

Board's proposal concerning (A) share capital reduction through the cancellation of shares and (B) a bonus issue

A. Share capital reduction through cancellation of treasury shares

The Board proposes that the Annual General Meeting approve a reduction in the company's share capital by SEK 175 000 000 through the cancellation of 7 000 000 class B company shares that have been repurchased by Holmen. The purpose of such share capital reduction is for allocation to non-restricted equity.

The decision regarding a share capital reduction as per point (A) may be made without the permission of the Swedish Companies Registration Office or, in disputed cases, of a general court of law as the company will simultaneously carry out a bonus issue as per point (B) below, for the same amount by which share capital is to be reduced, as per above. Overall, these measures will not result in a reduction in either the company's restricted equity or share capital.

Report by the Board as per Chapter 20, § 13, paragraph four of the Swedish Companies Act

As set out above, the Board proposes that the company's share capital be reduced by SEK 175 000 000 through the cancellation of 7 000 000 class B shares in the company. To ensure an efficient procedure without requiring permission from the Swedish Companies Registration Office or a general court of law, the Board has also proposed that the Annual General Meeting approve that the company's share capital be restored to its current amount by increasing the share capital by SEK 175 000 000 through a bonus issue without issuing new shares. The amount will be transferred from the company's non-restricted equity to the company's share capital, in accordance with point (B) below. A resolution in accordance with (A) above will result in the share capital decreasing by SEK 175 000 000 and a resolution in accordance with point (B) below will result in the share capital increasing by the same amount. Following implementation of the bonus issue the company's restricted equity and share capital will therefore be unchanged.

B. Share capital increase through a bonus issue without the issue of new shares

In order to restore the share capital following the proposed reduction in share capital as per point (A) above, the Board proposes that the Annual General Meeting also approve an increase in the share capital by means of a bonus issue for an amount of SEK 175 000 000, which corresponds to the amount by which the share capital is to be reduced through the cancellation of shares as per point (A) above. Such bonus issue shall be carried out without issuing new shares by transferring the amount from non-restricted equity.

The Board also proposes that the Annual General Meeting approve the mandate of the Board to make such adjustments to the decisions according to points (A) and (B) above that may be necessary for the registration of such decisions with the Swedish Companies Registration Office or Euroclear Sweden AB and, in general, to take those measures required for the implementation of such decisions.

Auditor's statement as per Chapter 20, § 14 of the Swedish Companies Act will be available on the company's website, www.holmen.com, no later than three weeks before the Annual General Meeting.

Majority requirement

Resolution by the Annual General Meeting in accordance with points (A) and (B) above shall be made as a collective decision. Approval of the proposal requires shareholders representing a minimum of two-thirds of both votes cast and shares represented at the Annual General Meeting to support the resolution.

Stockholm, 30 January 2020

The Board of Directors