

This is a non-official translation of the Swedish original wording. In case of differences between the English translation and the Swedish original, the Swedish text shall prevail.

Proposal by the Board of Directors of Ferronordic Machines AB for the annual general meeting 2016 concerning share related incentive program for management

The Board proposes a new long-term incentive program for the members of the company's executive and extended management teams (in total 16 participants). If the AGM approves the program, the company would pay an additional bonus to the participants of approximately SEK two million in total which the participants must use to purchase preference shares in Ferronordic Machines.

The participants are not allowed to sell the purchased preference shares for a period of three years. If the participant resigns from his/her employment in the group, or the participant is dismissed because of gross misconduct, the participant must sell his/her preference shares to the other participants at a pre-agreed discounted price. In addition to providing long-term incentive to the company's management, the purpose of the program is also to further align the interests of the company's management and the preference share investors.

The Board further proposes that each of Anders Blomqvist and Henrik Carlborg be authorized, on behalf of the company, to sign agreements and other documents that may be required in order for the company to be able to implement the said program.

Stockholm in April 2016

The Board of Directors of Ferronordic Machines AB (publ)