

Year-end report 1 January – 31 December 2023

Q4 2023: A restart

Summary of the fourth quarter, October – December 2023

Group:

- Ferronordic completes the acquisition of Rudd in the US.
- US operations consolidated from 1 December.
- 30% revenue growth driven by USA.
- Operating result declined to SEK -62m, or SEK -15m excluding one-off costs.
- Net profit decreased to SEK -89m, partly as a result of exchange rate losses.
- Net debt of SEK 1,349m after acquisition and consolidation of balance sheet in US operations.

USA (December):

- New machine sales and rental conversions of 47 units.
- SEK 308m revenue contribution.
- Operating result of SEK 25m, including SEK 11m of acquisition costs.
- Operating profit margin of 8%.

Germany:

- New trucks sales in units decreased by 58% off high base. Used sales increased.
- Aftermarket sales increased 20%.
- Total revenue decreased by 10% to SEK 555m.

- Operating result decreased to SEK -62m, partly driven by one-off restructuring costs and impairments of SEK 34m.
- Cost reduction program expected to save SEK 60m per year from Q2 2024.
- Inventory levels remained high.

Central Asia (CA):

- New unit sales decreased by 35% while used units sales increased by 100%.
- Total revenue decreased by 41% to SEK 52m.
- Operating result declined to SEK -6m, including SEK 2m impairments.

30%

Revenue growth

-62m

Operating profit, SEK m

-6.8%

Operating margin

-6.11

Earnings per share, SEK

Selected key group ratios

SEK m (or as stated)	2023 Q4	2022 Q4	%	2023 12M	2022 12M ²	%
Revenue	915	705	30%	2,863	1,973	45%
Gross profit	133	97	37%	377	250	51%
Operating profit	-62	-13	-361%	-115	233	-149%
Result from continuing operations	-89	49	-281%	-107	183	-159%
Result for the period	-89	-21	-329%	-107	440	-124%
Earnings per share from continuing operations, SEK ¹	-6.11	3.38	-281%	-7.39	12.58	-159%
Earnings per share, SEK ¹	-6.11	-1.42	-329%	-7.39	30.28	-124%
Cash flow from operations	147	-48		-27	215	
Net debt (cash)	1,349	-957		1,349	-957	
Gross margin, %	14.5%	13.8%	0.8pp	13.2%	12.7%	0.5pp
Operating margin, %	-6.8%	-1.9%	-4.9pp	-4.0%	11.8%	-15.8pp
Working capital/LTM Revenue, %	20%	11%	9.1pp	20%	11%	9.1pp
Equity/total assets, %	34%	58%	-23.8pp	34%	58%	-23.8pp
Return on capital employed, %	-3%	11%	-13.5pp	-3%	11%	-13.5pp
Return on equity, %	-6%	30%	-35.7pp	-6%	30%	-35.7pp

¹ Before dilution. ² Including the effect of a one-off compensation payment from Volvo of SEK 321m

All amounts are stated in millions of SEK unless stated otherwise. Rounding differences when summing up can occur with +/- SEK 1m. In cases where an underlying number is rounded off to SEK 0m, this is written as 0. Definitions and purposes of the key ratios are presented on pages 23 and 25.

A restart

The fourth quarter of 2023 marks a new chapter in Ferronordic's history. On November 30, the acquisition of Rudd Equipment Company was completed. Since December 2023, Ferronordic is also present in nine states in eastern USA. During the full year 2023, Rudd had a revenue of USD 258m with an operating profit of USD 21m¹. Since the acquisition was completed, we have spent time getting to know our 360 new employees in our 13 new workshops. This has further increased our optimism regarding the potential of the US business. Rudd is a well-run and profit-generating company with a corporate culture that is consistent with the customer-oriented culture we strive for within Ferronordic. At the same time, we see opportunities to work together with our new colleagues to take market shares and further increase our profitability in the US. Our operations in USA also offer us a base in the world's second largest market for construction equipment and provide opportunities for possible further expansion in the future. The American operations are included in Ferronordic's results for December.

During December, the revenue for the American operations amounted to SEK 308m with an operating profit of SEK 25m, which corresponds to an operating margin of 8.0%, including SEK 11m of transaction costs.

In Germany, the fourth quarter was challenging. Order intake and truck deliveries decreased. However, we saw continued good demand in our workshops. Yet, it was not enough to cover our costs. We have not achieved sufficient returns on the organisation we have built and must become more efficient. It becomes particularly clear in a declining market but is equally important for increasing resilience and profitability in the long term. Much of the work during the quarter was directed towards reducing administrative costs and creating a new, leaner organisational structure under a largely restructured leadership. At the same time, we continue to develop our aftermarket and e-mobility business. The reorganisation and cost reduction program is expected to result in savings of approximately SEK 60m per year starting from the second quarter of 2024. The operating result for the fourth quarter includes one-off costs of SEK 23m that are mainly related to the savings program.

Long delivery lead times from suppliers and declining demand contributed to a continued growth in inventory and debt during the quarter. We expect inventory to decrease in the first half of 2024. To further strengthen our operations in Germany and free up capital, we have also decided to reduce our used inventory and rental fleet of diesel trucks. Some Sandvik machines in stock have proved a poor market fit in Germany. We have written down these machines by SEK 11m. At the same time, the market and interest from our customers in electric trucks is growing. In the fourth quarter of 2023, we sold 16 electric trucks, for which we have received state subsidies.

Overall, the revenue in Germany decreased by 10% to SEK 555m. The operating profit was SEK -62m. Excluding the restructuring and impairment costs, the operating result in Germany was SEK -28m.



"Since December, we are present in the USA"

The fourth quarter was also disappointing in Kazakhstan. Although the country's economy continued to grow, the market for construction equipment decreased by an estimated 20%. Our sales of new machines, measured in units, decreased by 35%. The aftermarket was, however, more stable and used sales grew. The inventory remains too high in Kazakhstan as well. We took impairments of SEK 2m on slow moving stock in the quarter. We expect the inventory to normalise during the first half of 2024. We continue to investigate opportunities to offer contracting services in Kazakhstan.

Revenue in Kazakhstan decreased by 41% to SEK 52m. The operating result decreased to SEK -6m.

Overall for the Group, including one month of operations in the US, net sales increased by 30% to SEK 915m. The operating result was SEK -62m, or SEK -15m excluding the one-off costs recognised in the quarter. The Group's net cash position at the end of the third quarter 2023 turned into net debt of SEK 1,349m, mainly as a result of the acquisition of the American operations, but to some extent also due to higher inventory and a bigger rental fleet for electric trucks. Given the negative result, Ferronordic's Board recommends that no dividend be paid in 2024. We plan to release new financial targets in the first half of 2024.

Outlook

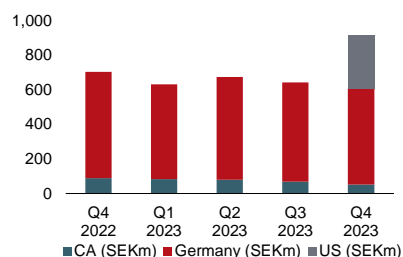
After a challenging and transformative 2023, we look forward with confidence to a restart in 2024. We are optimistic about our expansion in the USA and the opportunities there. USA is the world's second largest market for construction equipment. Demand is supported by a dynamic economy and extensive support programs for infrastructure investment. The German economy looks weak, and the truck market is expected to decrease in 2024. We have taken steps to adapt our organisation and cost structure to a weaker market. We believe in continued strong demand in the aftermarket business. We are confident that we will emerge stronger from current challenges and remain optimistic about the long-term potential in Germany. Operations in Kazakhstan continue to develop, even if they will constitute an even smaller part of the Group's total operations in the future.

Lars Corneliussen
President and CEO

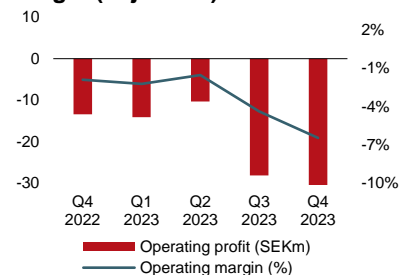
¹ Based on unaudited IFRS conversion of preliminary US GAAP results

Group

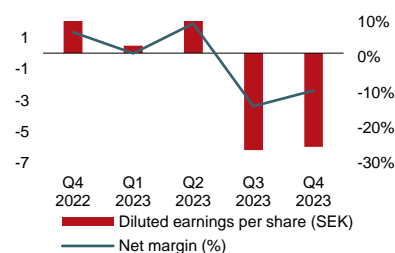
Revenue by segment



Operating profit and operating margin (adjusted*)



EPS and net margin



Revenue

In Q4 2023, the revenue of the Group increased by 30% to SEK 915m (705). Sales of equipment and trucks increased by 18% and aftermarket sales increased by 73%. Other revenue, mainly consisting of rental sales, increased by 35%. The increase in sales is mainly related to the addition of sales in Ferronordic's US operations from December. For details of the acquisition of Rudd Equipment Company ("Rudd"), please see note 10. Excluding the revenue contribution from Ferronordic's US operations in December, total revenue decreased by 14% to SEK 607m.

In 12M 2023, the revenue of the Group increased by 45% to SEK 2,863m (1,973). The sales of equipment and trucks increased by 50% and aftermarket sales increased by 41%. Excluding the revenue contribution from Ferronordic's US operations in December, total revenue increased by 30% to SEK 2,556m.

Gross profit and operating result

In Q4 2023, the gross margin for the Group increased to 14.5% (13.8%). As a result of higher revenue and higher gross margin, gross profit increased by 37% to SEK 133m (97). The gross profit was negatively impacted by a SEK 11m impairment of inventory in Germany and SEK 2m impairment in Kazakhstan. The impairment in Germany was related to parts of Ferronordic's Sandvik inventory. Excluding the gross profit contribution from Ferronordic's US operations in December, gross profit for 12M 2023 decreased by 47% to SEK 51m.

As a percentage of revenue, selling, general and administrative expenses increased in Q4 2023 to 21.5% (16.2). The operating result for Q4 2023 decreased by 361% to SEK -62m (-13). The operating margin during the quarter decreased from -1.9% to -6.8%. This was partly due to provisions for restructuring costs in Germany in the amount of SEK 23m and legal and other costs related to the acquisition of Rudd in US in the amount of SEK 11m. Excluding the operating result contribution from Ferronordic's US operations in December, the operating result was SEK -87m.

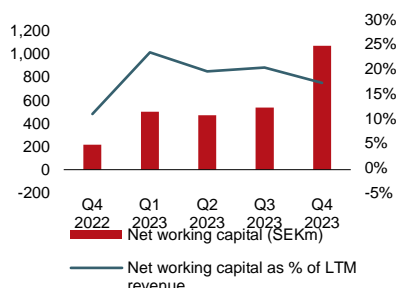
In 12M 2023, the gross margin increased to 13.2% (12.7). As a result of higher margin and higher revenue, gross profit increased by 51% to SEK 377m (250). Excluding the gross profit contribution from Ferronordic's US operations in December, gross profit for 12M 2023 increased by 18% to SEK 296m.

As a percentage of revenue, selling, general and administrative expenses increased in 12M 2023 to 17.8% (17.7). The operating result for 12M 2023 decreased by 149% to SEK -115m (233). The operating margin decreased from 11.8% to -4.0%. Excluding the operating result contribution from Ferronordic's US operations in December, the operating result for 12M 2023 was SEK -139m.

Net income

In Q4 2023, finance costs (net) amounted to SEK 15m (3), as both finance income and costs increased on higher interest rates. Funding the acquisition of Rudd also increased finance costs. Foreign exchange losses (net) amounted to SEK 49m compared to gains (net) of SEK 103m, mainly as the Swedish krona strengthened against the US dollar and the euro. As of 31 December 2023, approx. 35% of Ferronordic's assets related to its US operations and denominated in dollar. Approx 25% of its assets are related to Ferronordic's German operations and are denominated in euro.

Net working capital and % LTM revenue



The result before income tax for Q4 2023 decreased by 245% to SEK -126m (87). The result from continued operations for Q4 2023 decreased by 281% to SEK -89m (49). The result for Q4 2023 decreased by 329% to SEK -89m (-21).

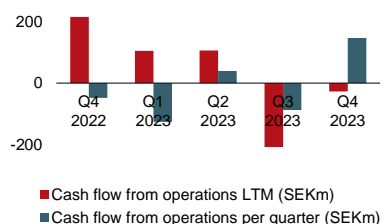
In 12M 2023, finance costs (net) amounted to SEK 17m (17). Foreign exchange losses (net) were SEK 21m compared to net gains of SEK 42m in 12M 2022. The result before income tax for 12M 2023 decreased by 159% to SEK -153m (258). The result from continuing operations for 12M 2023 decreased by 159% to SEK -107m (183). The result for 12M 2023 decreased by 124% to SEK -107m (440).

Earnings per share

Basic and diluted earnings per share in Q4 2023 amounted to SEK -6.11 and -6.04 (-1.42 and -1.42).

Basic and diluted earnings per share in 12M 2023 amounted to SEK -7.39 and -7.22 (30.28 and 30.28 diluted).

Operating cash flow per quarter and over LTM



Cash flows

In Q4 2023, cash flows from operating activities increased to SEK 147m (2). Working capital increased from SEK 538m at the end of Q3 2023 to SEK 1,063m. Excluding the contribution from Ferronordic's US operations, the increase in working capital was SEK 56m to SEK 594m. As a percentage of revenue (based on unaudited 2023 revenue for Rudd and Ferronordic's US operations), working capital decreased from 20.3% in Q3 2023 to 20.0% in Q4 2023.

Cash flow from investing activities in Q4 2023 amounted to SEK -1,112m (-52). The cash flow from investing includes SEK 1,093 paid for Rudd in Q4 2023. In Q4 2022, the Group received SEK 849m in the sale of its Russian business and it was reported as discontinued operation.

In 12M 2023, cash flows from operating activities decreased to SEK -27m (226).

Cash flows from investing activities during 12M 2023 amounted to SEK -1,215m (-161).

Financial position

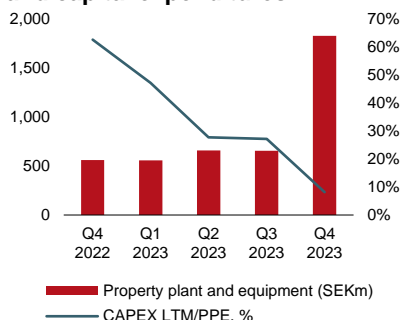
On 31 December 2023, cash and cash equivalents amounted to SEK 426m, a decrease of SEK 1,262m compared to the end of 2022. The cash decreased mainly as a result of an increase in working capital, negative result, a dividend payment (SEK 109m) and the acquisition of Rudd.

At the end of Q4 2023, interest-bearing liabilities (including lease liabilities and effects of IFRS-16) amounted to SEK 1,776m, an increase of SEK 1,044m compared to the end of 2022. The increase was mainly due to a 3-year loan from Nordea of SEK 455m for the acquisition of Rudd and an increase in borrowings from VFS in Germany. The net cash position of SEK 957m at the end of 2022 changed to a net debt position of SEK 1,349m at the end of Q4 2023.

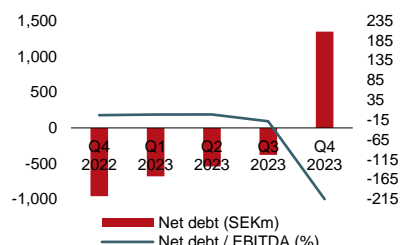
On 31 December 2023, property, plant and equipment (PP&E) amounted to SEK 1,828m, an increase of SEK 1,268m from SEK 560m at the end of 2022. The increase mainly related to Ferronordic's acquisition of Rudd on 30 November 2023.

On 31 December 2023, equity amounted to SEK 1,622m, a decrease of SEK 251m compared to the end of 2022. The decrease was mainly due to the dividend paid, exchange rate effects, and the negative result.

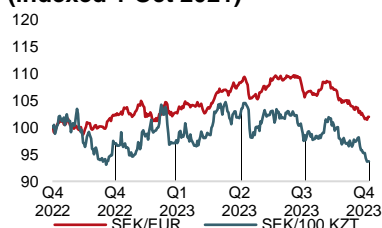
Property, plant and equipment and capital expenditures



Net debt and net debt/EBITDA



Currency index last 5 quarters (indexed 1 Oct 2021)



Parent company

In Q4 2023, the revenue of the Parent Company decreased to SEK 9m (11). Administrative expenses increased by 92% to SEK 38m (20). The increase was mainly due to relocation of staff to the Parent Company, but also due to legal and other services related to the acquisition of Rudd in the US. The operating result increased from SEK -35m in Q4 2022 to SEK -26m in Q4 2023. The result for the quarter decreased to SEK -45m (1,231). The result in 2022 was mainly driven by the sale of the Group's business in Russia in December of 2022.

In 12M 2023, the revenue of the Parent Company decreased to SEK 36m (84). Administrative expenses increased by 107% to SEK 118m (57). The operating result decreased to SEK -82m (261) in 12M 2023. The result for the quarter decreased to SEK -24m (1,544).

The Parent Company's loans to Group Companies increased from SEK 867m at the end of Q3 2023 to SEK 1,850m at the end of Q4 2023. The increase was mainly a result of a USD 105m (SEK 1,120m) loan from Ferronordic AB to Ferronordic Germany Holding AB. The cash was used to fund the purchase of Rudd in the US.

Foreign exchange rates

The following foreign exchange rates have been used to translate the Q4 2023 (Q4 2022) results to the presentation currency:

- Average rates of SEK/EUR 11.48 (5% vs 10.93) have been used to translate the income statements.
- End of period rates of SEK/EUR 11.10 (-0.3% vs 11.13) and SEK/USD 10.04 have been used to translate the balance sheet.

The Group's currency exposure is mainly to the US dollar and the euro, from its US and German operations respectively. The Group also has exposure to the Kazakh tenge.

Dividend

Given the negative result, Ferronordic's Board of Directors recommend that no dividend be paid in 2024.

Employees

At the end of Q4 2023, the number of full-time equivalent employees in the Group was 827 (457), of which 399 (382) related to Germany, 355 (-) related to USA, 54 (57) to CA and 19 (18) occupied Group functions.

Sustainability

In July, Ferronordic appointed a sustainability manager to accelerate the Group's work on its sustainability strategy. In Q3 2023, Ferronordic invested in a reporting tool and engaged an external partner to cooperate on building institutional capacity to measure, report and follow-up on its sustainability targets internally and as required by the CSRD and the ESRS. In October, a Sustainability Committee was instituted on the Board of Directors to supervise Ferronordic's sustainability strategy and to measure the Group's progress towards its objectives.

Risks and uncertainties

Ferronordic is exposed to a number of operational and financial risks. The Group currently operates in the United States, Germany and Kazakhstan, which means that the Group has business in two developed markets and in one emerging market. In developed markets, competitive, labour and regulatory pressure can be strong. In an emerging market, the institutional and regulatory frameworks can be unstable. The tax and judicial systems are not always transparent or consistent. Corruption can be a problem. Access

to funding can be limited, monetary policy unpredictable and the currency unstable. Counterparty and insurance risks are often greater and instruments to manage such risks are either less effective or more expensive. In its position as a service and sales company, between suppliers and customers, Ferronordic is exposed to both supply and demand disruptions and to changes in macroeconomic activity. For more on risks and uncertainties, please refer to Ferronordic's annual report.

German efficiency enhancement program

In the context of a weaker market outlook and a cost structure that weighs on profitability, Ferronordic has taken measures to make its organisation more efficient and to reduce costs. The changes serve to make Ferronordic's organisation leaner and more resilient by reducing both horizontal and vertical administrative units, while increasing the efficiency of the productive organisation. Ferronordic has thus reduced the number of regions in its sales area from four to two and has reduced a number of middle management roles. The German management team has been reorganised to include Group Executives with operational functions in the German business, including Group Commercial Director, Group HR Director and Group CEO. Ferronordic has also analysed its cost structure across all functional areas to identify opportunities to reduce costs without negatively impacting – and where possible improving – the productivity of the service and sales areas. One key objective of the program is to increase Ferronordic's absorption level in Germany, that is how much of its fixed costs are covered by the gross profit from its aftermarket business. As a result of the cost reduction program, Ferronordic expects to save approx. SEK 60m annually, starting from Q2 2023. Mainly as a result of the cost reduction program, Ferronordic recognized one-off restructuring costs of SEK 23m in Q4 2023.

Ferronordic expands to the USA

On 30 November 2023, Ferronordic acquired the Rudd Equipment Company ("Rudd") for a preliminary purchase price of USD 95m. In the transaction, Ferronordic also acquired two properties for a purchase price of USD 10m. In total, Ferronordic paid USD 105m or SEK 1,093m for Rudd and the two properties. The purchase price is subject to a true-up of the balance sheet, which is pending at the time of this report. In Ferronordic's Q4 2023 results, a USD 1.3m or SEK 14m contingent consideration has been reserved.

Following the acquisition, Rudd's 30 November balance sheet was subject to a fair value assessment for the purposes of purchase price allocation in line with IFRS-3. At the time of the publication of this report, the fair valuation and the PPA remain preliminary. As a result of the preliminary fair valuation and PPA, the net value of Rudd's assets and liabilities at the time of acquisition was USD 92.6m or SEK 957m. Given the total consideration paid and the contingent consideration recorded, Ferronordic paid a goodwill of USD 14.5m or SEK 150m.

Rudd is fully consolidated into the Group as of 30 November 2023 and thus during December of 2023. Rudd's balance sheet is fully consolidated into the Group as of 30 November. As of 31 December, Rudd's assets constituted 35% of the Group's assets.

For more details on Rudd and the transaction, please refer also to note 10 on pages 20-21 of this report. Press releases on the announcement and completion of the acquisition were issued by Ferronordic on 13 and 30 November 2023 and are available at the Company's website at <https://ferronordic.com/investor-relations/press-releases/>

About Rudd Equipment Company

On 13 November 2023, Ferronordic announced that it has entered into an agreement to purchase 100% of the shares in the Rudd Equipment Company, Inc. ("Rudd"). The transaction was completed on 30 November 2023.

Rudd is one of the largest dealers of Volvo CE in the United States with operations in all or parts of nine states. The Company also represents other brands, such as Hitachi, Sandvik and Link-Belt.

Rudd is based in Kentucky but covers an extensive sales area with several large cities, such as Cincinnati, Columbus, St. Louis, Cleveland and Pittsburgh.

Rudd's sales area for Volvo CE covers all or parts of nine states:

- Kentucky
- Ohio
- Indiana (except some counties)
- West Virginia (except some counties)
- Western Pennsylvania
- Eastern Missouri
- Southern Illinois
- Several counties in Tennessee and Maryland

In 2022, Rudd had sales of USD 308.3m with an operating income of USD 16.5m and earnings before tax of USD 16.4m (adjusted from audited US GAAP accounts to unaudited IFRS). In 2023, Rudd had sales of USD 258.1m with an operating income of USD 20.5m and earnings before tax of USD 18.9m (estimates adjusted from unaudited US GAAP accounts to unaudited IFRS)¹.

The preliminary purchase price amounted to USD 95.0m, corresponding to 5.0 x Rudd's 2023 earnings before tax. At the time of the acquisition, Rudd had net debt of USD 54.7m, implying an enterprise value of USD 149.7m and an enterprise value of 7.3 x Rudd's 2023 operating profit, on an adjusted unaudited IFRS basis. The purchase price is subject to a true-up of the balance sheet, which is pending at the time of this report. A contingent consideration of USD 1.3m has been reserved in Ferronordic's Q4 2023 financial statements.

Ferronordic also acquired two real estate properties in Cincinnati and Louisville, previously rented by Rudd from the company's former owner. The price for the properties is USD 10m. The total price for the stock in Rudd and the two properties was USD 105m.

USD 60m of the acquisition was financed with own cash/equity and USD 45m with bank debt from Nordea Bank.

Ferronordic does not foresee any major changes to the current organisation of Rudd.

The transaction is not expected to have any direct impact on Ferronordic's business in Germany and Kazakhstan.

Three year audited US GAAP financials for the period 2020-2022 for Rudd are available at Ferronordic's website at: <https://ferronordic.com/investor-relations/reports-and-presentations>.

Events after the reporting period

Other than as mentioned above, there were no significant events after the end of the reporting period.

¹ Based on unaudited IFRS conversion of preliminary US GAAP results

Segments

From Q4 2023 Ferronordic recognises three separate reportable segments: USA, Germany and Central Asia (CA) (see also note 5 on page 19). In the US, trucks and equipment sales include sales of new and used construction equipment from Volvo, Hitachi, Sandvik and Link-Belt. In Germany, trucks and equipment sales include sales of new Volvo Trucks and Renault Trucks, Sandvik's mobile crushers and screens, Renault light commercial vehicles and used trucks. In CA, trucks and equipment sales include sales of new and used construction

equipment, Sandvik's mobile crushers and screens, used trucks and attachments. Aftermarket sales include sales of service and parts. Other revenue consists mainly of rental revenue. Contracting services include only revenue from contracting services operations. Currently, there are no contracting services operations. To show the underlying performance of the operating segments, Ferronordic shows unallocated Group costs¹ and assets separately. These are costs that are incurred and assets that are held for the benefit of the Group as a whole.

SEK m (or as stated)	US		Germany		CA		Unallocated Group costs ¹		Total	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenue	308	0	555	616	52	89			915	705
Equipment and truck sales	212	0	379	459	39	75			630	534
Aftermarket sales	80	0	157	131	14	14			251	145
Other revenue	15	0	19	25	0	0			34	25
Gross profit	82	0	47	82	5	15			133	97
EBITDA	39	0	-35	15	-5	6	-19	-14	-20	7
Operating profit	25	0	-62	-2	-6	5			-43	3
Group costs ¹	0	0	0	-2	0	0	-19	-14	-19	-17
Operating profit	25	0	-62	-5	-6	5	-19	-14	-62	-14
Finance items (net)									-64	100
Profit(loss) before tax									-126	87
Result from continued operations									-89	49
Gross margin, %	26.6%		8.4%	13.4%	8.9%	16.5%			14.5%	13.8%
Operating margin, %	8.0%	0.0%	-11.1%	-0.8%	-10.7%	6.1%			-6.8%	-2.0%

SEK m (or as stated)	US		Germany		CA		Unallocated Group costs ¹		Total	
	12M	12M	12M	12M	12M	12M	12M	12M	12M	12M
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenue	308	0	2,271	1,770	284	203			2,863	1,973
Equipment and truck sales	212	0	1,578	1,194	224	151			2,015	1,345
Aftermarket sales	80	0	608	479	60	52			748	531
Other revenue	15	0	85	97	0	0			101	97
Gross profit	82	0	253	214	43	36			377	250
EBITDA	39	0	18	39	13	16	-76	-72	-7	-17
Operating profit adjusted ²	25	0	-72	-21	9	16			-38	-5
Group costs ³	0	0	0	-11	0	0	-76	-72	-76	-83
Operating profit adjusted ² after Group costs	25	0	-72	-32	9	16	-76	-72	-115	-88
Finance items (net)									-39	25
Profit(loss) before tax									-153	258
Result from continuing operations									-107	183
Gross margin, %	26.6%		11.1%	12.1%	15.0%	17.8%			13.2%	12.7%
Operating margin, %	8.0%		-3.2%	-1.8%	3.1%	7.6%			-4.0%	-4.5%

¹ Before 2023, Ferronordic reported the result of the operating segments after allocation of Group costs. The Group costs are now reported separately. In Q4 2022 and 12M 2022, the Group costs allocated to Germany were SEK 2m and SEK 11m respectively.

² In Q3 2022, Group operating profit includes a one-off compensation payment from Volvo CE of SEK 321m. In the adjusted operating profit, the effect of this one-off compensation is removed.

31 December 2023

	US	Germany	CA	Group assets	Intersegment	Total
Non-current assets	1,360	823	9	2,174	-2,167	2,199
Total assets	2,412	1,693	308	2,459	-2,167	4,705

31 December 2022

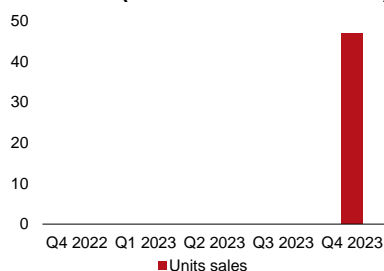
	US	Germany	CA	Group assets	Intersegment	Total
SEK m	31 Dec 2022	31 Dec 2022	31 Dec 2022	31 Dec 2022	31 Dec 2022	31 Dec 2022
Non-current assets	0	713	7	469	-465	724
Total assets	0	1,398	248	2,036	-465	3,217

**Segment share of revenue,
Q4 2023**

**Segment share of total assets,
31 December 2023**


USA

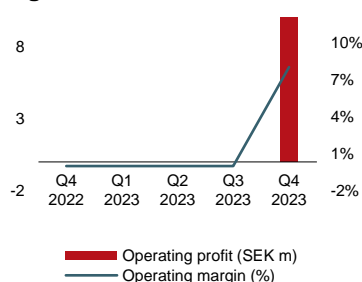
Unit sales (incl. rental conversion)



Revenue by activity



Operating profit and operating margin



Market and sales

US GDP increased by 3.1% in Q4 2023 and 2.5% in full year 2023. In 2024, the Federal Reserve expects the US economy to slow down to 1.4%. Core PCE inflation is down compared to 2022, but inflation remains elevated and interest rate cuts may start only in 2H 2024. The total market for construction equipment in North America is approx. 52,000 to 56,000 units. Ferronordic's area covers approx. 8% of the total North American market. The market in Ferronordic's area increased by 11% in 2023 and by 8% in Q4 2023. The main increase came from articulated haulers and crawler excavators. Supply, which was constrained during the Covid pandemic, has now normalised and pent-up demand has been met. As the economy is expected to slow down, the market for construction equipment is expected to decline somewhat in 2024. In full-year 2023, Rudd sold 351 new units, 127 used units and 96 units were converted to sales from rental. In the US market, customers buying out rented equipment, referred to as rental conversions, is part of market practice. In December 2023 (from which Ferronordic consolidated Rudd's result), Ferronordic's North American business sold 47 new units, 4 used units and converted 5 units from rental. The service- and parts business was strong. Parts supply was also negatively affected during the pandemic but has now recovered and availability has normalised.

Revenue and operating result

Revenue for December 2023, from acquisition of Rudd on 30 November, amounted to SEK 308m. Operating result amounted to SEK 25m. The operating margin was 8.0%. In December, 67% of revenue was related to sales of new and used equipment and conversions of sales from rental. 28% of revenue was related to aftermarket business. 5% was other sales, mainly related to rental of machines.

Cash flows and balance sheet

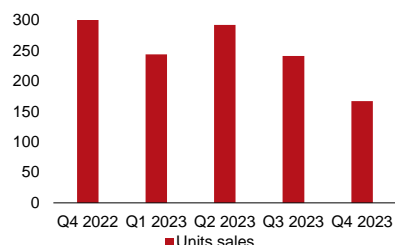
The net working capital at the end of Q4 2023 was SEK 476m. As a percentage of full year estimated revenue¹, working capital was 17% at the end of the quarter. The operating cash flow in December 2023 was SEK 64m.

	2023 Q4	2022 Q4	% change	2023 12M	2022 12M	% change
New units	47	0	0%	47	0	0%
Used units	9	0	0%	9	0	0%
Revenue, SEK m	308	0	0%	308	0	0%
Gross profit, SEK m	82	0	0%	82	0	0%
Operating profit, SEK m	25	0	0%	25	0	0%
Gross margin, %	26.6%			26.6%		
Operating margin, %	8.0%			8.0%		
Working capital/LTM Revenue, %	17%	0%		17%	0%	

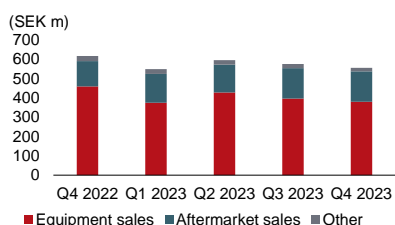
¹ Based on unaudited IFRS conversion of preliminary US GAAP results

Germany

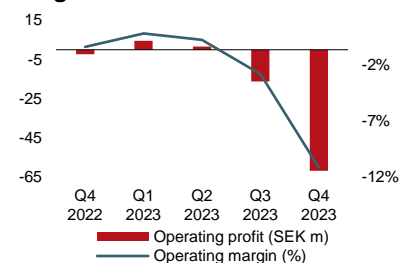
Unit sales



Revenue by activity



Operating profit and operating margin



Market and sales

Based on registrations of new trucks, the total German market for heavy trucks increased by 5% in Q4 2023. This compares to a 45% market growth in Q3 2023 and indicates that the supply-driven market recovery has run its course. New trucks registered in Ferronordic's sales area increased in line with market and represented 18% of the total German market. Ferronordic's new truck sales in units decreased by 58% to 167 units compared to a very strong Q4 in 2022. Although there were some signs of lower inflation and improving business sentiment, the German industry remains pressured by high interest rates and weaker demand. Ferronordic's customers are postponing orders. Used vehicle sales grew 176% in units to 116, but greater supply exerted pressure on margins. Demand for rental has declined as the supply of new trucks has normalised. Ferronordic has decided to reduce both its used stock and rental fleet and to focus on how these businesses can support the sales effort and aftermarket activity in a weaker market. The aftermarket however continued to grow in the quarter. Service and parts sales increased 20% on a combination of organic growth and acquisitions.

Revenue and operating result

Mainly due to lower trucks sales, total revenue in Germany decreased by 10% (-14% in EUR) to SEK 555m (616) in Q4 2023. Truck sales decreased by 18%. Aftermarket sales increased by 20%. As a result of lower truck sales, aftermarket sales increased by 7pp as a share of revenue to 28%. The gross margin, however, decreased to 8.4% (13.4), partly due to a SEK 11m impairment of Sandvik stock.

Selling, general and administrative expenses increased by 32% compared to Q4 2022 to SEK 108m (82) and by 32% compared to Q3 2023. The cost increase is partly due to SEK 23m one-off restructuring costs, related to organisational changes and cost reduction to increase efficiency and resilience in the German business. The operating margin decreased to -11.1% (-0.4). The operating result decreased to SEK -62m (-2).

Cash flows and balance sheet

Cash flows from operating activities were positive at SEK 68m (-1). Working capital increased to SEK 589m from SEK 516m. As a percentage of revenue, working capital increased to 27% at the end of Q4 2023 compared to 22% at the end of Q3 2023. Investments of SEK 21m mainly related to acquisition of property, plant and equipment completed during the period.

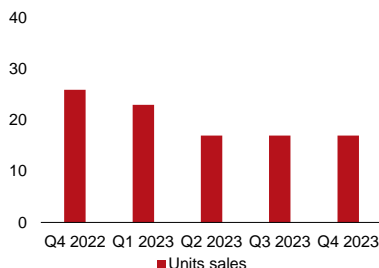
12M 2023

In 12M 2023, revenue in Germany increased by 28% to SEK 2,271m (1,770) with a gross margin of 11.1% (12.1). The operating result amounted to SEK -72m (-21) with an operating margin of -3.2% (-1.2).

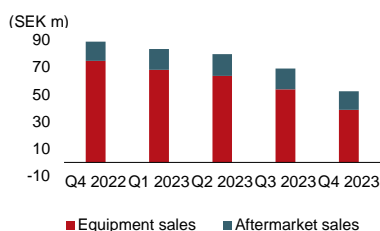
	2023 Q4	2022 Q4	% change	2023 12M	2022 12M	% change
New units	167	394	-58%	944	992	-5%
Used units	116	42	176%	394	211	87%
Revenue, SEK m	555	616	-10%	2,271	1,770	28%
Gross profit, SEK m	47	82	-43%	253	214	18%
Operating profit, SEK m	-62	-2	-2560%	-72	-21	-248%
Gross margin, %	8.4%	13.4%		11.1%	12.1%	
Operating margin, %	-11.1%	-0.4%		-3.2%	-1.2%	
Working capital/LTM Revenue, %	26%	17%		26%	17%	

Central Asia (CA)

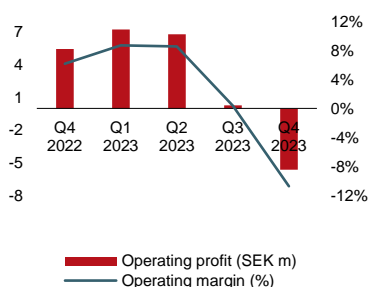
Unit sales



Revenue by activity



Operating profit and operating margin



Market and sales

The Kazakh market for construction equipment is supported by Kazakhstan's growing role as a regional hub, strong commodity prices and big infrastructure projects. The Kazakh economy grew by 5.1% in 2023. The IMF expects growth 4.2% in 2024. The Kazakh government plans to start 873 strategic investment projects worth USD 62.2bn over the next five years. Despite a strong economy and supportive government investments, the Kazakh market for construction equipment is estimated to have declined by 20% in Q4 2023, partly against a high base in 2023. Ferronordic's sales of new machines in units in Q4 2023 decreased by 35% to 17. Sales of used construction equipment grew by 100% to 8 units. Average prices were lower as a result of product mix. Aftermarket sales were more stable in the quarter. The inventory remains high in Kazakhstan. A SEK 2m impairment was reserved on slow moving stock in the quarter. Our contracting services team continues to explore potential projects in Kazakhstan.

Revenue and operating result

Total revenue in CA decreased by 41% (41% in local currency) to SEK 52m (89). Equipment sales decreased by 48%, while aftermarket sales decreased by 3%. The gross margin decreased to 8.9% (16.5%) and gross profit decreased to SEK 5m (15). Compared to Q3 2023, total revenue declined 24% and gross margin by 5pp to 8.9%. The SEK 2m impairment of stock negatively impacted the gross margin.

Selling, general and administrative expenses decreased by 48%, mainly as a result of lower revenue but also due to cost cuts. As a percentage of revenue, these expenses amounted to 15.3% (17.3). The operating margin decreased to -10.7% (6.1) and the operating result decreased to SEK -6m (-5).

Cash flows and balance sheet

Cash flows from operating activities increased to SEK 23m (-17), mainly due to receipts from sales in prior periods. Working capital amounted to SEK 67m at the end of Q4 2023, compared to SEK 72m at the end of Q3 2023. As a percentage of revenue, working capital was at 24% at the end of Q4 2023, compared to 23% at the end of Q3 2023.

12M 2023

In 12M 2023, new machine sales in units increased by 23%. Revenue increased by 40% to SEK 284m (203). The gross margin decreased to 15.0% (17.8). The operating profit decreased by 44% to SEK 9m (16) with an operating margin of 3.1% (7.6).

	2023 Q4	2022 Q4	% change	2023 12M	2022 12M	% change
New units	17	26	-35%	74	60	23%
Used units	8	4	100%	54	24	125%
Revenue, SEK m	52	89	-41%	284	203	40%
Gross profit, SEK m	5	15	-68%	43	36	18%
Operating profit, SEK m	-6	5	-203%	9	16	-44%
Gross margin, %	8.9%	16.5%		15.0%	17.8%	
Operating margin adjusted*, %	-10.7%	6.1%		3.1%	7.6%	
Working capital/LTM Revenue, %	24%	-3%		24%	-3%	

Condensed consolidated statement of comprehensive income

SEK m	Q4 2023	Q4 2022	12M 2023	12M 2022
Continuing operations				
Revenue	915	705	2,863	1,973
Cost of sales	-782	-608	-2,486	-1,723
Gross profit	133	97	377	250
Selling expenses	-50	-52	-190	-140
General and administrative expenses	-147	-62	-319	-208
Other income	5	8	24	337
Other expenses	-3	-4	-8	-6
Operating profit	-62	-13	-115	233
Finance income	8	2	31	2
Finance costs	-23	-5	-48	-19
Foreign exchange gains/(-losses) (net)	-49	103	-21	42
Result before income tax	-126	87	-153	258
Income tax	37	-37	46	-75
Result from continuing operations	-89	49	-107	183
Discontinued operations				
Result from discontinued operations	-	-70	-	257
Result for the period	-89	-21	-107	440
Other comprehensive result				
<i>Items that are or may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	-40	-223	-35	322
Other comprehensive result for the period, net of tax	-40	-223	-35	322
Total comprehensive result for the period	-128	-244	-142	762
Earnings per share				
Basic earnings per share (SEK)	-6.11	-1.42	-7.39	30.28
Diluted earnings per share (SEK)	-6.04	-1.42	-7.22	30.28
Basic earnings per share from continuing operations (SEK)	-6.11	3.38	-7.39	12.58
Diluted earnings per share from continuing operations (SEK)	-6.04	3.38	-7.22	12.58

Condensed consolidated statement of financial position

SEK m	31 Dec 2023	30 Sep 2023	31 Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	1,828	655	560
Intangible assets	244	88	85
Deferred tax assets	127	109	78
Total non-current assets	2,199	852	724
Current assets			
Inventories	1,443	699	460
Trade and other receivables	630	315	344
Prepayments	6	3	1
Cash and cash equivalents	426	950	1,688
Total current assets	2,506	1,966	2,493
TOTAL ASSETS	4,705	2,819	3,217
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1	1
Additional paid in capital	630	630	630
Translation reserve	-22	18	13
Retained earnings	1,120	1,120	789
Result for the period	-107	-19	440
TOTAL EQUITY	1,622	1,750	1,873
Non-current liabilities			
Borrowings	671	69	393
Deferred income	14	18	22
Deferred tax liabilities	277	0	1
Long-term lease liabilities	59	51	43
Total non-current liabilities	1,020	138	459
Current liabilities			
Borrowings	1,024	428	274
Trade and other payables	997	470	573
Deferred income	8	8	16
Provisions	12	0	1
Short-term lease liabilities	22	23	21
Total current liabilities	2,062	930	884
TOTAL LIABILITIES	3,083	1,068	1,344
TOTAL EQUITY AND LIABILITIES	4,705	2,819	3,217

Condensed consolidated statement of changes in equity

SEK m	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
Balance 1 January 2023	1	630	13	1,229	1,873
Total comprehensive result for the period					
Result for the period	0	0	0	-107	-107
Other comprehensive result					
Foreign exchange differences	0	0	-35	0	-35
Total comprehensive result for the period	0	0	-35	-107	-142
Contribution by and distribution to owners					
Dividends	0	0	0	-109	-109
Total contributions and distributions	0	0	0	-109	-109
Balance 31 December 2023	1	630	-22	1,013	1,622

SEK m	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
Balance 1 January 2022	1	620	-309	789	1,101
Total comprehensive result for the period					
Result for the period	0	0	0	440	440
Other comprehensive result					
Foreign exchange differences	0	0	322	0	322
Total comprehensive result for the period	0	0	322	440	762
Contribution by and distribution to owners					
Dividends	0	0	0	0	0
Warrant issue	0	10	0	0	10
Total contributions and distributions	0	10	0	0	10
Balance 31 December 2022	1	630	13	1,229	1,873

Condensed consolidated statement of cash flows

SEK m	Q4 2023	Q4 2022	12M 2023	12M 2022
Cash flows from operating activities				
Result before income tax from continuing operations	-126	87	-153	272
Result before income tax from discontinued operations	0	116	0	510
Adjustments for:				
Depreciation and amortisation	42	55	109	272
(Gain)/loss from impairment of receivables	1	-9	-1	52
Profit on disposal of property, plant and equipment	0	0	0	-4
Finance costs	23	31	48	95
Finance income	-8	-6	-31	-24
Foreign exchange losses/(gains) (net)	49	-95	21	-14
Cash flows from operating activities before changes in working capital and provisions	-19	178	-7	1,158
Change in inventories	-108	-14	-335	594
Change in trade and other receivables	-91	416	-50	341
Change in prepayments	-1	-49	-4	-191
Change in trade and other payables	363	-535	409	-1,470
Change in provisions	12	-13	12	4
Change in deferred income	-4	-1	-16	-10
Cash flows from operating activities before interest and tax paid	152	-18	8	427
Income tax paid	12	-7	-6	-127
Interest paid	-17	-23	-29	-85
Cash flows from operating activities	147	-48	-27	215
<i>of which from discontinued operations</i>	<i>-</i>	<i>-50</i>	<i>-</i>	<i>-11</i>
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	0	0	0	5
Interest received	4	0	27	18
Acquisition of property, plant and equipment	-22	-52	-149	-351
Acquisition of intangible assets	0	0	0	-1
Acquisition of business	-1,093	0	-1,093	0
Sale of subsidiary	0	849	0	849
Cash flows from investing activities	-1,112	798	-1,215	521
<i>of which from discontinued operations</i>	<i>-</i>	<i>849</i>	<i>-</i>	<i>682</i>
Cash flows from financing activities				
Dividends	0	0	-109	0
Proceeds from borrowings	455	47	467	403
Repayment of loans	-2	-55	-362	-170
Leasing financing paid	-6	-8	-17	-65
Cash flows from financing activities	447	-16	-21	168
<i>of which from discontinued operations</i>	<i>-</i>	<i>-63</i>	<i>-</i>	<i>195</i>
Net change in cash and cash equivalents	-518	734	-1,263	903
<i>of which from discontinued operations</i>	<i>-</i>	<i>736</i>	<i>-</i>	<i>866</i>
Cash and cash equivalents at start of the period	950	939	1,688	768
Effect of exchange rate fluctuations on cash and cash equivalents	-6	16	1	17
Cash and cash equivalents at end of the period	426	1,688	426	1,688

Parent company income statement

SEK m	Q4 2023	Q4 2022	12M 2023	12M 2022
Revenue	9	11	36	84
Cost of sales	-5	-8	-22	-68
Gross profit	3	3	14	16
Administrative expenses	-38	-20	-118	-57
Other income	8	9	21	330
Other costs	0	-28	0	-28
Operating profit	-26	-35	-82	261
Finance income	29	1,200	78	1,313
Finance costs	-4	-5	-7	-26
Foreign exchange gains/(-losses) (net)	-54	81	-20	58
Result before income tax	-55	1,241	-30	1,607
Income tax	10	-10	6	-63
Result for the period	-45	1,231	-24	1,544

Total comprehensive result for the period is the same as the Result for the period.

Parent company balance sheet

SEK m	31 Dec 2023	30 Sep 2023	31 Dec 2022
ASSETS			
Non-current assets			
Property, plant and equipment	0	0	0
Intangible assets	0	0	0
Financial assets			
Holdings in group companies	288	288	35
Loans to group companies	66	0	0
Deferred tax assets	6	0	0
Total financial assets	360	288	35
Total non-current assets	361	289	36
Current assets			
Trade and other receivables	47	50	77
Prepayments	0	0	0
Loans to group companies	1,784	867	490
Cash and cash equivalents	266	844	1,543
Total current assets	2,098	1,761	2,111
TOTAL ASSETS	2,458	2,050	2,146
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1	1	1
Unrestricted equity			
Share premium reserve	640	640	640
Retained earnings	1,308	1,308	-128
Result for the period	-24	21	1,544
TOTAL EQUITY	1,925	1,970	2,058
Non-current liabilities			
Borrowings	455	0	0
Total non-current liabilities	455	0	0
Current liabilities			
Trade and other payables	78	80	89
Total current liabilities	78	80	89
TOTAL LIABILITIES	534	80	89
TOTAL EQUITY AND LIABILITIES	2,458	2,050	2,146

Notes

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 2024 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 2022 annual report (regarding the 2022 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 2022 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 Central Asia. The first quarter 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. Demand is typically stronger and relatively even through the rest of the year. 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. Any mentioning of the Board is a reference to the Board of Directors of Ferronordic AB (publ).

5. 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 three separate reportable segments: *USA*, *Germany* and *CA*. 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. US comprises sales of new and used

construction and other equipment, aftermarket sales, rental, contracting services and other services. Germany comprises sales of new and used trucks, aftermarket sales, rental, mobile crushers and screens and other services. Central Asia (CA), which currently refers to Kazakhstan, comprises sales of new and used construction and other equipment, mobile crushers and screens, used trucks, aftermarket sales, rental, contracting services and other services.

The accounting policies of the segments are the same as described in Note 4 of the annual report 2022. 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 presented on page 8 of this report. 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.

Information on Group segments is presented in the front part of this report.

6. 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.

7. 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 2022 annual report.

8. Earnings per share

The calculation of earnings per share is based on the result attributable to the shareholders and is thus 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 2022.

Result for the period, SEK m

	2023 Q4	2022 Q4	2023 12M	2022 12M
Result attributable to shareholders, SEK m	-89	-21	-107	440
Average number of shares during the period before dilution, thousand	14,532	14,532	14,532	14,532
Earnings per share before dilution, SEK	-6.11	-1.42	-7.39	30.28
Dilution effect	168	0	343	0
Average number of shares during the period after dilution, thousand	14,700	14,532	14,875	14,532
Earnings per share after dilution, SEK	-6.04	-1.42	-7.22	30.28
Compensation payment from Volvo CE, net of tax	0	0	0	257
Result attributable to shareholders, SEK m, adjusted	-89	-21	-107	183
Average number of shares during the period before dilution, thousand	14,532	14,532	14,532	14,532
Earnings per share before dilution, SEK, adjusted	-6.11	-1.42	-7.39	12.61

Result for the period from continuing operations, SEK m

	2023 Q4	2022 Q4	2023 12M	2022 12M
Result from continuing operations, SEK m	-89	49	-107	183
Average number of shares during the period before dilution, thousand	14 532	14 532	14 532	14 532
Earnings per share from continuing operations before dilution, SEK	-6,11	3,38	-7,39	12,58
Dilution effect	168	0	343	0
Average number of shares during the period after dilution, thousand	14 700	14 532	14 875	14 532
Earnings per share from continuing operations after dilution, SEK	-6,04	3,38	-7,22	12,58
Compensation payment from Volvo CE, net of tax	0	0	0	257
Result attributable to shareholders, SEK m, adjusted	-89	49	-107	-74
Average number of shares during the period before dilution, thousand	14 532	14 532	14 532	14 532
Earnings per share before dilution, SEK, adjusted	-6,11	3,38	-7,39	-5,09

9. Events after the reporting date

Information regarding events after the reporting date is set out in the front part of this report (p. 7).

10. Acquisition of business

On November 13, Ferronordic announced that it has entered into an agreement to purchase 100% of the shares in the Rudd Equipment Company, Inc. ("Rudd"), one of the largest dealers of Volvo CE in the United States with operations in all or parts of nine states. For more details, please see the front part of this report.

Following the acquisition, a fair valuation of assets and liabilities has been performed for the purpose of a purchase price allocation (PPA) in line with IFRS-3. At the time of this report, the fair valuation and related PPA remain preliminary.

The fair value of receivables at the date of acquisition was SEK 318m, which is derived from a gross amount SEK 340m and a provision for credit losses of SEK 22m. The Group believes that the net amount is an appropriate estimate of cash flows expected to be collected. Most of the receivables are from customers.

The goodwill captures the value of reputation, market position, employee expertise, organisational structure and culture, institutional learning, synergies and future growth opportunities in Rudd and its position in the US market. Rudd's people, its expertise and experience, organisation and infrastructure offer Ferronordic opportunities to expand both on the basis of its current product portfolio and potential expansion of its product portfolio and geographic presence.

A contingent consideration of SEK 14m (USD 1.3m) has been reserved in Ferronordic's Q4 2023 financial statements. The sale and purchase agreement was, with certain modifications, based on net asset value. The consideration paid on 30 November was

based on a forecasted balance sheet for 30 November. After the completion of the transaction, there was a true-up of the balance sheet for 30 November. A residual payment from buyer to seller, or seller to buyer, should be paid if the net asset value in the final balance sheet differed from the forecasted balance sheet.

The revenue and profit or loss before income tax of Rudd in December, after acquisition in November, amounted to SEK 308m and SEK 30m. The legal, accounting and other administrative costs related to the acquisition amounted to 11m SEK. The costs were included in general and administrative expenses of the Group's statement of comprehensive income. If Rudd was consolidated from the beginning of the year the consolidated revenue and profit or loss before income tax of the Group would be approx. SEK 5,313m and SEK 34m.

The tables below describe cash flows used in the purchase, consideration transferred, calculation of goodwill and breakdown of net assets acquired. A rate of SEK/USD 10.46 has been used for the below calculations as of 30 November.

Net cash outflow

SEK m	
Cash consideration transferred	1,093
Less cash acquired	0
Net cash outflow	1,093

Consideration transferred

SEK m	
Cash	1,093
Contingent consideration	14
Consideration total	1,107

Goodwill

SEK m	
Consideration total	1,107
Less fair value of net assets acquired	957
Goodwill	150

Net assets

SEK m	
Property, plant and equipment	1,326
Intangible assets	16
Deferred tax assets	0
Inventories	620
Trade and other receivables	318
Prepayments	2
Cash and cash equivalents	0
Borrowings	-472
Deferred tax liabilities	-290
Trade and other payables	-548
Provisions	0
Lease liabilities	-15
Net assets	957

Signatures

The Board of Directors and the Managing Director declare that the report for the fourth quarter of 2023 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, 22 February 2024

Staffan Jufors
Chairman

Aurore Belfrage
Director

Annette Brodin Rampe
Director

Niklas Florén
Director

Lars Corneliussen
Director and CEO

Håkan Eriksson
Director

This report has not been reviewed by the Company's auditors

Key ratios

Financial information for individual quarters

The financial information below regarding individual quarters during the period 30 September 2021 – 31 December 2023 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.

Selected key group ratios

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m (or as stated)	2021	2022	2022	2022	2022	2023	2023	2023	2023
Revenue	475	455	402	412	705	631	674	643	915
Gross profit	57	53	43	57	97	85	84	75	133
Gross margin, %	12.0%	11.7%	10.6%	13.9%	13.8%	13.4%	12.5%	11.7%	14.5%
Operating profit	-25	-25	-30	300	-13	-14	-10	-28	-62
Operating margin, %	-5.4%	-5.4%	-7.4%	-5.0%	-1.9%	-2.2%	-1.5%	-4.4%	-6.8%
Result from continuing operations	-21	-31	-97	262	49	7	64	-89	-89
Result for the period	88	63	32	366	-21	7	64	-89	-89
Result per share, SEK	6.06	4.30	2.20	25.20	-1.42	0.46	4.41	-6.16	-6.11
Working capital/LTM Revenue, %	2%	3%	14%	18%	11%	23%	20%	20%	20%
Cash flow from operations	-81	-16	39	240	-48	-126	40	-88	147
Equity/total assets, %	28%	32%	37%	42%	58%	59%	62%	62%	34%
Return on equity, LTM%	36%	35%	22%	35%	30%	26%	23%	-2%	-6%
Return on capital employed, LTM%	29%	31%	23%	31%	11%	11%	11%	-1%	-3%

Germany

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m (or as stated)	2021	2022	2022	2022	2022	2023	2023	2023	2023
Revenue	445	420	375	359	616	548	595	574	555
Gross profit	53	47	36	49	82	68	73	66	47
Gross margin, %	11.8%	11.2%	9.7%	13.5%	13.4%	12.3%	12.3%	11.5%	8.4%
Operating profit	-12	-7	-7	-5	-2	5	2	-16	-62
Operating margin, %	-2.8%	-1.6%	-1.8%	-1.4%	-0.4%	0.8%	0.3%	-2.8%	-11.1%
Working capital/LTM Revenue, %	6%	12%	15%	17%	17%	27%	21%	22%	26%

CA

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m (or as stated)	2021	2022	2022	2022	2022	2023	2023	2023	2023
Revenue	30	35	26	53	89	83	80	69	52
Gross profit	4	7	6	9	15	17	11	9	5
Gross margin, %	15.0%	18.6%	23.5%	16.7%	16.5%	20.4%	14.4%	13.7%	8.9%
Operating profit	-1	3	2	4	5	7	7	0	-6
Operating margin, %	-1.8%	9.7%	9.2%	8.0%	6.1%	8.7%	8.6%	0.4%	-
Working capital/LTM Revenue, %	1%	1%	13%	18%	-3%	17%	32%	23%	24%

Net debt

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2021	2022	2022	2022	2022	2023	2023	2023	2023
Long term borrowings	490	427	515	340	393	416	70	69	671
Long term lease liabilities	97	88	124	111	43	38	57	51	59
Short term borrowings	317	292	673	989	274	418	437	428	1,024
Short term lease liabilities	62	42	59	78	21	20	24	23	22
Total interest bearing liabilities	966	848	1,370	1,518	731	892	588	571	1,776
Cash & cash equivalents	768	593	658	939	1,688	1,574	1,127	950	426
Net debt / (cash)	198	255	712	579	-957	-681	-539	-378	1,349
Net debt / EBITDA (times)	0.3	0.3	0.9	0.5	-3.0	-2.0	-1.5	-18.4	-214.7

Working capital

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2021	2022	2022	2022	2022	2023	2023	2023	2023
Inventory	1,432	1,112	1,346	1,326	460	534	718	699	1,443
Trade and other receivables	535	517	993	856	344	365	263	315	630
Prepayments	46	53	116	243	1	7	9	3	6
Trade and other payables	1,809	1,392	1,415	1,117	573	392	509	470	997
Deferred income	28	15	36	33	16	12	9	8	8
Provisions	39	51	86	92	1	0	0	0	12
Working capital	137	225	917	1,184	215	503	472	538	1,063
Revenue LTM	6,212	6,690	6,791	6,610	1,973	2,149	2,422	2,653	5,313
Working capital / Revenue (%)	2%	3%	14%	18%	11%	23%	20%	20%	20%

Capital employed

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2021	2022	2022	2022	2022	2023	2023	2023	2023
Long term interest bearing liabilities	587	515	638	451	436	455	127	120	730
Short term interest bearing liabilities	379	334	732	1,067	295	438	461	451	1,046
Shareholder equity	1,101	1,086	1,739	2,108	1,873	1,886	1,822	1,750	1,622
Capital employed	2,067	1,935	3,109	3,626	2,604	2,778	2,411	2,322	3,397
Average capital employed	1,729	1,727	2,397	2,738	2,336	2,356	2,760	2,974	3,001
EBIT	483	511	514	818	247	257	277	-66	-115
Interest income	23	27	30	28	2	7	17	25	31
Result LTM	506	538	544	846	249	265	293	-41	-84
Return on capital employed (%)	29%	31%	23%	31%	11%	11%	11%	-1%	-3%

Return on equity

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2021	2022	2022	2022	2022	2023	2023	2023	2023
Shareholder equity	1,101	1,086	1,739	2,108	1,873	1,886	1,822	1,750	1,622
Average equity	954	987	1,315	1,568	1,487	1,486	1,781	1,929	1,748
Net result LTM	339	346	291	549	440	384	416	-39	-107
Return on equity (%)	36%	35%	22%	35%	30%	26%	23%	-2%	-6%

Alternative key ratios not defined by IFRS

EBITDA: Operating profit activities excluding depreciation, amortisation. Provides a measurement of the result from the ongoing business. In financials before and including 2016, certain write-downs of assets were excluded from EBITDA.

EBITDA margin: EBITDA 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.

New units sold: Number of new machines and trucks sold. Used to measure and compare number of new units sold during relevant period.

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.

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.

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.

Return on equity: Net income (for the last twelve months) in relation to shareholders' equity (average during the last twelve months). Net income is calculated before dividends to common shareholders but after dividends to preferred shareholders.

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.

Abbreviations

Approx.	Approximately
CEO	Chief Executive Officer
CA	Central Asia
EUR	Euro
FY	Full year
IFRS	International Financial Reporting Standards
Q1, Q2, Q3, Q4 2022	First, second, third and fourth quarter 2021
RUB	Russian rubles
SEK	Swedish krona
SEK m	Million Swedish krona
vs	Versus
LTM	Last twelve months
VCE	Volvo Construction Equipment
6M, 9M, 12M	6 months, 9 months, 12 months

This is Ferronordic

Ferronordic is a service and sales company in the areas of trucks and construction equipment. It is dealer of Volvo Trucks, Renault Trucks and Sandvik Mobile Crushers in Germany and dealer of Volvo CE and certain other brands in Kazakhstan. Ferronordic is the dealer for Volvo CE in all or parts of nine states in the United States and also represents

Hitachi, Sandvik and Linkbelt in parts of the same area. Ferronordic began its operations in 2010 and currently has 41 outlets and approx. 800 employees. Ferronordic's vision is to be the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm. www.ferronordic.com

Vision

Ferronordic's vision is to be the leading service and sales company in the company's markets.

Mission

The company's mission is to support the growth and leadership of the company's customers.

Values

Quality, excellence and respect.

Strategic objectives

- Leadership in the market for construction equipment and trucks
- Aftermarket absorption rate of at least 1.0 x
- Expansion into related business areas
- Geographic expansion
- Industry leading digital service and sales platforms
- Expansion and development of contracting services

Strategic cornerstones

- Customer orientation
- Superior infrastructure
- Building on a strong brand
- Operational excellence

Investment case highlights

- Strong brand portfolio
- Markets with high potential
- Further growth opportunities with attractive returns
- Resilient business model based on a robust aftermarket business and great team
- Investment in innovation
- Experienced management and strong corporate governance
- Providing sustainable business solutions

About this report

Forward-looking statements

Some statements in this report are forward looking and the actual outcomes could be materially different. In addition to the factors explicitly discussed, other factors could have a material effect on the actual outcomes.

Language

In the event of inconsistency or discrepancy between the English and the Swedish version of this publication, the Swedish version shall prevail.

Totals and roundings

Totals quoted in tables and statements may not always be the exact sum of the individual items because of rounding differences. The aim is that each line item should correspond to its source and rounding differences may therefore arise.

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 22 February 2024, 07:30 CET.

Financial calendar

Annual report 2023 – 16 April 2024
Interim report January-March 2024 – 16 May 2024
Annual general meeting – 16 May 2024
Interim report April-June 2024 – 15 August 2024
Interim report July-September 2024 – 14 November 2024

Conference call

A presentation for investors, analysts and media will be held on 22 February 2024 at 10:00 CET and is accessible at www.ferronordic.com.

If you wish to participate via teleconference, please register on the link below. After registration you will be provided phone numbers and a conference ID at access the conference. You can ask questions via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=50047296>

Contacts

For investors, analysts and media:

Erik Danemar, CFO and Head of Investor Relations
+46 73 660 72 31
ir@ferronordic.com

Nybrogatan 6
SE-114 34 Stockholm
+46 8 5090 7280

Corporate ID no. 556748-7953
www.ferronordic.com