

Interim report 1 January – 30 September 2023

Q3 2023: Weak operationally. Key strategically.

Summary of the third quarter, July - September 2023

- **Subsequent events:** On 13 November 2023, Ferronordic agreed to acquire a major Volvo CE dealer in the US with 2022 sales of USD 308m and two related properties for a total of USD 105m.
- **Group:** 56% increase in revenue with growth in both operating segments.
- Deterioration of operating profit to SEK -28m and operating margin to -4.4%.
- Net profit decreased to SEK -89m, partly as a result of exchange rate losses on the Group's cash and assets in euros.
- Net cash decreased to SEK 378m.
- **Germany:** Sales of new trucks in units increased by 45% in line with the market.
- Revenue increased by 60% to SEK 574m, mainly as a result of increased sales of trucks.
- Lower gross margin as result of revenue mix and product mix.
- Negative operating profit of SEK -16m and operating margin of -2.8%.
- First subsidies for electric trucks expected in November.
- **Central Asia (CA):** Sales of new machines in units increased by 6% while the market decreased by 15%.
- Revenue increased by 30% as a result of higher prices for new equipment and increased sales of used equipment.
- Lower gross margin, partly due to a lower share of aftermarket business in turnover.
- Operating profit of SEK 0m.
- Continued efforts to be able to offer contracting services in Central Asia.

56%

Revenue growth

-37%

Operating profit adjusted decrease

-4.4%

Operating profit margin

-134%

Earnings per share from continuing operations decrease

Selected key group ratios

SEK m (or as stated)	2023 Q3	2022 Q3	%	2023 9M	2022 9M	%	FY2022
Revenue	643	412	56%	1,948	1,268	54%	1,973
Gross profit	75	57	31%	244	153	59%	250
Operating profit	-28	300	-109%	-53	246	-121%	233
Operating profit adjusted*	-28	-21	-37%	-53	-75	29%	-88
Result from continuing operations	-89	262	-134%	-19	134	-114%	183
Result for the period	-89	366	-124%	-19	461	-104%	440
Earnings per share from continuing operations, SEK**	-6.16	18.04	-134%	-1.29	9.20	-114%	12.58
Earnings per share, SEK**	-6.16	25.20	-124%	-1.29	31.70	-104%	30.28
Cash flow from operations	-88	240		-174	263		215
Net debt (cash)	-378	579		-378	579		-957
Gross margin, %	11.7%	13.9%	-2.2pp	12.5%	12.1%	0.5pp	12.7%
Operating margin adjusted, %	-4.4%	-5.0%	0.6pp	-2.7%	-5.9%	3.2pp	-4.5%
Working capital/LTM Revenue, %	20%	18%	2.4pp	20%	18%	2.4pp	11%
Equity/total assets, %	62%	42%	19.9pp	62%	42%	19.9pp	58%
Return on capital employed, %	-1%	31%	-32.3pp	-1%	31%	-32.3pp	11%
Return on equity, %	-2%	35%	-37.1pp	-2%	35%	-37.1pp	30%

¹ "Adjusted" here and in the rest of this reports means excluding the effect of the compensation payment from Volvo of SEK 321m

² 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 20 and 21.

Tough but transformational

Ever since we sold our Russian operations in December 2022, we have been looking for opportunities to expand into new markets that fit our company profile. A few days ago, we signed an agreement to acquire Rudd Equipment Company, a major construction equipment dealer in the Eastern United States. In 2022, Rudd had sales of USD 308m and an operating income of USD 16.5m. Including two real estate assets, Ferronordic will pay USD 105m with a combination of own cash and debt. This is a transformational transaction for us. The US is the world's second largest market for construction equipment with substantive infrastructure investment programs that are likely to support strong demand going forward. Rudd is a great strategic fit for us and provides the platform and scale we have been looking for. The acquisition gives us a strong base in a dynamic market that opens potential for further expansion in North America. This is a first major step to rebuild Ferronordic as a leading service and sales company and a key partner to Volvo, in addition to our businesses in Germany and Kazakhstan

Meanwhile, we have plenty of work to do in our current markets. Operationally, Q3 2023 was a setback. Sales increased in both Germany and Kazakhstan, but less than expected, and far below the potential we see. Margins were low, costs were high, and our working capital grew. In Germany, the operating income slipped back to negative. In Kazakhstan it decreased to break-even. The Group's operating profit for the quarter fell to SEK -28m. Net cash decreased to SEK 378m, partly due to higher working capital and exchange rate effects but also due to further investments in electric and conventional trucks for our rental business.

During and after the quarter, we have launched a series of initiatives to reduce the Group's costs and bring down working capital. The effects of these measures are expected to become visible in 2024. Most of the cost cuts will be in Germany and affect administrative functions.

Despite the setback in Q3, we are still convinced that our operations in Germany and Kazakhstan have significant potential to grow. Together with our expansion into the US, we therefore look to the future with confidence and optimism.

Germany

In Germany, we saw signs of a slowing economy. The market for heavy trucks increased by 45%, but mainly as increased supply met pent-up demand after recent years' supply shortages. Our sales of new trucks increased in line with the market, but margins declined for both new and used trucks. Income from the rental fleet decreased. Aftermarket sales, which are typically more resilient, increased by 27%. Compared to the third quarter in 2022, sales in Germany increased by 60% to SEK 574m. Compared to the previous quarter, however, both sales and gross margin decreased due to product mix and price realisation. As a result, gross profit decreased by SEK 7m to SEK 66m. Meanwhile, labor and credit costs increased. Consequently, the operating profit for the quarter decreased to SEK -16m. Reaching a positive



"Despite a tough quarter, we look forward with confidence"

operating result in Germany for the full year 2023 now looks more challenging in the current economic situation.

Central Asia

We estimate that the market for construction equipment in Kazakhstan, excluding Chinese wheel loaders, decreased by 20% in the third quarter. However, our new machine sales increased by 6% in units and 32% in SEK. Aftermarket sales increased only by 4% but is expected to catch up. The change in product mix contributed to a lower gross margin during the quarter. Total sales in Kazakhstan increased by 30% to SEK 69m compared to Q3 2022. Compared to the previous quarter, both sales and gross margin were, however, lower. Operating costs decreased slightly but credit costs increased. Operating profit decreased to SEK 0m. We continue to invest in our organisation and look for opportunities to offer contracting services in Kazakhstan.

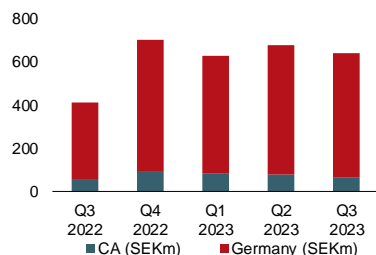
Outlook

Uncertainty about the German economy increased during the third quarter. Although there were some signs of improvement in recent weeks, higher interest rates and inflation make customers more cautious. The market recovery seen in 2023 will likely slow down. However, we expect stronger demand for service and spare parts. We will adapt our organisation and cost structure to a weaker market. In the longer term, we remain optimistic. Our sales area is at the heart of Europe's transport business and benefits from commercial activity across industries and countries. We see growing interest in electric trucks and remain committed to this promising business area. Our operations in Kazakhstan continue to develop and we seek opportunities to grow our business portfolio. Demand for construction equipment is supported by Kazakhstan's growing role as a regional hub, its infrastructure projects and strong commodity prices. We are excited about the great opportunities in the important US market. The US market is supported by a dynamic economy and strategic infrastructure projects. We believe that the underlying conditions and business opportunities in our markets are strong.

Lars Corneliussen
President and CEO

Group

Revenue by segment



Revenue

In Q3 2023, the revenue of the Group increased by 56% to SEK 643m (412). Sales of trucks and equipment increased by 80% and aftermarket sales increased by 24%. Other revenue, mainly consisting of rental income, decreased by 14%.

In 9M 2023, the Group revenue increased by 54% to SEK 1,948m (1,268). The sales of trucks and equipment increased by 71%, aftermarket sales increased by 29% and other revenue decreased by 7%.

Gross profit and operating result

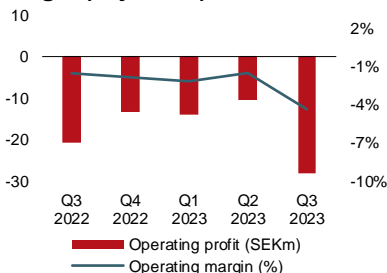
In Q3 2023, the gross margin for the Group decreased to 11.7% (13.9%). As a result of higher revenue, partly offset by lower gross margin, gross profit increased by 31% to SEK 75m (57).

As a percentage of revenue, selling, general and administrative expenses decreased in Q3 2023 to 16.8% (19.2). The operating result for Q3 2023 decreased by 109% to SEK -28m (300). The adjusted operating result, excluding compensation from Volvo of SEK 321m in Q3 2022, for Q3 2023 decreased by 37% to SEK -28m (-21). The adjusted operating margin during the quarter increased from -5.0% to -4.4%.

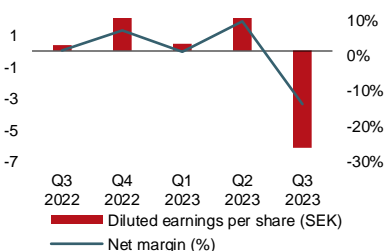
In 9M 2023, the gross margin increased to 12.5% (12.1). As a result of higher margin and higher revenue, gross profit increased by 59% to SEK 244m (153).

As a percentage of revenue, selling, general and administrative expenses decreased in 9M 2023 to 16.0% (18.5). The operating result for 9M 2023 decreased by 121% to SEK -53m (246). The adjusted operating result for 9M 2023 decreased by 29% to SEK -53m (-75). The adjusted operating margin increased from -5.9% to -2.7%.

Operating profit and operating margin (adjusted*)



EPS and net margin



Net income

In Q3 2023, finance costs (net) amounted to SEK -2m (-5), as both finance income and costs increased on higher interest rates. Foreign exchange gains and losses (net) decreased to SEK -84m (19), mainly as the Swedish krona strengthened against the euro and the Kazakh tenge. Most of Ferronordic's assets are denominated in euro. The result before income tax for Q3 2023 decreased by 137% to SEK -115m (314). The result from continuing operations for Q3 2023 decreased by 134% to SEK -89m (262).

In 9M 2023, finance costs (net) decreased to SEK -2m (-13), partly on higher finance income. Foreign exchange gains and losses (net) were SEK 27m (-61). The result before income tax for 9M 2023 decreased by 116% to SEK -27m (171). The result from continuing operations for 9M 2023 decreased by 114% to SEK -19m (134).

Earnings per share

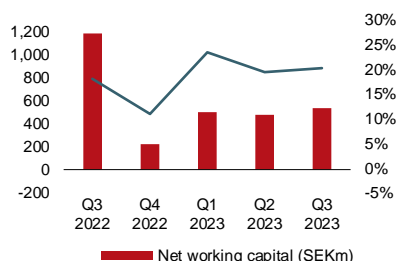
Basic and diluted earnings per share in Q3 2023 amounted to SEK -6.16 and -6.09 (25.20 and 25.20).

Basic and diluted earnings per share in 9M 2023 amounted to SEK -1.29 and -1.25 (31.70 and 31.70).

Cash flows

In Q3 2023, cash flows from operating activities decreased to SEK -88m (304). Working capital increased from SEK 472m to SEK 538m, mainly as a result of a decrease in payables and increase in receivables.

Net working capital and % LTM revenue



As a percentage of revenue, working capital increased from 19.5% in Q2 2023 to 20.3% in Q3 2023.

Cash flow from net investing activities in Q3 2023 amounted to SEK -29m (-25). The main investments in Q3 2023 related to property, plant and equipment and trucks for the Company's rental fleet.

In 9M 2023, cash flows from operating activities decreased to SEK -174m (224). Lower cash flows were partly a result of compensation from VCE of SEK 321m received in Q3 2022.

In cash flows from financing activities, the Company paid a SEK 109m dividend and repaid loans of SEK 348m.

Cash flows from investing activities during 9M 2023 amounted to SEK -103m (-110).

Operating cash flow per quarter and over LTM



Financial position

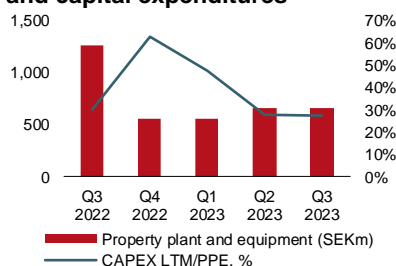
On 30 September 2023, cash and cash equivalents amounted to SEK 950m, a decrease of SEK 739m compared to the end of 2022. The cash decreased mainly as a result of increased working capital (SEK 323m), dividend payment (SEK 109m), repayment of loans (SEK 360m), net investments (SEK 103m) and currency effects.

At the end of Q3 2023, interest-bearing liabilities (including lease liabilities and effects of IFRS-16) amounted to SEK 571m, a decrease of SEK 160m compared to the end of 2022. The net cash position of SEK 957m at the end of 2022 decreased to SEK 378m at the end of Q3 2023.

On 30 September 2023, property, plant and equipment (PP&E) amounted to SEK 655m, an increase of SEK 96m from SEK 560m at the end of 2022.

On 30 September 2023, equity amounted to SEK 1,750m, a decrease of SEK 123m compared to the end of 2022. The decrease was mainly due to negative result, dividend paid and translation effects.

Property, plant and equipment and capital expenditures



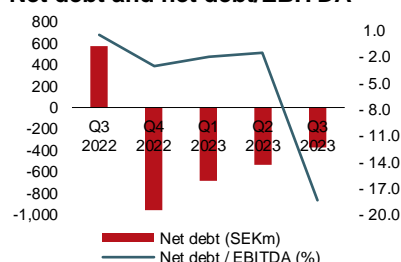
Parent company

In Q3 2023, the revenue of the Parent company increased to SEK 8m (7). Administrative expenses increased by 103% to SEK 14m (7), mainly due to the relocation of some of the Group's employees to the Parent company. The operating result decreased from SEK 317m in Q3 2022 to SEK -4m in Q3 2023. The operating result was partly supported by a SEK 7m reversal of a provision connected to the sale of the Group's Russian business. The positive result in Q3 2022 was mainly due to a SEK 321m compensation from Volvo CE reflected in other income. Adjusted for this one-off payment, the operating result was unchanged compared to Q3 2022. The result for the quarter decreased to SEK -36m (271). The Q3 2023 result was significantly impacted by foreign exchange effects, which results from the Company's exposure mainly to the euro.

In 9M 2023, the revenue of the Parent company decreased to SEK 28m (73). In 9M 2022, the Parent Company still sold machines to the Group's Russian subsidiary. Administrative expenses increased by 116% to SEK 80m (37). The operating result decreased to SEK -56m (297) in Q3 2023. The result for the quarter decreased to SEK 21m (313).

The Parent Company's Holdings in Group Companies increased from SEK 35m to SEK 288m as a result of a EUR 22.5m (SEK 253m) shareholder contribution from Ferronordic AB to Ferronordic Germany Holding AB. The cash investment was used to repay a bank loan.

Net debt and net debt/EBITDA



Foreign exchange rates

The following foreign exchange rates have been used to translate the Q3 2023 (Q3 2022) results to the presentation currency:

- Average rates of SEK/EUR 11.76 (11% vs 10.62) have been used to translate the income statements.
- End of period rates of SEK/EUR 11.49 (5.3% vs 10.92) have been used to translate the balance sheet.

The Kazakh tenge constitutes part of the Group's currency exposure. The Group also has minor exposure to movements in US dollars and British pounds.

Employees

At the end of Q3 2023, the number of full-time equivalent employees in the Group was 502 (392), of which 434 (337) related to Germany, 56 (43) to CA and 12 (12) occupied group functions.

Risks and uncertainties

Ferronordic is exposed to a number of operational and financial risks. The Group currently operates in Germany and Kazakhstan, which means that the Group has business in one developed and one emerging market. In a developed market, 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 for 2022.

Major events

Other than as mentioned elsewhere in this report, there were no major events in the reporting period.

Events after the reporting period

Ferronordic expands to the USA

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. Ferronordic thereby takes its first step to expand into the important US market.

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

Currency index last 5 quarters (indexed 1 Jul 2022)



Besides being a major dealer for Volvo CE, the Company also represents other brands, such as Hitachi, Sandvik and Link-Belt.

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 to IFRS).

The purchase price amounts to USD 95.0m, corresponding to 5.8 x 2022 IFRS-adjusted earnings before tax.

Ferronordic will also acquire two real estate properties in Cincinnati and Louisville, currently rented by Rudd from the company's owner. The price for the properties is USD 10m.

The total price for the stock in Rudd and the two properties amounts to USD 105m. USD 60m will be financed with own cash/equity and USD 45m with bank debt. Ferronordic has received a commitment letter from Nordea for a three-year USD 45m term loan facility for the acquisition, as well as a USD 35m working capital facility.

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

All consents and approvals for the transaction have been obtained, including the approval of Volvo CE.

The transaction is expected to close on 30 November 2023.

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

For more details on the transaction, please refer to the press release issued by Ferronordic on 13 November 2023 and available at the Company's website at <https://ferronordic.com/investor-relations/press-releases/>

Other subsequent events

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

Segments

Ferronordic recognises two separate reportable segments: Germany and Central Asia (CA) (see also note 5 on page 17). 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. Aftermarket sales include sales of service and parts. Other revenue consists mainly of rental revenue in Germany. 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. Contracting services include only revenue from contracting services operations. Currently, there are no contracting services operations. Other revenue consists mainly of rental revenue. To show the underlying performance of the operating segments, Ferronordic also shows unallocated Group costs³ and assets separately. These are costs that are incurred and assets that are held for the benefit of the Group as a whole.

	Germany		CA		Unallocated Group costs ³		Total	
SEK m (or as stated)	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022	Q3 2023	Q3 2022
External revenue	574	359	69	53			643	412
Trucks and equipment sales	396	211	54	38			449	249
Aftermarket sales	158	125	15	15			173	140
Other revenue	20	23	0	0			20	23
Gross profit	66	49	9	9			75	57
EBITDA	7	11	1	4	-12	-18	-4	318
Operating profit	-16	-5	0	4			-16	320
Operating profit adjusted ⁴	-16	-5	0	4			-16	-1
Group costs ³	0	-2	0	0	-12	-18	-12	-20
Operating profit adjusted ⁴	-16	-7	0	4	-12	-18	-28	-21
Finance items (net)							-87	13
Profit(loss) before tax							-115	314
Result from continued operations							-89	262
Gross margin, %	11.5%	13.5%	13.7%	16.7%			11.7%	13.9%
Operating margin adjusted*, %	-2.8%	-2.0%	0.4%	8.0%			-4.4%	-5.0%

	Germany		CA		Unallocated Group costs ³		Total	
SEK m (or as stated)	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022	9M 2023	9M 2022
External revenue	1,717	1,154	232	114			1,948	1,268
Trucks and equipment sales	1,199	735	186	76			1,385	811
Aftermarket sales	451	348	46	38			497	386
Other revenue	67	72	0	0			67	72
Gross profit	206	132	38	22			244	153
EBITDA	53	25	18	10	-57	-58	14	298
Operating profit	-10	-18	14	10			4	313
Operating profit adjusted ⁴	-10	-18	14	10			4	-8
Group costs ³	0	-9	0	0	-57	-58	-57	-66
Operating profit adjusted ⁴	-10	-27	14	10	-57	-58	-53	-75
Finance items (net)							25	-75
Profit(loss) before tax							-27	171
Result from continuing operations							-19	134
Gross margin, %	12.0%	11.4%	16.4%	18.8%			12.5%	12.1%
Operating margin adjusted*, %	-0.6%	-2.3%	6.2%	8.8%			-2.7%	-5.9%

3. Before 2023, Ferronordic reported the result of the operating segments after allocation of Group costs. The Group costs are now reported separately. In Q3 2022 and 9M 2022, the Group costs allocated to Germany were SEK 2m and SEK 9m respectively.

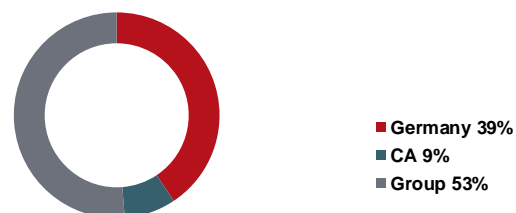
4. In Q3 2022, Group operating profit includes a one-off compensation payment from Volvo CE of SEK 321m. In the adjusted operating profit, the effect of this one-off compensation is removed.

SEK m	Germany		CA		Group assets		Intersegment		Total	
	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022	30 Sep 2023	31 Dec 2022
Non-current assets	843	713	8	7	1,164	469	-1,162	-465	852	724
Total assets	1,618	1,398	323	248	2,041	2,036	-1,162	-465	2,819	3,217

**Segment share of revenue,
Q3 2023**

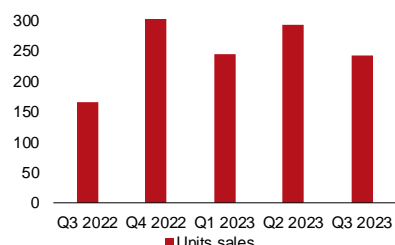


**Segment share of total assets,
30 September 2023**

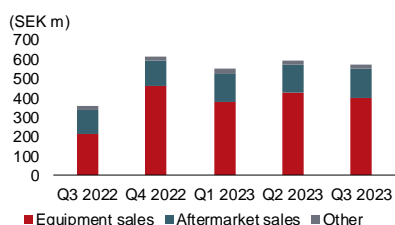


Germany

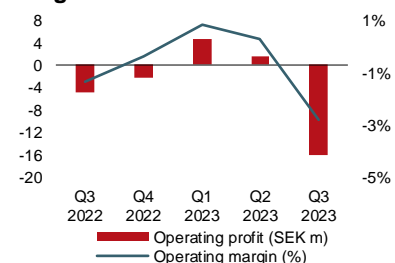
Unit sales



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 45% in Q3 2023. Tractors grew by 50% and rigids by 40%. The market grew mainly as supply improved to meet pent-up demand. New trucks registered in Ferronordic's sales area increased by 64% and represented 20% of the total German market. Ferronordic's new truck sales in units increased by 57% to 232 units or by 45% to 241 including LCVs. Although there were signs of lower inflation and improving business sentiment, the German industry is pressured by high interest rates and weaker demand. Ferronordic's customers are postponing orders. Used vehicle sales grew 72% in units to 103, but greater supply exerted pressure on margins. Demand for rental has declined as the supply of new trucks has normalised. The utilisation of the rental fleet declined somewhat in the quarter. Ferronordic is also more cautious on credit costs. The aftermarket however continued to grow in the quarter. Service and parts sales increased 27% on a combination of organic growth and acquisitions. Ferronordic continues to work closely with its partners and customers to promote electric trucks and develop sustainable transport solutions.

Revenue and operating result

Mainly due to higher trucks sales, total revenue in Germany increased by 60% (+44% in EUR) to SEK 574m (359) in Q3 2023. Truck sales increased by 88%. Aftermarket sales increased by 27%, of which approx. 14% was organic growth. Aftermarket sales decreased by 7pp as a share of revenue to 28%. The gross margin decreased to 11.5% (13.5). Compared to Q2 2023, total revenue declined 3% and gross margin by 0.8pp.

Selling, general and administrative expenses increased by 46% compared to Q3 2022 to SEK 82m (56) and by 14% compared to Q2 2023. The operating margin decreased to -2.8% (-1.4). The operating result decreased to SEK -16m (-5).

Cash flows and balance sheet

Cash flows from operating activities were negative at SEK -88m (-17), partly as a result of a working capital increase to SEK 516m from SEK 440m. As a percentage of revenue, working capital increased to 22% at the end of Q3 2023 compared to 21% at the end of Q2 2023. Investments of SEK 37m mainly related to property, plant and equipment, including trucks for rental.

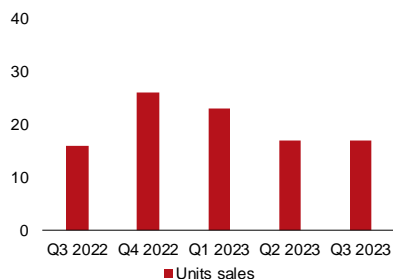
9M 2023

In 9M 2023, revenue in Germany increased by 49% to SEK 1,717m (1,154) with a gross margin of 12.0% (11.4). The operating result amounted to SEK -10m (-18) with an operating margin of -0.6% (-1.6).

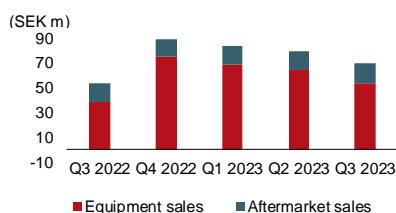
	2023 Q3	2022 Q3	% change	2023 9M	2022 9M	% change	2022 FY
New units (incl LCVs)	241	166	45%	777	598	30%	992
Used units	103	60	72%	278	169	64%	211
Revenue, SEK m	574	359	60%	1,717	1,154	49%	1,770
Gross profit, SEK m	66	49	36%	206	132	57%	214
Operating profit, SEK m	-16	-5	-229%	-10	-18	46%	-21
Gross margin, %	11.5%	13.5%		12.0%	11.4%		12.1%
Operating margin, %	-2.8%	-1.4%		-0.6%	-1.6%		-1.2%
Working capital/LTM Revenue, %	22%	17%		22%	17%		17%

Central Asia (CA)

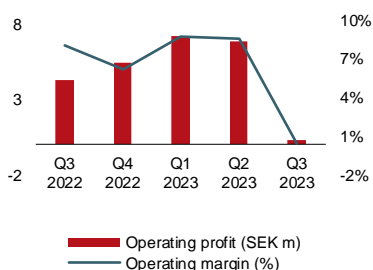
Unit sales



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 4.7% in 9M 2023. The IMF expects growth of 4.6% in the full year and 4.2% in 2024. The Kazakh government plans to start 873 strategic investment projects worth USD 62.2bn. Excluding Chinese wheel loaders, the Kazakh market for construction equipment is estimated to have declined by 20% in Q3 2023, partly due to a slowdown in the mining sector. Ferronordic's sales of new machines in units increased by 6% to 17. Sales of used construction equipment grew by 89%, also to 17 units. Average prices were higher, but margins were lower. Compared to the previous quarter, unit sales were unchanged both for new and used, but average prices and margins were lower due to product mix. Aftermarket sales lagged new and used equipment sales but is expected to catch up over time as the population of machines increases. Our contracting services team continues to explore potential project work in Kazakhstan.

Revenue and operating result

Total revenue in CA increased by 30% (23% in local currency) to SEK 69m (53). Equipment sales increased by 41%, while aftermarket sales increased by 4%. The gross margin decreased to 13.7% (16.7%) and gross profit increased to SEK 9m (9). Compared to 2Q 2023, total revenue declined 13% and gross margin by 0.7pp.

Selling, general and administrative expenses increased by 112%, mainly as a result of costs related to contracting services and new opportunities. As a percentage of revenue, these expenses amounted to 10% (6). Compared to 2Q 2022, selling, general and administrative expenses decreased by 8% but credit costs increased. The operating margin decreased to 0.4% (8.0) and the operating result decreased to SEK 0m (4).

Cash flows and balance sheet

Cash flows from operating activities increased to SEK 30m (-64), partly due to lower receivables. Working capital amounted to SEK 72m at the end of Q3 2023, compared to SEK 98m at the end of Q2 2023. As a percentage of revenue, working capital decreased from 32% at the end of Q3 2023 to 23% at end of Q3 2023.

9M 2023

In 9M 2023, new machine sales in units increased by 68%. Revenue increased by 103% (128% in local currency) to SEK 232m (114). The gross margin decreased to 16.4% (18.8). The operating profit increased by 42% to SEK 14m (10) with an operating margin of 6.2% (8.8).

	2023 Q3	2022 Q3	% change	2023 9M	2022 9M	% change	2022 FY
New units	17	16	6%	57	34	68%	60
Used units	17	9	89%	46	20	130%	24
Revenue, SEK m	69	53	30%	232	114	103%	203
Gross profit, SEK m	9	9	7%	38	22	76%	36
Operating profit, SEK m	0	4	-94%	14	10	42%	16
Gross margin, %	13.7%	16.7%		16.4%	18.8%		17.8%
Operating margin adjusted*, %	0.4%	8.0%		6.2%	8.8%		7.6%
Working capital/LTM Revenue, %	23%	18%		23%	18%		-3%

Condensed consolidated statement of comprehensive income

SEK m	Q3 2023	Q3 2022	9M 2023	9M 2022	Full year 2022
Continuing operations					
Revenue	643	412	1,948	1,268	1,973
Cost of sales	-568	-355	-1,704	-1,115	-1,723
Gross profit	75	57	244	153	250
Selling expenses	-49	-35	-139	-88	-140
General and administrative expenses	-59	-45	-172	-146	-208
Other income	9	324	19	330	337
Other expenses	-4	-2	-4	-2	-6
Operating profit	-28	300	-53	246	233
Finance income	8	0	23	1	2
Finance costs	-11	-5	-25	-14	-19
Foreign exchange gains/(-losses) (net)	-84	19	27	-61	42
Result before income tax	-115	314	-27	171	258
Income tax	26	-52	9	-38	-75
Result from continuing operations	-89	262	-19	134	183
Discontinued operations					
Result from discontinued operations	-	104	-	327	257
Result for the period	-89	366	-19	461	440
Other comprehensive result					
<i>Items that are or may be reclassified to profit or loss:</i>					
Foreign currency translation differences for foreign operations	18	3	5	546	322
Other comprehensive result for the period, net of tax	18	3	5	546	322
Total comprehensive result for the period	-72	369	-14	1,007	762
Earnings per share					
Basic earnings per share (SEK)	-6.16	25.20	-1.29	31.70	30.28
Diluted earnings per share (SEK)	-6.09	25.20	-1.25	31.70	30.28
Basic earnings per share from continuing operations (SEK)	-6.16	18.04	-1.29	9.20	12.58
Diluted earnings per share from continuing operations (SEK)	-6.09	18.04	-1.25	9.20	12.58

Condensed consolidated statement of financial position

SEK m	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022
ASSETS				
Non-current assets				
Property, plant and equipment	655	660	560	1,263
Intangible assets	88	90	85	86
Deferred tax assets	109	83	78	283
Total non-current assets	852	833	724	1,633
Current assets				
Inventories	699	718	460	1,326
Trade and other receivables	315	263	344	856
Prepayments	3	9	1	243
Cash and cash equivalents	950	1,127	1,688	939
Total current assets	1,966	2,117	2,493	3,365
TOTAL ASSETS	2,819	2,951	3,217	4,997
EQUITY AND LIABILITIES				
Equity				
Share capital	1	1	1	1
Additional paid in capital	630	630	630	620
Translation reserve	18	0	13	237
Retained earnings	1,120	1,120	789	789
Result for the period	-19	71	440	461
TOTAL EQUITY	1,750	1,822	1,873	2,108
Non-current liabilities				
Borrowings	69	70	393	340
Deferred income	18	22	22	27
Deferred tax liabilities	0	0	1	103
Long-term lease liabilities	51	57	43	111
Total non-current liabilities	138	150	459	581
Current liabilities				
Borrowings	428	437	274	989
Trade and other payables	470	509	573	1,117
Deferred income	8	9	16	33
Provisions	0	0	1	92
Short-term lease liabilities	23	24	21	78
Total current liabilities	930	978	884	2,309
TOTAL LIABILITIES	1,068	1,128	1,344	2,890
TOTAL EQUITY AND LIABILITIES	2,819	2,951	3,217	4,997

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	-19	-19
Other comprehensive result					
Foreign exchange differences	0	0	5	0	5
Total comprehensive result for the period	0	0	5	-19	-14
Contribution by and distribution to owners					
Dividends	0	0	0	-109	-109
Total contributions and distributions	0	0	0	-109	-109
Balance 30 September 2023	1	630	18	1,101	1,750

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	461	461
Other comprehensive result					
Foreign exchange differences	0	0	546	0	546
Total comprehensive result for the period	0	0	546	461	1,007
Contribution by and distribution to owners					
Total contributions and distributions	0	0	0	0	0
Balance 30 September 2022	1	620	237	1,250	2,108

Condensed consolidated statement of cash flows

SEK m	Q3 2023	Q3 2022	9M 2023	9M 2022
Cash flows from operating activities				
Result before income tax from continuing operations	-115	328	-27	186
Result before income tax from discontinued operations	0	116	0	394
Adjustments for:				
Depreciation and amortisation	25	84	66	217
(Gain)/loss from impairment of receivables	2	54	-2	61
Profit on disposal of property, plant and equipment	0	-2	0	-4
Finance costs	11	31	25	63
Finance income	-8	-5	-23	-18
Foreign exchange losses/(gains) (net)	84	-19	-27	81
Cash flows from operating activities before changes in working capital and provisions	-2	587	12	979
Change in inventories	7	2	-226	608
Change in trade and other receivables	-42	66	40	-75
Change in prepayments	6	-115	-2	-141
Change in trade and other payables	-32	-230	46	-935
Change in provisions	0	5	-1	17
Change in deferred income	-4	-2	-12	-9
Cash flows from operating activities before interest and tax paid	-67	313	-143	444
Income tax paid	-13	-42	-18	-120
Interest paid	-7	-30	-12	-61
Cash flows from operating activities	-88	240	-174	263
<i>of which from discontinued operations</i>	-	-64	-	39
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	0	3	0	5
Interest received	8	5	24	18
Acquisition of property, plant and equipment	-38	-42	-127	-299
Acquisition of intangible assets	0	0	0	-1
Cash flows from investing activities	-29	-35	-103	-277
<i>of which from discontinued operations</i>	-	-10	-	-167
Cash flows from financing activities				
Dividends	0	0	-109	0
Proceeds from borrowings	0	103	12	356
Repayment of loans	-1	-6	-360	-115
Leasing financing paid	-3	-3	-10	-57
Cash flows from financing activities	-4	94	-468	184
<i>of which from discontinued operations</i>	-	100	-	258
Net change in cash and cash equivalents	-121	299	-745	170
<i>of which from discontinued operations</i>	-	37	-	130
Cash and cash equivalents at start of the period	1,127	658	1,688	768
Effect of exchange rate fluctuations on cash and cash equivalents	-56	-18	7	1
Cash and cash equivalents at end of the period	950	939	950	939

Parent company income statement

SEK m	Q3 2023	Q3 2022	9M 2023	9M 2022	Full year 2022
Revenue	8	7	28	73	84
Cost of sales	-4	-4	-17	-60	-68
Gross profit	3	3	11	13	16
Administrative expenses	-14	-7	-80	-37	-57
Other income	7	321	13	321	330
Other costs	0	0	0	0	-28
Operating profit	-4	317	-56	297	261
Finance income	19	3	49	113	1,313
Finance costs	-1	-8	-3	-21	-26
Foreign exchange gains/(-losses) (net)	-61	12	34	-22	58
Result before income tax	-47	324	25	366	1,607
Income tax	11	-53	-4	-53	-63
Result for the period	-36	271	21	313	1,544

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

Parent company balance sheet

SEK m	30 Sep 2023	30 Jun 2023	31 Dec 2022	30 Sep 2022
ASSETS				
Non-current assets				
Property, plant and equipment	0	0	0	0
Intangible assets	0	0	0	0
Financial assets				
Holdings in Group companies	288	288	35	175
Loans to Group companies	0	0	0	426
Deferred tax assets	0	0	0	0
Total financial assets	288	288	35	601
Total non-current assets	289	289	36	602
Current assets				
Trade and other receivables	50	53	77	60
Prepayments	0	0	0	0
Loans to Group companies	867	743	490	0
Cash and cash equivalents	844	1,021	1,543	516
Total current assets	1,761	1,817	2,111	576
TOTAL ASSETS	2,050	2,106	2,146	1,177
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	1	1	1	1
Unrestricted equity				
Share premium reserve	640	640	640	630
Retained earnings	1,308	1,308	-128	-128
Result for the period	21	57	1,544	313
TOTAL EQUITY	1,970	2,006	2,058	817
Current liabilities				
Borrowings	0	0	0	312
Trade and other payables	80	100	89	49
Total current liabilities	80	100	89	361
TOTAL LIABILITIES	80	100	89	361
TOTAL EQUITY AND LIABILITIES	2,050	2,106	2,146	1,177

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 2023 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 two separate reportable segments: *Germany* and *Central Asia (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. 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 7 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.

9. Events after the reporting date

Information regarding events after the reporting date is set out in the front part of this report (p. 5).

Result for the period, SEK m

	2023 Q3	2022 Q3	2023 9M	2022 9M
Result attributable to shareholders, SEK m	-89	366	-19	461
Average number of shares during the period before dilution, thousand	14,532	14,532	14,532	14,532
Earnings per share before dilution, SEK	-6.16	25.20	-1.29	31.70
Dilution effect	159	0	394	0
Average number of shares during the period after dilution, thousand	14,691	14,532	14,927	14,532
Earnings per share after dilution, SEK	-6.09	25.20	-1.25	31.70

Result for the period from continuing operations, SEK m

	2023 Q3	2022 Q3	2023 9M	2022 9M
Result from continuing operations, SEK m	-89	262	-19	134
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	-6.16	18.04	-1.29	9.20
Dilution effect	159	0	394	0
Average number of shares during the period after dilution, thousand	14,691	14,532	14,927	14,532
Earnings per share from continuing operations after dilution, SEK	-6.09	18.04	-1.25	9.20
Compensation payment from Volvo CE, net of tax	0	257	0	257
Result attributable to shareholders, SEK m, adjusted	-89	5	-19	-123
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	-6.16	0.37	-1.29	-8.47

Signatures

The Board of Directors and the Managing Director declare that the report for the third 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, 16 November 2023

Staffan Jufors
Chairman

Aurore Belfrage
Director

Annette Brodin Rampe
Director

Niklas Florén
Director

Lars Corneliussen
Director and CEO

Håkan Eriksson
Director

This report has 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 July 2021 – 30 September 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

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEK m (or as stated)	2021	2021	2022	2022	2022	2022	2023	2023	2023
Revenue	365	475	455	402	412	705	631	674	643
Gross profit	43	57	53	43	57	97	85	84	75
Gross margin, %	11.8%	12.0%	11.7%	10.6%	13.9%	13.8%	13.4%	12.5%	11.7%
Operating profit	-37	-25	-25	-30	300	-13	-14	-10	-28
Operating margin, %	-10.2%	-5.4%	-5.4%	-7.4%	-5.0%	-1.9%	-2.2%	-1.5%	-4.4%
Result from continuing operations	-31	-21	-31	-97	262	49	7	64	-89
Result for the period	108	88	63	32	366	-21	7	64	-89
Result per share, SEK	7.48	6.06	4.30	2.20	25.20	-1.42	0.46	4.41	-6.16
Working capital/LTM Revenue, %	0%	2%	3%	14%	18%	11%	23%	20%	20%
Cash flow from operations	120	327	-16	39	240	-48	-126	40	-88
Equity/total assets, %	27%	28%	32%	37%	42%	58%	59%	62%	62%
Return on equity, LTM%	31%	36%	35%	22%	35%	30%	26%	23%	-2%
Return on capital employed, LTM%	27%	29%	31%	23%	31%	11%	11%	11%	-1%

Germany

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEK m (or as stated)	2021	2021	2022	2022	2022	2022	2023	2023	2023
Revenue	327	445	420	375	359	616	548	595	574
Gross profit	34	53	47	36	49	82	68	73	66
Gross margin, %	10.4%	11.8%	11.2%	9.7%	13.5%	13.4%	12.3%	12.3%	11.5%
Operating profit	-32	-12	-7	-7	-5	-2	5	2	-16
Operating margin, %	-9.6%	-2.8%	-1.6%	-1.8%	-1.4%	-0.4%	0.8%	0.3%	-2.8%
Working capital/LTM Revenue, %	6%	6%	12%	15%	17%	17%	27%	21%	22%

CA

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEK m (or as stated)	2021	2021	2022	2022	2022	2022	2023	2023	2023
Revenue	38	30	35	26	53	89	83	80	69
Gross profit	9	4	7	6	9	15	17	11	9
Gross margin, %	23.4%	15.0%	18.6%	23.5%	16.7%	16.5%	20.4%	14.4%	13.7%
Operating profit	7	-1	3	2	4	5	7	7	0
Operating margin, %	17.6%	-1.8%	9.7%	9.2%	8.0%	6.1%	8.7%	8.6%	0.4%
Working capital/LTM Revenue, %	-2%	1%	1%	13%	18%	-3%	17%	32%	23%

Net debt

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEK m	2021	2021	2022	2022	2022	2022	2023	2023	2023
Long term borrowings	449	490	427	515	340	393	416	70	69
Long term lease liabilities	49	97	88	124	111	43	38	57	51
Short term borrowings	261	317	292	673	989	274	418	437	428
Short term lease liabilities	63	62	42	59	78	21	20	24	23
Total interest bearing liabilities	822	966	848	1,370	1,518	731	892	588	571
Cash & cash equivalents	897	768	593	658	939	1,688	1,574	1,127	950
Net debt / (cash)	-75	198	255	712	579	-957	-681	-539	-378
Net debt / EBITDA (times)	-0.1	0.3	0.3	0.9	0.5	-3.0	-2.0	-1.5	-18.4

Working capital

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEK m	2021	2021	2022	2022	2022	2022	2023	2023	2023
Inventory	1,280	1,432	1,112	1,346	1,326	460	534	718	699
Trade and other receivables	566	535	517	993	856	344	365	263	315
Prepayments	41	46	53	116	243	1	7	9	3
Trade and other payables	1,855	1,809	1,392	1,415	1,117	573	392	509	470
Deferred income	25	28	15	36	33	16	12	9	8
Provisions	34	39	51	86	92	1	0	0	0
Working capital	-26	137	225	917	1,184	215	503	472	538
Revenue LTM	5,702	6,212	6,690	6,791	6,610	1,973	2,149	2,422	2,653
Working capital / Revenue %	0%	2%	3%	14%	18%	11%	23%	20%	20%

Capital employed

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEK m	2021	2021	2022	2022	2022	2022	2023	2023	2023
Long term interest bearing liabilities	498	587	515	638	451	436	455	127	120
Short term interest bearing liabilities	324	379	334	732	1,067	295	438	461	451
Shareholder equity	1,028	1,101	1,086	1,739	2,108	1,873	1,886	1,822	1,750
Capital employed	1,850	2,067	1,935	3,109	3,626	2,604	2,778	2,411	2,322
Average capital employed	1,660	1,729	1,727	2,397	2,738	2,336	2,356	2,760	2,974
EBIT	436	483	511	514	818	247	257	277	-66
Interest income	16	23	27	30	28	2	7	17	25
Result LTM	453	506	538	544	846	249	265	293	-41
Return on capital employed %	27%	29%	31%	23%	31%	11%	11%	11%	-1%

Return on equity

	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
SEK m	2021	2021	2022	2022	2022	2022	2023	2023	2023
Shareholder equity	1,028	1,101	1,086	1,739	2,108	1,873	1,886	1,822	1,750
Average equity	938	954	987	1,315	1,568	1,487	1,486	1,781	1,929
Net result LTM	295	339	346	291	549	440	384	416	-39
Return on equity %	31%	36%	35%	22%	35%	30%	26%	23%	-2%

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
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 construction equipment and trucks. It is dealer of Volvo Trucks, Renault Trucks and Sandvik mobile crushers and screens in Germany and dealer of Volvo Construction Equipment, Sandvik mobile crushers and screens and Mecalac in Kazakhstan. Ferronordic began its operations in

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

2010 and currently has 28 outlets and approx. 450 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

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 16 November 2023, 07:30 CET.

Financial calendar

Year-end report January-December 2023 – 22 February 2024
Annual report 2023 – Around 14 April 2024
Annual general meeting – 16 May 2024

Conference call

A presentation for investors, analysts and media will be held on 16 November 2023 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 to access the conference. You can ask questions via the teleconference.

<https://conference.financialhearings.com/teleconference/?id=5003350>

Contacts

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

Review report

To the Board of Directors of Ferronordic AB (publ)

Corp. id. 556748-7953

Introduction

We have reviewed the condensed interim financial information (interim report) of Ferronordic AB (publ) as of 30 September 2023 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 16 November 2023

KPMG AB

Mats Kåvik

Authorized Public Accountant