Annual report 2025

FERRONORDIC

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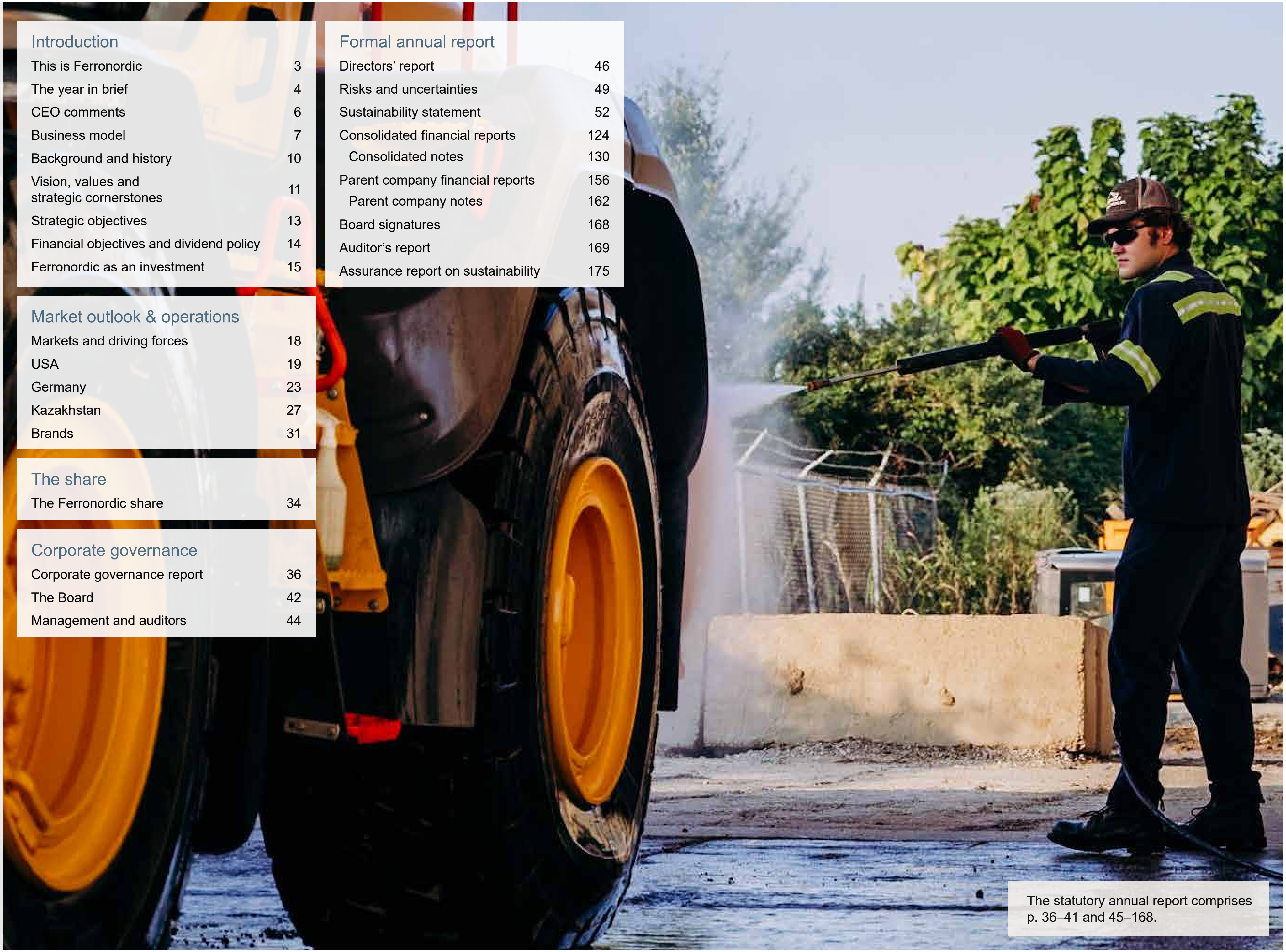


The statutory annual report comprises p. 36–41 and 45–168.

This is Ferronordic

Ferronordic is a leading service and sales company in the construction equipment and truck markets. Through our subsidiaries, we operate full-service dealerships, offering sales, rental, and trade-in of new and used equipment and trucks. We currently operate in the USA, Germany, and Kazakhstan. The Ferronordic Group has approximately 800 employees and 40 service locations.

USA

Our subsidiary in the US, Rudd Equipment Company, is a leading construction equipment dealer in the Midwest. Rudd operates mainly in Kentucky, Indiana, Missouri, Ohio, Pennsylvania, Illinois, Iowa and West Virginia and is one of the largest dealers for Volvo Construction Equipment in the United States. In addition to Volvo Construction Equipment, Rudd represents Sandvik, Link-Belt, Hitachi, Bergmann, Atlas and Mantsinen. Rudd currently operates 16 locations in the US.

Germany

Ferronordic Germany is a leading service company for the trucking industry in central and eastern Germany and is the country's largest private dealer for Volvo Trucks and Renault Trucks. Ferronordic currently operates 20 locations across Germany, primarily in Hesse, Thuringia, Lower Saxony, Saxony-Anhalt and Saxony.

Kazakhstan

Ferronordic Kazakhstan is a leading construction equipment dealer across Kazakhstan. It is the sole dealer for Volvo Construction Equipment and Ammann in the country. Ferronordic currently operates four locations in Kazakhstan.

Headquarters in Stockholm, Sweden

Ferronordic is headquartered in Stockholm. The shares are listed on Nasdaq Stockholm.

The year in brief

Group

- Revenue decreased by 6% to SEK 4,566m (4,880), primarily due to the weaker dollar. Adjusted for currency effects, revenue was flat.
- Gross profit increased by 2% to SEK 792m and gross margin increased to 17.3% (15.9).
- Operating profit increased to SEK 77m (21), or to SEK 100m (69) excluding one-off costs.
- The result for the year amounted to SEK -199m (-89), primarily driven by net foreign exchange losses of SEK 185m (77).
- Working capital decreased by 38% to SEK 664m (1,068), mainly due to lower inventories and receivables.
- Net debt decreased by 18% to SEK 1,616m (1,978).
- Given the negative result for the year, the Board proposes no dividend.
- Our financial objectives remain unchanged: over a five-year period, we aim to double revenue, achieve an operating margin above 6%, and maintain net debt to EBITDA below 3x.

USA

- US operations delivered solid performance throughout 2025.
- The market in our territory grew by 9% despite tariff-related uncertainty.
- Rental utilization improved and rental revenue increased by 8%.
- Revenue increased by 3% in USD but declined by 1% in SEK to SEK 2,946m, representing 65% of Group revenue.
- Operating profit totaled SEK 190m (230), corresponding to an operating margin of 6.4%.
- Working capital as a percentage of revenue decreased to 18% (21).
- After year-end, we completed the acquisition of Housby Heavy in Iowa, marking an important step in our US expansion.

The year in brief, cont.

Germany

- The German market for new trucks declined by 12%, while truck utilization remained high.
- New trucks sales declined by 19% in units and 21% in SEK.
- Service and parts sales were stable in EUR but declined by 3% in SEK.
- Revenue declined by 13% to SEK 1,486m (1,702), representing 33% of Group revenue.
- We implemented a new service organization, increasing local accountability and operational focus.
- Cost-saving measures were implemented, expected to generate annual savings of SEK 16–17m, although resulting in one-off costs of SEK 17m.
- Selling, general, and administrative costs decreased by 5%.
- Working capital decreased by 72%, mainly due to lower inventories and receivables.
- Operating result improved to SEK -52m (-120).

Kazakhstan

- Focus on rebuilding the sales organization and improving inventory position.
- New management appointed and CRM implemented.
- Revenue declined by 35% to SEK 134m (205), representing 3% of Group revenue.
- Operating result improved to SEK 5m (-12).

	2025	2024	2023	2022	2025 vs 2024 in % or pp
New units sold	827	1,000	1,094	1,052	-17
Revenue, SEK m	4,566	4,880	2,863	1,973	-100
Growth, %	*-6*	*70*	*45*	*31*	*-76.0*
EBITDA, SEK m	480	383	-7	1	-25
EBITDA margin, %	*10.5*	*7.9*	*-0.2*	*0*	*2.6*
Operating profit, SEK m	77	21	-115	247	-269
Operation margin, %	*1.7*	*0.4*	*-4*	*13*	*1.3*
Operation profit adjusted, SEK m	77	21	-115	-74	-269
Operation margin adjusted, %	*1.7*	*0.4*	*-4*	*-4*	*1.3*
Result per share after full dilution, SEK	-13.66	-6.15	-7.39	30.28	122
Net debt/(Net cash), SEK m	1,616	1,978	1,349	-957	-18
Return on capital employed, %	2.5	1	-3	11	2
Working capital/Revenue, %	15	23	20	11	-8
Total assets, SEK m	3,994	4,941	4,705	3,217	-19
Equity/Total assets, %	33	30	34	58	*3*

CEO comments

2025 marked a clear improvement in earnings, cash flow, and financial position. Operating profit increased significantly, and leverage declined. The US operations performed well, while we implemented measures to strengthen profitability in Germany and Kazakhstan. We enter 2026 with increased financial strength and a clear focus on growth and the continued development of our operations.

Operating profit improved to SEK 77m compared to SEK 21m in the previous year. Cash flow from operating activities amounted to SEK 701m (340), driven by improved profitability and lower inventory levels, primarily in Germany and Kazakhstan. Inventory decreased from SEK 1,253m to SEK 878m. Net debt in relation to EBITDA decreased from 5.2x to 3.4x. Our financial position is therefore significantly stronger than at the end of 2024.

The US market remained strong during 2025, with solid activity in infrastructure and data centers. At the same time, the year was characterized by uncertainty related to tariffs and the effects of a weaker dollar. Our US operations nevertheless developed steadily. During the year, we focused on strengthening processes and developing tools to increase our share of wallet through higher market share and increased aftermarket penetration. At the same time, we continued to develop the US business as a central platform for further growth. Our operational improvement measures have also contributed to higher utilization in the rental fleet, strengthening profitability and improving capital efficiency. The implementation of a new CRM system is a key part of this work and an important step towards making the business more digital and data-driven, alongside the development of our platform for automated sales signals.

In Germany, the truck market remained weak for most of the year, although we saw signs of recovery towards the end of the period. We have continued to improve profitability through optimized inventory levels, additional service technicians, and increased workshop sales. The new service organization, with clearer profit responsibility, is expected to improve productivity and follow-up. The operating loss decreased compared to the previous year, although profitability is still far from the potential we see in the German business. Our ambition is to gradually strengthen the business into a profitable platform with the potential for further development over time.

In Kazakhstan, market activity was lower. We therefore implemented organizational changes, including a change in management, to create a more efficient structure with clearer accountability and improved governance. Towards the end of the year, we saw signs of recovery.

We enter 2026 with a stronger financial position and a more efficient operating structure. In the US, demand remains strong, and our priority is to increase share of wallet through improved processes, higher aftermarket penetration, and disciplined capital allocation. In Germany and Kazakhstan, we continue to strengthen profitability through a more efficient service business and clearer local accountability. At the same time, we continue to build scalable businesses that can be further developed within each market.

With a strengthened balance sheet and scalable operating models, we see good opportunities for growth—primarily in the US—through selective acquisitions and the continued development of our existing platforms.

Henrik Carlborg
CEO and President

Business model

As a dealer of construction equipment and trucks, we operate a business model built on supporting customers throughout the entire lifecycle of their machine and truck fleets.

Our revenue comes from different and complementary streams:

- new machine and truck sales
- used machine and truck sales
- rental
- service, maintenance, and repairs
  - machine rebuilds
  - component remanufacturing
- spare parts
- financing and buyback solutions

While new machine and truck sales fluctuate with the economic cycle, the aftermarket business – service, parts, and repairs – provides a stable, recurring revenue base driven by the fact that machines must stay operational for customers to do their work.

As a dealer, Ferronordic creates value by maintaining long-term customer relationships built on trust, uptime, and local presence.

A strong dealer is embedded in its region with workshops, service technicians, parts inventories, and field service capabilities that manufacturers cannot easily replicate centrally. This local presence becomes a competitive moat: customers rely on the dealer that can support them fastest, not the one that merely offers the lowest purchase price.

We thus benefit from diversified income streams and counter-cyclical stability.

Even when new machine and truck demand slows, fleets still require service, maintenance, and replacement parts. Rental fleets further smooth demand and generate steady cash flow. Used equipment resale, trade-ins, and rebuilds create additional margin opportunities and maintain fleet turnover.

Over time, the combination of recurring aftermarket revenue, strong customer retention, and efficient asset utilization leads to durable profitability and attractive returns on capital.

BUSINESS MODEL

New population
- New equipment sale
- New truck sale
- Rental solutions

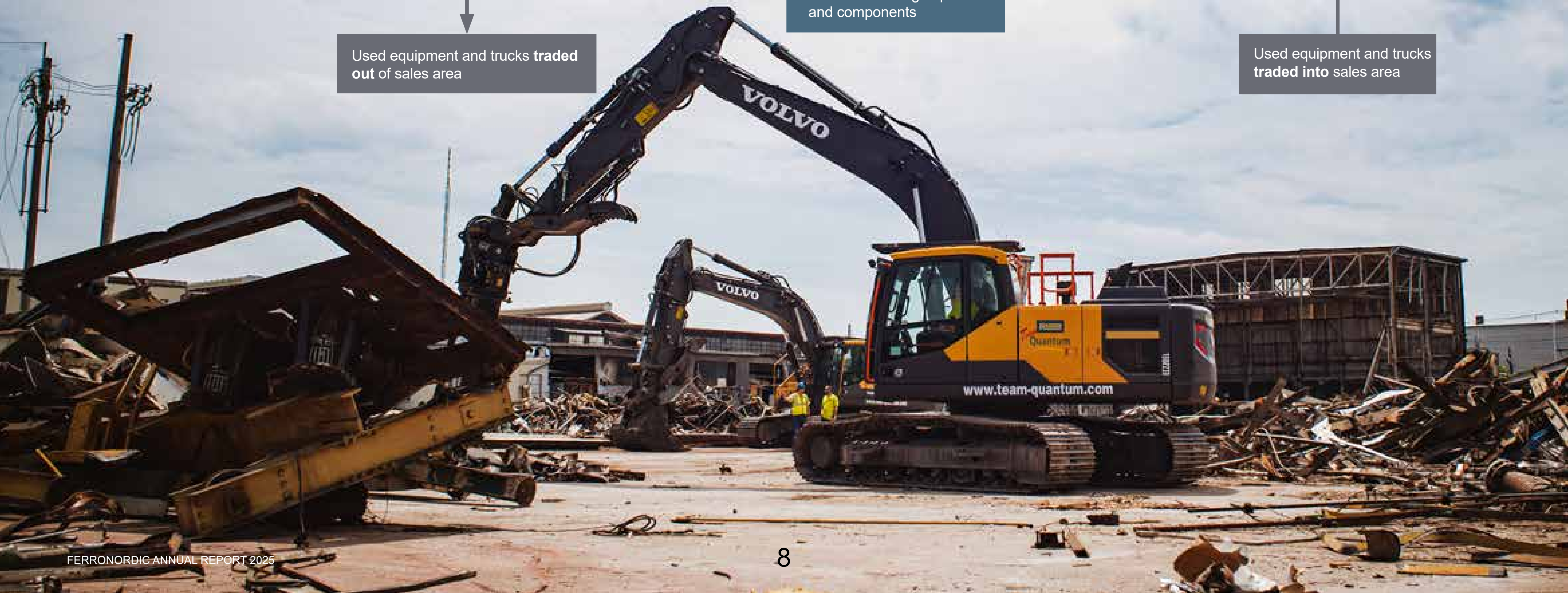
Used sale
- Used machine sale to customer
- Used truck sale to customer
- Major component rebuilds sale

Service and parts
- Service and parts sales
- Service agreements
- Overhauls

Rebuild
- Providing new life to older machines
- Remanufacturing of parts and components

Used equipment and trucks **traded out** of sales area

Used equipment and trucks **traded into** sales area



Beyond the advantages inherent in our dealer-based business model, several factors make Ferronordic a particularly attractive investment.

Data-driven customer support and sales

Dealers typically work reactively, responding when customers call about breakdowns, maintenance, or service needs. Follow-up is often manual and dependent on individual experience and records, which can lead to missed service opportunities and avoidable downtime.

We aim to work proactively. We use telematics data, digital inspections, and service history to predict when customers are likely to need support. Data is translated into sales leads and sent to the responsible sales representatives, creating structured and data-driven ways of offering the right products and solutions.

For customers, this means timelier support, less unplanned disruption, and lower operating costs. For us, it means getting closer to customers and capturing a bigger share of the service and parts business. It allows both us and our customers to better plan service and maintenance work.

Strong base for expansion

We have experience building and scaling dealerships across markets with different geographic, regulatory, and logistical conditions. This includes establishing and growing large-scale dealership operations in the US, Germany, Kazakhstan, and Russia, as well as successfully divesting our operations in Russia. Our experience in scaling service networks, managing complex logistics, and delivering high-quality service even under demanding conditions provides a strong foundation for further expansion across markets, products, and brands.

In the US and Germany, industry consolidation is accelerating, as many small, family-owned dealers face succession and higher demands on capital expenditure, digital transformation, and compliance. We are well positioned to acquire smaller dealers and workshops, improving coverage, workshop density and customer proximity.

Focus on sustainable transport, asset sharing and transport-as-a-service models

We are at the forefront of electromobility and sustainable transport, especially in Germany. We have invested in a large rental fleet of electric trucks and are running a pilot where we transport goods with our own electric trucks and drivers. This provides first-hand operational experience and real usage data, enabling us to support customers in operating electric trucks efficiently and effectively, to a greater extent than most competitors.

We also have experience with transport-as-a-service models, operating machines and trucks on behalf of customers under performance-based pricing arrangements. These models provide customers with predictable operating costs, while we assume the operational and asset risk and gain valuable hands-on operational insights into our customers' operations.

We expect asset sharing and transport-as-a-service models to become more important in the future and see opportunities to develop such operating solutions.

Investment in People and Capabilities

We invest significant resources in training our service technicians and management. We run apprenticeships, structured training programs and upskilling initiatives to ensure a steady inflow of skilled service technicians – a critical resource in an industry facing widespread labor shortages. We build strong local leadership by identifying, training, and promoting internal talent. We seek to leverage our organization and human resources by developing relevant IT support tools. This commitment to people development supports consistent execution, high service quality, and reliable delivery to both customers and partners.

Background and history

Ferronordic was founded in 2010 with the ambition to build a leading service and sales group in construction equipment and trucks. Through acquisitions and organic growth, we combined a young corporate structure with long-standing operating businesses and deep local market experience.

At inception, Ferronordic acquired Volvo CE's distribution business in Russia. Over time, the Russian operations expanded significantly, growing to 80 locations, and from a traditional dealership to also include transport-as-a-service offerings. The Russian operations were divested in 2022, providing valuable experience in both building and divesting large-scale dealership operations.

In 2019, we expanded our cooperation with Volvo CE to Kazakhstan. Ferronordic Kazakhstan has since broadened its brand portfolio to include Ammann and Sandvik mobile crushers.

In 2020, Ferronordic entered the German market through the acquisition of Volvo Trucks' and Renault Trucks' distribution operations in a region representing about a fifth of the German truck market. In Germany, we have invested in an electric rental fleet and are evaluating business models with sustainable transport-as-a-service solutions based on electric trucks.

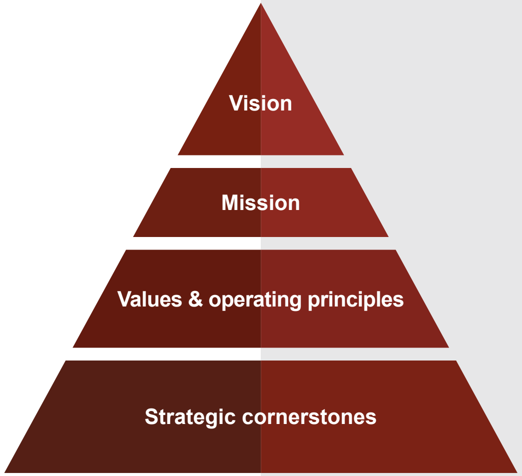
In 2023, we entered the US through the acquisition of Rudd Equipment Company, a well-established construction equipment dealer in the Midwest. The acquisition added a US subsidiary with more than 70 years of operating history and experience. Founded in 1952, Rudd has grown over decades into a multi-state dealership with strong customer relationships and deep technical and service expertise. The acquisition established a strong platform for further expansion in North America and combined our scalable corporate platform with Rudd's long-standing local market presence.

In 2025, the United States, Germany, and Kazakhstan accounted for 64%, 33%, and 3% of Group revenue respectively. At year-end 2025, we operated 37 sales and service locations and employed approximately 800 people.

Ferronordic's shares have been listed on Nasdaq Stockholm since 2017.

Vision, values and strategic cornerstones

Our vision and values define how we work and the standards we set for ourselves. They guide our decisions, shape our culture, and support ethical, responsible, and sustainable business performance across our markets.



Vision

To be the leading service and sales company in our markets.

Mission

To support the growth and leadership of our customers.

Values and principles

Our core values are respect, quality, and excellence. These values shape how we interact with customers, partners, suppliers, and colleagues.

Respect
We operate on fairness, openness, and trust. We believe in recognizing people based on competence and performance.

Quality
We build long-term relationships through consistent, high-quality products, services, and partnerships. We deliver on our commitments and aim to exceed expectations.

Excellence
We are passionate specialists and experts who strive for excellence in creating value for our customers and partners. We constantly seek ways to improve our processes and products to deliver superior customer experience.

Strategic cornerstones

Our strategic cornerstones are the building blocks to achieve our strategic objectives and guide our work.

Great team

Our success depends on skilled and committed people. We invest in developing our teams and leaders and work together to solve problems and support our customers.

Customer centricity

We strive to understand our customers' operations and to become an integrated part of their business. By working closely with our customers, we support their long-term success.

Building on strong brands

We partner with leading manufacturers of construction equipment and trucks. Through strong, close customer relationships, and high standards in service and parts, we help develop and strengthen the brands we represent.

Operational excellence

We deliver consistent and reliable service and solutions across our business. Through continuous improvement, ongoing innovation, and strong execution, we constantly work to do things better and more efficiently.

Strategic objectives

Ferronordic Group has the following strategic objectives:

Leadership in construction equipment and trucks

We aim to be our customers' most trusted partner. We do not need to be the largest, but we strive to be the best.

Service and parts absorption rate of 1.0x

We target a service and parts absorption rate of 1.0x, where gross profit from service and parts covers fixed operating costs. This strengthens earnings stability and resilience across market cycles.

Expansion into related business areas

We aim to leverage our organization, service network, and digital systems to add new brands and expand into related business areas. This improves utilization of workshops and service technicians, broadens our offering, and increases returns on invested capital. Examples include expanding the product portfolio in the US to additional equipment brands and offering sustainable transport services in Germany.

Sustainable transport services

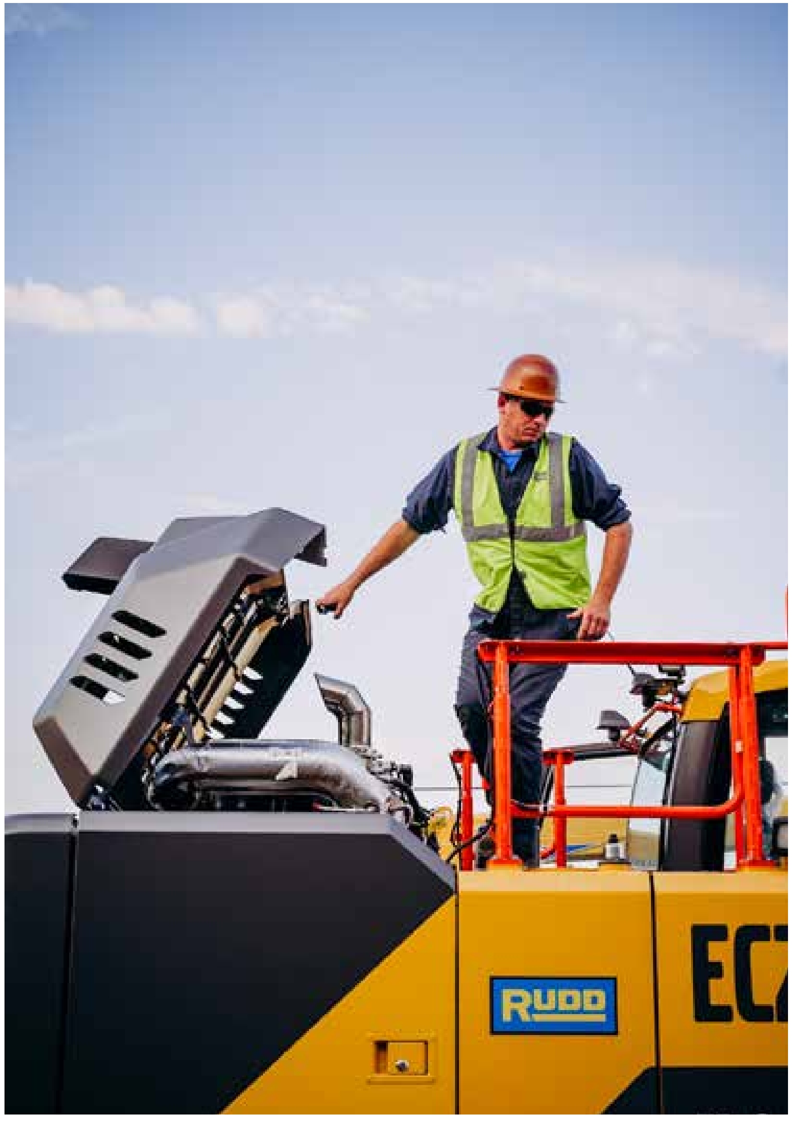
Our ambition is to expand sustainable transport-as-a-service models where they create customer value, especially through the use of electric trucks.

Industry-leading digital service and sales platforms

We aim to ensure that we have industry-leading digital service and sales platforms. By using machine data and service history to anticipate service needs, we enable proactive service and sales, reduce unplanned downtime for customers, and improve efficiency across our operations.

Geographic expansion

We have experience establishing, scaling, and exiting operations in new markets. This includes building operations in Kazakhstan, Germany, and the US, as well as establishing and subsequently divesting operations in Russia. We aim to expand selectively within existing markets, add new brands, and enter new geographies where it makes strategic and commercial sense.



Financial objectives and dividend policy

In 2024, Ferronordic decided on financial objectives and dividend policy for the Group.

Ferronordic's financial objectives reflect the Group's current business position, its strategic direction, and its long-term growth potential in 2024–2029 on an organic[1] basis:

- Double the 2024[2] revenue in its current markets by 2029
- Operating margin above 6%
- Net debt/EBITDA below 3 times (over a business cycle)

Ferronordic's financial objectives are aligned with its strategic objectives:

- Leadership in the market for construction equipment and trucks
- Geographic expansion
- Expansion into related business areas
- Sustainable transport services
- Industry leading digital service and sales platforms
- Service and parts absorption[3] rate of at least 1.0 x

According to Ferronordic's dividend policy, the ambition should be to pay at least 50% of net income if net debt/EBITDA is less than 1.0, post dividend payment, and to pay at least 25% if net debt/EBITDA is more than 1.0. 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.

As the net result was negative in 2025 and Ferronordic's leverage was above the financial target, the Board has recommended that no dividend is paid in 2026.

[1] Ferronordic's 6M 2024 revenue x 2 is used as a base for growth.
[2] Current markets are defined as Ferronordic's sales area in the US, Germany and Kazakhstan as of Q2 2024. They include expansion to other brands and products and expansion of our network in and directly adjacent to our current sales areas.
[3] Percentage of fixed costs covered by gross profit from the aftermarket business.

Ferronordic as an investment

Ferronordic's strategy is to build a multi-market dealer group where local operations are developed and strengthened over time through shared operating practices, disciplined capital allocation, and close OEM partnerships. With a growing aftermarket business and a broader offering within our existing structure, we are building a stronger, more scalable, and more profitable business.

1

Multi-market dealer

Ferronordic is developing as a dealer group with operations across multiple markets. This provides diversification, additional growth opportunities, and flexibility in capital allocation. At the same time, shared operating practices and capabilities are built that can be leveraged and further developed across the Group.

2

Experience building and developing dealerships

Ferronordic has a proven track record of establishing, acquiring, and developing dealerships across different markets and under varying conditions. This experience spans build-up, integration, improvement, and divestment, providing a strong foundation for continued development and expansion.

3

Attractive and scalable business model

The business model combines new machine and truck sales with a strong aftermarket, including service, spare parts, repairs, and rebuilds. The aftermarket generates recurring revenue, higher margins, and stability across cycles. The existing structure also enables the gradual introduction of complementary products and services through the same network.

4

Potential for growth and improved profitability

Ferronordic sees significant opportunities to increase revenue through higher market share and greater aftermarket penetration, which has the potential to improve across all markets. As the aftermarket grows, margins strengthen while fixed costs do not increase at the same pace. This creates clear operating leverage and the potential for improved returns on invested capital.

Ferronordic as an investment, cont.

5

Growth through selective M&A

The goal is to complement organic growth with selective bolt-on acquisitions that strengthen existing operations. Over time, the goal is to establish or acquire businesses in additional markets, thereby creating new platforms for further expansion as the organization and financial capacity continue to strengthen.

6

Strong brands and OEM relationships with both local and central anchoring

Ferronordic partners with Volvo Group and other leading manufacturers. Local operations manage day-to-day business and customer relationships, while the Group develops relationships at a strategic level. This combination of strong brands and close partnerships provides a solid foundation for continued development.

7

Sustainability and lifecycle perspective

Service, repairs, and rebuilds extend the life of machines, trucks, and components. This reduces resource use and environmental impact, while enhancing customer value and supporting a more sustainable business.

Market outlook & operations

Markets and driving forces

Our Role in Society

Our customers keep society working.

They rely on construction equipment and trucks to do so.

We keep that equipment and those trucks running – wherever and whenever they are needed.

Our customers build and maintain the infrastructure that society depends on. They keep goods, materials, and people moving. Every day.

Their work requires equipment and trucks that operate reliably, safely, and without interruption.

Our role is to make this possible.

We ensure their machines and trucks work wherever and whenever they need them, through fast and reliable service, high parts availability, on-site support, and preventive maintenance.

We help them access the right equipment and trucks and keep it productive throughout its entire lifecycle.

Our mission is to support the growth and leadership of our customers. To enable them to excel in their essential work – by keeping their fleets running, day in and day out.

Demand for construction equipment and trucks expected to grow

Global demand for construction equipment and trucks is expected to grow in the coming years, driven by sustained investment in infrastructure, energy systems and urban development across many regions. Governments and private actors are expanding and modernizing transport networks, utilities, and industrial capacity, supporting long-term demand for reliable heavy machinery and transport vehicles with low emissions.

Simultaneously, a significant share of the global fleet of construction equipment and trucks is aging, creating a structural need for replacement. Customers are also accelerating fleet modernization in response to stricter emission regulations, higher fuel-efficiency requirements, and rapid technological development, all of which make newer machines and trucks more attractive. Growing adoption of electric and hybrid drivelines, together with advances in automation, connectivity, and telematics, is further supporting demand for modern, high-performance equipment.

Economic forecasts reflect these underlying trends. The global construction equipment market is projected to grow from approximately USD 242b in 2025 to around USD 471b by 2033[1], driven by continued expansion in emerging markets as well as ongoing fleet renewal and upgrading in more mature economies.

While short-term market conditions may fluctuate, the structural drivers of demand – mainly infrastructure investment, economic growth, and technological advancement – support a positive medium to long-term outlook for the industry.

As a service and sales company focused on construction equipment and trucks in some of the world's largest and most important markets, we are well positioned to capitalize on these trends. By supporting customers in accessing, operating, and maintaining their equipment and trucks throughout their lifecycles, we intend to participate in the expected market growth, in both existing and future markets.

[1] Grand View Research

USA

The US is the second-largest market for construction equipment in the world. Ferronordic entered the US market in 2023 with the acquisition of Rudd Equipment Company ("Rudd"), establishing the Group's largest operational platform, located in the US Midwest. Rudd has an established service network, a customer-focused operating model and a history of stable profitability and cash generation, providing a strong foundation for continued expansion.

In 2025, demand was stable across many customer segments. At the same time, efforts continued to strengthen the service business and introduce more data-driven approaches to sales and customer engagement, with the aim of increasing aftermarket penetration.

Ferronordic in the US

Ferronordic's US subsidiary is one of the leading service providers and construction equipment dealers in the Midwest, with 358 employees and 16 branches across ten states. The company is the exclusive Volvo CE dealer throughout its territory and also represents other strong brands such as Hitachi, Sandvik, and Link-Belt.

The business model is based on combining machine sales and rentals with a strong service and parts business. The region's installed machine base is critical to long-term profitability and forms the foundation for recurring revenue.

Rudd holds a strong position in the aftermarket business, with a broad offering that includes preventive maintenance, repairs, and component rebuild. The business is supported by a central parts warehouse in Cincinnati, ensuring high availability and fast deliveries across the network.

The company actively invests in skills development and internal training programs for service technicians, enabling advanced service offerings within the organization.

In January 2026, Housby Heavy Equipment's operations in Iowa were acquired, strengthening Ferronordic's geographic footprint and creating opportunities to further develop the service business across a larger and more integrated area.

Market and driving forces

The US construction equipment market is the second largest in the world with a GPE[1] segment amount to approximately 46,000 units in 2025[2]. Demand is driven by investments in infrastructure, energy, and industry, as well as regional construction activity.

Rudd operates across several stable and growing segments, including road and infrastructure projects, quarries and materials production, recycling, waste management, and industrial and data center investments. In recent years, further investments in data centers and energy have become an increasingly important driver.

In 2025, demand remained stable, but was affected by uncertainty related to tariffs and the broader economic environment. At the same time, the market in Rudd's territory grew, reflecting underlying strength in the region.

Over the longer term, the market is expected to continue benefiting from structural investments in infrastructure, the energy transition, and industrial capacity. In this environment, availability, service capacity, and the ability to support customers' productivity become increasingly important competitive factors.

[1] General purpose equipment
[2] Volvo CE market analysis

USA

The significant need for infrastructure investment continues to support demand for construction equipment in the US. The expansion and maintenance of roads, bridges, and other public infrastructure are driven by extensive modernization requirements, while investments in data centers, energy infrastructure, and industrial capacity are increasing activity across several of Rudd's core markets.

Federal initiatives, including the Infrastructure Investment and Jobs Act (IIJA), have contributed to a high level of activity in transportation, energy, and other public infrastructure. Much of this investment is allocated via state and local governments, creating broad and regionally diversified demand.

Infrastructure and road construction
Infrastructure and road construction projects represent Rudd's largest customer segment, encompassing roads, bridges, and major transport corridors.

In Rudd's markets, demand is supported by, among others, large-scale transportation infrastructure projects, such as the development of the Brent Spence Bridge between Ohio and Kentucky, as well as numerous regional road and bridge projects.

The continuous use of construction equipment in these projects generates stable demand for service, parts, and technical support.

Quarries, sandpits, and aggregates
Growth in the mining and quarrying industry is driven by demand for materials used in construction and infrastructure projects. Customers in this segment produce and transport crushed stone, sand, and aggregates used in large-scale construction.

Demand is closely linked to infrastructure activity, with local quarries and material producers supplying ongoing road and construction projects across the region.

For Rudd, this represents an important customer group where equipment is used intensively and under demanding conditions, driving continuous demand for service, parts, and component rebuilds.

Recycling, waste management, and materials handling
Rudd also serves customers in recycling, demolition, and materials handling. These operations include the sorting, recycling, and processing of construction and industrial waste.

In Rudd's region, this includes facilities for recycling construction materials as well as the handling of waste related to larger construction and infrastructure projects.

Equipment is used continuously, generating recurring demand for service and parts, while the segment also contributes to both machine sales and stable aftermarket revenues.

Data centers and industrial facilities
The construction of data centers and industrial facilities is an increasingly important driver of demand for construction equipment in Rudd's region. Ohio and Indiana in particular are seeing rapid development linked to investments by major tech companies.

Several data center projects are underway in Ohio and Indiana, including in the Columbus region, where investments associated with hyperscale operators often amount to several billion USD per project. These projects involve extensive site preparation, development of surrounding infrastructure, and technical installations.

For Rudd, this creates both demand for machines and a long-term need for service and technical support, as these projects require high levels of availability and productivity.

Utilities and energy-related activity
Investments in energy infrastructure and utilities further support demand for construction equipment. Projects include the expansion and modernization of power grids, water infrastructure, and energy production.

In Rudd's region, this includes investments in energy distribution and water infrastructure in states such as Kentucky and West Virginia, where individual projects are often large-scale.

These projects place high demands on reliability and continuity, generating both demand for machines and ongoing needs for service, parts, and technical support.

USA

Opportunities ahead

Ferronordic sees good opportunities for continued growth, increased market shares, and gradually building a larger installed machine base in the US.
The focus is on increasing aftermarket penetration, improving utilization in the rental fleet, and further developing data-driven approaches to sales and service to Ferronordic's customers.

The company aims to strengthen its position in existing markets while gradually expanding its geographic footprint. The rental business will continue to be used as a tool to attract new customers and building the installed base.
There is also potential to increase the share of recurring revenue by strengthening the link between machine sales and the service business.

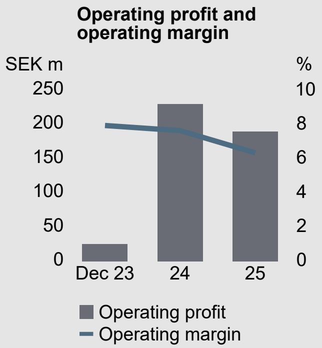
Operations

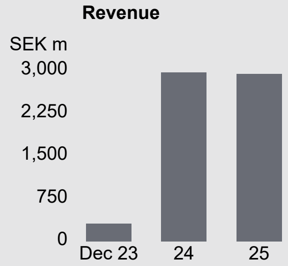
In 2025, revenue decreased by 1% to SEK 2,946m (2,973). Machine sales decreased by 2% to SEK 1,516m (1,553).

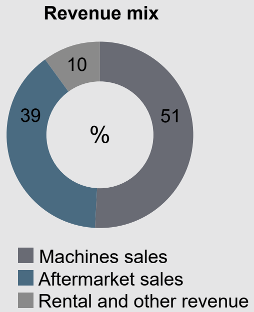
Service and parts sales decreased by 1% to SEK 1,135m (1,149), while rental and other revenue increased by 8% to SEK 294m (272).

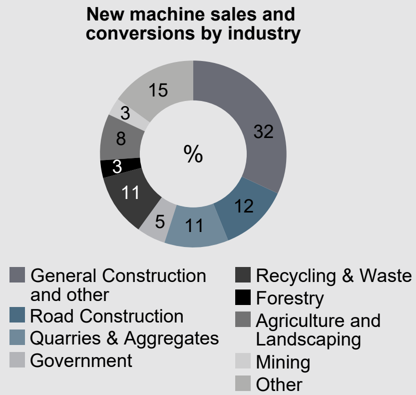
Operating profit decreased by 17% to SEK 190m (230), and the operating margin was 6.4% (7.7).

The development was characterized by slightly lower machine sales, while the rental business grew, and the aftermarket business remained stable. The result was also affected by a weaker US dollar.









	2025	2024	Dec 2023	2025 vs 2024
Units of new machines and conversions	370	406	47	-9%
Units of used machines	90	73	9	23%
Revenue, SEK m	2,946	2,973	308	-1%
Gross profit, SEK m	564	611	82	-7%
Operating profit, SEK m	190	230	25	-17%
Gross margin, %	*19.1*	*20.5*	*26.6*	*-1.4 pp*
Operating margin, %	*6.4*	*7.7*	*8.0*	*-1.3 pp*
SG&A/Revenue, %	*13.2*	*13.0*	*20.0*	*0.2 pp*
Working capital/Revenue, %	*17.7*	*20.9*	*17.0*	*-3.2 pp*

USA

Network

Rudd’s service network forms the foundation of the company’s aftermarket business and is a key driver of profitability and customer loyalty. The network offers a full range of services, from scheduled maintenance and component rebuild to unscheduled repairs and parts sales.

For construction equipment, service is largely performed on-site at customer locations, where mobile service technicians play an important role. The region’s installed machine base and customers' high machine utilization are critical to demand for service and parts.

A central parts warehouse in Cincinnati, with more than 150,000 items, together with efficient logistics solutions, enables rapid access to spare parts across the entire network.

Today, the network consists of 16 workshops covering key parts of Rudd’s sales area. An extensive workshop network, together with an advanced parts logistics system and strong technical expertise across Ferronordic’s organization, provide a solid foundation for increasing service and parts sales and the share of recurring revenue streams.

Germany

Germany is Europe's largest economy and a key market for transport and logistics solutions. Ferronordic operates as a dealer of Volvo Trucks and Renault Trucks in the central and eastern parts of the country, with 20 service workshops.

In 2025, operations were affected by a weaker market for new trucks, while demand for service and spare parts remained stable. The focus during the year was on improving efficiency through higher workshop productivity, adjustments to the cost position, and optimization of inventory levels.

Ferronordic in Germany

Ferronordic's German subsidiary is a leading service provider for truck customers, with approximately 380 employees. The business includes sales of new and used trucks, as well as rental, service, maintenance, and parts.

The platform has been built through a combination of workshop acquisitions and organic development and today represents a well-established base for continued improvement and growth.

The business model combines truck sales with a recurring service and parts business, where new truck sales gradually build an installed base that generates demand for service and parts over time. The installed truck base is central to after-market revenues and long-term profitability.

The company offers a broad service portfolio focused on high service and parts availability, short lead times, and high technical expertise, making service capacity and efficiency key competitive factors.

During 2025, measures were implemented to improve operational efficiency, including increased workshop productivity, optimized staffing, and strengthened local accountability. At the same time, the company worked to reduce inventory levels and improve capital efficiency.

Market and driving forces

The market for heavy trucks in Germany is one of the largest in Europe and amounted to approximately 53,000 units in 2025[1], representing a decline compared to the previous year. Demand is closely linked to transport volumes, industrial production, and overall economic activity.

In 2025, the market was characterized by a weaker transport sector, lower investment willingness, and more cautious customer behavior, although some recovery was observed towards the end of the year. At the same time, Germany retains its role as Europe's leading logistics hub.

Over the longer term, the market is driven by structural factors such as e-commerce growth, increasing demand for efficient logistics solutions, and investments in transport infrastructure. At the same time, the market is influenced by the transition to more sustainable transport solutions, including electrification and stricter regulatory requirements.

In this environment, service capacity, technical expertise, and the ability to support customers' operations are becoming increasingly important competitive factors.

[1] ACEA registrations data

Germany

Demand for trucks in Germany is driven by transport volumes linked to industry, trade, and logistics. At the same time, the large installed truck base supports stable demand for service, parts, and maintenance over time, making it less sensitive to economic cycles. This makes the aftermarket a central part of Ferronordic's business in Germany.

Transport and logistics
Transport and logistics companies represent the largest customer segment in Germany. These customers handle both domestic and international freight and rely on high availability and efficient operation of their truck fleets.

Demand for new trucks fluctuates with transport volumes and investment cycles, while the installed truck fleet generates a continuous need for service, parts, and maintenance.

For Ferronordic, this segment provides a stable foundation for aftermarket revenues, as high truck utilization drives recurring business.

Infrastructure and construction-related transport
Investments in infrastructure and construction drive demand for the transportation of materials such as aggregates, soil, and asphalt. The segment includes both large-scale infrastructure projects and ongoing construction projects.

Customers in this segment operate trucks in demanding environments with high loads, increasing wear and tear and, consequently, the need for service and maintenance.

For Ferronordic, this creates a combination of demand for new trucks and a continuous need for service and parts.

Industry and manufacturing
Germany's strong industrial base, including the automotive, chemical, and machinery industries, generates significant transport demand. Companies rely on efficient logistics solutions to ensure the delivery of raw materials and finished goods.

Demand for transport follows developments in industrial production, while service needs remain even during periods of lower activity.

For Ferronordic, this means that the installed truck fleet in industrial transport contributes to stable and long-term aftermarket revenues.

E-commerce and distribution logistics
The growth of e-commerce has increased the need for fast and flexible deliveries, driving demand for transport capacity and efficient distribution solutions.

Customers in this segment often operate at high frequency and with short delivery times, placing high demands on availability and operational reliability.

For Ferronordic, this results in increased demand for service and parts, as high truck utilization supports the aftermarket business.

Utilities and public sector
Transport related to municipal services, waste management, and public services represents a more stable segment with lower sensitivity to economic cycles.

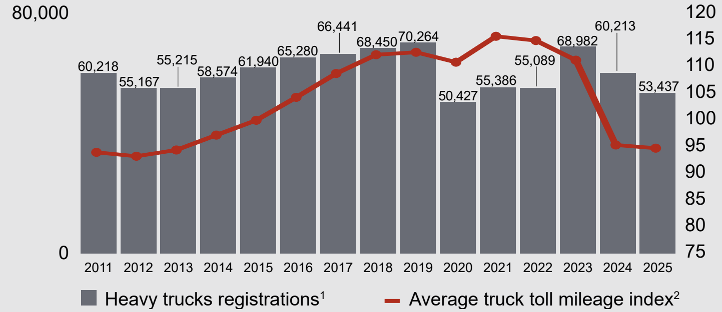
Trucks in this segment are used continuously and require regular maintenance, creating predictable demand for service and parts.

This segment therefore contributes to stability in Ferronordic's aftermarket business.

Electrification and transition
The transition to more sustainable transport solutions is an important long-term driver in Germany. The electrification of truck fleets and increasing regulatory requirements affect both investments in new trucks and service needs.

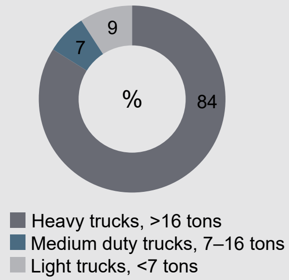
For Ferronordic, this entails higher requirements for technical expertise and adaptation of the service offering, while also creating opportunities to strengthen customer relationships and further develop the aftermarket business over time.

Heavy truck registrations in Germany



[1] Germany registrations data compiled by Volvo Trucks (until December 2025).
[2] Truck toll mileage index is a fixed base index that traces the development of the mileage of heavy trucks (with four or more axles) on German federal motorways and is calculated from digital process data from the truck toll collection system.

Ferronordic's new truck sales per market segment



Germany

Opportunities ahead

Ferronordic sees good opportunities to further develop its operations in Germany by expanding the aftermarket business and improving efficiency across the existing network.

The focus is on increasing the market potential and market share in the service business, strengthening customer relationships, and improving workshop capacity utilization. The new service organization that was implemented during the year, with clearer local accountability and a stronger focus on performance follow-up and productivity, is expected to deliver a large number of incremental operational improvements with a significant positive impact over time.

The company also sees good potential to increase market shares for both Volvo Trucks and Renault Trucks.

There is further potential to increase the inflow of service work through closer collaboration with additional customers and partners.

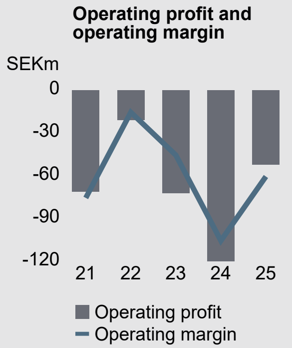
Operations

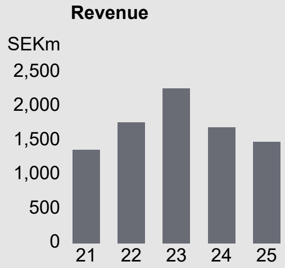
In 2025, revenue decreased by 13% to SEK 1,486m (1,702). Sales of new and used trucks decreased by 21% to SEK 792m (1,001).

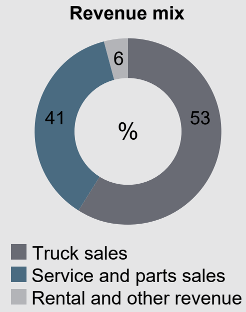
Service and parts sales decreased by 3% to SEK 610m (625), while rental and other revenue increased by 11% to SEK 84m (76).

Operating profit amounted to SEK -52m (-120), corresponding to an operating margin of -3.5% (-7.0).

Demand for service remained solid, but operations were affected by capacity constraints in parts of the workshop network. The company therefore continued to recruit service technicians, while productivity was temporarily impacted as a higher share of newly hired technicians had not yet reached full efficiency. During the year, a new service organization with clearer local accountability was introduced, aimed at improving follow-up, capacity utilization, and productivity in the workshops.







	2025	2024	2023	2022	2025 vs 2024
Units of new machines and trucks	544	671	975	992	-19%
Units of used machines and trucks	174	300	394	211	-42%
Revenue, SEK m	1,486	1,702	2,271	1,770	-13%
Gross profit, SEK m	204	149	253	214	37%
Operating profit, SEK m	-52	-120	-72	-21	56%
Gross margin, %	*13.7*	*8.7*	*11.1*	*12.1*	*5.0 pp*
Operating margin, %	*-3.5*	*-7.0*	*-3.2*	*-1.2*	*3.5 pp*
SG&A/Revenue, %	*16.9*	*15.5*	*14.4*	*13.5*	*1.3 pp*
Working capital/Revenue, %	*7.5*	*23.0*	*25.9*	*17.0*	*-15.6 pp*

Germany

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Network

Ferronordic has an established service network in Germany with 20 workshops, covering the central and eastern parts of the country and corresponding to approximately 18% of the heavy truck market (based on registrations).

For trucks, service and repairs are to a large extent carried out in workshop environments, making a dense and well-developed network essential. High availability of service and parts, short lead times, and geographic proximity to customers are key competitive factors.

Ferronordic's locations are strategically situated near major transport corridors and industrial regions, enabling efficient service for both regional and national transport customers.

Operations are managed with a focus on productivity, capacity utilization, and local performance follow-up. A dense service network, together with strong technical expertise and good access to spare parts, is critical to minimizing downtime and ensuring high productivity and profitability for Ferronordic's customers.

Kazakhstan

Kazakhstan is a resource-rich economy where demand for construction equipment is influenced by developments in the raw materials sector and by infrastructure investment. Ferronordic has established a platform for the sale and servicing of construction equipment in the country, with four workshops complemented by mobile service solutions.

In 2025, market activity was lower, while service and parts sales remained stable. The company implemented organizational changes, including a change in management, and continued its efforts to optimize inventory, expand service capacity, and develop the sales organization. Towards the end of the year, signs of a gradual recovery in the market emerged.

Ferronordic in Kazakhstan

Ferronordic's subsidiary in Kazakhstan is a dealer of construction equipment, primarily from Volvo CE and Ammann. The business includes sales of new and used machines, as well as service, maintenance, and parts.

The installed base of machines in the country remains relatively limited, meaning that the aftermarket business is still developing, while at the same time representing a key component of long-term value creation.

The platform has been built up over recent years and remains under development, with a focus on increasing market shares in construction and infrastructure, strengthening the aftermarket business, and improving operational efficiency.

Given the country's large geographic size, a significant share of service work is carried out on-site at customer locations through mobile service solutions, complementing the existing workshop network.

During 2025, the company implemented measures to strengthen the business, including further development of the sales organization and continued expansion of service capacity. Efforts to optimize inventory have also improved the conditions for a more balanced business going forward.

Market and driving forces

The market for construction equipment in the GPE segment in Kazakhstan amounted to approximately 2,800 units in 2025[1], representing an increase of around 23% compared with the previous year. The market is characterized by relatively strong competition from Chinese manufacturers, while Ferronordic's premium products account for a smaller share of the total market.

Demand is primarily driven by investments in construction and infrastructure, particularly in road and general construction, where Ferronordic has its main customer base. The market is highly influenced by individual large projects and is therefore more volatile than in the US and Germany.

Over the longer term, the market is expected to be supported by continued investment needs in infrastructure and modernization. In this environment, availability of service and parts, service capacity, and the ability to support customers' productivity are key competitive factors.

[1] Hargrove HVE

Kazakhstan

Demand for construction equipment in Kazakhstan is primarily driven by investments in construction, infrastructure, and selected raw material projects. Market activity is heavily linked to individual large-scale projects, making demand more volatile than in more mature markets. The installed machine base remains relatively limited, meaning that the aftermarket business is still developing.

Construction and infrastructure
General and road construction represent Ferronordic's most important customer segment in Kazakhstan. Demand is driven by government and regional investments in roads, transport corridors, and other public infrastructure.

Major projects include the development of several transport corridors, as well as road and rail projects aimed at strengthening logistics and enhancing the country's role as a transport link between Europe and Asia. These projects generate direct demand for machines and, over time, contribute to expanding the installed machine base.

Mining and resources
The mining industry is an important segment in Kazakhstan, with production of copper, gold, and other metals.

The segment is characterized by large machines, high uptime requirements, and significant demand for service and parts. For Ferronordic, this represents a strategic opportunity, although its current presence remains limited.

The company is gradually building its position in the segment by developing relationships and expanding its service offering.

Energy and industrial investments
Although Ferronordic does not sell directly to the oil and gas sector, investments in these industries have a broader impact on the economy, enabling infrastructure development and industrial expansion.

Large-scale construction projects – such as gas processing facilities in Kashagan and Karachaganak, as well as pipelines between Taldykorgan and Usharal – indirectly support demand for machines and related services.

Other segments
Ferronordic is also active in segments such as construction materials production, logistics, and other industrial applications.

These operations are characterized by continuous machine use, generating recurring demand for service and parts. At the same time, the aftermarket remains less developed than in more mature markets, indicating potential for future growth.

Machines are typically used in demanding environments with high loads, resulting in an ongoing need for service and parts.

Kazakhstan

Opportunities ahead

Ferronordic sees good opportunities to gradually develop its operations in Kazakhstan and create the conditions for profitable growth.

The focus is on increasing market shares in construction and infrastructure, further developing the sales organization, and expanding service capacity.

The company aims to gradually increase the installed base of machines, thereby strengthening the aftermarket business.

Operations

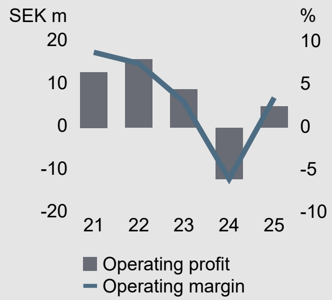
In 2025, revenue decreased by 35% to SEK 134m (205). Machine sales decreased by 46% to SEK 86m (159).

Service and parts sales increased by 2% to SEK 47m (46).

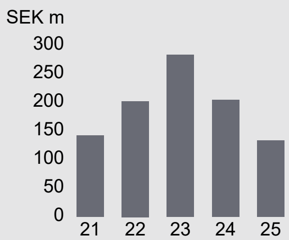
Operating profit amounted to SEK 5m (-12), corresponding to an operating margin of 3.6% (-5.9).

Performance was affected by lower equipment sales, while the aftermarket business remained stable.

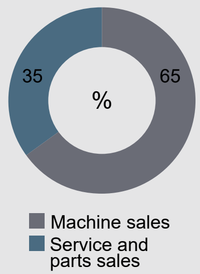
Operating profit and operating margin



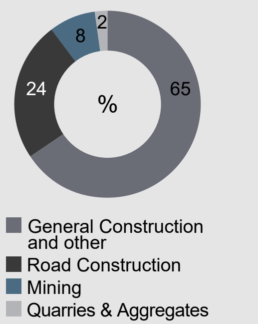
Revenue



Revenue mix



New machine net sales by industry



	2025	2024	2023	2022	2025 vs 2024
Units of new machines and trucks	49	52	72	60	-6%
Units of used machines and trucks	14	35	54	24	-60%
Revenue, SEK m	134	205	284	203	-35%
Gross profit, SEK m	23	19	43	36	27%
Operating profit, SEK m	5	-12	9	16	139%
Gross margin, %	*17.5*	*9.0*	*15.0*	*17.8*	*8.5 pp*
Operating margin, %	*3.6*	*-5.9*	*3.1*	*7.6*	*9.5 pp*
SG&A/Revenue, %	*16.4*	*13.8*	*10.8*	*12.5*	*2.6 pp*
Working capital/Revenue, %	*54.9*	*55.3*	*23.6*	*-2.9*	*-0.4 pp*

Kazakhstan

Network

Ferronordic operates in Kazakhstan through a limited number of workshops complemented by mobile service solutions. Given the country's large geographic size, proximity to customers and flexibility in service delivery are critical.

Unlike the truck operations in Europe, service on construction equipment is largely performed on-site at customer locations. Mobile service technicians therefore form a central part of Ferronordic's service network in Kazakhstan.

Customers are primarily active in the construction, infrastructure, and resource industries, where machines are used in demanding environments and downtime quickly impacts productivity. As a result, availability, response times, and technical expertise are key factors.

The installed machine base remains relatively limited, meaning that the service network is still under development. At the same time, this creates opportunities to gradually expand the aftermarket business as operations grow.

Ferronordic continuously works to strengthen service capacity, develop the skills of its service technicians, and improve parts availability, with the aim of increasing aftermarket penetration and strengthening customer relationships over time.

(4) Ferronordic outlets in Kazakhstan as of December 2025

Brands

Ferronordic is a provider of premium services, products, and customized solutions. This places high demands on the company's choice of partners. The products Ferronordic offers should be world leading in terms of safety, productivity, efficiency, and sustainability to best contribute to the success of the customer's business.

At the core of Ferronordic's offer are construction equipment from Volvo Construction Equipment and trucks from Volvo Trucks and Renault Trucks. Ferronordic also offers construction and other equipment from Hitachi, Sandvik, Link-Belt, Bergmann, Atlas, Mantsinen, Mecalac, and Ammann. In order to leverage its organization and infrastructure and offer its customers a more complete range of equipment, Ferronordic is always open to partnerships with other leading brands.

Brand	Description
VOLVO	**Volvo Construction Equipment** **Profile:** Volvo CE is a leading manufacturer of construction equipment in the premium segment and one of the largest companies in the industry. The company is part of the Volvo Group. **Business:** Ferronordic is an authorized dealer of Volvo CE in all or parts of ten states in the US. Ferronordic is also an official dealer of Volvo CE in Kazakhstan. **Offer:** A wide range of machines in different sizes and categories.
VOLVO	**Volvo Trucks** **Profile:** Volvo Trucks is one of the world's largest truck manufacturers with customers in more than 140 countries. Volvo Trucks is a leader in areas such as quality, safety, and environment. The company is part of the Volvo Group. **Business:** Ferronordic is an authorized dealer and aftermarket partner for Volvo Trucks in an area corresponding to approx. 18% of the German truck market. **Offer:** A wide range of trucks in different sizes, segments, and categories.
RENAULT TRUCKS	**Renault Trucks** **Profile:** Renault Trucks is one of the world's leading truck manufacturers with customers in more than 150 countries. The company is owned by the Volvo Group. **Business:** Ferronordic is an authorized dealer and aftermarket partner for Renault Trucks in an area corresponding to approx. 18% of the German truck market. **Offer:** A wide range of trucks in different sizes, segments, and categories.
HITACHI	**Hitachi Construction Machinery** **Profile:** Hitachi Construction Machinery is a global manufacturer of excavators, wheel loaders, and mining machinery. With over 70 overseas subsidiaries, Hitachi is one of the most well-known brands in the construction equipment business. **Business:** Ferronordic is an official dealer of Hitachi in all or parts of eight states in the US. **Offer:** Excavators and rigid haulers.
SANDVIK	**Sandvik** **Profile:** Sandvik is a premium brand and a global company specializing in products for mining, rock excavation, rock drilling, rock processing (crushing and screening), metal cutting, and machining. **Business:** Ferronordic is an authorized dealer of Sandvik drills in all or parts of nine states in the US. Ferronordic is also a distributor of Sandvik mobile crushers and screens in Kazakhstan. **Offer:** Surface drill rigs and mobile crushers and screens.

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Brands, cont.

Brand	Descpription
Link-Belt Cranes	**Link-Belt Cranes** **Profile:** Link-Belt Cranes is an industrial company that specializes in telescopic and lattice boom cranes. Link-belt is headquartered in Lexington, Kentucky. **Business:** Ferronordic is an official dealer of Link-Belt Cranes in all or parts of nine states in the US. **Offer:** Telescopic and lattice boom cranes.
Mecalac	**Mecalac** **Profile:** Mecalac is a leading manufacturer of backhoe loaders, compact wheel loaders, and other compact machines. **Business:** Ferronordic is the official dealer of Mecalac in Kazakhstan. **Offer:** Backhoe loaders.
Bergmann	**Bergmann** **Profile:** Bergmann is a family business that has specialized in high-performance haulers for over 60 years. **Business:** Ferronordic is an official dealer of Bergmann in all or parts of nine states in the US. **Offer:** Compact haulers.
Atlas since 1919	**Atlas** **Profile:** Atlas is a privately owned manufacturer of high-quality wheeled- and crawler excavators and material handlers. **Business:** Ferronordic is an official dealer of Atlas in the states of Indiana, Kentucky, Ohio, Iowa, western Pennsylvania, and West Virginia. **Offer:** Material handlers.
Mantsinen	**Mantsinen** **Profile:** Mantsinen is a family-owned company that specializes in material handling machinery and logistics services. **Business:** Ferronordic is an official dealer of Mantsinen in the states of Indiana, Kentucky, Ohio, Iowa, western Pennsylvania, and West Virginia. **Offer:** Material handlers.
Ammann	**Ammann** **Profile:** Ammann is a leading global supplier of road construction equipment including pavers, rollers, and asphalt and concrete mixing plants. **Business:** Ferronordic is an official distributor of Ammann in Kazakhstan. **Offer:** Pavers and rollers.

The share

The Ferronordic share

Ferronordic's shares have been listed on Nasdaq Stockholm since October 2017. On December 31, 2025, the share price was SEK 43.40 (59.0), which is a decrease of 26.4% compared to the closing price of the previous year. This corresponds to a decrease in the market capitalisation of the company to SEK 631m (857). The listing refers to all shares in Ferronordic AB (publ), which is the parent company of the Group. The shares are traded in the Small cap segment and belong to the Industrial Goods and Services sector. The ticker is FNM and the ISIN-code is SE0005468717.

Turnover and stock price development

In 2025, 4,068,387 shares (4,846,267) were traded at a total value of SEK 193m (337). The average turnover was 16,339 shares (19,308) for SEK 0.77m (1.34) per trading day. All listed shares are traded on Nasdaq Stockholm.

Share capital

Ferronordic has only one class of shares: ordinary shares. The number of shares on December 31, 2025 was 14,532,434. Each share carries one voting right at the Annual General Meeting. At the end of the year, Ferronordic owned 0 shares (0).

Dividend policy and dividend

According to the company's dividend policy, Ferronordic's ambition is to distribute at least 50% of the net profit if the net debt/EBITDA is less than 1.0 x (after the dividend) and to distribute at least 25% of the net profit if the net debt/EBITDA is more than 1.0 x. The Board also considers other factors when the level of dividend is proposed, including legal requirements, the Articles of Association, the Group's expansion opportunities, the company's financial position and investment needs. For the AGM in 2026, the Board proposes no dividend to be paid out.

Ownership

On December 31, 2025, the number of shareholders amounted to 6,346[1] (7,840). Foreign ownership amounted to 6% (6). Among the ten largest shareholders, a few changes took place in 2025. Per Arwidsson (and associated persons), Arbona, and Skandinavkonsult i Stockholm AB increased their holdings, while Unionen, Nordnet, and Avanza reduced their holdings. AltoCumulus sold all their shares. Other changes are minor in nature.

[1] Euroclear

Data per share (SEK)	2025	2024	2023	2022	2021
Operating profit	5.3	1.4	-7.9	17.0	33.2
- after full dilution	5.3	1.4	-7.7	17.0	33.1
Profit	-13.7	-6.2	-7.4	30.3	23.3
- after full dilution	-13.7	-6.2	-7.2	30.3	23.3
Operating cash flow	48.3	23.4	-1.9	14.8	31.5
- after full dilution	48.3	23.4	-1.8	14.8	31.5
Equity	89.9	103.1	111.6	128.9	75.8
- after full dilution	89.9	103.1	109.0	128.9	75.8
Stock price by year end	43.40	59.00	71.00	76.70	337
Highest share price	71.00	87.50	98.95	367.50	359
Lowest share price	41.10	56.10	64.25	28.15	154
Dividend[1]	-	-	7.5	7.5	-

[1] The Board's proposal 2025.

Significant shareholders as at end of 2025[1]

Shareholders	Number of shares	Share of capital and votes, %
1. Per Arwidsson and associated persons	3,617,873	24.9
2. Skandinavkonsult i Stockholm AB[2]	2,550,000	17.5
3. Arbona AB	1,627,228	11.2
4. Lars Corneliusson[3]	993,590	6.8
5. Avanza Pension	927,706	6.4
6. Nordnet Pension	328,380	2.3
7. Per Ragnarsson	226,512	1.6
8. Janne Pakarinen	216,806	1.5
9. Magallanes Value Investors	216,196	1.5
10. J.P. Morgan SE Luxembourg Branch	171,870	1.2
11. Other shareholders	3,656,273	25.2
Total	**14,532,434**	**100.0**

[1] Euroclear December 31, 2025, and thereafter known changes until February 12, 2026.
[2] Associated persons of Håkan Eriksson.
[3] Directly and through companies.

The Ferronordic share, cont.

Share-based incentive program

At an extraordinary general meeting on December 15, 2022, the shareholders approved a three-year warrant-based incentive program for members of the Group's management and extended management teams. The purpose of the program was to create long-term incentives and align the interests of management and shareholders.

The program comprised up to 1,178,000 warrants, corresponding to a maximum potential dilution of approximately 7.5% of the company's outstanding shares, and was allocated to 19 members of management. Each warrant entitled the holder to subscribe for one share at an exercise price of SEK 65 per share. The warrants vested proportionally over three years and the company had the right to repurchase unvested warrants. The warrants were acquired by participants at fair value as determined by an independent external valuation using the Black-Scholes model. Participants received a bonus intended to cover the cost of acquiring the warrants.

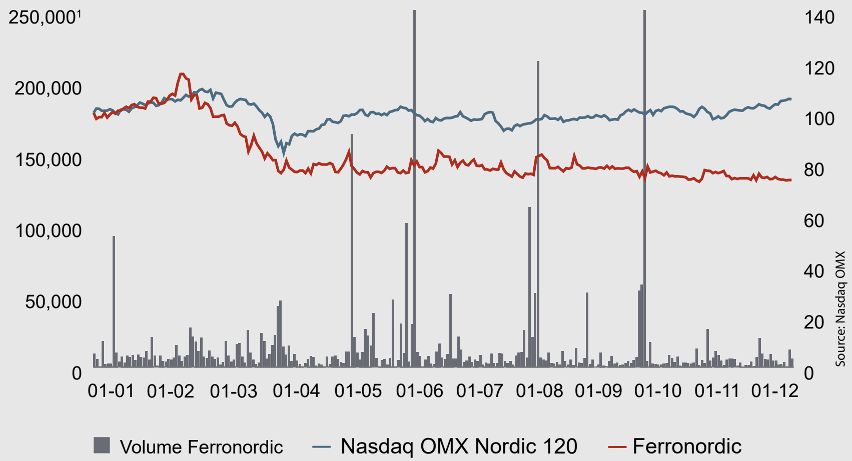
In December 2025, the warrants expired without being exercised, as the exercise price exceeded the market price of the shares. The warrants therefore expired out of the money and no shares were issued. Consequently, the program did not result in any dilution or increase in equity.

For more information on Ferronordic's LTI programs, refer also to the Group note 16 on p. 147.

Share capital development

Year	Measure	Number of ordinary shares	Number of ordinary shares, of series 2	Number of A-preference shares	Number of B-preference shares	Change in share capital SEK
2008	New share issue	11,000	-	-	-	98,211
2010	New share issue	89,000	-	-	-	794,619
2013	Share split (100:1)	9,900,000	-	-	-	-
2013	New share issue		-	500,000	-	44,641
2017	Conversion	-	-	-366,544	-366,544	-
2017	New share issue	1,333,333	-	-	-	119,044
2017	Redemption and new share issue	-	3,199,101	-	-366,544	252,899
2017	Redemption of shares	-	-	-66,728	-	-5,958
2017	Conversion	3,199,101	3,199,101	-	-	-
2018	Redemption of shares	-	-	-66,728	-	-5,958
Outstanding shares 31 December 2025		**14,532,434**	**-**	**-**	**-**	

Ferronordic and Nasdaq OMX 120 Nordic (indexed on 1 January 2025)



[1] Daily trading volume capped at 250,000 shares for presentation purposes. During the period, trading volume exceeded this level on two occasions, with a peak daily volume of 714,566 shares.

Corporate governance

Corporate governance report

Ferronordic AB (publ.) is a Swedish public company domiciled in Stockholm. The company's shares have been listed on Nasdaq Stockholm since October 2017. Ferronordic applies the Swedish Code of Corporate Governance (the Code). It is the Board's opinion that Ferronordic in 2025 has complied with the Code in all respects and therefore has no deviations to report or explain. This corporate governance report is not included in the formal annual report but has nevertheless been reviewed by the company's auditors.

Control structure

Ferronordic has a clear framework for corporate governance. The purpose is to achieve effective and efficient governance and to maintain and develop a trusting relationship with the company's stakeholders. Shareholders exercise their influence by participating and voting at the general meeting. Management and responsibilities are divided between the Board and the CEO in accordance with Swedish legislation, the Code, Nasdaq Stockholm's listing requirements and internal instructions and policy documents.

Shareholders

Information about Ferronordic's share capital and owners can be found on pages 34–35.

General Meeting

The Annual General Meeting is the company's highest decision-making body through which the shareholders exercise their right to make decisions regarding the company's affairs. The Annual General Meeting shall be held during the first half of the year after the end of each financial year. The Annual General Meeting makes resolutions regarding dividends, the election of Board members, the election of auditors and other matters required by the Swedish Companies Act, the Articles of Association and the Code. Notice convening a general meeting is published in the Swedish official gazette, Post- och Inrikes Tidningar, and on the company's website. The fact that a notice has been issued is also announced in Dagens Industri. Notices are also communicated to the market through press releases. All shareholders are entitled to participate in the Annual General Meeting, either in person or by proxy, provided that they are recorded in the share register on the record date to the Annual General Meeting and have given notice of their participation. All shareholders are entitled to have an item dealt with at the Annual General Meeting, provided that they inform the Board in writing early enough so that the item can be included in the notice. At the Annual General Meeting, shareholders also have the opportunity to ask questions to the Board and the management.

Corporate governance
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Annual General Meeting 2025

The Annual General Meeting took place on May 15, 2025, at Radisson Collection Strand Hotel, Nybrokajen 9 in Stockholm. At the meeting, 52.4% of the shares and votes were represented in person or by proxy.

The Annual General Meeting made the following resolutions:

- to approve annual and consolidated accounts
- not to pay any dividend
- to discharge the Board members and the CEO from liability
- to determine the remuneration of the Chairman of the Board, Board members and the auditor
- to elect Annette Brodin Rampe, Lars Corneliusson, Håkan Eriksson, Peter Zonabend, Aurore Belfrage and Niklas Florén (all except Peter Zonabend re-elected) Board members
- to elect Lars Corneliusson as Chairman of the Board
- to elect KPMG AB (re-election) as auditor
- to approve the Nomination Committee's proposal for principles for the company's Nomination Committee
- to adopt guidelines for remuneration to senior executives

Minutes and other documents from the Annual General Meeting are available at the company's website www.ferronordic.com.

Annual General Meeting 2026

Ferronordic AB's Annual General Meeting 2026 will take place on May 13, 2026, at 11.30 at Radisson Collection Strand Hotel, Nybrokajen 9 in Stockholm. Further information is available at the company's website www.ferronordic.com.

Nomination Committee

At the 2025 Annual General Meeting, the following principles were established regarding the Nomination Committee's appointment and composition:

- The Nomination Committee shall consist of four members
- At the end of the third quarter, the Chairman of the Board shall contact the four largest shareholders and encourage them to appoint their respective representatives to the Nomination Committee

If a member of the Nomination Committee resigns, the shareholder who appointed the resigning member shall be asked to appoint a new member. The Chairman of the Nomination Committee shall, unless the Nomination Committee decides otherwise, be the member appointed by the largest shareholder. The Nomination Committee shall act in the interests of all shareholders. Its duties also include evaluating the composition and work of the Board and submitting proposals for the Annual General Meeting regarding:

- election of chairman for the AGM
- decision on the number of Board members
- election of the Board and the Chairman of the Board
- election of auditor (in collaboration with the Board's Audit Committee)
- remuneration of Board members, Board committees and auditors
- determination of principles regarding the Nomination Committee for the next Annual General Meeting

The Nomination Committee's mandate applies until a new Nomination Committee has been constituted. In case of material ownership changes during the mandate period, the Nomination Committee shall ensure that a new large shareholder is represented in the Nomination Committee. The composition of the Nomination Committee shall be announced no later than six months prior to the Annual General Meeting. The members of the Nomination Committee receive no compensation from the company but are entitled to reimbursement for reasonable expenses. Prior to the 2025 Annual General Meeting, the Nomination Committee consisted of Jörgen Olsson (Chairman), representing Skandinavkonsult i Stockholm AB, Peter Zonabend, representing Per Arwidsson and related parties, Anders Blomqvist, representing Lars Corneliusson and related parties, and Lars Hagerud, representing AltoCumulus.

The Nomination Committee for the 2026 Annual General Meeting consists of the following persons:

- Jörgen Olsson (chairman), representing Skandinavkonsult i Stockholm AB
- Peter Zonabend, representing Per Arwidsson and related parties
- Lars Corneliusson representing himself and related parties
- Martin Zetterström, representing Arbona

All members except Lars Corneliusson (Executive Chairman of the Board) are independent of the company and management. The proposals of the nomination committee will be made public in connection with the notice of the Annual General Meeting, at the latest.

The Board of Directors

The Board is responsible for the company's organization and the management of the company's operations. The Board's tasks include:

- Establishing goals and determine the company's strategy
- Appointing, evaluating and, if necessary, dismissing the CEO
- Ensuring that there are effective systems to follow-up and control the company's operations
- Ensuring that there is sufficient control over the company's compliance with laws and other regulations
- Ensure that the company's information disclosure is characterized by transparency and is correct, relevant and reliable

The Chairman of the Board ensures that the Board's work is conducted efficiently and that the Board fulfils its obligations. In accordance with the Code, the Board evaluates its work each year through a systematic and structured process consisting of a questionnaire completed anonymously by each member. The results are compiled by the Board's secretary and presented to the entire Board. The result is discussed and additional comments are added. The results of the evaluation are documented and presented to the Nomination Committee.

Composition and work in 2025

Since the 2025 Annual General Meeting, the Board has consisted of 6 members without deputies, all elected at the 2025 Annual General Meeting for the period up to the 2026 Annual General Meeting. Detailed information about the Board members, including their shareholdings and other positions, can be found on pages 42–43. According to the Code, a majority of the Board shall be independent in relation to the company and the management, and at least two of the Board members who are independent of the company and the management shall also be independent from the company's major shareholders. The Board meets these requirements as 4 out of 6 Board members are independent from the company and management as well as major shareholders. When composing the Board, the nomination committee considers the company's diversity policy. The aim is that the Board as a collective and in accordance with the company's diversity policy should reflect a breadth of knowledge and background. A balanced gender distribution is sought. The Board consists of 33% women.

Board members, independence, number of meetings and attendance

	Elected year	Independent of the company and company management	Independent of major owners	Total number of meetings
Annette Brodin Rampe	2017	Yes	Yes	8/8
Lars Corneliusson[1]	2011	No	Yes	8/8
Håkan Eriksson	2016	Yes	No	8/8
Staffan Jufors[2]	2017	Yes	Yes	2/3
Aurore Belfrage	2021	Yes	Yes	8/8
Niklas Florèn	2021	Yes	Yes	8/8
Peter Zonabend	2025	Yes	No	5/8

[1] Chairman of the Board from AGM 2025.
[2] Chairman of the Board until AGM 2025.

The Group CEO is the presenter and the Group CFO as well as the General Counsel attend the Board's meetings, but without voting rights. The General Counsel is also the Secretary of the Board.

In 2025, the Board held eight meetings. Over the year, the Board devoted particular focus to the following:
- The Group's earnings and financial position
- Interim reports
- The development of the Kazakh, German, and US economies and its impact on the markets and the Group's finances
- Corporate governance, risk management and internal control
- Strategy issues and business development
- Financial matters and ESG matters
- The Board continuously evaluates the work of the CEO. At least once per year, the Board discusses the evaluation of the CEO's work without the presence of the CEO or anyone else from the management

As resolved at the 2025 Annual General Meeting, the total yearly potential remuneration including a variable part for the Chairman of the Board amounted to SEK 11,195,699. The amount paid out to the Chairman was SEK 5,209,749. Other Board Members received SEK 400,000 each. No additional compensation was paid for committee work.

Audit Committee

The Audit Committee shall ensure the quality of the financial statements, maintain ongoing contacts with the auditors, monitor the auditors' independence and objectivity, prepare the election of the auditors (in collaboration with the Nomination Committee), monitor the internal control within the Group as well as dealing with other related matters.

In 2025, the Audit Committee consisted of the following members:
- Annette Brodin Rampe
- Håkan Eriksson (Chairman)
- Niklas Floren (until AGM 2025)
- Staffan Jufors (until AGM 2025)
- Lars Corneliusson (from AGM 2025)
- Peter Zonabend (from AGM 2025)

All members of the Audit Committee except Lars Corneliusson (Executive Chairman of the Board) are independent of the company and the management. Except for Håkan Eriksson and Peter Zonabend, all members are also independent of the company's major shareholders. The members are deemed to have appropriate knowledge and experience in matters relating to financial reporting and auditing. In 2025, the Audit Committee held four meetings. The Audit Committee convenes regularly to review drafts of the Group's interim reports and make recommendations to the Board, as well as sort out any matters before the reports are prepared by the Board. The Group's CFO and General Counsel are usually present at these meetings.

Remuneration Committee

The Remuneration Committee prepares matters concerning remuneration principles, remuneration and other terms of employment, including share-related incentive programs for the CEO and other senior executives. The committee also monitors and evaluates ongoing and during the year completed programs for variable remuneration for management and the application of these guidelines. The follow-up assignment also includes following up and evaluating current remuneration structures and remuneration levels in the Group.

In 2025, the Remuneration Committee consisted of the following members:
- Aurore Belfrage
- Annette Brodin Rampe
- Håkan Eriksson
- Staffan Jufors (Chairman) (until AGM 2025)
- Lars Corneliusson (Chairman) (from AGM 2025)

All members are independent of the company and the management except Lars Corneliusson (Executive Chairman of the Board). Except for Håkan Eriksson, all members are also independent of the company's major shareholders. The members are judged to have the required knowledge and experience in matters of remuneration to senior executives. In 2025, the Remuneration Committee held one formal meeting. In addition, the committee had continuous discussions by email and telephone in connection with the Board's meetings.

Sustainability and Ethics Committee

The Sustainability and Ethics Committee is responsible for overseeing and preparation of matters related to ESG, ethics and sustainability reporting. This committee held two formal meetings during 2025.

In 2025, the Sustainability and Ethics Committee consisted of the following members:
- Aurore Belfrage (Chairman)
- Annette Brodin Rampe
- Niklas Florén

CEO and management

The Chief Executive Officer (CEO) is appointed by the Board and is responsible for the day-to-day management of the Group. In addition, the CEO has a management group that in the beginning of 2025 included 7 people. The management convenes on a regular basis and deals with the Group's financial development, Group-wide development projects, business development, leadership, recruitment and other strategic issues.

In 2025, the management consisted of:
- Lars Corneliusson, CEO (until AGM 2025 and thereafter Executive Chairman of the Board)
- Henrik Carlborg, Head of Business Development until AGM 2025 and thereafter CEO
- Nadia Semiletova, Human Resources Manager (left management during 2025)
- Erik Danemar, Chief Financial Officer and Head of Investor Relations
- Dan Eliasson, General Counsel
- Onur Gucum, Commercial Manager
- Anton Zhelyapov, Head of Rental and Used business (left management during 2025)

Information about management, including age, relevant education and shareholdings can be found on page 44.

Remuneration to senior executives

The 2025 Annual General Meeting approved the following guidelines for remuneration to the company's senior executives:
- Remuneration to executives is based on current market terms on the markets where Ferronordic operates. Remuneration shall also be competitive in order to attract and retain competent executives.
- Fixed salaries are established individually based on the criteria specified above, as well as the individual executive's areas of responsibility and performance. For expatriates with salaries in local currency, the fixed salaries can be adjusted to reflect changes in foreign exchange rates.
- Executives may receive variable salaries in addition to fixed salaries. Variable salaries are paid upon fulfilment of pre-determined and measurable performance criteria, primarily based on the development of the Group as a whole, and/or the part of the Group's business that the executive is responsible for. Variable salary for the CEO as well as executives shall not exceed 100% of the fixed salary.
- A share or warrant-based long-term incentive program for the Company's and its subsidiaries' senior management may be introduced as per separate decision.
- Executives are entitled to customary non-monetary benefits such as company cars and company health insurance. In addition, company housing and other benefits can be offered on an individual basis, such as housing allowances and school/kindergarten allowances for expatriates.
- In addition to those pension benefits that executives are entitled to according to law, executives may be offered pension benefits that are competitive in the country where the individual in question is or has been a resident or to which the individual has a relevant connection. Pension plans shall be defined contribution plans without guaranteed pension levels.
- Severance pay shall not exceed 12 months' salary.

Remuneration to the CEO and other members of the management is described in Group note 8. The Board may deviate from these guidelines if there are special reasons for doing so in an individual case. Remuneration already decided for the management that has not fallen due at the 2025 Annual General Meeting falls within the framework of the guidelines.

Auditors

The Company's annual report and the Board and CEO's management are reviewed by the company's auditor. The audit results in a report to the Audit Committee, where the auditor attends at least two meetings per year and in an audit report submitted after the end of the financial year to the Annual General Meeting. The company's auditor is elected at the Annual General Meeting. The current auditor is KPMG AB, re-elected at the 2025 Annual General Meeting for the period until the next Annual General Meeting. The authorized public accountant Mats Kåvik is the auditor-in-charge. In addition to its assignment as auditor, KPMG has assisted Ferronordic in assignments regarding tax and accounting matters. The compensation paid to KPMG is described in Group note 9.

Report on internal control

According to the Swedish Companies Act and the Code, the Board is responsible for ensuring that the company has good internal control. The Board shall also ensure that the company has formalized routines to ensure that established principles for financial reporting and internal control are complied with and that the company's financial reports are prepared in accordance with law, applicable accounting standards and other requirements for listed companies.

Control environment
The control environment constitutes the basis for the internal control as well as the corporate culture that exists within the Group and within which the Group's managers and employees are operating. The control environment is built around the Group's policies and procedures, as well as the Group's divisions of responsibilities and authorities. The Group's Code of Conduct is an important document that aims to ensure that the organization is characterized by integrity and good morals and ethics. Important documents for internal control over financial reporting include the Group's financial handbook, with instructions for accounting and reporting, and the Group's financial policy. The Group's responsibility and authority structure is established in the Board's instructions to the CEO and in the Group's signature policy, including authorization and approval levels for different areas. The Group's insider policy regarding insider matters and the Group's information policy regarding external communication and press releases are other important policies and guidelines that aim to ensure proper internal control.

Risk assessment
Ferronordic has established an annual process for reviewing and assessing the Group's risks relating to financial reporting. The risk assessment also includes risks related to fraud and other irregularities, as well as the risk of loss or misappropriation of assets. Identified risks are prioritized and actions to manage and mitigate the identified risks are established. The risk assessment also forms the basis for the Board's annual plan for internal audit, through which risks related to financial reporting are evaluated on an ongoing basis. Based on the risk assessment, the Group's rules are evaluated continuously. The Board is updated continuously on material risks as well as actions planned or taken to manage and mitigate such risks.

Control activities
The purpose of the control activities is to identify and prevent errors and guarantee the quality of financial reporting. Based on the risk assessment, various control activities have been established. These aim to ensure that the requirements on the external financial reporting are fulfilled. The activities are both manual and automatic and include e.g. reviews and approvals of various types of transactions, analysis of key figures, verification of accounts and checklists and the application of controls for financial information in the IT systems used for the financial reporting. In addition, the Board and its audit committee, as well as management and the Group's internal audit function, constitute the general control bodies that carry out various control measures.

Information and communication
The annual report, year-end report, interim reports, and current information are prepared in accordance with law and practice. The provision of information shall be reliable and characterized by transparency and openness. Information on the policies and procedures regarding financial reporting is given to all relevant employees at the beginning of their employment. Subsequent updates of applicable policies and procedures are communicated on an ongoing basis to all relevant employees. Policies and procedures regarding financial reporting are also available on the Group's intranet, available to all employees. The Board regularly receives financial updates and reports. Financial information can only be communicated by the CEO or CFO.

Monitoring
All process descriptions, policies and control documents are updated as needed. In addition, all policies are reviewed regularly. The company's financial development is reviewed at every Board meeting. All interim reports, the annual report and the administration report are also reviewed and approved by the Board before they are made public. The efficiency of the assessment and management of risks are followed up at various levels within the Group, including during the management group's meetings and regional board meetings as well as within the internal audit process. The monitoring includes both formal and informal processes, e.g. comparisons between result and budget, monthly reviews of overdue accounts receivable etc.

Internal audit
Ferronordic has established an internal audit function. The role of the internal audit function is to independently and objectively assess and improve the efficiency of Ferronordic's internal control, risk management, and governance processes. The head of internal audit reports functionally to the audit committee and administratively to the CEO. The internal audit function carries out regular reviews based on an annual internal audit plan, established by the Board based on the Group's risk assessment.

Stockholm, April 1 2026

The Board of Directors

The Board



	Lars **Corneliusson**	Peter **Zonabend**	Annette **Brodin Rampe**
Function	Executive Chairman of the Board, Chairman of the Remuneration Committee, and member of the Audit Committee.	Board member and member of the Audit Committee	Board member and member of the Remuneration, Audit, and Sustainability Committees.
Nationality/born	Swedish citizen. Born 1967.	Swedish citizen. Born 1980.	Swedish citizen. Born 1962.
Member since	2011	2025	2017
Education	Master of Science in Business Administration.	Master of Law and European Master of Law and Economics.	Master of Science in Chemical Engineering.
Other assignments		CEO of Arwidsro Fastighets AB. Board member of Hoist Finance AB and Chairman of the Board of Vivesto AB.	Chairman of the Board at Storskogen Group and ImagineCare AB. Board member of PION Group AB.
Previous assignments and positions	CEO and President of Ferronordic AB. Head of Volvo Trucks Russia and Managing Director of CJSC Volvo Vostok.	CEO of Victoria Investments Holding Ltd, Advokatfirman Fylgia and Advokatfirman Björn Rosengren. Board assignments in Hövding Sverige AB, HQ AB, TCER AB, and CBD Solutions AB.	CEO of the International English School. European Manager at Brunswick Group. Board member of Peab AB, Ernström-gruppen AB and Stillfront Group AB.
Shares in Ferronordic	993,590 shares.	-	2,000 shares.

The board, cont.



	Håkan **Eriksson**	Aurore **Belfrage**	Niklas **Florén**
Function	Board member, Chairman of the Audit Committee, and member of the Remuneration Committee.	Board member, Chairman of the Sustainability Committee, and member of the Remuneration Committee.	Board member and member of the Sustainability Committee.
Nationality/born	Swedish citizen. Born 1962.	Swedish citizen. Born 1979.	Swedish citizen. Born 1974.
Member since	2016	2021	2021
Education	Master of Science in Business Administration.	Master of Science in Business Administration.	Master of Science in Computer Science and Engineering.
Other assignments	Board member of Skandinavkonsult i Stockholm AB, Skandinavkonsult Holding i Stockholm AB, Nivika Fastigheter AB, and Joheco AB.	Several board assignments (incl. GA Drilling, Baseload Capital, The Swedish Institute's Transparency Council and Söderhub.com) and roles as investors in start-up companies in the technology sector.	CEO for WirelessCar.
Previous assignments and positions		Head of early stage EQT Ventures, co-founder Wrapp, columnist SvD Näringsliv.	Several positions within Sigma IT & Management and Volvo IT.
Shares in Ferronordic	2,550,000 shares.	-	50 shares.

Management and auditors




	Henrik **Carlborg**	Erik **Danemar**	Dan **Eliasson**	Onur **Gucum**
Function	CEO of Ferronordic	CFO and Head of Investor Relations.	General Counsel and Head of Treasury. Deputy CEO.	Commercial Director.
Nationality/born	Swedish citizen. Born 1975.	Swedish citizen. Born 1976.	Swedish citizen. Born 1971.	Turkish citizen. Born 1973.
Education	Master of Law.	Master of Business Administration, and Master of Arts in Economics & Management and International Business.	Master of Science in Law and Bachelor of Science in Economics and Business Administration.	Bachelor of Science in Economics and Mathematics.
Previous assignment and positions	Previous positions within Ferronordic, including Deputy CEO and Head of Business Development.	Senior positions for EF Education First, Black Earth Farming and Deutsche Bank in Russia.	Associate Lawyer at Linklaters. Senior positions for Nordea, Swedbank, Ikea and Catella in Eastern Europe.	COO of Zeppelin caterpillar in Russia and various positions within the Volvo Group.
Shares in Ferronordic	138,400 shares.	5,000 shares.	4,282 shares.	-
Employed since	2013	2019	2020	2012

Auditor
At the AGM on 15 May 2025, KPMG was re-elected as the company's auditor with Mats Kåvik (born 1962) as auditor-in-charge and without a deputy auditor, for a term of office until the next AGM. Mats Kåvik is an authorised public accountant and a member of FAR (the professional institute for authorised public accountants in Sweden).

Formal Annual Report

Directors' report

The Board of Directors of Ferronordic AB (publ), corporate registration number 556748-7953 (the "parent company"), hereby presents its annual report and consolidated financial statements for the financial year 2025 Unless otherwise stated, all amounts are indicated in SEK m (SEK m). Amounts in brackets refer to the financial year 2024, unless otherwise stated.

The business

The parent company (together with its subsidiaries referred to as the "Group" or "Ferronordic") is a Swedish public limited liability company with its headquarter in Stockholm. The parent company is the holding company of the Group and provides financing solutions for the Group's operational companies.

Ferronordic is a service and sales company in the area's construction equipment and trucks. It is dealer for Volvo CE in all or parts of nine states in the United States and represents Hitachi, Sandvik, Link-Belt, Bergmann, Atlas and Mantsinen in parts of the same area. Ferronordic is dealer of Volvo Trucks and Renault Trucks in parts of Germany. It is also dealer of Volvo CE, Ammann, Sandvik and certain other brands in the whole of Kazakhstan.

The Group was created in 2010 to acquire and operate Volvo CE's distribution business in Russia. In connection therewith, the Group was appointed the official dealer for Volvo CE in Russia. The Group was subsequently also appointed authorised dealer and service partner for Sandvik, Rottne, Dressta, Mecalac, Terex and certain other brands for all or parts of Russia. In 2019, Ferronordic became the official dealer for Volvo CE and Mecalac in Kazakhstan. In 2020, Ferronordic became the official dealer for Volvo Trucks and Renault Trucks in parts of Germany. Following the conflict in Ukraine, the Group sold its Russian subsidiaries at the end of 2022 for a price close to the company's net asset value. Ferronordic thereby exited Russia. The sale of the Russian business did not affect the Group's operations in Germany and Kazakhstan. In November 2023, the Group acquired Rudd Equipment Company ("Rudd") in the USA. Rudd is one of the largest dealers of Volvo CE in the United States with operations in all or parts of nine states. The company also represents other brands, such as Hitachi, Sandvik, Link-Belt, Bergmann, Atlas and Mantsinen in parts of the same region.

As of 2025, the Group recognises three reportable operating segments: USA, Germany and Kazakhstan.

Ferronordic's operations consist of selling new and used construction equipment and trucks, spare parts and attachments. The Group also provides service of equipment, machinery, and trucks, technical support and other professional services. In the US, Ferronordic has a rental fleet of construction equipment machines for rental that can be sold to customers during the rental period. Such sales of rental equipment is an important sales channel in the US. In Germany, Ferronordic works closely with its key partners and customers to promote electric trucks and runs a pilot project to explore sustainable transport services where the Group owns, services and operates trucks on behalf of its customers and is paid per ton or cubic meter and kilometer of goods transported.

Ferronordic's customers of construction equipment in the United States operate in several different industries, such as general construction, infrastructure, waste management, quarries and mining.

Ferronordic's customers of trucks in Germany include transport operators and logistics companies of various sizes, operating in a wide range of segments including long-haul transport, construction, last-mile delivery and communal services.

Ferronordic's customers of construction equipment in Kazakhstan operate in several different industries, such as construction, mining and infrastructure.

Net sales and results

In 2025, Ferronordic's North American business sold 234 (277) new units, 90 (73) used units and converted 136 (129) units from rental.

In 2025, Ferronordic's sales of new trucks and light commercial vehicles in Germany decreased by 19% to 544 (671). Unit sales of used trucks decreased by 42% to 174 (300).

In Kazakhstan, unit sales of new construction equipment decreased by 6% to 49 (52). Unit sales of used construction equipment decreased by 60% to 14 (35).

Net sales

The Group's net sales decreased by 6% to SEK 4,566m (4,880). Machine and truck sales decreased by 12% while aftermarket sales (service and spare parts) decreased by 1%. Net sales in rental operations, which mainly comprises rental operations, increased by 8%.

In the US, net sales decreased by 1% to SEK 2,946m (2,973), or 64% of the Group's net revenue. In Germany, net sales decreased by 13% to SEK 1,486m (1,702), or 33% of the Group's revenue. In Kazakhstan, net sales decreased by 35% in SEK to SEK 134m (205), or 3% of the Group's revenue.

Gross profit and operating profit

Gross profit for the year increased by 2% and amounted to SEK 791m (778). The gross margin increased from 15.9% to 17.3%. Selling and administrative expenses decreased by 4% but increased as a percentage of net revenue 15.8% (15.4). Other expenses decreased to SEK -8m (-14) and other income increased to SEK 17m (10). Operating profit increased to SEK 77m (21).

Result before income tax

Net financing costs decreased to SEK -116m (-138), as finance income and expenses were lower due to lower debt and interest rates. Foreign exchange losses amounted to -185m (77). Result before income tax decreased to SEK -224m (-40).

Result for the year

Result for the year amounted to SEK -199m (-89).

Earnings per share

Earnings per share before and after dilution amounted to SEK -13.66 (-6.15).

Cash flow and investments

Cash flow from operating activities after changes in working capital, financial expenses and taxes increased to SEK 701m (340). Cash flow from investing activities amounted to SEK -16m (33). Cash flow from financing activities amounted to SEK -851m (-462).

Financial position

Cash and cash equivalents on 31 December 2025 amounted to SEK 153m (363). Interest-bearing liabilities (including leasing liabilities) amounted to SEK 1,770m (2,340). The Group's net debt position decreased to SEK 1,616m (1,987) at the end of 2025, mainly due to repayment of loans during the year and party due to the foreign exchange movements. Tangible fixed assets decreased to SEK 2,136m (2,317). Equity on 31 December 2025 amounted to SEK 1,306m (1,499).

Dividend

At the 2025 Annual General Meeting, it was decided not to pay a dividend.

Given the negative result and the Group's net debt position, for the 2026 Annual General Meeting, the Board of Directors proposes not to pay a dividend.

Employees

At the end of 2025, the number of full-time equivalent employees in the Group was 797 (794), of which 358 (363) related to USA, 381 (370) related to Germany, 45 (44) to Kazakhstan and 13 (17) occupied Group functions.

Policy on remuneration for senior executives

Remuneration to the CEO and other members of the management is described in more detail in the Corporate Governance Report and in note 8. The company's remuneration committee handles policies and matters concerning the remuneration of the company's senior executive management. The AGM adopts policies for remuneration to senior executives as and when needed but not less frequently than every four years. The basic principles imply that remuneration to the company's executives shall be based on market terms in the markets where Ferronordic operates and the environment in which the individual executive operates. In addition, remuneration shall be competitive in order to enable Ferronordic to attract and retain competent executives.

Fixed salaries

Fixed salaries are established individually based on the criteria specified above, as well as the individual executive's areas of responsibility and performance.

Variable salaries

Executives may receive variable salaries in addition to fixed salaries. Variable salaries shall be paid upon fulfilment of predetermined and measurable performance criteria, primarily based on the development of the Group as a whole or the development of the part of the Group for which the individual is responsible.

Other benefits

The Company may offer its senior executives other customary benefits such as pension plans, company cars, health insurances and allowances for expatriated executives. Severance pay shall not exceed 12 months' salary. The guidelines proposed for 2025 are the same as those that applied for 2024.

Outlook

We remain optimistic about our US operations despite current uncertainty related to geopolitical tensions, tariffs and currency volatility. Customers maintain solid order books, and activity in the infrastructure sector is expected to remain high, driven by the need to maintain and develop road networks and other public infrastructure. Investments related to data centers continue to support demand. Overall, we see good opportunities for further development and expansion of US business.

In Germany, we expect market recovery to continue, although the recent fuel price increases may affect customer sentiment and lead to some fleet renewal decisions being postponed. Demand for service and parts is expected to remain relatively strong. Improving new trucks sales are expected to gradually support increased demand for service and parts. We have further reduced our cost base but still maintain an organization capable of meeting increased demand and larger volumes. We remain optimistic about the potential of the German business.

In Kazakhstan, we also see signs of recovery, especially in mining and road construction. With new management and a leaner balance sheet, we see good opportunities to increase both sales and profitability going forward.

Risks and uncertainties

Ferronordic is exposed to several operational and financial risks. The Group currently operates in the US, Germany and Kazakhstan, which means that the Group has business in two developed markets and in one emerging market. In developed markets, competition, labor market structure and regulatory pressure can affect the business in different directions. In the US, the administration has imposed tariffs and has discussed introducing further tariffs and other trade restrictions. The US dollar has also been volatile in recent periods. This could pose risks to Ferronordic since its US operations rely on imported machines and spare parts. In an emerging market, the institutional and regulatory frameworks can be unstable. The tax and judicial systems are not always transparent or consistent. Corruption can be a problem. Access to funding can be limited, monetary policy unpredictable and the currency unstable. Counterparty and insurance risks are often greater and instruments to manage such risks are either less effective or more expensive. In its position as a service and sales company, between suppliers and customers, Ferronordic is exposed to both supply and demand disruptions and to changes in macroeconomic activity. For more on risks and uncertainties, please refer to the Risks and uncertainties section on page 49 and the Group note 20.

Shares and shareholders

Please see the section The Ferronordic share on page 34.

The work of the board

Please see the Corporate Governance Report on page 36.

Parent company

In 2025, the revenue of the parent company amounted to SEK 0m (3). Sales- and administrative expenses amounted to SEK 58m (43). The result amounted to SEK -106m (-96).

Events subsequent to the reporting date

Subsequent to the reporting date, Ferronordic's US subsidiary, Rudd Equipment Company, acquired certain assets of Housby Heavy Equipment, a dealer for Volvo Construction Equipment in the state of Iowa, United States. The transaction is structured as an asset acquisition, whereby Rudd acquired selected assets used in Housby's equipment dealership, primarily machines held in inventory and spare parts.

The purchase price for the acquired assets amounted to USD 16.4m at closing. The transaction is primarily debt financed. No real estate, receivables, liabilities or corporate support functions are included in the transaction. The transaction was closed on January 30th, 2026, with final true up on the 13th of February 2026. More details are in Group note 25.

Proposed allocation of profit

The following amount is available for	(SEK)
allocation by the AGM	1,914,288,153
Dividend proposed	-
Amount carried forward	1,914,288,153
of which to the Share Premium reserve	639,802,700
Total amount allocated	1,914,288,153

Sustainability statement

The Group's sustainability statement can be found on page 52.

Alternative performance measurements

Definitions of alternative performance measurements are described on page 24 of the 2025 Year-End Report.

Risks and uncertainties

The Ferronordic Group is exposed to various types of operational and financial risks. Operational risks are associated with the Group's daily operations and relate to, amongst other, changes in business cycles, procurement, logistics, regulatory requirements, capacity utilisation and prices. Operational risks also include supply and demand disruptions. Financial risks are associated with the amount of capital tied up and the Group's long- and short-term capital requirements, but also changes in interest and exchange rates and credit risks to the Group's customers. The Group is also exposed to reputational risks and risks related to changes in the environment.

Risk management

The management of operational risks consists of a large number of daily routines and standardised processes that are regulated in the Group's policy documents, for example regarding the purchase of machines and parts, approvals of discounts and buyback offers, tendering for larger purchases, etc.

Financial risks and credit risks are partly managed centrally to efficiently consolidate and balance the Group's total risk exposure. To the greatest extent possible, the Group uses natural hedging to reduce currency risks both in terms of matching cash flows and balance sheet exposures across the Group. In purchase and sales operations, the Group aims to keep accounts receivable and accounts payable in the same currency. Where possible and efficient, the Group may procure different types of currency insurance to manage its risks. The Group operates in a cyclical business. On the assumption that interest rates tend to be higher when economies are strong, the Group has mostly floating interest rates. For longer-term loans, the Group may partially use fixed interest rate instruments. The Group may, where possible and efficient, use interest rate derivatives to manage interest rate risks.

The Group's risk management processes have been developed over time and are continuously evaluated and improved. It is important that the Group's employees consistently follow current routines and processes to ensure that operational risks are managed effectively. The Group conducts an annual risk analysis to evaluate how risks have changed, to develop a culture of risk awareness and to improve risk management.

Macroeconomic and market risks

The Group's products are used in connection with infrastructure projects, general construction, mining, logistics and other transport operations. An economic downturn or reduced industrial activity could lead to a significant reduction in demand for the Group's services and products.

The Group's markets are affected by changes in the price of commodities and trends in the sector for extraction and processing of natural resources. Declining commodity prices or weaker market for natural resources could have an adverse effect on the Group's operations. The Group does not hedge this indirect exposure to commodity prices.

The Group's business can be adversely affected (either temporarily or in the long term) by a decline in customers' expenditure and investment levels, unfavourable credit conditions that negatively affect end customers' financing opportunities, reduced consumption levels, reduced investments in infrastructure projects and increased costs for building materials. Downturns in the consumption, construction and industrial sectors may have an adverse impact on the Group's business, earnings and financial position. Demand for spare parts and service tends to be less sensitive to the economic cycle than new trucks and machine sales.

Geopolitical and regulatory risks

Changes in trade policies, tariffs, and import/export restrictions could impact Ferronordic's ability to source and distribute its products efficiently. Ferronordic is also exposed to changes in the regulatory environment.

Changes in environmental, emissions, safety, and tax regulations may increase compliance costs and operational complexity. Geopolitical instability could disrupt supply chains, affect market demand, and expose us to compliance risks.

Capacity utilization and residual value

The Group has continued to expand its network and service infrastructure. An unforeseen decline in capacity utilisation, e.g., as a result of economic downturn, discontinuation of certain products etc., generally results in decreased sales which cannot be offset by a corresponding cost reduction in the short term.

The Group has a considerable fleet of machines and trucks for rental. The utilisation of this fleet could decline if economic activity, consumption or industrial activity declines.

By owning machines and trucks for rental or for providing sustainable transport services, the Group is also exposed to residual value, referring to risk on the value of a machine or truck at the end of the rental period or the use in sustainable transport services.

Such risks can be greater in times of technological disruption, for example with the development of electric transport with changes in battery technology.

Dependence on suppliers
The Group is dependent on the strategic decisions taken by its suppliers, including the launch of new products or the discontinuation of existing products, which could affect the Group's product range and sales.

In the transition to a low-emission transport system, Ferronordic will partly depend on its partners ability to deliver products that will contribute to this transformation and be competitive in a low-emission economy.

The collaboration with Volvo
Sales of Volvo products accounts for the absolute majority of Ferronordic's sales. Ferronordic is thus dependent on constructive relations with the Volvo Group. A deterioration in the company's relations with the Volvo Group or its other suppliers could have significant adverse effects on Ferronordic's business.

Price risk
The prices that Ferronordic pays for products from Volvo and other suppliers are important for the Group's profitability and competitiveness. Too high prices may result in loss of sales, loss of market share and loss of margin and profitability.

The Group strives to manage this price risk by – together with its OEM partners – continuously monitoring price positioning and market shares and adjusting the prices that the Group pays and charges for machines and parts accordingly.

Dependence on key employees
The Group is dependent on its ability to identify, recruit and retain qualified executives and other key employees. The Group's ability to recruit and retain qualified personnel is dependent on a number of external factors.

Should key employees leave the Group due to retirement, acceptance of employment with a competitor or for any other reason, this may result in a loss of important know-how and experience which may be difficult to replace, and which may delay or adversely impact the Group's ability to implement its business plan and strategy.

Inability to recruit or retain such executives and other key employees could have an adverse impact on the Group's business, result and financial position.

Environmental risks
Environmental legislation may impose obligations or fines on property owners and business operators that violate certain standards or cause certain harm to the environment. Ferronordic strives to be a leader in its industry in terms of sustainability and in minimising its ecological footprint.

The Group considers that its product range and service offering is leading in terms of safety, potential for recycling and emission standards and that stricter regulation tends to benefit the market position of the Group's products. Accidents, waste and discharges of pollutants can however happen.

No guarantees can be given that the Group's properties do not contain undetected pollution or that authorities could claim that its operations conflict with licenses or environmental regulations. New and changing regulation could result in the Group's properties (or properties that have previously been owned or operated by the Group) being subjected to stricter than previous audits.

Ferronordic may become subject of claims for damages regarding environmental liability. An unfavourable outcome of such proceedings may result in civil, administrative or criminal law liability for the Group or its executives.

Changes to laws and their application regarding the environment, health and safety may entail costs and obligations and have adverse negative effect on the Group's operations, earnings and financial position.

For more information on environmental risks, please refer also to the sustainability statement on page 52.

Force majeure and unforeseen risks
Natural disasters and pandemics, events such as earthquakes, floods, wildfires or hurricanes could disrupt operations, supply chains, and market demand.

Cybersecurity threats
Growing digitalization in operations and customer transactions increases the risk of cyberattacks, data breaches, and IT system failures.

Financial risks
For more information about financial risks, please see group note 20.

Material disputes
No material disputes took place during the year.

Exposure to emerging markets

Approximately 3% of the Group's revenue in 2025 was connected to its business in Kazakhstan, which can be considered an emerging market.

In an emerging market, political developments can be volatile and policies inconsistent. The institutional and regulatory frameworks can be more unstable. The tax and judicial systems are not always transparent or consistent. Corruption can be a problem.

Access to funding can be limited, monetary policy unpredictable and the currency unstable. Counterparty and insurance risks are often greater and instruments to manage such risks are either less effective or more expensive.

Political environment

The Kazakh political system can be vulnerable to changing political trends. In January of 2022, following sharp increases in fuel prices, Kazakhstan faced unrest in several of its major cities. In 2023, part of the government was replaced. Political changes can result in changes of government positions and relations with private business. Changes in government policy and legislation can be less foreseeable in Kazakhstan than in some Western countries and can disrupt or prevent political, economic and regulatory reforms.

Legal system and legal procedures

The legal system in Kazakhstan is relatively unstable. Laws and regulations can frequently change. They can have ambiguous wording and their application can be interpreted in different ways. In addition, there are often discrepancies between laws and regulations at various levels. Lack of legal or administrative guidance to interpret applicable rules, lack of legal precedents, relatively unstable and immature legal systems, lack of independence vis-à-vis political and commercial interests, relatively untested application of recently adopted legislation and its impact on complex commercial agreements, corruption in the legal system, gaps in the legal framework due to delayed or absent implementation of legislation, and undeveloped bankruptcy proceedings can all affect the Group's ability to protect and enforce its legal rights, as well as to protect itself against legal claims.

Corruption

Media have reported on corruption in Kazakhstan. Media reports have also described cases where government officials have initiated targeted investigations and prosecutions to promote the interests of the government, certain individuals or companies. Media also reports of instances where sanctioned goods and products have been resold from Kazakhstan to Russia. Ferronordic adheres to the Group's code of conduct and to strict standards of business ethics. The Group has procedures to counter risks of corruption, cases of illegal activity, demands from corrupt officials, allegations that the Group or its management has been involved in corruption or illegal activities and biased articles and negative publicity. Notwithstanding such procedures, corruption and unethical behaviour can have adverse negative effect on the Group's operations, earnings and financial position.

Ferronordic has extensive know-your-customer procedures. Ferronordic's sales contracts prohibits unethical use of machines and trucks and resale to sanctioned markets. Ferronordic's machines are also required to carry GPS trackers. Many of Ferronordic's machines are covered by service contracts, which means that Ferronordic regularly maintains the machines at the sites of the customers.

Insurance coverage

The insurance market in Kazakhstan is underdeveloped. Several types of insurance that are common in other countries are not available or cannot be procured at a reasonable cost. The Group holds insurance against some, but not all, risks relevant to its operations. Hence, there is a risk that loss of assets or claims against the Group may not be covered by the Group's insurance.

Sustainability statement

Introduction

About this report

This sustainability statement presents the Environmental, Social and Governance (ESG) performance and progress of Ferronordic for the period from 1 January to 31 December 2025. The 2025 sustainability statement has been revised to comply with the requirements of the Corporate Sustainability Reporting Directive (CSRD), as transposed into Swedish legislation, and is structured in accordance with the European Sustainability Reporting Standards (ESRS).

Reporting in line with the ESRS framework enhances transparency and provides Ferronordic's stakeholders with a clear and comparable view of the company's sustainability efforts, achievements, and ambitions across key areas.

The ESRS framework currently includes two categories of standards:

1. **Cross-cutting standards** (ESRS 1 and ESRS 2)
   Applicable to all undertakings, regardless of sector.
2. **Topical standards** (five environmental standards, four social standards, and one governance standard)
   The application of these standards is based on a materiality assessment, as described in disclosure requirement IRO–1 on page 70. Only the standards assessed as material to Ferronordic's operations are presented in this report.

The report is divided into four sections: General information, Environmental information, Social information, and Governance information. The report also includes taxonomy reporting in accordance with the EU Taxonomy Regulation. Each section includes ongoing references to the disclosure requirements outlined in the relevant ESRS standards.

General	Environment	Social	Governance
ESRS 1 General requirements	**ESRS E1** Climate change	**ESRS S1** Own workforce	**ESRS G1** Business conduct
ESRS 2 General disclosures	**ESRS E2** Pollution	**ESRS S2** Workers in the value chain	
	ESRS E3 Water use and marine resources	**ESRS S3** Affected communities	
	ESRS E4 Biodiversity and ecosystems	**ESRS S4** Consumers and end-users	
	ESRS E5 Resource use and circular economy		

General disclosures

This section includes disclosures in accordance with:
- ESRS 2 General disclosures

ESRS 2

Basis for preparation

BP–1 General basis for preparation of the sustainability statement

Ferronordic's sustainability statement for the period 1 January 2025–31 December 2025 has been prepared in accordance with the Swedish Annual Accounts Act and the EU Corporate Sustainability Reporting Directive (CSRD), as transposed into Swedish legislation, and the European Sustainability Reporting Standards (ESRS). The report includes all mandatory disclosures required by the ESRS standards adopted by the European Commission in accordance with the CSRD.

The sustainability statement is prepared on a consolidated basis with the same scope as the financial statement. Accordingly, the consolidated ESG data comprises the parent company and all subsidiaries under its control. Unless otherwise indicated, the terms "the Group", "the company", and "Ferronordic" refer to Ferronordic AB together with all its subsidiaries.

The content of this statement is based on the results of the Double Materiality Assessment (DMA) performed in accordance with the requirements set out in the CSRD and ESRS. This assessment, described in more detail in IRO–1 (page 70), considers impacts, risks and opportunities related to Ferronordic's operations and value chain. The extent to which Ferronordic's policies, actions, and targets extend to the value chain is described in the sections related to each sustainability topic. Reporting boundaries for metrics primarily follow Ferronordic's own operations, consisting of the parent company and its subsidiaries.

No information corresponding to intellectual property, know-how or the results of innovation has been omitted from the sustainability statement.

The sustainability statement has been approved by the Board of Directors.

BP–2 Disclosures in relation to specific circumstances

Time horizons

Unless otherwise stated, Ferronordic uses the time horizons defined by the ESRS throughout its sustainability statement.

- *Short-term*: The reporting period (1 January 2025–31 December 2025)
- *Medium-term*: The end of the reporting period and up to 5 years
- *Long-term*: More than 5 years

Value chain estimation and sources of estimation and outcome uncertainty

Metrics related to Ferronordic's Scope 3 emissions (E1–6) have partly been calculated using indirect sources and estimates. These metrics are therefore characterized by measurement uncertainty, mainly due to variations in data quality and the methodological assumptions applied. The basis for calculation is explained alongside these metrics. The accuracy of Scope 3 emissions could potentially be improved through access to supplier-specific emission factors. Ferronordic acknowledges the high level of uncertainty associated with these metrics and aims to improve and refine its methodology by engaging in dialogue with suppliers in the value chain.

The metrics presented in the report have not been validated by any external body other than Ferronordic's auditors.

Forward-looking statements in this report are based on current assessments and assumptions. Such statements are subject to significant uncertainty as they are affected by future events and conditions beyond Ferronordic's control.

Changes in preparation or presentation of sustainability information

The presentation of Ferronordic's 2025 sustainability statement has been updated to align with the ESRS. Key changes include:

- *Restructuring of the sustainability statement*: The sustainability statement has been reformatted to align with the structure outlined by the ESRS.
- *Additional disclosures*: In compliance with the ESRS requirements, the report includes additional metrics, along with descriptions of policies, actions, and targets. These disclosures offer a more comprehensive view of Ferronordic's sustainability efforts.
- *Double Materiality Assessment*: Ferronordic's materiality assessment has been updated in accordance with the ESRS. The topics covered by the sustainability statement are based on the results of a double materiality assessment, in which Ferronordic has identified and assessed both its impacts on the environment and society, as well as sustainability-related financial risks and opportunities that may affect the company. The assessment also covers Ferronordic's upstream and downstream value chain.
- *Greenhouse gas emissions report*: Ferronordic reports its greenhouse gas (GHG) emissions across Scope 1, Scope 2, and Scope 3, offering a more complete picture of the Group's carbon footprint and environmental impact.
- *EU Taxonomy*: Ferronordic has updated its EU Taxonomy reporting in line with the Commission Delegated Regulation (EU) 2026/73.

Reporting errors in prior periods

No material errors in prior periods have been identified.

Disclosures stemming from other legislation

The sustainability statement does not include information stemming from other legislation or sustainability reporting standards.

Incorporation by reference

Ferronordic has not used incorporation by reference in this report.

Use of phase-in provisions

Ferronordic has chosen to omit all voluntary metrics, except for those related to the company's material sustainability topics. However, an exception is made for the disclosure requirements in ESRS E4, ESRS S2, ESRS S3 and ESRS S4, which under the European Commission's 'Quick Fix' Delegated Regulation are subject to phase-in provisions for companies in wave 1. Furthermore, in accordance with the phase-in provisions set out in Appendix C to ESRS 1, the company has also omitted the following material disclosure requirements and data points in the ESRS:

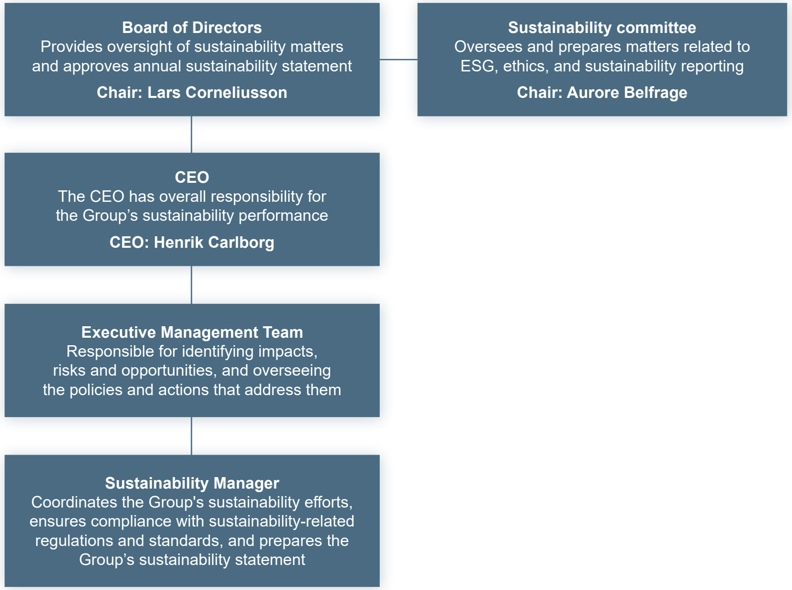
- ESRS 2 General Disclosures, SBM–3, 48 (e)
- ESRS E1 Climate Change, E1–9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities

Events after the end of the reporting period

No material sustainability-related events have occurred after the end of the reporting period that would require adjustment or additional disclosures.

Governance

GOV–1 The role of the administrative, supervisory and management bodies
GOV–2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies



Board of Directors

The Board of Directors ('the Board') is Ferronordic's highest administrative body below the annual general meeting (AGM) and holds the ultimate responsibility for the company's organization and management, including the oversight of sustainability matters. The Board is responsible for setting targets within Ferronordic's material sustainability areas and reviews the need for such targets on an annual basis. As of the reporting period, Ferronordic has not established any Group-wide sustainability targets. Nevertheless, the Board monitors developments within material sustainability areas through regular reporting from the CEO and Executive Management Team, including follow-up on KPIs and compliance with policies. The Board's responsibility for sustainability-related matters is formally embedded in its rules of procedure. Ferronordic's annual sustainability statement, including the material topics it covers, has been approved by the Board.

The Board consists of six members, of which two women (33%) and four men (66%). Five (83%) are independent in relation to the company and management, while four (66%) are independent from the company's major shareholders. There are no workers' representatives on the Board.

In its oversight of the implementation of Ferronordic's strategy, major transactions and risk-management processes, the Board takes the Group's material impacts, risks and opportunities into account. When making decisions regarding significant investments, the Board assesses potential trade-offs between financial, operational and sustainability-related consequences. The Board's conclusions and decisions on such trade-offs are recorded in the minutes.

Sustainability is a standing item at regular Board meetings, and the information reported to the Board aims to provide an overall picture of the Group's sustainability performance. Decisions made by the Board are communicated to the CEO and the Executive Management Team, which are responsible for implementing and following up on sustainability-related measures. During the reporting period, the Board received updates on the Group's material sustainability topics and was informed about the CSRD, including its reporting scope and implications.

The Board members bring experience from sectors, products, and geographic markets relevant to Ferronordic's operations. The Board's collective expertise is directly linked to Ferronordic's material impacts, risks and opportunities and includes environmental matters, corporate governance, business ethics, and anti-corruption. Ferronordic ensures sustainability expertise within the Board through continuous training. All Board members have received training in the ESRS and have access to internal or external ESG specialists for expert advice when needed. This access to expertise enables sound governance of Ferronordic's sustainability work and ensures that the Board is equipped to oversee material impacts, risks, and opportunities.

For further information on individual Board members, see page 42–43.

Sustainability Committee

Ferronordic established a Sustainability Committee in 2023 to support the Board's sustainability work and strengthen decision-making processes. The Committee consists of three Board members, two women (66%) and one man (33%). The Committee prepares sustainability-related matters for the Board's decisions and monitors material ESG-related impacts, risks and opportunities. In 2025, two minuted Committee meetings were held.

The Committee is regularly informed on ESG matters by Ferronordic's Head of ESG. During the reporting period, the Committee has, among other things, addressed Ferronordic's double materiality assessment as well as matters related to regulatory compliance and accountability across the value chain, including potential exposure to markets subject to international sanctions.

CEO and Executive Management Team

The Chief Executive Officer (CEO) is appointed by the Board and responsible for the day-to-day management of the Group, as well as for executing the Board's decisions. The CEO leads the Executive Management Team (EMT), which at the beginning of 2025 consisted of six members responsible for key business areas or functions: one woman (16.7%) and five men (83.3%). At the end of 2025, the EMT consisted of four members, of whom all are men (100%).

During the reporting period, the EMT has continuously addressed matters related to the Group's material sustainability topics. Each member is responsible, within their respective areas, for identifying relevant impacts, risks and opportunities, ensuring compliance with policies, and reporting developments to the CEO. The EMT is also responsible for the operational implementation of the Group's Code of Conduct and for ensuring that guidelines for business ethics are effectively adhered to throughout the organization.

The members of Ferronordic's EMT have extensive experience in sectors, products, and geographical markets relevant to the company. Each member also possesses a relevant background and expertise tailored to their area of responsibility, ensuring informed and effective leadership. All members have received training in the ESRS and have access to additional ESG expertise when required.

For more information on the members of the EMT, see page 44.

Sustainability Manager

Ferronordic's Sustainability Manager has operational responsibility for coordinating the Group's sustainability efforts. This includes monitoring performance, ensuring compliance with sustainability-related regulations and standards, and preparing the company's sustainability statement.

The Sustainability Manager follows up on and coordinates the controls used to manage sustainability-related impacts, risks and opportunities. These controls are carried out in collaboration with the relevant functions and include, among other things, risk classification, KPI monitoring, supplier assessments, incident reporting and quality assurance of reporting flows. Results and any deviations are reported by the Sustainability Manager to the company's General Counsel, who is also Head of ESG, and who in turn reports directly to the CEO and regularly informs the Sustainability Committee.

Material impacts, risks, and opportunities addressed by the Board

During the reporting period, the Board addressed all material impacts, risks and opportunities in connection with its approval of the double materiality assessment. A complete list of these is presented in SBM–3 on page 65–69.

GOV–3 Integration of sustainability-related performance in incentive schemes

Ferronordic does not currently integrate sustainability-related performance in its incentive schemes.

GOV–4 Statement on due diligence

The following table indicates where information on Ferronordic's due diligence processes is disclosed in the sustainability statement.

Core elements of due diligence	Page	Does the disclosure relate to people and/or the environment?
a) Embedding due diligence in governance, strategy and business model	ESRS 2, GOV–2 p. 57	People and environment
	ESRS 2, GOV–3 p. 58	People and environment
	ESRS 2, SBM–3 p. 65	People and environment
	SBM–3* E1 p. 81 S1 p. 101	People and environment
b) Engaging with affected stakeholders in all key steps of the due diligence	ESRS 2, IRO–1 p. 70	People and environment
	IRO–1* E1 p. 79 E2 p. 91 E5 p. 95 G1 p. 119	People and environment
	ESRS 2, SBM–2 p. 64	People and environment
	ESRS 2, GOV–2 p. 57	People and environment
c) Identifying and assessing adverse impacts	ESRS 2, IRO–1 p. 70	People and environment
	IRO–1* E1 p. 79 E2 p. 91 E5 p. 95 G1 p. 119	People and environment
	ESRS 2, SBM–3 p. 65	People and environment
	SBM-3* E1 p. 81 S1 p. 101	People and environment

Core elements of due diligence	Page	Does the disclosure relate to people and/or the environment?
d) Taking actions to address those adverse impacts	G1–1 p. 120	People
	G1–3 p. 122	People
	S1–4 p. 104	People
	E1–3 p. 83 E2–2 p. 92 E5–2 p. 97	Environment
e) Tracking the effectiveness of these efforts and communicating	**MDR-T*** E1–4 p. 84 E2–3 p. 92 E5–3 p. 98	Environment
	MDR-T* S1–5 p. 105	People
	MDR-M* E1–5 p. 84 E1–6 p. 85 Entity specific (E5) p. 99	Environment
	MDR-M* G1–4 p. 122	People and environment
	MDR-M* S1–9 p. 107 S1–10 p. 107 S1–13 p. 108 S1–14 p. 109 S1–16 p. 110 S1–17 p. 111	People

* In topical standards

GOV–5 Risk management and internal controls over sustainability reporting

Ferronordic's risk management and internal control related to sustainability reporting cover the entire reporting chain, from data collection and validation to consolidation and final reporting. The process is led by the Sustainability Manager in close cooperation with other relevant functions, such as HR and Finance. The work is supported by a dedicated sustainability reporting software. Risks are identified through annual reviews of reporting areas and assessed based on their likelihood and potential impact on the reporting.

The main risks in the process relate to incorrect or incomplete information due to human error or incomplete data. To mitigate the risk of material misstatements, qualitative information is validated and reviewed by responsible personnel within the relevant function. To mitigate the risk of material misstatements related to quantitative data, Ferronordic uses a reporting tool provided by Position Green that enables traceability throughout the reporting process and supports the company in ensuring the quality of the reporting. The software ensures standardization of terms and calculations in accordance with ESRS requirements, enabling consistency in reporting. It also allows Ferronordic's Sustainability Manager to review data, identify potential deviations, and address errors reported by its subsidiaries, thereby ensuring the accuracy and reliability of the final report.

Ferronordic continuously evaluates key sustainability reporting areas, reviews existing controls and introduces new controls where necessary. Regular training is provided for key personnel, and sample reviews are performed as part of the internal control process. Identified risks are prioritized based on their likelihood and potential impact on the Group's sustainability reporting and are escalated to the Sustainability Committee when necessary. Consolidated risk assessments and significant deviations are reported annually to the EMT and the Board of Directors. The results of the risk assessments and control activities are communicated back to the relevant function, which subsequently updates its procedures or data sources as needed.

Strategy, business model and value chain

SBM–1 Strategy, business model and value chain

Business model and strategy

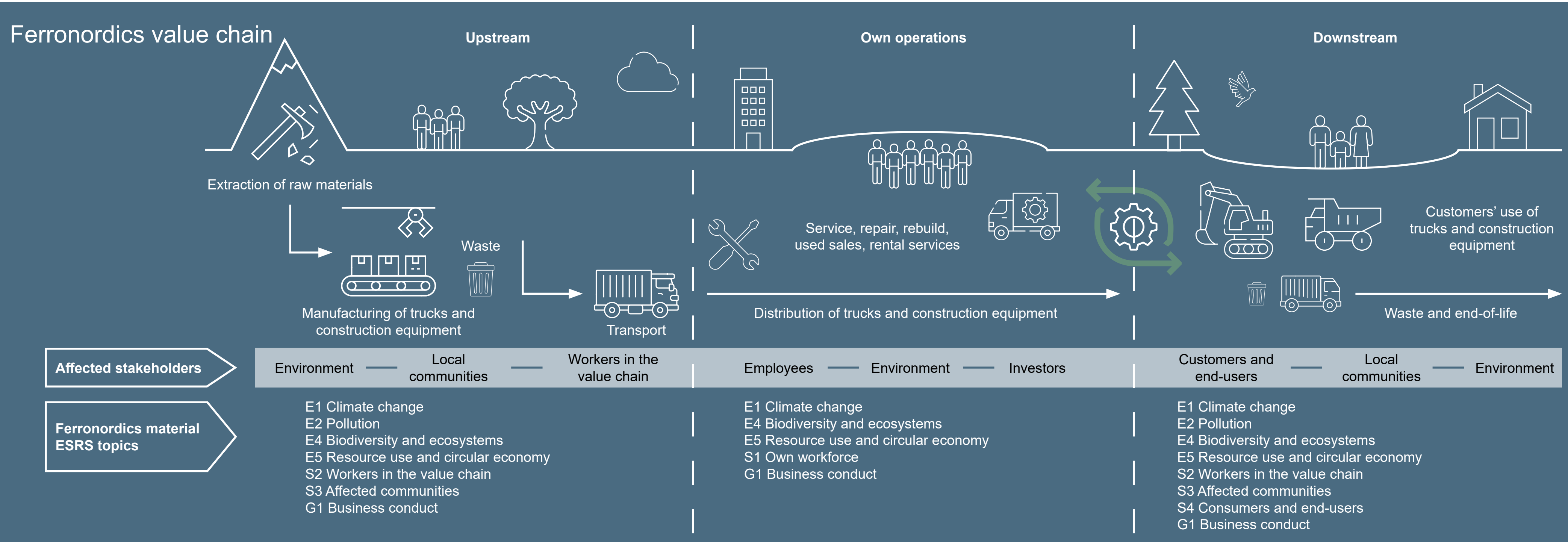
Ferronordic is a dealer of construction equipment and trucks. The operations primarily include sales, rental, service and repair, and rebuilding construction equipment, trucks, and associated equipment, spare parts, and components.

Addressing the global climate challenge and reducing dependence on fossil fuels is a central part of the company's sustainability efforts and an integrated part of its operations. This is mainly achieved by actively promoting fuel-efficient machines and vehicles and ensuring that such equipment is regularly maintained and replaced in order to optimize fuel consumption. Ferronordic also works actively with its customers to reduce their fuel consumption, including through training of machine operators and drivers. Reduced fuel consumption contributes both to lower environmental impact and improved profitability for the company's customers.

Ferronordic sees a growing opportunity to provide machines and trucks with alternative fuel systems and lower environmental footprint, such as gas-powered or battery-electric trucks. Ferronordic currently offers a range of electric trucks and construction equipment. In Germany, the company has a separate rental business based on electric trucks. During 2025, Ferronordic also began offering transport services with electric trucks and its own drivers in Germany. While the operations are currently limited in scale, it has the potential to grow and provide the company with valuable insights into how electric trucks can be used. Through sales, rental and associated services for electric and gas-powered vehicles, Ferronordic supports its customers in reducing environmental impact and accelerating the transition towards more sustainable operations. Ferronordic's strategic ambition is to strengthen integration with its customers by providing support throughout the entire lifecycle of their equipment and by fostering long-term partnerships.

Value chain

Below is a non-exhaustive illustration of Ferronordic's value chain, showing where the company's material impacts, risks, and opportunities occur, including the affected stakeholder groups.



Upstream value chain: Ferronordic purchases trucks, construction equipment, and spare parts from its partners, such as Volvo CE, Volvo Trucks, Renault Trucks, Hitachi Construction Machinery, Sandvik, Link-Belt Cranes, Bergmann, Mecalac, and Ammann. Ferronordic maintains and prioritizes long-term partnerships to ensure access to high-quality products with efficient fuel consumption, and cooperates with suppliers that meet the company's requirements regarding quality and ethics, and shares the company's environmental ambitions.

Own operations: Ferronordic is a dealer for a number of manufacturers of construction equipment and trucks, primarily from the Volvo Group, but also from other manufacturers. Ferronordic is independent of these manufacturers but considers them to be its partners. Within this framework, the company is engaged in the sale, servicing, and maintenance of various types of construction equipment, trucks, and associated equipment. The company currently operates in the USA, Germany, and Kazakhstan. Ferronordic does not provide any products or services that are banned in any of these markets. Through its operations, Ferronordic creates economic value for its customers, partners, and shareholders, while striving to contribute to the transition towards a low-carbon society. The company promotes a safe, supportive, and inclusive working environment for its employees.

Downstream value chain: The company's customers purchase and operate trucks and construction equipment in, among other areas, transport and logistics, general construction, road construction, mining, and quarries and aggregates. Customers that invest in and use newer, more energy-efficient construction equipment and trucks with emission-reducing technologies contribute to lower emissions compared with older or traditional diesel-powered alternatives.

Markets, customer groups, and products and services offered

USA

Ferronordic's subsidiary Rudd Equipment Company is a leading dealer of construction equipment in the Midwestern US and one of the largest dealers in the US for, among others, Volvo CE, Hitachi Construction Machinery, Sandvik, Link-Belt, and Bergmann. Rudd offers sales, rental, rebuilding, service, and repair of construction equipment to industries including construction and mining, and associated industries.

Germany

Ferronordic's German subsidiary is the largest private dealer in Germany for Volvo Trucks and Renault Trucks. The operations include sales, rental, service and technical support of trucks, trailers, and other commercial vehicles to customers primarily within the transport and logistics sector. The company's customers also include other users of trucks, such as waste management companies and construction companies.

Kazakhstan

In Kazakhstan, Ferronordic's operations include sales of construction equipment from Volvo CE, Mecalac, and Ammann, and service and repair for construction, mining and associated industries. Ferronordic is also responsible for service, sales and repairs of Sandvik mobile crushers throughout the country.

Number of employees per country 2025	
USA	358
Germany	398
Kazakhstan	46
Sweden	10
Total employees	**812**

Sustainability-related priorities

The UN Sustainable Development Goals (SDGs) aim to promote shared knowledge, facilitate cooperation, generate and harmonize regulatory frameworks, and drive technological development, which ultimately contributes to impact and change. Ferronordic supports these 17 goals, all of which have some form of connection to the company's operations. Particular focus is placed on the goals where Ferronordic can have the greatest potential to achieve both immediate and long-term positive impact.

Ferronordic has not currently established measurable Group-wide sustainability targets per product category, market or customer group, but is reviewing the need to develop such goals in the future. The company's current product and service offerings are aligned with its environmental sustainability priorities, with specific potential identified in the areas of electrification and circular use of equipment.

	Environment	Social	Governance
The UN's sustainable development goals (SDGs)	12 Responsible consumption and production 13 Climate action 15 Life on land	3 Good health and well-being 5 Gender equality 8 Decent work and economic growth 10 Reduced inequalities 11 Sustainable cities and communities	16 Peace, justice and strong institutions 17 Partnerships for the goals
Ferronordic's priorities	• Minimize the company's negative environmental impact • Support customers in reducing their negative environmental impact	• Provide healthy and safe working conditions for employees • Promote an inclusive workplace with equal opportunities • Ensure training and skills development • Offer quality products and services that contribute to the safety of customers and their surroundings	• Promote and enable responsible business conduct • Conduct due diligence
ESRS	E1 Climate change E2 Pollution E4 Biodiversity and ecosystems E5 Resource use and circular economy	S1 Own workforce S2 Workers in the value chain S3 Affected communities S4 Consumers and end-users	G1 Business conduct

SBM–2 Interests and views of stakeholders

Ongoing formal and informal dialogue with Ferronordic's stakeholders is essential to understanding their expectations and how the company can create long-term value and adapt its business strategy accordingly. Ferronordic's key stakeholders include customers, partners, employees, shareholders, and creditors, while authorities, value chain workers, and affected communities form part of the broader stakeholder group. Views from these groups, together with wider societal and environmental trends, are continuously considered and form the foundation for Ferronordic's strategic development. Their perspectives also serve as key inputs to the company's materiality assessment and due diligence process, described in more detail in IRO–1 (page 70). Ferronordic's ambition is to remain continuously informed and responsive to the impacts, risks, and opportunities identified through stakeholder dialogue.

Stakeholder engagement is organized and conducted by different functions within the company depending on the stakeholder group. Ferronordic's CFO, HR, Sustainability Manager, and General Counsel are primarily involved in these processes. The EMT and the Board receive regular updates on stakeholders' views and concerns. Stakeholders' input has been considered during the year but has not resulted in any material changes to Ferronordic's business strategy or business model.

- Ferronordic engages in daily operational dialogues with *customers, suppliers and business partners*, including through feedback channels, trade fairs, customer and supplier surveys, and meetings. The purpose is to understand needs and expectations, improve the Group's product and service offerings, ensure compliance with Ferronordic's Code of Conduct, and strengthen partnerships.
- Ferronordic continuously monitors updates from *regulatory authorities* and other relevant authorities to ensure regulatory compliance in its markets and to update internal compliance processes.
- Engagement with *investors and shareholders* is primarily conducted by Ferronordic's CEO and/or CFO through meetings, conference calls, capital markets days, and the Annual General Meeting. The Chairman of the Board also maintains regular contact with Ferronordic's investors and major shareholders. The purpose is to understand sustainability-related expectations and to align sustainability initiatives and performance.
- Ferronordic engages with its *creditors* through meetings and other forms of dialogue to ensure confidence in the Group's financial and ESG performance.
- Ferronordic maintains regular dialogue with its *employees*, including through performance and development reviews, training, intranet updates, local work councils, and the whistleblowing channel. The purpose is to ensure that employees' perspectives are taken into account, as their interests and views constitute a fundamental part of shaping Ferronordic's strategy and business model.
- Plans to formalize engagement with *workers in the value chain* and *affected communities* are currently under review.

Material impacts, risks, and opportunities

SBM–3 Material impacts, risks and opportunities and their interaction with strategy and business model

Ferronordic has identified nine out of ten topical ESRS standards as material to the company. While other topics within the ESRS may be relevant for the company to manage and monitor, either within its operations or across the value chain, they have not been assessed as material for reporting purposes. As this is Ferronordic's first double materiality assessment conducted in accordance with the ESRS framework, there are no changes in impacts, risks, or opportunities to report compared to previous periods.

The table below lists Ferronordic's material impacts, risks, and opportunities, indicating whether they relate to the company's own operations or to its value chain, along with the anticipated time horizon for their occurrence.

As part of the double materiality assessment, Ferronordic has carried out an overall qualitative analysis of the resilience of the company's strategy and business model in relation to material impacts, risks and opportunities and the time horizons defined in ESRS. Ferronordic assesses that the Group has a strong capacity to manage impacts where the company has direct influence, as well as to prevent and mitigate identified sustainability-related risks. The company is also well positioned to capture opportunities related to electrification. Based on the resilience analysis, the business model is considered robust and flexible in relation to material impacts, risks and opportunities, which are currently assessed to be manageable within the scope of the existing strategy and business model. As of the reporting date, no specific changes to the strategy or business model have been decided or planned as a direct result of material impacts, risks or opportunities.

As of the reporting date, Ferronordic has not identified any material current financial effects on the Group's financial position, financial performance or cash flows as a result of material sustainability-related impacts, risks or opportunities. As of the reporting date, no material adjustments to asset values have been made as a result of sustainability-related risks. Disclosures on expected financial effects are not provided this year in accordance with the applied phase-in provisions (see BP–2 page 56).

Topic-specific disclosures in accordance with SBM–3 are presented in the respective topical standards.

Material impacts

ESRS sub-topic	Description	Impact materiality: Upstream value chain	Impact materiality: Own operations	Impact materiality: Downstream value chain	Originating from or connected to the business model	Time horizon
E1 Climate change						
• Climate change mitigation • Energy	**Greenhouse gas (GHG) emissions** GHG emissions, primarily arising from the value chain, with a negative impact on the climate and the environment.	−	−	−	Impact originating from the business model	Short Medium Long
E2 Pollution						
• Pollution of air	**Air pollution in the use phase** Air pollution from products with combustion engines, including NOx, as well as noise, with negative impacts on the environment, human health, and other living organisms.			−	Impact originating from the business model	Short Medium Long

Impacts
+ Positive − Negative

ESRS sub-topic	Description	Impact materiality: Upstream value chain	Impact materiality: Own operations	Impact materiality: Downstream value chain	Originating from or connected to the business model	Time horizon
• Pollution of water • Pollution of living organisms and food resources	**Pollution of water** Potential water pollution in the value chain, with negative impacts on the environment, people and other living organisms.	−		−	Impact connected to the business model	Short Medium Long
• Pollution of soil • Pollution of living organisms and food resources	**Pollution of soil** Potential pollution of soil in the value chain, with negative impacts on the environment, people and other living organisms.	−		−	Impact connected to the business model	Short Medium Long
E4 Biodiversity and ecosystems						
• Direct impact drivers of biodiversity loss	**Greenhouse gas (GHG) emissions** GHG emissions, primarily arising from the value chain, with indirect negative impacts on biodiversity and ecosystems.	−	−	−	Impact originating from the business model	Short Medium Long
• Direct impact drivers of biodiversity loss	**Pollution** Pollution, primarily air pollution from the use phase of sold products with internal combustion engines, with negative impacts on biodiversity and ecosystems.	−		−	Impact originating from the business model	Short Medium Long
• Direct impact drivers of biodiversity loss • Impacts on the state of species • Impacts on the extent and condition of ecosystems	**Land-use change and degradation** Changes in land use and land degradation in the value chain may result in negative impacts on biodiversity and ecosystems.	−		−	Impact connected to the business model	Short Medium Long
• Direct impact drivers of biodiversity loss	**Natural resources exploitation** Virgin materials are among the resources used in Ferronordic's value chain. The extraction and processing of these materials may have adverse impacts on ecosystems and biodiversity.	−		−	Impact connected to the business model	Short Medium Long
E5 Resource use and circular economy						
• Resource outflows related to products and services	**Resource use as a business model** Ferronordic's operations extend the lifespan of trucks and construction equipment through service and repair, rebuilding, rental and sales of used products, with a positive impact on resource efficiency and the environment.		+		Impact originating from the business model	Short Medium Long
• Resources inflows, including resource use	**Virgin materials** Virgin materials are among the resources used in Ferronordic's value chain. The extraction and processing of these materials may have adverse environmental impact.	−			Impact connected to the business model	Short Medium Long
• Waste	**Generation of waste** Residual materials and waste arising in the value chain may, if not properly managed, result in negative environmental impacts.	−		−	Impact connected to the business model	Short Medium Long

Impacts
+ Positive − Negative

		Impact materiality				
ESRS sub-topic	**Description**	**Upstream value chain**	**Own operations**	**Downstream value chain**	**Originating from or connected to the business model**	**Time horizon**
S1 Own workforce						
• Working conditions • Equal treatment and opportunities for all	**Working conditions** Ferronordic ensures secure and fair working conditions through transparent terms of employment and benefits, adequate and non-discriminatory wages, and respect for freedom of association.		+		Impact originating from the business model	Short Medium Long
• Working conditions	**Health and safety** Work activities in own operations may entail health and safety risks for certain occupational groups.		−		Impact originating from the business model	Short Medium Long
• Equal treatment and opportunities for all	**Training and skills development** Continuous training and skills development, with positive impacts on employees' development and motivation.		+		Impact originating from the business model	Short Medium Long
• Equal treatment and opportunities for all	**Unbalanced gender distribution** Low representation of women in Ferronordic's workforce.		−		Impact connected to the business model	Short Medium Long
S2 Workers in the value chain						
• Working conditions • Equal treatment and opportunities for all	**Working conditions** Potential negative impacts primarily relate to labor rights issues, including secure employment, freedom of association, health and safety, collective bargaining, wages, discrimination, and diversity.	−		−	Impact connected to the business model	Short Medium Long
• Other work-related rights	**Child labor and forced labor** Potential occurrence of child labour and forced labour in the value chain, particularly in upstream tiers of the supply chain and in high-risk regions.	−		−	Impact connected to the business model	Short Medium Long
S3 Affected communities						
• Communities' economic, social and cultural rights	**Environmental impacts** Environmental impacts from activities in the value chain may pose health risks to local communities and affect the right to a clean, safe and healthy environment.	−		−	Impact connected to the business model	Short Medium Long
• Communities' economic, social and cultural rights	**Safety** Potentially inadequate safety measures in the value chain may pose safety risks to local communities.	−		−	Impact connected to the business model	Short Medium Long

Impacts
+ Positive − Negative

ESRS sub-topic	Description	Impact materiality: Upstream value chain	Impact materiality: Own operations	Impact materiality: Downstream value chain	Originating from or connected to the business model	Time horizon
• Communities' economic, social and cultural rights • Rights of indigenous peoples	**Right to land and property** Activities in the value chain may affect rights to land and property, with a risk of physical or economic displacement of local communities.	−		−	Impact connected to the business model	Short Medium Long
• Communities' civil and political rights	**Political rights and civil liberties** Restrictions on political rights and civil liberties in parts of the value chain may negatively affect local communities' participation, freedom of expression, and access to information.	−		−	Impact connected to the business model	Short Medium Long
S4 Consumers and end-users						
• Personal safety of consumers and/or end-users	**Product safety** Ferronordic provides high-quality and safe trucks and construction equipment with a strong focus on safety features, resulting in positive impacts on the health and safety of users and surrounding communities.			+	Impact originating from the business model	Short Medium Long
G1 Business conduct						
• Corruption and bribery	**Corruption and bribery** Risk of corruption and bribery in the company's operations and value chain.	−	−	−	Impact originating from the business model	Short Medium Long
• Protection of whistle-blowers	**Whistleblower protection** If Ferronordic's whistleblower protection is inadequate, individuals reporting misconduct may be exposed to significant risks.		−		Impact originating from the business model	Short Medium Long
• Management of relationships with suppliers including payment practices	**Relationship with business partners** Strong relationships with business partners contribute to effective management of environmental, social and governance-related matters in the value chain.		+		Impact connected to the business model	Short Medium Long

Impacts
+ Positive − Negative

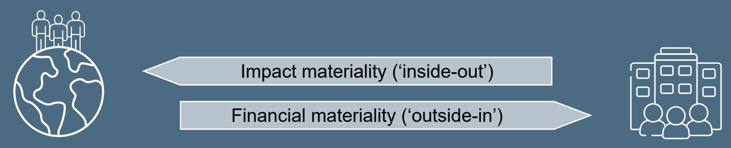
Material risks and opportunities

ESRS sub-topic	Description	Risk or opportunity	Where in the value chain does it occur	Time horizon
E1 Climate change				
• Climate change mitigation	**Zero-emission trucks and construction equipment** Opportunities related to the growth potential for zero-emission trucks and construction equipment.	Opportunity	Downstream value chain	Medium Long
G1 Business conduct				
• Corruption and bribery	**Corruption and bribery** Any actual or perceived association with corruption or bribery may pose significant reputational risks for Ferronordic.	Risk	Own operations Upstream value chain Downstream value chain	Short Medium Long
• Corruption and bribery	**Incidents** Risk of products being re-exported to countries or persons subject to international sanctions, posing potential compliance and reputational risks for Ferronordic.	Risk	Downstream value chain	Short Medium Long

Risks and opportunities
Opportunity Risk

Double materiality assessment

IRO–1 Description of the processes to identify and assess material impacts, risks and opportunities



According to the principle of double materiality, a sustainability topic is deemed material out of one or both of the following perspectives:

- **Impact materiality ('inside-out' perspective)** – The company's direct and indirect impact on people and the environment.
- **Financial materiality ('outside-in' perspective) –** Sustainability matters that can trigger financial effects on the company's cash flows, development, performance, position, cost of capital, or access to finance.

To identify and gain a deeper understanding of the Group's material impacts on people and the environment, as well as related business risks and opportunities, Ferronordic has conducted a double materiality assessment (DMA) in accordance with the requirements of the European Sustainability Reporting Standards (ESRS). A DMA is the process through which a company determines the material topics and relevant information to be included in its sustainability reporting. The assessment covered both Ferronordic's own operations and the impacts, risks, and opportunities arising through business relationships across the value chain. As this is Ferronordic's first DMA under the ESRS framework, there are no changes in the process to report compared to previous periods.

The assessment is integrated into Ferronordic's overall risk management processes and serves as a tool for identifying sustainability-related issues that may affect the company's strategy and value creation. Identified opportunities, particularly related to electrification, and risks, for example corruption and bribery, are managed within Ferronordic's regular strategy processes, business planning and investment decisions, and are followed up in the same manner as other strategic initiatives.

The results are considered to provide a fair representation of Ferronordic's material impacts, risks, and opportunities. However, the methodology also has limitations. Ferronordic therefore aims to continuously develop and improve both the methodology and the overall process, and to ensure updates in response to changing circumstances, trends, underlying assumptions, or regulatory requirements.

Ferronordic's double materiality assessment was conducted in five steps:

1. Value chain mapping
2. Identification of actual and potential ESG-related impacts, risks, and opportunities
3. Stakeholder engagement
4. Materiality assessment
   - Impact materiality assessment
   - Financial materiality assessment
5. Validation of the result

1. Value chain mapping

To enhance the understanding of exposure to and impact on the environment, people, risks, and opportunities, Ferronordic has conducted a mapping of the company's value chain, identifying relevant activities, resources, and stakeholders across the upstream and downstream value chain. This process has enabled deeper insights into the company's value chain and supported the identification of material sustainability topics.

2. Identification of actual and potential ESG-related impacts, risks, and opportunities

Ferronordic has reviewed all sustainability topics covered by the ESRS. Other sustainability topics not explicitly covered by ESRS have also been identified. Based on the ESRS, an initial assessment of the relevance of each topic in relation to Ferronordic's operations and value chain has been carried out in order to focus on areas where impacts, risks, and opportunities are likely to arise. Ferronordic has considered the characteristics of its business activities, products and services, geographic locations, and stakeholders across the value chain. Particular focus has been placed on parts of the value chain in geographical areas with elevated risks related to human rights, as well as on activities assessed to give rise to significant negative climate impact.

Ferronordic has also considered risks and opportunities that may arise from the impacts and dependencies identified in the assessment, and evaluated how these links may give rise to financial effects for the Group. The analysis resulted in an initial mapping of Ferronordic's actual and potential positive and negative impacts on people and the environment, along with associated financial risks and opportunities. All impacts, risks, and opportunities have been categorized by time horizon (short-, medium- and long-term) and by where in the value chain they are concentrated.

3. Stakeholder engagement

The materiality assessment is based on dialogues with external stakeholders and internal dialogues with different functions in the Group. During 2024, Ferronordic focused on engaging with its suppliers and customers, with particular focus on any negative impact on human rights in the value chain. Internal subject-matter experts in functions for, among others, HR, health and safety, legal and compliance, and finance have also been consulted with in the DMA process to identify relevant impacts, risks, and opportunities.

Ferronordic has not conducted direct engagement with the stakeholder groups affected communities and workers in the value chain as part of the double materiality assessment. Instead, the company has used sector-specific secondary data as a basis for the identification of actual and potential impacts.

4. Materiality assessment

Ferronordic has used the methods outlined in the ESRS for impact and financial materiality assessments. The assessment involved consultation with internal experts from Group functions, including HR, health and safety, legal and compliance, and finance. The assessment also considered findings from stakeholder dialogue, public risk analyses at country and industry levels, as well as how companies in the value chain have assessed their impact on similar matters. External sources used in the impact assessment include ENCORE (Exploring Natural Capital Opportunities, Risks and Exposure), SASB (Sustainability Accounting Standards Board), CSR Risk Check, UN Human Rights Tool, and scientific research papers.

Impact materiality assessment

Ferronordic has identified and assessed 61 actual and potential impacts. In accordance with ESRS, three parameters of scale, scope, and irremediable character have been used when assessing the severity. All parameters have been assessed based on a scale between 1 (low) to 5 (high).

- Scale has been assessed based on how grave the negative impact is or how beneficial the positive impact is on the environment or people
- Scope has been assessed based on how widespread the negative or positive impact is
- Remediability has been assessed based on whether and to what extent the negative impact could be remediated
- For potential impacts, the likelihood of occurrence has been estimated

Negative environmental and social score: Severity (scale + scope + remediability)

	Scale	Scope*	Remediability
5	Very high: Major disruption with long-term consequences	Global/Entire populations/ All customers/end-users	Permanent
4	High: High consequence that can cause substantial disruption and requires immediate attentions	Entire region/Business divisions/ Majority	High
3	Medium: Medium consequence that is manageable within reasonable means	Several large areas/ Departments/Large groups/ Roughly half of customers	Reversible with material efforts/costs
2	Low: Low consequences on people/environment that are easily managed or mitigated	Multiple locations/Groups/ Minority of customers	Low
1	Very low: Minimal consequence on people/environment	Isolated location/Few individuals	Easily reversible

* Dependent on the most affected stakeholder group

Positive environmental and social score: Scale + scope

	Scale	Scope*
5	Very high: Major disruption with long-term consequences	Global/Entire populations/All customers/end-users
4	High: High consequence that can cause substantial disruption and requires immediate attentions	Entire region/Business divisions/Majority
3	Medium: Medium consequence that is manageable within reasonable means	Several large areas/Departments/Large groups/ Roughly half of customers
2	Low: Low consequences on people/environment that are easily managed or mitigated	Multiple locations/Groups/Minority of customers
1	Very low: Minimal consequence on people/environment	Isolated location/Few individuals

* Dependent on the most affected stakeholder group

Likelihood of potential impacts

	Likelihood
5	Almost certain (>75%)
4	Likely (50–75%)
3	Possible (25–50%)
2	Low (10–25%)
1	Rare (<10%)

The threshold for material impacts has been defined as a sloped line that balances the severity of the impact with its likelihood. The threshold is designed to give precedence to severity over likelihood, meaning that all impacts with a severity rating above 4 are considered material regardless of likelihood. Additionally, impacts that are less severe but more likely to occur were also considered. For impacts related to human rights, severity has been given particular priority, and a lower threshold has therefore been applied.

Financial materiality assessment
Ferronordic has identified and assessed 43 sustainability related risks and opportunities. Each risk and opportunity has been assessed based on the size of the potential financial effect and their likelihood of occurrence. The size of the potential financial effect has been assessed in relation to revenue or value of assets. Both parameters have been assessed based on a scale between 1 (low) to 5 (high). Where possible, quantifications of the effects of the risks and opportunities were made and supplemented with qualitative assessments.

Financial scoring: Revenue or assets + likelihood

	Revenue or assets (Size of financial effect)	Likelihood
5	Major (20–100% of revenue or asset value)	Almost certain (>75%)
4	Very high (10–20% of revenue or asset value)	Likely (50–75%)
3	High (5–10% of revenue or asset value)	Possible (25–50%)
2	Moderate (2.5–5% of revenue or asset value)	Low (10–25%)
1	Minor (1–2.5% of revenue or asset value)	Rare (<10%)

The threshold for financial materiality has been set as a sloping line that balances the size of the financial effect and likelihood. Each risk and opportunity where the product of size of financial effect and likelihood was above the threshold has been considered material.

5. Validation of the result

The results of the double materiality assessment have been presented to and validated by Ferronordic's Sustainability and Ethics Committee, a committee organized under the Board of Directors.

Internal control

Ferronordic has applied a predefined process in conducting the double materiality assessment, with ongoing controls to ensure objectivity and consistency in the analysis. The assessment has been carried out with the support of a digital third-party platform, specifically designed to structure and document the identification and assessment of sustainability-related impacts, risks, and opportunities. The platform enables a systematic, transparent and traceable analysis process. The assessment has been overseen by Ferronordic's Sustainability Committee, which has been responsible for reviewing and approving the methods and criteria used. As such, the committee has served as a control and decision-making body to ensure the robustness of the methodology and that the results reliably reflect the company's most material impacts, risks, and opportunities.

Results

Through the double materiality assessment, Ferronordic has identified the following ESRS-topics as material to the Group. A detailed description of the identified impacts, risks, and opportunities for each topic is presented in SBM–3 on page 65–69, as well as within the respective topical sections of this report.

Financially material topics

Impact and financially material topics

- Climate change mitigation
- Corruption and bribery

Immaterial topics

- Climate change adaptation
- Substances of concern
- Substances of very high concern
- Microplastics
- Water
- Marine resources
- Impacts and dependencies on ecosystem services
- Other work-related rights (S1)
- Information-related impacts for consumers and/or end-users
- Social inclusion of consumers and/or end-users
- Corporate culture
- Animal welfare
- Political engagement and lobbying activities

Impact material topics

- Energy
- Pollution of air
- Pollution of water
- Pollution of soil
- Pollution of living organisms and food resources
- Direct impact drivers of biodiversity loss
- Impacts on the state of species
- Impacts on the extent and condition of ecosystems
- Resource inflows, including resource use
- Resource outflows related to products and services
- Waste
- Working conditions (S1 and S2)
- Equal treatment and opportunities for all (S1 and S2)
- Other work-related rights (S2)
- Communities' economic, social and cultural rights
- Communities' civil and political rights
- Rights of indigenous peoples
- Personal safety of consumers and/or end-users
- Protection of whistle-blowers
- Management of relationships with suppliers including payment practices

Financial materiality

Impact materiality

IRO–2 Disclosure requirements in ESRS covered by the sustainability statement

Ferronordic's sustainability statement includes disclosure requirements that provide relevant information on material sustainability topics for the Group. The following criteria have been applied to each ESRS data point:

- It relates to a material impact, risk, or opportunity identified through the double materiality assessment and is applicable to the Group's context.
- It provides relevant information for users of the sustainability statement.

Ferronordic has opted to apply phase-in provisions and has therefore omitted disclosures in ESRS E4, ESRS S2, ESRS S3, ESRS S4 as well as disclosure requirement E1–9: Anticipated financial effects from material physical and transition risks and potential climate-related opportunities.

Below is a list presenting the disclosure requirements included in the sustainability statement, as well as a list presenting data points derived from other EU legislation.

ESRS content index

ESRS	Disclosure requirement	Title	Page
ESRS 2 General disclosures	BP–1	General basis for preparation of the sustainability statement	55
	BP–2	Disclosures in relation to specific circumstances	56
	GOV–1	The role of the administrative, management and supervisory bodies	57–58
	GOV–2	Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	57–58
	GOV–3	Integration of sustainability-related performance in incentive schemes	58
	GOV–4	Statement on due diligence	59
	GOV–5	Risk management and internal controls over sustainability reporting	60
	SBM–1	Strategy, business model and value chain	61–63
	SBM–2	Interests and views of stakeholders	64
	SBM–3	Material impacts, risks and opportunities and their interaction with strategy and business model	65–69
	IRO–1	Description of the processes to identify and assess material impacts, risks and opportunities	70–73
	IRO–2	Disclosure Requirements in ESRS covered by the undertaking's sustainability statement	74–77
E1 Climate change	GOV–3	Integration of sustainability-related performance in incentive schemes	58
	E1–1	Transition plan for climate change mitigation	82
	SBM–3	Material impacts, risks and opportunities and their interaction with strategy and business model	81
	IRO–1	Description of the processes to identify and assess material climate-related impacts, risks and opportunities	79–80
	E1–2	Policies related to climate change mitigation and adaptation	82
	E1–3	Actions and resources in relation to climate change policies	83
	E1–4	Targets related to climate change mitigation and adaptation	84
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	SBM–1	40 d ii	Involvement in activities related to chemical production	SFDR; Benchmark Regulation	Non-material
	SBM–1	40 d iii	Involvement in activities related to controversial weapons	SFDR; Benchmark Regulation	Non-material
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	E1–9	66 a	Disaggregation of monetary amounts by acute and chronic physical risk	Pillar 3	Phase-in provision
	E1–9	66 c	Location of significant assets at material physical risk	Pillar 3	Phase-in provision
	E1–9	67 c	Breakdown of the carrying value of its real estate assets by energy-efficiency classes	Pillar 3	Phase-in provision
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ESRS E2 Pollution	E2–4	28	Amount of each pollutant listed in Annex II of the EPRTR Regulation (European Pollutant Release and Transfer Register) emitted to air, water and soil	SFDR	Non-material
ESRS E3 Water and marine resources	E3–1	9	Water and marine resources	SFDR	Non-material
	E3–1	13	Dedicated policy	SFDR	Non-material
	E3–1	14	Sustainable oceans and seas	SFDR	Non-material
	E3–4	28 c	Total water recycled and reused	SFDR	Non-material
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	E4–2	24 d	Policies to address deforestation	SFDR	Non-material
ESRS E5 Resource use and circular economy	E5–5	37 d	Non-recycled waste	SFDR	Non-material
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	ESRS 2–SBM3–S1	14 g	Risk of incidents of child labour	SFDR	101
	S1–1	20	Human rights policy commitments	SFDR	103
	S1–1	21	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Benchmark Regulation	103
	S1–1	22	Processes and measures for preventing trafficking in human beings	SFDR	103
	S1–1	23	Workplace accident prevention policy or management system	SFDR	103
	S1–3	32 c	Grievance/complaints handling mechanisms	SFDR	104
	S1–14	88 b and c	Number of fatalities and number and rate of work-related accidents	SFDR; Benchmark Regulation	109
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	S2–1	18	Policies related to value chain workers	SFDR	113
	S2–1	19	Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines	SFDR; Benchmark Regulation	113
	S2–1	19	Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8	Benchmark Regulation	113
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	S3–4	36	Human rights issues and incidents	SFDR	115
ESRS S4 Consumers and end-users	S4–1	16	Policies related to consumers and end-users	SFDR	117
	S4–1	17	Non-respect of UNGPs on Business and Human Rights and OECD guidelines	SFDR; Benchmark Regulation	117
	S4–4	35	Human rights issues and incidents	SFDR	117
ESRS G1 Business conduct	G1–1	10 b	United Nations Convention against Corruption	SFDR	120
	G1–1	10 d	Protection of whistleblowers	SFDR	120
	G1–4	24 a	Fines for violation of anti-corruption and anti-bribery laws	SFDR; Benchmark Regulation	122
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Environmental information

This section includes disclosures in accordance with:

- E1 Climate change
- EU Taxonomy regulation
- E2 Pollution
- E4 Biodiversity and ecosystems
- E5 Resource use and circular economy

ESRS E1

Climate change

The transport and construction equipment sectors play a central role in the global climate transition. As a dealer in these areas, Ferronordic carries both a responsibility and an opportunity to contribute to reducing emissions. By promoting electrification, energy efficiency, and the development of sustainable technologies, Ferronordic actively works to reduce its climate impact throughout the value chain.

IRO–1 Identification and assessment of material impacts, risks and opportunities

Ferronordic has conducted a double materiality assessment to identify material climate-related impacts, risks, and opportunities. The assessment covers both the Group's own operations and activities across the value chain. To assess its climate impact, Ferronordic has analyzed historical greenhouse gas (GHG) emissions data (Scopes 1–3) originating from its own operations as well as from relevant parts of the value chain. The assessment has also included potential future sources of emissions in line with increasing electrification. Given the characteristics of the business, emissions in the value chain (Scope 3), particularly from the use of sold trucks and construction equipment (Scope 3.11), are considered to represent the most significant share of the Group's indirect climate impact.

Climate-related scenario analysis

To assess future physical risks, transition risks and transition opportunities, Ferronordic has integrated a climate-related scenario analysis into its materiality assessment. The analysis is based on two scenarios developed by the IPCC:

- RCP 8.5: a scenario in which no emissions reductions are expected.
- RCP 2.6: a scenario aligned with the objectives of the Paris Agreement to limit global warming.

Each identified climate-related physical risk, transition risk, and transition opportunity has been analyzed based on both scenarios to assess potential impacts in the short, medium, and long term. The scenarios have been used to evaluate how different levels of regulation, energy prices and technological development may affect Ferronordic's assets and operations, as well as to assess the financial impacts on revenue and investments. The scenario narratives extend to the year 2100 and are collectively considered to provide a sufficiently broad range to capture both transition-driven and physical climate-related risks and uncertainties relevant to Ferronordic's operations.

	RCP 2.6 – Low-emission scenario	**RCP 8.5 – High-emission scenario**
Energy use	Low energy consumption and a sharp decline in oil use. New renewable energy technologies are introduced at scale	High energy consumption and continued strong dependence on fossil fuels
Policy action	Political decisions, taxes, and regulations targeting GHG emissions	No or limited implementation of climate policies
CO_2 emissions	Low-emission pathway aligned with the objectives of the Paris Agreement	Continued high-emission pathway
Extreme weather	Limited increase in extreme weather events	Extreme weather events, floods, increased wildfires, and rising sea levels
Societal transformations	Major transformations in society, infrastructure, and buildings	Minimal societal changes. Infrastructure remains fossil fuel dependent
Customer and investor requirements	Changed requirements with increased focus on sustainability	Unchanged behaviors and demands

Physical climate risks

Physical risks include environmental events that may impact Ferronordic's assets and business operations. Ferronordic has analyzed how acute risks, such as extreme weather events, and chronic risks, such as those arising from increasing average temperatures, may impact the company's assets and operations in the short, medium, and long term. The analysis has been conducted with a focus on specific locations where Ferronordic operates and, where possible, specific locations in the value chain. Where location-specific data have been unavailable, an analysis at national level has been applied.

At present, no material climate-related physical risks have been identified. However, depending on how the climate evolves, certain assets may become increasingly exposed to weather-related impacts, particularly in the longer term. Ferronordic therefore recognizes the need for further analysis to reduce uncertainty in its assessments and aims to continue improving its methodology to ensure that the company's exposure to climate risks is captured as accurately as possible.

Classification of climate-related hazards (according to the Commission delegated regulation (EU) 2021/2139)

	Temperature-related	Wind-related	Water-related	Solid mass-related
Chronic	✓ Changing temperature (air, freshwater, marine water) ✓ Heat stress ✓ Temperature variability ✗ Permafrost thawing	✗ Changing wind patterns	✓ Changing precipitation patterns and types (rain, hail, snow/ice) ✓ Precipitation or hydrological variability ✗ Ocean acidification ✗ Saline intrusion ✓ Sea level rise ✓ Water stress	✗ Coastal erosion ✗ Soil degradation ✓ Soil erosion ✗ Soilfluction
Acute	✓ Heat wave ✓ Cold wave/frost ✓ Wildfire	✓ Cyclone, hurricane, typhoon ✓ Storm (including blizzards, dust, and sandstorms) ✓ Tornado	✗ Drought ✓ Heavy precipitation (rain, hail, snow/ice) ✓ Flood (coastal, fluvial, pluvial, groundwater) ✗ Glacial lake outburst	✗ Avalanche ✓ Landslide ✓ Subsidence

✓ Hazard included in assessment
✗ Hazard not relevant to include due to geographical location and characteristics of Ferronordic's assets

Transition risks and opportunities

Transition-related risks and opportunities arise in connection with the transition to a low-carbon and climate-resilient economy. They may result from various factors, including climate-related regulations, market shifts, technological developments, and reputation and public perception. To identify transition events that may affect Ferronordic, the company continuously monitors political, technological, market, and reputational developments.

As part of the climate-related scenario analysis, Ferronordic has identified key transition events and assessed these over the short, medium and long term. Identified transition events include, among other things, changing customer requirements and market preferences towards zero-emission products, technological development and suppliers' innovation capabilities, as well as increasingly stringent environmental and climate-related legislation.

The assessment showed that Ferronordic's exposure to transition risks is limited in the short term, as the business is primarily dealer- and service-based and does not involve its own emissions-intensive manufacturing. In the medium and long term, exposure is assessed to increase, mainly as a result of changing customer requirements, technological developments and regulatory changes that may affect demand for diesel-powered versus zero-emission products. In relation to these developments, a material transition opportunity was identified in the form of increased demand for zero-emission trucks and construction equipment, particularly under a low-emission scenario (RCP 2.6). Transition risks and opportunities have been assessed qualitatively based on likelihood, potential financial impact and duration, and have been included in Ferronordic's double materiality assessment.

Given Ferronordic's business model as a dealer and service partner without its own manufacturing or energy-intensive production, no assets or business areas have been identified that are incompatible with a transition to a climate-neutral economy. At the same time, parts of the offering, particularly those related to diesel-powered products, may be affected by a transition in the longer term. This is managed through a gradual expansion of the offering of electrified and low-emission solutions, as well as flexibility in the product and service portfolio.

Consistency with financial assumptions

As of the end of the reporting period, no critical climate-related assumptions have been identified or applied in the preparation of the Group's financial statements.

For more information about the methodology behind the double materiality assessment, see IRO–1 on page 70–73.

SBM–3 Material impacts, risks, and opportunities

Based on the climate-related scenario analysis, Ferronordic conducted a comprehensive resilience assessment of the company's strategy and business model in 2024 in relation to climate-related physical and transition risks, with a focus on the long term. No part of the business or the value chain was excluded from the analysis. The assessment was based on assumptions regarding regulatory developments (such as more stringent emissions regulations), continued developments and trends in electrification, and changing customer requirements (for example, increased demand for electrified products). The analysis also considered potential financial effects related to changes in energy prices, shifts in demand and investment needs associated with electrification, as well as how broader macroeconomic conditions, such as interest rate levels and economic developments in the company's markets, may influence these financial effects. Measures described in E1–3 (page 83), in particular investments related to the offering of zero-emission trucks and construction equipment, were taken into account in the assessment.

Ferronordic considers itself to have a strong ability to adapt its strategy and business model to climate change over the short, medium and long term. This adaptability is supported by a diversified product and service offering that includes both diesel-powered and electric solutions. This diversification enables Ferronordic to meet current demand while positioning the company for a future transition towards fully electric solutions. Skills development within service operations and electrified products is ongoing. The company assesses that it has ongoing access to financing within the scope of its ordinary operations and that, at present, the cost of capital is not considered a material obstacle to the implementation of measures. At the same time, uncertainties remain, primarily related to customers' willingness to invest and the pace of technological development. These uncertainties are managed through continuous market monitoring and flexibility in the product and service portfolio.

Through the double materiality assessment, Ferronordic has identified material climate-related impacts and opportunities, which are presented below. No material financial risks have been identified in this area.

Impacts

Greenhouse gas (GHG) emissions
Ferronordic has identified GHG emissions as a highly material topic for the Group. Direct emissions from the company's own operations (Scope 1) and indirect emissions from purchased energy (Scope 2) contribute to climate change, but represent a relatively small share of Ferronordic's total climate impact. The most significant emissions occur within Ferronordic's value chain (Scope 3). These emissions are primarily related to the use of sold construction equipment and trucks (Scope 3.11).

Opportunities

Zero-emission trucks and construction equipment
Increased demand for zero-emission trucks and construction equipment, driven by regulatory requirements, technological development and changing customer preferences, constitutes a material business opportunity for Ferronordic. Ferronordic offers electric trucks in Germany and electric construction equipment in the USA. This financial opportunity is currently expected to materialize in the medium to long term.

Material impact or opportunity	ESRS sub-topic	Impact materiality: Upstream value chain	Impact materiality: Own operations	Impact materiality: Downstream value chain	Risks and opportunities	Time horizon
Greenhouse gas (GHG) emissions	• Climate change mitigation • Energy	Negative	Negative	Negative		Short Medium Long
Zero-emission trucks and construction equipment	• Climate change mitigation				Opportunity	Medium Long

Impacts
Negative

Risks and opportunities
Opportunity

E1–1 Transition plan

Ferronordic does not currently have a formally adopted transition plan to mitigate climate change. However, the company continuously evaluates the need for such a plan as regulations, market conditions, and technology evolve.

Ferronordic operates and makes investments that contribute to reduced emissions in the value chain. By offering construction equipment and trucks with alternative fuel systems and lower environmental impact, Ferronordic supports its customers' transition towards more energy-efficient and low-emission operations.

In Germany, Ferronordic has established an electric truck rental fleet, representing a concrete step towards a fossil-free transport sector.

Ferronordic's operations are not covered by Article 12 of the Commission Delegated Regulation (EU) 2020/1818 and are therefore not excluded from the EU Paris-aligned benchmarks. Ferronordic has no operational or revenue-generating exposure to coal, oil or gas-related activities.

E1–2 Policies

Ferronordic's environmental efforts are based on the Group's Environmental Policy, which aims to ensure that the company manages its environmental impact in the delivery of products and services. The policy forms the foundation for how Ferronordic identifies, assesses and manages its material environmental and climate-related impacts throughout the value chain.

Through the Environmental Policy, Ferronordic commits to applying environmentally responsible practices in the delivery, maintenance, and servicing of construction equipment and trucks, with the objective of reducing overall environmental impact. The policy defines Ferronordic's key environmental focus areas: reduction of CO_2 emissions, energy conservation, air quality, extended product life, biodiversity, and responsible end-of-life treatment. Ferronordic strives to offer products with high durability, reduced environmental impact and long service life, enabling customers to reduce their emissions and improve resource efficiency.

At present, the Environmental Policy does not include specific commitments relating to the expansion of renewable energy, the management of transition risks or climate adaptation.

The Environmental Policy has been developed by Ferronordic's Sustainability Manager and approved by the Group's CEO, who is responsible for ensuring that the policy is communicated, implemented, and supplemented with the necessary instructions. The policy applies to the parent company and its subsidiaries, including all employees and consultants working within or on behalf of the Group. To ensure that the policy remains relevant and effective, it is reviewed annually by the Group's General Counsel in cooperation with the Sustainability Manager. Ferronordic monitors the effectiveness of its policies through ongoing operational follow-up and annual reporting.

The Environmental Policy is communicated to employees through internal communication channels and onboarding programs, and is made available to external stakeholders upon request. Suspected breaches of the policy may be reported to an immediate manager, the HR department, the General Counsel or anonymously via Ferronordic's whistleblowing function, which is also available to external parties.

E1–3 Actions

During 2025, Ferronordic has, in line with the Group's Environmental Policy, implemented climate-related actions focused on reducing emissions and improving energy efficiency in its own operations, as well as enabling emissions reductions across the value chain. The actions are designed to address material climate-related impacts while at the same time capturing business opportunities associated with the climate transition.

Implemented and planned actions are expected to contribute to reduced greenhouse gas emissions over time, primarily within Scope 2 through energy efficiency measures and the use of renewable electricity, and within Scope 3 through the offering of zero-emission trucks and construction equipment.

Capital expenditures related to Ferronordic's German electric truck rental operations are reported within the Group's taxonomy reporting, (see CCM 6.6 on page 89). For other actions implemented during 2025, as well as for planned future actions, Ferronordic has not yet prepared separate quantifications of operating or capital expenditures.

The financial resources used consist of the Group's existing financial resources and are reflected in the Group's financial statements, primarily through the balance sheet and the overall financing structure presented in the annual report. The implementation of climate-related actions is mainly carried out within the framework of the company's ordinary capital and operating budgets and is dependent on the availability of financial and operational resources in the respective markets. Ferronordic assesses that the Group's current financial position is sufficient to support the implementation of decided actions in the near term. Future financial resource needs related to climate-related actions are assessed within the framework of the company's ordinary budgeting and investment processes, and have not yet been quantified.

Actions in Ferronordic's operations

Renewable electricity and energy efficiency
Within the German operations, Ferronordic has taken several concrete actions during the year to reduce energy consumption and use renewable energy, including:

- the purchase of electricity with guarantees of origin (GOs) certifying its renewable origin,
- installations of LED lighting and motion detectors in facilities, and
- installations of new heating systems and energy-efficient doors in several workshops.

Fuel efficiency in service operations
Within the US operations, Rudd has expanded its service fleet with twelve larger service vehicles equipped with systems that enable the operation of tools and equipment without continuous engine idling. The measure is expected to reduce fuel consumption and thereby greenhouse gas emissions. In Kazakhstan, new service vehicles have also been acquired, which are expected to result in lower emissions compared to previous vehicles.

Planned actions (2026-2030)
Ferronordic plans further investments in the climate transition, primarily within the German operations. The actions aim to reduce energy consumption and emissions and to strengthen the long-term resource efficiency of the operations, and include, among other things:

- the installation of solar panels at all company-owned workshops in Dresden, Leipzig, Kassel, Hannover, and Limburg,
- full electrification of the German company car fleet,
- continued energy modernization of German workshops through new heating systems and energy-efficient doors, and
- modernization of the German truck rental fleet by replacing existing vehicles with new, CO_2-optimized vehicles in accordance with VECTO standards.

Actions in the value chain

Zero-Emission Trucks and Construction Equipment
Ferronordic contributes to climate change mitigation in the value chain through its product offering. Through the sale and rental of electric trucks and construction equipment, Ferronordic enables customers to replace fossil-fueled alternatives, thereby contributing to reduced emissions in the value chain, primarily within Scope 3.11. In 2025, Ferronordic sold 14 electric trucks in Germany and 14 electric construction machines in the US.

E1–4 Targets

Ferronordic aims to reduce its greenhouse gas emissions, both from its own operations and by supporting value chain actors in their transition to a low-carbon economy. A central element of the company's strategy is to enable customers to transition towards more sustainable operations through the offering of alternative technologies with lower climate impact, including electric solutions.

As part of this, Ferronordic is evaluating the possibility of establishing targets to increase the share of electric trucks sold in the German market, as well as the share of electric construction equipment sold in the US market. The timing for when such targets may be established has not yet been determined, as Ferronordic is currently assessing market conditions, technological development and customers' ability to transition in order to ensure that future targets are both ambitious and realistically achievable.

Development of the share of electric products sold	2022	2023	2024	2025
Share of sold electric trucks in Germany (%)	1.2	4.8	1.7	1.9
Share of sold electric construction equipment in the USA (%)	-	-	1.3	3

Ferronordic has a long-term ambition to achieve net-zero emissions by 2050. At present, the company has not established quantified interim targets or a detailed timeline for reducing its greenhouse gas emissions. Recognizing the importance of concrete targets in driving measurable progress, Ferronordic aims to define and disclose such targets, covering emissions within Scope 1, Scope 2 (market-based), and Scope 3. The timeline for when such targets may be established has not yet been determined.

E1–5 Energy consumption and mix

Energy consumption and mix	2025
(1) Fuel consumption from coal products (MWh)	0
(2) Fuel consumption from crude oil and petroleum products (MWh)	16,316
(3) Fuel consumption from natural gas (MWh)	26,463
(4) Fuel consumption from other fossil sources (MWh)	0
(5) Consumption of purchased or acquired electricity, heat, steam, and cooling from fossil sources (MWh)	2,533
(6) Total fossil energy consumption (MWh) (calculated as the sum of lines 1 to 5)	**45,312**
Share of fossil sources in total energy consumption (%)	96.2
(7) Consumption from nuclear sources (MWh)	**640**
Share of consumption from nuclear sources in total energy consumption (%)	1.4
(8) Fuel consumption for renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc.) (MWh)	5
(9) Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	1,159
(10) The consumption of self-generated non-fuel renewable energy (MWh)	0
(11) Total renewable energy consumption (MWh) (calculated as the sum of lines 8 to 10)	**1,165**
Share of renewable sources in total energy consumption (%)	2.5
Total energy consumption (MWh) (calculated as the sum of lines 6, 7 and 11)	**47,116**

Energy values and percentages are rounded to the nearest whole number. Totals and shares may therefore differ slightly from the exact values due to rounding.

Energy intensity per net revenue	2025
Total energy consumption from activities in high climate impact sectors per net revenue from activities in high climate impact sectors (MWh/SEK m)	10.3

Accounting principles

Ferronordic's energy consumption and energy intensity are based on the operations of the entire Group. Energy consumption includes purchased electricity and heat and follows the same boundaries as those applied in the reporting of greenhouse gas (GHG) emissions under Scope 1 and Scope 2.

Energy mix refers to the distribution between fossil energy, renewable energy and nuclear energy in Ferronordic's total energy consumption. Data on energy consumption and energy mix are reported by the parent company and its subsidiaries through the Group's reporting system. The energy mix is based on information from national energy authorities and contractual arrangements with energy suppliers. Ferronordic applies a conservative approach and reports renewable electricity only in cases where contractual documentation substantiating the origin of the energy is available.

To calculate energy intensity per net revenue, Ferronordic uses the Group's total energy consumption as the numerator and total net revenue as the denominator. Net revenue corresponds to the Group's total net sales and is disclosed in Note 6 (page 136) of the annual report.

As Ferronordic's operations are in their entirety attributable to the transport and construction equipment sector, which is generally considered to have a high climate impact from a value chain perspective, both the numerator and the denominator comprise the Group's total energy consumption and total net revenue, respectively.

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E1–6 Greenhouse Gas (GHG) Emissions

Ferronordic reports greenhouse gas (GHG) emissions by Scope 1, Scope 2 and Scope 3, and presents total GHG emissions on both a location-based and a market-based basis. The disclosure covers emissions from the Group's own operations as well as material emissions in the value chain. Ferronordic has not established a quantitative target for reducing greenhouse gas emissions. All material Scope 3 emissions are reported for the first time in 2025, and this year therefore constitutes the base year for Scope 3 reporting.

Scope 1
Scope 1 emissions refer to direct emissions from operations under the Group's control and include emissions from the use of refrigerants in air conditioning systems, fuel consumption in company vehicles, and oil- and gas-powered heating systems. In 2025, Ferronordic's Scope 1 emissions decreased by 20.4%, primarily driven by reduced emissions from company vehicles.

Scope 2
Scope 2 emissions refer to indirect emissions arising from the generation of purchased energy in the form of electricity and district heating used in the Group's operations.

Scope 3
Scope 3 emissions refer to other indirect emissions arising in the Group's value chain. For Ferronordic, these emissions are primarily driven by Category 11 Use of sold products, which constitutes the most significant share of the Group's total climate impact.

Total emissions
Total GHG emissions amounted to 1,046,656 tCO_2e in 2025. The increase is primarily driven by an expanded reporting scope (including Category 11 Use of sold products), which limits comparability with 2024.

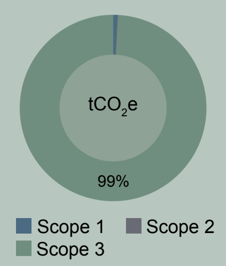
Ferronordic continuously works to improve the quality of its emissions reporting and calculation methodologies. In 2026, the company intends to further develop processes for data collection and monitoring of GHG emissions and, where consistent with the business model, identify and evaluate opportunities for emissions reductions.

GHG emissions	2024	2025	2025/ 2024 (%)
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO_2e)	12,076	9,610	-20.4
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	-	0	-
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO_2e)	1,106	1,377	24.5
Gross market-based Scope 2 GHG emissions (tCO_2e)	1,011	1,104	9.1
Significant Scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO_2e)	3,100	1,035,942	33,317.5[1]
1 Purchased goods and services	-	899	-
2 Capital goods	-	23,787	-
3 Fuel and energy-related activities (not included in Scope 1 or Scope 2)	2,922	2,257	-22.8
5 Waste generated in operations	-	90	-
6 Business travel	178	579	225.3[2]
7 Employee commuting	-	2,101	-
11 Use of sold products	-	983,603	-
13 Downstream leased assets	-	22,626	-
Total GHG emissions			
Total GHG emissions (location-based) (tCO_2e)	**16,282**	**1,046,930**	**6,330[1]**
Total GHG emissions (market-based) (tCO_2e)	**16,187**	**1,046,656**	**6,366[1]**

[1] The significant increase in Scope 3 emissions and total GHG emissions in 2025 is primarily due to an expanded reporting scope, with additional Scope 3 categories included for the first time. In particular, Category 11 Use of sold products has a material impact. The results are therefore not directly comparable with 2024.
[2] The methodology for Category 6 was developed further in 2025 and includes additional modes of transport, which means that the results are not directly comparable with 2024.

GHG intensity per net revenue	2025
Total GHG emissions (location-based) per net revenue (tCO_2e/SEK m)	229,3
Total GHG emissions (market-based) per net revenue (tCO_2e/SEK m)	229,2

Distribution of emissions, 2025



Accounting principles

Ferronordic follows the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard published by the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), with reference to additional guidance provided in the GHG Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard, GHG Protocol: Technical Guidance for Calculating Scope 3 Emissions, and GHG Protocol: Scope 2 Guidance. The greenhouse gases considered in the calculations are CO_2, CH_4, N_2O, HFCs, PFCs, SF_6 and NF_3.

Ferronordic applies an operational control approach, meaning that the Group reports 100% of GHG emissions from operations over which Ferronordic or its subsidiaries have operational control. This is in line with ESRS 1, paragraphs 62–67. The reporting covers the company's operations in the USA, Germany, Kazakhstan, and Sweden for the reporting period 1 January–31 December 2025. Local operations report their respective measurement data into Ferronordic's reporting tool via Position Green. The reported data is subsequently consolidated at Group level, and all calculations and consolidation are performed in Position Green.

Ferronordic primarily applies an activity-based methodology for calculation of emissions within Scope 1 and Scope 2. For Scope 3 calculations, a combination of methodologies is applied, including spend-based methods as well as calculations based on product- and supplier-specific data where such information is available.

The selection of emission factors is based on their established use and regular updates. Within Scope 1 and Scope 2, emission factors from DEFRA, EPA, AIB and IEA are primarily used, as they provide official country- and energy-specific factors. Within Scope 3, Exiobase is used, as it is suitable for spend-based calculations. Where supplier-specific emissions data are available, these are prioritized as they are assessed to provide higher data quality than generic emission factors.

Ferronordic strives to apply the latest Global Warming Potential (GWP) values published by the IPCC (AR6), based on a 100-year time horizon. Where AR6-based emission factors have not yet been available, emission factors based on AR5 have been applied. Any deviations are not assessed to have a material impact on the overall level of reported GHG emissions.

Uncertainty in Ferronordic's emission reporting consists of a combination of uncertainties related to emission factors, activity data, and underlying assumptions. The greatest uncertainty is associated with Scope 3, where data collection is generally more limited and to a greater extent based on estimates.

Below is a description of the methods used to calculate Ferronordic's direct and indirect greenhouse gas emissions. Ferronordic has not assessed all Scope 3 categories to be material for reporting. However, the relevance of categories excluded from reporting for 2025 will continuously be evaluated.

Scope 1

Calculations are primarily based on data on actual consumption obtained from supplier invoices. In cases where actual consumption cannot be determined, cost data in combination with average fuel prices are used to estimate consumption. Emission calculations are based on emission factors from DEFRA (2025, 2024), EPA (2024) and AIB (2024).

Ferronordic does not conduct any activities covered by regulated emissions trading schemes and therefore has no Scope 1 emissions subject to such regulations.

Scope 2

Calculations are primarily based on actual electricity and heat consumption from supplier invoices. In cases where such data are unavailable, consumption is estimated based on the area of offices or workshops and standard energy consumption values per square meter. Ferronordic reports on both market-based and location-based emissions.

Location-based method
The location-based method uses average national or regional emission factors for the electricity grid where consumption occurs. These factors are based on the national energy mix. Emission calculations are based on country-specific emission factors from AIB (2025) and IEA (2025).

Market-based method
The market-based method is based on supplier- or contract-specific emission factors and is adjusted for the purchase of electricity with guarantees of origin that verify the renewable origin of the electricity. Ferronordic purchases electricity with guarantees of origin in Germany, meaning that market-based emissions for these facilities are reported as zero.

Scope 3

Ferronordic reports material Scope 3 emissions as well as other Scope 3 emissions for which reliable data for calculations are available.

3.1 Purchased goods and services
This category includes emissions from the production of goods and services purchased by Ferronordic during the reporting period and not covered in other Scope 3 categories. Emissions from the production of sold trucks and construction equipment are included in category 3.11 Use of sold products.

Ferronordic applies a spend-based calculation method. The calculation is based on an assessment of the most significant purchasing categories within the Group, excluding purchases of construction equipment and trucks. These purchases have been grouped into spend categories, and for each category, the most relevant emission factor from Exiobase has been applied. Ferronordic reports amounts in Swedish kronor (SEK), with conversion from local currency having already been performed by the finance function. As a result, the expenditures used are consistent with the financial information presented in the annual report.

3.2 Capital goods
This category includes emissions from the production of capital goods acquired by Ferronordic during the reporting period. Emissions from the production of trucks acquired for Ferronordic's rental fleet in Germany are based on supplier-specific data. For other capital goods, Ferronordic applies a spend-based calculation method.

The calculation under the spend-based method is based on an assessment of the Group's most significant investment items. These items have been grouped into investment categories, and for each category, the most relevant emission factor from Exiobase has been applied. Ferronordic reports amounts in Swedish kronor (SEK), with conversion from local currency having already been performed by the finance function. As a result, the expenditures used are consistent with the financial information presented in the annual report.

3.3 Fuel- and energy-related activities (not included in Scope 1 or Scope 2)
This category includes emissions from the production and distribution of fuels and energy purchased and consumed by Ferronordic during the reporting period, which are not included in Scope 1 or Scope 2. Emission calculations are based on the same reported data on fuel and energy consumption as used for Scope 1 and Scope 2, supplemented with emission factors representing upstream emissions.

3.4 Upstream transportation and distribution
Upstream transportation and distribution includes transport activities that are primarily performed and controlled by Ferronordic's suppliers. Ferronordic does not have access to reliable data on these transport activities, such as transport distances and modes of transport, which limits the ability to calculate emissions accurately. This category is therefore not reported quantitatively.

3.5 Waste generated in operations
This category includes emissions from the handling and treatment of waste generated in Ferronordic's operations and managed by third parties. Ferronordic applies a waste-type-specific method, where emission calculations are based on emission factors from DEFRA (2025) for specific waste types and treatment methods.

For one of Ferronordic's subsidiaries, supplier-specific data on waste types, weight and treatment methods are not available. For this subsidiary, estimates are made based on waste quantities and waste types in comparable operations within the Group.

Accounting principles, cont.

3.6 Business travel
This category includes emissions from business travel where employees travel using vehicles owned or operated by third parties, such as aircraft, trains, buses, and rental cars. Ferronordic applies a methodological hierarchy to ensure that the highest-quality data are used:

1. Emission data from the Group's travel agencies and transport providers, where such information is available.
2. A spend-based method in local currency, where costs for each mode of transport are multiplied by relevant emission factors from Exiobase.

The methodology for Category 3.6 was developed further in 2025 and includes additional modes of transport, which means that the results are not directly comparable with 2024.

3.7 Employee commuting
This category includes emissions from employees' commuting between home and the workplace. Ferronordic applies a distance-based method. Data have been collected through an employee survey conducted in 2024, which included information on commuting distances, modes of transport, and commuting frequency. The survey was completed by 41% of the total workforce. The results were subsequently scaled up to reflect the total workforce at the end of the reporting period. Emissions are calculated by mode of transport using relevant emission factors primarily from NTM (2018, 2021) and DEFRA (2022), depending on the mode of transport.

3.8 Upstream leased assets
This category is not considered relevant as the extent of leased assets is very limited and the associated emissions are assessed to be negligible in relation to Ferronordic's total GHG emissions.

3.9 Downstream transportation
Ferronordic has very limited responsibility for the transportation of sold trucks and construction equipment as these are primarily collected by the customer, who arranges the transport independently. Furthermore, Ferronordic currently lacks access to reliable data, such as transport distances and modes of transport, which makes it difficult to produce a reasonable and accurate estimation of emissions. This category is therefore not reported quantitatively.

3.10 Processing of sold products
This category is not considered relevant in relation to Ferronordic's operations as no further processing or additional treatment of sold products takes place after the point of sale.

3.11 Use of sold products
This category includes the total expected emissions from the use phase of the trucks and construction equipment sold by Ferronordic during the reporting period. For practical reasons, the category has been expanded to also include emissions from the manufacturing of sold trucks and construction equipment. To avoid double counting, the corresponding production-related emissions are excluded from Category 3.1.

Calculations have been performed on a per-model basis for both construction equipment and trucks, where Ferronordic has, to the greatest extent possible, used supplier-specific emission data. Where such information has not been available, data for comparable models have been used. In some cases, assumptions regarding fuel consumption have been made in order to calculate emissions.

3.12 End-of-life treatment of sold products
This category includes emissions from waste management and end-of-life treatment of products sold by Ferronordic during the reporting period, at the end of their useful life. Ferronordic has neither control over nor access to reliable data on how sold trucks and construction equipment are treated at end of life by customers or third parties. Considering the long useful life of the products and the lack of reliable data, emissions within this category cannot be reasonably and accurately estimated. This category is therefore not reported quantitatively.

3.13 Downstream leased assets
This category includes emissions from the operation of trucks and construction equipment owned by Ferronordic and leased out to customers during the reporting period. Ferronordic operates rental fleets consisting of electric and diesel-powered trucks in Germany and offers rental of construction equipment in the USA.

For construction equipment leased out to customers in the USA, emissions are calculated based on the actual number of operating hours during the rental period. Where possible, supplier-specific emission factors per operating hour have been used. Where such data are not available, supplementary assumptions have been made in accordance with the methodology applied for Category 3.11.

For trucks leased out to customers in Germany, emissions are calculated using a distance-based method. Distances have been estimated based on standard distances per vehicle type. Relevant emission factors from Umweltbundesamt (UBA, 2024) and DEFRA (2024) have been applied.

3.14 Franchises
This category is not considered relevant as Ferronordic does not operate any franchise activities.

3.15 Investments
In accordance with the GHG Protocol, reporting requirements for this category include equity investments, debt investments and project finance. Ferronordic does not have any such financial investments and therefore reports no greenhouse gas emissions within this category.

GHG intensity per net revenue

To calculate greenhouse gas intensity per net revenue, Ferronordic uses the Group's total greenhouse gas emissions (Scope 1, Scope 2 and material Scope 3 categories) as the numerator and the Group's total net revenue as the denominator. Net revenue corresponds to the Group's total net sales and is disclosed in Note 6 (page 136) in the annual report. Limitations of the metric are primarily related to uncertainties in Scope 3 data, where estimates and, in some cases, proxy-based emission factors have been applied.

E1–9 Anticipated financial effects

Business opportunities related to the climate transition in zero-emission trucks and construction equipment are assessed to be material. Quantified financial effects in accordance with ESRS E1–9 are not disclosed for the financial year 2025, as this disclosure is subject to phase-in provisions.

EU Taxonomy regulation disclosures

Ferronordic's EU Taxonomy report has been prepared in accordance with the EU Taxonomy Regulation (2020/852). The report considers amendments to applicable delegated acts, including the Commission's Delegated Regulation (EU) 2026/73. The EU Taxonomy Regulation establishes a common classification system for sustainable economic activities in relation to the EU's six environmental objectives:

1. Climate change mitigation (CCM)
2. Climate change adaptation (CCA)
3. Sustainable use and protection of water and marine resources (WTR)
4. Transition to a circular economy (CE)
5. Pollution prevention and control (PPC)
6. Protection and restoration of biodiversity and ecosystems (BIO)

The EU Taxonomy defines which economic activities fall within the scope of the Taxonomy ("Taxonomy-eligible") and establishes criteria for determining whether an economic activity qualifies as environmentally sustainable ("Taxonomy-aligned"). For an economic activity to be considered taxonomy-aligned, it must make a substantial contribution to one or several of the environmental objectives, whilst not causing significant harm to any of the remaining objectives. In addition, the Company must comply with established minimum safeguard requirements relating to human rights, anti-corruption, fair competition, and taxation.

Methodology to identify eligible activities

Ferronordic has, to the best of its ability, assessed its operations to determine which economic activities are taxonomy-eligible and, where applicable, may be assessed as taxonomy-aligned, based on the company's interpretation of the criteria set out in the Taxonomy Regulation, relevant delegated acts, supporting information on NACE codes, and available guidelines from the European Commission. This assessment is conducted annually by the Group's finance department and the Sustainability Manager. The EU Taxonomy report covers all entities within the Group.

In its assessment, Ferronordic has identified that a smaller proportion of the Company's economic activities are eligible for the *Climate Change Mitigation (CCM)* objective, while a larger proportion are eligible for the *Transition to a Circular Economy (CE)* objective. These activities are described below.

Climate Change Mitigation (CCM)

- For its new workshops in Germany, Ferronordic invests in solar panels to generate electricity for its own requirements and sells any excess power generated back to the electricity market. Such investments are recognized as CapEx under *CCM 4.1 Electricity generation using solar photovoltaic technology*.
- In Germany, Ferronordic invests in electric trucks to provide sustainable transport solutions via rental or transport-as-a-service. Net investments in Ferronordic's electric rental fleet are recognized as CapEx under *CCM 6.6 Freight transport services by road*, while rental revenues are recognized as turnover. In previous financial years, corresponding investments were reported under *CCM 6.15 Infrastructure enabling low-carbon road transport and public transport*. The reclassification to CCM 6.6 has been made to better reflect the underlying economic activity.
- To support its customers and facilitate the transition to low-emission transport, Ferronordic invests in stationary chargers at its workshops in Germany, available to customers and employees. Such investments are recognized as CapEx under *CCM 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings*. Maintenance of such charging stations is recognized as OpEx.

Transition to a Circular Economy (CE)

- Ferronordic repairs, refurbishes, and maintains construction equipment and trucks for its customers. Sales from service activities related to these operations are recognized as revenue under *CE 5.1 Repair, refurbishment and remanufacturing*.
- Ferronordic stores, sells, and replaces spare parts on the machines and trucks of its customers. Sales of spare parts are recognized as revenue under *CE 5.2 Sale of spare parts*.
- Ferronordic offers trade-in solutions to customers seeking a new machine or truck. Ferronordic accepts a used machine or truck as partial payment for a new one and offers the used vehicle to customers for whom a used machine or truck may be a more efficient solution. Sales of used construction equipment and trucks are recognized as revenue under *CE 5.4 Sale of second-hand goods*.

Methodology for assessing aligned activities

The EU Taxonomy requires that economic activities classified as taxonomy-aligned meet the criteria for substantial contribution, the "do no significant harm" (DNSH) principle, and minimum safeguards. At present, Ferronordic lacks sufficiently detailed and verifiable data to fully assess compliance with all DNSH criteria, primarily with respect to climate-related risk assessments and environmental impacts related to the supply chain. Therefore, Ferronordic reports no taxonomy-aligned activities for the financial year 2025. Ferronordic continuously works to further develop its data collection and documentation processes in order to enable a more detailed assessment of taxonomy alignment in future reporting periods.

Accounting principles

For the calculation of turnover, CapEx and OpEx, Ferronordic has applied the definitions set out in the EU Taxonomy and the accounting principles applied in Ferronordic's Annual Report. To estimate the proportion of eligible activities, Ferronordic includes the IFRS-based accounting amounts relating to such activities for turnover, CapEx and OpEx in the numerator against the corresponding total amounts for turnover, CapEx and OpEx in the denominator. The figures used in the calculation of turnover, CapEx and OpEx are derived from Ferronordic's financial reporting and have been reconciled with the audited financial statements. This process ensures that no amounts have been double-counted in the disclosures provided.

Ferronordic reports only Taxonomy-eligible activities in this report and has not assessed the activities as Taxonomy-aligned.

Ferronordic has not issued any green bonds during the reporting year.

In accordance with Commission Delegated Regulation (EU) 2026/73, Ferronordic has applied the 10% materiality threshold for CapEx and OpEx. As the Taxonomy-eligible activities represent less than 10% of the respective denominators, the Company has chosen to present these amounts as non-material in the reporting templates.

Turnover
Total turnover corresponds to Ferronordic's revenue as presented in the consolidated income statement (SEK 4,566m) on page 124. Revenue consists of the total value of goods and services generated during the year and recognized in accordance with IFRS 15.

Taxonomy-eligible turnover amounted to SEK 2,039m, corresponding to 45% of revenue, and relates to the following activities:

- CE 5.1 Service and repair: SEK 612m (526)
- CE 5.2 Sale of spare parts: SEK 1,180m (1,036)
- CE 5.4 Sale of second-hand goods: SEK 210m (248)
- CCM 6.6 Revenue from rental of electric trucks: SEK 37m (18)

The remaining share of turnover primarily relates to sales of new trucks and machines as well as other rental operations, which are not covered by the Taxonomy.

Capital Expenditure (CapEx)
Ferronordic's total CapEx amounted to SEK 955m (1,007) and includes the Group's total investments in tangible and intangible assets (excluding goodwill and right-of-use assets). It also includes expenditures relating to acquisitions. The information is presented in Note 11 Property, plant and equipment on page 142.

Taxonomy-eligible CapEx amounted to SEK 1.5m, corresponding to 0.16% of total CapEx, and relates to the following activities:

- CCM 4.1 Investments in solar panels: 0.15 MSEK (0)
- CCM 6.6 Investments in Ferronordic's fleet of electric trucks: 1.3 MSEK (98)
- CCM 7.4 Investments in charging stations for electric vehicles: 0.07 MSEK (1.3)

The remaining share of CapEx not covered by the Taxonomy primarily relates to investments in other rental operations, which are not covered by the Taxonomy.

As these investments represent less than 10% of the CapEx denominator, Ferronordic has chosen not to perform a Taxonomy assessment for these activities. The amounts are therefore presented as non-material in the reporting templates.

Operating Expenditure (OpEx)
Ferronordic's total OpEx amounted to SEK 666m (717). OPEX based on Taxonomy mainly include renovations, short-term-leasing cost, maintenance and repair and other direct OPEX related to services of assets in real estate, facilities and equipment, whether it is conducted by the company itself or a third party.

Taxonomy-eligible OpEx amounted to SEK 2.5m, corresponding to 0.39% of total OpEx, and relates to the installation, maintenance and repair of charging stations for electric vehicles (CCM 7.4).

As these costs represent less than 10% of the OpEx denominator, Ferronordic has chosen not to perform a Taxonomy assessment for these activities. The amounts are therefore presented as non-material in the reporting templates.

Summary KPIs 2025

					Breakdown by environmental objectives of Taxonomy aligned activities										
KPI (1)	**Total (2)**	**Proportion of Taxonomy eligible activities (3)**	**Taxonomy aligned activities (4)**	**Proportion of Taxonomy aligned activities (5)**	**Climate Change Mitigation (6)**	**Climate Change Adaptation (7)**	**Water (8)**	**Circular Economy (9)**	**Pollution (10)**	**Bio-diversity (11)**	**Proportion of enabling activities (12)**	**Proportion of transitional activities (13)**	**Not assessed activities considered non-material (14)**	**Taxonomy aligned activities in previous financial year (2024) (15)**	**Proportion of Taxonomy aligned activities in previous financial year (2024) (16)**
	SEK	**%**	**SEK**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**SEK**	**%**
Turnover	**4,565,549,578**	**45**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
CapEx	**954,813,789**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.16**	**0**	**0**
OpEx	**665,564,453**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0.39**	**0**	**0**

Turnover 2025

					Environmental objective of Taxonomy aligned activities								
Economic Activities (1)	**Code (2)**	**Taxonomy eligible turnover (Proportion of Taxonomy eligible Turnover) (3)**	**Taxonomy aligned turnover (monetary value of Turnover) (4)**	**Taxonomy aligned turnover (Proportion of Taxonomy aligned Turnover) (5)**	**Climate Change Mitiga-tion (6)**	**Climate Change Adaptation (7)**	**Water (8)**	**Circular Economy (9)**	**Pollution (10)**	**Bio-diversity (11)**	**Enabling activity (12)**	**Transitional activity (13)**	**Proportion of Taxonomy aligned in Taxonomy eligible (14)**
		%	**SEK**	**%**	**%**	**%**	**%**	**%**	**%**	**%**	**E**	**T**	**%**
5.1 Repair, refurbishment and remanufacturing	CE 5.1	13	0	0	0	0	0	0	0	0	-	-	0
5.2 Sale of spare parts	CE 5.2	26	0	0	0	0	0	0	0	0	-	-	0
5.4 Sale of second-hand goods	CE 5.4	5	0	0	0	0	0	0	0	0	-	-	0
6.6 Freight transport services by road	CCM 6.6	1	0	0	0	0	0	0	0	0	-	-	0
Sum of alignment per objective													
Total KPI (Turnover)		**45**											

ESRS E2

Pollution

The transport and construction equipment sector constitutes a significant source of environmental impact. For Ferronordic, air pollution within the value chain primarily arises during the use phase of the trucks and construction equipment that the Group sells and rents out. Ferronordic recognizes the need to reduce this impact and is actively working to promote the transition to technologies that enable lower emissions.

IRO–1 Identification and assessment of material impacts, risks and opportunities

Ferronordic has conducted a double materiality assessment to identify material pollution-related impacts, risks, and opportunities. The assessment covered the Group's facilities, all business activities (sales, rental, and aftermarket), as well as activities in both the upstream and downstream segments of the value chain. Particular focus was placed on the use phase of the Group's sold and rented products. The analysis was based on the assumption that Ferronordic's direct pollution-related impacts are limited, while the main impacts arise indirectly in the value chain.

The assessment was based on a qualitative analysis of environmental risks, supported by internal data, industry-specific risk indicators, and international tools for assessing value chain impacts, such as ENCORE. No formal consultations with affected communities were conducted within the scope of this assessment. Instead, Ferronordic engaged internal stakeholders who are in regular contact with customers, local communities and authorities in the areas where the Group operates. For further information about the methodology behind the double materiality assessment, see IRO–1 on page 70–73.

Through the double materiality assessment, Ferronordic has identified material pollution-related impacts, which are presented below. All impacts are assessed as negative but are mainly indirect and connected to the value chain. Pollution-related impacts from the company's own operations are not considered material. No material financial risks or opportunities have been identified in this area. Financial opportunities related to zero-emission trucks and construction equipment are presented in E1 Climate change.

Impacts

Air pollution in the use phase
The use of sold and rented trucks and construction equipment with internal combustion engines causes air pollution, including nitrogen oxides (NOx), and noise. The impacts are linked to customers' operating environments in the markets where Ferronordic operates and can therefore not be attributed to specific individual locations. These emissions may have negative effects on the environment, human health and other living organisms.

Pollution of water and soil
Pollution of water and soil are potential negative impacts that may occur within Ferronordic's value chain. The risks are particularly relevant in the mining industry, which is present in both the upstream and downstream value chain, where accidental leaks of chemicals and heavy metals may contaminate water sources and soil. Such pollution may in turn affect living organisms and food resources. The extent of these risks depends on how activities in the value chain are managed and which preventive measures are implemented.

		Impact materiality			
Material impact	ESRS sub-topic	Upstream value chain	Own operations	Downstream value chain	Time horizon
Air pollution in the use phase	• Pollution of air			Negative	Short Medium Long
Pollution of water and soil	• Pollution of water and soil • Pollution of living organisms and food resources	Negative		Negative	Short Medium Long

Impacts
Negative

E2–1 Policies

Ferronordic's Environmental Policy commits the Group to develop, use and promote environmentally friendly technologies, products and services, and to reduce its environmental impact throughout the value chain. The policy specifically relates to identified impacts regarding air pollution and emissions to air through its focus on reduced CO_2 emissions and improved air quality resulting from products sold and rented out. At present, Ferronordic has no specific policies or formal requirements directed at suppliers or other actors in the value chain regarding the prevention of soil and water pollution. The Environmental Policy addresses these risks at an overarching level through a value chain perspective and an ambition to reduce negative environmental impact in cooperation with value chain partners. Ferronordic collaborates with suppliers who share the company's environmental ambitions. A full overview of the policy is provided in E1–2 (page 82).

To prevent pollution within its own operations, Ferronordic has local policies adapted to each market. These policies aim to prevent spills of fuels and oils handled within the Group's own operations that may pose a risk of soil or water contamination in surrounding areas. They also include procedures for the management of hazardous waste, as well as preparedness and response measures in the event of incidents or spills. The Managing Director of each subsidiary is responsible for ensuring that these policies are communicated, implemented and monitored in accordance with the Group's environmental policy and applicable legislation. Compliance is monitored through ongoing internal controls. Policies are reviewed as needed based on changes in legislation, internal deviations or incidents.

E2–2 Actions

Reduced emissions have been made possible through market developments of trucks and construction equipment powered by alternative fuel systems, such as battery-electric solutions. In line with Ferronordic's Environmental Policy, the Group cooperates with suppliers that develop technologies and products with zero or very low emissions and actively promotes electric alternatives to customers in the markets where Ferronordic operates, both through sales and rental operations. By facilitating the transition to electric solutions, Ferronordic contributes not only to reducing greenhouse gas emissions but also to lower emissions of harmful air pollutants, such as nitrogen oxides. This contributes to improved air quality, reduced noise levels and a healthier environment. Actions to reduce air pollution arising in the downstream value chain are not managed through separate action or investment plans but are integrated into Ferronordic's ordinary business operations and are ongoing without a defined end date.

Restoration of polluted soil or water is rarely relevant to Ferronordic's own operations. However, contingency measures are in place to manage such situations should they occur. Further information on Ferronordic's climate mitigation measures is provided in E1–3 (page 83).

E2–3 Targets

Ferronordic has not currently established any quantitative and/or time-bound targets related to material pollution-related impacts. Quantitative targets have not been set as Ferronordic, as a dealer, lacks direct control over emissions in the use phase and currently lacks reliable data to measure and monitor non-greenhouse gas emissions in the customer segment.

Ferronordic is evaluating the possibility of establishing targets to increase the share of electric trucks sold in the German market and the share of electric construction equipment in the US market, as described in E1–4 (page 84). These future targets are also expected to contribute to reduced air pollution and noise within Ferronordic's value chain.

E2–4 Pollution of air

Material non-greenhouse gas air pollutants arise within Ferronordic's value chain, primarily downstream in the use phase of sold trucks and construction equipment. These pollutants are outside the company's control and data availability. Emissions of non-greenhouse gas pollutants from Ferronordic's own operations are not assessed as material. Consequently, Ferronordic does not collect or report quantitative data on air pollution in accordance with E2–4.

ESRS E4

Biodiversity and ecosystems

This section of the sustainability statement addresses material impacts related to biodiversity and ecosystems. Ferronordic's operations have limited direct impact on biodiversity. However, indirect impacts may arise through its products and value chain. The information presented in this section has been prepared in accordance with the phase-in provisions of the European Commission's so-called Quick Fix Regulation, adopted on 11 July 2025.

Identification and assessment of material impacts, risks and opportunities

Ferronordic has conducted a double materiality assessment to identify material impacts, risks, and opportunities related to biodiversity and ecosystems within its own operations and across the value chain. The assessment covered physical risks, transition risks, systemic risks, as well as dependencies on biodiversity and ecosystem services.

As part of the assessment criteria, Ferronordic considered geographical proximity to protected areas, industry-specific risk indicators, and international tools for assessing dependencies and impacts on biodiversity and ecosystems. Ferronordic has not applied scenario analyses but is evaluating the possibility of using established scenarios in future assessments. No formal consultations with affected communities were conducted within the scope of this assessment. Instead, Ferronordic involved internal stakeholders who maintain regular contact with customers, local communities and authorities in the areas where the Group operates. For further information about the methodology applied in the double materiality assessment, see IRO–1 on page 70–73.

Ferronordic has not identified any material dependencies on biodiversity or ecosystem services, and no systemic risks have been noted.

The Group does not operate in areas with sensitive biodiversity. However, a small number of its workshops are located approximately one kilometer from protected areas (Natura 2000 sites, nature reserves and national parks). To the best of Ferronordic's knowledge, the Group's operations have no negative impact on these protected areas or habitats of species, as the distance is considered sufficient for any potential impact to be negligible. Consequently, no need for biodiversity-related mitigation or compensation measures has been identified at present. Ferronordic assesses that there is currently no need for a formal transition plan, as the primary impacts occur within the value chain and not directly within the Group's own operations.

Material impacts, risks, and opportunities

Through the double materiality assessment, Ferronordic has identified material impacts related to biodiversity and ecosystems, which are presented below.
All impacts are assessed as potentially negative for biodiversity but are mainly indirect and attributable to the value chain. No material financial risks or opportunities have been identified in this area. Ferronordic has not found that the Group's operations affect threatened species or cause material negative impacts in the form of desertification.

Impacts

Greenhouse gas emissions and pollution
Greenhouse gas emissions (see Climate Change, page 79) and pollution (see Pollution, page 91) affect both global and local ecosystems. They may degrade habitats for species and contribute to biodiversity loss.

Land-use change and degradation
Land-use changes resulting from infrastructure projects, mining, road construction, and other construction activities within the value chain may lead to habitat loss and ecosystem fragmentation, threatening species dependent on these areas.

Activities in the value chain may also cause land degradation, for example through ecotoxicity from runoff from mining operations, or through soil sealing, where land is covered by impermeable materials such as asphalt and concrete – disrupting natural processes.

Natural resources exploitation
Virgin materials are among the resources used in Ferronordic's value chain. The extraction and processing of these materials may have adverse impacts on ecosystems and biodiversity.

		Impact materiality			
Material impact	ESRS sub-topic	Upstream value chain	Own operations	Downstream value chain	Time horizon
Greenhouse gas (GHG) emissions	• Direct impact drivers of biodiversity loss	−	−	−	Short Medium Long
Pollution	• Direct impact drivers of biodiversity loss	−		−	Short Medium Long
Land-use change and degradation	• Direct impact drivers of biodiversity loss • Impacts on the state of species • Impacts on the extent and condition of ecosystems	−		−	Short Medium Long
Natural resources exploitation	• Direct impact drivers of biodiversity loss	−		−	Short Medium Long

Impacts
− Negative

Policies

Ferronordic's Environmental Policy commits the Group to develop, use and promote environmentally friendly technology, products and services, and to reduce its environmental impact throughout the value chain. A full overview of the policy is provided in E1–2 (page 82).

Actions

At this stage, Ferronordic has no specific actions or dedicated resources that directly address impacts on biodiversity and ecosystems. However, the company assesses that actions implemented to mitigate the effects of climate change, as described in E1–3 (page 83), also contribute to reducing climate and pollution-related effects that may impact biodiversity and ecosystems. At present, Ferronordic lacks reliable data to quantify how the Group's climate-related actions have affected biodiversity.

Targets

Ferronordic has not currently established any quantitative and/or time-bound targets related to material impacts on biodiversity and ecosystems. The company expects that future targets aimed at mitigating the effects of climate change will also contribute to addressing related impacts on biodiversity and ecosystems. For more information, see E1–4 (page 84).

Metrics

Ferronordic does not report any quantitative metrics relating to impacts on biodiversity and ecosystems. The Group's indirect ability to contribute to reducing negative impacts arises primarily from reduced emissions and pollution, achieved through the sale of zero-emission trucks and construction equipment. This is monitored through Ferronordic's greenhouse gas emissions, as disclosed in E1–6 (page 85).

Impacts related to land-use change, land degradation and the exploitation of natural resources occur mainly in the outer parts of the value chain and are outside the company's control and data availability. Therefore, Ferronordic does not report specific metrics in these areas.

ESRS E5

Resource use and circular economy

Efficient resource use is central to reducing environmental impact and promoting long-term sustainability. For Ferronordic, this is also an important and integrated part of the business model. Through service, repair, rebuilding, rental, and sales of used trucks and construction equipment, Ferronordic contributes to a circular economy that reduces resource consumption and maximizes lifecycle value.

IRO–1 Identification and assessment of material impacts, risks and opportunities

Ferronordic has conducted a double materiality assessment to identify material impacts, risks and opportunities related to resource use and circular economy within its own operations and across the value chain. The assessment covered all business areas and focused on resource inflows, resource outflows and waste.

For Ferronordic, resource inflows primarily consist of trucks, construction equipment, spare parts and components purchased from external manufacturers. Resource outflows primarily include the sale of new and used trucks and construction equipment, refurbished and repaired trucks and construction equipment, as well as rental operations. Waste within the company's own operations is mainly generated through service and workshop activities. Ferronordic's most material resource categories, based on volume and environmental impact, consist of trucks, construction equipment, spare parts and components.

To identify where resource-related impacts, risks and opportunities arise, Ferronordic has conducted a qualitative review of its own activities, purchasing and sales flows, and typical waste streams within its own operations and across the value chain. Considering the company's role as a dealer and service provider without own manufacturing, it was assessed that the most significant resource-related impacts largely occur indirectly in the value chain (manufacturing, use phase and end-of-life), while Ferronordic's direct impact is linked to its ability to extend the lifespan of products.

The assessment was conducted with the involvement of internal representatives from relevant functions, such as procurement, aftermarket and rental. No formal consultations with affected communities have been conducted within the scope of this assessment. Instead, Ferronordic involved internal stakeholders who maintain regular contact with customers, local communities and authorities in the areas where the Group operates. For further information about the methodology behind the double materiality assessment, see IRO–1 on page 70–73.

Through the double materiality assessment, Ferronordic has identified material impacts related to resource use and the circular economy, which are presented below. No material financial risks or opportunities have been identified in this area. As circular principles are already integrated into Ferronordic's business model and business processes, no separate transition is considered necessary. Opportunities related to the circular economy primarily consist of increased demand for services and repairs, rebuilding, rental operations and used products. Based on the current assessment and the thresholds applied in the double materiality assessment, these are not considered to constitute material financial opportunities. In a business-as-usual scenario, the identified material impacts are expected to remain. This entails continued positive impacts through extended product lifespans and reduced need for new production, while negative impacts in the value chain persist.

Impacts

Resource use as a business model

Extending the lifespan of trucks and construction equipment is an integral part of Ferronordic's business model and is primarily carried out within the service and aftermarket operations, as well as the rental business. Through service, repair and rebuilding of construction equipment, trucks, engines and components, efficient use of resources and reduced environmental impact are promoted. Ferronordic also offers rental services and sales of used trucks and construction equipment, which maximize utilization rates and enable a more efficient allocation of resources among multiple users.

Virgin materials

Ferronordic's material resource inflows primarily consist of fully manufactured trucks, construction equipment, spare parts, and components purchased from external manufacturers. The production of these products requires material resources, including virgin materials. The extraction and processing of such materials may result in negative environmental impacts.

As part of its materiality assessment, Ferronordic has considered the circularity of the company's resource inflows at an overarching level. As Ferronordic is a distributor without its own manufacturing operations, its insight into, and ability to influence material choices, material intensity, and the share of recycled material is limited.

Generation of waste

The production and use of trucks and construction equipment generate significant amounts of residual materials and waste, including production by-products, used tires, and oils. The waste is assessed to include both hazardous and non-hazardous waste. Proper and responsible waste management is crucial, as incorrect handling may lead to negative environmental impacts. The extent of these risks depends on how activities throughout the value chain are managed and which preventive measures are implemented.

		Impact materiality			
Material impact	**ESRS sub-topic**	**Upstream value chain**	**Own operations**	**Downstream value chain**	**Time horizon**
Resource use as a business model	• Resource outflows related to products and services		+		Short Medium Long
Virgin materials	• Resource inflows, including resource use	−			Short Medium Long
Generation of waste	• Waste	−		−	Short Medium Long

Impacts
+ Positive − Negative

E5–1 Policies

Ferronordic's environmental efforts are guided by the Group's environmental policy, which constitutes an overarching framework for how the Group manages its environmental impact within its own operations and across the value chain. The policy is based on a life-cycle perspective, in which efficient resource use and circular solutions are central to how Ferronordic develops, delivers, and serves products. These principles form the core of the company's circular business model and mean that measures to avoid or minimize waste are prioritized over waste treatment.

Although the waste hierarchy is not explicitly stated in the environmental policy, its principles are applied in operations. Ferronordic prioritizes waste prevention through service and repair that extend the lifespan of products, as well as reuse through the sale of used equipment and rental operations. Where applicable, rebuilding is also used to return components and machines to use within the value chain. These activities constitute the company's main contribution to circular resource use and aim to reduce the need for newly produced resources by treating end-of-life products and components as resources rather than waste. When reuse or rebuilding is not possible, waste is managed through material recycling or other recovery methods in accordance with local requirements, and as a final step, waste is disposed of in compliance with applicable legislation. Ferronordic monitors the effectiveness of its policies through ongoing operational follow-up and annual reporting. The follow-up is carried out through regular reviews of internal procedures, for example related to waste management, as well as through monitoring of relevant operational data linked to circular activities such as rebuilding and sales of used units. This data is collected from local business systems in the respective markets and consolidated as part of the Group's sustainability reporting. Eco-design and the management of post-consumer waste are of limited applicability to Ferronordic as the company does not develop, design or manufacture its own products.

A full overview of Ferronordic's environmental policy is provided in E1–2 (page 82).

E5–2 Actions

Ferronordic promotes the circular economy through its ordinary business processes, which include service and repair, rebuilding, the sale of used trucks and construction equipment, and rental operations. The actions are implemented within the company's own operations in the markets where Ferronordic operates and have indirect impacts upstream and downstream in the value chain. The actions are ongoing and have no fixed end date. The goal is to ensure that trucks and construction equipment are used for as long as possible. This contributes to extending the use of existing resources, reducing the need for new production, and promoting reuse and rebuilding.

Service and repair

Ferronordic extends the lifespan of trucks and construction equipment through service and repair. These activities ensure that equipment remains functional for as long as possible, thereby reducing the need for new materials and energy-intensive manufacturing processes. When a product reaches the end of its life cycle, Ferronordic ensures that components and materials are handled in accordance with applicable legislation and local procedures, including recycling where possible or responsible disposal.

Rebuilding center

Rudd's rebuilding center specializes in major component rebuilds for construction and mining equipment. The center also performs full machine rebuilds. By restoring components, Rudd reduces both waste generation and the demand for newly manufactured parts. Full machine rebuilds extend the useful life of older equipment and further reduce the need for new resources. The number of rebuilt units in 2025 is reported under entity-specific metrics (page 99).

Used trucks and construction equipment

Ferronordic sells used trucks and construction equipment as part of its circular offering. By returning equipment to the market, the company extends product lifetimes and reduces the need for new production. Equipment is inspected and refurbished as necessary before resale to ensure reliability and high quality. The number of used units sold in 2025 is reported under entity-specific metrics (page 99).

Rental

Ferronordic offers rental of trucks and construction equipment, including electric models. The rental model provides customers with cost-effective and flexible access to high-quality equipment without the need for long-term ownership. It supports the principles of the circular economy by maximizing the utilization rate of each machine and truck and enables a more efficient allocation of resources among multiple users.

E5–3 Targets

Ferronordic recognizes the importance of setting measurable targets to drive continuous improvements in resource use and circularity. Although the company has not yet established formal targets in this area, there is an ambition to do so over time in line with Ferronordic's business model and environmental ambitions. Ferronordic will communicate its targets once they have been established.

The reason why such targets have not yet been established is that the outcomes of circular activities are to a large extent dependent on external factors, such as customer demand and market conditions. Ferronordic can offer and enable service and repair, rebuilding, sales of used equipment, and rental, but has limited ability to unilaterally control the volumes of these activities. Despite the absence of formal targets, Ferronordic monitors the effectiveness of its policies and actions through indicators related to service and repair, rebuilding, sales of used equipment, and rental operations.

E5–4 Resource inflows

Ferronordic's material resource inflows primarily consist of fully manufactured trucks and construction equipment, spare parts, and components purchased from external manufacturers. The company therefore has limited insight into and control over the materials used in manufacturing processes within the supplier value chain. Against this background, Ferronordic is currently unable to report quantitative information in accordance with ESRS E5–4.

E5–5 Resource outflows

Ferronordic's material resource outflows primarily include new and used trucks and construction equipment, refurbished and repaired trucks and construction equipment, as well as rental operations. The company has no product development or manufacturing and is therefore not responsible for material choices for products placed on the market. Against this background, the disclosures required under ESRS E5-5 are considered not applicable to Ferronordic's business model. Instead, Ferronordic monitors its contribution through entity-specific metrics.

Waste has been identified as a material impact in the value chain. Ferronordic has limited insight into and control over how waste is managed in upstream and downstream stages. Against this background, Ferronordic currently does not collect or report quantitative data on waste in the value chain in accordance with ESRS E5–5.

Entity-specific metrics: Resource outflows

Ferronordic monitors its work on resource use and the circular economy through a number of internal key performance indicators that reflect the Group's business model and key processes, such as rebuilding and used sales. As the company does not have any manufacturing, entity-specific metrics are used that better capture resource efficiency and circularity in these processes than the standardized ESRS metrics. An increase in these indicators is considered to signal improved resource efficiency, a reduced need for virgin materials, and a stronger contribution to the circular economy.

Rebuilding
In the US, Rudd operates a rebuild center specializing in the repair and rebuilding of machines and major components for construction and mining equipment. The number of rebuilt units is used as an indicator of resource recirculation.

Number of rebuilt units	December 2023	2024	2025
Transmissions	2	6	4
Cylinders	1	22	14
Dropbox		2	0
Gear drives		5	2
Rigid haulers		2	1
Articulated haulers		4	1
Wheel loaders		3	6
Other components	3	10	10

Used trucks and construction equipment
Sales of used units illustrate the extent to which the business contributes to circular flows through the reuse of existing products. In 2025, Ferronordic sold a total of 301 used units.

Number of used units sold	2021	2022	2023	2024	2025
USA	-	-	4*	73	113
Germany	241	211	394	300	174
Kazakhstan	6	24	54	35	14

* December 2023

Accounting principles

Ferronordic's metrics for rebuilding and sales of used units are entity-specific metrics under ESRS E5. Data are reported annually as part of the Group's annual and sustainability report. Information is collected from local business systems for service and sales. Data are validated and consolidated by the Group's Sustainability Manager. The metrics are limited by the fact that Ferronordic currently lacks corresponding environmental data that translates the number of rebuilt and used units into quantified effects in terms of material savings, reduced waste, or reduced emissions.

Social information

This section includes disclosures in accordance with:

- S1 Own workforce
- S2 Workers in the value chain
- S3 Affected communities
- S4 Consumers and end-users

ESRS S1

Own workforce

This section of the sustainability statement addresses material impacts on Ferronordic's own workforce. Ferronordic's employees are at the core of the business and are a key driver of the Group's long-term success. Ferronordic strives to provide a safe, supportive, and inclusive working environment in which every individual can grow and contribute to the Group's long-term objectives.

SBM–3 Material impacts, risks, and opportunities

As of 31 December 2025, Ferronordic had 812 employees, of which 358 in the USA, 398 in Germany, 46 in Kazakhstan, and 10 in Sweden. Ferronordic's workforce consists of a wide range of professional roles, including service technicians, parts and warehouse personnel, sales staff, trainees, administrative employees, and senior management.

The double materiality assessment covered all employees and consultants working in or, on behalf of, the Group. The information in this section therefore relates to all groups that are or may become affected by material impacts related to the Group's operations. Where a specific group of employees is particularly affected, this is stated in the description of the relevant material impact. Risks affecting specific groups have been identified through local occupational health and safety reviews, risk assessments and incident follow-ups. For further information about the methodology behind the double materiality assessment, see IRO–1 on page 70–73.

For a description of how the interests and perspectives of its own workforce are considered in Ferronordic's strategy and business model, see ESRS 2 SBM–2 (page 64).

Through the double materiality assessment, Ferronordic has identified material impacts related to its own workforce, which are presented below. Positive impacts are assessed to apply to all employees across the Group's markets. No material financial risks or opportunities have been identified in this area. Ferronordic has not assessed there to be any significant risk of child labor or forced labor in its own operations.

Impacts

Working conditions

The Group ensures secure and fair working conditions for all employees by applying transparent employment terms and benefits in accordance with applicable laws and regulations of the jurisdictions in which the Group operates. Respect for workers' rights is central to the Group's approach, including the right to join trade unions and other representative organizations. This is particularly important in regions where the general risk of violations of workers' rights is assessed to be elevated. By offering adequate, fair, and non-discriminatory wages, the Group actively works to create a workplace characterized by respect, dignity and security.

Health and safety

Ferronordic's business model involves activities and work processes that carry potential health and safety risks for certain occupational groups, particularly technicians in service and repair. While accidents and exposure to hazardous substances can occur, such incidents are rare, and the Group works systematically to identify, prevent and manage risks in daily operations.

Training and skills development

Ferronordic invests systematically and strategically in skills development to support both employees' individual development and the Group's long-term competitiveness. Skills development includes technical training as well as management and leadership programs and is regarded as an important tool for attracting, motivating and retaining employees.

Unbalanced gender distribution

Ferronordic operates in an industry traditionally characterized by relatively low representation of women. Ferronordic also faces this challenge and is actively working to strengthen diversity within the organization. A lack of diversity may have a negative impact on workplace culture and contribute to dissatisfaction and increased employee turnover.

Material impact	ESRS topic	Impact materiality Own operations	Time horizon
Working conditions	• Working conditions • Equal treatment and opportunities for all	+	Short Medium Long
Health and safety	• Working conditions	−	Short Medium Long
Training and skills development	• Equal treatment and opportunities for all	+	Short Medium Long
Unbalanced gender distribution	• Equal treatment and opportunities for all	−	Short Medium Long

Impacts
+ Positive − Negative

S1–1 Policies

Ferronordic has established a Group-wide policy framework governing its work on social sustainability and the management of material impacts related to its own workforce. These policies constitute a central tool for addressing the material impacts identified and described in SBM–3 (page 67). The purpose is to ensure a safe, inclusive, and fair working environment across all countries of operation, in line with international standards and applicable national legislation.

The Code of Conduct sets out the fundamental principles for how Ferronordic and its employees are expected to act in their daily work. It includes commitments to prevent unethical behavior, ensure a safe and healthy working environment, respect employees' right to freedom of association, and promote fair competition. The Code applies to all employees and consultants within the Group, including the members of the Board of Directors of Ferronordic AB.

The Human Rights Policy reflects Ferronordic's commitment to respect human rights and to ensure that the Group does not cause or be involved in violations of such rights. The policy is aligned with the UN Guiding Principles on Business and Human Rights, the OECD Guidelines for Multinational Enterprises, the UN Global Compact, and the ILO Declaration on Fundamental Principles and Rights at Work. The policy makes clear that Ferronordic opposes all forms of child labor, forced labor, modern slavery, harassment, and discrimination, both in its own operations and throughout its value chain. The policy does not explicitly mention human trafficking, but the concepts of forced labor and modern slavery encompass such forms of exploitation. Compliance is ensured through due diligence processes and regular monitoring. Where a negative impact is identified, corrective action plans are developed and implemented.

The Equality, Diversity, and Non-Discrimination Policy establishes that Ferronordic shall be an inclusive organization in which all employees have equal rights, opportunities, and working conditions. The policy includes commitments to prevent discrimination based on gender, age, ethnicity, culture, nationality, disability, religion, political belief, sexual orientation, or any other personal characteristics. In addition, Ferronordic takes into account all grounds of discrimination prohibited under applicable national legislation in each market. Efforts related to diversity are integrated into recruitment, competence development, and leadership programs. In certain markets, additional local measures are implemented to promote inclusion, such as monitoring of employment quotas for persons with disabilities, network for female employees, and language training for newly hired employees with a different native language.

In addition to the Group-wide policies, Ferronordic also has local policies and routines. In the area of **health and safety**, local management systems are applied that are adapted to country-specific legislation and regulatory requirements. Local adaptations ensure compliance with national rules and complement the Group's overall commitments. Operational responsibility for employee health and safety lies with the Managing Director of each subsidiary. Through training, regular follow-ups and ongoing risk assessments, the Group ensures a safe working environment and the prevention of accidents.

The policies apply to all employees as well as to all consultants working in or, on behalf of, the Group. Implementation is carried out through manager training, mandatory onboarding programs, web-based training, internal communication campaigns and follow-up through HR processes. The Group's CEO is responsible for ensuring that the policies are duly communicated, implemented and complied with. To ensure that each policy remains relevant and effective, they are reviewed annually by the Group's General Counsel together with the management of the subsidiaries and relevant functions.

The policies are communicated to employees via internal communication channels and onboarding programs and are available to external stakeholders upon request. Engagement and dialogue with employees are an integral part of Ferronordic's policy work. Feedback from different parts of the organization is considered in the development and review of the policies, supporting continuous improvement. For further information about employee dialogue, see S1–2.

S1–2 Processes for engaging with own workers and workers' representatives

Ferronordic has established processes to engage employees and, where applicable, their representatives on matters related to both actual and potential impacts on its own workforce. Dialogue is conducted through a combination of direct interaction with employees and formal representative structures to ensure that employees' perspectives are considered in decision-making across the Group. Different local agreements related to working conditions, trade union, and personnel matters apply in each market where Ferronordic operates.

Responsibility for ensuring effective dialogue rests with the Managing Director of each subsidiary, supported by local management and HR. Engagement with employees takes place at varying frequencies across the Group, but includes at a minimum annual performance and development dialogues, regular employee surveys (in accordance with local practice), internal communication channels, information sessions and structured consultation forums. These methods are adapted to national legislation, market conditions and organizational structure. In markets where formal workers' representatives exist, ongoing dialogue is maintained through structured meetings. Across all markets, dialogue with employees typically takes place before, during and after decision-making and covers planning, implementation and follow-up.

To ensure that diverse perspectives are heard, Ferronordic seeks to particularly engage employees or groups that may be more exposed to risks or face barriers to participation, such as internationally recruited employees, women and employees with disabilities. Such groups are identified through HR data and occupational health and safety risk assessments. Across the Group, various inclusion initiatives are implemented to promote equal opportunities and participation, including language training and network for female employees. To the extent that the transition towards a more climate-neutral business affects Ferronordic's own workforce, this is addressed within existing dialogue forums with employees and their representatives.

The effectiveness of employee dialogue is evaluated through regular feedback, surveys and follow-up, enabling the Group to assess how the dialogue contributes to a transparent, safe and inclusive workplace culture.

S1–3 Processes to remediate negative impacts and channels for own workers to raise concerns

Ferronordic is committed to addressing and, where applicable, remedying all material negative impacts on individuals within its own workforce that the Group has caused or contributed to. When such impacts are identified, dialogue with the affected individuals or groups is prioritized to understand their experiences and needs. This is carried out through thorough investigations in consultation with relevant employees and managers. Remedial actions are decided and managed by the part of the organization responsible for the issue in question. The effectiveness of the actions is evaluated through follow-up with those affected and, where necessary, adjusted measures.

Employees are encouraged to raise work-related concerns directly with their immediate manager or, where appropriate, with local management, local legal staff, or HR. If none of these approaches are considered appropriate, or if anonymity is preferred, all employees can report concerns or complaints through Ferronordic's whistleblowing function, which includes protection against retaliation. Contact details for the whistleblowing function are available on Ferronordic's website, and further information is provided in G1–1 (page 120).

Ferronordic ensures that employees are aware of and have confidence in these channels through onboarding processes and regular internal communication. The Group's General Counsel evaluates, at least annually and more frequently if necessary, the effectiveness and accessibility of the reporting and grievance mechanisms to ensure that they remain reliable, transparent and fit for purpose. Reported cases are followed up by the responsible function, with feedback provided to the reporting party where possible.

S1–4 Actions

Ferronordic works to prevent negative and promote positive impacts on its own workforce. Ferronordic has established a Group-level framework to address material areas, while action plans are developed and implemented at local level. These plans are followed up through regular Group reviews.

Local action plans and initiatives are presented below as examples of ongoing work. No material operating or capital expenditures have been allocated specifically to these actions. However, resources such as HR capacity, training time, management support, and digital systems are used on an ongoing basis. Many of the actions are integrated into continuous improvement processes and therefore do not have a defined end date.

Employees' views and ideas are an important part of the process for identifying and developing actions aimed at preventing negative impacts. Risk assessments are carried out where appropriate to ensure that planned actions do not result in unintended negative impacts for employees. Actions related to health and safety are implemented in line with Ferronordic's Human Rights Policy and local HSE systems, while actions related to diversity are aligned with the company's commitments under the Equality, Diversity and Non-Discrimination Policy. The effectiveness of actions is followed up through employee surveys, exit interviews and KPIs such as employee turnover, sick days, and workplace accidents.

Health and Safety

Health and safety are a priority across the Group. Ferronordic aims to ensure that working conditions are as safe as possible, with the ambition to continuously improve safety performance and prevent workplace accidents and injuries.
The Group implements a range of measures to minimize the risk of workplace accidents and invests continuously in training, protective equipment and safety procedures to ensure a safe work environment. In the event of incidents, causes are thoroughly investigated and, where needed, support and rehabilitation are provided to enable a safe return to work.

During 2025, Ferronordic's subsidiaries implemented local initiatives to strengthen health and safety performance and reduce risks and the occurrence of workplace accidents:

- *In the USA*, safety programs and training operations have been expanded, including a new digital learning management system that improves accessibility and effectiveness. This work will continue in 2026.
- *In Germany*, regular safety audits and improvements in workshops have been carried out, focusing on safe workflows and accident prevention.
- *In Kazakhstan*, all HSE policies have been reviewed, the quality of protective equipment has been improved, and safe-driving training was conducted. Additional training is planned for 2026.

Diversity

Ferronordic works to promote gender equality, diversity and equal opportunities. During 2025, the following measures were implemented to strengthen inclusion and address unbalanced gender representation and other forms of inequality:

- *In Germany*, a women's network was established to address challenges and drive initiatives for equal treatment. Diversity topics are also included in management training. These efforts strengthen both fair working conditions and the company's long-term attractiveness as an employer.
- *In Kazakhstan*, the Group strengthened gender representation by appointing a female Managing Director.

In addition to these initiatives, further local actions during 2025 aimed to create positive effects for employees, including measures to increase fairness in compensation systems, improved opportunities for skills development and initiatives to support balance between work and private life.

S1–5 Targets

Ferronordic currently works primarily with local targets and actions, including in areas of health and safety, training and skills development, and diversity. These initiatives are driven by the Group's subsidiaries based on local needs and operating context.

At Group level, Ferronordic has not yet established any quantitative and/or time-bound targets related to material impacts on its own workforce. The ambition is to gradually develop a more unified framework with Group-wide targets. The timeline for when such targets may be in place has not yet been determined. The Group monitors developments in health and safety and other employee-related matters using key indicators such as sick days, workplace accidents and employee turnover, as well as through employee surveys and local HR reports.

S1–6 Characteristics of the Group's employees

Ferronordic is headquartered in Sweden and operates in four countries. As of 31 December 2025, the total number of employees amounted to 812. A complete overview of the Group's workforce is presented below.

Employee headcount by gender	Sweden	USA	Germany	Kazakhstan	Total
Male	7	302	330	31	**670**
Female	3	56	68	15	**142**
Other	0	0	0	0	**0**
Not reported	0	0	0	0	**0**

Number of employees by country	
Sweden	10
USA	358
Germany	398
Kazakhstan	46
Total number of employees	**812**

Employees by contract type, broken down by gender and country	Sweden	USA	Germany	Kazakhstan	Total
Number of employees					
Male	7	302	330	31	**670**
Female	3	56	68	15	**142**
Other	0	0	0	0	**0**
Not disclosed	0	0	0	0	**0**
Number of permanent employees					
Male	7	302	330	31	**670**
Female	3	56	68	15	**142**
Other	0	0	0	0	**0**
Not disclosed	0	0	0	0	**0**
Number of temporary employees					
Male	0	0	0	0	**0**
Female	0	0	0	0	**0**
Other	0	0	0	0	**0**
Not disclosed	0	0	0	0	**0**
Number of non-guaranteed hours employees					
Male	0	0	0	0	**0**
Female	0	0	0	0	**0**
Other	0	0	0	0	**0**
Not disclosed	0	0	0	0	**0**
Number of full-time employees					
Male	6	302	314	31	**653**
Female	3	56	53	14	**126**
Other	0	0	0	0	**0**
Not disclosed	0	0	0	0	**0**
Number of part-time employees					
Male	1	0	16	0	**17**
Female	0	0	15	1	**16**
Other	0	0	0	0	**0**
Not disclosed	0	0	0	0	**0**

Employee turnover	
Sweden	10%
Number of employees who left the company in 2025	1
USA	19.3%
Number of employees who left the company in 2025	69
Germany	21.9%
Number of employees who left the company in 2025	87
Kazakhstan	54.4%
Number of employees who left the company in 2025	25
Total employee turnover	**22.4%**
Total number of employees who left the Group in 2025	**182**

Accounting principles

S1–6: §50a, §50b Total number of employees
Employees refer to individuals with employment contracts. Data is collected from Ferronordic's local HR systems. All figures represent headcount data as of the end of the reporting period (31 December 2025). The metrics do not involve any significant assumptions or limitations.

S1–6: §50c Number of employees who left the company and employee turnover
The number of employees who left during 2025 includes employees who left voluntarily or due to dismissal, retirement, or death in service. The employee turnover rate has been calculated as the total number of employment terminations divided by the number of employees at the end of the reporting period (31 December 2025). The metrics do not involve any significant assumptions or limitations.

S1–9 Diversity

Gender distribution (Top management)	
Male	4 (100%)
Female	0 (0%)

Age distribution	
Under 30 years old	182 (22.4%)
Between 30–50 years old	318 (39.2%)
Over 50 years old	312 (38.4%)

Accounting principles

S1–9: §66a Gender distribution
Top management is defined as one and two levels below the Board of Directors and consists of Ferronordic's CEO and Executive Management Team. The information represents the gender distribution at year-end (31 December 2025). The gender distribution for the entire workforce is presented in S1–6. The metrics do not involve any significant assumptions or limitations.

S1–9: §66b Age distribution
The calculation of age distribution includes all employees within the Group, and the data is based on the number of employees at the end of the reporting period (31 December 2025). The metrics do not involve any significant assumptions or limitations.

S1–10 Adequate wages

Ferronordic is committed to a fair and transparent approach to setting remuneration levels. All employees in European countries are paid an adequate wage in line with Directive (EU) 2022/2041, and all employees in non-European countries are paid an adequate wage in line with applicable national benchmarks. No cases under the applicable benchmarks were identified in 2025.

Accounting principles

The assessment of whether the Group's employees receive an adequate wage has been based on payroll data and HR data for each country in which Ferronordic operates. Within Europe, the benchmark has not been below the statutory minimum wage in accordance with Directive (EU) 2022/2041. For operations outside Europe, the comparison has been made against the applicable statutory minimum wage or another established national benchmark for an adequate wage. The assessment has been carried out separately for each country in which the Group operates.

S1–13 Training and skills development

Ferronordic offers employees training, professional development, and career opportunities. The outcomes of regular performance and career development reviews as well as training hours per employee during 2025 are presented in the tables below.

Performance and career development reviews

Gender	Number of employees (S1-6)	Number of employees who participated in performance and career development reviews	Share, %
Male	670	670	100
Female	142	138	97.2
Other/not disclosed	0	-	-
Total	**812**	**808**	**99.5**

Training hours

Gender	Number of employees (S1-6)	Total number of training hours	Average training hours
Male	670	23,278	34.7
Female	142	4,421	31.1
Other/not disclosed	0	-	-
Total	**812**	**27,699**	**34.1**

Accounting principles

S1–13: §83a Performance and career development reviews
The share of employees who participated in performance and career development reviews has been calculated as the number of employees who completed at least one such review during the year divided by the total number of employees. The metrics do not involve any significant assumptions or limitations.

S1–13: §83b Average number of training hours per employee
The average number of training hours per employee has been calculated as the total number of training hours completed divided by the total number of employees. In some cases, information on how the training hours were distributed between male and female employees was unavailable. In these cases, Ferronordic allocated the training hours proportionally based on the gender distribution in the respective market.

S1–14 Health and safety

Ferronordic works with health and safety with the aim of preventing work-related injuries and ill health. The table below presents the health and safety metrics for Ferronordic's employees during 2025.

Health and safety metrics	
Number of employees covered by a health and safety management system	812
Share of employees covered by a health and safety management system (%)	100
Number of fatalities due to work-related injuries	0
Number of fatalities due to work-related ill health	0
Recordable work-related accidents	129
Rate of recordable work-related accidents	74.6
Number of cases of recordable work-related ill health	1
Days lost due to work-related injuries, work-related ill health and fatalities from ill health	285

Accounting principles

S1–14: §88a Health and safety management system
The number and share of employees covered by a health and safety management system have been calculated on the basis of the number of employees at the end of the reporting period (31 December 2025). The information relates solely to Ferronordic's employees.

S1–14: §88b Fatalities as a result of work-related injuries and ill health
Refer to fatalities resulting from work-related injuries and work-related ill health among Ferronordic's employees during the reporting period.

S1–14: §88c Number and rate of recordable work-related accidents
Recordable work-related accidents refer to accidents that are required to be recorded in accordance with applicable occupational health and safety legislation. The accident frequency rate is calculated as the number of work-related accidents divided by the total number of hours worked by the Group's employees, multiplied by 1,000,000.

S1–14: §88d Cases of work-related ill health
Work-related ill health includes documented cases of occupational diseases in accordance with the ILO List of Occupational Diseases. The reporting includes cases that the Group has been informed of or identified through employee reports, reporting to authorities, insurance claims, or health examinations during the reporting period.

S1–14: §88e Days lost to work-related accidents, work-related ill health and fatalities
Days lost refer to days of absence due to work-related injuries, work-related ill health and fatalities resulting from ill health among Ferronordic's employees.

S1–16 Remuneration

In 2025, the annual total remuneration ratio of the highest-paid individual compared to the median-based annual total remuneration amounted to 12.92.

Ferronordic reports the gender pay gap for 2025 between female and male employees, broken down by employee category and country. The gender pay gap is influenced by factors such as gender distribution across different employee categories and seniority levels.

Category	Gender pay gap (%)
Service technicians	54.9
Warehouse staff	-17.9
Administrative staff	21.6
Sales staff	20.7
Managers (non-executive)	18.9
Management Team	26.9

Accounting principles

S1–16: §97a Gender pay gap
The gender pay gap includes all employees' gross hourly pay level and is calculated as:

$$\frac{\textit{(Avarage gross hourly pay level of male employees} \\ \textit{- avarage gross hourly pay level of female employees)}}{\textit{Average gross hourly pay level of male employees}} \times 100$$

Average gross hourly pay has been calculated as the total gross hourly pay for each gender divided by the number of employees in the respective category.

S1–16: §97b Annual total remuneration ratio
Total remuneration includes fixed salary, variable cash compensation, cash benefits, benefits in kind, and the fair value of long-term incentive programs, in accordance with the Group's remuneration policy.

The annual total remuneration ratio includes all employees as of 2025 and is calculated as:

$$\frac{\textit{Annual total renumeration for the Group's highest paid individual}}{\textit{Median employee annual total renumeration (excluding the highest paid individual)}}$$

The median is based on all employees within the Group, excluding the highest-paid individual. The ratio has not been adjusted for purchasing power differences between countries. As this is Ferronordic's first reporting according to ESRS S1–16, comparative figures for previous years are not reported.

S1–17 Incidents, complaints and severe human rights impacts

In 2025, no incidents of discrimination, including harassment, and no complaints were reported through the Group's reporting channels. No severe human rights incidents connected to Ferronordic's own workforce occurred during the reporting period. As a result, no fines, penalties or compensation were paid in 2025.

Accounting principles

S1–17: 103a Incidents of discrimination, including harassment
Refers to reported incidents of discrimination, including harassment, related to Ferronordic's own workforce that were registered through reporting channels during the reporting period.

S1–17: 103b Number of complaints
Refers to complaints submitted through Ferronordic's grievance mechanisms.

S1–17: 104a Severe human rights incidents
Severe human rights incidents includes lawsuits, formal complaints submitted through Ferronordic's grievance mechanisms, and serious allegations in public reports or the media that are connected to Ferronordic's own workforce. This includes only incidents where the facts of the incident are not disputed by Ferronordic, as well as other severe impacts of which Ferronordic is aware.

ESRS S2

Workers in the value chain

This section of the sustainability statement addresses material impacts on workers in Ferronordic's value chain, including impacts arising through the Group's products, services, and business relationships. The information presented in this section has been prepared in accordance with the phase-in provisions of the European Commission's so-called Quick Fix Regulation, adopted on 11 July 2025.

Material impacts, risks, and opportunities

Ferronordic is part of a global value chain that includes direct suppliers of trucks and construction equipment, subcontractors of materials and services, and customers operating in the transport, construction, and mining sectors. These relationships are central to the company's business model and strategy, but also entail potential risks of negative social impacts.

Ferronordic's assessment of risks, opportunities and impacts covers individuals working for supplier partners and subcontractors in the upstream segments of the value chain, as well as individuals employed in the Group's downstream value chain. The global scope and complexity of the value chain result in limited visibility into actual working conditions. Ferronordic has therefore based its materiality assessment on conservative assumptions and risk indicators linked to business activities, raw materials, and geographic context. The company has placed particular emphasis on identifying risks related to human rights, working conditions, and health and safety. In 2024, Ferronordic conducted a Group-wide assessment of these risks. Special attention has also been given to groups that may be more vulnerable to negative impacts, such as migrant workers in manufacturing and raw material extraction. For further information about the methodology behind the double materiality assessment, see IRO–1 on page 70–73.

Workers in the value chain who are or may become affected by material impacts are found among both direct and indirect suppliers, as well as in the downstream value chain. The most significant risks are assessed to occur among workers involved in the extraction and processing of raw materials in high-risk regions. The material impacts presented in this section are considered representative of the structural challenges characteristic of these industries and closely linked to the products and services provided by the Group.

Through the double materiality assessment, Ferronordic has identified material impacts related to workers in the value chain, which are presented below. No material financial risks or opportunities have been identified in this area. Ferronordic assesses that the potential negative impacts presented in this section have not had, or are expected to have, any material adverse effect on the Group's business model and strategy. Ferronordic cooperates with business partners that are expected to respect, and who commit to upholding internationally recognized human rights, fair working conditions, and the prohibition of child- and forced labor. This is addressed through requirements in business relationships and risk-based due diligence processes. Despite these commitments, structural risks remain in parts of the value chain, particularly in high-risk regions and raw-material tiers.

Impacts

Working conditions

Ferronordic's value chain includes suppliers and subcontractors across several tiers. Among direct suppliers of trucks and construction equipment, the most relevant potential negative impact is assessed to be related to health and safety in manufacturing processes, where work tasks and production environments may involve elevated occupational health and safety risks. Further upstream in the supply chain, structural and systemic risks related to working conditions occur in certain industries and geographic areas. These risks may include limited protection of workers' rights, including secure employment, freedom of association, health and safety, collective bargaining agreements, wages, discrimination and diversity. Similar risks are also assessed to potentially occur in the downstream value chain.

Child labor and forced labor

Child labor and forced labor have been identified as potential negative impacts, particularly in the upper tiers of the supply chain. Ferronordic's value chain includes activities in geographical regions where these risks are particularly high, as well as the procurement of raw materials such as cobalt, which are associated with an elevated risk of child and forced labor.

Policies

Ferronordic is committed to respecting and promoting international human rights throughout its value chain. The Group's Human Rights Policy sets out principles to ensure that Ferronordic does not cause or contribute to human rights violations. The policy applies to the entire Group's operations and covers commitments towards all stakeholders directly or indirectly affected by the Group's products, services, and business relationships. A full overview of the policy is provided in S1–1 on page 103.

Actions

Ferronordic has established due diligence processes to identify and prevent actual and potential negative impacts on human rights. These efforts include supplier assessments, risk evaluations in geographic areas with elevated risk levels, and dialogue with relevant stakeholders. All stakeholders, including workers in the value chain, can report concerns or complaints through Ferronordic's whistleblowing function. The function offers anonymity and protection against retaliation. During 2025, Ferronordic did not receive any cases through the whistleblowing function related to workers in the value chain. Further information about the whistleblowing function is provided in G1–1 (page 120).

At this stage, Ferronordic has no formalized Group-wide process in place to provide or contribute to remediation in cases where the Group has caused or contributed to material adverse impacts on workers in the value chain. Indications of negative impacts are handled on a case-by-case basis in cooperation with relevant stakeholders, with the aim of identifying and implementing appropriate corrective actions. The effectiveness of these actions is evaluated through follow-up dialogues with relevant parties.

Targets

Ferronordic has not currently established any quantitative and/or time-bound targets related to material impacts on workers in the value chain. Progress is instead monitored through qualitative assessments within the framework of the company's due diligence processes.

Metrics

Ferronordic does not report any quantitative metrics relating to impacts on workers in the value chain. Material impacts primarily arise in the outer tiers of the value chain and lie outside the company's control and data availability.

		Impact materiality		
Material impact	**ESRS sub-topic**	**Upstream value chain**	**Downstream value chain**	**Time horizon**
Working conditions	• Working conditions • Equal treatment and opportunities for all	−	−	Short Medium Long
Child labor and forced labor	• Other work-related rights	−	−	Short Medium Long

Impacts
− Negative

ESRS S3

Affected communities

This section of the sustainability statement addresses material impacts on communities affected by Ferronordic's operations, including impacts arising through the Group's products, services and business relationships. The information presented in this section has been prepared in accordance with the phase-in provisions of the European Commission's so-called Quick Fix Regulation, adopted on 11 July 2025.

Material impacts, risks, and opportunities

Ferronordic contributes to societal development through its products and services. The machinery and vehicles sold, serviced and rented out by the Group are used, among other things, in the construction of roads, bridges, railways, and other critical infrastructure. Such investments are essential for social development and economic growth. At the same time, it cannot be ruled out that the use of the Group's products and activities in the value chain may give rise to adverse impacts on local communities, particularly in contexts where environmental, social, and human rights are at risk of being affected.

Ferronordic's assessment of risks, opportunities, and impacts covers communities located in proximity to operational sites, both within the Group's own operations and in the value chain. Due to limited visibility into actual impacts on local communities, particularly in the outer tiers of the value chain, the assessment has been based on conservative assumptions and risk indicators related to business activities, raw materials and geography. For further information about the methodology behind the double materiality assessment, see IRO–1 on page 70–73.

Communities assessed as potentially materially affected include local communities located near operational sites in the outer tiers of the value chain, for example in connection with raw material extraction. Ferronordic has also noted that certain groups may be more vulnerable to negative impacts, such as Indigenous Peoples and communities in geographies with elevated human rights risks. Material impacts are assessed as having an indirect connection to the products and services provided by the Group and considered representative of structural challenges characteristic of the markets and industries in which the company operates. The assessment further indicates that impacts may be both systemic, recurring and widespread in certain sectors and geographies, and incident-based, where isolated events may lead to severe effects for affected communities.

Through the double materiality assessment, Ferronordic has identified material impacts related to affected communities, which are presented below. No material financial risks or opportunities have been identified in this area. Ferronordic assesses that the potential negative impacts presented in this section have not had, and are not expected to have, any material adverse effect on the Group's business model and strategy. Ferronordic cooperates with business partners that are expected to respect, and who commit to upholding internationally recognized human rights throughout the value chain. This is addressed through requirements in business relationships and risk-based due diligence processes. As part of its strategy to reduce environment-related negative impacts, Ferronordic offers electric and other resource-efficient construction equipment and trucks, which may contribute to reduced emissions and improved local environments in the communities where the products are used. Despite these commitments, structural risks remain in certain parts of the value chain, particularly in high-risk regions and raw-material tiers.

Impacts

Environmental impacts

Environmental impacts from activities in the value chain may pose health risks to local communities and affect people's right to a clean, safe and healthy environment. Mining activities, for example, may result in emissions of toxic substances that contaminate air, soil and water. This may lead to adverse health effects, for instance through contaminated drinking water and affected food sources on which communities depend.

Safety

Potentially inadequate or insufficient safety procedures at construction sites or in mining operations may create health and safety risks for both workers and nearby communities.

Right to Land and Property

Activities in the value chain, such as infrastructure or mining projects, may threaten the livelihoods of local communities by utilizing land and other resources on which they depend. This may result in negative impacts in the form of physical and economic displacement of local communities. There is also a risk that actors in the value chain fail to obtain free, prior, and informed consent from affected communities, including Indigenous communities, thereby undermining their rights and traditions.

Political Rights and Civil Liberties

In certain countries, in parts of Ferronordic's value chain, there are strict restrictions on political rights and civil liberties. Such restrictions may affect local communities by limiting political participation, freedom of expression, and access to important information.

Policies

Ferronordic is committed to respecting and promoting international human rights throughout its value chain. The Group's Human Rights Policy sets out principles to ensure that Ferronordic does not cause or contribute to human rights violations. The policy applies to the entire Group's operations and covers commitments towards all stakeholders directly or indirectly affected by the Group's products, services, and business relationships, including particularly vulnerable groups such as indigenous peoples. A full overview of the policy is provided in S1–1 on page 103.

Actions

Ferronordic has established due diligence processes to identify and prevent actual and potential negative impacts on communities. These processes include, among others, risk assessments in geographies with elevated human rights risks, and dialogue with relevant stakeholders. During the reporting period, the risk assessments conducted did not identify any actual material negative impacts on affected communities directly linked to the Group's operations. The assessments primarily identified structural and potential risks in parts of the value chain where Ferronordic's ability to exert direct influence is limited.

All stakeholders, including individuals within affected communities, can report concerns or complaints through Ferronordic's whistleblowing function. The function offers anonymity and protection against retaliation. During 2025, Ferronordic did not receive any cases through the whistleblowing function related to affected communities. Further information about the whistleblowing function is provided under G1–1 (page 120).

At this stage, Ferronordic has no formalized Group-wide process in place to provide or contribute to remediation in cases where the Group has caused or contributed to material adverse impacts on communities. Indications of negative impacts are handled on a case-by-case basis in cooperation with relevant stakeholders, with the aim of identifying and implementing appropriate corrective actions. The effectiveness of these actions is evaluated through follow-up dialogues with relevant parties.

Targets

Ferronordic has not currently established any quantitative and/or time-bound targets related to material impacts on affected communities. Progress is instead monitored through qualitative assessments within the framework of the company's due diligence processes.

Metrics

Ferronordic does not report any quantitative metrics relating to impacts on affected communities. Material impacts primarily arise in the outer tiers of the value chain and lie outside the company's control and data availability. The Group's indirect ability to contribute to reducing negative impacts arises primarily from reduced emissions and pollution, achieved through the sale of zero-emission trucks and construction equipment. This is monitored through Ferronordic's greenhouse gas emissions, as disclosed in E1–6 on page 85.

		Impact materiality			
Material impact	**ESRS sub-topic**	**Upstream value chain**	**Own operations**	**Downstream value chain**	**Time horizon**
Environmental impacts	• Communities' economic, social and cultural rights	−		−	Short Medium Long
Safety	• Communities' economic, social and cultural rights	−		−	Short Medium Long
Right to land and property	• Communities' economic, social and cultural rights • Rights of indigenous peoples	−		−	Short Medium Long
Political rights and civil liberties	• Communities' civil and political rights	−		−	Short Medium Long

Impacts
− Negative

ESRS S4

Consumers and end-users

This section of the sustainability statement addresses material impacts on consumers and end-users of the products and services provided by Ferronordic. The information presented in this section has been prepared in accordance with the phase-in provisions of the European Commission's so-called Quick Fix Regulation, adopted on 11 July 2025.

Material impacts, risks, and opportunities

For Ferronordic, consumers and end-users represent the final stage of the value chain and primarily include drivers and machine operators who are using the trucks and construction equipment that the Group sells and rents out. These stakeholders depend on reliable, efficient and, above all, safe machines and vehicles to conduct their operations in an economically, socially, and environmentally sustainable manner. Product safety is therefore a central aspect of Ferronordic's offering and an integral part of the company's business model and strategic direction.

The assessment of risks, opportunities, and impacts covers all consumers and end-users who are affected, or may become affected by the products and services offered by the Group. Ferronordic has not identified any material negative impacts that are systematic or recurring. However, incident-based risks may arise in isolated cases related to product use or insufficient maintenance. No specific user group has been identified as being more vulnerable or particularly exposed.

For further information about the methodology applied in the double materiality assessment, see IRO–1 on page 70–73.

Through the double materiality assessment, Ferronordic has identified one material positive impact related to the end-users and product safety. No material financial risks or opportunities have been identified in this area.

Impacts

+ Product safety

Ferronordic offers trucks and construction equipment from leading manufacturers, with a strong focus on safety features, quality and operator comfort. By providing products that meet high safety standards, Ferronordic contributes to protecting the life and health of users and surrounding environment, while also reducing operational disruptions and strengthening customers' long-term competitiveness. This positive impact is considered to cover the entire customer base of the Group.

		Impact materiality			
Material impact	**ESRS sub-topic**	**Upstream value chain**	**Own operations**	**Downstream value chain**	**Time horizon**
Product safety	• Personal safety of consumers and/or end-users			+	Short Medium Long

Impacts
+ Positive

Policies

Ferronordic is committed to respecting and promoting international human rights throughout the value chain. The Group's Human Rights Policy sets out principles to ensure that Ferronordic does not cause or contribute to human rights violations. The policy applies to the entire Group's operations and covers commitments towards all stakeholders directly or indirectly affected by the Group's products, services, and business relationships. A full overview of the policy is provided in S1–1 on page 103.

Actions

Ferronordic maintains ongoing dialogue with customers and end-users as an integral part of its daily operations. The Group also collects feedback through established communication channels and regular customer surveys. These activities form part of the Group's due diligence processes and are used as input in decision-making related to product and service offerings. To prevent negative impacts and enhance positive outcomes, Ferronordic strives to offer products that meet high standards of safety and quality. Through this approach, Ferronordic contributes to ensuring a high level of safety for users and the surrounding environment. At present, Ferronordic lacks reliable data to quantify the outcomes of these actions.

All stakeholders, including consumers and end-users, can report concerns or complaints through Ferronordic's whistleblowing function. The function offers anonymity and protection against retaliation. During 2025, Ferronordic did not receive any cases through the whistleblowing function from consumers or end-users related to product safety. Further information about the whistleblowing function is provided in G1–1 (page 120).

At this stage, Ferronordic has no formalized Group-wide process in place to provide or contribute to remediation in cases where the Group has caused or contributed to material adverse impacts on consumers and end-users. However, indications of negative impacts related to the use of the Group's products are handled on a case-by-case basis in cooperation with relevant stakeholders, with the aim of identifying and implementing appropriate corrective actions. The effectiveness of these actions is evaluated through customer feedback and follow-up dialogues with relevant parties.

Targets

Ferronordic has not currently established any quantitative and/or time-bound targets related to product safety for consumers and end-users. Progress is instead monitored through qualitative assessments within the framework of the company's due diligence processes.

Metrics

Ferronordic currently does not disclose any quantitative metrics related to safety for consumers and end-users, as the company currently lacks reliable data to measure this impact.

Governance information

This section includes disclosures in accordance with:
- G1 Business conduct

ESRS G1

Business conduct

Ferronordic conducts its operations with a clear commitment to responsibility, ethics and transparency. By upholding high standards of business conduct, including the prevention of corruption and bribery, the company fosters a culture characterized by responsibility, respect and integrity. This commitment is embedded in both strategic decisions and daily operations.

IRO–1 Identification and assessment of material impacts, risks and opportunities

Ferronordic has conducted a double materiality assessment to identify material impacts, risks, and opportunities related to business conduct. The assessment covered the company's own operations and activities in both the upstream and downstream parts of the value chain. In identifying impacts, risks and opportunities, Ferronordic considered its business sector, products and services, geographic presence and relevant value chain actors. For further information about the methodology applied in the double materiality assessment, see IRO–1 on page 70–73.

Through the double materiality assessment, Ferronordic has identified material impacts and risks related to business conduct, which are presented below. No material financial opportunities have been identified in this area.

Material impact and/or risk	ESRS sub-topic	Impact materiality: Upstream value chain	Impact materiality: Own operations	Impact materiality: Downstream value chain	Risks and opportunities	Time horizon
Corruption and bribery	• Corruption and bribery	Negative	Negative	Negative	Risk	Short Medium Long
Incidents	• Corruption and bribery				Risk	Short Medium Long
Whistleblower protection	• Protection of whistle-blowers		Negative			Short Medium Long
Relationships with business partners	• Management of relationships with suppliers including payment practices		Positive			Short Medium Long

Impacts Positive Negative
Risks and opportunities Risk

Impacts and risks

Corruption and bribery
Corruption and bribery occur to varying degrees around the world. Ferronordic operates in industries where challenges related to corruption in both the public and private sectors may be particularly prevalent. In addition, Ferronordic operates in Kazakhstan: a country that is assessed to have a higher risk level for corruption and bribery. Any form of actual or perceived connection to corruption or bribery may entail reputational and business risks and negatively affect Ferronordic's relationships with customers, partners, lenders, authorities and other stakeholders. Ferronordic applies zero tolerance for unethical and illegal conduct and works continuously with preventive measures to develop a culture of strong business integrity.

Incidents
There is a risk that machines, spare parts and other products sold by Ferronordic are re-exported to countries or persons that are subject to international sanctions. This may, for example, occur through resale by customers or third parties, intentionally or unintentionally. Such incidents may entail both compliance and reputational risks for the company.

Whistleblower protection
Ferronordic has a whistleblowing policy that contains clear principles and guidance for the use of Ferronordic's whistleblowing function. The function is designed to be practical and safe for employees and third parties to use in order to report ethical misconduct and suspected violations of law. If Ferronordic's protection of whistleblowers is insufficient, there is a risk that individuals who report misconduct are exposed to significant risks.

Relationships with business partners
Ferronordic has established strong relationships with its main business partners and works to continuously develop its partnerships. These relationships create good conditions for effective evaluation and management of environmental, social and governance-related issues in the value chain.

G1–1 Business conduct policies and corporate culture

Corporate culture

Ferronordic strives to conduct its operations with the highest level of integrity. The company has adopted several policies aimed at preventing and managing impacts and risks related to business conduct.

In accordance with Ferronordic's Code of Conduct, which applies to all employees within the Group including the Board of Directors, Ferronordic undertakes to act in accordance with applicable laws, regulations and ethical standards in the countries where operations are conducted. The Code of Conduct establishes common standards of behavior for how the Group shall act in relation to customers, employees, suppliers and other stakeholders and constitutes a central part of the work to promote responsible business conduct and a sound corporate culture. The Code is available to employees via internal communication channels and to external users via Ferronordic's website.

The Board of Directors has overall responsibility for oversight of Ferronordic's corporate culture and business conduct. The CEO and the management team are responsible for leading by example and actively driving a culture characterized by business integrity. Several Board members and members of the management team have many years of experience in responsible business conduct as well as in working in and leading operations in accordance with Western standards in markets with elevated risks related to business ethics and corruption.

New employees are introduced to the company's values and Code of Conduct at the start of employment through onboarding programmes. To promote compliance with the company's values, recurring dialogues are held with employees on matters relating to ethics and compliance, where the content and scope are adapted to the role and exposure risk. The corporate culture is continuously evaluated through incident reporting, internal audits and feedback from employees in relevant forums. The results are reported to management and, when necessary, to the Board of Directors and are used to identify areas for improvement and further develop the work on corporate culture.

Policies

Ferronordic's Code of Conduct is complemented by specific policies on anti-corruption, whistleblowing and sanctions. Local instructions and procedures may exist to support implementation but are based on the same Group-wide principles.

Anti-corruption Policy

The policy addresses risks related to irregularities in business operations and reflects Ferronordic's zero tolerance for corruption and bribery. The policy is based on standards and initiatives from third parties that Ferronordic undertakes to follow, such as the OECD Anti-Bribery Convention, the US Foreign Corrupt Practices Act and the UK Bribery Act.

The policy sets out fundamental principles for business ethics, including the handling of gifts, anti-money laundering and transactions with related parties. It also contains guidelines for handling suspected irregularities, including access to whistleblowing channels. Particular attention is directed towards operations in markets with an elevated risk of corruption and bribery, such as Kazakhstan. In designing the anti-corruption policy, Ferronordic has considered expectations and risk exposure among relevant stakeholders, in particular employees, partners and investors, with the aim of ensuring fair business conduct and reducing corruption risks in the value chain.

Whistleblower Policy

Ferronordic's whistleblowing policy sets out principles and provides guidance on how Ferronordic's whistleblowing function is to be used. The policy aims to ensure that Ferronordic provides a practical, safe and reliable channel that encourages employees and third parties to report suspected irregularities and ethical breaches. Reporting can be made by telephone or e-mail, with the option to report anonymously. All information relating to the whistleblowing function is available on Ferronordic's website.

Ferronordic's General Counsel is responsible for receiving and investigating incoming cases. All cases are handled confidentially and are investigated objectively and, where necessary, thoroughly in accordance with established procedures. Ferronordic applies zero tolerance for retaliation against persons who, in good faith, report suspected or actual breaches. Employees who subject reporting persons to retaliation may be subject to disciplinary measures.

Sanctions Policy

The policy addresses risks related to incidents and stipulates that Ferronordic, including all subsidiaries, complies with international sanctions decided by the UN, the EU, the US and the United Kingdom. The company applies a restrictive approach to sanctions risks and would rather refrain from business than take the risk of breach. No sales may be carried out if there is suspicion that goods may reach sanctioned persons, companies or countries. New and changed business partners therefore undergo, where applicable, sanctions screening, and matters are handled by appointed sanctions officers. The policy has been designed considering requirements and expectations from authorities, partners and investors and to protect customers and suppliers from compliance risks.

Ferronordic's business ethics policies aim to clearly communicate the company's fundamental principles, both internally and externally. The policies apply to all employees, business units and consultants acting on behalf of the Group. The policies are reviewed annually to ensure that they remain up to date and relevant. Overall responsibility for implementing the Group's business ethics policies lies with Ferronordic's CEO and General Counsel.

G1–2 Management of relationships with suppliers

Ferronordic cooperates with a limited number of carefully selected business partners, enabling close cooperation and a high degree of control in the supply chain. Before an agreement is entered into, each potential supplier undergoes a thorough review and approval process. The review is carried out in several steps and involves relevant functions within the company, including Ferronordic's management team and, where applicable, the Board of Directors. Through this process, Ferronordic ensures that relationships are established only with suppliers that meet the company's requirements regarding quality, environment, respect for human rights and business ethics.

As part of the work on compliance and risk management, Ferronordic conducts screening of all customers and business partners against sanctions and compliance databases in markets with elevated risk and, where necessary, also in other markets. These screenings are an integral part of the company's work to prevent corruption, breaches of international sanctions and other unethical business practices. Established partnerships are followed up and reassessed on an ongoing basis, particularly in the event of changes in risk levels or business conditions, to ensure continued compliance with Ferronordic's requirements and values.

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G1–3 Prevention and detection of corruption and bribery

Ferronordic applies a strict principle of zero tolerance for corruption in all forms and in all parts of the business – both in strategic projects and in day-to-day operations. This principle covers all types of business relationships and interactions, including with shareholders, investors, authorities and organizations, public officials, subsidiaries, partners, as well as other individuals and entities with which the company has business relationships.

Ferronordic complies with all applicable laws and regulations related to anti-corruption and bribery in the jurisdictions where the company operates, including the US Foreign Corrupt Practices Act and the UK Bribery Act. The company encourages all employees, suppliers, customers and other stakeholders to report suspected cases of corruption, bribery or other legal or financial irregularities through the company's whistleblowing function (see G1–1 on page 120).

To ensure ethical conduct in line with applicable legislation, internal guidelines and Ferronordic's values, the company has established an anti-corruption programme. The programme consists of several measures aimed at preventing Ferronordic, its related companies and its business partners from engaging in corrupt activities. Anti-corruption work is structured around three main areas: Preventing, Detecting and Responding. The programme is based on the ongoing identification, assessment and evaluation of corruption risks specific to Ferronordic, considering the company's business processes as well as the regions and countries where the company conducts its operations. Reported cases of corruption and bribery are investigated by Ferronordic's General Counsel, who, when necessary, informs the management team, the CEO and the Board of Directors in accordance with the company's internal governance structure.

Training

To promote a strong culture of integrity and ensure compliance with applicable laws and internal guidelines, Ferronordic conducts training in anti-corruption and bribery. The training is adapted to each market and risk exposure and includes, among other things, the definition and identification of corruption, reporting, procedures in the event of suspected corruption, as well as possible sanctions in the event of breaches. The training is delivered both as classroom training and digital training.

During 2025, all employees (100%) completed the training that is relevant for each market. The outcome of anti-corruption and bribery training is followed up by Ferronordic's General Counsel and reported annually to the Board of Directors.

Preventing
- Corporate organization
- Corporate governance
- Policies and procedures
- Training
- Financial control
- Systems

Detecting
- Audits
- Internal control program
- Whistleblower
- Investigations

Responding
- Reporting of non-compliance
- Disciplinary action
- Evaluation/amendment of compliance program

G1–4 Incidents of corruption or bribery

During 2025, Ferronordic had 0 reported incidents related to corruption or bribery in its operations. Ferronordic did not receive any convictions or fines for violation of anti-corruption or anti-bribery laws, nor has it been the subject of any legal actions relating to corruption or bribery during the reporting period.

Accounting policies

Information on incidents related to corruption and bribery is collected by, or reported to, the company's General Counsel through internal reporting channels.

Financial reports

Consolidated statement of comprehensive income

SEK m	Note	2025	2024
Revenue	6	**4,566**	**4,880**
Cost of sales		-3,774	-4,102
Gross profit		**792**	**778**
Selling expenses	7	-253	-264
General and administrative expenses	7	-470	-489
Other income		17	10
Other expenses		-8	-14
Operating profit		**77**	**21**
Finance income		9	10
Finance expenses	17	-125	-147
Foreign exchange gains/(losses) (net)		-185	77
Result before income tax		**-224**	**-40**
Income tax	10	25	-50
Result for the year		**-199**	**-89**
Other comprehensive result			
Items that are or may be reclassified to profit or loss:			
Foreign currency translation differences for foreign operations		6	-39
Other comprehensive result for the year, net of tax		**6**	**-39**
Total comprehensive result for the year		**-193**	**-128**
Earnings per share			
Basic earnings per share (SEK)	16	-13.66	-6.15
Diluted earnings per share (SEK)	16	-13.66	-6.15

The consolidated statement of comprehensive income forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Consolidated statement of financial position

SEK m	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Property, plant and equipment	11	2,136	2,317
Intangible assets	12	216	248
Deferred tax assets	13	147	132
Total non-current assets		**2,499**	**2,697**
Current assets			
Inventories	14	878	1,253
Trade and other receivables	15	447	617
Prepayments		17	11
Cash and cash equivalents		153	363
Total current assets		**1,495**	**2,245**
TOTAL ASSETS		**3,994**	**4,941**

The consolidated statement of financial position forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Consolidated statement of financial position, cont.

SEK m	Note	31 December 2025	31 December 2024
EQUITY AND LIABILITIES			
Equity	16		
Share capital		1	1
Additional paid in capital		635	635
Translation reserve		-55	-61
Retained earnings		725	924
TOTAL EQUITY		**1,306**	**1,499**
Non-current liabilities			
Borrowings	17	916	958
Deferred income		4	7
Deferred tax liabilities	13	236	281
Long-term lease liabilities	21	52	37
Total non-current liabilities		**1,208**	**1,283**
Current liabilities			
Borrowings	17	771	1,318
Trade and other payables	18	663	794
Deferred income		5	11
Provisions		9	8
Short-term lease liabilities	21	31	28
Total current liabilities		**1,480**	**2,159**
TOTAL LIABILITIES		**2,688**	**3,442**
TOTAL EQUITY AND LIABILITIES		**3,994**	**4,941**

The consolidated statement of financial position forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Consolidated statement of changes in equity

		Attributable to the parent company's equity holders				
SEK m	**Note**	**Share capital**	**Additional paid in capital**	**Translation reserve**	**Retained earnings**	**Total equity**
Balance 1 January 2025		**1**	**635**	**-61**	**924**	**1,499**
Total comprehensive income for the year						
Result for the year		-	-	-	-199	-199
Other comprehensive income						
Foreign exchange differences		-	-	6	-	6
Total comprehensive income for the year		**-**	**-**	**6**	**-199**	**-193**
Contribution by and distribution to owners						
Warrant issue	16	-	-	-	-	-
Total contributions and distributions		**-**	**-**	**-**	**-**	**-**
Balance 31 December 2025		**1**	**635**	**-55**	**725**	**1,306**

		Attributable to the parent company's equity holders				
SEK m	**Note**	**Share capital**	**Additional paid in capital**	**Translation reserve**	**Retained earnings**	**Total equity**
Balance 1 January 2024		**1**	**630**	**-22**	**1,013**	**1,622**
Total comprehensive income for the year						
Result for the year		-	-	-	-89	-89
Other comprehensive income						
Foreign exchange differences		-	-	-39	-	-39
Total comprehensive income for the year		**-**	**-**	**-39**	**-89**	**-128**
Contribution by and distribution to owners						
Warrant issue	16	-	5	-	-	5
Total contributions and distributions		**-**	**5**	**-**	**-**	**5**
Balance 31 December 2024		**1**	**635**	**-61**	**924**	**1,499**

The consolidated statement of changes in equity forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Consolidated statement of cash flows

SEK m	Note	2025	2024
Cash flows from operating activities			
Result before income tax		-224	-40
Adjustments for:			
Depreciation and amortization		402	362
(Gain)/loss from impairment of receivables		6	9
Result on disposal of property, plant and equipment		2	-
Finance expenses		125	149
Finance income		-9	-4
Foreign exchange losses/(gains) (net)		185	-77
Cash flows from operating activities before changes in working capital and provisions		**486**	**399**
Change in inventories		216	271
Change in trade and other receivables		42	41
Change in prepayments		-7	-5
Change in trade and other payables		57	-165
Change in provisions		2	-4
Change in deferred income		-7	-5
Cash flows from operating activities before interest and tax paid		**788**	**533**
Income tax paid		-1	-63
Interest paid		-86	-129
Cash flows from operating activities		**701**	**340**

The consolidated statement of cash flows forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Consolidated statement of cash flows, cont.

SEK m	Note	2025	2024
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		44	89
Interest received		16	8
Acquisition of property, plant and equipment		-75	-65
Cash flows from investing activities		**-16**	**33**
Cash flows from financing activities	19		
Proceeds from borrowings		500	127
Repayment of loans		-1,312	-564
Leasing financing paid		-39	-30
Warrant issue		-	5
Cash flows from financing activities		**-851**	**-462**
Net change in cash and cash equivalents		**-165**	**-89**
Cash and cash equivalents at start of the year		**363**	**426**
Effect of exchange rate fluctuations on cash and cash equivalents		-44	25
Cash and cash equivalents at end of the year		**153**	**363**

The consolidated statement of cash flows forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Content of consolidated notes

Notes

NOTE 1 » General information

Ferronordic AB, reg. nr 556748-7953 (the "parent company") is a Swedish public limited liability company, having its address at Nybrogatan 6, 114 34 Stockholm. The parent company together with its subsidiaries comprise the "Group" or "Ferronordic". The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm, Sweden.

Ferronordic is a service and sales company in the areas of construction equipment and trucks. The company is a dealer for Volvo Construction Equipment (CE) in all or parts of nine states in the eastern United States and also represents Hitachi, Sandvik, Link-Belt, Bergmann, Atlas and Mantsinen in parts of the same area. Ferronordic is a dealer for Volvo Trucks and Renault Trucks in Germany and a dealer for Volvo CE, Ammann and Mecalac in Kazakhstan. Ferronordic began its operations in 2010 and currently has 37 workshops and approx. 800 employees. Ferronordic's vision is to be the leading service and sales company in its markets.

NOTE 2 » Basis of preparation

Ferronordic's financial statements are prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations of the IFRS Interpretations Committee (IFRIC), as adopted by the European Union.

RFR 1 on Supplementary Accounting Rules for Groups, issued by the Swedish Sustainability and Financial Reporting Board, is applied.

The consolidated group financial statements consolidate the financial statements of Ferronordic AB and its subsidiaries up to and including 31 December each year.

The consolidated financial statements for the year ended 31 December 2025 have been prepared on a going concern basis and in accordance with the framework described above. The accounting policies that Group follows have been consistently applied to all years presented, except where otherwise indicated.

Presentation of the Consolidated statement of comprehensive income has been changed during 2025 with the reclassification for certain revenue and costs items in the US segment income statement to align with group guidelines. Below is a reconciliation bridging the previous reported consolidated operating profit to the updated format.

Note 2, Basis of preparation, cont.

SEK m	2024	ADJ	2024 ADJ
Revenue	**4,720**	**161**	**4,880**
Equipment and truck sales	2,710	3	2,713
Service and parts sales	1,662	157	1,819
Rental revenue	347	0	347
Cost of sales	**-3,867**	**-236**	**-4,102**
Gross profit	**853**	**-75**	**778**
Selling expenses	**-239**	**-25**	**-264**
General and administrative expenses	**-587**	**98**	**-489**
Other income	8	2	10
Other expenses	-14	0	-14
Operating profit	**21**	**0**	**21**

Basis of measurement

The financial statements have been prepared on a historical cost basis unless disclosed in the accounting policies below.

Functional and presentation currency

Items included in the various units of the Group are valued in each Group company's functional currency. The functional currency for the parent company is the Swedish krona (SEK). The functional currency of the Group companies in the USA is the US dollar (USD). The functional currency of the Group companies in Germany is the euro (EUR). The functional currency for the Group company in Kazakhstan is the Kazakh tenge (KZT). The Group and the parent company have selected SEK as presentation currency. All amounts have been rounded to the nearest thousand unless otherwise noted.

NOTE 3 » New standards and interpretations

Standards effective in 2025

No new or amended accounting standards or interpretations effective from 1 January 2025 have had a material impact on the Group's financial statements.

Standards not yet effective

IFRS 18 Presentation and Disclosure in Financial Statements
IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027 and will replace IAS 1 *Presentation of Financial Statements*.

The objective of IFRS 18 is to improve the presentation and disclosure of financial information, particularly in the statement of profit or loss and the statement of cash flows. The standard introduces new requirements for the presentation of income and expenses in defined categories, disclosure of management-defined performance measures, and enhanced information about expenses. The Group is currently evaluating the impact of the new standard on its financial statements.

No other new or revised accounting standards and interpretations issued and effective from 2026 or later are expected to have any material impact on Ferronordic's financial statements.

NOTE 4 » Significant accounting policies

The material accounting policies set out below have been applied consistently by all Group companies for all periods presented in this report.

Basis of consolidation

The consolidated group financial statements consolidate the financial statements of Ferronordic AB and its subsidiaries up to and including 31 December each year.

Business combinations

The Group accounts for business combinations using the acquisition method when control is passed over to the Group. The consideration transferred in the acquisition, as well as the identifiable net assets acquired, are measured at fair value. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred.

A contingent consideration is measured at fair value at the date of acquisition.

Subsidiaries

Subsidiaries are all legal entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The financial statements of subsidiaries are prepared for the same reporting year as the parent company, using consistent accounting policies.

Intra-group balances and transactions, including unrealised profits arising from intra-group transactions, are eliminated. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Foreign currency translation

Transactions and balances
Parent Company
Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the Central Bank of Sweden (Riksbanken Sverige) rates of exchange prevailing at the balance sheet date and foreign exchange currency differences are recognised as part of the financial net in the income statement.

Transactions in foreign currencies are translated into the functional currency at exchange rates prevailing at the transaction date. Exchange differences are included in financial income/expenses in the income statement. Foreign exchange gains and losses that relate to borrowings are presented in the statement of profit or loss, within finance expenses or income. All other foreign exchange gains and losses are presented in the statement of profit or loss on a net financial result basis within other gains/(losses).

Group companies
The results and financial position of foreign operations that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet
- income and expenses for each statement of profit or loss and statement of comprehensive income are translated at the average exchange rate, except for transactions where it is more relevant to use the rate of the day of the transaction, and
- the translation differences which arise are recorded directly in the foreign currency translation reserve within other comprehensive income. Upon disposal of a foreign operation, the translation differences relating to that operation will be transferred from equity to the income statement and included in the result on sale.

Note 4, Significant accounting policies, cont.

For the preparation of the financial statements for the reporting period, the following exchange rates have been used:

	31 December 2025		*31 December 2024*	
Currency	*Average*	*Period end*	*Average*	*Period end*
USD/SEK	9.8215	9.2013	10.5665	10.9982
EUR/SEK	11.0652	10.8180	11.4253	11.4865
KZT/SEK	0.0188	0.0183	0.0233	0.0221

Segment reporting

The Group's operating segments are primarily defined based on geographical areas. Revenue streams are presented as secondary segment information and comprise equipment and truck sales, service and parts sales (aftermarket), and rental and other revenue.

Segment information is reported in a manner consistent with the internal reporting provided to the Executive Management, which has been identified as the chief operating decision-maker.

Classification of assets and liabilities

Non-current assets, long-term liabilities and provisions consist for the most part of amounts that are expected to be recovered or paid more than twelve months after the balance sheet date. Current assets and current liabilities consist solely of amounts that are expected to be recovered or paid within twelve months after the balance sheet date.

Financial instruments

Financial instruments within Ferronordic are financial assets and financial liabilities which are measured at amortized cost, except contingent considerations.

Recognition and initial measurement
Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. They are initially measured at fair value. Transaction costs are included in the initial measurement except for financial instruments measured at fair value through profit or loss (FVTPL), for which transaction costs are recognised in profit or loss.

Financial assets
Financial assets are classified at initial recognition as measured at amortised cost or at fair value through profit or loss.

Financial assets are measured at amortised cost when they are held within a business model to collect contractual cash flows and those cash flows represent solely payments of principal and interest. All other financial assets are measured at FVTPL.

Subsequently:
- assets at amortised cost are measured using the effective interest method.
- assets at FVTPL are measured at fair value with changes recognised in profit or loss.

The Group's financial assets mainly comprise cash and cash equivalents, trade and other receivables and loans issued.

Impairment
The Group recognises expected credit losses (ECL) on financial assets measured at amortised cost. Lifetime ECL is applied to trade receivables. For other financial assets, lifetime ECL is recognised when credit risk has increased significantly since initial recognition.

Derecognition of financial assets
Financial assets are derecognised when the rights to receive cash flows expire or when substantially all risks and rewards are transferred.

Financial liabilities
Financial liabilities are classified as measured at amortised cost or at FVTPL. The Group's financial liabilities are measured at amortised cost using the effective interest method.

Loans and borrowings and trade and other payables are recognised initially at fair value net of transaction costs and subsequently measured at amortised cost. They are classified as current unless the Group has an unconditional right to defer settlement for at least 12 months.

Derecognition of financial liabilities
A financial liability is derecognised when the obligation is discharged, cancelled or expires. Any difference between the carrying amount and the consideration paid is recognised in profit or loss.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures directly attributable to the acquisition of the asset.

Subsequent costs are included in the carrying amount only when it is probable that future economic benefits will flow to the Group and the cost can be measured reliably.

Note 4, Significant accounting policies, cont.

Depreciation is calculated using the straight-line method over the estimated useful lives of the assets:

• Buildings	2–45 years
• Machinery and equipment	2–16 years
• Rental machines	7 years
• Office equipment	2–10 years
• Cars	3–7 years
• Diesel rental trucks	7 years
• Electric rental trucks	9 years

Land is not depreciated. Residual values, useful lives and depreciation methods are reviewed at each reporting date and adjusted if appropriate.

An item of property, plant and equipment is derecognised on disposal or when no future economic benefits are expected from its use or disposal.

The Group assesses property, plant and equipment at each reporting date whether there is any indication of impairment. If such indication exists, the recoverable amount is estimated and an impairment loss is recognised when the carrying amount exceeds the recoverable amount. Impairment losses are recognised in profit or loss and reversed when appropriate.

Intangible assets

Intangible assets acquired separately are measured at cost less accumulated amortisation and impairment losses. Goodwill is measured at cost less accumulated impairment losses.

Intangible assets with finite useful lives are amortised on a straight-line basis over their estimated useful lives from the date they are available for use. Useful lives and amortisation methods are reviewed at least annually.

Estimated useful lives:

• Software and software licences: 2–5 years

Intangible assets with indefinite useful lives and goodwill are not amortised.

Goodwill and intangible assets with indefinite useful lives are tested for impairment annually and when indicators of impairment exist. Other intangible assets are tested when indicators of impairment exist.

The recoverable amount is the higher of value in use and fair value less costs of disposal. An impairment loss is recognised in profit or loss when the carrying amount exceeds the recoverable amount. Impairment losses on goodwill are not reversed.

Government grants

The Group receives government grants related to a funding program for electric trucks in Germany. Government grants related to assets are recognised in accordance with IAS 20 by reducing the carrying amount of the related asset.

The grant is recognised when there is reasonable assurance that the conditions attached to the grant will be complied with and the grant will be received.

Depreciation is calculated on the net carrying amount of the electric trucks over their useful lives.

Leases

The Group recognises right-of-use assets and lease liabilities at the commencement date of a lease. Lease liabilities are measured at the present value of future lease payments, discounted using the interest rate implicit in the lease or, if not readily determinable, the Group's incremental borrowing rate.

Right-of-use assets are measured at cost and depreciated on a straight-line basis over the lease term or the useful life of the underlying asset, if shorter.

Short-term leases (lease term of 12 months or less) and leases of low-value assets are not recognised on the balance sheet. Payments for such leases are expensed on a straight-line basis over the lease term. Low-value assets typically include IT equipment and small office furniture.

Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of inventories is based on the first-in first-out principle, and includes expenditure incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. Each machine and truck in inventory has specifically identified costs.

The net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. When net realisable value is lower than cost, inventories are written down accordingly. Any reversal of a previous write-down is recognised when net realisable value increases.

Cash and cash equivalents

For presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Warranties

The Group provides warranties on new machines, trucks and components. The Group's suppliers reimburse the Group for costs incurred as a result of these warranties at agreed rates and amounts. Both the gross provision amount for the warranties and the related receivable from the suppliers are recorded. Provisions for warranties are based on historical data and recognized when the relevant products are sold.

The Group also offers extended warranties for an additional charge. When extended warranties are sold to customers, the Group also purchases a corresponding extended warranty from the relevant supplier. These are recognized as other receivables and amortized to profit and loss evenly during the contract term.

Note 4, Significant accounting policies, cont.

Equity

Share capital consists of the registered share capital for the parent company. Share issue costs associated with the issuance of new equity are treated as a direct reduction of proceeds. Excess contribution in relation to the issuance of shares is accounted for in the item additional paid-in-capital.

The currency translation reserve contains unrealised translation differences due to the conversion of the functional currencies into the presentation currency. Retained earnings contain the accumulated results attributable to the shareholders of the parent company

Dividends

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

Revenue

Ferronordic categorizes revenue as equipment and truck sales, aftermarket sales (parts and service), and other revenue. Revenue is recognized when control has been transferred from Ferronordic to the customer. Control refers to the customers' ability to use machines, spare parts or services in its operations and to obtain the associated cash flows.

Equipment and truck sales includes sales of new and used construction equipment, trucks, light commercial vehicles and attachments. Control over the equipment and trucks typically transfers to the customer upon delivery, i.e. when the equipment or trucks have been accepted by the customer and the equipment or trucks have been physically transferred (although in some cases Ferronordic may allow that the equipment or trucks are stored at its premises until it can be moved to or collected by the customer). If control over the equipment or truck is transferred at the customer's premises but the customer does not accept the equipment, no revenue is recognized and the equipment is instead considered to be stored at the customer's premises. The revenue for each unit of equipment sold is specified in the relevant sales contract.

Aftermarket sales includes sales of service (maintenance and repairs), spare parts and other aftermarket service (e.g. extended warranties). As for service sales, control transfers when Ferronordic incurs the associated cost to deliver the service and the customer can benefit from the use thereof. As most services rendered are short-term repairs, this typically occurs when the rendered services are completed. Sales of extended warranty contracts is recognized evenly during the contract period. As for parts sales, control transfers to the customer upon delivery, i.e. when the part has been transferred to and accepted by the customer. The revenue for each transaction of service or parts sales is specified in the relevant contract or in the individual specification signed by the customer.

Other revenue mainly comprises rental income from operating leases of rental machines and it is recognised on a straight-line basis over the lease term.

The Group does not have significant contract assets from contracts with customers. Information on receivables from contracts with customers is presented in Note 15, *Trade and other receivables*. Information on contract liabilities from contracts with customers is presented in Note 18, *Trade and other payables*.

Disaggregation of revenue is presented in Note 6, *Segment reporting and revenue*.

Employee benefits

Short-term obligations
Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

Post-employment obligations/Pension obligations
The group operates various post-employment schemes mostly defined contribution pension plans. For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Share-based payments
Share-based compensation benefits are provided to employees. Equity settled share-based payments are recognized in the income statement as administrative expenses and as equity in the balance sheet. The share-based option is recognised at fair value at the date of grant using the Black & Scholes options pricing model and is charged to the income statement.

Termination benefits
Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

Note 4, Significant accounting policies, cont.

Income taxes

Presented income taxes include tax payable or tax receivable for the reporting period, adjustments in regard to previous year's taxes and changes in deferred tax. Valuations of all tax liabilities/claims are in nominal amounts and are prepared in accordance with tax legislation and tax rates decided or announced and at which they are likely to be resolved. The tax expense for the period comprises current and deferred tax. Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In such case, the tax is also recognised in other comprehensive income or directly in equity, respectively. Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Related party transactions

Related parties include shareholders and other related parties (e.g. jointly controlled entities, associated companies) representing entities that have significant influence on the Group, and members of Executive management personnel or other parties that are partly, directly or indirectly, controlled by Executive management personnel or of its family or of any individual that controls, or has joint control or significant influence over Group. Information about the remuneration of the Board of Directors and Executives, is disclosed in Note 8, *Employees*. For disclosures of the parent company's transactions with related parties, refer to Note 22, *Related party transactions*.

Cash flow statement

The statement of cash flows is prepared in accordance with the indirect method. The reported cash flow only covers transactions that have resulted in cash receipts or cash payments.

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

Information about the parent company

For information about the financial statements of Ferronordic AB please see the section parent company on page 156.

NOTE 5 » Determination of fair value

To measure the fair value of an item, the Group uses market observable data as far as possible. Fair values are categorized into different levels as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: other observable inputs, either directly (i.e. prices) or indirectly (i.e. derived from prices)
- Level 3: other inputs that are not based on observable market data (unobservable inputs)

If the fair value measurement can be categorised at different levels, the measurement is categorised entirely at the lowest level that is used for the measurement. Changes in levels are recognized at the end of the period when the changes occurred.

Fair values of borrowings and finance leases are calculated based on the present value of future cash flows from principal and interest, discounted using current market interest rates or the Group's incremental borrowing rate (Level 2).

For leases, the market rate of interest is determined by reference to similar lease agreements.

For short-term receivables and payables, the carrying amount is considered to approximate fair value.

NOTE 6 » Segment reporting and revenue

a) Segment reporting and disaggregation of revenue:
From December 2023 the Group recognizes three separate reportable segments: USA, Germany and Kazakhstan. 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.

The 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.

In the US, equipment and trucks sales include sales of new and used construction equipment from Volvo, Hitachi, Sandvik, Link-Belt Cranes and Bergmann. In Germany, equipment and trucks sales include sales of new Volvo Trucks and Renault Trucks, Renault light commercial vehicles and used trucks. In Kazakhstan, equipment and trucks sales include sales of new and used construction equipment, Sandvik's mobile crushers and screens, used trucks and attachments. Aftermarket sales include sales of service and parts. Other revenue consists mainly of rental revenue.

Information regarding the results of each segment is included in this report. The performance of each segment is mainly evaluated based on revenue, gross profit, EBITDA, operating profit, operating margin and return on capital, 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 reported periods.

Note 6, Segment reporting and revenue, cont.

SEK m (or as stated)	US 2025	US 2024	Germany 2025	Germany 2024	Kazakhstan 2025	Kazakhstan 2024	Unallocated Group costs 2025	Unallocated Group costs 2024	Total 2025	Total 2024
External revenue	**2,946**	**2,973**	**1,486**	**1,702**	**134**	**205**			**4,566**	**4,880**
Equipment and truck sales	1,516	1,553	792	1,001	86	159			2,395	2,713
Aftermarket sales	1,135	1,149	610	625	47	46			1,792	1,819
Other revenue	294	272	84	76	-	-			378	347
Gross profit	564	611	204	149	23	19			791	778
EBITDA	479	500	57	-31	8	-9	-65	-77	480	383
Depreciation and amortization	-289	-270	-109	-89	-3	-3			-402	-362
Operating profit before group cost	190	230	-52	-120	5	-12			142	98
Group costs	-	-	-	-	-	-	-65	-77	-65	-77
Operating profit after Group costs	190	230	-52	-120	5	-12	-65	-77	77	21
Finance items (net)									-301	-61
Profit(loss) before tax									-224	-40
Result of the year									**-199**	**-89**

SEK m	US 2025	Germany 2025	Kazakhstan 2025	Group assets 2025	Intersegment 2025	Total 2025
Deferred tax assets	-	119	7	21	-	147
Intersegment contributions and loans	-	-	-	1,802	-1,802	-
Other non-current assets[1]	1,657	689	6	-	-	2,352
Total assets	**2,678**	**1,057**	**148**	**1,935**	**-1,823**	**3,994**

[1] Except for financial instruments and deferred tax assets.

SEK m	US 2024	Germany 2024	Kazakhstan 2024	Group assets 2024	Intersegment 2024	Total 2024
Deferred tax assets	-	124	7	-	-	132
Intersegment contributions and loans	-	-	-	2,301	-2,301	-
Other non-current assets[1]	1,760	799	5	-	-	2,565
Total assets	**3,054**	**1,458**	**183**	**2,548**	**-2,301**	**4,941**
Additions to non-current assets[1]	774	231	1	-	-	1,006

[1] Except for financial instruments and deferred tax assets.

No customer represented more than 10% of the Group's revenue in 2025 and 2024.

NOTE 7 Selling, general and administrative expenses

Selling expenses

SEK m	2025	2024
Personnel expenses	239	252
Depreciation	10	4
Other selling expenses	4	8
	253	**264**

General and administrative expenses

SEK m	2025	2024
Personnel expenses	307	403
Depreciation and amortization	38	25
Rent	36	10
Other general and administrative expenses	89	51
	470	**489**

NOTE 8 Employees

a) Number of employees (average)

	2025	of which female, %	2024	of which female, %
Parent Company – citizenship				
Sweden	6	34	7	29
Germany	1	-	-	-
Total in Parent Company	**7**	**34**	**7**	**29**
Subsidiaries - citizenship				
Germany	321	17.8	319	17
Kazakhstan	39	33.3	17	47
Sweden	2	-	1	-
US	365	14.8	358	15
Other	58	12.1	70	10
Total in subsidiaries	**785**	**16.7**	**765**	**16**
Total Group	**792**	**16.8**	**772**	**16**

Note 8, Employees, cont.

b) Breakdown between men and women in management

	Female representation	
SEK m	**2025**	**2024**
Board, %	33	33
Management, %	15	14

c) Personnel costs

	2025		2024	
SEK m	**Salaries and other remuneration**	**Social security and pension expenses**	**Salaries and other remuneration**	**Social security and pension expenses**
Parent Company	20	8	17	6
(of which pension costs)		2		1
Subsidiaries	430	71	694	90
(of which pension costs)		39		50
Total	**450**	**79**	**711**	**96**
(of which pension costs)		41		51

The personnel costs included in cost of sales in the subsidiaries amounted to SEK 317m (202).

The parent company's personnel costs include remuneration to the members of the Board.

The table below shows salaries and other remuneration (excluding pension costs) distributed between the parent company and its subsidiaries and between management and other employees.

The members of the Board and management in the parent company, the subsidiaries, and the Group in 2025 amounted to 10 (9), 2 (3) and 12 (12), respectively.

	2025		2024	
SEK m	**Board and management**	**Other employees**	**Board and management**	**Other employees**
Parent company	**24**	**3**	**19**	**2**
(of which bonuses)	-	-	-	-
Subsidiaries	**10**	**451**	**13**	**721**
(of which bonuses)	1	53	-	163
Total	**34**	**454**	**33**	**723**
(of which bonuses)	1	53	-	163

Note 8, Employees, cont.

d) Remuneration to the Board of Directors

At the AGM 2025, it was resolved that the remuneration to the Board should be paid in an amount of SEK 11,2m. This amount consists of a fixed and a variable part. The variable part did not materialize during 2025.

Remuneration paid to the Board in 2025 included a fixed amount of SEK 4,7m (2.4).

The total remuneration consists of remuneration to the working chairman of SEK 2,739,794 and SEK 400,000 to each of the other Board members. No additional remuneration is paid for work on the board committees.

Remuneration to the Board of Directors (SEK)

Name	2025	2024
Lars Corneliusson	2,739,794	-
Aurore Belfrage	400,000	400,000
Anette Brodin-Rampe	400,000	400,000
Håkan Eriksson	400,000	400,000
Niklas Florén	400,000	400,000
Peter Zonabend	400,000	-
Staffan Jufors	-	800,000
	4,739,794	**2,400,000**

e) Remuneration to Executive management

Remuneration to Executive management consists of fixed and variable salaries, with the variable part based on achieved results. Potential severance pay to the CEO shall not exceed 12 months' salary while severance pay for other senior executives ranges from three to 12 months' salary. The principles for remuneration to management, as adopted by the AGM, are described in the corporate governance report. A long-term share-based incentive program was introduced for senior management in 2020 and was continued in 2022 and 2023. The program expired without value in December 2025. For more information on this program, please refer to Note 16, *Shareholders Equity*.

Total CEO remuneration in 2025 amounted to SEK 8,228,393 (8,834,001). The right to pension contributions amounted to 10% (10) of the fixed gross salary.

Management

Name	2025	2024
Henrik Carlborg	full year	full year
Erik Danemar	full year	full year
Dan Eliassson	full year	full year
Onur Gucum	full year	full year
Lars Corneliusson	until May	full year
Nadia Semiletova	until November	full year
Anton Zhelyapov	until November	full year

Remuneration to CEO and other executives

	2025			2024		
SEK	**CEO**	**Other executives**	**Total**	**CEO**	**Other executives**	**Total**
Fixed salary	6,789,747	15,636,091	22,425,837	8,022,560	17,897,541	25,920,101
Variable salary	-	-	-	-	161,512	161,512
Share based incentive program	-	-	-	-	-	-
Pension costs	1,438,647	1,308,651	2,498,732	811,441	1,304,584	2,116,026
Total	**8,228,393**	**16,944,741**	**24,924,560**	**8,834,001**	**19,363,637**	**28,197,638**

NOTE 9 » Auditors' fees and expenses

SEK m	2025	2024
KPMG		
Audit assignments	5	5
Other assurance services	1	0
Other		
Other assurance services	3	4
Total	**9**	**9**

NOTE 10 » Income taxes

The parent company is a tax resident of Sweden where the applicable tax rate for 2025 was 20.6% (20.6).

The other Group companies that were operational in the presented periods are tax residents of USA, Germany and Kazakhstan. In the United States, the applicable tax rate for 2025 was 25% (26). In Germany and Kazakhstan, the applicable tax rates for 2025 were 30% and 20% respectively (same as in 2024).

Income tax is calculated separately for each Group entity by multiplying the applicable tax rate with the taxable results for the period. The average tax rate of the Group in 2025 was 11%, in 2024 the tax rate was negative (-129) due to losses in some entities and taxable profit in others.

In 2025, a deferred tax asset of approximately SEK 21m (0) was recognised in respect of tax loss carryforwards. No deferred tax assets are recognized on income tax loss carry forwards of around SEK 271m as their recoverability is not sufficiently certain.

SEK m	2025	2024
Current tax expense	1	-43
Deferred tax benefit/(expense)	24	-7
Total income tax benefit	**25**	**-50**

Reconciliation of effective tax rate:

SEK m	2025	%	2024	%
Result for the year	-199		-89	
Total income tax	25		-50	
Result before tax	-224	100	-40	100
Income tax at applicable tax rate	25	11	-51	-129
Other items	0	0	1	2
	25	**-11**	**-50**	**-127**

NOTE 11 » Property, plant and equipment

SEK m	Land	Buildings	Machinery and equipment	Rental machines	Office equipment	Cars	Under con-struction	Rights of use assets	Total
Cost									
Balance 1 January 2025	155	327	43	2,140	10	150	1	157	**2,983**
Additions	-	5	1	796	6	66	-	68	**942**
Transfers from inventory	-	-	-	50	-	-	-	-	**50**
Disposal	-	-	-3	-	-2	-13	-	-10	**-28**
Transfers to inventory	-	-	-	-455	-	-1	-	-	**-456**
Transfers	-	-	-	-29	21	9	-1	-	**1**
Translation difference	-19	-33	-4	-309	-2	-29	0	-15	**-411**
Balance 31 December 2025	136	299	38	2,192	34	185	0	200	**3,085**
Depreciation and impairment losses									
Balance 1 January 2025	-	26	25	462	5	56	-	93	**667**
Depreciation	-	10	4	299	7	-	-	45	**402**
Disposals	-	-	-	-	-	-3	-	-10	**-13**
Transfers	-	-	0	-	0	-	-	-	**0**
Translation difference	-	-3	-3	-89	-2	-14	-	2	**-109**
Balance 31 December 2025	-	33	26	672	10	75	-	130	**947**
Carrying amounts									
1 January 2025	155	301	18	1,678	5	94	1	64	**2,317**
31 December 2025	136	266	12	1,520	24	110	0	70	**2,136**

Note 11, Property, plant and equipment, cont.

SEK m	Land	Buildings	Machinery and equipment	Rental machines	Office equipment	Cars	Under con-struction	Rights of use assets	Total
Cost									
Balance 1 January 2024	147	268	40	1,367	9	150	5	124	**2,111**
Additions	-	30	2	941	1	26	-	7	**1,006**
Transfers to inventory	-	-	-	-278	-	-7	-		**-285**
Disposal	-	-	-	-8	-	-1	-	-6	**-15**
Transfers	-2	11		-5	-	-26	-4	26	**-**
Translation difference	10	17	1	123	-	8	0	5	**167**
Balance 31 December 2024	155	327	43	2,140	10	150	1	157	**2,983**
Depreciation and impairment losses									
Balance 1 January 2024	-	8	15	174	2	36	-	48	**283**
Depreciation	-	12	9	277	3	33	-	27	**362**
Disposal	-	-	-	-	-	-1	-	-	**-1**
Transfers	-	5	-	-5	-	-16	-	16	**0**
Translation difference	-	1	1	16	-	4	-	2	**23**
Balance 31 December 2024	-	26	25	462	5	56	-	93	**667**
Carrying amounts									
1 January 2024	147	261	25	1,194	7	113	5	76	**1,828**
31 December 2024	155	301	18	1,678	5	94	1	64	**2,317**

Depreciation was allocated as follows:
- SEK 328m is included in cost of sales (333)
- SEK 10m is included in selling expenses (4)
- SEK 38m is included in general and administrative expenses (25)

The group received government grants in an amount of SEK 95m (104) for the purchase of electric trucks in Germany in the 2025 financial year. The grants were awarded by the Federal Ministry of Logistics and Mobility as part of a government funding program.

Note 11, Property, plant and equipment, cont.

Right of use assets:

SEK m	Cars	Buildings	Total
Cost			
Balance 1 January 2025	26	130	**157**
Additions	8	60	**68**
Disposal	-10	-	**-10**
Translation difference	-1	-14	**-15**
Balance 31 December 2025	23	177	**200**
Depreciation and impairment losses			
Balance 1 January 2025	21	71	**93**
Depreciation	7	38	**45**
Disposals	-10	-	**-10**
Translation difference	-1	6	**2**
Balance 31 December 2025	14	116	**130**
Carrying amounts			
1 January 2025	5	59	**64**
31 December 2025	8	61	**70**

SEK m	Cars	Buildings	Total
Cost			
Balance 1 January 2024	25	124	**149**
Additions	-	7	**7**
Acquisition of business	-	-5	**-5**
Translation difference	1	3	**4**
Balance 31 December 2024	26	130	**156**
Depreciation and impairment losses			
Balance 1 January 2024	16	48	**64**
Depreciation	5	22	**28**
Translation difference	-	1	**1**
Balance 31 December 2024	21	71	**93**
Carrying amounts			
1 January 2024	9	76	**85**
31 December 2024	5	59	**64**

NOTE 12 » Intangible assets

SEK m	Goodwill	Other intangible assets	Total
Cost			
Balance 1 January 2025	231	21	**252**
Acquisition of business	-	-	**-**
Disposals	-	-	**-**
Translation differences	-29	-2	**-31**
Balance 31 December 2025	202	19	**221**
Amortization			
Balance 1 January 2025	-	4	**4**
Amortization	-	-	**-**
Translation differences	-	1	**1**
Balance 31 December 2025	-	5	**5**
Carrying amounts			
31 December 2025	202	14	**216**

SEK m	Goodwill	Other intangible assets	Total
Cost			
Balance 1 January 2024	228	17	**245**
Acquisition of business	-	-	**-**
Disposals	-	-	**-**
Translation differences	3	4	**7**
Balance 31 December 2024	231	21	**252**
Amortization			
Balance 1 January 2024	-	2	**2**
Amortization	-	-	**-**
Translation differences	-	2	**2**
Balance 31 December 2024	-	4	**4**
Carrying amounts			
31 December 2024	231	17	**248**

Note 12, Intangible assets, cont.

Other intangible assets consist of tradename in the US segment in an amount of SEK 14m (17), acquired in the purchase of the business in the US. The tradename has an indefinite useful life since Rudd is an established and well-known brand in Ferronordic's sales area in the US and has the potential to generate revenue in the future. Ferronordic continues to invest in marketing and brand management to maintain and enhance the Rudd brand. The brand name is protected by trademark rights that can theoretically be renewed indefinitely. The tradename has been tested for impairment. No decrease in the value of the tradename was recorded.

Amortization of SEK 0m (SEK 0m) was recognized as general and administrative expenses.

The carrying amount of goodwill related to acquisitions in Germany was SEK 82m (87). The carrying amount of goodwill related to acquisition of Rudd in the US was SEK 120m (144). At the end of 2025, Ferronordic conducted impairment tests on the Group companies. The tests were based on value in use which was calculated based on 2026-2030 discounted cash flow (DCF), sensitivity and scenario analysis models. For the impairment tests, Ferronordic models its business by segment. Ferronordic applies different discount rates across the Group. Ferronordic applies a cost of capital (after tax) of 7.7% (8) in Germany and 8.9% (9) in United States. Ferronordic applies a cost of capital (pre-tax) of 11.0% (15.9) in Germany and 12.2% (16.7) in United States. Cash flow forecasts were based on a growth rate of 2% in the sixth year and after. Key assumptions in determining the value in use are sales volume and EBITDA. The forecasts for cash flows were made considering past experience and market outlook. Sales volume forecasts were estimated based on past experience and market outlook. Ferronordic has used publicly available industry information and considered the company's initiatives both to improve its market position and increase aftermarket sales but also its initiatives to reduce costs and make the organization more efficient.

Based on these tests, the Group decided not to make any impairment of goodwill in 2025 (same as in 2024).

NOTE 13 » Deferred tax assets and liabilities

(a) Deferred tax assets and tax liabilities:

	31 December 2025			31 December 2024		
SEK m	**Assets**	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
Property, plant and equipment	2	-	2	14	-14	-
Inventory	-	-236	-236	-	-274	-274
Untaxed reserves	-	-	-	-	-7	-7
Tax loss carry-forwards	145	0	145	132	-	132
Net tax assets/(liabilities)	147	-236	-89	145	-295	-150
Set off tax	-	-	-	-	-	-
Net tax assets/(liabilities)	**147**	**236**	**-89**	**145**	**-295**	**-150**

Note 13, Deferred tax assets and liabilities, cont.

b) Changes in deferred tax:

SEK m	1 January 2025	Recognized in profit and loss	Effect of movments in exchange rates	31 December 2025
Property, plant and equipment	-	2	-	2
Inventory	-274	-8	46	-236
Untaxed reserves	-7	7	-	-
Tax loss carry-forwards	132	21	-8	145
	-150	**22**	**38**	**-89**

SEK m	1 January 2024	Recognized in profit and loss	Effect of movement in exchange rates	31 December 2024
Property, plant and equipment	-	-	-	-
Inventory	-277	4	-1	-274
Untaxed reserves	-	-7	-	-7
Tax loss carry-forwards	127	1	4	132
	-150	**-2**	**3**	**-150**

NOTE 14 » Inventories

SEK m	31 December 2025	31 December 2024
Raw materials and consumables	1	2
Work in progress	16	21
Goods for resale	861	1,231
	878	**1,253**

NOTE 15 » Trade and other receivables

SEK m	31 December 2025	31 December 2024
Trade receivables	425	501
VAT receivable	1	6
Warranty claims	0	7
Prepaid income tax	8	11
Other receivables	13	92
	447	**617**

Credit risks, currency risks and losses related to trade and other receivables are presented in Note 20, *Financial instruments and risk management*.

NOTE 16 » Shareholders' equity

As at 31 December 2025, the number of issued shares in Ferronordic AB amounted to 14,532,434 (14,532,434) with a nominal value of SEK 0.089 (0.089) per share. All shares carry one vote each.

At an extraordinary general meeting on 15 December 2022, the shareholders approved a three-year warrant-based incentive program for members of the Group's management and extended management teams. The purpose of the program was to create long-term incentives and align the interests of management and shareholders.

The program comprised up to 1,178,000 warrants, corresponding to a maximum potential dilution of approximately 7.5% of the company's outstanding shares, and was allocated to 19 members of management. Each warrant entitled the holder to subscribe for one share at an exercise price of SEK 65 per share. The warrants vested proportionally over three years, and the company had the right to repurchase unvested warrants. The warrants were acquired by participants at fair value as determined by an independent external valuation using the Black–Scholes model. Participants received a bonus intended to cover the cost of acquiring the warrants.

During the year, the warrants expired without being exercised, as the exercise price exceeded the market value of the shares at the end of the program. The warrants therefore expired out of the money and no shares were issued. Consequently, the program did not result in any dilution or increase in equity.

Note 16, Shareholders' equity, cont.

Translation reserve
The translation reserve comprises foreign currency differences arising out of the translation of financial information of foreign operations from functional currency to presentation currency.

Earnings per Share
Earnings per share before dilution is calculated by dividing profit for the year attributable to ordinary shareholders of the parent company by the weighted average number of ordinary shares outstanding during the year.

Earnings per share after dilution is calculated by dividing the profit for the year attributable to ordinary shareholders of the parent company by weighted average number of ordinary shares outstanding during the year while also including the dilution effect of warrants where the subscription price is below the share price

In 2025 and 2024 there was no dilutive effect due to the warrant programs described above.

	2025	2024
Result attributable to shareholders of the parent company, SEKm	**-199**	**-89**
Average number of shares during the year before dilution, thousand	14,532	14,532
Earnings per share before dilution, SEK	**-13.66**	**-6.15**
Dilution effect	-	-
Average number of shares during the year after dilution, thousand	**14,532**	**14,532**
Earnings per ordinary share after dilution, SEK	**-13.66**	**-6.15**

NOTE 17 Borrowings

SEK m	2025	2024
Non-current liabilities		
Secured bank loans	916	952
Other loans	-	6
	916	**958**
Current liabilities		
Secured bank loans	756	1,277
Other loans	15	41
	771	**1,318**

The terms and conditions of outstanding loans are set out in the table to the right.

SEK m	Currency	Nominal interest rate, %	Year of maturity	31 December 2025	31 December 2024
Secured bank loan (VFS)	EUR	EURIBOR+3.1	2026–2028	325	671
Secured bank loan (Nordea)	USD	SOFR+2.3–3.3	2024–2026	-	468
Secured bank loan (VFS)	USD	FRB SOFR+1.75	2026	857	804
Secured bank loan (JP Morgan Chase)[1]	USD	SOFR+2.0	2028	218	-
Secured bank loan (JP Morgan Chase)[1]	USD	SOFR+1.75	2026	272	-
Secured bank loan (Nordea)	USD	FF+2.3	2026	-	286
Other loans	EUR	1.0–3.0	2027	15	47
Total interest-bearing liabilities				**1,687**	**2,276**

Of the above interest-bearing liabilities, SEK 490m[1] (754) are subject to financial covenants. These covenants relate to the ratio of interest-bearing debt to EBITDA and include internal loans within the Group.

These borrowings are also subjuct to an interest coverage covenant, defined as EBITDA divided by net finance costs, as well as a minimum fixed costs coverage ratio, defined as EBITDA divided by fixed costs. The covenants are tested quarterly.

As per 31 December 2025, there were no breaches of covenants. Ferronordic monitors the underlying KPIs to avoid breaches. At the time of the preparation of this report, the Group expects to comply with the covenants in the next 12-month period.

Finance expenses of SEK 125m (147) mainly include interest expenses on external borrowing amounted to SEK 121m (144).

NOTE 18 » Trade and other payables

SEK m	31 December 2025	31 December 2024
Trade payables	511	593
Advances from customers	0	17
Other payables and accrued expenses	95	143
Income tax payable	22	54
Other taxes payable	36	-14
	663	**794**

Currency and liquidity risks related to trade and other payables are disclosed in Note 20, *Financial instruments and risk management*.

NOTE 19 » Reconciliation of liabilities arising from financing activity

The table below presents a reconciliation of movements of liabilities arising from financing activities, including both cash and non cash changes.

SEK m	Liabilities: Lease liabilities	Liabilities: Borrowings	Total
Balance as at 1 January 2025	65	2,276	**2,340**
Changes in cash flows from financing activities			
Proceeds from borrowings	0	500	**500**
Repayment of loans	0	-1,312	**-1,312**
Repayment of lease liabilities	-3	-	**-3**
Total	**-3**	**-812**	**-815**
Other changes equity-related:			
Translation difference	-4	223	**220**
Total	**-4**	**223**	**220**
Other changes related to liabilities			
New leases	29	-	**29**
Reclassification from payables	-	-10	**-10**
Disposal	-4	-	**-4**
Buyback liabilities	-	10	**10**
Total	**25**	**0**	**25**
Balance as at 31 December 2025	83	1,687	**1,770**

SEK m	Liabilities: Lease liabilities	Liabilities: Borrowings	Total
Balance as at 1 January 2024	81	1,695	**1,776**
Changes in cash flows from financing activities			
Proceeds from borrowings	-	127	**127**
Repayment of loans	-	-564	**-564**
Repayment of lease liabilities	-30	-	**-30**
Total	**-30**	**-437**	**-467**
Other changes equity-related:			
Translation difference	5	317	**322**
Total	**5**	**317**	**322**
Other changes liability-related:			
New leases	12	-	**12**
Reclassification from payables	-	696	**696**
Disposal	-4	-	**-4**
Buyback liabilities	-	5	**5**
Total	**8**	**701**	**709**
Balance as at 31 December 2024	65	2,276	**2,341**

Reclassification of payables in the amount of SEK -10m (696) includes the movement of VFS financing from non-interest-bearing to interest-bearing liabilities.

NOTE 20 » Financial instruments and risk management

The Group is exposed to various types of credit risk, liquidity risk and market risk. The Group has established policies and procedures to identify, analyze and manage these risks, as well as to establish appropriate limits and control mechanisms to monitor that these are adhered to. Employees are trained to understand the risks and the requirements of applicable policies and procedures. Policies and procedures are reviewed regularly and amended to reflect changed market conditions or changes in the business.

The purpose of the Group's policies and procedures is to develop a control environment where employees understand their roles and obligations. The Board oversees how management monitors compliance with the Group's policies and procedures and reviews the adequacy of the risk management framework in relation to relevant risks given the business profile of the company.

The Group's internal auditor evaluates the Group's risks, monitors that established policies and procedures are complied with and suggests how the Group's control environment can be improved. The internal auditor reports to the Board's audit committee.

In the table below carrying amounts and fair values of financial assets and liabilities are set out.

SEK m		**2025**		**2024**	
Financial assets at amortized cost	**Note**	**Carrying amount**	**Fair value**	**Carrying amount**	**Fair value**
Trade and other receivables	15	447	447	617	617
Cash and cash equivalents		153	153	363	363
		600	**600**	**980**	**980**
Financial liabilities at amortized cost					
Secured bank loans	17	1,672	1,672	2,229	2,229
Other loans	17	15	15	47	47
Trade and other payables	18	663	663	794	794
Deferred income		9	9	18	18
		2,359	**2,359**	**3,088**	**3,088**

Carrying values and fair values

The carrying amounts of the Group's financial assets and liabilities as of 31 December 2025 approximate their fair values. For variable rate instruments, the interest rate of the borrowings is close to the current market rate. For fixed rate instruments, the difference between carrying amounts and fair values is not significant.

Credit risk

General

The Group to a certain extent sells products and services on credit and is thus exposed to certain credit risk. The risk is influenced mainly by the characteristics of the individual customers, but management also considers the characteristics of the Group's customer base in aggregate, such as general default risk in the customers' different industries.

At the end of 2025, the 20 largest trade receivables comprised 43% of the total trade receivables (42).

To minimize credit risk, the Group first and foremost strives to sell as much as possible without credit. For machine and trucks sales, customers are usually financed by leasing companies that purchase the machines from the Group in cash. For aftermarket sales, the Group typically require payments in advance. However, there are cases where the Group offers credit to its customers, both for machine and truck sales and sales of parts and services. In such cases, a credit check of the customer in question is carried out.

For machines in Kazakhstan, the Group sometimes provides credit for payments by instalment up to 24 months but typically requiring a relatively large down-payment and retaining ownership or having pledge in the sold machines. In some cases, additional collateral is requested, usually in the form of sureties from the customers' owners. To meet the customers' financing needs, the Group can also offer short-term rental agreements, also for up to 12 months, where the Group retains ownership of the machine.

For sales of parts and service, the Group typically does not require any collateral, but in some cases, personal sureties are requested.

In Germany, the Group rents diesel and electric trucks to customers. When renting a truck, the Group retains ownership of the truck and, to reduce credit risks, the Group mostly requires advance payment.

In the US, renting construction equipment to customers is an important sales channel. The Group has a significant rental fleet in the US. When renting to customers, the Group retains ownership and mostly requires advance payment. The customers often purchase the machines from the Group during the term of the rental agreement or at its expiration.

Credit approvals

The Group has a structured process for approving credits and settling credit limits where all customers are screened and assessed individually by both the finance and the security department before any credit is approved.

The credit review typically includes external ratings (when available) and the use of credit databases. New credit and/or new limits are then referred to the regional management and/or to the Group's credit committee for approval, depending on the size of the credit and the recommendation of the finance and security departments.

i) Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. Cash and cash equivalents are held with banks, which are rated A, AA-, A- (S&P) in US, Sweden and Germany, B (Fitch) in Kazakhstan. Expected credit losses on cash and cash equivalents were on 31 December 2025 (same for 2024) considered not material and were thus not accounted for.

The credit risk in the periods presented by geographical region is:

SEK m	2025 Carrying amount	2024 Carrying amount
US	346	315
Germany	43	141
Kazakhstan	37	45
	425	**501**

ii) Impairment of receivables

Ageing of trade receivables

	31 December 2025		
SEK m	**Gross amount**	**Average loss rate, %**	**Impairment**
Not past due	305	0.5	-
Past due 0–30 days	80	0.5	-
Past due 31–120 days	36	3.6	-1
Overdue above 120 days	16	65.3	-11
	437		**-12**

	31 December 2024		
SEK m	**Gross amount**	**Average loss rate, %**	**Impairment**
Not past due	274	0	-
Past due 0–30 days	141	0	-
Past due 31–120 days	67	4.6	-3
Overdue above 120 days	37	38.9	-14
	519		**-17**

Movement in expected credit losses in respect of trade receivables

SEK m	2025	2024
Balance 1 January	-17	-12
Net change during the year	-6	-9
Disposed	-	-
Translation differences	11	4
Balance 31 December	**-12**	**-17**

The parent company has significant loans to its subsidiaries. The parent company reviews these loans continuously, using the same models as those applied for the impairment tests in the Group. Given the outlook for the subsidiary companies, the parent company does not currently expect any credit losses on its loans to its subsidiaries.

Liquidity risk

The Group strives to maintain sufficient cash and cash equivalents to meet its operational needs and financial commitments.

The Group's treasury department monitors liquidity risk continuously and controls that financial liabilities are discharged on time, using a payment calendar tool. The treasury department performs annual, monthly and daily planning to control cash flows.

Note 20, Financial instruments and risk management, cont.

Maturities of financial liabilities (including estimated interest payments)

31 December 2025 SEK m	Carrying amount	Contractual cash flows	0–6 months	6–12 months	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Lease liabilities	83	87	16	16	22	15	11	4	2
Borrowings	1,687	1,921	420	442	649	410	-	-	-
Trade and other payables	663	663	663	-	-	-	-	-	-
	2,432	**2,671**	**1,100**	**458**	**671**	**426**	**11**	**4**	**2**

31 December 2024 SEK m	Carrying amount	Contractual cash flows	0–6 months	6–12 months	1–2 years	2–3 years	3–4 years	4–5 years	Over 5 years
Lease liabilities	64	67	14	13	18	14	8	-	-
Borrowings	2,276	2,485	622	494	884	292	119	51	22
Trade and other payables	794	794	794	-	-	-	-	-	-
	3,135	**3,346**	**1,430**	**507**	**902**	**306**	**128**	**51**	**22**

The cash flows presented are not expected to occur significantly earlier or in amounts that differ significantly. The amount of cash and cash equivalents is disclosed in the credit risk section of this note and current available credit lines are disclosed in Note 17, *Borrowings*.

Currency risk

Most of the Group's sales are made in USD, EUR and KZT. Most of the Group's purchases are made in USD and EUR. The Group is also exposed to risks on assets and liabilities, primarily in USD and EUR. Transactions and balance date values recorded in these currencies are translated to SEK, potentially causing significant movements in the result and balances of the Group. To the greatest extent possible, the Group uses natural hedging to reduce currency risks both in terms of matching cash flows and balance sheet exposures across the Group. In purchase and sales operations, the Group aims to keep accounts receivable and accounts payable in the same currency. Where possible and efficient, the Group may procure different types of currency insurance to manage its risks.

Interest on borrowings is denominated in the same currency as the borrowings. In respect of other financial assets and liabilities denominated in foreign currencies, the policy is to minimize net exposure and to keep residual net exposure at an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

Exposure to currency risk related to change of rates of USD to SEK, EUR to SEK and USD to KZT.

SEK m	USD/SEK 2025	USD/SEK 2024	EUR/SEK 2025	EUR/SEK 2024	USD/KZT 2025	USD/KZT 2024
Cash and cash equivalents	57	268	76	84	0	0
Bank loans	-	-468	0	0	0	0
Intercompany loans	434	950	1,173	1,186	-99	-151
Trade and other payables	0	0	0	-7	-18	-26
Net exposure	**491**	**750**	**1,249**	**1,262**	**-118**	**-176**

Note 20, Financial instruments and risk management, cont.

Applied exchange rates

In SEK	Average rate 2025	Reporting date spot rate 2025	Average rate 2024	Reporting date spot rate 2024
EUR	11.0652	10.8180	11.4253	11.4865
KZT	0.0188	0.0183	0.0233	0.0221
USD	9.8215	9.2013	10.5665	10.9982

Sensitivity analysis

The Group is mainly exposed to movements in the following pairs of currencies EUR/SEK, USD/SEK and KZT/SEK.

A strengthening (weakening) of the SEK to EUR, SEK to USD and KZT to USD by 20% would at 31 December 2025 have decreased (increased) profit or loss before taxes by the amounts shown below.

The analysis assumes that other variables, in particular interest rates, remain unchanged. The analysis was performed on the same basis as for 2024.

A strengthening (weakening) of these currencies by 20% would have had the following impact on the translation difference at the end of 2025.

	31 December 2025	
SEK m	Strengthening	Weakening
SEK/USD (20%)	-98	98
SEK/EUR (20%)	-250	250
KZT/USD (20%)	24	-24

	31 December 2024	
SEK m	Strengthening	Weakening
SEK/USD (20%)	-150	150
SEK/EUR (20%)	-252	252
KZT/USD (20%)	35	-35

Interest rate risk

The Group operates in a cyclical industry. Under the assumption that interest rates tend to be higher when economies are strong, the Group has mostly floating interest rates. For long-term loans, the Group may partially make use of fixed interest rate instruments. Under normal circumstances, the Group has a mix of floating and fixed interest rates and is, over the terms of the loans, exposed to a degree of interest rate risk.

Profile of interest-bearing financial instruments at the reporting date

The Group has mainly floating rate borrowings, where rates are calculated based on the variable central bank key rate in the country of borrowing. These instruments are included in the table below.

SEK m	2025	2024
Variable rate instruments		
Loans and borrowings	-1,672	-2,229
	-1,672	**-2,229**

SEK m	2025	2024
Fixed rate instruments		
Bank deposits	14	10
Loans and borrowings	-15	-47
Lease liabilities	-83	-65
	-84	**-102**

Sensitivity analysis

An increase (decrease) of interest rate by 200 bp or 2% will increase (decrease) finance expenses in the Group's profit or loss by SEK 33m (45).

Fair value sensitivity analysis for fixed rate instruments

The Group does not account for any fixed rate financial instruments at fair value through profit or loss. A change in interest rates at the reporting date would therefore not affect profit and loss or equity.

Note 20, Financial instruments and risk management, cont.

Capital management

Debt to capital ratio

SEK m	2025	2024
Borrowings (non-current)	916	958
Long-term portion of lease liabilities	52	37
Borrowings (current)	771	1,318
Short-term portion of lease liabilities	31	28
Total interest-bearing liabilities	1,770	2,341
Cash and cash equivalents	-153	-363
Net Debt	**1,617**	**1,978**
Total equity	1,306	1,499
Debt to capital ratio	**1.24**	**1.32**

The Group has no formal policy for capital management but seeks to maintain a sufficient capital base for meeting its operational and strategic needs, and to maintain the confidence of market participants. This is achieved by efficient cash management, constant monitoring of the Group's revenues and profit, and a long-term investment plan, mainly financed by the Group's operating cash flows. The Group's financial objectives include a target for net debt to 12 months rolling EBITDA of less than 3x. The target is meant to be achieved over the long term and over a business cycle.

Ferronordic calculates net debt on total interest bearing liabilities. In previous years it was calculated on total liabilities. Previous year's figures have been adjusted accordingly.

NOTE 21 » Leases

a) Leases as lessee
The Group leases premises and facilities used for workshops, warehouses and offices and company cars. Right-of-use assets are disclosed in Note 11 and lease liabilities recognised under IFRS 16 are disclosed in Note 19 to the group financial statements.

Expenses relating to short-term leases and variable lease payments are recognised in profit or loss as incurred. The Group has no significant leases of low-value assets.

Total cash outflow for leases during the year amounted to SEK 43m (77) and paid interest for leases amounted to SEK 4m (4).

b) Leases as lessor
The Group leases equipment and trucks to customers under operating leases. Rental income from these leases amounted to SEK 378m (SEK 347m). The business model is described in note 20.

The table below shows future minimum lease payments due to non-cancellable operating lease contracts (not discounted):

SEK m	2025	2024
Within one year	54	53
1–5 years	14	42
	68	**95**

NOTE 22 » Related party transactions

In accordance with IAS 24 "Related Party Disclosures", related parties are defined as parent companies, subsidiaries and subsidiaries of a common parent company, associated companies, legal entities under the control of management and the management of the company. Transactions between Ferronordic AB and its consolidated subsidiaries are eliminated through consolidation and are therefore not explained in the notes.

Control relationships
The Group's consolidated annual and interim financial statements are publicly available.

At the end of 2025, members of management and the Board controlled 25% (25) of the shares and votes in the parent company.

Transactions with employees
Except for regular salary payments and transactions in warrants within the frame of the Group's incentive program for persons in management positions, there have been no transactions between the Group and its employees during the year.

Remuneration to senior executives is included in personnel costs and is presented in Note 8, *Employees*. The Group's incentive program for persons in management positions is described in Note 16, *Shareholders equity*.

NOTE 23 » Pledged assets

The inventory (equipment and trucks) is pledged, to varying extents to Volvo Financial Services in the USA and Germany as well as to JP Morgan as security for a long-term liability and a revolving credit facility of the subsidiary Rudd Equipment Company. The total amount of pledged assets in these operations amounted to SEK 2,312m (1,896) on 31 December 2025.

NOTE 24 » Contingent liabilities

The Group had no material contingent liabilities as at the reporting date.

NOTE 25 » Events subsequent to the reporting date

Subsequent to the reporting date, Ferronordic's US subsidiary, Rudd Equipment Company, has acquired certain assets of Housby Heavy Equipment, a dealer for Volvo Construction Equipment in the state of Iowa, United States. The transaction is structured as an asset acquisition, whereby Rudd acquired selected assets used in Housby's equipment dealership, primarily machines held in inventory and spare parts.

The purchase price for the acquired assets amounted to USD 16,4m at closing. The transaction is debt financed. No real estate, receivables, liabilities or corporate support functions are included in the transaction.

The transaction was closed on January 30, 2026 with final true up on 13 February 2026.

Preliminary Price Allocation Analysis (PPA) presented as follows:

Item	Fair value	Allocation, %	Allocated cost
Machines and attachments inventory	14.3	87.27	14.3
Parts Inventory	1.7	10.12	1.7
PP&E	0.4	2.60	0.4
Total	**16.4**	**100.00**	**16.4**

The ongoing conflict involving Iran has increased geopolitical uncertainty. Management is closely monitoring developments and assessing potential implications for the Group's operations and financial position. While the Group currently has no direct exposure to the affected region, indirect impacts could arise through global supply chains, energy prices, and market volatility. At this stage, the duration and outcome of the conflict, and any potential financial effects on the Group, cannot be reliably estimated.

Other than as stated elsewhere in this report, nothing material has changed that the Group is aware of and that requires disclosure in the financial statements.

Parent company income statement

SEK m	Note	2025	2024
Revenue		**-**	**3**
Cost of sales		-	-3
Gross profit		**-**	**-**
Administrative expenses	5	-58	-43
Other income		-	1
Operating profit		**-58**	**-42**
Finance income	8	84	141
Finance expenses	8	-22	-43
Foreign exchange gains/(-losses) (net)		-188	97
Result after financial items		**-182**	**153**
Tax allocation reserve	12	31	-31
Group contribution		23	-
Result before income tax		**-128**	**122**
Income tax	9	21	-26
Result for the year		**-106**	**96**

Statement of comprehensive income

SEK m	Note	2025	2024
Result for the year		-106	96
Total comprehensive income for the year		**-106**	**96**

The income statement forms part of the consolidated financial statements and shall be read together with the notes thereto.

Parent company balance sheet

SEK m	Note	31 December 2025	31 December 2024
ASSETS			
Non-current assets			
Financial assets			
Shares in subsidiaries	10	288	288
Loans to subsidiaries	11	1,246	2,042
Deferred tax asset		21	-
Total financial assets		**1,555**	**2,330**
Total non-current assets		**1,555**	**2,330**
Current assets			
Trade and other receivables	15	5	22
Receivables from subsidiaries		23	-
Prepayments		16	-
Loans to subsidiaries		255	-
Cash and cash equivalents	16	91	205
Total current assets		**390**	**227**
TOTAL ASSETS		**1,945**	**2,557**

The balance sheet forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Parent company balance sheet, cont.

SEK m	Note	31 December 2025	31 December 2024
EQUITY AND LIABILITIES			
Equity	13		
Restricted equity			
Share capital		1	1
Unrestricted equity			
Share premium reserve		640	640
Retained earnings		1,380	1,283
Result for the year		-106	96
TOTAL EQUITY		**1,914**	**2,020**
Untaxed Reserves	14	**-**	**31**
Non-current liabilities			
Borrowings	15	-	413
Total non-current liabilities		**-**	**413**
Current liabilities			
Trade and other payables		30	37
Borrowings	15	-	55
Total current liabilities		**30**	**92**
TOTAL LIABILITIES		**30**	**506**
TOTAL EQUITY AND LIABILITIES		**1,945**	**2,557**

The balance sheet forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Parent company statement of changes in equity

SEK m	Note	Share capital	Share premium reserve	Retained earnings	Total equity
Balance 1 January 2025		**1**	**640**	**1,379**	**2,020**
Total comprehensive income for the year					
Result for the year		-	-	-106	**-106**
Total comprehensive income for the year		-	-	-106	**-106**
Contribution by and distribution to owners					
Dividends on shares	13	-	-	-	**-**
Total contributions and distributions		**-**	**-**	**-**	**-**
Balance 31 December 2025		**1**	**640**	**1,273**	**1,914**

SEK m	Note	Share capital	Share premium reserve	Retained earnings	Total equity
Balance 1 January 2024		**1**	**640**	**1,283**	**1,925**
Total comprehensive income for the year					
Result for the year		-	-	96	**96**
Total comprehensive income for the year		-	-	96	**96**
Contribution by and distribution to owners					
Dividends on shares	13	-	-	-	**-**
Total contributions and distributions		**-**	**-**	**-**	**-**
Balance 31 December 2024		**1**	**640**	**1,379**	**2,020**

The statement of changes in equity forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Parent company statement of cash flows

SEK m	Note	2025	2024
Cash flows from operating activities			
Result before income tax		-128	122
Adjustments for:			
Finance expenses	8	23	42
Finance income	8	-87	-141
Foreign exchange losses (gains) (net)		188	-97
Cash from operating activities before changes in working capital and provisions		**-4**	**-73**
Change in trade and other receivables		-31	-73
Change in trade and other payables		-81	15
Cash flows from operations before income taxes and interest paid		**-116**	**-131**
Income tax paid		-	-43
Interest paid		-22	-46
Cash flows from operating activities		**-138**	**-220**

The statement of cash flows forms part of the consolidated financial statements and shall be read together with the Notes thereto.

Parent company statement of cash flows, cont.

SEK m	Note	2025	2024
Cash flows from investing activities			
Interest received		20	6
Repayment of loans by subsidiaries		513	321
Loans to subsidiaries		-114	-152
Cash flows from investing activities		**419**	**176**
Cash flows from financing activities			
Repayment of loans		-416	-27
Cash flows from financing activities		**-416**	**-27**
Net increase/(decrease) in cash and cash equivalents		**-135**	**-71**
Cash and cash equivalents at start of year		205	266
Effect of exchange rate fluctuations on cash and cash equivalents		21	10
Cash and cash equivalents at year-end		**92**	**205**

The statement of cash flows forms part of the consolidated financial statements and shall be read together with the Notes thereto.

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Notes

NOTE 1 » General information

Ferronordic AB, reg. nr 556748-7953 (the "parent company") is a Swedish public limited liability company, having its address at Nybrogatan 6, 114 34 Stockholm. Ferronordic AB is the parent company of the Ferronordic Group. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm, Sweden. The operations comprise of the Ferronordic Group's headquarters with staff and some corporate functions.

NOTE 2 » Basis of preparation

The annual accounts of the parent company are prepared in accordance with the Swedish Annual Accounts Act and RFR 2, Accounting for Legal Entities, as issued by the Swedish Financial Reporting Board. According to RFR 2, the parent company's annual accounts shall be prepared by applying all IFRS standards adopted by the EU as far as this is possible under the Swedish Annual Accounts Act and with regard to the relationship between accounting and taxation. The stated accounting policies have been applied consistently for all periods presented.

NOTE 3 » New standards and interpretations

New accounting policies in 2025 and later

The changes in RFR 2 applicable for fiscal year beginning January 1, 2025, have not had any significant impact on the parent company. There are no announced changes in RFR 2 applicable to the fiscal year beginning January 1, 2026 or later.

NOTE 4 » Significant accounting policies

The parent company has prepared its annual report in compliance with the Swedish Annual Accounts Act and the recommendation RFR 2, Accounting for Legal Entities of the Swedish Financial Reporting Board. The Annual Report was prepared on a historical cost basis.

The preparation of financial statements in conformity with RFR 2 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the parent company's accounting policies. The accounting principles of the parent company deviate from the accounting principles of the group in respect of the following:

Subsidiaries

The parent company's investments in subsidiaries and associates are recognized using the cost method. The values of subsidiaries are tested for impairment when there is an indication of a decline in the value.

Shareholders contributions and Group contributions

The parent company uses the alternative method in accounting for group contributions and records paid as well as received contributions as appropriations in the income statement. Shareholder contributions paid by the parent company are recognised as an increase in the holding's carrying amount.

Financial instruments

The parent company applies certain principles from IFRS 9, such as impairment, recognition and derecognition, and the effective interest method.

Financial fixed assets are measured at acquisition cost less any impairment losses. Financial current assets are measured at the lower of acquisition cost and net realisable value. IFRS 9's impairment principles are applied to financial assets measured at amortized cost.

Lease

The parent company classifies all leases as operating leases.

NOTE 5 Administrative expenses

SEK m	2025	2024
Personnel expenses	28	31
Other administrative expenses	30	12
	58	**43**

NOTE 6 Employees

For information regarding employees, Board of Directors and Executive management please refer to note 8 in group section.

NOTE 7 Auditors' fees and expenses

SEK m	2025	2024
KPMG		
Audit assignments	3.4	3.8
Other assurance services	1.2	0.2
Total	**4.6**	**4.0**

NOTE 8 Finance income and finance expenses

SEK m	2025	2024
Interest income on loans to subsidiary	80	136
Interest income on bank deposits	7	5
Finance income	**87**	**141**
Other finance expenses		
Interest expenses	-22	-43
Net finance income/(expenses)	**65**	**98**

NOTE 9 Income taxes

The parent company is a tax resident of Sweden where the applicable tax rate was 20.6% in 2025 (20.6).

Income taxes are distributed as follow:

SEK m	2025	2024
Current tax expense	-	-19
Deferred tax benefit /(expense)	21	-6
Total income tax benefit	**21**	**-25**

SEK m	2025	%	2024	%
Result for the year	-106		96	
Total income tax	21		-26	
Result before tax	-128		122	
Income tax at applicable tax rate	26	20.6	-25	-20.6
Other items	-5		-	
	21	**20.6**	**-25**	**-20.6**

NOTE 10 » Shares in subsidiaries

Shares in subsidiaries

SEK m	31 December 2025	31 December 2024
Opening balance	288	288
Additions	-	-
Shareholder contributions	-	-
Carrying value 31 December	**288**	**288**

Ferronordic AB owns directly or indirectly the below listed legal entities:

			2025		2024	
Subsidiary	**Corporate identity number**	**Country of incorporation**	**Ownership/ voting, %**	**Carrying amount**	**Ownership/ voting, %**	**Carrying amount**
Ferronordic AB	556748-7953	Sweden	Parent Company	-	Parent Company	-
Ferronordic Electric Trucks GmbH		Germany	100	-	100	-
Ferronordic Germany Holding AB		Sweden	100	273	100	273
Ferronordic Holding GmbH[2]		Germany	100	622	100	26
Ferronordic GmbH[2]		Germany	100	-	100	-
Ferronordic Immobilien GmbH[2]		Germany	100	1	100	1
Ferronordic Used Trucks GmbH[1, 2]		Germany	100	-	-	-
Ferronordic Rental GmbH[2]		Germany	100	-	-	-
Ferronordic Americas LLC		USA	100	-	100	-
Rudd Equipment Company LLC[2]		USA	100	2	100	2
Ferronordic Kazakhstan LLP		Kazakhstan	100	14	100	14

[1] Ferronordic Used Trucks GmbH was merged with Ferronordic Rental GmbH on January 1, 2025.
[2] Indirectly owned subsidiaries

NOTE 11 » Loans to subsidiaries

Loans to subsidiaries are measured at amortised cost less any impairment losses. The carrying amount of loans to subsidiaries amounted to SEK 1,501 (2,042). The loans bear interest at market rates and have no fixed maturity. An impairment assessment is performed annually.

NOTE 12 » Deferred tax assets and liabilities

Deferred tax asset for losses carried forward of SEK 21m (0) was recognized as at end of 2025.

NOTE 13 » Equity and appropriation of profit

As at 31 December 2025, the number if issued shares in Ferronordic AB amounted to 14,532,434 (14,532,434) with nominal value of SEK 0,089 (0,089). All shares represent one vote each.

Appropriation of profit
At the end of 2025, SEK 1,912,990,653 was available for distribution by the Annual General Meeting (AGM). Based on the company's dividend policy, the Board of Directors has proposed that the 2026 AGM resolves that no dividend be paid. If the AGM adopts the proposal, the earnings available for distribution will be carried forward.

SEK	
Dividend on shares	-
Amount carried forward	1,912,990,653
of which to the share premium reserve	639,802,700
Total appropriated	**1,912,990,653**

NOTE 14 » Untaxed Reserves

In 2025, the untaxed reserves (periodiseringsfond) in amount of SEK 31m were fully utilized to cover current year losses.

NOTE 15 » Borrowings

The secured bank loan from Nordea of SEK 468m was settled during the year. Ferronordic AB do not have any outstanding loans from credit institutions as of the balance sheet date.

Intercompany loans are disclosed in Note 17, *Related party transactions*.

NOTE 16 » Reconciliation of liabilities arising from financing activity

Financial liabilities resulting from financing activities developed as follows in the period under report:

SEK m	2025 Borrowings	2024 Borrowings
Balance as 1 January	**468**	**455**
Changes in cash flows from financing activities		
Proceeds from borrowings	-	-
Repayment of loans	-416	-27
Total	**52**	**428**
Other changes equity-related:		
Translation difference	-52	40
Total	**-**	**40**
Balance as 31 December	**-**	**468**

The repayment of loans includes interest expenses of SEK 22m (46).

NOTE 17 Related party transactions

Ferronordic AB engages in transactions with their subsidiaries. The transactions arise in the ordinary course of business and are conducted on commercial terms and market prices.

Transactions with related parties

Income Statement

SEK m	2025 Transaction value	2024 Transaction value
Equipment sales:		
Subsidiaries	-	3
Interest income:		
Subsidiaries	80	136
	80	**139**

Outstanding balances

SEK m	31 december 2025	31 december 2024
Contributions to subsidiaries	288	288
Loans to subsidiaries	1,501	2,042
Trade and other receivables	1	13
Trade and other payables	-	-7
	1,790	**2,336**

NOTE 18 Pledged assets

At the reporting date, Ferronordic AB had no pledged assets. During 2025 Ferronordic AB repaid its loan to Nordea Bank Plc, resulting in the released of the pledged the shares in Ferronordic Germany Holding AB in the amount of SEK 279m.

NOTE 19 Contingent liabilities

At the reporting date, Ferronordic AB had no contingent liabilities.

NOTE 20 Events subsequent to the reporting date

No significant events have occurred after the reporting date that require disclosure or adjustment in the financial statements.

Board signatures

The Board of Directors and the Managing Director warrant that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with the international financial reporting standards referred to in regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and consolidated financial statements give a true and fair view of the parent company's and Group's financial positions and results. The audit report for the parent company and Group gives a true and fair overview of the development of the parent company's and Group's activities, their financial positions and results, and describes significant risks and uncertainties faced by the parent company and the companies included in the Group. The annual accounts and consolidated financial statements were approved for release by the Board of Directors on April 1, 2026. The consolidated statement of comprehensive income and the consolidated statement of financial position and the parent company income statement and the parent company balance sheet will be submitted for adoption at the Annual General Meeting on May 13, 2026.

Stockholm, April 1, 2026

Lars Corneliusson
Chairman of the Board

Aurore Belfrage
Director

Annette Brodin Rampe
Director

Håkan Eriksson
Director

Niklas Florén
Director

Peter Zonabend
Director

Our audit report was submitted on April 1, 2026

KPMG AB

Mats Kåvik
Authorized Public Accountant

Auditor's report

To the general meeting of the shareholders of Ferronordic AB (publ), corp. id 556748-7953

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Ferronordic AB (publ) for the year 2025, except for the corporate governance statement on pages 36–41 and the sustainability report on pages 52–122. The annual accounts and consolidated accounts of the company are included on pages 45–168 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2025 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2025 and their financial performance and cash flow for the year then ended in accordance with IFRS Accounting Standards, as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 36–41 and sustainability report on pages 52–122. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the statement of comprehensive income and statement of financial position for the group.

Our opinions in this report on the the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Valuation of goodwill (group) and shares in group companies (parent company)
See disclosure 12 (group) and disclosure 10 (parent company) and accounting principles on page 132 (group) and on page 163 (parent company) in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter
The Group reports goodwill of SEK 202 million as of 31 December 2025. Goodwill must be subject to at least one annual impairment test, which involves both complexity and significant judgment.

The impairment test must be performed in accordance with a certain technique under IFRS, where management must make future assessments regarding both internal and external conditions and plans for the business. Examples of such assessments include future cash flows, which require assumptions about future development and market conditions.

Another important assumption is the discount rate to be used to reflect market-based assessments of the time value of money and the specific risks the business faces.

As of 31 December 2025, the parent company reported holdings in subsidiaries of SEK 288 million. If the reported value of the holdings exceeds the respective subsidiaries' consolidated value, the same type of assessment, using the same technique and starting values, is performed as is done for goodwill in the Group.

Response in the audit
We have reviewed management's impairment tests to assess whether they have been carried out in accordance with the prescribed technique. Furthermore, we have evaluated the reasonableness of assumptions regarding future cash flows and the assumed discount rates by reviewing and assessing management's written documentation and plans.

We have also interviewed management and evaluated prior years' assessments in relation to actual outcomes. We have consulted our own valuation specialists to ensure expertise and competence in this area.

Another important aspect of our work has been to evaluate management's sensitivity analysis, i.e., how changes in assumptions could affect the valuation.

Finally, we have reviewed the information in the annual report and assessed whether the disclosures align with the assumptions applied by management in their impairment tests and whether the disclosures are sufficiently detailed to understand the judgments made by management.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1–35 and 42–44. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS Accounting Standards as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the consolidated accounts. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Ferronordic AB (publ) for the year 2025 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the loss be dealt with in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Ferronordic AB (publ) for year 2025.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinions

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Ferronordic AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 36–41 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 382, 101 27, Stockholm, was appointed auditor of Ferronordic AB (publ) by the general meeting of the shareholders on the 15 May 2025. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2010.

Our audit report on the annual accounts and the consolidated accounts was submitted on 1 April 2026.

KPMG AB

Mats Kåvik
Authorized Public Accountant

Auditor's limited assurance report of Ferronordic AB:s (publ) sustainability statement

To the general meeting of the shareholders of Ferronordic AB (publ), corp. id 556748-7953.

Conclusion

We have conducted a limited assurance engagement of the sustainability statement for Ferronordic AB (publ) (the "company") for the financial year 2025. The sustainability statement is included on pages 52–122 in this document.

Based on our limited assurance engagement as described in the section Auditor's responsibility, nothing has come to our attention that causes us to believe that the sustainability statement does not, in all material respects, meet the requirements of the Swedish Annual Accounts Act which includes,

- whether the sustainability statement meets the requirements of ESRS,
- whether the process the company has carried out to identify reported sustainability information has been conducted as described in the sustainability statement, and
- compliance with the reporting requirements of the EU:s Green Taxonomy Regulation Article 8.

Basis for conclusion

We have conducted the assurance engagement in accordance with FAR's recommendation RevR 19 *The auditor's limited assurance regarding the statutory sustainability statement*. Our responsibility according to this recommendation is further described in the section Auditor's responsibility.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The sustainability information for the prior year has not been subject to any assurance, and consequently no assurance of the comparative information in the sustainability statement for 2024 has been performed.

Information other than the sustainability statement

This document also contains information other than the sustainability statement and is found on pages 1–51 and 123–167. The Board of Directors and the Managing Director are responsible for this other information.

Our conclusion on the sustainability statement does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our limited assurance engagement on the sustainability statement, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the sustainability statement. In this procedure we also take into account our knowledge otherwise obtained in the limited assurance engagement and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of sustainability statement in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act, and for such internal control as they determine is necessary to enable the preparation of the sustainability statement that is free from material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion with limited assurance on whether the sustainability statement has been prepared in accordance with Chapter 6, Sections 12–12f of the Swedish Annual Accounts Act based on our review. The limited assurance engagement has been conducted in accordance with FAR's recommendation RevR 19 The auditor's limited assurance regarding the statutory sustainability statement. This recommendation requires that we plan and perform our procedures to obtain limited assurance that the sustainability statement is prepared in accordance with these requirements.

The procedures in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. This means that it is not possible for us to obtain such assurance that we become aware of all significant matters that could have been identified if a reasonable assurance engagement had been performed.

Our firm applies ISQM 1 (International Standard on Quality Management), which requires the firm to design, implement and operate a system of quality management, including policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.

We are independent of Ferronordic AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

A limited assurance engagement involves performing procedures to obtain evidence to support the sustainability statement. The auditor selects the procedures to be performed, including assessing the risks of material misstatements in the sustainability statement, whether due to fraud or error. In this risk assessment, the auditor considers the parts of the internal control that are relevant to how the Board of Directors and the Managing Director prepare the sustainability statement, in order to design procedures that are appropriate under the circumstances, but not for the purpose of providing a conclusion on the effectiveness of the company's internal control. The review consists of making inquiries, primarily of persons responsible for the preparation of the sustainability statement, performing analytical review, and conducting other limited review procedures.

In conducting our limited assurance engagement, with respect to the process undertaken to identify the sustainability information to be reported, we have:

- Obtained an understanding of the Process by:
  - performing inquiries to understand the sources of the information used by management; and
  - reviewing the company's internal documentation of its Process; and
- Evaluated whether the evidence obtained from our review procedures regarding the Process implemented by the company was consistent with the description of the Process set out in the sustainability statement.

In conducting our limited assurance engagement, with respect to the sustainability statement, we have performed, but were not limited to, the following:

- Through inquiries, obtained a general understanding of the company's reporting and consolidation processes, including the company's internal control environment and information systems, relevant to the preparation of information in the sustainability statement.
- Evaluated whether information identified as material through the process the company has carried out is also included in the sustainability statement.
- Evaluated whether the structure and the presentation of the sustainability statement is in accordance with the requirements of the ESRS.
- Performed inquiries with relevant personnel and analytical procedures on selected disclosures in the sustainability statement.
- Performed substantive procedures through sample testing on selected disclosures in the sustainability statement.
- Through inquiries, obtained understanding of the methods used to develop material estimates and how these methods were applied.
- Through inquiries, obtained a general understanding of the process to identify economic activities which are eligible and aligned with the EU Green Taxonomy, and the corresponding disclosures in the sustainability statement.
- Performed substantive procedures through sample testing on selected disclosures in the sustainability statement related to the EU Green Taxonomy.

Inherent limitations in preparing the sustainability statement

In reporting forward-looking information in accordance with ESRS, the Board of Directors and the Managing Director of Ferronordic AB (publ) are required to prepare the forward-looking information on the basis of disclosed assumptions about events that may occur in the future and possible future actions by Ferronordic AB (publ). Actual outcomes are likely to be different since anticipated events frequently do not occur as expected.

Stockholm, 1st of April 2026

KPMG AB

Mats Kåvik
Authorized Public Accountant

FERRONORDIC

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