

Interim Report Q1 2025 – Strengthened Competitiveness in a Continued Uncertain Global Environment

Kaunis Holding AB today publishes its report for the first quarter of 2025, presenting a quarter still marked by global uncertainty and volatility in the iron ore market. Despite a challenging market environment, the cost-saving measures initiated last year have had a clear impact. Operational focus has led to significant improvements in both the cost base and cash flow, while deliveries reached high levels for the period.

Summary of the Quarter

- **Net sales:** SEK 384 million (SEK 61 million in Q1 2024), driven by high delivery volumes compared to the same period last year when the Iron Ore Line (Malmbanan) was non-operational.
- **Deliveries:** 408 kton from Narvik (76 kton in Q1 2024), as a result of restored logistics and strengthened operational capacity.
- **Earnings before depreciation (EBITDA):** SEK -7 million (SEK -22 million in Q1 2024), impacted by lower iron ore prices, high freight costs due to unrest in the Red Sea, and a weakened USD.
- **Operating profit (EBIT):** SEK -79 million (SEK -71 million in Q1 2024).
- **Cash flow:** Positive cash flow of SEK 199 million, mainly due to improved working capital.
- **Investments:** SEK 65 million, of which SEK 32 million relates to capitalized stripping costs, co-financing of the MaKS project, and mine-related investments.

The cost-efficiency measures initiated in 2024 have now been realized, resulting in cost savings of between 10–15 percent. Operating costs have decreased by SEK 42 million compared to the first quarter of 2024 and by SEK 49 million compared to the previous quarter. From a production standpoint, it was a strong quarter, with solid flotation results and high delivery volumes. In total, 408 kton were delivered from Narvik, and net sales amounted to SEK 384 million.

The verdict in the case concerning continued and expanded mining operations, currently in the Land and Environment Court of Appeal, has been postponed once again for general reasons. A new announcement date has been set for May 13, 2025. The company remains optimistic about the outcome, which is crucial for future investments and the long-term viability of operations.

The iron ore market remains volatile, and uncertainty regarding demand, freight costs, and currency fluctuations continues to directly affect the business. The previously strong USD has weakened, impacting revenues, which are primarily in USD, while most costs are in SEK.

CEO Comment

"We have made it through another challenging quarter, but we are now seeing the results of our actions. With lower costs and improved cash flow, we have established a more stable foundation. Global uncertainty remains, but our strategy is unchanged – to build a mining operation for the future in Tornedalen. We look forward to the upcoming court ruling in the permit process and are ready to take the next step in our development," says Klas Dagertun, CEO of Kaunis Iron.

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