

Interim report 1 January – 30 June 2022

Evaluating strategic options

Summary of the second quarter, April–June 2022

- **Group:** Business in Russia impacted by conflict in Ukraine with operating conditions becoming increasingly difficult.
- Revenue growth of 6% to SEK 1,691m, partly due to currency effects.
- 8.7% operating margin and 2% growth in operating profit to SEK 147m.
- 63% decrease in earnings per share, partly due to foreign exchange losses.
- Net debt higher on higher working capital and currency effects.
- **Russia/CIS:** Equipment sales in units decreased by 64%.
- Revenue decreased by 20% in local currency but increased by 5% in SEK due to strong ruble.
- Additional provisions, mainly for inventories and receivables.
- Selected preliminary financials for Russia standalone in July on p. 10.
- **Germany:** Trucks sales in units decreased by 4% in a market that declined by 6%.
- Revenue increased by 12% due to FX, strong used trucks sales and growth in aftermarket sales.
- Operating margin and operating result improved.
- Further promotion and investment in electric trucks.

6%

Revenue growth

2%

Operating profit growth

8.7%

Operating profit margin

-63%

Earnings per share decrease

Selected key group ratios

SEK m (or as stated)	2022 Q2	2021 Q2	%	2022 6M	2021 6M	%	FY2021
Revenue	1,691	1,590	6%	3,436	2,856	20%	6,212
Gross profit	356	286	24%	656	501	31%	1,111
Operating profit	147	144	2%	255	224	14%	483
Result for the period	32	86	-63%	95	142	-34%	339
Earnings per ordinary share, SEK*	2.20	5.94	-63%	6.50	9.79	-34%	23.33
Cash flow from operations	39	120		23	211		457
Net debt (cash)	712	143		712	143		198
<i>Gross margin, %</i>	21.0%	18.0%	3.1pp	19.1%	17.5%	1.6pp	17.9%
<i>Operating margin, %</i>	8.7%	9.0%	-0.4pp	7.4%	7.8%	-0.4pp	7.8%
<i>Working capital/LTM Revenue, %</i>	14%	3%	10.8pp	14%	3%	10.8pp	2%
<i>Equity/total assets, %</i>	37%	25%	10.9pp	37%	25%	10.9pp	28%
<i>Return on capital employed, %</i>	23%	23%	-0.4pp	23%	23%	-0.4pp	29%
<i>Return on equity, %</i>	22%	30%	-8.0pp	22%	30%	-8.0pp	36%

*Before dilution

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 21 and 23.

Evaluating strategic options

The conditions for our business in Russia have continued to deteriorate. Further sanctions have been introduced and Volvo and certain other key partners have still suspended sales to Russia. We take all measures to ensure that our operations in Russia comply with applicable laws. Where permitted, we have so far continued to serve our customers. Going forward it is however questionable whether Ferronordic is able to continue meaningful operations in Russia. We are now evaluating strategic options for the Russian business, including potentially divesting all or part of it, or downsizing it and continuing on a limited scale. During the quarter we have worked to isolate the Russian business from other parts of the Group, ensuring that potential negative effects from the Russian business will not spill over on our businesses elsewhere. The situation in Russia is unpredictable and difficult. I am however impressed by how our teams are reacting to and managing this difficult situation so far.

Our businesses in Kazakhstan and Germany are developing well and we continue to strengthen our positions in these markets. In Germany we are now launching electric trucks from both Volvo and Renault Trucks. We are also about to launch a rental business for electric trucks with the vision of one day being able to offer sustainable transport services for our customers. We are also getting closer to turning the business into profits. At the same time we continue to look for opportunities to grow the business, both when it comes to new services and products as well as to new markets.

Russia/CIS

All measures are taken to ensure that the business in Russia complies with applicable sanctions laws and regulations. To the extent possible, we continue to serve our customers. However, the impact of the sanctions on our sales will be more noticeable going forward. Both supply and demand for new and used machines remained relatively high in the beginning of the quarter but has declined steadily since. Our new and used machine sales in units decreased by 64% and 48%, respectively. We expect sales to continue to decline as our sellable inventories decline and as new restrictions take effect. Demand for service and parts was more stable and our aftermarket sales was largely unchanged in local currency. Sales in Swedish krona increased partly due to a significant strengthening of the Russian ruble in the quarter. In the second quarter, we made extra provisions of SEK 99m, mainly for inventories and trade receivables.

Total revenue in Russia/CIS was down 20% in rubles but grew by 5% in Swedish krona to SEK 1,315m. The operating margin declined. The operating result was flat at SEK 157m.



“We explore all strategic options for our Russian business”.

Germany

The German market for heavy trucks declined by 6% in the second quarter 2022 as supply remains constrained. Our new trucks sales declined by 4% in units and we gained further market shares. Our used trucks business continued to contribute to the top line and aftermarket sales grew by 28%, both as a result of organic growth and acquisitions. To reach our objectives we need to continue to improve our service coverage and capture an even larger share of the aftermarket sales within our sales area. In the second quarter we started operations at our new workshop in Bad Hersfeld. Meanwhile, work on our hub service station in Hannover continues. While network expansion and integration have taken longer time than expected, we continue to make progress. We now expect to reach positive operating profit sometime in the second half of 2022. Meanwhile, the launch of sales and rental of electric trucks continues at full speed, laying the foundation for sustainable transportation.

Total revenue in Germany grew by 12% to SEK 375m. The operating result improved by 23% to SEK -10m.

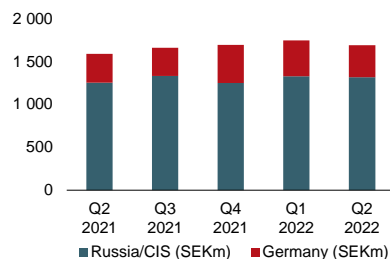
Outlook

The prospects for our operations in Russia continue to deteriorate. Business conditions are becoming increasingly difficult and we explore all strategic options. Our operations in Kazakhstan continues to develop positively but still represents a smaller part of sales. In Germany, we believe that a recovery from the pandemic may lead to increased demand for trucks and service. The geopolitical situation and higher energy prices may however also affect the German economy. In a longer perspective, we however believe that the underlying conditions and business opportunities in the Kazakh and German markets remain strong.

Lars Corneliusson
President and CEO

Group

Revenue by segment



Revenue

In Q2 2022, the revenue of the Group increased by 6% to SEK 1,691m (1,590). Sales of equipment and trucks decreased by 24% and aftermarket sales increased by 39%. Revenue from contracting services increased by 98% as projects ramped up during 2021 are still ongoing. Other revenue, mainly consisting of trucks rental in Germany, increased by 57%.

In 6M 2022, the Group revenue increased by 20% to SEK 3,436m (2,856). The sales of equipment and trucks increased by 6%, aftermarket sales increased by 36% and contracting services sales increased by 61%.

Gross profit and operating result

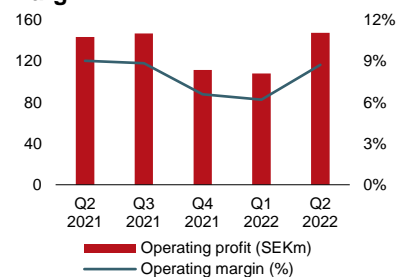
In Q2 2022, the gross margin for the Group increased to 21.0% (18.0%). As a result of higher revenue and higher gross margin, gross profit increased by 24% to SEK 356m (286).

As a percentage of revenue, selling, general and administrative expenses increased in Q2 2022 to 10.6% (8.9). The operating result for Q2 2022 increased by 2% to SEK 147m (144). The operating margin during the quarter decreased from 9.0% to 8.7%.

In 6M 2022, the gross margin increased to 19.1% (17.5). As a result of higher margin on higher revenue, gross profit increased by 31% to SEK 656m (501).

As a percentage of revenue, selling, general and administrative expenses increased in 6M 2022 to 10.3% (9.6). The operating result for 6M 2022 increased by 14% to SEK 255m (224). The operating margin decreased from 7.8% to 7.4%.

Operating profit and operating margin

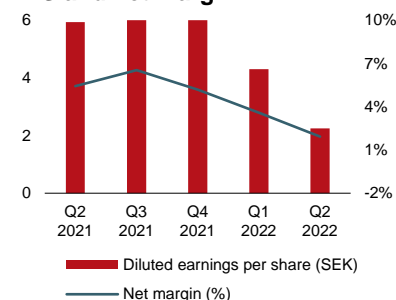


Net income

In Q2 2022, finance costs (net) amounted to SEK 13m (11), partly due to higher net debt and higher interest rates. Foreign exchange losses (net) increased to SEK 81m (6), mainly as a result of the appreciation of the Russian ruble, including its appreciation against the Kazakh tenge (in Kazakhstan, Ferronordic has part of its payables in rubles, while the functional currency is Kazakh tenge). Partly as a result of this, the result before income tax for Q2 2022 decreased by 58% to SEK 54m (127). The result for Q2 2022 decreased by 63% to SEK 32m (86).

In 6M 2022, finance costs (net) increased to SEK 19m (17), partly due to higher net debt and higher interest rates. Foreign exchange losses (net) were SEK 100m (8), mainly as a result of the appreciation of the Russian ruble. The result before income tax for 6M 2022 decreased by 31% to SEK 136m (199). The result for 6M 2022 decreased by 34% to SEK 95m (142).

EPS and net margin



Earnings per share

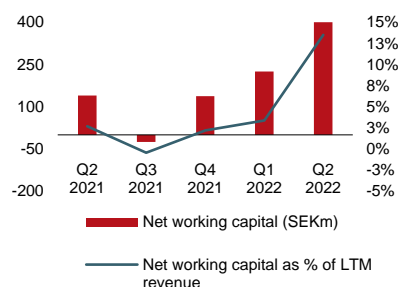
Basic and diluted earnings per share in Q2 2022 amounted to SEK 2.20 (5.94).

Basic and diluted earnings per share in 6M 2022 amounted to SEK 6.50 (9.79).

Cash flows

In Q2 2022, cash flows from operating activities decreased to SEK 39m (120). Lower cash flows were partly a result of an increase in working capital from SEK 225m to SEK 918m as payables decreased faster

Net working capital and % LTM revenue

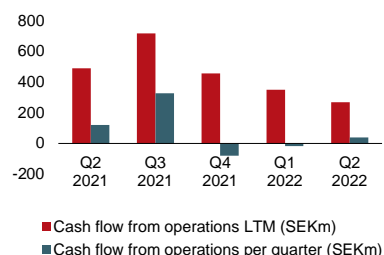


than inventories and as receivables increased. As a percent of revenue, working capital increased from 3% in Q1 2022 to 14% in Q2 2022.

Cash flow from investing activities in Q2 2022 amounted to SEK -150m (-123). The main investments in Q2 2022 related to acquisitions of trucks for the German rental business and machines for contracting services, moved from inventories to PP&E to reach production volumes previously committed to. Additions of machines in contracting services in Russia/CIS are reflected in investment activities as outflows when payment for the machines is made to the supplier. Interest received in Q2 2022 was higher compared to Q1 2021, partly due to a higher average cash position, different currency mix and higher deposit rates.

During 6M 2022, cash flows from operating activities decreased to SEK 23m (211). Lower cash flows were partly a result of an increase in working capital from SEK 137m at the end of 2021 to SEK 918m at the end of Q2 2022, as payables decreased faster than inventories and as receivables increased. Cash flows from investing activities during 6M 2022 amounted to SEK -242m (-168).

Operating cash flow per quarter and over LTM



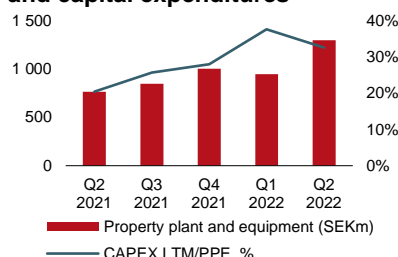
Financial position

On 30 June 2022, cash and cash equivalents amounted to SEK 658m, a decrease of SEK 110m compared to the end of 2021. The lower cash balance mainly reflected outflows from investing activities. At the end of Q2 2022, interest-bearing liabilities (including lease liabilities and effects of IFRS-16) amounted to SEK 1,370m, an increase of SEK 404m compared to the end of 2021, partly due to currency effects. The net debt position of SEK 198m at the end of 2021 increased to net debt of SEK 712m at the end of Q2 2022, mainly as a result of a higher working capital position and currency effects.

On 30 June 2022, property, plant and equipment (PP&E) amounted to SEK 1,301m, an increase of SEK 295m from SEK 1,006m at the end of 2021. The increase was mainly an effect of translation of fixed assets in the Russian business at a stronger Russian ruble. Fixed assets also increased due to additions in rental fleet in Germany, partly offset by depreciation of SEK 76m.

On 30 June 2022, equity amounted to SEK 1,739m, an increase of SEK 638m compared to the end of 2021. The increase was mainly due to positive foreign exchange differences of SEK 543m, reflecting an appreciation of the Russian ruble against the Swedish krona of 39% compared to the end of 2021.

Property, plant and equipment and capital expenditures

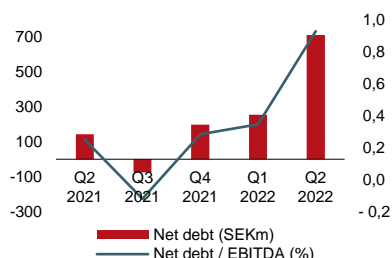


Parent company

In Q2 2022, the revenue of the parent company decreased to SEK 32m (53) as intragroup sales of machines from the parent company to its Russian subsidiaries stopped. Administrative expenses increased by 40% to SEK 20m (14), partly as a result of moving of staff from the Parent's Russian subsidiaries to the Parent. The operating result decreased from SEK -7m in Q2 2021 to SEK -19m in Q2 2022. The result for the quarter decreased to SEK 57m (103). The positive result in Q2 2021 was mainly due to finance income received from the Russian subsidiaries.

In 6M 2022, the revenue of the parent company decreased to SEK 66m (95), mainly due to lower intragroup sales of machines. Administrative expenses increased by 50% to SEK 30m (20), partly as a result of moving of staff from the Parent's Russian subsidiaries to the Parent. The operating result decreased from SEK -7m in Q2 2021 to SEK -20m in Q2 2022. The result for the quarter decreased to SEK 42m (272). The positive result in 6M 2021 was mainly due to finance income received from the Russian subsidiaries.

Net debt and net debt/EBITDA



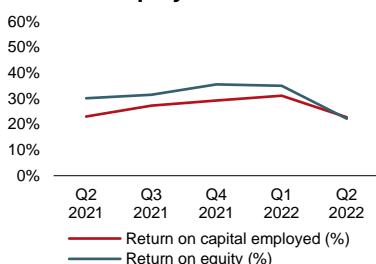
Foreign exchange rates

The following foreign exchange rates have been used to translate the Q2 2022 (Q2 2021) results to the presentation currency:

- Average rates of RUB/SEK 6.74 (-24% vs 8.82) and SEK/EUR 10.47 (+3% vs 10.14) have been used to translate the income statements.
- End of period rates of RUB/SEK 5.04 (-41% vs 8.54) and SEK/EUR 10.68 (+5% vs 10.12) have been used to translate the balance sheet.

RUB/SEK rates are defined on basis of the rate quoted by Central Bank of Russia. The Kazakh tenge constitutes a smaller part of the Group's currency exposure. During Q2 2022, however, the Kazakh subsidiary's trade payables in rubles had a negative effect on the Group's results when translated to the subsidiary's functional currency in Kazakh tenge. The Group also has minor exposure to movements in US dollars and British pounds.

Return on capital employed and return on equity



Employees

At the end of Q2 2022, the number of full-time equivalent employees in the Group was 1,818 (1,682), of which 1,493 (1,410) related to Russia/CIS, 313 (260) to Germany and 12 (12) occupied group functions. The increase of employees in Russia/CIS is mainly due to contracting service projects that were being ramped up in the second half of 2021.

Risks and uncertainties

As described in the 2021 annual report, Ferronordic is exposed to a number of risks. These risks remain and some of these risks have intensified as a result of the conflict in Ukraine and the sanctions and countersanctions that followed (see also under major events below).

Major events

The EU, the US and other countries have imposed wide-ranging sanctions against Russia, including export restrictions, suspension of major banks from SWIFT and measures to prevent the Russian Central Bank from using its international reserves. In Q2 2022, additional sanctions were imposed on Russia, including further export restrictions and measures to constrain the Russian financial system.

Ferronordic takes all measures to ensure that its business complies with applicable sanctions laws and regulations. Ferronordic's assessment of the legal documents issued so far suggests that part of the products and services that Ferronordic offers in Russia are subject to restrictions. Ferronordic discontinues sales of such products and services in accordance with applicable legislation. This has and will have a negative effect on the Company's revenues, earnings and cash flows in Russia.

Volvo and some of Ferronordic's other key suppliers have suspended sales to Russia. In addition, transport and logistics to, from and within Russia are limited. Where not affected by restrictions, Ferronordic so far continues to serve clients and sell products. Going forward it is, however, questionable whether Ferronordic is able to continue meaningful operations in Russia. Ferronordic is exploring all strategic options for its business in Russia, including partial or full divestment or downsizing and continuation on a limited scale. The situation in Russia has no direct impact on Ferronordic's operations in Kazakhstan and Germany, which continue as before.

Ferronordic can currently still make payments domestically in Russia. Internationally, payments are restricted but Ferronordic can pay for goods and services. Dividend payments are subject to special procedures and approvals.

Currency index last 5 quarters (indexed 1 April 2022)



The volatility of the Russian ruble has increased. During Q2 2022, the ruble appreciated 44% against the Swedish krona. The strengthening of the Russian ruble increased the amounts of items in both balance sheet and income statement as translated into Swedish krona and consolidated in the Group's accounts. In Kazakhstan, where the functional currency is the Kazakh tenge, the revaluation of the local subsidiary's trade payables in rubles had a negative impact on the Group's results. Going forward payables from the Kazakh subsidiary will be denominated in US dollars or euros.

During Q1 2022, the Russian Central Bank significantly increased its key rate to 20%. In Q2 2022, the Central Bank lowered its key rate to 9.5% and, after the reporting period, further to 8.0%. The funding costs in Ferronordic's local credit facilities are based on the Central Bank reference rate and would therefore, if and when utilised, reflect the current key rate of the Central Bank.

Events after the reporting period

Further sanctions, including on Russia's biggest bank Sberbank, were imposed after the end of the reporting period.

The Russian Central Bank further lowered its key rate from 9.5% to 8.0% after the reporting period.

From the end of Q2 2022 up to the release of this report, the Russian ruble depreciated approx. 20% against the Swedish krona.

Segments

Ferronordic recognises two separate reportable segments: Russia/CIS and Germany (see also note 5 on page 18). In Russia/CIS, equipment and trucks sales include sales of new and used construction equipment, mobile crushers and screens, used trucks, attachments and diesel generators. Aftermarket sales include sales of service and parts. Contracting services include only revenue from contracting

services operations. Currently, contracting services operate only in Russia. 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 in Germany.

SEK m (or as stated)	Russia/CIS		Germany		Total	
	Q2	Q2	Q2	Q2	Q2	Q2
	2022	2021	2022	2021	2022	2021
External revenue	1,315	1,254	375	336	1,691	1,590
Equipment and truck sales	538	787	237	236	774	1,023
Aftermarket sales	360	252	111	87	471	338
Contracting services	415	210	0	0	415	210
Other revenue	2	6	28	12	29	19
Gross profit	319	254	36	32	356	286
EBITDA	214	195	9	0	223	194
Operating profit	157	157	-10	-13	147	144
Finance items (net)					-93	-17
Profit(loss) before tax					54	127
Result for the period					32	86
Gross margin, %	24.3%	20.2%	9.7%	9.6%	21.0%	18.0%
Operating margin, %	11.9%	12.5%	-2.7%	-3.8%	8.7%	9.0%

SEK m (or as stated)	Russia/CIS		Germany		Total	
	6M	6M	6M	6M	6M	6M
	2022	2021	2022	2021	2022	2021
External revenue	2,641	2,261	795	595	3,436	2,856
Equipment and truck sales	1,391	1,411	524	396	1,915	1,806
Aftermarket sales	651	472	223	169	874	641
Contracting services	592	369	0	0	592	369
Other revenue	6	10	49	31	55	41
Gross profit	573	438	83	62	656	501
EBITDA	375	322	13	-3	388	319
Operating profit	276	250	-20	-27	255	224
Finance items (net)					-119	-25
Profit(loss) before tax					136	199
Result for the period					95	142
Gross margin, %	21.7%	19.4%	10.5%	10.5%	19.1%	17.5%
Operating margin, %	10.4%	11.1%	-2.5%	-4.5%	7.4%	7.8%

	Russia/CIS		Germany		Intersegment		Total	
	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021	30 Jun 2022	31 Dec 2021
SEK m								
Non-current assets	1,316	841	605	485	-353	-134	1,568	1,192
Total assets	3,935	3,213	1,098	895	-353	-134	4,680	3,973

Segment share of revenue, Q2 2022

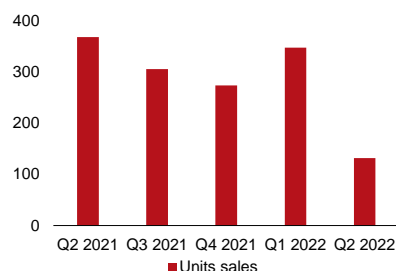


Segment share of total assets, 30 June 2022

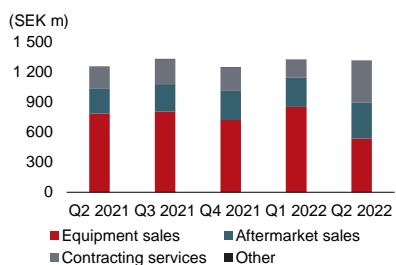


Russia/CIS

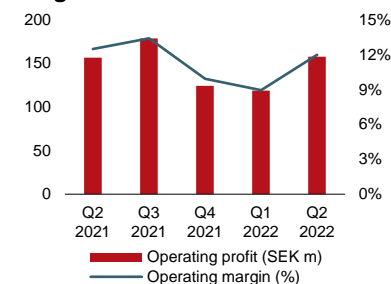
Unit sales



Revenue by activity



Operating profit and operating margin



Market and sales

In Q2 2022, the market for construction equipment declined by 37% in units. After 24 February and into April in Q2 2022, demand and prices remained firm, partly supported by customer efforts to manage risks from ruble volatility, inflation and supply constraints. The market then declined due to restricted supply and lower demand. Ferronordic takes all measures to ensure that its business complies with applicable sanctions laws and regulations. To the extent permitted, Ferronordic has so far continued to sell new and used machines. Against this backdrop, Ferronordic's new machine sales in units decreased by 64% to 132 machines. Sale of used equipment also declined. Sales are expected to continue to decline. Aftermarket activity was more stable and production continued in contracting services.

Revenue and operating result

Total revenue in Russia/CIS increased by 5% (-20% in local currency) to SEK 1,315m (1,254). Equipment sales decreased by 32%, while aftermarket and contracting services sales increased by 43% and 98% respectively. The increase in contracting services was due to ramp up in the second half of 2021 and due to currency effects. As a result, the aftermarket and contracting services shares of share of revenue increased to 27% (20%) and 32% (17%) respectively. Partly as a result of this change in revenue mix, the gross margin increased to 24.3% (20.2%).

Selling, general and administrative expenses increased by 35%, mainly as a result of the appreciation of the Russian ruble. As a percentage of revenue, these expenses increased to 9.9% (7.7). The operating margin decreased to 11.9% (12.5) while the operating result was unchanged at SEK 157m. Given the uncertainty in the Russian market, the Group made additional provisions in a total amount of SEK 99m for e.g. inventories and trade receivables.

Cash flows and balance sheet

Cash flows from operating activities decreased to SEK 62m (111). Working capital as a percentage of revenue amounted to 13% in Q2 2022, compared to 1% in Q2 2021. The increase was partly due to payables decreasing faster than inventory and receivables increasing, but was also due to currency effects. Investments of property, plant and equipment of SEK 89m mainly related to machines in contracting services, where payment was made to the supplier during the period for machines previously delivered.

6M 2022

In 6M 2022, new machine sales in units decreased by 28% in a market that declined by 14%. Revenue increased by 17% to SEK 2,641m (2,261) with a gross margin of 21.7% (19.4). The operating profit grew by 10% to SEK 276m (250) with an operating margin of 10.4% (11.1).

	2022 Q2	2021 Q2	% change	2022 6M	2021 6M	% change	2021 FY
New units	132	369	-64%	480	666	-28%	1,246
Used units	40	77	-48%	88	125	-30%	328
Revenue, SEK m	1,315	1,254	5%	2,641	2,261	17%	4,844
Gross profit, SEK m	319	254	26%	573	438	31%	961
Operating profit, SEK m	157	157	0%	276	250	10%	553
Gross margin, %	24.3%	20.2%		21.7%	19.4%		19.8%
Operating margin, %	11.9%	12.5%		10.4%	11.1%		11.4%
Working capital/LTM Revenue, %	13%	0%		13%	0%		1%

Russia

Selected balance sheet items and preliminary July revenue

Due to the extraordinary current operating conditions in Russia and to offer readers of this report better insight into the dynamics of the Company's business in Russia, Ferronordic presents selected balance sheet items for Russia standalone for the end of Q4 2021, Q1 2022 and Q2 2022. Ferronordic also presents preliminary amounts for the same balance sheet items for the end of July and preliminary sales estimates for July. The July amounts are preliminary and may change. The Russian ruble depreciated by approx. 20% against the Swedish krona between 30 June and 31 July 2022, which affects the translation of the balance sheet and, to a lesser extent, sales to the presentation currency.

Average foreign exchange rate RUB/SEK

5.59

Preliminary sales, SEK m

July 2022

New units	22
Used units	23
Total revenue	392
Equipment and truck sales	103
Aftermarket sales	114
Contracting services	175
Other revenue	0
Total revenue (% of revenue)	100%
Equipment and truck sales	26%
Aftermarket sales	29%
Contracting services	45%
Other revenue	0%

RUB/SEK foreign exchange rate used for translation

8.22

9.06

5.04

6.03

SEK m

31 Dec 2021

31 Mar 2022

30 Jun 2022

31 Jul 2022

ASSETS

Non-current

Property, plant and equipment

635

529

829

721

Current:

Inventories

1,243

861

977

732

New machines

684

345

134

74

Used machines

47

46

81

48

Parts

494

448

644

534

Other

19

22

119

75

Trade and other receivables

315

278

729

577

Cash and equivalents

418

225

345

471

LIABILITIES

Non-current

Borrowings

268

234

641

760

Lease liabilities

112

82

134

112

Current

Trade and other payables

1,370

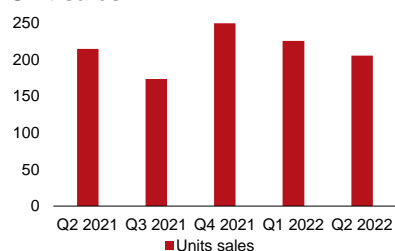
1,018

982

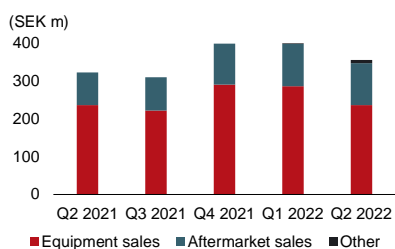
663

Germany

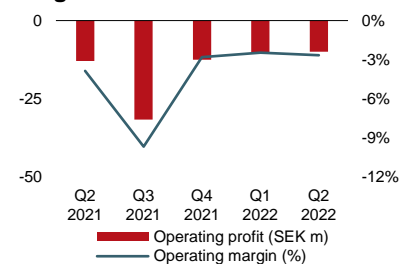
Unit sales



Revenue by activity



Operating profit and operating margin



Market and sales

Based on registrations of new trucks, the total German market for heavy trucks declined by 6% in Q2 2022. Rigid trucks declined by 16% while tractors grew by 3%. Supply remains constrained, which holds back market growth. Rising inflation and energy prices, higher interest rates and weaker business indicators are however also affecting business sentiment. The manufacturing PMI declined through the quarter as order levels decreased. The index pointed to the first contraction in factory activity since June 2020 and new orders shrank the most in over two years. New trucks registered in Ferronordic's sales area decreased by 9% and represented 18% of the total German market. Ferronordic's new truck sales in units decreased by 4% to 206 units. The market share for Volvo Trucks continued to increase in the quarter. Customer activity and demand for service and parts was more stable in the quarter. The Group continued to work with partners and customers to develop e-mobility.

Revenue and operating result

Mainly due to higher aftermarket sales, total revenue in Germany increased by 12% (8% in EUR) to SEK 375m (336) in Q2 2022. Equipment sales was flat as lower new trucks sales was offset by higher used trucks sales. Aftermarket sales increased by 28%, of which 11% was organic growth. As a result, aftermarket sales increased by 4pp as a share of revenue to 30%. The gross margin increased to 9.7% (9.6%).

Selling, general and administrative expenses increased by 8% to SEK 50m, partly due to acquisitions. The operating margin increased to -2.7% (-3.8%). The operating result amounted to SEK -10m (-13%).

Cash flows and balance sheet

Cash flows from operating activities were negative at SEK -23m (8) as a result of the operating loss and as working capital increased to SEK 230m from SEK 181m and to 15% from 12% of revenue at the end of Q1 2022. Investments of SEK 21m mainly related to payments for trucks to the rental fleet and investments in workshop expansion.

6M 2022

In 6M 2022, revenue in Germany increased by 34% to SEK 795m (595) with a gross margin of 10.5% (10.5). The operating result amounted to SEK -20m (-27) with an operating margin of -2.5% (-4.5).

	2022 Q2	2021 Q2	% change	2022 6M	2021 6M	% change	2021 FY
New units	206	215	-4%	432	351	23%	800
Used units	38	48	-21%	109	100	9%	241
Revenue, SEK m	375	336	12%	795	595	34%	1,368
Gross profit, SEK m	36	32	13%	83	62	33%	149
Operating profit, SEK m	-10	-13	23%	-20	-27	24%	-71
Gross margin, %	9.7%	9.6%		10.5%	10.5%		10.9%
Operating margin, %	-2.7%	-3.8%		-2.5%	-4.5%		-5.2%
Working capital/LTM Revenue, %	15%	14%		15%	14%		6%

Condensed consolidated statement of comprehensive income

SEK m	Q2 2022	Q2 2021	6M 2022	6M 2021	Full year 2021
Revenue	1,691	1,590	3,436	2,856	6,212
Cost of sales	-1,335	-1,304	-2,780	-2,356	-5,101
Gross profit	356	286	656	501	1,111
Selling expenses	-74	-63	-153	-116	-256
General and administrative expenses	-106	-79	-200	-157	-358
Other income	10	2	16	4	12
Other expenses	-40	-2	-64	-8	-27
Operating profit	147	144	255	224	483
Finance income	6	3	13	6	23
Finance costs	-19	-14	-32	-23	-49
Foreign exchange gains/(-losses) (net)	-81	-6	-100	-8	-5
Result before income tax	54	127	136	199	451
Income tax	-22	-41	-42	-56	-112
Result for the period	32	86	95	142	339
Other comprehensive result					
<i>Items that are or may be reclassified to profit or loss:</i>					
Foreign currency translation differences for foreign operations	620	20	543	46	60
Other comprehensive result for the period, net of tax	620	20	543	46	60
Total comprehensive result for the period	652	107	638	188	399
Earnings per share					
Basic earnings per share (SEK)	2.20	5.94	6.50	9.79	23.33
Diluted earnings per share (SEK)	2.20	5.93	6.50	9.79	23.26

Condensed consolidated statement of financial position

SEK m	30 Jun 2022	31 March 2022	31 Dec 2021	30 Jun 2021
ASSETS				
Non-current assets				
Property, plant and equipment	1,301	950	1,006	766
Intangible assets	85	81	81	52
Deferred tax assets	183	121	105	81
Total non-current assets	1,568	1,152	1,192	898
Current assets				
Inventories	1,346	1,112	1,432	1,342
Trade and other receivables	993	517	535	588
Prepayments	116	53	46	51
Cash and cash equivalents	658	593	768	653
Total current assets	3,112	2,277	2,781	2,634
TOTAL ASSETS	4,680	3,428	3,973	3,532
EQUITY AND LIABILITIES				
Equity				
Share capital	1	1	1	1
Additional paid in capital	620	620	620	620
Translation reserve	234	-386	-309	-323
Retained earnings	789	789	450	450
Result for the period	95	63	339	142
TOTAL EQUITY	1,739	1,086	1,101	890
Non-current liabilities				
Borrowings	515	427	490	499
Deferred income	26	31	22	0
Deferred tax liabilities	8	5	7	5
Long-term lease liabilities	124	88	97	63
Total non-current liabilities	673	550	617	566
Current liabilities				
Borrowings	673	292	317	159
Trade and other payables	1,415	1,392	1,809	1,805
Deferred income	36	15	28	18
Provisions	86	51	39	18
Short-term lease liabilities	59	42	62	75
Total current liabilities	2,269	1,792	2,255	2,076
TOTAL LIABILITIES	2,941	2,342	2,872	2,642
TOTAL EQUITY AND LIABILITIES	4,680	3,428	3,973	3,532

Condensed consolidated statement of changes in equity

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	95	95
Other comprehensive result					
Foreign exchange differences	0	0	543	0	543
Total comprehensive result for the period	0	0	543	95	638
Contribution by and distribution to owners					
Total contributions and distributions	0	0	0	0	0
Balance 30 June 2022	1	620	234	884	1,739

SEK m	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
Balance 1 January 2021	1	615	-369	559	806
Total comprehensive result for the period					
Result for the period	0	0	0	142	142
Other comprehensive result					
Foreign exchange differences	0	0	46	0	46
Total comprehensive result for the period	0	0	46	142	188
Contribution by and distribution to owners					
Dividends	0	0	0	-109	-109
Warrant issue	0	5	0	0	5
Total contributions and distributions	0	5	0	-109	-104
Balance 30 June 2021	1	620	-323	592	890

Condensed consolidated statement of cash flows

SEK m	Q2 2022	Q2 2021	6M 2022	6M 2021
Cash flows from operating activities				
Result before income tax	54	127	136	199
Adjustments for:				
Depreciation and amortisation	76	51	133	96
(Gain)/loss from impairment of receivables	-14	1	6	5
Profit on disposal of property, plant and equipment	-3	0	-3	1
Finance costs	19	14	32	23
Finance income	-6	-3	-13	-6
Foreign exchange losses/(gains) (net)	81	6	100	8
Cash flows from operating activities before changes in working capital and provisions	206	196	392	325
Change in inventories	397	-140	606	-370
Change in trade and other receivables	-150	-35	-141	-154
Change in prepayments	-15	2	-26	-11
Change in trade and other payables	-330	158	-705	534
Change in provisions	-4	-1	12	-10
Change in deferred income	-4	0	-7	-2
Cash flows from operating activities before interest and tax paid	100	181	131	312
Income tax paid	-42	-46	-78	-80
Interest paid	-18	-15	-31	-22
Cash flows from operating activities	39	120	23	211
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	2	1	2	1
Interest received	6	3	13	6
Acquisition of property, plant and equipment	-158	-57	-257	-79
Acquisition of intangible assets	0	0	0	0
Acquisition of business	0	-71	0	-95
Cash flows from investing activities	-150	-123	-242	-168
Cash flows from financing activities				
Dividends	0	-109	0	-109
Proceeds from borrowings	229	144	253	187
Repayment of loans	-41	-20	-109	-27
Leasing financing paid	-29	-27	-54	-48
Cash flows from financing activities	160	-11	90	5
Net change in cash and cash equivalents	49	-14	-129	48
Cash and cash equivalents at start of the period	593	665	768	604
Effect of exchange rate fluctuations on cash and cash equivalents	15	1	19	1
Cash and cash equivalents at end of the period	658	653	658	653

Parent company income statement

SEK m	Q2 2022	Q2 2021	6M 2022	6M 2021	Full year 2021
Revenue	32	53	66	95	239
Other income	0	0	0	0	2
Cost of sales	-30	-46	-56	-82	-203
Gross profit	1	7	10	13	37
Administrative expenses	-20	-14	-30	-20	-39
Operating profit	-19	-7	-20	-7	-2
Finance income	108	113	110	284	433
Finance costs	-10	-1	-13	-2	-2
Foreign exchange gains/(-losses) (net)	-23	-2	-34	-3	-1
Result before income tax	57	103	42	272	427
Income tax	0	0	0	0	0
Result for the period	57	103	42	272	427

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

Parent company balance sheet

	30 Jun 2022	31 March 2022	31 Dec 2021	30 Jun 2021
ASSETS				
Non-current assets				
Intangible assets	0	0	1	1
Financial assets				
Holdings in group companies	175	175	175	174
Loans to group companies	376	260	149	129
Deferred tax assets	20	20	20	20
Total financial assets	571	455	345	323
Total non-current assets	571	456	345	324
Current assets				
Trade and other receivables	93	61	63	65
Prepayments	0	1	0	1
Cash and cash equivalents	235	230	241	18
Total current assets	329	292	304	84
TOTAL ASSETS	900	747	649	408
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	1	1	1	1
Unrestricted equity	0	0	0	0
Share premium reserve	630	630	630	630
Retained earnings	-128	-128	-555	-555
Result for the period	42	-15	427	272
TOTAL EQUITY	545	489	504	348
Non-current liabilities				
Borrowings	0	0	31	0
Total non-current liabilities	0	0	31	0
Current liabilities				
Borrowings	302	163	0	0
Trade and other payables	52	96	115	60
Total current liabilities	355	258	115	60
TOTAL LIABILITIES	355	258	145	60
TOTAL EQUITY AND LIABILITIES	900	747	649	408

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 2022 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 2021 annual report (regarding the 2021 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 2021 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. 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 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, mobile crushers and screens, used trucks, aftermarket sales, rental, contracting services and other services in Russia and CIS (the Commonwealth of Independent States), which currently refers to 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 2021. 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 6 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 2021 annual report.

8. 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 2021.

9. Events after the reporting date

Information regarding events after the reporting date is set out in the front part of this report (p. 6).

Result for the period, SEK m

	2022 Q2	2021 Q2	2022 6M	2021 6M
Result attributable to shareholders, SEK m	32	86	95	142
Average number of shares during the period before dilution, thousand	14,532	14,532	14,532	14,532
Earnings per share before dilution, SEK	2.20	5.94	6.50	9.79
Dilution effect	0	0	0	0
Average number of ordinary shares during the period after dilution, thousand	14,532	14,532	14,532	14,532
Earnings per ordinary share after dilution, SEK	2.20	5.94	6.50	9.79

Signatures

The Board of Directors and the Managing Director declare that the report for the second quarter of 2022 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, 17 August 2022

Staffan Jufors
Chairman

Aurore Belfrage
Director

Annette Brodin Rampe
Director

Niklas Florén
Director

Lars Corneliusson
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 1 January 2020 – 30 June 2022 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

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m (or as stated)	2020	2020	2020	2021	2021	2021	2021	2022	2022
Revenue	1,203	1,129	1,185	1,267	1,590	1,661	1,694	1,746	1,691
Gross profit	207	221	187	215	286	324	286	300	356
Gross margin, %	17.2%	19.6%	15.8%	17.0%	18.0%	19.5%	16.9%	17.2%	21.0%
Operating profit	105	107	65	80	144	147	112	108	147
Operating margin, %	8.7%	9.5%	5.5%	6.3%	9.0%	8.9%	6.6%	6.2%	8.7%
Result for the period	76	81	44	56	86	109	88	63	32
Result per ordinary share, SEK	5.24	5.57	3.05	3.85	5.94	7.48	6.06	4.30	2.20
Working capital/LTM Revenue, %	10%	8%	5%	4%	3%	0%	2%	3%	14%
Cash flow from operations, Equity/total assets, %	312	100	179	91	120	327	-81	-16	39
Return on equity, LTM%	30%	33%	31%	28%	25%	27%	28%	32%	37%
Return on capital employed, LTM%	28%	28%	26%	31%	30%	31%	36%	35%	22%
Return on capital employed, LTM%	23%	25%	20%	21%	23%	27%	29%	31%	23%

Russia/CIS

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m (or as stated)	2020	2020	2020	2021	2021	2021	2021	2022	2022
Revenue	958	900	951	1,007	1,254	1,333	1,249	1,326	1,315
Gross profit	190	199	169	185	254	290	233	254	319
Gross margin, %	19.9%	22.1%	17.8%	18.3%	20.2%	21.7%	18.7%	19.1%	24.3%
Operating profit	120	124	91	94	157	179	124	119	157
Operating margin, %	12.5%	13.8%	9.5%	9.3%	12.5%	13.4%	9.9%	9.0%	11.9%
Working capital/LTM Revenue, %	11%	8%	3%	2%	0%	-2%	1%	1%	13%

Germany

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m (or as stated)	2020	2020	2020	2021	2021	2021	2021	2022	2022
Revenue	245	229	233	260	336	327	445	420	375
Gross profit	16	23	18	30	32	34	53	47	36
Gross margin, %	6.7%	9.8%	7.7%	11.6%	9.6%	10.4%	11.8%	11.2%	9.7%
Operating profit	-15	-17	-25	-14	-13	-32	-12	-10	-10
Operating margin, %	-6.1%	-7.3%	-10.7%	-5.3%	-3.8%	-9.6%	-2.8%	-2.5%	-2.7%
Working capital/LTM Revenue, %	7%	7%	9%	11%	14%	6%	6%	12%	15%

Net debt

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m	2020	2020	2020	2021	2021	2021	2021	2022	2022
Long term borrowings	349	321	351	385	499	449	490	427	515
Long term lease liabilities	135	100	71	62	63	49	97	88	124
Short term borrowings	400	122	84	101	159	261	317	292	673
Short term lease liabilities	79	79	77	85	75	63	62	42	59
Total Interest bearing liabilities	963	622	583	632	796	822	966	848	1,370
Cash & cash equivalents	733	539	604	665	653	897	768	593	658
Net debt / (cash)	230	83	-20	-33	143	-75	198	255	712
Net debt / EBITDA (times)	0.4	0.2	0.0	-0.1	0.3	-0.1	0.3	0.3	0.9

Working capital

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m	2020	2020	2020	2021	2021	2021	2021	2022	2022
Inventory	1,134	956	1,014	1,241	1,342	1,280	1,432	1,112	1,346
Trade and other receivables	436	433	393	537	588	566	535	517	993
Prepayments	27	39	37	52	51	41	46	53	116
Trade and other payables	1,076	1,038	1,188	1,611	1,805	1,855	1,809	1,392	1,415
Deferred income	19	17	19	18	18	25	28	15	36
Provisions	27	20	26	18	18	34	39	51	86
Working capital	476	354	213	183	140	-26	137	225	917
Revenue LTM	4,765	4,650	4,635	4,783	5,170	5,702	6,212	6,690	6,791
Working capital / Revenue (%)	10%	8%	5%	4%	3%	0%	2%	3%	14%

Capital employed

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m	2020	2020	2020	2021	2021	2021	2021	2022	2022
Long term interest bearing liabilities	484	421	422	447	561	498	587	515	638
Short term interest bearing liabilities	480	202	161	186	234	324	379	334	732
Shareholder equity	883	848	806	888	890	1,028	1,101	1,086	1,739
Capital employed	1,846	1,470	1,390	1,520	1,686	1,850	2,067	1,935	3,109
Average capital employed	1,611	1,464	1,696	1,736	1,766	1,660	1,729	1,727	2,397
EBIT	359	358	328	357	396	436	483	511	514
Interest income	9	10	12	13	11	16	23	27	30
Result LTM	368	368	340	370	407	453	506	538	544
Return on capital employed (%)	23%	25%	20%	21%	23%	27%	29%	31%	23%

Return on equity

	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
SEK m	2020	2020	2020	2021	2021	2021	2021	2022	2022
Shareholder equity	883	848	806	888	890	1,028	1,101	1,086	1,739
Average equity	812	842	848	835	887	938	954	987	1,315
Net result LTM	228	235	222	257	267	295	339	346	292
Return on equity (%)	28%	28%	26%	31%	30%	31%	36%	35%	22%

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
CIS	Commonwealth of Independent States
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 '000	Thousand Swedish krona
SEK m	Million Swedish krona
vs	Versus
LTM	Last twelve months
YTD	Year-to-date
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 construction equipment and trucks. It is the dealer of Volvo Construction Equipment, Sandvik Rock Processing Solutions 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. 1,800 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. <http://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
- Strong balance sheet and cash flow support returns to shareholders

Financial objectives and dividend policy *(subject to potential review)*

KPI	Objective	Last twelve months (LTM)
Revenue	Double the 2020 revenue in its current markets by 2025 (in SEK) ¹	1.5 x 2020 revenue
Operating margin	Above 7%	7.6%
Net Debt / EBITDA	Below 3 times (over a business cycle)	0.9 x
Dividend Policy	The ambition is to pay at least 50% of net income if net debt/EBITDA is less than 1.0 x ² , post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0 x ² . The Board will take several factors into account when proposing the level of dividend including legal requirements, the articles of association, the Group's expansion opportunities, its financial position and other investment needs.	

	2016	2017	2018	2019	2020	2021	LTM
Revenue	1,658	2,567	3,241	3,747	4,635	6,212	6,791
Operating margin	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%	7.6%
Net debt/EBITDA	-1.1	-1.5	-0.9	1.2	0.0	0.3	0.9

1) Current markets are defined as Russia and the whole of CIS and Germany.

2) On prior year accounts and after factoring for effect of dividend payment

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 17 August 2022, 07:30 CET.

Financial calendar

Interim report January-September 2022 - 11 November 2022

Conference call

A presentation for investors, analysts and media will be held on 17 August 2022 at 10:00 CET and is accessible at www.ferronordic.com.

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The presentation can also be viewed live at <https://tv.streamfabriken.com/ferronordic-q2-2022>

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