

Press Release
Stockholm, 17 November 2022

Ferronordic acquires workshop in Peine, Germany

Ferronordic has agreed to acquire a workshop business in Peine, Germany. The acquisition is in line with Ferronordic's strategy to expand and improve its service network in Germany to take a larger share of the aftermarket business in its sales area. The investment amounts to approx. EUR 0.8m. The transaction is expected to be completed in February 2023.

The firm Henrich Arnke operates, among other things, an independent workshop for repairs of trucks, trailers and other vehicles in Peine, Niedersachsen, in northern Germany. The workshop is strategically placed by the A2 motorway, about 20 km west of Braunschweig and about 40 km east of Hannover. Ferronordic estimates that the workshop business in question has had a yearly revenue of approx. EUR 1.5m with an estimated operating margin of about 10% during the last years.

Following the transaction, Ferronordic will make necessary investments to convert the workshop into an authorized workshop for Volvo and Renault Trucks. The workshop will serve as a base for Ferronordic's customers in the areas Braunschweig/Wolfsburg and eastern Hannover. The workshop will also form an integral part of Volvo and Renault Truck's action service program on this important section of the German motorway network.

The transaction is structured as an asset deal where Ferronordic acquires existing inventories of approx. EUR 80,000. Further, Ferronordic will pay a compensation in the sum of EUR 250,000 for e.g. customer contacts and the right to use fixed assets. In addition to compensation to the owner, Ferronordic will invest approx. EUR 500,000 in the facility to improve infrastructure and expand the parts inventory. Ferronordic also takes over 11 employees, of which 6 mechanics. The building and the land plot where the business is conducted will be rented from the current owner for a period of five years, with Ferronordic having the right to prolong the lease with an additional three years.

The transaction is expected to be completed in February 2023. The acquired business will then form an integrated part of Ferronordic's operations in Germany. Once the operations are established, Ferronordic expects the new workshop to generate a revenue of approx. EUR 3.5m per year with an operating margin of approx. 14%.

Ferronordic's CEO, Lars Corneliusson, comments: *"The acquisition of the new workshop in Peine is a continuation of our strategy to expand and improve our service network in Germany. The location of the workshop is optimal, both to service the established customers in the areas Braunschweig/Wolfsburg and east Hannover, and to handle the great number of trucks driving on the important A2 motorway".*



About Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is dealer of Volvo Trucks and Renault Trucks in Germany and dealer of Volvo Construction Equipment and certain other brands in Kazakhstan. Ferronordic is also operating in Russia where it is dealer of Mecalac and Dressta, and 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. www.ferronordic.com

This information was submitted for publication on 17 November 2022, 14:30 CET.

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