Ferronordic

First quarter 2025

15 May 2025

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Q1 2025: Steady despite uncertainty

Key Group and segment items:

- Increased uncertainty in our markets and industry
- Revenue increased by 3% to SEK 1,206m
- Gross profit declined by 15%, partly due to revenue and product mix
- Selling and administrative costs down, partly on cost reduction and lower sales commissions
- Operating result decreased to SEK 13m, mainly on lower gross margin
- Net debt decreased to SEK 1,826m

3%	SEK 13m	1.1%	SEK -10.32
Revenue growth	Operating profit	Operating profit margin	EPS

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Q1 2025
Navigating uncertainty

- Uncertainty on tariffs and fiscal policy in the US and also in Germany
- Despite uncertainty, the mood among our customers in the US remains good
- However, dealers still have high levels of machines in inventory and rental fleets
- Our underlying business remained relatively stable, largely thanks to our robust service and parts business
- US construction equipment market declined 5% in Q1 2025. Our sales of new equipment and sales from rental fleet decreased by 6% in units
- In Germany, the truck market decreased by 28% during the quarter. Our sales of new trucks decreased by 6% in units
- Total inventory in Germany is 59% lower than at the end Q1 2024
- Our electric truck rental business in Germany continued to contribute positively during the quarter
- Our cost run rate in Germany is in line with our cost reduction target
- In Kazakhstan, our sales of new machines increased to 28 units
- Total inventory in Kazakhstan were 68% lower than a year ago

Q1 2025

Group summary financials[1]

Group revenue +3% to SEK 1,206m

- US revenue +9% to SEK 762m (+6% in USD)
- German revenue -9% to SEK 402m (-8% in EUR)
- Kazakhstan revenue +26% to SEK 42m (+38% in KZT)

Group operating profit decreased to SEK 13m (21)

- US operating profit decreased from SEK 60m to SEK 48m
- German operating profit increased from SEK -12m to SEK -9m
- Kazakhstan operating profit increased from SEK -3m to SEK 1m

Net income decreased to SEK -150m, mainly driven by foreign exchange effects of SEK -129m

Net debt decreased to SEK 1,826m mainly due to the repayment of loans and currency translation effects

- 30% equity to total assets
- Book equity of SEK 1,372m as at 31 March 2025

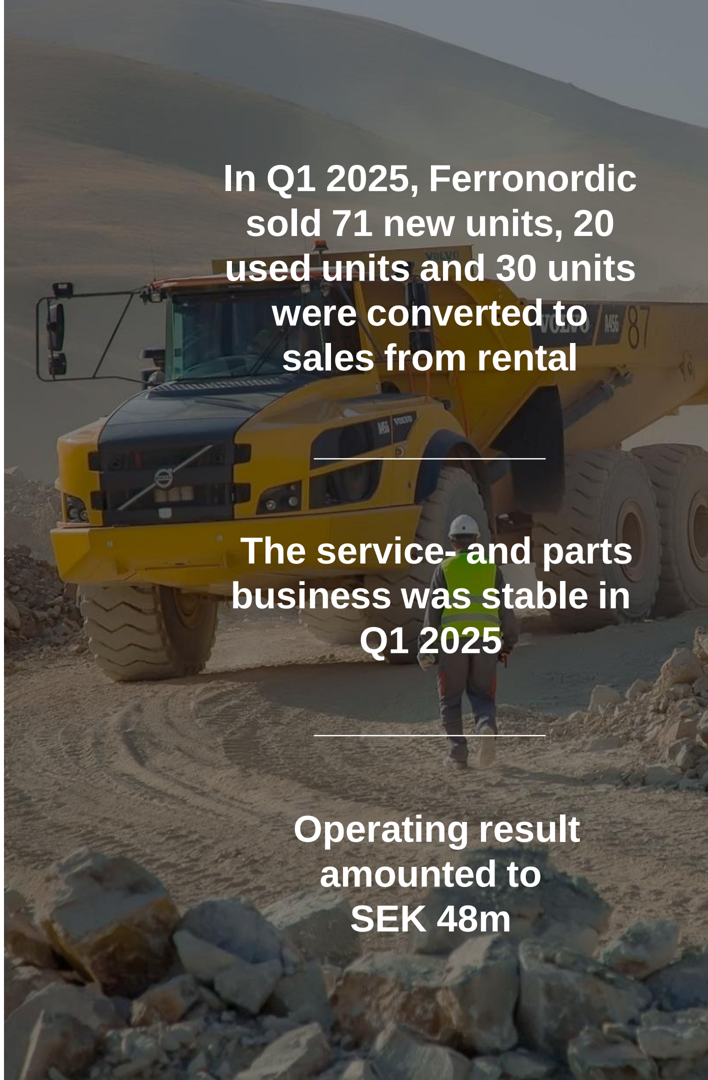
[1] In Q1 2025 certain revenue and cost items have been reclassified, with some effects on comparable numbers in Q1 2024 for revenue, gross profit, SG&A and other income. For more details on this effect, please refer to the slide 14 in this presentation or the note on p8 of the financial report for Q1 2025 .

Q1 2025

US operational highlights[1]

- In Q1 2025, the market for larger construction equipment (GPE segment) in the US declined by 5%
- In Ferronordic's sales area, the market is estimated to have declined by 8%,
- Ferronordic's sales of new machines and conversions from rental fleet decreased by 6% in the GPE segment
- We increased sales of crawler excavators and wheel loaders, however partly in fleet deals with lower gross margins
- In Q1 2025, Ferronordic sold 71 new units, 20 used units and 30 units were converted to sales from the rental fleet
- The service and parts business was largely stable
- In April, we launched a new CRM system that will also form the basis for the implementation of our Automatic Lead Generation system in the US in the future
- Investments and work on branding and marketing continued

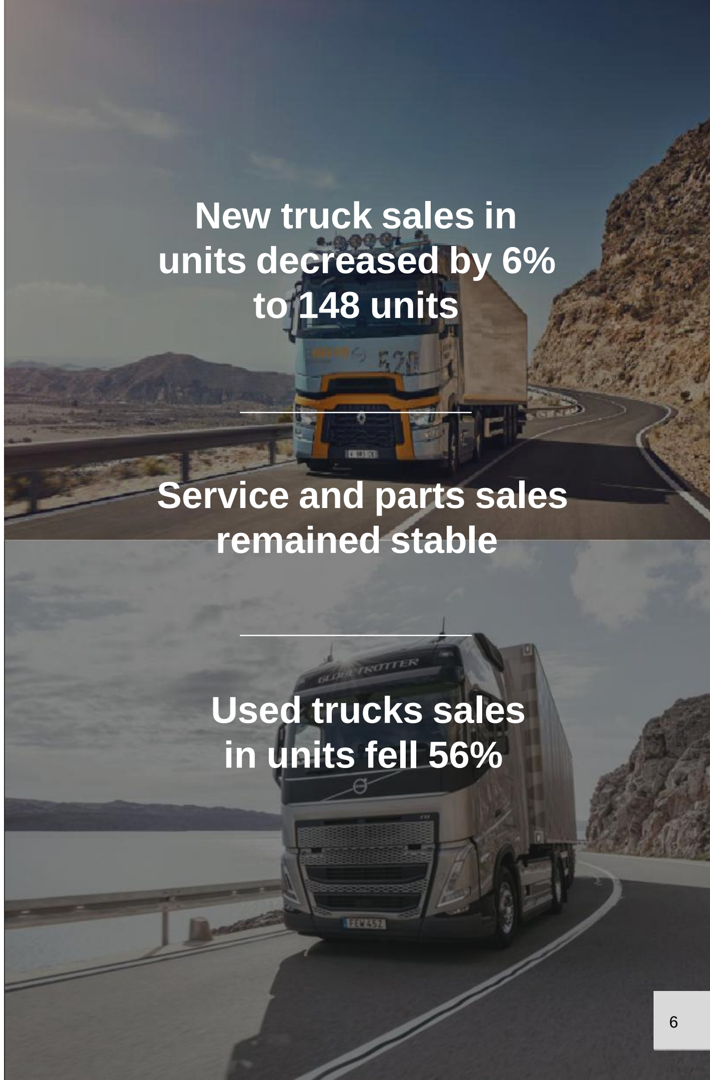
[1] *In Q1 2025 certain revenue and cost items have been reclassified, with some effects on comparable numbers in Q1 2024 for revenue, gross profit, SG&A and other income. For more details on this effect, please refer to the slide 14 in this presentation or the note on p8 of the financial report for Q1 2025 .*



Q1 2025

Germany operational highlights

- Market remains challenging. Government spending plans however lead to some optimism
- Based on registrations[1], the total German market for heavy trucks declined by 28% in Q1 2025. Sales of tractor trucks declined more than sales of rigid trucks
- New trucks registered in Ferronordic's sales area decreased by 20% and represented approx. 19% of the total German market
- Ferronordic's sales of new trucks decreased by 6% to 148 units and by 15% to SEK 221m in revenue
- Used truck sales in units declined 56% to 48, as Ferronordic reduced the scale of its used trucks business in 2024
- Total inventory declined 59% to SEK 211m at the end of Q1 2025 from SEK 519m at the end of Q1 2024
- Service and parts sales remained stable in the quarter
- Demand for aftermarket services remains strong. We estimates that we could sell more service hours and parts if we had more qualified mechanics



[1] *ACEA statistics, based on regisrtrations*

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Q1 2025
Kazakhstan operational highlights

- In Q1 2025, the market for larger construction equipment (GPE segment) in Kazakhstan grew by an estimated 37%, from a relatively low level in Q1 2024
- Kazakhstan sees growth in the mining and constructions sectors
- Increased government spending on infrastructure, notably on Kazakhstan's road network
- Ferronordic continued to reduce its inventory. Total inventory declined by 68% Y-o-Y to SEK 80m at the end of Q1 2025
- Sales of new machines in units increased to 28 (5) in Q1 2025
- Sales of used construction equipment decreased to 3 (5) units
- Service and parts sales were however lower Y-o-Y and Q-o-Q
- Total revenue in Kazakhstan increased by 26% to SEK 42m (34)

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US network

(13) Ferronordic outlets in US as of May 2025

- In November 2023 Ferronordic acquired 100% of the shares in the Rudd Equipment Company
- Rudd is one of the largest distributors of Volvo CE as well as other strong brands such as Hitachi, Sandvik, Link-Belt Cranes and Bergmann
- The company's sales area for Volvo CE covers all or parts of nine states: Kentucky; West Virginia (partly); Ohio; Indiana (partly); Western Pennsylvania; Eastern Missouri; Southern Illinois and several counties in Tennessee and Maryland
- US is the world's second largest market for construction equipment with substantive infrastructure investment programs
- In 2024, the total market for Volvo Construction Equipment products (GPE) in Rudd's sales area amounted to 3,770 in units

German network

(20) Ferronordic outlets in Germany as of May 2025

Kazakh network

(4) Ferronordic outlets in Kazakhstan as of May 2025

Economic development

- **US**
    - GDP +2.0% Y-o-Y, but -0.3% Q-o-Q in Q1 2025[1] and +1.6-1.8% growth expected in 2025[2]
    - Core PCE inflation at +2.6% in March 2025[3]
    - Effective Fed Funds Rate decreased from 4.48% to 4.33% in Q1 2025
- **Germany**
    - GDP -0.2% Y-o-Y, but +0.2% Q-o-Q in Q1 2025[5]
    - 0% expected in 2025[6]
    - Inflation rate at +2.2% in March 2025[7]
- **Kazakhstan**
    - +4.8% GDP in 2024[8] and +4.9% GDP expected in 2025[6]
    - Inflation rate at +10.0% in March 2025[8]
    - National Bank base rate increased from 15.25% to 16.5% in Q1 2025[9]

1) https://www.bea.gov/news/2025/gross-domestic-product-1st-quarter-2025-advance-estimate
2) https://fred.stlouisfed.org/graph/?g=1heMm
3) https://www.bea.gov/data/personal-consumption-expenditures-price-index-excluding-food-and-energy
4) https://fred.stlouisfed.org/series/fedfunds
5) https://www.destatis.de/EN/Press/2025/04/PE25_158_811.html
6) https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/WEOWORLD
7) https://www.destatis.de/EN/Press/2025/04/PE25_139_611.html
8) https://stat.gov.kz
9) https://www.nationalbank.kz/ru/news/grafik-prinyatiya-resheniy-po-bazovoy-stavke/rubrics/2098

Q1 2025
Income statement

SEK MM	Q1 2024 Kazakhstan	Q1 2024 Germany	Q1 2024 US	Q1 2024 Group	Q1 2025 Kazakhstan	Q1 2025 Germany	Q1 2025 US	Q1 2025 Group	% change Group
FX (SEK/KZT, SEK/EUR, SEK/USD)	*43.38*	*11.28*	*10.39*		*47.63*	*11.23*	*10.68*		
New units sold	5	157	81	243	28	148	71	247	2%
Revenue	**34**	**439**	**699**	**1,172**	**42**	**402**	**762**	**1,206**	**3%**
Gross profit	**6**	**57**	**169**	**231**	**6**	**56**	**135**	**197**	**-15%**
% Margin	*17.1%*	*12.9%*	*24.1%*	*19.7%*	*13.9%*	*13.9%*	*17.7%*	*16.3%*	*-3,4pp*
Operating profit*	**-3**	**-12**	**60**	**21**	**1**	**-9**	**48**	**13**	**-35%**
% Margin	*-10.2%*	*-2.7%*	*8.6%*	*1.8%*	*3.5%*	*-2.3%*	*6.3%*	*1.1%*	*-0,7pp*
Net result for the period				**70**				**-150**	-314%
EPS				4.83				-10.32	-314%
EBITDA[1]	-2	4	108	86	2	13	95	83	-3%

- Total revenue up by +3% to SEK 1,206m
  - 63% US, 33% Germany and 4% KZ
  - 57% equipment and trucks, 37% aftermarket and 6% other
- Gross profit down by -15% and gross margin decreased 3.4pp Y-o-Y to 16.3%, mainly on US segment[2]
- SG&A decreased by -11%, partly due to a reclassification of productive cost in the US from administrative expenses to cost of sales[2]
- As percentage of revenue, SG&A declined to 16.2% (18.7%) for Group
- Operating margin decreased to 1.1% (1.8%)
- Operating profit decreased to SEK 13m, mainly on US segment
- Net income of SEK -150m, mainly driven by foreign exchange loss

[1] *Group operating profit and EBITDA includes Group costs not allocated on the reporting segments*

[2] *In Q1 2025 certain revenue and cost items have been reclassified, with some effects on comparable numbers in Q1 2024 for revenue, gross profit, SG&A and other income. For more details on this effect, please refer to the slide 14 in this presentation or the note on p8 of the financial report for Q1 2025 .*

Q1 2025
Balance sheet

SEK MM	Q1 2024	Q4 2024	US Q1 2025	Q1 2025
FX SEK/EUR *FX SEK/USD* *FX SEK/KZT*	*11.53* *10.66* *41.77*	*11.49* *11.00* *47.58*	*10.03*	*10.85* *10.03* *50.07*
Property, plant and equipment	2,099	2,317	1,646	2,282
Cash and cash equivalents	217	363	29	232
Debt	1,681	2,276	1,940	2,003
Finance Leases	78	65	17	55
Net debt / (cash)	**1,542**	**1,978**	**1,928**	**1,826**
Working capital	1,062	1,068	484	825
% of Revenue	*20%*	*23%*	*17%*	*17%*
Shareholders equity	1,698	1,499	98	1,372
Total Assets	**5,076**	**4,941**	**2,946**	**4,540**
Equity / Assets	*33%*	*30%*	*3%*	*30%*

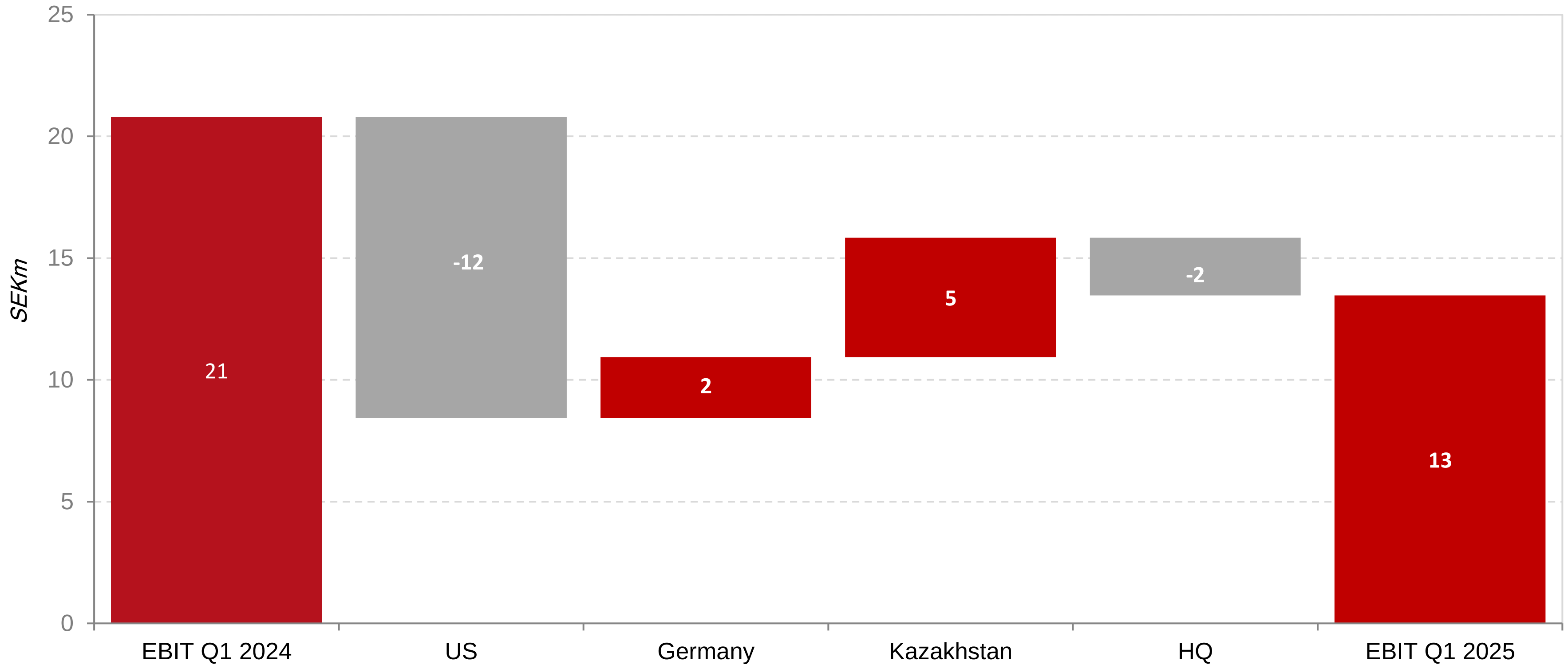
- PP&E increased Y-o-Y mainly due to addition of rental fleet in the US and e-rental fleet in Germany
- In Kazakhstan, net working capital decreased Q-o-Q from 55% to 47% on higher LTM revenue on lower inventories and receivables
- In Germany, net working capital decreased Q-o-Q from 23% to 16% of LTM revenue, as a result of lower inventories and receivables
- In US, net working capital decreased Q-o-Q from 21% to 17% of LTM revenue as inventory and receivables decreased and payables increased
- Net debt decreased SEK 152m Q-o-Q to SEK 1,826m, mainly as the Swedish krona appreciated against the US dollar and the euro
- Equity / assets stayed Q-o-Q flat at 30%

Changes in presentation of US segment

SEK m	Q1 2025	Q1 2024	Q1 ADJ	Q1 2024 ADJ	Y-o-Y reported	Y-o-Y adjusted
Revenue	**762**	**699**	**47**	**746**	**9%**	**2%**
Equipment and truck sales	434	439	10	449	-1%	-3%
Service and parts sales	283	207	37	244	37%	16%
Other revenue	45	53		53	-15%	-15%
Cost of sales	-627	-530	-59	-589	18%	6%
Gross profit	**135**	**169**	**-11**	**157**	**-20%**	**-14%**
Selling expenses	-25	-21	-	-21	22%	22%
General and administrative expenses	-72	-99	21	-77	-26%	-6%
Other income	12	11	-10	1		
Other expenses	-1	-		-		
Operating profit	**48**	**60**	**-**	**60**	**-21%**	**-21%**
Gross margin	*17,7%*	*24,1%*		*21,1%*		
Operating margin	*6,2%*	*8,6%*		*8,0%*		

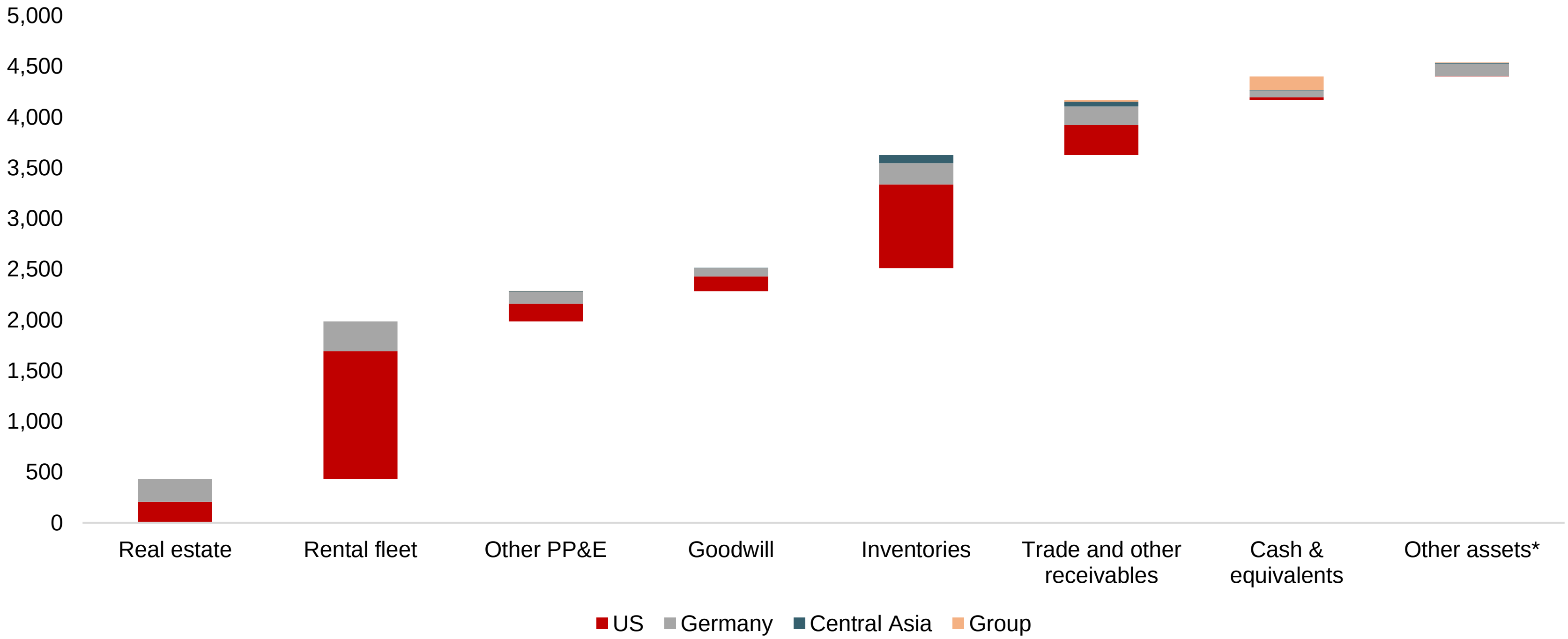
- In Q1 2025, certain revenue and cost items were reclassified to align the presentation of the income statement for the US segment to Group reporting guidelines
- Column Q1 2024 ADJ in the table shows the effects that the reclassifications would have on the Q1.2024 income statement and the effects on the year-on-year comparisons with Q1 2025
- The reclassifications affect revenue, gross profit, gross margin, SG&A, other income and operating margin but has no effect on the operating profit

Group EBIT Y-o-Y



Group assets by segment

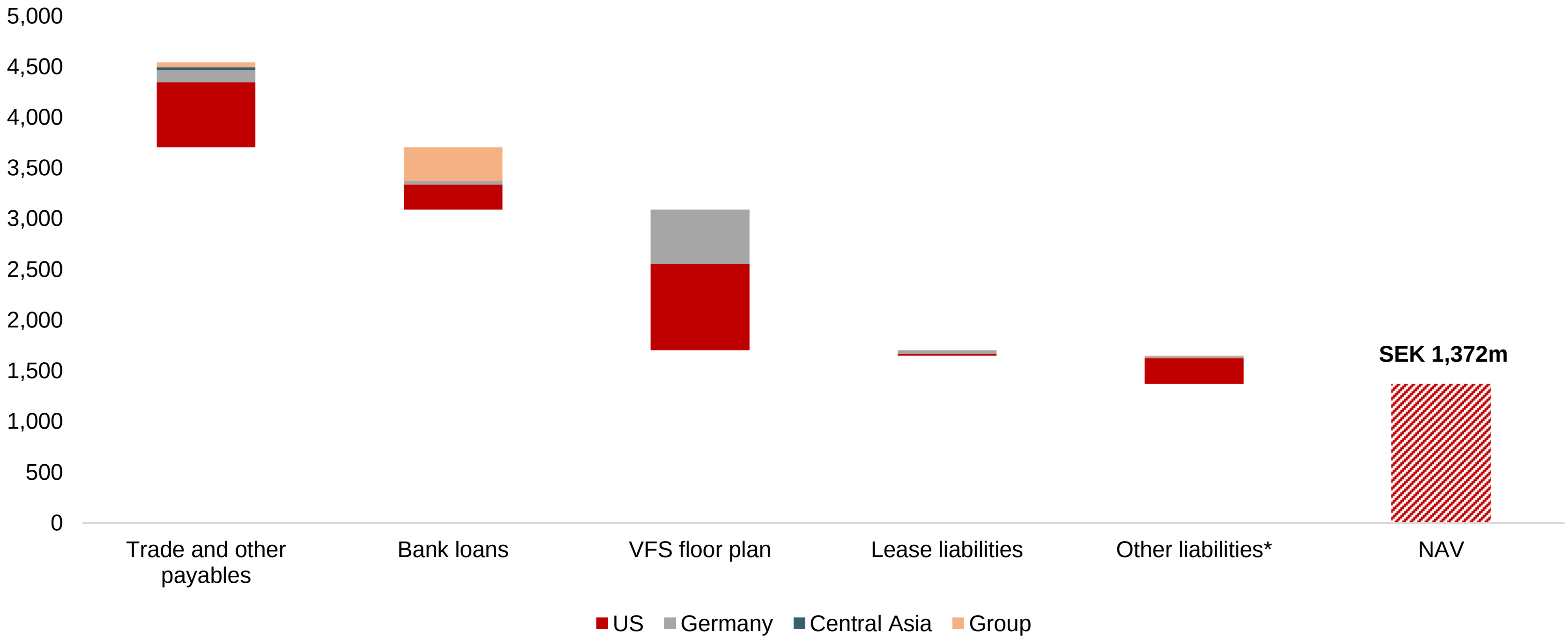
Split by main items and segment as at 31.03.2025



** Including deferred tax assets*

Group liabilities by segment

Split by main items and segment as at 31.03.2025



** Including deferred tax liabilities*

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Financial objectives and dividend policy

KPI	Objective	Q1 2025 LTM
Revenue	Double the 2024[1] revenue in current markets over 5 years (in SEK)	**1.05x** *2 x 6M 2024 revenue*
Operating margin	Above 6%	**0.3%**
Net debt / EBITDA	Below 3 times *(over a business cycle)*	**4.8 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.	

1) *Based on 2x 6M 2024 revenue. Current markets are defined as Ferronordic's current (Q2 2024) sales area in the US, Germany and Kazakhstan. They include expansion to other brands and products and expansion of our network in and directly adjacent to our current area*
2) *After and including accounting for paying the dividend*

Outlook

Despite the current uncertainty, we remain optimistic about our US business and the long-term opportunities there. Demand is supported by a dynamic economy and a significant need to upgrade the country's infrastructure. We currently have no information about major infrastructure projects in our sales area in the US being cancelled or postponed. We see opportunities to further develop and expand our business in the US.

The German economy remains weak. We have taken steps to reduce costs and make our organization and balance sheet more resilient. We are confident that aftermarket demand will remain strong and are optimistic about the long-term potential of the German market as well as the opportunities in e-mobility and sustainable transport solutions. Recently announced government spending plans could accelerate a recovery in Germany.

Kazakhstan represents a minor part of the Group's operations. We continue to see good opportunities in the market.

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