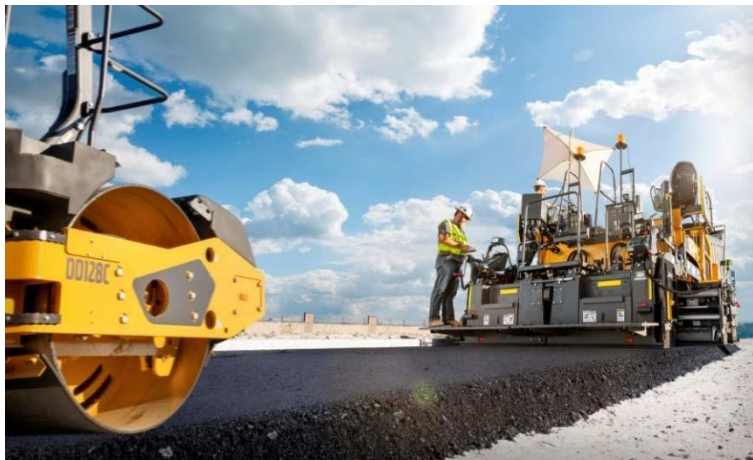


Third quarter 2021

November 2021

Best quarter to date



Group: 47% revenue growth as demand remains strong

Strong operating cash flows as working capital remains low

Russia/CIS: Equipment sales in units increased by 5% as market grew by 40%

48% revenue growth supported by product mix and contracting services

Germany: Trucks sales in units increased by 25% in a declining market

45% revenue growth supported by used trucks and robust aftermarket

47%

Revenue increase

37%

Operating profit
Increase

8.9%

Operating margin

34%

EPS increase

Q3 2021


Group financial highlights

Group revenue increased by 47% to SEK 1,661m


- Russia/CIS revenue increased by +48% to SEK 1,333m (+52% in RUB)
 - Equipment sales increased by +44%, aftermarket sales +27% and contracting services +107%
- German revenue increased by +43% to SEK 327m (+45% in EUR)
 - Equipment sales increased by +64%, aftermarket sales +24% and other sales declined -25%

Group operating profit increased by 37% to record SEK 147m

- Russia/CIS operating result increased 44% to SEK 179m (124) on higher revenue, but lower gross margin
- German operating result declined to SEK -32m (-17)
- Group operating margin was 8.9% (9.5)
- Strong cash flows as working capital declined to -0% of revenue
- Net debt at SEK -75m or -0.1x EBITDA



SEK 1,661m
(+47%) revenue



SEK 147m
(+37%) operating profit

8.9% (9.5%)
operating margin

Q3 2021

Russia/CIS operational highlights

- In Q3 2021, the market for construction equipment grew by 40%¹
- The market was supported by including pent-up demand, strong commodity prices and increased infrastructure spending
- Concerns about increases in the so-called utilisation fee remain
- New construction equipment unit sales grew by 5% to 306 units
- Growth in most product groups but notably articulated haulers, forestry equipment and pavers
- The average sales price increased by 44% in local currency and 41% in SEK
- Aftermarket sales increased 27% in SEK (+30% in RUB)
- In contracting services, we continued to develop our operations in Norilsk and started a new project at an iron ore mine in Karelia
- The aftermarket share of revenue decreased by 3pp to 21% as contracting services increased 5pp to 18%

1) AEB statistics for main product groups (www.aeb.ru)



44%
increase in equipment sales
(+47% in RUB)

27%
growth in aftermarket
sales (+30% in RUB)

107%
increase in contracting
services (+112% in RUB)

Q3 2021

Germany operational highlights

- The German market for heavy trucks increased by 1% compared to Q3 2020 but declined by 13% compared to Q2 2021¹
- Continued recovery in economic activity and pent-up need for fleet replacement boosted demand but market growth was held back by supply constraints
- New trucks registered in our sales area declined by 13% and represented 17% of the total German market
- Ferronordic new truck sales in units increased by 25% to 174 units and our market share for Volvo Trucks increased further in the quarter
- Aftermarket sales increased by 24%, of which 7% was organic growth
- Gross margin stood at 10.4%, up from 9.8% Y-o-Y

1) ACEA statistics, based on registrations of new trucks



German trucks
market increased by 1% Y-o-Y

Aftermarket sales grew
by 24%



Gross margin of 10.4%,
up from 9.8%

Business development

Group

- Head of Sustainability and ESG position in head office to coordinate efforts
- Ferronordic promotes electromobility
 - Demo and test drive of Volvo and Renault electric trucks in Germany
 - Import of electric VCE compact electric demo wheel loaders to Russia

Germany

- Network expansion and improvement underway
 - Fulda, Nordhausen and Limburg integrated into Ferronordic
 - Hannover service and sales hub construction started
 - Acquisition of Truckservice Bergstrasse completed early October
 - Further network expansion planned
- Used business grow
- Organisation and process changes
 - Accelerated restructuring of hub and sales organisation

**Sustainability role to
further focus**

**Electric truck demo
event in Germany**

**Network expansion
continues in
Germany**



Business development

Russia/CIS

- Contracting services
 - Norilsk and Irkutsk work full quarter at capacity
 - Project in Northwest completed. Equipment redeployed to Karelia
- Strong demand and utilisation at rebuild center in Ekaterinburg
- Cooperation with Sandvik stationary crushers and screens in all of Russia for construction segment and for mining segment in most of Russia starting in January
 - Agreement is an expansion of cooperation on mobile crushers and screens in all of Russia, started in April 2021

Contracting services
work at capacity

High utilisation at
rebuild center

Expansion of
cooperation with
Sandvik



German network expansion

Fulda

- Transaction closed in January 2021

Limburg

- Transaction closed in April 2021

Nordhausen

- Transaction closed in June 2021

Service and sales hub in Hannover

- Greenfield
- Investments in 2021 and 2022
- Expected to be ready in Q3 2022

Bergstrasse

- Transaction closed in October 2021



Economic development

• Russia

- 4.0% (0.4% to Q3 2019) GDP growth in Q3 2021¹
- 4.7% and 2.9% GDP growth expected in 2021² and 2022²
- September inflation increased to 7.4% compared to 3.7% in 2020³
- Central Bank raised the key rate by 75bp in October to 7.5%³
- Ruble depreciated 2% on average and appreciated 6% on end-of-period rates³ in Q3 2021

• Kazakhstan

- 3.4% GDP growth in the 9m of 2021⁴
- 3.3% GDP growth expected 2021²
- 3.9% GDP growth expected in 2022²

• Germany

- 6.9% GDP growth in Q3 2021⁵
- 3.1% GDP growth expected in 2021²
- 4.6% GDP growth expected in 2022²


1) <https://www.economy.gov.ru/material/file/bffc6cc5eadc71d91c685e2fe5908112/29102021.pdf>

2) <https://www.imf.org/ru/Publications/WE0/Issues/2021/10/12/world-economic-outlook-october-2021>

3) <http://www.cbr.ru>

4) <https://www.gov.kz/memleket/entities/economy/press/article/details/64052?lang=ru>

5) <https://www.destatis.de/EN/Themes/Economy/National-Accounts-Domestic-Product/Tables/domestic-product--q-gdp.html>



Russia's economy grew
4.0% in Q3 2021

Ruble depreciated 2%
Y-o-Y (average rate)

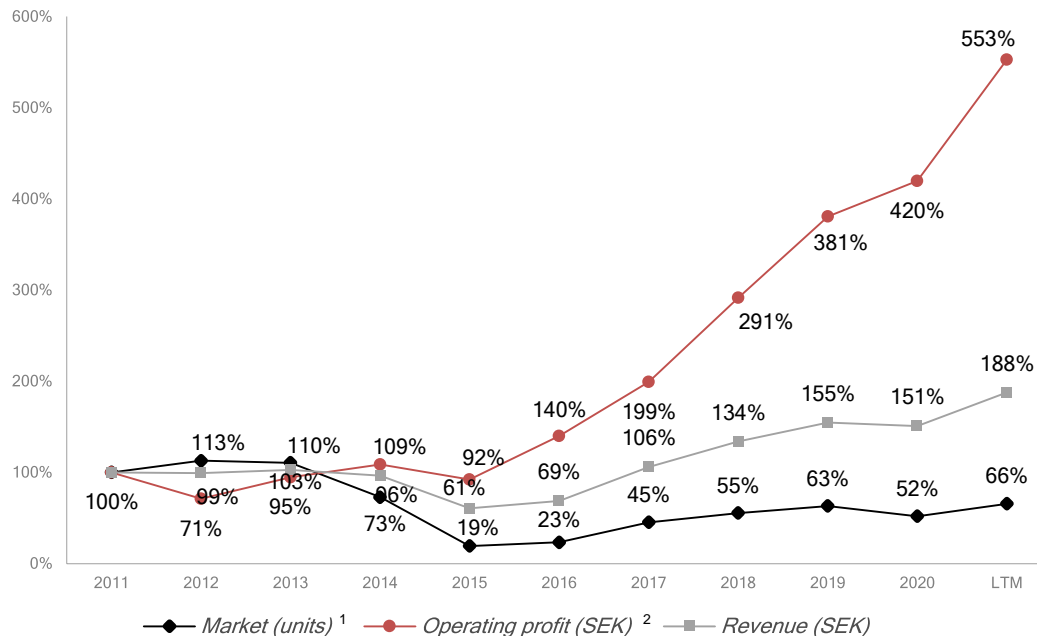
Kazakhstan's economy up
3.4% for 9m 2021

Germany's economy up
6.6% in Q3 2021

Russia/CIS market has long-term upside potential

Russia/CIS Upside Potential

- Number of machines imported to Russia at 66% of 2011 level and 58% of 2012 level
- Ferronordic's revenue 88% higher than 2011
- Operating profit 453% higher than 2011



LTM refers to last twelve months as of end of September 2021.

1) Russian import statistics (until August 2021) compiled by Volvo CE.

2) 2011-2016 refer to adjusted EBIT, i.e. operating profit excluding amortisation of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

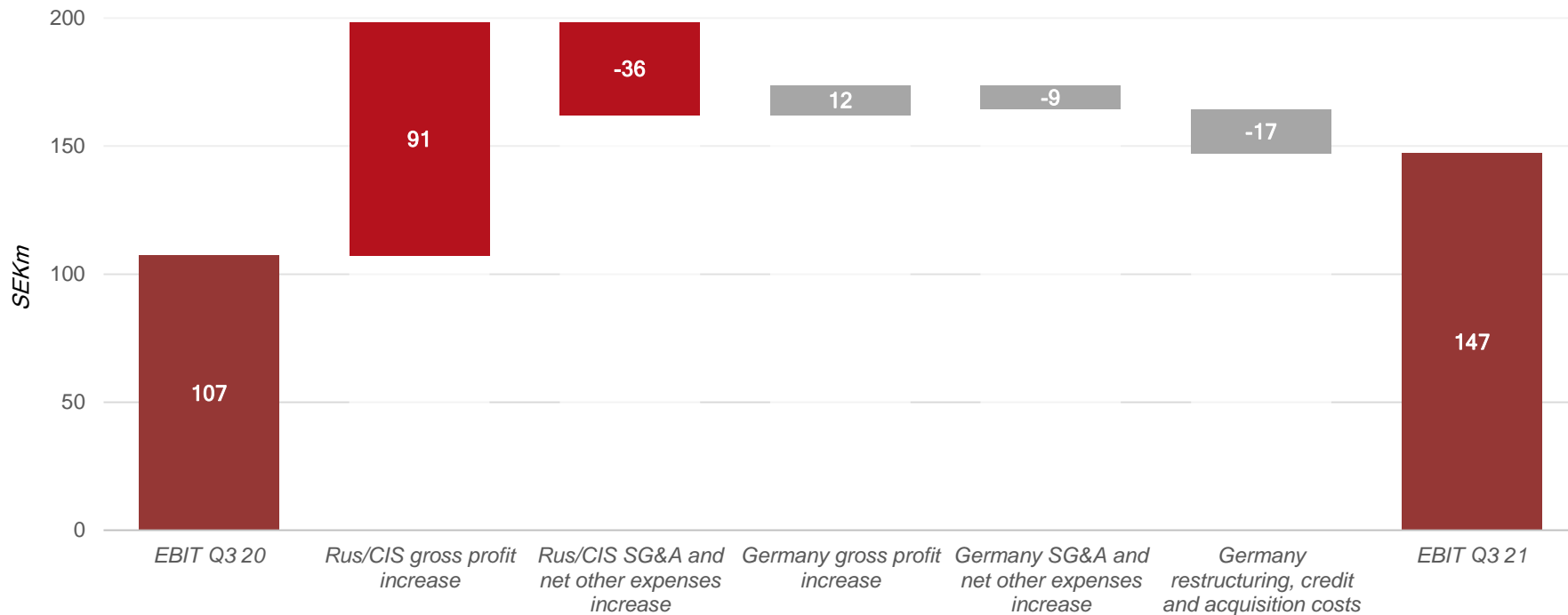
Q3 2021

Income statement

SEK MM	Q3 2020 <i>Russia / CIS</i>	Q3 2020 <i>Germany</i>	Q3 2020 <i>Group</i>	Q3 2021 <i>Russia / CIS</i>	Q3 2021 <i>Germany</i>	Q3 2021 <i>Group</i>	% change <i>Group</i>
New units sold	292	151	443	306	174	480	8%
Revenue	900	229	1,129	1,333	327	1,661	47%
Gross profit	199	23	221	290	34	324	46%
% Margin	22.1%	9.8%	19.6%	21.7%	10.4%	19.5%	-0.1pp
Operating profit	124	-17	107	179	-32	147	37%
% Margin	13.8%	-7.3%	9.5%	13.4%	-9.6%	8.9%	-0.6pp
Result			81			109	34%
EPS			5.57			7.48	34%
EBITDA	155	-8	147	222	-21	201	37%

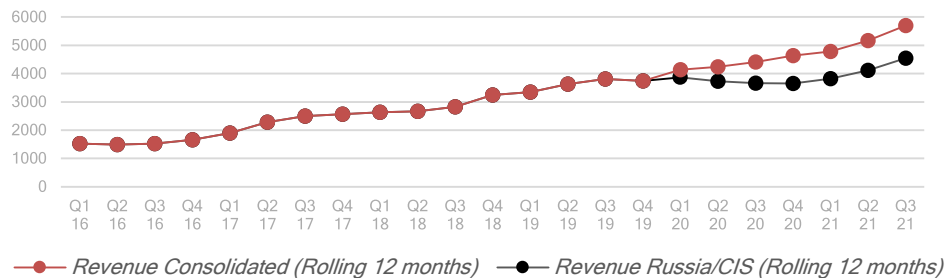
- Total revenue of SEK 1,661m
 - 80% Russia/CIS and 20% Germany
 - 62% equipment and trucks, 22% aftermarket, 15% contracting services and 1% other
- Gross margin stood at 19.6%, down 0.1% Y-o-Y
- SG&A as percent of revenue at 10.1% (10.3%) as 7.7% in Russia/CIS offsets 19.7% in Germany
- Operating margin declined to 8.9% (9.5%) as a result of a lower operating margin in Russia/CIS of 13.4% (13.8%) and negative operating margin in Germany of -9.6% (-7.3%)
- SEK 12.7m one-off restructuring costs, SEK 3.7m credit costs and SEK 0,7m acquisition costs in Germany
- Operating profit increased by 37% to SEK 147m

Q3 2021 Y-o-Y operating profit development



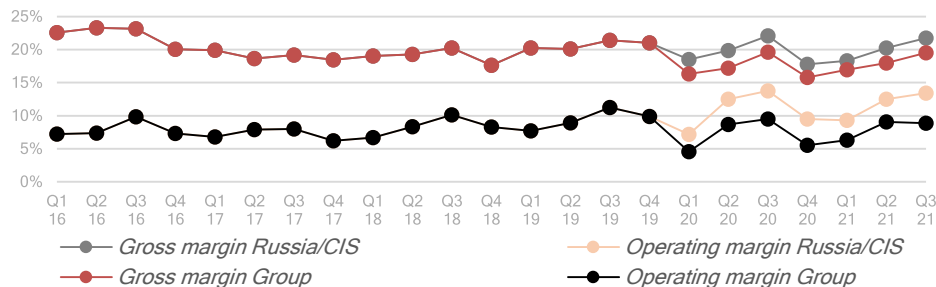
Revenue and margin development

Revenue Trends



- LTM revenue in Russia/CIS increased to SEK 4.5bn
- LTM revenue from German operations increased to SEK 1,156m

Margin Trends

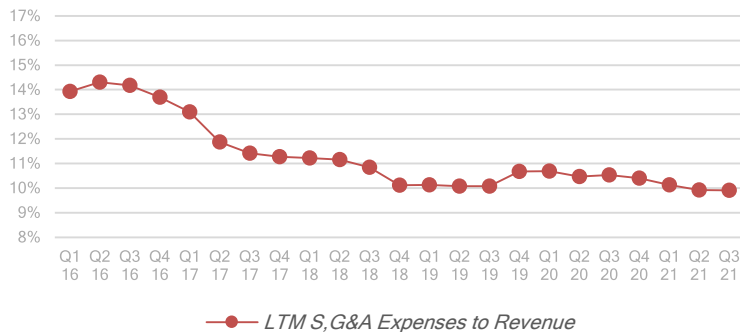


- Q3 2021 consolidated gross margin decreased by 0.1% Y-o-Y to 19.5%
- Q3 2021 consolidated operating margin¹ decreased by 0.6pp to 8.9%, mainly due to lower operating margin in Russia/CIS of 13.4% (13.8%) and negative operating margin in Germany of -9.6% (-7.3%)

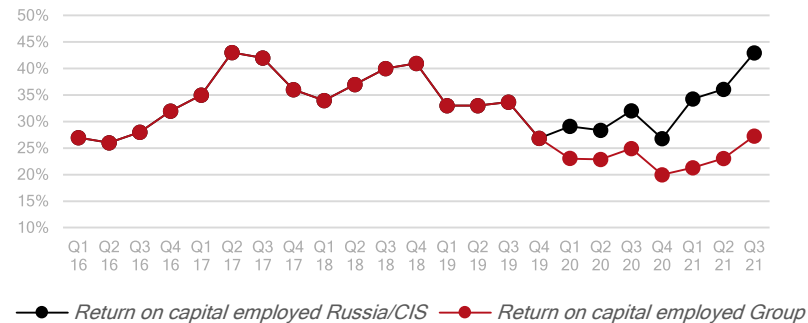
¹) 2016 refer to adjusted EBIT, i.e. operating profit excluding amortization of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

Operating expenses and return on capital

SG&A Development



ROCE¹



- Group LTM SG&A expenses to revenue were down by 0.6pp Y-o-Y and were flat Q-o-Q at 9.9%
- LTM SG&A expenses to revenue in Russia/CIS decreased 1.7pp Y-o-Y and 0.2pp Q-o-Q to 8.1%
- LTM SG&A expenses to revenue in Germany increased 2.8pp Y-o-Y and 0.9pp Q-o-Q to 17.0% mainly due to one-off restructuring costs and redundancy payments

- ROCE stood at 27% in Q3 2021
- Increase in ROCE in Q3 2021 was related to higher operating income in Russia/CIS and a decrease average capital employed

¹) Operating profit plus financial income (LTM) in relation to capital employed (equity and interest-bearing liabilities) (average LTM)

Note: 2016 refer to adjusted EBIT, i.e. operating profit excluding amortisation of transaction-related intangible assets and write-downs of non-current assets in Q4 2016.

Q3 2021

Cash flows

SEK MM	Q3 2020 <i>Group</i>	Q3 2021 <i>Russia/CIS</i>	Q3 2021 <i>Germany</i>	Q3 2021 <i>Group</i>
Cash flow from:				
Cash flows from operating activities before changes in working capital	145	222	-17	205
Change in working capital	-13	65	95	160
Interest & Income tax paid	-33	-35	-3	-37
Net cash from operating activities	100	252	75	327
Investing Activities	-5	-35*	-45	-80
Cash Flow before Financing Activities	95	217	30	247
Financing Activities	-296	6	-10	-4
Cash Flow (before FX fluctuations)	-20	223	19	243

- The positive cash flows from operations were partly a result of a further decrease in working capital
- In Russia/CIS, the reduction in working capital during Q3 2021 was mainly a result of lower inventories and receivables and higher payables
- In Germany, the decrease in working capital was mainly a result of lower inventories and higher payables
- Cash flows from investing activities relate mainly to acquisitions of machines to the Group's contracting services business, but also include assets to the rental fleet in Germany

1) For the purposes of the Group's cash flow statement, SEK 25m payment for machines acquired to contracting services in 1H 2021 was recognized in Q3 21 in accordance with the contract conditions.

Q3 2021

Balance sheet

SEK MM	Q3 2020	Q2 2021	Q3 2021
Property, plant and equipment	515	766	850
Cash and cash equivalents	539	653	897
Debt	443	657	710
Finance Leases	179	138	112
Net debt / cash	83	143	-75
Working capital	354	140	-26
% of Revenue	8%	3%	0%
Shareholders equity	848	890	1,028
Total Assets	2,552	3,532	3,785
Equity / Assets	30%	28%	27%

- PP&E increased Q-o-Q partly due to additions of machines in contracting services in Russia/CIS and in rental fleet in Germany
- In Russia/CIS net working capital decreased Q-o-Q from 0% to -2% of LTM revenue, mainly on lower inventories and receivables and higher payables
- In Germany net working capital decreased Q-o-Q from 14% to 6% of LTM revenue mainly on lower inventories and higher payables
- Group net working capital decreased from 3% to 0% of LTM revenue in Q3 2021
- Net debt decreased to SEK -75m and net debt/EBITDA decreased to (0.1) x

Financial objectives and dividend policy

KPI	Objective	Q3 2021 LTM
Revenue	Double the 2020 revenue in its current markets by 2025 (in SEK) ¹	1.2 x 2020 revenue
Operating margin	Above 7%	7.7%
Net debt / EBITDA	Below 3 times (over a business cycle)	(0.1) x
Dividend policy	<p>The ambition is to pay at least 50% of net income if net debt/EBITDA is less than 1.0 x², post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0 x².</p> <p>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.</p>	

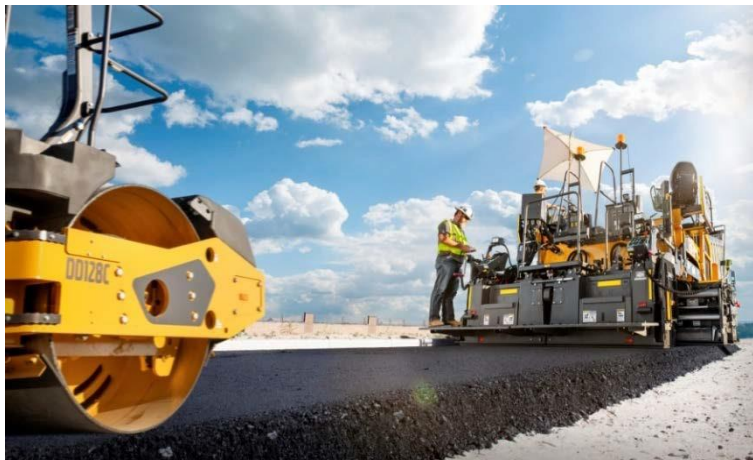
1) Current markets are defined as Russia and the whole of CIS and Germany.

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

Outlook

We expect our markets to continue to recover in 2022, albeit at a slower pace and off a higher base. In Russia/CIS, our outlook is supported by higher commodity prices, pent-up demand and increased activity within the so-called national projects, but moderated by the risk of increased utilisation fees. In Germany, we expect a broader European economic recovery to boost demand. Current uncertainty mainly relates to supply chain constraints, which we expect to continue well into 2022. In a longer perspective, we see strong underlying fundamentals and business opportunities in our markets.

Best quarter to date



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Strong operating cash flows as working capital remains low

Russia/CIS: Equipment sales in units increased by 5% as market grew by 40%

48% revenue growth supported by product mix and contracting services

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45% revenue growth supported by used trucks and robust aftermarket

47%

Revenue increase

37%

Operating profit
Increase

8.9%

Operating margin

34%

EPS increase

