

Interim report 1 January – 30 September 2023

Stockholm 16 November 2023

Q3 2023: Weak operationally. Key strategically.

THIRD QUARTER 2023

- Revenue increased by 56% to SEK 643m (412)
- Operating profit adjusted¹ decreased by 37% to SEK -28m (-21)
- Operating profit decreased by 109% to SEK -28m (300)
- Operating margin adjusted¹ increased to -4.4% (5.0)
- The result for the period decreased by 124% to SEK -89m (366)
- Basic earnings per share² amounted to SEK -6.16 (25.20)
- Cash flows from operating activities amounted to SEK -88m (240)

JANUARY - SEPTEMBER 2023

- Revenue increased by 54% to SEK 1,948m (1,268)
- Operating profit adjusted¹ increased by 29% to SEK -53m (-75)
- Operating profit decreased by 121% to SEK -53m (246)
- Operating margin adjusted¹ increased to -2.7% (5.9)
- The result for the period decreased by 104% to SEK -19m (461)
- Basic earnings per share² amounted to SEK -1.29 (31.70)
- Cash flows from operating activities amounted to SEK -174m (263)

SEK m (or as stated)	2023 Q3	2022 Q3	%	2023 9M	2022 9M	%	FY2022
Revenue	643	412	56%	1,948	1,268	54%	1,973
Gross profit	75	57	31%	244	153	59%	250
Operating profit	-28	300	-109%	-53	246	-121%	233
Operating profit adjusted ¹	-28	-21	-37%	-53	-75	29%	-88
Result from continuing operations	-89	262	-134%	-19	134	-114%	183
Result for the period	-89	366	-124%	-19	461	-104%	440
Earnings per share from continuing operations, SEK ²	-6.16	18.04	-134%	-1.29	9.20	-114%	12.58
Earnings per share, SEK ²	-6.16	25.20	-124%	-1.29	31.70	-104%	30.28
Cash flow from operations	-88	240		-174	263		215
Net debt (cash)	-378	579		-378	579		-957
<i>Gross margin, %</i>	<i>11.7%</i>	<i>13.9%</i>	<i>-2.2pp</i>	<i>12.5%</i>	<i>12.1%</i>	<i>0.5pp</i>	<i>12.7%</i>
<i>Operating margin adjusted¹, %</i>	<i>-4.4%</i>	<i>-5.0%</i>	<i>0.6pp</i>	<i>-2.7%</i>	<i>-5.9%</i>	<i>3.2pp</i>	<i>-4.5%</i>
<i>Working capital/LTM Revenue, %</i>	<i>20%</i>	<i>18%</i>	<i>2.4pp</i>	<i>20%</i>	<i>18%</i>	<i>2.4pp</i>	<i>11%</i>
<i>Equity/total assets, %</i>	<i>62%</i>	<i>42%</i>	<i>19.9pp</i>	<i>62%</i>	<i>42%</i>	<i>19.9pp</i>	<i>58%</i>
<i>Return on capital employed, %</i>	<i>-1%</i>	<i>31%</i>	<i>-32.3pp</i>	<i>-1%</i>	<i>31%</i>	<i>-32.3pp</i>	<i>11%</i>
<i>Return on equity, %</i>	<i>-2%</i>	<i>35%</i>	<i>-37.1pp</i>	<i>-2%</i>	<i>35%</i>	<i>-37.1pp</i>	<i>30%</i>

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

² Before dilution.

Ferronordic's CEO, Lars Corneliusson, comments: *A few days ago, Ferronordic signed an agreement to acquire Rudd Equipment Company, a major Volvo CE dealer in the US, for USD 105m, using a combination of own cash and debt. In 2022, Rudd had sales of USD 308m and an operating income of USD 16.5m. This transaction is transformational. It is a first step into the world's second largest market for construction equipment and a big step towards rebuilding Ferronordic as a leading service and sales company and key partner to Volvo.*

Meanwhile, we have plenty of work to do in our current markets. Operationally, the third quarter 2023 was a setback. Sales increased in both Germany and Kazakhstan, but less than expected, and far below the potential we see. Margins were low, costs were high, and our working capital grew. In Germany, revenue grew by 60% to SEK 574m, but the operating income slipped back to negative and decreased to SEK -16m. Against this backdrop and in the current economic environment, reaching a positive operating result in Germany for the full year 2023 now looks more challenging. In Kazakhstan, revenue grew by 30% to SEK 69m, but

operating profit decreased to break-even. As a result, the Group's operating profit for the quarter decreased to SEK -28m. Net cash decreased to SEK 378m, mainly due to higher working capital and exchange rate effects.

During and after the quarter, we launched initiatives to reduce the Group's costs and bring down working capital. The effects of these measures are expected to become visible in 2024. Most of the cost cuts will be in Germany and mainly affect administrative functions.

Uncertainty about the German economy increased during the quarter. Although there were also some early signs of improvement, higher interest rates and inflation make customers more cautious. The Kazakh market for construction equipment declined despite the economy growing. Longer-term, we however believe that the underlying conditions and business opportunities in our markets are strong. Despite the setback in the third quarter, we remain convinced that our operations in Germany and Kazakhstan have significant potential to grow long-term. Together with our expansion into the US, we therefore look to the future with confidence and optimism.



About Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is dealer of Volvo Trucks, Renault Trucks and Sandvik mobile crushers and screens in Germany and dealer of Volvo Construction Equipment, Sandvik mobile crushers and screens and Mecalac in Kazakhstan. Ferronordic began its operations in 2010 and currently has 28 outlets and approx. 450 employees. Ferronordic's vision is to be the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm.

www.ferronordic.com

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 16 November 2023, 07:30 CET.

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Financial calendar

Year-end report January-December 2023 – 22 February 2024
Annual report 2023 – Around 14 April 2024
Annual General Meeting 2024 – 16 May 2024

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