

Terrafame 2024: EBITDA decreased in a challenging market

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

October–December 2024 in brief:

- Net sales were EUR 193.7 (154.8) million, representing an increase of 25.1% year-on-year.
- Net sales from the battery chemicals business increased to EUR 99.1 (41.2) million, or 51.2% (26.6) of the company's total net sales. Net sales grew due to the reduction in inventories, driven by a new supply agreement. In addition, the production of battery chemicals reached a quarterly record.
- Net sales from the metal intermediates business decreased by 16.7% to EUR 94.6 (113.6) million. Net sales were negatively affected by lower market prices of metals compared to the comparison period.
- EBITDA was EUR 16.1 (36.2) million, or 8.3% (23.4) of net sales. EBITDA decreased due to lower market prices of nickel sulphate and metals.
- The operating result was EUR -1.6 (20.0) million.
- Free cash flow from operating activities was EUR 1.7 (-5.0) million.

January–December 2024 in brief:

- Net sales were EUR 544.5 (560.9) million, representing a decrease of 2.9% year-on-year.
- Net sales from the battery chemicals business increased to EUR 196.7 (167.5) million, or 36.1% (29.9) of the company's total net sales. Net sales grew due to the reduction in inventories towards the end of the year, driven by a new supply agreement. In addition, the production of battery chemicals was at a higher level than in the previous year.
- Net sales from the metal intermediates business decreased by 11.6% to EUR 347.8 (393.4) million. Net sales were negatively affected by lower market prices of metals compared to the comparison period.
- EBITDA decreased to EUR 66.3 (100.6) million, or 12.2% (17.9) of net sales. EBITDA decreased due to lower market prices of nickel sulphate and metals. Work in progress increased by 4.3% and amounted to EUR 269.7 (258.6) million at the end of the year.
- The operating result was EUR -12.6 (37.9) million.
- Free cash flow from operating activities was EUR -85.9 (-52.5) million. Cash flow was negatively affected by the weak market situation and the ongoing significant investment programme.
- The total accident frequency rate on the industrial site was 4.9 (4.8).

Key figures

EUR million	10-12 2024	10-12 2023	Change	1-12 2024	1-12 2023	Change
Net sales	193.7	154.8	25.1%	544.5	560.9	-2.9%
Battery chemicals business	99.1	41.2	40.6%	196.7	167.5	17.4%
Metal intermediates business	94.6	113.6	-16.7%	347.8	393.4	-11.6%
EBITDA	16.1	36.2	-55.5%	66.3	100.6	-34.1%
Operating result	-1.6	20.0	n.a.	-12.6	37.9	n.a.
Free cash flow from operating activities ¹	1.7	-5.0	n.a.	-85.9	-52.5	n.a.
Total capital expenditure	27.3	41.9	-34.8%	211.1	138.2	52.7%
Sustaining capital expenditure	25.3	33.6	-24.8%	159.6	112.4	41.9%
Investments in productivity improvement and capacity growth	2.0	8.2	-75.6%	51.5	25.7	100.4%

EUR million	31 Dec 2024	31 Dec 2023	Change
Shareholders' equity	733.9	809.0	-9.3%
Work in progress	269.7	258.6	4.3%
Balance sheet total	1,451.9	1,307.2	11.1%
Own personnel, active, # of people	793	842	-5.8%
Partner companies' personnel on average on review period, FTE, # of people	1,217	1,038	17.2%
Total accident frequency rate, 12-month LTIFR1	4.9	4.8	2.1%
Own personnel	5.2	4.5	15.6%
Partner companies' personnel	4.7	5.0	-6.0%

Financial information for 2023–2024 are unaudited IFRS figures. For the business reviews in the financial year 2024, the pertinent pieces of information regarding the 2023 comparison period have been subsequently adjusted to comply with the IFRS principles.

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

Seppo Voutilainen, CEO

In 2024, Terrafame's net sales nearly reached the previous year's level despite a difficult market situation. However, our EBITDA decreased due to lower sales prices. In the fourth quarter, our business operations reflected the full-year development rather well. I should note, however, that Terrafame's net sales increased significantly in the fourth quarter thanks to a supply agreement signed in late 2024, enabling us to reduce the increased battery chemicals inventories. In addition, we reached a quarterly record in the production of battery chemicals.

Compared to our estimate in early 2024, the electrification of mobility has progressed more slowly, especially in Europe, which affected the demand for battery chemicals. In addition, the imbalance in the nickel and nickel sulphate markets continued throughout the year due to a significant increase in production in Asia. This was reflected in clearly lower prices compared to the previous year and

negatively impacted Terrafame's net sales and result, although successful price hedging partly offset this impact.

Despite the challenging market conditions, we managed to expand our customer portfolio and signed contracts with new globally operating customers who value sustainably produced battery chemicals. In 2025, we will continue to increase the production capacity of our battery chemicals plant towards the planned capacity. Additionally, the deliveries of metal intermediates were at quite a good level throughout the year thanks to our flexible production process.

The profitability programme launched in 2024 progressed as planned, and it had a positive effect on our result. We will continue working on the identified areas of development in 2025. The significant ongoing investments are also progressing well. Furthermore, the uranium recovery, initiated in June 2024, continued as planned.

During the year, we developed our safety work with the aim of further shifting the responsibility for operational safety to the different departments and teams. We also had close collaboration with customers in developing sustainable operations; for example, a significant car manufacturer conducted an extensive sustainability audit on our operations. The audit utilised, among others, EcoVadis, which is an internationally recognised and trusted provider of business sustainability ratings. Terrafame was evaluated for the first time using EcoVadis' extensive criteria, and we achieved the second highest gold level, which has been reached by five percent of the companies evaluated in the past 12 months. This is a great example of our commitment to sustainability.

In December 2024, the Vaasa Administrative Court (VAC) passed two decisions relating to Terrafame, one of which concerns the environmental and water permit covering all of Terrafame's operations, i.e. the main permit, and the other concerns the KL1 waste rock area. In its interim decisions in early 2024, the VAC had imposed restrictions on extraction as well as on the construction and use of new production and waste areas until the passing of final decisions. As the extraction quotas set in the interim decisions were met before the final decisions were passed in late 2024, we were forced to halt our mining operations. The VAC's final decisions have a negative impact on Terrafame's operations and cause significant additional costs, which is why in January 2025 we sought for leave to appeal in the Supreme Administrative Court (SAC). In addition, we requested the SAC to pass an interim decision regarding key restrictions on operations.

In early 2025, we expect a decision on the application with which we seek a strategic project status for the yet unexploited Kolmisoppi ore deposit as part of a supply chain that complies with the European Critical Raw Materials Act (CRMA). We also expect the Regional State Administrative Agency for Northern Finland to decide on a permit regarding the mining of the Kolmisoppi land area.

In February 2025, we communicated about a financing arrangement to fund our investment programme over the next few years. This arrangement demonstrates our owners' and Nordic banks' long-term commitment to and confidence in our business despite the external challenges.

Overall, the year 2024 was a rather challenging one for Terrafame. Indeed, I would like to give special thanks to all Terrafame employees and the personnel of our partner companies for their steadfast work over the past year. In 2025, we will continue our work to reduce the carbon footprint of mobility, and we still consider the electrification of mobility to be inevitable in the longer term.

Market environment

Electric vehicle and battery markets

According to Rho Motion’s Monthly EV Battery Chemistry Assessment report, a total of around 17.1 (13.6) million electric passenger cars and light commercial vehicles were sold worldwide in 2024. This represents an increase of around 26% from 2023. The growth was especially driven by China, whereas sales declined in Europe. In 2023, sales increased by approximately 35% from 2022.

Sold electric passenger cars and light commercial vehicles

Million pcs	2024	2023	Change, %
China	11.0	7.9	39
USA and Canada	1.79	1.64	9.3
Europe	3.06	3.10	-1.2
Other countries	1.29	0.99	30
Total	17.1	13.6	26

Source: Rho Motion Monthly EV Battery Chemistry Assessment

Manufacturers of battery cells and cathode materials have announced investments in giga factories that will strengthen the North American and European battery markets. According to Rho Motion, the global sales of electric vehicles are expected to continue to increase in 2025, albeit at a slightly more moderate pace than before. Sales are expected to increase by around 19% to 20.4 million cars.

In December 2024, including all vehicle categories, the sales-weighted average pack size was 51.1 (52.3) kWh.

The electric vehicle battery market is clearly divided between high-nickel-content NCM batteries and LFP batteries. The market share of NCM 811 batteries, which have a high nickel content, was 22% (23) in December 2024, remaining at the previous year’s level. The market share of LFP batteries was 52% in December 2024 (41% in December 2023).

In 2024, 8.1 (7.3) million electric vehicles utilising NCM battery technology were sold. Sales increased by around 11% compared to the previous year. Sales of electric vehicles utilising LFP battery technology increased by approximately 48% to 8.2 (5.6) million cars sold.

In terms of gigawatt hours, the demand for NCM batteries increased by around 11% to 415.1 (374.4) GWh in 2024 compared to the previous year. The share of NCM 811 batteries increased by around 29% to 196.2 (152.7) GWh. The share of LFP batteries increased by around 47% to 419.6 (284.6) GWh.

(Source: Rho Motion Monthly EV Battery Chemistry Assessment)

Nickel market

The price of nickel on the London Metal Exchange (LME) in 2024 was markedly lower than in 2023. The average market price in 2024 was 16,812 (21,474) USD/t, which is around 22% lower than in 2023. The average market price of nickel in October–December 2024 was 16,038 (17,247) USD/t, which is 7.0% lower than in the corresponding period in 2023. Compared with the third quarter of 2024, the average market price of nickel decreased by 1.4%.

The price of nickel sulphate (SPOT China) also fell markedly, and the average price in 2024 was 15,735 (18,930) USD/t, which is around 17% lower than in 2023. The average price in October–December 2024 was 14,936 (16,449) USD/t, which is 9.2% lower than in the corresponding period in 2023. Compared with the third quarter of 2024, the average market price of nickel sulphate decreased by 4.0%. The spot price (SPOT China) of nickel sulphate has not been fully linked to the LME price since 2022.

The total combined nickel stocks on the London Metal Exchange (LME) and the Shanghai Futures Exchange (SHFE) at the end of December 2024 were 198,598 tonnes, which is around 2.5 times higher than in the corresponding period in 2023 (77,923). The strong decrease in nickel stocks, which began in the second quarter of 2021, turned around in the third quarter of 2023, and the stocks at the end of December 2024 were around 27% higher than at the end of the previous quarter (156,682). The stock level at the end of December 2024 corresponded to demand for 3.1 weeks (0.8).

Net sales and financial performance

October–December 2024

Net sales were EUR 193.7 (154.8) million, representing an increase of 25.1% year-on-year. The increase was due to higher deliveries of battery chemicals from inventory, driven by a new supply agreement. In addition, the production of battery chemicals reached a quarterly record. Net sales were negatively affected by lower market prices of nickel sulphate and metals.

Net sales from the battery chemicals business totalled EUR 99.1 (41.2) million, or 51.2% (26.6) of the company's net sales. Net sales from the metal intermediates business totalled EUR 94.6 (113.6) million.

EBITDA was EUR 16.1 (36.2) million, or 8.3% (23.4) of net sales. The operating result was EUR -1.6 (20.0) million. EBITDA and the operating result were weakened by lower market prices of metals, although price hedging softened the impact of lower sales prices on net sales and the result. Improved cost efficiency had a positive impact on the result.

Free cash flow from operating activities* was EUR 1.7 (-5.0) million. Cash flow was affected by the ongoing significant investment programme.

January–December 2024

Net sales were EUR 544.5 (560.9) million, representing a decrease of 2.9% year-on-year. Net sales were affected by lower market prices of nickel sulphate and metals, as well as lower delivery volumes of metal intermediates compared to the previous year.

Net sales from the battery chemicals business totalled EUR 196.7 (167.5) million, or 36.1% (29.9) of the company's total net sales. Net sales grew due to increased delivery volumes towards the end of the year, driven by a new supply agreement. Although the battery chemicals plant had to be shut down in April for nearly two months due to national strikes, the production of battery chemicals was at a higher level than in the previous year. During the shutdown, planned maintenance activities were also carried out. In addition, the production of battery chemicals reached a quarterly record in the last quarter of the year. Net sales from the metal intermediates business totalled EUR 347.8 (393.4) million.

EBITDA was EUR 66.3 (100.6) million, or 12.2% (17.9) of net sales. The operating result was EUR -12.6 (37.9) million. EBITDA and the operating result were weakened by lower market prices of nickel sulphate and metals. Improved cost efficiency had a positive impact on the result. Additionally, price hedging softened the impact of lower sales prices on net sales and the result.

Free cash flow from operating activities* was EUR -85.9 (-52.5) million. Cash flow was negatively affected by the weak market situation and the ongoing significant investment programme.

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

Key events in October–December 2024

Change negotiations concluded in December

On 11 December 2024, Terrafame announced that it had concluded the change negotiations initiated in October 2024. As a result of the negotiations, Terrafame will make a reduction of a maximum of 30 person-years on production-related and financial grounds as well as due to operational reorganisation. In addition, Terrafame will implement temporary layoffs and changes to the work scheduling, among other things. At the beginning of the negotiations, Terrafame estimated that the maximum personnel reduction need would be in total 75 person-years. Terrafame is seeking improved operational efficiency and cost savings primarily through other measures than personnel reductions such as various development projects.

Capital expenditure

In 2024, capital expenditure totalled EUR 211.1 (138.2) million. Of this total, EUR 51.5 (25.7) million was used to improve productivity and increase capacity, and EUR 159.6 (112.4) million was used to sustain production.

Capital expenditure, EUR million	1–12 2024	1–12 2023	Change
Sustaining capital expenditure	159.6	112.4	41.9%
Investments in productivity improvement and capacity growth	51.5	25.7	100.4%
Total capital expenditure	211.1	138.2	52.7%

Sustaining capital expenditure mainly consisted of preparatory work related to the exploitation of the next sections of the Kuusilampi mine. Other significant sustaining capital expenditure included the start of the construction of a new section of the waste rock area, and preparatory work for the new secondary sections (5–6).

The most significant investments in productivity improvement and capacity growth were related to the preparing of uranium recovery as well as preparatory work related to the exploitation of the Kolmisoppi ore deposit. Mining equipment was also significantly renewed during the financial year.

In August 2023, Terrafame decided to invest more than EUR 200 million in a new secondary leaching area, which is planned to be introduced in 2026. In 2024, investments in the new secondary area totalled EUR 71.1 million. The construction of the new area will continue in 2025. New secondary leaching areas are needed on the industrial site when old ones become full.

Financing arrangements

In 2024, there were no new significant financing-related arrangements. The strengthening of the company's financing position announced in February 2025 is described in *Key events after the financial period*. The amounts presented in the following table cover all the financing items received by Terrafame from its shareholders during its time of operation, as well as debt financing items converted into equity (excluding the arrangement announced in February 2025).

	Equity financing	Debt financing	Transfer	Converted equity	Re-payments	Debt financing	Total financing
Finnish Minerals Group	537.3	58.0	0.0	0.0	-58.0	65.0	602.3
Galena Asset Management	389.6		0.0	0.0	0.0	0.0	389.6
Trafigura	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Mandatum	47.7	0.0		0.0	0.0	0.0	47.7
Total	974.6	58.0	0.0	0.0	-58.0	65.0	1,039.6

Shares and shareholders

Terrafame has one series of shares. At the end of December 2024, the company had 5,968,655 (5,197,154) shares. Its share capital was EUR 2.0 (2.0) million, and its shareholders' equity was EUR 733.9 (809.0) million.

At the end of December 2024, Finnish Minerals Group (FMG), a special-assignment company of the state of Finland, owned 56.1% (64.4), Galena funds 39.4% (32.9) and Mandatum owned 4.5% (2.7) of Terrafame.

Share arrangements carried out in 2024 are presented in the following table:

	Galena 2	Galena Fund	Galena Co-Inv. 2	Galena 3	Galena 4	Mandatum	FMG	Total
Registered holding 31 December 2023	14.7%	0.0%	0.0%	14.1%	4.1%	2.7%	64.4%	100.0%
Changes in the number of shares during the financial year:								
Equity funding	151,538	0	0	490,587	0	122,701	0	
Share transfer	-602,952	520,589	82,363					
Payment of interest and arrangement fees in shares	0	0	0	0	0	6,675	0	
Holding after option arrangements 31 December 2023	310,214	520,589	82,363	1,223,820	215,181	267,246	3,349,242	5,968,655

Non-registered holding								
31 December 2023	5.2%	8.7%	1.4%	20.5%	3.6%	4.5%	56.1%	100.0%
Changes in the number of shares during the financial year:								
Equity funding	0	0	0	0	0	0	0	0
Share transfer	0	0	0	0	0	0	0	0
Payment of interest and arrangement fees in shares	0	0	0	0	0	0	0	0
Holding after option arrangements 31 December 2023	310,214	520,589	82,363	1,223,820	215,181	267,246	3,349,242	5,968,655
Registered holding								
31 December 2024	5.2%	8.7%	1.4%	20.5%	3.6%	4.5%	56.1%	100.0%

Finnish Minerals Group's holding may decrease to no lower than 50.1% in the future if Galena funds and Mandatum exercise all their option rights. In such a case, the holding of Galena funds would be around 45.0% and the holding of Mandatum around 5.0%.

Governance

Terrafame's Annual General Meeting (AGM) was held on 20 March 2024. The AGM adopted the financial statements for 2023, decided on profit distribution in accordance with the Board of Directors' proposal and discharged the members of the Board and the CEO from liability.

The AGM confirmed the number of Board members as seven and re-elected Lauri Ratia, Matti Hietanen, Jesus Fernandez, Riitta Mynttinen, Julian Sanchez and Jyrki Vainionpää as members of the Board. Peter Schuhmacher was elected as a new member of the Board. Tuomo Mäkelä had announced that he was not available to be elected as a member of the Board. Lauri Ratia was elected as Chair of the Board and Matti Hietanen as its Vice Chair.

The AGM decided to keep the Board members' fees unchanged. The annual fee for the Chair of the Board is EUR 72,000. The annual fee for each member of the Board is EUR 36,000. In addition, the Chair and members of the Board are paid EUR 600 for each Board meeting or Board committee meeting they attend.

KPMG Oy Ab, Authorised Public Accountants, was elected as the auditor, with Toni Aaltonen as the principal auditor.

Personnel and partner network

Around 2,000 people work regularly on Terrafame's industrial site. Terrafame had 793 (842) employees at the end of December 2024. The decrease was due to the profitability programme-related personnel reductions implemented during the year.

An average of 1,217 (1,038) people employed by contractors and subcontractors worked on the industrial site during the reporting period (FTE). The increase mainly resulted from the construction of the new secondary leaching area as well as increased haulage of waste rock at the Kuusilampi open pit mine.

Sustainability

All Terrafame's operations are based on sustainability and continuous improvement. The objectives of Terrafame's sustainability work for 2022–2024 are set out in the company's sustainability programme, the progress of which has been monitored in the sustainability review published annually.

Terrafame has a comprehensive approach to sustainability incorporating the environment, social responsibility, and good governance. The themes of our sustainability programme are linked to the UN Sustainable Development Goals as far as applicable. Terrafame is also committed to the UN Global Compact initiative, which provides an internationally approved framework for demonstrating sustainability. The initiative's ten principles are based on global human rights, labour, environmental and anti-corruption agreements.

In addition, Terrafame's employees and partners, as well as its suppliers of services and materials, must comply with the company's Code of Conduct and the principles of the sustainability policy. Policy implementation is supported by Terrafame's certified management system (ISO 9001, ISO 45001 and ISO 14001) and more detailed operating guidelines.

The sustainability programme 2022–2024 concluded at the end of the year. During the programme period, the company succeeded in developing, for example, its energy management system, which was ISO 50001-certified in February 2025. This was also reflected in the external verification of the requirements of the international Towards Sustainable Mining (TSM) standard of the mining industry, conducted every three years. The latest verification was conducted in late 2024. In line with its targets, Terrafame has achieved at least an A level rating (rating from C to AAA) in all areas included in the assessment. Compared to the previous verification, the company's rating increased most in the area of climate change management related to energy efficiency and greenhouse gas emissions.

Terrafame's sustainability work was also evaluated as part of a customer audit at the end of 2024. One of the assessment tools used was the internationally recognised and trusted EcoVadis, which helps companies evaluate their sustainability efforts related to the environment, labour practices and human rights, ethics, and sustainable procurement. In its first EcoVadis assessment, Terrafame achieved the second highest gold level, which has been reached by 5% of the companies evaluated in the past 12 months.

The sustainability programme included targets related to, for example, water management and waste recycling, and the company achieved progress on these themes in 2020–2024. Terrafame will estimate the achievements and future areas of development of the sustainability programme in 2025. The company will utilise its assessment in developing its sustainability work, supported by the results of the double materiality analysis conducted in 2023–2024. The company has used the double materiality analysis as a basis for preparing for reporting in accordance with the EU's Corporate Sustainability Reporting Directive (CSRD).

Terrafame is obligated to comply with the CSRD requirements only from 2025 onwards. However, Terrafame will voluntarily draw up a non-assured sustainability report for 2024, which will be published separately from the Board of Directors' Review in March 2025. Going forward, Terrafame will communicate about its sustainability work as part of its CSRD-compliant report, which will be published together with the company's Financial Statements and the Board of Directors' Review.

Terrafame's last Sustainability Review was published in June 2024, and it is available at www.terrafame.com > Company > Reports and publications.

Key occupational safety indicators

Safety is one of Terrafame's values, and the continuous development of a safety culture has been one of the main priorities since the company was established. Operations within the industrial site must be safe both for the company's own employees and those of its partners in all circumstances and situations. We aim for zero accidents.

During the financial period, partner companies' accident frequency rate decreased due to Terrafame's and partner companies' long-term cooperation to improve safety at work. Unfortunately, the development of safety at work did not meet expectations as regards Terrafame's own employees. For 2025, the company has created an occupational safety development programme, with the aim of redirecting the safety development of Terrafame's own personnel towards zero accidents.

Accident frequency rate, 12-month LTIFR1	31 Dec 2024	31 Dec 2023	Change
Accident frequency rate, Terrafame employees	5.2	4.5	15.6%
Accident frequency rate, partner companies	4.7	5.0	-6.0%
Total accident frequency rate on the industrial site	4.9	4.8	2.1%

Environmental monitoring

Terrafame monitors the state of the environment on the industrial site in accordance with the permit decisions and the monitoring programme approved by the authorities. Terrafame's annual environmental monitoring reports are available in Finnish on its website at www.terrafame.fi > [Naapureille > Ympäristötarkkailuraportit](#). The report for 2024 will be published in April–May 2025.

Sulphate loading of natural waterways is one of the most significant environmental impacts of Terrafame's production. In 2024, sulphate loading was caused by the treatment of runoff waters and the discharge of purified water. The increase in sulphate loading in 2024 resulted from higher volumes of purified discharge water. However, sulphate loading was clearly below the annual permit quota.

Key indicators related to discharge waters	1–12 2024	1–12 2023
Purified discharge waters, Mm ³	10.9	10.1
Sulphate in discharge waters, tonnes (permit quota 17,000 tonnes)	12,424	11,056

Permits

On 20 June 2022, Terrafame announced that it had submitted its environmental permit application for the exploitation of Kolmisoppi and the expansion of the mining concession to the Regional State Administrative Agency for Northern Finland. Kolmisoppi, which remains unexploited, is the second ore deposit located in Terrafame's mining concession. Including Kolmisoppi, Europe's largest nickel ore reserves are located in Terrafame's mining concession in Sotkamo. In addition to nickel, zinc, cobalt, copper and uranium are also recovered from the ore. Since 2021, nickel and cobalt have been processed into battery chemicals at the company's battery chemicals plant for use in electric car batteries.

On 17 February 2023, the Regional State Administrative Agency for Northern Finland decided to not process the Kolmisoppi project permit application. A key obstacle to processing the permit application in accordance with the scope of the application submitted in June 2022 was the fact that the procedure to

deviate from the objectives of the water management plan requires a legislative amendment, which is still under preparation.

Terrafame has decided to change the Kolmisoppi project plans so that the project will proceed in two phases. In the first phase, the company will apply for a permit to exploit the ore deposit in the Kolmisoppi land area, with mining scheduled for 2028–2033. The first-phase permit application was submitted to the Regional State Administrative Agency for Northern Finland in the summer of 2023. In the second phase, Terrafame will apply for a permit to expand the mine into the water area, with mining scheduled for 2040–2050. Between 2033 and 2040, mining will take place in the current Kuusilampi mine.

In August 2024, Terrafame applied for a strategic status for the Kolmisoppi ore deposit as part of a supply chain that complies with the EU's Critical Raw Materials Act (CRMA). The application is currently being processed, and a decision on the matter is expected in the first half of 2025.

In December 2024, the Vaasa Administrative Court (VAC) passed two decisions relating to Terrafame, one of which concerns the environmental and water permit covering all of Terrafame's operations, i.e. the main permit, and the other concerns the KL1 waste rock area. The Regional State Administrative Agency for Northern Finland gave a permit decision on the main permit in 2022 and a permit decision on the KL1 waste rock area in 2023. In January 2024, the VAC passed interim decisions on the abovementioned permits, restricting the ore and waste rock extraction volumes, among other things.

In its decisions, the VAC confirmed the increase in the ore extraction volume to 18 million tonnes per year, approved earlier by the Regional State Administrative Agency for Northern Finland, but restricted the waste rock extraction volume to 30 million tonnes per year. In its own decision, the Regional State Administrative Agency for Northern Finland had approved an increase in the waste rock extraction volume from 30 million tonnes to 45 million tonnes per year. The VAC's decisions partly restrict the construction and use of the new secondary leaching area SEK5–8 and the new waste rock area KL1.

Key events after the financial period

Terrafame is seeking leave to appeal regarding the Vaasa Administrative Court's decisions

On 27 January 2025, Terrafame announced that it has sought leave to appeal in the Supreme Administrative Court (SAC) regarding the decisions passed by the Vaasa Administrative Court (VAC) in December 2024. Additionally, Terrafame is requesting the SAC to pass an interim decision regarding key restrictions on operations. The VAC's decisions are described above in the Permits section.

In Terrafame's view, it was important that the VAC upheld the ore extraction volume of 18 million tonnes per year. If upheld, the other regulations pertaining to the VAC's decisions will, however, negatively impact Terrafame's operations and cause significant additional costs. Terrafame sees that the VAC's decisions unjustifiably undermine Terrafame's operating conditions and create unnecessary uncertainty in the planning of the company's operations. In the company's view, there are weighty reasons for the annulment of the VAC's decisions and the making of an interim decision.

Terrafame strengthens its financing position

On 27 February 2025, Terrafame announced it had negotiated a financing arrangement to fund the company's investment programme over the next few years. As part of the financing solution, Terrafame

and its main owners – Finnish Minerals Group and the Galena funds – have agreed on a EUR 100 million financing arrangement consisting of a EUR 50 million shareholder loan and a EUR 50 million equity financing commitment. In addition, Terrafame has agreed on a EUR 50 million advance payment arrangement with Trafigura.

In the same context, Terrafame has agreed on a one-year extension to the maturity of an existing EUR 250 million bank loan agreement as well as on extending a EUR 65 million revolving credit facility previously received from Finnish Minerals Group for the same period. The new maturity of the bank loan and the revolving credit facility ends in December 2028.

Near-term outlook

- The battery chemicals market is expected to continue to be challenging in 2025, but Terrafame’s production process enables flexible operations also in the intermediates market.
- The price development of base metals and battery chemicals involves considerable uncertainty.
- The development of operational efficiency, profitability and safety at work will continue.
- Terrafame is awaiting resolutions on key permit matters from the Supreme Administrative Court and the Kolmisoppi CRMA application in the first half of 2025.

Further information

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A Finnish-language webcast will be held on 28 February 2025 at 12:00 p.m. EET. At the event, Seppo Voutilainen, CEO of Terrafame, and Ville Sirviö, CFO, will discuss the company’s performance. The webcast can be followed live at terrafame.videosync.fi/q4-2024. Questions can be submitted using the form at the bottom of the page.

Terrafame enhances low-carbon mobility by delivering responsibly produced battery chemicals to the global battery industry. One of the world’s largest production lines for chemicals used in electric vehicle batteries is located on Terrafame’s industrial site. The plant is capable of producing nickel sulphate for around 1 million EVs per year. The carbon footprint of the nickel sulphate produced by Terrafame is among the smallest in the industry.

Terrafame’s integrated, unique and energy-efficient production process from the mine to battery chemicals is located on a single industrial site. It provides customers with a transparent, traceable and truly European battery chemical supply chain.

Terrafame Ltd was founded in 2015. Its net sales in 2024 were EUR 544.5 million. Around 2,000 people work on its industrial site, approximately 1,200 of whom are employees of partner companies.