

Interim report 1 January – 31 March 2023

Milestone reached in Germany

Summary of the first quarter, January – March 2023

- **Group:** 39% revenue growth on strong performance in both operating segments.
- Improvement in operating result to SEK -14m and in operating margin to -2.2%.
- Net income of SEK 7m supported by foreign exchange gains on Group's euro cash position.
- Net cash position of SEK 681m.
- Ferronordic continues to explore new growth opportunities.
- **Germany:** New truck sales in units increased by 8%, while the market in Ferronordic's sales area increased by 10%.
- Revenue increased 30% to SEK 548m, partly due to strong growth in aftermarket sales.
- Higher gross margin on greater aftermarket sales in revenue mix.
- Positive operating result of SEK 5m with an operating margin of 0.8%.
- Further promotion and investment in e-mobility.
- **CIS:** New equipment sales increased by 92% in units while the overall market declined by 35%.
- Revenue increased 138%, supported by strong used equipment and aftermarket sales.
- Higher gross margin on better price realisation.
- Operating profit of SEK 7m and operating margin of 8.7%.
- Further development of organisational structure.

39%

Revenue growth

42%

Operating profit growth

-2.2%

Operating profit margin

122%

Earnings per share increase from continuing operations

Selected key group ratios

SEK m (or as stated)	2023 Q1	2022 Q1	%	FY2022
Revenue	631	455	39%	1,973
Gross profit	85	53	59%	250
Operating profit	-14	-25	42%	247
Result from continuing operations	7	-31	122%	197
Result for the period	7	63	-89%	440
Earnings per ordinary share from continuing operations, SEK ¹	0.46	-2.13	122%	-7.53
Earnings per share, SEK ¹	0.46	4.30	-89%	30.28
Cash flow from operations	-126	-16		215
Net debt (cash)	-681	255		-957
<i>Gross margin, %</i>	13.4%	11.7%	1.7pp	12.7%
<i>Operating margin, %</i>	-2.2%	-5.4%	3.2pp	12.5%
<i>Working capital/LTM Revenue, %</i>	23%	3%	20.0pp	11%
<i>Equity/total assets, %</i>	59%	32%	27.2pp	58%
<i>Return on capital employed, %</i>	11%	31%	-19.9pp	11%
<i>Return on equity, %</i>	26%	35%	-9.2pp	30%

¹ 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 17 and 19.

Positive result in Germany

The first quarter of 2023 marked the start of a new chapter in Ferronordic's history. After the sale of our Russian operations at the end of 2022, we were able to focus entirely on Germany and Kazakhstan, as well as on Ferronordic's next growth opportunities. In Germany, for the first time since the start of operations in 2020, we achieved a positive operating profit for the quarter, mainly thanks to continued growth in our aftermarket business. Three years ago, we took over a loss-making business and set the goal of making it sustainably profitable over time through investments and improvements in the organisation, processes and network. To make this possible, we implemented our strategy to expand our service capacity and thus, our network. Our goal is and was to take a higher market share of the important aftermarket business in the region. Building on the 9 workshops we took over from Volvo in January 2020, we now have a network of 21 facilities. By improving and expanding the service offer, we also aimed at increasing market shares for truck sales – something we have been successful with so far. Furthermore, we have made major changes in the organisation and worked hard to create a culture built on employee engagement, as well as a focus on customer satisfaction and results. The protracted pandemic slowed down the pace of change and work on implementing improvements, but it is gratifying to see that our efforts are now beginning to bear fruit. We are aware of macroeconomic risks but expect a positive operating result also for the full year in Germany.

In Kazakhstan, new and used machine sales doubled compared to the same period last year. Profitability also continued to improve.

During the quarter, we continued to develop our operations in both markets. Our work to promote sustainable transport solutions in Germany leads to increased interest in electric trucks. We hired additional consultants to help our customers switch to electric trucks, e.g. by receiving subsidies from the German state. We also offer electric trucks and charging equipment for rent. In February, we started operations in our new workshop in Peine. In Kazakhstan, we completed work on reorganising our workshops to further increase customer focus. We now have a network of workshops divided into three regions with clear customer responsibility and results. Furthermore, we continued the search for new growth opportunities and analysing various alternatives. Our intention is to use the proceeds from the sale of the Russian business to expand into new markets.

Total revenue for the Group grew by 39% to SEK 631m. The operating result improved by 42% to SEK -14m.

Germany

The German market for heavy trucks increased by 19% during the quarter, mainly as supply improved. Growth in Ferronordic's sales area was lower, at 10%. Our sales of new trucks in units increased in line with the market and we largely maintained our market shares. Our important aftermarket business increased by 33% as a result of organic growth and



"We reached a positive operating result in Germany in the quarter"

acquisitions. We see a steady improvement in operations in our workshops. The gross margin increased to 12%.

Total revenue in Germany grew by 35% to SEK 565m. The operating result improved to SEK 5m.

CIS

The Kazakh market for construction equipment declined by 35% during the quarter. The decrease was driven by wheel loaders, a segment dominated by Chinese equipment, while the market for heavier mining equipment such as excavators and rigid haulers increased. Our sales increased by 92% in units to 23. Our sales of used construction equipment grew by 140%. We are working to further strengthen our offering in Kazakhstan and cooperate with our partners to help our customers find competitive financing. We also see potential for contracting services in Kazakhstan.

Total revenue in Kazakhstan increased by 138% to SEK 83m. The operating result increased by 172% to SEK 7m.

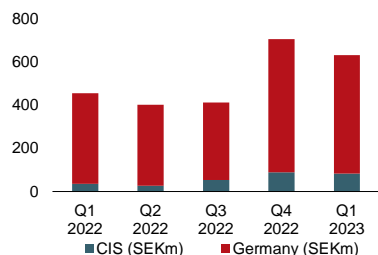
Outlook

In Germany, we continue to see strong demand for service and trucks, despite concerns about a weaker economy. Supply constraints continue to limit market growth. Our sales area is at the heart of Europe's transport business and benefits from commercial activity across industries. We also see a growing interest in electric trucks. Developing this market is a strategic priority for Ferronordic. Our operations in Kazakhstan continue to develop and we actively 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. In a longer perspective, we believe that the underlying conditions and business opportunities in the German and Kazakh markets are strong. Meanwhile, we also continue to analyse new opportunities outside our current markets.

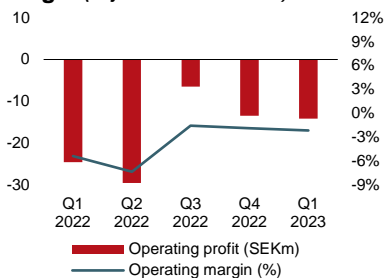
Lars Corneliusson
President and CEO

Group

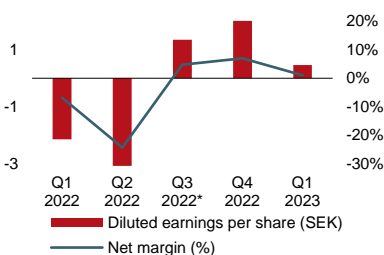
Revenue by segment



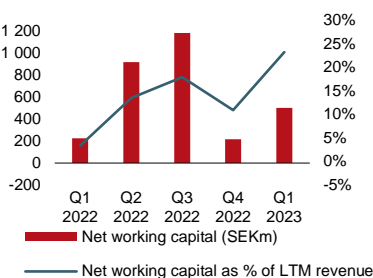
Operating profit and operating margin (adjusted¹ for Q3 2022)



EPS and net margin, (adjusted¹ for Q3 2022)



Net working capital² and % LTM revenue



Revenue

In Q1 2023, the revenue of the Group increased by 39% to SEK 631m (455). Sales of trucks and equipment increased by 42% and aftermarket sales increased by 35%. Other revenue, mainly consisting of rental, increased by 11%.

Gross profit and operating result

In Q1 2023, the gross margin for the Group increased to 13.4% (11.7). As a result of higher revenue and higher gross margin, gross profit increased by 59% to SEK 85m (53).

As a percentage of revenue, selling, general and administrative expenses decreased in Q1 2023 to 15.7% (17.5). The operating result for Q1 2023 increased by 42% to SEK -14m (-25). The operating margin during the quarter increased from -5.4% to -2.2%.

Net income

In Q1 2023, finance costs (net) amounted to SEK -2m (-3). Foreign exchange gains (net) amounted to SEK 23m (-8). The foreign exchange gain was mainly driven by the Group's cash and asset position in EUR. The result before income tax for Q1 2023 increased by 121% to SEK 8m (-36). The result from continuing operations increased by 122% to SEK 7m (-31).

Earnings per share

Basic and diluted earnings from continuing operations per share in Q1 2023 amounted to SEK 0.46 (-2.13).

Cash flows

In Q1 2023, cash flows from operating activities decreased to SEK -126m (-92 from continuing operations). Working capital increased from SEK 215m to SEK 503m, mainly as a result of a decrease in payables. As a percentage of revenue, working capital increased from 10.9% in Q4 2022 to 23.4% in Q1 2023.

Cash flow from investing activities in Q1 2023 amounted to SEK -6m (-64 from continuing operations) and partly reflect net interest income. Other investments in Q1 2023 mainly related to trucks to the Group's rental fleet.

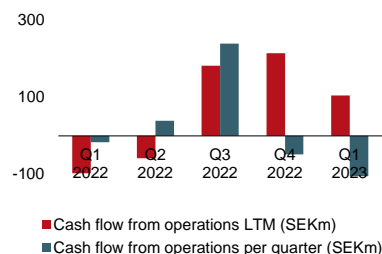
Financial position

On 31 March 2023, cash and cash equivalents amounted to SEK 1,574m, a decrease of SEK 115m compared to the end of 2022. The Company's cash equivalents are mainly held in EUR, USD and SEK on accounts with banks in Sweden and Germany. Expected credit losses from cash and cash equivalents were on 31 March 2023 considered not material and were not accounted for. At the end of Q1 2023, interest-bearing liabilities (including lease liabilities and effects of IFRS-16) amounted to SEK 892m, an increase of SEK 161m compared to the end of 2022. The net cash position of SEK 957m at the end of 2022 decreased to a net cash position of SEK 681m at the end of Q1 2023.

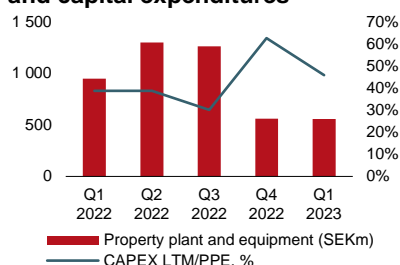
¹ "Adjusted" means excluding the effect of a compensation payment from Volvo of SEK 321m in Q3 2022.

² Balance sheet positions before Q4 2022 include assets and liabilities from the Russian business sold in December 2022.

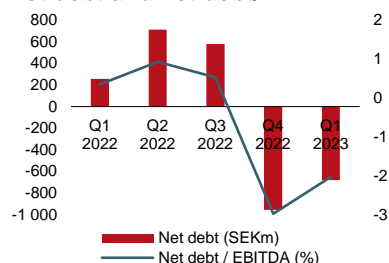
Operating cash flow per quarter and over LTM



Property, plant and equipment and capital expenditures



Net debt and net debt/EBITDA



Currency index last 5 quarters (indexed 1 Jan 2022)



On 31 March 2023, property, plant and equipment (PP&E) amounted to SEK 557m, a decrease of SEK 2m from SEK 560m at the end of 2022, mainly as a result of depreciation and a reduction in the rental fleet.

On 31 March 2023, equity amounted to SEK 1,886m, an increase of SEK 13m compared to the end of 2022. The increase was mainly due to positive result and positive translation differences in equity.

Parent Company

In Q1 2023, the revenue of the Parent Company decreased to SEK 8m (34). Administrative expenses increased to SEK 36m (10), mainly as a result of taking on additional administrative costs from other group companies after the sale of the Group's Russian business. The operating result decreased from SEK -2m in Q1 2022 to SEK -38m in Q1 2023. Foreign exchange gains (net) were SEK 19m (-11), mainly as a result of the Company's cash position in EUR. The result for the quarter increased to SEK -8m (-15).

Foreign exchange rates

The following foreign exchange rates have been used to translate the Q1 2023 (Q1 2022) results to the presentation currency:

- Average rates of SEK/EUR 11.20 (6.8% vs 10.48) have been used to translate the income statements.
- End of period rates of SEK/EUR 11.28 (1.3% vs 11.13) have been used to translate the balance sheet.

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

Employees

At the end of Q1 2023, the number of full-time equivalent employees in the Group was 464 (342), of which 388 (288) related to Germany, 55 (42) to CIS 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 in the transport industry, with a position between suppliers and customers in the value chain, 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.

Events after the reporting period

On 6 April, the Company announced that Jonathan Tubb had decided to leave his appointment as Deputy Group CFO and Member of the Executive Management Team of Ferronordic to pursue other career opportunities. Jonathan remained in his position until the end of April 2023.

Other than as mentioned above, there were no significant event for the Company after the reporting period.

Segments

Ferronordic recognises two separate reportable segments: Germany and CIS (see also note 5 on page 14). In Germany, truck 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 CIS, truck 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.

SEK m (or as stated)	Germany		CIS		Unallocated Group costs ³		Total	
	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022
External revenue	548	420	83	35			631	455
Equipment and truck sales	375	287	68	25			443	312
Aftermarket sales	149	112	15	10			164	122
Other revenue	23	21	0	0			23	21
Gross profit	68	47	17	7			85	53
EBITDA	24	9	8	4			32	13
Operating profit	5	-7	7	3			12	-3
Group costs ³		-3		0	-26	-18	-26	-21
Operating profit	5	-10	7	3	-26	-18	-14	-25
Finance items (net)							22	-11
Profit(loss) before tax							8	-36
Result from continued operations							7	-31
Gross margin, %	12.3%	11.2%	20.4%	18.6%			13.4%	11.7%
Operating margin, %	0.8%	-2.4%	8.7%	9.7%			-2.2%	-5.4%

SEK m	Germany		CIS		Group assets		Intersegment		Total	
	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022	31 Mar 2023	31 Dec 2022
Non-current assets	713	713	8	7	571	469	-569	-465	723	724
Total assets	1,418	1,398	281	248	2,073	2,036	-569	-465	3,203	3,217

Segment share of revenue, Q1 2023



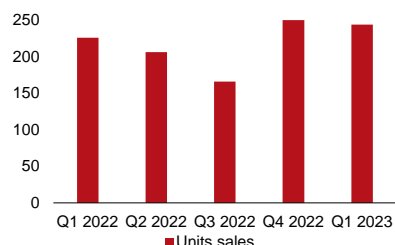
Segment share of total assets, 31 March 2023



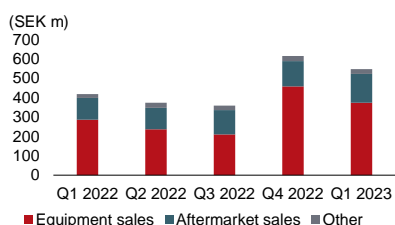
³ Ferronordic has previously reported the result of the operating segments after allocation of Group costs. The Group costs are now reported separately. In Q1 2022 and Q4 2022, the Group costs allocated to Germany were SEK 3m and SEK 2m respectively.

Germany

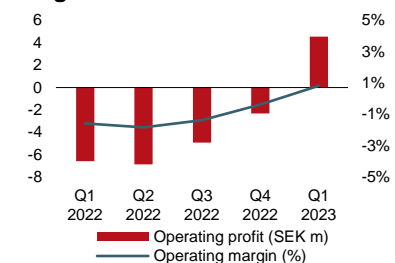
Unit sales



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 19% in Q1 2023, mainly as supply improved. Rigid trucks declined by 11% while tractors grew by 24%. Despite lingering concerns about the economy, the market remains firm and the IFO business climate index continued higher in the quarter. However, inflation remains elevated, and the ECB increased its key rate by 50bps during the quarter and 25bps after the quarter. New trucks registered in Ferronordic's sales area increased by 10% and represented 17% of the total German market. Ferronordic's new truck sales in units increased by 8% to 244 units. Used trucks sales grew 21% in units, but pricing was tighter as greater supply exerted pressure on margins. Aftermarket sales grew by 33% due to a combination of organic growth and acquisitions. In the quarter, we launched operations at our new workshop in Peine. We also had an opening ceremony with partners and customers at our new service and sales hub in Hannover. Our rental business was relatively stable. During the quarter we worked on optimising our rental fleet and business portfolio. Ferronordic continues to work closely with its partners and customers to promote electric trucks and develop sustainable transport solutions.

Revenue and operating result

Total revenue in Germany increased by 30% (22% in EUR) to SEK 548m (420) in Q1 2023. Truck sales increased by 31%. Aftermarket sales increased by 33%, of which approx. 16% was organic growth. As a result of strong growth, aftermarket sales increased by 1pp as a share of revenue to 27%. The gross margin increased to 12.3% (11.2%).

Selling, general and administrative expenses increased by 17% to SEK 65m. The operating margin increased to 0.8% (-1.6). The operating result increased to SEK 5m (-7, or -10 including Group allocations⁴).

Cash flows and balance sheet

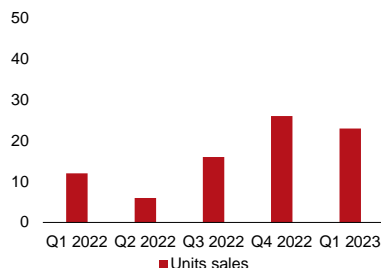
Cash flow from operating activities were negative at SEK -84m (-14), mainly as a result of higher working capital. As a percentage of revenue, working capital increased to 27% at the end of Q1 2023 from 17% at the end of Q4 2022, mainly as a result of lower payables. Investments of SEK 2m mainly related to property, plant and equipment.

	2023 Q1	2022 Q1	% change	2022 FY
New units	244	226	8%	992
Used units	86	71	21%	211
Revenue, SEK m	548	420	30%	1,770
Gross profit, SEK m	68	47	44%	214
Operating profit, SEK m ⁴	5	-7	169%	-21
Gross margin, %	12.3%	11.2%		12.1%
Operating margin, %	0.8%	-1.6%		-1.2%
Working capital/LTM Revenue, %	27%	12%		17%

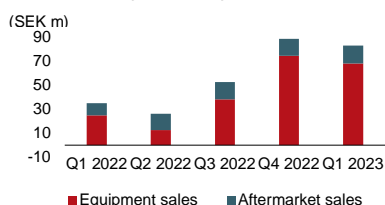
⁴ Ferronordic has previously reported the result of the operating segments after allocation of Group costs. The Group costs are now reported separately. In Q1 2022 and Q4 2022, the Group costs allocated to Germany were SEK 3m and SEK 2m respectively. Including the Group costs, the German operating result for Q1 2022 was SEK -10m. In full year 2022, Group costs allocated to Germany were SEK 11.2m.

CIS

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 expanded by 4.9% in Q1 2023. In 2023, 170 new industrial investment projects worth USD 2.2bn are expected to be launched in the economy. The government also plans to start 873 investment projects worth USD 62.2bn over a longer period. In Q1 2023, the Kazakh market for construction equipment declined by 35%. The decrease was however mainly driven by wheel loaders, a segment dominated by Chinese manufacturers. The market for heavier equipment, such as excavators and rigid haulers, increased. Ferronordic's sales of new machines in units increased by 92% to 23. Sales increased in wheeled excavators and road construction equipment. In 2022, Ferronordic opened a workshop in Astana with special focus on the road construction segment. Our sales of used construction equipment grew by 140%. Average prices of both new and used equipment were higher due to product mix. Our contracting services team continues to explore potential project work in Kazakhstan. We see long-term potential for contracting services in Kazakhstan.

Revenue and operating result

Total revenue in CIS increased by 138% (113% in local currency) to SEK 83m (35). Equipment sales increased by 173%, while aftermarket sales increased by 51%. The gross margin increased to 20.4% (18.6%), mainly on improved pricing. Gross profit increased to SEK 17m (7).

Selling, general and administrative expenses increased by 175%, mainly as a result of Kazakhstan taking on new personnel after the Russian business was sold. As a percentage of revenue, these expenses amounted to 9.9% (8.6). The operating margin increased to 8,7% (9.7) and the operating result increased to SEK 7m (3).

Cash flows and balance sheet

Cash flows from operating activities increased to SEK -16m (-17), partly due to lower working capital. Working capital amounted to SEK 43m at the end of Q1 2023, compared to SEK -6m at the end of Q4 2022. As a percentage of revenue, working capital increased from -3% at the end of Q4 2022 to 17% at the end of Q1 2023.

	2023 Q1	2022 Q1	% change	2022 FY
New units	23	12	92%	60
Used units	12	5	140%	24
Revenue, SEK m	83	35	138%	203
Gross profit, SEK m	17	7	161%	36
Operating profit, SEK m	7	3	113%	16
Gross margin, %	20.4%	18.6%		17.8%
Operating margin, %	8,7%	9.7%		7.6%
Working capital/LTM Revenue, %	17%	1%		-3%

Condensed consolidated statement of comprehensive income

SEK m	Q1 2023	Q1 2022	Full year 2022
Continuing operations			
Revenue	631	455	1,973
Cost of sales	-546	-401	-1,723
Gross profit	85	53	250
Selling expenses	-42	-30	-140
General and administrative expenses	-57	-50	-194
Other income	0	2	337
Other expenses	0	0	-6
Operating profit	-14	-25	247
Finance income	5	0	2
Finance costs	-7	-3	-19
Foreign exchange gains/(-losses) (net)	23	-8	42
Result before income tax	8	-36	272
Income tax	-1	4	-75
Result from continuing operations	7	-31	197
Discontinued operations			
Result from discontinued operations	-	94	243
Result for the period	7	63	440
Other comprehensive result			
<i>Items that are or may be reclassified to profit or loss:</i>			
Foreign currency translation differences for foreign operations	6	-77	322
Other comprehensive result for the period, net of tax	6	-77	322
Total comprehensive result for the period	13	-15	762
Earnings per share			
Basic and diluted earnings per share (SEK)	0.46	4.30	30.28
Basic and diluted earnings per share from continuing operations (SEK)	0.46	-2.13	-7.53

Condensed consolidated statement of financial position

SEK m	31 Mar 2023	31 Dec 2022	31 Mar 2022
ASSETS			
Non-current assets			
Property, plant and equipment	557	560	950
Intangible assets	86	85	81
Deferred tax assets	80	78	121
Total non-current assets	723	724	1,152
Current assets			
Inventories	534	460	1,112
Trade and other receivables	365	344	517
Prepayments	7	1	53
Cash and cash equivalents	1,574	1,688	593
Total current assets	2,480	2,493	2,277
TOTAL ASSETS	3,203	3,217	3,428
EQUITY AND LIABILITIES			
Equity			
Share capital	1	1	1
Additional paid in capital	630	630	620
Translation reserve	19	13	-386
Retained earnings	1,229	789	789
Result for the period	7	440	63
TOTAL EQUITY	1,886	1,873	1,086
Non-current liabilities			
Borrowings	416	393	427
Deferred income	21	22	31
Deferred tax liabilities	0	1	5
Long-term lease liabilities	38	43	88
Total non-current liabilities	476	459	550
Current liabilities			
Borrowings	418	274	292
Trade and other payables	392	573	1,392
Deferred income	12	16	15
Provisions	0	1	51
Short-term lease liabilities	20	21	42
Total current liabilities	842	884	1,792
TOTAL LIABILITIES	1,317	1,344	2,342
TOTAL EQUITY AND LIABILITIES	3,203	3,217	3,428

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	7	7
Other comprehensive result					
Foreign exchange differences	0	0	6	0	6
Total comprehensive result for the period	0	0	6	7	13
Contribution by and distribution to owners					
Total contributions and distributions	0	0	0	0	0
Balance 31 March 2023	1	630	19	1,236	1,886

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	63	63
Other comprehensive result					
Foreign exchange differences	0	0	-77	0	-77
Total comprehensive result for the period	0	0	-77	63	-15
Contribution by and distribution to owners					
Total contributions and distributions	0	0	0	0	0
Balance 31 March 2022	1	620	-386	852	1,086

Condensed consolidated statement of cash flows

SEK m	Q1 2023	Q1 2022
Cash flows from operating activities		
Result before income tax from continuing operations	8	-36
Result before income tax from discontinued operations	0	118
Adjustments for:		
Depreciation and amortisation	21	57
(Gain)/loss from impairment of receivables	-1	20
Profit on disposal of property, plant and equipment	0	0
Finance costs	7	13
Finance income	-5	-6
Foreign exchange losses/(gains) (net)	-23	20
Cash flows from operating activities before changes in working capital and provisions	6	186
Change in inventories	-69	210
Change in trade and other receivables	-12	9
Change in prepayments	-6	-11
Change in trade and other payables	-32	-375
Change in provisions	-1	16
Change in deferred income	-5	-3
Cash flows from operating activities before interest and tax paid	-119	32
Income tax paid	-4	-35
Interest paid	-3	-13
Cash flows from operating activities	-126	-16
<i>of which from discontinued operations</i>	<i>-</i>	<i>76</i>
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	0	0
Interest received	5	6
Acquisition of property, plant and equipment	-11	-99
Acquisition of intangible assets	0	0
Cash flows from investing activities	-6	-93
<i>of which from discontinued operations</i>	<i>-</i>	<i>-29</i>
Cash flows from financing activities		
Proceeds from borrowings	12	24
Repayment of loans	0	-68
Leasing financing paid	-7	-25
Warrant issue	0	0
Cash flows from financing activities	5	-70
<i>of which from discontinued operations</i>	<i>-</i>	<i>-10</i>
Net change in cash and cash equivalents	-127	-179
<i>of which from discontinued operations</i>	<i>-</i>	<i>37</i>
Cash and cash equivalents at start of the period	1,688	768
Effect of exchange rate fluctuations on cash and cash equivalents	12	4
Cash and cash equivalents at end of the period	1,574	593

Parent company income statement

SEK m	Q1 2023	Q1 2022	Full year 2022
Revenue	8	34	84
Cost of sales	-4	-25	-68
Gross profit	4	9	16
Administrative expenses	-36	-10	-57
Other income	0	0	330
Other costs	-6	0	-28
Operating profit	-38	-2	261
Finance income	12	1	1,313
Finance costs	-1	-3	-26
Foreign exchange gains/(-losses) (net)	19	-11	58
Result before income tax	-8	-15	1,607
Income tax	0	0	-63
Result for the period	-8	-15	1,544

Parent company balance sheet

SEK m	31 Mar 2023	31 Dec 2022	31 Mar 2022
ASSETS			
Non-current assets			
Property, plant and equipment	0	0	0
Intangible assets	0	0	0
Financial assets			
Holdings in group companies	35	35	175
Loans to group companies	0	0	260
Deferred tax assets	0	0	20
Total financial assets	35	35	455
Total non-current assets	36	36	456
Current assets			
Trade and other receivables	44	77	61
Prepayments	0	0	1
Loans to group companies	592	490	0
Cash and cash equivalents	1,466	1,543	230
Total current assets	2,102	2,111	292
TOTAL ASSETS	2,138	2,146	747
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1	1	1
Unrestricted equity	0	0	0
Share premium reserve	640	640	630
Retained earnings	1,417	-128	-128
Result for the period	-8	1,544	-15
TOTAL EQUITY	2,050	2,058	489
Non-current liabilities			
Borrowings	0	0	0
Total non-current liabilities	0	0	0
Current liabilities			
Borrowings	0	0	163
Trade and other payables	87	89	96
Total current liabilities	87	89	258
TOTAL LIABILITIES	87	89	258
TOTAL EQUITY AND LIABILITIES	2,138	2,146	747

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 2022 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 CIS. 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 *CIS*. Germany and CIS 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. CIS (the Commonwealth of Independent States), 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. To show the underlying performance of the operating segments, Ferronordic also shows unallocated Group costs and assets separately. These are costs that are incurred and assets that are held for the benefit of the Group as a whole.

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. 4).

Result for the period, SEK m

	2023 Q1	2022 Q1
Result attributable to shareholders, SEK m	7	63
Average number of shares during the period before dilution, thousand	14,532	14,532
Earnings per share before dilution, SEK	0.46	4.30
Dilution effect	0	0
Average number of ordinary shares during the period after dilution, thousand	14,532	14,532
Earnings per ordinary share after dilution, SEK	0.46	4.30

	2023 Q1	2022 Q1
Result from continuing operations, SEK m	7	-31
Average number of shares during the period before dilution, thousand	14,532	14,532
Earnings per share from continuing operations before dilution, SEK	0.46	-2.13
Dilution effect	0	0
Average number of ordinary shares during the period after dilution, thousand	14,532	14,532
Earnings per ordinary share from continuing operations after dilution, SEK	0.46	-2.13

Signatures

The Board of Directors and the Managing Director declare that the report for the first 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, 11 May 2023

Staffan Jufors
Chairman

Aurore Belfrage
Director

Annette Brodin Rampe
Director

Niklas Florén
Director

Lars Corneliusson
Director and CEO

Håkan Eriksson
Director

This report has not 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 January 2021– 31 March 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

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
SEK m (or as stated)									
Revenue	291	380	365	475	455	402	412	705	631
Gross profit	36	38	43	57	53	43	57	97	85
Gross margin, %	12.3%	10.1%	11.8%	12.0%	11.7%	10.6%	13.9%	13.8%	13.4%
Operating profit	-27	-22	-37	-25	-25	-30	315	-13	-14
Operating margin, %	-9.3%	-5.7%	-10.2%	-5.4%	-5.4%	-7.4%	76.3%	-1.9%	-2.2%
Result from continuing operations	-28	-29	-31	-21	-31	-97	276	49	7
Result for the period	56	86	108	88	63	32	366	-21	7
Result per ordinary share, SEK	3.85	5.94	7.48	6.06	4.30	2.20	25.20	-1.42	0.46
Working capital/LTM Revenue, %	4%	3%	0%	2%	3%	14%	18%	11%	23%
Cash flow from operations,	179	91	120	327	-16	39	240	-48	-126
Equity/total assets, %	28%	25%	27%	28%	32%	37%	42%	58%	59%
Return on equity, LTM%	31%	30%	31%	36%	35%	22%	35%	30%	26%
Return on capital employed, LTM%	21%	23%	27%	29%	31%	23%	31%	11%	11%

Germany

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
SEK m (or as stated)									
Revenue	260	336	327	445	420	375	359	616	548
Gross profit	30	32	34	53	47	36	49	82	68
Gross margin, %	11.6%	9.6%	10.4%	11.8%	11.2%	9.7%	13.5%	13.4%	12.3%
Operating profit	-14	-13	-32	-12	-7	-7	-5	-2	5
Operating margin, %	-5.3%	-3.8%	-9.6%	-2.8%	-1.6%	-1.8%	-1.4%	-0.4%	0.8%
Working capital/LTM Revenue, %	11%	14%	6%	6%	12%	15%	17%	17%	27%

CIS

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022	Q2 2022	Q3 2022	Q4 2022	Q1 2023
SEK m (or as stated)									
Revenue	31	45	38	30	35	26	53	89	83
Gross profit	6	6	9	4	7	6	9	15	17
Gross margin, %	17.8%	13.6%	23.4%	15.0%	18.6%	23.5%	16.7%	16.5%	20.4%
Operating profit	3	4	7	-1	3	2	4	5	7
Operating margin, %	9.6%	8.2%	17.6%	-1.8%	9.7%	9.2%	8.0%	6.1%	8.7%
Working capital/LTM Revenue, %	2%	0%	-2%	1%	1%	13%	18%	-42%	-5%

Net debt

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEK m	2021	2021	2021	2021	2022	2022	2022	2022	2023
Long term borrowings	385	499	449	490	427	515	340	393	416
Long term lease liabilities	62	63	49	97	88	124	111	43	38
Short term borrowings	101	159	261	317	292	673	989	274	418
Short term lease liabilities	85	75	63	62	42	59	78	21	20
Total interest bearing liabilities	632	796	822	966	848	1,370	1,518	731	892
Cash & cash equivalents	665	653	897	768	593	658	939	1,688	1,574
Net debt / (cash)	-33	143	-75	198	255	712	579	-957	-681
Net debt / EBITDA (times)	-0.1	0.3	-0.1	0.3	0.3	0.9	0.5	-3.0	-2.0

Working capital

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEK m	2021	2021	2021	2021	2022	2022	2022	2022	2023
Inventory	1,241	1,342	1,280	1,432	1,112	1,346	1,326	460	534
Trade and other receivables	537	588	566	535	517	993	856	344	365
Prepayments	52	51	41	46	53	116	243	1	7
Trade and other payables	1,611	1,805	1,855	1,809	1,392	1,415	1,117	573	392
Deferred income	18	18	25	28	15	36	33	16	12
Provisions	18	18	34	39	51	86	92	1	0
Working capital	183	140	-26	137	225	917	1,184	215	503
Revenue LTM	4,783	5,170	5,702	6,212	6,690	6,791	6,610	1,973	2,149
Working capital / Revenue (%)	4%	3%	0%	2%	3%	14%	18%	11%	23%

Capital employed

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEK m	2021	2021	2021	2021	2022	2022	2022	2022	2023
Long term interest bearing liabilities	447	561	498	587	515	638	451	436	455
Short term interest bearing liabilities	186	234	324	379	334	732	1,067	295	438
Shareholder equity	888	890	1,028	1,101	1,086	1,739	2,108	1,873	1,886
Capital employed	1,520	1,686	1,850	2,067	1,935	3,109	3,626	2,604	2,778
Average capital employed	1,736	1,766	1,660	1,729	1,727	2,397	2,738	2,336	2,356
EBIT	357	396	436	483	511	514	818	247	257
Interest income	13	11	16	23	27	30	28	2	7
Result LTM	370	407	453	506	538	544	846	249	265
Return on capital employed (%)	21%	23%	27%	29%	31%	23%	31%	11%	11%

Return on equity

	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
SEK m	2021	2021	2021	2021	2022	2022	2022	2022	2023
Shareholder equity	888	890	1,028	1,101	1,086	1,739	2,108	1,873	1,886
Average equity	835	887	938	954	987	1,315	1,568	1,487	1,486
Net result LTM	257	267	295	339	346	291	549	440	384
Return on equity (%)	31%	30%	31%	36%	35%	22%	35%	30%	26%

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
CIS	Commonwealth of Independent States
EUR	Euro
FY	Full year
IFRS	International Financial Reporting Standards
Q1, Q2, Q3, Q4 2022	First, second, third and fourth quarter 2021
RUB	Russian rubles
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 11 May 2023, 07:30 CET.

Financial calendar

Interim report January-June 2023 – 17 August
Interim report January-September 2023 – 16 November
Year end report January-December 2023 – 22 February 2024

Conference call

A presentation for investors, analysts and media will be held on 11 May 2023 at 10:00 CET.

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=200753>

If you wish to participate via webcast, please use the link below.
<https://ir.financialhearings.com/ferronordic-q1-2023>

After the presentation, a recording will be available at the same web page.

Contacts

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