 24 Accrued costs and prepaid income

	2020-12-31	2019-12-31
Accrued salaries and social security expenses	365	292
Accrued overtime and holiday pay liabilities	117	140
Accrued costs, profit shares and bonus	167	149
Accrued interest expenses	17	18
Accrued costs, Group companies	–	–
Accrued energy costs	–	–
Other items	504	732
	1 171	1 330

Note 25 Trade receivables

On December 31, 2020, trade and other receivables falling due for payment in more than 30 days totaled SEK 16 m (1), corresponding to 7% (0) of total trade and other receivables. The maturity structure is shown in the following table:

	2020-12-31	2019-12-31
Trade and other receivables not due	28	258
Overdue 0–30 days	195	0
Overdue 31–60 days	13	0
Overdue 61–90 days	2	0
Overdue more than 90 days	1	0
	239	259

Note 26 Equity

<i>Share capital</i>	2020-12-31	2019-12-31
Number of shares	1 650 000	1 650 000
Quota value, SEK	100	100
Share capital, SEK	165 000 000	165 000 000

<i>Equity</i>	2020-12-31	2019-12-31
Share capital	165	165
Development expenditure fund	8	6
Statutory reserve	3 149	3 149
Revaluation reserve	1 061	1 191
	4 383	4 511
Retained earnings	6 560	1 648
Net profit for the year	5 207	4 911
Other comprehensive income	109	125
	11 876	6 684
Total equity	16 259	11 195

Note 27 Contingent liabilities and pledged assets

<i>Amount in SEK m</i>	2020-12-31	2019-12-31
Pledged assets	None	None
Contingent liabilities	3 722	3 720

Note 28 Proposed allocation of company profit

The following earnings are available for distribution by the AGM (SEK XXX m)

Hedge reserve	109 000 000
Retained earnings	6 559 645 382
Net profit for the year	5 207 185 187
	<hr/>
	11 875 830 569

The Board proposes that SEK XXX m

be distributed to the shareholders	4 000 000 000
be carried forward	7 875 830 569
	<hr/>
	11 875 830 569

Skellefteå, June 01, 2021

Mikael Staffas
CEO

Stefan Romedahl
Chairman

Daniel Peltonen
Board member

Åsa Jackson
Board member

Håkan Gabriëlsson
Board member

Our Auditor's Report was submitted on June 22, 2021

Deloitte AB

Jan Berntsson
Authorized Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Boliden Mineral AB corporate identity number 556231-6850

Report on the annual accounts

Opinions

We have audited the annual accounts of Boliden Mineral AB for the financial year 2020-01-01 - 2020-12-31.

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 Boliden Mineral AB as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

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 Boliden Mineral AB 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 and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. 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 that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company'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 intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual 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. 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 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 or, if such disclosures are inadequate, to modify our opinion about the annual 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 the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Boliden Mineral AB for the financial year 2020-01-01 - 2020-12-31 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit to 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 Boliden Mineral AB 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 type of operations, size and risks place on the size of the company'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 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 scepticism 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.

Stockholm June 22th, 2021

Deloitte AB

Signature on Swedish original

Jan Berntsson
Authorized Public Accountant

This is a translation of the Swedish language original. In the event of any differences between this translation and the Swedish language original, the latter shall prevail.