



Ferronordic

Second quarter 2023
August 2023

Continued focus forward



68%

Revenue
growth

65%

Operating profit
growth

-1.5%

Operating profit
margin

166%

EPS increase

Group

- 68% revenue increase on strong growth in both operating segments
- Operating result improved to SEK -10m and operating margin to -1.5%
- Ferronordic continues to look for new market opportunities

Germany

- New truck sales in units increased by 33%, in line with a market that recovered on improved supply
- Positive operating result of SEK 2m
- Continued investment in sustainable transport solutions

CIS

- New equipment sales increased by 183% in units with good product mix
- Revenue increased 202% and operating profit 180% to SEK 7m
- Exploring opportunities to offer contracting services

Q2 2023

Focus forward

- Focus on Germany, Kazakhstan and on Ferronordic's next growth opportunities
- In Germany, we continued to increase sales of both trucks and aftermarket and had our second quarter with a positive operating result
- We continue to work closely with partners and clients to promote sustainable transport solutions
- We delivered five electric trucks to customers
- We launched our first charging infrastructure project at a customer location together with a partner
- We were awarded German government subsidies of up to EUR 23m for up to 117 electric trucks, which is important for the future potential of this exciting area
- In Kazakhstan, sales of both new and used equipment increased sharply
- We continue to work closely with our customers and partners to further develop our customer offering
- We continue to develop our organisational ability to offer contracting services

Second quarter with a positive operating result in Germany



Continued work to promote sustainable transport solutions

Awarded German government subsidies of up to EUR 23m for up to 117 electric trucks

Q2 2023

Group summary financials

Group revenue +68% to SEK 674m

- German revenue +58% to SEK 595m (+46% in EUR)
 - Truck sales +81% (+67% in EUR), aftermarket sales +30% (+20%) and other sales -16% (-23%)
- CIS revenue +202% (+185% in local currency) to SEK 80m
 - Equipment sales +404% (+376%) and aftermarket sales +17% (+10%)

Group operating profit increased to SEK -10m

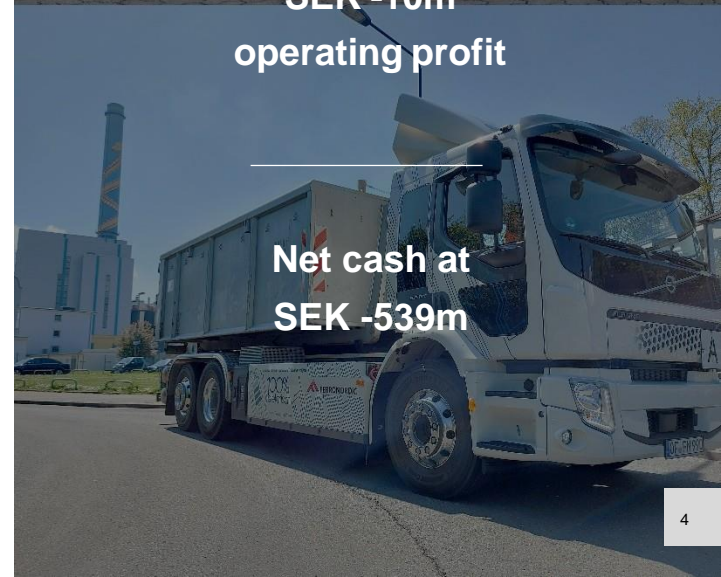
- CIS operating profit increased from SEK 2m to SEK 7m
- German operating profit increased from SEK -7m to SEK 2m
- Group result partly supported by reversal of provision for claim

Strong balance sheet provides options

- 62% equity to total assets
- Net cash at SEK -539m or -1.5x EBITDA



SEK 674m
(+68%) revenue



SEK -10m
operating profit

Net cash at
SEK -539m

Q2 2023

Germany operational highlights

- Based on registrations of new trucks, the total German market for heavy trucks increased by 30% in Q2 2023¹
- Tractors grew by 42% and rigids by 13%
- The market grew mainly as supply improved to meet pent-up demand
- New trucks registered in Ferronordic's sales area increased by 27% and represented 18% of the total German market
- Ferronordic's new truck sales in units increased by 33% to 267 units and by 42% to 292 including LCVs
- Used vehicle sales grew 134% in units to 89, but pricing was tighter as greater supply exerted pressure on margins
- Aftermarket sales grew by 30% on a combination of organic growth and acquisitions
- The gross margin increased to 12.3% (9.7) on product mix and price realisation

1) ACEA statistics



Our new truck sales in units increased by 33% to 267 units in Q2 2023

Aftermarket sales grew by 30% (20% in EUR)



Gross margin of 12.3%, up from 9.7%

Q2 2023

CIS operational highlights

- The Kazakh market is supported by Kazakhstan's growing role as a regional hub, big infrastructure projects and strong commodity prices
- Excluding Chinese wheel loaders, the Kazakh market for construction equipment declined by 8% in Q2 2023
- The market for road construction equipment however increased almost threefold in the quarter
- Ferronordic's sales of new machines in units increased by 183% to 17
- Sales of used construction equipment grew by a similar 183% to 17
- Equipment sales increased by 404% on strong product mix, while aftermarket sales increased by 17%
- The gross margin decreased to 14.4% (23.5%), partly due to the change in revenue mix
- Our contracting services team continues to explore potential project work in Kazakhstan. We see long-term potential for contracting services in Kazakhstan



404% growth
in equipment sales (376%
in local currency) in Q2 2023

+17%
in aftermarket sales
(10% in local currency)

Kazakh new machine
sales +183% in units

Business development

Germany


- In the quarter, we hosted an opening ceremony at our purpose-built service and sales hub in Hanover
- Ferronordic continues to work closely with partners and customers to promote electric trucks and develop sustainable transport solutions
- Set up of parts warehouse and service organisation for Sandvik

Kazakhstan

- Continued work to further increase customer focus in organisation
- Service and sales support organisation for Sandvik
- Workshop in Astana with focus on road construction
- Exploring contracting services

Group

- We are actively looking for new markets and business opportunities



Looking at new markets and
business opportunities

Promoting electric
transport in Germany

Exploring contracting
services in Kazakhstan

German network expansion

- **Fulda** - Transaction closed in January 2021
- **Limburg** - Transaction closed in April 2021
- **Nordhausen** - Transaction closed in June 2021
- **Bergstrasse** - Transaction closed in October 2021
- **Bingen, Kirn and Simmern** - Transaction closed in December 2021
- **Bad Hersfeld** - Operations opened in March 2022 and sales started in Q2 2022
- **Aschaffenburg** - Operations opened in Q3 2022
- **Coswig** - Operations opened in November 2022
- **Peine** - Operations opened in February 2023
- **Hanover service and sales hub**
 - Greenfield project started in 2021
 - Operations opened in Q4 2022
 - Official opening ceremony in May 2023



Kazakhstan network



(7) Ferronordic outlets in Kazakhstan as of August 2023

Economic development

- **Germany**

- +0.1% GDP in Q1 2023 and -0.6% GDP in Q2 2023¹
- -0.1% GDP expected in 2023²
- +1.1% GDP expected in 2024²
- Inflation rate at +7.9% in 2022 and +6.2% in July 2023³

- **Kazakhstan**

- +3.2% GDP in 2022⁴
- +4.3% GDP expected in 2023⁵
- +4.9% GDP expected in 2024⁵
- Inflation rate at +20.3% in 2022 and +14.0% in July 2023⁴
- KZT has strengthened 5.5% in 1H 2023


1) <https://www.destatis.de/EN/Themes/Economy/National-Accounts-Domestic-Product/Tables/gdp-bubbles.html>

2) https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/OEMDC/ADVEC/WEO/WORLD/DEU

3) https://www.destatis.de/EN/Themes/Economy/Prices/Consumer-Price-Index/_node.html

4) <https://stat.gov.kz>

5) https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/KAZ



Germany's economy
-0.6% in Q2 2023

Inflation reached 6.2% Y-o-Y in
July 2023

Energy prices +5.7% Y-o-Y
in July 2023

Kazakhstan's economy
+4.3% in 2023

Q2 2023

Income statement

SEK MM	Q2 2022	Q2 2022	Q2 2022	Q2 2023	Q2 2023	Q2 2023	% change
	CIS	Germany	Group	CIS	Germany	Group	Group
FX (SEK/KZT, EUR/SEK)	45.16	10.47		42.63	11.35		
New units sold	6	206	212	17	292	309	46%
Revenue	26	375	402	80	595	674	68%
Gross profit	6	36	43	11	73	84	98%
% Margin	23.5%	9.7%	10.6%	14.4%	12.3%	12.5%	1.9pp
Operating profit*	2	-7	-30	7	2	-10	65%
% Margin	9.2%	-1.8%	-7.4%	8.6%	0.3%	-1.5%	5.8pp
Net result for the period			-97			64	166%
EPS			-6.71			4.41	166%
EBITDA*	2	9	-10	8	22	11	206%

- Total revenue of SEK 674m
 - 88% Germany and 12% CIS
 - 70% equipment and trucks, 26% aftermarket and 4% other
- Gross margin stood at 12.5%, up 1.9pp Y-o-Y, mainly on product mix and price realisation
- SG&A as percent of revenue at 15.5% (18.8%) from which 3.7% (6.3%) Group costs, 12.1% (12.4%) in Germany and 9.4% (14.5%) in CIS
- Operating margin increased to -1.5% (-7.4%)
- Operating profit 65% to SEK -10m
- FX gains of SEK 88m

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

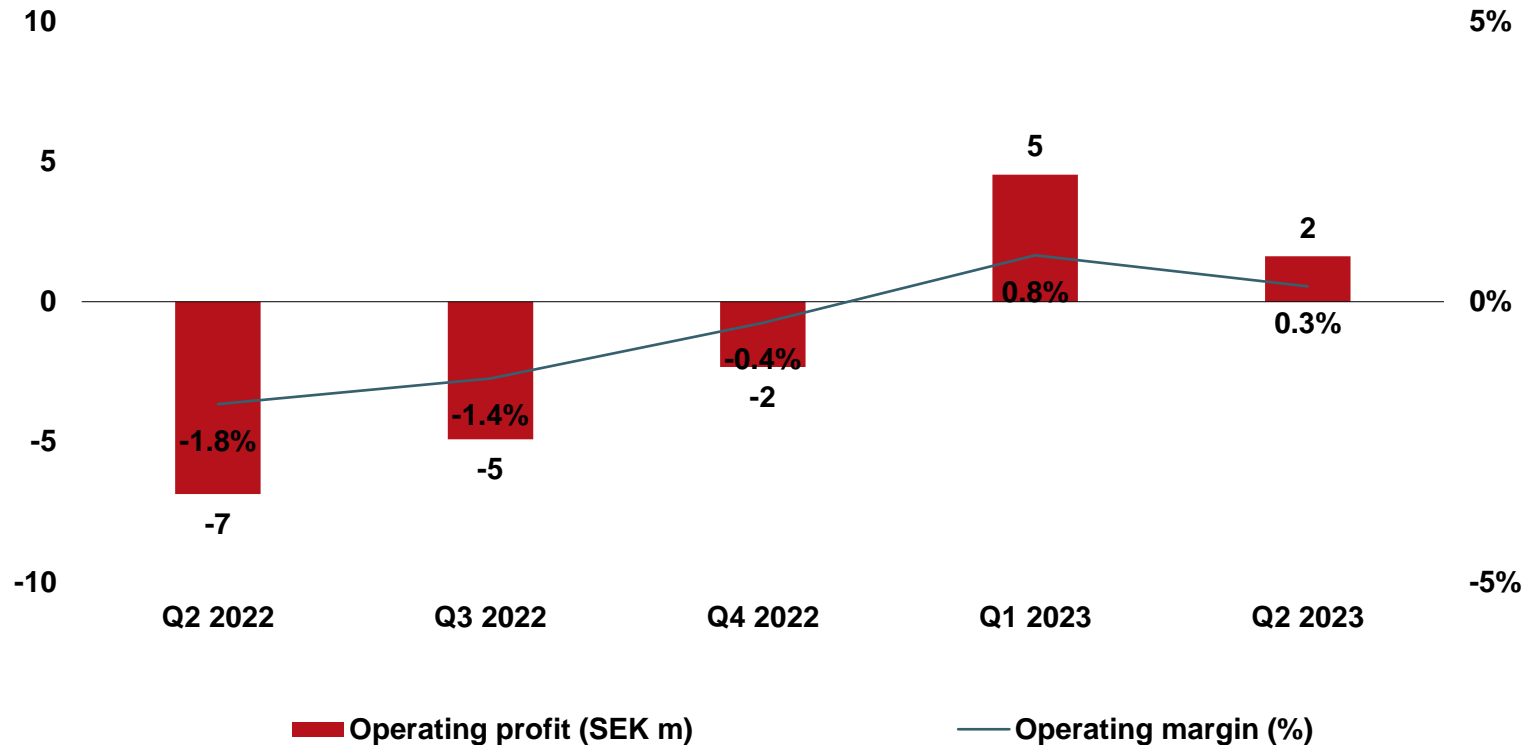
Q2 2023

Segment reporting

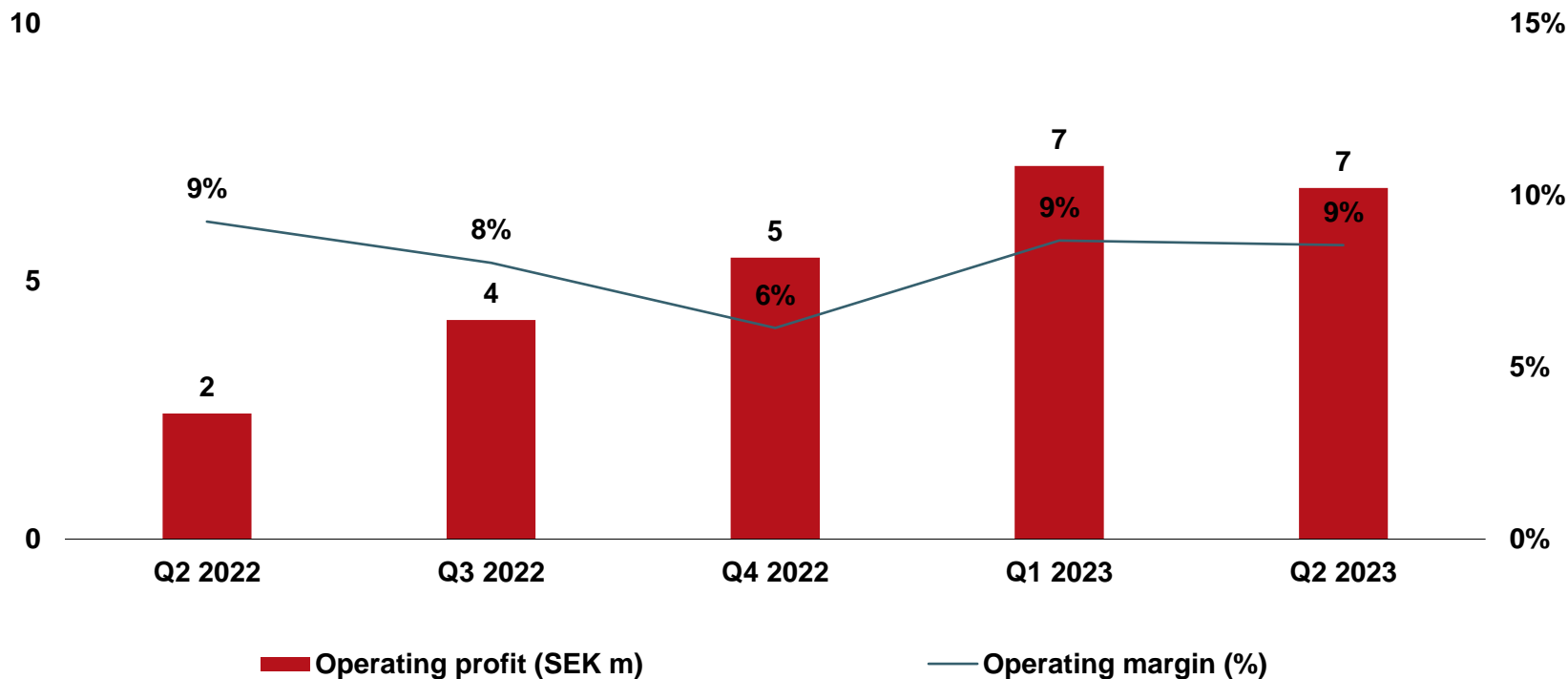
	Germany		CIS		Unallocated Group costs ¹		Total	
	Q2	Q2	Q2	Q2	Q2	Q2	Q2	Q2
SEK m (or as stated)	2023	2022	2023	2022	2023	2022	2023	2022
External revenue	595	375	80	26			674	402
Equipment and truck sales	428	237	64	13			492	250
Aftermarket sales	144	111	16	14			160	125
Other revenue	23	28	0	0			23	28
Gross profit	73	36	11	6			84	43
EBITDA	22	12	8	3	-19	-22	11	-7
Operating profit	2	-7	7	2			8	-4
Group costs ¹		-3		0	-19	-22	-19	-25
Operating profit after group allocation	2	-10	7	2	-19	-22	-10	-29
Finance items (net)							90	-77
Profit(loss) before tax							80	-107
Result from continued operations							64	-97
<i>Gross margin, %</i>	12.3%	9.7%	14.4%	23.5%			12.5%	10.6%
<i>Operating margin, %</i>	0.3%	-2.7%	8.6%	9.2%			-1.5%	-7.3%

1) 3 Before 2023, Ferronordic reported the result of the operating segments after allocation of Group costs. The Group costs are now reported separately. In Q2 2022 and 6M 2022, the Group costs allocated to Germany were SEK 3m and SEK 7m respectively.

Germany: Trend in operating result and margin



Kazakhstan: Trend in operating result and margin



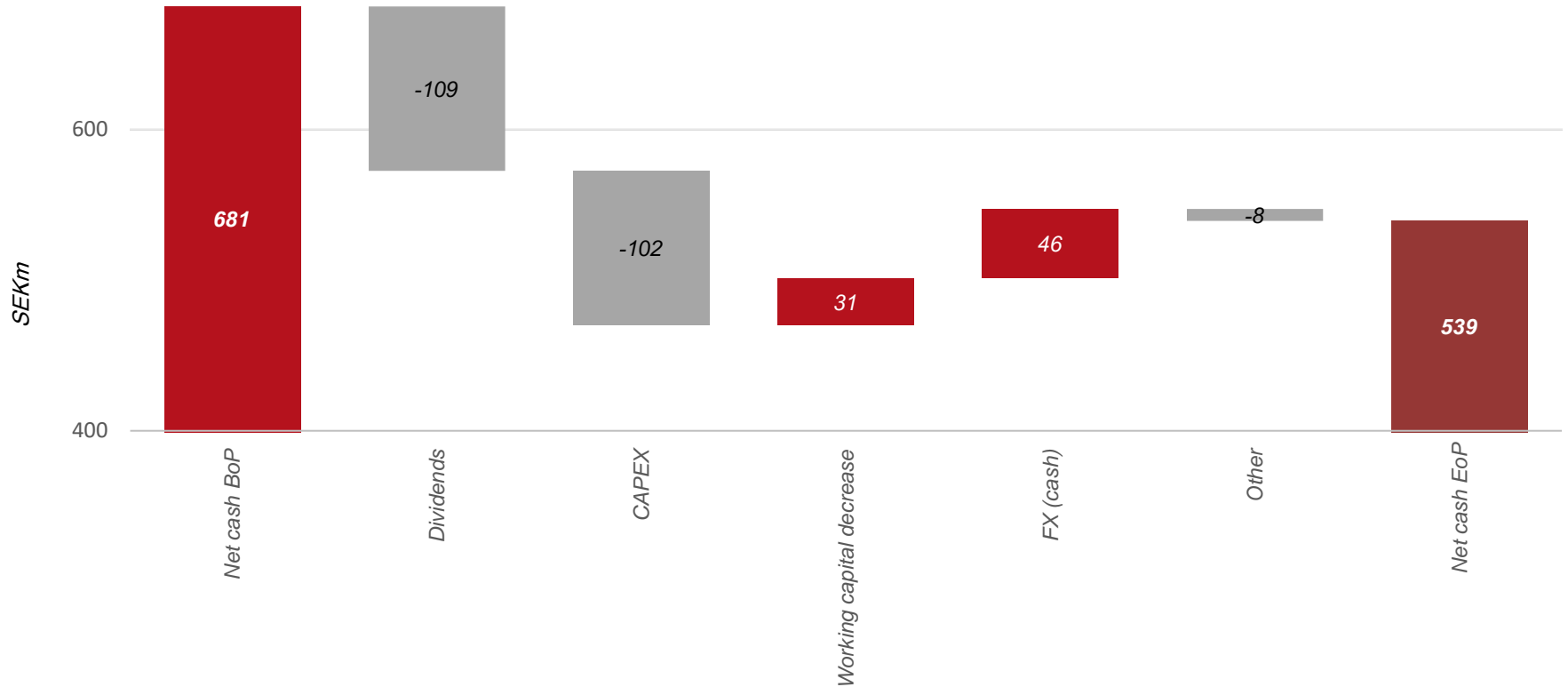
Q2 2023

Balance sheet

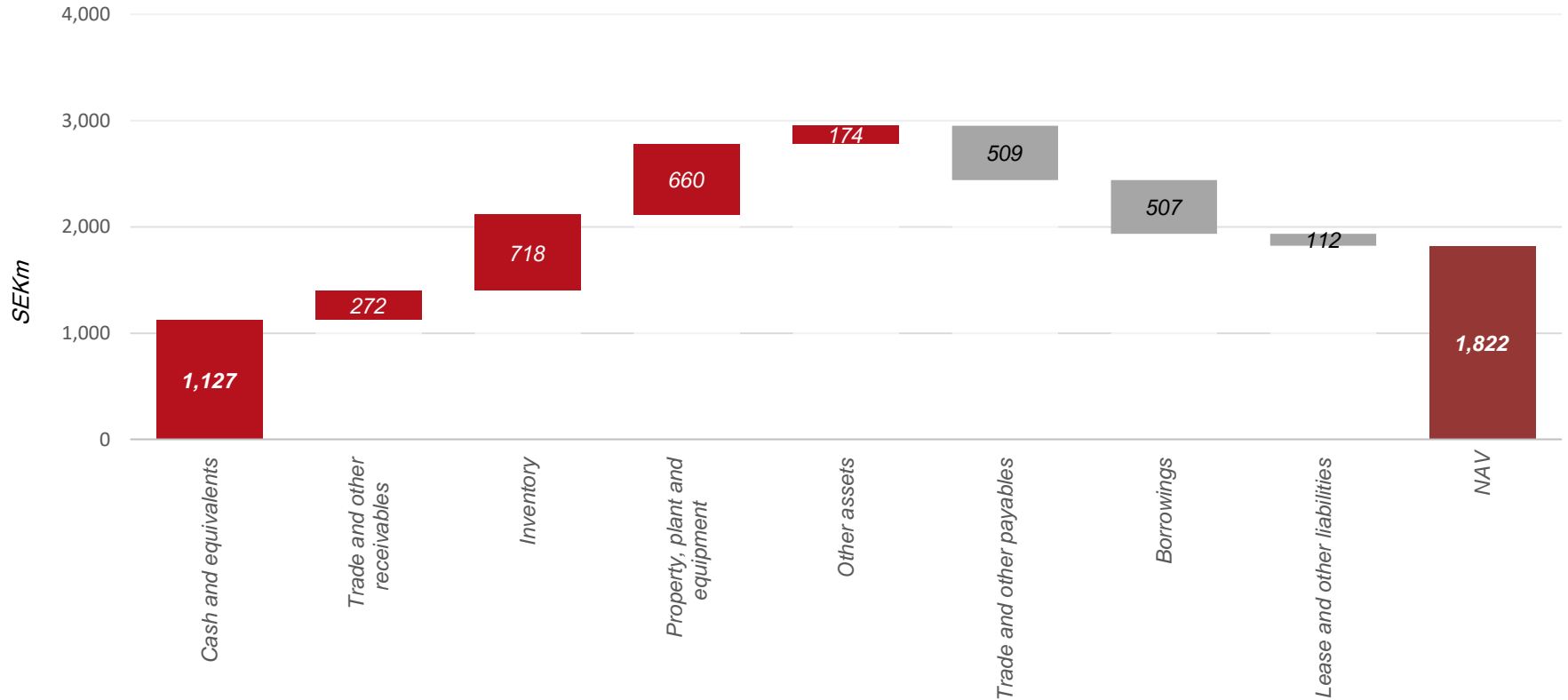
SEK MM	Q2 2022	Q1 2023	Q2 2023
<i>FX (SEK/KZT, EUR/SEK)</i>	<i>45.89, 10.68</i>	<i>43.08, 11.28</i>	<i>42.05, 11.79</i>
Property, plant and equipment	1,301	557	660
Cash and cash equivalents	658	1,574	1,127
Debt	1,187	834	507
Finance Leases	183	58	81
Net debt / (cash)	712	-681	-539
Working capital	917	503	472
<i>% of Revenue</i>	<i>14%</i>	<i>23%</i>	<i>20%</i>
Shareholders equity	1,739	1,886	1,822
Total Assets	4,680	3,203	2,951
Equity / Assets	37%	59%	62%

- PP&E decreased Y-o-Y mainly due to the disposal of Russian subsidiaries
- In CIS, net working capital increased Q-o-Q from 17% to 32% of LTM revenue as a result of higher inventories
- In Germany, net working capital decreased Q-o-Q from 27% to 21% of LTM revenue, as higher payables and lower receivables offset higher inventories
- Net debt / (cash) decreased SEK 142m to SEK -539m, mainly on dividend, capex and inventories
- Equity/assets increased 3pp to 62% Q-o-Q, partly due to translation effects

Group net cash development Q2 2023



Group NAV Q2 2023



Outlook

The German market remains firm. Constraints in the value chain have eased and the market has grown on increased supply to pent-up demand. However, we also see growing uncertainty about the economy. Higher funding costs and inflation make customers more cautious about placing orders for future delivery. We see a rapidly growing interest in electric transport, but customers seek visibility on the economy and on the roll-out of charging infrastructure. We follow the market outlook closely. 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. Being part of developing sustainable transport is a strategic priority for Ferronordic. Our operations in Kazakhstan continue to develop and we continue to seek opportunities to grow our product and 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 believe that the underlying conditions and business opportunities in the German and Kazakh markets are strong. We continue to explore business opportunities outside our current markets.



Continued focus forward



68%

Revenue
growth

65%

Operating profit
growth

-1.5%

Operating profit
margin

166%

EPS increase

Group

- 68% revenue increase on strong growth in both operating segments
- Operating result improved to SEK -10m and operating margin to -1.5%
- Ferronordic continues to look for new market opportunities

Germany

- New truck sales in units increased by 33%, in line with a market that recovered on improved supply
- Positive operating result of SEK 2m
- Continued investment in sustainable transport solutions

CIS

- New equipment sales increased by 183% in units with good product mix
- Revenue increased 202% and operating profit 180% to SEK 7m
- Exploring opportunities to offer contracting services

