

Statement by the Board of Directors pursuant to Chapter 18, Section 4 of the Swedish Companies Act regarding dividend proposal

Due to the difficulty of overseeing the consequences of the at the time recently commenced pandemic, the Board of Directors proposed to the Annual General Meeting 2020 held on April 2, 2020 not to decide on any dividend for the financial year 2019. Instead, the Board of Directors announced its intention to make a new assessment with respect to the dividend later on in the year, when the effects of the pandemic could be better understood.

The Board of Directors finds that Essity stands strong. Although the pandemic has had, and continues to have, a negative impact on parts of the Group's operations, the Company's earning capacity as well as its financial and market position are still very strong. Essity had a very strong 2019 in terms of earnings and market development. Moreover, Essity has a robust financial position and a solid funding situation. Earlier periods of declining activity in the global economy have had a limited impact on the Company. Hence, the Company is well positioned for a possible global economic slowdown. The Company has not used the short-term work allowance provided by the government (Sw. *statligt permitteringsstöd*).

The Board of Directors assesses that the Company's and Group's equity after the proposed dividend of SEK 6.25 per share, is sufficient in relation to the nature, scope and risks of the operations, as well as the consolidation requirements, liquidity and position in general, and that it enables the Company and the Group to fulfil their obligations and make desirable investments. The Company's equity would have been SEK 161,228,783 lower if assets and liabilities had not been valued at fair value pursuant to Chapter 4, Section 14 a of the Swedish Annual Reports Act. The Company has not decided on any value transfers since the balance sheet date December 31, 2019, why the amount available for distribution according to the most recently adopted annual report remains unchanged. Thus, it is possible to propose a dividend for the financial year 2019.

Stockholm in September 2020

Essity Aktiebolag (publ)

The Board of Directors