

Press Release
Stockholm, 28 May 2020

Notice of annual general meeting in Ferronordic AB (publ)

The shareholders of Ferronordic AB (publ) (the “Company”) are invited to attend the annual general meeting to be held on 25 June 2020.

Due to the extraordinary situation resulting from the COVID-19 pandemic, the Meeting will be held without physical presence pursuant to the Act on temporary exceptions to facilitate the execution of general meetings in companies and other associations (SFS 2020:198). Since there will not be any meeting with the opportunity to vote physically or to ask questions to the Company’s representatives, Ferronordic AB encourages shareholders to participate at the AGM through advance voting by post or e-mail.

Since no AGM with the opportunity to attend in person or by proxy will be held, there will be no opportunity to ask questions at the Meeting. Questions about the Ferronordic Group may however be asked in advance by post to Ferronordic AB, Box 5855, 102 40 Stockholm or by e-mail to AGM@ferronordic.com, no later than 15 June 2020. The Chairman of the Board and the CEO will address questions from shareholders in presentations that will be made available on the Company’s website www.ferronordic.com on 20 June 2020. A CEO-comment will also be posted on the Company’s webpage 10 June 2020.

Shareholders wishing to participate through advance voting in the AGM must be recorded in the share register kept by Euroclear Sweden AB on 18 June 2020 and notify the Company of their intention to participate by casting an advance vote by sending a completed Form for Postal Voting available on the Company’s webpage (www.ferronordic.com) to Ferronordic AB, Box 5855, 102 40 Stockholm or by e-mail to AGM@ferronordic.com no later than Wednesday 24 June 2020 at 17.00 CET.

The Form for Postal Voting shall be completed by marking YES or NO for each proposed resolution indicated in the form. To abstain from voting in a certain matter, leave both boxes empty. Shareholders may request in the advance voting form that a resolution on one or several of the matters on the proposed agenda below should be deferred to a so-called continued general meeting, which cannot be conducted solely by way of advance voting. Such general meeting shall take place if the Annual General Meeting so resolves or if shareholders with at least one tenth of all shares in the company so requests.

Information on the resolutions passed at the AGM will be published on 25 June 2020 as soon as the result of the advance voting has been finally confirmed.

Further information and instructions are available in the Notice of AGM and the Form for Postal Voting, both of which are available on the Company’s webpage (www.ferronordic.com).

Proposed agenda

Matters:

1. Election of chairman
2. Verification of voting list
3. Approval of the agenda
4. Election of controllers
5. Determination whether the meeting has been duly convened
6. Presentation of the annual report and the auditor’s report, as well as the consolidated accounts and the auditor’s report on the consolidated accounts
7. Resolution on adoption of the income statement and balance sheet and the consolidated income statement and balance sheet.
8. Resolution on disposition of the company’s profits
9. Resolution on discharge from liability of the members of the Board and the CEO

10. Determination of the number of members of the Board to be elected by the meeting
11. Determination of remuneration for the members of the Board and the auditor
12. Election of the Board
13. Election of the chairman of the Board
14. Election of the auditor
15. Resolution on the Nomination Committee
16. Resolution on the adoption of a policy on remuneration for executives
17. Resolution on a long-term incentive program based on warrants to be issued by the Company
18. Resolution on authorisation of the Board on decide to issue new shares

Motions

Point 1: The Nomination Committee for the AGM, consisting of Jörgen Olsson (chairman), representing Skandinavkonsult i Stockholm AB, Fredrik Liedholm, representing Scandsib Group Ltd., Per-Olof Eriksson, representing employees of the Group, and Jan Dworsky, representing Swedbank Robur, proposes Staffan Jufors as chairman of the meeting.

Point 2: The voting list proposed for approval under this point on the agenda is the voting list drawn up by Euroclear Sweden AB on behalf of the company based on the AGM's share register and advance votes received, as verified and recommended by the persons approving the minutes of the AGM

Point 4: Suggested persons to be elected to approve the minutes of the AGM together with the chairman will be presented 4 June 2020 on the Company's webpage. The task of approving the minutes of the AGM also includes verifying the voting list and that the advance votes received are correctly stated in the minutes of the AGM.

Point 8: Distributable profits available for distribution by the meeting amount to SEK 239 850 957. Given the current uncertain business outlook and in order to ascertain the Company's resilience to prolonged market disturbances, the Board proposes not to pay any dividend and that the entire amount available will be carried forward.

Point 10: The Nomination Committee proposes that the number of Board members remain six members without deputies.

Point 11: The Nomination Committee proposes that the chairman of the Board be awarded SEK 600,000 and that each other Board members except Lars Corneliusson be awarded SEK 300,000. The total remuneration to the Board amounts to SEK 1,800,000. No separate remuneration is paid for work in the Board's committees. The Nomination Committee further proposes that fees to the auditor be paid according to agreement between the Company and KPMG AB.

Point 12: The Nomination Committee proposes re-election of Annette Brodin Rampe, Magnus Brännström, Lars Corneliusson, Erik Eberhardson, Håkan Eriksson and Staffan Jufors. Presentations of proposed candidates are available on the company's website www.ferronordic.com.

Point 13: The Nomination Committee proposes re-election of Staffan Jufors as chairman of the Board.

Point 14: The Nomination Committee proposes re-election of KPMG AB as the company's auditor for the period until the next AGM.

Point 15: The Nomination Committee proposes that the meeting adopts the following principles regarding the company's nomination committee.

The Nomination Committee consists of four members. The chairman of the Board shall at the end of the third quarter 2020 contact the four largest identified shareholders and encourage them to appoint their representatives for the Nomination Committee. Shareholders who are employees of the Group are in this respect regarded as one shareholder. If a shareholder elects not to appoint a representative, the right to appoint a member passes to the next largest shareholder (provided such

shareholder has not already appointed or is entitled to appoint a member). If a member resigns, the shareholder appointing the resigning member shall be asked to appoint another member. The chairman of the Nomination Committee shall be the member appointed by the largest shareholder (unless the Nomination Committee agrees otherwise).

The Nomination Committee shall act in the interest of all shareholders. The duties of the Nomination Committee shall include to evaluate the Board's constitution and work, and to make proposals for the AGM regarding:

- election of chairman for the AGM,
- number of Board members,
- election of the Board and the chairman of the Board,
- election of auditor (in cooperation with the Board's audit committee),
- remuneration of the Board, the Board's committees and the auditor,
- the Nomination Committee for the next AGM.

The mandate of the Nomination Committee is valid until a new Nomination Committee has been constituted. In case of material ownership changes during the mandate period, the Nomination Committee shall ensure that a new large shareholder is represented in the Nomination Committee. The constitution of the Nomination Committee shall be announced not later than six months before the AGM.

The members of the Nomination Committee receive no compensation from the company but are entitled to reimbursement for reasonable expenses.

Point 16: The Board proposes that the meeting adopt the following guidelines on remuneration for executives:

These guidelines concern remuneration and other employment terms for Ferronordic's management. The guidelines apply to employment contracts made after the approval of these guidelines by the meeting and to amendments to existing agreements made thereafter.

Basic principles

Remuneration to executives shall be based on current market terms on the markets where Ferronordic operates. Remuneration shall also be competitive in order to attract and retain competent executives.

Fixed salaries

Fixed salaries are established individually based on the criteria specified above, as well as the individual executive's areas of responsibility and performance. For expatriates with salaries in rubbles or other local currencies, the fixed salaries can be adjusted to reflect changes in fore exchange rates.

Variable salaries

Executives may receive variable salaries in addition to fixed salaries. Variable salaries are paid upon fulfilment of pre-determined and measurable performance criteria, primarily based on the development of the Group as a whole, and/or the part of the group's business that the executive is responsible for. Variable salary for the CEO as well as for other executives shall not exceed 100% of the fixed salary.

LTI-program

A share or warrant-based long-term incentive program for the Company's and its subsidiaries' senior management may be introduced as per separate decision.

Other benefits

Executives are entitled to customary non-monetary benefits such as company cars and company health insurance. In addition, company housing and other benefits can be offered on an individual basis, such as housing allowances and school/kindergarten allowances for expatriates.

Pension benefits

In addition to those pension benefits that executives are entitled to according to law, executives may be offered pension benefits that are competitive in the country where the individual in question is or has been a resident or to which the individual has a relevant connection. Pension plans shall be defined contribution plans without guaranteed pension levels.

Severance pay

Severance pay shall not exceed 12 months.

The Board's preparation and decision-making on issues concerning remuneration and other terms of employment

The Remuneration Committee is responsible for:

- 1) preparing the Board's decisions on issues concerning principles of remuneration, remuneration and other terms of employment for executives,
- 2) monitoring and evaluating ongoing and during the year ended programs for variable remuneration,
- 3) monitoring and evaluating the application of these guidelines, and
- 4) monitoring and evaluating current remuneration structures and remuneration levels in the Group.

The Remuneration Committee prepares and the Board resolves on:

- 1) remuneration and employment terms of the CEO, and
- 2) principles for remuneration for the other executives (including pension and severance pay).

The Remuneration Committee also reviews and recommends to the Board share-based incentive programs to be decided by the AGM.

Authority to decide on deviations from these guidelines

The Board may deviate from these guidelines if there are specific reasons in individual cases.

Earlier decisions on remuneration not due at the time of the AGM's consideration of these guidelines

Remuneration approved but not due at the time of the AGM 2020 fall within the frames of these guidelines.

Point 17: To further align the long-term interests between the Company and its shareholders with those of the senior management and also to be able to offer competitive terms to attract and retain senior management, the Board proposes to introduce a long-term incentive program under which the Company would issue a maximum of 764 865 warrants to be distributed between approximately 30 persons forming the senior management of the Company and its subsidiaries. Each Warrant entitles the participant to subscribe for one ordinary share of the Company at the earliest three-years after the warrant was issued.

The market value of the warrant at the time of transfer to the participants will be determined by an independent financial advisor. As an indication, on the proposed terms and in the current market, the value of each warrant as calculated by the Company's independent financial advisor on the basis of Black and Scholes option pricing model is estimated at approximately SEK 4.9. Each participant will purchase his or her warrants at a price equal to the estimated fair market value but receive a compensation from the Group-entity in which each participant is employed that net of tax covers the

cost for acquiring the warrants. This in order to avoid the risk that the total financial outcome for a participant could be negative.

Subscription of shares is to be done against cash payment to the Company of a strike price equal to 135% of the volume-weighted average share price for the 10 days preceding the date for the AGM's decision to issue the warrants. Assuming full allotment and consequent subscription, the Company's equity would increase with approximately MSEK 103. Participation in the program and subsequent subscription requires that a participant remains an employee of the Company or its subsidiaries.

The maximum EPS/DPS dilution as a result of full subscription of shares under this proposed program is 5%. The incentive program is expected to have only a marginal effect on the company's important key ratios.

The major costs for the Company including its subsidiaries consists of the tax and social fees connected to paying compensation to the participants covering the price to be paid for the warrants by the employing entity of each participant. The compensation as such corresponds to the purchase price for the warrants and is to be paid to the Company. The total cost for the Group for paying this compensation is estimated to MSEK 3.1. In addition, transaction costs for external advisors are estimated at SEK 150 000.

This LTI-program has been prepared by the Board in consultation with external advisors. In addition, the proposal has been prepared by the Board's remuneration committee and has been reviewed at meetings of the Board during 2020.

The full proposal will be available on the Company's webpage (www.ferronordic.com) from 4 June 2020.

Resolution according to this item must be supported by shareholders with at least nine tenths of the votes cast as well the shares represented at the AGM.

Point 18: The Board proposes that the meeting authorises the Board to, not later than the next annual general meeting, at one or several occasions – with or without deviation from the shareholders' rights – decide upon an issue of ordinary shares in the Company corresponding to a maximum increase of 20% of the number of shares of the Company. Payment for subscribed shares shall, as relevant, be made in cash, by set-off, or in kind. The reason for authorising the Board to make a decision on issue of new ordinary shares with deviation from the shareholders' preferential rights is to be able to increase the Company's equity capital if necessary in order to make acquisitions or other investments or otherwise to raise necessary financing. The new ordinary shares shall be issued at market rate determined by the Board in consultation with the company's financial advisors.

The proposal requires support by shareholders representing at least two thirds of both the votes cast and the shares represented at the meeting.

Each of Dan Eliasson and Henrik Carlborg, or whomever one of them may appoint, is authorised to make such changes to the resolution as may be required in connection with the registration thereof with the Swedish Companies Registration Office or with Euroclear Sweden AB or due to other formal requirements.

The full notice is attached hereto and available on the company's website www.ferronordic.com.

About Ferronordic

Ferronordic is a service and sales company in the areas of construction equipment and trucks. It is the dealer of Volvo Construction Equipment and certain other brands in all of Russia and Kazakhstan, aftermarket partner of Volvo Trucks and Renault Trucks in part of Russia, and dealer of Volvo Trucks and Renault Trucks in part of Germany. The company also offers contracting services where it owns and operates equipment to carry out works for customers. Ferronordic began its operations in 2010 and now has approx. 100 outlets and about 1,400 employees. Ferronordic's vision is to be regarded as the leading service and sales company in its markets. The shares in Ferronordic AB (publ) are listed on Nasdaq Stockholm.

www.ferronordic.com

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