Europe’s leading mining and minerals group

Annual and Sustainability Report 2025

In brief is an English short version of the complete Annual and Sustainability Report in Swedish. In case of discrepancies, the Swedish version shall prevail.

LKAB

Europe’s leading mining and minerals group

LKAB is an international mining and minerals group that offers iron ore and mineral products. We mine over 80 percent of all iron ore in the EU, and since 1890 we have developed through unique innovations and technology solutions. The ambition is to develop carbon-free processes and products by 2045.

Our high-quality iron ore products account for around 86 percent of sales. Mineral products and services in the mining and construction industries are important growth areas for the future. LKAB is wholly owned by the Swedish state and the operations are driven forward by over 5,000 employees in around 12 countries.

Our mission:
Innovative and competitive mining and processing of iron ore and minerals to produce climate-efficient quality products.

Our vision:
We are leading the transformation of our industry toward a sustainable future.

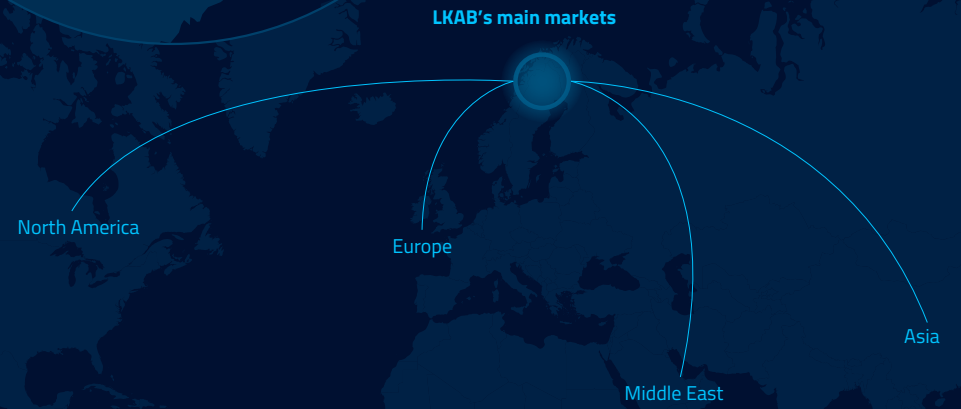
Key ratios	2025	2024
Operating profit, MSEK	3,274	8,722
Return on equity, %	3.7	11.0
Permanent employees at year-end	5,308	5,222
Investments during the year, MSEK	6,017	5,408
Iron ore products delivered, Mt	25.8	21.9
Iron ore products produced, Mt	25.9	22.7
Mineral resources, excl. mineral reserves, bn tonnes[1)]	6.3	5.4

[1)] Including “must take” material.

86%
In 2025 we produced 86 percent of all iron ore in the EU.

SEK 33 bn
In 2025 our sales totalled SEK 33 billion.

26 Mt
In 2025 we delivered around 26 million tonnes of iron ore products.



Based in the Swedish orefields

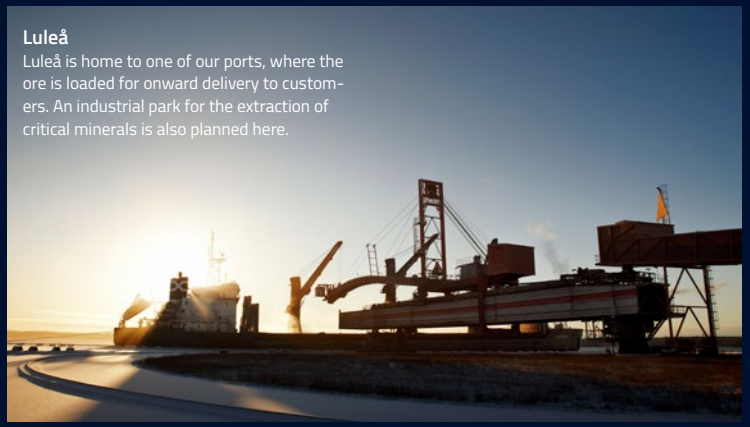
LKAB mines iron ore in Kiruna, Gällivare and Svappavaara. The mines in Kiruna and Gällivare are the world's largest underground mines for iron ore. In Svappavaara, ore is mined in the Leveäniemi open-pit mine.

The ore is crushed, concentrated and processed into pellets and fines and then transported by rail on the Iron Ore Line to our ports in Luleå and Narvik. From Luleå, the ore is mainly supplied to steel customers in Europe, while Narvik serves as an ice-free port for exports to a global market.

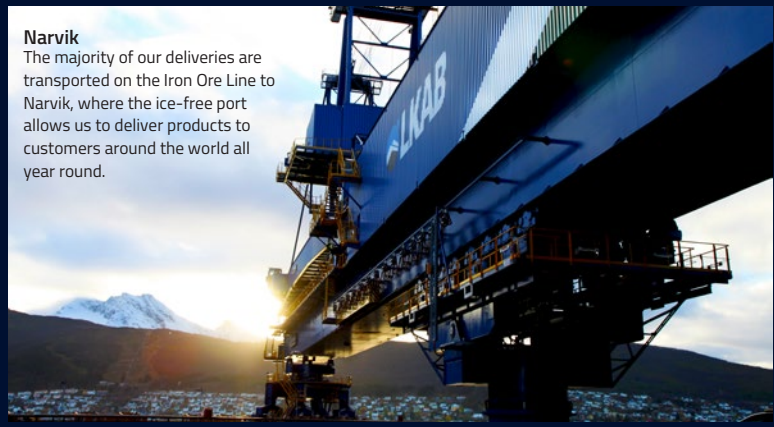
Gällivare
The Malmberget mine, located in Gällivare, is an underground mine and is at the centre of our transformation.

Svappavaara
At our open-pit mine we have established Scandinavia's first geomorphological test site, an innovative method of recreating natural landscapes in mining areas.

Kiruna
The Kiruna mine is one of the world's most advanced underground mines. Today it is the world's largest underground mine for iron ore mining.



Luleå
Luleå is home to one of our ports, where the ore is loaded for onward delivery to customers. An industrial park for the extraction of critical minerals is also planned here.



Narvik
The majority of our deliveries are transported on the Iron Ore Line to Narvik, where the ice-free port allows us to deliver products to customers around the world all year round.

Our business areas

The LKAB Group is managed in two business areas: the Iron Ore business area and the Special Products business area. Group-wide functions are reported under Other segments.

Iron Ore business area

Production and deliveries of high-quality iron ore products to steel producers around the world are the foundation of our business and our continued growth and profitability.

Offering
Our core products are iron ore pellets and fines used for steelmaking.

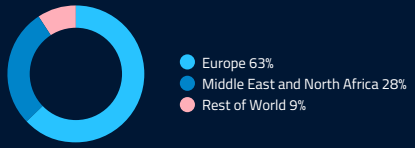
Blast furnace pellets are ready for use in production in blast furnaces on delivery to the customer. The pellets act as an iron-bearing material in iron and steelmaking by being reduced and melted in blast furnaces.

Direct reduction pellets are used by customers that make steel in a gas-based direct reduction process, followed by melting in an electric arc furnace.

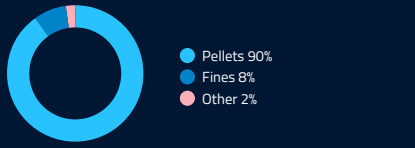
Fines means crushed, concentrated iron ore that our customers sinter together into lumps before it can be reduced and melted during ironmaking in blast furnaces.

Share of the Group's external sales **86%**

Sales by region
Percentage of sales, MSEK



Sales by product
Percentage of sales, MSEK



Special Products business area

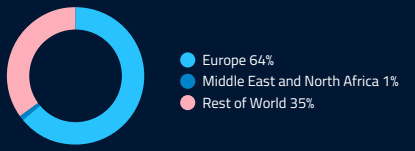
Special Products has two main lines of business: development and sales of industrial minerals, and products and services for the mining and construction industries. Europe is our main market, but we have customers throughout the world. The business area is mainly operated through various wholly owned subsidiaries.

Offering
We offer a product portfolio of some 30 industrial minerals for industries other than the steel industry, of which magnetite is the largest product segment. As well as magnetite products, we offer various mineral products that are processed and customised for each market and application.

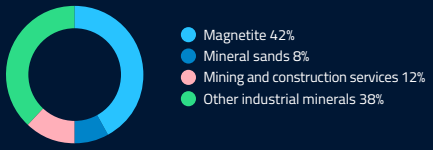
We provide products and services to the mining and construction industries to support the production chain for our iron ore products, including drilling systems, rockwork and concrete work, engineering services and explosives.

Share of the Group's external sales **12%**

Sales by region
Percentage of sales, MSEK



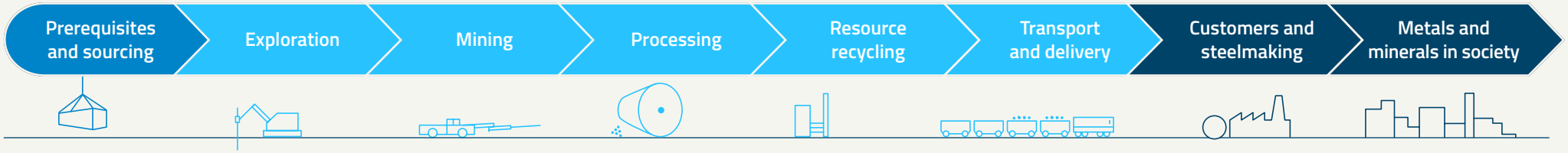
Sales by product and service area
Percentage of sales, MSEK



Our value chain

LKAB's operations form the basis of many long value chains. By taking responsibility and through our ongoing transformation, we want to contribute to the development of the industry in a sustainable direction. We are focusing on reducing our carbon emissions, increasing resource efficiency, utilising more of the material we already mine and taking responsibility for the people and communities where we operate.

LKAB's operations



We secure access to raw materials, energy and services through strategic supplier partnerships that strengthen sustainability, quality and stable production.

We carry out exploration to secure the long-term supply of iron ore and other minerals, and to develop knowledge about our deposits. This strengthens our basis for decision-making and creates value for future mining.

Our iron ore is mined both above and below ground. Mining affects the landscape, the environment and local community. It requires us to act responsibly, engage in dialogue and work in close cooperation with authorities and local communities.

The crushed iron ore is processed above ground into iron ore pellets and fines. Our iron ore has a high iron content and purity, and through our processing we create products of consistent quality that enable our customers to produce steel more efficiently.

By-products from the processing, in the form of waste rock and tailings, are to some extent used as construction material on our industrial sites. In the future we plan to also extract critical minerals, for new business opportunities and to help strengthen Europe's self-sufficiency.

We are one of Sweden's largest freight companies and transport our iron ore products to customers all year round. The majority of the products are delivered to steelmakers.

We supply iron ore and mineral products to customers around the world. Our customers demand iron ore products of a consistently high quality as inputs to their steelworks, and have high requirements of these products.

The steel products made by our customers are processed further into end products, including for infrastructure and industry. The construction sector accounts for a large share of steel use in Europe, where the automotive industry is also a significant user.

For illustrative purposes the Iron Ore business area, which is the Group's largest business area, is more prominently visible in the value chain.

Targets and outcomes

Our strategic targets for sustainable value creation for the period 2022–2030 support our vision of leading the transformation of our industry toward a sustainable future. Our strategic targets will be reviewed in 2026.

Stable and resource-efficient operations

LKAB shall have the financial strength required to implement our strategy and increase flexibility in our transformation.

Brief comments on the year's outcome: The net debt/equity ratio increased in 2025 as a result of higher provisions for urban transformation. The return on equity has not reached the target level due to lower profit, primarily as a result of lower iron ore prices, a stronger Swedish krona (SEK) against the US dollar (USD) and increased costs for urban transformation. The Board of Directors is proposing to the Annual General Meeting that a dividend amounting to MSEK 1,500 is paid, which is 50 percent of net profit for the year.

	2025	2024	Target for 2026	Target for 2030
Net debt/equity ratio, %	8.4	-15.5	<60.0	<60.0
Return on equity, %	3.7	11.0	>9.0	>9.0
Dividend, %	50[1)]	50	40–60	40–60

[1]The Board's proposal to the Annual General Meeting regarding dividend in relation to net profit for 2025. [2]Lost-time injuries per million hours worked for the Group, including suppliers. [3]The target for 2030 is to achieve a 60/40 gender balance in management teams. [4] Energy consumption with deductions made for waste heat [5]Energy consumption have been updated since LKAB's full-year report for 2025 as a result of an audit conducted.

Safe, healthy and stimulating workplace

To retain, develop and recruit the skills we need, LKAB must be a safe and attractive workplace that contributes to increased prosperity and thriving communities where people want to be, live and settle.

Brief comments on the year's outcome: We currently have an extensive initiative relating to occupational health and safety, aimed at lowering risk acceptance and increasing the focus on risks that can lead to serious or fatal accidents. During the year, training and coaching in visible leadership that all managers in the Group must complete was begun. The accident rate for the year was 5.2 (4.9); the increase shows the importance of continuing our efforts to improve the safety of everyone working in our operations. At the end of the year the percentage of women in the workforce was 29 (29) percent, and among management 34 (31) percent.

	2025	2024	Target for 2026	Target for 2030
Lost time accidents per million hours worked[2)]	5.2	4.9	4.0	2.0
Long-term sickness absence, %	0.7	0.7	0.8	0.8
Women in the workforce, %	29	29	30	–[3)]
Women in management positions, %	34	31	30	–[3)]

Climate-efficient sustainable transformation

We shall lead the transformation of the iron and steel industry toward reduced climate impact and sustainable development.

Brief comments on the year's outcome: Carbon emissions from our own operations (Scope 1 and 2) were affected by higher production volumes compared with the previous year. Energy consumption per tonne of finished product decreased from the previous year, achieved partly through higher and more stable production combined with increased sales of waste heat. During the year important steps were also taken to achieve our long-term target of a biodiversity net gain in the regions where we operate.

	2025	2024	Target for 2026	Target for 2030
Energy consumption, kWh per tonne of finished product[4)]	166[5)]	176	162	154
Carbon emissions, kt	669	600	608	536
Biodiversity	-	-	-	-

Jan Moström
President and CEO

Stable operations in an uncertain world

In 2025 we have been affected by an unpredictable and uncertain global environment. Geopolitical tensions and global turbulence have had a clear impact on trade flows, where we have seen a sharp deterioration in market conditions. Despite this, we have remained focused on strengthening stability in both production and delivery capabilities, where we are now gradually beginning to see improvements.

For LKAB, the year has brought both trials and progress. We are very much affected by market developments in the form of lower pellet premiums, but during the year it was primarily the weaker US dollar (USD) that weighed on our sales. We have also had a substantial increase in costs associated with the urban transformation in Kiruna. Our focus has been on our own operations and the areas we can influence directly, and during the year we improved our delivery reliability and production stability compared with the previous year. Although we have not yet reached the volume levels we are aiming for going forward, our efforts have begun to show results.

Safety efforts continue to be a priority. During the year we strengthened our systematic efforts to lower risk acceptance and to develop a sustainable safety culture. At the same time, we recognise the need for further measures to achieve a zero-injury workplace.

We are taking our progress and lessons learnt with us into 2026 and continuing our development.

A rapidly changing operating environment

The year has been marked by increased geopolitical tensions and new trade conflicts, a situation that has been further reinforced at the beginning of 2026 by new conflicts and unrest. This challenges European competitiveness through both technological and political changes, which also affect LKAB. This creates uncertainty for the industry, but also more clearly demands robust structures and an ability to handle different scenarios and make informed decisions under pressure.

China's export controls on rare earth elements were a stark reminder of how vulnerable the global industry is. These materials are crucial for the production of semiconductors, wind turbines, electric motors and defence systems, among other things, and are needed for the transition in general. When a country controls the majority of the world's production and changes its terms, it has a direct impact on global value chains. The US reacted quickly, with major initiatives for domestic production. Europe is also moving in the same direction, but the pace is inadequate in comparison. To create our own capacity, independent of both China and the US, requires both political consensus and a new view of the importance of strategic projects around the entire value chain for critical minerals. This is where our role gets even more crucial, with LKAB becoming increasingly important for

In Kiruna we need permits to continue mining below the current main haulage level and to develop the new iron ore deposit.

Sweden's and Europe's security of supply, transition and competitiveness. We have several of the assets that Europe needs – iron ore, phosphorus and rare earth elements. We can help reduce Europe's dependence on imports and meet the climate threat if we are given the conditions in which to develop our ventures.

At the same time, the energy issue continues to affect the competitiveness of European industry. Volatile electricity prices, grid constraints, complex permitting processes and the absence of long-term rules of play mean companies are hesitant to make major investments. Climate change also requires large amounts of fossil-free electricity, at the right time. Our commitment to electrification, automation and digitalisation, as well as the shift to carbon-free processes and products, is based on energy systems operating efficiently and the political systems for the transition being clear. Norrbotten currently has good conditions for a stable and competitive electricity supply. It is crucial for us and for Sweden that this remains the case.

Permitting processes and Europe at a crossroads

Permitting processes are currently one of Europe's most critical bottlenecks. The regulations are complex and the review times are long, creating significant uncertainty for major investments with long planning horizons.

It is a difficult landscape to navigate, while Europe at the same time has clear ambitions for the climate, industrial competitiveness and security of supply. It is hoped that the work underway in the EU regarding simplification and streamlining of permitting processes, primarily aimed at strategic projects within the CRMA[1)] framework, will have an impact.

Our development relies on modern and efficient permitting processes. Without faster and more predictable processes, projects risk being delayed and Europe's transition risks slowing down. At the same time, the increased importance of security policy has put the climate issue further down the agenda in some contexts. For us, this makes timing and risk assessment even more important.

We are convinced that carbon-free production is both necessary and profitable in the long term, but the steps we take and the decisions we make in our transition must be taken at the right pace and under the right conditions. At the same time, it is difficult to see who would have better conditions than us in Sweden to build competitiveness based on carbon-free processes.

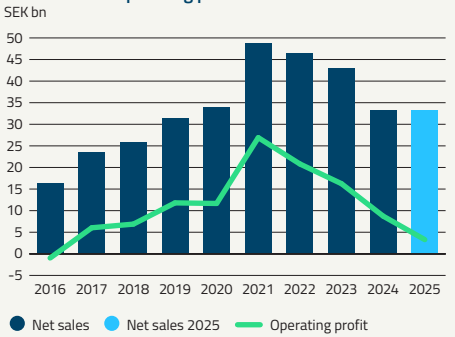
Our greatest challenge going forward

To secure our future production, we need permits to develop our operations.

During the year the environmental permit proceedings for the operations in Gällivare moved into the main hearing. It is essential that an environmental permit is granted if we are to continue developing the business, as the application covers not only the existing production of iron ore and iron ore products but also the establishment of new facilities for extracting phosphorus and rare earth elements, and for the production of fossil-free sponge iron using hydrogen technology. The hearing will continue in the spring and is expected to be completed by summer 2026. Our focus remains on preparing and delivering high quality documentation to allow an efficient process.

In Kiruna we need permits to continue mining below the current main haulage level and to develop the Per Geijer iron ore deposit, where we also have the potential to extract critical minerals. Kiruna is our largest production site and the granting of permits is crucial for our shared future. At present, we are awaiting a decision from Bergsstaten (the Mining Inspectorate of

Net sales and operating profit



- In total, our deliveries of iron ore products during the year amounted to 25.8 (21.9) Mt and production increased to 25.9 (22.7) Mt.
- The average global spot price for iron ore was USD 102 (110) per tonne. At the end of the year the price was USD 109 per tonne. Quoted pellet premiums were just over USD 9 per tonne lower year-on-year.
- Operating profit for the year amounted to SEK 3.3 (8.7) bn. Profits were mainly impacted by lower iron ore prices and a stronger Swedish krona (SEK) compared to the US dollar (USD), as well as the increased costs of urban transformation linked to the expanded impact area in Kiruna.
- In terms of development within the business areas, operating profit for the Iron Ore business area amounted to MSEK 2,947 (9,268). The decrease is mainly due to lower iron ore prices and the strengthening of the Swedish krona against the US dollar. The Special Products business area reported an operating profit of MSEK 448 (504). The lower profit is mainly a result of lower sales of rockwork services, as several major contracts were completed in 2024.

[1)] Critical Raw Materials Act, an EU regulation to strengthen Europe's supply of critical raw materials.

Sweden) on our concession application for the new iron ore deposit before we can take proceedings further.

The earlier rejection of a collective application for Kiruna has made the process more complex. We are now seeing how upgrades and changes aimed at reducing our emissions – for example, through the use of hydrogen in the pelletising plants – are being delayed by regulations that have not been adapted to today's technical possibilities. We therefore see clearly that permitting processes must be modernised if Sweden is to take on the role that the EU expects in securing the supply of minerals.

Decisive steps in achieving the strategy

During the year we took important strategic steps forward, including an investment decision for a new sorting plant in Gällivare, which will contribute to increase future production capacity. Construction of the demonstration plant in Luleå for extracting phosphorus and rare earth elements picked up speed in 2025. The plant will fulfil an important role in verifying and further developing the process prior to full-scale operation. We have also installed a new ship loader in Narvik to improve efficiency and reduce vulnerability in the logistics chain.

A strong supply of skills is crucial for our continued development, and our culture has a key role to play here. It is important for our journey of transformation that LKAB is shaped into a long-term, attractive and successful company. Efforts to ensure a safe and inclusive work environment where people can develop will therefore continue to be a high priority within the Group, with our managers and leaders having an important part to play.

Safety as our top priority

Our focus on safety will always be a priority. One important step in our continued safety efforts is the development of visible leadership throughout the Group. Over a period of around two years all leaders will receive training in safety issues, with a focus on visible leadership – a leadership philosophy that prioritises people and relationships. We are now focusing our safety efforts on reducing risk acceptance through leadership and on enhancing control of critical risks through Critical Control Management (CCM), a method that helps us identify and manage risks before they develop into serious accidents.

Our goal is to ensure safe and healthy workplaces for everyone. We are not content with analysing incidents that have occurred; we are instead looking ahead, and reviewing the critical control points and risks that are most decisive in anticipating and preventing accidents. Our focus on control and leadership based on risk gives us the opportunity to move our safety culture and its performance on to the next level.

By systematically identifying and highlighting the most serious risks, we can direct our resources towards those areas where our efforts make the most difference. As a result, our safety efforts are expected to be more accurately targeted and more effective. This will enhance both our organisation and the safety of all employees.

Increased capacity on the Iron Ore Line is necessary so that LKAB can grow and increase our delivery volumes.

Stability and long-term development of the business

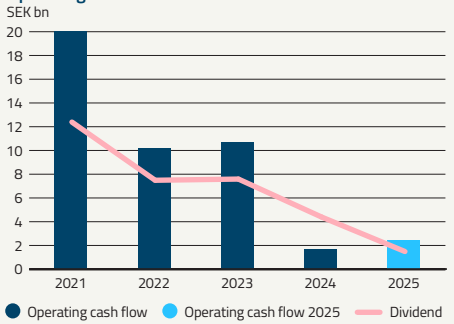
We are seeing progress in our long-term efforts to strengthen our production and delivery systems. Operations have been more stable during the year, with fewer production disruptions than in the year prior. Our processes are more robust, and the ability to detect and rectify deviations in time has improved. These improvements are the result of focused efforts by all employees.

Digitalisation and increased access to real-time data makes us more proactive and productive throughout the production chain. At the same time our cultural journey continues, with transparency and shared goals creating

Financial key figures	2025	2024
Net sales, MSEK	33,325	33,146
Operating profit, MSEK	3,274	8,722
Costs for urban transformation provisions, MSEK	-4,954	-313
Net financial income/expense, MSEK	414	2,229
Profit/loss before tax, MSEK	3,688	10,951
Profit/loss for the year, MSEK	2,976	8,773
Capital expenditure on property, plant and equipment, MSEK	6,017	5,408
Operating cash flow, MSEK	2,382	1,740
Return on equity, %	3.7	11.0
Net debt/equity ratio, %	8.4	-15.5
Dividend to owner[1], MSEK	1,500	4,400

[1] The dividend proposed by the Board of Directors is subject to approval by the Annual General Meeting on 23 April 2026.

Operating cash flow and dividend



Non-financial key ratios	2025	2024
Carbon emissions, kt	669	600
Energy consumption, kWh per tonne of product	166[2]	176
Accident rate	5.2	4.9
Number of permanent employees at year-end	5,308	5,222
Percentage of women among permanent employees, %	29	29

[2] Energy consumption have been updated since LKAB's full-year report for 2025 as a result of an audit conducted.

better conditions for prioritising the right things. We avoid suboptimisation and strengthen cooperation between functions. We are still on a journey, but the development is positive.

Community development is essential for the future

Our operations affect our local communities and currently there are ongoing urban transformations at different stages in both Gällivare and Kiruna.

During the year the need for continued urban transformation in Kiruna was communicated. An extended deformation forecast marks a crossroads: the extent of our impact on the community is increasing, and everything must take place within the next 10 years. This will require major efforts by LKAB, Kiruna Municipality and the state. Together we need to take steps forward with responsibility and clarity.

The development of our community is unique in its nature, as Kiruna's and LKAB's futures are closely linked. Our responsibility is great and clear: we must ensure that the community and our business develop together. This is not an investment in the traditional sense; rather, for us it is a prerequisite and an investment to allow us to continue our mining operations together with a strong local community.

I fully understand that this brings major, and at times painful, changes to the daily lives of the people in Kiruna. Together with residents and the municipality, we are working to carry this out in the best possible way.

A long-term approach creates opportunities

Despite the uncertainties in the world around us, there are good reasons to believe in the future. The world will continue to demand what we produce: high-quality iron ore, future carbon-free sponge iron and critical minerals. LKAB is in a unique position to contribute to both Swedish and European competitiveness and to the industry's transition. We have a clear strategy, a stable business and an organisation that demonstrates its ability to handle complex challenges. Through our export revenues, investments and jobs, we contribute to Sweden's prosperity.

"We have a responsibility to preserve history when we implement changes in the community that affect what the future community will look like."

I would like to pass on my warmest thanks to all our employees for the commitment and responsibility they have shown over the year. Together, we have created stability in our business in a time of change.

Going forward, the focus is on continuing to develop the business, taking responsibility in the local communities and strengthening our competitiveness. LKAB is well positioned to take on these tasks.

Luleå, 26 March 2026

Jan Moström
President and CEO

Key events during the year

First quarter

- The Land and Environmental Court announced our environmental permit application for establishing an industrial park in Luleå for the extraction of critical minerals such as phosphorus and rare earth elements.
- The European Commission gave three of LKAB's projects the status of Strategic Project under the Critical Raw Materials Act. These are the industrial park for critical minerals in Luleå, the Malmberget mine in Gällivare, and the Per Geijer iron ore deposit in Kiruna, which contains significant amounts of rare earth elements.

Third quarter

- Kiruna Church was moved to its new home next to the new city centre. This turned into a unique world event, with the relocation was followed with great interest both nationally and internationally.
- An updated deformation forecast for Kiruna was announced, with both current mining and the extent of the orebody resulting in a larger impact area.
- Investment decision to build a new sorting plant adjacent to the mine in Gällivare. With a new sorting plant we can secure today's production and increase capacity for our planned expansion.

Fourth quarter

- The main hearing for an environmental permit in Gällivare began during the year and will continue in the spring of 2026. The application aims to secure current mining operations as well as the beginning of our long-term transformation plans, including the extraction of critical minerals.
- A new ship loader was installed in Narvik. This is a strategic investment in our logistics system, with each improvement and efficiency measure strengthening our position in the global market.
- At the end of the year we submitted the application to purchase state-owned land in Kiruna for the extended urban transformation. The areas concerned were identified in consultation with Kiruna Municipality.

Responsible community development

Ever since the company started in 1890, our ability to develop together with our local communities has been essential to our success and continued existence.

The location of the deposits in Kiruna and Gällivare, as well as LKAB's method of mining, mean that the mining must take place at greater depths and closer to the communities, giving rise to ground deformations. In order for both our operations and the surrounding communities to continue developing, we are carrying out extensive urban transformations, including the relocation of buildings and infrastructure.

Expanded impact in Kiruna

The relocation of parts of Kiruna has been going on for many years, with the new Kiruna city centre having been inaugurated and the old city centre is being decommissioned. The relocation of Kiruna Church during the year marks a milestone in our ambitions to preserve cultural heritage while developing the communities for the future.

During the year LKAB announced an updated deformation forecast with an expanded impact area through which an additional approximately 2,700 homes and properties and 6,000 people are affected. Dialogue and cooperation with affected property owners, residents, the municipality and authorities has begun. The extended urban transformation needs to be implemented within the next 10 years. Time-critical issues include the need for new land to replace the impact area. With the state being the largest landowner in the region, we applied to acquire buildable land, where the areas were identified in consultation with Kiruna Municipality.

Gällivare takes shape

In Gällivare, the development of new districts has been going on for many years as the community around Malmberget and the mine approaches full decommissioning. This means that the land access needed for the current main haulage level is almost secured. Several new residential areas and meeting places have begun to emerge. Repisvaara and Nuolajärvi are examples of new residential areas that LKAB and Gällivare Municipality have jointly built up, with the vision of Gällivare as a small Arctic town.

Long-term commitment to continued development

The transformation affects many people, and living with constant change is challenging for everyone who lives in and around the communities. We are humbled by our responsibility and impact on people's lives, and work continuously to minimise disruptions from construction work and other negative effects that may be experienced.

Since 2006 LKAB has paid out approximately SEK 37 billion in respect of the urban transformation and at the end of the year we had SEK 32 billion set aside in provisions for future transformation. Of the funds paid out so far, just over SEK 17 billion relates to the construction of replacement properties[1)] and the relocation of cultural buildings, while around SEK 20 billion mainly relates to compensation to the municipalities and our costs for construction and demolition of infrastructure, but also includes other costs such as administrative expenses and compensation to businesses.

We are a major employer in our regions, and maintaining attractive communities where people want to live their lives is important to us – indeed, we depend on it. We build new homes, develop recreation and activity areas, and sponsor local cultural and sports activities. The development also enables new businesses to be established, providing more jobs.

For LKAB, community development is essential and represents an investment in our local communities where together we are creating opportunities for our shared future.

[1)] Including own property stock.

Focus on dialogue and collaboration

During the more than 20 years that the urban transformation has been actively going on, we have built up great experience and knowledge of the conditions for implementing this development together with the communities and people affected.

Kiruna – milestones in 2025

- Declaration of intent signed with Kiruna Municipality on working together for Kiruna's development.
- Agreement signed with Kiruna Municipality on compensation for infrastructure and properties.
- Application submitted to the National Property Board of Sweden for the purchase of state-owned land for urban transformation and community building purposes.
- Community dialogues with Kiruna residents, the municipality and authorities to plan and manage the continued transformation and what is important for the Kiruna of the future.
- The people directly affected by the extended impact area are offered new homes in accordance with established compensation principles.
- By the end of 2025 around 1,800 replacement homes have been built in total.
- By the end of 2025 around 30 buildings have been moved, including Kiruna Church.

Gällivare – milestones in 2025

- LKAB has begun signing agreements on replacement properties with residents in the area of Malmsta in eastern Malmberget.
- Agreement signed with Gällivare Municipality on compensation for infrastructure and properties for eastern Malmberget.
- Declaration of intent signed with Gällivare Municipality on working together for Gällivare's development.
- By the end of 2025 around 1,800 replacement homes have been built in total.
- By the end of 2025 around 75 buildings have been moved in total.

In Kiruna eight heritage buildings were moved in 2025, including Kiruna Church.

Gällivare with Dundret in the background.

Operating environment and market conditions

Uncertainty in the global landscape is affecting many markets and industries, which are increasingly marked by a focus on reducing exposure to geopolitical risks. This is also impacting the iron and steel industry, which is navigating between climate goals, cost pressures and global risks at a time when competitiveness and security are becoming increasingly important.

Geopolitical uncertainty affects trade flows

Over the year, geopolitical uncertainty in the world has increased. Trade policy measures such as tariffs, quotas and import restrictions are impacting global markets and trade flows. Regional control and security in supply chains for, among other things, energy, minerals and metals as well as technology, are becoming increasingly important to ensure reliability and sustainability in the long term.

An increased focus on regionalisation – including by the EU, which wants to reduce its supply risks and strengthen its self-sufficiency in such things as critical raw materials – is leading to changed conditions. The global situation thus affects both raw material flows and investment patterns, with actors wanting to reduce exposure to geopolitical risks. This can also be seen in the iron and steel industry.

A structural shift for the global steel industry

The steel industry is undergoing a structural shift. China has long been the largest growth market for steel, but the country's demand for steel is showing signs of having peaked and demand is decreasing. Production has not yet managed to adapt to this trend, and instead exports of steel to other regions have increased. Growth in demand for steel in other Asian markets, such as India, is strong, but is only expected to partially offset the decrease in China. Global demand for steel is expected to grow more slowly in the future than in the past 25 years

Requirements for lower carbon emissions

Demands to transform the iron and steel industry towards lower carbon emissions are increasing. The use of coal in traditional steelmaking in blast furnaces generates substantial emissions of carbon dioxide, making iron and steel an emissions-intensive sector. At the same time, iron and steel serve fundamental functions in our societies by building prosperity and will be needed for future development.

The technology most ready to replace the blast furnace process for steelmaking from iron ore is shaft-based direct reduction with natural gas combined with melting in an electric arc furnace. The Middle East and North Africa already have a large share of production based on direct reduction with natural gas. In many cases, this process has today more than 50 percent lower emissions of carbon dioxide compared to what is generated by

traditional steelmaking in the blast furnace process. Through further development and by replacing natural gas with fossil-free hydrogen, emissions can more or less be eliminated. Direct reduction with natural gas or hydrogen places high demands on the iron raw material, and demand for high-grade iron ore that can be used for direct reduction pellets is expected to increase.

Europe's steel industry is driving the transition, but uncertainties are affecting the pace

The transformation of the steel industry to reduce carbon emissions, primarily through the further development of existing production processes, has begun. The European steel industry is driving the development, with various investment decisions having already been made to build electric arc furnaces and direct reduction plants to replace blast furnaces and produce steel with lower emissions of carbon dioxide per tonne. The pace of Europe's transition is affected by a challenging economic and market situation, with lower margins as a result of higher energy costs, strong global competition and partly uncertain regulatory conditions. Aside from long permit proceedings, there are a number of uncertainties that risk obstructing or hindering the transition. These include uncertainty about the development of technology and costs for alternative manufacturing processes and for carbon capture and storage (CCS), as well as increased demands for stable access to renewable energy. As a result, a number of transition projects announced in the European steel industry have been delayed or paused.

Squeezed margins in steelmaking

The market situation for the steel industry is already characterised by squeezed margins as a result of structural global overcapacity. This makes it difficult for operators to take the necessary decisions and make major investments in order to meet the requirements for reduced carbon emissions. The transition to lower-emission processes could initially lead to higher production costs, potentially affecting the competitiveness of those operating in a global market. To offset this and to maintain market shares, steelmakers are therefore implementing cost savings and restructuring programmes. At the same time, the industry has been putting strong pressure on the EU to strengthen its framework of protective measures against steel imports when the current regulations expire in June 2026.

Increased demand for high-quality iron ore products

Transitioning the iron and steel value chain to reduced carbon emissions is likely to reduce structural overcapacity in some regions and to drive increased demand for high-quality iron ore products. High-grade direct reduction pellets are a prerequisite for the production process of direct reduction and electric arc furnaces.

At the same time, the global supply of iron ore and concentrates of high quality – required for pelletisation, among other things – is limited, and competition for these raw materials is expected to increase. The iron and steel industry is thus also being forced to develop and adapt processes for the production of low-carbon steel based on low-grade iron ore. Technological development is ongoing, but alternatives that use iron ore of lower quality are not as efficient and need to be developed in order to become competitive.

In parallel, demand for recycled scrap steel is expected to increase. The supply of high-quality scrap is at risk of becoming a major challenge, especially in view of the requirements being made for the production of flat and advanced steel grades. This is expected to change the balance of supply and demand for higher-quality iron-bearing raw materials and drive up the costs for steel companies that rely on this type of scrap. Suppliers who can meet quality requirements will be in a stronger position and buyers will be forced to evaluate other alternative iron-bearing materials.

Access to energy is becoming a competitive factor

The shift from carbon-based processes within the steel industry makes energy a crucial competitive factor. The coal used in blast furnaces is priced in a global seaborne bulk market, while the cost of alternative energy sources for steelmaking, such as electricity, natural gas or hydrogen, depends to a greater extent on regional conditions. Energy is therefore becoming an enabler for competitiveness, and regions with good access to these alternative energies at a low price will have an advantage.

Northern Sweden has an almost entirely fossil-free power generation mix and competitive electricity prices. As a result, there are good conditions in the region to transition in order to reduce carbon emissions. In other parts of Europe and the world, the transition of power generation from fossil fuels to fossil-free sources is a major challenge. In these regions a gradual transition is generally planned, starting with replacing coal with natural gas. In the US, the Middle East and North Africa this is already a reality, as they have good access to domestic natural gas, whereas Europe is heavily reliant on imported natural gas for its energy sector. Since the outbreak of the war in Ukraine, the EU has sharply reduced imports of Russian natural gas, with the aim of completely phasing out Russian gas by 2028. Europe's natural gas needs are instead largely met through imports of liquefied natural gas (LNG), for which the US is the largest supplier. This has led to higher energy prices, which has negatively affected growth and the competitiveness of European industry. The price of natural gas and electricity has a great bearing on the investment costings for transforming iron and steel production processes.

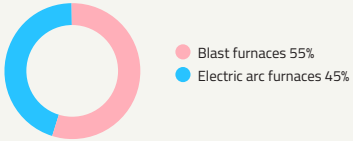
Regulatory conditions set the playing field

In a global comparison, the EU has the most extensive and ambitious political frameworks for driving the transition and achieving the climate goals. These include the EU ETS[1)] emissions trading system and the Carbon Border Adjustment Mechanism (CBAM[2)]), which taxes

[1)] EU Emissions Trading System.
[2)] Carbon Border Adjustment Mechanism.

Overview of existing blast furnaces and electric arc furnaces in Europe.

Distribution of steelmaking capacity in existing blast furnaces and electric arc furnaces in Europe



Although steel production using electric arc furnaces is more geographically widespread in Europe, blast furnace–based steelmaking accounts for a larger share of total capacity.

Source: CRU, Steel Market Outlook January 2026.

embedded emissions in imported goods. Other regions, such as China, are also taking steps to establish a more ambitious climate policy and to tax carbon emissions.

Climate goals and policy tools set the framework for industrial transition and create incentives for sustainable investment. During the year, the EU agreed on a binding target of a 90 percent reduction in the Union's carbon emissions by 2040 compared with 1990 levels, in addition to the target of a 55 percent reduction by 2030. By 2050, the EU is to achieve net zero emissions. With CBAM and the phase-out of free emission allowances under the EU ETS, the costs of emitting carbon dioxide are expected to rise. This will increase incentives for companies to invest in new technology and fossil-free processes, while also protecting European industry from carbon leakage.

High ambitions called into question

Although the consequences of climate change are becoming increasingly clear, as is the fact that carbon emissions are not decreasing in line with the targets in the Paris Agreement, the high ambitions for climate efforts are increasingly being questioned. In an economically challenging situation and with increased focus on security policy, there is a risk that the climate transition will fall further down the agenda. Countries and regions have different priorities, creating uncertainty for actors operating in global markets and increasing the level of risk in investments for transition. Stability in policy instruments, energy supply and market conditions are crucial for being able to make the necessary investment decisions. Uncertainty around legislation and future energy solutions risks slowing down the transition. At the same time, the rising costs of emissions and the need for major investments to meet climate requirements could negatively impact competitiveness of companies that do not act in time. The industry must navigate between climate goals, cost pressures and global risks – all while uncertain times increase the focus on competitiveness and security.

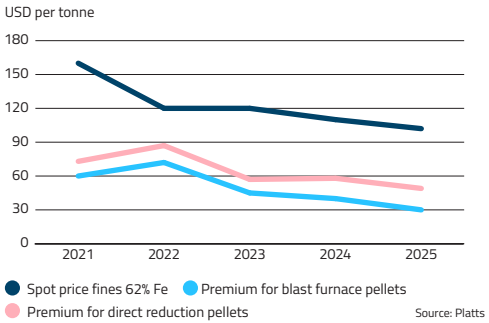
Critical minerals will strengthen Europe's self-sufficiency

At a time of geopolitical uncertainty and increased regionalisation, the issue of reducing import dependency is highly topical. One objective of the EU's Critical Raw Materials Act (CRMA[1]) is to increase Europe's self-sufficiency in critical minerals such as rare earth elements (REE) and phosphorus. The EU currently has a large import dependence, with limited or no production of its own.

REE have unique properties and are used in a variety of technical applications, including the manufacturing of permanent magnets used in electric motors and generators. China currently dominates the global REE market, from mining to processing. Phosphorus is a crucial input for mineral fertiliser and is necessary for sustainable food production. Before the outbreak of war in Ukraine the EU imported significant amounts of phosphorus from Russia, but this has since decreased significantly. European producers of mineral fertilisers therefore need to seek out suppliers that are geographically further away.

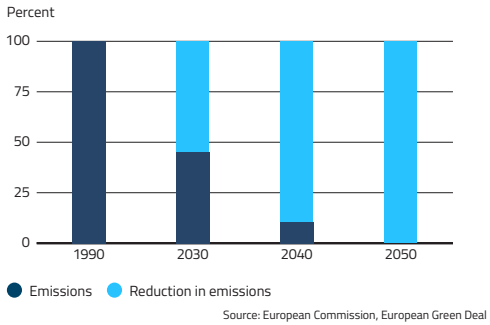
There is good potential to extract these minerals as by-products from Swedish apatite-rich iron ore, thereby increasing self-sufficiency in Sweden and the EU.

Development of iron ore price and pellet premium



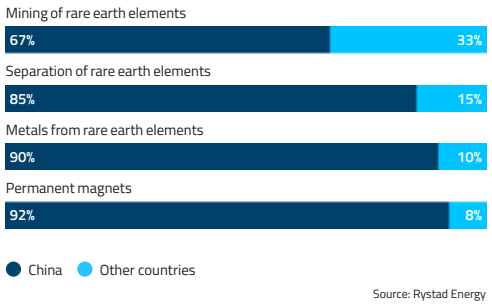
Historical development of the iron ore price and pellet premiums. The majority of LKAB's sales are made in US dollars (USD).

EU emissions target for 2050



The EU's target is to become climate neutral by 2050 by phasing out fossil fuels and lowering carbon emissions.

Rare earth elements in the world



China dominates the global market for rare earth elements, from mining to processing. Currently, no mining is carried out within the EU and only about one percent of separation and processing takes place within the EU.

[1] Critical Raw Materials Act, EU regulation to strengthen Europe's supply of critical raw materials.

A challenging operating environment, but good conditions for LKAB's strategy in the long term

The global steel industry is facing structural challenges and the operating environment is characterised by geopolitical uncertainty, increased trade barriers and instability that may further impact market conditions and supply chain capabilities. There is uncertainty regarding the necessary investments and technology shifts required for the transition to lower carbon emissions. At the same time, the requirements for more sustainable processes and products are increasing.

- In the iron and steel value chain, the transition is expected to drive increased demand for high-quality iron ore products, giving LKAB a competitive position in which we expect to see increased demand in the future for our high-quality iron ore pellets.
- In the Middle East and North Africa, there is demand for LKAB's iron ore products, as a large share of the region's production is based on direct reduction with natural gas and requires high-quality iron ore pellets. At the same time, war and regional tensions represent a significant market risk.
- In Norrbotten, there is good access to fossil-free electricity at competitive prices. LKAB's geographical location provides favourable conditions for producing hydrogen from fossil-free electricity and transitioning to carbon-free processes, thereby increasing the added value to our products by processing.
- In addition, LKAB has the potential to extract rare earth elements and phosphorus, as by-products of our iron ore, which can both strengthen LKAB's business and help reduce the region's import dependency.

Despite a challenging operating environment, LKAB is in a strong position.

Fundamental requirements for our mining operations

LKAB is one of Europe's leading producers of iron ore and mineral products. Since the company was founded 135 years ago, we have used innovation to streamline the production of iron ore products and, step by step, increased the added value by processing in order to remain competitive in the market.

Conditions required for strong competitiveness

Through exploration efforts we have increased our mineral resources in recent years, thereby creating the conditions for increasing our volumes.

That the iron ore we mine has a high iron content and low levels of impurities after concentration provides a favourable starting point for our transformation strategy and long-term competitiveness. In the future, by also extracting phosphorus and rare earth elements from the iron ore that we mine, we can broaden our business and contribute to Sweden's and Europe's self-sufficiency in critical minerals. Our conditions are strengthened by access to fossil-free electricity and competitive electricity prices in northern Sweden.

A long-term strategy for the mining of the future

Our long-term strategy aims to ensure competitiveness and profitability, both here and now and for the future, while contributing to more sustainable development of the industry. Our focus is on safe, stable and efficient production and on developing innovative methods and carbon-free processes adapted to what is technically possible, financially sustainable and feasible within reasonable time frames. We manage our strategic risks on an ongoing basis in order to balance long-term and short-term goals.

Through our strategy, we make the most of the conditions and opportunities we have and look to the future.

Iron ore resources for future generations

The foundation for long-term mining operations involves securing mineral reserves and mineral resources. Converting mineral resources into mineral reserves means ensuring that a deposit can be mined safely and profitably, even if the ore is very deep underground.

Exploration provides long-term mining plans

We carry out continual exploration work in order to secure a long-term supply of iron ore and other minerals.

The latest results of our exploration work and technical studies show further increases. Total mineral reserves and mineral resources as at 31 December 2025 amounted to 7.2 billion tonnes, of which total mineral reserves are 0.9 billion tonnes.

The total volume of rare earth elements is approximately 3.1 million tonnes (in situ REE oxides). This includes LKAB's mines in Kiruna and Gällivare, as well as the Per Geijer iron ore deposit in Kiruna.

Mineral resources and reserves in relation to our mining since 1890

After 135 years of mining, our total volume of mined iron ore amounts to around 2 billion tonnes. This means that today's reported mineral resources and mineral reserves amount to more than three times what has been mined throughout our history.

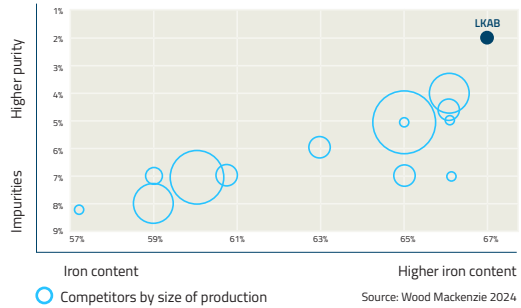
Iron ore with good properties

LKAB's iron ore pellets and fines, processed from magnetite ore, are characterised by consistent high quality and good concentration properties. This enables a high iron content in the concentrate, providing good conditions for efficient pellet production and further processing. The properties of the magnetite also provide an advantage in the sintering process, where fines (fine particles of ore) are merged into larger pieces at a high temperature (sintered) to then produce iron ore pellets.

The high added value of our iron ore pellets enables us to achieve price premiums on top of the base price for high-quality iron ore products.

Iron content and purity

The iron content and combination of aluminium and silicon

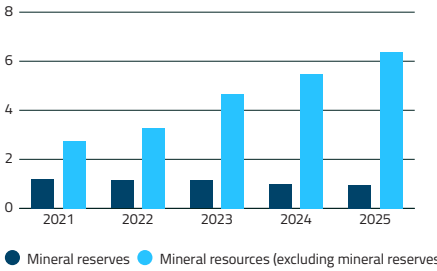


Source: Wood Mackenzie 2024

Our iron ore pellets and fines, processed from magnetite ore, are characterised by consistent quality and good concentration properties.

Mineral reserves and mineral resources

Billion tonnes



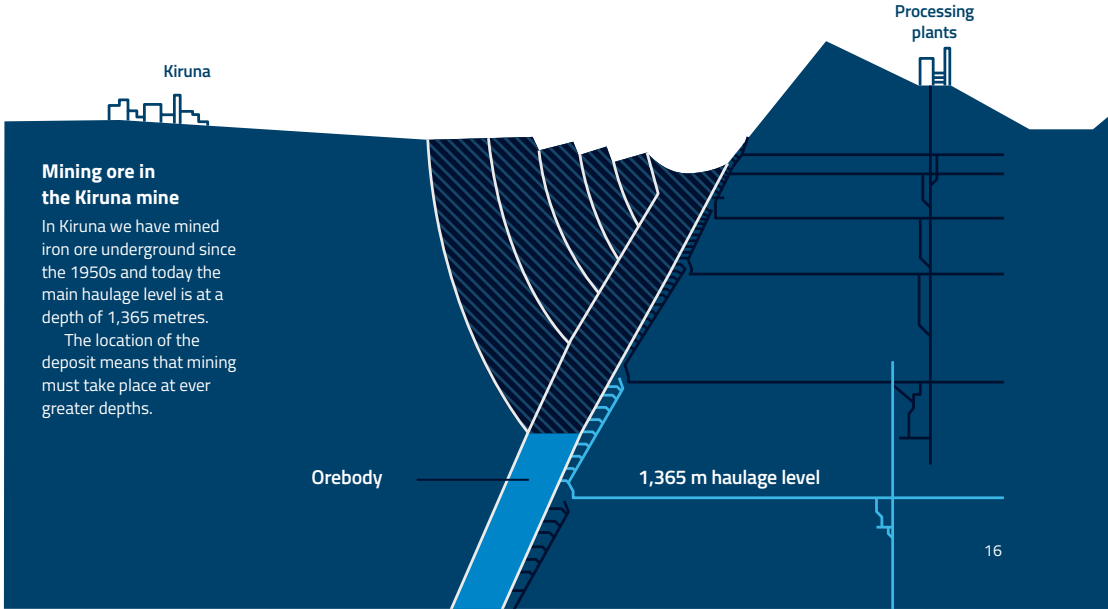
Mineral reserves are resources that can be mined technically and profitably under present conditions. Mineral resources are the estimated amounts of minerals present in the ground that could possibly be economically extracted. The graph includes "must take" material.

Total volume of mined crude ore and upgraded iron ore products

Million tonnes

	2025	2024
Crude ore, magnetite and hematite	44.9	43.3
Upgraded iron ore products	25.9	22.7

Crude ore is iron ore from the mines before any further processing, and the volume also includes waste rock. Magnetite and hematite are examples of iron ore minerals.



Creating profitability in the operations

Our iron ore mining primarily takes place in underground mines in Kiruna and Gällivare. Underground mining is generally more expensive than open-pit mining, which means that we operate with a higher cost base than competitors with open-pit mines.

Continued profitable mining is crucial if we are to be able to invest in and develop our business.

Underground mining brings challenges

As mining is capital-intensive, production volumes, cost control and productivity are crucial to ensuring the mine's competitiveness.

Our exploration work shows that our orebodies are located at ever greater depths. This means that we face major challenges. Above all, it concerns maintaining the safety of our employees and contractors despite deeper mining, as well as developing processes and working methods that enable efficient mining operations.

Higher volumes for greater profitability

To increase revenues, we have a long-term objective to increase our production volumes and at the same time increase the degree of processing.

Successful exploration has enabled us to see opportunities to increase our production volumes, thereby achieving a lower cost per unit produced. Our aim is to increase volumes by 20–50 percent during the 2030s. This requires the capacity to balance the necessary investments with efficiency improvements in the operations, in order to increase productivity.

Processing increases revenues

By further processing our products into high-quality iron ore pellets, for example, we can increase the value of the iron ore – and thereby command a higher premium compared with the price of the world's iron ore products in general. Going forward, the ambition is to further upgrade our products to produce products such as carbon-free sponge iron.

Extracting critical minerals will strengthen the business

Our iron ore contains apatite, a mineral from which we can extract phosphorus and rare earth elements. Extracting these will bring in increased revenue from the ore we are already mining. This provides an opportunity to further broaden our business and strengthen our long-term competitiveness.

Innovation and the realisation of our strategy

Innovation and technological development have long characterised our operations, and we work both to improve today's operations and to lay the foundation for the production systems of the future.

Our innovation and development work is carried out through six priority programmes in the areas of mining, processing, logistics, energy systems, production systems, and the environment and water. Most projects are conducted in collaboration with strategically important suppliers, research institutions and other companies in the mining industry.

We use drone technology and robotic solutions when inspecting mines to increase safety and efficiency.

Competitiveness among iron ore producers

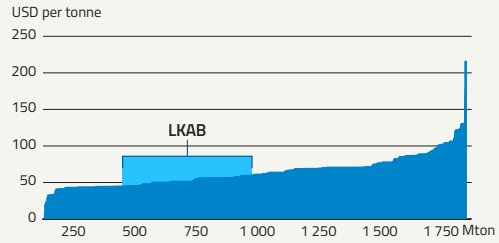
The graph illustrates competitiveness in our industry and shows the cost per tonne for mining and processing iron ore. Further to the right on the graph shows a higher cost per unit produced and thus poorer competitiveness. Further to the left shows a lower cost per unit produced and therefore stronger competitiveness.

Our position

Through higher volumes and a high level of value-added processing compared with the industry at large, LKAB is able to maintain strong competitiveness, which is often measured by the position on cash-cost curves. LKAB's position is normally in the better half of the industry's cash-cost curve. Small changes in the cost base can have a significant impact on a company's position, as the curve is relatively flat in the lower-cost half. In analysis firm Wood Mackenzie's calculation for 2025, the cost per tonne of produced units has decreased compared with 2024.

Cash cost of iron ore producers

Cost level per iron ore producer and accumulated iron ore production globally. The graph has been adjusted for differences in concentration, impurities and premiums, with the cost level of all mines being related to the price for iron ore fines 62%.



Source: Wood Mackenzie, Q4 2025

Our three strategic areas

A NEW WORLD STANDARD FOR MINING

Mining at greater depths through automation, electrification and digitalisation for increased volumes

CARBON-FREE PROCESSES

Increased product value and reduced climate impact

CRITICAL MINERALS

Extraction of phosphorus and rare earth elements for greater self-sufficiency

We drive the development of our operation in three areas. A new world standard for mining at great depths for increased volumes. A focus on carbon-free processes and products is contributing to higher product value and reduced climate impact. The extraction of phosphorus and rare earth elements is developing our business and helping to strengthen Europe's self-sufficiency in critical minerals.

Our strategy sets out the path to securing our long-term competitiveness.

A new world standard for mining at great depths

To create the conditions for profitable mining at greater depths, LKAB is developing a new world standard which focuses on automation, electrification and digitalisation. This also creates opportunities to transform the operations in order to reduce carbon emissions in the value chain.

Today, underground mining takes place in the Kiruna mine at a depth of 1,365 metres and in the Malmberget mine at a depth of 1,250 metres. Exploration shows that the orebodies extend ever deeper below the current main haulage levels, and the future mining therefore needs to take place at greater depths. We need to enable mineral resources to be converted into mineral reserves safely and efficiently.

Mining at greater depths involves, in addition to increased costs, challenges related to higher rock stresses, increased seismic activity and more complex logistics. Future mining will require safe and innovative solutions in safety, technology and working methods.

Developing to improve productivity

We are developing a new world standard for mining that enables a safer working environment and higher productivity. Through digitalisation, electrification and automation we are able to optimise production, with reduced downtime. Some of the innovations we are working with and developing include:

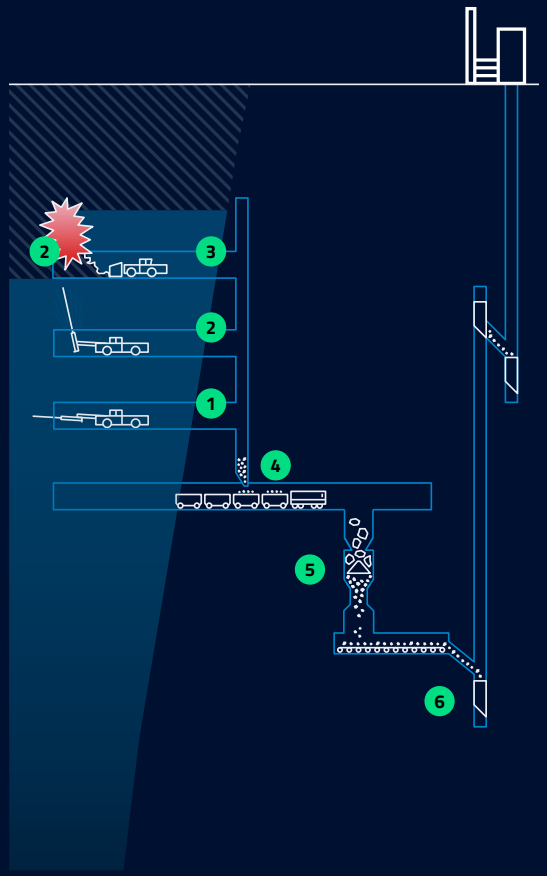
- Autonomous machinery, mining systems and real-time monitoring of rock stresses and seismic activity to increase safety and reduce downtime. In the longer term the goal is to increase productivity by being able to work more hours of the day.
- Electrified machinery and energy-efficient transport systems reduce both operating costs and climate impact, while also improving the work environment for our employees.
- Digitalised control systems increase the precision of the mining process and enable remote control, which improves productivity.

These innovations contribute to a safer work environment by reducing the need for human presence in high-risk areas. There is also a direct link with our long-term goal of carbon-free processes. Electrified machinery and other battery-powered equipment are already being used in the operations, to not only improve productivity but also reduce climate impact.

Our aim is that new technology and new methods from ongoing development projects can be gradually introduced into existing operations and at current mining depths once they have been proven to work, are safe, and can contribute to higher volumes.

New world standard brings new opportunities

With the right conditions, we can strengthen our position and pave the way for safe, sustainable and profitable mining at even greater depths, down to 2,000 metres. This will be possible if the technical, economic and environmental factors come together and are supported by market conditions.



Mining iron ore underground

1 Drifting

Tunnels are made in the rock by means of drilling, blasting, scaling (removing loose rock) and rock reinforcement.

2 Production drilling and blasting

Production drilling and blasting are carried out using remote-controlled drilling units that drill long, upward holes through the ore, which are then filled with explosives.

3 Production loading

Production loading involves loaders taking the iron ore and tipping it into rock shafts.

4 Chute loading and haulage

The shaft discharges down into rail cars or trucks, which haul the ore to large crushers. Continuous development of automation for all its haulage systems has made LKAB a world leader in this area.

5 Discharging and crushing

The rail cars and trucks are emptied into discharging stations for feeding to the crushers, where the ore is crushed into pieces about 10 centimetres in size.

6 Hoisting

Hoisting takes place via ore elevators, known as skips, which haul 40 tonnes of ore at 60 km/h.

LKAB's operations in Gällivare, where we are planning several new facilities.

Initiatives for carbon-free processes

The operations in Gällivare play a key role in our transformation and our goal of carbon-free processes and products.

Examples of planned facilities in Gällivare

Direct reduction plant
Planned demonstration plant for fossil-free sponge iron production. The plant is part of the early implementation of the hydrogen-based Hybrit method.

Hydrogen plant
Planned demonstration plant for hydrogen production. Using fossil-free electricity we can produce hydrogen from water, through a process known as electrolysis where water molecules are split into oxygen and hydrogen. The hydrogen can then be used as a reducing agent.

Our high-quality iron ore products

LKAB expects to deliver products for both traditional and fossil-free steelmaking for a long time. Through processing and innovation, the products contribute to greater efficiency, lower emissions and a more sustainable steel industry.

Fines are crushed, ground and concentrated iron ore that must be sintered together with additives before it can be used in blast furnaces.

Blast furnace pellets are agglomerated iron ore in the form of round balls with a high iron content that can be used directly in blast furnaces without additional processes, thereby reducing energy consumption and carbon emissions.

Direct reduction pellets are used in the direct reduction process, where the pellets are reduced in a shaft furnace and subsequently melted in an electric arc furnace. The process can be made fossil-free by replacing natural gas with hydrogen. The pellets have a very high purity and iron content.

Sponge iron is the result of direct reduction and consists of solid iron that can be used directly in steelmaking in electric arc furnaces. Global production is still limited but is expected to increase significantly, as it enables fossil-free steelmaking by direct reduction with hydrogen.

Carbon-free processes

A key part of our strategy is to increase the value added to our iron ore products by processing while also developing carbon-free processes and products. This will strengthen our competitiveness and contribute to a more sustainable iron and steel industry. The path to achieving this involves fuel switching, electrification, energy efficiency measures and further upgrading the products.

The global iron and steel industry accounts for a large proportion of the world's carbon emissions and in order for LKAB to remain viable in the long term, we need to transform our operations. To reduce our carbon emissions – and by extension, those of the industry – we are working towards a transition to carbon-free processes using fossil-free electricity and hydrogen, among other things.

Transformation plan for processing in several steps

Part of our transformation plan involves continuing to develop our processing to further increase the value added to our products, and to reduce carbon emissions downstream in the value chain. Following long-term testing and development work in Gällivare we have replaced fossil fuel with bio-oil in one of our pelletising plants, resulting in the world's first iron ore pellets produced using fossil-free fuel.

In the longer term, our ambition is to gradually transition to carbon-free iron ore pellets and to offer a future product in the form of carbon-free sponge iron. Sponge iron is an umbrella term for direct reduced iron (DRI) and hot briquetted iron (HBI) that is manufactured through direct reduction using gas. In terms of production technology LKAB is focusing mainly on using the hydrogen-based Hybrit method, which is a fossil-free production process.

Electrification of operations

As part of our transformation plan, electrification of our operations is already under way. This includes our work towards gradual electrification of the mining operations which, together with ventilation solutions, not only improves the working environment but also reduces climate impact. The work includes fuel switching, electrical power management and the electrification of vehicles. Our ambition is to electrify the vehicle fleet throughout our operations, from mine to port. A project to use electric trucks above ground in Gällivare, for example, completed its first test phase at the beginning of the year.

The industry's transition to lower carbon emissions

There are many indications that carbon emissions will incur higher costs in the future, throughout the value chain. The steel industry's transition to lower carbon emissions is expected to take place primarily through the shift to direct reduction plants and electric arc furnaces. This process requires high-quality iron ore, and the gradual transition is therefore expected to drive up demand for high-quality iron ore pellets.

Our high-quality iron ore products, combined with a limited supply of recycled steel in the form of high-quality scrap, strengthen LKAB's position in the market. Our transition to carbon-free processes contributes to the development of fossil-free steel, a product that is expected to be widely used in the future.

Critical minerals

The iron ore we mine also contains apatite. By exploiting this by-product and extracting phosphorus and rare earth elements we can increase resource utilisation while strengthening the flexibility of our business.

The apatite contained in our iron ore is an untapped resource. Apatite is a phosphate mineral and an important source of phosphorus. The apatite also contains rare earth elements that are not currently mined in Europe. The EU has identified both phosphorus and rare earth elements as critical minerals; through their extraction, we can create new business opportunities while also helping to reduce Sweden's and Europe's import dependence.

Phosphorus is used, among other things, for the production of mineral fertilisers – on which around half of the world's food production depends. Domestic production of phosphate minerals in the EU is currently limited. The main uses for rare earth elements are linked to the manufacture of permanent magnets that are used in electric motors and generators: found in everything from electric cars to wind turbines, electronics and in many applications in industry. Increased electrification of society's transport sector and increased digitalisation means the need is great, and global demand is expected to increase significantly.

Future initiatives selected as Strategic Projects

The EU's Critical Raw Materials Act (CRMA) aims to ensure a sustainable supply of critical raw materials within the Union, with certain minerals and rare earth elements being classed as strategic. Currently, China dominates both mining and processing on the world market for rare earth elements, while Europe has a great need to produce electric vehicles, wind turbines and other technology. The topic of rare earth elements has become increasingly important geopolitically and played a crucial role in the trade war between the US and China in 2025.

During the year the European Commission selected three of LKAB's future initiatives as Strategic Projects under the CRMA: our planned industrial park for critical minerals in Luleå, the Malmberget mine in Gällivare and the Per Geijer iron ore deposit in Kiruna. The announcement is a recognition of our ability to contribute to securing Europe's access to critical minerals and reducing its dependence on other countries.

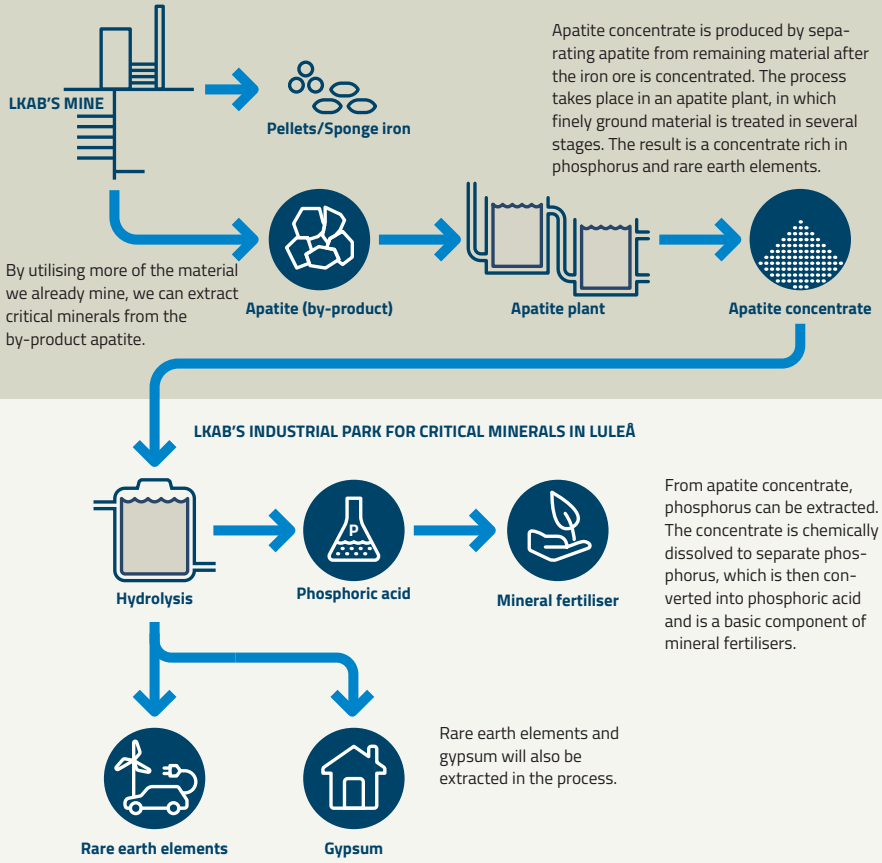
Development projects progressing as planned

We are working continuously to harness the business opportunity that apatite represents and to become a future supplier of critical minerals.

Currently, we are building a demonstration plant in Luleå for the extraction of phosphorus and rare earth elements from apatite concentrate. In addition, this process also results in significant amounts of gypsum, which can be used in, for example, the construction industry. The plant will also be a research and development centre, playing an important role in building new competences and testing processing methods for refinement.

We also have an ongoing environmental permit process for a full-scale industrial park in Luleå and have applied for a permit for expanded operations in Gällivare, including the establishment of an apatite plant.

Apatite – the foundation for greater self-sufficiency



Our scale-up model

All the strategic initiatives follow a scale-up model with four phases: the pilot phase, the demonstration phase, the industrialisation phase and the expansion phase. The aim is to secure operational and technical conditions as well as financial sustainability over time. If the right conditions are not in place, the initiative will be cancelled or postponed until the situation is deemed to be more favourable.

PHASE 1

Pilot study

A pilot study is carried out on a small scale to learn lessons and check the design of the study. Values are collected that can be used in later phases.

Examples of existing projects

Pilot plant in Gällivare that extracts apatite from by-products of the mining. The aim is to make use of by-products from iron ore production to produce phosphorus and rare earth elements.

Pilot plant in Luleå that reduces iron ore using the hydrogen-based Hybrit method. The aim includes the developing a new hydrogen-based method of efficient fossil-free iron- and steel production as well as producing fossil-free sponge iron. LKAB is conducting this initiative together with the steel company SSAB and energy company Vattenfall.

PHASE 2

Demonstration

After a pilot study, a demonstration plant is established to test, evaluate and further develop technologies and solutions.

Examples of projects in progress

Ongoing construction of a demonstration plant in Luleå for the extraction of phosphorus and rare earth elements from apatite concentrate, which is extracted from by-products of iron ore production.

PHASE 3

Industrialisation

If the outcome is positive, an industrial phase begins where the operations and their capacity are scaled up to industrial level to become an integral part of the business.

PHASE 4

Expansion

If the conditions are right, there is an expansion phase where the operations are scaled up further to either supplement or replace the previous operational process.

Sponge iron, LKAB's planned future carbon-free product.

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