

**Motivated statement by the Board of Directors pursuant to Chapter 18, Section 4 of the Swedish Companies Act**

In view of the its proposal to the extraordinary general meeting on 22 March 2017 regarding dividends on preference shares, the Board makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The company's restricted equity will be fully covered after the proposed dividend payment of SEK 27,500,000. The Board further concludes that the proposed dividend is 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:

- Calculated as per 31 December 2016, the company's solvency will reduce from 81% to 80% after the proposed dividend, while the group's solvency will reduce from 43% to 41%. The Board finds this satisfactory with regard to the nature of the business, scope and risks, as well as the company's and the group's liquidity and financial position in general.
- In the Board's opinion, the proposed dividend 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.

If the general meeting resolves in accordance with the board's proposal, at least SEK 368,865 thousand will remain of the company's non-restricted equity, calculated as per 31 December 2016. In the view of the Board, the company's and the group's equity will, after the proposed dividend, be sufficient in relation to the nature, scope and risks of the business.

Stockholm, 27 February 2017

The Board of Directors of Ferronordic Machines AB (publ)

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