

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

The Board's motivated statement pursuant to Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act

In view of the Board's and the nomination committee's proposals to the annual general meeting, the Board hereby makes the following statement in accordance with Chapter 18, Section 4 and Chapter 19, Section 22 of the Swedish Companies Act.

The Board concludes that the company's restricted equity is fully covered after the proposed dividend and the proposed offer to repurchase warrants. The Board further concludes that the proposed dividend and the proposed repurchase of warrants are justifiable in view of the parameters set out in Chapter 17, Section 3, second and third paragraphs of the Swedish Companies Act. In connection herewith, the Board wishes to point out the following:

- Assuming that the dividends on the preference shares will amount to EUR 7,000,000, and the cost for repurchasing warrants will amount to EUR 36,926, the proposed dividend and the proposed repurchase of warrants reduce the company's solvency from 93% to 92% and the group's solvency from 37% to 34%, calculated as 31 December 2013. The Board considers this solvency to be satisfactory with regard to the business in which the group is active.
- According to the Board's opinion, the proposed dividend and the proposed repurchase of warrants will not affect the company's or the group's ability to fulfil their payment obligations.
- In addition to what has been stated above, the Board has considered other known circumstances which may be of importance for the company's and the group's financial position. In doing so, no circumstance has appeared that does not justify the proposed dividend and the proposed repurchase of warrants.

If the annual general meeting resolves in accordance with the Board's and the nomination committee's proposals, at least EUR 51,342,656 will remain of the company's non-restricted equity, calculated as per year end 2013. The Board has the view that the company's and the group's shareholders' equity will, after the proposed dividend and the proposed repurchase of warrants, be sufficient in relation to the nature, scope and risks of the business.

Stockholm in April 2014

The Board of Directors of Ferronordic Machines AB (publ)