



Interim report January – June 2021

Record operating result

Russia/CIS: Revenue up 31% as market picks up speed

Strong performance in aftermarket and contracting services

Germany: Trucks sales in units up 47% with market share gains

Further investments in service network and organisation

Group: Best operating result to-date despite negative currency effects

Strong operating cash flows and low working capital

Selected key Group ratios*

SEK M	Q2 2021	Q2 2020	%	6M 2021	6M 2020	%
Revenue	1 590	1 203	32%	2 856	2 321	23%
Operating profit	144	105	37%	224	156	44%
Result for the period	86	76	13%	142	96	47%
Earnings per share	5.94	5.24	13%	9.79	6.64	47%
Gross margin	18.0%	17.2%		17.5%	16.8%	
Operating margin	9.0%	8.7%		7.8%	6.7%	
Return on capital employed	23%	23%		23%	23%	
Working capital / Revenue	3%	10%		3%	10%	
Net debt / (cash)	143	230		143	230	

* Definitions and purposes of the key ratios are presented on page 27.

CEO comment



Lars Corneliusson
CEO

Total revenue in Russia/CIS grew 54% in local currency and 31% in SEK

In Germany, we continued to invest in our network and our organisation

The German truck market recovered during the quarter as business activity improved

Operating profit increased 37% to SEK 144m, which is the best single quarter to date

In a longer perspective, we remain positive

The second quarter of 2021 was another strong quarter for Ferronordic. Our teams performed well across business areas, sales grew as our markets continued to recover, and we recorded our best operating profit in a single quarter to date.

In Russia/CIS, the market for construction equipment grew by 74%, mainly as a result of pent-up demand, stronger commodity prices and increased infrastructure spending. Our new machine sales in units increased by 26%, as product groups where our market share is lower grew more strongly in the quarter. Customer activity in terms of machine utilisation also increased during the quarter. Thanks to this, as well as great efforts from our service teams and continued digitalisation, aftermarket sales grew by 14% in SEK, despite an 18% depreciation of the ruble. In contracting services, we reached planned capacity in Norilsk and expanded our operations in Irkutsk. The ambition is to grow this business area further. In April, we became dealer for Sandvik mobile crushers and screens in Russia. We are still in the start-up phase but are very excited about this cooperation.

In total, revenue in Russia/CIS grew by 54% in local currency and 31% in SEK. The operating margin was strong at 12.5% and Russia/CIS achieved a record operating result for a single quarter.

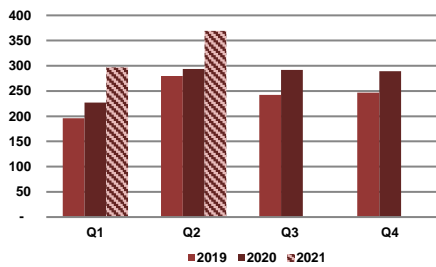
In Germany, we completed the acquisition of two workshops in Limburg and Nordhausen. The work to expand, improve and integrate our service network in Germany continues. We also invested in our organisation and in initiatives to get closer to our customers.

The German truck market continued to recover as business activity improved. Supply is however a general concern at the moment. New trucks sales increased by 47% in units and we gained market share. Our used trucks business, launched at the end of 2020, made a good contribution. Aftermarket sales continued to grow, partly due to acquisitions. As a result of higher revenue and gross margin, the operating result improved compared to last year and the previous quarter.

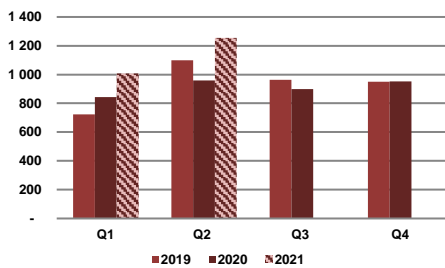
For the Group, revenue was up 32%. Operating profit increased by 37% to SEK 144m. Cash flows from operations were strong as working capital decreased to 3% of revenue. Net debt was SEK 143m at the end of the quarter.

Customer activity in our markets has improved. We expect our markets to continue to recover as economies open up and as a result of pent-up demand. In Russia/CIS, our optimism is supported by higher commodity prices and increased activity on the so-called national projects, but moderated by the risk of increased utilisation fees. In Germany, we expect a broader European economic recovery to boost demand. Current uncertainty mainly regards continued supply chain constraints. In a longer perspective, we see strong underlying fundamentals and business opportunities in our markets.

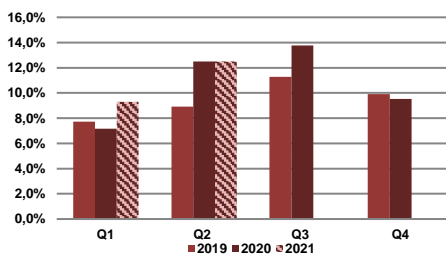
New machines (units sold)



Revenue (SEK m)



Operating margin (%)



In Q2 2021, we delivered 369 new units in Russia/CIS, which is an increase of 25%

Operating profit from the operations in Russia/CIS increased by 31% to SEK 157m

Working capital declined from 2% in Q1 2021 to 0% of revenue in Q2 2021

Russia/CIS

In Q2 2021, the market for construction equipment grew by 74%. The market was supported by several factors, including improving business outlook, pent-up demand, stronger commodity prices and increased infrastructure spending. Continued concerns about supply chain disruption and expectations of potential increases in the so-called utilisation fee may have temporarily contributed to higher demand. Our new machine sales in units grew by 26% to 369 machines. We increased sales of most product groups but notably articulated haulers, forestry equipment and pavers. The average sales price increased by 25% in local currency and 5% in SEK. Customer activity in terms of machine utilisation increased during the quarter and thus also demand for service and parts. Thanks to this and continued digitalisation, we continued to grow our aftermarket sales. In contracting services, we reached planned capacity at our operations in Norilsk and expanded our operations in Irkutsk.

Total revenue in Russia/CIS increased by 31% (54% in local currency) to SEK 1,254m (SEK 958m). Equipment sales increased by 28% (50% in local currency), aftermarket sales increased 14% (34% in local currency) and contracting services increased by 82% (115% in local currency). The aftermarket share of revenue declined by 3pp to 20% as contracting services increased 5pp to 17%. The gross margin increased slightly to 20.2% (19.9%).

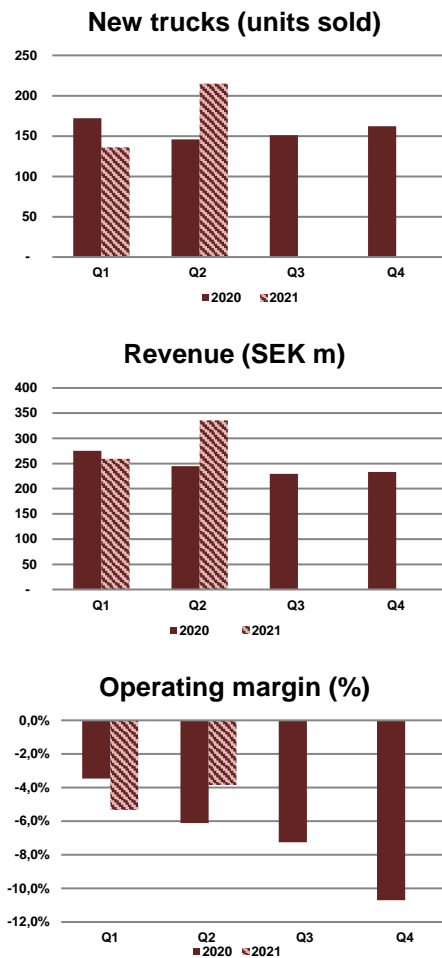
Selling, general and administrative expenses increased by 19%, mainly due to higher sales and expansion of operations, but also due to the partial return of some costs that temporarily were lower in Q2 2020 due to Covid-19, such as travel and marketing. As a percentage of revenue, however, these expenses declined to 7.7% (8.4%). The operating margin remained high at 12.5% (12.5%) and the operating profit increased by 31% to SEK 157m (SEK 120m).

Cash flows from operating activities were strong at SEK 111m. Working capital as a percentage of revenue declined from 2% in Q1 2021 to 0% in Q2 2021.

During the first six months of 2021, new machine sales in units increased by 28% in a market that grew by 50%. Revenue increased by 26% to SEK 2,261m (SEK 1,801m) with a gross margin of 19.4% (19.2%). The operating profit grew 39% to SEK 250m (SEK 180m), with an operating margin of 11.1% (10.0%).

Russia/CIS

SEK M	Q2 2021	Q2 2020	%	6M 2021	6M 2020	%
New units	369	294	26%	666	521	28%
Revenue	1254	958	31%	2 261	1 801	26%
Gross profit	254	190	33%	438	346	27%
Operating profit	157	120	31%	250	180	39%
Gross margin	20.2%	19.9%		19.4%	19.2%	
Operating margin	12.5%	12.5%		11.1%	10.0%	



During the second quarter, the German market for heavy trucks grew by 20%

Revenue in Germany increased by 37% to SEK 336m (SEK 245m)

Working capital increased from 11% to 14%

Germany

Based on registrations of new trucks, the German market for heavy trucks increased by 20% compared to Q2 2020. The recovery was a result of both economic recovery and pent-up demand and was mainly driven by the tractor segment. Even though demand is strong, the market is held back by continued supply problems. The number of trucks registered in our sales area represented 19% of the total German market and was 22% higher than in Q2 2020 (but only 2% higher than in Q1 2021). Our new truck sales in units increased by 47% to 215 units, partly as some customers postponed purchases in Q1 2021 to wait for deliveries of the new Volvo Trucks range, which started in April. As a result, our market shares for Volvo and Renault Trucks increased in the quarter. Customer activity and demand for service and parts improved during the quarter, as business confidence continued to recover.

Mainly due to higher new trucks sales, total revenue in Germany during the quarter increased by 37% (44% in EUR) to SEK 336m (SEK 245m). Truck sales increased by 49% (57% in EUR), supported by the used truck sales. Aftermarket sales increased by 28% (34% in EUR), partly thanks to the new workshops, which contributed approx. 20% of the aftermarket sales. As a result of stronger truck sales, aftermarket sales decreased by 2pp as a share of revenue to 26%. Other revenue, mainly consisting of trucks rental and car sales, decreased by 34% (-30% in EUR), mainly due to lower car sales. The gross margin increased to 9.6% (6.7%).

Selling, general and administrative expenses increased by 41.5%, partly due to costs related to newly acquired workshops, and partly due to one-off expenses of approx. SEK 3.2m, mainly related to acquisitions. As a result of the higher gross margin and despite higher costs, the operating margin improved to -3.8% (-6.1%). The operating loss amounted to SEK -13m (SEK -15m).

Cash flows from operating activities were positive at SEK 8m despite the operating loss and an increase in working capital from 11% to 14% as a percentage of revenue. Cash flows from investing activities include a SEK 73m partial payment for the acquisitions in Limburg and Nordhausen (see also note 6).

During the first six months, revenue in Germany increased by 14% to SEK 595m (SEK 520m) with a gross margin of 10.5% (8.3%). The operating result amounted to SEK -27m (SEK -25m), with an operating margin of -4.5% (-4.7%).

Germany

SEK M	Q2 2021	Q2 2020	%	6M 2021	6M 2020	%
New units	215	146	47%	351	318	10%
Revenue	336	245	37%	595	520	14%
Gross profit	32	16	98%	62	43	45%
Operating profit	-13	-15	14%	-27	-25	-9%
Gross margin	9.6%	6.7%		10.5%	8.3%	
Operating margin	-3.8%	-6.1%		-4.5%	-4.7%	

Comments on the Group results

The following foreign exchange rates have been used to translate the Q2 2021 (Q2 2020) results to the presentation currency:

- Average rates of RUB/SEK 8.82 (+18% vs 7.48) and SEK/EUR 10.14 (-5% vs 10.65) have been used to translate the income statements
- End of period rates of RUB/SEK 8.54 (+13% vs 7.54) and SEK/EUR 10.12 (-3% vs 10.48) have been used to translate the balance sheet.

The depreciation of the ruble since Q2 2020 of 18% on average and 13% on the end-of-period rates has impacted both income statement and balance sheet items. The Kazakh tenge has a minor impact on the financial statements.

Revenue

Revenue increased by 32% to SEK 1,590m (SEK 1,203m)

In Q2 2021, the revenue of the Group increased by 32% to SEK 1,590m (SEK 1,203m). Sales of equipment and trucks increased by 32% and aftermarket sales increased by 17%. Revenue from contracting services increased by 82% in Q2 2021, mainly due to the new project in Norilsk but also due to expansion of operations in Irkutsk. Other revenue, mainly consisting of rental and passenger car sales in Germany, declined 22%.

During the first six months, the Group revenue increased by 23% to SEK 2,856m (SEK 2,321m). Revenue in Russia/CIS increased by 26% to SEK 2,261m (SEK 1,801m) while revenue in the German operations increased by 14% to SEK 595m (SEK 520m). The sales of equipment and trucks increased by 22% in 2021 while aftermarket sales by increased by 11% and contracting services by 69%.

Gross profit and operating profit

Gross profit in Q2 2021 increased by 38% to SEK 286m (SEK 207m)

In Q2 2021, the gross margin for the Group increased from 17.2% to 18.0% as the share of the revenue from Russia/CIS increased and the gross margin in Germany improved (9.6% vs 6.7%). As a result of higher margin on higher revenue, gross profit in Q2 2021 increased by 38% to SEK 286m (SEK 207m).

The operating margin increased from 8.7% to 9.0%

As percent of revenue, selling, general and administrative expenses decreased from 9.4% in Q2 2020 to 8.9% in Q2 2021. The operating profit for Q2 2021 increased by 37% to SEK 144m (SEK 105m). The operating margin during the quarter increased from 8.7% to 9.0%, as a result of a greater share of a higher operating margin in Russia/CIS of 12.5% (12.5%) and improved operating margin in Germany of -3.8% (-6.1%).

During the first six months, gross profit increased by 29% to SEK 501m (SEK 389m). The gross margin increased from 16.8% in H1 2020 to 17.5% in H1 2021, partly as a result of higher share of revenue and a higher gross margin in Russia/CIS of 19.5%

(19.2%) and partly as a result of the consolidation of higher gross margin of 8.5% (8.3%) in Germany.

As a percentage of revenue, selling, general and administrative expenses were lower at 9.6% compared to 10.4% in H1 2020. At SEK 224m (SEK 156m), the operating result in H1 2021 was 44% higher compared to H1 2020, mainly due to higher operating profit in Russia/CIS. The consolidated operating margin increased from 6.7% to 7.8%, as a result of higher operating margin in Russia/CIS of 11.1% (10.0%) and improved operating margin of -4.5% (-4.7%) in Germany.

Result

Mainly as a result of lower net debt, finance costs (net) decreased to SEK 11m in Q2 2021 (SEK 16m). Foreign exchange losses (net) amounted to SEK 6m in Q2 2021 compared to foreign exchange gains (net) of SEK 3m in Q2 2020. As a result of this and the higher operating profit, the result before income tax for Q2 2021 increased by 38% to SEK 127m (SEK 92m). Taxes were higher as withholding taxes on internal group dividends were expensed in the quarter. The result for the quarter increased by 13% to SEK 86m (SEK 76m).

During the first six months, mainly as a result of lower net debt, finance costs were SEK 16m lower than during H1 2020. Foreign exchange losses (net) were SEK 8m in H1 2021 to compare with SEK 1m during H1 2020. Due to the higher operating profit, the result before income tax during the first six months of 2021 increased by 63% to SEK 199m (SEK 122m). Taxes were higher as withholding taxes on internal group dividends were expensed in the period. The result for H1 2021 thus increased by 47% to SEK 142m (SEK 96m).

Earnings per share

Basic earnings per share for the second quarter amounted to SEK 5.94 (SEK 5.24). Diluted earnings per share for the second quarter amounted to SEK 5.93 (SEK 5.24).

Basic and diluted earnings per share during the first six months amounted to SEK 9.79 (SEK 6.64).

Cash flows

Cash flows from operating activities decreased to SEK 120m (SEK 312m) during the quarter. The positive cash flows were partly a result of a decrease in working capital from SEK 183m to SEK 140m, or from 4% to 3% of revenue. In Russia/CIS, the reduction in working capital during Q2 2021 was mainly a result of higher payables, only partly offset by higher receivables and higher inventories compared to Q1 2021. As a percentage of revenue, working capital in Russia/CIS declined to 0% (from 2% in Q1 2021). This is below the historical average, as well as the lower end of an expected working capital range from 5% to 15% of revenue. In Germany, working capital increased in Q2 2021, as an increase in inventory and, to a lesser extent, receivables more than offset an increase in payables compared to Q1 2021.

The result for the quarter increased by 13% to SEK 86m

Basic earnings per share for the quarter amounted to SEK 5.94 (SEK 5.24).

Cash flows from operating activities after taxes and interest decreased to SEK 120m (SEK 312m) during the quarter

Working capital decreased from SEK 183m to SEK 140m during the quarter

As a result, working capital increased to 14% (from 11% in Q1 2021) as a percentage of revenue.

Strong cash flows from operating activities were supported by lower interest paid but partly offset by higher income tax paid.

Cash flows from investing activities in Q2 2021 amounted to SEK -123m (SEK -22m). The main investments in Q2 2021 relate to acquisitions of business and assets in Germany (for more details see note 6) but also relate to additions of machines to the Group's contracting services business.

Cash flows from financing activities include a dividend payment of SEK 109m in May 2021. Interest received in Q2 2021 was lower than during Q2 2020, partly due to a lower average cash position, currency mix and lower deposit rates.

During the first six months, cash flows from operating activities decreased to SEK 211m (SEK 413m), mainly as a result of a smaller decline in working capital in H1 2021. The lower working capital was mainly a result of higher payables, as inventories and receivables also grew compared to year end 2020.

Cash flows from investing activities during the first six months amounted to SEK -168m (SEK -27m). The increase is mainly related to acquisitions of business and assets in Germany (for more details see note 6) but also relate to additions of machines to the Group's contracting services business

Financial position

On 30 June 2021, cash and cash equivalents amounted to SEK 653m, an increase of SEK 49m from to the end of 2020. The higher cash balance mainly reflected positive cash flows from operating activities, outflows from investing activities, increased borrowings and dividend payment.

Interest-bearing liabilities (including lease liabilities and effects of IFRS-16) at the end of Q2 2021 amounted to SEK 796m, an increase of SEK 212m compared to the end of 2020. The increase was mainly due to new borrowings from VFS in Russia/CIS and drawing on the loan from Nordea. Interest-bearing liabilities also include liabilities in the German operations amounting to SEK 42m that were transferred from payables to borrowings in Q2 2021. As these transfers were non-cash, they are not reflected in cash flows.

Net cash decreased from SEK 33m at the end of Q1 2021 to net debt SEK 143m at the end of Q2 2021

The net cash position of SEK 20m at the end of 2020 and SEK 33m at the end of Q1 2021 decreased to net debt of SEK 143m at the end of Q2 2021, mainly as a result of investment activities but also as a result of a SEK 109m dividend payment in May 2021.

Property, plant and equipment (PP&E) increased by SEK 189m during the quarter from SEK 576m to SEK 766m at the end of Q2 2021, partly due to business acquisitions in Germany and partly due to additions of machines in contracting services in Russia/CIS. During Q2 2021, construction equipment in contracting services increased by SEK 96m and in the rental

business by SEK 15m. For the purposes of the Group's cash flow statement, these increases were treated as non-cash transactions, increasing property, plant and equipment and partly increasing payables, partly reducing working capital, as SEK 62m of the machines were transferred from inventory to property plants and equipment. The increase in tangible fixed assets was partially offset by depreciation of SEK 51 million.

Equity at 30 June 2021 amounted to SEK 890m

On 30 June 2021, equity amounted to SEK 890m, an increase of SEK 84m compared to the end of 2020. The increase was mainly due to the positive result, supported by positive foreign exchange differences in the amount of SEK 46m, reflecting an appreciation of the RUB against the SEK of 6% and an appreciation of EUR against the SEK of 1% respectively compared to the end of Q4 2020.

Parent company

The parent company's result for the quarter increased to SEK 103m (SEK 1m)

During Q2 2021, the revenue of the parent company increased to SEK 53m (SEK 31m), mainly due to higher intra-group sales of machines from the parent company to its subsidiaries. Administrative expenses increased by 151% to SEK 14m (SEK 6m), mainly as a result of higher professional services and staff remuneration. The operating result decreased from SEK 0m in Q2 2020 to SEK -7m in Q2 2021. The result for the quarter increased to SEK 103m (SEK 1m), mainly due to financial income of SEK 113m, which mainly consisted of dividends from the Russian subsidiaries to the parent company. At the end of Q2 2021, following the dividend payment of SEK 109m in May 2021 to shareholders in the parent company, the profits available for distribution in the parent company amounted to SEK 347m.

During the first six months of 2021, the revenue of the parent company increased to SEK 95m (SEK 73m), mainly due to higher intra-group sales of machines from the parent company to its subsidiaries. Administrative expenses increased to SEK 20m (SEK 13m), mainly as a result of professional services, travel and taxes and staff changes. The result amounted to SEK 272m (SEK -5m), mainly due to finance income received from the Russian subsidiaries.

Employees

The number of full-time equivalent employees at the end of Q2 2021 was 1,682

At the end of Q2 2021, the number of full-time equivalent employees in the Group was 1,682, of which 1,410 related to Russia/CIS, 260 to Germany and 12 occupied group functions.

At the end of Q2 2020, the number of full-time equivalent employees was 1,352, of which 1,090 related to Russia/CIS, 250 to Germany and 12 occupied group functions

Acquisitions in Germany

In Germany, the Group completed two recently announced acquisitions

The acquisition of the business of Bus und Truck Service GmbH in Nordhausen, as well as the acquisition of Thomas

Nutzfahrzeuge GmbH in Limburg and the related real estate, were completed during the quarter as planned. For more information, refer also to note 6 of this report.

Ferronordic will continue to seek opportunities to expand and improve its service network in Germany. While the Group's preferred strategy is to lease real estate, Ferronordic will also consider business acquisitions including fixed assets and greenfield projects, where Ferronordic would buy and develop land plots to build workshops.

Nordea credit facility renewed and extended

On 30 April 2021, it was announced that Ferronordic and Nordea Bank had agreed on a credit facility, consisting of a EUR 40m revolving credit facility and a EUR 30m term loan. The facilities are running for three years. The purpose of the facility is partly to finance the Group's working capital, and partly to finance the group's continued investments in Germany. The facility is also used to refinance the loan that was drawn from Nordea in connection with Ferronordic's establishment in Germany in December 2019.

Major events

Except as described elsewhere in this report, no events have occurred after the reporting date that require disclosure in the financial statements.

Risks and uncertainties

As described in the 2020 annual report, Ferronordic is exposed to a number of risks. Some of these risks intensified as a result of the outbreak and spread of Covid-19. There have been no significant changes to what was stated in the 2020 annual report. The parent company is indirectly subject to the same risks and uncertainties as the Group.

In January 2021, the Russian Ministry for Industry and Trade proposed an increase of the so-called utilisation or scrapping fee. This charge is levied in a fixed amount and depends on the type of machine. As a percent, the fee therefore impacts lower price machines more. At this point, it has not been confirmed if, when and on what machines or by how much the increase of the fee may apply.

Annual general meeting (AGM)

Ferronordic's AGM was held on 12 May 2021 without physical presence pursuant to the Act on temporary exceptions to facilitate the execution of general meetings in companies and other associations (SFS 2020:198). At the AGM, the shareholders resolved as follows:

- It was resolved to pay dividends of SEK 7.50 per share.
- The company's and the group's income statements and balance sheets were adopted.

- The Board members and CEO were discharged from liability for the financial year 2020.
- Annette Brodin Rampe, Lars Corneliusson, Erik Eberhardson, Håkan Eriksson and Staffan Jufors were re-elected members of the Board. Aurore Belfrage and Niklas Florén were elected new members of the Board. All members were elected for the period until the end of the next annual general meeting.
- Staffan Jufors was re-elected Board chairman.
- Fees to the Board in a total amount of SEK 2,800,000 were approved.
- KPMG AB was re-elected auditor. Fees to the auditor are paid as per agreement between the company and KPMG AB.
- Procedures were adopted regarding the election of the nomination committee and its work.
- Guidelines for remuneration to senior executives were adopted.
- A proposal for incentive program based on warrants was adopted for members of the group's executive and extended management teams.

Outlook

Customer activity in our markets has improved. We expect our markets to continue to recover as economies open up and as a result of pent-up demand. In Russia/CIS, our optimism is supported by higher commodity prices and increased activity on the so-called national projects, but moderated by the risk of increased utilisation fees. In Germany, we expect a broader European economic recovery to boost demand. Current uncertainty mainly regards supply chain constraints. In a longer perspective, we see strong underlying fundamentals and business opportunities in our markets.

Presentation of the report

Ferronordic's interim report for the second quarter of 2021 was published on 12 August 2021 at 07.30 CET and is accessible at www.ferronordic.com.

Ferronordic invites investors, analysts and the media to a presentation where Lars Corneliusson, CEO, and Erik Danemar, CFO, comment on the report. The presentation will be held on 12 August 2021 at 10:00 CET and can be followed via telephone conference or audiocast.

The presentation will be held in English and will be followed by a questions and answers session. Questions can be asked via the telephone conference or in written form via the audiocast. No preregistration is required.

To participate via telephone, please dial in no later than five minutes prior to the announced time.

Dial-in numbers:

- Germany: +49 692 222 391 66

- Sweden: +46 8 505 583 58
- Switzerland: +41 225 675 632
- United Kingdom: +44 333 300 92 66
- Russia: +8 800 500 98 67 PIN: 30270641#
- United States: +1 6319131422 PIN: 30270641#

The presentation can also be viewed live and in replay at <https://tv.streamfabriken.com/ferronordic-q2-2021>

Afterwards, a recording of the presentation will be available at the same page.

Condensed consolidated statement of comprehensive income

	Q2 2021 SEK '000	Q2 2020 SEK '000	Six months 2021 SEK '000	Six months 2020 SEK '000
Revenue	1 589 634	1 202 562	2 856 463	2 320 781
Cost of sales	(1 303 742)	(996 018)	(2 355 832)	(1 931 569)
Gross profit	285 892	206 544	500 631	389 212
Selling expenses	(62 798)	(53 201)	(116 375)	(108 347)
General and administrative expenses	(79 122)	(59 710)	(156 569)	(133 590)
Other income	2 266	12 569	3 688	14 415
Other expenses	(2 421)	(1 557)	(7 875)	(6 135)
Operating profit	143 817	104 645	223 500	155 555
Finance income	3 285	5 152	6 086	6 932
Finance costs	(14 191)	(20 726)	(22 648)	(39 446)
Foreign exchange gains/(-losses) (net)	(5 642)	3 208	(8 435)	(1 439)
Result before income tax	127 269	92 279	198 503	121 602
Income tax	(40 922)	(16 072)	(56 251)	(25 134)
Result for the period	86 347	76 207	142 252	96 468
Other comprehensive result				
<i>Items that are or may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	20 197	24 126	45 777	(103 915)
Other comprehensive result for the period, net of tax	20 197	24 126	45 777	(103 915)
Total comprehensive result for the period	106 544	100 333	188 029	(7 447)
Earnings per share				
Basic earnings per share (SEK)	5.94	5.24	9.79	6.64
Diluted earnings per share (SEK)	5.93	5.24	9.79	6.64

Condensed consolidated statement of financial position

	30 June 2021 SEK '000	31 March 2020 SEK '000	31 December 2020 SEK '000	30 June 2020 SEK '000
ASSETS				
Non-current assets				
Property, plant and equipment	765 602	576 369	506 522	582 352
Intangible assets	51 612	25 141	8 211	9 287
Deferred tax assets	81 108	76 509	64 604	53 212
Total non-current assets	898 322	678 019	579 337	644 851
Current assets				
Inventories	1 342 467	1 241 088	1 014 180	1 133 554
Trade and other receivables	588 450	537 066	393 486	436 400
Prepayments	50 693	52 203	37 119	27 178
Cash and cash equivalents	652 504	665 158	603 504	733 330
Total current assets	2 634 114	2 495 515	2 048 289	2 330 462
TOTAL ASSETS	3 532 436	3 173 534	2 627 626	2 975 313
EQUITY AND LIABILITIES				
Equity				
Share capital	1 297	1 297	1 297	1 297
Additional paid in capital	620 013	615 136	615 136	612 136
Translation reserve	(323 187)	(343 384)	(368 964)	(226 009)
Retained earnings	449 939	558 932	337 240	399 003
Result for the period	142 252	55 905	221 692	96 468
TOTAL EQUITY	890 314	887 886	806 401	882 895
Non-current liabilities				
Borrowings	498 517	384 868	351 326	348 844
Deferred income	269	176	578	3 184
Deferred tax liabilities	4 534	5 450	5 117	4 472
Long-term lease liabilities	62 904	61 757	70 893	134 817
Total non-current liabilities	566 224	452 251	427 914	491 317
Current liabilities				
Borrowings	158 926	100 863	84 029	400 346
Trade and other payables	1 805 302	1 611 453	1 187 974	1 075 830
Deferred income	18 251	18 469	18 524	19 059
Provisions	18 178	17 915	25 579	26 538
Short-term lease liabilities	75 241	84 697	77 205	79 328
Total current liabilities	2 075 898	1 833 397	1 393 311	1 601 101
TOTAL LIABILITIES	2 642 122	2 285 648	1 821 225	2 092 418
TOTAL EQUITY AND LIABILITIES	3 532 436	3 173 534	2 627 626	2 975 313

Condensed consolidated statement of changes in equity

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2021	1 297	615 136	(368 964)	558 932	806 401
Total comprehensive result for the period					
Result for the period				142 252	142 252
Other comprehensive result					
Foreign exchange differences	-	-	45 777	-	45 777
Total comprehensive result for the period			45 777	142 252	188 029
Contribution by and distribution to owners					
Dividends	-	-	-	(108 993)	(108 993)
Warrant issue		4 877	-	-	4 877
Total contributions and distributions	-	4 877	-	(108 993)	(104 116)
Balance 30 June 2021	1 297	620 013	(323 187)	592 191	890 314

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2020	1 297	612 136	(122 094)	399 003	890 342
Total comprehensive result for the period					
Result for the period				96 468	96 468
Other comprehensive result					
Foreign exchange differences	-	-	(103 915)	-	(103 915)
Total comprehensive result for the period			(103 915)	96 468	(7 447)
Contribution by and distribution to owners					
Dividends	-	-	-	-	-
Total contributions and distributions	-	-	-	-	-
Balance 30 June 2020	1 297	612 136	(226 009)	495 471	882 895

Condensed consolidated statement of cash flows

	Q2 2021 SEK '000	Q2 2020 SEK '000	Six months 2021 SEK '000	Six months 2020 SEK '000
Cash flows from operating activities				
Result before income tax	127 269	92 279	198 503	121 602
Adjustments for:				
Depreciation and amortisation	50 640	47 232	95 609	95 422
(Gain)/loss from impairment of receivables	1 236	430	4 987	4 147
Profit on disposal of property, plant and equipment	309	1 581	568	1 454
Finance costs	14 191	20 726	22 648	39 446
Finance income	(3 285)	(5 152)	(6 086)	(6 932)
Foreign exchange losses/(gains) (net)	5 642	(3 208)	8 435	1 439
Cash flows from operating activities before changes in working capital and provisions	196 002	153 888	324 664	256 578
Change in inventories	(139 536)	201 969	(370 055)	19 363
Change in trade and other receivables	(34 797)	138 538	(153 753)	(172 099)
Change in prepayments	2 111	20 395	(11 218)	50 658
Change in trade and other payables	158 081	(181 854)	534 234	316 502
Change in provisions	(878)	3 679	(9 770)	6 303
Change in deferred income	(403)	(1 885)	(1 651)	(3 085)
Cash flows from operating activities before interest and tax paid	180 580	334 730	312 451	474 220
Income tax paid	(46 171)	(1 885)	(79 730)	(21 399)
Interest paid	(14 608)	(20 471)	(21 993)	(39 528)
Cash flows from operating activities	119 801	312 374	210 728	413 293
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	1 101	889	1 101	2 164
Interest received	3 285	5 182	6 086	6 926
Acquisition of property, plant and equipment	(56 598)	(28 222)	(79 086)	(35 834)
Acquisition of intangible assets	(294)	(47)	(396)	(339)
Acquisition of business	(70 673)	-	(95 435)	-
Cash flows from investing activities	(123 179)	(22 198)	(167 730)	(27 083)
Cash flows from financing activities				
Dividends	(108 993)	-	(108 993)	-
Proceeds from borrowings	144 349	86 388	186 716	390 028
Repayment of loans	(19 564)	(256 971)	(26 502)	(516 481)
Leasing financing paid	(27 420)	(23 448)	(47 693)	(55 630)
Warrant issue	975	-	975	-
Cash flows from financing activities	(10 653)	(194 031)	4 503	(182 083)
Net change in cash and cash equivalents	(14 031)	96 145	47 501	204 127
Cash and cash equivalents at start of the period	665 158	638 538	603 504	519 361
Effect of exchange rate fluctuations on cash and cash equivalents	1 377	(1 353)	1 499	9 842
Cash and cash equivalents at end of the period	652 504	733 330	652 504	733 330

Key ratios

	Q2 2021	Q2 2020	Six months 2021	Six months 2020
Revenue, SEK'000	1 589 634	1 202 562	2 856 463	2 320 781
Revenue growth, %	32.2%	9.3%	23.1%	27.3%
Gross margin, %	18.0%	17.2%	17.5%	16.8%
EBITDA, SEK'000	194 457	151 877	319 109	250 977
EBITDA margin, %	12.2%	12.6%	11.2%	10.8%
Operating profit, SEK'000	143 817	104 645	223 500	155 555
Operating margin, %	9.0%	8.7%	7.8%	6.7%
Result for the period, SEK'000	86 347	76 207	142 252	96 468
Undiluted earnings per share, SEK	5.94	5.24	9.79	6.64
Diluted earnings per share, SEK	5.93	5.24	9.79	6.64
Net debt/(cash), SEK'000	143 084	230 005	143 084	230 005
Net debt/EBITDA, x	0.3	0.4	0.3	0.4
Capital employed, SEK'000	1 685 902	1 846 230	1 685 902	1 846 230
Return on capital employed, %	23.1%	22.9%	23.1%	22.9%
Working capital, SEK'000	139 879	475 705	139 879	475 705
Working capital/Revenue, %	2.7%	10.0%	2.7%	10.0%
No. of employees at close of period	1 682	1 352	1 682	1 352

Ferronordic presents certain key ratios in its interim reports which are not defined according to IFRS. The company considers these ratios useful to provide supplementary information for investors and the company's management as they enable the assessment of relevant trends. Ferronordic's definitions of these

measures may differ from other companies' definitions of the same terms. These ratios should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. The definition and purpose of each key ratio are presented on page 27.

Parent company income statement

	Q2 2021 SEK '000	Q2 2020 SEK '000	Six months 2021 SEK '000	Six months 2020 SEK '000
Revenue	52 918	30 831	95 211	73 068
Cost of sales	(45 877)	(25 332)	(82 131)	(62 563)
Gross profit	7 041	5 499	13 080	10 505
Administrative expenses	(14 227)	(5 661)	(20 058)	(13 035)
Operating profit	(7 186)	(162)	(6 978)	(2 530)
Finance income	112 952	595	283 995	877
Finance costs	(890)	(50)	(2 182)	(96)
Foreign exchange gains/(-losses) (net)	(2 311)	1 327	(3 146)	(4 559)
Result before income tax	102 566	1 710	271 688	(6 309)
Income tax	-	(361)	-	1 242
Result for the period	102 566	1 349	271 688	(5 067)

The total comprehensive result for the period is the same as the result for the period.

Parent company balance sheet

	30 June 2021 SEK '000	31 December 2020 SEK '000	30 June 2020 SEK '000
ASSETS			
Non-current assets			
Intangible assets	656	768	880
Financial assets			
Holdings in group companies	174 043	163 908	163 785
Loans to group companies	128 966	2 597	2 671
Deferred tax assets	20 106	20 106	18 266
Total financial assets	323 115	186 611	184 722
Total non-current assets	323 771	187 379	185 602
Current assets			
Trade and other receivables	65 098	36 316	58 592
Prepayments	612	634	772
Cash and cash equivalents	18 199	16 733	18 488
Total current assets	83 909	53 683	77 851
TOTAL ASSETS	407 680	241 062	263 454
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1 297	1 297	1 297
Unrestricted equity			
Share premium reserve	630 025	625 148	622 148
Retained earnings	(555 149)	(444 060)	(382 297)
Result for the period	271 688	(2 096)	(5 067)
TOTAL EQUITY	347 862	180 290	236 082
Current liabilities			
Borrowings	-	32 725	-
Trade and other payables	59 818	28 047	27 372
Total current liabilities	59 818	60 772	27 372
TOTAL LIABILITIES	59 818	60 772	27 372
TOTAL EQUITY AND LIABILITIES	407 680	241 062	263 454

Basis of presentation and summary of significant accounting policies

1. Accounting policies

Ferronordic applies the International Financial Reporting Standards (IFRS) as adopted by the EU. This report has been prepared in accordance with IAS 34, the Swedish Annual Accounts Act and recommendation RFR 2 (only parent company), issued by the Swedish Financial Reporting Board.

New or revised standards that come into effect in 2021 or later are not expected to have significant effect on Ferronordic's financial statements.

The same accounting and valuation principles were applied in the preparation of this report as in the preparation of the 2020 Annual report (with regard to the 2020 financial year).

2. Determination of fair values

The basis for the determination of fair value of financial assets and liabilities is disclosed in note 5 in the 2020 annual report. The fair values of the Group's financial assets and liabilities approximate their respective carrying amounts.

3. Seasonal variations

Ferronordic's revenue and earnings are affected by seasonal variations in the construction industry in Russia/CIS. Q1 is typically the weakest for sales of machines as activity in construction projects is constrained during the winter months. On the other hand, the demand in aftermarket (sales of parts and services) is usually strong since many customers use the quiet period to service their machines. This is usually followed by an increase during Q2 as contracts start to be put out for tender and customers prepare for the more active summer period. Q3 tends to be slower with regard to both machine sales and aftermarket. In Q4, activity usually strengthens as customers make year-end capital spending decisions. In Germany, seasonal trends are less significant.

4. Ferronordic AB (publ)

Ferronordic AB (publ) and its subsidiaries are sometimes referred to as the Group or Ferronordic. Ferronordic AB (publ) is also sometimes referred to as the company or Ferronordic. Any mentioning of the Board is a reference to the Board of Directors of Ferronordic AB (publ).

Notes

1. Operational segments and revenue

(i) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM). The chief operating decision-maker, who is responsible for allocating resources and assessing the financial performance of the operating segments, has been identified as the Group Executive Management Team. The Group recognises two separate reportable segments: *Russia/CIS* and *Germany*. The segments are partly managed separately due to differences in markets, logistics, supply chains, products, customers and marketing strategies. For each segment, management reviews internal reports on at least a monthly basis. Russia/CIS comprises sales of new and used construction and other equipment, used trucks, aftermarket sales, rental, contracting services and other services in Russia and CIS (the Commonwealth of Independent States) and currently in Russia and Kazakhstan. Germany comprises sales of new and used trucks, aftermarket sales, rental and other services in Germany. The accounting policies of the segments are the same as described in Note 4 of the annual report 2020. Group overhead costs, such as Group management costs, are allocated between the segments using principles set forth by the CODM. Information regarding the results of each segment is included below. The performance of each segment is mainly evaluated based on revenue, gross profit, gross margin, EBITDA, operating profit and operating margin, as included in internal management reports that are reviewed by the Group's Executive Management Team. The Group had no inter-segment revenues during the periods presented.

SEK'000	Russia/CIS		Germany		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
External revenue	1 254 094	957 965	335 540	244 597	1 589 634	1 202 562
Gross profit	253 639	190 230	32 253	16 314	285 892	206 544
EBITDA	194 767	156 204	(310)	(4 327)	194 457	151 877
Depreciation and amortisation	(38 035)	(36 596)	(12 605)	(10 636)	(50 640)	(47 232)
Operating profit	156 732	119 608	(12 915)	(14 963)	143 817	104 645
Profit(loss) before tax					127 269	92 279
Result for the period					86 347	76 207
Gross margin	20.2%	19.9%	9.6%	6.7%	18.0%	17.2%
Operating margin	12.5%	12.5%	-3.8%	-6.1%	9.0%	8.7%

SEK'000	Russia/CIS		Germany		Total	
	Six months 2021	Six months 2020	Six months 2021	Six months 2020	Six months 2021	Six months 2020
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
External revenue	2 261 322	1 800 749	595 141	520 032	2 856 463	2 320 781
Gross profit	438 166	346 148	62 465	43 064	500 631	389 212
EBITDA	322 264	255 908	(3 155)	(4 931)	319 109	250 977
Depreciation and amortisation	(72 001)	(75 851)	(23 608)	(19 571)	(95 609)	(95 422)
Operating profit	250 263	180 057	(26 763)	(24 502)	223 500	155 555
Profit(loss) before tax					198 503	121 602
Result for the period					142 252	96 468
Gross margin	19.4%	19.2%	10.5%	8.3%	17.5%	16.8%
Operating margin	11.1%	10.0%	-4.5%	-4.7%	7.8%	6.7%

	Russia/CIS		Germany		Inter-segment		Total	
	30 June	31 December	30 June	31 December	30 June	31 December	30 June	31 December
	2021	2020	2021	2020	2021	2020	2021	2020
	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000
Deferred tax assets	53 828	45 661	27 280	18 943	-	-	81 108	64 604
Non-current assets	691 875	381 901	351 188	205 674	(144 741)	(8 238)	898 322	579 337
Total assets	2 899 645	2 171 964	777 532	463 900	(144 741)	(8 238)	3 532 436	2 627 626

(ii) **Revenue**

Disaggregation of revenue

SEK'000	Russia/CIS		Germany		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
Equipment and trucks sales	786 714	617 019	236 374	158 115	1 023 088	775 134
Aftermarket sales	251 512	220 844	86 819	67 852	338 331	288 696
Contracting services	209 531	114 820	-	-	209 531	114 820
Other revenue	6 337	5 282	12 347	18 630	18 684	23 912
Total revenues	1 254 094	957 965	335 540	244 597	1 589 634	1 202 562

SEK'000	Russia/CIS		Germany		Total	
	Six months 2021	Six months 2020	Six months 2021	Six months 2020	Six months 2021	Six months 2020
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
Equipment and trucks sales	1 410 790	1 128 055	395 658	348 314	1 806 448	1 476 369
Aftermarket sales	471 725	442 014	168 872	135 486	640 597	577 500
Contracting services	368 622	217 603	-	-	368 622	217 603
Other revenue	10 185	13 077	30 611	36 232	40 796	49 309
Total revenues	2 261 322	1 800 749	595 141	520 032	2 856 463	2 320 781

In Russia/CIS, equipment and trucks sales include sales of new and used construction equipment, used trucks, attachments and diesel generators. Aftermarket sales include sales of service and parts. Contracting services include only revenue from contracting services operations. Other revenue consists mainly of rental revenue.

In Germany, equipment and trucks sales include sales of new Volvo and Renault trucks, Renault light commercial vehicles and used trucks. Aftermarket sales include sales of service and parts. Other revenue consists mainly of rental revenue and also sales of passenger cars.

Number of units sold	Russia/CIS		Germany		Total	
	Q2 2021	Q2 2020	Q2 2021	Q2 2020	Q2 2021	Q2 2020
New units	369	294	215	146	584	440
Used units	77	68	48	8	125	76
Total units	446	362	263	154	709	516

Number of units sold	Russia/CIS		Germany		Total	
	Six months 2021	Six months 2020	Six months 2021	Six months 2020	Six months 2021	Six months 2020
New units	666	521	351	318	1 017	839
Used units	125	119	100	15	225	134
Total units	791	640	451	333	1 242	973

In Russia/CIS, new units include the full range of construction equipment and diesel generators. Used units include construction equipment and trucks. In Q2 2020, attachments from one manufacturer (SP Maskiner) were included in new unit sales. This has been corrected in this report. As a result, the number of new units sold in Q2 2020 decreased by 2 from 296 to 294 in Russia/CIS, and from 442 to 440 total for the Group. In H1 2020, the number of new units sold decreased by 4 from 525 to 521 in Russia/CIS, and from 843 to 839 total for the Group.

In Germany, new units include Volvo and Renault trucks, as well as sales of Renault light commercial vehicles. Used units include Volvo and Renault trucks, as well as other trucks and light commercial vehicles. Sales of passenger cars are included in other revenue and are not included in the new or used unit count. In Q1 2021, an incorrect number of used units sold in Germany was reported. The number of used units sold in Q1 2021 was 52 but was reported as 8. The number of used units sold during the first six months of 2021 was 100, of which 52 were sold in Q1 and 48 in Q2.

2. Events after the reporting date

Information regarding events after the reporting date is set out in the front part of this report.

3. Contingencies

Besides as disclosed in this report, the Group has no material contingencies. The parent company has issued a number of guarantees, all as security for the subsidiaries' obligations vis-à-vis suppliers and financial institutions.

4. Related party transactions

There have been no significant changes in the relationships or transactions with related parties for the Group or the parent company compared with the information disclosed in the 2020 Annual report.

5. Earnings per share

The calculation of earnings per share is based on the result attributable to the shareholders and thus is calculated as the result for the period divided by the average number of shares outstanding. Dilution can potentially follow from the Group's incentive program for its executive management, which includes warrants. For more information, please refer to Ferronordic's annual report for 2020.

	Q2 2021 SEK '000	Q2 2020 SEK '000	Six months 2021 SEK '000	Six months 2020 SEK '000
Result for the period	86 347	76 207	142 252	96 468
Result attributable to shareholders	86 347	76 207	142 252	96 468
Average number of shares during the period before dilution	14 532 434	14 532 434	14 532 434	14 532 434
Earnings per share before dilution	5.94	5.24	9.79	6.64
Dilution effect	30 919	-	877	-
Average number of ordinary shares during the period after dilution	14 563 353	14 532 434	14 533 311	14 532 434
Earnings per ordinary share after dilution	5.93	5.24	9.79	6.64

6. Acquisition of subsidiaries

On 4 February 2021, it was announced that Ferronordic had signed an agreement to purchase the business of Bus und Truck Service GmbH, an authorised Volvo and Renault Trucks workshop in Nordhausen in central Germany.

On 3 March 2021, it was announced that Ferronordic had signed an agreement to acquire Thomas Nutzfahrzeuge GmbH and the related real estate ("Thomas"). Thomas is an authorised Volvo and Renault Trucks workshop in Limburg, Hessen.

The acquisitions are part of Ferronordic's strategy to grow and improve the service and sales network in Germany.

The tables below detail the considerations paid, the net assets acquired and the goodwill related to potential synergies and intangible assets to Ferronordic in the integration of Bus und Truck Service and Thomas into Ferronordic's German operations.

Consideration

	Thomas	Bus and truck service	Total
SEK '000			
Cash	66 596	6 590	73 186
Consideration total	66 596	6 590	73 186

The Group believes that the book value of the assets (including provisions) acquired and liabilities assumed represent their fair value. The fair value of receivables at the date of acquisition was EUR 0.5m (SEK 4.8m), which is derived from a gross amount EUR 0.5m (SEK 4.8m) as no provision for credit losses was recognised. The Group believes that the gross amount is an appropriate estimate of cash flows expected to be collected. Most of the receivables are from customers.

The following table details the recognised amounts of assets acquired and liabilities assumed in the transactions.

Net assets

	Thomas	Bus and truck service	Total
SEK '000			
Property, plant and equipment	44 502	-	44 502
Inventories	2 847	4 562	7 409
Trade and other receivables	4 786	-	4 786
Cash and cash equivalents	2 511	-	2 511
Borrowings	(5 450)	-	(5 450)
Trade and other payables	(5 528)	-	(5 528)
Provisions	(1 381)	-	(1 381)
Net assets	42 288	4 562	46 850

Costs in the amount of EUR 0.16m (SEK 1.6m) related to the acquisitions have been included in “general and administrative expenses” in the condensed consolidated statement of comprehensive income.

Goodwill of EUR 2.6m (SEK 26.3m) was recognised in the acquisitions. Goodwill is not expected to be deductible for tax purposes.

	Thomas	Bus and truck service	Total
SEK '000			
Consideration total	66 596	6 590	73 186
Less fair value of net assets acquired	42 288	4 562	46 850
Goodwill	24 308	2 028	26 336

Net cash outflow

	Thomas	Bus and truck service	Total
SEK '000			
Cash consideration transferred	66 596	6 590	73 186
Less cash acquired	2 513	-	2 513
Net cash outflow	64 083	6 590	70 673

The contribution of the acquired subsidiaries to the consolidated statement of comprehensive income from the time of acquisition up to the reporting date was approx. EUR 0.4m (SEK 4m).

The Board of Directors and the Managing Director declare that the report for the second quarter of 2021 provides a true and fair overview of the Group's and the parent company's operations, financial position and performance, and describes material risks and uncertainties facing the parent company and the companies in the Group.

Stockholm, 12 August 2021

Staffan Jufors
Chairman

Aurore Belfrage
Director

Annette Brodin Rampe
Director

Lars Corneliusson
Director
President and CEO

Erik Eberhardson
Director

Håkan Eriksson
Director

Niklas Florén
Director

This report has not been reviewed by the company's auditors.

About Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is the dealer of Volvo Construction Equipment and certain other brands in all of Russia and Kazakhstan, aftermarket partner of Volvo Trucks and Renault Trucks in part of Russia, and dealer of Volvo Trucks and Renault Trucks in part of Germany. The company also offers contracting services where it owns and operates equipment to carry out works for customers. Ferronordic began its operations in 2010 and now has approx. 100 outlets and approx. 1,700 employees. Ferronordic's vision is to be regarded as the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm. www.ferronordic.com

Financial Calendar 2021/2022

Interim report January-September 2021
Year-end report January-December 2021

12 November 2021
18 February 2022

For more information, please contact:

For investors and analysts:

Erik Danemar, CFO, Tel: +46 73 660 72 31, or email: erik.danemar@ferronordic.com

For media and journalists:

Ceren Wende, Head of Marketing and Communications, Tel: +46 73 658 59 80, or email: ceren.wende@ferronordic.com

Ferronordic AB (publ)

Nybrogatan 6
114 34 Stockholm
Corporate ID no. 556748-7953
Phone: +46 8 5090 7280

This information is information that Ferronordic AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act (2007:528). The information was submitted for publication on 12 August 2021, 07:30 CET.

Financial information for individual quarters

The financial information below regarding individual quarters during the period 1 January 2019 – 30 June 2021 is collected from Ferronordic's interim reports for the relevant quarters.

Key ratios

Certain key ratios in Ferronordic's interim reports are not defined according to IFRS. The company considers these ratios to provide valuable supplementary information for investors and the company's management as they enable the assessment of relevant trends. Ferronordic's definitions of these measures may differ from other companies' definition of the same terms. These ratios should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. As the amounts in the tables below have been rounded off to SEK m, the calculations do not always add up due to rounding.

Key ratios defined according to IFRS

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021
Revenue	723	1 100	964	960	1 118	1 203	1 129	1 185	1 267	1 590
Result for the period	46	73	74	57	20	76	81	44	56	86
Basic earnings per share (SEK)	3.19	5.03	5.09	3.95	1.39	5.24	5.57	3.05	3.85	5.94
Diluted earnings per share (SEK)	3.19	5.03	5.09	3.95	1.39	5.24	5.57	3.05	3.85	5.93

Key ratios not defined according to IFRS

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021
Revenue growth (%)	18%	35%	22%	(6%)	55%	9%	17%	23%	13%	32%
Gross margin (%)	20.2%	20.1%	21.4%	21.0%	16.3%	17.2%	19.6%	15.8%	17.0%	18.0%
EBITDA	82	126	150	136	99	152	147	106	125	194
EBITDA margin (%)	11.3%	11.4%	15.6%	14.2%	8.9%	12.6%	13.0%	8.9%	9.8%	12.2%
Operating profit	56	98	109	95	51	105	107	65	80	144
Operating margin (%)	7.7%	8.9%	11.3%	9.9%	4.6%	8.7%	9.5%	5.5%	6.3%	9.0%
Net debt / (cash)	(59)	446	411	593	531	230	83	(20)	(33)	143
Net debt/EBITDA (x)	(0.2x)	1.1x	0.9x	1.2x	1.0x	0.4x	0.2x	0x	(0.1x)	0.3x
Capital employed	1 101	1 376	1 457	2 003	1 952	1 846	1 470	1 390	1 520	1 686
Return on capital employed (%)	33%	33%	34%	27%	23%	23%	25%	20%	21%	23%
Working capital	283	655	675	734	660	476	354	213	183	140
Working capital/Revenue (%)	8%	18%	18%	20%	13%	10%	8%	5%	4%	3%

Reconciliation of key ratios

The tables below show reconciliations of certain important key ratios.

Net debt / (Net cash)

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021
Long term borrowings	0	0	0	205	410	349	321	351	385	499
Long term lease liabilities	25	60	86	110	95	79	53	32	21	26
Long term lease liabilities (after IFRS 16)	53	51	56	62	64	56	47	39	41	37
Short term borrowings	215	462	397	639	525	400	122	84	101	159
Short term lease liabilities	26	38	53	64	41	43	44	44	52	45
Short term lease liabilities (after IFRS 16)	23	25	28	32	34	36	35	33	32	30
Total Interest bearing liabilities	342	635	620	1 112	1 169	963	622	583	632	796
Cash & cash equivalents	402	189	210	519	639	733	539	604	665	653
Net debt / (cash)	(59)	446	411	593	531	230	83	(20)	(33)	143
Net debt / EBITDA (x)	(0.2)	1.1	0.9	1.2	1.0	0.4	0.2	(0.0)	(0.1)	0.3

Capital employed

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m (if not stated otherwise)	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021
Long term interest bearing liabilities	78	111	142	377	569	484	421	422	447	561
Short term interest bearing liabilities	264	524	478	735	600	480	202	161	186	234
Shareholder equity	758	741	837	890	783	883	848	806	888	890
Capital employed	1 101	1 376	1 457	2 003	1 952	1 846	1 470	1 390	1 520	1 686
Average capital employed	895	1 003	1 055	1 356	1 526	1 611	1 464	1 696	1 736	1 766
EBIT	56	98	109	95	51	105	107	65	80	144
Interest income	2	2	1	1	2	5	2	3	3	3
Result LTM	297	327	355	364	359	368	368	340	370	407
Return on capital employed (%)	33%	33%	34%	27%	23%	23%	25%	20%	21%	23%

Working capital

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m (if not stated otherwise)	2019	2019	2019	2019	2020	2020	2020	2020	2021	2021
Inventory	1 295	1 360	1 168	1 290	1 293	1 134	956	1 014	1 241	1 342
Trade and other receivables	358	489	351	322	575	436	433	393	537	588
Prepayments	20	36	31	84	46	27	39	37	52	51
Trade and other payables	1 362	1 191	830	917	1 211	1 076	1 038	1 188	1 611	1 805
Deferred income	15	15	23	21	19	19	17	19	18	18
Provisions	14	24	23	22	23	27	20	26	18	18
Working capital	283	655	675	734	660	476	354	213	183	140
Revenue LTM	3 350	3 633	3 806	3 747	4 969	4 765	4 650	4 635	4 783	5 170
Working capital / Revenue (%)	8%	18%	18%	20%	13%	10%	8%	5%	4%	3%

Definitions of and purposes of alternative key ratios not defined by IFRS

New units sold: Number of new machines and trucks sold.

Used to measure and compare number of new units sold during relevant period.

Revenue growth: Growth in revenue compared to the same period last year, expressed in percentage.

Used for comparison of growth between periods as well as comparisons with the market as a whole and with the company's competitors.

Gross margin: Gross profit in relation to revenue.

Provides a measurement of the contribution from the ongoing business.

EBITDA: Operating profit activities excluding depreciation, amortisation and write-downs.

Provides a measurement of the result from the ongoing business.

EBITDA margin: EBITDA in relation to revenue.

Relevant key ratio in evaluating the Group's value creation.

Operating profit: Result before financial items and taxes.

Provides a measurement of the result from the ongoing business.

Operating margin: Operating profit in relation to revenue.

Relevant key ratio in evaluating the Group's value creation.

Net debt / (Net cash): Interest-bearing liabilities (including lease liabilities) less cash and cash equivalents.

Provides a measurement for the Group's net debt position.

Net debt / EBITDA: Net debt / (net cash) in relation to EBITDA for the last twelve months.

Shows to what extent EBITDA covers net debt. Used to evaluate financial risk.

Capital employed: Total equity and interest-bearing liabilities.

Shows the capital invested in the Group's business.

Return on capital employed: Adjusted EBIT plus financial income (for the last twelve months) in relation to capital employed (average during the last twelve months).

Shows how effectively the capital employed is used.

Working capital: Current assets excluding cash and cash equivalents, less non-interest bearing current liabilities.

Shows the amount of working capital tied up in the ongoing business.

Working capital / Revenue: Working capital in relation to revenue during the last twelve months.

Shows how effective the working capital is used in the business.