

ANNUAL AND SUSTAINABILITY REPORT 2025



**KAUNIS
IRON**

CONTENTS

Editorial	04–05
CEO statement	06–07
Events during the year	08–09
The Iron Gang	10–11
The process	12–13
Past years in review	14
Group management	15
Our sustainability work	16–17
The MaKS project	18–19
The Family in Erkheikki	20
Environmental sampling	21
Annual and Sustainability Report 2025	
Sustainability Report	22–29
Directors' Report	30–33
Consolidated financial statements	34–38
Parent Company financial statements	40–44
Notes	45–57
Board assurance	58
Auditor's Report	59–60
Board of Directors	61



ANDERS SUNDSTRÖM, CHAIRMAN OF THE BOARD, KAUNIS IRON

The industry in a new strategic position

The industrial transition is continuing, but it is now entering a new phase. A few years ago, the focus was on visions and major investment decisions; today, it is increasingly about implementation. Energy supply, infrastructure, capital and expertise, along with geopolitics and strategic raw materials, are now decisive factors. In the new security situation that Europe is facing, the industry and raw materials in Norrbotten have gained a clearer strategic importance, both for the transition itself and for Europe's industrial independence.

IN RECENT YEARS, THE INDUSTRIAL TRANSITION

in northern Sweden has taken major strides forward. Companies and enterprises are working consciously to replace fossil emissions through the adoption of new technologies such as hydrogen and electrification. At the same time, it is clearer that the tempo is slower than is desirable. The transition requires not only innovation, but also robust societal conditions. Infrastructure, stable energy supplies and a predictable playing field in the long-term will be vital if it is to be possible to implement investments at the rate that is needed. Initiatives such as hydrogen and direct reduction pellets require large volumes and comprehensive system solutions, necessitating collaboration between industry and society.

THE GLOBAL PICTURE ALSO INFLUENCES developments. Pandemics, war and heightened tensions over trade policy have clearly shown that a high degree of globalisation entails vulnerabilities. The need for a more regionalised economy has grown stronger, with production and resources located closer to the market. For industry in northern Sweden, this entails both strategic opportunities and increased requirements regarding preparedness. Minerals and basic industry, including iron ore, have become critically important for Europe. The EU has already pointed to the need for a European mineral strategy, and the region's resources will become increasingly important for the industry's competitiveness and for supply security in a troubled world.

NORTHERN SWEDEN IS UNIQUELY PLACED as a driving force for the industrial transition. Access to competitive electricity, established industrial operations and strategically located logistical solutions make the region pivotal for both Swedish and European needs. Major industrial initiatives create jobs and contribute to local economic development, innovation and skills development. Experience shows that areas with a strong industrial base grow and develop at a faster rate, which makes the presence of mines and industrial enterprises vital for the long-term competitiveness of the entire region.

ECONOMY AND MARKET CONDITIONS continue to play a decisive role. Technical advances are creating competitive new solutions, and the carbon pricing system is incentivising change. At the same time, the economic situation and market conditions are influencing the rate of investment, and long-term profitability requires a large-scale approach, falling costs over time and stable demand for new products.

FOR THE SWEDISH MINING AND BASIC INDUSTRIES, this collectively entails both major opportunities and greater responsibility in a more strategic industrial landscape. For Kaunis Iron, it is about an aspiration to gradually reposition itself in the value chain, and thereby reduce both the need for transport and the associated climate impact, and to align with the trend towards more sustainable and refined products.





KLAS DAGERTUN, CEO, KAUNIS IRON

Long-term framework and further development

The year was characterised by continuation of the challenging market conditions, alongside important steps taken in the long-term development of the Company. Through a conscious effort to improve efficiency, strengthen operational stability and a continuing focus on safety, the operation further enhanced its ability to face the future. Parallel to this, a vital milestone was reached in the permit process, and strategic initiatives were initiated which will strengthen the foundations for the Company's long-term development in a changing market.

OPERATIONAL STABILITY AND STREAMLINING

During the year, work continued to improve the operation's efficiency and flexibility. Completed measures have contributed to lower costs and more stable production processes. The production chain from mine to port has functioned as planned, and the planned adjustments to waste rock production towards the end of the year have helped to make the operation highly competitive.

Occupational health and safety have continued to be of the highest priority. A systematic approach to these areas has led to a reduction in accidents, which is an essential factor in managing the operation in a stable and safe manner.

LONG-TERM PREREQUISITES AND STRATEGIC WORK

During the year, an important milestone was reached in the Company's environmental permit process. In May, the Land and Environment Court of Appeal ratified the previously granted permit for the operations in Tapuli, Palotieva and Sahavaara. Since the end of the financial year, the permit has finally gained legal force, paving the

way for long-term mining operations in Tornedalen. Alongside this, strategic work has been initiated regarding the best approach to safeguarding the permit. This work includes analyses of alternative logistical solutions, clearer positioning with respect to the European steel industry, and opportunities to further develop the operation in the value chain.

OUTLOOK

Our focus going forward is on ensuring competitiveness and operational efficiency in a market that continues to be challenging. The mining industry is a cyclical industry where market conditions can change rapidly. However, the competitiveness of the operation has been strengthened through adaptations.

With the environmental permit now having gained legal force, the foundations are in place for long-term mining operations in Tornedalen. In the longer term, a raw material with a high iron content will also pave the way to supply more advanced refining stages, with collaboration in the value chain pivotal to enabling long-term investments and joint development closer to the end customer.

LINUS STYRMAN, CFO, KAUNIS IRON

A challenging year in an uncertain world

The year was characterised by continuation of the challenging market conditions and a global picture which affected the conditions in which we operate in many ways. The price of iron ore fluctuated during the year, with a marked low point during the summer, while the market remained uncertain. Geopolitical developments have also contributed to greater uncertainty in the global market.

MARKET AND CURRENCY

Developments during the year show how external factors can greatly affect the operating conditions for the business. In addition to the price picture, currency fluctuations have also had a marked effect. The US dollar weakened during the year, which had a negative impact on revenues and margins, as revenues are exclusively generated in USD, while the majority of costs are in Swedish kronor.

At the same time, the conditions for transport continue to be affected by disruption to global flows. Restrictions in the Suez Canal and unrest in the Middle East have contributed to higher costs for deliveries outside Europe, which has put further pressure on margins.

PROFIT AND COST DEVELOPMENTS

The profit for the year was affected by a one-off impairment linked to previously capitalised costs for waste rock mining,

which had a significant impact on the reported profit. Apart from this item, the profit reflects a weaker market situation, lower production at the start of the year and a weak US dollar.

RESILIENCE AND THE FUTURE

Despite recording a loss, the Group's cash flow was positive during the year. This reflects the effect of the cost-efficiency measures that have been implemented. Against this backdrop, high ambitions were established regarding flexibility, production efficiency and cost discipline. The focus was placed on improving operational efficiency and ensuring stability in production and supply flows in a market characterised by rapid change and greater uncertainty. In summary, the year saw external factors greatly influence our operating conditions, while we continued our efforts to increase our competitiveness and create stable conditions for the long term.



The Iron Gang's honorary award acknowledges special colleagues

“The Iron Gang” is the (translated) name of Kaunis Iron’s initiative on the work environment and fellowship in the workplace. An initiative that aims to raise the discussion on how we treat each other in the workplace and what we can do to ensure that everyone will thrive at work.

Among other things, this work led to Kaunis Iron’s “Iron Gang honorary award”, which was awarded for the third year in a row, on this occasion at one of our workplaces. The award is a way of recognising and celebrating colleagues who are role models in the areas of work environment and workplace fellowship. The winners of the award are selected by giving all employees the opportunity to nominate each other.

The winners of the 2025 award were Moa Vulkan (mine production worker), Jyrki Vaattovaara (field technician and wetland restoration specialist) and Simon Kenttä (mine production worker).

JYRKI VAATTOVAARA – WHAT DOES IT MEAN TO YOU TO RECEIVE THE AWARD?

“It means a lot, especially as I was nominated by my colleagues at work. It’s an honour to receive an award for being who you are.

WHAT DOES IT MEAN TO BE A GOOD COLLEAGUE?

“Being yourself and contributing to an open culture. And that you help each other, are there for each other and spread happiness, I think that’s important.

SOME VOICES ON THIS YEAR’S THREE AWARD WINNERS:

“Moa is knowledgeable, considerate and fearless. She is not afraid to point out what needs to be improved and acts as a role model for her colleagues. As a mentor, she takes pleasure in sharing her knowledge and has a strong safety mindset. It is even said that she has taken her commitment to Kaunis Iron a step further – by having a VBG tattoo. Talk about commitment!”

“Jyrki is that colleague who is always a ray of sunshine wherever he goes. With infectious commitment, broad expertise and the desire to take time for others, he has made Kaunis Iron a little better – every day. He brings knowledge and inquisitiveness – not to mention accordion music and a lot of laughter! Jyrki goes the extra mile and embodies our values with warmth, respect and a twinkle in his eye.”

“Simon is a secure and reliable colleague who does his job with thoroughness, commitment and a strong desire to learn. He includes everyone with humility, respects differences and is always ready to lend a helping hand. Simon is quite simply the safest pair of hands in the mine – someone you can trust.”





Moa Vulkan. Photo: Kaunis Iron



Jyrki Vaattovaara. Photo: Kaunis Iron



Simon Kenttä. Photo: Kaunis Iron

OUR VALUES ARE OUR COMPASS

Together, we build the culture at Kaunis Iron. You and I. Based on our values, we identify how we should relate to our work and to each other.



RESPECT

We respect the environment, people and our partners.



ENGAGEMENT

We always do what's required at work, for each other and to ensure safety and security.

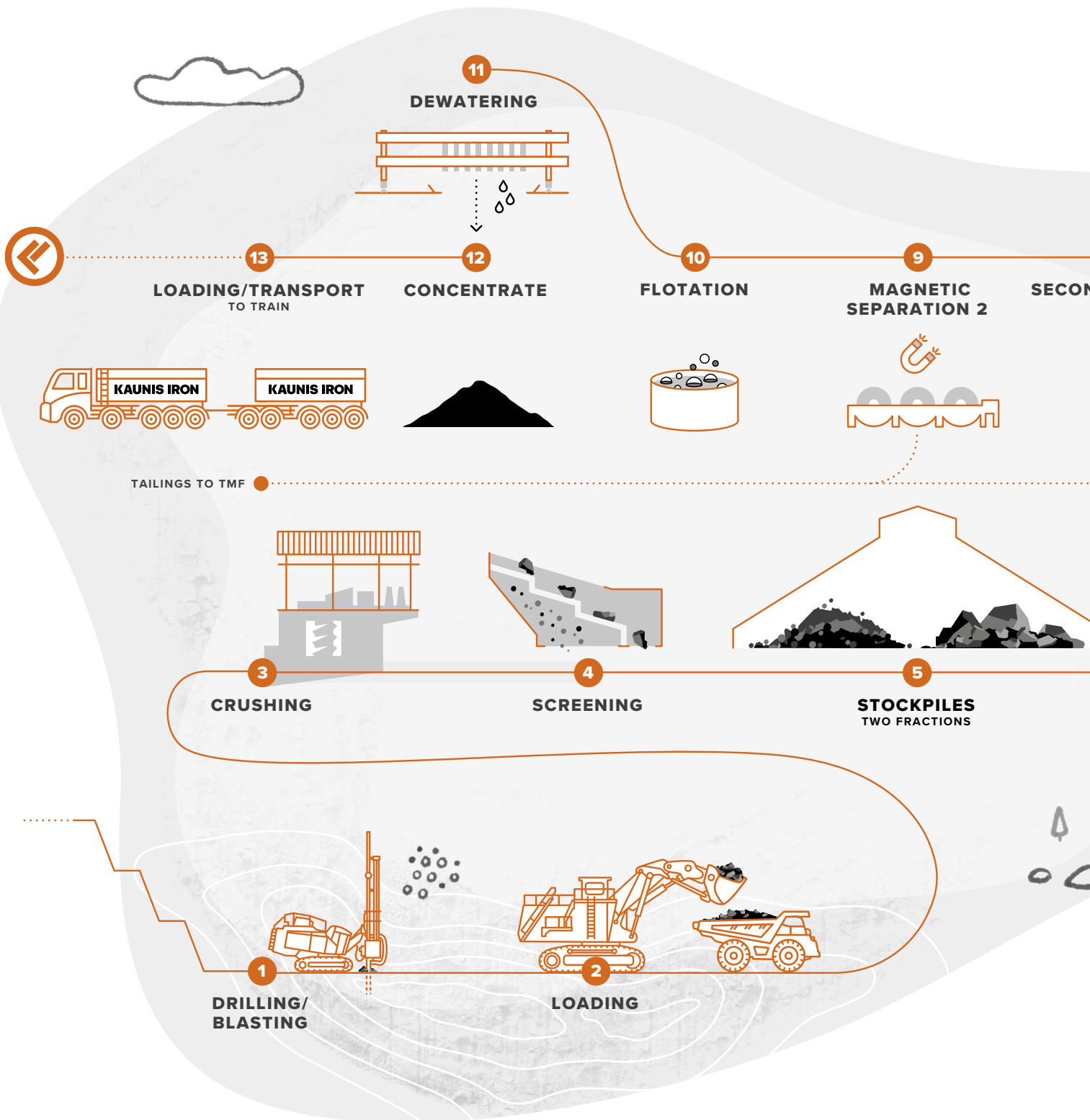


CURIOSITY

We explore, we want to progress and we want to achieve more.

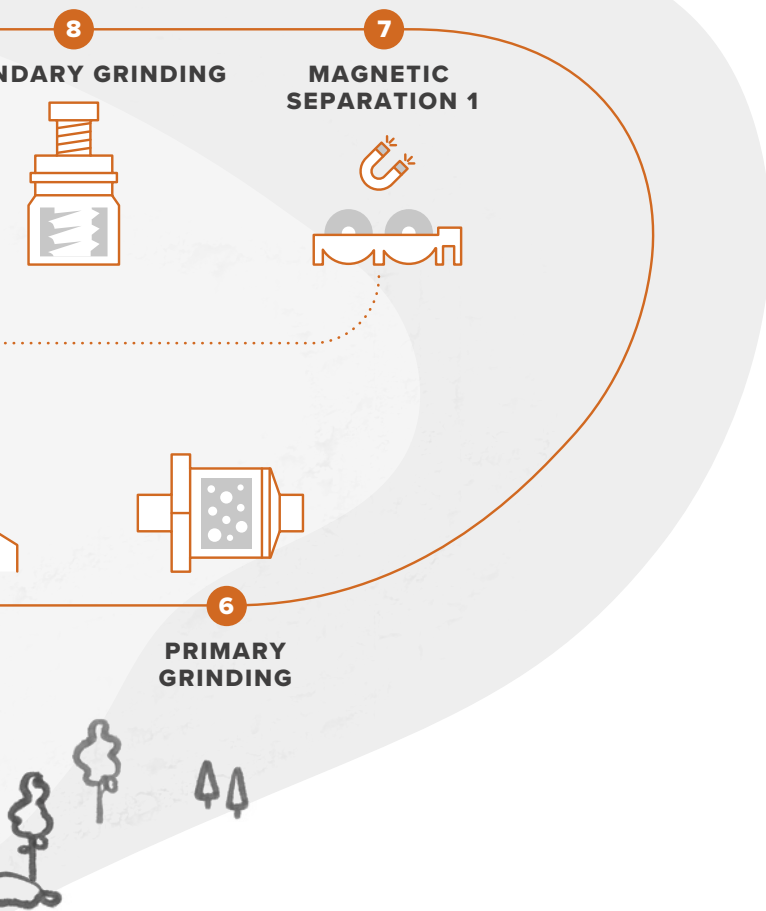
FROM MINE TO PORT

Kaunis Iron's open-pit mine in Kaunisvaara is just the starting point of the ore's journey to customers around the world. The mining activities, concentration plant and logistics, which occur via road, rail and sea, form an optimised and sustainable chain. Here you can find out more about the process that refines the highly desirable iron ore.



BRIEF FACTS

1. Open pit. The drilling prepares the area for blasting, whereby the boreholes are filled with blasting agent.
2. The ore released during blasting is lifted by front loaders into dumpers and then driven to the crusher.
3. The ore is tipped into the primary crusher. When it has been crushed, the ore is transported on a conveyor belt to the screening plant.
4. Screening plant. In the screening plant, the larger pieces are separated from the finer fragments.
5. The ore is placed into storage.
- 6-9. Concentration plant. Via grinding in two stages and magnet separation in between, the ore is separated from the waste rock and refined into a fine powder.
10. The ore is further purified via flotation.
11. In the next stage, the ore is dewatered.
12. Iron ore concentrate has been created.
13. The ore is loaded onto covered lorries for transportation to the train.



Future process and product



Parallel to operations within Kaunis Iron, a process of strategic development has been initiated to strengthen the long-term conditions for the operation. This process encompasses analyses of how the new permit can best be managed and realised. During 2026, the objective is to establish a clear direction for the future mining operation in Tornedalen.

This strategic process involves many parts of the organisation and many colleagues are involved in different ways in the various aspects of the work, the mine, permit, process and product. Peter Savén-Roberts, Head of Technology and Growth, is responsible for the process and product area.

WHAT DOES THE AREA COVER?

“Together with colleagues from various parts of the operation, work is under way within the area relating to issues which concern how the ore is processed, which products we offer, how it is transported, and which markets we are aiming at,” says Peter Savén-Roberts.

In order to make the strategy work within process and product clear, the work is divided into a number of subcategories: flotation, value chain, alternative logistics, revised iron ore concentrate production and market. This concerns how we utilise the ore in the best possible way, from the concentration plant right through to the customer, in order to create the maximum possible value – both in today’s production and in the long term. It is a question of using the ore in a smarter way, having more efficient processes, reducing emissions and the use of chemicals, and meeting Europe’s growing need for sustainably produced iron.

A long history with deep roots.

Mining and iron working first began in the Pajala region as long ago as the 17th century, and Norrbotten has been dependent on a successful mining and steel industry for more than 100 years. Industry has shaped our towns and communities, our culture and our landscape.

2012-18



2012–2014. Northland Resources opens an open-pit mine in Kaunisvaara in order to mine iron ore and transports the first ore in the same year (2012). When the price of iron ore falls sharply, the Company initiates a corporate reconstruction in 2013 and is declared bankrupt in December 2014 after production ceases.

2016–2018. In 2016, Abecede AB takes over parts of the business – the concentration plant, the truck workshop and the railway wagons. In February 2018, Kaunis Holding AB acquires the company and the remaining assets in the bankrupt estate and changes its name to Kaunis Iron AB. A cluster of Swedish investors put up almost SEK 600 million, and mining operations resume in Kaunisvaara. On 25 June, the Swedish Environmental Protection Agency applies for Kaunis Iron's environmental permit to be revoked. On 18 July, Kaunis Iron recommences the mining of ore.

2025

2025. A year characterised by an uncertain market and an ongoing permit process. The Land and Environment Court ratified the environmental permit for the operations in Tapuli, Palotieva and Sahavaara. The Geological Survey of Sweden increased the national interest in the deposits, development of the tailings pond was completed and the County Administrative Board approved 395 hectares of wetland restoration within the Company's impact area. After the end of the financial year, on 2 February 2026, the Supreme Court decided not to grant leave to appeal, which meant that the environmental permit gained legal force.



2024

2024. The flotation plant is put into operation, and significant investments are made in the tailings pond and wetland restoration. The main hearing is held in the Land and Environment Court of Appeal, with a ruling expected in 2025.

2023

2023. Construction of the flotation plant took place during the year, a major investment for the future. Furthermore, production reaches a new record level of 2,283,000 tonnes of iron ore.

2022

2022. On 1 December, the Swedish Land and Environment Court approves Kaunis Iron's application for a renewed and expanded permit, which also facilitates operation of the two new open-pit mines, Sahavaara and Palotieva, and implementation of the new flotation plant.

2021

2021. Despite a turbulent global market, Kaunis Iron is able to report a record year with net sales of SEK 2,901 million and a net profit after financial items of SEK 1,237 million. Production in the mine is ongoing around the clock and increases by 21% compared to the previous year. The Group, including permanently stationed subcontractors, provides employment for 531 people, of which 338 are employees of Kaunis Iron.

2019

2019. In May, the operations are in full production at a rate of 2 million tonnes of iron ore concentrate per year.

On 17 July, Kaunis Iron applies for a new operating permit for the existing operations as well as two new mines, in Sahavaara and Palotieva.

The mining operations now provide employment for around 350 people.

GROUP MANAGEMENT



Klas Dagertun
CEO

Qualifications: Studies in Mechanical Engineering at Luleå University of Technology
Employed: 2019 (consultant since 2016)
Born: 1975
Background: Private business assignments close to the basic industry in northern Sweden during the past 20 years in various types of senior executive positions



Linus Styrman
CFO

Qualifications: MSc in Business and Economics, Luleå University of Technology
Employed: 2017
Born: 1989
Background: Senior Auditor, Ernst & Young; Customer Service Advisor, Handelsbanken



Nils-Johan Haraldsson
Logistics Manager

Qualifications: MSc in Mechanical Engineering, Luleå University of Technology
Employed: 2022
Born: 1970
Background: Various roles in the management team for SCA Logistics AB, with experience of all modes of transport



Hans Djurberg
Sustainability Manager

Qualifications: MSc in Forestry, SLU; MBA, Stockholm School of Economics
Employed: 2024
Born: 1970
Background: Head of Sustainability at SCA, Chair of FSC International (Forest Stewardship Council), Quality and Sustainability Manager for IKEA's global supply chain



Peter Savén-Roberts
Head of Technology and Growth

Qualifications: M.Eng. Aerospace Engineering, University of Bath, United Kingdom, Master of Business Administration (MBA), INSEAD.
Employed: 2024
Born: 1983
Background: Chief Sustainability and Commercial Officer, Decarbonisation at Verdane Capital. Head of Strategic Projects and Chief of Staff to the CEO at Stegra. Manager at Bain & Company.



Lars Bogren
HR Manager

Qualifications: Master's degree in Human Resources and Occupational Science with specialisation in Psychology, Linköping University
Employed: 2023
Born: 1973
Background: Steelworks Manager, SSAB; Site Manager, SCA Wood; Coking Plant Manager, SSAB; HR Manager, SSAB



Johan Oja
Site Manager, Kaunisvaara

Qualifications: MSc in Mechanical Engineering, Luleå University of Technology
Employed: 2023
Born: 1973
Background: Around 20 years in the mining and mineral industry in various senior roles within LKAB and Metso

HANS DJURBERG, SUSTAINABILITY MANAGER, KAUNIS IRON

Sustainable development at every stage

At a time of great uncertainty and altered circumstances, we have stood firm by our long-term approach to sustainability. During the year, we also integrated our corporate goals more clearly into the operation, strengthening our ability to contribute to sustainable development, both generally and in the local community in particular. For us, it is about working with a long-term and proactive approach for the sustainable development of the company, the business sector in the region, the natural environment and the local community.

OCCUPATIONAL HEALTH AND SAFETY

Occupational health and safety was once again a high priority area during the year. The number of accidents fell compared with the previous year, reflecting the commitment of our employees and the systematic work being carried out to improve the work environment. During the year, we worked to prevent undesirable behaviour. As part of this, we mapped the occurrence of such behaviour and made positive steps forward. We also continued the EU-CoWork project together with educational institutions and companies from a number of countries, with a particular focus on developing Kaunis Iron into an even more considerate workplace.

PERMIT AND RESTORATION

The year was dominated by the permit issue. On 13 May, the Land and Environment Court of Appeal issued its ruling in the case and ratified the environmental permit previously issued by the Land and Environment Court, subject to a few changes. The permit covers the existing and expanded operations in Tapuli, Palotieva and Sahavaara, and confirms that the operations fulfil the strict environmental requirements that have been imposed. After the end of the financial year, on 2 February 2026, the Supreme Court decided not to grant leave to appeal and the environmental permit finally gained legal force, paving the way for long-term mining operations in Tornedalen.

Through biotope-improving measures, land areas adjacent to the Company's operations have been reinstated as wetland environments, with the measures being approved by the County Administrative Board during the autumn. This means that the innovative measures we have developed and implemented are considered to be in line with the requirements that are imposed on our operations. The requirement

for Tapuli is to restore 139 hectares, but the work that has been carried out covers a larger area, with the total area of restored wetland covering around 395 hectares. We have therefore implemented the measures that are required for Tapuli and at the same time paved the way for land to be used for the deposits in Sahavaara and Palotieva. The restoration of rich and open bog represents an important part of the work to develop the operation in a responsible manner.

COMMUNITY INVOLVEMENT AND LOCAL DEVELOPMENT

We are aware that our responsibilities extend far beyond the extraction of iron ore. We want to be a long-term, committed player and contribute to the positive development of the local community. One example of this is that 69% of our procurement during the year took place either locally or regionally.

During the year, we have for example contributed to the Pajala market and Tornedalen Pride and, through our sponsorship, focused on activities taking place in Pajala municipality, in order to give something back locally and contribute to a thriving cultural life and community. Through regular meetings and other initiatives during the year in Junosuando, Pajala and Kaunisvaara, we continued to create forums where we listen, inform and discuss the future together with Pajala municipality, the business sector and the local community.

Our attitude survey shows that support for the mining operation in Pajala remains strong. Ninety percent of those asked said they have a positive attitude, compared with 93 percent in the previous survey conducted in 2023. The results provide valuable insights and underline the importance of continuing to build mining operations for the future in Tornedalen.

EXTERNAL ESG EVALUATION

During the year, an external evaluation of Kaunis Iron's work relating to Environmental, Social and Governance (ESG) was conducted within the framework of an international supplier review. The result was 95 percent, which places the company among the highest-ranking companies in the evaluation.



Hans Djurberg, Sustainability Manager at Kaunis Iron. Photo: Kaunis Iron

The MaKS project is concluded

– safer roads and upgraded infrastructure

Sustainability has always been a central part of our operations at Kaunis Iron. We understand that our responsibility extends far beyond extracting iron ore in an efficient and profitable way – it has to do with contributing to sustainable development for both people and the environment. During the past year, we have continued to develop our sustainability work, and we are proud of the progress we have made.

The final stage is now under way in the billion kronor project ‘Ore transport Kaunisvaara-Svappavaara’ (MaKS), where the Swedish Transport Administration, with support from Kaunis Iron, is upgrading the road network that is used for transporting ore. Once the project has been concluded, we will have contributed SEK 127 million to the project, and logistics manager Nils-Johan Haraldsson is very pleased with the results.

“We have improved road traffic safety along the entire route. If you drive a car in the area, you will get to experience the wonderful new road here in Pajala compared with many other roads nearby. We now also have pedestrian and cycle paths which make life much easier and better for residents and provide important bypasses in Masugnsbyn and Vittangi.

He believes that the project has eliminated many hazards. Dangerous bends which used to be accident black spots have now been eliminated and other hazards have also been mitigated.

“We have for example eliminated a number of hills, which has reduced fuel consumption for everyone driving along the route, which is also positive for the environment. We also have a close collaboration with the road maintenance organisation in order to improve gritting, salting and snow clearance when necessary. Kaunis Iron cofinances a fixed amount every year for upgraded road maintenance along the road that we use,” concludes Haraldsson.

During the project, all road users had of course to deal with the disruption caused by the road construction and reduced accessibility. We have also had to adapt our transport arrangements and use pilots, so that we can swap drivers as required under contract. However, this solution



Photo: Kaunis Iron

THE MAKS PROJECT IN BRIEF:

Total cost of the collaborative project with the Swedish Transport Administration: approx. SEK 2.3 billion., Kaunis Iron's share was SEK 127 million.

- Vittangi bypass
- Masugnsbyn bypass
- Anttis-Lovikka
- Junosuando-Masugnsbyn
- Bridge over the river Tärendö
- Palokorva-Junosuando
- Junosuando town
- Skoterport Merasjärvi
- Demolition of the old bridge over the river Tärendö
- Autio-Anttis
- Lovikka construction works
- Temporary bridge over the river Torne
- New bridge over the river Torne completed
- Autio bridge

is no longer necessary and every truck now completes its cycle smoothly and without any problems.

Haraldsson summarises:

“From a social perspective, Pajala is now closer to the ore field and the road is much better too. Reindeer and collisions with wild game have been reduced for all road users, which is another important benefit. Fuel consumption has been cut for all road users, conditions for pedestrians and cyclists have been improved in Lovikka and Erkkeikki, and the environment for residents of Masugnsbyn and Vittangi has been improved too. In other words, the MaKS project has given the infrastructure in Pajala municipality and the surrounding area a considerable upgrade. That feels good.

“The farm is even more homely now”

An Erkheikki family’s view on the road improvements

When Megan Robson and Ola Kostet left city life in Canada behind them and moved to a family farm in Erkheikki, work on the MaKS project had not yet even started near their house. This stage was completed in the autumn of 2025 and they can now walk safely with their buggy along the new pedestrian and cycle path through the town. “When we got back from the maternity ward, there was a pavement there, so it was perfect timing,” says Megan Robson.

Megan Robson (33) and Ola Kostet (34) moved to Erkheikki in the summer of 2021. They moved from Canada, Megan’s homeland, to Ola’s home municipality of Pajala, after spending a few years in Skellefteå in between. They now live on Ola’s family farm with their one-year-old son August and their dog Phoebe.

Adjacent to the family’s red house with its white corners, route 395 is being upgraded to improve both safety and the environment for local residents as part of the MaKS project, which also aims to improve conditions for ore transport between Kaunisvaara and Svappavaara). Along the route, the road has now been widened and strengthened, and equipped with bus stops, noise mitigation measures and a pedestrian and cycle path in the form of a pavement in Erkheikki.

The upgrade is greatly appreciated by families with children, who now feel safer walking along the road.

“A lot of traffic passes through the town and it wasn’t very pleasant before, when all the traffic passed by right next to us. This was particularly the case in winter, when we had to walk in the piles of snow along the side of the road. We really wanted a better route. But, when we came home from the maternity ward with August, there was a pavement there, so it was perfect timing. It now feels safe to walk here with a buggy,” says Megan Robson.

Traffic is busy along this road 24 hours a day, which Megan and Ola believe they have grown used to.

“You don’t really think about the noise very much when you live here. However, a lot of people drive too fast through the town. The fact that the speed limit is 60 km/h works well as long as everyone sticks to it, but it would be great to have a speed camera or lower speed limit along certain sections of the road, so that more people think about the speed they are doing. However, I have to say that the trucks carrying ore are driven sensibly and considerately. They even slow down

a bit more if they see us out for a walk, which is nice,” says Ola Kostet.

As part of the road upgrade project, a red noise barrier has also been erected next to the family’s house. This barrier dampens the noise from the traffic and gives the farm a more secluded and cozy feeling.

Megan works as a primary school teacher at Smedskolan in Pajala, while Ola is a theatre technician at Tornedalsteatern. Their lives are very different now compared to their city life in Vancouver, but they are thoroughly enjoying life in Tornedalen.

“Living here makes us feel free. There is space to stretch out and you get a lot for your money too,” says Megan.

Ola agrees:

“It feels like home to me; it’s safe.”



Megan Robson and Ola Kostet. Photo: Kaunis Iron



Photo: Kaunis Iron

Sampling that protects both nature and the business

Kaunis Iron's field technicians carry out extensive sampling of the water and the natural environment in all weathers, week in, week out, and with the same strict requirements regarding sample contamination and quality. Field technician Mikael Rantakyrö is one of those who sometimes wades across bogs and sometimes tramps through the snow. "We meet a lot of people when we are out in the forest and the countryside, and they are often very positive about us being out taking samples," says Mikael Rantakyrö.

The sampling of water bodies and the environment takes place all year round as part of Kaunis Iron's operations and represents an important aspect of the Company's environmental work. The work follows a detailed control programme, with strict requirements regarding quality, safety and contamination.

The interview was conducted during an intensive period of sampling for Kaunis Iron's field technicians, who follow a detailed programme which specifies the samples that are to be collected each week. During the course of a year, more than 5,000 water samples are collected, along with many other measurements and samples.

THE SAMPLING IS PLANNED IN METICULOUS DETAIL

"We normally start on the day before we actually do the sampling. We make sure we have enough disposable gloves, bottles, pumps and hoses to last us. We also set up a route so that my colleagues know where I am. This is a question of safety and something we never cut corners on.

On a typical day, they head out at 7am and stay out until after lunch. Before 2pm, the day's samples are delivered to Kolari so that they can be taken by courier in coolboxes to the laboratory in Rovaniemi.

"Everything has to undergo quality assurance; everyone involved with the sampling has to complete licensed training. We have to be authorised to collect all types of water samples. Only employees who have completed the necessary training can go out and collect samples.

The courses make sure we understand the importance of following a strict routine. Everyone has to understand the risks of contaminating a sample.

"For example, we use disposable gloves, which we change at every sampling site, and groundwater monitoring wells to reduce the risk of contamination. All the samples are handled as unique individual samples. If we make a mistake, the entire chain suffers, which has a knock-on effect on the sub-

sequent results. In a sense, you could say we have a control programme for the actual control programme.

The laboratory analyses are so sensitive, they can detect if anything has happened.

"If we have an oil spill from a defective machine, for example, the contamination will be apparent in the water samples. All accidents and incidents therefore have to be reported by the company, so that we can explain what the samples show. The quality assurance work affects everyone within the organisation.

The field technicians also inspect the dam. This is done twice a week, all year round. They check pipes that have been drilled into the dam body to determine whether any changes have taken place.

This work, which is carried out all year round, means Rantakyrö gets to experience a very varied work environment, to say the least.

"I've seen snow two or three metres deep next to the dam. It can build up into incredible snow drifts when the wind blows. In the summer, the mosquitos mean you are never alone too, so to speak. But I like the variety that goes with being out in nature.

He also thinks his work is meaningful, an important part of Kaunis Iron's overall environmental work.

"We have very strict requirements and we have to follow them. As long as the results are below our requirements, there's nothing to worry about. We meet a lot of people when we are out and about in the forest and the countryside, and they are often very positive about us being out taking samples.

At a personal level, Rantakyrö has a stake as a local resident too: "I'm both a hunter and a fisherman, so for me, it is of course important that we protect nature. I don't want to be part of harming nature in any way; I want to help make it better.



ANNUAL AND SUSTAINABILITY REPORT 2025



OUR SUSTAINABILITY WORK

Sustainability has always been a central part of our operations at Kaunis Iron. We understand that our responsibility extends far beyond extracting iron ore in an efficient and profitable way – it has to do with contributing to sustainable development for both people and the environment. During the past year, we have continued to develop our sustainability work and we are proud of the progress we have made.

Kaunis Iron mines iron ore from Pajala that is refined and sold to the global market. Our production and operations are conducted in an open and transparent manner. We utilise modern technology and a strong level of local engagement to create long-term value for both the local community and our owners.

This requires us to constantly ensure that the decisions we make take into account the three perspectives of sustainability: social sustainability, ecological sustainability and economic sustainability.

In the media debate, sustainability is often reduced solely to the environmental perspective. We believe it is important to stress a holistic view of the concept of sustainability. To take responsibility for a proactive approach to the development of the sustainability concept in everything we do which has an effect on our own company, business in the region, nature and the local community.

Our sustainability work is based on our own norms and values:

Respect: for the environment, people and our partners.

Engagement: we always do what's required at work; for each other and to ensure safety and security. **Curiosity:** we explore, we want to progress and we want to achieve.

Ecological sustainability

It is simply not possible to mine ore without having an environmental impact, as an open-pit mine affects nature. Our operations utilise large areas of land and thus also impact areas with valuable nature. We have a major responsibility to prevent and minimise environmental impact and to improve our utilisation of resources in accordance with the principles of reuse and circular economy. Our undertakings in relation to ecological sustainability mean that:

- we comply with all applicable legislation, granted permits and other mandatory requirements to which our operations are subject;
- we contribute to the fulfilment of global, national and local environmental goals;
- we take responsibility for and play an active role in the work involving the major environmental issues of our time by striving to achieve fossil-free mining operations and contributing to increased biodiversity in the areas where we operate through measures such as restoration of valuable natural environments.

Social sustainability

With respect for human rights, cultures, customs and values among people, Kaunis Iron wants to take responsibility for our employees and our local community, as well as society as a whole. We have a significant impact on the local community, as we are a major employer and a large company that purchases significant amounts of goods and services each year. Our undertakings in relation to social sustainability mean that:

- the safety of our employees is always of the highest priority, and no one should need to risk injury at work;
- we strive to employ locally and to create a workplace characterised by equality and gender equality, where diversity is viewed as a strength;
- we conduct our operations in a completely open and transparent manner in order to build credibility and acceptance of our business among our stakeholders. We therefore implement initiatives such as a collaboration group with our local stakeholders, and we maintain ongoing contact with the local community via personal meetings and digital channels;
- we support local clubs and associations through our sponsorship programme.

Economic sustainability

It is important for us as a company to take responsibility for achieving long-term financial security for our company. We must not be driven by short-term interests; instead, we will strive to achieve something that will be truly lasting for Pajala, the region and Sweden. Our undertakings in relation to economic sustainability mean that:

- we comply with applicable legislation and promote good business ethics;
- we strive to build a long-term stable business through financial strength and a strong cash position to ensure that we can cope with cyclical economic downturns;

- we endeavour to be a driving force for the local business community and to create growth, diversification and skills development among local businesses through our local purchases;
- we aim to provide sustainable and competitive iron ore concentrate on the global market;
- we strive to be a responsive and reliable business partner by delivering on our promises and living up to our customers' demands and expectations.

Overall governance

The cornerstones of our sustainability work are that

- we will comply with mandatory requirements;
- sustainability will be an integral part of our business plan;
- we strive to conduct responsible mining operations based on economic, ecological and social aspects;
- this is based on our own norms and values and how we can contribute to the fulfilment of the UN Sustainable Development Goals in the 2030 Agenda.

The foundations for the sustainability work and the goals partly stem from the 2030 Agenda and the Paris Agreement. Management is responsible for our sustainability work at an overall level by developing proposals for long-term strategies and goals based on the Sustainability Policy adopted by the Board of Directors, and communicating these to the organisation in a clear manner. The Sustainability Manager is responsible for coordinating sustainability issues in the management team. Regular reports are submitted to the Board of Directors regarding ongoing activities and the progress of the work, and an annual sustainability report is included as an integral part of the annual report.

To achieve success in our sustainability work, it is important that all staff are aware of our sustainability goals and possess the knowledge required to be able to contribute to the achievement of these goals. At the same time, sustainability work must be an integral and given part of the company's business plan and its day-to-day operations. Goals and strategies are developed and implemented in a process that involves managers and employees in different roles and at different levels in the company.

Our Sustainability Policy functions as an overall governing policy in relation to our other policies and covers the whole of the Kaunis Holding Group, including the subsidiaries Kaunis Iron AB and Kaunis Iron Logistik AB. To counteract corruption, the Group has an Anti-Corruption Policy and guidelines on how employees should act in relation to gifts etc. from suppliers, as well as a Code of Conduct.

Good communication and transparency about and in our business is an important aspect of our work aimed at building credibility and trust, with particular focus on vulnerable groups. Through an annual stakeholder analysis, key stakeholders are identified on the basis of various groups of stakeholders, with the aim of building acceptance and trust.

Our challenges and risks

As a basis for our strategic work aimed at achieving our vision, it is necessary to have good awareness and knowledge of our challenges and the risks associated with them. Below we describe the 6 main challenges that we have identified as necessary to manage in the long term in order to achieve our vision.

Skills supply

We will be an attractive employer for both white-collar and blue-collar workers.

We are a modern company that has not inherited any set culture, values or established truths and practices. We are an innovative and entrepreneurial company that strives to achieve a long-term mining industry in the Tornedalen region.

High-cost producer

Our shipments are expensive, and it is therefore necessary that we have the right machinery, the right technology, the right skills and knowledge, the right quality, the right partners and the right owners to enable us to provide a competitive iron ore product on the global market.

Safety

We conduct comprehensive operations that involve risks for both people and the environment. Safety work is a high priority for us, and we work proactively to create and maintain a culture of safety.

CO₂

The transition to a fossil-free and climate-neutral society is of importance to us all. Kaunis Iron strives to reduce the environmental impact of our operations through better planning, more efficient working methods and the use of new technology.

Acceptance & trust

We conduct our operations in a completely open and transparent manner in order to build credibility and acceptance of our business among our stakeholders. It is important to ensure that all our stakeholders are aware of the value we create for the local community and our owners and customers.







Permits

The mining industry is subject to permit and regulation, with impact on the physical environment and other stakeholders with various agendas. Kaunis Iron and the entire industry faces a major challenge in terms of correctly dealing and communicating with all stakeholders.


RESULTS 2025

During the year, we set new Group-wide goals, which also form the Company's sustainability goals. The goals were established based on the three aspects of sustainability and how our activities help to improve our performance and fulfil the 2030 Agenda. The outcome for each goal is described below.



ECONOMIC GOALS

Goal	Outcome 2024	Outcome 2025	Description and evaluation of the goal and connection to the 2030 Agenda
Reduced production costs (SEK million)	2,033	1,935	<p>During autumn 2024, the Group implemented a comprehensive cost-saving programme, the full effects of which were realised in 2025.</p> <p>Total production costs for 2025 amounted to SEK 1,935 million, including depreciation and capitalised stripping costs, but excluding impairment. In 2024, production costs amounted to SEK 2,033 million. Excluding stripping costs and non-cash depreciation, production costs amounted to SEK 1,645 million, compared with SEK 1,990 million for 2024.</p>  
Productivity (kt)	1,924	1,900	<p>Production during 2025 was primarily affected by lower iron contents from the mine.</p> <p>In total, production amounted to 1,900 kt, compared with 1,924 kt in 2024. Iron content amounted to 22.4%, compared with 24.1% in 2024.</p>  
Percentage of local purchases	65%	69%	<p>Percentage of local purchases indicates the volume of purchases from suppliers in the region who conduct significant business activities locally, and where the local organisation is the party primarily involved in the business dealings with Kaunis Iron. A high percentage of local purchases creates growth and diversification locally and enables local businesses to develop their skills and knowledge.</p> <p>More than two thirds of all purchases are local (69%), an increase of 4 percentage points over 2024. Local purchases continue to be an important factor for local growth.</p>  

SOCIAL GOALS

Goal	Outcome 2024	Outcome 2025	Description and evaluation of the goal and connection to the 2030 Agenda
Accidents resulting in absence per million hours worked (LTIF)	7.3	4.6	<p>We conduct comprehensive operations that entail risks for both people and the environment. Safety work is our top priority, and accident-free operations enable our employees to feel safe and secure at work and enjoy a healthy working life. Safe operations also increase our opportunities to attract people who want to work in the mining industry in general and Kaunis Iron in particular.</p> <p>This goal relates to the number of accidents resulting in work absence per million hours worked. The number has decreased compared to the previous year, which is a pleasing outcome and shows that our work is yielding results.</p> 
Percentage of women (total employees in the entire Group)	27%	26%	<p>Pajala is a Swedish municipality with a large imbalance in terms of the number of men and women in the municipality. An equal workplace contributes to a more equal society and a more inclusive workplace environment, and is important for Kaunis Iron's ability to be an attractive employer on the labour market. The long-term ambition is to achieve a gender distribution that reflects the community in which we live.</p> <p>This goal relates to the percentage of female employees in the Group. The percentage of women in the Group is somewhat lower compared to the previous year. Our adaptations to the organisation to take account of the prevailing situation have entailed reductions in the workforce. Women accounted for many of our most recent employees who were forced to leave us in connection with this.</p> 
Managerial appointments, percentage of women (%)	57%	0%	<p>The goal specifies the proportion of women taking up managerial positions during the year. In total, five managers were appointed during 2025, all of whom were men. Of all managers at the end of 2025, 20% were women.</p>
Percentage of local residents who have a positive or very positive attitude to our operations (%)	-%	90%	<p>We conduct our operations in an open and transparent manner in order to build credibility and acceptance of our business among our stakeholders. It is important to ensure that all our stakeholders are aware of the value we create for both the local community and our owners and customers.</p> <p>Approximately 90% of local residents have a positive attitude towards the mining operation in Pajala, compared with 93% in 2023 (when the survey was last conducted). The proportion of local residents who had a very negative attitude or who were unsure/did not know fell to 5%, compared with 6% in 2023.</p> 
Percentage of local residents who feel that Kaunis Iron has an open and continual dialogue (%)	-%	72%	<p>72% of the public feel that Kaunis Iron has an open and continual dialogue, a reduction from 78% in 2023 (when the survey was last conducted). The percentage who do not feel that Kaunis Iron has an open and continual dialogue or who are unsure/don't know increased from 14% (2023) to 15%.</p> 
Undesirable behaviour	37%	24%	<p>The goal specifies the percentage of our employees who feel they have been subjected to undesirable behaviour such as sexual harassment, abuse, threats, the spreading of false rumours or bullying in the workplace during the past year.</p> <p>The Kaunis Iron Group has a zero-tolerance policy as regards all types of undesirable behaviour and does not accept any form of discrimination, bullying, victimisation, social exclusion or harassment. The results of the survey represent an improvement over the previous year, but we still have a lot to do to eliminate undesirable behaviour in our workplaces.</p>  

ECOLOGICAL GOALS

Goal	Outcome 2024	Outcome 2025	Description and evaluation of the goal and connection to the 2030 Agenda
More rectified environmental non-conformities	144	122	<p>Through a policy of continuous improvement, the Company strives to reduce the number of environmentally related accidents and thereby the Company's environmental impact over time. During 2025, we continually monitored the number of environmental non-conformities which were rectified in order to accelerate the pace of our corrective and preventive measures.</p> <p>The number of rectified environmental non-conformities fell from 144 (2024) to 122. During the same period, the number of reported non-conformities decreased from 162 (2024) to 117. This means that we have accelerated the rate at which we dealt with such cases during the year and rectified a significantly higher percentage of the environmental non-conformities that arose during the year, from 90% to 106%.</p> 
Reduced CO ₂ emissions (kg) per tonne of iron ore concentrate	22.7	22.0	<p>The transition to a fossil-free and climate-neutral society is vital for us all. Kaunis Iron strives to reduce the volume of carbon dioxide per tonne iron ore concentrate. These reductions are being achieved through better planning, more efficient driving methods and the use of new vehicles and new technology.</p> <p>Emissions of carbon dioxide, CO₂ per tonne iron ore concentrate, have been reduced from 22.7 kg (2024) to 22.0 kg, which corresponds to a decrease of approx. 3%. This reduction in total emissions is being achieved despite the fact that we have been mining at deeper levels in the open-pit mine, resulting in longer driving distances in the mine in 2025 compared with 2024. During 2025, emissions from lorry shipments were reduced by 8% compared with the previous year.</p> 



FÖRVALTNINGSBERÄTTELSE

Information about the business

The Company was registered on 20/03/2017, and since 19/02/2018 it is the parent company in a group that refines and sells iron ore and conducts thereto compatible activities. The subsidiaries in the Group are Kaunis Iron AB (559003-4103) and Kaunis Iron Logistik AB (559150-4146).

Significant events during the financial year

The year continued to be characterised by an uncertain market situation, with iron ore prices ranging from USD 100 to 125 per tonne, with a clear low-point during the summer. Prices remain under pressure as a result of weaker than expected development in the Chinese steel industry and a generally uncertain global situation. The market for sea freight was stable overall, but the continuing restriction of shipping through the Suez Canal and unrest in the Middle East have impacted transport flows and led to continuing challenges and elevated transport costs for customers outside Europe.

The global uncertainty has been further heightened since the new US administration was installed, with subsequent turbulent trade policy developments which have resulted in a weaker US dollar, among other things. During the year, the US dollar fell from just over SEK 11 to a low of just over SEK 9. As the Group's sales take place in US dollars, while the majority of the Group's costs are in Swedish kronor, the currency development had a negative impact on revenues during the year.

The overall effect of the pressure on iron ore prices, unfavourable currency developments and continuing geopolitical unrest led to a challenging market situation for virtually the whole year. Against this backdrop, our operations have clearly focused on cost-effectiveness and operational stability. The effects of the streamlining and cost-saving measures that were implemented during 2024 were realised in full during 2025. Additional measures were also carried out during the year to strengthen cash flow.

In terms of production, the operation has developed as planned, with stable deliveries and an efficient production and logistics chain from mine to port. During the first quarter of the year, concentrate production was negatively affected by lower iron contents and lower yields, resulting in somewhat lower production compared with the same period of the previous year. From the fourth quarter onwards, waste rock production decreased as planned, resulting in lower production costs per tonne and improved cash flow. At the same time, adaptations were made to the workforce within the mining operation due to the lower waste rock production.

In May, the Land and Environment Court of Appeal issued its ruling in the case concerning the environmental permit and ratified the permit previously issued by the Land and Environment Court in December 2022. This covers both current and planned operations in Tapuli, Palotieva and Sahavaara. However, the Land and Environment Court of Appeal did not approve the enforcement order and the ruling was appealed by a number of parties. Since the end of the financial year, the Supreme Court has decided not to grant leave to appeal and the ruling therefore gained legal force on 2 February 2026. The ruling confirms that the operation fulfils exacting environmental requirements and paves the way for mining operations to continue in Tornedalen.

Parallel to the operational activity, a strategic process has been initiated with the aim of establishing better long-term foundations for the activity. This process encompasses analyses of how the new permit can best be managed. Within the framework of this

process, we are for example examining possible alternative logistics solutions, a clearer position for the European green steel industry of the future, and opportunities to develop our position in the value chain. The objective is to develop a clear direction for the future mining operation in Tornedalen.

Work environment and safety remained priority areas during the year. The number of accidents fell during the year, indicating that the long-term and systematic work relating to the work environment is producing results. A safe and secure work environment is a fundamental prerequisite for stable operation and long-term sustainability.

In summary, the year was characterised by a challenging market situation. Despite the pressure on prices, a weaker US dollar and a protracted permit process, the operation has been strengthened as a result of streamlining measures and a clear focus on strong cash flow. The ruling from the Land and Environment Court of Appeal represents a key cornerstone for a long-term operation. However, the protracted permit process entails a significant risk of downtime, which continues to be reflected in the Company's strategic priorities. In parallel, the work on the Company's long-term strategy is continuing, with a focus on enabling mining operations to continue in Tornedalen in the future.

During the year, the previously capitalised stripping cost was written down in its entirety in the amount of SEK 536 million, affecting the profit/loss in the amount of SEK 426 million, including deferred tax.

Significant events after the end of the financial year

On 2 February 2026, the Supreme Court decided not to grant leave to appeal in Kaunis Iron's environmental permit case. Thus, the ruling by the Land and Environment Court of Appeal remains in force and Kaunis Iron's permit for further and expanded mining operations has now gained legal force.

The permit is final and can no longer be appealed.

Investments

In 2025, investments in property, plant and equipment and intangible assets amounted to SEK 97 million and SEK 1 million respectively. This is in line with the investment budget that was adopted prior to the financial year. The majority of the investments are permit-oriented.

As regards permit-oriented investments, these are linked to the new environmental permit. A significant proportion of these investments concern the expansion of the tailings pond, a project which aims to ensure the long-term sustainability of the operation and compliance with the permit conditions. The investment in the expansion of the tailings pond was completed during the autumn of 2025.

Financing

Since its establishment in 2018, the Group has been financed entirely through equity and cash flows from the operation. The Group's external financing, which is primarily linked to a small number of objects, amounted to SEK 41 million and leases equivalent to SEK 62 million at the year-end.

Risk management

The Group's risk management process includes strategic, operational, legal and financial risks, which are assessed based on the impact of the risk in connection with a possible event and the likelihood of the event occurring. The highest ranked

risk is financial and is linked to the volatility of the iron ore price. Operational risks include the areas of production, transport, HR and exploration. These risks relate to production processes on site, the logistics chain and the development of deposits to enable a long-term mining industry in the Tornedalen region. Among the strategic risks, the Company's exposure to macro-economic factors constitutes the highest ranked risk, along with the risk associated with transitioning from short-term projects to a long-term approach to innovation and development. The most significant legal risk relates to the loss of the operational permit. To manage these risks, all parts of the Group work continuously on identifying, assessing and minimising the risks with which the business is associated.

Since February 2023, the Group has been certified according to ISO 9001 and ISO 14001, further strengthening our structured and documented risk management at both operational and strategic level.

The risk management work has been developed during the year through the implementation of a more extensive risk assessment process in accordance with the regulations that apply to listed companies. This ensures that we are not only following best practice but are also well prepared to manage the risks that can arise in a dynamic and uncertain market.

OPERATIONAL RISKS

Risk of accidents and ill health

The Group handles large material flows in the open-pit mine, concentration plant, transport chain and at port, which means that employees and contractors are periodically exposed to risky situations that could lead to accidents and/or ill health. To manage these risks, we carry out systematic health and safety work that is integrated into our operations. This work is led by a specifically defined health and safety organisation with clearly delegated responsibility for ensuring a safe work environment.

During the year we have seen significant improvements in our health and safety work, with particular focus on enhancing safety and reducing the number of accidents. This work has produced results, and we are able to note a positive trend whereby the number of accidents resulting in work absence has decreased compared to the previous year.

Risk of environmental impact

The Group's operations impact the air, water, land and the biodiversity in the environment surrounding the mine. Exceeding permitted limits for emissions to air and water, or the occurrence of noise and waste, could entail production restrictions and could even lead to a stoppage of production if necessary measures are not taken. In addition, exceeding such limits could have a negative impact on confidence and trust in the Group, which in turn could affect the Group's possibilities to continue conducting operations.

To minimise the risk of negative environmental impact and ensure that operations are conducted within the scope of our environmental permit, the Group has a well-defined and extensive self-inspection programme. This programme is a central part of our environmental work and is implemented in close dialogue with relevant authorities and external resources.

Risk of unscheduled production stoppages

The Group's production chain is based on continuous processes where unplanned downtime can have immediate consequences for the entire business and our delivery ability. Examples of this include the derailments on the Iron Ore Line in December 2023 and February 2024. To minimise disruptions and ensure efficient production, systematic maintenance and regular checks and

inspections of critical components are carried out. Maintenance breaks, checks, inspections and rounds are carried out according to set schedules to ensure that all systems and facilities are in optimal condition. To further protect against unscheduled downtime and machine failure, the Group has extensive insurance cover. All property is adequately insured, and the Group has business interruption insurance to cover any production stoppages. This risk management work is key to maintaining stability and ensuring that operations can continue without unwanted interruptions.

Alternative logistics solutions have also been considered to deal with any future disruptions on the Iron Ore Line. The Group holds ongoing strategic and operational meetings with the Swedish Transport Administration and Bane NOR, and there are daily procedures for measurement and control of railway logistics, as well as long-term functional agreements on capacity and maintenance. In addition, advocacy work is ongoing with the aim of securing the status, capacity and development of the Iron Ore Line. The Group has also co-financed the redevelopment of the road between Kaunisvaara and the transshipment station in Pitkäjärvi and is investigating the expansion of the yard capacity at the transshipment terminal.

Risk of insufficient skills supply

The Group's operations are strongly dependent on the ability to recruit, develop and retain qualified staff, both among our own employees and our primary subcontractors. A shortage of staff with the right skills and qualifications could make recruitment more difficult and have a negative impact on production capacity and financial performance in the long term. The increased competition for labour in northern Sweden as a result of extensive initiatives and investments in the region, in combination with a low level of unemployment, makes the issue of skills supply a key challenge for the Group.

To attract and retain employees, we actively strive to enhance our image as an attractive employer. The Group has a well-structured personnel policy that offers employees opportunities for development as well as competitive terms of employment. Our subcontractors and partners are also included in this work with the aim of creating a strong sense of community and team spirit throughout the business.

During the year we have carried out staff reductions, which has been a necessary measure to streamline the business. We have placed great importance on handling these changes in a transparent and respectful manner, where a clear and supportive offboarding process has been key to ensuring a good conclusion for the employees concerned. Our focus has been to create a constructive and supportive transition for all involved while also continuing to develop our organisation for the future.

MARKET AND COMMERCIAL RISKS

Risks concerning operating permits

The Group, through the subsidiary Kaunis Iron AB, conducts operations that are subject to permit pursuant to the Swedish Minerals Act and the Swedish Environmental Code. A violation of applicable environmental laws could entail criminal sanctions and coercive measures and could impact the validity of the Group's permits. The business operations cannot continue without a valid operational permit.

In May 2025, the Land and Environment Court of Appeal issued a ruling in the case concerning the environmental permit and ratified the previously approved permit, which covers both current and planned operations in Tapuli, Palotieva and Sahaavaara and confirms that the operation fulfils exacting environmental requirements. On 2 February 2026, the Supreme Court decided not to grant leave to appeal. This means that the Land and Environmental Court's ruling is upheld and has gained legal force.

The long-term and stable foundations are thus in place for further mining operations in Tornedalen, which has significantly reduced the risk linked to uncertainty concerning the operational permit.

Customer dependency

The global iron ore market is characterised by a small number of operators and a high level of sensitivity to changes in the economic situation. The Group has entered into contracts with customers equating to the planned production. A significant economic downturn could entail decreased demand among the Group's customers, which could result in reduced sales volumes and lower prices.

Developments in China continue to be crucial to the development of iron ore prices. The majority of the world's iron ore is exported to China, and that country's economic development therefore affects both demand and price. The slowdown in growth in China has led to a decrease in demand for iron ore, which has resulted in falling prices for the raw material.

In addition to China's economic situation, the global market has also been affected by geopolitical unrest, in particular in the Middle East. The conflicts in the region have led to disruptions in the transport routes, which has forced our shipments to take detours around the Cape of Good Hope instead of passing through the Suez Canal. This has entailed higher shipping costs and has impacted our margins.

To manage these risks and ensure good risk diversification, the Group has an express strategy of establishing customer relationships in multiple geographical regions. We currently have established customers in Europe, the Middle East, China and Japan, which helps reduce dependency on individual markets and strengthens our position at a global level.

Supplier dependency

Large parts of the Group's production-related operations are conducted by subcontractors, including loading and other services in the mine, rail transport and port services. If a subcontractor is unable to fulfil its undertakings, this could result in both temporary and long-term effects on the Group's production capacity and financial performance. To minimise this risk we have worked with a number of different contractors, ensured clear management and control of operations and defined set procedures for work tasks and processes.

In connection with the operational efficiency measures that we have implemented, we have also thoroughly reviewed and reassessed our supplier agreements. This has resulted in a certain reduction in the number of suppliers, where we have also terminated agreements that were not deemed operationally critical to the business. This measure has further strengthened our control and efficiency in our supplier relationships. Assessments of both existing and potential suppliers are performed on an ongoing basis.

Energy prices

Energy in the form of diesel and electricity, primarily for operation of mining machinery, transport vehicles, crushers and the concentration plant, accounts for approximately 20% of the Group's operating expenses. Changes in energy prices have a major effect on net operating profit. Fuel and energy prices were relatively stable during the year compared to the previous year.

The exposure risk in relation to diesel is difficult to manage, and both market changes and changes to legislation and tax rules have a direct impact on the Group's profits. When it comes to trade with electricity and electrical power supply, the Group has an explicit electricity trading policy that regulates the way in which the Group will manage procurement of electricity in order

to reduce the effect of temporary market fluctuations.

FINANCIAL RISKS

Raw material prices

Changes in raw material prices have a significant impact on the Group's profits and cash flow. The Group's revenues are essentially governed by the global market price for iron ore and the underlying price of sea freight as well as contracted quality premiums.

The price of iron ore is not hedged in the current finance policy. That said, a certain degree of risk spreading exists indirectly in the customer contracts that the Group has entered into, as the sales revenues are based on average prices during a certain period of time. One risk as a consequence of this model is that the final pricing of deliveries is sometimes based on the market price applicable relatively long after the date of delivery, which can have both positive and negative major effects in a volatile market.

Currency risk

The Group's sales are transacted more or less exclusively in US dollars. The Group's expenses, on the other hand, are essentially incurred in Swedish kronor. Fluctuations in exchange rates could therefore have major effects on the Group's cash flow and financial performance. The Group does not have any foreign subsidiaries, and consequently there is no currency risk in relation to translation exposure.

During the year, the US dollar fell sharply from just over SEK 11 to just over SEK 9 per dollar at the end of the year. The global uncertainty surrounding future political decisions makes it difficult to predict the long-term effects.

Credit risk

The Group's business activities give rise to credit risks. Credit risks are primarily associated with trade receivables. For customer contracts where it is assessed, according to the Group's policy, that credit risk exists, the counterparty risk is transferred from the customer to a Swedish bank through Letter of Credit.

Financing risk

Financing risk is defined as the risk that the Group will be unable to meet its financial commitments in the ongoing business operations due to insufficient liquidity or access to external financing. Over the past year, market conditions and the global situation have caused our financing risk to increase.

The Group has taken a number of measures to reduce financial risk and has implemented extensive cost-saving measures, such as staff reductions and a thorough review and streamlining of costs. During the year, the Group entered into a factoring agreement, which will enable invoices within Europe to be leveraged as collateral. This has strengthened the Group's working capital situation.

The Group has an established financial policy that ensures sufficient liquidity through carefully managed cash flows. This policy includes, among other things, an ongoing review of the Group's liquidity requirements based on both existing and potentially worsened operating conditions. This means that the Board of Directors continuously evaluates financial risks and takes measures to ensure the Group's long-term financial strength.

Interest rate risk

Interest rate risk relates to how the return on an interest-bearing asset or the cost of an interest-bearing liability is affected by changes in the interest rate. At present the Group's main interest rate risk concerns the interest rate component of leases with suppliers. Apart from leases, the Group does not have any signifi-

cant assets or liabilities with interest rate exposure. An increased market interest rate, as experienced during the year, only has a marginal effect on the Group's expenses.

Research and development

During the year, the Group has adapted its research and development to the prevailing situation. Exploration of new and future deposits, which is an important part of our long-term strategy, has been significantly reduced. This decision has been taken in light of the challenging market conditions and the need to focus resources on core business activities and streamlining of operations.

A number of our research and development projects have also been put on hold, although certain issues of this nature have continued to be addressed within the scope of our strategic long-term business development, where the focus is on ensuring sustainable and efficient operations in the long term.

Operations subject to permit

The operations conducted by the Group are subject to a number of permit and notification procedures on which the business is dependent. Apart from the environmental permit that is a prerequisite for conducting the Group's business operations, the operations are classified as a Seveso plant of higher class, which means that a safety report has been prepared with the County

Administrative Board of Norrbotten as the supervisory authority. Other noteworthy permits include the exploration permit and exploitation concessions granted by the Mining Inspectorate of Sweden, a permit for handling explosive goods granted by the Swedish Emergency Services, a permit for storage and use of radiation sources granted by the Swedish Radiation Safety Authority, dispensation for road transportation using 90-tonne vehicles (including load) granted by the Swedish Transport Agency, and a food plant permit granted by Pajala Municipality in relation to the drinking water production that is undertaken.

Compliance with rules and ethical risks

Kaunis Iron operates in a global industry with high demands concerning compliance with rules and ethical business practices. Insufficient measures to identify and prevent irregularities, such as fraud, bribery and corruption, could negatively affect the company's reputation, business relationships and financial stability. To counteract this, the company has a code of conduct as well as processes for internal control and risk management. The work aimed at enhancing awareness of ethical guidelines and compliance among employees and business partners is a continuous priority, and the company conducts regular training and evaluations to ensure that guidelines and regulations are followed at all levels of the business.

Ownership structure

Kaunis Holding AB is a public limited company that is mainly owned by Swedish investors. No individual party owns more than 10%. Kaunis Holding AB in turn owns 100% of the shares in Kaunis Iron AB and Kaunis Iron Logistik AB.

Multi-year overview – Group	2025	2024	2023	2022	2021
Net sales (SEK thousand)	1,769,756	1,805,348	2,831,309	2,723,511	2,901,328
Net profit after financial items (SEK thousand)	-812,573	-150,014	825,309	826,547	1,237,286
Operating margin (%)	-45.8%	-10.0%	27.7%	30.3%	42.6%
Return on total equity (%)	-29.1%	-4.3%	25.1%	32.3%	56.7%
Total assets (SEK thousand)	2,372,210	3,203,335	3,833,585	2,743,379	2,370,872
Equity ratio (%)	77.0%	76.9%	75.4%	66.6%	60.3%
Number of employees	364	405	405	353	338
Multi-year overview – Parent Company	2025	2024	2023	2022	2021
Net sales (SEK thousand)	5,888	8,915	15,616	18,090	11,785
Net profit after financial items (SEK thousand)	280	424	350,744	350,637	900,525
Total assets (SEK thousand)	1,586,465	1,587,397	1,806,721	1,076,233	1,019,750
Equity ratio (%)	99.9%	99.8%	99.9%	99.9%	99.9%
Number of employees	0	0	0	0	0

Proposed appropriation of earnings

The Board of Directors proposes that the following available earnings (SEK):

Retained earnings	1,509,726,379
Net profit for the year	222,233
	1,509,948,612
Be appropriated so that:	
To be carried forward	1,509,948,612
	1,509,948,612

The company's performance and financial position are otherwise presented in the following income statement, balance sheet, statement of cash flow and notes.

INCOME STATEMENT

THE GROUP

SEK thousands	Note	01/01/2025 –31/12/2025	01/01/2024 –31/12/2024
Net sales	2, 13	1,769,756	1,805,348
Cost of goods sold	4, 7, 8	-1,789,531	-1,776,972
Gross profit		-19,775	28,376
Selling expenses	7	-3,551	-4,430
Administrative expenses	5, 7, 8	-258,464	-224,862
Impairment of property, plant and equipment	8, 9	-536,496	0
Other operating income	3.10	34,700	25,139
Other operating expenses	7.11	-27,627	-4,888
Net operating profit	4, 6, 8, 10	-811,213	-180,665
Result from financial items			
Other interest income and similar items	12	10,985	36,292
Interest expenses and similar items	4, 14	-12,345	-5,641
		-1,360	30,651
Net profit after financial items		-812,573	-150,014
Tax for the year	17	166,189	23,015
Net profit for the year		-646,384	-126,999
STATEMENT OF COMPREHENSIVE INCOME			
Net profit for the year		-646,384	-126,999
Other comprehensive income			
<i>Items that will be reclassified to profit/loss</i>			
Cash flow hedging		415	-109,802
Reclassified to profit/loss		9,020	11,154
Tax		-1,943	20,321
Other comprehensive income		7,492	-78,327
Comprehensive income for the year		-638,892	-205,326
Net profit for the year attributable to:			
Parent Company shareholders		-646,384	-126,999
Non-controlling interests		0	0
Comprehensive income for the year attributable to:			
Parent Company shareholders		-638,892	-205,326
Non-controlling interests		0	0

As the Company's shares are not subject to trading on a public market, no figure is presented for earnings per share.

BALANCE SHEET

THE GROUP

SEK thousands	Note	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
<i>Intangible assets</i>			
Licenses and software	18	2,369	3,900
Concessions, permits and rights of use		16,761	25,970
Exploration and development		64,552	63,928
		83,682	93,798
<i>Property, plant and equipment</i>			
Land and buildings	19	492,936	891,814
Plant, machinery and equipment		637,349	774,014
Right-of-use assets	4, 20	62,273	58,001
Investments in progress		34,067	193,190
		1,226,625	1,917,019
<i>Financial assets</i>			
Other non-current receivables	22	1,958	1,917
Derivative instruments	23	0	0
		1,958	1,917
<i>Other non-current assets</i>			
Prepaid expenses	25	1,835	3,670
		1,835	3,670
Total non-current assets		1,314,100	2,016,404
Current assets			
<i>Inventories</i>			
Raw materials and consumables	26	139,681	144,821
Goods under manufacture		101,962	132,366
Finished goods and goods for resale		50,770	44,444
		292,414	321,631
<i>Current receivables</i>			
Trade receivables	27	214,128	380,496
Derivative instruments	37	0	0
Tax receivables		40,554	9,088
Other receivables	28	27,598	36,252
Prepaid expenses and accrued income	29	20,197	25,307
		302,477	451,143
<i>Cash and cash equivalents</i>			
	30	463,219	414,157
Total current assets		1,058,110	1,186,931
TOTAL ASSETS		2,372,210	3,203,335

BALANCE SHEET

THE GROUP

SEK thousands	Note	31/12/2025	31/12/2024
EQUITY AND LIABILITIES			
<i>Equity</i>			
	31		
Share capital		74,557	74,557
Other contributed capital		892,639	885,147
Retained earnings		858,842	1,505,225
		1,826,038	2,464,929
<i>Non-current liabilities</i>			
	33, 34		
Provisions	32	62,745	60,869
Deferred tax liabilities	21	54,540	219,148
Liabilities to credit institutions	33, 34	20,964	32,253
Lease liabilities	4, 33	27,363	25,282
		165,612	337,552
<i>Current liabilities</i>			
Liabilities to credit institutions	34	89,616	21,250
Trade payables	34	151,780	199,310
Current tax liabilities		1,942	973
Lease liabilities	4, 34	34,885	32,481
Other liabilities	24, 27, 35	24,076	28,572
Derivative instruments	24, 37	0	9,435
Accrued expenses and deferred income	36	78,261	108,833
		380,560	400,854
TOTAL EQUITY AND LIABILITIES		2,372,210	3,203,335

BALANCE SHEET

THE GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other contributed capital	Hedge reserve	Retained earnings	Total
Opening balance 01/01/2024	74,352	890,524	70,835	1,855,895	2,891,606
Net profit for the year	0	0	0	-126,999	-126,999
Other comprehensive income for the year	0	0	-78,327	0	-78,327
Comprehensive income for the year	0	0	-78,327	-126,999	2,686,280
Total comprehensive income	0	0	-78,327	-126,999	2,686,280
Transactions with shareholders				0	
Dividends paid	0	0	0	-223,670	-223,670
Paid warrant premiums	0	313	0	0	313
Redemption of warrants	205	1,802	0	0	2,007
Transactions with shareholders	205	2,114	0	-223,670	-221,351
Closing equity 31/12/2024	74,557	892,638	-7,492	1,505,226	2,464,929
Opening equity 01/01/2025	74,557	892,638	-7,492	1,505,226	2,464,929
Net profit for the year	0	0	0	-646,384	-646,384
Other comprehensive income	0	0	7,492	0	7,492
Comprehensive income for the year	0	0	7,492	-646,384	1,826,037
Total comprehensive income	0	0	7,492	-646,384	1,826,037
Transactions with shareholders					
Closing balance 31/12/2025	74,557	892,638	0	858,842	1,826,037

* See note 30

STATEMENT OF CASH FLOW

THE GROUP

SEK thousands	Note	01/01/2025 –31/12/2025	01/01/2024 –31/12/2024
Operating activities			
Net profit after financial items		-812,573	-150,014
Adjustment for items not included in cash flow			
Depreciation, amortisation and impairment	7, 19	783,458	159,651
Reversal of stripping costs	19	67,413	0
Depreciation of right-of-use assets	7	43,316	65,868
Capital gains/losses		-31,034	0
Changes in provisions	32	1,876	4,485
		52,456	79,990
Income tax paid		-7,659	-8,149
Cash flow from operating activities before changes in working capital		44,797	71,841
<i>Changes in working capital</i>			
Change in inventories		29,628	-53,533
Change in operating receivables		158,958	-93,004
Change in operating liabilities		-11,426	-153,181
Cash flow from operating activities		221,957	-227,877
<i>Investing activities</i>			
Acquisition of property, plant and equipment	18	-97,669	-420,436
Capitalisation of stripping costs		-62,698	-188,797
Acquisition of intangible assets	17	-624	-32,004
Sale of property, plant and equipment		45,524	0
Cash flow from investing activities		-115,467	-641,237
<i>Financing activities</i>			
Redemption of warrants		0	2,007
Warrant premiums		0	313
Borrowing		9,999	60,127
Amortisation of liabilities		-21,998	-17,564
Amortisation of lease liabilities		-45,429	-66,303
Dividends paid		0	-223,670
Cash flow from financing activities		-57,428	-245,090
Cash flow for the year		49,062	-1,114,204
Cash and cash equivalents at start of year		414,157	1,528,361
Cash and cash equivalents at end of year	30	463,218	414,157
Interest received during the year		10,985	36,292
Interest paid during the year		-8,713	-5,641



INCOME STATEMENT

Parent Company

SEK thousands	Note	01/01/2025 –31/12/2025	01/01/2024 –31/12/2024
Net sales	2, 3	5,888	8,915
Cost of goods sold		0	0
Gross profit		5,888	8,915
Selling expenses		0	0
Administrative expenses	5, 6, 7	-5,628	-11,545
Other operating income	10	0	0
Other operating expenses	11	0	0
Net operating profit	6, 7, 38	260	-2,630
<i>Result from financial items</i>			
Interest expenses and similar items	14	0	-3
Interest income and similar items	12	20	3,057
		20	3,054
Net profit after financial items		280	424
Tax for the year	17	-58	-88
Net profit for the year		222	336

RAPPORT ÖVER TOTALRESULTATET FÖR MODERBOLAGET

	Note	2025-01-01 –2025-12-31	2024-01-01 –2024-12-31
Årets resultat		222	336
Övrigt totalresultat		0	0
Totalresultat		222	336

BALANCE SHEET

Parent Company

SEK thousands	Note	31/12/2025	31/12/2024
ASSETS			
Non-current assets			
<i>Financial assets</i>			
Participations in group companies	40, 41	1,529,572	1,529,572
		1,529,572	1,529,572
Total non-current assets		1,529,572	1,529,572
Current assets			
<i>Current receivables</i>			
Receivables from group companies	42	56,714	52,538
Tax receivables		109	78
Prepaid expenses and accrued income	29	0	840
		56,823	53,456
<i>Cash and cash equivalents</i>	30	70	4,369
Total current assets		56,893	57,825
TOTAL ASSETS		1,586,465	1,587,397

BALANCE SHEET

Parent Company

SEK thousands	Note	31/12/2025	31/12/2024
EQUITY AND LIABILITIES			
Equity	31		
<i>Restricted equity</i>			
Share capital		74,557	74,557
		74,557	74,557
Non-restricted equity			
Retained earnings		1,509,726	1,507,276
Share premium reserve		0	2,114
Net profit for the year		222	336
		1,509,948	1,509,726
Total equity		1,584,505	1,584,283
Untaxed reserves	16	180	180
Current liabilities			
Trade payables		17	150
Liabilities to group companies		0	448
Current tax liabilities		0	0
Other liabilities	35	1,421	1,117
Accrued expenses and deferred income	36	342	1,220
		1,780	2,934
TOTAL EQUITY AND LIABILITIES		1,586,465	1,587,397

BALANCE SHEET

Parent Company

STATEMENT OF CHANGES IN EQUITY – PARENT COMPANY

	Share capital	Share premium reserve	Retained earnings	Net profit for the year
Opening balance 01/01/2024	74,352	359,311	1,016,026	355,609
Transfer within equity	0	-359,311	714,920	-355,609
Net profit for the year	0	0	0	336
Other comprehensive income for the year	0	0	0	0
Comprehensive income for the year	0	0	0	336
Transactions with shareholders				
Dividends paid	0	0	-223,670	0
Paid warrant premiums	0	313	0	0
Redemption of warrants	205	1,802	0	0
Transactions with shareholders	205	2,114	-223,670	0
Closing equity 31/12/2024	74,557	2,114	1,507,276	336
Opening equity 01/01/2025	74,557	2,114	1,507,276	336
Transfer within equity	0	-2,114	2,450	-336
Net profit for the year	0	0	0	222
Other comprehensive income for the year	0	0	0	0
Comprehensive income for the year	0	0	0	222
Transactions with shareholders				
Dividends paid	0	0	0	0
Transactions with shareholders	0	0	0	0
Closing balance 31/12/2025	74,557	0	1,509,726	222

STATEMENT OF CASH FLOW

Parent Company

	Note	01/01/2025 –31/12/2025	01/01/2024 –31/12/2024
Operating activities			
Net profit after financial items		280	424
		280	424
Income tax paid		-88	-88
Cash flow from operating activities before changes in working capital		192	336
<i>Changes in working capital</i>			
Change in operating receivables	42	-3,337	-150,217
Change in operating liabilities		-1,154	1,688
Cash flow from operating activities		-4,299	-148,193
<i>Investing activities</i>			
Cash flow from investing activities		0	0
<i>Financing activities</i>			
Dividends paid		0	-223,670
Redemption of warrants		0	2,007
Warrant premiums		0	313
Cash flow from financing activities		0	-221,351
Cash flow for the year		-4,299	-369,544
Cash and cash equivalents at start of year		4,369	373,913
Cash and cash equivalents at end of year	30	70	4,369
Interest received during the year		20	3,056
Interest paid during the year		0	-3

NOTES

Accounting principles and notes to the financial statements (amounts in SEK thousand).
Kaunis Holding AB (559106-4802), Stationsgatan 46, 972 33 Luleå, Sweden.
Kaunis Iron AB (559003-4103), Stationsgatan 46, 972 33 Luleå, Sweden.
Kaunis Iron Logistik AB (559150-4146), Kirunavägen 105, 984 96 Junosuando, Sweden.
The Board of Directors has its registered office in the municipality of Luleå.

On 16 February 2026, the Board of Directors approved these consolidated financial statements for publication and for adoption by the Annual General Meeting.

Note 1 Significant accounting and valuation principles

General accounting principles

The Company is the parent company in the Kaunis Holding group ("the Group"), whose principal operations involve mining and the production of iron ore concentrate and operations compatible therewith. The consolidated financial statements have been prepared in accordance with the EU-approved International Financial Reporting Standards (IFRS®) and interpretations of the IFRS Interpretations Committee (IFRS IC). In addition, the Group applies the Swedish Corporate Reporting Board's recommendation "RFR 1 Supplementary accounting rules for corporate groups", which specifies the supplements to IFRS required pursuant to the provisions of the Swedish Annual Accounts Act. The Parent Company's functional currency is the Swedish krona (SEK), which is also the presentation currency for both the Group and the Parent Company. In the consolidated financial statements, items have been measured at cost of acquisition, with the exception of certain financial assets and liabilities (derivative instruments), which have been measured at fair value. The consolidated financial statements have been prepared with application of the going concern basis of accounting.

The Parent Company's accounting principles follow those of the Group, with the exception of the mandatory rules stipulated in the Swedish Corporate Reporting Board's recommendation "RFR 2 Accounting for legal entities". The accounting principles for the Parent Company are presented under the heading "The Parent Company's accounting principles".

Changed accounting principles due to new or amended IFRS

This section presents details of the new and amended accounting principles that came into force as of 1 January 2025 and have a material impact on the Group's financial statements.

No new standards or interpretations came into force in 2025 that have had an impact on these consolidated financial statements. The change in IAS 21 concerning the reporting of currencies that cannot be exchanged has been applied. However, this change has not had any impact on the Group's financial reports.

New standards and interpretations that come into force in the 2026 calendar year or thereafter

A number of new and amended financial reporting standards and interpretations have been issued, but had not yet entered into force as of the balance sheet date. The new financial reporting standards are IFRS 18 Presentation and Disclosure in Financial Statements and IFRS 19 Subsidiaries without Public Accountability: Disclosures. Amended financial reporting standards include IAS 21 concerning exchange rates in connection with limited exchange and IFRS 9 and IFRS 7 concerning classification, valuation and disclosures for financial instruments. The Company has initiated a review of these new and amended financial reporting standards in order to assess any effects on the financial reporting. The most important change concerns IFRS 18 Presentation and Disclosure in Financial Statements, which replaces IAS 1 and enters into force for financial years commencing on or after 1 January 2027. The standard primarily entails changes in the presentation and classification of items in the income statement and expanded disclosure requirements.

The Company currently believes that the introduction of IFRS 18 will largely impact on the presentation of the financial information and is not expected to entail any material effects on the Company's financial position or cash flows. No other standards or interpretations are believed to have any material impact.

Significant estimates and assessments

In order to prepare the financial statements in accordance with IFRS®, assessments and assumptions must be made that impact the recognised amounts of assets, liabilities, income and expenses as well as other information presented in the financial statements. The estimates and assessments of the Board of Directors and the Company's management are based on historical experience and forecasts regarding future developments. The actual outcome may differ from these assessments. No significant changes in estimates and assessments have occurred in comparison with the previous year.

Remediation costs

Provisions for remediation costs are made on the basis of an assessment of future expected remediation costs based on current conditions. Conditions and assessments

are reviewed regularly by external specialists, and provisions are updated as necessary when the estimated conditions change. Examples of factors that impact the conditions include the design, size and useful life of the mine, the choice of remediation method, technical preconditions and cost elements. See note 32 for more information.

Impairment testing in relation to non-current assets

Impairment testing for property, plant and equipment and intangible assets is based on the Company's internal business plan and on assumptions with regard to future developments in relation to factors such as metal prices and exchange rates. The impairment test includes determination of the recoverable amount of the Group's cash-generating units by calculating the value in use. Changes in market prices have a substantial impact on the Group's future cash flow and thus on the value in use and the estimated impairment requirement. Assumptions regarding price trends and exchange rates are made by the Group's Board of Directors with the support of external expertise. The assumptions are reviewed annually and adjusted as necessary and have resulted in disposals of intangible assets and property, plant and equipment, see notes 17 and 18 for more information.

Useful life and depreciation method for non-current assets

Depreciation periods for the Group's mining and processing non-current assets are strongly linked to future ore extraction and the useful life of the mine. Company management continually assesses whether changes to production plans and ore reserves are deemed to have an effect on the selected useful life and depreciation method, and adjustments are made as necessary. Useful life is based on the ability to renew necessary environmental permits in accordance with the Group's mine plan.

Leases

With the introduction of new accounting rules that the Group began to apply in 2019 regarding what constitutes a lease, estimates and assessments are required in many cases. For example, identifiable assets in supplier contracts must be assessed on the basis of who has control and receives the economic benefits associated with the asset. Depending on the assessment performed by the Company's management, service contracts that have previously been recognised as an operating expense over time may instead significantly increase the value recognised in the Group's balance sheet and thus impact important key ratios.

Going concern

Company management has made the assessment that the criteria for the going concern basis of accounting are met, as the business is operated with sufficiently good liquidity based on forecast market conditions and prices. With regard to the Group's permit issue, a main hearing was held in relation to the case concerning the permit that had previously been issued by the Transboundary River Commission, with the Swedish Environmental Protection Agency having requested that the permit be recalled in November 2021. A judgement was issued on 13 January 2022. In brief and in the main, the judgement means that the Swedish Land and Environment Court supports the Company's reasoning and dismisses the Environmental Protection Agency's request for the permit to be recalled, and that the permit is valid. The new operating permit provided for in the judgement issued by the Swedish Land and Environment Court on 1 December 2022 was taken up on 27 December 2023. However, the judgement was appealed to the Land and Environment Court of Appeal, which held a new main hearing in November 2024 in the case concerning a new permit.

In May 2025, the Land and Environmental Court of Appeal issued a ruling in the case and ratified the previously approved permit, which covers both current and planned operations. The ruling confirms that the operation fulfils exacting environmental requirements and will, when it enters into force, pave the way for further mining operations in Tornedalen for up to 35 years. As of the balance sheet date, the permit process had not yet been concluded, as the enforcement order was not approved and the ruling has been appealed by a number of parties. The protracted process has delayed preparations for the opening up of new deposits and increased the risk of temporary downtime after Tapuli.

On 2 February 2026, the Supreme Court decided not to grant leave to appeal in the case. This means that the Land and Environmental Court's ruling is upheld and has gained legal force. Overall, the assessment is that the risk concerning a valid operational permit is significantly less now compared with previously. This means that the Group's operations can continue according to plan within the scope of the new permit that was taken up on 27 December 2023.

Classification etc.

Non-current assets and liabilities essentially consist of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date. Current assets and liabilities essentially consist of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

Reporting of operating segments

An operating segment is a part of the Group that engages in business operations from which it may generate income and incur expenses, and for which independent financial information is available. An operating segment's performance is monitored by the Company's chief operating decision-maker, which is Group management, to assess its performance and to allocate resources to the operating segment. In the case of Kaunis, only one operating segment has been identified, which is why no separate operating segment reporting is presented.

Consolidated financial statements

The consolidated financial statements cover the Parent Company and its subsidiaries. Subsidiaries are companies in which the Parent Company, directly or indirectly, has a controlling interest. This normally relates to companies in which the Parent Company has more than 50% of the votes. Subsidiaries are included in the consolidated financial statements from the date on which the Group obtains the controlling interest until the date on which the controlling interest no longer exists.

Revenue recognition

In principle, sales of iron ore concentrate account for 100% of the Group's net sales. The Group's customer contracts mainly consist of contracts in which volumes are usually set over a period of one to four years. Each contract is considered to represent a single performance obligation, and any discounts etc. that constitute a variable price component are allocated evenly over the whole of the agreed volume. The transfer to the customers occurs through a series of distinct deliveries of goods that are essentially the same. The contracts entail both an obligation on Kaunis to deliver and an obligation on the customers to place orders in accordance with the volumes agreed in the contracts. This means that revenue is recognised in conjunction with each individual delivery to the customer when the customer has obtained control of the goods, which occurs at the time when the goods have been confirmed as loaded on the delivery vessel. This applies to all deliveries with the delivery terms FOB (free on board), which are the Group's standard terms. The sales are reported net of any value-added tax and discounts. For sales in foreign currency, the revenues are recognised at the exchange rate in effect on the transaction date. There are no sales that are transacted in Swedish kronor.

Trade receivables

The Group's sales of iron ore concentrate are made according to contracts with an invoice amount that is preliminarily determined at the time of revenue recognition. The Group's iron ore concentrate is preliminarily invoiced one to two weeks after delivery. Final invoicing does not occur until all applicable parameters have been determined, including how the market price of iron ore develops after delivery. These parameters include the volume, iron content and contaminants, as well as the market price of iron ore and sea freight for the agreed pricing period. The Group recognises revenue when the performance obligation has been fulfilled and recognises a trade receivable. If the Group has fulfilled its performance obligation in conjunction with delivery, a trade receivable is recognised even if invoicing has not yet taken place.

The preliminary invoice is paid by the customer, and final invoicing with final settlement then occurs within one to three months, when the price has finally been determined. Consequently, the Group may have a liability for repayment of part of the preliminarily invoiced amount, or an additional amount to be received in conjunction with final invoicing. The Group continues to measure trade receivables at fair value in profit/loss based on the development of the applicable parameters, including the price of iron ore concentrate. The change in value after recognition of the preliminary invoice amount is recognised in the profit and loss item Net sales. In the note disclosure on net sales, the effect of price adjustment at fair value is presented separately from revenue from contracts with customers. If there is a positive increase in value, the revenue is recognised via the balance sheet item Trade receivables. If there is a negative change in value, the net revenue effect is recognised via the balance sheet item Other liabilities, which reflects the future repayment obligation for part of the preliminarily invoiced revenue. This repayment will be settled at a later date than the payment received from the customer for the preliminary invoice. Dispatch and demurrage (price adjustments related to loading of goods on vessels) are also included as part of the selling price, as this constitutes part of the performance obligation to the customer.

Some of the Group's customer contracts relate to one-off deliveries. The contractual terms for these deliveries may vary and are made up of both fixed prices and market-related prices with varying pricing periods. The delivery terms may also vary based on the customer's wishes. In these cases, each separate delivery is considered to be a performance obligation, and revenue is recognised at the time the customer takes control of the delivery. Income from activities outside the sphere of the regular operations is reported as Other operating income.

In the financial statements for 2025, the Group has two customer deliveries that have

been priced on the basis of the market price of iron ore concentrate in the period after the balance sheet date. Each of these deliveries amounts to between 8–9% of the Group's annual production. These two deliveries have been priced on the basis of the average price in the month of January and the month of March respectively. To avoid recognition of revenues in a manner that could lead to a substantial reversal in 2026, the Group has chosen to manage the uncertainty in relation to the final selling price by recognising the revenues according to the average spot price for the latest known month, with deduction of a risk premium depending on when the final pricing occurs. The effects of market movements after the balance sheet date but prior to the Board of Directors' approval of the annual report are presented in note 2.

Borrowing expenses

Borrowing expenses for borrowed capital are recognised as an expense in the income statement in the period in which they arise.

Leases*The Group as the lessor*

When economic risks and benefits associated with leased assets have been transferred to the lessee, the assets are classified as sold and are derecognised from the balance sheet. On initial recognition, a receivable is recognised in the balance sheet. Direct expenses arising in connection with the Company entering into financial leases are allocated over the entire term of the lease. On subsequent recognition, the income attributable to the asset is allocated over the term of the lease so that an even yield is obtained.

When the economic risks and benefits associated with the asset have not been transferred to the lessee, the lease is classified as an operating lease. The assets for which the Company is the lessor are recognised as non-current assets or current assets, depending on the maturity of the lease. The lease payment is determined annually and is recognised on a straight-line basis over the term of the lease.

The Group as the lessee

The Group recognises all leased assets as property, plant and equipment. At the same time, future lease payments are recognised as a liability in the balance sheet. To assess whether a lease exists, all supplier agreements are evaluated in relation to the three questions listed below. If the answer to all three questions is yes, a lease exists and is recognised in the consolidated balance sheet. Otherwise the agreement constitutes a service agreement.

- Does the agreement include an identifiable asset?
- Does the lessee receive entitlement to essentially all economic benefits from the use of the asset throughout the agreement period?
- Does the lessee control the use of the asset?

The Group chooses not to recognise leases with a term shorter than 12 months or leases concerning low-value assets, nor does the Group recognise intangible assets as leases.

On initial recognition, which coincides with the date on which the lessee takes over control of the asset, both an asset and liability are recognised at the present value of future lease payments and any residual value. If it is likely that agreed extension periods will be utilised, these are also included. However, fixed service fees or variable lease payments that depend on the lessee's performance are not included. When calculating the present value of the lease payments, the agreement's implicit interest rate is used. If the implicit interest rate cannot be determined, the Group's marginal borrowing rate is used.

The asset's rate of depreciation is assessed in the same way as for other property, plant and equipment based on useful life, which usually corresponds to the agreement period for the asset. Leased assets are also subject to annual impairment testing.

Employee benefits

Employee benefits relate to all types of benefits paid to employees by the Group. The Group's employee benefits include salaries, paid annual leave, paid absences, bonuses and benefits after cessation of employment (pensions). Employee benefits are recognised as they are earned. Benefits paid to employees after cessation of employment relate to defined-contribution pension plans. Defined-contribution pension plans are classified as plans where pre-determined premium contributions are paid and there is no legal or constructive obligation to pay anything in addition to such premium contributions.

The Group only has defined-contribution pension plans. Premiums paid for defined-contribution pension plans are recognised as an expense during the period in which the employees perform the services that form the basis for the obligation.

Foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate in effect on the transaction date. Functional currency is the currency in the primary economic environments in which companies conduct their operations. Swedish krona (SEK) is both the functional currency and the presentation currency for the Group. Monetary assets and liabilities in foreign currency are translated to the functional

currency at the exchange rate in effect on the balance sheet date. Exchange rate differences that arise on translation are recognised in profit/loss for the year as operating or financial items, depending on the nature of the receivable/liability. Non-monetary assets and liabilities recognised at historical cost are translated at the exchange rate in effect on the transaction date. Non-monetary assets and liabilities recognised at fair value are translated to the functional currency at the rate in effect at the time of measurement at fair value.

Tax

Total tax consists of current tax and deferred tax. Taxes are recognised in the income statement.

Current tax

Current tax relates to income tax for the current financial year and the part of income tax from previous financial years that has not yet been recognised. Current tax is calculated based on the tax rate applicable on the balance sheet date.

Deferred tax

Deferred tax is recognised according to the balance sheet method. Deferred tax is calculated in accordance with the tax rates that are expected to apply to the period in which the asset is recovered or the liability is settled. Both deferred and current tax receivables and tax liabilities are offset when they relate to income tax levied by the same tax authority.

Property, plant and equipment

Owned assets

Property, plant and equipment is recognised at cost less accumulated depreciation and any impairment. Property, plant and equipment that consists of parts with different useful lives are treated as separate components. The gain or loss arising from the disposal or scrapping of an asset is the difference between the selling price and the asset's carrying amount less direct selling expenses. Gains and losses are recognised as other operating income/expenses.

Remediation

Future expenditure on dismantling and removing assets and future expenditure on restoring sites or areas are capitalised as remediation expenditure. Capitalised amounts consist of the present value of estimated expenditures which are also recognised as a provision. Effects of subsequent events that result in increased costs that exceed the provision are discounted, capitalised as a tangible asset and increase the provisions, and are depreciated over the remaining life of the asset.

Mine preparation costs

Mine preparation costs at an open-pit mine comprise the waste rock excavation required to access the ore body, as well as work relating to infrastructure in the open-pit mine in the form of roads etc. Mine preparation costs relating to expansion of the mine's capacity in order to develop ore bodies and prepare the mine areas for future ore production are capitalised. Costs arising from waste rock removal in an open-pit mine are capitalised as part of an asset when it is possible to identify the part of an ore body to which access has been improved.

Depreciation

The depreciable amount consists of cost less an estimated residual value if this is material. Land is not depreciated. The Group applies component depreciation, which means that the estimated useful life of components is used as a basis for depreciation and that each material component is depreciated separately on the basis of its own useful life. Depreciation occurs on a straight-line basis over the asset's estimated useful life, apart from assets directly attributable to the open-pit mine, which are subject to production-based depreciation. Useful life is based on the ability to renew necessary environmental permits in accordance with the Group's mine plan.

Kaunis Iron's mine assets in Kaunisvaara were acquired from the previous operator's bankruptcy estate in February 2018. Depreciation of the Group's assets commenced at the start of production. Mine production started in the Tapuli open-pit mine in July 2018 and has an estimated useful life of 9.5 years. At present, Kaunis Iron only possesses a mining permit and environmental permit for the Tapuli open-pit mine, which is why no assets on location in Kaunisvaara have a useful life longer than 9.5 years. In practice, this means that the breaking down of properties and production facilities into components does not, in principle, have any impact on the Group's depreciation. Estimated useful life is reviewed annually or in connection with a significant change in the Group's business operations. The new permit had not gained legal force as of the balance sheet date, which is why the estimated useful life remains unchanged.

On 2 February 2026, the Supreme Court decided not to grant leave to appeal concerning the Land and Environmental Court of Appeal's ruling relating to the environmental permit for the operations in Tapuli, Palotieva and Sahavaara, which thereby gained legal force. Against the backdrop of the legally binding permit, the Group will review useful lives and depreciation principles from the 2026 financial year onwards.

The following depreciation periods are applied to property, plant and equipment:

Open pit and waste rock capitalisation	Production-based
Properties used in operations	4–11 years
Land improvements	3–9.5 years
Plant and machinery	3–11 years
Equipment, tools, fixtures and fittings	3–5 years
Remediation costs	9.5 years
Flotation plant and Tailings pond	11 years

Intangible assets

Intangible assets include patents, licenses, permits and rights of use obtained on acquisition. Intangible assets are amortised on the basis of estimated useful life.

Expenditures for exploration and evaluation are intended to explore the extent to which there is additional iron ore to extract from new parts of the ore body located within the mine area. These expenditures include expenses for the acquisition of exploration rights, topographical, geological, geochemical and geophysical studies, exploration drilling, ditching, sampling, and activities associated with evaluating the technical possibility and commercial feasibility of extracting a mineral resource.

Expenditures for exploration and evaluation are initially measured at cost as an intangible asset.

Amortisation has not yet begun as the asset has not been put into use. Future amortisation of assets attributable to the open-pit mine will be done as production-based amortisation

The following amortisation periods are applied to intangible assets:

Licences and software	3–8 years
Concessions and permits	9.5 years
Rights of use	4–9.5 years

Impairment losses

The Group's recognised assets are assessed at the end of each reporting period to determine whether there is any indication of impairment. If such an indication exists, the recoverable amount of the asset is calculated. The recoverable amount is the higher of fair value less selling expenses or value in use. When calculating value in use, future cash flows are discounted using a discount factor that reflects risk-free interest and the risk associated with the specific asset. If it is not possible to determine essentially independent cash flows for an individual asset, the assets are grouped at the lowest level identifiable. These groupings are called cash-generating units. If the carrying amount exceeds the recoverable amount, the difference is recognised as an impairment in the income statement.

The Group operates within an integrated operational structure where the cash flows associated with assets cannot be identified separately at a lower level than the Group as a whole. Against this backdrop, the Group has identified a cash-generating unit, which encompasses the entire operational activity. The cash-generating unit constitutes the lowest level at which the Company monitors returns and reaches decisions concerning the further utilisation of assets in accordance with IAS 36 Impairment of Assets.

Capitalised stripping costs, recognised under property, plant and equipment in accordance with IFRIC 20, are included in the impairment testing at cash-generating unit level and written down when it is no longer considered possible to recover them through future economic benefits.

Financial instruments

Financial instruments recognised as assets in the balance sheet include cash and cash equivalents, loan receivables, trade receivables, financial investments and derivatives. Financial instruments recognised as liabilities in the balance sheet include trade payables, loan liabilities, factoring liabilities and derivatives.

Recognition in and derecognition from the balance sheet

A financial asset or liability is recognised in the balance sheet when the Group becomes party to the instrument's contractual terms and conditions. A receivable is recognised when the Group has fulfilled its performance obligation and a contractual obligation exists for the counterparty to make payment, even if an invoice has not yet been sent. Trade receivables are recognised in the balance sheet when an invoice has been sent. A liability is recognised when the counterparty has fulfilled its performance obligation and a contractual obligation to make payment exists, even if an invoice has not yet been received. Trade payables are recognised when an invoice has been received. Factoring means that trade receivables are used as collateral by an external party. Trade receivables that are used as collateral remain in the balance sheet, as the Group retains the material credit risk. Cash and cash equivalents received are recognised as a current interest-bearing liability. Expenses and interest expenses attributable to the factoring are recognised under net financial items.

A financial asset is derecognised from the balance sheet when the rights in the agreement are realised or expire, or when the Group loses control over them. The same applies to part of a financial asset.

A financial asset and a financial liability are only offset and recognised with a net amount in the balance sheet when there is a legal right to offset the amounts and an intention to settle the items with a net amount or simultaneously sell the asset and settle the liability.

Acquisitions and disposals of financial assets are recognised on the transaction date. The transaction date is the date on which the Group commits to acquiring or disposing of the asset.

Classification and valuation of financial assets

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows.

The instruments are measured at:

- amortised cost
- fair value via other comprehensive income, or fair value via profit/loss.

The Group's assets in the form of debt instruments are measured at amortised cost. Financial assets measured at amortised cost are initially recognised at fair value plus transaction costs. Trade receivables are initially recognised at the amount invoiced. After initial recognition, the assets are recognised according to the effective interest method. Assets measured at amortised cost are held according to the business model of collecting contractual cash flows that are only payments of capital amounts and interest on the outstanding capital amount. The assets are subject to a reservation for expected credit losses.

Equity instruments are measured at fair value via profit/loss, except if they are not held for trading, in which case an irrevocable choice may be made to measure them at fair value via other comprehensive income without subsequent reclassification to profit/loss. The Group measures equity instruments at fair value via profit/loss. Derivative instruments are measured at fair value via profit/loss, except in cases where hedge accounting is applied (see below for more information).

Classification and valuation of financial liabilities

Financial liabilities are measured at amortised cost, with the exception of derivatives. Financial liabilities measured at amortised cost are initially recognised at fair value including transaction costs. After the initial recognition, they are recognised at amortised cost according to the effective interest method.

Debt instruments: the classification of financial assets that are debt instruments is based on the Group's business model for managing the asset and the nature of the asset's contractual cash flows.

Hedge accounting

Derivatives are initially recognised at fair value as of the date on which a derivative contract is entered into and are thereafter recognised at fair value. The method for recognising a gain or loss depends on whether or not the derivative has been identified as a hedging instrument in hedge accounting. The Group uses derivatives to hedge parts of future cash flows from forecast transactions in foreign currency. Hedge accounting is applied to these currency futures. In order for the conditions for hedge accounting to be met, the hedging relationship must be:

- formally identified and designated;
- expected to meet the effectiveness criteria; and
- documented.

The Group assesses, evaluates and documents effectiveness both at the commencement of the hedge and on an ongoing basis. The effectiveness of the hedge is assessed on the basis 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 the underlying item and instrument. In addition, the hedge ratio in the hedging relationship must be the same as in the actual hedge. The Group applies hedge accounting for cash flow hedges regarding sales in foreign currency. Changes in the fair value of a hedging instrument that relates to the effective part of the hedge are recognised in Other comprehensive income and are accumulated as a separate component in equity, in the hedge reserve. Gains or losses originating from the part of the hedge that is not effective are immediately recognised in profit/loss for the period. Amounts that have been accumulated in the hedge reserve in equity are reversed via Other comprehensive income and recognised in net sales when the hedged income is recognised in profit/loss.

Inventories

The Group's inventories primarily consist of produced iron ore in various stages of the refinement process. Other inventories relate to additives and consumables for production. Inventories are recognised at the lower of cost according to the first-in-first-out principle or net realisable value. For goods manufactured in-house and products under manufacture, a reasonable share of indirect costs are included based on normal capacity. Freight costs for transporting the inventory to the customer in accordance with Incoterms 2020 FOB are included in the inventory value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and achieving a sale.

Provisions

The Group's provisions relate entirely to remediation costs that are expected to arise when the mining operations in Kaunisvaara are closed.

Equity

Share capital

Ordinary shares are classified as share capital. Transaction costs in conjunction with a new share issue are reported as a net amount after tax for deduction from the issue proceeds received. According to the Articles of Association for Kaunis Holding AB, the share capital shall amount to no less than SEK 55 million and no more than SEK 220 million. The share capital consists of one type of share. The quota value of the shares is SEK 1 per share.

Warrants

Compensation for warrants issued by the Group's parent company is made up of paid warrant premiums and is reported as an increase in Other contributed capital in the consolidated financial statements and as an increase in non-restricted equity in the Parent Company. Repurchase of warrants issued by the Parent Company is made up of the repurchase price for the warrants and is reported as a decrease in Other contributed capital in the consolidated financial statements and as a decrease in non-restricted equity in the Parent Company.

Dividend

A dividend proposed by the Board of Directors does not result in a reduction in equity until the general meeting of shareholders has passed a resolution regarding the dividend.

Stripping costs

Preparation costs for stripping, which are intended to expand the mine's capacity to develop new ore bodies and to prepare mining areas for future ore production, are capitalised and included in Land and buildings. Costs arising from waste rock removal in an open-pit mine are capitalised as part of an asset when it is possible to identify the part of an ore body to which access has been improved.

From January 2022, the average accumulated strip ratio has exceeded the average strip ratio for the mine's useful life. This means that, since 2022, the Company has capitalised the excess waste rock production in the balance sheet, which has reduced the cost for the mine. Capitalised stripping costs reached a peak of SEK 604 million in August 2025. Since then, the strip ratio has fallen and the Company has gradually reversed stripping costs amounting to a total of SEK 68 million with the aim of reflecting the reduced cost for waste rock production. In connection with the annual accounts, it was decided to write down the remaining capitalised stripping costs of SEK 536 million, as the asset is no longer considered to be justifiable in the prevailing market conditions. The cost of capitalised stripping was calculated on the basis of the average cost per tonne of waste rock based on the life of the mine, using the average production cost since the opening of the mine.

The Parent Company's accounting principles

The annual report for the Parent Company has been prepared in accordance with the Swedish Annual Accounts Act, the Swedish Corporate Reporting Board's recommendation RFR 2 Accounting for legal entities, and the statements issued by the Swedish Corporate Reporting Board. RFR 2 means that the Company, in the annual report for the legal entity, must apply all EU-approved IFRS reporting standards and statements to the extent that this is possible within the framework of the Swedish Annual Accounts Act and with due regard to the connection between reporting and taxation. The recommendation specifies the exceptions and additions to be made in relation to IFRS[®]. The differences between the Group's and the Parent Company's accounting principles are described under the headings below.

Revenue recognition

The Parent Company's revenues primarily consist of management services performed on behalf of other companies within the Group. These are invoiced on an ongoing basis and are recognised as revenue in the period to which they relate.

Reporting of group contributions and shareholder contributions

Group contributions received or made are recognised as appropriations. Shareholder contributions are booked directly against non-restricted equity by the recipient and as an increase in the item Participations in group companies by the contributor.

Participations in group companies

Participations in group companies are recognised at cost less any impairment. Dividends are recognised as income, even if the dividend relates to earnings accumulated prior to the date of acquisition. Dividends are normally recognised when the authorised body has passed a resolution regarding the dividend and it can be reliably calculated.

Other accounting principles

For all accounting principles not described separately for the Parent Company, the Parent Company applies the Group's accounting principles.

Note 2 Breakdown of net sales

The following is a breakdown of net sales by operating segment:

	Group		Parent Company	
	2025	2024	2025	2024
Mining operations	1,769,756	1,805,348	5,888	8,915
Other	0	0	0	0
	1,769,756	1,805,348	5,888	8,915

The following is a breakdown of net sales by geographical market:

	Group		Parent Company	
	2025	2024	2025	2024
Nordic region	0	0	5,888	8,915
Rest of Europe	822,454	707,546	0	0
North America	66,481	72,814	0	0
Middle East	393,827	0	0	0
Rest of Asia	486,994	1,024,989	0	0
	1,769,756	1,805,348	5,888	8,915

The breakdown of net sales by geographical market relates to the market to which the products have been delivered and is not based on where the customers are located from a legal viewpoint. The Group's manufacture and sale of products occurs exclusively from Sweden.

Information on significant customer contracts:

	Group		Parent Company	
	2025	2024	2025	2024
Largest customer	46%	39%	0%	0%
Second largest customer	22%	32%	0%	0%
Third largest customer	17%	15%	0%	0%
Fourth largest customer	8%	10%	0%	0%
Intra-group	0%	0%	100%	100%
Other customers	7%	4%	0%	0%
	100%	100%	100%	100%

Revenue from contracts with customers:

	Group		Parent Company	
	2025	2024	2025	2024
Revenue, contracts with price adjustment at fair value	917,050	1,059,155	0	0
Revenue, other contracts with customers	888,935	786,126	0	0
Total revenue from contracts with customers	1,805,985	1,845,281	0	0
			0	0
Total revenue from contracts with customers incl. currency hedges	1,805,985	1,845,281	0	0
Effect of price adjustment at fair value	-36,229	-39,933	0	0
Total revenue	1,769,756	1,805,348	0	0

Applicable payment terms are 15–45 days after transaction date for a couple of the customers, and through Letter of Credit via a Swedish bank as soon as all delivery documents have been quality-assured by one of the other customers. Deliveries to the Group's other customers amount to 4% (4%) of net sales and have been made on varying payment terms.

Information on effects of market price changes after balance sheet date:

The selling price for one of the two deliveries in 2025 priced on the basis of market prices has been finally determined after the balance sheet date. If the final price for this delivery had been known on the balance sheet date, the net sales for 2025 would have been SEK 5,700 thousand higher.

Note 3 Leases – lessor**Operating leases**

The Group and the Parent Company have entered into leases as the lessor, which are reported as operating leases. These relate to leasing of service premises for trains, workshop for trucks and operating leases for individual non-current assets. The operating lease revenues for the year amount to SEK 1,237 thousand (1,260) in the Group and SEK 0 thousand (0) in the Parent Company. Operating lease revenues are recognised as Other operating income in the income statement. Future contracted lease revenues are more or less non-existent, and the carrying amounts of these assets in the balance sheet amount to approximately SEK 5 million. When the contract periods are less than 12 months, there is no difference between nominal and discounted minimum lease payments. The leased assets are also utilised by the Group's operations.

Financial leases

The Group and the Parent Company do not have any leases for which they are the lessor, which are reported as financial leases.

Note 4 Leases – lessee

The following is a breakdown of leased assets included in the balance sheet:

	Contract period	Group		Parent Company	
		31/12/2025	31/12/2024	31/12/2025	31/12/2024
Mining machinery	5 years	128	3,035	0	0
Trucks	2–8 years	45,052	28,270	0	0
Premises used in operations	3–10 years	15,281	23,576	0	0
Other vehicles	3 years	1,812	3,120	0	0
		62,273	58,001	0	0

For a breakdown of acquisitions, depreciation, etc. see note 19 Right-of-use assets. For an outstanding age breakdown, see the balance sheet and note 34 Non-current liabilities. Interest expensed in the income statement with regard to leases amounts to SEK 2,791 thousand (4,049).

All leases have been calculated on the basis of agreed lease payments during the contract period. Any performance-based payments are not included. The discount rate (marginal borrowing rate) used when the interest rate is not clearly apparent from the contracts is 5.5% for new contracts. The Group's average effective interest rate is 4.52%.

Variable lease payments based on performance, costs for short-term leasing and costs for leasing of low-value assets, which have not been reported as right-of-use assets, amount to SEK 8.7 million (26.8). It is primarily temporary machinery in the mine area and short-term leasing of ore lorries that have continued to be used after the agreed lease period while awaiting new vehicles. Similar to the previous year, variable lease payments and lease payments for low-value assets are more or less non-existent.

The following is a breakdown of costs related to leases recognised in the statement of comprehensive income:

	2025	2024
Depreciation, amortisation and impairment of tangible and intangible assets		
Mining machinery	2,907	20,375
Trucks	30,729	34,737
Premises used in operations	8,372	9,441
Other vehicles	1,308	1,314
	43,316	65,867

Other external expenses

Expenses attributable to short-term leases	8,510	26,239
Expenses attributable to leases for which the underlying asset is of low value and which are not short-term leases	174	535
Expenses attributable to variable lease payments not included in lease liabilities	0	0
	8,684	26,774

Financial expenses

Interest expenses	2,791	4,049
	2,791	4,049

Total costs related to leases recognised in the statement of comprehensive income

	54,791	96,690
Cash flow leases		
Repayments	39,532	60,730
Interest paid	2,791	4,049
Prepaid lease payments	3,567	5,091
Total cash flow leases	45,889	69,870

Note 5 Auditors' fees

	Group		Parent Company	
	2025	2024	2025	2024
<i>Ernst & Young AB</i>				
Audit assignment	1,400	1,400	400	400
Other auditing activities	0	0	0	0
Tax consultancy	0	0	0	0
Other services	1,089	4,126	190	4,109
	2,489	5,526	590	4,509

The term audit assignment refers to the statutory audit of the annual report and consolidated financial statements and bookkeeping, as well as the Board of Directors' and the Chief Executive Officer's administration of the Company, along with audits and other reviews performed as agreed or according to contract. This includes other tasks that are incumbent on the Company's auditor to perform, as well as consultancy or other assistance occasioned by observations during such reviews or the performance of such other tasks.

Note 6 Employees and personnel expenses

	Group 2025		Group 2024	
	Number of employees	Of which men	Number of employees	Of which men
Average number of employees				
Parent Company	0	0%	0	0%
Sweden	0	0%	0	0%
Subsidiaries				
Sweden	364	74%	436	73%
	364	74%	436	73%
Group total	364	74%	436	73%

Salaries and other remuneration

	Group		Parent Company	
	2025	2024	2025	2024
Board and CEO	8,962	9,005	1,664	1,664
(of which bonuses)	(0)	(0)	(0)	(0)
Other employees	212,378	254,411	0	0
	221,340	263,416	1,664	1,664

Social security expenses

	Group 2025	Group 2024	Parent Company 2025	Parent Company 2024
Pension costs for Board and CEO	1,069	1,010	0	0
Pension costs for other employees	19,810	23,078	0	0
Other social security expenses	73,748	87,805	302	302
	94,627	111,892	302	302

Pension obligations

Board and CEO	0	0	0	0
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Remuneration and benefits – senior executives

	Group		Parent Company	
	2025	2024	2025	2024
Chairman of the Board Anders Sundström				
Directors' fees	624	624	624	624
Variable cash remuneration bonus	0	0	0	0
	624	624	624	624
Board member Johan Viklund				
Directors' fees	208	208	208	208
	208	208	208	208
Board member Mats Leifland				
Directors' fees	208	208	208	208
	208	208	208	208
Board member Per-Erik Lindvall				
Directors' fees	208	208	208	208
Variable cash remuneration bonus	0	0	0	0
	208	208	208	208
Board member Jenny Gotthardsson				
Directors' fees	208	208	208	208
	208	208	208	208
Board member Eva Kaijser				
Directors' fees	208	208	208	208
	208	208	208	208
Total remuneration to Board of Directors	1,664	1,664	1,664	1,664

Chief Executive Officer

Fixed remuneration	3,964	4,008	0	0
Variable cash remuneration bonus	3,333	3,333	0	0
Pension insurance	1,069	1,010	0	0
Car benefit	129	126	0	0
	8,496	8,477	0	0

Other senior executives – 6

Fixed salary	9,496	10,465	0	0
Pension insurance	2,350	2,374	0	0
Car benefit	172	108	0	0
	12,018	12,947	0	0

Total remuneration to Group management	20,514	21,424	0	0
Total remuneration to senior executives	22,178	23,088	1,664	1,664

In addition to fixed remuneration, the Group's Chief Executive Officer has received variable remuneration in the amounts shown above. The terms of the variable remuneration are based on the return generated by the business for the Group's shareholders.

In the event of cessation of employment, whether initiated by the employer or by the Chief Executive Officer, no severance pay is payable other than salary for the notice period, which is six months.

Other than car benefit, there are no other benefits for the Group's senior executives.

Gender distribution among senior executives:

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Percentage of women on the Board	28%	28%	28%	28%
Percentage of men on the Board	72%	72%	72%	72%
Percentage of women among other senior executives – 6 (0)	0%	14%	0%	14%
Percentage of men among other senior executives – 6 (6)	100%	86%	100%	86%

This data relates to the relationship on the balance sheet date.

Note 7 Operating expenses broken down by type

	Group		Parent Company	
	2025	2024	2025	2024
Direct production costs	1,037,300	1,026,600	0	0
Change in inventories	24,077	-27,195	0	0
Other external expenses	380,327	399,325	3,656	9,578
Personnel expenses	319,562	382,015	1,972	1,967
Impairment of property, plant and equipment	536,496	0	0	0
Other operating expenses	27,627	4,888	0	0
Depreciation – owned assets	246,963	159,651	0	0
Depreciation – right-of-use assets	43,316	65,868	0	0
	2,615,669	2,011,152	5,628	11,545

Note 8 Depreciation/amortisation broken down by function

	Group		Parent Company	
	2025	2024	2025	2024
Cost of goods sold*	813,234	213,860	0	0
Administrative expenses	13,541	11,659	0	0
	826,775	225,519	0	0

* Of which, impairment SEK 536,496 thousand

Note 9 Impairment testing**Conditions for impairment testing**

As of the balance sheet date (31 December 2025), the Group considers that there are indications of a decrease in the value of property, plant and equipment as a result of revised assumptions concerning the future market situation and production circumstances. Against this backdrop, impairment testing has been carried out for the Group's cash-generating unit. The recoverable amount has been determined as value in use, calculated by discounting future cash flows from the remaining ore production. Impairment testing is based on material assumptions concerning production plans, metal prices, operating and investment costs, and the discount rate. These assumptions are based on adopted budgets, the updated mine plan and external market data.

Outcome of the impairment testing

The completed impairment testing indicated that the carrying amount for the cash-generating unit exceeds its recoverable amount by approximately SEK 425 million. The carrying amount of capitalised stripping costs as of the balance sheet date amounted to SEK 536 million, corresponding to approximately SEK 426 million net after deferred tax. Given the outcome of the impairment testing, the Company has concluded that it is largely no longer possible to recover these assets through future economic benefits. The Company has therefore decided to allocate the entire impairment to stripping costs, which have thus been written down to SEK 0 million, which is considered to be the recoverable amount. No impairment has been identified for other assets within the cash-generating unit.

Reversal of impairment

The Group has concluded that the conditions for the reversal of impairment in accordance with IAS 36 are not met as of the balance sheet date.

Note 10 Breakdown of other operating income

	Group		Parent Company	
	2025	2024	2025	2024
Rental income	1,236	1,260	0	0
Invoiced costs	291	2,223	0	0
Insurance payouts	0	272	0	0
Exchange rate differences – operating	0	19,810	0	0
receivables/liabilities				
Gain on sale of property, plant and equipment	31,034	0	0	0
Other	2,138	1,573	0	0
	34,700	25,139	0	0

Note 11 Breakdown of other operating expenses

	Group		Parent Company	
	2025	2024	2025	2024
Exchange rate differences – operating receivables/liabilities	26,538	449	0	0
Loss on sale of property, plant and equipment	0	251	0	0
Remediation costs	1,089	4,188	0	0
	27,627	4,888	0	0

Note 12 Other interest income and similar items

	Group		Parent Company	
	2025	2024	2025	2024
Discounted interest income – remediation reserve	0	0	0	0
Interest income from bank	10,842	32,134	18	3,053
Non-taxable interest income	143	636	2	4
Total interest income according to the effective interest rate method	10,985	32,770	20	3,057
Exchange rate differences on cash and cash equivalents in foreign currency	0	3,521	0	0
Total	10,985	36,291	20	3,057

Note 13 Change in value of derivatives

	Group		Parent Company	
	2025	2024	2025	2024
Realised futures contracts	9,020	11,154	0	0
	9,020	11,154	0	0

Note 14 Interest expenses and similar items

	Group		Parent Company	
	2025	2024	2025	2024
Interest expenses – right-of-use assets	2,791	4,049	0	0
Total interest expenses according to the effective interest rate method	2,791	4,049	0	0
Discounted interest expenses – remediation reserve	786	297	0	0
Exchange rate differences on cash and cash equivalents in foreign currency	3,633	0	0	0
Other interest expenses	5,135	1,294	0	3
	12,345	5,641	0	3

Note 15 Appropriations

	Parent Company	
	2025	2024
Group contributions	0	0
Transfer – tax allocation reserve 2023	0	0
	0	0

Note 16 Untaxed reserves

	Parent Company	
	2025	2024
Tax allocation reserve 2023	180	180
Total	180	180

Note 17 Tax for the year

	Group		Parent Company	
	2025	2024	2025	2024
Current tax	-58	-156	-58	-88
Adjustment relating to previous years	-304	-275	0	0
Change in deferred tax relating to temporary differences	166,551	23,446	0	0
Change in deferred tax assets relating to loss carryforwards	0	0	0	0
Total reported tax	166,189	23,015	-58	-88
Average effective tax rate	20.5%	15.4%	20.7%	20.8%
Reconciliation of effective tax rate				
Reported profit before tax	-812,573	-150,014	280	424
Tax on reported profit according to applicable tax rate 20.6%:	167,390	30,903	-58	-87
Tax effect of:				
Non-deductible expenses	-297	-3,092	0	0
Non-taxable dividends	0	0	0	0
Non-taxable income	29	131	0	1
Standard rate income – tax allocation reserve	-1,834	-4,652	-1	-1
Other tax-related adjustments	901	-275	0	0
Reported tax	166,189	23,015	-58	-88
Effective tax rate	20.5%	15.4%	20.7%	20.8%

See note 21 regarding the change in deferred taxes.

Note 18 Intangible assets

Group	Exploration and evaluation	Concessions and rights of use	Licenses and software	Investments in progress	Total
Cost of acquisition					
Opening balance 01/01/2024	50,677	24,113	16,917	0	91,707
Investments	13,251	18,753	0	0	32,005
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Closing balance 31/12/2024	63,928	42,866	16,917	0	123,712
Opening balance 01/01/2025	63,928	42,866	16,917	0	123,712
Investments	624	0	0	0	624
Disposals	0	0	0	0	0
Reclassifications	0	0	0	0	0
Closing balance 31/12/2025	64,552	42,866	16,917	0	124,336
Depreciation					
Opening balance 01/01/2024	0	-9,140	-10,478	0	-19,618
Disposals				0	0
Depreciation for the year	0	-7,756	-2,540	0	-10,296
Closing balance 31/12/2024	0	-16,896	-13,018	0	-29,914
Opening balance 01/01/2025	0	-16,896	-13,018	0	-29,914
Disposals				0	0
Depreciation for the year	0	-9,210	-1,530	0	-10,740
Closing balance 31/12/2025	0	-26,106	-14,548	0	-40,654
Carrying amount					
01/01/2024	50,677	14,973	6,439	0	72,089
31/12/2024	63,928	25,970	3,899	0	93,798
01/01/2025	63,928	25,970	3,899	0	93,798
31/12/2025	64,552	16,760	2,369	0	83,682

Depreciation is included in the following lines of the income statement:

	2025	2024
Cost of goods sold	-990	-1,995
Administrative expenses	-9,750	-8,301
Total	-10,740	-10,296

Rights of use primarily relate to rights to use the land areas not owned by the Group where mining operations are conducted. Other rights of use relate to land areas where future mining operations may be conducted. Expenditures for exploration and evaluation are intended to explore the extent to which there is additional iron ore to extract from new parts of the ore body located within the mine area. These expenditures include expenses for the acquisition of exploration rights, topographical, geological, geochemical and geophysical studies, exploration drilling, ditching, sampling, and activities associated with evaluating the technical possibility and commercial feasibility of extracting a mineral resource.

Note 19 Property, plant and equipment

Group	Land and buildings	Plant, machinery and equipment	Construction in progress	Total
Cost of acquisition				
Opening balance 01/01/2024	663,773	463,583	609,027	1,736,383
Investments	13,810	243,032	163,594	420,436
Stripping costs	0	0	188,797	188,797
Reclassifications	366,601	401,627	-768,228	0
Sales/disposals	0	-620	0	-620
Closing balance 31/12/2024	1,044,184	1,107,622	193,190	2,344,996
Opening balance 01/01/2025	1,044,184	1,107,622	193,190	2,344,996
Investments	0	1,067	96,602	97,669
Stripping costs*	-67,413		62,698	-4,715
Reclassifications	282,915	35,508	-318,423	0
Sales/disposals	0	-94,917	0	-94,917
Closing balance 31/12/2025	1,259,686	1,049,280	34,067	2,343,033
Depreciation				
Opening balance 01/01/2024	-105,724	-231,369	0	-337,093
Sales/disposals	0	594	0	594
Depreciation for the year	-46,646	-102,833	0	-149,479
Closing balance 31/12/2024	-152,370	-333,607	0	-485,977
Opening balance 01/01/2025	-152,370	-333,607	0	-485,977
Sales/disposals	0	80,171	0	80,171
Depreciation for the year	-77,884	-158,495	0	-236,379
Closing balance 31/12/2025	-230,254	-411,931	0	-642,185
Impairment losses				
Opening balance 01/01/2024	0	0	0	0
Impairment for the year	0	0	0	0
Closing balance 31/12/2024	0	0	0	0
Opening balance 01/01/2025	0	0	0	0
Impairment for the year	-536,496	0	0	-536,496
Closing balance 31/12/2025	-536,496	0	0	-536,496
Carrying amount				
01/01/2024	558,049	232,214	609,027	1,399,290
31/12/2024	891,814	774,014	193,190	1,859,018
01/01/2025	891,814	774,014	193,190	1,859,018
31/12/2025	492,936	637,349	34,067	1,164,352

Capitalised remediation costs are included in the item "Land and buildings" and include expenditures on dismantling and removal of assets and remediation of the area where the assets are located. The accumulated cost of acquisition on balance sheet date amounts to SEK 26,260 thousand (26,260). Accumulated depreciation amounts to SEK -19,469 thousand (-16,073).

* Net change in capitalised stripping costs amounts to SEK -4,715 thousand for 2025. The closing amount as of the balance sheet date amounts to SEK 536,496 thousand (SEK 541,211 thousand). The gross change consists of SEK 62,698 thousand in capitalised (reduced) production costs, SEK -67,413 thousand in reversed (increased) production costs.

Depreciation is included in the following lines of the income statement:

	2025	2024
Cost of goods sold	-232,588	-146,121
Administrative expenses	-3,791	-3,358
Total	-236,379	-149,479

Note 20 Right-of-use assets

Group					Total
	Mining machinery	Trucks	Premises used in operations	Other	
Cost of acquisition					
Opening balance 01/01/2024	92,398	118,481	58,240	4,069	273,188
Investments	0	0	0	1,721	1,721
Revaluations	0	1	493	0	493
Sales/disposals	-45,511	0	-1,019	-476	-47,006
Closing balance 31/12/2024	46,887	118,482	57,714	5,314	228,396
Opening balance 01/01/2025	46,887	118,482	57,714	5,314	228,396
Investments	0	47,510	0	0	47,510
Revaluations	0	0	78	0	78
Sales/disposals	-37,692	-57,937	-6,967	-1,122	-103,718
Closing balance 31/12/2025	9,195	108,055	50,825	4,192	172,266
Depreciation					
Opening balance 01/01/2024	-68,988	-55,473	-25,716	-1,356	-151,533
Revaluations	0	-1	1	0	0
Sales/disposals	45,511	0	1,019	476	47,006
Depreciation for the year	-20,375	-34,737	-9,441	-1,314	-65,868
Closing balance 31/12/2024	-43,852	-90,211	-34,138	-2,194	-170,395
Opening balance 01/01/2025	-43,852	-90,211	-34,138	-2,194	-170,395
Revaluations	0	0	0	0	0
Sales/disposals	37,692	57,937	6,967	1,122	103,718
Depreciation for the year	-2,907	-30,729	-8,372	-1,309	-43,316
Closing balance 31/12/2025	-9,067	-63,003	-35,543	-2,381	-109,993
Carrying amount					
01/01/2024	23,410	63,008	32,524	2,713	121,655
31/12/2024	3,035	28,270	23,576	3,120	58,001
01/01/2025	3,035	28,270	23,576	3,120	58,001
31/12/2025	128	45,052	15,282	1,812	62,273

Depreciation is included in the following lines of the income statement:

	2025	2024
Cost of goods sold	-43,316	-65,868
Administrative expenses	0	0
Total	-43,316	-65,868
<hr/>		
Depreciation for the year – leasing	43,316	65,868
Interest paid for the year – leasing	2,791	4,049
Expenses for the year – short-term rental	8,510	26,239
Expenses for the year – low value	174	525
Total	54,791	96,680

Note 21 Deferred tax asset/tax liability

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Opening balance	-219,148	-262,909	0	0
New tax assets	9,537	5,213	0	0
Reversed tax assets	-270	-186	0	0
New tax liabilities	0	0	0	0
Reversed tax liabilities	155,340	38,735	0	0
Total deferred tax asset (+) / tax liability (-)	-54,540	-219,148	0	0

Specification of deferred tax assets/tax liabilities

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
<i>Deferred tax assets/tax liabilities</i>				
Depreciation on excess value mine	11,107	9,626	0	0
Depreciation on other properties	21,717	13,661	0	0
Temporary differences on leases over equity	730	1,000	0	0
Temporary differences on discount rate	3,832	3,832	0	0
Temporary differences on untaxed reserves	-91,926	-137,721	0	0
Temporary differences in stripping costs	0	-111,489	0	0
Temporary differences on currency hedging	0	1,944	0	0
Total deferred tax asset (+) / tax liability (-)	-54,540	-219,148	0	0

Changes in deferred taxes have occurred in the income statement, except for the deferred tax on currency hedging, which has been reported under Other comprehensive income. No deferred tax assets are subject to a time limitation and there are no loss carryforwards.

Note 22 Other non-current receivables

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Opening cost of acquisition	1,917	572	0	0
New receivables	41	1,345	0	0
Amortisations, outgoing receivables	0	0	0	0
Reclassifications	0	0	0	0
Closing accumulated cost of acquisition	1,958	1,917	0	0
Closing carrying amount	1,958	1,917	0	0
<i>Specification of non-current receivables</i>				
Other bank guarantees and deposits	1,958	1,917	0	0
Total	1,958	1,917	0	0

Note 23 Derivative instruments

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Opening cost of acquisition	0	18,990	0	0
New receivables	0	0	0	0
Amortisations, outgoing receivables	0	-18,990	0	0
Reclassifications	0	0	0	0
Closing accumulated cost of acquisition	0	0	0	0
Closing carrying amount	0	0	0	0

Note 24 Hedging instruments and hedge accounting

The Group applies hedge accounting for cash flow hedges regarding a minor part of forecast sales in foreign currency, USD. Hedge accounting is applied to currency futures which the Group has entered into on two occasions, from November 2022 and May 2023, with a term up to two years. The hedged risk is made up of the future rate, i.e. the entire currency future is identified for hedge accounting. The hedged item is made up of very probable expected cash flows in foreign currency, regarding sales. The hedge ratio is 1:1.

Sources of ineffectiveness may be constituted by imperfectly matched cash flows in the hedging derivative and in payments, as well as by effects from counterparty risk (credit risk) on the derivative's value (CVA or DVA). The Group enters into derivatives with banks with a high level of creditworthiness, and consequently the effect from credit risk is not deemed to be significant. Assessment of hedging effectiveness is performed according to critical terms; currency, nominal amount and timing of cash flows.

Hedging instruments identified in hedge relationships as of 31 December 2025
Group

Hedging instrument nominal amount	Less than 3 months	3 months –1 year	1–2 years	Total
Currency futures USD/SEK	0	0	0	0
Average USD/SEK future rate	0.00	0.00	0.00	0.00

Hedging instruments identified in hedge relationships as of 31 December 2024
Group

Hedging instrument nominal amount	Less than 3 months	3 months –1 year	1–2 years	Total
Currency futures USD/SEK	-5,861	-3,574	0	-9,435
Average USD/SEK future rate	10.58	10.56	0	10.57

Effects of hedge accounting on financial position and profit	Group	
	31/12/2025	31/12/2024
Reconciliation of hedge reserve (cash flow hedging)	Hedge reserve	Hedge reserve
Opening carrying amount	-9,436	89,212
Change in fair value of currency futures, reported in Other comprehensive income	416	-109,802
Amount reversed to profit/loss, via Other comprehensive income	9,020	11,154
Total	0	-9,436
Tax	0	1,944
Closing carrying amount	0	-7,492

Effects of hedge accounting on financial position and profit – Current hedge relationships

Cash flow hedging of currency risk

Currency futures USD/SEK

Hedging instruments identified in hedge relationships as of 31 December 2025

Nominal amount in foreign currency	0
Carrying amount	0

Hedged item as of 31 December

Item in balance sheet	0
Carrying amount	n/a *

Period change in fair value, for measurement of ineffectiveness

Hedging instrument	9,436
Hedged item	n/a *

Hedging instruments identified in hedge relationships as of 31 December 2024

Nominal amount in foreign currency	25,000
Carrying amount	-9,436

Hedged item as of 31 December

Item in balance sheet	-9,436
Carrying amount	n/a *

Period change in fair value, for measurement of ineffectiveness

Hedging instrument	-98,648
Hedged item	n/a *

* The hedged item is made up of very probable expected cash flows, regarding sales in foreign currency. These items are not reported in the balance sheet. No ineffectiveness has been recognised in profit/loss during the year.

Note 25 Non-current prepaid expenses

Non-current prepaid expenses relate to start-up costs for operating contract regarding port services. The costs are allocated on a straight-line basis over the contract period.

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Allocated start-up costs as of balance sheet date	3,670	5,504	0	0
Of which current	-1,835	-1,835	0	0
Allocated year 2 to 5	1,835	3,670	0	0
Allocated year 5+	0	0	0	0
	1,835	3,670	0	0

Note 26 Inventories

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Raw materials and consumables	139,681	144,821	0	0
Goods under manufacture	101,962	132,366	0	0
Finished goods and goods for resale	50,770	44,444	0	0
	292,414	321,631	0	0

Finished goods inventories and parts of goods under manufacture have been valued at net realisable value.

Note 27 Trade receivables

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Trade receivables not overdue	67,902	88,545	0	0
Overdue 0–30 days	2,509	0	0	0
Overdue 31–60 days	0	556	0	0
Overdue 61–90 days	0	0	0	0
Overdue more than 90 days	0	0	0	0
	70,411	89,101	0	0

Reserve for doubtful trade receivables amounts to SEK 0 thousand (0). The reason why the Group does not book general credit losses on an ongoing basis is that the trade receivables ledger at any given time consists of only a small number of customers with a good payment history, and credit risks are minimised in accordance with the Company's credit policy regarding transfer of counterparty risk to a Swedish bank through Letter of Credit.

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024

Trade receivables, with price adjustment at fair value, classified at fair value in profit/loss;

Initial valuation	142,959	259,817	0	0
Price adjustment at fair value, preliminary	8	23,909	0	0
Price adjustment at fair value, final	0	0	0	0
	142,967	283,726	0	0

Trade receivables, classified at amortised cost;

	750	7,979	0	0
	750	7,979		

Total trade receivables

	214,128	380,806	0	0
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	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024

Negative price adjustments at fair value for preliminarily invoiced revenue from customers:

Initial valuation	-8,368	-25,416	0	0
Repayment liability, preliminary	4,688	15,882	0	0
Repayment liability, finalised	0	0	0	0
Total repayment liabilities (reported as Other liabilities)	-3,680	-9,534	0	0

Other liabilities to customers, classified at amortised cost

	-89	-310	0	0
Total (recognised as other liabilities)	-89	-310	0	0

Note 28 Other current receivables

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
VAT receivable	24,246	35,989	0	0
Other current receivables	3,352	263	0	0
	27,598	36,252	0	0

Note 29 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Prepaid lease payments	4,212	4,249	0	0
Prepaid insurance premiums	1,978	12,352	0	0
Prepaid start-up costs subcontractors	4,759	2,697	0	0
Invoiced but not delivered	5	4	0	0
Prepaid software	3,916	1,607	0	0
Delivered but not invoiced revenue	0	0	0	0
Prepaid rent expenses	1,566	1,372	0	0
Other prepaid expenses	3,761	3,026	0	840
	20,197	25,307	0	840

Note 30 Cash and cash equivalents

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Bank accounts	366,693	414,157	70	4,369
Blocked bank funds	96,526	0	0	0
Available account balances	463,219	414,157	70	4,369

The item "blocked bank funds" relates to a bank guarantee for the County Administrative Board of Norrbotten in relation to remediation costs in accordance with applicable environmental permit.

Note 31 Equity

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Change in number of shares				
Opening number	74,556,676	74,351,676	74,556,676	74,351,676
Redemption of warrants	0	205,000	0	205,000
Closing number	74,556,676	74,556,676	74,556,676	74,556,676

The share capital shall amount to no less than SEK 55 million and no more than SEK 220 million. The share capital consists of one type of share. The quota value of the shares is SEK 1 per share. 100% of equity is attributable to Parent Company shareholders. Redeemed warrants, previous year, correspond to the quota value of 205,000 shares.

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Change in number of warrants				
Opening number	1,675,000	1,775,000	1,675,000	1,775,000
Issued	0	50,000	0	50,000
Exercised warrants	0	-100,000	0	-100,000
Net change in the Company's own holdings	0	-50,000	0	-50,000
Closing number	1,675,000	1,675,000	1,675,000	1,675,000

Series	Issued	Repurchased & Cancelled	Outstanding	Subscription price	Redemption date
1. 2018/2023 I	280,000	-280,000	0	–	–
2. 2018/2023 II	520,000	-520,000	0	–	–
3. 2018/2023 III	300,000	-300,000	0	–	–
4. 2019/2023	675,000	-675,000	0	–	–
5. 2019/2023 II	200,000	-200,000	0	–	–
6. 2019/2024	200,000	-200,000	0	–	–
7. 2023/2026	1,675,000	-350,000	1,325,000	SEK 40.47	31/08/2026
8. 2024/2027	350,000	-350,000	0	SEK 43.75	31/08/2027
9. 2025/2028	350,000	0	350,000	SEK 43.75	31/08/2028
	4,550,000	-2,875,000	1,675,000		

The outstanding warrants in item seven provide entitlement to subscribe for 1.08 shares. The warrants in item seven were recalculated on 5 June 2024 by PWC due to payment of dividend. The warrants in item nine provide entitlement to subscribe for 1.00 shares. The exercise period for the warrants is made up of the two months prior to the above redemption date. The net change in the Company's own holdings consists of a cancellation of 350,000 warrants (item 8) and an issue of 350,000 warrants (item 9).

For warrant programme seven, the market value of the underlying share was determined as SEK 25 per share, which corresponded to the subscription price for the rights issue that was carried out in connection with the new warrant programme. The valuation was also verified by an independent party, and the calculation occurred according to the Black-Scholes model.

Today, the most commonly used model for valuation of warrants issued in relation to both shares in listed companies and shares in unlisted companies is the Black-Scholes model.

Our value simulation of the various series of warrants is based on the Black-Scholes valuation model. In performing a valuation based on Black-Scholes for calculation of a market premium, the following variables are used:

- Current share value (SEK 25 per share)
- Strike price (SEK 43.75)
- Time remaining until expiration (3.2 years)
- Risk-free interest rate for a term equivalent to the term applicable to the instrument (based on the Swedish Riksbank's government borrowing rate, an interpolated risk-free interest rate of 2.87%)
- Volatility (estimated at 40% based on analysis of comparable companies)

Note 32 Provisions

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Opening balance	60,869	56,383	0	0
Increase in provisions	1,089	4,189	0	0
Discount effect	787	297	0	0
	62,745	60,869	0	0

Specification of provisions

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Remediation undertakings mining operations	62,745	60,869	0	0
	62,745	60,869	0	0

The Group's remediation undertakings relate to present value-calculated future outflows of funds for remediation of sites or areas where mining operations are conducted. The plan includes vegetating the tailings pond and waste rock dump, filling the open pit with water and dismantling and removing plant. The calculation that forms the basis for the assessed provision has been designed by external expertise in this field and updated based on actual production outcome.

The year's present value calculation of the provision has been performed with a time horizon of 2 years, which corresponds to the remaining "Life of mine" plan with a discount rate of 2.68%, which corresponded to the government borrowing rate as of the balance sheet date. The year's effect of the present value calculation has resulted in an interest expense of SEK -0.8 million (-0.3).

Note 33 Non-current liabilities

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
<i>Due 1–5 years after balance sheet date</i>				
Provisions	0	0	0	0
Deferred tax liabilities	54,540	210,940	0	0
Liabilities to credit institutions	20,964	32,253	0	0
Lease liabilities	27,363	25,282	0	0
Other liabilities	0	0	0	0
	102,867	268,475	0	0

Due later than 5 years after balance sheet date

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Provisions	62,745	60,869	0	0
Liabilities to credit institutions	0	0	0	0
Lease liabilities	0	0	0	0
Other liabilities	0	0	0	0
	62,745	60,869	0	0

Note 34 Financial liabilities and maturity structure

Group Conditions and repayment periods	Due	Interest rate	31/12/2025		31/12/2024	
			Nominal amount	Carrying amount	Nominal amount	Carrying amount
Trade payables	2025	0.00%	0	0	199,310	199,310
Trade payables	2026	0.00%	151,780	151,780	0	0
Liabilities to credit institutions	2025	4.51%	0	0	21,250	21,250
Liabilities to credit institutions	2026	4.51%	89,616	89,616	32,253	32,253
Liabilities to credit institutions	2027	4.51%	20,964	20,964	0	0
			262,360	262,360	252,813	252,813
Future undiscounted cash flows						
			Less than 3 months	3 months	4–5 years	5+ years
31/12/2025	Total		–1 year	–3 years		
Liabilities to credit institutions; factoring	69,944	69,944			0	0
Liabilities to credit institutions; other	42,987	4,536	17,131	21,320	0	0
Lease liabilities	65,486	8,668	26,004	29,166	1,054	594
Other liabilities	0	0	0	0	0	0
Trade payables	151,780	151,780	0	0	0	0
	330,197	234,928	43,135	50,486	1,054	594
31/12/2024	Total		–1 year	–3 years	4–5 years	5+ years
Liabilities to credit institutions	58,329	5,970	17,910	34,448	0	0
Lease liabilities	60,621	8,120	24,361	23,913	4,227	0
Other liabilities	0	0	0	0	0	0
Trade payables	199,310	199,310	0	0	0	0
	318,260	213,400	42,271	58,361	4,227	0

Future undiscounted cash flows include both amortisation and interest.

Note 35 Other current liabilities

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Social security expenses and PAYE tax	10,098	12,005	1,107	1,076
VAT liability	0	0	314	41
Special payroll tax	9,962	6,803	0	0
Repayment liabilities to customers (see note 26)	3,770	9,534	0	0
Other liabilities	246	229	0	0
	24,076	28,572	1,421	1,117

Note 36 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Accrued salaries	10,342	14,018	0	0
Accrued holiday pay	24,007	27,910	0	0
Accrued social security expenses	9,455	10,710	0	0
Accrued energy costs	7,930	6,014	0	0
Accrued costs for maintenance and repairs	5,690	6,078	0	0
Accrued operating expenses, mine and concentration plant	5,452	15,568	0	0
Accrued costs for logistics	6,776	8,556	0	0
Accrued selling expenses	4,395	4,430	0	0
Accrued administrative expenses	3,242	6,487	342	1,220
Liability to subcontractor	974	9,061	0	0
	78,263	108,832	342	1,220

Note 37 Financial assets and liabilities broken down by measurement category

Measurement at fair value involves a measurement hierarchy with regard to input data for the measurements. The three levels are:

Level 1: Listed prices (unadjusted) on active markets for identical assets or liabilities to which the Company has access at the time of measurement.

Level 2: Other input data (i.e. other than the listed prices included in Level 1), which is directly or indirectly observable for the asset or liability. This may even include other input data (i.e. other than listed prices) which is observable for the asset or liability, such as interest rate levels, yield curves, volatility and multiples.

Level 3: Non-observable input data for the asset or liability. At this level, consideration is given to assumptions which market operators would use when pricing the asset or liability, including risk assumptions.

For all items below, apart from other non-current receivables, derivative instruments, liabilities to credit institutions and other liabilities, the carrying amount is an approximation of the fair value, which is why these items are not divided into levels according to the measurement hierarchy.

As non-current receivables and liabilities to credit institutions are subject to an interest rate that, in all material respects, is deemed to equate to current market interest rates, the carrying amount of these items essentially equates to fair value. Non-current receivables and liabilities to credit institutions are measured at amortised cost.

Group	Measurement hierarchy	Fair value via Other comprehensive income	Amortised cost	Total carrying amount
31/12/2025				
ASSETS				
<i>Financial assets</i>				
Other non-current receivables			1,958	1,958
Current assets				0
Trade receivables			214,128	214,128
Derivative instruments	2	0		0
Cash and cash equivalents			463,219	463,219
Total financial assets		0	679,305	679,305
LIABILITIES				
<i>Non-current liabilities</i>				
Liabilities to credit institutions			20,964	20,964
<i>Current liabilities</i>				
Liabilities to credit institutions			89,616	89,616
Derivative instruments	2	0		0
Trade payables			151,780	151,780
Total financial liabilities		0	262,360	262,360

Group	Measurement hierarchy	Fair value via profit/loss	Amortised cost	Total carrying amount
31/12/2024				
ASSETS				
<i>Financial assets</i>				
Other non-current receivables			1,917	1,917
Current assets				0
Trade receivables			380,496	380,496
Derivative instruments	2	1,944		1,944
Cash and cash equivalents			414,157	414,157
Total financial assets		1,944	796,570	798,514
LIABILITIES				
<i>Non-current liabilities</i>				
Liabilities to credit institutions			32,253	32,253
<i>Current liabilities</i>				
Liabilities to credit institutions			21,250	21,250
Derivative instruments		9,435		9,435
Trade payables			199,310	199,310
Total financial liabilities		9,435	252,813	262,248

Note 38 Purchases and sales between group companies

	Parent Company	
	2025	2024
Percentage of total purchases for the year made from other companies within the Group	0%	0%
Percentage of total sales for the year made to other companies within the Group	100%	100%

100% of the Parent Company's sales have been made to Kaunis Iron AB.

Note 39 Result from participations in group companies

	Parent Company	
	2025	2024
Anticipated dividend Kaunis Iron AB	0	0

Note 40 Participations in group companies

	Parent Company	
	31/12/2025	31/12/2024
Opening cost of acquisition	1,529,572	195,050
Acquisitions during the year	0	0
Conditional shareholder contributions	0	1,334,522
Closing accumulated cost of acquisition	1,529,572	1,529,572
Closing carrying amount	1,529,572	1,529,572

Note 41 Specification of participations in group companies

Name	Share of equity	Share of voting rights	Number of shares	31/12/2025 Number of shares	31/12/2024 Carrying amount
Kaunis Iron AB	100%	100%	1,000,000	1,514,522	1,514,522
Kaunis Iron Logistik AB	100%	100%	500	15,050	15,050
				1,529,572	1,529,572
			Corp. ID no.	Reg. office	
Kaunis Iron AB			559003-4103	Luleå	
Kaunis Iron Logistik AB			559150-4146	Pajala	

Note 42 Receivables from group companies

	Parent Company	
	31/12/2025	31/12/2024
Opening cost of acquisition	52,538	1,237,519
New receivables	7,176	149,541
Outgoing receivables ¹	-3,000	-1,334,522
Closing accumulated cost of acquisition	56,714	52,538

Counterparty:	Parent Company	
	31/12/2025	31/12/2024
Kaunis Iron AB	52,000	52,000
Kaunis Iron Logistik AB	56,714	52,538

1) The amount for 2024 relates to conversion of group receivables into shareholder contributions

Note 43 Financial risks and risk management

The Group's operations entail exposure to several financial risks, including currency risk, interest rate risk, credit risk and liquidity risk. The risk management work aims to minimise potential negative effects on the Group's financial performance and position.

The Group is exposed to currency risk due to transactions and balance sheet items in foreign currencies.

Matching of revenues and expenses in the same currency is applied to the extent this is possible. Ongoing monitoring of exchange rate changes is carried out to assess the need for additional hedges.

Interest rate risk arises due to changes in market interest rates that affect the costs of interest-bearing liabilities and returns on cash assets and cash equivalents.

The relationship between fixed and variable interest rates is evaluated regularly.

Credit risk relates to the risk that counterparties will not fulfil their financial obligations, which could result in losses for the Group.

Credit risk primarily arises in relation to trade receivables. Credit checks are carried out before entering into contracts with new customers. Trade receivables are monitored on an ongoing basis to ensure that credit risks are managed promptly. Cash and cash equivalents are only placed with banks and financial institutions with a high credit rating.

Liquidity risk arises when the Group does not have sufficient cash and cash equivalents to cover its financial commitments.

A liquidity forecast is prepared on an ongoing basis to ensure that sufficient funds are available. Short-term payment plans and careful planning are used to balance cash flow.

Managed capital means the aggregated carrying amount for the Group's assets which are subject to operational and strategic management within the mining operation. Managed capital primarily consists of property, plant and equipment, capitalised prospecting and evaluation assets, and right of use assets. Managed capital largely corresponds to the Group's total assets in accordance with the balance sheet.

Note 44 Pledged assets

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
<i>Assets pledged for own liabilities to credit institutions:</i>				
Floating charges	0	0	0	0
Property mortgages	0	0	0	0
Bank guarantee	193,033	201,756	0	0
Factoring	69,074	0	0	0
Machinery with retention of title	38,406	62,303	0	0
	300,513	264,059	0	0

In addition to the above, there are mortgage deeds taken out in property mortgages of SEK 800,000 for the Group's properties in its own custody.

Note 45 Contingent liabilities

Surety provided to group companies:

Kaunis Holding AB to Kaunis Iron AB
Kaunis Iron AB to Kaunis Holding AB

Covenants:

The Group's credit facility with SEB is subject to a number of specific undertakings (covenants). These are:

- The Parent Company must inform SEB without delay if any shareholder of the Parent Company becomes the owner of 10% or more of the shares or votes in the Parent Company.
- Furthermore, the Parent Company must inform SEB without delay of changes among senior executives with regard to their shareholding in the Parent Company and position in companies within the Group.
- The Company must report available cash and cash equivalents on a monthly basis, and disclose information concerning developments in the Company's business on an ongoing basis.

Parent company guarantees:

In 2018, Kaunis Iron AB entered into a number of production-critical contracts with several subcontractors in relation to the start of production in the mining operations in Kaunisvaara. As the equity in Kaunis Holding AB is larger than the equity in Kaunis Iron AB, parent company guarantees have been provided to production-critical subcontractors. Some of these parent company guarantees are still in place as of the balance sheet date.

Note 46 Related parties

Details of the Parent Company's directly owned subsidiaries are presented in note 40, Participations in group companies. Information on senior executives and remuneration to senior executives is presented in note 6, Employees and personnel expenses.

Information on senior executives' companies and remuneration to these is presented in the table below.

Transactions

No board member or senior executive in the Group has or has had any direct or indirect participation in any business transactions between themselves and the Group during the current or previous financial year which are or were unusual in nature with regard to their terms. Nor has the Group made loans, issued guarantees or provided surety to any Board members or senior executives in the Group.

The companies listed below are related parties via CEO and Board member Klas Dagertun (Dagertun Support & Consulting AB), Board member Per-Erik Lindvall (Brexia AB), Chairman of the Board Anders Sundström (Anders Sundström Invest AB) and Board member Mats Leifland (Vasaåsen AB).

	Group		Parent Company	
	31/12/2025	31/12/2024	31/12/2025	31/12/2024
Dagertun Support & Consulting AB				
Office facilities	899	905	0	0
Initial increased rent	0	0	0	0
Accounting services	11,181	10,543	0	0
Brexia AB	13	14	13	0
Anders Sundström Invest AB	20	20	0	0
Vasaåsen AB	25	26	0	0
	12,138	11,508	13	0

The Board of Directors and the Chief Executive Officer hereby declare that the consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the EU and provide a true and fair view of the Group's financial position and results. The financial statements of the Parent Company have been prepared in accordance with generally accepted accounting principles in Sweden and provide a true and fair view of the Parent Company's financial position and results.

The Directors' Report for the Group and the Parent Company provides a true and fair view of the development of the Group's and the Parent Company's operations, financial position and results and describes material risks and uncertainties facing the Parent Company and the companies included in the Group.

The annual accounts were adopted on 16 February 2026.

Luleå on the date indicated by the electronic signature of each functionary

Anders Sundström
Chairman

Johan Viklund
Board member

Mats Leifland
Board member

Per-Erik Lindvall
Board member

Jenny Gotthardsson
Board member

Eva Kaijser
Board member

Klas Dagertun
Chief Executive Officer

Our auditor's report was submitted on the date indicated by our electronic signature.
Ernst & Young AB

Micael Engström
Authorised Public Accountant

Definitions of key ratios

Operating margin, %

Net operating profit as a percentage of net sales

Adjusted equity

Equity plus untaxed reserves reduced for deferred tax

Return on total equity

Net profit after financial items as a percentage of average total assets

Equity ratio

Adjusted equity as a percentage of total assets

Quick ratio

Current receivables as a percentage of current liabilities

AUDITOR'S REPORT

To the general meeting of shareholders of Kaunis Holding AB, corp. ID no. 559106-4802

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Kaunis Holding AB for the 2025 financial year. The Company's annual accounts and consolidated accounts are presented on pages 8–52 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Swedish Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts. We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

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 of our report. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have fulfilled our other 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.

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts, as can be found on pages 2–7. The Board of Directors and the Chief Executive Officer are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Chief Executive Officer

The Board of Directors and the Chief Executive Officer are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Swedish Annual Accounts Act and, concerning the consolidated accounts, in accordance with International Financial Reporting Standards as adopted by the EU. The Board of Directors and the Chief Executive Officer are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Chief Executive Officer 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 Chief Executive Officer intend to liquidate the Company or cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit.

We also:

- identify and assess the risks of material misstatement in the annual accounts and consolidated 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 Chief Executive Officer;
- conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts and consolidated 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 and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated 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 a company to cease to continue as a going concern;

- evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation;
- plan and perform the audit of the consolidated accounts to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group as a basis to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the audit work carried out for the purpose of auditing the consolidated accounts. We remain solely responsible for our opinions.

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 and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of Kaunis Holding AB for the 2025 financial year and the proposed appropriation of the Company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Chief Executive Officer 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 of our report. We are independent of the Parent Company and the Group in accordance with professional ethics for accountants in Sweden and have fulfilled our other 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 Chief Executive Officer

The Board of Directors is responsible for the proposal on appropriations of the Company's profit or loss. A proposal regarding a dividend includes an assessment of whether the dividend is justifiable considering the requirements which the Company's and the Group's type of operations, size and risks place on the size of the Parent Company's and the Group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the Company's organisation and the administration of the Company's affairs. This includes, among other things, continuous assessment of the Company's and the Group's financial situation and ensuring that the Company's organisation is designed so that the accounting, management of assets and the Company's financial affairs otherwise are controlled in a reassuring manner. The Chief Executive Officer shall manage the ongoing administration of the Company according to the Board of Directors' guidelines and instructions and, among other matters, take measures that are necessary to ensure that the Company's accounting procedures are in accordance with laws and that assets are managed in a satisfactory manner.

Auditor's responsibilities

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 Chief Executive Officer 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 Swedish Companies Act, the Swedish Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriation of the Company's profit or loss, and thereby our opinion about this, is to assess with a reasonable degree of assurance whether the proposal is in accordance with the Swedish 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 appropriation of the Company's profit or loss is not in accordance with the Swedish Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriation 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 judgement, taking risk and materiality as a starting point. This means that we focus the examination on such actions, areas and relationships as are material for the operations and where deviations and violations would have particular significance for the Company's situation. We examine and test decisions taken, support for decisions, actions undertaken 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 appropriation of the Company's profit or loss, we have examined whether the proposal is in accordance with the Swedish Companies Act.

Skellefteå, 16 February 2026
Ernst & Young AB
Micael Engström, Authorised Public Accountant

The reference in the auditor's report is to the annual report of Kaunis Holding AB that is registered with the Swedish Companies Registration Office.



BOARD OF DIRECTORS



Anders Sundström,
Chairman



Per-Erik Lindvall,
Board member



Mats Leifland,
Board member



Jenny Gotthardsson,
Board member



Johan Wiklund,
Board member



Eva Kaijser,
Board member



Klas Dagertun,
Board member and CEO









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