

Board of Directors' statement pursuant to Chapter 18, Section 4, Chapter 19, Section 22 and Chapter 20, Section 8 of the Swedish Companies Act

The Board of Directors has proposed that the Annual General Meeting (AGM) 2008 resolves on an appropriation of profit with a dividend of SEK 6.25 per share to the shareholders, in total SEK 217,503,950. In addition, the Board of Directors has proposed an automatic redemption procedure with reduction of the share capital for repayment to the shareholders whereby a total amount of SEK 522,009,480 will be distributed to the shareholders. Accordingly, the distribution to the shareholders amounts to a total of SEK 739,513,430 (the amount is calculated on the number of outstanding shares per 1 February 2008 when the company possessed 298,300 own shares). Further, the Board of Directors proposes an authorisation for the Board of Directors to repurchase own shares.

Due to the Board of Directors' proposed dividend, reduction of the share capital for repayment to the shareholders and authorisation for the Board of Directors to repurchase own shares, the Board of Directors hereby makes the following statement pursuant to Chapter 18, Section 4, Chapter 19, Section 22 and Chapter 20, Section 8 of the Swedish Companies Act (2005:551).

The group's profits carried forward from the previous year amount to MSEK 2 238 and the profit for the financial year 2007 to MSEK 431, of which MSEK 1 is attributable to minority share. For the parent company, profits carried forward are MSEK 1 025, and the profit for the financial year 2007 is MSEK 378. Assuming the AGM 2008 approves the Board of Directors' proposed appropriation of profits and reduction of the share capital for repayment to the shareholders, SEK 663,224,907 will be carried forward. The company's restricted shareholders' equity is fully covered after the proposed dividend and reduction of the share capital for repayment to the shareholders.

The Board of Directors considers that after the proposed dividend, reduction of the share capital for repayment to the shareholders and the authorisation for the Board of Directors to repurchase own shares, the group's and the company's shareholders' equity will be sufficient in relation to the nature, scope and risks of the business of the group and the company. In this context, the Board of Directors has considered factors such as the group's profit level, future outlook, cash flow and investment requirements.

The Board of Directors has considered the group's and the company's position and the group's and the company's prospects of fulfilling their commitments in the short and long term. At year-end, the proposed dividend and reduction of the share capital for repayment to the shareholders amounts to 27 % of the consolidated shareholders' equity and 32 % of the company's adjusted shareholders' equity. The company's shareholders' equity would have been MSEK 18 lower if the assets and liabilities valued at fair value pursuant to Chapter 4, Section 14 a of the Swedish Annual Accounts Act, instead had been valued on the basis of acquisition value, or according to the lower of cost or market principle (Sw. lägsta värdets princip).

After the distribution of dividend and reduction of the share capital for repayment to the shareholders, the group's and the company's equity/assets ratios are 39 % and 34 %, respectively. Accordingly, the group's and the company's equity/assets ratios are satisfactory.

The Board of Directors considers that the group and the company will be able to assume future business risks, and to withstand potential losses. The dividend, the reduction of the share capital for repayment to the shareholders and the authorisation for the Board of Directors to repurchase own shares will not have a detrimental impact on the group's or the company's capacity to make further investments pursuant to the plans of the Board of Directors.

The proposed dividend, the reduction of the share capital for repayment to the shareholders and the authorisation for the Board of Directors to repurchase own shares will not have a detrimental impact on the group's or the company's capacity to fulfil their payment commitments. The group and the company have ready access to short and long-term credit that can be drawn down at short notice. Accordingly, the Board of Directors considers that the group and the company are well prepared to respond to changes in regard to liquidity as well as unexpected events.

In addition to the above, the Board of Directors has considered other known circumstances that may be significant to the group's and the company's financial position. In this context, no circumstances have arisen implying that the proposals on dividends, reduction of the share capital for repayment to the shareholders as well as the authorisation for the Board of Directors to repurchase own shares, would not appear justifiable.

Höganäs in March 2008

HÖGANÄS AB (publ)

The Board of Directors