

Interim report 1 January – 30 September 2021

Best quarter to date

Summary of the third quarter, July–September 2021

- **Group:** 47% revenue growth as demand remains strong.
- 8.9% operating margin supports best operating result to date.
- 34% growth in earnings per share.
- Strong operating cash flows as working capital remains low.
- Robust balance sheet with net cash position.
- **Russia/CIS:** Equipment sales in units increased by 5% as market grew by 40%.
- 48% revenue growth, mainly due to machine product mix with higher average price and growth in contracting services.
- Strong operating margin boosted by contracting services and operating efficiency.
- **Germany:** Trucks sales in units increased by 25% in a declining market.
- 45% revenue growth supported by used trucks sales and robust aftermarket.
- Operating result negatively impacted by restructuring costs.
- Continued investments in organisation and network development.

47%

Revenue growth

37%

Operating profit growth

8.9%

Operating profit margin

34%

Earnings per share growth

Selected key group ratios

SEK m (or as stated)	2021	2020	%	2021	2020	%	2020
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		Full year
Revenue	1,661	1,129	47%	4,517	3,450	31%	4,635
Gross profit	324	221	46%	825	610	35%	797
Operating profit	147	107	37%	371	263	41%	328
Result for the period	109	81	34%	251	177	41%	222
Result per ordinary share, SEK*	7.48	5.57	34%	17.27	12.21	41%	15.25
Cash flow from operations	327	100		538	514		693
Net debt (cash)	-75	83		-75	83		-20
<i>Gross margin, %</i>	19.5%	19.6%	-0.1pp	18.3%	17.7%	0.6pp	17.2%
<i>Operating margin, %</i>	8.9%	9.5%	-0.6pp	8.2%	7.6%	0.6pp	7.1%
<i>Working capital/LTM Revenue, %</i>	0%	8%	-8.1pp	0%	8%	-8.1pp	5%
<i>Equity/total assets, %</i>	27%	33%	-6.1pp	27%	33%	-6.1pp	31%
<i>Return on capital employed, %</i>	27%	25%	2.0pp	27%	25%	2.0pp	20%
<i>Return on equity, %</i>	48%	44%	4.6pp	48%	44%	4.6pp	40%

*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.

A record result

In the third quarter of 2021, Ferronordic achieved another record result thanks to great efforts from our whole organisation. Sales of new and used machines and trucks grew as demand remained strong and despite growing supply constraints in our markets. The aftermarket sales performed well throughout our networks and contracting services continued to grow.

Group

Total revenue for the Group grew by 47% to SEK 1,661m. Thanks to a record operating profit in Russia/CIS, the Group posted its best operating profit to date at SEK 147m and an operating margin of 8.9%. Working capital remained low, partly as demand outpaced limited supply. Cash flow from operating activities was strong and contributed to the Group moving back to a net cash position.

At our headquarters in Stockholm, we introduced a new position of Head of Sustainability and ESG to coordinate our work towards a sustainable future.

In October, we took steps towards promoting electromobility. In Russia, two Volvo compact electric wheel loaders were imported for marketing. In Germany, we showcased and offered test drives of Volvo and Renault electric trucks. We are excited about the opportunities and strategic importance of this technology.

Russia/CIS

In Russia/CIS, the market for construction equipment remained strong as commodity prices grew and infrastructure investments continued. Machine fleet renewal and expansion is a prerequisite for the successful implementation of major projects in different sectors of the Russian and Kazakh economies. Against the backdrop of growing industrial activity, customer machine utilisation also increased during the quarter. This, combined with further development of our digital service platform and great team efforts, contributed to strong growth of our aftermarket sales. In contracting services, we continued to develop our project in Norilsk. We completed work at one project in Northwest and redeployed the equipment to one of Severstal's iron ore sites in Russian Karelia. In October, we announced the expansion of our partnership with Sandvik. In addition to our current cooperation on Sandvik mobile crushers and screens in Russia, we will also become the distributor of the bigger and more complex stationary crushers and screens for the construction industry in all of Russia and for mining in most of Russia. We see great potential for these products and in the further development of our cooperation with Sandvik.

In total, revenue in Russia/CIS grew by 48% in SEK. The operating margin was supported by further growth of contracting services and strong aftermarket sales. As a result, Russia/CIS achieved a record operating result for a single quarter.



Thanks to a record operating profit in Russia/CIS, the Group posted its best operating profit to date.

Germany

The German market for heavy trucks was largely flat as supply could not keep pace with the growing demand. In our sales area, the market declined by 13% while our new trucks sales increased by 25% in units and we gained further market shares. Our used trucks business, launched at the end of 2020, continued to grow and made a good contribution in a tight trucks market. Aftermarket sales continued to improve, both as a result of our workshop acquisitions and through organic growth. During the third quarter, we accelerated efforts to restructure and improve our organisation. Mainly as a result of one-off redundancy costs related to this, and despite a better gross profit, our operating result and margin decreased compared to last year and previous quarter. We continue to build a customer centric platform and develop our network. In the third quarter, we also started construction of our new service and sales hub for the Hannover region. In September, we announced the acquisition of a workshop in Bergstrasse. We continue to implement our strategy and are confident that it will drive results.

Total revenue in Germany grew by 45% but the operating result decreased to SEK -32m.

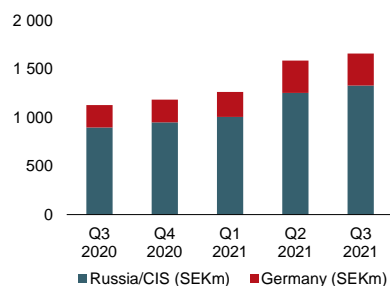
Outlook

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.

Lars Corneliusson
President and CEO

Group

Revenue by segment



Revenue

In Q3 2021, the revenue of the Group increased by 47% to SEK 1,661m (1,129). Sales of equipment and trucks increased by 48% and aftermarket sales increased by 26%. Revenue from contracting services increased by 107%. Other revenue, mainly consisting of trucks rental and passenger car sales in Germany, declined by 8%.

In 9M 2021, the Group revenue increased by 31% to SEK 4,517m (3,540). The sales of equipment and trucks increased by 30%, aftermarket sales increased by 16% and contracting services sales increased by 83%.

Gross profit and operating result

In Q3 2021, the gross margin for the Group was unchanged at 19.5% (19.6%). As a result of a stable margin on higher revenue, gross profit in Q3 2021 increased by 46% to SEK 324m (221).

As percentage of revenue, selling, general and administrative expenses decreased in Q3 2021 to 10.1% (10.3). The operating result for Q3 2021 increased by 37% to SEK 147m (107). The operating margin during the quarter decreased from 9.5% to 8.9%.

In 9M 2021, the gross margin increased to 18.3% (17.7). As a result of higher margin on higher revenue, gross profit increased by 35% to SEK 825m (610).

As a percentage of revenue, selling, general and administrative expenses decreased in 9M 2021 to 9.8% (10.4). The operating result for 9M 2021 increased by 41% to SEK 371m (263). The operating margin increased from 7.6% to 8.2%.

Operating profit and operating margin

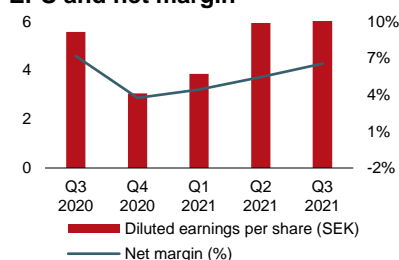


Net income

In Q3 2021, despite lower net debt and mainly due to higher interest rates, finance costs (net) increased to SEK 13m (9). Foreign exchange losses (net) amounted to SEK 1m (-1). As a result of the higher operating profit, the result before income tax for Q3 2021 increased by 38% to SEK 135m (98). The result for Q3 2021 increased by 34% to SEK 109m (81).

In 9M 2021, finance costs (net) decreased to SEK 30m (41) mainly as a result of lower net debt. Foreign exchange losses (net) were SEK 7m (2). The result before income tax increased by 52% to SEK 334m (219). Taxes were higher, partly due to withholding taxes on internal group dividends in the period. The result for 9M 2021 increased by 41% to SEK 251m (177).

EPS and net margin



Earnings per share

Basic earnings per share in Q3 2021 amounted to SEK 7.48 (5.57). Diluted earnings per share in Q3 2021 amounted to SEK 7.46 (5.57).

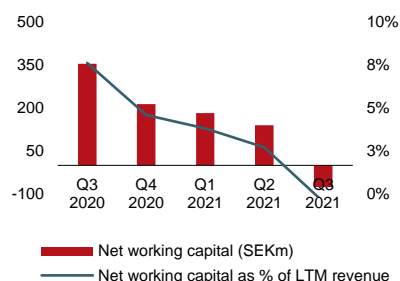
Basic earnings per share in 9M 2021 amounted to SEK 17.27 (12.21). Diluted earnings per share in 9M 2021 amounted to SEK 17.25 (12.21).

Cash flows

In Q3 2021, cash flows from operating activities increased to SEK 327m (100). The positive cash flows were partly a result of a decrease in working capital from SEK 140m to SEK -26m, or from 3% to 0% of revenue in Q3 2021. This is below the historical average, as well as the lower end of an expected working capital range from 5% to 15% of revenue.

Strong cash flows from operating activities in Q3 2021 were supported by lower income tax paid but partly offset by higher interest paid.

Net working capital and % LTM revenue



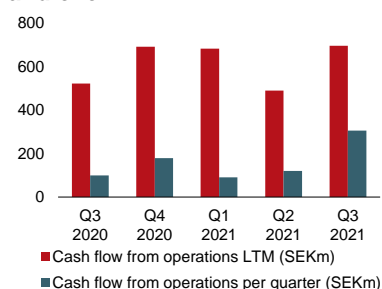
Cash flow from investing activities in Q3 2021 amounted to SEK -80m (-5). The main investments in Q3 2021 related to acquisition of machines in contracting services. Interest received in Q3 2021 was higher compared to Q3 2020, partly due to a higher average cash position, currency mix and higher deposit rates.

In 9M 2021, cash flows from operating activities increased to SEK 538m (514). The decrease in working capital in 9M 2021 was mainly a result of higher payables as inventories and receivables also grew compared to year end 2020. Cash flows from investing activities during 9M 2021 amounted to SEK -248m (-32). The increase was mainly related to acquisitions of business and assets in Germany but also relate to additions of machines to the Group's contracting services business.

Financial position

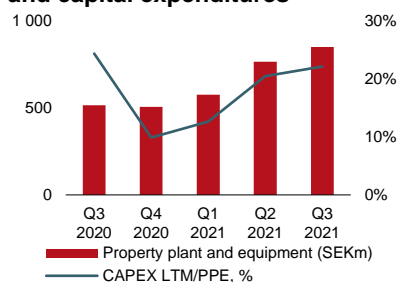
On 30 September, cash and cash equivalents amounted to SEK 897m, an increase of SEK 294m compared to the end of 2020. The higher cash balance mainly reflected positive cash flows from operating activities, outflows from investing activities, increased borrowings and dividend payment. At the end of Q3 2021, interest-bearing liabilities (including lease liabilities and effects of IFRS-16) amounted to SEK 822m, an increase of SEK 239m compared to the end of 2020, mainly due to new borrowings from VFS in Russia/CIS and debt funding of acquisitions in Germany. The net cash position of SEK 20m at the end of 2020 increased to net cash of SEK 75m at the end of Q3 2021.

Operating cash flow per quarter and over LTM



On 30 September, property, plant and equipment (PP&E) amounted to SEK 850m, an increase of SEK 84m from SEK 766m at the end of 2020, partly due to business acquisitions in Germany and partly due to additions of machines in contracting services in Russia/CIS. During Q3 2021, construction equipment in contracting services increased by SEK 48m. For the purposes of the Group's cash flow statement, these increases were treated as non-cash transactions, as the machines were transferred from inventory to property, plant and equipment. The increase in fixed assets was partially offset by depreciation of SEK 54m.

Property, plant and equipment and capital expenditures



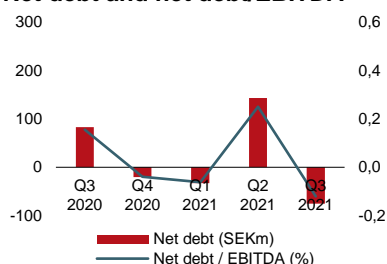
On 30 September, equity amounted to SEK 1,028m, an increase of SEK 221m compared to the end of 2020. The increase was mainly due to the positive result and partly offset by a SEK 109m dividend payment in Q2 2021. Equity was also supported by positive foreign exchange differences in the amount of SEK 74m, reflecting an appreciation of the RUB against the SEK of 9% and an appreciation of the EUR against the SEK of 2% respectively compared to the end of Q4 2020.

Parent company

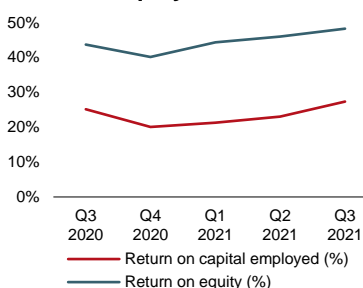
In Q3 2021, the revenue of the parent company increased to SEK 41m (24), mainly due to higher intragroup sales of machines from the parent company to its subsidiaries. Administrative expenses increased by 62% to SEK 8m (5), mainly as a result of higher professional services and staff remuneration. The operating result decreased from SEK 0m in Q3 2020 to SEK -1m in Q3 2021. The result for the quarter increased to SEK 1m (-4).

In 9M 2021, the revenue of the parent company increased to SEK 136m (97), mainly due to higher intragroup sales of machines from the parent company to its subsidiaries. Administrative expenses increased to SEK 28m (18), mainly as a result of professional services, travel and taxes and staff changes. The result amounted to SEK 273m (-9), mainly due to finance income received from the Russian subsidiaries.

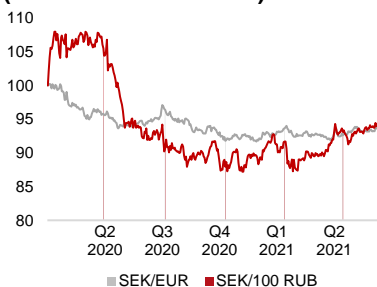
Net debt and net debt/EBITDA



Return on capital employed and return on equity



Currency index last 5 quarters (indexed 30 June 2020)



Foreign exchange rates

The following foreign exchange rates have been used to translate the Q3 2021 (Q3 2020) results to the presentation currency:

- Average rates of RUB/SEK 8.50 (+2% vs 8.29) and SEK/EUR 10.20 (-2% vs 10.36) have been used to translate the income statements
- End of period rates of RUB/SEK 8.27 (-6% vs 8.76) and SEK/EUR 10.20 (-3% vs 10.54) have been used to translate the balance sheet.

The Kazakh tenge has a minor impact on the financial statements and tend to correlate closely with the Russian ruble. The Group also has minor exposure to movements in US dollars and British pounds.

Employees

At the end of Q3 2021, the number of full-time equivalent employees in the Group was 1,789, of which 1,495 related to Russia/CIS, 282 to Germany and 12 occupied group functions.

At the end of Q3 2020, the number of full-time equivalent employees was 1,387, of which 1,116 related to Russia/CIS, 259 to Germany and 12 occupied group functions.

Sustainability

Ferronordic is committed to a responsible business model and to drive sustainable development throughout the value chain. In Q3 2021, a new position of Head of Sustainability and ESG was created and appointed in Ferronordic. The role was established to further increase focus on the opportunities for Ferronordic to contribute to a sustainable future and on identifying the risks and prospects from climate change and shifting regulatory frameworks. The Head of Sustainability and ESG will also work to meet increasing internal and external expectations and requirements.

Risks and uncertainties

As described in the 2020 annual report, Ferronordic is exposed to a number of risks. Some of these risks intensified as a result of the outbreak and spread of Covid-19. Lack of semi-conductors and key components have disrupted supply chains and decreased visibility on future machine and trucks availability. In January 2021, the Russian Ministry of Industry and Trade proposed an increase of the so-called utilisation or scrapping fee. This charge is levied in a fixed amount and depends on the type of machine. As a percent, the fee therefore affects lower price machines more. At this point in time it is not clear if the fee will be increased and, in such case, by how much, when and on what machines. There have been no other significant changes to what was stated in the 2020 annual report. The parent company is indirectly subject to the same risks and uncertainties as the Group.

Events after end of period

On 29 September 2021, Ferronordic announced that it had signed an agreement to acquire Truckservice Bergstrasse GmbH & Co KG, an authorised Volvo and Renault Trucks workshop in Lorsch, Hessen. The acquisition is in line with Ferronordic's strategy to expand and improve its service network in Germany. In 2019 and 2020, Bergstrasse had an average revenue of approx. EUR 7.0m (SEK 71m, based on the exchange rate on 29 September) with an average operating profit of approx. EUR 0.7m (SEK 7m). Excluding the two managing directors, who are also the sellers and expected to leave after the acquisition, Bergstrasse has 23 employees. The investment amounts to EUR 4.0m (SEK* 41m). The real estate where the workshop is located is not included in the acquisition but will be leased for a period of at least five years. The transaction was completed in October 2021.

Segments

Ferronordic recognises two separate reportable segments: Russia/CIS and Germany (see also note 5 on page 17). In Russia/CIS, equipment and trucks sales include sales of new and used construction equipment, mobile crushers and screens, used trucks, attachments and diesel generators. Aftermarket sales include sales of service and parts. Contracting services include only revenue from contracting

services operations. Other revenue consists mainly of rental revenue. In Germany, equipment and trucks sales include sales of new Volvo and Renault Trucks, Renault light commercial vehicles and used trucks. Aftermarket sales include sales of service and parts. Other revenue consists mainly of rental revenue and also of sales of passenger cars.

SEK m	Russia/CIS		Germany		Total	
	Jul-Sep	Jul-Sep	Jul-Sep	Jul-Sep	Jul-Sep	Jul-Sep
	2021	2020	2021	2020	2021	2020
External revenue	1,333	900	327	229	1,661	1,129
Equipment and truck sales	803	559	222	135	1,026	695
Aftermarket sales	276	218	88	71	364	289
Contracting services	245	119	0	0	245	119
Other revenue	8	4	17	23	25	28
Gross profit	290	199	34	23	324	221
Operating profit	179	124	-32	-17	147	107
Profit(loss) before tax					135	98
Result for the period					109	81
Gross margin, %	21.7%	22.1%	10.4%	9.8%	19.5%	19.6%
Operating margin, %	13.4%	13.8%	-9.6%	-7.3%	8.9%	9.5%

SEK m	Russia/CIS		Germany		Total	
	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep	Jan-Sep
	2021	2020	2021	2020	2021	2020
External revenue	3,594	2,701	923	749	4,517	3,450
Equipment and truck sales	2,214	1,687	618	484	2,832	2,171
Aftermarket sales	748	660	257	206	1,005	866
Contracting services	614	336	0	0	614	336
Other revenue	18	17	48	59	66	77
Gross profit	728	545	97	66	825	610
Operating profit	429	304	-58	-41	371	263
Profit(loss) before tax					334	219
Result for the period					251	177
Gross margin, %	20.3%	20.2%	10.5%	8.8%	18.3%	17.7%
Operating margin, %	11.9%	11.3%	-6.3%	-5.5%	8.2%	7.6%

SEK m	Russia/CIS		Germany		Inter-segment		Total	
	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020	30 Sep 2021	31 Dec 2020
Non-current assets	750	382	397	206	-147	-8	1,000	579
Total assets	3,122	2,172	809	464	-147	-8	3,785	2,628

Segment share of revenue,
Q3 2021

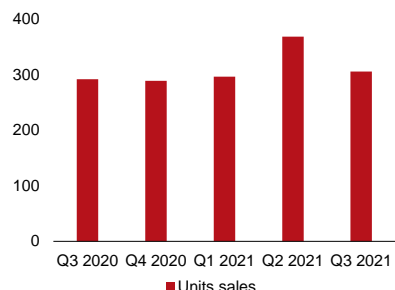


Segment share of total assets,
30 September 2021

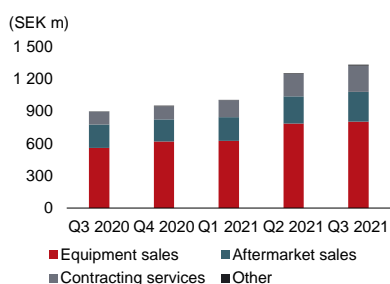


Russia/CIS

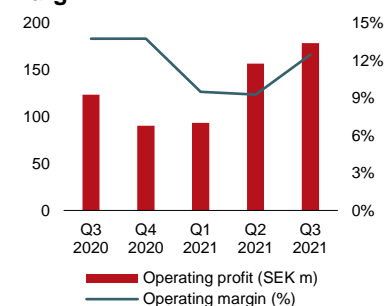
Unit sales



Revenue by activity



Operating profit and operating margin



Market and sales

In Q3 2021, the market for construction equipment grew by 40%. The market was supported by pent-up demand, strong commodity prices and increased infrastructure spending. Major federal construction projects continued and in Q3 2021, among other projects, a USD 1bn port project was launched in Murmansk. Expectations of increases in the so-called utilisation fee may have contributed to higher demand while supply constraints limited market growth. Our new machine sales in units grew by 5% to 306 machines as product groups where our market share is lower grew more in the quarter. We increased sales of most product groups but notably articulated haulers, forestry equipment and pavers. The average sales price increased by 44% in local currency and by 41% in SEK. Sales of used machines in units grew by 91%. Customer activity in terms of machine utilisation increased during the quarter and thus also demand for service and parts. As a result of this and continued digitalisation, we continued to grow our aftermarket sales. In contracting services, we continued to develop our operations in Norilsk and started a new project at an iron ore mine in Russian Karelia.

Revenue and operating result

Total revenue in Russia/CIS increased by 48% (52% in local currency) to SEK 1,333m (900). Equipment sales increased by 44%, aftermarket sales by 27% and contracting services by 107%. The aftermarket share of revenue declined by 3pp to 21% as contracting services increased by 5pp to 18%. The gross margin decreased slightly to 21.8% (22.2).

Selling, general and administrative expenses increased by 33%, mainly due to higher sales and expansion of operations, but also due to the partial return of some costs that temporarily were lower in Q3 2020 due to Covid-19, such as travel and marketing. As a percentage of revenue, however, these expenses declined to 7.7% (8.6). The operating margin remained high at 13.4% (13.8) and the operating result increased by 44% to SEK 179m (124).

Cash flows and balance sheet

Cash flows from operating activities were strong at SEK 252m. Working capital as a percentage of revenue declined from 3% in Q2 2021 to -2% in Q3 2021. Investments mainly related to machines in contracting services.

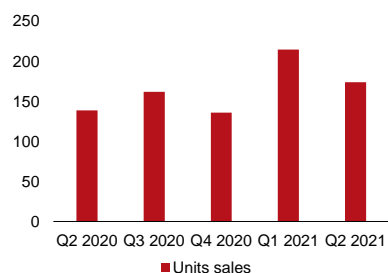
9M 2021

In 9M 2021, new machine sales in units increased by 20% in a market that grew by 46%. Revenue increased by 33% to SEK 3,594m (2,701) with a gross margin of 20.3% (20.2). The operating profit grew by 41% to SEK 429m (304) with an operating margin of 11.9% (11.3).

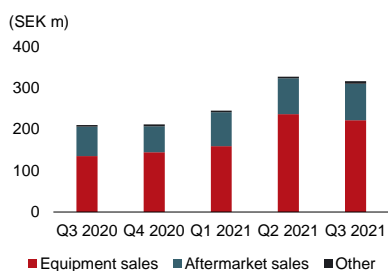
	2021 Jul-Sep	2020 Jul-Sep	% change	2021 Jan-Sep	2020 Jan-Sep	% change	2020 FY
New units	306	292	5%	972	813	20%	1,102
Used units	141	74	91%	266	193	38%	269
Revenue, SEK m	1,333	900	48%	3,594	2,701	33%	3,652
Gross profit, SEK m	290	199	46%	728	545	34%	714
Operating profit, SEK m	179	124	44%	429	304	41%	394
Gross margin, %	21.7%	22.1%		20.3%	20.2%		19.5%
Operating margin, %	13.4%	13.8%		11.9%	11.3%		10.8%
Working capital/LTM Revenue, %	-2%	8%		-2%	8%		3%

Germany

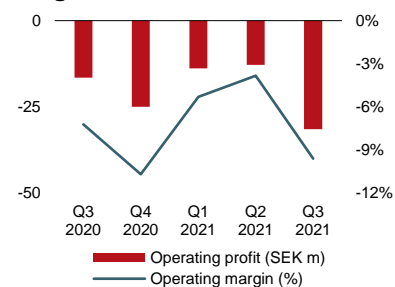
Unit sales



Revenue by activity



Operating profit and operating margin



Market and sales

Based on registrations of new trucks, the total German market for heavy trucks grew by 1% compared to Q3 2020 but declined by 13% compared to Q2 2021. Rigid trucks grew more than tractors. Continued recovery in economic activity and pent-up need for fleet replacement boosted demand but market growth was held back by supply constraints. Business confidence indicators declined in the quarter, partly due to supply concerns. New trucks registered in our sales area declined by 13% and represented 17% of the total German market. Our new truck sales in units increased by 25% to 174 units and our market shares for Volvo Trucks increased further in the quarter. Customer activity and demand for service and parts remained strong during the quarter as many customers utilised their current truck fleets more intensively and for longer.

Revenue and operating result

Mainly due to higher new trucks sales, total revenue in Germany during the quarter increased by 43% (45% in EUR) to SEK 327m (229). Truck sales increased by 64%, supported by used trucks sales. Aftermarket sales increased by 24%, of which 7% was organic growth. As a result of stronger truck sales, aftermarket sales decreased by 4pp as a share of revenue to 27%. Other revenue, mainly consisting of trucks rental and car sales, decreased by 25%, mainly due to lower car sales. The gross margin increased to 10.4% (9.8).

Selling, general and administrative expenses increased by SEK 26m, mainly due to one-off restructuring costs and redundancy payments of approx. SEK 12.7m, increased reserves on receivables of SEK 3.7m and acquisition costs of SEK 0.7m. Despite the higher gross margin, the operating margin declined to -9.6% (-7.3%). The operating loss amounted to SEK -32m (-17).

Cash flows and balance sheet

Cash flows from operating activities were positive at SEK 75m despite the operating loss, which was offset by a decrease in working capital from 14% to 6% as a percentage of revenue. Investments mainly related to payments for trucks to the rental fleet.

9M 2021

During the first 9 months of 2021, revenue in Germany increased by 23% to SEK 923m (749) with a gross margin of 10.5% (8.8). The operating result amounted to SEK -58m (-41), with an operating margin of -6.3% (-5.5).

SEK m	2021	2020	%	2021	2020	%	2020
	Jul-Sep	Jul-Sep		Jan-Sep	Jan-Sep		FY
New units	174	139*	25%	525	457	15%	619
Used units	77	8	863%	177	23	670%	34
Revenue, SEK m	327	229	43%	923	749	23%	983
Gross profit, SEK m	34	23	51%	97	66	47%	84
Operating profit, SEK m	-32	-17	-90%	-58	-41	-42%	-66
Gross margin, %	10.4%	9.8%		10.5%	8.8%		8.5%
Operating margin, %	-9.6%	-7.3%		-6.3%	-5.5%		-6.7%
Working capital/LTM Revenue, %	6%	7%		6%	7%		9%

*Number of units for Jul-Sep 2020 corrected as 12 units were erroneously classified as external sales

Condensed consolidated statement of comprehensive income

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Revenue	1,661	1,129	4,517	3,450	4,635
Cost of sales	-1,337	-908	-3,692	-2,840	-3,837
Gross profit	324	221	825	610	797
Selling expenses	-69	-55	-186	-164	-219
General and administrative expenses	-98	-61	-255	-194	-264
Other income	5	4	9	18	24
Other expenses	-14	-2	-22	-8	-11
Operating profit	147	107	371	263	328
Finance income	7	2	13	9	12
Finance costs	-20	-11	-43	-50	-59
Foreign exchange gains/(-losses) (net)	1	-1	-7	-2	-5
Result before income tax	135	98	334	219	276
Income tax	-27	-17	-83	-42	-54
Result for the period	109	81	251	177	222
Other comprehensive result					
<i>Items that are or may be reclassified to profit or loss:</i>					
Foreign currency translation differences for foreign operations	28	-116	74	-220	-247
Other comprehensive result for the period, net of tax	28	-116	74	-220	-247
Total comprehensive result for the period	137	-35	325	-43	-25
Earnings per share					
Basic earnings per share (SEK)	7.48	5.57	17.27	12.21	15.25
Diluted earnings per share (SEK)	7.46	5.57	17.25	12.21	15.25

Condensed consolidated statement of financial position

SEK m	30 Sep 2021	30 Jun* 2021	31 Dec 2020	30 Sep 2020
ASSETS				
Non-current assets				
Property, plant and equipment	850	766	507	515
Intangible assets	53	52	8	10
Deferred tax assets	98	81	65	60
Total non-current assets	1,000	898	579	584
Current assets				
Inventories	1,280	1,342	1,014	956
Trade and other receivables	566	588	393	433
Prepayments	41	51	37	39
Cash and cash equivalents	897	653	604	539
Total current assets	2,785	2,634	2,048	1,968
TOTAL ASSETS	3,785	3,532	2,628	2,552
EQUITY AND LIABILITIES				
Equity				
Share capital	1	1	1	1
Additional paid in capital	620	620	615	612
Translation reserve	-295	-323	-369	-342
Retained earnings	450	450	337	399
Result for the period	251	142	222	177
TOTAL EQUITY	1,028	890	806	848
Non-current liabilities				
Borrowings	449	499	351	321
Deferred income	16	0	1	2
Deferred tax liabilities	6	5	5	5
Long-term lease liabilities	49	63	71	100
Total non-current liabilities	520	566	428	428
Current liabilities				
Borrowings	261	159	84	122
Trade and other payables	1,855	1,805	1,188	1,038
Deferred income	25	18	19	17
Provisions	34	18	26	20
Short-term lease liabilities	63	75	77	79
Total current liabilities	2,237	2,076	1,393	1,276
TOTAL LIABILITIES	2,757	2,642	1,821	1,704
TOTAL EQUITY AND LIABILITIES	3,785	3,532	2,628	2,552

* The condensed consolidated statement of financial position as at 30 June 2021 has not been reviewed by the Group's independent auditors.

Condensed consolidated statement of changes in equity

SEK m	Attributable to equity holders of the company				
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
Balance 1 January 2021	1	615	-369	559	806
Total comprehensive result for the period					
Result for the period	0	0	0	251	251
Other comprehensive result					
Foreign exchange differences	0	0	74	0	74
Total comprehensive result for the period	0	0	74	251	325
Contribution by and distribution to owners					
Dividends	0	0	0	-109	-109
Warrant issue	0	5	0	0	5
Total contributions and distributions	0	5	0	-109	-104
Balance 30 September 2021	1	620	-295	701	1,028

SEK m	Attributable to equity holders of the company				
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
Balance 1 January 2020	1	612	-122	399	890
Total comprehensive result for the period					
Result for the period	0	0	0	177	177
Other comprehensive result					
Foreign exchange differences	0	0	-220	0	-220
Total comprehensive result for the period	0	0	-220	177	-43
Contribution by and distribution to owners					
Dividends	0	0	0	0	0
Total contributions and distributions	0	0	0	0	0
Balance 30 September 2020	1	612	-342	576	848

Condensed consolidated statement of cash flows

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020
Cash flows from operating activities				
Result before income tax	135	98	334	219
Adjustments for:				
Depreciation and amortisation	54	40	149	135
(Gain)/loss from impairment of receivables	4	-2	9	2
Profit on disposal of property, plant and equipment	0	0	1	2
Finance costs	20	11	43	50
Finance income	-7	-2	-13	-9
Foreign exchange losses/(gains) (net)	-1	1	7	2
Cash flows from operating activities before changes in working capital and provisions	205	145	530	402
Change in inventories	126	7	-245	26
Change in trade and other receivables	34	-29	-120	-201
Change in prepayments	11	-16	0	35
Change in trade and other payables	-31	30	503	346
Change in provisions	14	-4	5	2
Change in deferred income	6	-1	4	-4
Cash flows from operating activities before interest and tax paid	365	133	677	607
Income tax paid	-18	-22	-98	-43
Interest paid	-19	-11	-41	-50
Cash flows from operating activities	327	100	538	514
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	0	0	1	2
Interest received	7	2	13	9
Acquisition of property, plant and equipment	-86	-5	-165	-41
Acquisition of intangible assets	-1	-2	-2	-2
Acquisition of business	0	0	-95	0
Cash flows from investing activities	-80	-5	-248	-32
Cash flows from financing activities				
Dividends	0	0	-109	0
Proceeds from borrowings	87	0	273	390
Repayment of loans	-73	-271	-100	-788
Leasing financing paid	-18	-25	-65	-80
Warrant issue	0	0	1	0
Cash flows from financing activities	-4	-296	0	-478
Net change in cash and cash equivalents	243	-201	290	3
Cash and cash equivalents at start of the period	653	733	604	519
Effect of exchange rate fluctuations on cash and cash equivalents	2	7	4	17
Cash and cash equivalents at end of the period	897	539	897	539

Parent company income statement

SEK m	Jul-Sep 2021	Jul-Sep 2020	Jan-Sep 2021	Jan-Sep 2020	Full year 2020
Revenue	41	24	136	97	116
Other income	0	0	0	0	0
Cost of sales	-34	-19	-116	-82	-96
Gross profit	7	5	20	15	22
Administrative expenses	-8	-5	-28	-18	-30
Operating profit	-1	0	-8	-3	-8
Finance income	1	0	285	1	13
Finance costs	0	0	-2	0	-1
Foreign exchange gains/(-losses) (net)	2	-5	-1	-9	-9
Result before income tax	1	-5	273	-11	-5
Income tax	0	1	0	2	3
Result for the period	1	-4	273	-9	-2

The total result for the period is the same as the result for the period.

Parent company balance sheet

	30 Sep 2021	30 Jun 2021	31 Dec 2020	30 Sep 2020
ASSETS				
Non-current assets				
Intangible assets	1	1	1	1
Financial assets				
Holdings in group companies	175	174	164	164
Loans to group companies	131	129	3	3
Deferred tax assets	20	20	20	19
Total financial assets	326	323	187	186
Total non-current assets	327	324	187	187
Current assets				
Trade and other receivables	74	65	36	50
Prepayments	1	1	1	1
Cash and cash equivalents	7	18	17	27
Total current assets	81	84	54	77
TOTAL ASSETS	408	408	241	264
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	1	1	1	1
Unrestricted equity	0	0	0	0
Share premium reserve	630	630	625	622
Retained earnings	-555	-555	-444	-382
Result for the period	273	272	-2	-9
TOTAL EQUITY	349	348	180	232
Current liabilities				
Borrowings	0	0	33	0
Trade and other payables	58	60	28	31
Total current liabilities	58	60	61	31
TOTAL LIABILITIES	58	60	61	31
TOTAL EQUITY AND LIABILITIES	408	408	241	264

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 2021 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 2020 annual report (with regard to the 2020 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 2020 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 Russia/CIS. Q1 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 or Ferronordic. 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: *Russia/CIS* and *Germany*. The segments 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. Russia/CIS comprises sales of new and used construction and other equipment, mobile crushers and screens, used trucks, aftermarket sales, rental, contracting services and other services in Russia and CIS (the Commonwealth of Independent States) and currently in Russia and Kazakhstan. Germany comprises sales of new and used trucks, aftermarket sales, rental and other services in Germany. The accounting policies of the segments are the same as described in Note 4 of the annual report 2020. 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 included below. 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.

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 2020 annual report.

8. Earnings per share

The calculation of earnings per share is based on the result attributable to the shareholders and thus is 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 2020.

Result for the period, SEK m

	2021	2020	2021	2020
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep
Result attributable to shareholders, SEK m	109	81	251	177
Average number of shares during the period before dilution, thousand	14,532	14,532	14,532	14,532
Earnings per share before dilution, SEK	7.48	5.57	17.27	12.21
Dilution effect	47	0	19	0
Average number of ordinary shares during the period after dilution, thousand	14,579	14,532	14,551	14,532
Earnings per ordinary share after dilution, SEK	7.46	5.57	17.25	12.21

Signatures

The Board of Directors and the Managing Director declare that the report for the third quarter of 2021 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, 12 November 2021

Staffan Jufors
Chairman

Aurore Belfrage
Director

Annette Brodin Rampe
Director

Niklas Florén
Director

Erik Eberhardson
Director

Håkan Eriksson
Director

Lars Corneliusson
Director, President and CEO

This report has 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 July 2019 – 30 September 2021 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

	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021
Revenue, SEK m	964	960	1,118	1,203	1,129	1,185	1,267	1,590	1,661
Gross profit, SEK m	206	202	183	207	221	187	215	286	324
Gross margin, %	21.4%	21.0%	16.3%	17.2%	19.6%	15.8%	17.0%	18.0%	19.5%
Operating profit, SEK m	109	95	51	105	107	65	80	144	147
Operating margin, %	11.3%	9.9%	4.6%	8.7%	9.5%	5.5%	6.3%	9.0%	8.9%
Result for the period, SEK m	74	57	20	76	81	44	56	86	109
Result per ordinary share, SEK	5.09	3.95	1.39	5.24	5.57	3.05	3.85	5.94	7.48
Working capital/ LTM Revenue, %	18%	20%	13%	10%	8%	5%	4%	3%	0%
Cash flow from operations, SEK m	95	3	101	312	100	179	91	120	327
Equity/total assets, %	36%	30%	24%	30%	33%	31%	28%	25%	27%
Return on equity, %	47%	47%	47%	45%	44%	40%	44%	46%	48%
Return on capital employed, %	34%	27%	23%	23%	25%	20%	21%	23%	27%

Russia/CIS

	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021
New units	242	247	227	294	292	289	297	369	306
Used units	63	66	51	68	74	76	48	77	141
Revenue, SEK m	964	950	843	958	900	951	1,007	1,254	1,333
Gross profit, SEK m	206	200	156	190	199	169	185	254	290
Gross margin, %	21.4%	21.1%	18.5%	19.9%	22.1%	17.8%	18.3%	20.2%	21.7%
Operating profit, SEK m	109	95	60	120	124	91	94	157	179
Operating margin, %	11.3%	10.0%	7.2%	12.5%	13.8%	9.5%	9.3%	12.5%	13.4%
Working capital/LTM Revenue, %	18%	19%	14%	11%	8%	3%	2%	0%	-2%

Germany

	Jul-Sep 2019	Oct-Dec 2019	Jan-Mar 2020	Apr-Jun 2020	Jul-Sep 2020	Oct-Dec 2020	Jan-Mar 2021	Apr-Jun 2021	Jul-Sep 2021
New units	0	0	172	146	139	162	136	215	174
Used units	0	0	7	8	8	11	52	48	77
Revenue, SEK m	0	10	275	245	229	233	260	336	327
Gross profit, SEK m	0	1	27	16	23	18	30	32	34
Gross margin, %	0.0%	14.4%	9.7%	6.7%	9.8%	7.7%	11.6%	9.6%	10.4%
Operating profit, SEK m	0	0	-10	-15	-17	-25	-14	-13	-32
Operating margin, %	0.0%	-0.3%	-3.5%	-6.1%	-7.3%	-10.7%	-5.3%	-3.8%	-9.6%
Working capital/LTM Revenue, %	0%	0%	12%	7%	7%	9%	11%	14%	6%

Net debt

	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
SEK m	2019	2019	2020	2020	2020	2020	2021	2021	2021
Long term borrowings	0	205	410	349	321	351	385	499	449
Long term lease liabilities	142	172	159	135	100	71	62	63	49
Short term borrowings	397	639	525	400	122	84	101	159	261
Short term lease liabilities	81	96	75	79	79	77	85	75	63
Total Interest bearing liabilities	620	1 112	1 169	963	622	583	632	796	822
Cash & cash equivalents	210	519	639	733	539	604	665	653	897
Net debt / (cash)	411	593	531	230	83	-20	-33	143	-75
Net debt / EBITDA (times)	-0,2	1,1	0,9	1,2	1,0	0,4	0,2	0,0	-0,1

Working capital

	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
SEK m	2019	2019	2020	2020	2020	2020	2021	2021	2021
Inventory	1,168	1,290	1,293	1,134	956	1,014	1,241	1,342	1,280
Trade and other receivables	351	322	575	436	433	393	537	588	566
Prepayments	31	84	46	27	39	37	52	51	41
Trade and other payables	830	917	1,211	1,076	1,038	1,188	1,611	1,805	1,855
Deferred income	23	21	19	19	17	19	18	18	25
Provisions	23	22	23	27	20	26	18	18	34
Working capital	675	734	660	476	354	213	183	140	-26
Revenue LTM	3,806	3,747	4,969	4,765	4,650	4,635	4,783	5,170	5,702
Working capital / Revenue (%)	18%	20%	13%	10%	8%	5%	4%	3%	0%

Capital employed

	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep
SEK m	2019	2019	2020	2020	2020	2020	2021	2021	2021
Long term interest bearing liabilities	142	377	569	484	421	422	447	561	498
Short term interest bearing liabilities	478	735	600	480	202	161	186	234	324
Shareholder equity	837	890	783	883	848	806	888	890	1,028
Capital employed	1,457	2,003	1,952	1,846	1,470	1,390	1,520	1,686	1,850
Average capital employed	1,055	1,356	1,526	1,611	1,464	1,696	1,736	1,766	1,660
EBIT LTM	347	358	353	359	358	328	357	396	436
Interest income LTM	8	6	6	9	10	12	13	11	16
Result LTM	355	364	359	368	368	340	370	407	453
Return on capital employed (%)	34%	27%	23%	23%	25%	20%	21%	23%	27%

IFRS definitions

EBITDA: Operating profit activities excluding depreciation, amortisation and write-downs. Provides a measurement of the result from the ongoing business.

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.

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.

Alternative key ratios not defined by IFRS

New units sold: Number of new machines and trucks sold. Used to measure and compare number of new units sold during relevant period.

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.

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 2021	First, second, third and fourth quarter
RUB	Russian rubles
SEK	Swedish crowns
SEK '000	Thousand Swedish crowns
SEK m	Million Swedish crowns
vs	Versus
LTM	Last twelve months
Y-o-Y, Q-o-Q	Year-on-year, quarter-on-quarter
YTD	Year-to-date
VCE	Volvo Construction Equipment
6M, 9M	6 months, 9 months

This is Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is the dealer of Volvo Construction Equipment, Sandvik Rock Processing Solutions and certain other brands in all of Russia and Kazakhstan, aftermarket partner of Volvo Trucks and Renault Trucks in part of Russia, and dealer of Volvo Trucks and Renault Trucks in part of Germany. The company also offers contracting

services where it owns and operates equipment to carry out works for customers. Ferronordic began its operations in 2010 and now has approx. 100 outlets and approx. 1,800 employees. Ferronordic's vision is to be regarded as the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm. <http://www.ferronordic.com/>

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

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
- Strong balance sheet and cash flow support returns to shareholders

Financial objectives and dividend policy

KPI	Objective	Last twelve months (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	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.	

	2015	2016	2017	2018	2019	2020	LTM
Revenue, SEK m	1,469	1,658	2,567	3,241	3,747	4,635	5,702
Operating margin, %	4,2%	6,3%	7,3%	8,4%	9,5%	7,1%	7,7%
Net debt/EBITDA, x	-0,6	-1,1	-1,5	-0,9	1,2	0,0	-0,1

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

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 12 November 2021, 07:30 CET.

Financial calendar

Year-end report January-December 2021 – 18 February 2022
Annual general meeting 2022 – 12 May 2022

Conference call

A presentation for investors, analysts and media will be held on 12 November 2021 at 10:00 CET and is accessible at www.ferronordic.com.

Dial-in numbers:

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Switzerland: +41 225 675 632
United Kingdom: +44 333 300 92 67
Russia: +8 800 500 98 67 PIN: 28406068#
United States: +1 6467224957

The presentation can also be viewed live at <https://tv.streamfabriken.com/ferronordic-q3-2021>

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