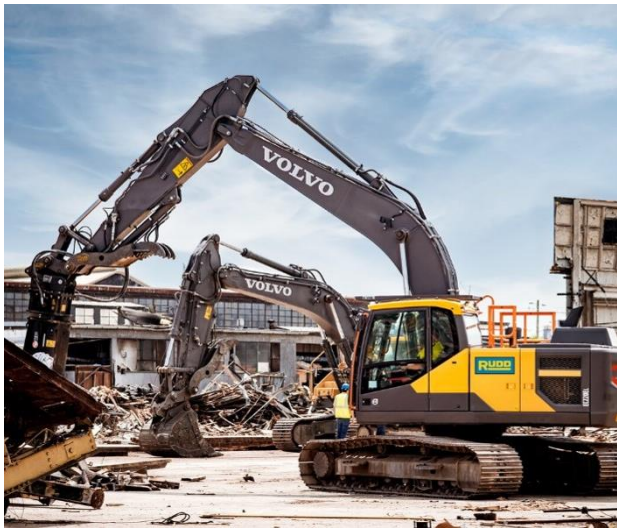


Ferronordic

Fourth quarter 2023
February 2024

Q4 2023: A restart



Key Group and segment items:

- Successful completion of Rudd acquisition in the US in Q4 2023
- Rudd result consolidated for December and balance sheet on 31 December 2023
- Group revenue increased by 30% to SEK 915m mainly driven by USA
- Operating result declined to SEK -62m or SEK -15m excluding one-off costs
- Working capital expected to decline in 1H 2024
- Restructuring program launched in Germany
- Proposal of no dividend payout in 2024

30%

Revenue
growth

SEK -62m

Operating profit

-6.8%

Operating profit
margin

SEK -6.11

EPS

Q4 2023

A restart

- On 30 November, Ferronordic acquired the Rudd Equipment Company, a major dealer of Volvo CE and certain other brands in the US
- In a strong December, Rudd had revenue of SEK 308m, with an operating profit of SEK 25m and an operating margin of 8.0%, including SEK 11m of transaction costs
- We see big potential to build on a good business in the US
- In current markets, the fourth quarter of 2023 was challenging
- In Germany, order intake and truck deliveries decreased
- Aftermarket grew but not enough to cover costs
- German efficiency program to reduce administrative costs and create a leaner organisational structure under a new leadership
- In Kazakhstan, the market for construction equipment decreased by 20% and our sales of new machines, measured in units, decreased by 35%
- Stock levels remain too high in both Germany and Kazakhstan
- Initiatives to bring down inventory. Stock levels expected to normalise in 1H 2024
- Used stock and rental fleet reduced in Germany to strengthen business and free up capital
- The market and interest in electric trucks is growing
- Ready for a restart after a challenging Q4 2023 and a transformational full-year 2023

On November 30, the
acquisition of Rudd
Equipment Company
was completed

The market and
interest from our
customers in
electric trucks is
growing

German efficiency
program ongoing

Acquisition of Rudd - details

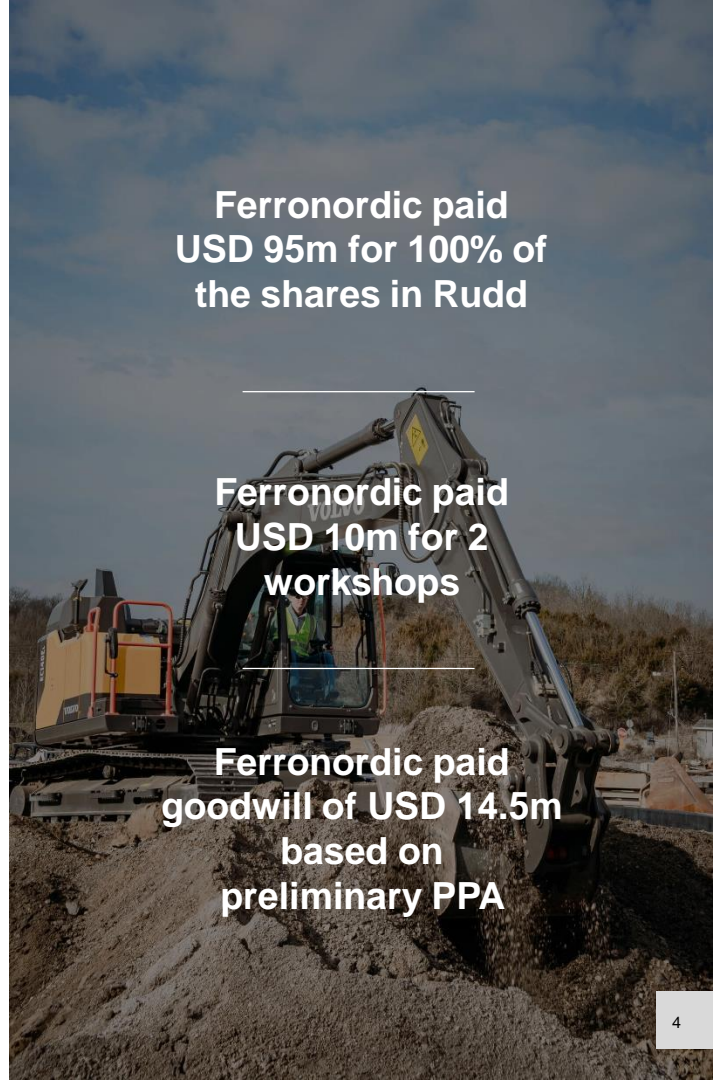
- Acquisition announced on 13 November and completed on 30 November
- Ferronordic paid USD 10m for 2 workshops and USD 95m for 100% of the shares in Rudd
- During the full year 2023, Rudd had revenue of USD 258m with an operating profit of USD 21m and earnings before tax of USD 18.9m*
- At the time of the acquisition, Rudd had net debt of USD 54.7m, implying an enterprise value of USD 149.7m
- Based on the USD 95m purchase price and the preliminary 2023 results*, the price corresponds to 5.0 x Rudd's 2023 earnings before tax or an enterprise value of 7.3 x Rudd's 2023 operating profit
- The purchase price is subject to a true-up of the balance sheet, which is currently pending
- A USD 1.3m or SEK 14m contingent consideration has been reserved in Ferronordic's Q4 2023 results
- Following the acquisition, Rudd's 30 November balance sheet was subject to a fair value assessment for the purposes of purchase price allocation
- Based on the preliminary PPA and including the contingent consideration, Ferronordic paid goodwill of USD 14.5m or SEK 150m

* Based on unaudited IFRS conversion of unaudited US GAAP results

**Ferronordic paid
USD 95m for 100% of
the shares in Rudd**

**Ferronordic paid
USD 10m for 2
workshops**

**Ferronordic paid
goodwill of USD 14.5m
based on
preliminary PPA**



Q4 2023

Group summary financials

Group revenue +30% to SEK 915m

- German revenue -10% to SEK 555m (-14% in EUR)
- CA revenue -41% (-41% in local currency) to SEK 52m
- US revenue contribution of SEK 308m (December 2023)

Group operating profit increased to SEK -62m

- German operating profit decreased from SEK -2m to SEK -62m partly driven by one-off restructuring costs and impairments of SEK 34m
- CA operating profit decreased from SEK 5m to SEK -6m
- US operating profit contribution of SEK 25m (December 2023)
- Excluding restructuring costs (SEK 23m), impairments (SEK 13m) and acquisition costs (SEK 11m), Group operating profit was SEK -15m

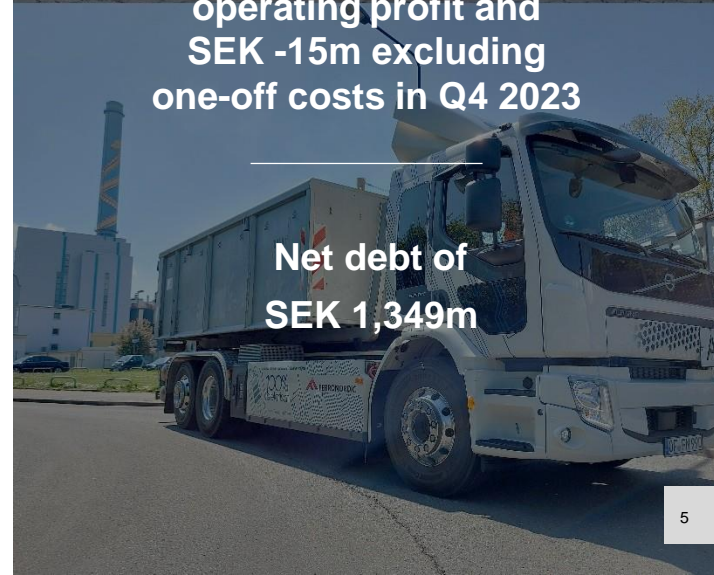
Net income decreased to -89m, partly driven by foreign exchange losses

Net debt of SEK 1,349m mainly as a result of the acquisition of the American operations

- 34% equity to total assets
- Book equity of SEK 1,622m as at 31 December 2023



SEK 915m
(+30%) revenue



SEK -62m
operating profit and
SEK -15m excluding
one-off costs in Q4 2023

Net debt of
SEK 1,349m

Q4 2023

Germany operational highlights

- Based on registrations of new trucks, the total German market for heavy trucks increased by 5% in Q4 2023¹
- New trucks registered in Ferronordic's sales area increased in line with market and represented 18% of the total German market
- Ferronordic's new truck sales in units decreased by 58% to 167 units following a very strong Q4 in 2022
- Used vehicle sales grew 176% in units to 116, but greater supply exerted pressure on margins
- Demand for rental has declined as the supply of new trucks has normalised
- Ferronordic has decided to reduce both its used stock and rental fleet
- Service and parts sales increased 20% on a combination of organic growth and acquisitions
- SEK 11m impairment of Sandvik stock and SEK 23m one-off restructuring costs related to organisational changes and efficiency program
- The gross margin decreased to 8.4% (13.4), partly due to impairment on Sandvik

1) ACEA statistics



Our new truck sales in units decreased by 58% to 167 units in Q4 2023

Aftermarket sales grew by 20% (+14% in EUR)

Gross margin of 8.4%, down from 13.4%

Germany efficiency program

- Ferronordic has taken measures to make its organisation in Germany more efficient and to reduce costs
- One key objective is to increase Ferronordic's absorption level; how much of fixed costs are covered by gross profit from the growing aftermarket business
- The changes serve to make our organisation leaner, more efficient and more resilient by reducing both horizontal and vertical administrative units
- We have reduced the number of regions in our sales area from four to two and have removed a number of middle management roles
- The German management team will include Group Executives with operational roles, including Group Commercial Director, Group HR Director and Group CEO
- We have analysed our cost structure across all functional areas to identify opportunities to reduce costs
- Meanwhile, we keep investing in our aftermarket structure to capture growth opportunities and increase efficiency and productivity
- As a result of the program, Ferronordic expects to save approx. SEK 60m annually, starting from Q2 2023
- Mainly as a result of the efficiency program, Ferronordic recognised one-off restructuring costs of SEK 23m in Q4 2023



We have reduced the number of regions in our sales area from four to two...

...and have removed a number of middle management roles

One key objective is to increase Ferronordic's absorption level

Q4 2023

CA operational highlights

- The Kazakh market for construction equipment is supported by Kazakhstan's growing role as a regional hub, strong commodity prices and big infrastructure projects
- Despite a strong economy and supportive government investments, the Kazakh market for construction equipment is estimated to have declined by 20% in Q4 2023, partly due to a high base for comparison in 2023
- Ferronordic's sales of new machines in units in Q4 2023 decreased by 35% to 17
- Sales of used equipment grew by 100% to 8 units
- Stock levels are high but expected to normalise in 1H 2024
- We took impairments of SEK 2m on slow moving stock in Q4 2023
- The gross margin decreased to 8.9% (16.5%) and gross profit decreased to SEK 5m (15)
- Our contracting services team continues to explore potential project work in Kazakhstan

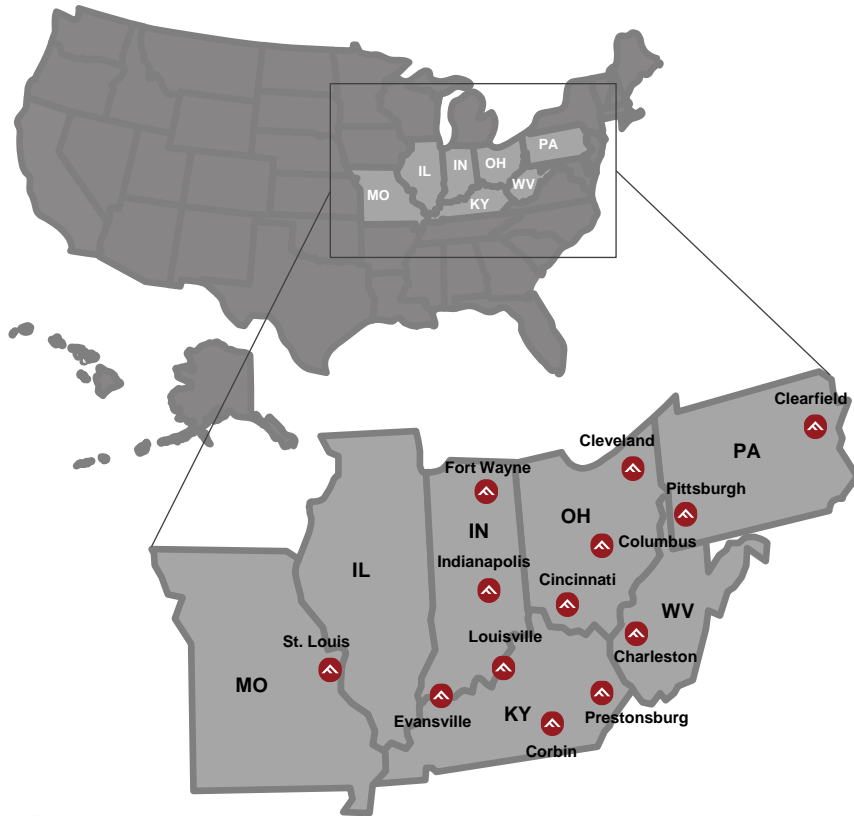


Sales of new machines
in units decreased by
35% to 17

**Kazakh used machine
sales +100% in units**

**Gross margin
decreased
to 8.9% (16.5%)**

US network



- On November 30 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 and Link-Belt
- 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 2022, the market for Volvo Construction Equipment products (GPE) in Rudd's sales area amounted to approx. 4,000 machines

German network

- **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
- **Northeim** – Operations started in October 2023



Kazakh network



Economic development

- **US**
 - +2.5% GDP in 2023¹ and +1.4% GDP expected in 2024²
 - Core PCE inflation at +2.9% in 2023³
 - Effective Fed Funds Rate stands at 5.33%⁴
- **Germany**
 - -0.4% GDP in Q4 2023, -0.3% GDP in 2023⁵
 - 0.9% expected in 2024⁶
 - Inflation rate at +5.9% in FY 2023 and +2.9% in January 2024⁷
- **Kazakhstan**
 - +5.1% GDP in 2023⁸ and +4.2% GDP expected in 2024⁶
 - Inflation rate at +9.8% in 2023 and +9.5% in January 2024⁸
 - National Bank base rate lowered from 15.75% to 15.25% after period

1) <https://www.bea.gov/sites/default/files/2024-01/gdp4q23-adv.pdf>

2) <https://fred.stlouisfed.org/graph/?q=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/Themes/Economy/National-Accounts-Domestic-Product/Tables/gdp-bubbles.html>

6) https://www.imf.org/external/datamapper/NGDP_RPCH@WEO/WEO_WORLD

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

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



**US economy
grew 2.5% in 2023**

**German economy
declined -0.3% in 2023**

**Kazakh economy
increased 5.1% in 2023**

Q4 2023

Income statement

SEK MM	Q4 2022	Q4 2022	Q4 2022	Q4 2022	Q4 2023	Q4 2023	Q4 2023	Q4 2023	% change
	CA	Germany	US	Group	CA	Germany	US**	Group	Group
FX (SEK/KZT, SEK/EUR, SEK/USD)	43.99	10.93			43.73	11.48	10.69		
New units sold	26	394	0	420	17	167	47	184	-56%
Revenue	89	616	0	705	52	555	308	915	30%
Gross profit	15	82	0	97	5	47	82	133	37%
% Margin	16.5%	13.4%	0%	13.8%	8.9%	8.4%	26.6%	14.5%	01pp
Operating profit*	5	-2	0	-13	-6	-62	25	-62	361%
% Margin	6.1%	-0.4%	0%	-1.9%	-10.7%	-11.1%	8.0%	-6.8%	-05pp
Net result for the period				87				-89	-202%
EPS				5.96				-6.11	-202%
EBITDA*	6	15	0	7	-5	-35	39	-20	-392%

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

** US operations consolidated one month in December 2023

- Total revenue up by +30% to SEK 915m**
 - 61% Germany, 34% US and 6% CA
 - 69% equipment and trucks, 27% aftermarket and 4% other
- Gross profit up by +37% and gross margin increased 0.8pp Y-o-Y to 14.5%, mainly on consolidation of US business
- SG&A increased by +73% mainly due to US business acquisition and one-off restructuring costs and impairments in Germany
- As percentage of revenue, SG&A stood at 21.5% (16.2%) for Group
- Operating margin decreased to -6.8% (-1.9%)
- Operating profit decreased to SEK -62m, or SEK -15m excluding restructuring (SEK 23m), impairment (SEK 13m) and acquisition costs (SEK 11m).

Q4 2023

Segment reporting

	US		Germany		CA		Unallocated Group costs ¹		Total	
	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4	Q4
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
SEK m (or as stated)										
External revenue	308	0	555	616	52	89			915	705
Equipment and truck sales	212	0	379	459	39	75			630	534
Aftermarket sales	80	0	157	131	14	14			251	145
Other revenue	15	0	19	25	0	0			34	25
Gross profit	82	0	47	82	5	15			133	97
EBITDA	39	0	-35	15	-5	6	-19	-14	-20	7
Operating profit	25	0	-62	-2	-6	5			-43	3
Group costs ¹	0	0	0	-2	0	0	-19	-14	-19	-17
Operating profit	25	0	-62	-5	-6	5	-19	-14	-62	-14
Finance items (net)									-64	100
Profit(loss) before tax									-126	87
Result from continued operations									-89	49
Gross margin, %	26.6%		8.4%	13.4%	8.9%	16.5%			14.5%	13.8%
Operating margin, %	8.0%	0.0%	-11.1%	-0.8%	-10.7%	6.1%			-6.8%	-2.0%

¹ Before 2023, Ferronordic reported the result of the operating segments after allocation of Group costs. The Group costs are now reported separately. In Q4 2022, the Group costs allocated to Germany were SEK 2m and SEK 11m respectively.

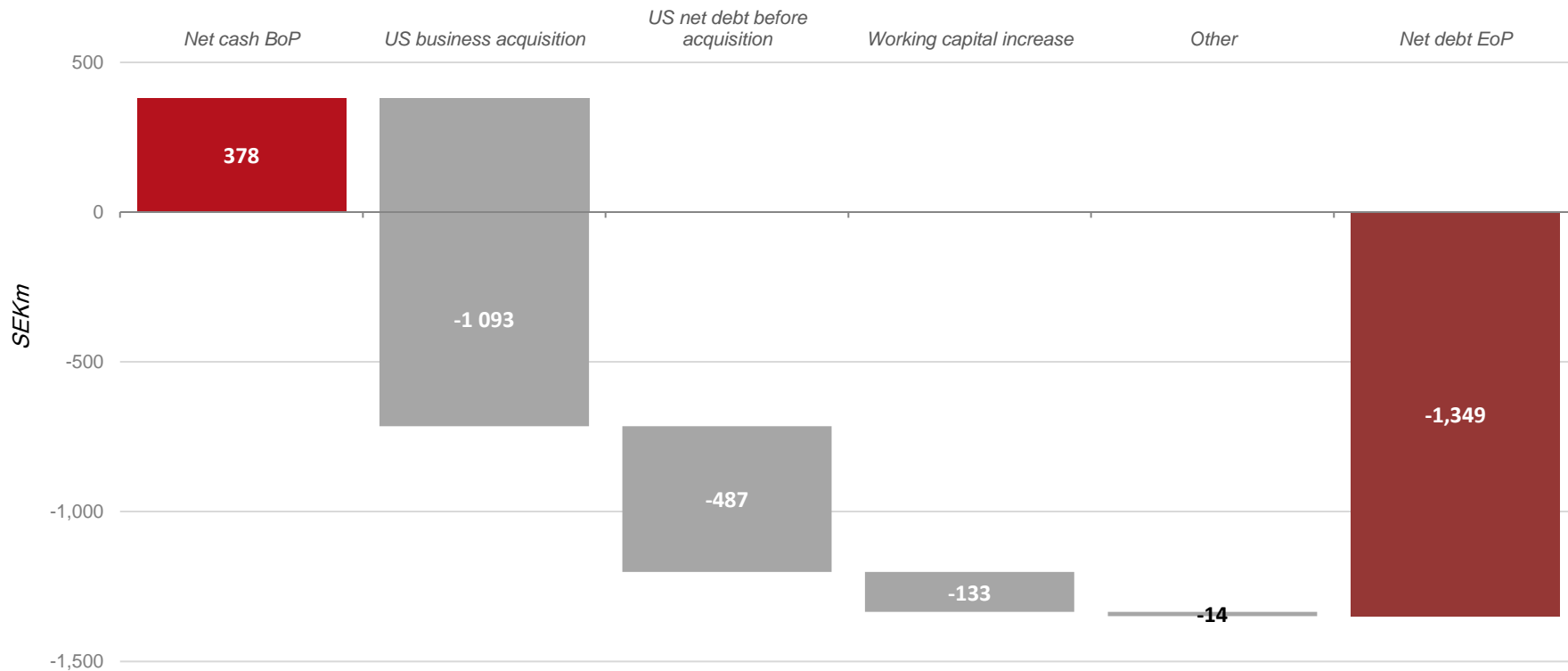
Q4 2023

Balance sheet

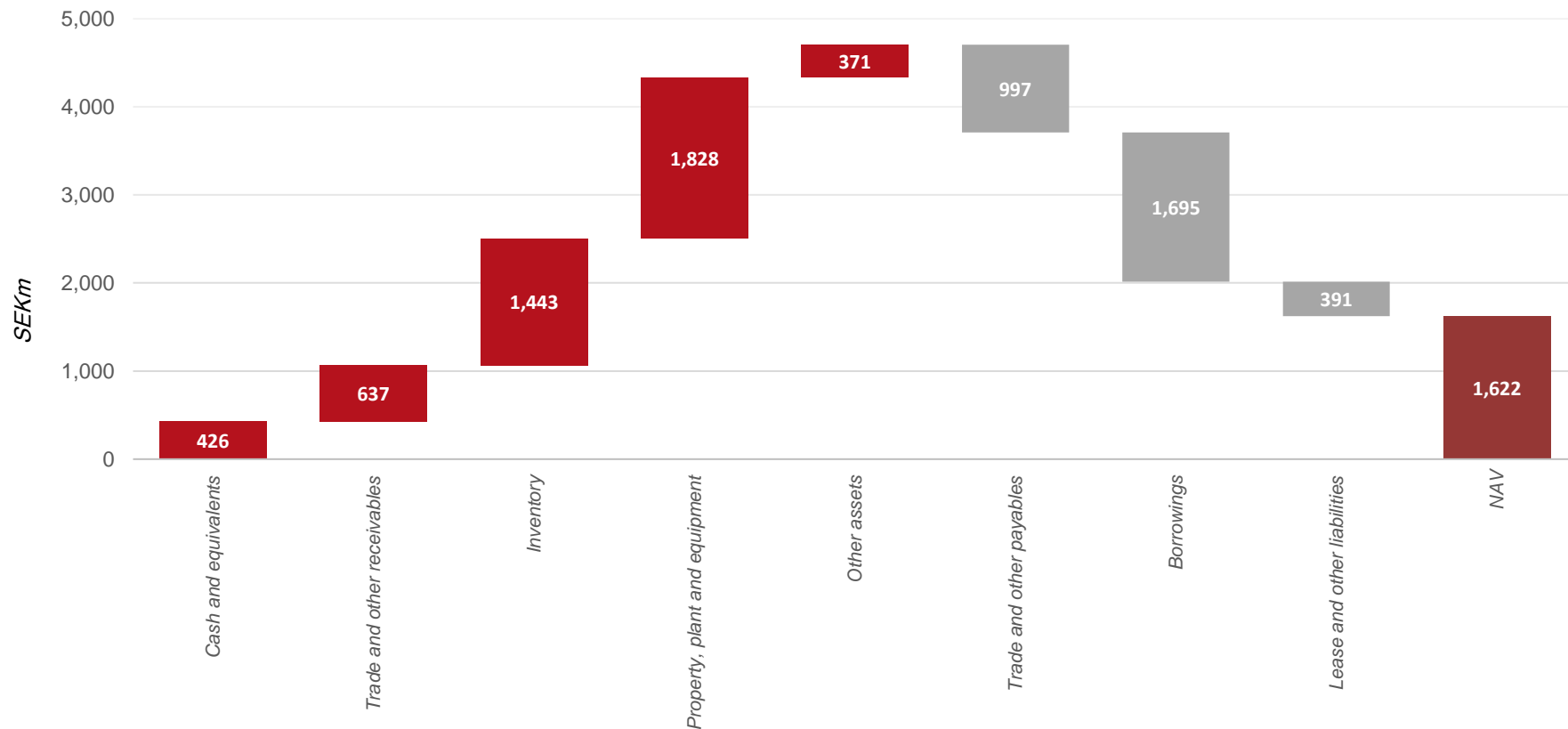
SEK MM	Q4 2022	Q3 2023	US Q4 2023	Q4 2023
<i>FX SEK/EUR</i>	10.93	11.76		11.48
<i>FX SEK/USD</i>	-	-	10.69	10.69
<i>FX SEK/KZT</i>	43.99	42.10		43.73
Property, plant and equipment	560	655	1,201	1,828
Cash and cash equivalents	1,688	950	49	426
Debt	667	497	1,567	1,695
Finance Leases	64	75	15	81
Net debt / (cash)	-957	-378	1,533	1,349
Working capital	215	538	469	1,063
<i>% of Revenue</i>	11%	20%	17%	20%
Shareholders equity	1,873	1,750	20	1,622
Total Assets	3,217	2,819	2,412	4,705
Equity / Assets	58%	62%	1%	34%

- PP&E increased Y-o-Y mainly due to the US business acquisition and addition of rental fleet in the US
- In CA, net working capital increased Q-o-Q from 23% to 24% of LTM revenue
- In Germany, net working capital increased Q-o-Q from 22% to 26% of LTM revenue, as a result of higher inventories
- In US, net working capital stays at 17% of LTM revenue as of 31 December 2023
- Net debt / (cash) decreased SEK 1,728m Q-o-Q to SEK 1,349m, mainly due to US business acquisition
- Equity / assets decreased Q-o-Q from 62% to 34%

Group net debt development Q4 2023



Group NAV Q4 2023



Outlook

After a challenging and transformative 2023, we look forward with confidence to a restart in 2024. We are optimistic about our expansion in USA and the opportunities there. USA is the world's second largest market for construction equipment. Demand is supported by a dynamic economy and extensive support programs for infrastructure investment. The German economy looks weak, and the truck market is expected to decrease in 2024. We have taken steps to adapt our organisation and cost structure to a weaker market. We believe in continued strong demand in the aftermarket business. We are confident that we will emerge stronger from current challenges and remain optimistic about the long-term potential in Germany. Operations in Kazakhstan continue to develop, even if they will constitute an even smaller part of the Group's total operations in the future.



