ANNUAL AND SUSTAINABILITY REPORT 2024

KAUNIS IRON

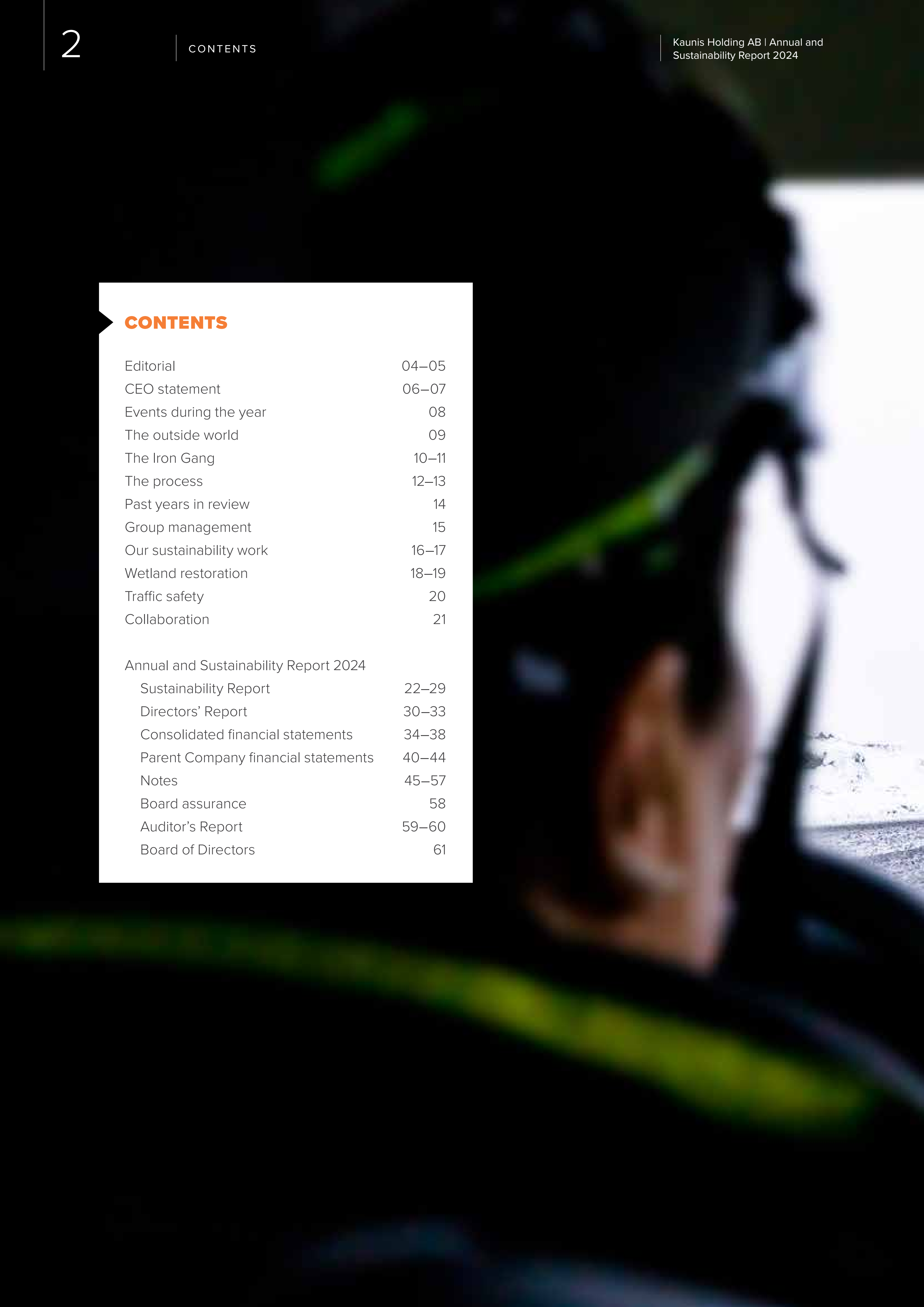

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Photo: Petra Älvstrand

ANDERS SUNDSTRÖM, CHAIRMAN OF THE BOARD, KAUNIS IRON

The industrial transformation requires a long-term strategy

THE GLOBAL INDUSTRIAL transformation is reshaping the industry landscape and imposing new demands on innovation and sustainability. Electrification and fossil-free solutions are crucial factors in reducing dependence on fossil fuels and creating a future that combines competitiveness with environmental sustainability. Sweden, as a leading industrial nation, must navigate this transformation with both short-term responsibility and a long-term perspective.

THE STEEL, AUTOMOTIVE AND ENGINEERING industries have already taken major steps in this transformation. Initiatives involving fossil-free steel and electrified transport are evidence of the innovative capacity that exists, but efforts to achieve progress must be supported by a predictable energy policy, stable access to fossil-free electricity and clear incentives. Otherwise there is a risk that the transformation will slow down and the industry's competitiveness will be eroded.

FOR KAUNIS IRON, the transformation represents both a challenge and an opportunity. Our vision is to be the world's best mine, which means that we actively work on business development. One example of this is our ongoing investigation into the potential future establishment of a pellet plant in Narvik, in collaboration with Stegra and Narvik Municipality. Such an initiative would enable the production of direct reduction (DR) pellets, a key component for fossil-free steel production in both Sweden and Europe. It would also contribute to a more efficient logistics chain and a stronger position for us as a driving force in the sustainable industry.

BUT A SUCCESSFUL TRANSFORMATION cannot be driven by the industry alone, and effective interaction between the business community, policy makers and society is of crucial importance. Permit management, stable energy supply and long-term competitive conditions are all aspects that must be in place to ensure investment and development. In the Tornedalen region where we operate, we contribute not only to employment but also to the region's economic growth and opportunities for the future livelihood of its residents.

AT THE SAME TIME, THE IRON ORE INDUSTRY is facing an increasingly complex global market. Geopolitical tensions, commodity market volatility and increased international competition are all factors that we must actively manage. Through strategic investments and innovation-driven development, not only can we navigate these challenges, we can also create long-term value for our stakeholders.

THE GREEN TRANSITION is one of the most important industrial transformations of our time. Here at Kaunis Iron we are approaching this challenge with humility, but we are also resolute in our determination to take our responsibility and contribute to a sustainable future. With the right conditions, not only can the industry in northern Sweden be an engine that drives the green transition, it can also be a global role model for sustainable industrial development.


KLAS
DAGERTUN

KLAS DAGERTUN, CEO, KAUNIS IRON

Strategic progress in a challenging world

2024 was a testing year, but it has also shaped us for the future. We have navigated our way through market and geopolitical challenges while also focusing on important initiatives to ensure long-term competitiveness. The lengthy stoppage on the Iron Ore Line impacted us significantly, while falling iron ore prices and uncertainty in the world market required rapid adaptations. Despite this, we have implemented strategic changes and investments that strengthen our position.

LONG-TERM PERMIT AND BUSINESS DEVELOPMENT

During the year, the main hearing was held in the Swedish Land and Environment Court of Appeal regarding our environmental permit for existing and expanded operations, which is crucial for the future. The ruling is expected in April 2025 and will be a central part of our long-term planning. At the same time, we have worked actively with our long-term plan to develop our position in the value chain through an increased level of refinement, whereby we investigate solutions involving both proven and new technology, which would strengthen our role in the green transition of the steel industry.

EFFICIENCY AND SUSTAINABILITY IN FOCUS

We have implemented comprehensive efficiency measures to adapt our operations to the new market conditions. This has entailed difficult but necessary decisions, including cost savings and organisational changes. I would like to take this opportunity to pass on my heartfelt thanks to all our employees for their tremendous efforts and engagement in this process. At the same time, we have continued to invest in technical development, and our flotation plant is now showing good results and is a key component of our future ore mining operations.

Our sustainability work has intensified, including through our work on restoration of wetland and forest areas. We have also achieved clear improvements in the area of work environment and safety, which has led to a reduction in accidents.

A VIEW TO THE FUTURE AND STRATEGIC PRIORITIES

We enter 2025 with a stable foundation and a clear strategy. Our focus is on ensuring competitiveness and operational efficiency in a market that continues to be challenging. At the same time, we see significant opportunities arising from growing demand for sustainably produced raw materials.

The work aimed at preparing Kaunis Holding AB for a possible public listing has continued, although a potential IPO is ultimately an ownership issue and depends on the development of the market situation.

We are well equipped for the future, with strong owners and a business model that facilitates long-term investments. Thanks to the dedication of our employees and our strategic adaptability, I am convinced that we can continue to create value and contribute to a more sustainable mining industry.

LINUS STYRMAN, CFO, KAUNIS IRON

Responsibility today – opportunities for the future

"The market for iron ore has been cautious and more weak than strong, largely due to the continued uncertainty in China, where the steel industry is struggling with low margins and declining demand. The progress of developments in China over the next twelve months will largely shape the global iron ore market", says Linus Styrman, CFO.

The year has been characterised by a challenging market with falling iron ore prices as a consequence of reduced global demand, in particular for high-grade iron ore. The main reason is that economic developments have not progressed as expected in China, which is the most important market for iron ore. At the same time, the widespread unrest in the Middle East, with disruptions in the Suez Canal and increased transportation costs, has negatively affected our margins. This, together with the rail stoppages on the Iron Ore Line, has had a significant impact on revenue flows and financial stability.

We have taken strong action to address these challenges. Through cost efficiency measures, cost savings, organisational adaptations and a strategic reprioritisation of investments, we have strengthened our resilience and improved our conditions for the future.

FINANCIAL EFFECTS OF LOGISTICS DISRUPTIONS

To manage the situation arising from the extensive rail stoppages on the Iron Ore Line, in particular between December 2023 and March 2024, significant stock levels and storage capacity were built, which resulted in increased costs and a high level of capital tied up in stock. At the same time, we lost revenue during a period of more favourable iron ore prices. In total, the financial consequences of these logistics disruptions can be placed at close to half a billion Swedish kronor.

Linus Styrman, CFO, Kaunis Iron.

PRODUCTION AND QUALITY DEVELOPMENT

When it comes to production, we have seen a somewhat lower level of production of iron ore concentrate, primarily due to lower iron content in the ore. At the same time, we put our new flotation plant into operation during the year, an important investment that enhances our product quality and enables the enrichment of ore with higher sulphur content. This creates new business opportunities and strengthens our competitiveness in a challenging market.

STABILITY AND LONG-TERM THINKING

Despite a continued uncertain market situation, we can see signs of future recovery, including through China's stimulus package, which has given rise to a certain degree of optimism, even if its concrete effects have not yet been realised. We are well equipped to meet future challenges through a clear strategy where cost control, efficiency improvements and sustainable investments form the basis for a long-term stable and competitive business.

External factors and their impact

Geopolitical and economic changes have had a significant impact on the iron ore market, logistics flows and exchange rates over the past year. Weak demand in China, increased transport costs due to unrest in the Middle East and fluctuations in the currency market have created challenges for the industry. At the same time, the war in Ukraine has entailed humanitarian consequences while also affecting the global economy through increased instability. Kaunis Iron has implemented significant measures to meet these changes and ensure a long-term sustainable business.

CHINA – THE IRON ORE MARKET

China, the world's largest consumer of iron ore, has exhibited subdued demand during the year, largely due to a slowdown in the construction and infrastructure sectors. This has resulted in falling iron ore prices and increased uncertainty in the market. Furthermore, China's endeavours to reduce the country's carbon dioxide emissions have the potential to impact steel production and, by extension, demand for iron ore. The stimulus package that was announced in China during the year has given rise to a certain degree of optimism, although the actual effects have not yet materialised.

THE MIDDLE EAST – SHIPPING AND LOGISTICS

The geopolitical situation in the Middle East has had a direct impact on global shipping, in particular due to disruptions in the Suez Canal. This has led to significantly increased transport costs, which has negatively affected our margins. Freight prices have risen by around 30 percent during the year, and continued unstable conditions in the region could lead to further cost increases and operational challenges.

USA – CURRENCY AND TRADE POLICY

The economic and trade policy developments in the USA have created uncertainty in global markets, in particular with regard to trade tariffs. At the same time, the strengthening of the US dollar against the Swedish krona in 2024 was a favourable development for Kaunis Iron. Since the company's revenues are largely in US dollars while a significant part of the cost base is in Swedish kronor, this exchange rate change has had a positive impact on revenues.

FUTURE OUTLOOK

Depending on future developments, and if the trade tariffs were to become permanent, there is a risk of increased volatility in the currency market, which could affect the dollar exchange rate and thus our revenue streams. A potential trade war could also lead to weakened global growth, which could dampen demand for raw materials and create further uncertainty in the market. How the conflict in Ukraine develops will also affect the global economy and thus our prospects moving forward.

Moving forward, our focus will be on actively working to optimise operations in a changing global context, which means full focus on costs and production efficiency. By remaining flexible and proactive, we can create value for our stakeholders and ensure a long-term competitive business.

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.

One of the outcomes of this initiative is the establishment of Kaunis Iron's award, the "Iron Gang honorary award", which was presented for the second year in a row at the Pajala Market in 2024. 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 2024 award winners were David Nordlund, production controller, Håkan Grönberg, mine production worker and Yazdan Ali Hussaini, pilot.

HÅKAN GRÖNBERG – HOW WAS IT TO RECEIVE THE AWARD?
"It was a complete surprise! I feel honoured to receive the award, and the fact that it was my colleagues who voted for me feels great and is something I'm really proud of."

WHAT DOES IT MEAN TO BE A GOOD COLLEAGUE?
"That you see everyone, not least the other members of the shift you are working. It feels really important to make sure that everyone is seen and acknowledged and can talk to each other about anything, both the highs and lows!"

SOME VOICES ON THIS YEAR'S THREE AWARD WINNERS:
"Håkan's positive mood lifts the spirits of the entire shift team – with him around, a good laugh is never far away, be it in the break room or during work. He is knowledgeable, he helps others when needed and he is happy to share the knowledge he possesses. Håkan definitely embodies all of Kaunis Iron's values. He has the ability to see everyone in the group, and he is also a great instructor. The sort of colleague that everyone needs!"

"Yazdan is kind, he has a big heart and he helps everyone around him to succeed in their jobs. He is knowledgeable and is the person you can always turn to for support. He is good at explaining work situations in an understandable and educational manner, which creates a sense of security and trust. Yazdan is always happy and positive, which rubs off on the rest of us."

"David truly embodies Kaunis Iron's three core values. He shows respect for everyone regardless of our experience, and his curiosity and engagement when it comes to follow-ups, documentation and production make us a better team. David plays an active role in the group tasked with ensuring job satisfaction and well-being, where he has enabled activities that contribute to a more pleasant and inclusive workplace. He is also the leading Excel pro at the company!"

David Nordlund.

Håkan Grönberg and Yazdan Ali Hussaini.

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

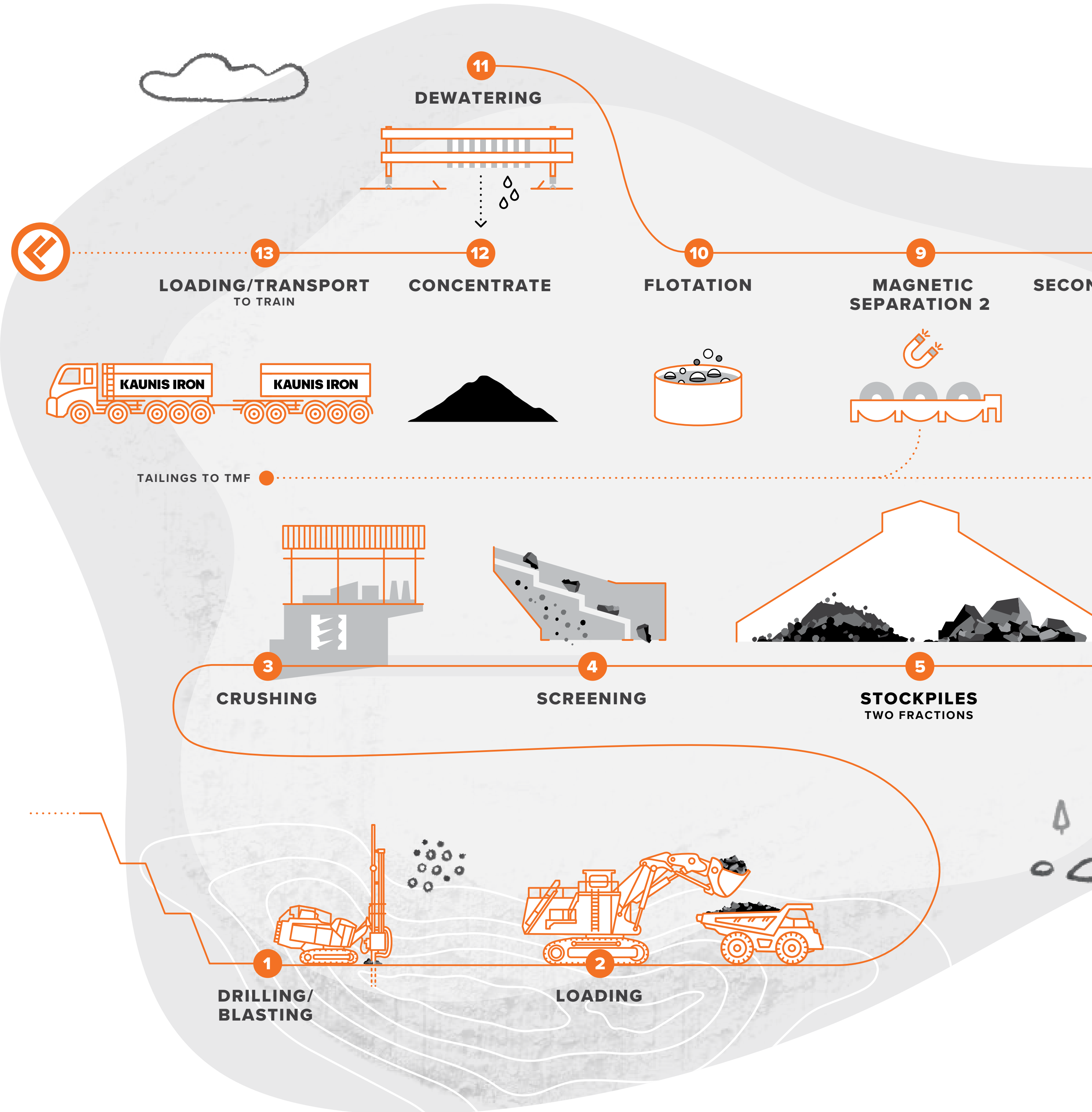
We always do what's required at work, for each other and to ensure safety and security.

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.

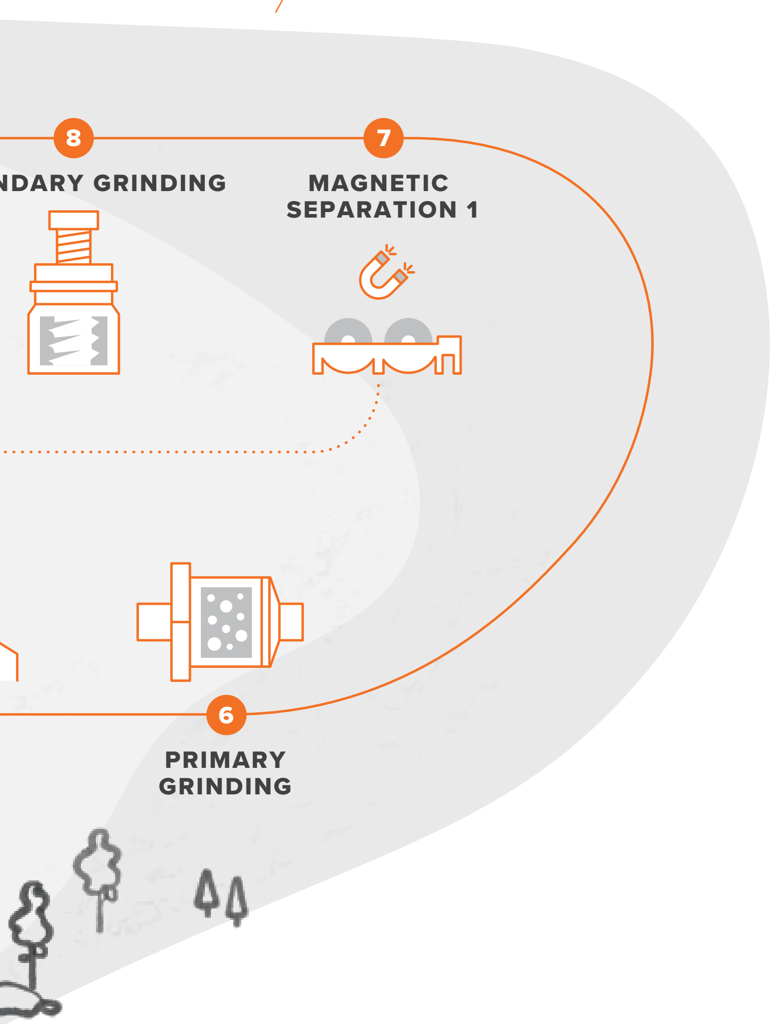


BRIEF FACTS

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.



Flotation – a new step in the process

Johan Oja, Site Manager in Kaunisvaara.

In September 2022, work commenced on our flotation plant and associated buildings in Kaunisvaara. Since February 2024, the work has intensified on optimising the process, and from the end of September it can be said that the flotation plant has started to function properly.

“It’s all thanks to our employees who do such a great job”, says Johan Oja, Site Manager in Kaunisvaara.

Flotation is a new part of our process where the material from the mine passes through the flotation plant in the concentration plant. It is here that reagents are added to enrich the ore, which is an advanced method that enables the handling of material with higher sulphur content. This is an important component for potential future mining projects such as Sahavaara.

“We have invested more than SEK 600 million in a flotation plant, making it one of our largest investments that we have made to ensure the existence of a lasting long-term mining industry in the Tornedalen region”, says Johan Oja, Site Manager in Kaunisvaara.

We can see that flotation works well with the ore in Tapuli, and we are continuing to work on achieving the best levels possible.

“We are making progress with the flotation process all the time, and it’s all thanks to our employees who do such a great job”, concludes Johan Oja.

A long history with deep roots.

Mining and iron working took place in the Pajala region as early 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. The mining company Northland Resources opens an open-pit mine in Kaunisvaara to mine iron ore. The first ore shipment takes place in December 2012.

2013. The price of iron ore stagnates. Northland Resources crashes on the stock market and commences a corporate reconstruction on 8 February.

2014. The price of iron ore drops significantly. In October, Northland Resources ceases production, and the company is placed into bankruptcy in December.

2016. Abcede AB takes over parts of the business – the concentration plant, the truck workshop and the train wagons.

2018. On 19 February, Kaunis Holding AB acquires Abecede AB and all remaining assets in the Northland Resources bankruptcy estate, and changes name to Kaunis Iron AB. A cluster of Swedish investors put up almost SEK 600 million, and mining operations recommence in Kaunisvaara.

On 25 June, the Swedish Environmental Protection Agency applies for Kaunis Iron's environmental permit to be recalled.

On 18 July, Kaunis Iron recommences the mining of ore.

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.

2021. Despite a turbulent world 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.

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.

2023. Development of the new concentration plant takes 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.

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. The company reports a loss for the first time, which can be attributed to reduced demand, an uncertain global situation and disruptions in our logistics chain.
To meet these challenges, we implement comprehensive measures aimed at strengthening the long-term viability of the business.

GROUP MANAGEMENT

1. 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

2. 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

3. 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

4. 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 base industry in northern Sweden during the past 20 years in various types of senior executive positions

5. 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

6. 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

HANS DJURBERG, SUSTAINABILITY MANAGER, KAUNIS IRON

Sustainability in focus – our responsibility for the environment, society and the future

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 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.

STRICT ENVIRONMENTAL PERMIT AND UNIQUE RESTORATION WORK

Our operations are conducted within the framework of a comprehensive environmental permit with around 60 detailed conditions. To ensure that we meet these conditions, we carry out sampling and analyses on an ongoing basis – during the year we have taken more than 5,000 samples. One of our most significant initiatives is our extensive restoration project in which we restore significant areas of wetland and forest. To date we have restored around 330 hectares of wetland and forest (of which 145 hectares in 2024), out of a total overall restoration target of 826 hectares. This represents an initiative on a scale matched by few other organisations.

We work to ensure that our operations do not pollute the Muonio River, from where we also take part of our process water. Our environmental responsibility also includes minimising noise, vibrations and dust, as well as collaboration with the nearby Sámi villages of Sattajärvi and Muonio to ensure a sustainable coexistence.

PERMIT PROCESS AND LAND ALLOCATIONS

During the year we have continued our work aimed at securing access to land for future operations. During the year, important steps were taken in the process regarding land allocations, although the issue is still subject to further dealings. We work actively to reach agreements with landowners, whereby we offer a compensation model that covers the market value plus an additional margin. This is done with respect for the families that have owned the land for generations, and we value an active dialogue in the local community regarding our presence and business development.

Furthermore, during the autumn the main hearing was held in the Swedish Land and Environment Court of Appeal in our case regarding continued and expanded mining operations in Tapuli, Sahavaara and Palotieva with associated operations at the concentration plant in Kaunisvaara. During the main hearing, focus was placed on the parts of the permit to which the opposing parties had objected, which largely concern the impact on reindeer husbandry of road transport using lorries, and how the water that we take in and discharge could potentially affect the Muonio River. We also had the opportunity to describe how the future mining operations are planned to be operated. No Swedish public authorities had chosen to appeal the judgement.

LOGISTICAL CHALLENGES AND IMPROVED TRANSPORT SOLUTIONS

The extensive stoppages on the Iron Ore Line during the year required us to establish a temporary storage facility in Pitkäjärvi, which entailed challenges for nearby stake-

Hans Djurberg, Sustainability Manager at Kaunis Iron.

holders. Through extra rail transports we have gradually reduced the stock levels and were able to return to normal levels in early 2025. We have also taken important steps in our work aimed at minimising the impact on reindeer husbandry through the project "Safe and sustainable transport in the reindeer husbandry area 2.0", where we are collaborating with the Sámi village of Sattajärvi to further develop and implement sustainable transport solutions.

At the same time, improvement measures for increased accessibility and road safety have continued on the 160 km long road between Kaunisvaara and Svappavaara, a project that we are co-financing together with the Swedish Transport Administration.

WORK ENVIRONMENT, HEALTH AND SAFETY

A safe and healthy work environment is a basic requirement for our operations. During the year, we have increased the number of proactive activities, which has led to a clear reduction in accidents resulting in absence from work. We have also strengthened our participation in various forums where we have shared our work environment expertise, including at supplier meetings and safety meetings and through collaboration with the emergency services. These efforts have contributed to increased awareness of systematic health and safety work throughout the organisation.

COMMUNITY ENGAGEMENT AND LOCAL DEVELOPMENT

We have a clear strategy aimed at strengthening the local business community and contributing to long-term sustainable social development. During the year, 65% of our purchases were made locally and regionally, corresponding to SEK 4.1 million locally and a further SEK 7.5 million regionally. By prioritising local recruitment – where 70% of our employees come from the local area – we actively contribute to employment in the region. The municipality of Pajala had the eighth lowest unemployment rate in the country in 2023, and in December 2024 the unemployment rate was 4.4%, compared to 9.7% in December 2017, i.e. at the time prior to recommencement of the mining operations in Kaunisvaara.

To contribute to long-term sustainable housing development in Pajala, we have worked closely with the municipal government in the joint initiative "Bostadslyftet", where we participated at the Business Arena Norr event in order to meet with important stakeholders. To better understand the dynamics of the local housing market and shape our strategy, we have also initiated and funded a survey in which we have mapped the long-term housing needs of local residents. The pace of this work has been adjusted based on amended priorities, but the insights gained from it form the basis for continued dialogue and development.

We are also involved in a project together with Luleå University of Technology, Boliden, LKAB and other organisations, the aim of which is to develop "Tiny Villages" – an updated form of flexible, sustainable and mobile housing adapted to Arctic climate conditions, with focus on social areas, integration and practical needs such as nearby snowmobile parking.

We strive to maintain an open and active dialogue with the municipality's residents regarding our operations. Through regular meetings, info sessions and other initiatives, we create forums where we listen, provide information and discuss the future together. This presence provides us with valuable insights and strengthens our relationship with the local community.

A RESPONSIBLE FUTURE

Kaunis Iron is part of Responsible Steel, an international standard for responsibly produced steel, and we are certified according to ISO 14001 and ISO 9001. These certifications are evidence of our systematic work aimed at achieving high quality and minimal environmental impact.

We look forward to continuing the development of our business with strong focus on balancing social, ecological and economic aspects of sustainability in every decision we make. We strive to maintain a holistic view of sustainability where, through our long-term and proactive work, we contribute to sustainable development of the company's impact on the environment, on the region's business community and on the local community. With this approach, we are building a mining industry for the future in the Tornedalen region.

From 2022 to today – progress in the restoration work

The restoration work is ongoing, and we continue to work according to the plan that has been laid down. “This is a really exciting and long-term initiative. Restoring these important areas makes a difference, and we are doing it on a scale that very few have done before”, says Hans Djurberg, Sustainability Manager at Kaunis Iron.

In 2022 we commenced work on the restoration of wetland and forest areas, and as of today we have restored around 330 hectares out of a total target of 826 hectares.

“This is a really exciting and long-term initiative. Restoring these important habitats makes a difference, and we are doing it on a scale that very few have done before. This work requires us to be both curious and courageous, but also humble in the face of such a challenge”, says Hans Djurberg, Sustainability Manager at Kaunis Iron.

The restoration measures are linked to conditions specified in our environmental permit, and we are carrying out the restoration of wetland and forest areas in order to minimise the effects that our mining operations have on biodiversity. The work entails both retrospective compensation as a result of the earlier establishment in Tapuli (around 140 hectares) and the implementation of proactive measures for future deposits.

“A mine represents an intervention in nature that of course affects not only the actual site where the mine is located, but also the surrounding area. To ensure that valuable habitats are not reduced, we have undertaken a commitment to the long-term restoration and protection of such areas. This means that, in other parts of the area surrounding the mine, we recreate corresponding habitats that are important for biodiversity”, says Lars Wallgren, Environmental and Sustainability Strategist at Kaunis Iron.

As part of the restoration work, we carry out damming of previously ditched wetland, which means that we restore the land to a more natural state that benefits the species that depend on the wetland ecosystem. We also carry out veteranisation, which means that we create habitats similar to those that arise after a forest fire. The main reason for this is that the dying and dead wood in such habitats is important for a variety of species, including insects, fungi and birds such as woodpeckers and rosefinch. We also create open areas with nesting habitats for birds such as the Eurasian curlew.

“There is a lot of work being done in a number of restoration areas. We continue to work intensively according to the plan that has been laid down, and we are trying to maximise the benefit of our restoration activities, which is a constant learning process. It is important that we dare to test different methods and solutions in order to find those that have the intended effect in the short and long term”, concludes Lars Wallgren, Environmental and Sustainability Strategist at Kaunis Iron.

Increased safety for all road users

Kaunis Iron works systematically to reduce the risks in traffic related to the transportation of ore by road. As part of this initiative, the company has co-financed the upgrading of the road network where the transportation of ore takes place, together with the Swedish Transport Administration. Roads have been widened and reinforced and bypasses have been built to increase safety for all road users. The section of road between Peräjävaara and Autio was completed in 2024.

As one of the final pieces of the puzzle in the Kaunisvaara-Svappavaara Ore Transport ("MaKS") project, construction of the new bridge over the Torne River in Autio is underway. The new bridge will facilitate road transport between Kaunisvaara and the transshipment terminal in Pitkäjärvi and will enable two-way traffic.

In June, construction began on the temporary bridge in Autio, which will be used while the new bridge is being built. The aim is for the new bridge to be ready for use in 2026, and it will have a higher load-bearing capacity and will enable two-way traffic. The speed limit on the new bridge will be 90 km/h.

The project has been divided into stages, with the temporary bridge as the first stage, followed by the demolition of the old bridge to enable construction of a new bridge in the same location as the existing one. Construction of the temporary bridge is currently underway so that it can be opened to traffic no later than 30 June 2025.

"The work is progressing well, and we are following the schedule that has been set", says Linnéa Lundberg, Project Manager at the Swedish Transport Administration.

In this case, an emergency bridge will be used, which will be launched onto the concrete supports currently under construction. The emergency bridge is a steel truss bridge that is owned by the Swedish Transport Administration and can be used for various projects around the country where a temporary detour is needed.

The Autio bridge.

WHAT ARE THE CHALLENGES INVOLVED IN BUILDING A TEMPORARY BRIDGE?

"In this case, the Torne River presents a challenge with its intense ice break-up, which means that the temporary supports must be as stable as those of a regular bridge in order to withstand the ice break-up", Linnéa Lundberg explains.

The temporary bridge will be approximately four metres wide and is being built downstream from the existing one. Traffic will be controlled by traffic lights, with a speed limit of 30 km/h over the bridge. Pedestrians and cyclists will be able to cross the river on a pathway attached to the bridge.

MAKS PROJECT EXPECTED TO BE COMPLETED IN 2027

Apart from the Autio bridge, the remaining work includes the stretch of road between Autio and Anttis, which is expected to be completed in 2025, and thereafter the construction of reindeer and wildlife fencing and wildlife crossings on the E45 between Vittangi and Svappavaara. The entire MaKS project is expected to be fully completed in 2027.

Successful collaboration project continues

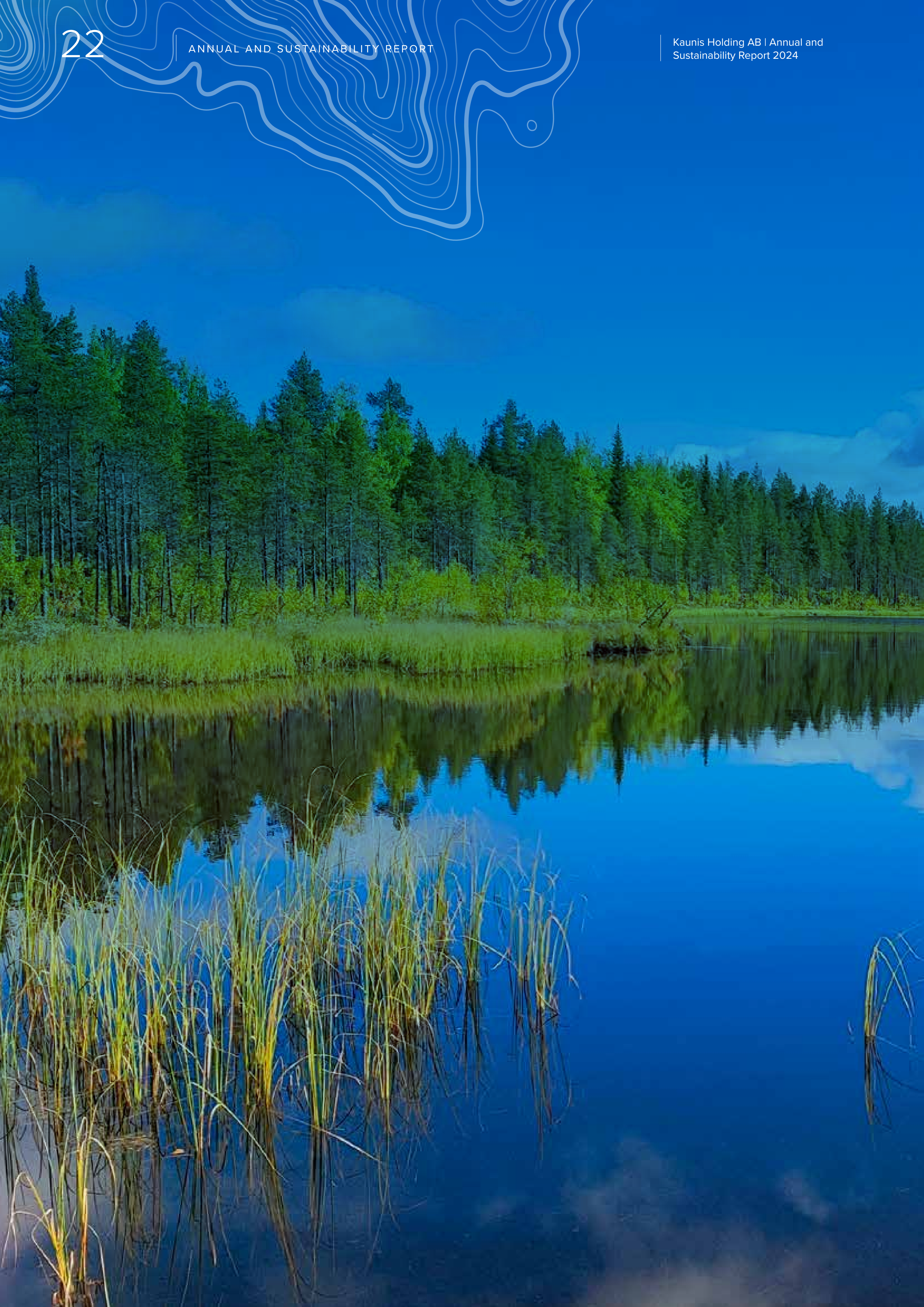
The collaboration project “Safe and sustainable transport in the reindeer husbandry area”, which we carried out together with the Sámi village of Sattajärvi, among others, was completed with good results in early 2024. Now we are continuing this successful initiative with a follow-up project – “Safe and sustainable transport in the reindeer husbandry area 2.0” – in order to continue developing the work methods and all the positive aspects that emerged during the previous project.

In the first part of the project, the number of accidents involving reindeer on the stretch of road between Autio and Peräjävaara was reduced by no less than 60%. The stretch of road in question, which runs for approximately ten kilometres through an area of traditional winter grazing land for reindeer, is used each day by around 200 lorries and other traffic related to the mining industry.

“We can see the results produced by this excellent collaboration, and naturally we would like to continue working in this way. By working together, we can reduce the risks for the grazing reindeer, which of course is a relief for the Sámi village. We are also creating a much safer traffic environment for all road users, not just those involved with road transport for the mining industry in the area”, says Hans Djurberg, Sustainability Manager at Kaunis Iron.

Part of the continuation of our collaboration is the ability to test more innovative ideas aimed at further increasing safety and reducing accidents. Among other things, we intend to further develop the technology that uses transmitters to show where the reindeer are located. This technology makes it easier for us to see if any reindeer are located along the side of the road, in which case our traffic control staff can warn drivers and thus prevent reindeer collisions.

The project also includes Boliden, LKAB, Volvo Trucks, the Swedish Transport Administration, LTU and LTU Business. The project is funded by Vinnova, the Swedish Energy Agency and Formas via the strategic innovation programme Swedish Mining Innovation.



ANNUAL AND SUSTAINABILITY REPORT
2024

HOW WE MAKE A DIFFERENCE...

Our vision sets a challenge. We aim to be the world's best mine (#VBG), something that we all – always, and in every detail – strive to achieve in our daily work. To succeed in achieving this, it is necessary that we have a high level of acceptance of our operations locally, nationally and globally.

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.

Sustainability is often reduced to a purely environmental perspective in the media debate, which is why we feel 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 more.

Ecological sustainability

Environmental work and the transition to a fossil-free and climate-neutral society are always in focus in our sustainability work. 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, our newspaper 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;
- our sustainability work 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.

In 2019, an analysis of our business was carried out on the basis of the 2030 Agenda. This analysis describes how our operations contribute to the 17 Sustainable Development Goals and has formed the basis for the sustainability goals adopted by the Board of Directors.

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.

CO_2

The transition to a fossil-free and climate-neutral society is of importance to us all. Kaunis Iron will be an active and leading force in the achievement of this transition.

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.

GOALS AND OUTCOMES 2024

Below we describe the outcomes of our sustainability work based on the three different aspects of sustainability, as well as how our activities contribute to the fulfilment of the 2030 Agenda. An evaluation of the business is also provided for each area. Work on revising the goals has commenced and will be completed in 2025. The information below therefore includes outcomes for the 2022, 2023 and 2024 years, but not the goals that have been presented in earlier sustainability reports.

ECONOMIC GOALS

Goal	Outcome 2022	Outcome 2023	Outcome 2024	Description and evaluation of the goal and connection to the 2030 Agenda
Equity ratio	67%	75%	77%	The equity ratio is a measure of the percentage of the company's assets that are financed with equity. The mining industry is volatile, and to achieve a longterm stable business it is necessary to have financial strength to cope with cyclical economic downturns. The equity ratio is 77%, which is higher than in 2023. Despite a poorer year profit-wise, the company has continued to finance the balance sheet with equity. The foundation for the high equity ratio has been laid through the profits achieved in previous years.
Quick ratio	263%	347%	227%	The quick ratio provides an indication of liquidity in relation to current liabilities. The mining industry is volatile, and in times of weaker market developments it is important to have a strong cash position to be able to implement and continue initiatives such as investment programmes for industrial development, work environment, safety and sustainable production methods. The quick ratio is 227%, compared to 347% in the previous year. The lower quick ratio is due to the poorer result profit-wise in combination with continued high investments, which have negatively affected cash flow.
Percentage of local purchases	74%	69%	65%	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. The percentage of local purchases is 65%, which can be considered a good outcome despite being somewhat lower than in the previous year. Local purchases continue to be an important factor for local growth.

SOCIAL GOALS

Goal	Outcome 2022	Outcome 2023	Outcome 2024	Description and evaluation of the goal and connection to the 2030 Agenda
Risk observations/ employee/quarter	1.28	0.9	0.6	This goal relates to the number of risk observations reported in the GRIA discrepancy reporting system per employee and quarter. Unfortunately the number of risk observations has decreased compared to the previous year, which is disappointing given how important it is to report wrisk observations in order to prevent accidents and contribute to an improved culture of safety.
Accidents resulting in work absence/million hours worked	12	18.9	10.9	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. However, the current number is still far too high, and we therefore still have much to improve in this area.
Number of proactive activities/reactive events	9.3	10.0	18.3	This goal relates to the number of proactive activities (e.g. risk observations, safety rounds and risk analyses) in relation to reactive events (incidents and accidents). The increased outcome is positive as we strive to achieve a culture of safety where we work proactively and react before accidents and incidents occur. We conduct comprehensive operations that involve 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.
Percentage of women (total employees in the entire Group)	25%	27%	27%	This goal relates to the percentage of women among permanent and probationary employees in the Group. The percentage of women in the Group is unchanged compared to the previous year. Changing the gender distribution within the Group is a long-term project that requires initiatives in relation to both study choices at school and systematic recruitment measures. During the year we have continued to work on the issue of how to achieve a better gender distribution within the Group. We have also chosen to get involved in the County Administrative Boards of Norrbotten and Västerbotten and their initiatives for the achievement of a gender-equal industry in northern Sweden. 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.
Percentage of female managers and supervisors	29%	23%	20%	This relates to the percentage of female managers and supervisors employed on a permanent or probationary basis in the Group. The percentage of female managers and supervisors has gradually decreased during the past two years. This is an area that we are prioritising in order to reverse the negative trend. 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. Good role models are important when it comes to attracting new talent to the business, and also in terms of showing the mining industry as an industry characterised by equality. The long-term ambition (2030) is to achieve a gender distribution that reflects the community in which we live.
Percentage of local employees	70%	66%	70%	This goal relates to the percentage of employees in the Group who live locally, i.e. who don't commute to our workplaces in Kaunisvaara and Junosuando on a weekly basis. The percentage of local employees in 2024 was higher than in the previous year. We continue to face challenges regarding the availability of housing in the municipality, which likely makes it more difficult to attract people to move to the municipality to work with us. Living and working in the same municipality where our mine is located contributes to tax revenues for the municipality and minimises population decline. Being close to one's social network and family also contributes to greater well-being for the individual. We also believe that this leads to an increased level of engagement among employees, as they see how our operations contribute to the local community.

SOCIAL GOALS

Goal	Outcome 2022	Outcome 2023	Outcome 2024	Description and evaluation of the goal and connection to the 2030 Agenda
Percentage of local residents who have a positive or very positive attitude to our operations	93%	93%	N/A	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. No follow-up was carried out in 2024, but one is planned for 2025. In 2023, 93% of local residents had a positive attitude to mining operations in Pajala, which was at the same level as 2022. Age-wise we could see that younger residents were less positive this year, while an increase was visible in the older age categories.
Percentage of local residents who feel that Kaunis Iron has an open and continual dialogue	78%	78%	N/A	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. No follow-up was carried out in 2024, but one is planned for 2025. In 2023, when it came to the question of whether Kaunis Iron has sufficient dialogue regarding environmental impact and societal development, 78% felt that this is the case, which was at the same level as 2022. In 2024 we have continued to hold physical information meetings for the residents of the municipality. The "Kaunis Aktuellt" ("Kaunis News") newspaper is distributed twice a year, and we have continued to develop our digital communication.

ECOLOGICAL GOALS

Goal	Outcome 2022	Outcome 2023	Outcome 2024	Description and evaluation of the goal and connection to the 2030 Agenda
Reduce fossil CO_2 emissions per kt of iron ore concentrate transported by road	6.0	5.65	5.49	This relates to the number of tonnes of CO_2 per kt of iron ore concentrate transported by road. The transition to a fossil-free and climate-neutral society is of importance to us all. Kaunis Iron will strive to be an active and leading force in the achievement of this transition. Compared to the previous year, CO_2 emissions from road transport have decreased by around 3%. The decrease is due to improved roads and the fact that roadworks during the summer did not affect us to the same extent as in 2023. The work aimed at achieving fuel-efficient driving has also had a positive impact.
Reduce fossil CO_2 emissions per tonne of rock in the mine	1.36	1.35	1.48	This relates to the number of tonnes of CO_2 per kt of blasted rock in the mine. The transition to a fossil-free and climate-neutral society is of importance to us all. Kaunis Iron will strive to be an active and leading force in the achievement of this transition. The amount of CO_2 per tonne of blasted rock has increased by around 10%. The main reason for the increase is that we have been mining at a deeper level in the open-pit mine, resulting in longer driving distances than in 2023, which has not been offset by the efficiency measures that have been implemented.
Reduce the amount of N in outgoing water per tonne of blasted rock	0.17	0.28	0.21	This relates to the amount of nitrogen (N) kg/tonne of blasted rock in the mine production. The mining operations have a surplus of water in the system, and the water therefore needs to be released into the Muonio river from time to time. The company is actively working on minimising the need to release water through careful planning and minimising the amount of N in outgoing water. The amount of nitrogen in outgoing water was around 25% lower than in the previous year. The most important explanation is the reduced amount of explosives, which has significantly reduced both the nitrogen content in released water and the total emission of nitrogen. Explosives are the main source of nitrogen in outgoing water, and the total consumption of explosives in 2024 was 4.5% lower than in 2023.
Restoration of wetland and creation of viable stocks of focus species with long-term protection by 2025. Rich wetland: Total restoration 195.6 ha, of which 10.6 ha in 2024. Poor wetland: Total restoration 95 ha, all of which in 2024. Forest: Total restoration 39.6 ha, all of which in 2024. Total: 330.2 ha, of which 145.2 ha in 2024.	20	185	196	This relates to restoration of previously ditched wetland. Kaunis Iron's operations utilise large areas of land and thus also impact areas with valuable nature. To ensure that we avoid the loss of valuable areas and achieve a continual function, the company has undertaken to implement measures aimed at creating long-term protection of biodiversity. A further 11 hectares of rich wetland have been restored during 2024. In addition, 95 ha of poor wetland and 40 ha of forest have also been restored. The total area of wetland and forest that has been restored corresponds to 330 ha, of which 145 ha in 2024, which can be compared to the overall area of 826 ha that has been affected by the existing and expanded mining operations.

DIRECTORS' REPORT

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

In 2024, the market has been characterised by volatility and falling iron ore prices as a consequence of reduced global demand, in particular for high-grade iron ore. The premium payable for iron ore concentrate with high iron content has been under pressure during the year. The main reason is that economic developments have not progressed as expected in China, which is the most important market for iron ore. Even though China's stimulus package, which was announced in the second half of the year, has given rise to a certain degree of optimism, its concrete effects have not yet materialised, leading to a cautious stance among members of the industry.

Global uncertainty has not decreased during the year; rather, the opposite has been the case. The conflict in Ukraine has continued to cause disruptions to Europe's energy supply, and increased tensions between the USA and China have affected global trade relations. In the Middle East, even more widespread unrest has affected us through significantly increased transport costs as shipping through the Suez Canal has been restricted, while inflationary pressure and slow economic recovery continue to characterise the market situation in Europe. These factors reinforce the need for flexibility and robust strategies for managing the economic and operational risks resulting from an uncertain geopolitical environment.

Market developments and global uncertainty, together with the derailment on the Iron Ore Line in December 2023, have had a significant impact on revenue flows and financial stability. In total, the direct and indirect consequences of the derailment on the Iron Ore Line can be placed at close to half a billion Swedish kronor. To meet these financial challenges, comprehensive measures have been implemented to streamline operations and ensure long-term sustainable development. Cost savings have been achieved through staff reductions and a review and streamlining of costs. At the same time, investments have been reprioritised, which has meant that certain planned projects and exploration activities have been scaled down. Furthermore, the Group's short-term strategy has been adapted to prevailing market conditions, with focus on creating a stable foundation for continued operations and future growth.

When it comes to production, 2024 has been more challenging than previous years, especially with regard to the amount of concentrate produced. Lower iron content in the ore from the mine has negatively affected the production of concentrate. The lower iron content, as well as the commissioning of the flotation plant, has also negatively affected the yield. In total, 1,924 thousand tonnes of concentrate were produced. In terms of productivity throughout the production chain, the operations have, however, developed positively during the year, in particular with regard to mining activities and road transport logistics.

The flotation plant, which was put into operation during the year, is a central part of optimising the production process and, above all, increasing the quality of our iron ore. This technology enables the enrichment of ore with higher sulphur content, which not only improves the product quality but also creates opportunities to reach new markets and customers. Hot testing of the flotation plant started in February, and the plant's performance has gradually improved during the year.

In November, the main hearing was held in the Land and Environment Court of Appeal regarding our new environmental permit, which also includes the open-pit mines in Sahavaara and Palotieva. The outcome of this process is crucial to ensuring the Group's long-term operations. The final ruling, which is expected to be announced in April 2025, will have a direct impact on our ability to realise future expansion plans. A positive decision would entail significant progress in strengthening Kaunis Iron's position in the market and creating favourable conditions for further investments in mining operations and business and community development.

In light of the changed market situation and the cost-saving and efficiency measures that have been implemented, the further development of deposits has been limited as a natural priority in order to secure long-term sustainability. At the same time, active measures are ongoing to develop our position in the value chain, from only delivering iron ore concentrate to being able to deliver a more refined raw material to the steel industry. Our letter of intent regarding involvement in a future pellet plant in Narvik is one example of this where we can also better contribute to the green transition. Such an investment would provide significant cost savings through a more efficient logistics chain and is expected to meet the increasing demand for direct reduction (DR) pellets, a key component for more sustainable steel production in our region in the future. At the same time, this strengthens our position in the European market and makes us better equipped to meet future needs and competition.

During the year, we have also worked intensively on preparing Kaunis Holding AB for a possible public listing. This work has involved a review of the Group's financial and operational structures to ensure transparency and compliance with the requirements imposed on listed companies.

Despite challenges concerning volatility in the raw material market, geopolitical unrest and economic uncertainty, we have taken steps to strengthen conditions for long-term mining operations in the Tornedalen region. Through operational adaptations, cost-saving efficiency measures and reprioritisation of investments, we have increased our resilience and created a platform for future growth. The global green transition continues to drive the development of the industry, and we have taken active steps to advance in the value chain and strengthen our position in the European market. With progress in initiatives such as the flotation plant, as well as ongoing permit processes and IPO preparations, we are well equipped to navigate a more competitive global market.

Significant events after the end of the financial year

No significant events have occurred after the end of the financial year.

Investments

In 2024, investments in property, plant and equipment and intangible assets amounted to SEK 420 million and SEK 32 million respectively. This is lower than planned in the investment budget that was set prior to the financial year, due to the pressurised external and market situation that characterised the year. The majority of the investments related to permit-oriented investments (SEK 159 million), investments in mining machinery (SEK 102 million) and exploration and rights of use (SEK 31 million).

The permit-oriented investments are linked to the environmental permit for extended and expanded mining operations that was granted by the Swedish Land and Environment Court in December 2022 and taken up by the Group in 2023. A significant part of these investment activities has been directed towards the expansion of the tailings pond, a project crucial to ensuring the long-term sustainability of the operations and compliance with the permit conditions.

Financing

Since its establishment in 2018, the Group has been financed entirely through equity. Based on the outcome for 2023, a dividend of SEK 224 million was paid to the shareholders.

Over the years, our owners have invested a total of SEK 967 million in Kaunis Holding AB and have received repayments of SEK 1,400 million, resulting in a return totalling SEK 433 million over the past seven years. During the same period, the Group has generated a net profit after financial items of SEK 3.7 billion, of which SEK 2.2 billion has been reinvested in the business through the Group's own cash flows.

The Group's external financing, which is primarily linked to a few objects, amounted to SEK 53 million and financial leases equivalent to SEK 57 million at the end of the year.

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. Within the strategic risks, the company's exposure to macroeconomic 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 a loss of 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 14001, which further strengthens 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.

In 2024, the work on restoration of wetland areas close to the mine has continued according to plan. As of the end of the year, a total of 330.2 hectares of wetland and forest have been restored (of which 145.2 hectares in 2024). This compares to the total overall restoration target of 826 hectares. These restoration activities will contribute to an improved environment and will enhance biodiversity in the area.

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 transhipment station in Pitkäjärvi and is investigating the expansion of the yard capacity at the transhipment 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.

The judgement issued by the Swedish Land and Environment Court on 1 December 2022 regarding a new operational permit has not yet gained legal force as a review is ongoing at the Land and Environment Court of Appeal. However, the permit was put into operation under the terms of its enforcement order on 27 December 2023. The ruling from the Land and Environment Court of Appeal is expected to be announced on 3 April 2025.

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. Continual assessment of both existing and potential suppliers is 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 have been 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.

The effects of the power shift in the USA constitute a potential risk but are difficult to assess at present. 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 given us an increased financing risk.

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. Investments have also been reprioritised, which has led to certain planned projects and exploration activities being scaled down or put on hold.

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 significant 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 and ethical risks

Kaunis Iron operates in a global industry with high demands on regulatory compliance and ethical business practices. Insufficient measures to identify and prevent irregularities, such as fraud, bribery and corruption, could 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	**2024**	**2023**	**2022**	**2021**	**2020**
Net sales (SEK thousand)	1,805,348	2,831,309	2,723,511	2,901,328	1,957,319
Net profit after financial items (SEK thousand)	-150,014	825,309	826,547	1,237,286	612,842
Operating margin (%)	-10.0%	27.7%	30.3%	42.6%	31.3%
Return on total equity (%)	-4.3%	25.1%	32.3%	56.7%	37.1%
Total assets (SEK thousand)	3,203,334	3,833,585	2,743,379	2,370,872	1,995,925
Equity ratio (%)	76.9%	75.4%	66.6%	60.3%	65.4%
Number of employees	436	405	353	338	221

Multi-year overview – Parent Company	**2024**	**2023**	**2022**	**2021**	**2020**
Net sales (SEK thousand)	8,915	15,616	18,090	11,785	2,101
Net profit after financial items (SEK thousand)	424	350,744	350,637	900,525	400,011
Total assets (SEK thousand)	1,587,397	1,806,721	1,076,233	1,019,750	1,033,669
Equity ratio (%)	99.8%	99.9%	99.9%	99.9%	94.1%
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	1,509,390,049
Net profit for the year	336,331
	1,509,726,380
Be appropriated so that:	
To be carried forward	1,509,726,380
	1,509,726,380

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	01/01/2024 –31/12/2024	01/01/2023 –31/12/2023
Net sales	2, 12	1,805,348	2,831,309
Cost of goods sold	4, 7, 8	-1,776,972	-1,742,253
Gross profit		**28,376**	**1,089,056**
Selling expenses	7	-4,430	-6,485
Administrative expenses	5, 7, 8	-224,862	-250,181
Other operating income	3, 9	25,139	2,486
Other operating expenses	7, 10	-4,888	-50,551
Net operating profit	4, 6, 8, 9	**-180,665**	**784,325**
Result from financial items			
Other interest income and similar items	11	36,292	46,774
Interest expenses and similar items	4, 13	-5,641	-5,790
		30,651	**40,984**
Net profit after financial items		**-150,014**	**825,309**
Tax for the year	16	23,015	-173,013
Net profit for the year		**-126,999**	**652,296**
Statement of comprehensive income			
Net profit for the year		-126,999	652,296
Other comprehensive income			
Items that will be reclassified to profit/loss			
Cash flow hedging		-109,802	29,385
Reclassified to profit/loss		11,154	17,553
Tax		20,321	-9,669
Other comprehensive income		**-78,327**	**37,269**
Comprehensive income for the year		**-205,326**	**689,565**
Net profit for the year attributable to:			
Parent Company shareholders		-126,999	652,296
Non-controlling interests		0	0
Comprehensive income for the year attributable to:			
Parent Company shareholders		-205,326	689,565
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	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
Intangible assets	17		
Licenses and software		3,900	6,439
Concessions, permits and rights of use		25,970	14,973
Exploration and development		63,928	50,677
		93,798	**72,089**
Property, plant and equipment	18		
Land and buildings		891,814	558,049
Plant, machinery and equipment		774,014	232,214
Right-of-use assets	4, 19	58,001	121,655
Investments in progress		193,190	609,027
		1,917,019	**1,520,945**
Financial assets			
Other non-current receivables	21	1,917	572
Derivative instruments	22	0	18,990
		1,917	**19,562**
Other non-current assets			
Prepaid expenses	24	3,670	5,504
		3,670	**5,504**
Total non-current assets		**2,016,404**	**1,618,100**
Current assets			
Inventories	25		
Raw materials and consumables		144,821	118,334
Goods under manufacture		132,366	148,856
Finished goods and goods for resale		44,444	758
		321,631	**267,948**
Current receivables			
Trade receivables	26	380,496	260,831
Derivative instruments	37	0	70,222
Tax receivables		9,088	392
Other receivables	27	36,252	58,961
Prepaid expenses and accrued income	28	25,307	28,770
		451,143	**419,176**
Cash and cash equivalents	29	414,157	1,528,361
Total current assets		**1,186,931**	**2,215,485**
TOTAL ASSETS		**3,203,334**	**3,833,585**

BALANCE SHEET

THE GROUP

SEK thousands	Note	31/12/2024	31/12/2023
EQUITY AND LIABILITIES			
Equity	*30*		
Share capital		74,557	74,352
Other contributed capital		885,147	961,359
Retained earnings		1,505,225	1,855,895
		2,464,929	**2,891,606**
Non-current liabilities	33, 34		
Provisions	32	60,869	56,384
Deferred tax liabilities	20	219,148	262,909
Liabilities to credit institutions	33, 34	32,253	5,749
Lease liabilities	4, 33	25,282	56,056
		337,552	**381,098**
Current liabilities			
Liabilities to credit institutions	34	21,250	5,662
Trade payables	*34*	*199,310*	345,330
Current tax liabilities		973	0
Lease liabilities	4, 34	32,481	65,325
Other liabilities	23, 26, 35	28,572	16,590
Derivative instruments	23, 37	9,435	0
Accrued expenses and deferred income	36	108,832	127,974
		400,853	**560,881**
TOTAL EQUITY AND LIABILITIES		**3,203,334**	**3,833,585**

BALANCE SHEET

THE GROUP

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share capital	Other contributed capital	Hedge reserve	Retained earnings	Total
Opening balance 01/01/2023	58,810	531,214	33,566	1,202,689	1,826,279
Correction of error attributable to earlier year*	0	0	0	910	910
Opening equity 01/01/2023 after correction of error	58,810	531,214	33,566	1,203,599	1,827,189
Net profit for the year	0	0	0	652,296	652,296
Other comprehensive income for the year	0	0	37,269	0	37,269
Comprehensive income for the year	**0**	**0**	**70,835**	**652,296**	**2,516,754**
Total comprehensive income	**0**	**0**	**70,835**	**652,296**	**2,516,754**
Transactions with shareholders					
New issue	14,702	352,856	0	0	367,558
Paid warrant premiums	0	4,233	0	0	4,233
Redemption of warrants	840	7,382	0	0	8,222
New issue expenses	0	-6,500	0	0	-6,500
Tax effect of share issue	0	1,339	0	0	1,339
Transactions with shareholders	**15,542**	**359,310**	**0**	**0**	**374,852**
Closing equity 31/12/2023	**74,352**	**890,524**	**70,835**	**1,855,895**	**2,891,606**
Opening equity 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	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					
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 balance 31/12/2024	**74,557**	**892,638**	**-7,492**	**1,505,226**	**2,464,929**

* See note 30

STATEMENT OF CASH FLOW

THE GROUP

SEK thousands	Note	01/01/2024 –31/12/2024	01/01/2023 –31/12/2023
Operating activities			
Net profit after financial items		-150,014	825,309
Adjustment for items not included in cash flow			
Depreciation, amortisation and impairment	7	159,651	129,595
Depreciation of right-of-use assets	7	65,868	59,130
Changes in provisions	32	4,485	3,554
		79,990	**1,017,588**
Income tax paid		-8,149	-262,091
Cash flow from operating activities before changes in working capital		**71,841**	**755,497**
Changes in working capital			
Change in inventories		-53,533	5,914
Change in operating receivables		-93,004	174,742
Change in operating liabilities		-153,181	89,099
Cash flow from operating activities		**-227,877**	**1,025,252**
Investing activities			
Acquisition of property, plant and equipment	18	-420,436	-621,848
Capitalisation of stripping costs		-188,797	-198,854
Acquisition of intangible assets	17	-32,004	-27,909
Cash flow from investing activities		**-641,237**	**-848,611**
Financing activities			
New issue		0	367,559
New issue expenses		0	-6,500
Redemption of warrants		2,007	8,221
Warrant premiums		313	4,233
Borrowing		60,127	10,500
Amortisation of liabilities		-17,564	-7,329
Amortisation of lease liabilities		-66,303	-65,528
Dividends paid		-223,670	0
Cash flow from financing activities		**-245,090**	**311,156**
Cash flow for the year		**-1,114,204**	**487,797**
Cash and cash equivalents at start of year		1,528,361	1,040,564
Cash and cash equivalents at end of year	29	**414,157**	**1,528,361**
Interest received during the year		36,292	46,774
Interest paid during the year		-5,641	-5,790

INCOME STATEMENT

Parent Company

SEK thousands	Note	01/01/2024 –31/12/2024	01/01/2023 –31/12/2023
Net sales	2, 3	8,915	15,616
Cost of goods sold		0	0
Gross profit		**8,915**	**15,616**
Selling expenses		0	0
Administrative expenses	5, 6, 7	-11,545	-14,872
Other operating income	9	0	0
Other operating expenses	10	0	0
Net operating profit	6, 7, 38	**-2,630**	**744**
Result from financial items			
Result from participations in group companies	39	0	350,000
Interest expenses and similar items	13	-3	0
Interest income and similar items	11	3,057	0
		3,054	**350,000**
Net profit after financial items		**424**	**350,744**
Appropriations	14	0	6,320
Tax for the year	16	-88	-1,455
Net profit for the year		**336**	**355,609**

STATEMENT OF COMPREHENSIVE INCOME – PARENT COMPANY

	Note	01/01/2024 –31/12/2024	01/01/2023 –31/12/2023
Net profit for the year		336	355,609
Other comprehensive income		0	0
Comprehensive income for the year		**336**	**355,609**

BALANCE SHEET

Parent Company

SEK thousands	Note	31/12/2024	31/12/2023
ASSETS			
Non-current assets			
Financial assets			
Participations in group companies	40, 41	1,529,572	195,050
		1,529,572	**195,050**
Total non-current assets		**1,529,572**	**195,050**
Current assets			
Current receivables			
Receivables from group companies	42	52,538	1,237,519
Tax receivables		78	174
Prepaid expenses and accrued income	28	840	65
		53,456	**1,237,758**
Cash and cash equivalents	29	4,369	373,913
Total current assets		**57,825**	**1,611,671**
TOTAL ASSETS		**1,587,397**	**1,806,721**

BALANCE SHEET

Parent Company

SEK thousands	Note	31/12/2024	31/12/2023
EQUITY AND LIABILITIES			
Equity	30		
Restricted equity			
Share capital		74,557	74,352
		74,557	**74,352**
Non-restricted equity			
Retained earnings		1,507,276	1,016,026
Share premium reserve		2,114	359,311
Net profit for the year		336	355,609
		1,509,726	**1,730,946**
Total equity		**1,584,283**	**1,805,298**
Untaxed reserves	15	180	180
Current liabilities			
Trade payables		150	16
Liabilities to group companies		448	0
Current tax liabilities		0	7
Other liabilities	35	1,117	1,222
Accrued expenses and deferred income	36	1,220	0
		2,934	**1,245**
TOTAL EQUITY AND LIABILITIES		**1,587,397**	**1,806,721**

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 01/01/2023	58,810	0	665,520	350,506
Transfer within equity	0	0	350,506	-350,506
Net profit for the year	0	0	0	355,609
Other comprehensive income for the year	0	0	0	0
Comprehensive income for the year	**0**	**0**	**0**	**355,609**
Transactions with shareholders				
New issue	14,702	352,857	0	0
Paid warrant premiums	0	4,233	0	0
Redemption of warrants	840	7,382	0	0
New issue expenses	0	-6,500	0	0
Tax effect of share issue	0	1,339	0	0
Transactions with shareholders	**15,542**	**359,311**	**0**	**0**
Closing equity 31/12/2023	**74,352**	**359,311**	**1,016,026**	**355,609**
Opening equity 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**	**0**	**0**
Closing balance 31/12/2024	**74,557**	**2,114**	**1,507,276**	**336**

STATEMENT OF CASH FLOW

Parent Company

	Note	01/01/2024 –31/12/2024	01/01/2023 –31/12/2023
Operating activities			
Net profit after financial items		424	357,064
		424	**357,064**
Income tax paid		-88	-162
Cash flow from operating activities before changes in working capital		**336**	**356,902**
Changes in working capital			
Change in operating receivables	42	-150,217	-708,074
Change in operating liabilities		1,688	-13
Cash flow from operating activities		**-148,193**	**-351,185**
Investing activities			
–		0	0
Cash flow from investing activities		**0**	**0**
Financing activities			
Dividends received		0	350,000
Dividends paid		-223,670	0
New issue		0	367,560
New issue expenses		0	-6,500
Redemption of warrants		2,007	8,221
Warrant premiums		313	4,233
Cash flow from financing activities		**-221,351**	**723,514**
Cash flow for the year		**-369,544**	**372,329**
Cash and cash equivalents at start of year		373,913	1,584
Cash and cash equivalents at end of year	29	**4,369**	**373,913**
Interest received during the year		3,056	2
Interest paid during the year		-3	-1

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 12 February 2025, 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 Financial 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 Financial 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 have come into force as of 1 January 2024 and have a material impact on the Group's financial statements.

No new standards or interpretations have come into force in 2024 that have had an impact on these consolidated financial statements.

New standards and interpretations that come into force in the 2025 calendar year or thereafter
The new standards or interpretations that have currently been enacted to come into force in 2025 or thereafter and are expected to have a material impact on the Group's financial statements are IFRS 18. For us, the new guidelines entail how certain items should be classified in the financial statements, as companies must provide detailed information about any non-standardised performance measures. This will facilitate clearer comparison of the Kaunis companies' reports between companies and industries.

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 31 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. Overall, the assessment is that the risk regarding a valid operating permit is less at present than it was previously, partly because the permit previously issued by the Transboundary River Commission is valid, and partly because of the positive judgement that was announced in December 2022. 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.

Operating segment reporting
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. Kaunis has changed the name of the item Accounts receivable to Trade receivables (see note 26).

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 2024, 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 February and the month of March respectively. To avoid recognition of revenues in a manner that could lead to a substantial reversal in 2025, 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 (3%) 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 the components is used as the basis for depreciation. 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 has not yet gained legal force, which is why the estimated useful life remains unchanged.

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

Open pit and waste rock capitalisation	Production-based
Properties used in operations	4 years to 11 years
Land improvements	3 years to 9.5 years
Plant and machinery	3 years to 11 years
Equipment, tools, fixtures and fittings	3 years to 5 years
Remediation costs	9.5 years
Flotation plant	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 directly attributable to the open-pit mine will be done as production-based amortisation.

The following amortisation periods are applied to intangible assets:

Licenses and software	3 years to 8 years
Concessions and permits	9.5 years
Rights of use	4 years to 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.

As of balance sheet date 31/12/2024, the Group has not identified any assets for which there are indications that the recoverable amount may be less than the carrying amount. The assessment of the period during which the asset is expected to be used is based on the assumption that necessary environmental permits can be extended in accordance with the Group's mine plan.

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, additional purchase price 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.

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 and additional purchase price liabilities. 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
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, from 2022, we capitalise the excess waste rock production in the balance sheet and reduce the cost for the mine. Up to and including December 2024, a total amount of SEK 541 million has been capitalised in relation to the higher waste rock production. The cost of the capitalised stripping is calculated on the basis of the average cost per tonne of waste rock life of mine. The average production cost since the start of the mine has been used.

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 Financial Reporting Board's recommendation RFR 2 Accounting for legal entities, and the statements issued by the Swedish Financial 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	
	2024	2023	2024	2023
Mining operations	1,805,348	2,831,309	8,915	15,616
Other	0	0	0	0
	1,805,348	2,831,309	8,915	15,616

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

	Group		Parent Company	
	2024	2023	2024	2023
Nordic region	0	0	8,915	15,616
Rest of Europe	707,546	383,964	0	0
North America	72,814	80,357	0	0
Asia	1,024,989	2,366,988	0	0
	1,805,348	2,831,309	8,915	15,616

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	
	2024	2023	2024	2023
Largest customer	39%	44%	0%	0%
Second largest customer	32%	30%	0%	0%
Third largest customer	15%	14%	0%	0%
Fourth largest customer	10%	7%	0%	0%
Intra-group	0%	0%	100%	100%
Other customers	4%	5%	0%	0%
	100%	100%	100%	100%

Revenue from contracts with customers:

	Group		Parent Company	
	2024	2023	2024	2023
Revenue, contracts with price adjustment at fair value	1,059,155	2,123,294	0	0
Revenue, other contracts with customers	786,126	472,939	0	0
Total revenue from contracts with customers	1,845,281	2,596,233	0	0
			0	0
Total revenue from contracts with customers incl. currency hedges	1,845,281	2,596,233	0	0
Effect of price adjustment at fair value	-39,933	235,076	0	0
Total revenue	1,805,348	2,831,309	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 for one of the other customers. Deliveries to the Group's other customers amount to 4% (5%) 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 the two deliveries in 2024 priced on the basis of market prices has not been finally determined after the balance sheet date.

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 1,260 thousand (760) 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 shorter 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:

		Group		Parent Company	
	Contract period	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Mining machinery	5 years	3,035	23,409	0	0
Trucks	2–8 years	28,270	63,008	0	0
Premises used in operations	3–10 years	23,576	32,525	0	0
Other vehicles	3 years	3,120	2,713	0	0
		58,001	121,655	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 33 Non-current liabilities. Interest expensed in the income statement with regard to leases amounts to SEK 4,049 thousand (4,367).

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% on 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 26.8 million (23.1). 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:

	2024	2023
Depreciation, amortisation and impairment of tangible and intangible assets		
Mining machinery	20,375	21,942
Trucks	34,737	28,248
Premises used in operations	9,441	8,037
Other vehicles	1,314	903
	65,867	59,130
Other external expenses		
Expenses attributable to short-term leases	26,239	22,636
Expenses attributable to leases for which the underlying asset is of low value and which are not short-term leases	535	462
Expenses attributable to variable lease payments not included in lease liabilities	0	0
	26,774	23,098
Financial expenses		
Interest expenses	4,049	4,367
	4,049	4,367
Total costs related to leases recognised in the statement of comprehensive income	96,690	86,595
Cash flow leases		
Repayments	60,730	59,260
Interest paid	4,049	4,367
Prepaid lease payments	5,091	6,031
Total cash flow leases	69,870	69,658

Note 5 Auditors' fees

	Group		Parent Company	
	2024	2023	2024	2023
Ernst & Young AB				
Audit assignment	1,400	1,400	400	400
Other auditing activities	0	0	0	0
Tax consultancy	0	0	0	0
Other services	4,126	250	4,109	0
	5,526	1,650	4,509	400

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 2024		Group 2023	
Average number of employees	Number of employees	Of which men	Number of employees	Of which men
Parent Company	0	0%	0	0%
Sweden	0	0%	0	0%
Subsidiaries				
Sweden	436	71%	405	73%
	436	71%	405	73%
Group total	436	71%	405	73%

Salaries and other remuneration

	Group		Parent Company	
	2024	2023	2024	2023
Board and CEO	9,005	15,033	1,664	11,248
(of which bonuses)	(0)	(0)	(0)	(0)
Other employees	254,411	230,282	0	0
	263,416	245,315	1,664	11,248

Social security expenses

Pension costs for Board and CEO	1,010	1,036	0	0
Pension costs for other employees	23,078	16,421	0	0
Other social security expenses	87,805	81,142	302	1,944
	111,892	98,599	302	1,944

Pension obligations

Board and CEO	0	0	0	0

Remuneration and benefits – senior executives

	Group		Parent Company	
	2024	2023	2024	2023
Chairman of the Board Anders Sundström				
Directors' fees	624	624	624	624
Variable cash remuneration bonus	0	3,333	0	3,333
	624	3,957	624	3,957
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	3,333	0	3,333
	208	3,541	208	3,541
Board member Jenny Gotthardsson				
Directors' fees	208		208	
	208	0	208	0
Board member Eva Kaijser				
Directors' fees	208		208	
	208	0	208	0
Total remuneration to Board of Directors	1,664	7,914	1,664	7,914
Chief Executive Officer				
Fixed remuneration	4,008	3,785	0	0
Variable cash remuneration bonus	3,333	3,333	0	3,333
Pension insurance	1,010	1,036	0	0
Car benefit	126	121	0	0
	8,477	8,275	0	3,333
Other senior executives – 8 (7)				
Fixed salary	10,465	7,240	0	0
Pension insurance	2,374	1,400	0	0
Car benefit	108	41	0	0
	12,947	8,681	0	0
Total remuneration to Group management	21,424	16,956	0	3,333
Total remuneration to senior executives	23,088	24,870	1,664	11,247

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. According to the terms of the employment contract, the Deputy CEO is entitled to receive 12 months' severance pay upon cessation of employment.

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

Gender distribution among senior executives:

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Percentage of women on the Board	28%	0%	28%	0%
Percentage of men on the Board	72%	100%	72%	100%
Percentage of women among other senior executives – 1 (1)	14%	14%	14%	14%
Percentage of men among other senior executives – 7 (6)	86%	86%	86%	86%

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

Note 7 Operating expenses broken down by type

	Group		Parent Company	
	2024	2023	2024	2023
Direct production costs	1,026,600	916,815	0	0
Change in inventories	-27,195	31,879	0	0
Other external expenses	399,325	514,317	9,578	1,680
Personnel expenses	382,015	353,559	1,967	13,192
Other operating expenses	4,888	50,551	0	0
Depreciation – owned assets	159,651	123,219	0	0
Depreciation – right-of-use assets	65,868	59,130	0	0
	2,011,152	2,049,470	11,545	14,872

Note 8 Depreciation/amortisation broken down by function

	Group		Parent Company	
	2024	2023	2024	2023
Cost of goods sold	213,860	170,937	0	0
Administrative expenses	11,659	11,412	0	0
	225,519	182,349	0	0

Note 9 Breakdown of other operating income

	Group		Parent Company	
	2024	2023	2024	2023
Rental income	1,260	760	0	0
Invoiced costs	2,223	1,713	0	0
Insurance payouts	272	0	0	0
Exchange rate differences – operating receivables	19,810	0	0	0
Other	1,573	13	0	0
	25,139	2,486	0	0

Note 10 Breakdown of other operating expenses

	Group		Parent Company	
	2024	2023	2024	2023
Exchange rate differences – operating receivables/liabilities	449	28,160	0	0
Loss on sale of property, plant and equipment	251	16,825	0	0
Remediation costs	4,188	5,566	0	0
	4,888	50,551	0	0

Note 11 Other interest income and similar items

	Group		Parent Company	
	2024	2023	2024	2023
Discounted interest income – remediation reserve	0	2,013	0	0
Interest income from bank	32,134	37,817	3,053	0
Non-taxable interest income	636	860	4	0
Total interest income according to the effective interest rate method	32,770	40,690	3,057	0
Exchange rate differences on cash and cash equivalents in foreign currency	3,521	6,084	0	0
Total	36,292	46,774	3,057	0

Note 12 Change in value of derivatives

	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Realised futures contracts	11,154	17,553	0	0
	11,154	17,553	0	0

Note 13 Interest expenses and similar items

	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Interest expenses – right-of-use assets	4,049	4,367	0	0
Total interest expenses according to the effective interest rate method	4,049	4,367	0	0
Discounted interest expenses – remediation reserve	297	0	0	0
Exchange rate differences on cash and cash equivalents in foreign currency	0	0	0	0
Other interest expenses	1,294	1,423	3	0
	5,641	5,790	3	0

Note 14 Appropriations

	Parent Company 2024	Parent Company 2023
Group contributions	0	6,500
Transfer – tax allocation reserve 2023	0	-180
	0	6,320

Note 15 Untaxed reserves

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

Note 16 Tax for the year

	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Current tax	-156	-104,187	-88	-1,455
Adjustment relating to previous years	-275	-16	0	0
Change in deferred tax relating to temporary differences	23,446	-68,810	0	0
Change in deferred tax assets relating to loss carryforwards	0	0	0	0
Total reported tax	23,015	-173,013	-88	-1,455
Average effective tax rate	15.4%	21.0%	20.8%	0.4%

Reconciliation of effective tax rate

	Group 2024	Group 2023	Parent Company 2024	Parent Company 2023
Reported profit before tax	-150,014	825,309	424	350,744
Tax on reported profit according to applicable tax rate 20.6%:	30,903	-170,014	-87	-72,253
Tax effect of:				
Non-deductible expenses	-3,092	-378	0	0
Non-taxable dividends	0	0	0	72,100
Non-taxable income	131	177	1	0
Share issue expenses	0	0	0	-1,339
Standard rate income – tax allocation reserve	-4,652	-2,782	-1	0
Other tax-related adjustments	-275	-16	0	37
Reported tax	23,015	-173,013	-88	-1,455
Effective tax rate	15.4%	21.0%	20.8%	0.4%

See note 20 regarding the change in deferred taxes.

Note 17 Intangible assets

Group

	Exploration and evaluation	Concessions and rights of use	Licenses and software	Investments in progress	Total
Cost of acquisition					
Opening balance 01/01/2023	32,149	14,732	17,211	0	64,092
Investments	18,528	9,381	0	0	27,909
Disposals	0	0	-294	0	-294
Reclassifications	0	0	0	0	0
Closing balance 31/12/2023	50,677	24,113	16,917	0	91,707
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
Depreciation					
Opening balance 01/01/2023	0	-6,979	-7,235	0	-14,214
Disposals			80	0	80
Depreciation for the year	0	-2,161	-3,323	0	-5,484
Closing balance 31/12/2023	0	-9,140	-10,478	0	-19,618
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
Carrying amount					
01/01/2023	32,149	7,753	9,976	0	49,878
31/12/2023	50,677	14,973	6,439	0	72,089
01/01/2024	50,677	14,973	6,439	0	72,089
31/12/2024	63,928	25,970	3,899	0	93,798

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

	2024	2023
Cost of goods sold	-10,296	-5,484
Administrative expenses	0	0
Total	-10,296	-5,484

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 18 Property, plant and equipment

Group

	Land and buildings	Plant, machinery and equipment	Construction in progress	Total
Cost of acquisition				
Opening balance 01/01/2023	430,292	399,520	102,133	931,945
Investments	41,393	64,564	515,892	621,849
Stripping costs			198,854	198,854
Reclassifications	199,655	8,197	-207,852	0
Sales/disposals	-7,567	-8,698	0	-16,265
Closing balance 31/12/2023	663,773	463,583	609,027	1,736,383
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
Depreciation				
Opening balance 01/01/2023	-72,782	-156,679	0	-229,461
Sales/disposals	3,071	1,449	0	4,520
Depreciation for the year	-36,013	-76,139	0	-112,152
Closing balance 31/12/2023	-105,724	-231,369	0	-337,093
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
Carrying amount				
01/01/2023	357,510	242,841	102,133	702,484
31/12/2023	558,049	232,214	609,027	1,399,290
01/01/2024	558,049	232,214	609,027	1,399,290
31/12/2024	891,814	774,014	193,190	1,859,018

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 the balance sheet date amounts to SEK 26,260 thousand (22,201). Accumulated depreciation amounts to SEK -16,073 thousand (-12,853).

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

	2024	2023
Cost of goods sold	-137,820	-100,740
Administrative expenses	-11,659	-11,412
Total	-149,479	-112,152

Note 19 Right-of-use assets

Group

	Mining machinery	Trucks	Premises used in operations	Other	Total
Cost of acquisition					
Opening balance 01/01/2023	92,314	174,297	69,685	8,113	344,409
Investments	0	45,568	13,240	2,471	61,279
Revaluations	84	4,312	216	0	4,612
Sales/disposals	0	-105,696	-24,901	-6,515	-137,112
Closing balance 31/12/2023	92,398	118,481	58,240	4,069	273,188
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
Depreciation					
Opening balance 01/01/2023	-47,001	-133,173	-42,212	-7,039	-229,425
Revaluations	-45	252	0	0	207
Sales/disposals	0	105,696	24,533	6,586	136,815
Depreciation for the year	-21,942	-28,248	-8,037	-903	-59,130
Closing balance 31/12/2023	-68,988	-55,473	-25,716	-1,356	-151,533
Opening balance 01/01/2024	-68,988	-55,473	-25,716	-1,356	-151,533
Revaluations		-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
Carrying amount					
01/01/2023	45,313	41,124	27,473	1,074	114,984
31/12/2023	23,410	63,008	32,524	2,713	121,655
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

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

	2024	2023
Cost of goods sold	-65,868	-59,130
Administrative expenses	0	0
Total	-65,868	-59,130

	2024	2023
Depreciation for the year – leasing	65,868	59,130
Interest paid for the year – leasing	4,049	4,367
Expenses for the year – short-term rental	26,239	22,636
Expenses for the year – low value	525	453
Total	96,680	86,586

Note 20 Deferred tax asset/tax liability

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Opening balance	-262,909	-184,195	0	0
New tax assets	5,213	5,575	0	0
Reversed tax assets	-186	-263	0	0
New tax liabilities	0	-84,026	0	0
Reversed tax liabilities	38,735	0	0	0
Total deferred tax asset (+) / tax liability (-)	-219,148	-262,909	0	0

Specification of deferred tax assets/tax liabilities

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Deferred tax assets/tax liabilities				
Depreciation on excess value mine	9,626	8,145	0	0
Depreciation on other properties	13,661	9,929	0	0
Temporary differences on leases over equity	1,000	1,186	0	0
Temporary differences on discount rate	3,832	3,832	0	0
Temporary differences on untaxed reserves	-137,721	-194,190	0	0
Temporary differences on stripping costs	-111,489	-73,433	0	0
Temporary differences on currency hedging	1,944	-18,378	0	0
Non-utilised loss carryforwards	0	0	0	0
Total deferred tax asset (+) / tax liability (-)	-219,148	-262,909	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 21 Other non-current receivables

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Opening cost of acquisition	572	616	0	0
New receivables	1,345	23	0	0
Amortisations, outgoing receivables	0	-67	0	0
Reclassifications	0	0	0	0
Closing accumulated cost of acquisition	1,917	572	0	0
Closing carrying amount	1,917	572	0	0
Specification of non-current receivables				
Other bank guarantees and deposits	1,917	572	0	0
	1,917	572	0	0

Note 22 Derivative instruments

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Opening cost of acquisition	18,990	18,215	0	0
New receivables	0	775	0	0
Amortisations, outgoing receivables	-18,990	0	0	0
Reclassifications	0	0	0	0
Closing accumulated cost of acquisition	0	18,990	0	0
Closing carrying amount	0	18,990	0	0

Note 23 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 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

Hedging instruments identified in hedge relationships as of 31 December 2023
Group

Hedging instrument nominal amount	Less than 3 months	3 months –1 year	1–2 years	Total
Currency futures USD/SEK	18,750	51,472	18,990	89,212
Average USD/SEK future rate	10.77	10.68	10.57	10.67

Effects of hedge accounting on financial position and profit	Group 31/12/2024	31/12/2023
Reconciliation of hedge reserve (cash flow hedging)	Hedge reserve	Hedge reserve
Opening carrying amount	89,212	42,274
Change in fair value of currency futures, reported in Other comprehensive income	-109,802	29,385
Amount reversed to profit/loss, via Other comprehensive income	11,154	17,553
Total	-9,436	89,212
Tax	1,944	-18,378
Closing carrying amount	-7,492	70,834

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 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 *
Hedging instruments identified in hedge relationships as of 31 December 2023	
Nominal amount in foreign currency	115,000
Carrying amount	89,212
Hedged item as of 31 December	
Item in balance sheet	89,212
Carrying amount	n/a *
Period change in fair value, for measurement of ineffectiveness	
Hedging instrument	46,938
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 24 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	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Allocated start-up costs as of balance sheet date	5,504	7,339	0	0
Of which current	-1,835	-1,835	0	0
Allocated year 2 to 5	3,670	5,504	0	0
Allocated year 5+	0	0	0	0
	3,670	5,504	0	0

Note 25 Inventories

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Raw materials and consumables	144,821	118,334	0	0
Goods under manufacture	132,366	148,856	0	0
Finished goods and goods for resale	44,444	758	0	0
	321,631	267,948	0	0

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

Note 26 Trade receivables

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Trade receivables not overdue	88,545	91	0	0
Overdue 0–30 days	0	258	0	0
Overdue 31–60 days	556	0	0	0
Overdue 61–90 days	0	0	0	0
Overdue more than 90 days	0	0	0	0
	89,101	349	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	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Trade receivables, with price adjustment at fair value, classified at fair value in profit/loss;				
Initial valuation[1]	259,817	135,406	0	0
Price adjustment at fair value, preliminary	23,909	125,076	0	0
Price adjustment at fair value, final[1]	0	0	0	0
	0	0	0	0
Total trade receivables at fair value	283,726	260,482	0	0
Trade receivables, classified at amortised cost;	7,979	0	0	0
Total	7,979			
Total trade receivables[2]	380,496	260,831	0	0

1 SEK 260 million was presented as accrued income in previous year; the presentation has been changed for the comparative year

2 SEK 260 million was presented as accrued income in previous year; the presentation has been changed for the comparative year

	Group		Parent Company	
Negative price adjustments at fair value for preliminarily invoiced revenue from customers:	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Initial valuation	-25,416	0	0	0
Repayment liability, preliminary	15,882	0	0	0
Repayment liability, finalised	0	0	0	0
Total repayment liabilities (reported as Other liabilities)	-9,534	0	0	0
Liabilities to customers, classified at amortised cost;	-310	0	0	0
Total	-310	0	0	0

Note 27 Other current receivables

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
VAT receivable	35,989	48,022	0	0
Other current receivables	263	10,939	0	0
	36,252	58,961	0	0

Note 28 Prepaid expenses and accrued income

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Prepaid lease payments	4,249	5,306	0	0
Prepaid insurance premiums	12,352	297	0	65
Prepaid start-up costs subcontractors	2,697	1,834	0	0
Invoiced but not delivered	4	8,403	0	0
Prepaid software	1,607	1,830	0	0
Delivered but not invoiced revenue	0	0	0	0
Prepaid rent expenses	1,372	8,308	0	0
Other prepaid expenses	3,026	2,792	840	0
	25,307	28,770	840	65

Note 29 Cash and cash equivalents

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Bank accounts	414,157	1,463,932	4,369	373,913
Blocked bank funds	0	64,429	0	0
Available account balances	414,157	1,528,361	4,369	373,913

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. The previous year's blocked bank funds have been released into cash and cash equivalents.

Note 30 Equity

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Change in number of shares				
Opening number	74,351,676	58,809,514	74,351,676	58,809,514
Redemption of warrants	205,000	15,542,162	205,000	15,542,162
Closing number	74,556,676	74,351,676	74,556,676	74,351,676

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 correspond to the quota value of 205,000 shares.

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Change in number of warrants				
Opening number	1,775,000	543,750	1,775,000	543,750
Issued	50,000	1,275,000	50,000	1,275,000
Exercised warrants	-100,000	-443,750	-100,000	-443,750
Net change in the Company's own holdings	-50,000	400,000	-50,000	400,000
Closing number	1,675,000	1,775,000	1,675,000	1,775,000

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	SEK 11.42	29/02/2024
7. 2023/2026	1,675,000	-350,000	1,325,000	SEK 40.47	31/08/2026
8. 2024/2027	350,000	0	350,000	SEK 43.75	31/08/2027
	4,200,000	-2,525,000	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 outstanding warrants in item eight 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 400,000 warrants and a new subscription for 350,000 warrants.

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 23 and SEK 25 per share respectively)
- Strike price (SEK 20 and SEK 43.75 respectively for the series of warrants)
- Time remaining until expiration (3.00 and 4.00 years respectively)
- 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 -0.33%–2.76% for the various terms)
- Volatility (estimated at 40% based on analysis of comparable companies)

Note 31 Change in equity, adjustment for previous year

	Group	
	31/12/2024	31/12/2023
Opening balance retained earnings	0	1,202,689
Correction of error attributable to earlier leasing assessment	0	910
Opening balance after correction of error	0	1,203,599

Note 32 Provisions

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Opening balance	56,383	52,830	0	0
Increase in provisions	4,189	5,566	0	0
Discount effect	297	-2,013	0	0
	60,869	56,383	0	0
Specification of provisions				
Remediation undertakings mining operations	60,869	56,384	0	0
	60,869	56,384	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 3 years, which corresponds to the remaining "Life of mine" plan with a discount rate of 2.25%. The interest rate level corresponds 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 -0.3 million (+2).

Note 33 Non-current liabilities

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Due 1–5 years after balance sheet date				
Provisions	0	0	0	0
Deferred tax liabilities	210,940	262,909	0	0
Liabilities to credit institutions	32,253	5,749	0	0
Lease liabilities	25,282	55,596	0	0
Other liabilities	0	0	0	0
	268,475	324,254	0	0
Due later than 5 years after balance sheet date				
Provisions	60,869	56,384	0	0
Liabilities to credit institutions	0	0	0	0
Lease liabilities	0	460	0	0
Other liabilities	0	0	0	0
	60,869	56,844	0	0

Note 34 Financial liabilities and maturity structure

Group			31/12/2024		31/12/2023	
Conditions and repayment periods	Due	Interest rate	Nominal amount	Carrying amount	Nominal amount	Carrying amount
Trade payables	2025	0.00%	199,310	199,310	0	0
Trade payables	2024	0.00%	0	0	345,330	345,330
Liabilities to credit institutions	2024	4.51%	0	0	5,662	5,662
Liabilities to credit institutions	2025	4.51%	21,250	21,250	5,749	5,749
Liabilities to credit institutions	2026	4.51%	32,253	32,253	0	0
			252,813	252,813	356,741	356,741

Future undiscounted cash flows

31/12/2024	Total	Less than 3 months	3 months –1 year	1–3 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

31/12/2023	Total	Less than 3 months	3 months –1 year	1–3 years	4–5 years	5+ years
Liabilities to credit institutions	12,440	1,556	4,667	6,217	0	0
Financial lease liabilities	134,403	17,608	52,824	52,256	11,200	515
Other liabilities	0	0	0	0	0	0
Trade payables	345,330	345,330	0	0	0	0
	492,173	364,494	57,491	58,473	11,200	515

Future undiscounted cash flows include both amortisation and interest.

Note 35 Other current liabilities

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Social security expenses and PAYE tax	12,005	11,716	1,076	850
VAT liability	0	0	41	372
Special payroll tax	6,803	4,542	0	0
Repayment liabilities to customers (see note 25)	9,534	0	0	0
Other liabilities	229	332	0	0
	28,572	16,590	1,117	1,222

Note 36 Accrued expenses and deferred income

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Accrued salaries	14,018	23,055	0	0
Accrued holiday pay	27,910	26,145	0	0
Accrued social security expenses	10,710	10,222	0	0
Accrued energy costs	6,014	7,593	0	0
Accrued costs for maintenance and repairs	6,078	8,221	0	0
Accrued operating expenses mine and concentration plant	15,568	17,676	0	0
Accrued expenses investment projects	0	7,694	0	0
Accrued costs for logistics	8,556	4,154	0	0
Accrued selling expenses	4,430	6,485	0	0
Accrued administrative expenses	6,487	8,863	1,220	0
Liability to subcontractor	9,061	7,866	0	0
	108,832	127,974	1,220	0

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

31/12/2024	Measurement hierarchy	Fair value via Other comprehensive income	Amortised cost	Total carrying amount
ASSETS				
Financial assets				
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				
Non-current liabilities				
Liabilities to credit institutions			32,253	32,253
Current liabilities				
Liabilities to credit institutions			21,250	21,250
Derivative instruments	2	9,435		9,435
Trade payables			199,310	199,310
Total financial liabilities		9,435	252,813	262,248

31/12/2023	Measurement hierarchy	Fair value via profit/loss	Amortised cost	Total carrying amount
ASSETS				
Financial assets				
Other non-current receivables			572	572
Derivative instruments	2	18,990	0	18,990
Current assets				0
Trade receivables			260,831	260,831
Derivative instruments	2	70,222		70,222
Cash and cash equivalents			1,528,361	1,528,361
Total financial assets		89,212	1,789,764	1,878,976
LIABILITIES				
Non-current liabilities				
Liabilities to credit institutions			5,749	5,749
Current liabilities				
Liabilities to credit institutions			5,662	5,662
Derivative instruments		18,378		18,378
Trade payables			345,330	345,330
Total financial liabilities		18,378	356,741	375,119

Note 38 Purchases and sales between group companies

	Parent Company	
	2024	2023
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	
	2024	2023
Anticipated dividend Kaunis Iron AB	0	350,000

Note 40 Participations in group companies

	Parent Company	
	31/12/2024	31/12/2023
Opening cost of acquisition	195,050	195,050
Acquisitions during the year	0	0
Conditional shareholder contributions	1,334,522	0
Closing accumulated cost of acquisition	1,529,572	195,050
Closing carrying amount	1,529,572	195,050

Note 41 Specification of participations in group companies

Name	Share of equity	Share of voting rights	Number of shares	31/12/2024 Number of shares	31/12/2023 Carrying amount
Kaunis Iron AB	100%	100%	1,000,000	1,514,522	180,000
Kaunis Iron Logistik AB	100%	100%	500	15,050	15,050
				1,529,572	195,050

	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	
	31/12/2024	31/12/2023
Opening cost of acquisition	1,237,519	879,500
New receivables	149,541	358,019
Outgoing receivables[1]	-1,334,522	0
Closing accumulated cost of acquisition	52,538	1,237,519

	Parent Company	
	31/12/2024	31/12/2023
Counterparty:	538	1,185,519
Kaunis Iron AB	52,000	52,000
Kaunis Iron Logistik AB	52,538	1,237,519

1) 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.
The Group hedges parts of its currency risk through currency futures contracts. 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.

Note 44 Pledged assets

	Group		Parent Company	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Assets pledged for own liabilities to credit institutions:				
Floating charges	0	75,000	0	0
Property mortgages	0	100,000	0	0
Bank guarantee	201,756	224,912	0	0
Machinery with retention of title	62,303	16,638	0	0
	264,059	416,550	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.

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	
	31/12/2024	31/12/2023	31/12/2024	31/12/2023
Dagertun Support & Consulting AB				
Office facilities	905	757	0	0
Initial increased rent	0	5,739	0	0
Accounting services	10,543	12,966	0	0
Brexia AB	14	15	0	0
Anders Sundström Invest AB	20	20	0	0
Vasaåsen AB	26	34	0	0
	11,508	19,532	0	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.

Luleå, 12 February 2025

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 2024 financial year. The Company's annual accounts and consolidated accounts are included on pages 10–56 in 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 2024 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 2024 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 2–9. 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 IFRS 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 2024 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, 12 February 2025
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

KAUNIS IRON

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