

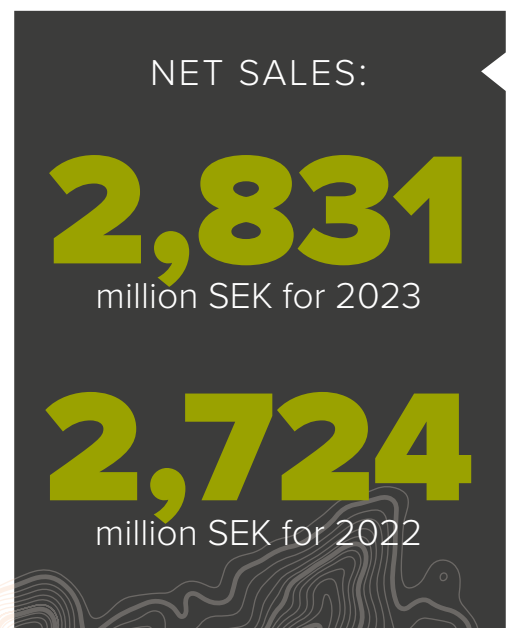


Yet another profitable year of business!

Net sales for 2023 amounted to SEK 2,831 million, an increase of SEK 107 million compared to 2022. The net profit for the year was SEK 690 million, with a net profit after financial items of SEK 825 million.

In terms of production we were able to produce 2,283 kilotonnes during the year, compared to 2,271 kilotonnes in the previous year. The increase in production is due to the fact that the ore we are now mining has an even higher iron content, which has facilitated a higher production volume.

In other words, 2023 was yet another profitable year for Kaunis Iron. Globally it was a year characterised by headlines of war and crisis in the world, but 2023 was a significantly less turbulent year for our industry. The year was characterised by stable demand for our products and a more stable price trend for iron ore at a level between USD 115 and USD 150 per tonne, which is a relatively high level. The fact that our revenues are in USD has also had a positive effect on our revenues, given the weakness of the Swedish krona.



Net sales and operating profit

SEK million	2023	2022
Net sales	2,831	2,724
Net operating profit	784	821
Net profit before tax	825	826
Net profit for the year	690	691
Operating margin, %	27.7 %	30.3 %
Operating cash flow	1,025	709
Investments	650	181
Production of iron ore products, Kt	2,283	2,271
Return on equity, %	28.5 %	45.3 %
Equity ratio, %	75.4 %	66.6 %

Long-term investment made possible

On 1 December 2022, the Swedish Land and Environment Court rendered its judgement and granted Kaunis Iron a new expanded environmental permit. The judgement included an enforcement order which enabled us to initiate a series of preparatory investments in the business in preparation for the eventual commencement of operations in the two new open-pit mines, Sahavaara and Palotieva.

One of the major investments has been the expansion of the beneficiation plant with a new flotation plant to enable handling and purification of the new ore types in order to achieve the same high-quality end product.

We have also developed our organisation through the reorganisation of group management and appointments to newly established positions, including a sustainability manager and a purchasing manager. We are also strengthening our HR department.

At the same time, we have strengthened our exploration, partly to further map current deposits, and also to enhance the search for new mineable ore bodies in our local area.



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

Stronger focus on the future

We can now think further ahead. We can now start realising the vision of a mining industry that generates jobs and growth opportunities in the region for future generations. In total we intend to invest more than SEK 2 billion in what we call Kaunis Iron 2.0.

We have already built a new flotation plant connected to the beneficiation plant in Kaunisvaara, and other investments include an expansion of the tailings pond and then the actual construction of two new open-pit mines in Sahavaara and Palotieva.

Our ability as a company to continue delivering good profitability also makes it possible for us to finance and invest in the future in a sustainable manner. It is therefore important that we continue to be cost-effective and maintain stable profitability, which is unquestionably the case as we now close our books for 2023 – yet another profitable year for Kaunis Iron. Heading into 2024 we are now also preparing ourselves for a possible IPO, in the event that our owners choose to take that step. We are strengthening our financial reporting and administrative procedures.

In other words, the future looks exciting in all areas of our business.

For us it feels inspiring to purposefully continue the work aimed at developing the world's most sustainable iron ore and achieving the world's best mine.

Klas Dagertun, CEO, Kaunis Iron

Stable – despite turbulence in the world

The turbulence we saw in the energy sector during the latter part of 2022 and beginning of 2023 was not as evident during the rest of the year. The situation has stabilised. The supply of gas in Europe did not reach the critically low levels that were forecast, so we did not see the same increased energy prices during the rest of 2023.

Interest rate increases in 2023 did not significantly affect Kaunis Iron as we do not have any significant interest-bearing liabilities due to the fact that we have largely financed the business with equity. We carried out a rights issue of SEK 367 million during the year in order to finance parts of the year's investments, primarily in relation to the new flotation plant in the beneficiation plant.

The Riksbank's decision not to raise the policy rate during the latter part of the year could have a positive effect through companies once again starting to invest more offensively.



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

“ We can now look back on yet another very profitable year. Not only have we achieved good results, we have also had the opportunity to invest in mining operations for future generations in the Tornedalen region. Overall we are delivering at record levels thanks to the tremendous efforts of all our staff and colleagues. ”

Linus Styrman, CFO, Kaunis Iron

Strong belief in the future

In October 2023, the Swedish Land and Environment Court of Appeal granted a review permit following an appeal against our new expanded environmental permit. This means that a new review will take place in this higher instance. However, we remain positive about the outcome of such a process and are convinced that we will receive a permit that will gain legal force in the near future.

2023 marked Kaunis Iron's 5th anniversary as a company, a milestone we celebrated with our staff and the local community. It is also worth mentioning that we continue to have exceptionally strong support from the residents of Pajala. The latest opinion survey conducted in 2023 shows that no less than 94 percent have a positive attitude to our business, while the level of support for expanded operations with two new open-pit mines is no less than 90 percent, which must be considered quite fantastic. This, if anything, guarantees that we have good conditions to realise our vision of establishing a mining industry for future generations in the Tornedalen region.

KEY PERFORMANCE INDICATOR 2023:

Equity ratio **75.4 %**

Quick ratio **347 %**

Equity **2,892 million SEK**

Local purchases **69 %**

For more information

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