

Board's statement regarding proposed appropriation of profits

The Board of Holmen AB has proposed that the 2020 Annual General Meeting resolves in favour of paying a dividend of SEK 7 per share, SEK 0.25 per share higher than the preceding year, totalling SEK 1 133 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 proposed dividend corresponds to 13 per cent of net profit for 2019 for the Group and means that 2.8 per cent of equity in the Group at 31 December 2019 will be paid out by way of dividend.

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. The proposed dividend would increase net debt to equity by 3 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.

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 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, March 2020

The Board of Directors