

## Year-end report 1 January – 31 December 2021

### Strong growth in sales and profit

#### Summary of the fourth quarter, October–December 2021

- **Group:** 43% revenue growth to SEK 1.694m as demand remained firm.
- 6.6% operating margin and 71% growth in operating profit to SEK 112m.
- 99% growth in earnings per share.
- Strong balance sheet as working capital and net debt increased but remained low.
- The board proposes a SEK 11.5 per share dividend payment.
- **Russia/CIS:** Equipment sales in units decreased by 5% as the market grew by 49%.
- 31% revenue growth, partly due to machine product mix with higher average price and strong growth in aftermarket and contracting services.
- 9.9% operating margin supported by revenue mix with higher shares of aftermarket and contracting services.
- **Germany:** Trucks sales in units increased by 70% in a market that declined by 4.5%.
- 91% revenue growth supported by used trucks sales and strong aftermarket.
- Operating result partly impacted by acquisition related costs.
- Continued investments in organisation and network development.

# 43%

Revenue growth

# 71%

Operating profit growth

# 6.6%

Operating profit margin

# 99%

Earnings per share growth

#### Selected key group ratios

SEK m (or as stated)	2021	2020	%	2021	2020	%
	Q4	Q4		12M	12M	
Revenue	1,694	1,185	43%	6,212	4,635	34%
Gross profit	286	187	53%	1,111	797	39%
Operating profit	112	65	71%	483	328	47%
Result for the period	88	44	99%	339	222	53%
Result per ordinary share, SEK*	6.06	3.05	99%	23.33	15.25	53%
Cash flow from operations	-81	179		457	693	
Net debt (cash)	198	-20		198	-20	
<i>Gross margin, %</i>	16.9%	15.8%	1.1pp	17.9%	17.2%	0.7pp
<i>Operating margin, %</i>	6.6%	5.5%	1.1pp	7.8%	7.1%	0.7pp
<i>Working capital/LTM Revenue, %</i>	2%	5%	-2.4pp	2%	5%	-2.4pp
<i>Equity/total assets, %</i>	28%	31%	-3.0pp	28%	31%	-3.0pp
<i>Return on capital employed, LTM, %</i>	29%	20%	9.3pp	29%	20%	9.3pp
<i>Return on equity, LTM, %</i>	36%	26%	9.4pp	36%	26%	9.4pp

\*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 20, 22.

## A record year

2021 was Ferronordic's best year to date. Despite operational disruption and supply constraints, our business in Russia/CIS continued to grow both revenue and profitability to achieve a record operating and net result. All business areas grew and we broadened our offering through our partnership with Sandvik, further developed contracting services and expanded our rebuild centre. In Germany, 2021 was a year when we invested in the organisation and the network to build a stronger platform. Our work to turn the business around was slowed down by restrictions but we achieved good results and feel positive about the outlook for 2022. In 2021, total Group revenue grew by 34%, operating profit by 47% and net income by 53%. I want to thank all our teams and business partners for contributing to making our success possible despite challenging conditions in 2021.

### Group

In the fourth quarter of 2021, total revenue for the Group grew by 43% to SEK 1,694m. A strong operating profit in Russia/CIS and a better result in Germany contributed to a better operating margin, 71% growth in operating profit and 99% growth in net income. Our balance sheet was strong as working capital remained low, partly as demand outpaced supply. In view of our strong performance and in line with our dividend policy, the board recommends a dividend of SEK 11.5 per share.

### Russia/CIS

In Russia/CIS, all sectors of our markets grew as commodity prices were strong and infrastructure investments continued. The market for construction equipment remained firm and machine utilisation was high. Our sales of new machines developed well but availability was limited by supply constraints. Our digital service platform and great efforts from our service teams to support our customers contributed to strong aftermarket sales. In contracting services, challenging weather and operating conditions affected production negatively in Norilsk and Siberia in the end of the quarter. We expect some of these effects to continue into the first quarter of 2022. Our new project at one of Severstal's iron ore sites in Russian Karelia developed well and we continue to seek opportunities to expand this business. We continued to develop our service and sales offering of Sandvik mobile and stationary crushers. Partly as a result of the tight supply situation, we see increased demand for used and rebuilt units. In our machine and component rebuild centre, we decided to further increase our capacity. We also want to further develop our import of used trucks and construction equipment from the EU to remarket in Russia/CIS.

Total revenue in Russia/CIS grew by 31% in SEK. The operating margin was supported by further growth of contracting services and strong aftermarket sales. The operating result grew by 37%.



*"2021 was Ferronordic's best year to date".*

### Germany

The German market for heavy trucks declined 4.5% in the quarter. Our new trucks sales increased by 70% in units and we thus gained further market shares. Our used trucks business also continued to grow and made a good contribution. Aftermarket sales grew, both as a result of organic growth and our acquisitions. In the fourth quarter, we added workshops in strategic locations in Bergstrasse and Bingen to our network, which brings the number of acquisitions in 2021 to five. Partly as a result of this rapid expansion and partly due to continued efforts to reshape our organisation, we took further acquisition related costs in the quarter. Integration and restructuring have taken longer than expected, partly due to the pandemic, but we see steady progress and great potential in the underlying business. We expect to reach a positive operating profit in Germany during 2022. During the fourth quarter, we hosted a series of e-mobility events and placed our first big order for 32 electric medium duty trucks with delivery expected by the end of March. We are very excited about the opportunities that come with this technology.

Total revenue in Germany grew by 91% and the operating result improved by 50% to SEK -12m.

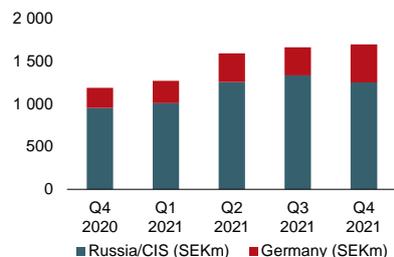
### Outlook

We expect our markets to continue to grow in 2022. In Russia/CIS, our optimism is supported by higher commodity prices, pent-up demand and continued activity on the so-called national projects. The current geo-political tension has not yet affected our business but brings significant uncertainty and we closely monitor the developments. In Germany, we expect a continued European recovery to boost demand. Current uncertainty mainly relates to cost pressures and 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 Q4 2021, the revenue of the Group increased by 43% to SEK 1,694m (1,185). Sales of equipment and trucks increased by 33% and aftermarket sales increased by 51%. Revenue from contracting services increased by 82%. Other revenue, mainly consisting of trucks rental and passenger car sales in Germany, increased by 83%.

In 12M 2021, the Group revenue increased by 34% to SEK 6,212m (4,635). The sales of equipment and trucks increased by 31%, aftermarket sales increased by 24% and contracting services sales increased by 83%.

### Gross profit and operating result

In Q4 2021, the gross margin for the Group was increased to 16.9% (15.8%). As a result of higher revenue on higher gross margin, gross profit in Q4 2021 increased by 53% to SEK 286m (187).

As a percentage of revenue, selling, general and administrative expenses decreased in Q4 2021 to 10.2% (10.5). The operating result for Q4 2021 increased by 71% to SEK 112m (65). The operating margin during the quarter increased from 5.5% to 6.6%.

In 12M 2021, the gross margin increased to 17.9% (17.2). As a result of higher margin on higher revenue, gross profit increased by 39% to SEK 1,111m (797).

As a percentage of revenue, selling, general and administrative expenses decreased in 12M 2021 to 9.9% (10.4). The operating result for 12M 2021 increased by 47% to SEK 483m (328). The operating margin increased from 7.1% to 7.8%.

### Operating profit and operating margin

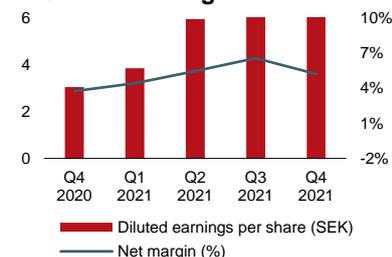


### Net income

In Q4 2021, finance income (net) amounted to SEK 4m compared to net finance costs of SEK 6m in Q4 2020. The decrease in finance expenses was mainly due to the reclassification of funding and administration fees to cost of sales in the amount of SEK 9m in Q4 2021. These costs were recognised in finance costs during the first nine months of 2021. This effect was partly offset by the increase of finance costs due to the increase in net debt and higher interest rates. Foreign exchange losses (net) amounted to SEK 2m (-3). As a result of the higher operating profit, the result before income tax for Q4 2021 increased by 111% to SEK 118m (56). The result for Q4 2021 increased by 99% to SEK 88m (44).

In 12M 2021, finance costs (net) decreased to SEK 49m (59) mainly as a result of lower net debt. Foreign exchange losses (net) were SEK 5m (5). The result before income tax increased by 63% to SEK 451m (276). Taxes were higher, partly due to withholding taxes on internal group dividends in the period. The result for 12M 2021 increased by 53% to SEK 339m (222).

### EPS and net margin



### Earnings per share

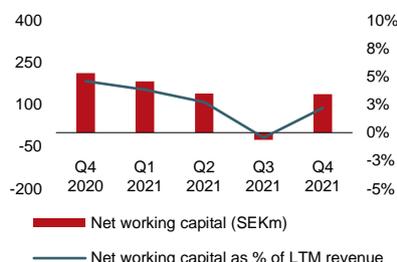
Basic earnings per share in Q4 2021 amounted to SEK 6.06 (3.05). Diluted earnings per share in Q4 2021 amounted to SEK 6.02 (3.05).

Basic earnings per share in 12M 2021 amounted to SEK 23.33 (15.25). Diluted earnings per share in 12M 2021 amounted to SEK 23.26 (15.25).

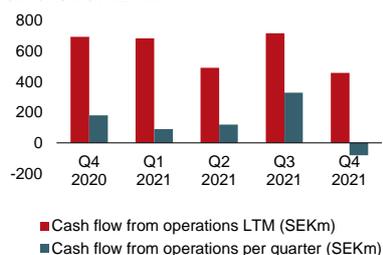
### Cash flows

In Q4 2021, cash flows from operating activities decreased to SEK - 81m (179). Negative cash flows were partly a result of an increase in working capital from SEK -26m to SEK 137m, or from 0% in Q3 2021 to 2%

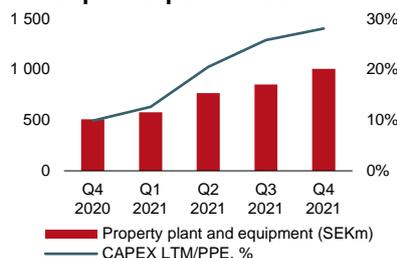
**Net working capital and % LTM revenue**



**Operating cash flow per quarter and over LTM**



**Property, plant and equipment and capital expenditures**



of revenue in Q4 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.

Negative cash flows from operating activities in Q4 2021 were also an effect of higher income tax and interest paid.

Cash flow from investing activities in Q4 2021 amounted to SEK -122m (-15). The main investments in Q4 2021 related to acquisition of business in Germany (SEK 58m) and acquisitions of machines in contracting services (SEK 80m). Additions of machines in contracting services in Russia/CIS are reflected in investment activities as outflows when payment for the machines is made to the supplier. Interest received in Q4 2021 was higher compared to Q4 2020, partly due to a higher average cash position, currency mix and higher deposit rates.

In 12M 2021, cash flows from operating activities decreased to SEK 457m (693). The decrease in working capital in 12M 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 12M 2021 amounted to SEK -370m (-47). The investments in 12M 2021 mainly related to acquisitions of business and assets in Germany (SEK 153m) and additions of machines to the Group's contracting services business (SEK 245m).

**Financial position**

On 31 December 2021, cash and cash equivalents amounted to SEK 768m, an increase of SEK 164m 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 Q4 2021, interest-bearing liabilities (including lease liabilities and effects of IFRS-16) amounted to SEK 966m, an increase of SEK 383m 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 decreased to net debt of SEK 198m at the end of Q4 2021.

On 31 December 2021, property, plant and equipment (PP&E) amounted to SEK 1,006m, an increase of SEK 499m from SEK 507m 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. The increase in fixed assets was partially offset by depreciation of SEK 66m.

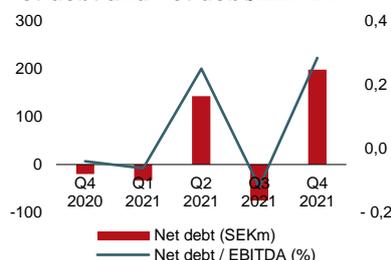
On 31 December 2021, equity amounted to SEK 1,101m, an increase of SEK 295m compared to the end of 2020. The increase was mainly due to the positive net result and partly offset by a SEK 109m dividend payment in Q2 2021. Equity was also supported by positive foreign exchange differences of SEK 60m, reflecting 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 Q4 2021, the revenue of the parent company increased to SEK 103m (20), mainly due to higher intragroup sales of machines from the parent company to its subsidiaries. Administrative expenses decreased by 8% to SEK 11m (12). The operating result increased from SEK -5m in Q4 2020 to SEK 6m in Q4 2021. The result for the quarter increased to SEK 154m (7), mainly due to finance income received from the Russian subsidiaries.

In 12M 2021, the revenue of the parent company increased to SEK 239m (116), mainly due to higher intragroup sales of machines from the parent company to its subsidiaries. Administrative expenses increased to SEK 39m (30), mainly as a result of professional services, travel and staff

**Net debt and net debt/EBITDA**



changes. The result amounted to SEK 427m (-2), mainly due to finance income received from the Russian subsidiaries.

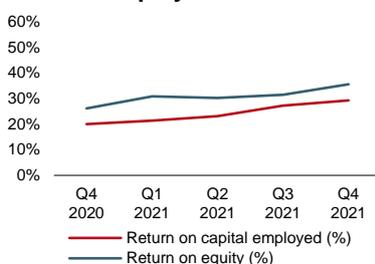
**Foreign exchange rates**

The following foreign exchange rates have been used to translate the Q4 2021 (Q4 2020) results to the presentation currency:

- Average rates of RUB/SEK 8.20 (-7% vs 8.84) and SEK/EUR 10.13 (-1% vs 10.28) have been used to translate the income statements.
- End of period rates of RUB/SEK 8.22 (-9% vs 9.04) and SEK/EUR 10.23 (2% vs 10.04) 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.

**Return on capital employed and return on equity**



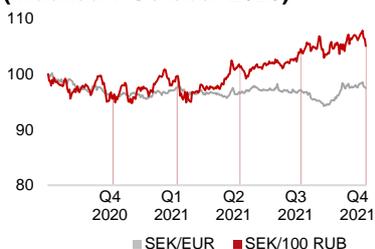
**Employees**

At the end of Q4 2021, the number of full-time equivalent employees in the Group was 1,791 (1,469), of which 1,495 (1,200) related to Russia/CIS, 284 (257) to Germany and 12 (12) occupied group functions.

**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, which is applied at importation as a fixed amount and depends on the type of machine. 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. The current geo-political tension has not yet affected our business but brings significant uncertainty and we monitor the developments closely. The parent company is indirectly subject to the same risks and uncertainties as the Group.

**Currency index last 5 quarters (indexed 1 October 2020)**



**Acquisitions in Germany**

In line with Ferronordic's strategy to expand and improve its service network in Germany, the Group completed two acquisitions in Q4 2021. For more information on these acquisitions, please refer to Note 9.

**Events after end of period**

In January, Ferronordic opened two RUB 1bn revolving credit facilities with Sberbank. The facilities serve as local funding alternatives for working capital purposes.

In late December, Ferronordic's contracting services operations were negatively impacted by challenging weather and operating conditions in Norilsk and Siberia. Ferronordic expects some of these disruptions to production to continue into the first quarter of 2022.

## Segments

Ferronordic recognises two separate reportable segments: Russia/CIS and Germany (see also note 5 on page 16). 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 (or as stated)	Russia/CIS		Germany		Total	
	Q4	Q4	Q4	Q4	Q4	Q4
	2021	2020	2021	2020	2021	2020
<b>External revenue</b>	<b>1,249</b>	<b>951</b>	<b>445</b>	<b>233</b>	<b>1,694</b>	<b>1,185</b>
Equipment and truck sales	720	618	291	145	1,011	763
Aftermarket sales	294	205	108	63	402	267
Contracting services	228	125	0	0	228	125
Other revenue	7	3	46	26	53	29
Gross profit	233	169	53	18	286	187
EBITDA	169	122	9	-16	178	106
Operating profit	124	91	-12	-25	112	65
Finance items (net)					6	-9
Profit(loss) before tax					118	56
<b>Result for the period</b>					<b>88</b>	<b>44</b>
Gross margin, %	<b>18.7%</b>	<b>17.8%</b>	<b>11.8%</b>	<b>7.7%</b>	<b>16.9%</b>	<b>15.8%</b>
Operating margin, %	<b>9.9%</b>	<b>9.5%</b>	<b>-2.8%</b>	<b>-10.7%</b>	<b>6.6%</b>	<b>5.5%</b>

SEK m (or as stated)	Russia/CIS		Germany		Total	
	12M	12M	12M	12M	12M	12M
	2021	2020	2021	2020	2021	2020
<b>External revenue</b>	<b>4,844</b>	<b>3,652</b>	<b>1,368</b>	<b>983</b>	<b>6,212</b>	<b>4,635</b>
Equipment and truck sales	2,934	2,306	909	629	3,843	2,934
Aftermarket sales	1,042	864	365	269	1,407	1,133
Contracting services	842	461	0	0	842	461
Other revenue	25	21	94	85	119	106
Gross profit	961	714	149	84	1,111	797
EBITDA	713	533	-15	-29	698	504
Operating profit	553	394	-71	-66	483	328
Finance items (net)					-31	-53
Profit(loss) before tax					451	276
<b>Result for the period</b>					<b>339</b>	<b>222</b>
Gross margin, %	<b>19.8%</b>	<b>19.5%</b>	<b>10.9%</b>	<b>8.5%</b>	<b>17.9%</b>	<b>17.2%</b>
Operating margin, %	<b>11.4%</b>	<b>10.8%</b>	<b>-5.2%</b>	<b>-6.7%</b>	<b>7.8%</b>	<b>7.1%</b>

SEK m	Russia/CIS		Germany		Intersegment		Total	
	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
Non-current assets	841	382	485	206	-134	-8	1,192	579
Total assets	3,213	2,172	895	464	-134	-8	3,973	2,628

Segment share of revenue, Q4 2021

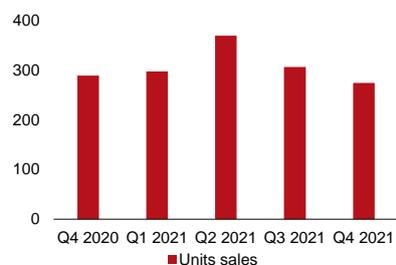


Segment share of total assets, 31 December 2021

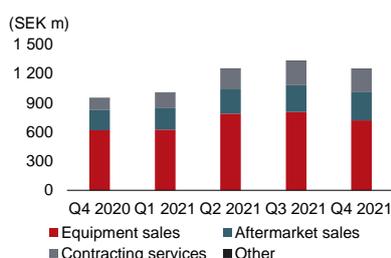


## Russia/CIS

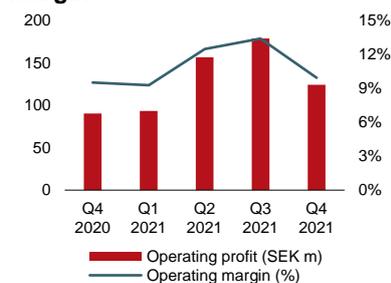
### Unit sales



### Revenue by activity



### Operating profit and operating margin



### Market and sales

In Q4 2021, the market for construction equipment grew by 49%, mainly due to pent-up demand, strong commodity prices and continued spending on big infrastructure and major federal construction projects. The proposal to raise the so-called utilisation fee continued to cause uncertainty in the market. Supply constraints and cost pressure limited market growth. As a result of the global lockdown, a shortage of semi-conductors, components, materials and logistics have led to higher prices, longer lead times and a deficit of machines. Our new machine sales in units declined by 5% to 274 machines and we lost market share in certain product groups. Due to supply problems, we decreased sales of most product groups but increased sales of wheel loaders, backhoe loaders and bulldozers. The average sales price increased by 11% in local currency and by 20% in SEK. Customer activity remained high during the quarter in terms of machine utilisation. As a result of this and continued digitalisation, we continued to grow our aftermarket sales. In contracting services, challenging weather conditions negatively affected production in Norilsk and Siberia. Our new project at an iron ore site in Russian Karelia however developed well.

### Revenue and operating result

Total revenue in Russia/CIS increased by 31% (22% in local currency) to SEK 1,249m (951). Equipment sales increased by 17%, aftermarket sales by 43% and contracting services by 82%. The aftermarket share of revenue increased by 2pp to 24% and contracting services increased by 5pp to 18%. The gross margin increased to 18.7% (17.8).

Selling, general and administrative expenses increased by 34%, mainly due to higher sales and expansion of operations, but also due to the partial return of some costs, such as travel and marketing. As a percentage of revenue, these expenses increased to 8.8% (8.6). The operating margin increased to 9.9% (9.5) and the operating result increased by 37% to SEK 124m (91).

### Cash flows and balance sheet

Cash flows from operating activities decreased to SEK -62m. Working capital as a percentage of revenue increased from -2% in Q3 2021 to 1% in Q4 2021. Investments mainly related to machines in contracting services.

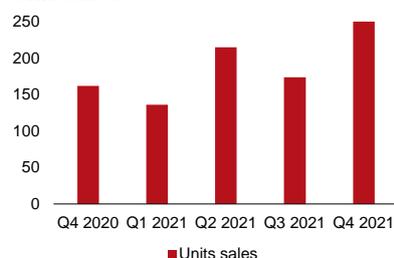
### 12M 2021

In 12M 2021, new machine sales in units increased by 13% in a market that grew by 47%. Revenue increased by 33% to SEK 4,844m (3,652) with a gross margin of 19.8% (19.5). The operating profit grew by 40% to SEK 553m (394) with an operating margin of 11.4% (10.8).

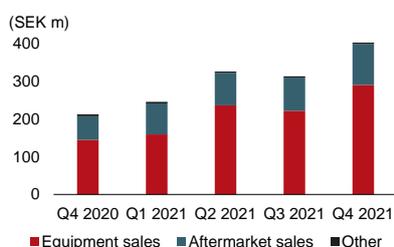
	2021 Q4	2020 Q4	% change	2021 12M	2020 12M	% change
New units	274	289	-5%	1 246	1 102	13%
Used units	62	76	-18%	328	269	22%
Revenue, SEK m	1 249	951	31%	4 844	3 652	33%
Gross profit, SEK m	233	169	38%	961	714	35%
Operating profit, SEK m	124	91	37%	553	394	40%
Gross margin, %	18,7%	17,8%		19,8%	19,5%	
Operating margin, %	9,9%	9,5%		11,4%	10,8%	
Working capital/LTM Revenue, %	1%	3%		1%	3%	

## Germany

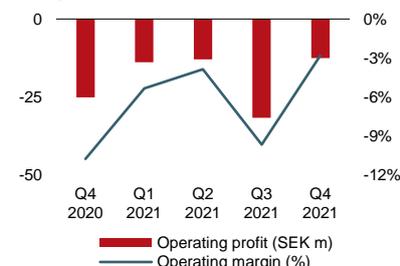
### Unit sales



### Revenue by activity



### Operating profit and operating margin



### Market and sales

Based on registrations of new trucks, the total German market for heavy trucks declined by 4.5%. Rigids (-10%) declined more than tractors (-2%). Continued recovery in economic activity and a pent-up need for fleet replacement boosted demand but market growth was held back by supply constraints. Business confidence indicators improved in the quarter. An increase in the manufacturing PMI indicated high demand for industrial goods and record order levels. Inflation also hit a record in the quarter, demonstrating the price effect of the supply shortages in the economy. New trucks registered in our sales area decreased by 15% and represented 17% of the total German market. Our new truck sales in units increased by 70% to 275 units and our market shares for Volvo Trucks increased further in the quarter. Customer activity and demand for service and parts was strong as trucks utilisation was high while fleet renewals were limited by availability of new trucks.

### Revenue and operating result

Mainly due to higher new trucks sales, total revenue in Germany increased by 91% (94% in EUR) to SEK 445m (233) in Q4 2021. Truck sales increased by 101%, supported by used trucks sales. Aftermarket sales increased by 71%, of which 13% was organic growth. As a result of stronger truck sales, aftermarket sales decreased by 3pp as a share of revenue to 24%. Other revenue, mainly consisting of trucks rental and car sales, increased by 77%, mainly due to higher car sales and rental. The gross margin increased to 11.8% (7.7).

Selling, general and administrative expenses increased by 49% to SEK 63m, partly due to acquisitions and partly due to one-off restructuring and acquisition related costs of approx. SEK 3.5m. Driven by the higher gross margin, the operating margin increased to -2.8% (-10.7). The operating loss amounted to SEK -12m (-25).

### Cash flows and balance sheet

Cash flows from operating activities were negative at SEK -18m as a result of the operating loss and as working capital as a percentage of revenue was unchanged at 6% compared to Q3 2021. Investments mainly related to payments for trucks to the rental fleet and acquisition of business.

### 12M 2021

During 12 months of 2021, revenue in Germany increased by 39% to SEK 1,368m (983) with a gross margin of 10.9% (8.5). The operating result amounted to SEK -71m (-66) with an operating margin of -5.2% (-6.7).

	2021 Q4	2020 Q4	% change	2021 12M	2020 12M	% change
New units	275	162	70%	800	619	29%
Used units	64	11	482%	241	34	609%
Revenue, SEK m	445	233	91%	1,368	983	39%
Gross profit, SEK m	53	18	192%	149	84	78%
Operating profit, SEK m	-12	-25	50%	-71	-66	-7%
Gross margin, %	11.8%	7.7%		10.9%	8.5%	
Operating margin, %	-2.8%	-10.7%		-5.2%	-6.7%	
Working capital/LTM Revenue, %	6%	9%		6%	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	Q4 2021	Q4 2020	12M 2021	12M 2020
<b>Revenue</b>	<b>1,694</b>	<b>1,185</b>	<b>6,212</b>	<b>4,635</b>
Cost of sales	-1,409	-998	-5,101	-3,837
<b>Gross profit</b>	<b>286</b>	<b>187</b>	<b>1,111</b>	<b>797</b>
Selling expenses	-71	-55	-256	-219
General and administrative expenses	-102	-69	-358	-264
Other income	4	6	12	24
Other expenses	-5	-3	-27	-11
<b>Operating profit</b>	<b>112</b>	<b>65</b>	<b>483</b>	<b>328</b>
Finance income	10	3	23	12
Finance costs	-6	-9	-49	-59
Foreign exchange gains/(-losses) (net)	2	-3	-5	-5
<b>Result before income tax</b>	<b>118</b>	<b>56</b>	<b>451</b>	<b>276</b>
Income tax	-29	-12	-112	-54
<b>Result for the period</b>	<b>88</b>	<b>44</b>	<b>339</b>	<b>222</b>
<b>Other comprehensive result</b>				
<i>Items that are or may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	-15	-27	60	-247
<b>Other comprehensive result for the period, net of tax</b>	<b>-15</b>	<b>-27</b>	<b>60</b>	<b>-247</b>
<b>Total comprehensive result for the period</b>	<b>74</b>	<b>17</b>	<b>399</b>	<b>-25</b>
<b>Earnings per share</b>				
Basic earnings per share (SEK)	6.06	3.05	23.33	15.25
Diluted earnings per share (SEK)	6.02	3.05	23.26	15.25

# Condensed consolidated statement of financial position

SEK m	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	1,006	850	507
Intangible assets	81	53	8
Deferred tax assets	105	98	65
<b>Total non-current assets</b>	<b>1,192</b>	<b>1,000</b>	<b>579</b>
<b>Current assets</b>			
Inventories	1,432	1,280	1,014
Trade and other receivables	535	566	393
Prepayments	46	41	37
Cash and cash equivalents	768	897	604
<b>Total current assets</b>	<b>2,781</b>	<b>2,785</b>	<b>2,048</b>
<b>TOTAL ASSETS</b>	<b>3,973</b>	<b>3,785</b>	<b>2,628</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	1	1	1
Additional paid in capital	620	620	615
Translation reserve	-309	-295	-369
Retained earnings	450	450	337
Result for the period	339	251	222
<b>TOTAL EQUITY</b>	<b>1,101</b>	<b>1,028</b>	<b>806</b>
<b>Non-current liabilities</b>			
Borrowings	490	449	351
Deferred income	22	16	1
Deferred tax liabilities	7	6	5
Long-term lease liabilities	97	49	71
<b>Total non-current liabilities</b>	<b>617</b>	<b>520</b>	<b>428</b>
<b>Current liabilities</b>			
Borrowings	317	261	84
Trade and other payables	1,809	1,855	1,188
Deferred income	28	25	19
Provisions	39	34	26
Short-term lease liabilities	62	63	77
<b>Total current liabilities</b>	<b>2,255</b>	<b>2,237</b>	<b>1,393</b>
<b>TOTAL LIABILITIES</b>	<b>2,872</b>	<b>2,757</b>	<b>1,821</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>3,973</b>	<b>3,785</b>	<b>2,628</b>

## Condensed consolidated statement of changes in equity

### Attributable to equity holders of the company

SEK m	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
<b>Balance 1 January 2021</b>	1	615	-369	559	806
<b>Total comprehensive result for the period</b>					
Result for the period	0	0	0	339	339
<b>Other comprehensive result</b>					
Foreign exchange differences	0	0	60	0	60
<b>Total comprehensive result for the period</b>	0	0	60	339	399
<b>Contribution by and distribution to owners</b>					
Dividends	0	0	0	-109	-109
Warrant issue	0	5	0	0	5
<b>Total contributions and distributions</b>	0	5	0	-109	-104
<b>Balance 31 December 2021</b>	1	620	-309	789	1,101

### Attributable to equity holders of the company

SEK m	Share capital	Additional paid in capital	Translation reserve	Retained earnings	Total equity
<b>Balance 1 January 2020</b>	1	612	-122	399	890
<b>Total comprehensive result for the period</b>					
Result for the period	0	0	0	222	222
<b>Other comprehensive result</b>					
Foreign exchange differences	0	0	-247	0	-247
<b>Total comprehensive result for the period</b>	0	0	-247	222	-25
<b>Contribution by and distribution to owners</b>					
Dividends	0	0	0	-62	-62
Warrant issue	0	3	0	0	3
<b>Total contributions and distributions</b>	0	3	0	-62	-59
<b>Balance 31 December 2020</b>	1	615	-369	559	806

## Condensed consolidated statement of cash flows

SEK m	Q4 2021	Q4 2020	12M 2021	12M 2020
<b>Cash flows from operating activities</b>				
Result before income tax	118	56	451	276
Adjustments for:				
Depreciation and amortisation	66	40	215	176
(Gain)/loss from impairment of receivables	1	-1	10	1
Profit on disposal of property, plant and equipment	0	0	0	1
Finance costs	6	9	49	59
Finance income	-10	-3	-23	-12
Foreign exchange losses/(gains) (net)	-2	3	5	5
<b>Cash flows from operating activities before changes in working capital and provisions</b>	178	105	708	507
Change in inventories	-137	-120	-381	-93
Change in trade and other receivables	138	26	19	-175
Change in prepayments	-5	1	-5	36
Change in trade and other payables	-167	197	336	543
Change in provisions	-2	6	2	8
Change in deferred income	0	1	4	-3
<b>Cash flows from operating activities before interest and tax paid</b>	6	216	683	823
Income tax paid	-72	-28	-170	-71
Interest paid	-14	-8	-55	-59
<b>Cash flows from operating activities</b>	-81	179	457	693
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment	7	1	8	3
Interest received	10	3	23	12
Acquisition of property, plant and equipment	-82	-19	-247	-60
Acquisition of intangible assets	1	0	-1	-2
Acquisition of business	-58	0	-153	0
<b>Cash flows from investing activities</b>	-122	-15	-370	-47
<b>Cash flows from financing activities</b>				
Dividends	0	-62	-109	-62
Proceeds from borrowings	98	76	371	466
Repayment of loans	-19	-81	-118	-869
Leasing financing paid	-15	-33	-81	-114
Warrant issue	0	0	1	0
<b>Cash flows from financing activities</b>	64	-100	64	-578
<b>Net change in cash and cash equivalents</b>	-139	65	151	68
<b>Cash and cash equivalents at start of the period</b>	897	539	604	519
Effect of exchange rate fluctuations on cash and cash equivalents	9	-1	13	16
<b>Cash and cash equivalents at end of the period</b>	768	604	768	604

## Parent company income statement

SEK m	Q4 2021	Q4 2020	12M 2021	12M 2020
<b>Revenue</b>	<b>103</b>	<b>20</b>	<b>239</b>	<b>116</b>
Other income	2	2	2	2
Cost of sales	-88	-15	-203	-96
<b>Gross profit</b>	<b>17</b>	<b>7</b>	<b>37</b>	<b>22</b>
Administrative expenses	-11	-12	-39	-30
<b>Operating profit</b>	<b>6</b>	<b>-5</b>	<b>-2</b>	<b>-8</b>
Finance income	148	12	433	13
Finance costs	0	-1	-2	-1
Foreign exchange gains/(-losses) (net)	0	0	-1	-9
<b>Result before income tax</b>	<b>154</b>	<b>6</b>	<b>427</b>	<b>-5</b>
Income tax	0	1	0	3
<b>Result for the period</b>	<b>154</b>	<b>7</b>	<b>427</b>	<b>-2</b>

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

## Parent company balance sheet

	31 Dec 2021	30 Sep 2021	31 Dec 2020
<b>ASSETS</b>			
<b>Non-current assets</b>			
Intangible assets	1	1	1
Financial assets			
Holdings in group companies	175	175	164
Loans to group companies	149	131	3
Deferred tax assets	20	20	20
<b>Total financial assets</b>	<b>345</b>	<b>326</b>	<b>187</b>
<b>Total non-current assets</b>	<b>345</b>	<b>327</b>	<b>187</b>
<b>Current assets</b>			
Trade and other receivables	63	74	36
Prepayments	0	1	1
Cash and cash equivalents	241	7	17
<b>Total current assets</b>	<b>304</b>	<b>81</b>	<b>54</b>
<b>TOTAL ASSETS</b>	<b>649</b>	<b>408</b>	<b>241</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Restricted equity			
Share capital	1	1	1
Unrestricted equity	0	0	0
Share premium reserve	630	630	625
Retained earnings	-555	-555	-444
Result for the period	427	273	-2
<b>TOTAL EQUITY</b>	<b>504</b>	<b>349</b>	<b>180</b>
<b>Non-current liabilities</b>			
Borrowings	31	0	0
<b>Total non-current liabilities</b>	<b>31</b>	<b>0</b>	<b>0</b>
<b>Current liabilities</b>			
Borrowings	0	0	33
Trade and other payables	115	58	28
<b>Total current liabilities</b>	<b>115</b>	<b>58</b>	<b>61</b>
<b>TOTAL LIABILITIES</b>	<b>145</b>	<b>58</b>	<b>61</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>649</b>	<b>408</b>	<b>241</b>

# Notes

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## 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).

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## 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.

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## 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.

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## 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).

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## 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), which currently refers to 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 presented on page 6 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.

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## 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.

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## 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.

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## 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.

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## 9. Events subsequent to the reporting date

Information regarding events after the reporting date is set out in the front part of this report.

## 10. Acquisitions

In line with Ferronordic's strategy to expand and improve its service network in Germany, the Group completed two acquisitions in Q4 2021.

On 29 September, 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 transaction was completed in October 2021. The investment amounted to EUR 4.0m (\*SEK 41m). Truckservice Bergstrasse GmbH & Co KG ("Bergstrasse") is operating an authorised workshop for service and repairs of Volvo and Renault trucks. In addition, Bergstrasse operates a small business for trucks rental and sales of used trucks. The company is also a service partner for Volvo Penta. The workshop is located in Lorsch, a town in the Bergstrasse district in Hessen, approx. 60 km south of Frankfurt. In 2019 and 2020, Bergstrasse had an average revenue of approx. EUR 7.0m (SEK 71m) with an average operating profit of approx. EUR 0.7m (SEK 7m).

On 30 November, Ferronordic announced that it had acquired Truck Center Krämer GmbH, an authorised Volvo and Renault Trucks workshop in Bingen, Rhineland Pfalz. The investment amounted to approx. SEK 66m (\*EUR 6.4m). Truck Center Krämer GmbH operates an authorised workshop for Volvo and Renault trucks in Bingen, between Bad Kreuznach and Mainz in Rhineland Pfalz. The workshop is located at the intersection of the A60 and A61 highways, connecting the Netherlands and Belgium with the German autobahn network. In addition, Truck Center Krämer runs two smaller workshops in Simmern and Kirn, Rhineland Pfalz. The company has 26 employees. The company operates in a strategic area with a significant population of Volvo and Renault trucks, which is important for growing Ferronordic's aftermarket business in Germany. In 2019 and 2020, Truck Center Krämer had an average annual revenue of approx. SEK 54m with an estimated normalised operating margin of approx. 10%.

In both cases 100% of ownership in companies was acquired by Ferronordic.

The tables below detail the considerations paid, the net assets acquired and the goodwill related to potential synergies and intangible assets to Ferronordic in the integration of Bergstrasse and TC Krämer into Ferronordic's German operations.

The Group believes that the book value of the assets (including provisions) acquired and liabilities assumed represent their fair value. The fair value of receivables at the date of acquisition was EUR 1.0m (SEK 11m), which is derived from a gross amount EUR 1.0m (SEK 11m) as no provision for credit losses was recognised. The Group believes that the gross amount is an appropriate estimate of cash flows expected to be collected. Most of the receivables are from customers.

Costs in the amount of EUR 0.3m (SEK 3m) related to the acquisitions have been included in "general and administrative expenses" in the condensed consolidated statement of comprehensive income.

Goodwill of EUR 4.6m (SEK 47m) was recognised in the acquisitions. Goodwill is not expected to be deductible for tax purposes.

The contribution of the acquired subsidiaries to the net result from the time of acquisition up to the reporting date was approx. EUR 0.2m (SEK 2m). The estimated net result of the acquired entities before acquisition was EUR 1.2m (SEK 12m).

### Net cash outflow

	Berg- strasse	TC Krämer	Total
<b>SEK m</b>			
Cash consideration transferred	37	27	65
Cash acquired	3	4	7
<b>Net cash outflow</b>	<b>34</b>	<b>24</b>	<b>58</b>

	Berg- strasse	TC Krämer	Total
<b>SEK m</b>			
Consideration total	37	27	65
Fair value of net assets acquired	7	11	18
<b>Goodwill</b>	<b>30</b>	<b>17</b>	<b>47</b>

### Net assets

	Berg- strasse	TC Krämer	Total
<b>SEK m</b>			
Property, plant and equipment	4	2	6
Inventories	6	9	16
Trade and other receivables	5	7	11
Cash and cash equivalents	3	4	7
Borrowings	(3)	(6)	(9)
Trade and other payables	(8)	(5)	(13)
Provisions	-	-	-
<b>Net assets</b>	<b>7</b>	<b>11</b>	<b>18</b>

### Consideration

	Berg- strasse	TC Krämer	Total
<b>SEK m</b>			
Cash	37	27	65
Contingent consideration	-	-	-
<b>Consideration total</b>	<b>37</b>	<b>27</b>	<b>65</b>

**Result for the period, SEK m**

	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<b>Q4</b>	<b>Q4</b>	<b>12M</b>	<b>12M</b>
<b>Result attributable to shareholders, SEK m</b>	<b>88</b>	<b>44</b>	<b>339</b>	<b>222</b>
Average number of shares during the period before dilution, thousand	14,532	14,532	14,532	14,532
<b>Earnings per share before dilution, SEK</b>	<b>6.06</b>	<b>3.05</b>	<b>23.33</b>	<b>15.25</b>
Dilution effect	109	0	47	0
Average number of ordinary shares during the period after dilution, thousand	14,641	14,532	14,580	14,532
<b>Earnings per ordinary share after dilution, SEK</b>	<b>6.02</b>	<b>3.05</b>	<b>23.26</b>	<b>15.25</b>

# Signatures

The Board of Directors and the Managing Director declare that the report for the fourth 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, 18 February 2022

Staffan Jufors  
Chairman

Aurore Belfrage  
Director

Annette Brodin Rampe  
Director

Niklas Florén  
Director

Erik Eberhardson  
Director

Håkan Eriksson  
Director

Lars Corneliusson  
President and CEO

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 October 2019 – 31 December 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

SEK m (or as stated)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2019	2020	2020	2020	2020	2021	2021	2021	2021
Revenue	960	1,118	1,203	1,129	1,185	1,267	1,590	1,661	1,694
Gross profit	202	183	207	221	187	215	286	324	286
Gross margin, %	21.0%	16.3%	17.2%	19.6%	15.8%	17.0%	18.0%	19.5%	16.9%
Operating profit	95	51	105	107	65	80	144	147	112
Operating margin, %	9.9%	4.6%	8.7%	9.5%	5.5%	6.3%	9.0%	8.9%	6.6%
Result for the period	57	20	76	81	44	56	86	109	88
Result per ordinary share, SEK	3.95	1.39	5.24	5.57	3.05	3.85	5.94	7.48	6.06
Working capital/LTM Revenue, %	20%	13%	10%	8%	5%	4%	3%	0%	2%
Cash flow from operations, Equity/total assets, %	9	101	312	100	179	91	120	327	-81
Return on equity, %	30%	24%	30%	33%	31%	28%	25%	27%	28%
Return on capital employed, %	32%	29%	28%	28%	26%	31%	30%	31%	36%
	27%	23%	23%	25%	20%	21%	23%	27%	29%

### Russia/CIS

SEK m (or as stated)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2019	2020	2020	2020	2020	2021	2021	2021	2021
Revenue	950	843	958	900	951	1,007	1,254	1,333	1,249
Gross profit	200	156	190	199	169	185	254	290	233
Gross margin, %	21.1%	18.5%	19.9%	22.1%	17.8%	18.3%	20.2%	21.7%	18.7%
Operating profit	95	60	120	124	91	94	157	179	124
Operating margin, %	10.0%	7.2%	12.5%	13.8%	9.5%	9.3%	12.5%	13.4%	9.9%
Working capital/LTM Revenue, %	19%	14%	11%	8%	3%	2%	0%	-2%	1%

### Germany

SEK m (or as stated)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	2019	2020	2020	2020	2020	2021	2021	2021	2021
Revenue	10	275	245	229	233	260	336	327	445
Gross profit	1	27	16	23	18	30	32	34	53
Gross margin, %	14.4%	9.7%	6.7%	9.8%	7.7%	11.6%	9.6%	10.4%	11.8%
Operating profit	0	-10	-15	-17	-25	-14	-13	-32	-12
Operating margin, %	-0.3%	-3.5%	-6.1%	-7.3%	-10.7%	-5.3%	-3.8%	-9.6%	-2.8%
Working capital/LTM Revenue, %	0%	12%	7%	7%	9%	11%	14%	6%	6%

**Net debt**

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2019	2020	2020	2020	2020	2021	2021	2021	2021
Long term borrowings	205	410	349	321	351	385	499	449	490
Long term lease liabilities	172	159	135	100	71	62	63	49	97
Short term borrowings	639	525	400	122	84	101	159	261	317
Short term lease liabilities	96	75	79	79	77	85	75	63	62
Total Interest bearing liabilities	<b>1,112</b>	<b>1,169</b>	<b>963</b>	<b>622</b>	<b>583</b>	<b>632</b>	<b>796</b>	<b>822</b>	<b>966</b>
Cash & cash equivalents	519	639	733	539	604	665	653	897	768
Net debt / (cash)	593	531	230	83	-20	-33	143	-75	198
Net debt / EBITDA (times)	1.2	1.0	0.4	0.2	0.0	-0.1	0.3	-0.1	0.3

**Working capital**

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2019	2020	2020	2020	2020	2021	2021	2021	2021
Inventory	1,290	1,293	1,134	956	1,014	1,241	1,342	1,280	1,432
Trade and other receivables	322	575	436	433	393	537	588	566	535
Prepayments	84	46	27	39	37	52	51	41	46
Trade and other payables	917	1,211	1,076	1,038	1,188	1,611	1,805	1,855	1,809
Deferred income	21	19	19	17	19	18	18	25	28
Provisions	22	23	27	20	26	18	18	34	39
Working capital	734	660	476	354	213	183	140	-26	137
Revenue LTM	3,747	4,969	4,765	4,650	4,635	4,783	5,170	5,702	6,212
Working capital / Revenue (%)	20%	13%	10%	8%	5%	4%	3%	0%	2%

**Capital employed**

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2019	2020	2020	2020	2020	2021	2021	2021	2021
Long term interest bearing liabilities	377	569	484	421	422	447	561	498	587
Short term interest bearing liabilities	735	600	480	202	161	186	234	324	379
Shareholder equity	890	783	883	848	806	888	890	1,028	1,101
Capital employed	2,003	1,952	1,846	1,470	1,390	1,520	1,686	1,850	2,067
Average capital employed	1,356	1,526	1,611	1,464	1,696	1,736	1,766	1,660	1,729
EBIT	358	353	359	358	328	357	396	436	483
Interest income	6	6	9	10	12	13	11	16	23
Result LTM	364	359	368	368	340	370	407	453	506
Return on capital employed (%)	27%	23%	23%	25%	20%	21%	23%	27%	29%

**Return on equity**

	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
SEK m	2019	2020	2020	2020	2020	2021	2021	2021	2021
Shareholder equity	890	783	883	848	806	888	890	1 028	1 101
Average equity	773	771	812	842	848	835	887	938	954
Net result LTM	251	225	228	235	222	257	267	295	339
Return on equity (%)*	32%	29%	28%	28%	26%	31%	30%	31%	36%

\* Q4 2019 – Q3 2021 corrected compared to Q3 2021 published report. The graph showing return on equity has also been corrected.

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**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.

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**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 2021
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, 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 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) <sup>1</sup>	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 <sup>2</sup> , post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0 x <sup>2</sup> . 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	1,469	1,658	2,567	3,241	3,747	4,635	6,212
Operating margin	4.2%	6.3%	7.3%	8.4%	9.5%	7.1%	7.8%
Net debt/EBITDA	-0.6	-1.1	-1.5	-0.9	1.2	0.0	0.3

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 18 February 2022, 07:30 CET.*

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## Financial calendar

Annual report 2021 – Around 12 April 2022  
Interim report January-March 2022 – 12 May 2022  
Annual general meeting 2022 – 12 May 2022  
Interim report January-June 2022 – 17 August 2022  
Interim report January-September 2022 - 11 November 2022

### Conference call

A presentation for investors, analysts and media will be held on 18 February 2021 at 10:00 CET and is accessible at [www.ferronordic.com](http://www.ferronordic.com).

Dial-in numbers:

Germany: +49 692 222 391 66  
Sweden: +46 8 505 583 55  
Switzerland: +41 225 805 976  
United Kingdom: +44 333 300 92 67  
Russia: +8 800 500 98 67 PIN: 15557533#  
United States: +1 6467224904

The presentation can also be viewed live at <https://tv.streamfabriken.com/ferronordic-q4-2021>

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## Contacts

For investors and analysts:  
Erik Danemar, CFO and Head of Investor Relations  
+46 73 660 72 31  
[ir@ferronordic.com](mailto:ir@ferronordic.com)

For media and journalists:  
Ceren Wende, Head of Marketing and Communications  
+46 73 658 59 80  
[ceren.wende@ferronordic.com](mailto:ceren.wende@ferronordic.com)

Nybrogatan 6  
SE-114 34 Stockholm  
+46 8 5090 7280

Corporate ID no. 556748-7953  
[www.ferronordic.com](http://www.ferronordic.com)