

Press Release
Stockholm, 7 October 2020

Notice of extraordinary general meeting in Ferronordic AB (publ)

The shareholders of Ferronordic AB (publ) (the “Company”) are invited to attend an extraordinary general meeting to be held on 5 November 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 EGM through advance voting by post or e-mail.

Questions concerning matters that might affect the decisions to be made at the EGM can be asked in advance by post to Ferronordic AB, Box 5855, 102 40 Stockholm or by e-mail to EGM@ferronordic.com, no later than 26 October 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 30 October 2020, and be sent to the shareholder that sent the question by mail.

Shareholders wishing to participate through advance voting in the EGM must be recorded in the share register kept by Euroclear Sweden AB on 28 October 2020 and notify the Company of their intention to participate 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 EGM@ferronordic.com no later than Wednesday 4 November 2020. Shareholders who have their shares registered in the name of a trustee or nominee must have their shares owner-registered in the shareholders’ register kept by Euroclear Sweden AB by 28 October 2020. Such owner-registration should be requested at the bank or broker holding the shares in due time to be effective on 30 October 2020.

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 EGM 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 EGM will be published on 5 November 2020 as soon as the result of the advance voting has been finally confirmed.

Further information and instructions are available in the Notice of EGM 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. Resolution on disposition of the company’s profits
7. Resolution on a long-term incentive program based on warrants to be issued by the Company

Motions

Point 1: The Nomination Committee for the EGM, 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 EGM's share register and advance votes received, as verified and recommended by the persons approving the minutes of the EGM.

Point 4: Anna Svensson (East Capital) and Gustaf Lindskog, or if one or both of them are prevented, the person or persons instead appointed by the Election Committee, are proposed to be elected to approve the minutes of the EGM together with the Chairman. The task of approving the minutes of the EGM also includes verifying the voting list and that the advance votes received are correctly stated in the minutes of the EGM.

Point 6: Distributable profits available for distribution by the meeting amount to SEK 239 850 957. The Board proposes a dividend of SEK 4.25 per share, corresponding to a total distribution of SEK 61 762 845. The record date for the dividend would be 9 November 2020. Should the EGM decide in accordance with the proposal, payments would be made around 12 November 2020 through Euroclear Sweden AB. The remaining available distributable profit amounts to SEK 178 128 156.

Point 7: 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 392 768 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 8.80. Each participant will purchase his or her warrants at a price equal to the estimated fair market value but in order to diminish the risk that the total financial outcome would be negative for the participants, each participant will receive a compensation from the Group-entity in which each participant is employed that net of tax covers 80% of the cost for acquiring the warrants under the program. The remaining 20% of the cost for acquiring the warrants will be borne by the participants.

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 during the 10 trading days immediately preceding the date of valuation of the Warrants. Assuming full allotment and consequent subscription, the Company's equity would increase with approximately MSEK 85. Participation in the program and subsequent subscription requires that a participant remains an employee of the Company or its subsidiaries.

It is the Board's intention to repeat this program during 2021 and 2022. Each year's program is however independent from other programs and will be presented as such to the Company's General Assembly.

The maximum EPS/DPS dilution as a result of full subscription of shares under this proposed program is 2.6%. The 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 4.6. 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).

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 EGM.

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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