

*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 22 March 2017 regarding dividends on 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 2015 are described in the group's interim financial reports, all of which are available at the company's website, [www.ferronordic.com](http://www.ferronordic.com).

According to the latest approved balance sheet, distributable profits available for distribution by the meeting amounted to SEK 391,657,644. Since the last reporting date on 31 December 2015, the company has paid dividends on preference shares in an amount of SEK 52,500,000. The company's restricted equity remains unchanged. Remaining distributable profits available for distribution by the meeting thus amount to SEK 339,157,644.

Stockholm, 27 February 2017

The Board of Directors of Ferronordic Machines AB (publ)

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