

AGM 2023

Henrik Sjölund

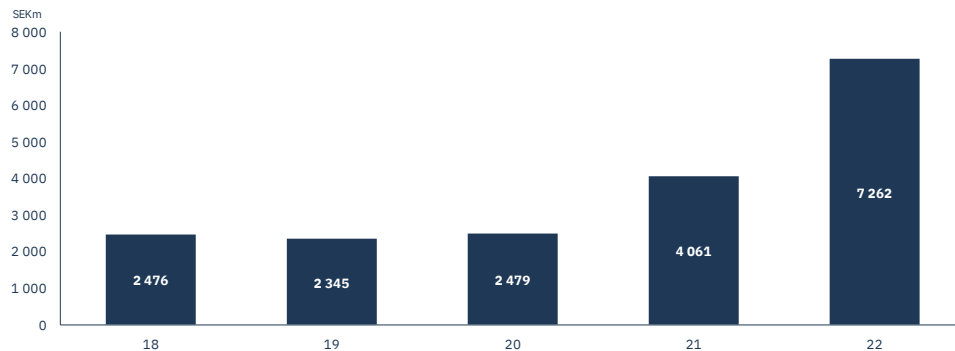
28 march 2023



Mr Chairman, esteemed shareholders,

First of all, I would like to say how nice it is to be able to meet in this way again. The last few years have been turbulent to say the least, starting with a global pandemic that brought the world to a halt and shaped our lives in a way no one had thought possible. And most recently with Russia's war against Ukraine, which, in addition to the enormous human suffering, has had far-reaching consequences for both Europe and the world in general.

Operating profit*

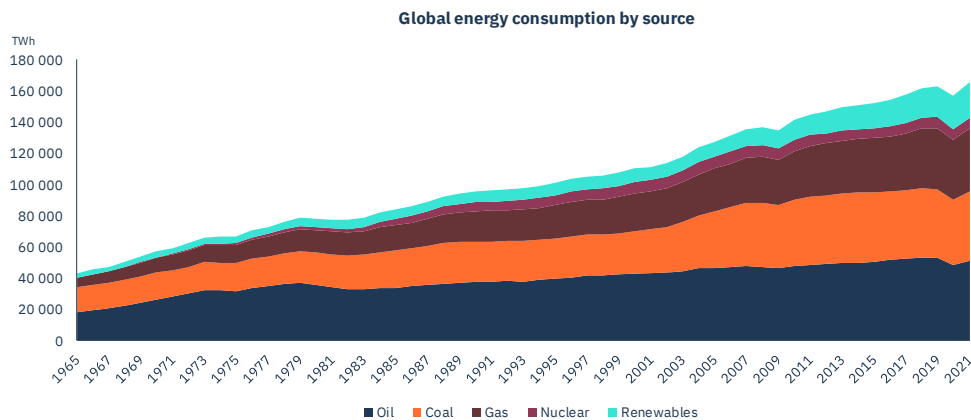


In a changing and uncertain world, it is reassuring that Holmen's business model – creating value from our forest assets – has proven to be both stable and successful. With our own forest resources and renewable energy production, we at Holmen have been able to develop well in our business areas, despite the uncertain global environment, with earnings in 2022 reaching more than SEK 7 billion. Which is a fantastic result by any measure. We can also report that interest in owning forest remains high, as reflected in the 11 per cent increase in the value of our forest assets, to just over SEK 52 billion.



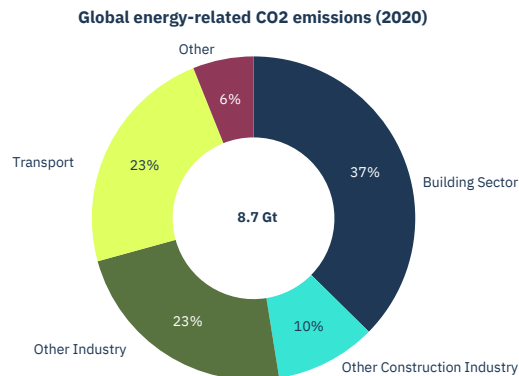
We live in a world in which economic growth and the use of fossil fuels have previously gone hand in hand. Reversing this trend is a global challenge, perhaps the greatest we as humans have faced, and for a while it looked like the pandemic might actually help achieve this necessary transition. But as societies reopened and the economy took off again, emissions increased rapidly and Europe was hit by an energy crisis, resulting in a shortage of raw materials and rising prices. This crisis has been exacerbated by the war in Ukraine. Although the acute phase of the energy crisis has at least temporarily subsided, prices are unlikely to fall to the historically low levels to which we had become accustomed, with consequences for both individuals and European industry.

The world has been fossil fueled



Looking back over the past 50 years, the world's energy consumption has tripled, and this increase in demand has almost exclusively been met using fossil fuels. Russia's invasion of Ukraine highlighted our dependency on fossil fuels, and in order to move away from such a dependency Europe needs to change its energy supply strategy. And this has to be done quickly. This means not only that we need to produce more fossil-free electricity, but also that we need to electrify substantial elements of our industrial production, heating and transport.

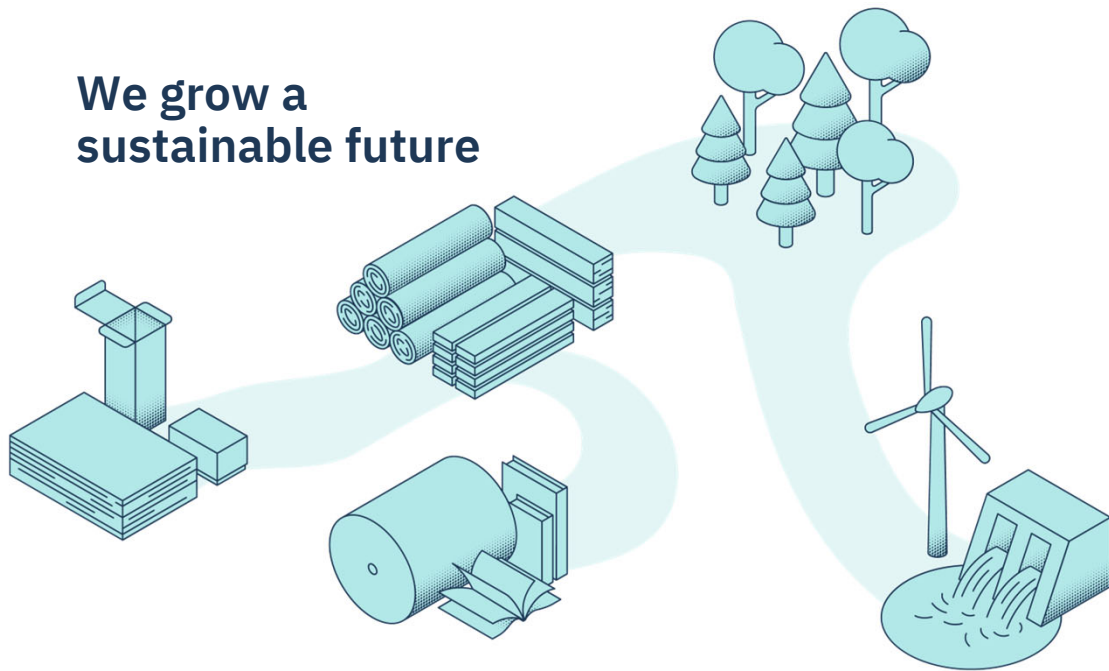
Buildings accounts for 1/3 of global emissions



The real estate sector accounts for more than a third of Europe's carbon emissions. The main challenge in this regard is that making the production of the primary construction materials, cement and steel, sustainable is both costly and difficult. Not least because these materials require huge amounts of energy to manufacture – energy that is currently both scarce and largely based on fossil fuel sources.

So how does all this affect Holmen and our business operations? As the focus on both climate issues and the energy situation intensifies, it is becoming increasingly clear that forests and their products have a vital role to play in a fossil-free future. In a world in which raw materials and energy are scarce, we have an opportunity to make a real difference.

We grow a sustainable future



Holmen owns 1.3 million hectares of land and everything we do is based on our large forest holdings. The wood from our forests is refined into wood products for sustainable building, and we turn whatever is left over into paperboard of world-leading quality and innovative paper products. In addition, we use the water rushing down the rivers and the wind blowing over the treetops to produce renewable energy. All in all, we have a business that not only creates value for customers and shareholders, but also contributes to a better climate and thriving rural communities.

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I would now like to show a short film that describes our activities and how, by combining nature and technology, we can create a sustainable future.

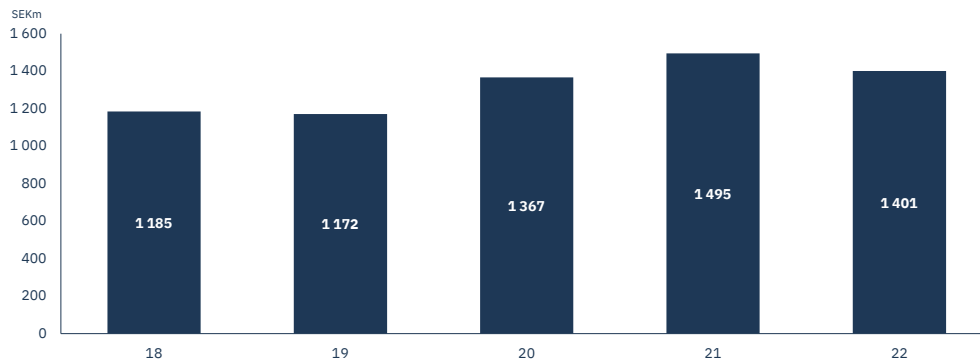


Forest

In our forests, we grow houses. By this, we mean that we manage forests in a way that generates as much timber as possible. We have long combined active forestry with preservation of biodiversity, and we are seeing this bear fruit with a steadily increasing volume of standing timber and larger harvests from healthy ecosystems.

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Operating profit Forest*



10

*Excl. item affecting comparability.

The demand for both logs and pulpwood was high in 2022 and wood prices have gradually risen, helping to drive up earnings from the Forest business area to SEK 1.4 billion. Our strong position in the wood market, where we have good control over the raw materials, is a real advantage in these times of increasing competition for forest raw material. This gives us a secure supply of raw material and good conditions for the further development of our industries.

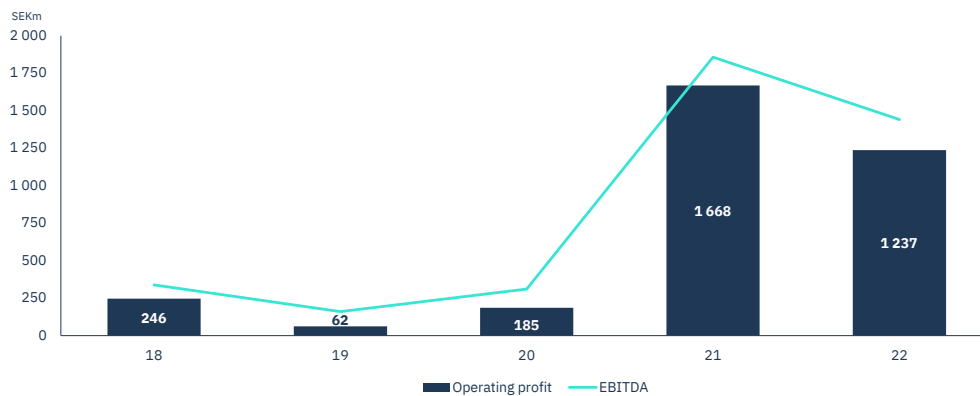


Wood Products

Our growing forests contribute to the climate by sequestering and storing carbon, but the main benefit comes when we are able to increase the production of wood products, paperboard and paper to replace fossil alternatives, while at the same time the carbon dioxide absorbed by the growing trees is stored in buildings and homes.

In recent years, via acquisitions and investments, we have expanded our wood products business while moving forward in the value chain by offering CLT and glulam products and increasing sales directly to builders' merchants.

Operating profit Wood Products



12

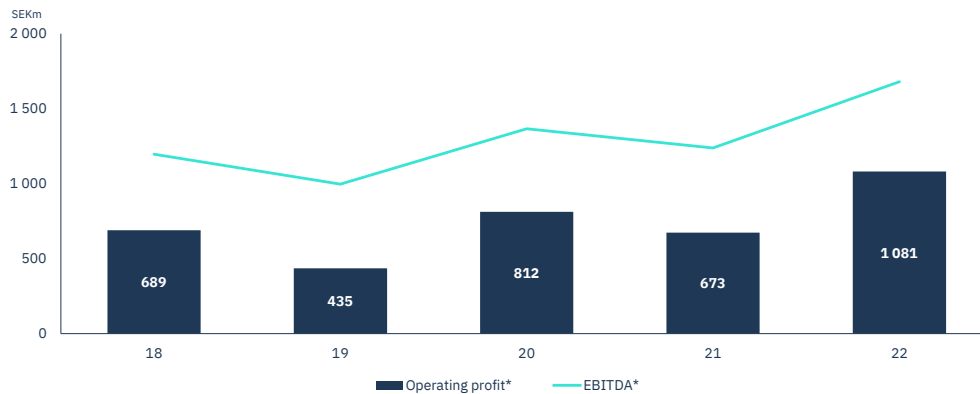
After a strong performance in the first half of 2022, the wood products market abruptly stalled due to high stock levels and uncertainty about the prospects for the construction industry. Thanks to the excellent start to the year, earnings for the Wood Products business area were still high, at just over SEK 1.2 billion. With a strong position in the wood market, we believe there are good opportunities to develop our wood products business in line with the increasing demand for sustainable building materials.

Paperboard



When we saw wood, any residual material is used in our paperboard and paper mills, where wood chips and shavings from the sawmills are topped up with wood from trees that are too thin to be used for construction material. Being able to offer paperboard products of the highest quality, with a low climate footprint, involving a raw material that is traceable back to sustainably managed forests, puts us in a strong position in the premium segment for consumer packaging.

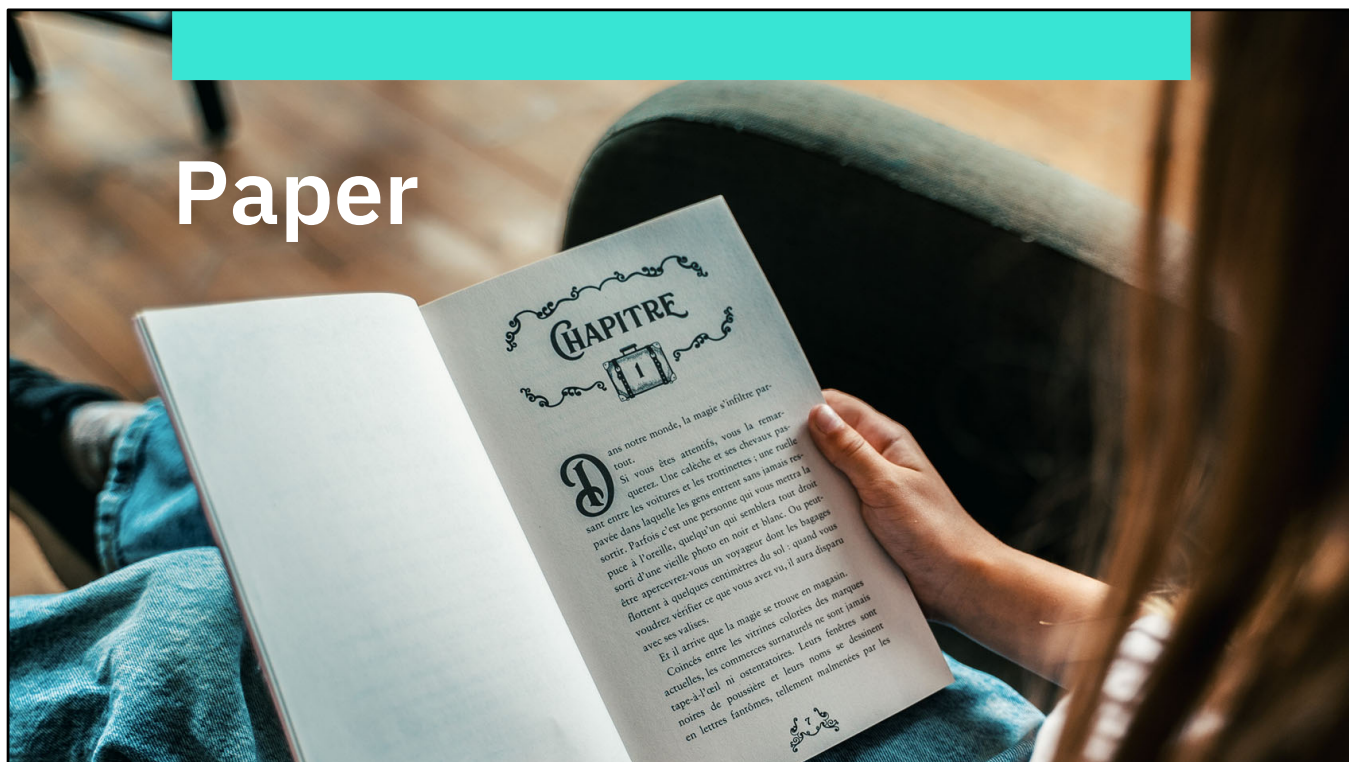
Operating profit Paperboard



Demand for paperboard was good in 2022 and prices settled at a higher level during the year. Higher prices and the fact that both our paperboard mills are to a great extent self-sufficient in renewable energy also contributed to an increase in earnings for the Paperboard business area to just over SEK 1 billion, despite higher raw material costs.

The paperboard market is expected to continue to grow, even if it is affected in the short term as the economy slows. With our favourable cost position, we will therefore continue to develop this area of business and we will increase the pace of investment in the coming years.

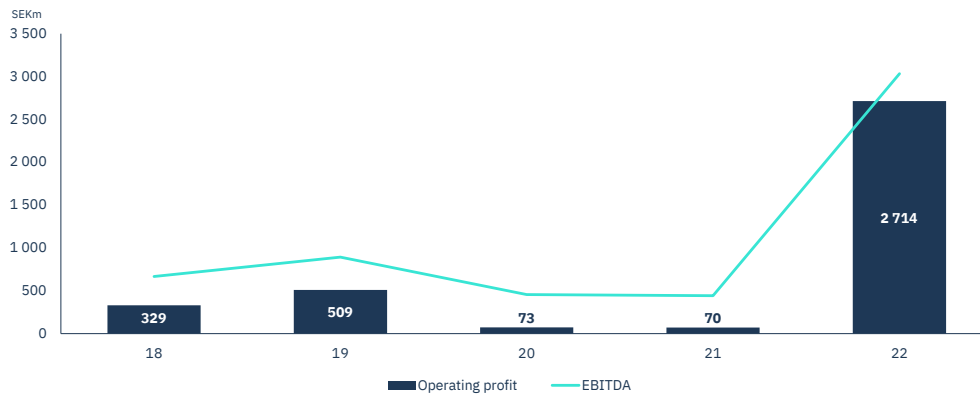
Paper



In contrast to the stable growth of the paperboard market, the demand for paper has been characterised by an underlying structural decline for almost fifteen years. Holmen has worked with paper production for over 100 years and we are convinced that, as a material, paper still has an important role to play in society, today and in the future. We have also adapted our business and reduced our exposure to printing paper.

Our strategy is to deliver and constantly develop products that are competitive over time. Our paper business has a good competitive position in the market for book and magazine paper, while we are also exploring new opportunities in packaging with the launch of paper for corrugated cardboard boxes.

Operating profit Paper

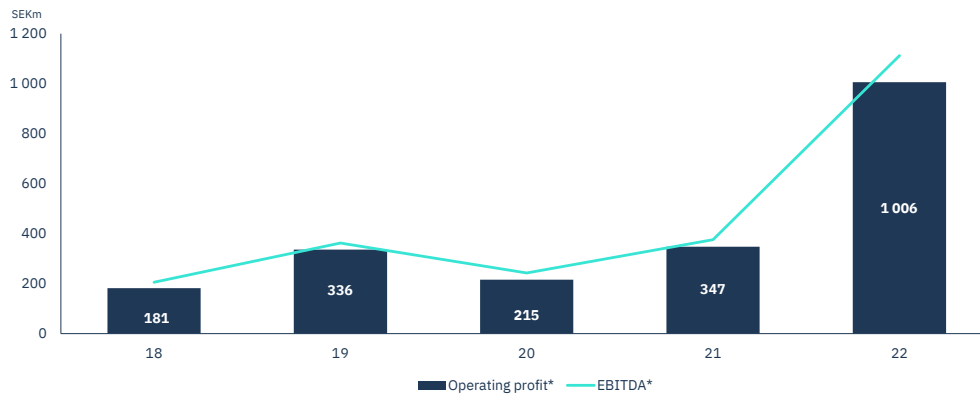


Despite declining demand in several segments, paper prices climbed to record levels in 2022, as a result of energy and fibre shortages. Earnings for the Paper business area rose to an amazing SEK 2.7 billion as a result of high selling prices and our ability to successfully adapt production to an environment of volatile electricity prices, combined with electricity price hedging.



The energy crisis in Europe has created significant difficulties in securing enough energy for households and industry. This has had far-reaching consequences for the whole of our society and shows just how sensitive the European energy system is and how dependent we are on fossil fuels such as gas and coal.

Operating profit Renewable Energy



18

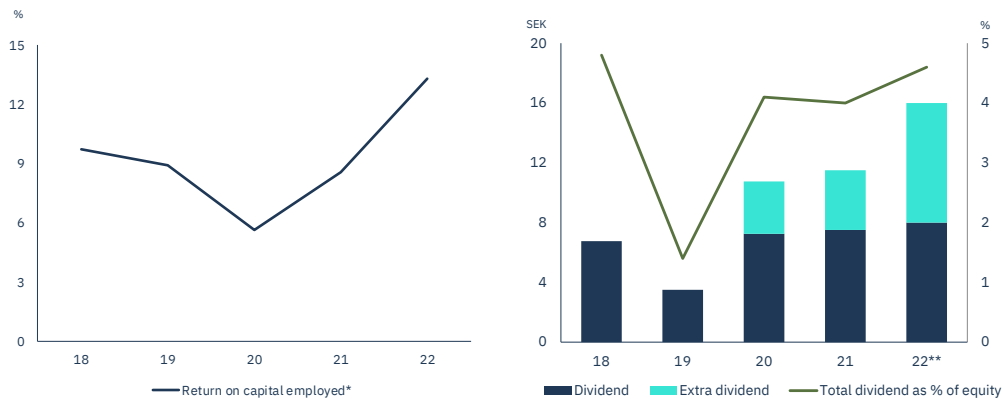
*Excl. item affecting comparability.

The energy crisis in Europe also caused electricity prices in Sweden to rise to new record levels in 2022. Although electricity prices were lower in northern Sweden, where we have the majority of our electricity production, higher prices, the expansion of wind power and higher remuneration for our hydro power's contribution to stabilising the electricity system resulted in earnings for the Renewable Energy business area increasing to just over SEK 1 billion.



At a time when the whole world needs to switch away from fossil energy sources, prompting a dramatic increase in electricity use, the need for more renewable energy is enormous. Last year, we increased our capacity for renewable energy production by 40 per cent with the addition of the Blåbergsliden Wind Farm and the acquisition of Varsvik. With more weather-dependent energy from wind and solar, the need for controllable power also increases and it is clear that the value of hydro power's contribution to stabilising the electricity system has increased in recent years. With our extensive landholdings, we are well placed to establish more wind power on our own land and continue to grow our energy business, even if lengthy permit-issuing processes are currently hampering development.

Profitability and dividend



20

*Excl. items affecting comparability.
**Proposed dividend.

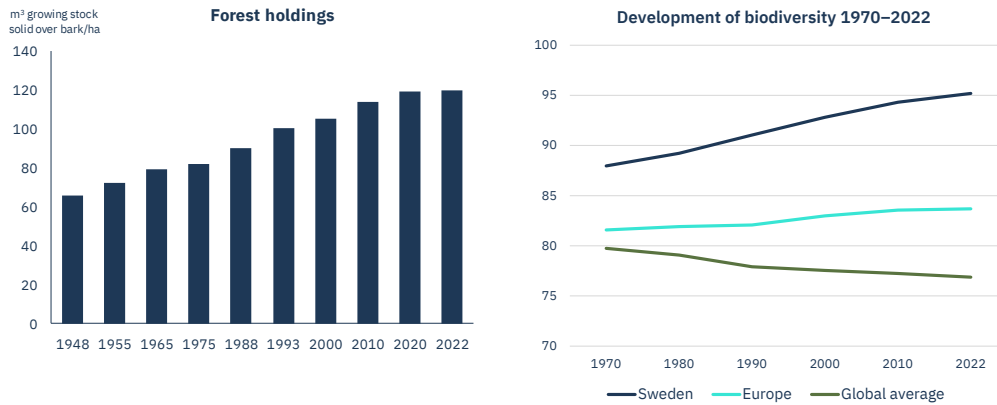
In light of the record earnings in 2022, the Board proposes an increased dividend of SEK 8 plus an extra dividend of SEK 8. Holmen's financial position remains strong, even after payment of the dividend, and the Group's net debt at year end amounted to just over SEK 2.1 billion, equating to 4 per cent of equity. Having a strong financial position gives Holmen room for manoeuvre when making long-term commercial decisions and enables us to reward our shareholders with a good annual dividend.



As mentioned, forests form the basis for everything we do. Forests also have a crucial role to play in the climate transition, not least with regard to sustainable construction. The whole chain from seed to wooden building relies on active and sustainable forestry to produce the raw material needed. And even though forests are a renewable resource, the supply of this raw material is very limited across much of the world.

Here in Sweden, we have managed our forests for generations and forestry is deeply rooted in our culture. Over the years, we have also learnt how to manage our forests in a way that generates high growth and ensures viable ecosystems.

Growing forests with increased biodiversity

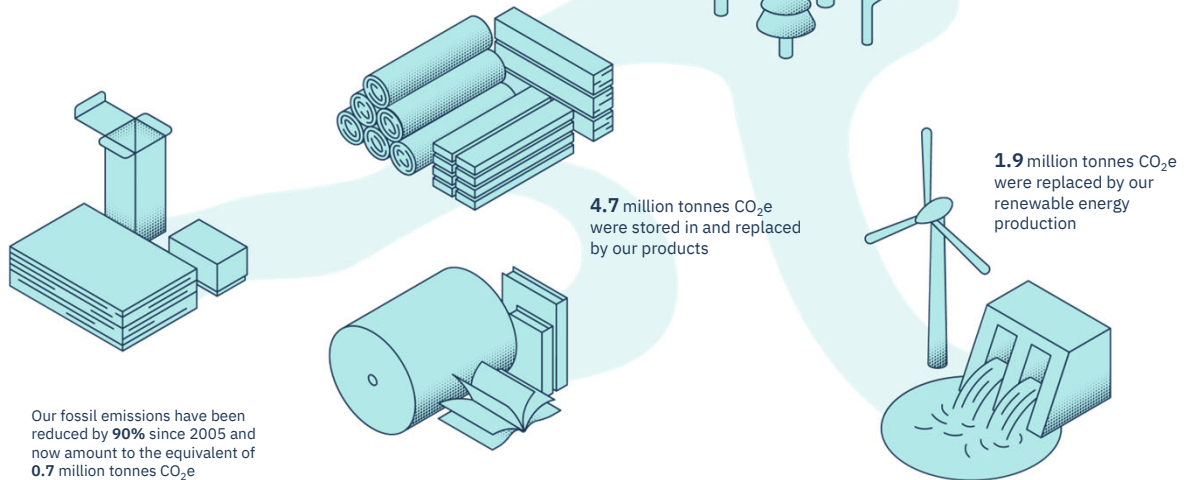


Source: [Natural History Museum](#)

Ahead of the UN climate summit on biodiversity, COP15, a research team at the UK's Natural History Museum launched a biodiversity index that tracks how the world's biodiversity is being affected by human activity. The index is based on the world's largest database of how ecological communities have been affected by humanity and is used to monitor biodiversity in different regions, with the desired level of biodiversity in an area being at least 90 per cent.

Since 1970, the year from which data is first available, the development of Sweden's index has been better than both the European and the global averages, and today we are at just over 95, a level with good conservation status and favourable conditions for functioning ecosystems. And this at a time when the amount of wood in our forests has doubled in the last hundred years.

Holmen's climate benefit 7.2 million tonnes CO₂e



With growing forests and renewable products that can replace fossil materials, Holmen's business operations are already contributing to a better climate. Last year, our business operations led to a climate benefit of 7.2 million tonnes of carbon dioxide. This is equivalent to 15 per cent of the total emissions within Sweden's borders.

With the forest as a foundation, we create value that lasts over time, while also contributing to a better climate here and now.

And with that, I would like to thank you for your attention and hand you over to the Chairman.

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