

## **Impact of restrictive measures on Ferronordic's operations in Russia and updated dividend recommendation**

**The EU, the US and other countries have implemented additional sanctions against Russia, including further export restrictions, the expulsion of selected banks from SWIFT and measures to prevent the Russian Central Bank from using its international reserves. In connection with this, some of our suppliers, most significantly the Volvo Group, have communicated that they temporarily stop the sales of machines, components and spare parts to Russia. Against this backdrop and the uncertain outlook, the Board has changed its dividend recommendation and instead propose that the AGM 2022 decide not to pay a dividend.**

Based on our preliminary assessment of the legal documents issued so far, we have concluded that some of the products and services we offer in Russia are subject to the new export restrictions. We have thus discontinued the sales of such products and services for the time being. This will have a negative effect on our revenue, and earnings and cash flows in Russia.

As regards payments, we are currently still able to make payments both domestically inside Russia and internationally to and from Russia.

The Russian ruble has devaluated significantly and we expect the ruble to remain volatile. The Russian Central Bank has also significantly increased the reference interest rate. Our main outstanding payables for purchased machines and spare parts, however, are denominated in rubles with fixed interest rates. This means that when it comes to currently outstanding payables, we are not significantly affected by a potential further devaluation. The impact of the volatile market conditions on the demand for our products and services in Russia however is still unclear.

Some of our suppliers, most significantly the Volvo Group, have communicated that they are temporarily stopping sales to Russia. To our understanding, this is related to the new export restrictions, which need to be thoroughly evaluated. To the extent products are not affected by export restrictions, we continue to sell products from our inventories. If the supply stop to Russia continues, it may have significant impact on revenue, earnings and cash flows.

Due to the new situation, the outlook for Russia and our operations in Russia is highly uncertain and may be significantly worse than we expected at the time of the year-end report.

The situation in Russia does not have any direct impact on our operations in Kazakhstan and Germany, which continue as before.

Against this backdrop and the uncertain outlook, the Board has changed its dividend recommendation to recommend that the AGM 2022 decide not to pay a dividend.

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### **About 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/>

*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 28 February 2022, 21:45 CET.*

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