

Non-official translation of the Swedish original wording

Report by the Board of Directors pursuant to Chapter 18, Section 6 of the Swedish Companies Act

In consideration of the proposals to the extraordinary general meeting on 4 April 2016 regarding dividends on the company's preference shares, the Board hereby submits the following report in accordance with Chapter 18, Section 6 of the Swedish Companies Act.

All events of material significance for the company's and the group's financial position which have occurred after the presentation of the annual report for the financial year 2014 are described in the group's interim financial reports, all of which are available at the company's website, www.ferronordic.com.

According to the latest approved balance sheet, distributable profits available for distribution by the meeting amounted to SEK 422,321,549. Since the last reporting date, i.e. 31 December 2014, the company has repurchased warrants for an amount of SEK 585,533 and has paid dividends on preference shares in an amount of SEK 25,000,000. Remaining distributable profits available for distribution by the meeting thus amount to SEK 396,736,016.

Stockholm, 14 March 2016

The Board of Directors of Ferronordic Machines AB (publ)

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