

Non-official translation of Swedish original; in case of discrepancies, the Swedish text prevails.

Statement of the Board pursuant to Chapter 18, Section 4 of the Swedish Companies Act

The Board has proposed that the AGM on 14 May 2019 resolve on a dividend of SEK 7.50 per share, corresponding to a total dividend of SEK 108,993,255. In view of this proposal, the Board hereby makes the following statement in accordance with Chapter 18, Section 4 of the Swedish Companies Act.

The company's policy is that at least 25% of the result for the year be paid to the shareholders. When establishing the dividend level, the Board shall take into account, *inter alia*, the Group's expansion opportunities, financial position and investment needs. The proposed dividend can be made without negative impact on the said factors.

One of the company's financial objectives is that the Group's net debt shall not exceed 2.0x EBITDA. The said objective will be fulfilled also after the proposed dividend.

The company's restricted equity is fully covered after the dividend.

The Board further finds that 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.

Calculated as per 31 December 2018, the Group's solvency after the dividend will be approx. 34% (compared to 38% before the dividend), while the company's solvency after the dividend will be 85% (compared to 89% before the dividend). The Board finds this satisfactory with regard to the company's and the group's business.

The Board does not find that the dividend will affect the company's or the group's ability to fulfil their obligations either in the short or long term.

The dividend corresponds to the requirements of the articles of association.

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.

The amount available for allocation by the AGM as per 31 December 2018 amounted to SEK 349,236,815. Should the meeting approve the dividend proposal, at least SEK 240,243,560 will remain of the company's non-restricted equity. The Board finds this to be sufficient in relation to the nature, scope and risks of the business.

Stockholm in April 2019

The Board of Directors of Ferronordic Machines AB (publ)