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Interim Report July–September 2025: Stable production, but cost of expanding urban transformation in Kiruna weighs on results

LKAB made an operating loss in the third quarter of SEK -2.4 billion, despite stable production and delivery volumes. The negative result is primarily linked to the cost of the urban transformation for the expanded impact area in Kiruna.

Net sales for the third quarter totalled MSEK 7,578 (8,373). The lower sales figure is primarily linked to lower iron ore prices and a weaker US dollar (USD), despite stable production volumes and deliveries compared with the same period last year. The operating loss for the quarter amounted to MSEK -2,423 (2,067), mainly due to the increased cost of expanding urban transformation in Kiruna.

The negative result is mainly explained by substantial costs associated with ongoing urban transformation. During the quarter LKAB communicated an updated deformation forecast for Kiruna with an expanded impact area as a result of current mining and the extent of the orebody. This requires a substantial investment with increased provisions for urban transformation of about SEK 20 billion, of which around SEK 4 billion relates to previous mining and was charged to the quarter's result.

"The urban transformation impacts our results significantly, but it is a necessary cost. By investing in the urban transformation today, we are laying the foundation for our future competitiveness. Without this initiative, we will not be able to continue mining the Kiruna Mine in the long term and produce the volumes required to sustain a viable operation," says Jan Moström, President and CEO of LKAB.

Overall, the deformation forecast presents new conditions for both Kiruna and the mining operation, where the expanded impact area will need to be compensated for over the coming ten years. The expanded urban transformation is a prerequisite for LKAB's continued operations and Kiruna's future development.

"We must ensure a thriving Kiruna. Without a healthy community, we cannot maintain a functioning operation. Therefore, it is essential that we carry out the urban transformation responsibly and in close dialogue with the municipality and the people of Kiruna, says Jan Moström.

The quarter recorded stable volumes in terms of both production and deliveries compared with the same period last year, where the third quarter of 2024 was affected by several extensive production disruptions. Production volumes in the third quarter also increased relative to previous quarters this year, which indicates increased production stability. Despite internal improvements, external factors continue to have a negative impact on earnings, including relatively low iron ore prices and weak US dollar.

Capacity limitations on the Iron Ore Line also remain a great challenge. In September the Swedish Transport Administration presented their proposal for the national plan for transport infrastructure for the period 2026-2037. The Swedish Transport Administration explicitly states that the Iron Ore Line is to be prioritised. However, it is doubtful that the proposed measures will be sufficient.

"Delivery capacity on the Iron Ore Line must be improved in order to accommodate our volumes. We are already seeing inventory build-ups with the current delivery system, which cannot keep up with the production rate we need to maintain. Moreover, with a market characterised by lower iron ore prices and weaker US dollar, higher delivery volumes will be critical," says Jan Moström.

The main hearing for the environmental permit in Malmberget began in August with a final ruling initially expected during December 2025. Following the end of the quarter, it was announced that the hearing will continue during the Spring of 2026.

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