



# YEAR-END REPORT 2025



## Uncertain Market and Currency Headwinds

The year was marked by continued challenging market conditions. The iron ore price traded in the range of USD 100–125 per tonne, with a low point during the summer. Prices were impacted by weaker performance in the Chinese steel industry and an uncertain geopolitical environment.

Global uncertainty intensified following the inauguration of the new U.S. administration and subsequent trade policy tensions. This contributed to a significant weakening of the U.S. dollar, from just above SEK 11 to a low of just over SEK 9 during the year. As the Group's revenues are denominated in USD while the majority of costs are incurred in SEK, exchange rate movements had a clearly negative impact on revenue.

The freight market was largely stable. However, continued restrictions on shipping through the Suez Canal and unrest in the Middle East affected global trade flows. For deliveries outside Europe, this resulted in higher freight costs and margin pressure.

NET SALES:

**1,769**  
million SEK for 2025

**1,805**  
million SEK for 2024

## Efficiency Measures, Cost Development and Cash Flow

In response to weaker market conditions, the business focused on cost efficiency, productivity and cash flow. Efficiency and cost-saving measures implemented in 2024 had full effect in 2025. Additional measures during the year reduced cash cost (excluding stripping cost and depreciation) by just over 15 percent compared with the previous year. From the fourth quarter, waste rock production was reduced as planned, lowering production cost per tonne and strengthening cash flow.

Overall, these measures mitigated the impact of external market factors and enhanced the Group's financial resilience despite lower revenue than the previous year.

## Net sales and operating profit

| SEK million                              | 2025        | 2024        |
|--|-------------|-------------|
| Net sales                                | 1,769       | 1,805       |
| Net operating profit                     | -811        | -181        |
| Net profit before tax                    | -813        | -150        |
| <b>Comprehensive income for the year</b> | <b>-639</b> | <b>-205</b> |
| Operating margin, %                      | -45,8%      | -10,0%      |
| Cash flow from operating activities      | 222         | -228        |
| Investments                              | 98          | 452         |
| Production of iron ore products, Kt      | 1,900       | 1,924       |
| Return on equity, %                      | -44.5%      | -6.1%       |
| Equity ratio, %                          | 77.0%       | 76.9%       |

2025 shows a loss of SEK 639 million, with the result after financial items amounting to a loss of SEK 813 million. Production totalled 1,900 kt compared with 1,924 kt the previous year.

## Production and Operational Performance

The production and logistics chain from mine to port operated reliably during the year, with deliveries in line with plan. Total production amounted to 1,900 kton, slightly below the previous year. The variance was mainly due to lower iron grades, which affected yield at the beginning of the year. In the first quarter, concentrate production was negatively impacted by lower iron grades and recovery rates, resulting in lower output compared with the corresponding period last year. Production stabilized in the second half of the year.



Klas Dagertun, CEO, Kaunis Iron. Photo: Petra Älvstrand

## Permit and Long-Term Outlook

In May, the Land and Environment Court of Appeal upheld the environmental permit previously granted by the Land and Environment Court. The permit covers existing and expanded operations in Tapuli, Palotieva and Sahavaara and confirms compliance with stringent environmental requirements.

After year-end, on 2 February 2026, the environmental permit gained legal force, providing the basis for long-term mining operations in Tornedalen.

In parallel, a strategic review has been initiated to ensure optimal management and development of the permit. This includes evaluation of alternative logistics solutions, stronger positioning towards the European green steel sector, and opportunities to move further up the value chain.

*Klas Dagertun, CEO, Kaunis Iron*

The planned reduction of waste rock production in the fourth quarter improved the cost position and reduced exposure to market volatility.

## Earnings and Cost Development

The Group reported a net result of SEK -639 million. Earnings were significantly impacted by an impairment of previously capitalised stripping costs of SEK 536 million, corresponding to SEK 426 million after tax. The impairment is non-recurring and relates to prior years' investments in waste removal.

Excluding this item, the net result amounted to SEK -213 million. The underlying performance reflects continued challenging market conditions, lower production and a significantly weaker USD. At the same time, developments show that the efficiency measures implemented, despite the negative result, have contributed to a positive cash flow of approximately SEK 50 million for the full year.



Linus Styrman, CFO, Kaunis Iron. Photo: Petra Älvstrand

” *The year was characterised by an uncertain external environment affecting our operating conditions. In such circumstances, cost control and operational efficiency are critical. Our focus has been to strengthen resilience and maintain flexibility ahead of future market volatility.* ”

Linus Styrman, CFO, Kaunis Iron.

## Health and Safety

Health and safety remained a priority throughout the year. The number of accidents decreased compared with the previous year, demonstrating the effectiveness of systematic safety efforts. A safe workplace is fundamental to stable production, efficiency and long-term value creation.

## Stable Platform for Continued Development

In summary, 2025 was marked by market challenges impacting revenue and earnings. Through continued efficiency measures, cost adjustments and a clear focus on cash flow, the business strengthened its position for the future. With the environmental permit now legally binding, a stable framework is in place for long-term planning. Strategic work continues to define how the permit can best support sustainable mining operations in Tornedalen.

### KEY PERFORMANCE INDICATORS 2024:

Equity ratio **77 %**

Equity **1,826 million SEK**

Local purchases **69%**

#### For more information

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