

Board's statement regarding proposed appropriation of profits

Before the Annual General Meeting on June 4 2020, it was decided that no dividend would be distributed due to the great uncertainty caused by Covid-19. During the recent months, uncertainty has decreased, but there is still reason to be restrained. The Board of Directors has therefore decided, after an overall assessment, to propose an Extraordinary General Meeting in September 2020 to decide on a dividend of SEK 3.50 per share, a total of SEK 567 million. The proposal complies with the Board's policy, in that decisions on dividends are to be based on an appraisal of the Group's profitability, future investment plans and financial position.

The Board has established that the Group should have a strong financial position with a net financial debt not exceeding 25 per cent of equity. At 31 December 2019 it amounted to 9 per cent and at 30 June 2020 it amounted to 7 per cent. The proposed dividend would increase net debt to equity by 2 percentage points.

Holmen AB's equity at 31 December 2019 amounted to SEK 10 656 million, of which non-restricted equity was SEK 4 741 million. Assets and liabilities measured at fair value according to Chapter 4 Section 14a of the Swedish Annual Accounts Act had an impact of SEK 146 million on equity. The Group's equity at 31 December 2019 amounted to SEK 40 111 million. In accordance with IFRS, no distinction is made at Group level between restricted and non-restricted equity. No value transfer to the shareholders has occurred since 31 December 2019 and the entire available amount according to Chapter 17, § 3 of the Swedish Companies Act as of 31 December 2019 of SEK 4,741 million is still available.

The Board considers that payment of a dividend of the amount proposed is justifiable in view of the demands made on the company and the Group by the nature, extent and risks associated with the business in terms of the amount of equity required, and taking into account the need for consolidation, liquidity and financial position in other respects. The financial position will remain strong after payment of the proposed dividend and is considered, even with regard to Covid-19, to be fully adequate to enable the company to fulfil its obligations in both the short and the long term, as well as to finance such investments as may be necessary.

Stockholm, August 2020

The Board of Directors