



Interim report January – September 2020

Record profit and strong cash flow

Strong unit sales growth despite lower market in Russia/CIS

Organic sales growth partly hidden by weaker ruble

Solid operating profit due to revenue mix and cost control

Unit sales in Germany flat as market remained weak

Strong cash flow and lower net debt

EGM approved SEK 4.25 per share dividend payout

Selected key Group ratios*

SEK M	Q3 2020**	Q3 2019	%	9M 2020**	9M 2019	%
Revenue	1 129	964	17%	3 450	2 787	24%
Operating profit	107	109	-1%	263	262	0%
Result for the period	81	74	9%	177	193	-8%
Earnings per share	5.57	5.09	9%	12.21	13.31	-8%
Gross margin	19.6%	21.4%		17.7%	20.6%	
Operating margin	9.5%	11.3%		7.6%	9.4%	
Return on capital employed	25%	34%		25%	34%	
Working capital / Revenue	8%	18%		8%	18%	
Net debt / (cash)	83	411		83	411	

* Definitions and purposes of the key ratios are presented on page 25.

** Q3 and 9M 2020 include consolidation of operations in Germany

CEO comment



Lars Corneliusson
CEO

Operating profit in Russia/CIS grew by 14% Y-o-Y to a record SEK 124m.

In January, we started aftermarket and sales operations for Volvo and Renault trucks in Germany

Our business adapted and managed well through the negative effects of the pandemic

In a longer perspective, we remain positive

Q3 2020 was another quarter where we delivered a very strong result. Despite continued uncertainty and disruption related to COVID-19, a sharp decline in the Russian ruble and although we continue to build up the operations in Germany, we delivered our best net profit to date.

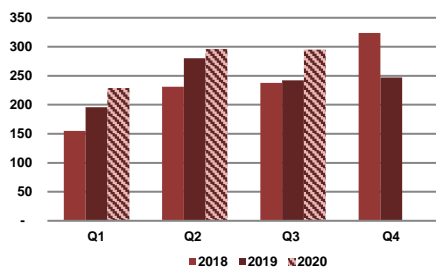
In Russia/CIS, all business areas contributed to the strong organic performance in Q3 2020. New construction equipment unit sales grew 21% Y-o-Y in a market that declined 12%. Our customers remained active and continued to rely on our services. Aftermarket sales grew 14% in ruble terms. Contracting services also performed well, up 21% in rubles. During the quarter, we announced a new contracting services project with a palladium miner, where Ferronordic will work as a general contractor, which will expand our market potential in this business area. We also launched an expansion of our center for component and machine rebuild in Ekaterinburg. During the quarter we also saw increased activities and tendering for some of the so-called national projects, aiming at improving the infrastructure in Russia. Due to the weaker ruble, total revenue declined by 7% to SEK 900m (up 15% in RUB). As a result of continued cost discipline, our operating profit however increased by 14% Y-o-Y to SEK 124m, our highest operating profit to date for Russia/CIS.

In Germany, where we service and sell Volvo and Renault Trucks since January 2020, the market for new trucks remained weak until late in the quarter and this continued to weigh on sales. Demand for service and parts was more stable. Partly as a result of a different revenue mix, gross profit improved Q-o-Q. The operating profit however declined by 11%, partially as a result of one-off restructuring costs as we implement our plans to turn the acquired business around. Our objective to improve our German service network and increase aftermarket sales has partly been held back by the pandemic.

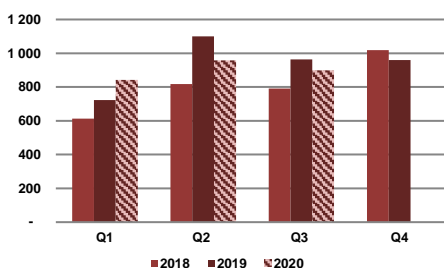
Total revenue for the Group amounted to SEK 1,129m. Thanks to the record operating profit in Russia/CIS and despite a negative contribution from Germany, the Group operating profit was SEK 107m. The operating margin was 9.5% (11.3% in Q3 2019). Cash flows from operating activities were strong at SEK 100m. Net debt decreased to SEK 83m. Finance costs declined due to the lower indebtedness. The net result was up 9% to SEK 81m. At our EGM on November 5, a SEK 4.25 per share dividend was approved.

In October, the business trends seen in Q3 2020 have continued. Our business adapted well to the challenges related to COVID-19. As cases again pick up and restrictions are reintroduced, we recognise that the future remains uncertain and visibility is low. Currently, we however expect the markets in Russia/CIS and Germany to start to recover next year. In a longer perspective, we are also positive as we believe that the underlying fundamentals and business opportunities in our markets are strong.

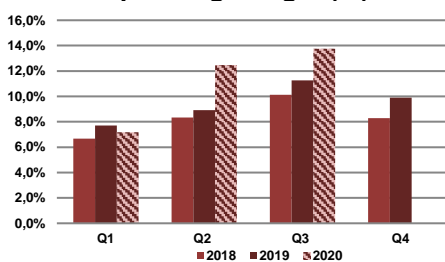
New machines (units sold)



Revenue (SEK m)



Operating margin (%)



We delivered 292 new units, which is an increase of 21%

Operating profit from the operations in Russia/CIS grew 14% to SEK 124m on resilient revenue and lower costs

Net working capital declined from 11% to 8% of revenue in Q3 2020

Russia/CIS

The total market for our main product groups (measured in units) declined 12% Y-o-Y in Q3 2020 but recovered on Q2 as operational restrictions eased, uncertainty decreased and due to pent-up demand to some degree. Our unit sales grew by 21% to 292 machines as we held on to market share gains from Q2. Many of our customers continued to demonstrate resilience in their operations and maintained both high fleet utilisation and capex program implementation. In the quarter, we increased sales of excavators and backhoe loaders but decreased sales of articulated haulers, which partly is reflected in a 27% (10% in RUB) Y-o-Y lower average sales price. Contracting services performed well in the quarter and we announced a new project that we believe will open new opportunities for this business area.

Revenue in the Russia/CIS operations decreased by 7% (15% increase in RUB) to SEK 900m (SEK 964m). Equipment sales declined by 7% (+15%), aftermarket sales decreased by 8% (+14%) and contracting services decreased by 2% (+21%). The aftermarket revenue share remained largely unchanged at 24% while contracting services increased somewhat to 13%. The gross margin increased marginally to 22.1% (21.4%), partly as a result of higher margins in aftermarket and a higher share of contracting services.

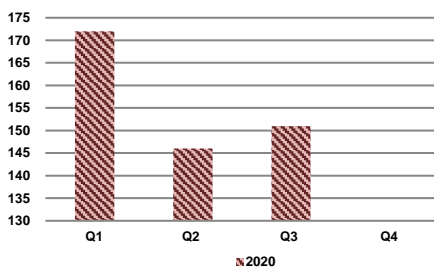
SG&A (Selling, General and Administrative) declined by SEK 18m (-19%) vs Q3 2019 and by SEK 3m (-3%) vs Q2 2020, partly due to the weaker ruble, but also as a result of the cost reduction program launched in March and of restrictions in operations, limiting travel and marketing. As business conditions normalize, some costs will return. As a percent of revenue, SG&A costs declined 1.3pp vs Q3 2019 to 8.6%. As a result of higher gross margin and lower costs, the operating margin grew by 2.5pp to 13.8% and the operating profit increased by 14% to SEK 124m.

Cash flows from operations were positive as net working capital declined from 11% in Q2 2020 to 8% of revenue in Q3 2020. As a result, a SEK 47m net cash position related to the Russia/CIS operations in Q2 2020 increased to SEK 205m in Q3 2020.

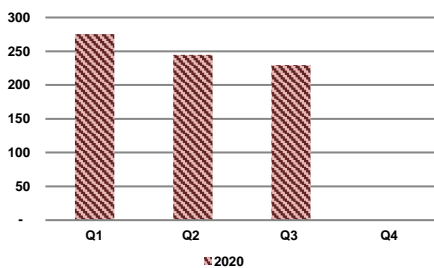
Russia/CIS

SEK M	Q3 2020	Q3 2019	%	9M 2020	9M 2019	%
New units	292	242	21%	817	718	14%
Revenue	900	964	-7%	2 701	2 787	-3%
Gross profit	199	206	-4%	545	573	-5%
Operating profit	124	109	14%	304	262	16%
Gross margin	22.1%	21.4%		20.2%	20.6%	
Operating margin	13.8%	11.3%		11.3%	9.4%	

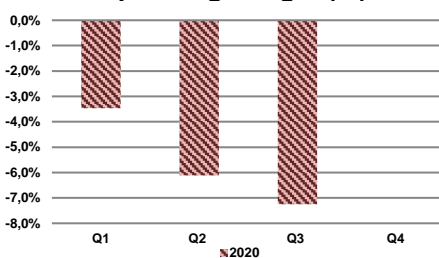
New trucks (units sold)



Revenue (SEK m)



Operating margin (%)



During the third quarter, the German market for heavy trucks contracted 11% Y-o-Y

Revenue in Germany amounted to SEK 229m, of which 59% related to sales of trucks and 31% to aftermarket sales

Net working capital decreased to SEK 67m and net debt increased to SEK 290m during the second quarter

Germany

In Q3 2020, the German market for heavy trucks, based on registrations, declined by 15% compared to Q3 2019 but showed some signs of recovery in September as the disruptions caused by the COVID-19 pandemic on the German economy eased and customers returned to their investment programs. The Q-o-Q increase was driven by the tractor segment, which more than offset a decrease in rigid trucks. Ferronordic's sales area represented approx. 20% of the total German market and declined by 14% Y-o-Y but also improved Q-o-Q. Ferronordic sold 151 new units in Q3 2020, which was 3% higher than the 146 units in Q2 2020 as our market share was largely unchanged.

Despite a higher sales volume, equipment sales declined 14% Q-o-Q due to product mix. Aftermarket sales however remained more stable and grew by 4% as trucks utilisation picked up in Germany during the quarter. Total revenue in Germany decreased 6% Q-o-Q to SEK 229m, of which 59% related to sales of trucks, 31% to aftermarket sales and 10% to other revenue, mainly consisting of rental and car sales. Gross margin stood at 9.8%, up from 6.7% in Q2 2020, mainly as a result of higher margins on new trucks sales and a higher share of aftermarket sales.

Despite better gross profit, the operating result declined 11% Q-o-Q to a loss of SEK -17m, partially as a result of one-off restructuring costs in the amount of SEK 4.7m. As a percentage of sales, SG&A costs increased 3.5pp Q-o-Q to 16.6%. The operating margin was -7.3%, compared to -6.1% in Q2 2020.

Cash flows from operating activities in Q3 2020 were negative despite a decreased in net working capital from SEK 75m at the end of Q2 2020 to SEK 67m, or 7% of annualised revenue. Net debt attributable to Germany increased from SEK 280m at the end of Q2 2020 to SEK 290m at the end of Q3 2020.

In the first nine months of 2020, revenue was SEK 749m with a gross margin of 8.8%. The operating result amounted to SEK -41m, with an operating margin of -5.5%.

Germany

SEK M	Q3 2020	Q3 2019	%	9M 2020	9M 2019	%
New units	151	0	-	469	0	-
Revenue	229	0	-	749	0	-
Gross profit	23	0	-	66	0	-
Operating profit	-17	0	-	-41	0	-
Gross margin	9,8%	0,0%		8,8%	0,0%	
Operating margin	-7,3%	0,0%		-5,5%	0,0%	

Comments on the Group results

The following foreign exchange rates have been used when translating Q3 2020 results to the presentation currency:

- Average RUB/SEK 8.29 (6.74) and SEK/EUR 10.36 have been used to translate income statements.
- End of period RUB/SEK 8.76 (6.59) and SEK/EUR 10.54 have been used to translate balance sheets.

The depreciation of the RUB since 3Q 2019 has impacted both income statement and balance sheet items.

Revenue

Revenue increased by 17% to SEK 1,129m (SEK 964m), partly as a result of the consolidation of the Group's operations in Germany

In the third quarter of 2020, Group revenue increased by 17% to SEK 1,129m (SEK 964m). Revenue in Russia/CIS declined by 7% to SEK 900m and the consolidation of the Group's operations in Germany added revenue of SEK 229m to the Group. The operations in Germany were acquired as assets and business at the end of 2019. Sales of equipment and trucks increased by 16% and aftermarket sales increased by 22%. Revenue from contracting services decreased by 2%, mainly due to the effect of translation to presentation currency from RUB to SEK.

In the first nine months of 2020, Group revenue increased by 24% to SEK 3,450m (SEK 2,787m). Revenue in Russia/CIS declined 3% to SEK 2,701m and the consolidation of the Group's operations in Germany added revenue of SEK 749m. Sale of equipment and trucks increased by 19%, aftermarket sales by 29% and contracting services by 25%.

Gross profit and operating profit

As a net result of lower margin on higher revenues, gross profit in Q3 2020 increased by 7% to SEK 221m

The gross margin decreased from 21.4% to 19.6% as a result of consolidating a higher gross margin in Russia/CIS (22.1% in 3Q 2020 vs 21.4% in 3Q 2019) and a lower gross margin (9.8%) in Germany. As a net result of lower margin on higher revenues, gross profit in Q3 2020 increased by 7% to SEK 221m (SEK 206m).

As percentage of revenue, SG&A expenses increased from 10.0% in Q3 2019 to 10.3% in Q3 2020.

Operating profit for the quarter decreased by 1% Y-o-Y to SEK 107m

The consolidated operating profit for the third quarter decreased 1% Y-o-Y to SEK 107m (SEK 109m). The operating margin during the quarter decreased from 11.3% to 9.5%, as a higher margin in Russia/CIS of 13.8% was offset by a lower operating margin of -7.3% in Germany.

During the first nine months of 2020, the gross profit increased by 6% to SEK 610m (SEK 573m). The gross margin decreased from 20.6% during the first 9 months of 2019 to 17.7% during the first 9 months of 2020, mainly as a result of lower gross margin in Russia/CIS and the consolidation of a lower gross margin (8.8%) in Germany. As a percentage of revenue, SG&A was slightly lower at 10.4% compared to 10.5% during the same period last year, as lower costs in Russia/CIS (9.3% vs 10.5%) were only partly offset a higher SG&A cost to revenue percentage of 14.2% in Germany. At SEK 263m (SEK 262m), the operating result during 9M 2020 was largely unchanged compared to the same period last year, despite of an operating loss in Germany of SEK 41m. The consolidated operating margin declined from 9.4% to 7.6%, as a higher margin in Russia/CIS of 11.3% (9.4%) was offset by a negative margin of -5.5% in Germany.

The consolidated operating margin declined from 9.4% to 7.6%

Result

Mainly as a result of a lower net debt position, net finance costs decreased from SEK 18m in Q3 2019 to SEK 9m in Q3 2020. Foreign exchange losses (net) were SEK 1m in Q3 2020 compared to foreign exchange gains (net) of SEK 2m in Q3 2019. The result before income tax for the quarter increased by 6% to SEK 98m (SEK 93m). The net result for the quarter increased by 9% to SEK 81m (SEK 74m).

The result for the quarter increased by 9% to SEK 81m

Mainly as a result of a higher debt position, net finance costs were SEK 8m higher during 9M 2020 than during 9M 2019. Foreign exchange losses (net) were SEK 2m in 9M 2020 compared to foreign exchange gains (net) of SEK 14m in 9M 2019. Consequently, the result before income tax decreased by 10% to SEK 219m (SEK 243m). The net result for Russia/CIS increased 12% to SEK 216m (SEK 193m) but the German operations reported a net loss of SEK 39m. As a result, the Group net income decreased 8% to SEK 177m (SEK 193m).

Earnings per share

Earnings per share for the third quarter amounted to SEK 5.57 (SEK 5.09).

Earnings per share for the quarter amounted to SEK 5.57

Earnings per share during the first nine months amounted to SEK 12.21 (SEK 13.31).

Cash flows

Cash flows from operating activities increased to SEK 100m (SEK 95m) during the quarter. The positive cash flows was partly a result of a decrease in net working capital from SEK 476m to SEK 354m during the quarter. The reduction in working capital was a result of lower inventory, partly offset by higher lower payables, while receivables were largely flat compared to Q2 2020. In Russia/CIS, inventory decreased due to higher sales than new purchases in Q3 2020. In Germany, net working capital also declined in 3Q 2020. Inventory and receivables decreased more than receivables decreased.

Cash flows from operating activities after taxes and interest increased to SEK 100m (SEK 95m) during the quarter

Net working capital decreased from SEK 476m to SEK 354m during the quarter

Stronger cash flows from operations were supported by lower income tax and lower interest paid for the Group.

Cash flows from investing activities in Q3 2020 amounted to SEK -5m (SEK -21m). The decrease was mainly due to lower acquisition of property, plant and equipment compared to Q3 2019 and partly a result of a deliberate reduction of capex to strengthen the Group's financial position given a more uncertain outlook following the outbreak of COVID-19. In Q3 2019, investments mostly related to machines in contracting services and service vans for mechanics. For more on investments in contracting services, see also below in the section on financial position.

Interest received in Q3 2020 was higher compared to Q3 2019 due to a higher cash position and despite lower deposit rates.

Cash flows from operating activities during the first nine months increased to SEK 514m (SEK -333m)

Cash flows from operating activities during the first nine months increased to SEK 514m (SEK -333m), partly as a result of lower net working capital compared to the end of 2019. The lower net working capital was mainly a result of lower inventory. In Russia, SEK 420m were released from working capital in 9M 2020 and net working capital as a percentage of revenue declined from 19% at the end of 2019 to 8% at the end of the third quarter. The build-up of working capital during the first nine months of 2019, which was partly related to Ferronordic taking over the responsibility of importation of machines and parts to Russia from Volvo, was thus partly reversed during the same period of 2020.

Cash flows from investing activities amounted to SEK -32m (SEK -74m), as acquisition of property, plant and equipment, and mainly machines for contracting services, were lower than in the first nine months of 2019. This was partly a result of a deliberate reduction of capex to strengthen the Group's financial position given a more uncertain outlook following the outbreak of COVID-19. For more on investments in contracting services, see also below in the section on financial position.

Financial position

On 30 September 2020, cash and cash equivalents amounted to SEK 539m, an increase of SEK 20m from to the end of 2019 and a decrease SEK 194m from the end of the second quarter. The high cash balance partly reflected stronger cash flows from operations and lower investments, but also a decision in Q1 2020 to increase the Group's liquidity position in the face of significant uncertainty related to COVID-19. This was partly reversed in Q3 2020.

Interest-bearing liabilities (including lease liabilities and effects of IFRS-16) at the end of the quarter amounted to SEK 622m, a decrease of SEK 490m compared to the end of 2019. The decrease was mainly due to a partial repayment of loans in Russia/CIS. Interest bearing liabilities also include liabilities in the German operations amounting to SEK 49m that were transferred from payables to borrowings, during the first nine

months of 2020. As such transfers were non-cash, they are not reflected in cash flows.

Net debt declined from SEK 593m to SEK 83m in Q3 2020

Net debt declined from SEK 593m at the end of 2019 to SEK 83m in Q3 2020.

Property, plant and equipment decreased by SEK 68m during the quarter from SEK 582m to SEK 515m, mainly as an effect of translation following the weakening of the Russian ruble, but also due to depreciation in the amount of SEK 38m. The main additions included right-of-use assets related to the business in Germany in the amount of SEK 10m and additional machines in contracting services in Russia/CIS in the amount of SEK 43m during the first nine months of 2020 and SEK 20m in Q3 2020 isolated. The increase in the number of machines for contracting services was reflected in the Group's statement of cash flows as a change in working capital, as the machines were transferred to property, plant and equipment from inventory (non-cash operation).

Equity at 30 September 2020 amounted to SEK 848m

On 30 September 2020, equity amounted to SEK 848m, a decrease of SEK 43m compared to 31 December 2019. The decrease, despite the positive result, was mainly a result of negative balance sheet translation differences following the 32% depreciation of the Russian ruble during the first nine months of 2020. The translation loss during the first nine months amounted to SEK 220m

Employees

The number of full-time equivalent employees at the end of Q3 2020 was 1,387

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. At the end of Q3 2019, the number of full-time equivalent employees was 1,151. At the end of 2019, the number of full-time equivalent employees was 1,239, of which 1,189 related to the Russia/CIS and 50 to Germany. The 73 headcount reduction in Russia/CIS was a net result of an increase in headcount in contracting services and the component rebuild center but a decrease in support and administrative functions.

Parent company

The parent company's result for the quarter decreased to SEK -4m (SEK 6m)

During the third quarter, the revenue of the parent company decreased to SEK 24m (SEK 30m) mainly due to lower intra-group sales from the parent to its subsidiaries. Administrative expenses increased to SEK 5m (SEK 4m), mainly as a result of professional services, travel and taxes and staff changes. The result for the quarter decreased to SEK -4m (SEK 6m), partly due to foreign exchange losses (net) of SEK 5m in Q3 2020 compared to foreign exchange gains (net) of SEK 1m in Q3 2019.

During the first nine months, the revenue of the parent company increased to SEK 97m (SEK 92m), mainly due to higher intra-group sales from the parent to its subsidiaries. Administrative expenses amounted to SEK 18m (SEK 10m), mainly as a result

of professional services, travel and taxes and staff changes. The result amounted to SEK -9m (SEK -1m).

Risks and uncertainties

As described in the 2019 annual report, Ferronordic is exposed to a number of risks. Some of these risks have intensified as a result of the outbreak and spread of COVID-19. There have been no significant changes to what was stated in the 2019 annual report. The parent company is indirectly subject to the same risks and uncertainties as the Group.

Expansion to Germany

Ferronordic started operations in Germany on 1 January 2020. While Ferronordic acquired partly existing organisations and infrastructure from the Volvo Group and Auto-Haas (a private Volvo and Renault trucks dealer in Ferronordic's area of operations), significant resources are invested to integrate these structures into the Group's organisation and processes and to implement Group systems and standards. Ferronordic sees opportunities to grow the market share of Volvo Trucks and Renault Trucks in its area and expects Ferronordic's share of the total aftermarket sales in the area to increase over time. As the aftermarket sales increases, the profitability of the new business is expected to improve. As a result of the business disruption caused by the outbreak of COVID-19, it is possible that the planned changes and improvements will take longer than previously estimated.

The integration of Ferronordic's business in Germany is ongoing

Major events

On 11 March 2020, WHO declared the outbreak of COVID-19 a global pandemic. From mid-March, authorities have issued recommendations and regulations to restrict movement and social contacts in order to contain the spread of the virus. Governments have launched initiatives to support businesses and protect their economies. Companies, including our suppliers, competitors and customers, have taken measures to adapt to an uncertain operating environment. While our markets gradually started to open up in the end of June, October and November has shown a rising number of cases in our markets and globally. The path of the virus and the measures to halt it cannot be predicted and we cannot exclude further supply or demand side disruption in our business.

In September, Ferronordic signed an agreement for an RUB 1bn uncommitted revolving credit facility with Bank Otkritie in Russia, for potential use to fund working capital.

Events after the reporting date

Except as described elsewhere in this report, no events have occurred after the reporting date that require disclosure in the financial statements.

Outlook

The outbreak and the measures to contain the spread of COVID-19 have caused great uncertainty across our markets. For the rest of 2020 and parts of 2021, we may face various degrees of disruption in supply, demand and customer interfacing.

In October, the business trends seen in Q3 2020 have continued. Our business adapted well to the challenges related to COVID-19. As cases again pick up and restrictions are reintroduced, we recognise that the future remains uncertain and visibility is low. Currently, we however expect the markets in Russia/CIS and Germany to start to recover next year. In a longer perspective, we are also positive as we believe that the underlying fundamentals and business opportunities in our markets are strong.

In a longer perspective, we remain positive

Extraordinary general meeting (EGM)

Ferronordic held an EGM on 5 November 2020. The meeting was held without physical presence pursuant to the Act on temporary exceptions to facilitate the execution of general meetings in companies and other associations (SFS 2020:198).

At the EGM, the shareholders resolved as follows:

- As proposed by the Board of Directors, it was resolved to pay a dividend of SEK 4.25 per share, corresponding to a total distribution of SEK 62m.
- The proposal for an incentive program for members of the group's executive and extended management teams including issue of warrants was approved.

Presentation of the report

This report for the third quarter 2020 was published on 12 November 2020 at 07.30 CET and is available at www.ferronordic.com.

Ferronordic invites investors, analysts and the media to a presentation where Lars Corneliussen, CEO, and Erik Danemar, CFO, comment on the report. The presentation will be held on 12 November 2020 at 10:00 CET and can be followed via telephone conference or audiocast.

The presentation will be held in English and will be followed by a questions and answers session. Questions can be asked via the telephone conference or in written form via the audiocast. No preregistration is required.

To participate via telephone, please dial-in no later than five minutes prior to the announced time.

Dial-in numbers:

- Germany: +49 69 222 239 167
- Russia: +8 800 500 01 33
- Sweden: +46 8 505 58 365
- Switzerland: +41 225 80 59 76
- United Kingdom: +44 33 330 09 274
- United States: +1 833 249 84 07

The presentation can also be viewed live at <https://tv.streamfabriken.com/ferronordic-q3-2020>

Afterwards, a recording of the presentation will be available at the same page.

Condensed Consolidated Statement of Comprehensive Income

	Q3 2020 SEK '000	Q3 2019 SEK '000	Nine months 2020 SEK '000	Nine months 2019 SEK '000
Revenue	1 129 298	964 124	3 450 079	2 787 005
Cost of sales	(908 071)	(757 920)	(2 839 640)	(2 213 751)
Gross profit	221 227	206 204	610 439	573 254
Selling expenses	(55 227)	(37 867)	(163 574)	(122 961)
General and administrative expenses	(60 904)	(58 147)	(194 494)	(170 398)
Other income	3 930	1 818	18 345	4 779
Other expenses	(1 805)	(3 383)	(7 940)	(22 209)
Operating profit	107 221	108 625	262 776	262 465
Finance income	1 942	1 364	8 874	5 610
Finance costs	(10 581)	(19 028)	(50 027)	(38 740)
Foreign exchange gains/(-losses) (net)	(699)	1 665	(2 138)	14 061
Result before income tax	97 883	92 626	219 485	243 396
Income tax	(16 956)	(18 635)	(42 090)	(50 032)
Result for the period	80 927	73 991	177 395	193 364
Other comprehensive result				
<i>Items that are or may be reclassified to profit or loss:</i>				
Foreign currency translation differences for foreign operations	(116 057)	21 317	(219 972)	96 452
Other comprehensive result for the period, net of tax	(116 057)	21 317	(219 972)	96 452
Total comprehensive result for the period	(35 130)	95 308	(42 577)	289 816
Earnings per share				
Basic and diluted earnings per share (SEK)	5.57	5.09	12.21	13.31

Condensed Consolidated Statement of Financial Position

	30 September 2020 SEK '000	30 June 2020* SEK '000	31 December 2019 SEK '000	30 September 2019 SEK '000
ASSETS				
Non-current assets				
Property, plant and equipment	514 641	582 352	700 330	519 356
Intangible assets	9 593	9 287	11 679	8 255
Deferred tax assets	59 743	53 212	51 287	55 999
Total non-current assets	583 977	644 851	763 296	583 610
Current assets				
Inventories	955 958	1 133 554	1 289 887	1 168 395
Trade and other receivables	433 458	436 400	321 544	350 817
Prepayments	39 166	27 178	83 506	30 563
Cash and cash equivalents	539 260	733 330	519 361	209 793
Total current assets	1 967 842	2 330 462	2 214 298	1 759 568
TOTAL ASSETS	2 551 819	2 975 313	2 977 594	2 343 178
EQUITY AND LIABILITIES				
Equity				
Share capital	1 297	1 297	1 297	1 297
Additional paid in capital	612 136	612 136	612 136	612 136
Translation reserve	(342 066)	(226 009)	(122 094)	(118 218)
Retained earnings	399 003	399 003	148 184	148 184
Result for the period	177 395	96 468	250 819	193 364
TOTAL EQUITY	847 765	882 895	890 342	836 763
Non-current liabilities				
Borrowings	320 838	348 844	205 296	-
Deferred income	1 667	3 184	7 174	9 487
Deferred tax liabilities	5 151	4 472	6 622	1 304
Long-term lease liabilities	100 077	134 817	171 847	142 424
Total non-current liabilities	427 733	491 317	390 939	153 215
Current liabilities				
Borrowings	122 486	400 346	639 280	396 766
Trade and other payables	1 037 555	1 075 830	917 279	829 549
Deferred income	16 826	19 059	21 453	23 003
Provisions	20 430	26 538	22 282	22 686
Short-term lease liabilities	79 024	79 328	96 019	81 196
Total current liabilities	1 276 321	1 601 101	1 696 313	1 353 200
TOTAL LIABILITIES	1 704 054	2 092 418	2 087 252	1 506 415
TOTAL EQUITY AND LIABILITIES	2 551 819	2 975 313	2 977 594	2 343 178

*The condensed consolidated statement of financial position as at 30 June 2020 has not been reviewed by the Group's independent auditors.

Condensed Consolidated Statement of Changes in Equity

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2020	1 297	612 136	(122 094)	399 003	890 342
Total comprehensive result for the period					
Result for the period				177 395	177 395
Other comprehensive result					
Foreign exchange differences			(219 972)		(219 972)
Total comprehensive result for the period			(219 972)	177 395	(42 577)
Contribution by and distribution to owners					
Dividend on shares				-	-
Total contributions and distributions	-	-	-	-	-
Balance 30 September 2020	1 297	612 136	(342 066)	576 398	847 765

SEK '000	Attributable to equity holders of the company				Total equity
	Share capital	Additional paid in capital	Translation reserve	Retained earnings	
Balance 1 January 2019	1 297	612 136	(214 670)	257 177	655 940
Total comprehensive result for the period					
Result for the period				193 364	193 364
Other comprehensive result					
Foreign exchange differences			96 452		96 452
Total comprehensive result for the period			96 452	193 364	289 816
Contribution by and distribution to owners					
Dividend on shares				(108 993)	(108 993)
Total contributions and distributions	-	-	-	(108 993)	(108 993)
Balance 30 September 2019	1 297	612 136	(118 218)	341 548	836 763

Condensed Consolidated Statement of Cash Flows

	Q3 2020 SEK '000	Q3 2019 SEK '000	Nine months 2020 SEK '000	Nine months 2019 SEK '000
Cash flows from operating activities				
Result before income tax	97 883	92 626	219 485	243 396
Adjustments for:				
Depreciation and amortisation	39 991	41 624	135 413	95 274
(Gain)/loss from impairment of receivables	(1 989)	2 613	2 158	8 916
Profit on disposal of property, plant and equipment	204	(767)	1 658	7 894
Finance costs	10 581	19 028	50 027	38 740
Finance income	(1 942)	(1 364)	(8 874)	(5 610)
Foreign exchange losses/(gains) (net)	699	(1 665)	2 138	(14 061)
Cash flows from operating activities before changes in working capital and provisions	145 427	152 095	402 005	374 549
Change in inventories	7 107	215 198	26 470	(342 884)
Change in trade and other receivables	(28 727)	150 483	(200 826)	1 572
Change in prepayments	(15 815)	6 399	34 843	(9 059)
Change in trade and other payables	29 809	(378 575)	346 311	(261 943)
Change in provisions	(4 207)	(1 936)	2 096	2 792
Change in deferred income	(671)	2 361	(3 756)	1 641
Cash flows from operating activities before interest and tax paid	132 923	146 025	607 143	(233 332)
Income tax paid	(21 847)	(32 094)	(43 246)	(61 650)
Interest paid	(10 855)	(19 108)	(50 383)	(38 369)
Cash flows from operating activities	100 221	94 823	513 514	(333 351)
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment	-	-	2 164	1 499
Interest received	1 942	1 348	8 868	5 594
Acquisition of property, plant and equipment	(5 141)	(22 036)	(40 975)	(77 320)
Acquisition of intangible assets	(1 829)	(217)	(2 168)	(3 319)
Cash flows from investing activities	(5 028)	(20 905)	(32 111)	(73 546)
Cash flows from financing activities				
Dividend on ordinary shares	-	-	-	(108 993)
Proceeds from borrowings	-	129 854	390 028	822 781
Repayment of loans	(271 362)	(207 766)	(787 843)	(452 213)
Financing received	-	43 882	-	70 018
Leasing financing paid	(24 756)	(16 880)	(80 386)	(51 017)
Cash flows from financing activities	(296 118)	(50 910)	(478 201)	280 576
Net change in cash and cash equivalents	(200 925)	23 008	3 202	(126 321)
Cash and cash equivalents at start of the period	733 330	188 897	519 361	356 589
Effect of exchange rate fluctuations on cash and cash equivalents	6 855	(2 112)	16 697	(20 475)
Cash and cash equivalents at end of the period	539 260	209 793	539 260	209 793

Key Ratios

	Q3 2020	Q3 2019	Nine months 2020	Nine months 2019
Revenue, SEK'000	1 129 298	964 124	3 450 079	2 787 005
Revenue growth, %	17.1%	21.9%	23.8%	25.4%
Gross margin, %	19.6%	21.4%	17.7%	20.6%
EBITDA, SEK'000	147 212	150 249	398 189	357 739
EBITDA margin, %	13.0%	15.6%	11.5%	12.8%
Operating profit, SEK'000	107 221	108 625	262 776	262 465
Operating margin, %	9.5%	11.3%	7.6%	9.4%
Result for the period, SEK'000	80 927	73 991	177 395	193 364
Undiluted earnings per share, SEK	5.57	5.09	12.21	13.31
Diluted earnings per share, SEK	5.57	5.09	12.21	13.31
Net debt/(cash), SEK'000	83 165	410 593	83 165	410 593
Net debt/EBITDA, x	0.2	0.9	0.2	0.9
Capital employed, SEK'000	1 470 190	1 457 149	1 470 190	1 457 149
Return on capital employed, %	25.1%	33.7%	25.1%	33.7%
Working capital, SEK'000	353 771	674 537	353 771	674 537
Working capital/Revenue, %	7.6%	17.7%	7.6%	17.7%
No. of employees at close of period	1 387	1 151	1 387	1 151

Ferronordic presents certain key ratios in its interim reports which 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' definitions of the same terms. These ratios should therefore be seen as a supplement rather than as a replacement for measures defined according to IFRS. The definition and purpose of each key ratio are presented on page 25.

Parent Company Income Statement

	Q3 2020 SEK '000	Q3 2019 SEK '000	Nine months 2020 SEK '000	Nine months 2019 SEK '000
Revenue	23 638	30 348	96 706	92 126
Cost of sales	(18 937)	(18 905)	(81 501)	(75 904)
Gross profit	4 701	11 443	15 205	16 221
Administrative expenses	(5 128)	(4 400)	(18 163)	(10 091)
Operating profit	(428)	7 043	(2 958)	6 131
Finance income	401	65	1 278	146
Finance costs	(45)	(47)	(141)	(136)
Foreign exchange gains/(-losses) (net)	(4 606)	1 019	(9 165)	(7 014)
Result before income tax	(4 677)	8 080	(10 986)	(873)
Income tax	956	(1 677)	2 198	(9)
Result for the period	(3 721)	6 403	(8 788)	(882)

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

Parent Company Balance Sheet

	30 September 2020 SEK '000	31 December 2019 SEK '000	30 September 2019 SEK '000
ASSETS			
Non-current assets			
Intangible assets	824	993	1 049
Property, plant and equipment	-	-	-
Financial assets			
Holdings in group companies	163 908	158 785	152 941
Loans to group companies	2 707	2 638	-
Deferred tax assets	19 222	17 024	17 324
Total financial assets	<u>185 837</u>	<u>178 447</u>	<u>170 265</u>
Total non-current assets	<u>186 661</u>	<u>179 440</u>	<u>171 314</u>
Current assets			
Trade and other receivables	49 640	81 839	53 706
Prepayments	695	823	856
Cash and cash equivalents	26 599	39 327	38 839
Total current assets	<u>76 934</u>	<u>121 989</u>	<u>93 401</u>
TOTAL ASSETS	<u><u>263 595</u></u>	<u><u>301 428</u></u>	<u><u>264 715</u></u>
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	1 297	1 297	1 297
Unrestricted equity			
Share premium reserve	622 148	622 148	622 148
Retained earnings	(382 297)	(381 905)	(381 905)
Result for the period	(8 788)	(393)	(882)
TOTAL EQUITY	<u>232 360</u>	<u>241 148</u>	<u>240 659</u>
Current liabilities			
Trade and other payables	31 234	60 280	24 056
Total current liabilities	<u>31 234</u>	<u>60 280</u>	<u>24 056</u>
TOTAL LIABILITIES	<u>31 234</u>	<u>60 280</u>	<u>24 056</u>
TOTAL EQUITY AND LIABILITIES	<u><u>263 595</u></u>	<u><u>301 428</u></u>	<u><u>264 715</u></u>

Basis of presentation and summary of significant accounting policies

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.

Ferronordic has changed its accounting policies in respect of operating segments. For details please see Note 1 Operational segments and revenue.

Other new or revised standards that come into effect 2020 or later are not expected to have any significant effect on Ferronordic's financial statements.

Except as described above, the same accounting and valuation principles were applied in the preparation of this report as in the preparation of the 2019 annual report (with regard to the 2019 financial year).

2. Determination of fair values

The basis for determination of fair value of financial assets and liabilities is disclosed in note 5 in the 2019 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. This is usually followed by an increase during Q2 as contracts start to be put out for tender and customers prepare for the more active summer period. Q3 tends to be slower with regard to both machine sales and aftermarket. In Q4, activity usually strengthens as customers make year-end capital spending decisions. 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).

Notes

1. Operational segments and revenue
(i) 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 financial performance of the operating segments, has been identified as the Group Executive Management Team. Until 2019, the Group had one reportable segment: *Equipment Distribution*. Starting from Q1 2020, and following the Group's expansion of its operations to Germany, the Group recognises two separate reportable segments: *Russia/CIS* and *Germany*. The new segments are partly managed separately due to differences in markets, logistics, supply chains, products, customers and marketing strategies. For each segment, the Group's management reviews internal reports on at least a monthly basis. Russia/CIS comprises of sales of new and used construction and other equipment, 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 of 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 2019. Group overhead costs, such as Group executive 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.

The Group did not disclose operating segments in its financial statements for 2019 and earlier. Due to the recognition of the reportable segments, the Group has restated the previously reported financial statements for the three and nine months that ended on 30 September 2019 and as at 30 September 2019 and 31 December 2019.

SEK'000	Russia/CIS		Germany		Total	
	Q3 2020 SEK '000	Q3 2019 SEK '000	Q3 2020 SEK '000	Q3 2019 SEK '000	Q3 2020 SEK '000	Q3 2019 SEK '000
External revenue	899 912	964 124	229 386	-	1 129 298	964 124
Gross profit	198 645	206 204	22 582	-	221 227	206 204
EBITDA	155 091	150 249	(7 879)	-	147 212	150 249
Operating profit	123 862	108 625	(16 641)	-	107 221	108 625
Profit(loss) before tax					97 883	92 626
Result for the period					80 927	73 991
Gross margin	22,1%	21,4%	9,8%	0,0%	19,6%	21,4%
Operating margin	13,8%	11,3%	-7,3%	0,0%	9,5%	11,3%

SEK'000	Russia/CIS		Germany		Total	
	Nine months 2020 SEK '000	Nine months 2019 SEK '000	Nine months 2020 SEK '000	Nine months 2019 SEK '000	Nine months 2020 SEK '000	Nine months 2019 SEK '000
External revenue	2 700 661	2 787 005	749 418	-	3 450 079	2 787 005
Gross profit	544 793	573 254	65 646	-	610 439	573 254
EBITDA	410 999	357 739	(12 810)	-	398 189	357 739
Operating profit	303 919	262 465	(41 143)	-	262 776	262 465
Profit(loss) before tax					219 485	243 396
Result for the period					177 395	193 364
Gross margin	20,2%	20,6%	8,8%	0,0%	17,7%	20,6%
Operating margin	11,3%	9,4%	-5,5%	0,0%	7,6%	9,4%

	Russia/CIS		Germany		Inter-segment		Total	
	30	31	30	31	30	31	30	31
	September	December	September	December	September	December	September	December
	2020	2019	2020	2019	2020	2019	2020	2019
	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000	SEK'000
TOTAL ASSETS	1 980 822	2 624 206	579 346	353 388	(8 349)	-	2 551 819	2 977 594
TOTAL LIABILITIES	1 101 530	1 733 968	605 232	353 284	(2 708)	-	1 704 054	2 087 252

(ii) **Revenue**

Disaggregation of revenue

SEK'000	Russia/CIS		Germany		Total	
	Q3	Q3	Q3	Q3	Q3	Q3
	2020	2019	2020	2019	2020	2019
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
Equipment and trucks sales	559 077	599 671	135 448	0	694 525	599 671
Aftermarket sales	217 783	235 651	70 745	0	288 528	235 651
Contracting services	118 643	121 176	0	0	118 643	121 176
Other revenue	4 409	7 626	23 193	0	27 602	7 626
Total revenues	899 912	964 124	229 386	-	1 129 298	964 124

SEK'000	Russia/CIS		Germany		Total	
	Nine months	Nine months	Nine months	Nine months	Nine months	Nine months
	2020	2019	2020	2019	2020	2019
	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000	SEK '000
Equipment and trucks sales	1 687 132	1 828 845	483 762	0	2 170 894	1 828 845
Aftermarket sales	659 797	670 946	206 231	0	866 028	670 946
Contracting services	336 246	269 968	0	0	336 246	269 968
Other revenue	17 486	17 246	59 425	0	76 911	17 246
Total revenues	2 700 661	2 787 005	749 418	-	3 450 079	2 787 005

In Russia/CIS, equipment and trucks sales include sales of new and used construction equipment, attachments and diesel generators. Aftermarket sales include sales of service and parts. Contracting services include only revenue from contracting services operations. Other revenue consist 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 sale of passenger cars.

Number of units sold	Russia/CIS		Germany		Total	
	Q3	Q3	Q3	Q3	Q3	Q3
	2020	2019	2020	2019	2020	2019
New units	292	242	151	-	443	242
Used units	74	63	8	-	82	63
Total units	366	305	159	-	525	305

	Russia/CIS		Germany		Total	
	Nine months 2020	Nine months 2019	Nine months 2020	Nine months 2019	Nine months 2020	Nine months 2019
Number of units sold						
New units	817	718	469	-	1 286	718
Used units	193	129	23	-	216	129
Total units	1 010	847	492	-	1 502	847

In Russia/CIS, new units include the full range of construction equipment and diesel generators. Used units include construction equipment and trucks.

In Germany, new units include Volvo and Renault trucks as well as sales of Renault light commercial vehicles. Used units include Volvo and Renault trucks, as well as other trucks and light commercial vehicles. Sales of passenger cars are included in other revenue and are not included in the new or used unit count.

2. Events after the reporting date

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

3. Contingencies

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 banks.

4. 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 2019 Annual Report.

5. 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.

	Q3 2020 SEK '000	Q3 2019 SEK '000	Nine months 2020 SEK '000	Nine months 2019 SEK '000
Result for the period	80 927	73 991	177 395	193 364
Result attributable to shareholders	80 927	73 991	177 395	193 364
Average number of shares during the period before and after dilution	14 532 434	14 532 434	14 532 434	14 532 434
Earnings per share before and after dilution	5.57	5.09	12.21	13.31

The Board of Directors and the Managing Director declare that the report for the third quarter of 2020 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 2020

Staffan Jufors
Chairman

Magnus Brännström
Director

Annette Brodin Rampe
Director

Lars Corneliusson
Director

Erik Eberhardson
Director

Håkan Eriksson
Director

Lars Corneliusson
Managing Director

This report has been reviewed by the Group's independent auditors.

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 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 about 1,400 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.

www.ferronordic.com

Financial Calendar 2020/2021

Year-end report January-December 2020

19 February 2021

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This information is information that Ferronordic AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication on 12 November 2020, 07:30 CET.

Financial information for individual quarters

The financial information below regarding individual quarters during the period 1 January 2018 – 30 September 2020 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.

Key ratios defined according to IFRS

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020
Revenue	614	817	791	1 019	723	1 100	964	960	1 118	1 203	1 129
Result for the period	30	54	61	64	46	73	74	57	20	76	81
Basic and diluted earnings per share (SEK)	1.93	2.71	4.17	4.40	3.19	5.03	5.09	3.95	1.39	5.24	5.57

Key ratios not defined according to IFRS

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020
Revenue growth (%)	11%	4%	26%	68%	18%	35%	22%	(6%)	55%	9%	17%
Gross margin (%)	19.0%	19.3%	20.3%	17.6%	20.2%	20.1%	21.4%	21.0%	16.3%	17.2%	19.6%
EBITDA	48	77	91	105	82	126	150	136	99	152	147
EBITDA margin (%)	7.8%	9.5%	11.5%	10.3%	11.3%	11.4%	15.6%	14.2%	8.9%	12.6%	13.0%
Results from operating activities	41	68	80	84	56	98	109	95	51	105	107
Operating margin (%)	6.7%	8.3%	10.1%	8.3%	7.7%	8.9%	11.3%	9.9%	4.6%	8.7%	9.5%
Net debt / (cash)	(264)	(204)	(298)	(303)	(59)	446	411	593	531	230	83
Net debt/EBITDA (x)	(1,2x)	(0,9x)	(1,1x)	(0,9x)	(0,2x)	1,1x	0,9x	1,2x	1,0x	0,4x	0,2x
Capital employed	688	630	654	710	1 101	1 376	1 457	2 003	1 952	1 846	1 470
Return on capital employed (%)	34%	37%	40%	41%	33%	33%	34%	27%	23%	23%	25%
Working capital	181	162	64	47	283	655	675	734	660	476	354
Working capital/Revenue (%)	7%	6%	2%	1%	8%	18%	18%	20%	13%	10%	8%

Reconciliation of key ratios

The tables below show reconciliations of certain important key ratios.

Net debt / (Net cash)

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020
Long term borrowings	0	0	0	0	0	0	0	205	410	349	321
Long term lease liabilities	20	23	17	28	25	60	86	110	95	79	53
Long term lease liabilities (after IFRS 16)	0	0	0	0	53	51	56	62	64	56	47
Short term borrowings	0	0	0	0	215	462	397	639	525	400	122
Short term lease liabilities	21	23	23	26	26	38	53	64	41	43	44
Short term lease liabilities (after IFRS 16)	0	0	0	0	23	25	28	32	34	36	35
Total Interest bearing liabilities	41	46	40	54	342	635	620	1 112	1 169	963	622
Cash & cash equivalents	306	250	338	357	402	189	210	519	639	733	539
Net debt / (cash)	(264)	(204)	(298)	(303)	(59)	446	411	593	531	230	83
Net debt / EBITDA (times)	(1.2)	(0.9)	(1.1)	(0.9)	(0.2)	1.1	0.9	1.2	1.0	0.4	0.2

Capital employed

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020
Long term interest bearing liabilities	20	23	17	28	78	111	142	377	569	484	421
Short term interest bearing liabilities	21	23	23	26	264	524	478	735	600	480	202
Shareholder equity	647	584	614	656	758	741	837	890	783	883	848
Capital employed	688	630	654	710	1 101	1 376	1 457	2 003	1 952	1 846	1 470
Average capital employed	595	554	587	681	895	1 003	1 055	1 356	1 526	1 611	1 464
EBIT	41	68	80	84	56	98	109	95	51	105	107
Interest income	1	1	2	3	2	2	1	1	2	5	2
Result LTM	205	208	234	281	297	327	355	364	359	368	368
Return on capital employed (%)	34%	37%	40%	41%	33%	33%	34%	27%	23%	23%	25%

Working capital

SEK m (if not stated otherwise)	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	2018	2018	2018	2018	2019	2019	2019	2019	2020	2020	2020
Inventory	691	712	755	741	1 295	1 360	1 168	1 290	1 293	1 134	956
Trade and other receivables	245	342	258	303	358	489	351	322	575	436	433
Prepayments	16	13	14	17	20	36	31	84	46	27	39
Trade and other payables	745	877	935	982	1 362	1 191	830	917	1 211	1 076	1 038
Deferred income	12	14	14	15	15	15	23	21	19	19	17
Provisions	12	14	15	17	14	24	23	22	23	27	20
Working capital	181	162	64	47	283	655	675	734	660	476	354
Revenue LTM	2 630	2 663	2 828	3 241	3 350	3 633	3 806	3 747	4 969*	4 765*	4 650*
Working capital / Revenue (%)	7%	6%	2%	1%	8%	18%	18%	20%	13%	10%	8%

* For the calculation of this ratio, annualised revenue was used for Germany, calculated as four times of one third of the first nine months' revenue

Definitions of and purposes of 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.

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.

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.

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.

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.

**Review report**

To the Board of Directors of Ferronordic AB (publ)

Corp. id. 556748-7953

Introduction

We have reviewed the condensed interim financial information (interim report) of Ferronordic AB (publ) as of 30 September 2020 and the nine-month period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements ISRE 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing practices and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, for the Group in accordance with IAS 34 and the Annual Accounts Act, and for the Parent Company in accordance with the Annual Accounts Act.

Stockholm 12 November 2020

KPMG AB

Mats Kåvik

Authorized Public Accountant