

Interim Report Q2 2025 - Operational Discipline and Cost Control in Uncertain Times

Kaunis Holding AB today publishes its interim report for the second quarter of 2025. The quarter was marked by a persistently challenging global market environment, with continued pressure on iron ore prices, rising freight costs, and a weakened US dollar negatively impacting the business. Despite this, the company has continued to deliver according to plan, maintaining strong operational efficiency and sound cost control.

Quarterly Summary

- **Net sales:** SEK 349 million
- **Deliveries:** 401 kton
- **EBITDA:** SEK -97 million
- **Operating profit (EBIT):** SEK -168 million
- **Cash flow:** SEK -95 million
- **Investments:** SEK 63 million

Permitting Process Remains Uncertain

In May, the Land and Environment Court of Appeal confirmed the environmental permit applied for by Kaunis Iron for both existing and expanded mining operations. The permit, covering the Tapuli, Palotieva and Sahavaara sites, is valid for 35 years and is essential for long-term mining activity. However, the ruling has been appealed, and since enforcement has not been granted, no preparatory work for the new mining operations can commence. This extended legal process has increased the risk of a potential temporary suspension of operations. Such a pause has been accounted for in the company's strategy from the outset, as a means of adapting production should market conditions remain unfavourable over time.

Organisational Restructuring to Enhance Efficiency

During the quarter, the company negotiated a new organisational structure for the mining operations. This reflects the planned shift into a phase where a greater proportion of ore and less waste rock will be extracted, which changes the required resource allocation. This transition creates the opportunity for more cost-effective operations but will also result in a redundancy of approximately 40 employees.

CEO Comment

"We are in a position where both market conditions and the permitting process are affecting our planning capabilities. At the same time, we have strengthened our efficiency and adapted the business to meet evolving requirements. This provides us with a more stable platform from which to make future decisions. Our long-term strategy remains unchanged – to secure sustainable mining operations in Tornedalen," says Klas Dagertun, CEO of Kaunis Iron.

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