

HOLMEN

WE
GROW
HOUSES

Annual Report
2023

CONTENTS

2023

Business overview

Holmen in brief	03
CEO's message	04
Strategy and targets	06
Investment case	10
The year in brief	14
Forest	16
Wood Products	20
Paperboard	24
Paper	28
Renewable Energy	32
Circular business	36
Climate benefit	38
Biodiversity	40
Employees and thriving rural communities	42

Governance

Corporate governance report	44
Risk management	49
Shareholder information	54
Board of Directors	56
Group management	58
Calendar and information	59

Financial report

Financial statements	60
Notes	66
Proposed appropriation of profits	92
Auditor's report	94

Sustainability report

General information	97
Environment	99
Social	103
Governance	104
Taxonomy	106
Auditor's report on its review	110

Additional information

Key figures	111
Ten-year review, finance	112
Five-year review, sustainability	114
Business overview	116
Definitions and glossary	118

100% Holmen-produced

This entire annual report is made using Holmen's own products. The cover is printed on **Invercote G**, manufactured at Iggesund Mill. This is a paperboard with high whiteness and a smooth, matt surface. The paperboard is ideal for graphical products with a surface finish. The insert is printed on **Holmen TRND**, which is manufactured at Hallsta Paper Mill. This is an uncoated, matt magazine paper that offers a wide range of options in terms of bulk, grammage and shade. Both Holmen TRND and Invercote G are made using fresh fibre from sustainably managed forests.

Holmen AB (publ.), corporate identity number 556001-3301, submit the annual report for the parent company and the Group for the financial year 01.01.2023–31.12.2023. The annual report comprises the administration report (pages 2, 6–9, 14–15, 42–59, 92–93 and 111) and the financial statements, together with the notes and supplementary information (pages 60–91). The statutory sustainability reporting in accordance with the Annual Accounts Act comprises pages 97–110. The Group's consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be adopted at the Annual General Meeting.

Sustainability information is reported in accordance with the Global Reporting Initiative's GRI Standards 2021. The Sustainability Report comprises pages 97–110 and the GRI index on the website holmen.com. The information is audited by a third party, see separate assurance report on page 110.

This is a translation of the Swedish annual report of Holmen Aktiebolag (publ.). In the event of inconsistency between the English and the Swedish versions, the Swedish version shall prevail.

The cover is printed on Invercote G 280 gsm. **The insert** is printed on Holmen TRND, 2.0 – 80 gsm. **Layout:** Identity Works. **Production:** Gylling Produktion AB. **Photos:** Ulla-Carin Ekblom, Fredrik Schlyter, Jonas Westling, Christian Ekstrand, Torbjörn Jakobsson and others. **Print:** Larsson Offsettryck AB.

HOLMEN GROWS HOUSES

We manage the forest actively and sustainably, and use the raw material wisely and far-sightedly. The wood 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. When we grow houses, we are also growing change.

2023 IN FIGURES

Net sales

22 795 SEKm

Cash flow*

5 311 SEKm

Operating profit

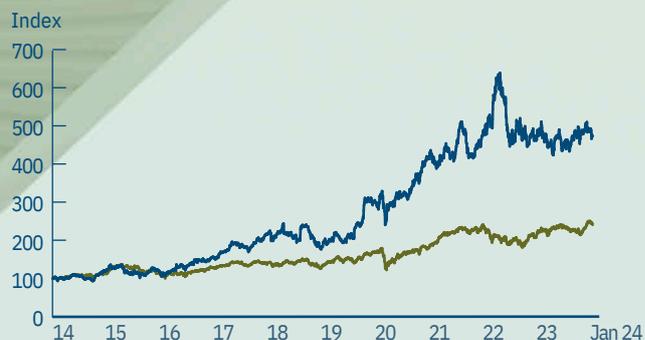
4 755 SEKm

No. of employees

3 546

**Before investments and changes in working capital*

Total shareholder return Holmen B and OMX Stockholm



■ Holmen B ■ OMX Stockholm 30 (OMXS30)

DEAR SHAREHOLDERS,

2023 was defined by the central banks' attempts to combat inflation through interest rate rises, which slowed the pace of newbuild construction and stifled consumption. Despite the challenging economic environment, we were able to maintain operating profit for 2023 at a historically good level of SEK 4 755 million.

Higher interest rates contributed to a decline in demand in the previous year, but our business model – creating value based on our forest assets – has proven successful even during these tougher times. With our large forest holdings as a foundation, we grow houses while also harnessing the energy that blows over the treetops and flows in the rivers. We then make renewable packaging, magazines and books from the residual forestry products.

In light of the solid earnings and our strong financial position, the Board of Directors proposes that the dividend per share be increased from SEK 8 to SEK 8.5, with the payment of an extra dividend of SEK 3.

Forest and energy are in-demand resources

The forest has a key role to play in the climate transition and demand for both logs and pulpwood is expected to increase. Although the industry has not been running at its peak, competition in the wood market across the Nordic region remains high and prices climbed further in 2023. Wood prices are now 30 per cent higher than the historical average, and the value of Holmen's forest properties has increased by SEK 4 billion to SEK 56 billion. With a little over a million hectares of productive forest land, we have a much sought-after resource that literally grows year on year. Our position in the wood market, with good control over raw materials and the entire value chain, ensures the long-term security of our raw material supplies and gives us good opportunities to continue developing our industries.

The European energy market is undergoing a major transition. Roughly half of today's electricity production in Europe is fossil-free, but electricity only accounts for a quarter of total energy consumption and almost all other energy consumption is fossil-based. Europe has accelerated its climate transition and is beginning to pave the way for new green industry. As a result, considerable renewable electricity production is going to be needed, and Holmen is continuing to pursue permits for new wind turbines on its own land. Our hydro power additionally contributes to the production of electricity at times of peak demand in order to stabilise the grid. The role of controllable hydro power is also going to become increasingly important as more weather-dependent electricity production is added to the energy mix. The energy situation in Europe improved over the year thanks to good gas stocks, lower production levels in energy intensive industries and a milder winter. Continental electricity and energy prices have also stabilised, but at a higher level than before the energy crisis.

There is significant potential for Holmen to deliver more renewable energy, but to realise this, we need permits from the authorities. I really hope politicians will speed up the permit processes, for the sake of Sweden and the green transition. I am pleased to report that in 2023 we obtained permits for two new wind farms. In the first phase we intend to build Blisterliden Wind Farm in Västerbotten for a 20 per cent boost to our production of

wind and hydro power. Alongside this, we are also beginning work with Vattenfall on Stormyrberget Wind Farm in Västernorrland, a project that may be ready for an investment decision by 2025.

Adding value at our own facilities

Buildings account for considerable emissions of greenhouse gases, in construction and during the building's lifecycle. As a building material, wood is benefitting from the ongoing transition to more sustainable building, in a trend that is expected to drive up demand for wood products, particularly if concrete and steel are made to carry their true cost to the climate. There is considerable interest in large-scale wood construction, but demand from the rest of the construction market was subdued over the year due to high interest rates. Given our strong position in the wood market, we see good opportunities to develop the wood products business in pace with the increasing demand for sustainable building materials. The first step is to increase capacity at Iggesund Sawmill, and to ramp up the production of glulam and CLT.

Over the years, Holmen has succeeded in developing both paper and paperboard based on fresh wood raw material and a largely fossil-free production process. Our well-invested facilities, access to fossil-free electricity and local wood make us highly competitive, and we are continuing to develop our process industry. Within paperboard, we have excellent opportunities to grow the premium business over time, while in paper we are investing to strengthen our book paper business while also launching a new product for transport packaging.

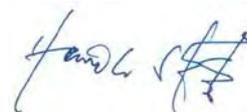
To further increase our competitiveness and strategic capabilities, we are now combining paperboard and paper into a single business area – Holmen Board and Paper. This move sees us focusing our business model on four distinct business lines: forestry, hydro and wind power, woodworking industry and process industry operations.

Well equipped for the future

Holmen's strategy draws on the fact that the world is transitioning towards using energy and materials sustainably. Our growing forests bind carbon dioxide and all our products help to replace fossil-based materials such as concrete, steel and plastic. Our electricity production makes it possible for people to charge their electric cars and for companies to run their production on renewable energy sources. Our positive climate impact for 2023 equated to 7.5 million tonnes of CO₂e.

Our strong financial position makes Holmen well placed to succeed even during tough economic times. Backed up by our own forest and energy production, we have been able to continue developing and advancing our business despite global uncertainties. And that is going to continue.

Stockholm, 22 February 2024



Henrik Sjölund, President and CEO



»Holmen's strategy draws on the fact that the world is transitioning towards using energy and materials sustainably.«

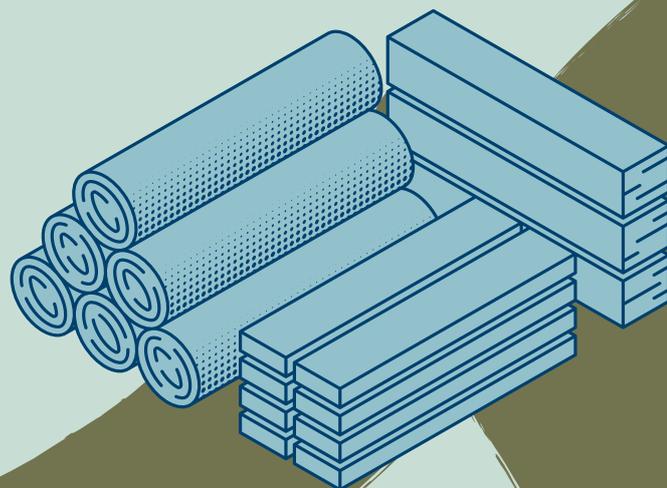
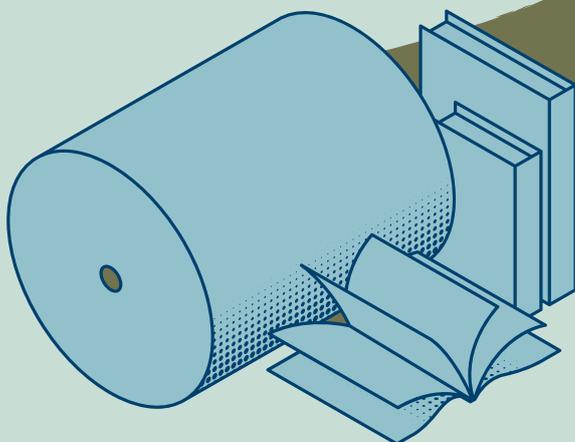
GROWING A SUSTAINABLE FUTURE

Our business concept is to own and add value to the forest

Holmen's extensive forest holdings are the foundation of our business. Using our own production facilities, the growing trees are refined into everything from wood for climate-smart building to renewable packaging, magazines and books, while at the same time we generate hydro and wind power on our own land. A business that not only creates value for customers and shareholders, but also contributes to a better climate and thriving rural communities.

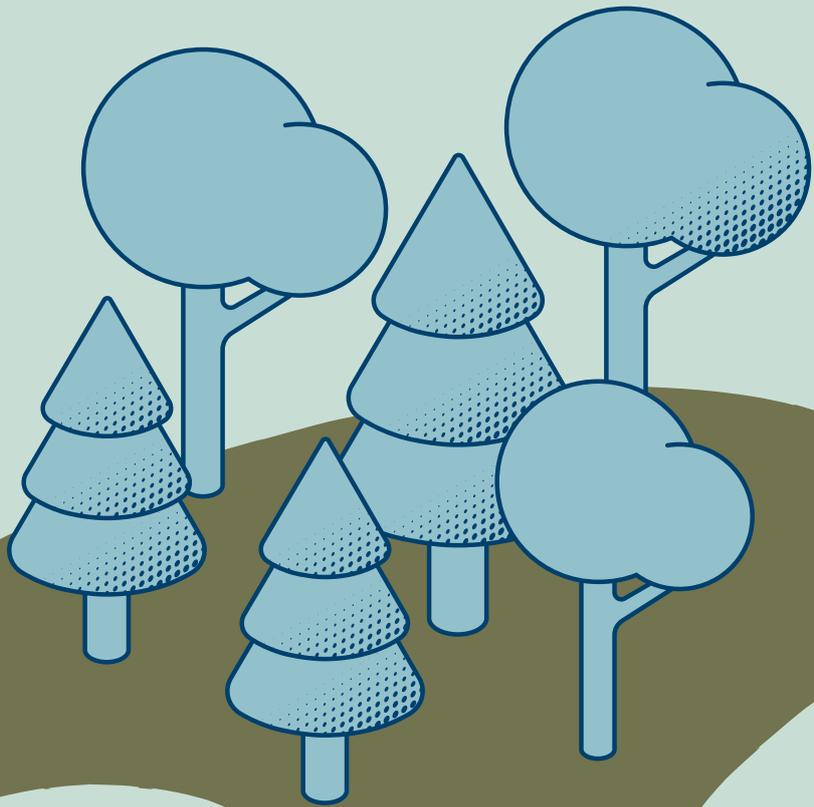
↘ Paper

The Paper business will be developed by offering resource-efficient alternatives to traditional products.



↑ Wood Products

The Wood Products business will grow through products and solutions for sustainable building.

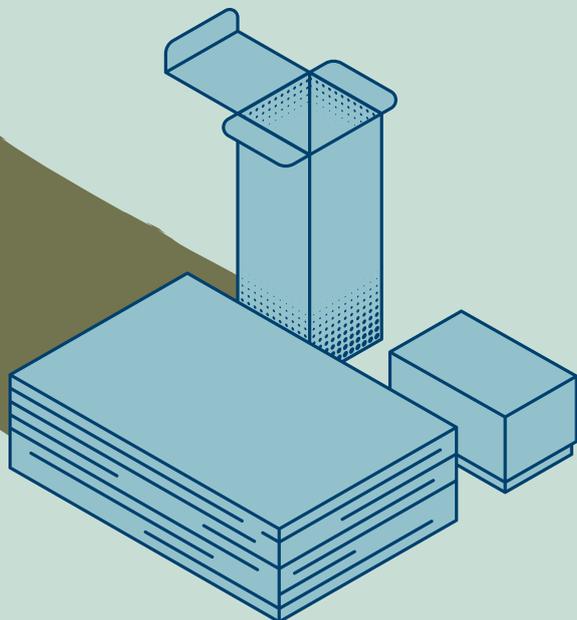


↙ Forest

Forest growth and future harvests will increase through active and sustainable forestry. A strong position in the wood market will enable the development of Holmen's production facilities.

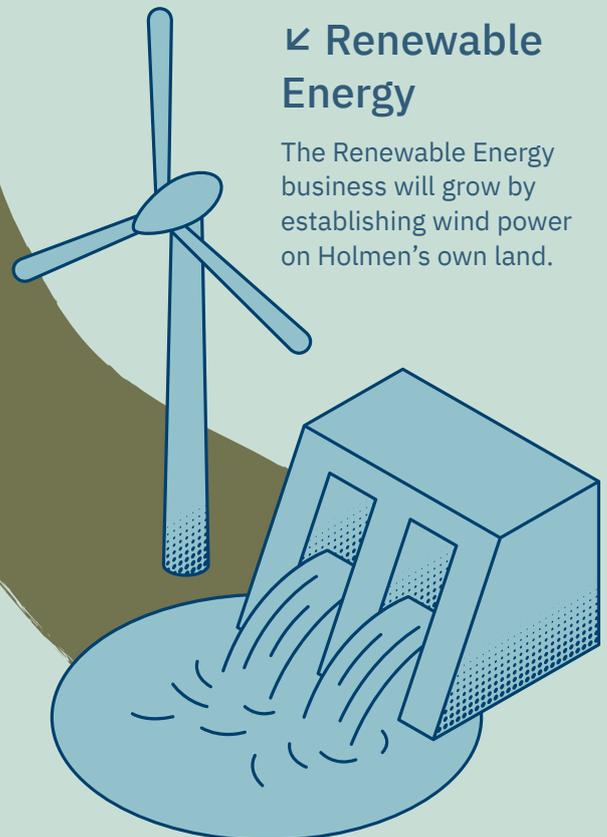
↓ Paperboard

The Paperboard business will develop on the basis of its position as a market leader in the premium segment for renewable consumer packaging.



↘ Renewable Energy

The Renewable Energy business will grow by establishing wind power on Holmen's own land.

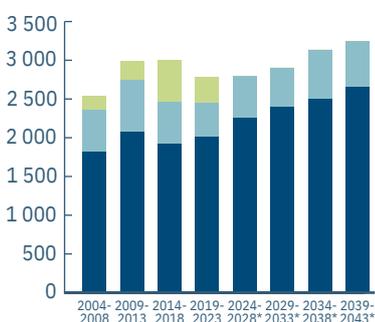


WE AIM TO CREATE VALUE THAT STANDS THE TEST OF TIME – WHILE CONTRIBUTING TO A BETTER CLIMATE

Forest

The forest is sustainably managed to provide a good annual return and stable value growth. Growth and harvests will increase over time.

Annual harvest, '000 m³sub/year



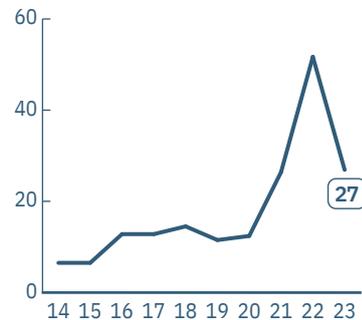
■ Harvest ■ Thinning ■ Storms & other events
*Forecast

In 2023, volumes amounted to 2.7 million m³, which is in line with the current harvesting plan. The value of the Group's forest assets increased by 8 per cent to SEK 56 billion.

Industry

The industrial operations are run with a focus on long-term profitability. The target is for a sustained return of over 10 per cent on capital employed.

Industry's return on capital employed, %*



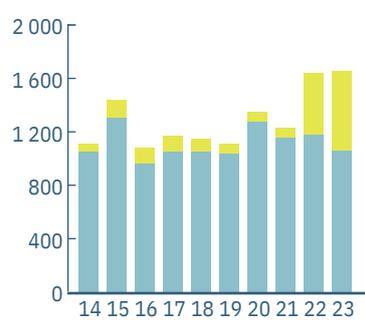
*Excl. items affecting comparability

Over the past 10 years, the return for the industrial side of the business has averaged out at 18 per cent, and in 2023 the figure was 27 per cent, driven by excellent profitability in Paper.

Renewable Energy

Deliveries of renewable energy will increase by complementing our existing hydro power with wind power on our own land.

Deliveries of hydro and wind power, GWh



■ Hydro power ■ Wind power

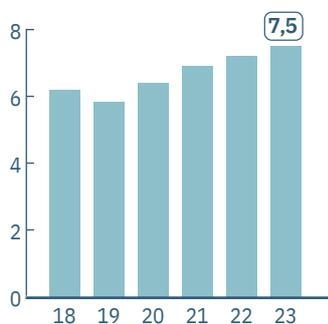
In 2022, Blåbergsliden Wind Farm came online and the outstanding shares in Varsvik Wind Farm were acquired. These sites generated 450 GWh wind power in 2023.



Climate benefit

We will increase our benefit to the climate through higher growth in our forests and higher sales of renewable products that store carbon dioxide and replace fossil-based alternatives, while also reducing the fossil emissions along our value chain.

Climate benefit, million tonnes CO₂e



The erection of new wind turbines and expansion of the wood products business have increased Holmen's climate benefit, which in 2023 came in at 7.5 million tonnes CO₂e, with all the business areas making a positive contribution. For further information, see page 38.

Capital structure

Our financial position is to be strong in order to secure room for manoeuvre when making long-term commercial decisions. Net financial debt will not exceed 25 per cent of equity.

Net debt as % of equity

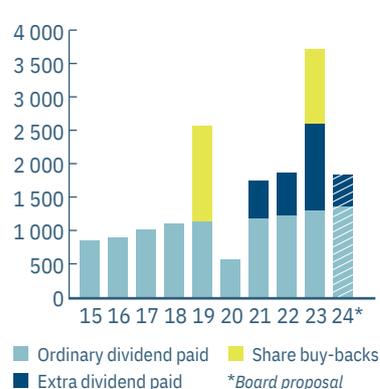


Net financial debt in relation to equity has consistently been below 10 per cent over the past five years, and amounted to 3 per cent in 2023. Good cash flow has allowed for a higher dividend and share buy-backs, while retaining a strong financial position.

Dividend

Holmen will generate a good annual dividend for shareholders. The level is determined by the Group's profitability, investment plans and financial situation. The dividend is supplemented with share buy-backs where this is judged to create long-term value for shareholders.

Dividend and share buy-back, SEKm



Alongside the gradual increase in the ordinary dividend, extra dividends and share buy-backs have also been implemented. The Board proposes that the 2024 AGM approve a dividend of SEK 8.5 per share and an extra dividend of SEK 3.0 per share.

THE VALUE OF OWNING FOREST

Forest land is a fantastic asset. It provides a renewable raw material that can be processed into the climate-smart products needed for a sustainable future. And at the same time, wind and hydro power can be produced without interfering on the forestry.

As we all strive to reduce our dependence on fossil raw materials, forest products have a key role to play and demand will only increase in the future. Active forest management enables the trees to grow better, which in turn increases the amount of renewable raw material. The fact that Holmen owns 1.3 million hectares of land provides fantastic opportunities to create value over time.

The growth in the forest is the result of our active and sustainable forest management, which begins with the seed – we raise our own seedlings and reforest all the areas that are harvested. Because the annual growth is greater than the harvest, the amount of wood in our forests is also increasing year on year. In 2023, Holmen's total volume of standing timber amounted to 126 million m³ growing stock, solid over bark, which is 5 per cent higher than 10 years ago. As well as harvesting the forest on our own land, we also purchase wood from private forest owners and other Swedish forest companies. Almost 15 000

private forest owners have chosen us as a forestry partner. The amount of forest we refine at our own production facilities is thus twice the volume that we harvest from our own forest, and all this wood is used for everything from timber for climate-smart construction to renewable packaging, magazines and books.

Revenue from our forest holdings

Owning forest naturally provides a chance to earn revenue when the forest is harvested. The best prices are achieved for the large logs that are turned into construction material. Holmen uses the narrower part of the tree and wood from thinning, along with residual wood chips from the sawmills, to manufacture paperboard and paper. Wood products used for houses and other structures add considerable value by storing carbon for a long period while at the same time replacing fossil emissions from concrete and steel. Paperboard and paper also contribute to a better climate when they replace fossil materials, are recycled and finally create benefit as bioenergy. In addition to logs and pulpwood, wood shavings, bark, treetops and branches have their own uses and are sold on for the production of district heating and so on. Nothing goes to waste.

Wind and hydro power. Holmen's renewable energy production is

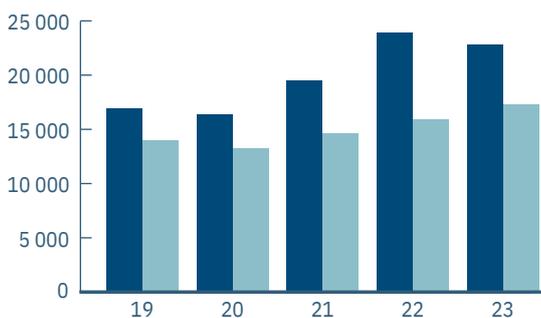
dominated by the plannable hydro power from our 21 wholly or partly owned power stations. Hydro power provides a reliable electricity supply and delivers major social benefits in the transition to more renewable energy sources.

Owning forest land also gives us the option of developing our own wind power resources. This is a great way to derive added value from our land, as higher energy production provides a good cash flow. Holmen's second wholly-owned wind farm, Blåbergsliden, became fully operational in 2022. Blåbergsliden contributes its annual production of 0.4 TWh to the grand total of 1.8 TWh of hydro and wind power that we generate each year. In 2023, we obtained permits for another two wind farms on our land, and decisions on their construction could be made within a year.

Other opportunities on our land.

Where parts of our land holdings are located near centres of population, in southern and central Sweden, and in tourist areas close to the mountains, the potential exists to develop the land for housing and recreation. Extracting stone and gravel from our own land for use in projects such as road building is another possibility for landowners such as Holmen.

Net sales and operating costs, SEKm



■ Net sales ■ Operating costs

Total shareholder return Holmen B and OMX Stockholm



■ Holmen B ■ OMX Stockholm (OMXS30)

A WORLD THAT MUST CHANGE

If we are to successfully transition to a fossil-free society, we must break our dependence on fossil resources and make sure that more carbon atoms remain in the ground. Only then can we meet the needs of today's growing population without compromising the ability of future generations to do the same.

Our world is currently dictated, to a large extent, by two parallel factors: the climate change that is driving demand for sustainable products, and the energy transition that has rewritten the ground rules for both industry and private individuals. Since energy accounts for almost three quarters of global greenhouse gas emissions, the energy issue is closely tied up with the world's ability to curb climate change.

Energy issue rewriting the ground rules

The European energy market is undergoing a major transition. Roughly half of electricity production in Europe is fossil-free, but electricity only accounts for a quarter of total energy consumption and almost all other energy is fossil-based. 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. The energy crisis of 2022 showed just how sensitive the European energy system is and how dependent we are on fossil fuels such as gas and coal.

Much of fossil-based energy production will need to be switched to fossil-free sources, while at the same time securing a stable and cost-effective energy supply. On top of this, transport and industrial processes will need to be electrified and made more energy-efficient, as will the construction and heating of buildings. Achieving this transition will require major investment and a long-term strategy for the energy system of the future.

Climate transition driving demand

Buildings account for considerable emissions of greenhouse gases, in construction and during the building's lifecycle. A third of fossil carbon dioxide emissions in the EU are attributable to the construction and real estate sector, but smart material choices and active measures regarding heating offer significant opportunities to reduce the real estate sector's climate impact – not least if all products are made to carry their true cost to the climate.

Lower impacts on the climate and the environment are a strong driver behind the increasing use of wood fibre-based products, and we are seeing a distinct rise in demand for raw materials and products that are renewable, recyclable and fossil-free, a trend being accelerated by political decisions and increasing awareness among consumers.

Holmen is already playing its part

Holmen as a company is already contributing towards a better climate and a stable energy system. The amount of greenhouse gas in the atmosphere is lower thanks to the work we do. Our growing forests capture and store carbon dioxide, our renewable products replace fossil alternatives and our production of hydro power and wind power contributes to the transformation of Europe's energy system. The more we produce, the greater the positive effects. Our positive impact on the climate equated to 7.5 million tonnes of CO₂e in 2023, and we will continue to invest and grow our positive contribution where the benefit and demand are greatest – wood products for sustainable building and more green energy.

Greater production and processing of wood products

Holmen's production of wood products has become an increasingly important part of our business, and as demand for value-added wood products expands and interest in wood construction grows, we

see major opportunities to further develop the business. The next step is to increase capacity at Iggesund Sawmill and to step up the production of glulam and CLT (cross-laminated timber). With a broader palette of refined products, we have increased sales to chains of builders' merchants, while through Martinsons we offer the planning and construction of complete timber frames for everything from industrial premises to apartment buildings.

Large-scale investment in wind power

Our extensive land holdings mean that we have the potential to add more renewable energy in the form of wind power. The establishment of wind power provides a logical complement to our controllable hydro power. Holmen's strategy for wind power is for us to plan, build, own and manage wind farms on our own land. In addition to our two wind farms, Varsvik and Blåbergsliden, we obtained permits for two new wind farms in 2023, and we have another 30 or so projects in various stages of development, from in-depth analysis to processing of permit applications.

In 2023, we obtained permits to build two new wind farms

FROM THE SWEDISH FOREST

Holmen is a Swedish forest company that gives quality-conscious customers across the world access to renewable products from the Swedish forests. Conducting forestry operations and industrial production in Sweden has multiple plus-points, with good raw material access, fossil-free energy and clean air just some of the comparative advantages from which the Swedish forest industry benefits in a global market.

Access to forest raw material →

The forest has a key role to play in the climate transition and demand for both logs and pulpwood is expected to increase. But while the forest is a renewable resource, the supply of this raw material is limited across much of the world. With demand for forest raw material expected to grow, global supplies are coming under increased pressure.

Limited supply of forest raw material. Canada has suffered major bark beetle attacks in the past 20 years, reducing the annual harvest from approximately 75 million m³ per year to just over 55 million m³. Closer to home, spruce bark beetle attacks have forced large swathes of Central Europe to increase logging operations to deal with affected trees. In the long term, this is expected to lead to lower volumes. The war in Ukraine has also hit the availability of wood raw material on the European market. In the short term, this is affecting all flows from Russia, Belarus and Ukraine, as EU sanctions have halted wood imports from Russia to Europe. In the long term, political instability and neglected infrastructure are expected to limit exports from Russia.

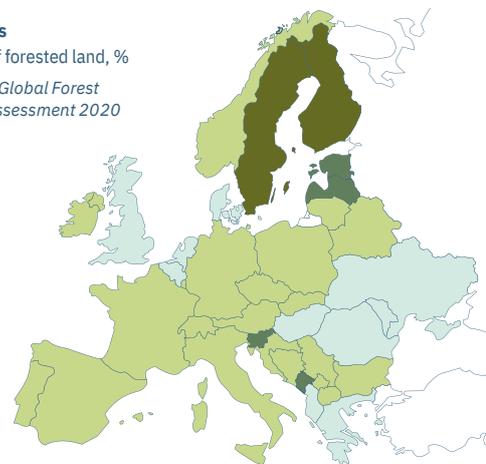
Growth and harvest in Sweden's forests. In Sweden we have managed our forests for generations and forestry is deeply rooted in our culture. Despite our comparatively small size, Sweden is one of the world's largest producers of wood products and fibre products, with a large proportion of its production going to export. Sweden is the world's third largest exporter of softwood timber products and the sixth largest producer. Over the years, we have developed long-term, rational management of our forests and a well-developed and industrialised forest industry. The powerful rights of ownership of the large number of forest owners, combined with extensive legislation, have also led to varied and sustainable forestry with high growth. Over the past 100 years, the amount of forest in Sweden has doubled, while harvests have increased.

Forest assets

Proportion of forested land, %

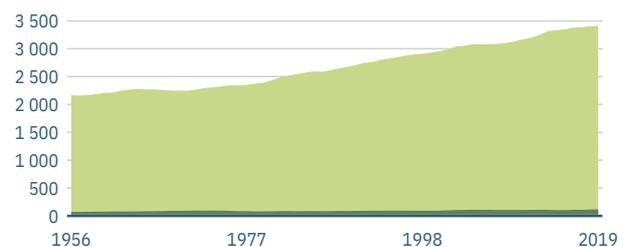
Source: FAO Global Forest Resources Assessment 2020

- >65
- 51-65
- 31-50
- 11-30



Volume of standing timber and harvest in Sweden's forests

Million m³ growing stock, solid over bark



■ Annual harvest ■ Total volume of standing timber

Source: National Forest Inventory. Five-year average, annual harvest including clearcutting, cleaning and thinning

TO THE WHOLE WORLD

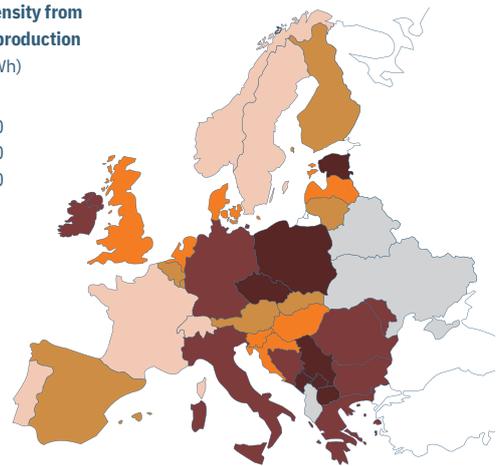
Fossil-free electricity production →

The European energy market is undergoing major restructuring, driven by both climate change and the war in Ukraine, which has cut off the supply of Russian fossil gas. Roughly half of electricity production in Europe is fossil-free, but electricity only accounts for a quarter of total energy consumption and almost all other energy consumption is fossil-based. Since electricity use is expected to rise steeply with the electrification of everything from transport to industrial processes, the need for more fossil-free electricity is massive. Thanks to its early and widespread adoption of hydro power, coupled with nuclear and wind power, Sweden's electricity production is fossil free, with the lowest carbon intensity in Europe.

Carbon intensity measures emissions of greenhouse gases from electricity production, adopting a lifecycle perspective that takes into account emissions from production and the fuels used, as well as the construction and demolition of the power stations. Source: Electricity Maps, entsoe.eu

Carbon intensity from electricity production (gCO₂eq/kWh)

- <100
- 101–200
- 201–300
- 301–500
- >500
- No data



Access to water →

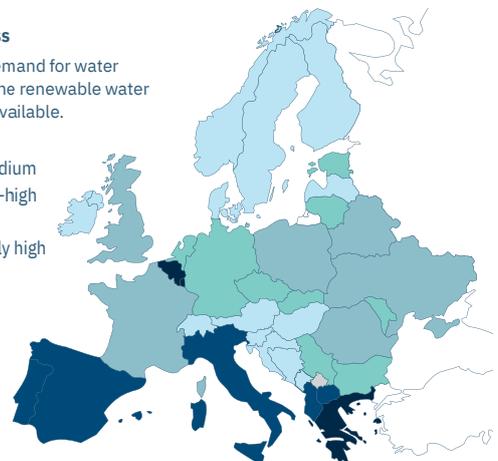
Access to clean water is a must for all life on earth. As the population increases in Europe, so does demand for everything from drinking water to water for industrial use and irrigation. Holmen's industries use surface water from lakes and watercourses, partly to transport and wash fibres in the mills and also for cooling and steam production. Different combinations of mechanical, biological and chemical processes treat the water in several steps before it is returned to the natural ecocycle. In contrast to Southern Europe in particular, the availability of surface water in Sweden is good and amounts of precipitation are high as a rule, resulting in significant water flow in the rivers throughout the year.

Water stress measures the total demand for water relative to the renewable water resources available. Source: Aqueduct, World Resources Institute

Water stress

The total demand for water relative to the renewable water resources available.

- Low
- Low-medium
- Medium-high
- High
- Extremely high
- No data



Clean air →

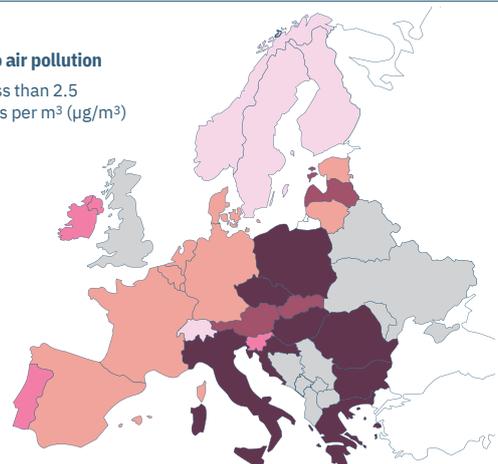
Like clean water, clean air is vital for our lives and our well-being. Pollution in the form of small airborne particles can cause or exacerbate many chronic and acute respiratory and cardiopulmonary diseases. Although this type of air pollution has decreased in Europe over the past 10 years, the levels remain above the WHO's recommendation of 10 micrograms per cubic metre of air (µg/m³) in much of Europe. In 2019, the average value in urban areas of the EU stood at 12.6 µg/m³, while the concentration of particles in built-up areas of Sweden amounted to 5.8 µg/m³.

Air quality as represented by the annual average concentration of fine particles (less than 2.5 micrometres in diameter) measured at urban background stations, annual average 2019. Source: European Environment Agency (EEA)

Exposure to air pollution

Particles less than 2.5 micrometres per m³ (µg/m³)

- <8
- 8–9
- 10–11
- 12–14
- >14
- No data



A STRONG RESULT IN 2023

Net sales and operating margin



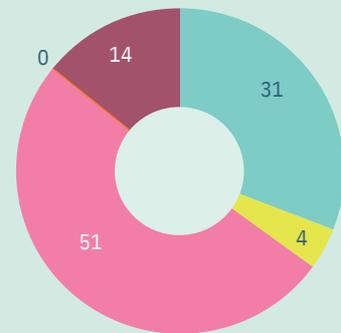
■ Net sales
■ Operating margin*
**Excl. items affecting comparability*

Operating profit/loss and return



■ Operating profit*
■ Industry's return on capital employed*
■ Return on equity**
**Excl. items affecting comparability*
***Excl. forest revaluation 2019*

Operating profit* Business area, %



Total: 4 755 SEKm
 Forest 1 523 SEKm
 Paperboard 192 SEKm
 Paper 2 538 SEKm
 Wood Products 6 SEKm
 Renewable Energy 697 SEKm
**Excl. Group-wide*

Cash flow, SEKm

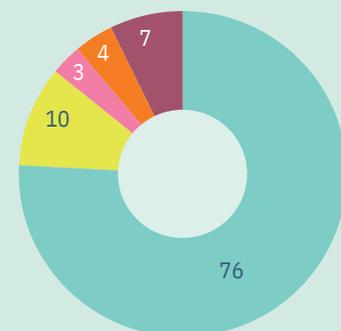


■ Dividend
■ Share buy-back
■ Investments
■ Acquisitions
■ Cash flow before investments and changes in working capital

Net debt as % of equity



Capital employed* Business area, %



■ Forest
■ Paperboard
■ Paper
■ Wood Products
■ Renewable Energy
**Excl. Group-wide*

The year has been defined by the central banks' efforts to control inflation, which slowed down consumption and new construction. Despite the challenging economic environment, we were able to maintain operating profit at a historically good level of SEK 4 755 million, thanks to strong earnings from paper, forest and hydro power.

Business area	Comments	Outlook
Forest	Competition in the wood market was strong in the Nordics in 2023 and prices increased further. Wood prices are now 30 per cent above their historical level, which increased Forest's profit to SEK 1 523 million. The value of Holmen's forest properties, based on transaction prices, rose by SEK 4 billion to SEK 56 billion.	Despite a weak construction sector, demand for logs remains high. Competition for pulpwood is good due to sanctions stopping exports from Russia. Our position in the wood market, with good control over raw materials and the entire value chain, ensures the long-term security of our raw material supplies and gives us good opportunities to continue developing our industries.
Paperboard	Demand for paperboard for consumer packaging was lower than normal as customers decreased stocks and the economy weakened. Prices were largely stable after the implemented increases last year. The weak market, coupled with higher raw material costs, is reflected in Paperboard's profit, which fell to SEK 192 million.	Demand on the usually stable paperboard market saw a significant drop in 2023, largely due to customers decreasing their excess stock. Although demand may be weak at the moment, we see good possibilities for growing the premium business over time, given our strong cost and market position.
Paper	Demand for paper has continued to fall, which has put pressure on market prices. However, the price level remained high in 2023 due to expensive input goods for many continental producers. Thanks to high selling prices and our favorable cost position, Paper's profit was very high, SEK 2 538 million.	While the structural decline in demand for paper continues, prices are currently driven mainly by the trend in production costs for producers on the continent who are dependent on recycled fibre and fossil energy. With well-invested facilities and access to fossil-free electricity and local wood, we remain highly competitive and are continuing to develop our book and magazine paper business, while also investing to increase production of our new packaging product.
Wood Products	The wood products market has been pressured by the weak construction cycle. After a steep drop in 2022, prices stabilised at a historically high level in 2023, due to a shortage of raw material in many of the major production countries. However, profit for Wood Products was low, SEK 6 million, as a consequence of high log prices.	There is strong interest in large-scale building in wood as an alternative to concrete and steel, but the construction cycle is weak with low rates of new construction due to central banks' interest rate increases. With our strong position in the wood market, we nevertheless see good opportunities to develop the wood products business in pace with the increasing demand for sustainable building materials.
Renewable Energy	The price of electricity in northern Sweden, where Holmen has the majority of its production, fell to SEK 450/MWh in 2023, which is still somewhat higher than the historical norm. Profit declined to SEK 697 million as a result of lower electricity prices, despite higher revenue for hydro power's ancillary services to help stabilise the electricity grid.	Continental electricity and energy prices have stabilised over the year, but at a higher level than before the energy crisis. Europe has accelerated its climate transition and is beginning to pave the way for new green industry. As a result, considerable renewable electricity production is going to be needed, and Holmen is continuing to pursue permits for new wind turbines on its own land. Hydro power additionally contributes to the production of electricity at times of peak demand in order to stabilise the grid.

Key figures	2023	2022
Net sales, SEKm	22 795	23 952
Operating profit/loss, SEKm	4 755	7 527
Operating profit/loss excl. items affecting comparability, SEKm	4 755	7 262
Profit for the year, SEKm	3 697	5 874
Diluted earnings per share, SEK	23.0	36.3
Ordinary dividend per share, SEK	8.5*	8.0
Extra dividend per share, SEK	3.0*	8.0
Return on capital employed, %	8.5	13.3
Cash flow before investments and changes in working capital, SEKm	5 311	6 768
Cash flow from investments, SEKm**	1 653	1 352
Equity, SEKm	56 923	56 950
Net financial debt, SEKm	1 869	2 145
Net debt as % of equity	3	4
Average no. of employees (FTE)	3 546	3 466

Thanks to strong cash flow, an extra dividend of SEK 1.3 billion was paid out, and shares worth SEK 1.1 billion were bought back, all while maintaining low levels of debt. The Group's net financial debt at year end amounted to SEK 1 869 million, corresponding to 3 per cent of equity. Our strong financial position makes us well equipped to exploit the opportunities opening up in a world that is striving towards a sustainable society and where raw materials and energy are in short supply.

*Board proposal. **Net including company acquisitions but excluding changes in non-current financial receivables.

SUSTAINABLE FORESTRY



Holmen's nurseries produce 45 million seedlings each year

As well as being a stable source of revenue for Holmen, the forest brings major climate benefits by capturing and storing carbon dioxide and supplying industry with renewable raw material. The strategy is to increase the revenue from and future value of the forest holdings through active and sustainable forestry with high growth.

Holmen's land holdings cover 1.3 million hectares, of which a little over a million is productive forest land. As one of Sweden's biggest forest owners, we are largely able to supply our Swedish production units with renewable raw material from our own sources, which boosts our competitiveness while also promoting the development of our industrial facilities.

Sustainable forestry is about balancing several perspectives – economic, environmental and social – and succeeding in doing so over time. It is in our interest and equally in the interest of society for us to manage the forest actively and sustainably and for us to make wise use of the raw material. When we harvest trees, nothing goes to waste, since we make use of 100 per cent of the raw material.

We grow houses

In our forests, we grow houses. By this we mean that we manage the forest in a way that generates as much timber as possible. As the trees grow, they absorb carbon dioxide, which remains stored in the wood products that are used to build homes. Using the renewable raw material in place of fossil alternatives doubles the climate benefit. In addition, the larger the area managed, the more carbon dioxide is captured. Forest that is not actively managed delivers nowhere near the same long-term climate gains, since the carbon released from old trees and plants as they die and rot down to a large extent cancels out the absorption capacity of the younger trees. It also removes the option for wood raw material to replace products with a greater climate impact.

Forestry constantly developing

The trees are ready for harvesting at the point when growth tails off, along with the capacity to absorb carbon dioxide. After harvesting, all the land is reforested, with at least two seedlings planted for every tree harvested.

The most important silviculture measures come in the years immediately after harvest, when the soil is prepared and the land is reforested using seedlings and seeds that are specifically tailored to the location. The forest is cleaned and thinned in order to select trees with the best potential for continuing their growth. 10–30 years before the forest is harvested, it can be fertilised to further boost growth. Holmen invests SEK 190 million a year in future growth through silviculture and fertilisation. Holmen's forestry is certified and all the wood is traceable.

45 million seedlings. Holmen's two nurseries – one in Gideå and one in Friggessund – produce 45 million spruce and pine seedlings each year, the majority of which are planted on our own land. Selected seeds and organic fertiliser produce healthy and vigorous seedlings that are given a special coating of wax or sand to protect against insect attack. Holmen is also involved in the development of improved seedlings that will grow better, produce higher quality timber and be more disease resistant.

Long-term planning. With a production cycle of almost a century in the forest, long-termism is more than just a buzzword for us. Planning is the foundation of active and sustainable forestry. Every 10 years, we conduct an inventory of our entire forest holdings in order to calculate and ensure sustainable harvesting levels over time. The assets of our forests are also detailed in local ecological landscape plans, which outline the areas set aside for nature conservation and how the forests are to be managed over the long term in order to preserve existing natural assets and to create new ones.

Learning more about Swedish forests

Given the major contribution that our forests make to both the climate and the

Swedish economy, management of the forest is of great national, regional and local significance. Holmen and other industry players have therefore joined forces to make politicians, authorities and the general public more aware of how vital the forest is for the climate, and the importance of forestry for a growing bioeconomy.

Although we have built up extensive knowledge of how to manage our forests, we are convinced that the way to advance and refine our methods is through research and collaboration. Therefore there are a hundred or so research projects conducted on our land, both independently and in partnership with research organisations, universities and other stakeholders.

Holmen's Knowledge Forests. To raise awareness of our forestry and forest research, we have established four Knowledge Forests. The forests are selected for their specific biological conditions and are used to explore, gather and pass on knowledge. This is also our way of showing how our sustainable forestry can promote growth while at the same time increasing biodiversity in the forest.

Control over the raw material

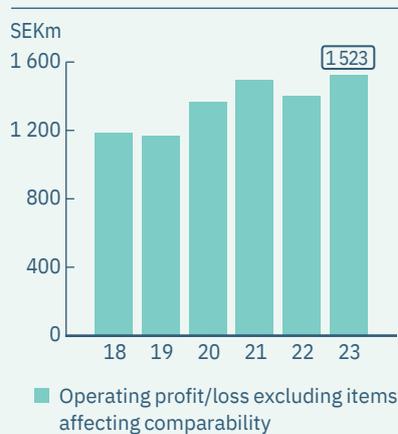
Owning large forest holdings and having close partnerships with around 15 000 private forest owners creates considerable economies of scale, which give Holmen a strong position in the wood market. Alongside extensive timber trading, we provide our industrial sites with raw material that is distributed via efficient logistics solutions. With growing capacity to produce wood products near our forest holdings, we can also process an ever-increasing proportion of our forest at our own industrial sites.



Key figures

	2023	2022
Net sales, SEKm	7 996	7 342
Of which from own forest, SEKm	1 768	1 524
Operating profit/loss, SEKm	1 523	1 401
Investments, SEKm	222	278
Book value, forest assets, SEKm	56 348	52 151
Average no. of employees (FTE)	459	450
Deliveries, own forest, '000 m ³ sub	2 702	2 813

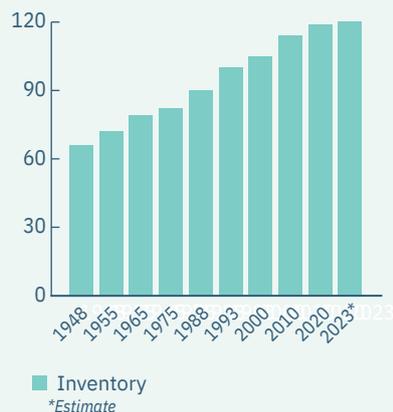
Operating profit



Comment on results

Competition in the wood market was strong in the Nordics in 2023 and prices climbed further. Wood prices are now 30 per cent above their historical level, which increased Forest's profit to SEK 1 523 million. The value of Holmen's forest properties, based on transaction prices, rose by SEK 4 billion to SEK 56 billion.

Volume of standing timber, m³ growing stock, solid over bark per hectare of productive forest land



Holmen's forests 2023

Total land acreage	1 305 000 ha
Total forest land acreage*	1 161 000 ha
– of which nature conservation areas	207 000 ha
Productive forest land**	1 046 000 ha

Total volume of standing timber

on productive forest land **126 million m³ growing stock, solid over bark**

*Calculated based on Holmen's stand catalogue and data from the National Forest Inventory in line with the international definition of forest land: Land area > 0.5 hectares with a tree canopy cover of more than 10 per cent for trees capable of reaching a height of at least 5 metres at maturity.

**Forest land that can produce 1 m³ growing stock, solid over bark per hectare and year (on average during the growth period of the forest stand) according to Holmen's stand catalogue.



ACTIVE FORESTRY THAT IS CONSTANTLY EVOLVING

Owning and managing forest involves long time horizons. It takes almost a century for the trees to reach maturity and be ready for harvesting, which brings multiple challenges for forest owners. The question of what demands the forest we are currently stewarding will need to meet in the future is therefore a crucial one. Holmen's approach is to embrace continuous development, with forestry innovation as a vital element.

Digitalisation has a key role to play in this development. Gathering data from satellites, aircraft, drones and land-based vehicles enables us to learn new information that we have previously struggled to acquire. One example of a forestry challenge that can be addressed using digital technology is the spruce bark beetle. Back in 2019, Holmen created the Bark Beetle Analysis tool, which can spot beetle-infested forest that is dying off and therefore needs to be dealt with. The tool combines satellite images with data from inventories

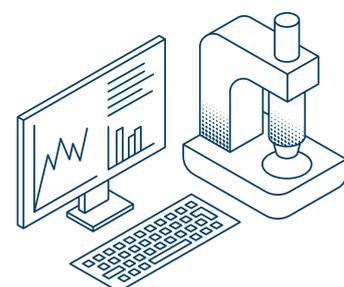
on the ground, plus information from forest machinery. This is all put together to create algorithms that can pick out the sites of spruce bark beetle attacks before the damage has become visible to the human eye. The more data that is fed into the algorithms, the more accurate the forecasts, which has made the tool a vital contributor to silviculture decisions – for both Holmen and the many private forest owners that use the tool.

Drones and AI open up new possibilities

In summer 2022, Holmen supplemented the Bark Beetle Analysis tool with the Forest Inventory tool, which involves drones systematically flying over the forest taking high-resolution, low-altitude aerial photographs. These are then analysed using AI that has learned to recognise dead and weakened spruce trees that are at risk of attack. The results are fed into Holmen's planning system, as a supplement to the information produced by the Bark Beetle Analysis tool. The photographs provide detailed information that helps to analyse what measures need

to be taken and where. The Forest Inventory speeds up the process of identifying beetle attacks in the forest, making Holmen better placed to take action early on and thus increase the chance of limiting the financial losses and saving the surrounding forest.

Drones and other innovative machines are also common features in the drive to test new things. Drones that can carry heavy loads are, for example, being used in a pilot project to carry new seedlings to replanting sites, with the aim that the drones will be able to handle this part of the planting process entirely independently.

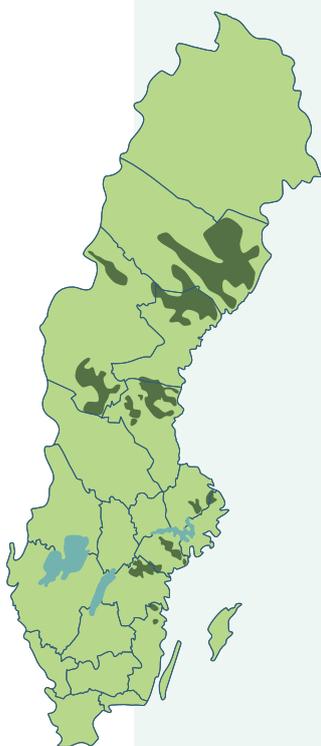


THE VALUE OF THE FOREST IS CONFIRMED BY CURRENT TRANSACTIONS

Holmen's forest holdings cover 1.3 million hectares, of which a little over a million is productive forest land. The land holdings are split across around 4 600 forest properties from Småland in the south to Västerbotten in the north.

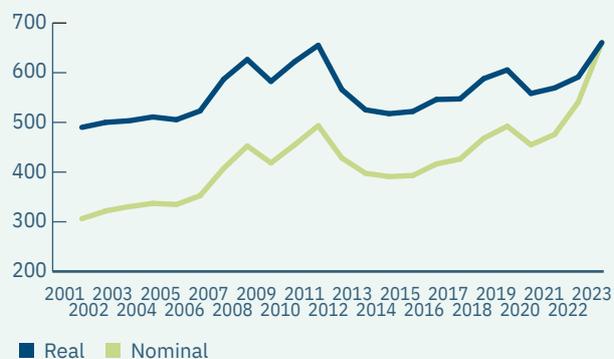
A large number of forest property transactions are carried out every year. Holmen's forest assets are recognised at fair value based on the prices paid for forest properties in the areas in which our forest is located. As of 31 December 2023, the book value stands at SEK 56 348 (52 151) million, which averages out at SEK 53 900 per hectare of productive forest land.

The value varies across the country, with forest properties in southern Sweden being valued much higher per hectare as a result of a greater volume of standing timber, higher wood producing capacity, a shorter harvesting cycle and greater demand for forest land.

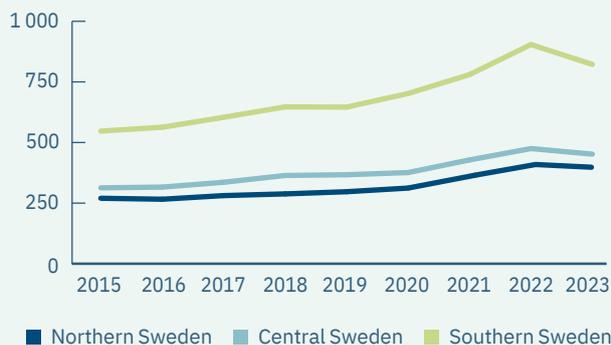


Holmen owns 1.3 million hectares of forest and land in Sweden, equivalent to almost two million football pitches.

Wood prices, SEK/m³sub



Price of forest properties, SEK/m³ growing stock, solid over bark



Source: Annual collation of price statistics from various market players and transaction data.



Key figures

	2023	2022
Net sales, SEKm	4 075	5 015
Operating profit/loss, SEKm	6	1 237
Investments, SEKm	391	122
Capital employed, SEKm	2 139	2 067
Average no. of employees (FTE)	773	729
Deliveries, '000 m ³	1 498	1 435

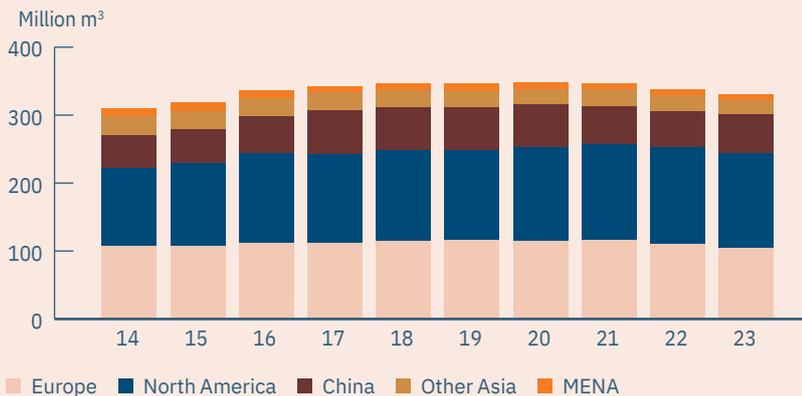
Operating profit/loss and return



Comment on results

The wood products market has been pressured by the weak construction cycle. After a steep drop in 2022, prices stabilised at a historically high level in 2023, due to a shortage of raw material in many of the major production countries. However, profit for Wood Products was low, SEK 6 million, as a consequence of high log prices.

Consumption of wood products



Price development



BUILDING THE FUTURE IN WOOD



Wood is the only renewable construction material

Holmen offers a wide range of wood and timber products for construction and joinery. The raw material comes from responsibly managed forests, and the business is being developed by increasing the value added and making better use of the wood raw material in combination with large-scale production.

Wood is a fantastic material. It is strong, versatile, light and the only construction material that is renewable. Holmen's sawmills play a key role in our circular business. This is where the wood is split and the processing of the forest we have harvested begins. Developing the wood products business is a natural extension of our forestry work and a key dimension of our strategy of owning and adding value to the forest.

Our wood products become houses and other buildings. They are used for façades, roof trusses, floors, walls, doors and window frames, as well as for furniture and decking. Products as basic as planks and boards create great value, not least for the climate. As demand has increased, sales of residual products from the sawmills in the form of chips and the fuel mix have also become more important factors.

Sustainable building

Drawing energy from the sun and water from the ground, trees absorb carbon dioxide from the air, and this then remains stored in the wood products. Building in wood is therefore significantly better for the climate than building in concrete and steel, since the manufacture of these materials requires large amounts of energy and generates considerable emissions of fossil carbon dioxide. In addition, the whole chain from manufacture to transport is more energy-efficient and cost-effective, since wood weighs less. Wood products thus create benefit for the climate on multiple fronts.

We currently offer everything from joinery timber and refined products for builders' merchants to advanced construction components. Through Martinsons, we are also able to offer the planning and construction of complete timber frames for everything from sports halls and schools to warehouses and apartment buildings.

Added value in large-scale production

Holmen's high-tech sawmills enable us to offer a wide range of dimensions and grades. The sawmills make use of the entire log, and maximum value is extracted according to the unique properties of each log. We optimise the sawing and drying in cooperation with our customers to minimise wastage and maximise customer benefit.

Investments strengthening our position.

Following the acquisition of the Lingham small log sawmill in 2017 and Martinsons' two sawmills in 2020, the focus now turns to Iggesund Sawmill as the next step in strengthening our wood products business. An investment in timber sorting and a new planing mill will increase the sawmill's production capacity by 20 per cent, as well as adding construction timber in both spruce and pine on top of its joinery products range.

Investments in Bygdsiljum Sawmill and in a distribution warehouse and cutting line at Braviken Sawmill also enable us to expand production of glulam and CLT, as well as strengthening our position with builders' merchants.

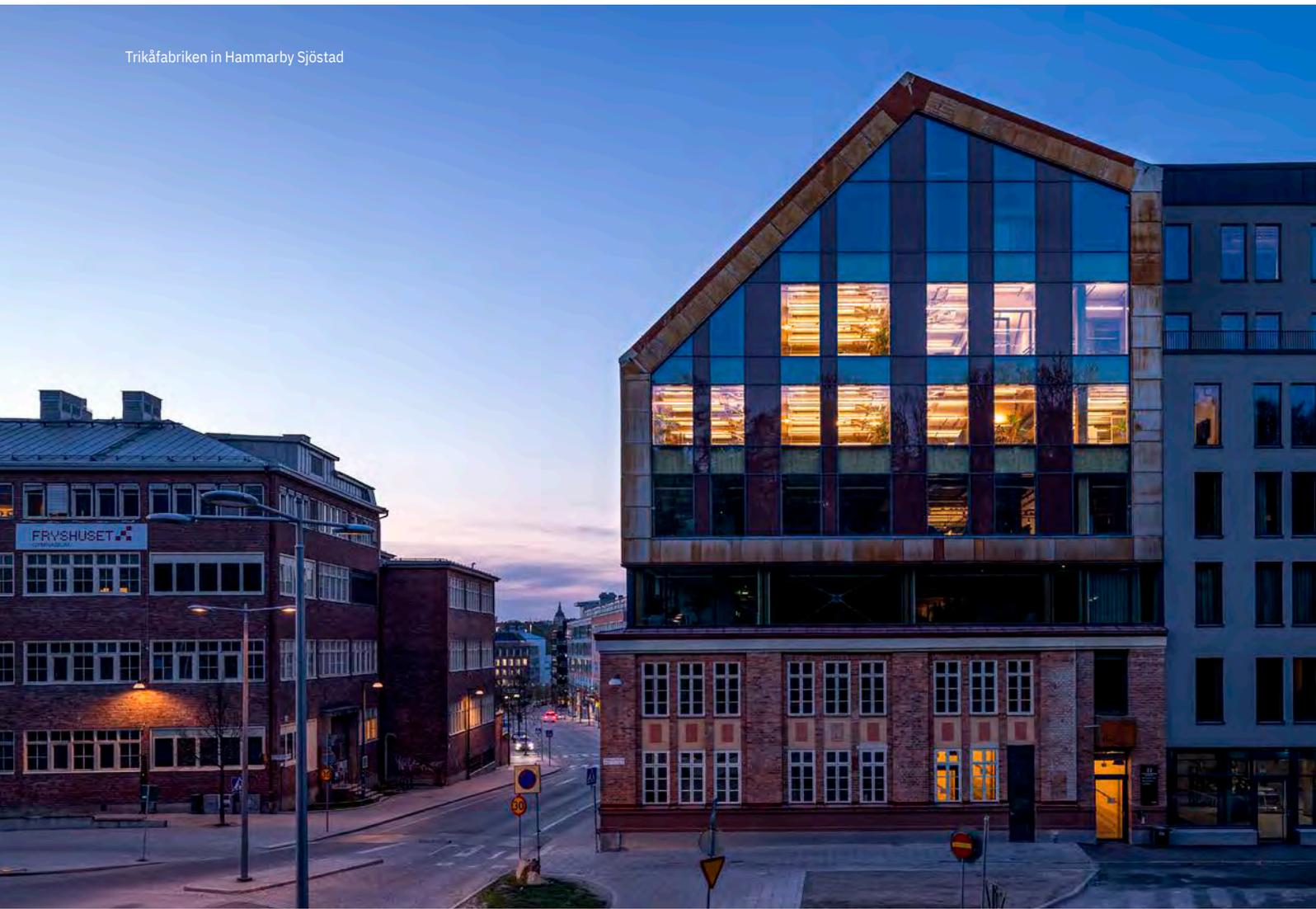
Energy-efficient production units. Two of the Group's sawmills, Braviken and Iggesund, form energy-efficient units with their neighbouring paper and paperboard mills. This means that every aspect of the wood raw material is made use of in a cycle in which chips from the sawmills act as raw material in pulp production and the final residual products are used as biofuel to produce energy and district heating. Steam from the mills is also used in the drying processes at the sawmills.

Control over the raw material. Holmen's sawmills are located near our forest holdings from north to south, bringing logistical benefits and giving access to a transport network that reaches around the globe by rail, road and, not least, sea. Holmen's sawmills all hold chain-of-custody certification, and the wood raw material is sourced from Holmen's own forest holdings and from other forest owners, ensuring an efficient logistics chain from forest to sawmill. With a total of five sawmills, strategically located near our forest holdings in various parts of Sweden, we have good control over our raw material. Proximity to the raw material combined with efficient wood purchasing is a key factor for profitability, while competitiveness is underpinned by the fact that parts of production are co-located with the Group's paperboard and paper mills.

Strong underlying growth

The real estate sector accounts for a third of carbon emissions in Europe and the construction industry is working hard to reduce its climate footprint. As a building material, wood is benefitting from the ongoing green transition, in a trend that is expected to boost demand for wood products, particularly if concrete and steel are made to carry their true cost to the climate. There is considerable potential for growth, not least in medium-sized buildings such as schools, warehouses and apartment blocks. The proportion of larger buildings that use wood is expected to rise as the capacity for industrial wood construction expands.

Demand for engineered wood products, especially CLT and glulam beams, is growing and with rising interest in wood construction, we see great opportunities to further develop the business.



A BUSINESS BUILT ON CLIMATE-SMART SOLUTIONS

With Martinsons at the forefront, Holmen is paving the way for large-scale wood construction. Together, we have a strong and stable value chain, from seed to finished wooden building.

The combined offering of development, design and delivery of framing systems in glulam and CLT, for projects such as apartment blocks, offices and sports halls, makes Martinsons a leading player in sustainable building.

Smart upward extensions

Over the past year, Martinsons has been involved in building the majority of upward extensions in Stockholm city centre. These additions are a popular way of developing an already attractive and much loved inner city environment. They are also efficient,

since infrastructure such as public transport, water and waste, as well as electricity and heating are already in place. In addition, wood is a light material compared with steel and concrete, which can be a critical factor when it comes to upward extensions: the structure needs to be strong, but also of a weight that the existing building is able to carry. A further advantage of wood is that it makes installation fast, thanks to a high degree of prefabrication, which is good news when working in a dense city centre, with all the logistical challenges that this entails. What is more, wood is a material that many people think contributes to more liveable indoor environments.

Replaces concrete and steel

Apart from upward extensions, perhaps the greatest climate benefit comes from incorporating wood into common

medium-size buildings, such as schools, warehouses and sports halls – buildings that have historically tended to be built in concrete and steel.

During 2023 Martinsons signed its second-largest contract ever. In partnership with contractor EAB, Martinsons will be building a logistics warehouse measuring 33 000 square metres for property developer Catena. Martinsons will be supplying 30 m tall wooden columns plus glulam beams for the facility, which will house gardening retailer Granngården's new central warehouse, amongst other things. The building is expected to be operational by the fourth quarter of 2024, and to provide a climate benefit of almost 3 000 tonnes CO₂e during its lifetime. That equates to the emissions from over 2 500 people flying from Stockholm Arlanda to Gran Canaria in Spain and back again.



GROWING INTEREST IN TIMBER FRAMES

Building in wood offers many advantages. We enjoy environments with exposed wood, production is energy efficient and it is beneficial for the climate. Over the past couple of years, recognition of the material's advantages seems to have increased, since timber frames are increasingly the go-to choice.



Across the globe, the real estate industry accounts for a large proportion of greenhouse gas emissions, not least due to the use of steel and cement in construction. The success of the climate transition depends on us heavily reducing the use of fossil materials and replacing them with renewable alternatives. The trend appears to have been moving in the right direction for a few years now.

A survey by Prognoscenter, covering the period 2018–2022, suggests that timber frames are gaining ground in all building categories in Sweden – from apartment blocks to industrial facilities and warehouses. Taking the market as a whole, the proportion of timber frames grew from 12 to 21 per cent over the period surveyed. The greatest increase was seen in public buildings, including schools and care facilities, with the proportion of timber frames almost doubling between 2018 and 2022, from 18 to 34 per cent.



Trikåfabriken in Hammarby Sjöstad is a great example of how upward extensions in wood can promote urban development. When it came to adding five floors to the old brick factory building from 1929, a wooden structure was the optimal solution. The fact that the glulam and CLT structural elements are so light in relation to their load-bearing capacity is what made it possible to extend on top of the 90-year-old brick frame.

Six reasons to build in wood

1. Good for the climate

Wood products are made from renewable raw material in a process with a low climate impact. As a natural part of the ecocycle, they store carbon for their entire lifetime and when the time comes to demolish a wooden building, the material can be reused, recycled or used for energy production to heat other buildings.

2. Energy-efficient material production

In contrast to steel and concrete, the manufacture of wood products is highly energy-efficient, a key consideration in a world facing energy shortages.

3. Light and easy to work with

Wood is around five times lighter than concrete and therefore puts less pressure on the foundations. This low weight also makes installation easier, using a relatively small crane, and transport much more energy-efficient. What is more, the material can be worked on using simple hand tools.

4. High load-bearing capacity and large spans

Glulam and CLT are, thanks to their structure, form-stable materials with an impressive load-bearing capacity that makes it possible to achieve large spans. This allows for flexible structures that open up design freedom in a wide range of contexts.

5. Shorter construction time

Most wooden buildings are prefabricated in factories and assembled on site. Large elements and efficient joints enable rapid assembly, thus bringing down the construction time.

6. Less noise

Since wooden structures don't generate noise during on-site assembly, wood is increasingly being chosen when building new, temporary or additional floors on top of existing buildings. This provides a better work environment, and neighbours are not disturbed nearly as much, or for as long, as they would be with builds using steel and concrete.



Key figures

	2023	2022
Net sales, SEKm	6 765	6 735
Operating profit/loss excl. items affecting comparability, SEKm	192	1 081
Investments, SEKm	697	555
Capital employed, SEKm	5 889	5 632
Average no. of employees (FTE)	1 289	1 290
Deliveries, '000 tonnes	448	503

Operating profit/loss and return



- Operating profit/loss excluding items affecting comparability
- Return on capital employed, excluding items affecting comparability

Comment on results

Demand for paperboard for consumer packaging was lower than normal as customers decreased stocks and the economy weakened. Prices were largely stable after the implemented increases last year. The weak market, coupled with higher raw material costs, is reflected in Paperboard's profit, which fell to SEK 192 million.

European demand for SBB and FBB



Price development FBB



PREMIUM PAPERBOARD FOR CONSCIOUS BRANDS



We offer paperboard products of the highest quality with a low climate footprint

Holmen is a market leader in the production of high-quality paperboard. The strategy is to grow globally with our strong product brands by combining high quality, custom products and first-class service.

Holmen develops premium paperboard for consumer packaging solutions in sectors such as cosmetics, electronics, pharmaceuticals, food and tobacco. The paperboard is marketed under three brands: Invercote, Incada and Inverform.

The quality, strength and design properties of the paperboard mean that we can create world-leading products for conscious brand owners with high ambitions.

Fresh fibre brings product benefits

Holmen's paperboard products are manufactured entirely from fresh fibre, which brings multiple product benefits. Higher strength, better brightness and a neutral effect on smell and taste in contact with food are just a few of the properties that add clear value to the end product. Achieving all this relies on the combination of fresh fibre and a multi-tiered structure, with layers of different fibre types forming the basis for the paperboard's outstanding performance.

And because the paperboard is made from a renewable, recyclable and biodegradable material, we can develop products that encourage more circular packaging systems. When the paperboard is recycled, it also provides a necessary injection of fresh fibre into the recycled fibre industry.

Circular production process

Our facilities for paperboard production and processing are located in Iggesund and Strömsbruk in Sweden, and Workington in the UK. The paperboard mills hold chain-of-custody certification and all the wood raw material comes from sustainably managed forests. The plants are also largely self-sufficient in renewable thermal and electrical energy, which gives the products a low carbon footprint.

Iggesund Mill is integrated with Iggesund Sawmill, ensuring that every part of the tree is put to use on site in a circular production process. Wood chips from the sawmill are used as raw material for the paperboard production, while bark and wood shavings are used as biofuel to produce energy and district heating. The circle is closed when the surplus heat from the mill is used in the sawmill's drying processes.

The paperboard mills in both Iggesund and Workington have been awarded EcoVadis Platinum for their successful sustainability work, confirming that the mills are world leaders in sustainability.

Customer choices make a difference

We want to help our customers to make more renewable choices, and the next generation of packaging solutions is being created in close collaboration with our customers and partners. Together, we are identifying new applications for our paperboard products, and with our collective knowledge we are creating packaging solutions that meet the toughest of demands.

A smarter alternative to plastic. One of the greatest challenges facing the packaging world is the switch from plastic to more sustainable packaging materials. The problems with plastic lie both in its fossil raw material and the enormous quantities of plastic that are polluting our oceans. Replacing fossil plastic materials with paperboard makes for a smaller climate footprint, while also reducing the amount of plastic that can end up in the natural environment.

Close collaboration with customers.

With its high and consistent quality, our paperboard ensures stable results in the customer's production process, and our products are constantly being developed to meet demand for sustainable packaging solutions.

Via support teams that maintain close contact with the market and have a deep understanding of the customer's needs and wishes, we offer expert advice before, during and after the customer's production process. Customer support and fast deliveries are priority areas that cover everything from advice and product samples to service centres with local sheeting units and warehousing. The service offering also includes environmental documentation.

Strong position in the premium segment

Demand for packaging has risen in line with population growth, urbanisation and an expanding middle class. The past year, however, has seen demand for consumer paperboard soften due to the weaker economic situation.

Being able to offer paperboard products of the highest quality, with a low climate footprint, that are also made from a raw material that is traceable back to sustainably managed forests puts us in a strong position in the premium segment. With local wood raw material and a favourable energy situation, Holmen is in a strong position to further develop its paperboard business.



TOGETHER, WE ARE DEVELOPING NEXT-GENERATION PRODUCTS

Holmen is a market leader in premium paperboard and sustainable packaging solutions. Just north of Iggesund Mill lies Strömsbruk Converting Plant, which applies additional finishing to paperboard products from both Iggesund and Workington.

The paperboard is finished with various coatings in Strömsbruk – it may be laminated with film and foil to give it specific properties or glue laminated in several layers to achieve a more robust product. The aim is to create sustainable products that are fit for purpose, such as packaging for confectionery or cosmetics that is resistant to moisture, fat or odours. Strömsbruk has three production lines with a total capacity of just over 50 000 tonnes per year.

Alternative to plastic

We are working with our customers and partners to develop and identify the next generation of products. 2023 saw the launch of a packaging solution for ready-meals with a lower carbon footprint than before. The new Inverform product has a coating containing 25 per cent less plastic than previously, while maintaining the same temperature resistance and fat and moisture barrier properties. Called PET 30, the coating enables our customers to offer the end consumer an alternative to traditional packaging in plastic or aluminium.

The fact that packaging is increasingly made of paperboard instead of plastic cuts not only the amount of fossil material used, but also the enormous quantities of plastic polluting our oceans and countryside.

Forever learning

Working with our customers and partners, and being open to their needs, is fundamental if we are to continue being relevant and secure our position as the leading manufacturer of premium paperboard, delivering what our customers really want – sustainable packaging solutions. In today's changing world, collaboration lies at the heart of our shared learning. We monitor changes in society and in customer needs, taking a creative, customer-centred approach to developing new materials and products that create added market value. The emphasis of our collaborations is on sharing our knowledge and experience as a means of developing long-term relationships. In exchange, we gain insights into customer needs and valuable input on our products and solutions.



Iggesund Mill and Workington Mill rewarded for their sustainability work

For the third year in a row, both Iggesund Mill and Workington Mill have been awarded the highest Platinum rating by EcoVadis. Of the more than 30 000 businesses assessed on sustainability over the year, the two mills are in the very highest echelons.

Sustainability has become an increasingly important question, for both customers and wider society. Holmen works actively on sustainability with the ambition of acting transparently and sharing sustainability information with our customers and other stakeholders. Since 2017, we have therefore invited the independent third party EcoVadis* to audit our sustainability work.

2020 was the first year that EcoVadis awarded Iggesund Mill and Workington Mill their top Platinum rating, recognising the most sustainable companies out of all those assessed. Holmen's two paperboard mills were once again rated Platinum in 2023, making this the third time in a row. Holmen's two paper mills, Braviken and Hallsta, also obtained EcoVadis Platinum in 2023, meaning that all of Holmen's mills are in the absolute top flight of the world's audited companies.

There are many factors behind the success of the mills. The plants hold chain-of-custody certification, for example, and only use raw material from sustainably managed forests. Both Iggesund Mill and Workington Mill are also largely self-sufficient in renewable thermal and electrical energy, which gives the products a low carbon footprint.

*EcoVadis is an international analysis company that annually audits the sustainability work of companies, based on reported data from 250 questions covering the environment, sustainable purchasing, ethics, employment practices and human rights.



INNOVATIVE PAPER PRODUCTS FROM FRESH FIBRE



Holmen's book paper is the leading product for paperback books in Europe

Holmen produces light and resource-efficient paper based on fresh fibre for books, packaging and graphical publications. Our strategy is to constantly develop our product portfolio so that we remain competitive over time.

Holmen is a market leader in the development of new paper products based entirely on fresh fibre. In contrast to recycled fibre products, fresh fibre produces a naturally high brightness for an improved experience of text and images. Our paper products have high bulk, making them thick yet light, which means that the customer gets more paper with the same feel at no extra cost. A lighter paper also enables lower distribution costs.

Paper with the power to communicate

Our customers are largely publishers, printing firms and retailers looking for resource- and cost-efficient papers with a focus on bulk, brightness and overall impression. We take a long-term approach in working to meet customer demand and create profitable products for books, magazines, printed advertising and packaging.

Book paper. Holmen's book paper is the leading product for paperback books in Europe. Publishers appreciate Holmen's book paper because it offers bright and even surface properties that enhance the reading experience, while also helping customers improve the efficiency of both production and transport.

Graphical paper. Direct mail is still considered an important communications channel for driving customers to both physical stores and online retail. Holmen's lightweight paper offers customers the potential to increase the format or the number of pages or copies without adding to the cost, or simply to bank the pure savings on both paper and distribution. The combination of high bulk, whiteness and brightness makes our magazine paper a competitive choice.

Packaging paper. With our launch of paper for corrugated board packaging, we

are taking the next step in our development of future paper products and introducing our paper in what is a new market segment for Holmen. Our light but strong and stable packaging paper from fresh fibre reduces transport emissions and gives customers a chance to replace fossil-based packaging.

Production with a low climate footprint

With renewable raw material, fossil-free electricity and resource-efficient production, we are able to offer products with a low climate footprint. Customer interest in our climate-smart products continues to grow, in a trend that matches our strategy of helping our customers to achieve a more sustainable business. Investments have boosted capacity in selected product areas and our development of new paper products involves close collaboration with customers and partners.

Circular ecocycles. Holmen's paper is produced at two Swedish mills, Braviken and Hallsta. Strategic logistical locations ensure short transport distances for the wood and proximity to ports with good capacity. The raw material for our paper comprises residual products from nearby forests and sawmills, which are employed in a circular ecocycle where nothing goes to waste. Environmental and chain-of-custody certification enables us to ensure that the raw material for our products always comes from sustainably managed forests. Both mills were awarded EcoVadis' Platinum rating in 2023. This puts them in the top flight of companies around the world that have been assessed on their environmental, ethical and social performance.

Uniquely, production at Hallsta Paper Mill is entirely fossil-free. Within the mill's energy solutions, heat is recovered from the manufacturing process and waste-

water, the bark is sold to heating plants and residual products are composted to create topsoil.

Braviken Paper Mill forms an energy-efficient unit with Braviken Sawmill. The paper mill receives raw material in the form of wood chips from the sawmill, which in turn is supplied with heat from the paper mill. Surplus bark and wood shavings are sold for the production of renewable energy.

Without fresh fibre, there is no recycled fibre.

The supply of fresh fibre is limited and paper manufacture in continental Europe is largely based on recycled fibre. But paper cannot be recycled again and again forever. The wood fibre becomes exhausted after a limited number of uses and the cycle thus has to be continually topped up with fresh fibre in order to keep functioning and maintain a sufficiently high level of quality. Our fresh fibre-based paper is therefore essential to the European recycled fibre system.

Opportunities in a challenging market

The market for graphical paper has experienced an underlying structural decline over many years. Demand varies across the segments, with the book market remaining stable, while other graphical segments such as magazine paper have weakened. The packaging market is growing strongly, but amid heavy competition, as many manufacturers have switched their printing paper production over to packaging materials. Our paper products have good competitiveness, not least due to resource-efficient production using local wood raw material and fossil-free electricity, giving the products a low climate footprint.



Key figures

	2023	2022
Net sales, SEKm	8 200	8 370
Operating profit/loss, SEKm	2 538	2 714
Investments, SEKm	314	186
Capital employed, SEKm	1 737	1 939
Average no. of employees (FTE)	859	842
Deliveries, '000 tonnes	896	995

Operating profit/loss and return



Comment on results

Demand for paper has continued to fall, which has put pressure on market prices. However, the price level remained high in 2023, as input goods are expensive for many continental producers. Paper posted very strong profits of SEK 2 538, as a result of high selling prices and our good cost base.

European demand for paper



Price development



INVESTMENT IN EXPANDED PRODUCTION OF BOOK AND PACKAGING PAPER

Recent decades have marked a fundamental shift in the paper market. Holmen works actively to remain fully in tune with the times and constantly anticipate the paper products of the future.

Changes in consumer behaviour and greater digitalisation have had a major impact on the paper market. To ensure that our business stays competitive over time, we need to continually review and develop our products. In the late 1990s, for example, forecasts indicated new opportunities in book paper. A little over 30 years later, Holmen is a market leader in Europe's book paper segment.

The same approach drove the business area's entry into the packaging market in 2021, when intensive product development work was launched to be able to offer a product to the growing packaging market. Despite the pandemic, Holmen was able to develop, produce and launch a popular new product in the packaging segment in just a short timeframe. Holmen INNR was launched as an interliner, the

innermost layer of corrugated board that is glued between two layers of wavy fluting. Since then its applications have expanded and Holmen INNR is now also marketed as a fluting product.

Broader product palette and higher volumes of book paper

Over the year, we have taken further steps to improve the quality of our packaging paper. However, this requires innovative changes to the manufacturing process, which is why in 2024, paper machine PM52 at Braviken Paper Mill will be rebuilt so that it can switch between making two substantially different products: book and packaging paper. PM52 will become what is known as a swing machine, the first of its kind in the market for thermo-mechanical pulp (TMP) for book and packaging paper.

This rebuild will broaden our product palette and increase our capacity for book paper, while at the same time enabling us to launch a completely new packaging product with greater strength for the same grammage. The new packaging product

thus has a lower weight than other packaging papers, but without compromising its strength properties. Since paper volumes are traded by weight, customers can buy fewer tonnes and still get the same amount of paper. The new product will be launched in 2025, after the rebuilding of the paper machine in autumn 2024.

100 years of experience

Holmen has been making paper for more than 100 years and has unparalleled expertise. We are convinced that, as a material, paper has an important role to play in society, today and tomorrow. With fresh fibre as the foundation, we are continuing to develop our position in a changing market, in both existing and new segments.



85
↓
73

Holmen INNR is a fresh fibre-based product designed for corrugated board packaging. Compared with traditional products, it is both light and strong. Holmen INNR in 73 gsm is able to replace a standard 80–85 gsm fluting product, meaning that the customer can get the same amount of packaging at a lower cost. And with a lower carbon footprint.



84%

Printed books accounted for 84% of the European book market's total sales in 2022.

Role of the book in a digitalised world

In an age when digitalisation is changing the global landscape, it would be unsurprising to feel a certain anxiety over the future of the printed book. However, the fact is that, while audio and e-books are gaining market share in some quarters, the printed book remains strong in many others.

The Federation of European Publishers is an independent, non-profit umbrella organisation for European publishers that collates statistics about the market each year. According to them, printed books accounted for 84 per cent of the European book market's total sales in 2022, which is a stable proportion for the format compared with previous years.

Holmen's book paper is the leading product in its market in Europe, not least because it is so well suited to its purpose. It has high bulk, making it thick yet light, which means that the customer gets more paper with the same feel at no extra cost. The lower weight also means that less energy is required for distribution, which reduces both the overall carbon footprint and the cost of shipping. Lower weight can even be of benefit to the end consumer, not least when it comes to thicker books, such as textbooks for children and young people, that regularly have to be carried from place to place.

The fact that book paper is made from fresh fibre also has its advantages, as it gives the product a naturally high brightness, reducing the need for chemicals to achieve a bright, print-ready surface. Much of Holmen's book paper is sold to continental Europe, where books can be recycled at the end of their life, providing necessary input to the European recovered fibre system.



GREEN ENERGY FROM OUR LAND

Holmen has 21 wholly or partly owned hydro power stations and two own wind farms

Holmen's production of renewable hydro and wind power contributes towards a sustainable electricity supply in Sweden and towards Europe's transition to fossil-free energy sources. The business will grow by establishing wind power on Holmen's own land.

Holmen produces renewable energy from water and wind. Hydro power is a vital energy source for society, not least as it can be regulated to meet variations in the market balance. As a complement to the existing controllable hydro power, our strategy is to increase the production of renewable energy by building wind farms on our own land. This will help to increase the amount of renewable electricity on the market, which is a cornerstone of the transition to a sustainable society.

Europe switching to renewables

The European energy market is undergoing a major transition driven by the challenge of climate change. Roughly half of electricity production in Europe is fossil-free. However, electricity only accounts for a quarter of total energy consumption and almost all other energy consumption is fossil-based. To meet the climate targets, much of fossil-based energy production will need to be switched to fossil-free sources. When combined with increasing electrification of both transport and industry, it is clear that electricity consumption is set to rise, creating additional demand for more renewable electricity.

Strength in own energy assets

Holmen supplied 1.7 TWh renewable electricity from hydro and wind power in 2023. Together with the renewable electrical energy that is produced at the Group's mills, our production of hydro and wind power equates to around 60 per cent of Holmen's overall energy use.

Hydro power stabilises the electricity market.

Transitioning the energy system to more weather-dependent energy sources will also bring challenges, since the power supply has to be maintained

every minute of every day, all year round. The majority of Holmen's electricity production comes from our 21 wholly or partly owned hydro power stations. In contrast to most renewable energy types, hydro power is controllable. Electricity is difficult to store on any great scale, but the water that is used to generate electricity can be stored in reservoirs, lakes and rivers. Hydro power stations can therefore generate both baseload power and regulating power, which is the energy needed to meet fluctuations in demand. Production is tailored to demand or changes in other electricity production by reducing or increasing the flow of water through the turbines. The value of this stabilising capacity has increased in recent years, and with it the market for different forms of ancillary services that contribute to a stable electricity system.

Another benefit of hydro power is service life. A hydro power station can deliver electricity for a very long time. The investment required is relatively small, and the operating and maintenance costs are low since the plants are almost entirely automated. The climate impact of the operation is also marginal, with minimal emissions. Overall, hydro power brings major benefits to society as part of the move towards a fossil-free electricity system.

Wind power creates opportunities

Wind power is currently one of the fastest growing energy sources in the EU and the third largest method of generating electricity in Sweden. Recent years have seen enormous technical advances in wind power. Higher towers with longer rotor blades and larger generators have dramatically reduced the cost of wind power per kilowatt hour produced, making wind power now the cheapest way of producing new renewable electricity in Sweden.

Increased production on own land.

As a major landowner, Holmen has considerable opportunities to build wind power at a competitive cost, and we have several projects in different phases of development.

2022 saw the opening of Blåbergsliden Wind Farm outside Skellefteå, as well as Holmen's acquisition of the outstanding shares in Varsvik Wind Farm, previously owned by an investment fund for renewable energy. These investments boosted our renewable energy production by 40 per cent, marking a significant step in the development of Holmen's renewable energy business.

In addition to Varsvik and Blåbergsliden, Holmen has permits to erect a further two wind farms totalling 700 GWh. Decisions on new wind power investments may be taken in 2024 and 2025.

Energy market restructuring

The electricity market in the Nordic region has historically worked well, with harmonised pricing that usually tracks the marginal cost of fossil energy. This is because the electricity market is tied in with the rest of Europe, and the price is set according to the most expensive type of production at any given moment. However, the energy crisis of 2022 showed how vulnerable the European energy system is, when the ban on imports of Russian fossil gas caused significant difficulties in sourcing enough energy, prompting unprecedented price rises. The expansion of renewable energy has reduced our dependence on fossil power, but it has also made electricity prices more volatile. At the same time, the price differences within Sweden have increased due to nuclear shutdowns and restrictions on transmission capacity between northern and southern Sweden.



Key figures

	2023	2022
Net sales, SEKm	1 070	1 226
Operating profit/loss, SEKm	697	1 006
Investments, SEKm	59	237
Capital employed, SEKm	4 283	4 618
Average no. of employees (FTE)	29	25
Deliveries of hydro and wind power, GWh	1 658	1 639

Operating profit/loss and return

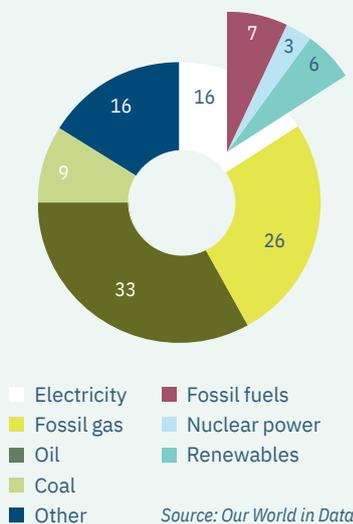


■ Operating profit/loss excluding items affecting comparability
 ■ Return on capital employed, excluding items affecting comparability

Comment on results

The price of electricity in northern Sweden, where Holmen has the majority of its production, fell to SEK 450/MWh in 2023, which is still somewhat higher than the historical norm. Profit declined to SEK 697 million as a result of lower electricity prices, despite higher revenue for hydro power's ancillary services to help stabilise the electricity grid.

European energy consumption, %

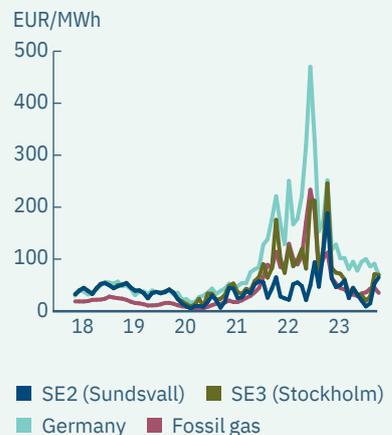


European electricity consumption



■ Fossil fuels ■ Nuclear power ■ Renewables

Price development



■ SE2 (Sundsvall) ■ SE3 (Stockholm) ■ Germany ■ Fossil gas



HYDRO POWER'S ROLE IN TODAY'S ENERGY SYSTEM

There is a major shortfall in green electricity in Europe, and as Swedish industries transition and vehicle fleets are electrified, a serious increase in the supply of fossil-free electricity will also be needed in Sweden. Holmen's hydro power is a valuable resource that generates renewable electricity at a low cost, and can be channelled to periods of peak energy demand.

To meet the growing demand for fossil-free energy, Sweden is seeing large-scale investments in various energy sources, with the creation of new solar and wind farms, plus a planned expansion of nuclear energy. Investments are also being made in increased flexibility and power output. Holmen has a key role to play in the development of the Swedish energy system, as we establish wind power on our own land, with several projects in various phases of development. In addition, our hydro power stations are an important component in the increasingly weather-dependent electricity mix.

Solar and wind power are both non-plannable energy sources. We cannot plan when the sun will shine or the wind will

blow, and so we can only produce electricity from such weather-dependent sources when the conditions allow. Weather-dependent electricity systems therefore need to be supplemented with controllable sources such as hydro power, along with flexibility in electricity consumption. Holmen is already playing an important role in this respect, through our hydro power, of course, but also, as one of Sweden's largest consumers of electricity, by adapting our consumption to support the electricity system.

Hydro power stabilises the electricity network

Hydro power is already being deployed on a large scale, providing ancillary services to stabilise the frequency in the network. In contrast to sun and wind, water can be stored in lakes and reservoirs and when demand builds up in the system, the water can be released through the turbines, creating motion and thus energy that a generator converts into electricity. Conversely, water can be held in the reservoir when other sources are generating electricity.

There has always been a need for stabilising ancillary services, but such services have become more critical as the proportion of weather-dependent energy sources has increased. Thanks to hydro power, we therefore have electricity when we need it, while also supporting the stable and secure expansion of other renewable energy sources.

Income hydro power*, SEK/MWh



*Ancillary services, timing and guarantees of origin



WE BUILD WIND POWER ON OUR OWN LAND

Holmen owns 1.3 million hectares of forest and land in Sweden, equivalent to almost two million football pitches. As a major landowner, we have unique opportunities to find favourable locations for wind power, thus contributing to the green transition.

Much of the energy transition has already been achieved within Holmen and we have drastically reduced our fossil emissions. In combining forestry and electricity production on our land, we are also taking responsibility for our own electricity consumption, while playing our part in the energy transition that society so badly needs. Wind power also works well with forestry as it requires relatively little space and the roads that are laid for the wind farms can be used to improve access for the general public, forestry activities and transport in the local area.

Holmen's strategy for wind power is to plan, build, own and manage wind farms on our own land. Doing this ourselves on our land has many benefits:

Major landowner

Surveying and analysing our extensive land holdings enables us to identify areas with favourable wind conditions and choose the locations that make the most economic sense over time, taking account of the area's unique circumstances.

Cheaper building

Developing and operating the facilities ourselves, instead of using intermediaries, means that we can do it more cheaply. As we are a major electricity consumer, we can also viably process the energy ourselves.

Long-term responsibility

As a forest owner, everything we do has a long-term perspective, and that goes for our wind power too. We take responsibility along the whole journey, from planning to future operation.

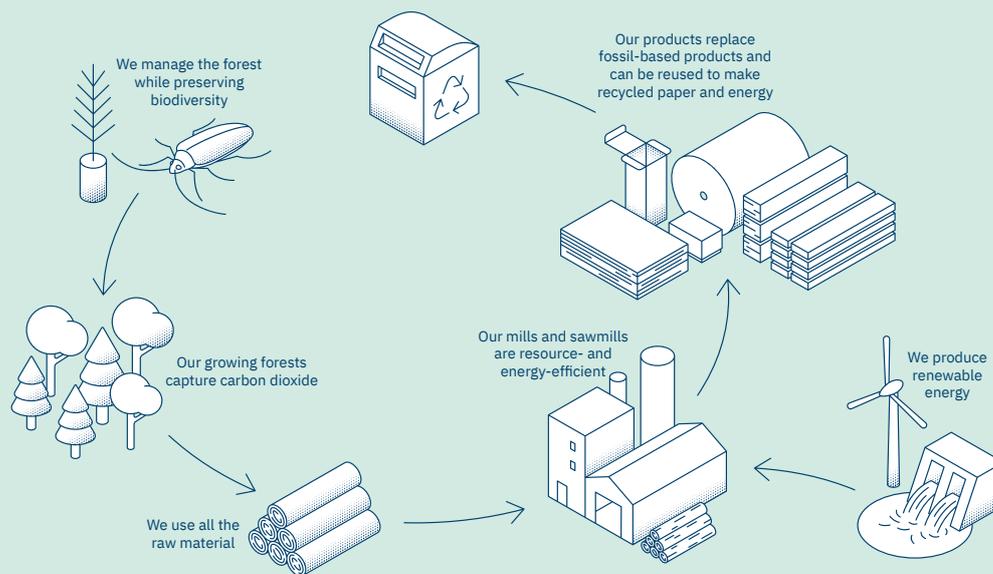
Good local knowledge

As a landowner, we are fully familiar with the areas we investigate. It is important for us to have good relations with both local residents and the businesses that may be affected by our activities. They are, after all, our neighbours.

Analysis of Holmen's land holdings

	No. of areas	Total area, hectares
Analysed areas with potential for wind power	270	410 000
Of which, areas judged suitable for wind power	160	260 000
Of which, priority areas	30	80 000

Holmen's entire land holdings, totalling 1.3 million hectares, have been analysed, and 270 areas appear to have potential for wind power. Of these, 160 areas are judged suitable sites for wind power, with priority being given to 30 of them. In addition to our two wind farms, Varsvik and Blåbergsliden, we have a total of around 30 projects in various stages of development, from in-depth analysis to processing of permit applications.



TOGETHER WE ARE CIRCULAR

The transition to a fossil-free society demands more renewable material, which means that the earth's surface needs to be managed more efficiently and to a greater extent. But it also means we need to manage our resources more efficiently and use them more wisely.

The forest has the capacity to provide many benefits at the same time, making it a valuable resource not only for Holmen but for society as a whole. A tree binds carbon dioxide when it is growing. When it is harvested and turned into planks and boards, the carbon stays in the wood. When the house is demolished or a new deck is built, the wood can be reused or converted into other wood products and the carbon stays stored, creating value once more, or is recovered as bioenergy.

Our circular business

The forest ecocycle gives us our wood. The wood is refined and made into products which our customers can then refine further in their turn. As the lifecycle draws to a close, the products can be recovered and come back to life in a new form, or be put to use as bioenergy. We are also the only forest company in the Nordic region to use our land to produce renewable energy from wind and water ourselves. Over the years, we have improved our capacity to create

value in every part of our operations. Today, growing, healthy forests, efficient management of raw materials and circular ecocycles are not merely essential to our profitability, they are also the cornerstone of a genuinely sustainable business.

Resource-efficient production. No part of the trees we harvest goes to waste. When deciding what to make out of the different parts of the tree, greatest value added is the key criterion and the resulting residual products are used in other processes. We see this as good business practice and responsible resource management.

Over the years, we have effectively reduced our use of energy, water and chemicals, and we recover and reuse the waste that arises. Residual products from the sawmills are used to generate electrical and thermal energy in the mills, organic material from the water treatment process is sold on as soil improver, and steam from the mills is used in the drying processes at the integrated sawmills.

The power of customer choice

We create the greatest benefit for the climate together with our customers. We give quality-conscious customers across the world access to products from the Swedish forests. Our customers, partners and, not least, the users of our products are all part of Holmen's circular business and their choice of renewable products

from the forest, from wind and from water makes a positive difference. The best thing we can do for the climate is to help more customers to replace fossil sources with renewables.

A virtuous circle. To avoid linear flows, we need to use renewable raw materials. But if the circular society is to become a reality, phasing out fossil raw materials won't be enough. We will also need more renewable products, and even better ones. This is why we are working with our customers and industry organisations to develop products and processes that can make recycling easier and do their bit for the green transition.

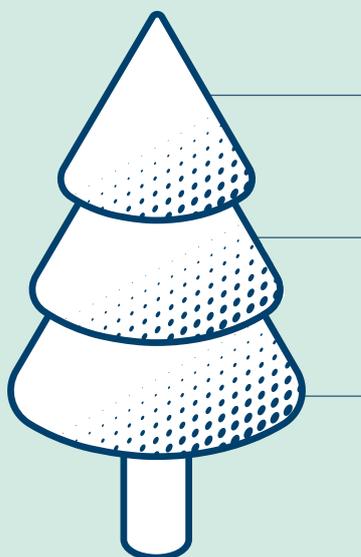
Recycled paper grows in the forest. Our customers become part of an ecocycle that creates benefit and value at every stage. When the products they buy can be reused or recycled, these too become part of the forest ecocycle. One example is when our paperboard and paper products, made using fresh fibre, are used for packaging, books and magazines, which are then recycled. This feeds the recovered paper system, which needs a constant injection of fresh fibre if it is to continue functioning. This is why we often say that recycled paper grows in the forest.

WE GROW HOUSES BUT WE PRODUCE MORE THAN WOOD PRODUCTS

We manage the forest to produce as much wood as possible and we saw as many planks and boards as we possibly can from the trees we harvest. But not everything can be turned into construction materials. This is because tree trunks are round and planks have corners, and because trees also have branches, tops, knots and bark.

Holmen's two nurseries produce almost 45 million seedlings each year, the majority of which are planted on the Group's land. After nearly a century, as the tree's growth slows and its capacity to absorb and store carbon dioxide falls, the forest is mature enough to be harvested. Environmental and chain-of-custody certification enables us to ensure that the raw material for our products always comes from sustainably managed forests.

Half of the harvest consists of large logs that are used to produce construction material used for houses and interiors, for example. The narrower part of the tree and wood from thinning represent just under half of the harvest and are used with residual products from the sawmills in the form of wood chips to manufacture paperboard and paper. The remainder comprises branches, tops and bark, which are used to produce bioenergy.



The harvest

5%

Branches, tops, bark and wood shavings become renewable bioenergy which can be used to produce electricity, heating and biofuels.

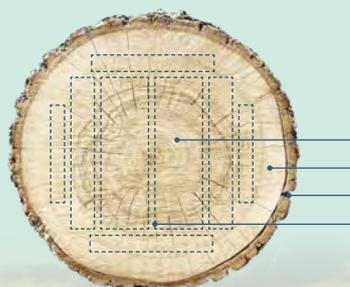
45%

The narrower parts of the tree and wood from thinning are ground or digested down into pulp, which is used to produce paper and paperboard.

50%

The large logs that make up half of the harvest go to sawmills, where they become building materials in the form of construction timber and joinery products.

About half of these logs in turn become wood products, while residual products such as wood chips and wood shavings are used to produce pulp and bioenergy.



The tree trunk

Wood – Planks and boards

Wood chips – Pulp for paper

Bark – Bioenergy

Wood shavings – Bioenergy

A holistic approach to sustainability

Sustainability is about balancing several perspectives – economic, environmental and social – and succeeding in doing so over time. For Holmen, running a successful business goes hand in hand with a sustainable future. We are working to be a positive force in society, focusing on three areas where we are best placed to make a difference, not just in the future but right now: climate, customers' sustainable choices, and our employees and local communities.

1. The climate can't wait

We are part of a value chain in which climate benefit is created on multiple fronts and where we control a large proportion of the chain ourselves. We work to increase the amount of carbon dioxide stored in our products while reducing our greenhouse gas emissions in line with the Paris Agreement.

2. The power of customer choice

We create the greatest benefit for the climate together with our customers. Their choice of renewable products means that the world is avoiding fossil emissions. Our aim is to increase the substitution of fossil carbon dioxide through higher sales of renewable products and renewable energy.

3. We grow together

We are committed to our employees and our local communities. We will be an attractive employer with a healthy work environment free from industrial accidents, discrimination or harassment, and where employees recommend Holmen as a workplace.

CLIMATE BENEFIT ON MULTIPLE FRONTS

Holmen's operations are already benefitting the climate today. The amount of greenhouse gas in the atmosphere is lower thanks to the work we do. In 2023, Holmen created a climate benefit of an impressive 7.5 million tonnes CO₂e, which can be viewed in relation to Sweden's total emissions of just over 50 million tonnes. This is how Holmen created real climate benefit in 2023.

The forest delivers the most benefit when it is put to use. This is the heart of Holmen's sustainable business and our aim is to increase the climate benefit in our value chain, mainly by increasing the positive impact that our business has, but also by reducing our negative footprint.

Forest carbon uptake

Young trees have the greatest capacity to bind carbon dioxide. When the trees become old, growth slows, and when they finally die and decay, the stored carbon dioxide returns to the atmosphere. Active and sustainable forestry, in which the trees are harvested when growth declines and the land is then reforested, sees us increasing forest growth and uptake capacity over time. In 2023, it is calculated that the increase in the volume of standing timber in Holmen's forests has absorbed and stored a net 1.6 million tonnes of carbon dioxide.

Storage in our products

After harvest, the raw material from the forests continues to bind carbon dioxide even in its processed form. In products with a long service life such as wood products, the carbon is stored for a long time once the products have been turned into buildings and homes, while short-lived products made of paperboard and paper store carbon over a shorter period of time.

Holmen's production of wood products increased global storage of carbon dioxide by 0.5 million tonnes and our paperboard and paper products contributed storage equivalent to 0.1 million tonnes of carbon dioxide.

Replacing fossil products

The greatest climate benefit is created when our customers choose wood-based products and renewable energy instead of fossil-based options with a higher carbon footprint. It is here too that Holmen's climate benefit becomes the most tangible – when our products reduce the need for fossil materials and raw materials, so that coal, oil and gas can stay in the ground.

The wood products we produced during the year replaced construction materials and fossil energy that would have generated 2.6 million tonnes of greenhouse gas emissions. When the paperboard and paper we have produced can no longer be recycled, it continues to provide a benefit as bioenergy, replacing fossil energy equivalent to emissions of 1.4 million tonnes.

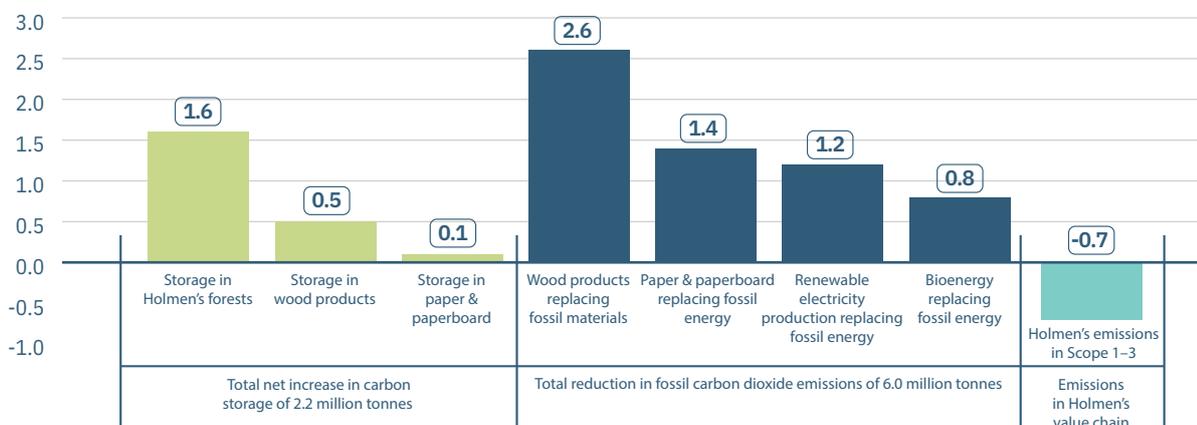
Renewable energy production

Our sales of our own renewable electricity from hydro power, wind power and biomass replace coal and gas power equivalent to 1.2 million tonnes of greenhouse gas emissions. On top of this, our sales of bioenergy based on residual products from the forest and our facilities replace 0.8 million tonnes of emissions.

Lower emissions

Energy-efficiency measures and investments in fossil-free technology at our production facilities have led to a sharp drop in fossil emissions from our operations. Holmen's emissions are already at the low levels that the IPCC, the UN's climate panel, defined for our industry to meet by 2045. Today the majority of our emissions are generated from purchases of input products and from transport to and from Holmen's industrial sites. Therefore, we are now focusing on cutting emissions in these areas. Our emissions targets are in line with the Paris Agreement, as certified by the UN-backed organisation the Science Based Targets initiative (SBTi).

Managed forests benefit the climate in several ways, million tonnes CO₂e



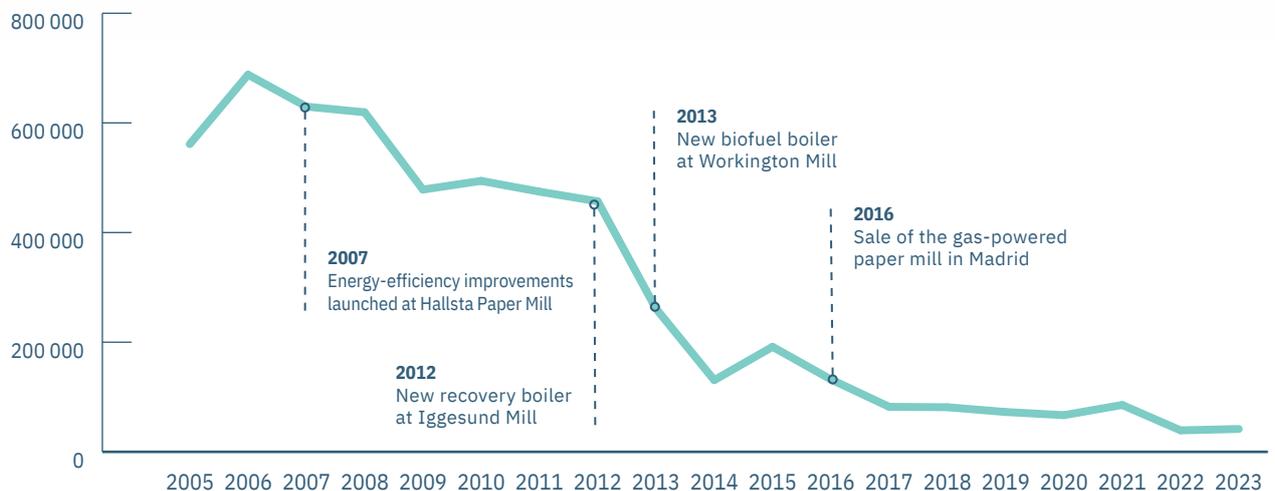
Actively managing the forest means carbon dioxide is stored in the growing forest and in our products, while forest-based products and renewable energy replace fossil alternatives. Total climate benefit from Holmen in 2023 is calculated in line with the methodology used by the Swedish Forest Industries Federation, CEPI and a number of other forest companies. See page 119 for further details of the calculations.

20 years of transition

Back in the early 2000s, Holmen started planning for the transition away from using fossil energy in our industries and in 2005 set the target of reducing the use of fossil fuels at the Group's mills by 90 per cent by 2020. Today we have made the switch to mainly using fossil-free electricity and renewable energy from biofuels.

The fact that we started this transition almost 20 years ago is a major reason why our manufacturing has a low carbon footprint today compared to many of our competitors. Thanks to energy efficiency improvements and investments in fossil-free technology, we have managed to cut fossil carbon emissions from our production by 93 per cent since 2005.

Emissions of fossil carbon dioxide from our production 2005–2023, tonnes CO₂



ACTIVE MEASURES FOR THRIVING FORESTS

Historically, biodiversity has not been a priority issue for Swedish forestry, but there has been a shift in focus over the past 30 years. Development has been rapid and we are constantly learning more about how we can foster healthy ecosystems while increasing forest growth.

Holmen's forest strategy focuses on achieving high and profitable growth, while also ensuring that all naturally occurring species can thrive in the Swedish forest landscape. Of Holmen's 1.3 million hectares of land, almost 1.2 million hectares is forest land, while the remainder is mainly water, exposed rock and bogs.

Areas set aside for nature conservation are the parts of our forest land exempt from forestry as they have major or unique value that should be preserved. Some of these areas are left entirely to their own devices and in others we implement active measures such as clearing brushwood or burning forest under controlled conditions, which is good for many rare plants and animals. Holmen's nature conservation areas are spread across the entire forest holding and large cohesive areas are prioritised.

Non-productive forest land is forest where the trees grow extremely slowly due to a lack of nutrients or water, for example on exposed rock and in marshland. No forestry is carried out in these areas. The trees in these areas are mainly old, slow-growing

or dead and constitute important habitats for a large number of species. Together with the nature conservation areas, non-productive forest land can create large areas rich in variation.

Our active forest management incorporates extensive consideration for both natural and cultural assets. Since forest-dwelling species depend on different habitats for their survival, large broadleaves, dead trees and unusually old trees are preserved as part of our general nature conservation measures. We also maintain valuable buffer zones around lakes, watercourses, marshes and agricultural land. These sites tend to be rich in species due to their varying moisture levels, light conditions and soil types, and they also provide places where the flora and fauna of the forest mix with those from the marshes, water or open landscape.

Our forest holdings

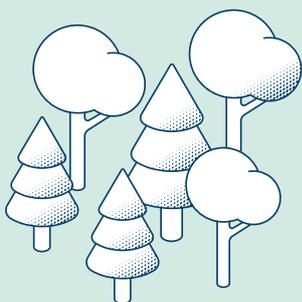
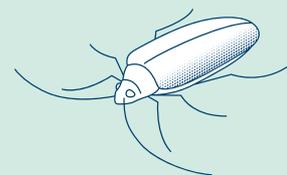


Biodiversity indicators

In working to create thriving forests, we have identified a shortage of certain habitats. To monitor and develop these environments, we have produced four indicators, all of which have a clear link to forest biodiversity:

- Area of old forest
- Area of old forest with high conservation value
- Volume of dead wood per hectare
- Volume of standing timber from large broadleaves per hectare

Since measurements began, progress on these indicators has been strongly positive in Sweden, showing that our environmental conservation work is effective.



Long-term planning for future generations

Forest planning is the foundation of active and sustainable forestry. Every 10 years, we conduct an inventory of our entire forest holdings in order to calculate sustainable harvesting levels and ensure a growing volume of standing timber over time. The assets of our forests are also detailed in local ecological landscape plans, which describe how the forests are to be managed over the long term in order to preserve existing natural assets and to create new ones.

Holmen has been managing forests since the 17th century and over the years has contributed to enormous industrial

advances. The trees we plant today will grow for almost a century before they can be harvested and become buildings and homes and an awful lot can happen in that time. The forest could be hit by drought, fires, storms and pests. Active management and thriving ecosystems increase the resilience of the trees. Each year, we invest SEK 190 million in caring for our forests and constantly work to improve everything from seedlings to nature conservation through research, development and education – all to ensure good growth and healthy ecosystems for future generations.

POSITIVE DEVELOPMENT IN SWEDEN'S FORESTS

The Forestry Act sets out requirements governing forestry in Sweden. Forestry legislation has a long history in Sweden and the first, more modern, forestry act requiring regeneration, in other words that all forest that is harvested must be replanted, was introduced in 1903. Over the years, more and more knowledge has accrued and the methods for creating healthy, thriving forests are constantly evolving.

The introduction of the current Forestry Act in Sweden in 1993 gave equal weight to production targets and environmental

targets. In other words, preserving natural and environmental assets became just as important as the forest's productive value. Environmental conservation requirements include the size of the harvested area, leaving individual trees and dead wood during harvesting, and protecting key biotopes and valuable cultural environments.

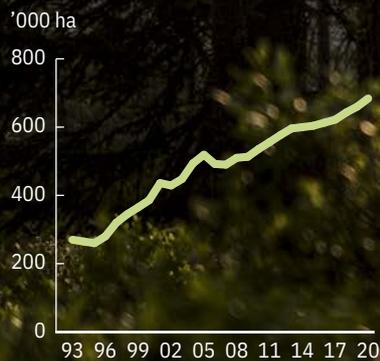
With a production cycle in the forest of almost a century, change does not happen overnight, but several indicators clearly show positive developments since the introduction of the Act. The number of

broadleaves has increased by just over 20 per cent and the proportion of large broadleaf trees has more than doubled since 1993. The area of old forest and the amount of hard dead wood have also more than doubled in the past 30 years.

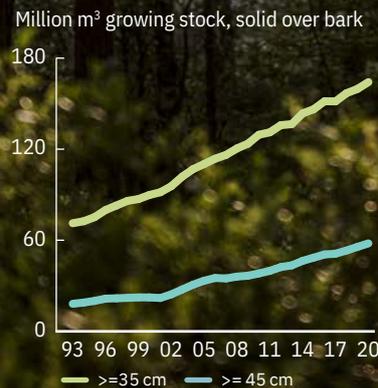
> 100%

Increase in proportion of large broadleaves since 1993

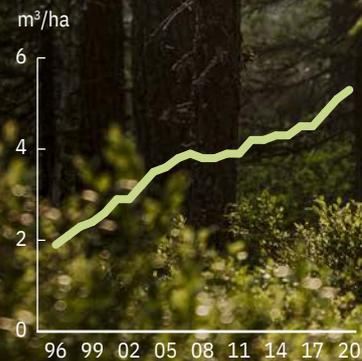
Area of old forest (160+ years)



Volume of standing timber, large broadleaves



Volume of hard dead wood



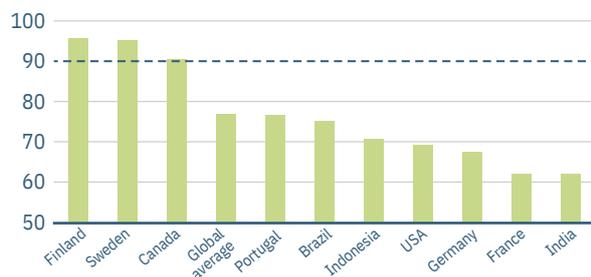
Source: National Forest Inventory. Five-year average, excluding formally protected areas.

Good conditions for biodiversity in the Nordic countries

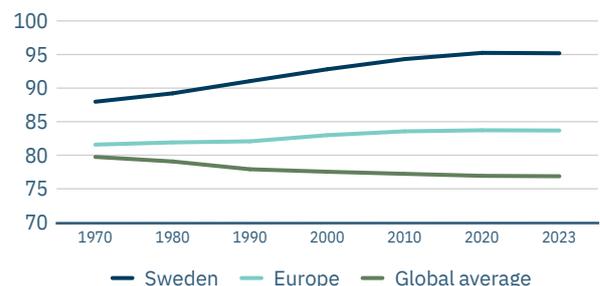
The Biodiversity Intactness Index from the Natural History Museum in the UK models human impact on the natural environment and estimates how high a proportion of the original number of species and habitats still remain. The desirable level of biodiversity in an area is at least 90 per cent, which can be seen as a threshold value that biodiversity in an area must exceed. Sweden and Finland are the two most highly forested countries in Europe, both comprising approximately 70 per cent forest land, much of which is actively

managed. According to the Biodiversity Intactness Index, conditions in Sweden and Finland are also good for functioning ecosystems, with both countries having an index of just over 95 per cent. This can be compared with the global average of 77 per cent, significantly lower than the 90 per cent considered to be sustainable. The index also shows that conditions for biodiversity in Sweden have improved in the past 50 years. For more information on the Biodiversity Intactness Index, see page 119.

Biodiversity Intactness Index 2023



Biodiversity Intactness Index trends 1970–2023





WE GROW TOGETHER

We are committed to our employees and our local communities. Because we know that when people and communities grow, we can grow too.

Today's Holmen is the result of countless decisions large and small, made in line with our values: *courage, commitment and responsibility*. A team effort where we put long-term values ahead of short-term profit and dare to swim against the tide when it makes sense to do so. We like being the small big company among the world's forest companies and would rather be best at the things we choose to focus on than the biggest in the business and fairly good at lots of things.

Management by objectives in a decentralised organisation

Holmen has a management philosophy and decentralised organisation that sets great store by the active participation of employees. Applying our management by objectives model, the strategy, business plans and performance expectations are communicated across the organisation. Based on this, our employees propose targets that will lead to the expectations being met. This helps us to make the most of the skills, potential and drive of every individual, team and unit.

Holmen provides a learning environment where everyone has the opportunity to feel a sense of commitment and responsibility for the areas in which they work and their objectives. The management by objectives model is our way of making sure that everyone working at Holmen feels that we are focusing on the right things and joins in with implementing our strategy. This makes it easy to work across boundaries and in new constellations.

Employees with courage, commitment & responsibility

Our three values: courage, commitment and responsibility develop us as individuals, build further on our strong culture and make Holmen better. The values are clearly front and centre at Holmen. Every day, they must support and develop the behaviours, priorities, decisions and the way we run the business. They guide us in our approach to each other, in relations with customers and in our work day to day. They are also integrated in our processes and tools, including in the recruitment process and in appraisal talks, in our management by objectives model, and as a basis for our internal leadership and management programmes.

Forever learning. Based on our current and future skills needs, we are working on employee development at all levels.

We give employees a great deal of responsibility, as well as the motivation and support of committed and expert colleagues and managers. Because we know that the impetus to grow is greatest when development is built from the ground up, we enable everyone to develop through stimulating work and new challenges. We also provide development programmes for new and more experienced managers alike, plus specialists driving work on change.

Dynamic workplace. Attracting and retaining the right employees is of the utmost importance in maintaining competitiveness over time. This way, we ensure that Holmen continues to be a business with a focus on innovation and development. We have an attractive offering as an employer and apply competency-based recruitment which helps us to bring in the right skills – employees that represent a diversity of insights, experiences and cultures. As our industry is currently overwhelmingly male, we are working to achieve a more even gender distribution among all employees.

Thriving rural communities with strong local relationships

Active forestry is essential to thriving rural communities. It creates jobs in places where there are few employers and gives people an opportunity to live, work and enjoy quality of life outside the city regions.

Holmen is one of Sweden's largest forest owners, with a land holding of 1.3 million hectares divided between about 4 600 forest properties. We manage our own forests, but also work with private forest owners and other companies in the Swedish forest industry. Almost 15 000 private forest owners from Småland in the south to Västerbotten in the north have chosen us as their forestry partner. As well as our own 3 500 employees, we create employment for local contractors and companies across the country. The forest industry employs about 120 000 people in Sweden in total. In several regions, the forest industry accounts for 20 per cent or more of industrial employment.



Because we develop in harmony with our local communities, we make every effort to be good neighbours and engage in community organisations and tourism. For example, we work with sporting and cultural organisations in the communities in which we operate. Forestry also makes the forests easily accessible for outdoor

recreation under Sweden's right to roam. Our forest roads enable people to access the countryside, to pick mushrooms and berries on our land, and they open up excellent opportunities for hunting and fishing.

THREE OF OUR SOCIAL TARGETS



A zero vision for discrimination and harassment

Holmen upholds human rights and the equal value of all people in everything we do, and all employees must have the same rights, obligations and opportunities. We have a vision of zero discrimination and harassment, which is followed up internally via employee surveys, appraisal talks and reported cases.

Industrial accidents

with more than 8 hours of absence (LTI) per million hours worked.



A zero vision for accidents

It goes without saying that we actively pursue a healthy culture and an accident-free workplace for our employees and the contractors who work with us. We conduct Group-wide, systematic work on health and safety in line with ISO 45001. As always, the precautionary principle is paramount. The number of work-related accidents per million hours worked fell from 7.6 in 2022 to 5.2 in 2023 and we continue to take a long-term approach focused on our vision of zero accidents.



Employees who recommend Holmen

Holmen is to be an attractive employer where our employees recommend Holmen as a workplace. The most recent employee survey puts Holmen's employee Net Promotor Score (eNPS) at 25. This is a strong result as the benchmark for 250 companies in different industries is 16.

CORPORATE GOVERNANCE REPORT

Holmen AB is a Swedish public limited company, listed on the Stockholm Stock Exchange (Nasdaq Stockholm) since 1936. The preparation of a corporate governance report is a requirement under the Swedish Annual Accounts Act. The corporate governance report complies with the rules and instructions stipulated in the Swedish Code of Corporate Governance.

Shareholders

Holmen AB had 53 344 shareholders at year-end 2023. Swedish private individuals accounted for the largest category of owners with 50 747 shareholders.

The largest shareholder at year-end, with 62.6 per cent of the votes and 34.7 per cent of the capital, was L E Lundbergföretagen, which means that a Group relationship exists between L E Lundbergföretagen AB (corporate ID number 556056-8817), whose registered office is in Stockholm, and Holmen. The second-largest shareholder was the Kempe Foundations and their holdings of Holmen shares amounted to 17.6 per cent of the votes and 7.5 per cent

of the capital at the same date. No other individual shareholder controlled as much as 10 per cent of the votes. Employees have no holdings of Holmen shares via a pension fund or similar system.

At the 2023 Annual General Meeting (AGM), the Board's authorisation to purchase up to 10 per cent of the company's shares was renewed. On 3 May 2023, the Board decided to use the buy-back authority to adjust the Group's capital structure. In 2023, 2 779 323 shares were repurchased for SEK 1 119 million, corresponding to an average price of SEK 403/share. The buy-backs amount to 1.7 per cent of the total number of shares. The company already owned 0.3 per cent of its own shares, meaning that at 31 December 2023 Holmen held 2.0 per cent of the total number of shares.

See pages 54–55 for further information on the shares and ownership structure.

General meeting of shareholders

The notice convening the AGM is announced and posted on holmen.com no earlier than six and no later than four weeks before the meeting. That a notice has been issued is also advertised in a

nation-wide newspaper. It was announced on 20 September 2023 that the 2024 AGM would take place on 16 April 2024. Shareholders or proxies are entitled to vote in accordance with the full number of shares owned or represented.

Nomination committee

The AGM resolved that the nomination committee should consist of the Chairman of the Board and one representative from each of the three shareholders in the company that control the most votes at 31 August each year. The composition of the nomination committee for the 2023 and 2024 AGMs is shown in the table on page 47.

The nomination committee's mandate is to submit proposals for the election of Board members and the Board Chairman, for Board fees and auditor fees, and for the election of auditors.

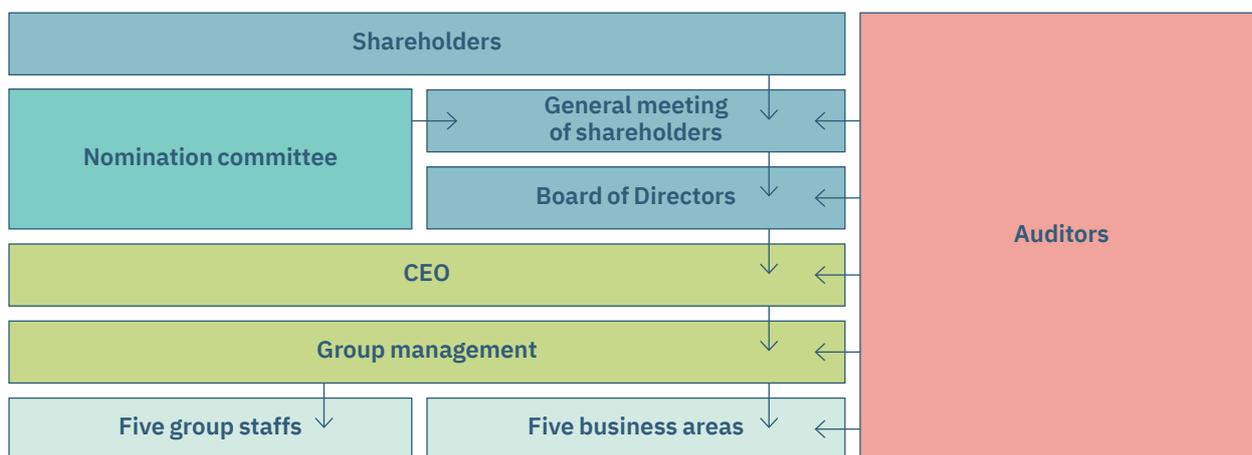
The nomination committee applies rule 4.1 of the Swedish Corporate Governance Code (the Code) as a diversity policy when putting forward proposed Board members, which means the composition of the Board should reflect the company's business operations, phase of development and other circumstances, and should be

↓ 2023 Annual General Meeting

The notice convening the meeting, the agenda and the minutes of the 2023 AGM are available at holmen.com. The Board of Directors attended the meeting. The AGM approved the income statement and balance sheet, decided on the appropriation of profits and granted the departing Board discharge from liability. The following Board members were re-elected: Fredrik Lundberg, Alice Kempe, Lars Josefsson, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henrik Sjölund and Henriette Zeuchner. Carina Åkerström was elected as a new member. Fredrik Lundberg was re-elected Chairman of the Board. The general meeting of shareholders also decided on Board fees, auditors and auditors' fees, the approval of the remuneration report, the adoption of new remuneration guidelines for members of senior management and to authorise the Board to buy back treasury shares. Fredrik Lundberg, Patrik Jönsson, SEB Investment Management and Staffan Ringvall, Handelsbanken Fonder, checked and approved the minutes.

↓ Board meetings

The Board held eleven meetings in 2023, four of which were in connection with the company's publication of its quarterly reports. One meeting was held in connection with the company's AGM. One meeting was dedicated to reviews of strategic issues and the Group budget for 2024. The Board also paid special attention to financial and accounting issues, the following up of business operations and the energy market. In addition, the Board devoted time to sustainability issues, study visits to paperboard mills, sawmills and power plants in the vicinity of Iggesund and significant investment matters. On one occasion the company's auditor reported directly to the Board on the audit of the accounts and internal control.



diverse and wide-ranging in terms of the expertise, experience and background of the members elected by general meetings. An even gender distribution is sought. Further information about the work of the nomination committee will be provided at the 2024 AGM.

For the 2024 AGM, the nomination committee proposes that the Board consist of nine members elected by the AGM. The nomination committee proposes the re-election of the current Board members Fredrik Lundberg (who is also proposed for re-election as Chairman of the Board), Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henrik Sjölund, Henriette Zeuchner and Carina Åkerström.

Composition of the Board

The members of the Board are elected each year by the AGM for the period until the end of the next AGM. According to the articles of association, the Board should consist of between seven and eleven members. The company's articles of association contain no other rules regarding the appointment or dismissal of Board members, or regarding amendments to the articles, or restrictions on how long

members can serve on the Board. The 2023 AGM decided to re-elect Fredrik Lundberg, Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henrik Sjölund and Henriette Zeuchner to the Board, as well as electing Carina Åkerström. Fredrik Lundberg was re-elected Chairman of the Board. At the statutory first meeting of the new Board in 2023, Henrik Andersson, Senior Vice President Legal Affairs, was appointed Board secretary.

Over and above the nine members elected by the AGM, the local labour organisations have a statutory right to appoint three members and three deputy members.

Of the nine Board members elected by the AGM, eight are deemed to be independent of the company as defined by the Code. The CEO is the only Board member with an operational position in the company. Further information about the members of the Board is provided on pages 56–57.

The Board's activities

The activities of the Board follow a plan, one of whose aims is to ensure that the Board obtains all the requisite information. Each

year the Board decides on written working procedures and issues written instructions relating to the division of responsibilities between the Board and the CEO, and the information that the Board is to receive continually on financial developments and other key events. Company employees participate in Board meetings, where they submit reports.

In order to develop the work of the Board, an annual evaluation is undertaken involving each member answering a questionnaire containing relevant questions concerning the Board's work and having the opportunity to make suggestions on how to enhance the Board's work. Their responses are presented and discussed at a Board meeting. The results of the 2023 evaluation will form the basis for the planning of the Board's work for the coming year. The Chairman of the Board has reported the results of the evaluation to the nomination committee.

Audit

The audit firm PricewaterhouseCoopers AB (PwC), which has been Holmen's auditor since 2021, was re-elected as auditor at the 2023 AGM for one year. Authorised public accountant Magnus Svensson Henryson was appointed as the principal

↓ Members of the Board of Directors

Board members	Elected	Role on the Board	Audit committee	Remuneration committee	Attendance at meetings in 2023:			Fee for 2023 decided by AGM (SEK '000)
					Board of Directors	Audit committee	Remuneration committee	
Fredrik Lundberg	1988	Chairman	Member	Chairman	11/11	5/5	3/3	820
Carl Bennet	2009	Member	–	Member	4/11	–	2/3	–
Lars Josefsson	2016	Member	Member	–	11/11	5/5	–	410
Alice Kempe	2019	Member	–	Member	11/11	–	3/3	410
Louise Lindh	2010	Member	–	–	11/11	–	–	410
Ulf Lundahl	2004	Member	Chairman	–	11/11	5/5	–	410
Fredrik Persson	2022	Member	–	Member	11/11	–	1/3	410
Henriette Zeuchner	2015	Member	–	–	11/11	–	–	410
Carina Åkerström	2023	Member	–	–	7/11	–	–	410
Henrik Sjölund	2014	Member, President & CEO	–	–	11/11	–	–	–

According to the nomination committee, Fredrik Lundberg, Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik Persson, Henriette Zeuchner and Carina Åkerström are independent of the company and its senior management, and Lars Josefsson, Ulf Lundahl, Fredrik Persson, Henriette Zeuchner, Carina Åkerström and Henrik Sjölund are independent of the company's major shareholders. Carl Bennet declined to stand for re-election at the general meeting of shareholders of 28 March 2023 and Carina Åkerström was elected as a new Board member. Fredrik Persson succeeded Carl Bennet as a member of the remuneration committee.

Employee representatives

Christer Johansson, member, elected 2017/Tommy Åsenbrygg, member, elected 2009/Ari Aula, member, elected 2022/Martin Nyman, deputy member, elected 2021/Daniel Hägglund, deputy member, elected 2014/John Nyberg, deputy member, elected 2023.



Internal management processes and guideline documents.

auditor. PwC performs the audit for Holmen AB as well as for the majority of Holmen's subsidiaries.

The examination of internal procedures and control systems begins in the second quarter and continues thereafter until year-end. The interim report for January–September is subject to review by the auditors. The examination and audit of the final annual accounts and the annual report, including the sustainability report, take place in January–February.

The members of Holmen's audit committee are Ulf Lundahl, Chairman, Fredrik Lundberg and Lars Josefsson. The audit committee met five times. The audit committee's task is to monitor the company's financial reporting and the efficiency of the company's internal control and risk management. In 2023, the committee's duties were expanded to also include reporting on sustainability matters, with an initial focus on the preparations for the new corporate sustainability reporting directive, or CSRD. The audit committee reviews and monitors the impartiality and independence of the auditor. The committee also evaluates the auditor's work and submits proposals to the company's nomination committee for the election of an auditor for the next mandate period. The Board's reporting instructions include requirements that the members of the Board receive a report each year from the auditors confirming that the company's organisation is structured to enable satisfactory supervision of accounting, of the management of funds and of other aspects of the company's financial circumstances. In 2023, the auditors reported on their work to the audit committee at four meetings and to the Board of Directors on one occasion. In addition to the audit assignment, Holmen has consulted PwC on matters pertaining to taxation, accounting and for various

investigations. The remuneration paid to PwC for 2023 is stated in Note 5 on page 74. PwC is required to assess its independence before making decisions on whether to provide Holmen with independent advice alongside its audit assignment.

Remuneration

The Board has appointed a remuneration committee consisting of Fredrik Lundberg, Fredrik Persson and Alice Kempe. During the year, the committee prepared matters pertaining to the remuneration and other employment conditions of the CEO, and also evaluated guidelines for remuneration, share savings programmes and short-term benefits. The committee also examined remuneration structures, remuneration levels and methods for establishing the Group's wage levels to ensure that these are reasonable and appropriate.

Remuneration and other employment conditions for senior management who report directly to the CEO are decided on by the latter and approved by the remuneration committee in accordance with the instructions for the remuneration committee adopted by the Board of Directors, as well as the guidelines adopted by the AGM for the remuneration of members of senior management.

The Group applies the principle that each manager's manager must approve decisions on remuneration in consultation with the relevant personnel manager.

The current guidelines for the remuneration of the CEO and other senior management, i.e. heads of business areas and heads of Group staffs who report directly to the CEO, were adopted by the 2023 AGM. The AGM adopted the guidelines in accordance with the Board's proposal. Current guidelines and information about remuneration are presented in Note 4 on pages 73–74.

The 2023 AGM approved the Board

fees and payment of the auditors' fee as invoiced.

The 2022 AGM approved a new share savings programme for key individuals in the Group. The programme will expire in April 2025. Its aim is to strengthen common interests between shareholders and company management, as well as to create a long-term commitment to Holmen. More information about the current share savings programme can be found in Note 4.

Group management

The Board has delegated operational responsibility for management of the company and the Group to the CEO. The Board annually decides on instructions covering the distribution of tasks between the Board and the CEO.

Holmen's Group management consists of the company's CEO, the heads of the five business areas, and the heads of the five Group staffs. Information about the CEO and other members of Group management is provided on page 58.

Group management meets regularly. The meetings during the year dealt with matters such as earnings performance and reports before and after Board meetings, strategic issues, budgets, investments, internal control, work environment, sustainability issues, climate and environmental issues and silviculture matters. Meetings were also dedicated to reviews of market conditions, economic developments and other external factors affecting the business, as well as discussions about governance of the Group and the tools, such as the management-by-objectives model and Group-wide policies, used in such governance. In 2023, Group management focused particularly on analysing the future energy market in Europe and its impact on the Group's competitiveness and activities. Group management also devoted time to exploring how Holmen can contribute further to the European sustainability objectives, and how changes in the rules related to these objectives may affect Holmen's competitiveness.

Internal management processes

Holmen's business strategy is formulated by Group management in order to create long-term value for both shareholders and customers, while contributing to a better climate and thriving rural communities. The strategy is adopted by the Board each year and forms the basis for the expectations that are set. On the basis of these expectations, each unit sets targets and identifies success factors for achieving them. Key performance indicators (KPIs) are linked to the success factors in order to measure and demonstrate changes in performance. The strategy review also provides the basis for the budget, through which decisions are taken on the distribution of resources and targets for the coming year are set. Use of a simple

management-by-objectives tool for continuous follow-up ensures that the entire organisation is applying appropriate priorities to attain the targets established.

The business areas guide the operating activities towards these targets using processes for purchasing, production and sales, supported by financial management, IT, HR, environmental, sustainability and communication processes.

Activities are followed up through regular meetings with Group management and the monthly reporting of performance and KPIs that reflect business activity, along with additional qualitative analyses. Reporting of sustainability data is integrated with the financial reporting. When major investment decisions are under consideration, financial, social and environmental effects are taken into account.

Risk management. The Group's business and operational risks, and climate-related risks and opportunities, are managed by the various business areas. Each business unit has its own processes for identifying, assessing and responding to these risks and opportunities. Material risks are reported to Group management as part of regular operational reviews.

Purchasing and IT infrastructure are managed by Group-wide functions in order to leverage economies of scale, and risks are handled in line with the Group's policies. Group Finance manages the Group's financing and financial risks, based on a finance policy that is established by the Board and is characterised by a low level of risk. Regulatory risks and changes in external requirements driven by sustainability matters are monitored and dealt with by the Holmen Sustainability Council, which is led by Holmen's Senior Vice President Technology (who is a member of Group management) and consists of a representative from each Group staff and each business area.

For further information, see the Risk management section on pages 49–53.

Code of Conduct. Holmen's Code of Conduct is in line with the UN Global

Compact, the International Labour Organization's (ILO) eight fundamental conventions and the OECD's Guidelines for Multinational Enterprises, and provides guidance on day-to-day operations and clarifies what expectations are made of employees. Holmen's operations should be characterised by responsible behaviour towards both internal and external stakeholders. The Supplier Code of Conduct is also in keeping with the above principles, conventions and guidelines. Both Holmen's Code of Conduct and Supplier Code of Conduct cover the areas of the prevention of corruption, human rights, the work environment and the environment.

While respecting human rights, Holmen endeavours to ensure a workplace climate that is founded on the equal value of all people. All of Holmen's employees should have the same rights, obligations and opportunities irrespective of their sex, transgender identity or expression, ethnicity, religion or other beliefs, disabilities, sexual orientation or age. Holmen is subject to the UK Modern Slavery Act and a report relating to this is available at holmen.com.

Policies. Holmen develops policies, guidelines and Group instructions to clarify how employees should act within key and critical areas. The Group's eleven policies cover matters such as expectations of employee participation and leadership, and specify the framework for management by objectives, talent management, interaction with trade union organisations, equal treatment and employment conditions. A good work environment is also covered in terms of health and safety, anti-corruption and competition issues, and how good business practice is maintained in dealings with external contacts on different markets. Employees in departments at risk of encountering unauthorised behaviour receive special training on business ethics. The policies specify that raw materials should be used efficiently, pollution should be prevented and we should aspire to make continuous improvements. Production units must carry out a climate analysis risk

and prepare climate adaptation plans. Financial risk is managed centrally and should be characterised by a low level of risk. The policies should also ensure that the company's assets are managed in accordance with Group rules, risks of errors in financial reporting are minimised and irregularities are prevented. The Group's purchasing should contribute to long-term profitability. The sustainable sale of raw materials, products and services should be ensured in both the short and long term. Information communicated must be accurate, transparent and easily accessible and comply with legal requirements and commercial confidentiality.

The policies, with the associated guidelines and instructions, are available to all employees on the Group's intranet. Policies considered to be of importance for external stakeholders are published on holmen.com.

Compliance. Holmen's Code of Conduct, policies and values are part of every employee's induction programme, and are repeated through regular training. Compliance is monitored for example through employee surveys and appraisal talks, pay surveys, safety statistics and audits of the organisational and social work environment. The Board is informed of any breaches of the Code of Conduct. Where non-compliance or failings are found in terms of the corporate culture, the issue is addressed on a case-by-case basis.

Whistleblower function. A whistleblower function is available so that employees and other stakeholders can highlight any deficiencies in Holmen's financial reporting, discrimination or other possible areas of concern or improprieties at the company. Two matters were raised through this function in 2023. The matters concerned work-related issues, which were managed through ordinary procedures.

↓ Composition of the nomination committee

Name	Representing	Before AGM:		Independent of the Company	Largest shareholder (in terms of votes)
		2024	2023		
Mats Guldbbrand	L E Lundbergföretagen*	-	x (Chairman)	Yes	No
Bo Selling	L E Lundbergföretagen*	x (Chairman)	-	Yes	No
Fredrik Lundberg	Chairman of the Board	x	x	Yes	No
Carl Kempe	Kempe Foundations*	-	x	Yes	Yes
Lars Ericson	Kempe Foundations*	x	-	Yes	Yes
Vegard Torsnes	Norges Bank*	x	x	Yes	Yes

*At 31 August 2023, L E Lundbergföretagen controlled 62.2 per cent of the votes, the Kempe Foundations controlled 17.5 per cent and Norges Bank controlled 1.9 per cent.

Internal control of financial reporting

The Board's responsibility for internal control and financial reporting is regulated by the Swedish Companies Act and the Swedish Corporate Governance Code. Under this code, the Board is also responsible for ensuring that the company is managed in a sustainable and responsible manner. Day-to-day responsibility for all these matters is delegated to the CEO.

Purpose and structure. The purpose of internal control is to ensure that Holmen achieves its financial reporting objectives (see below), to ensure that the company's assets are managed according to Group rules and to prevent irregularities. Group Finance coordinates and monitors the internal control process for financial reporting. Work was begun during the year on including sustainability reporting in the Group's internal control work.

This work adheres to guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) for internal control of financial reporting. The framework comprises five basic elements: the control environment, risk assessment, control activities, information and communication, as well as monitoring activities and evaluations. The framework has been modified to suit the needs of Holmen's various operations.

Control environment. The control environment provides the basis for internal control of financial reporting and is based in part on the company's internal management processes. The Board of Directors' procedural rules and the instructions for the CEO establish the distribution of roles and responsibilities to ensure effective control and management of the business's risks.

Policies, guidelines and instructions contribute to making individuals aware of their role in maintaining good internal control. These documents also ensure that financial reporting complies with the laws and rules that apply to companies listed on Nasdaq Stockholm and the local rules in each country where the company operates.

Risk assessment. Risk assessment activities aim to identify and evaluate the risks that may result in the Group's financial reporting objectives not being met. The results of these risk-related activities are compiled and assessed under the guidance of Group Finance. In 2023, the analysis was expanded to also cover risks related to the sustainability reporting process.

Holmen's greatest reporting risks are linked to the valuation of forest assets, pension obligations, provisions and financial transactions. The risk assessment also includes the identification and evaluation of operational risks, which are managed through each business area's management system. For further information, see the Risk management section on pages 49–53.

Control activities. To ensure that Holmen's financial reporting objectives are met, control requirements are incorporated in the processes that are deemed relevant: sales, purchasing, investments, employees, financial statements, payments and IT. Control activities aim to prevent, identify and rectify errors and nonconformities. Business-specific self-assessments that are completed by all Group units set out what control requirements apply for each process and whether or not they are being met.

Information and communication.

Holmen's financial information provision, both external and internal, adheres to a communication policy established by the CEO. The provision of financial information to Holmen's shareholders and other stakeholders must be accurate, comprehensive, transparent and consistent, and must take place on equal terms and at the right time.

Follow-up and evaluation. Control activities are regularly assessed to ensure that they are effective and appropriate. The results of self-assessments are followed up on a continuous basis and nonconformities are reported half-yearly to the Executive Vice President. The accuracy of self-assessments is subject to testing. Internal control reporting to Group management takes place once a year.

The company's auditors report their observations from their internal control review to the audit committee and Board during the year.

Follow-up is an important tool for identifying possible deficiencies within the Group and for addressing these through the development of new control requirements.

Statement on internal audit. The Board of Directors does not believe that particular circumstances in the business or other conditions exist to justify an internal audit function. The internal control managed by the Group, together with the activities carried out by the external auditors, are deemed to be sufficient.

↓ Holmen's financial reporting

External financial reporting must:

- be accurate and complete, and comply with applicable laws, regulations and recommendations
- provide a true and fair description of the company's business
- support a reasoned and informed valuation of the business.

Internal financial reporting must also support correct business decisions at all levels in the Group.

»Sustainability is about balancing several perspectives – economic, environmental and social – and succeeding in doing so over time. It is a core component of our corporate governance and we were among the first to integrate the sustainability report into our annual report.«

Anders Jernhall, Executive Vice President and CFO, Holmen

RISK MANAGEMENT

The Group's business and operational risks, as well as climate-related risks and opportunities, are managed by the relevant business areas, which also take decisions regarding production, sales and employees with the aim of generating a lasting good return on invested capital.

Purchasing and some parts of IT are managed by Group-wide functions in order to leverage economies of scale and risks are handled in line with the Group's policies. The Group's financing and financial risks are managed by Group Finance based on a finance policy established by

the Board that is characterised by a low level of risk. This aims to minimise the Group's cost of capital and ensure the effective management and control of the Group's financial risks.

Operational risks

Risk	Risk management	Comments
<p>Production and deliveries Demand for Holmen's products is affected by macroeconomic and political factors, among others, and the competitiveness of European producers above all. Changes in demand affect the ability to achieve full production at the Group's plants and can lead to lower income. Income may also be impacted if the harvesting of our own forests needs to be limited and by variations in precipitation and wind, which govern the production of hydro and wind power.</p>	<p>Holmen endeavours to maintain a good cost position through large-scale production at well-invested production facilities, efficient logistics solutions and good control over the supply of wood and energy. Together with longstanding customer relationships and strong product brands, this also increases our ability to maintain a high level of production amid more difficult market conditions. Changes in demand for wood may be catered for by moving the harvesting of our own forests between years, while the production of hydro power during the year can be controlled by regulating water reservoir levels.</p>	<p>The production of paperboard and paper products was curtailed in 2023 due to weaker economic conditions and extensive destocking by customers. For information about how changes in deliveries would affect Holmen's operating profit, given the circumstances on 31 December 2023, see the sensitivity analysis on page 53.</p>
<p>Selling prices The market balance in each product segment governs the selling price and affects income.</p>	<p>Holmen is limited in its ability to make rapid changes to its product range in the event of changes in price, but it adjusts its product focus towards those products and markets deemed to have the best long-term conditions and by having a broad customer base and an offering across a number of product areas. Changes in the price of wood can be managed to some extent by moving harvesting between years, and changes in the price of electricity can be partly managed by regulating water reservoir levels in order to move electricity production over the year.</p>	<p>Paperboard prices were largely stable in 2023 after increasing the previous year. Paper prices decreased from high levels. Wood product prices stabilised after declining in 2022. The electricity price decreased from historically high levels, but continued to be volatile, which benefited hydro power production. For information about how changes in prices would affect Holmen's operating profit, given the circumstances on 31 December 2023, see the sensitivity analysis on page 53.</p>
<p>Raw materials Wood, electricity and chemicals are the most significant input goods and price changes affect profitability. Holmen's costs depend on price developments for input goods, as well as on how well the Group succeeds in making its production and administration more efficient. There is a risk that the Group's costs will increase if there is a shortage of raw materials, or if prices increase for input goods.</p>	<p>Half of the Group's wood needs are covered by harvesting from the Group's own forests, while the remainder is mainly purchased from private forest owners. The Group's position when it comes to pulp is largely balanced as a result of the integrated production process. The paperboard business generates almost all the electricity required at its own mills, while electricity for paper manufacturing is supplied from external electricity purchases. The price risk for this consumption is managed through physical fixed price contracts and financial hedging. The Group also sells electricity from its hydro power and wind power assets to the grid. The need for thermal energy is great and is met locally through recovery and production from residual products. Chemicals are a significant input, particularly in paperboard production, but the need is declining since used chemicals are being recovered at the mills.</p>	<p>The price of wood continued to increase in 2023, while chemical costs stabilised at a high level. Due to electricity price hedges and Holmen's adapting of its paper production to an environment with volatile electricity prices, the increase in electricity prices in 2022 and 2023 had a limited impact on Holmen's production costs. For information about how changes in commodity prices would affect Holmen's operating profit, given the circumstances on 31 December 2023, see the sensitivity analysis on page 53.</p>

Risk	Risk management	Comments
<p>Suppliers Deficiencies in the input supply chain in terms of security of supply and quality can lead to production disruptions. Suppliers that do not meet Holmen's requirements can also have a negative effect on operations. There is a further risk of essential raw materials not being delivered because of changes in laws and regulations or other external factors.</p>	<p>Holmen endeavours to have at least two approved suppliers per area of use. Holmen's Supplier Code of Conduct is included in all new contracts. The Code contains sustainable development requirements, including respecting internationally recognised principles governing the prevention of corruption, human rights, the work environment and the environment. Since 2017, Holmen has engaged an external party, EcoVadis, to monitor suppliers for their compliance with the Code. Holmen is subject to the UK Modern Slavery Act and a report on this is available at holmen.com. Compliance with silviculture contractor agreements is ensured through site visits to forests. All silviculture contractors are given annual training, through the silviculture training programme, in silviculture, and in labour law, and are informed about where to turn should irregularities occur.</p>	<p>The supply chain risks relating to the climate, environment, labour legislation, human rights, business ethics and sustainable purchasing have been mapped. The outcome is monitored through EcoVadis, in discussion with the relevant suppliers. In 2023, 1 (0) breach of the Supplier Code of Conduct was reported. In the event of such breaches of the Code, an active discussion with an action plan is put in place in accordance with Holmen's procedures. Suppliers representing 90 per cent (88) of the Group's purchasing volumes comply with the principles of the Supplier Code of Conduct. The largest suppliers of input products are engaged in discussions on the reduction of fossil fuel emissions.</p>
<p>Customer credits The risk of the Group's customers being unable to fulfil their payment obligations constitutes a credit risk.</p>	<p>The risk that the Group's customers will not fulfil their payment obligations is limited by means of creditworthiness checks, credit limits per customer and, in some cases, by insuring trade receivables against credit losses. Credit limits are continually monitored. Exposure to individual customers is limited.</p>	<p>At 31 December 2023, the Group's trade receivables totalled SEK 2 696 million (2 929), of which 41 per cent (43) were insured against credit losses. During the year, credit losses on trade receivables had a SEK -2 million (0) impact on earnings. Sales to the five largest customers accounted for 14 per cent (14) of the Group's total sales in 2023.</p>
<p>Facilities Production may be seriously disrupted, for example in the event of a fire, machine breakdown or natural disaster. This can lead to supply problems, unexpected costs and reduced customer confidence. Production facilities require ongoing maintenance and technical upgrades. Major maintenance shutdowns can entail higher costs and a greater loss of production than planned. Investments in non-current assets may also be more costly than initially planned.</p>	<p>Damage prevention measures, regular maintenance and continual upgrades can minimise the risk of damage to facilities. Training employees promotes participation, knowledge and awareness of these risks and how they can be countered. Holmen's facilities are covered against damage from unforeseen events by property and business interruption insurance.</p>	<p>Holmen continually invests in fire safety and several facilities increased the areas covered by sprinkler systems during the year. Planned maintenance shutdowns are carried out each year at the Group's mills and sawmills to ensure continued good production and high quality products.</p>
<p>IT systems Efficient IT support is required to be able to manage and plan production, sales and purchasing. Disruptions in IT support and unauthorised access to information can have significant negative effects on the business.</p>	<p>Operating disruptions and unauthorised access are prevented by security measures and preventive measures in the form of appropriate physical protection, reliable server operation and secure networks. Measures and procedures are in place to minimise the risk of interruption and to manage situations if interruptions occur. Holmen is continually developing protective measures to address changes in the risk profile.</p>	<p>To make its systems and procedures secure, Holmen has created a function focused on IT and cyber security. A regularly recurring IT security training course for employees was provided in 2023.</p>
<p>Forest management Holmen's right to manage its own forest is crucial to maintaining its value. There is a risk that the requirements for the forests to be used as carbon sink may increase in the future. Such a development could affect the ability to manage the forests and therefore access to raw materials. Required changes in forestry methods could lead to reduced harvests and increased costs.</p>	<p>Forest and land management are regulated both nationally and at EU level. In order to be able to engage in active and sustainable forestry, it is important that laws and regulations do not restrict the conditions necessary for sustainable operations. Holmen participates in national and international industry organisations to exert an influence on relevant political and regulatory issues.</p>	<p>During the year, decisions have been made within the framework of the EU's Green Deal that, when implemented in Sweden, risk limiting the ability to manage the forests and therefore the contribution to increased carbon storage and increasing substitution. Holmen has continually played an active part in discussions, both on its own and through industry organisations, to influence the EU's position and the Swedish government's implementation planning, including by highlighting the positive climate effects of a managed forest and the substitution brought about by forest products.</p>
<p>Damage to forests Wild game can damage forests when grazing, resulting in both deterioration of the quality of the trees and reduced forest growth. Insect pests are another risk factor; for example, the spruce bark beetle can damage spruce forests. Storm and snow damage, fungal attacks and forest fires are other examples of damage that must be addressed and managed in forestry.</p>	<p>The Group's forest holdings are not insured as they are spread across large parts of Sweden and the risk of extensive damage is not considered to justify the cost of insurance. To reduce the extent of grazing by wild animals, active efforts are undertaken on Holmen's land to maintain game at the correct population level. Insect pests such as pine weevils are combatted by waxing seedlings and infested forest is harvested as soon as possible to prevent spread.</p>	<p>The spruce bark beetle infestation continued in southern Sweden in 2023, but the damaged volume represented a smaller percentage than in 2022. To counter the spread, Holmen has continued to prioritise the harvesting of spruce bark beetle infested forest. Holmen is working resolutely on the spruce bark beetle infested forest, focusing on retaining as much of the wood's value as possible and looking for a sales outlet for the damaged logs.</p>

Risk	Risk management	Comments
<p>Climate change The Swedish Meteorological and Hydrological Institute's forecasts show that the average temperature, precipitation and soil moisture will increase in Sweden, which may entail increased extreme weather risks, in the form of fires, storms and flooding. A warmer climate may also increase the risk of fungal attack and insect damage in our forests, and affect our ability to actively manage the forests due to shorter periods where the soil is frozen or stoppages due to a high risk of forest fires. Changes in temperature, precipitation and wind may also affect the production of hydro and wind power.</p>	<p>As part of our forestry, ongoing climate risk analyses and adaptation plans are carried out to ensure healthy, resilient forests suited to a changing climate. Holmen is developing seedlings and planting, clearing, thinning and harvesting processes that are adapted to a warmer and damper climate. The risk of an impact on Holmen's plants from climate change is being managed through the continuity plans of each production facility. Holmen's Group-wide purchasing function conducts analyses of climate risks in the supply chain.</p>	<p>A warmer climate could increase the growth of our northerly forests, with a longer growth period, more precipitation and higher levels of carbon dioxide in the air, aiding photosynthesis. The market's ambitions to combat climate change are increasing demand for Holmen's products. Holmen's opportunity to manage its own forests is thus crucial to our contribution to limiting climate change. Increased demands to reserve land for purposes other than forestry may lead to reduced harvests and thus reduced opportunities for the forest to contribute with renewable products.</p>
<p>Environment and permits Holmen runs operations that require environmental permits. The permits specify conditions regarding permitted production volumes and permitted emissions in the air and water. Production disruptions can cause breaches of emission conditions set for the business by the environmental authorities. Such breaches could affect the environment. On sites where Holmen has conducted industrial operations, the need for remediation may entail future costs.</p>	<p>Environmental measures are organised and carried out in accordance with Holmen's environmental and energy policy. In the event of process disruptions, the environment takes precedence over production. Risks are prevented and managed through regular own checks, checks by authorities and environmental risk analyses, as well as through the use of certified environmental and energy management systems and chain-of-custody certification. In consultation with the authorities, Holmen is conducting investigations to assess the need for remediation at former industrial sites.</p>	<p>In 2023, 47 (45) environment-related incidents were reported to the supervisory authorities. There were no incidents that led to long-term consequences for the environment, production or human health in 2023. Corrective measures were taken to deal with these cases, in line with the environmental management systems of the operations concerned. Holmen has several wind farm project applications in progress, but the authorisation procedure often takes a long time and its outcome is uncertain.</p>
<p>Work environment Incidents and accidents in the workplace have an effect on human life and health. This can also lead to production disruptions and increased costs.</p>	<p>A safe work environment is a priority at all levels of the Group. Certified management systems, Group-wide targets relating to industrial accidents, continual training of employees to increase risk awareness, risk observation and incident and accident reporting procedures, and risk assessments of tasks and work by contractors, are examples of activities to achieve a high level of safety in the workplace.</p>	<p>In 2023, the rate of industrial accidents was 5.2 per 1 million hours worked (7.6). Also see page 43. The most common accidents were slips, trips and crush injuries. The most significant areas of risk involve work with overhead cranes and vehicles with people in movement. The focus during the year was on conducting preliminary investigations into industrial accidents before the end of shifts in order to directly address any dangers.</p>
<p>Talent management Skilled and motivated employees are key to being able to conduct business operations with good profitability over the long term. There is a structural shortfall in many industrial positions.</p>	<p>Holmen is continually working to enhance the employer brand in the eyes of existing and potential employees. Systematic marketing to targeted groups through digital channels, combined with in-person meetings in the form of career days and sponsorship collaborations, are helping to increase awareness of Holmen and attract and retain talented employees.</p>	<p>Annual questionnaires for new recruits and employee surveys show that employees appreciate Holmen as an employer. The percentage of employees who would recommend Holmen as an employer is at a persistently high level. In 2023, Holmen received the accolades Karriärföretag (career company) 2023, and came 16th in Universum's ranking of Sweden's Best Employers (Sveriges Bästa Arbetsgivare).</p>
<p>Business ethics risks Nationally and internationally, customers and partners make demands of Holmen as a stable and reliable supplier that has good business ethics and clear sustainability principles. Deviations from principles and policies could have a negative impact on the Group's reputation and business relationships.</p>	<p>Holmen's Code of Conduct, business ethics policy and associated guidelines provide clear guidance on how to maintain good business ethics when dealing with external contacts in various markets. Holmen's Code of Conduct also provides guidance on human rights, workers' rights and the environment. These areas are clarified in Holmen's policies and related guidelines. Office-based employees and managers at Holmen are trained in the Code of Conduct every three years, and such training was provided in 2023.</p>	<p>In 2023, no corruption-related adverse judgments were delivered against the organisation or its employees. There are also no such cases ongoing in court. Two matters were raised with Holmen's whistleblowing service in 2023. These matters were managed through ordinary procedures, through which appropriate measures were identified and taken.</p>
<p>External risks Holmen operates in a global market and sells products to many countries around the world. Because of this geographical spread, Holmen is exposed to political risks, conflicts, natural disasters and pandemics. Moreover, Holmen is obligated to comply with laws and regulations wherever it conducts business, including in areas such as the environment, real estate, labour law and taxation. Changes in laws and regulations may affect conditions for Holmen's operations and lead to increased costs for regulatory compliance.</p>	<p>Holmen participates in national and international industry organisations whose role is monitoring social trends and advocacy work, and that put forward Holmen's position and view on relevant political and regulatory issues. Contact is established with local representatives and the general public in areas where the Group has operations. This takes place, for example, through consultation and information meetings, visits to sites and meetings with decision-makers. More unforeseeable risks that may arise, for example as a result of disease outbreaks, war or political unrest, are managed through ongoing external monitoring. To maintain optimum preparedness and active crisis management, Holmen is engaged in close dialogue and coordination with industry organisations, customers and suppliers.</p>	<p>Following the war in Ukraine, Holmen has taken a number of measures to safeguard its raw material supply, logistics and IT security. War between Israel and Hamas also broke out during the year. Holmen has marginal direct exposure to these regions, but we are continually analysing the external situation for short- and long-term consequences. Holmen complies with any sanctions adopted. Holmen has been active in promoting the growth of sustainable energy production and bio-based activities, through dialogue, consultation responses, preparedness and advocacy work, on its own and together with industry organisations.</p>

Financial risks

Risk	Risk management	Comments																																																
<p>Currency The Group's earnings are affected by fluctuations in exchange rates. Transaction exposure risk arises due to a significant portion of the Group's sales income being in different currencies from costs. Translation exposure risk arises from the translation of foreign subsidiaries' assets, liabilities and earnings into Swedish kronor.</p>	<p>Transaction exposure. In order to reduce the impact on profit of changes in exchange rates, net flows are hedged using forward foreign exchange contracts. Net flows in euros, US dollars and pounds sterling for the coming four months are always hedged. These normally consist of trade receivables and outstanding orders. The Board may decide to hedge flows for a longer period if this is deemed to be appropriate in light of the products' profitability and competitiveness and the currency situation. Currency exposure arising when investments are paid for in foreign currencies is distinguished from other transaction exposures. Normally, 90–100 per cent of the currency exposure associated with major investments is hedged.</p> <p>Translation exposure. The hedging of the exposure that arises when subsidiaries' assets and liabilities are translated into Swedish kronor (known as equity hedging) is assessed on a case-by-case basis and is arranged based on the value of the net assets upon consolidation. The Group's non-current assets are mainly Swedish, with the exception of the paperboard mill in the UK, which accounts for 2 per cent of the assets. The hedges take the form of foreign currency loans or forward foreign exchange contracts. The exposure that arises when the earnings of foreign subsidiaries are translated into Swedish kronor is not normally hedged.</p>	<p>Expected flows in EUR/SEK are hedged for just over two years at an average rate of 11.05. For other currencies, 4–8 months of flows are hedged.</p> <p>Hedging of exposure to pounds sterling amounted to GBP 130 million at year-end. Net assets in other currencies are limited and are not usually hedged.</p>																																																
	<table border="1"> <caption>12 month net flow and Hedged transaction exposure (SEKm)</caption> <thead> <tr> <th>Currency</th> <th>12 month net flow</th> <th>Hedged transaction exposure</th> </tr> </thead> <tbody> <tr> <td>EUR/SEK</td> <td>~4,000</td> <td>~9,000</td> </tr> <tr> <td>GBP/SEK</td> <td>~1,000</td> <td>~500</td> </tr> <tr> <td>USD/SEK</td> <td>~2,500</td> <td>~1,500</td> </tr> <tr> <td>EUR/GBP</td> <td>~1,000</td> <td>~500</td> </tr> <tr> <td>CNH/SEK</td> <td>~500</td> <td>~200</td> </tr> </tbody> </table>	Currency	12 month net flow	Hedged transaction exposure	EUR/SEK	~4,000	~9,000	GBP/SEK	~1,000	~500	USD/SEK	~2,500	~1,500	EUR/GBP	~1,000	~500	CNH/SEK	~500	~200																															
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<p>Interest rates Changes in market interest rates affect the Group's cost of borrowing.</p>	<p>The fixed rate period for the Group's net financial debt varies over time and is decided on by the Board of Directors. To limit the effects of a rise in interest rates, the interest rate on loans may be fixed, or interest rate swap agreements may be entered into without changing the interest rate on the underlying loans.</p>	<p>Holmen's average borrowing rate in 2023 was 2.7 per cent.</p> <p>The table below shows the Group's fixed interest rate period by currency.</p>																																																
	<table border="1"> <thead> <tr> <th>SEKm</th> <th><1 year</th> <th>1–3 years</th> <th>3–5 years</th> <th>>5 years</th> <th>Pension obligations</th> <th>Right-of-use agreements</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>SEK</td> <td>1 005</td> <td>-1 400</td> <td>0</td> <td>0</td> <td>-1</td> <td>-187</td> <td>-584</td> </tr> <tr> <td>EUR</td> <td>130</td> <td>0</td> <td>0</td> <td>0</td> <td>-8</td> <td>-52</td> <td>70</td> </tr> <tr> <td>GBP</td> <td>-1 440</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>-7</td> <td>-1 447</td> </tr> <tr> <td>Other items</td> <td>95</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>-4</td> <td>91</td> </tr> <tr> <td></td> <td>-210</td> <td>-1 400</td> <td>0</td> <td>0</td> <td>-9</td> <td>-250</td> <td>-1 869</td> </tr> </tbody> </table>	SEKm	<1 year	1–3 years	3–5 years	>5 years	Pension obligations	Right-of-use agreements	Total	SEK	1 005	-1 400	0	0	-1	-187	-584	EUR	130	0	0	0	-8	-52	70	GBP	-1 440	0	0	0	0	-7	-1 447	Other items	95	0	0	0	0	-4	91		-210	-1 400	0	0	-9	-250	-1 869	
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<p>Credit risk relating to financial counterparties The risk of financial transactions giving rise to credit risks in relation to financial counterparties.</p>	<p>The creditworthiness of Holmen's financial counterparties is assessed using reputable credit rating agencies or, where a counterparty has no credit rating, the company's own analyses. A maximum credit risk and settlement risk are established for each financial counterparty and are continually monitored. The calculation is based on the maturity and historical volatility of different types of derivatives. For cash and cash equivalents and current investments, the maximum credit risk is deemed to correspond to the nominal amount.</p>	<p>At 31 December 2023, the Group had outstanding derivative contracts of a nominal amount of SEK 16 billion and a net fair value of SEK 0.4 billion.</p>																																																

SHAREHOLDER INFORMATION

Holmen's two classes of shares are listed on Nasdaq Stockholm, Large Cap. Over the past ten years, Holmen's total shareholder return (dividends paid and share price performance) has been 384 per cent, compared with 150 per cent for the OMX Stockholm 30. For Holmen, this corresponds to an annual return of 17 per cent. The number of shareholders has increased over the same period from 25 000 to 53 300.

Stock exchange trading

Holmen was listed on the Stockholm Stock Exchange in 1936, but was called Mo och Domsjö AB at the time. Holmen's two classes of shares are currently listed on Nasdaq Stockholm, Large Cap. At the end of 2023, Holmen A was trading at SEK 424 (424) and Holmen B at SEK 426 (414), corresponding to a market capitalisation of SEK 67.6 billion (67.5). The highest closing price for Holmen's class B shares was SEK 459, on 3 February. The lowest closing price was SEK 372, on 25 April. The daily average number of class B shares traded was 737 000, which corresponds to a value of SEK 305 million. The daily average number of class A shares traded was 558. 29 per cent of trading took place on Nasdaq Stockholm. Holmen shares are also traded on other trading platforms, such as Cboe BXE, LSE and Aquis.

Dividends

Decisions on dividends are based on an appraisal of the Group's profitability, future investment plans and financial position. The Board proposes that the AGM to be

held on 16 April 2024 approve an ordinary dividend of SEK 8.5 per share and an extra dividend of SEK 3.0 per share.

Share buy-backs

On 3 May, the Board decided to use the authorisation from the 2023 AGM to buy back own shares. A total of 2 779 323 class B shares were repurchased for SEK 1 119 million, corresponding to an average price of SEK 403/share. The buy-backs amount to 1.7 per cent of the total number of shares. The company already owned 0.3 per cent of its own shares, meaning that at 31 December 2023 Holmen held 2.0 per cent of the total number of shares.

The Board proposes the renewal of its authorisation to buy back up to 10 per cent of the company's shares by the 2024 AGM.

Share structure

After the share buy-backs, Holmen has 159 222 355 outstanding shares, of which 45 246 468 class A shares and 113 975 887 class B shares. The company also holds 3 289 969 repurchased class B shares. Each class A share carries 10 votes, and each class B share one vote. In other respects, the shares carry the same rights. Neither laws nor the company's articles of association place any restrictions on the transferability of the shares.

Ownership structure

Holmen had a total of 53 344 shareholders at year-end 2023. In terms of numbers, Swedish private individuals account for the largest owner category with 50 747 shareholders. Shareholders registered in

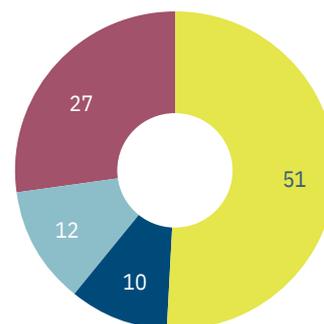
Sweden own 73 per cent (73) of the share capital. Among foreign shareholders, the largest proportion of shares are held in Norway and the US, accounting for 8 per cent and 7 per cent of the capital, respectively. The largest shareholder at the turn of 2023/2024, with 62.6 per cent of the votes and 34.7 per cent of the capital, was L E Lundbergföretagen AB.

Shareholder communication

Information about the company is available on the holmen.com website, including financial information in the form of reports, presentations and financial data, as well as the performance of Holmen's shares and contact information.

Shareholder categories

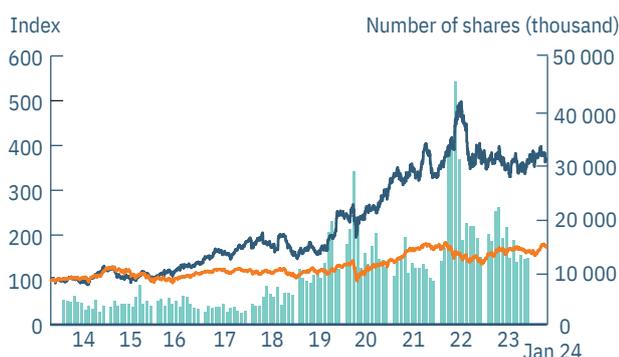
Share of capital, %



Swedish institutions	51%
Swedish equity funds	10%
Swedish private individuals	12%
Foreign shareholders	27%

Share price performance

Holmen B and OMX Stockholm



■ Holmen B ■ OMX Stockholm 30 (OMXS30)
■ Total number of class B shares traded (thousands)

Total shareholder return, Holmen B and OMX Stockholm

Including reinvested dividends without tax



■ Holmen B ■ OMX Stockholm 30 (OMXS30)

Source: Macrobond

Earnings per share, SEK

23.0

Proposed dividend per share, SEK

8.5 + 3.0

Annual return at 31 Dec 2023*, %	1 year	3 years	5 years	10 years
Holmen B	5	5	22	17
OMX Stockholm 30	21	12	14	10

*Including reinvested dividends.

Holmen's total shareholder return has averaged 17 per cent a year over the past 10 years, which is 7 percentage points better than the OMX Stockholm 30.

Share capital structure

Equities	Votes	No. of shares	No. of votes	Quotient value	SEKm
A	10	45 246 468	452 464 680	26	1 180
B	1	117 265 856	117 265 856	26	3 058
Total no. of shares		162 512 324	569 730 536		4 238
Holding of repurchased class B shares		-3 289 969	-3 289 969		
Total number of outstanding shares		159 222 355	566 440 567		

Changes in share capital 2000–2023	Change in no. of shares	Total no. of shares	Change in share capital	Total share capital, SEKm
2001 Cancellation of repurchased shares	-8 885 827	79 972 451	-444	3 999
2004 Conversion and subscription	4 783 711	84 756 162	239	4 238
2018 Share split	84 756 162	169 512 324	-	4 238
2020 Cancellation of repurchased shares	-7 000 000	162 512 324	-	4 238

Data per share (adjusted for the 2:1 share split in 2018)	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Diluted earnings per share, SEK ¹⁾	23.0	36.3	18.5	12.2	52.6	13.5	9.9	8.5	3.3	5.4
Dividends, SEK										
Ordinary dividend, SEK	8.5 ²⁾	8	7.5	7.25	3.5	6.75	6.5	6	5.5	5
Extra dividend, SEK	3.0 ²⁾	8	4.0	3.5	-	-	-	-	-	-
Total dividends as % of:										
Equity	3.2	4.6	4.0	4.1	1.4	4.8	5.0	4.7	4.2	4.0
Closing market price	2.7	3.9	2.6	2.7	1.2	3.9	3.0	3.7	4.0	3.8
Profit/loss for the year	50	44	62	88	6	50	65	71	158	93
Return on equity, % ¹⁾	7	11	7	5	35	10	8	7	3	4
Return on capital employed, % ^{1) 3)}	8	13	9	6	9	10	9	9	6	6
Equity per share, SEK	358	352	290	263	238	140	131	127	124	125
Closing market price, B, SEK	426	414	435	394	285	175	218	164	131	133
Average market price for year, B, SEK	414	459	404	310	220	213	186	141	132	118
Highest market price for year, B, SEK	459	573	469	396	297	240	218	163	153	136
Lowest market price for year, B, SEK	372	400	365	228	172	175	157	114	110	105
Total closing market capitalisation, '000 SEKm	67.7	67.5	71.0	64.7	46.6	29.5	36.6	27.4	22.3	22.3
P/E ratio ⁴⁾	19	11	23	32	5	13	22	19	39	25
EV/EBITDA ^{3) 5)}	11	8	14	19	14	9	13	10	11	9
Closing beta value (48 months), B at year-end ⁶⁾	0.74	0.75	0.78	0.77	0.77	0.74	0.74	0.72	0.68	0.71
Number of shareholders at year-end	53 344	52 701	48 126	48 104	38 904	33 573	30 903	28 159	28 176	27 788

1) See page 118: Definitions and glossary. 2) Board proposal. 3) Excl. items affecting comparability. 4) Closing market price divided by diluted earnings per share.

5) Market capitalisation plus net financial debt at year-end (EV) divided by EBITDA. 6) Measures the sensitivity of the return on class B shares relative to the return on the OMX 30 Stockholm over a period of 48 months.

Ownership structure* 31 Dec 2023	% of capital	% of votes
L E Lundbergföretagen	34.7	62.6
Norges Bank	7.8	2.2
Kempe Foundations	7.5	17.6
Swedbank Robur Funds	2.5	0.7
BlackRock	2.2	0.6
SEB Funds	2.0	0.6
Vanguard (US)	1.9	0.5
Handelsbanken Funds	1.6	0.5
Carnegie Funds (Sweden)	1.5	0.4
Amundi	1.1	0.3
Total	63.0	86.0
Other	37.0	14.0
Total	100.0	100.0
Of which non-Swedish shareholders	26.7	7.8

*Calculated based on the total number of outstanding shares. The 10 shareholders identified as having the largest holdings in terms of capital. Some large shareholders may have their holdings registered under nominee names, in which case they are included in 'Other shareholders'.

Shareholder statistics at 31 Dec 2023

Holding classes, no. of shares	No. of shareholders	Share of capital, %
1–1 000	49 505	4
1 001–100 000	3 753	11
100 001–	86	85
Total	53 344	100

BOARD OF DIRECTORS

1. Fredrik Lundberg

Chairman. Djursholm. Born in 1951. Member since 1988.

M.Sc. in Engineering, M.Sc. in Economics and Dr h c mult. President and CEO of L E Lundbergföretagen AB.

Other significant appointments:

Chairman of Hufvudstaden AB and AB Industrivärden. Deputy Chairman of Svenska Handelsbanken AB. Board member of L E Lundbergföretagen AB and Skanska AB.

Shareholding: 1 679 448 shares.

L E Lundbergföretagen's shareholding: 55 244 000 shares.

2. Henrik Sjölund

Norrköping. Born in 1966. Member since 2014. M.Sc. in International Economics with German. President and CEO.

Other significant appointments:

Board member of Skogsindustrierna, SKGS and Svenskt Näringsliv.

Shareholding: 39 602 shares.

3. Alice Kempe

Torshälla. Born in 1967.

Member since 2019. M.Sc. in Forestry.

Other significant appointments:

Chairwoman of the Kempe Foundations. Board member of MoRe Research Örnsköldsvik AB, SweTree Technologies AB and Arevo AB.

Shareholding: 218 792 shares.

4. Henriette Zeuchner

Stockholm. Born in 1972.

Member since 2015.

M.Sc. in Economics and Bachelor of Law.

Other significant appointments:

Board member of the NTM Group.

Shareholding: 1 600 shares.

5. Ulf Lundahl

Lidingö. Born in 1952.

Member since 2004.

Bachelor of Law and M.Sc. in Economics.

Other significant appointments:

Chairman of Fidelio Capital AB.

Chairman of the credit committee of Nordstjernan Kredit KB. Board member of Indutrade AB.

Shareholding: 8 000 shares.

6. Louise Lindh

Stockholm. Born in 1979.

Member since 2010. M.Sc. in Economics.

Other significant appointments:

Chairwoman of Fastighets AB L E Lundberg and J2L Holding AB. Board member of Hufvudstaden AB and L E Lundbergföretagen AB.

Shareholding: 200 000 shares.

7. Fredrik Persson

Stockholm. Born in 1968.

Member since 2022. M.Sc. in Economics.

Other significant appointments:

Chairman of BusinessEurope, Ellevio AB and JM AB. Board member of AB Electrolux, A Ahlström Oy, Hufvudstaden, ICA Gruppen AB and Interogo Holding AB.

Shareholding: 3 000 shares.

8. Carina Åkerström

Stockholm. Born in 1962.

Member since 2023. Legal counsel.

Other significant appointments:

Board member of World Childhood Foundation, SkiStar and the Royal Swedish Academy of Engineering Sciences' Business Executives Council.

9. Lars Josefsson

Norrköping. Born in 1953.

Member since 2016. M.Sc. in Engineering.

Other significant appointments:

Chairman of TimeZynk. Board member of Ouman and Nevel.

Shareholding: 7 000 shares.

Employee representatives

10. Ari Aula

Norrköping. Born in 1967.

Member since 2023. Employee representative, Swedish Trade Union Confederation. Chairman of the Swedish Paper Workers' Union, branch 53, in Braviken.

11. John Nyberg

Överklinten. Born in 1975.

Deputy member of Holmen's Board on a Swedish Trade Union Confederation mandate, elected in 2023. Club chairman at Holmen's sawmill in Bygdsiljum.

12. Christer Johansson

Iggesund. Born in 1959.

Elected as deputy member in 2017, ordinary member since 2022. Employee representative, Swedish Trade Union Confederation. Chairman of the Swedish Paper Workers' Union, branch 15.

13. Martin Nyman

Ölsund. Born in 1978.

Deputy member since 2021. Employee representative, PTK. Chairman of the Holmen Iggesund Trade Union Club.

Shareholding: 760 shares.

14. Daniel Hägglund

Örnsköldsvik. Born in 1982. Deputy member since 2014. Employee representative, PTK.

15. Tommy Åsenbrygg

Skebobruk. Born in 1968.

Member since 2015. Employee representative, PTK.

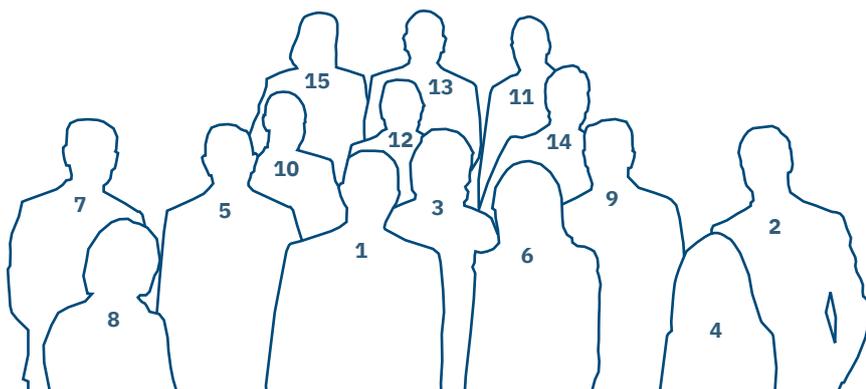
Shareholding: 200 shares.

Auditors: PricewaterhouseCoopers AB

Principal auditor:

Magnus Svensson Henryryson
Authorised public accountant.

This information relates to personal and related party shareholdings at 31 December 2023.



1. Fredrik Lundberg
2. Henrik Sjölund
3. Alice Kempe
4. Henriette Zeuchner
5. Ulf Lundahl
6. Louise Lindh
7. Fredrik Persson
8. Carina Åkerström
9. Lars Josefsson
10. Ari Aula
11. John Nyberg
12. Christer Johansson
13. Martin Nyman
14. Daniel Hägglund
15. Tommy Åsenbrygg

GROUP MANAGEMENT



1

1. Henrik Sjölund

President and CEO
Born in 1966. Joined Holmen in 1993.
Shareholding: 39 602 shares. Henrik Sjölund has no material shareholdings or ownership interests in companies with which the Group has significant business relations. Further information is provided on page 56.



2

2. Anders Jernhall

Executive Vice President, Chief Financial Officer
Born in 1970.
Joined Holmen in 1997.
Shareholding: 20 160 shares.

3. Sören Petersson

Senior Vice President Forest
Born in 1969.
Joined Holmen in 1994.
Shareholding: 19 878 shares.

4. Fredrik Nordqvist

Senior Vice President Renewable Energy
Born in 1971.
Joined Holmen in 2011.
Shareholding: 721 shares.

5. Johan Padel

Senior Vice President Wood Products
Born in 1966.
Joined Holmen in 2014.
Shareholding: 2 570 shares.



3

6. Lars Lundin*

Senior Vice President Board and Paper
Born in 1966.
Joined Holmen in 2018.
Shareholding: 3 000 shares.

7. Ola Schultz-Eklund

Senior Vice President Technology
Born in 1961.
Joined Holmen in 1994.
Shareholding: 4 000 shares.



5



4

8. Gunilla Rolander

Senior Vice President Human Resources
Born in 1966.
Joined Holmen in 2013.
Shareholding: 3 436 shares.



6

9. Stina Sandell

Senior Vice President Sustainability and Communications
Born in 1966.
Joined Holmen in 2017.
Shareholding: 2 146 shares.



7

10. Henrik Andersson

Senior Vice President Legal Affairs
Secretary of the Board of Directors.
Born in 1971.
Joined Holmen in 2008.
Shareholding: 5 296 shares.



8



9



10

*On 31 January 2024, Holmen's Board of Directors decided to bring the Group's paperboard and paper operations together in a combined business area. During 2023, Lars Lundin was Senior Vice President Paper and Johan Nellbeck was Senior Vice President Paperboard.

This information relates to personal and related party shareholdings at 31 December 2023.

CALENDAR AND INFORMATION

Information

The interim and year-end reports are presented at an online conference for press and analysts. The conference is held in English and is broadcast live on holmen.com. The annual report, together with year-end and interim reports, is published in Swedish and English, and the reports are sent automatically to the shareholders who have indicated their wish to receive them. The reports are also available at holmen.com.

How to order printed documents:

Holmen AB, Group Sustainability
and Communications,
P.O. Box 5407, SE-114 84
Stockholm, Sweden
e-mail: info@holmen.com
telephone: +46 8 666 21 00
or go to holmen.com

Calendar

Holmen will publish the following financial reports for 2024:

Interim report Jan–Mar: 26 April 2024
Interim report Jan–Jun: 15 August 2024
Interim report Jan–Sep: 24 October 2024
Year-end report: 31 January 2025

2024 AGM: 16 April 2024

Dates of trading and dividend

The last day for trading, including dividend rights: 16 April 2024

Record date for dividend: 18 April 2024

Payment date for dividend: 23 April 2024

FINANCIAL STATEMENTS

Income statement, SEKm	Note	2023	2022
Net sales	2	22 795	23 952
Other operating income	3	1 996	2 743
Change in inventories		-79	364
Raw materials and consumables		-11 162	-11 078
Personnel costs	4	-3 312	-2 956
Other operating expenses	5	-4 691	-4 585
Change in value of biological assets	9	562	509
Depreciation and amortisation according to plan	10, 11, 12	-1 360	-1 345
Impairment losses	10	-	-87
Share in profits of associates and joint ventures	13	6	10
Operating profit/loss		4 755	7 527
Financial income	6	49	12
Financial costs	6	-98	-99
Profit/loss before tax		4 705	7 441
Tax	7	-1 008	-1 567
Profit/loss for the year		3 697	5 874
Attributable to:			
Owners of the parent company		3 697	5 874
Earnings per share (SEK)	8		
basic		23.0	36.3
diluted		23.0	36.3
Average number of shares (million)	8		
basic		160.5	162.0
diluted		160.5	162.0

Operating profit for 2023 amounted to SEK 4 755 million (7 527). The decrease in profit is above all due to the weaker market for Wood Products and Paperboard. Net financial items totalled SEK -49 million (-87).

Recognised tax totalled SEK -1 008 million (-1 567), corresponding to 21 per cent (21) of the profit/loss before tax.

Statement of comprehensive income, SEKm	Note	2023	2022
Profit/loss for the year		3 697	5 874
Other comprehensive income			
Revaluation of forest land	9	3 493	4 373
Revaluations of defined benefit pension plans	18	-6	-6
Tax attributable to items that will not be reclassified to profit/loss for the year	7	-718	-899
Total items that will not be reclassified to profit/loss for the year		2 769	3 469
Cash flow hedges			
Revaluation		-815	6 560
Transferred from equity to the income statement		-2 727	-3 507
Transferred from equity to non-current assets		-6	-16
Translation difference on foreign operations		55	72
Hedging of currency risk from foreign operations		-42	-28
Tax attributable to items that will be reclassified to profit/loss for the year	7	740	-612
Total items that will be reclassified to profit/loss for the year		-2 795	2 469
Total other comprehensive income after tax		-27	5 938
Total comprehensive income		3 671	11 812
Attributable to:			
Owners of the parent company		3 671	11 812

Balance sheet at 31 December, SEKm	Note	2023	2022
Non-current assets			
Forest assets			
Biological assets	9	30 555	29 867
Forest land	9	25 793	22 284
Non-current intangible assets	10	513	427
Property, plant and equipment	11	10 330	10 124
Right-of-use assets	12	244	242
Investments in associates	13	1 686	1 680
Other shares and participations	13	5	2
Non-current financial receivables	14	61	97
Deferred tax assets	7	3	2
Total non-current assets		69 190	64 726
Current assets			
Inventories	15	4 837	4 838
Trade receivables	16	2 696	2 929
Current tax assets	7	114	589
Other operating receivables	16	1 630	6 402
Current financial receivables	14	50	18
Cash and cash equivalents	14	1 202	1 935
Total current assets		10 529	16 710
Total assets		79 719	81 436
Equity			
Share capital		4 238	4 238
Other contributed capital		281	281
Reserves		20 667	20 689
Retained earnings including profit/loss for the year		31 738	31 742
Total equity attributable to owners of the parent company		56 923	56 950
Non-current liabilities			
Non-current financial liabilities	14	1 902	2 902
Non-current liabilities relating to right-of-use assets		160	158
Pension obligations	18	9	7
Non-current provisions	19	418	441
Deferred tax liabilities	7	13 858	13 490
Total non-current liabilities		16 347	16 998
Current liabilities			
Current financial liabilities	14	1 021	1 039
Current liabilities relating to right-of-use assets		91	89
Current provisions	19	31	-
Trade payables	20	3 394	3 848
Current tax liabilities	7	105	118
Other operating liabilities	20	1 808	2 395
Total current liabilities		6 449	7 488
Total liabilities		22 796	24 486
Total equity and liabilities		79 719	81 436

Changes in equity, SEKm

	Share capital	Other contributed capital	Reserves			Retained earnings incl. profit/loss for the year	Total equity
			Translation reserve	Hedge reserve	Revaluation surplus		
Opening equity balance 1 Jan 2022	4 238	281	76	718	13 953	27 725	46 992
Profit/loss for the year	-	-	-	-	-	5 874	5 874
Other comprehensive income							
Revaluation of forest land	-	-	-	-	4 373	-	4 373
Revaluation of defined benefit pension plans	-	-	-	-	-	-6	-6
Cash flow hedges	-	-	-	3 037	-	-	3 037
Translation difference on foreign operations	-	-	72	-	-	-	72
Hedging of currency risk from foreign operations	-	-	-28	-	-	-	-28
Share in joint ventures' other comprehensive income	-	-	-	0	-	-	0
Tax attributable to other comprehensive income	-	-	6	-618	-901	2	-1 511
Total other comprehensive income	-	-	50	2 419	3 472	-4	5 938
Total comprehensive income	-	-	50	2 419	3 472	5 870	11 812
Dividends paid	-	-	-	-	-	-1 862	-1 862
Share savings programme	-	-	-	-	-	9	9
Closing equity balance 31 Dec 2022	4 238	281	126	3 137	17 426	31 742	56 950
Profit/loss for the year	-	-	-	-	-	3 697	3 697
Other comprehensive income							
Revaluation of forest land	-	-	-	-	3 493	-	3 493
Revaluation of defined benefit pension plans	-	-	-	-	-	-6	-6
Cash flow hedges	-	-	-	-3 549	-	-	-3 549
Translation difference on foreign operations	-	-	55	-	-	-	55
Hedging of currency risk from foreign operations	-	-	-42	-	-	-	-42
Tax attributable to other comprehensive income	-	-	9	731	-720	1	22
Total other comprehensive income	-	-	22	-2 818	2 774	-5	-27
Total comprehensive income	-	-	22	-2 818	2 774	3 692	3 671
Dividends paid	-	-	-	-	-	-2 592	-2 592
Buy-backs of treasury shares	-	-	-	-	-	-1 119	-1 119
Share savings programme	-	-	-	-	-	13	13
Closing equity balance 31 Dec 2023	4 238	281	148	320	20 199	31 738	56 923

Cash flow statement, SEKm	Note	2023	2022
Operating activities			
Profit/loss before tax	25	4 705	7 441
Adjustments for non-cash items			
Depreciation and amortisation according to plan		1 360	1 345
Impairment losses		-	87
Change in value of biological assets		-562	-509
Change in provisions		-12	15
Other*		-19	28
Tax paid		-160	-1 639
Cash flow from operating activities before changes in working capital		5 311	6 768
Cash flow from changes in working capital			
Change in inventories		11	-1 007
Change in trade receivables and other operating receivables		899	-1 284
Change in trade payables and other operating liabilities		-417	1 007
Cash flow from operating activities		5 805	5 484
Investing activities			
Acquisition of property, plant and equipment		-1 497	-1 225
Disposal of property, plant and equipment		15	14
Acquisition of non-current intangible assets		-46	-6
Investments in and acquisition of biological assets		-162	-160
Disposal of biological assets		38	32
Acquisition of shares and participations		0	-11
Disposal of shares and participations		0	4
Repayment of non-current financial receivables		-	3
Cash flow from investing activities		-1 653	-1 349
Financing activities			
Repayment of long-term borrowings		-1 000	-500
Change in current financial liabilities	25	-64	-261
Repayment of debt related to right-of-use assets	25	-114	-90
Change in current financial receivables		0	0
Buy-backs of treasury shares		-1 119	-
Dividends paid to owners of the parent company		-2 592	-1 862
Cash flow from financing activities		-4 888	-2 713
Cash flow for the year		-736	1 422
Cash and cash equivalents at beginning of year		1 935	507
Exchange difference on cash and cash equivalents		3	5
Cash and cash equivalents at end of year		1 202	1 935

*Other adjustments primarily consist of foreign exchange effects and the marking to market of financial instruments, profit from associates, as well as gains/losses on the sale of non-current assets.

Change in net financial debt, SEKm	2023	2022
Opening net financial debt	-2 145	-4 101
Cash flow		
Operating activities	5 805	5 484
Investing activities (excl. financial receivables and business combinations)	-1 653	-1 350
Buy-backs of treasury share	-1 119	-
Dividends paid	-2 592	-1 862
Business combinations	-	-270
Liabilities arising from new right-of-use agreements	-117	-93
Revaluations of defined benefit pension plans	-6	-7
Foreign exchange effects and changes in fair value	-43	53
Closing net financial debt	-1 869	-2 145

Parent company

Income statement, SEKm	Note	2023	2022
Net sales	2	20 234	21 995
Other operating income	3	1 337	1 262
Change in inventories		-81	304
Raw materials and consumables		-9 551	-9 418
Personnel costs	4	-2 706	-2 485
Other external costs	5	-6 754	-6 590
Depreciation and amortisation according to plan	10, 11	-61	-56
Operating profit/loss		2 419	5 012
Profit/loss from investments in Group companies	6, 23	360	453
Interest income and similar income	6	175	84
Interest expenses and similar expenses	6	-176	-88
Profit/loss after financial items		2 778	5 459
Appropriations	24	190	-511
Profit/loss before tax		2 968	4 948
Tax	7	-547	-930
Profit/loss for the year		2 421	4 019

Statement of total comprehensive income, SEKm	Note	2023	2022
Profit/loss for the year		2 421	4 019
Other comprehensive income			
Cash flow hedges			
Revaluation		-6 162	6 401
Transferred from equity to the income statement		2 727	-3 499
Transferred from equity to non-current assets		6	-16
Tax attributable to other comprehensive income	7	706	-594
Total items that will be reclassified to profit/loss for the year		-2 723	2 291
Total comprehensive income		-302	6 310

The parent company includes Holmen's Swedish operations, except for most of the non-current assets, the business operating at Varsvik Wind Farm and the Group's construction system business, which are recognised within other Group companies.

Profit/loss after net financial items includes the loss from the hedging of equity in foreign subsidiaries of SEK -42 million (-28).

Cash flow statement, SEKm	Note	2023	2022
Operating activities			
Profit/loss after financial items		2 778	5 459
Adjustments for non-cash items			
Depreciation and amortisation according to plan		61	56
Change in provisions		15	10
Other*		230	-357
Tax paid		-55	-1 460
Cash flow from operating activities before changes in working capital		3 029	3 708
Cash flow from changes in working capital			
Change in inventories		-89	-1 073
Change in operating receivables		806	-969
Change in operating liabilities		-336	1 168
Cash flow from operating activities		3 410	2 834
Investing activities			
Acquisition of property, plant and equipment		-102	19
Disposal of property, plant and equipment		51	8
Repayment of non-current financial receivables		-	3
Acquisition of shares and participations		-100	-157
Disposal of shares and participations		-	26
Cash flow from investing activities		-151	-102
Financing activities			
Repayment of long-term borrowings		-1 000	-500
Change in other financial liabilities	25	147	267
Change in other financial receivables		0	0
Buy-backs of treasury shares		-1 119	-
Dividends paid to owners of the parent company		-2 592	-1 862
Group contributions received		988	1 013
Group contributions paid		-367	-322
Cash flow from financing activities		-3 943	-1 404
Cash flow for the year		-684	1 329
Cash and cash equivalents at beginning of year		1 774	445
Cash and cash equivalents at end of year		1 090	1 774

*Other adjustments primarily consist of foreign exchange effects, the marking to market of financial instruments and gains/losses on the sale of non-current assets.

Balance sheet at 31 December, SEKm	Note	2023	2022
Non-current assets			
Non-current intangible assets	10	8	9
Property, plant and equipment	11	3 098	3 088
Non-current financial assets			
Shares and participations	13, 23	11 896	11 792
Non-current financial receivables	14	3 809	3 648
Total non-current assets		18 810	18 537
Current assets			
Inventories	15	4 054	3 965
Operating receivables	16	3 618	8 606
Current tax assets	7	87	579
Current investments	14	50	18
Cash and cash equivalents	14	1 092	1 774
Total current assets		8 901	14 941
Total assets		27 711	33 478

Balance sheet at 31 December, SEKm	Note	2023	2022
Equity			
Restricted equity			
Share capital		4 238	4 238
Statutory reserve		1 577	1 577
Revaluation reserve		100	100
Non-restricted equity			
Retained earnings incl. hedge reserve		5 112	7 514
Profit/loss for the year		2 421	4 019
Total equity		13 448	17 448
Untaxed reserves	24	4 484	4 053
Provisions			
Pension obligations	18	1	13
Provisions	19	623	609
Deferred tax liabilities	7	683	1 389
Total provisions		1 308	2 011
Liabilities			
Non-current financial liabilities	14	2 684	3 334
Current financial liabilities	14	1 021	1 039
Operating liabilities	20	4 766	5 593
Total liabilities		8 471	9 966
Total equity and liabilities		27 711	33 478

Changes in equity, SEKm

	Restricted equity			Non-restricted equity			Total equity
	Share capital	Reserve	Revaluation reserve	Hedge reserve	Retained earnings	Profit/loss for the year	
Opening equity balance 1 Jan 2022	4 238	1 577	100	754	4 232	2 090	12 990
Appropriation of profits	-	-	-	-	2 090	-2 090	-
Profit/loss for the year	-	-	-	-	-	4 019	4 019
Other comprehensive income							
Cash flow hedges	-	-	-	2 885	-	-	2 885
Tax on other comprehensive income	-	-	-	-594	-	-	-594
Total other comprehensive income	-	-	-	2 291	-	-	2 291
Total comprehensive income	-	-	-	2 291	2 090	1 929	6 310
Dividends paid	-	-	-	-	-1 862	-	-1 862
Share savings programme	-	-	-	-	9	-	9
Closing equity balance 31 Dec 2022	4 238	1 577	100	3 045	4 469	4 019	17 448
Appropriation of profits	-	-	-	-	4 019	-4 019	-
Profit/loss for the year	-	-	-	-	-	2 421	2 421
Other comprehensive income							
Cash flow hedges	-	-	-	-3 429	-	-	-3 429
Tax on other comprehensive income	-	-	-	706	-	-	706
Total other comprehensive income	-	-	-	-2 723	-	-	-2 723
Total comprehensive income	-	-	-	-2 723	4 019	-1 598	-302
Dividends paid	-	-	-	-	-2 592	-	-2 592
Buy-backs of treasury shares	-	-	-	-	-1 119	-	-1 119
Share savings programme	-	-	-	-	13	-	13
Closing equity balance 31 Dec 2023	4 238	1 577	100	322	4 790	2 421	13 448

NOTES TO THE FINANCIAL STATEMENTS

Amounts in SEKm, unless otherwise stated

1. Accounting policies	66	14. Financial instruments	83
2. Operating segment reporting	71	15. Inventories	86
3. Other operating income	72	16. Operating receivables	86
4. Employees, personnel costs and remuneration of senior management	73	17. Parent company equity	86
5. Auditors' fee and remuneration	74	18. Pension obligations	86
6. Net financial items and income from financial instruments	75	19. Provisions	88
7. Tax	76	20. Operating liabilities	88
8. Earnings per share	77	21. Collateral and contingent liabilities	88
9. Forest assets	78	22. Related parties	88
10. Non-current intangible assets	80	23. Investments in Group companies	89
11. Property, plant and equipment	80	24. Untaxed reserves	90
12. Right-of-use assets (leases)	81	25. Cash flow statement	90
13. Investments in associates, joint ventures and other shares and participations	82	26. Business combinations	91
		27. Critical accounting estimates and judgements	91
		28. Events after the balance sheet date	91

Note 1. Accounting policies

The accounting policies for the Group presented below have been applied consistently to all periods included in the Group's financial statements except where otherwise stated below. The Group's accounting policies have been applied consistently to the reporting and the consolidation of the parent company, subsidiaries and associates.

Compliance with standards and statutory requirements

The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB), as adopted by the EU. The Swedish Financial Reporting Board's recommendation (RFR 1 Supplementary Accounting Rules for Groups) has been applied.

The parent company applies the same accounting policies as the Group except in the cases that are commented on separately under each section. The parent company's accounts are prepared in accordance with RFR 2 Accounting for Legal Entities. The differences between the policies applied by the parent company and those applied by the Group are due to restrictions in the parent company's ability to apply IFRS as a consequence of the Swedish Annual Accounts Act, the Swedish Pension Obligations Vesting Act, and in some cases for tax reasons.

Valuation principles applied in the preparation of the financial statements of the parent company and the Group

Assets and liabilities are stated at cost, except for biological assets and forest land, as well as certain financial assets and liabilities, which are measured at fair value. In the parent company's accounts, biological assets and forest land are not measured at fair value. Investments in Group companies and associates are recognised in the parent company's accounts at the lower of cost and fair value.

Functional currency and reporting currency

The functional currency is the currency used in the primary financial environments in which the companies conduct their business. The parent company's functional currency is the Swedish krona (SEK), which is also the reporting currency of the parent company and the Group. The financial statements are presented in millions of Swedish kronor.

Estimates and judgements in the financial statements

Preparing the financial statements in accordance with IFRSs requires the company's management to make estimates and judgements, as well as to make assumptions that affect the application of the accounting policies and the recognised amounts for assets, liabilities, income and expenses. The actual outcome may deviate from these estimates and judgements.

These estimates and judgements are regularly reviewed. Changes in estimates are recognised in the accounts for the period in which the change was made if the change only affects that period, or in the period in which the change was made and in later periods if the change affects current and future periods. Also see Note 27 'Critical accounting estimates and judgements'.

Changes in accounting policies

New and amended accounting policies applicable as of 2023

The new and amended IFRSs applicable from 1 January 2023 do not have any material impact on the company's financial statements.

New and amended accounting policies not yet applied

The new and amended IFRSs to be applied in the future are not expected to have any material impact on the company's financial statements.

Segment reporting

The Group's operations are divided into operating segments, based on which parts of the operations are monitored by the company's highest executive decision-maker. This is known as the management approach. The segmentation criterion is based on the Group's business areas. This corresponds to the Group's operating structure and the internal reporting to the CEO and the Board. The operating segment's profit, assets and liabilities are recognised in accordance with the profit (operating profit), assets and liabilities that are monitored by the company's highest executive decision-maker. See Note 2 for more a detailed description of the classification and presentation of operating segments.

Consolidation principles

Subsidiaries

A subsidiary is a company over which the parent company, Holmen AB, exercises a controlling influence. Potential shares with voting rights and whether de facto control exists are considered when determining whether one company has control over another.

The consolidated accounts have been prepared using the acquisition method.

Holdings recognised in accordance with the equity method

Associates. Shareholdings in associates, in which the Group controls a minimum of 20 per cent and a maximum of 50 per cent of the votes, or otherwise has a significant influence, are stated in the consolidated accounts in accordance with the equity method.

The equity method. The Group's share of the net earnings of associates after tax attributable to the parent company's owners, adjusted for any depreciation/amortisation or reversals of negative or positive goodwill acquired, is stated in the consolidated income statement as 'Share of profits of associates'. Dividends received from an associate reduce the book value of the investment.

When the Group's share of the recognised losses of an associate exceeds the book value of the investments stated in the consolidated accounts, the value of the investments is written down to zero. The equity method is applied until such time as the significant influence no longer exists.

Foreign currency

Transactions denominated in foreign currencies

Transactions in foreign currencies are translated into the functional currency at the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rates prevailing on the balance sheet dates. Exchange differences arising on such translations are stated in the income statement. Non-monetary assets and liabilities that are stated at historical cost are translated at the exchange rates prevailing on the transaction dates.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including any goodwill, both positive and negative, are translated in the consolidated accounts, from the foreign operation's functional currency into the Group's reporting currency, (Swedish kronor) at the exchange rates prevailing on the balance sheet dates. The income and expenses of foreign operations are translated into Swedish kronor at an average rate that is an approximation of the exchange rates prevailing on the date of each transaction. Translation differences arising during the currency translation of foreign operations and the related effects of hedging net investments are recognised in other comprehensive income and are accumulated in a separate component of equity called the translation reserve. On the disposal of a foreign operation, the accumulated translation differences attributable to the business are realised, less any currency hedging, in the consolidated income statement.

Companies operating on behalf of the parent company

The parent company's business is largely conducted through companies operating on its behalf: Holmen Skog AB, Holmen Wood Products AB, Holmen Iggesund Paperboard AB, Holmen Paper AB and Holmen Energi AB.

The parent company is liable for all commitments entered into by these companies. All income, expenses, assets and liabilities that arise in the operations conducted by the companies are recognised in Holmen AB's accounts, except for most of the investments made, as well as some sales of forest assets, which are instead recognised in the accounts of some of the Group's other subsidiaries.

Income

The Group's sales mostly relate to goods sold to customers, which are specified in the tables in Note 2. The services provided are limited and essentially relate to silviculture services and services in the construction industry such as installation work. Holmen acts almost exclusively as principal and the sales transactions are based on agreements. For Holmen, the vast majority of contracts are separate undertakings and comprise one undertaking per contract. Holmen's guarantees in connection with sales should not be regarded as separable and are therefore recognised in accordance with IAS 37.

The transaction price is the price of the goods or service. Variable remuneration mainly occurs in the form of volume or cash discounts. Volume discounts give customers a discounted price provided that a certain amount of goods are purchased over a period. A cash discount entitles customers to a lower price if payment is made by a certain date. Discounts are recognised as a reduction in net sales.

The income is recognised when Holmen fulfils its commitment by transferring control of the promised goods and, where applicable, services, to the customer. The date of the transfer of control, and the transfer of risk, is critical to when income is recognised. The transfer of risk differs depending on the shipping terms applied. The sale of energy differs from other sales as supply takes place alongside production, when it is also recognised in income.

The Group's business also includes wood construction solutions. Income from this activity is treated as commercial construction contracts and recognised over time, based on costs incurred in relation to the total estimated costs of the project. Projects do not usually extend beyond twelve months. Holmen therefore applies the relaxation rule and does not disclose remaining performance commitments. Accrued income related to commercial construction contracts is initially recognised as contract assets, since the right to payment is conditional upon customer approval. When the customer has accepted the goods, the amount of the contract asset is recognised as a receivable instead. Advances received are included in the contract liability.

Payment terms vary from market to market and Holmen usually follows applicable practice on each market.

Renewable energy certificates and guarantees of origin

Some of the Group's renewable electricity production entitles it to renewable energy certificates and guarantees of origin. These are recognised in income as the eligible electricity production takes place, and provided that a sales contract is signed with an external party.

Income from certificates and guarantees of origin granted related to hydro and wind power production is recognised in net sales, and income from certificates and guarantees of origin granted related to other forms of renewable electricity production is recognised in other operating income.

Other operating income

Income from activities not forming part of the company's main business is stated as other operating income. This item mainly comprises sales of by-products, certificates for other forms of renewable energy, rent and land lease income, emission allowances, insurance compensation and gains/losses on sales of non-current assets.

State grants

State grants are recognised in the balance sheet as accrued income when it is reasonably certain that the grant will be received and that the Group will satisfy the conditions associated with the grant. State grants linked to a non-current asset reduce the asset's recognised cost. State grants, such as road grants, intended to cover costs, are recognised as other operating income. Grants are systematically distributed in the income statement in the same way and over the same periods as the costs the grants are intended to cover.

Financial income and expenses

Financial income and expenses consist of interest income and interest expenses, dividend income and revaluations of financial instruments measured at fair value, as well as unrealised and realised currency gains and losses.

Interest income on receivables and interest expenses on liabilities are calculated using the effective interest method. Interest expenses include transaction costs for loans that have been distributed over the duration of the loans; this also applies to any difference between the funds received and the repayment amounts. Dividend income is recognised when the dividend is confirmed and the right to receive payment is judged to be certain.

Interest expenses are charged to profit/loss in the period to which they relate. Borrowing costs attributable to the purchase or construction of qualifying assets are capitalised in the consolidated accounts as part of the assets' cost. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use and that is useful to the Group in connection with major investment projects.

Taxes

Income taxes are recognised in the income statement except when underlying transactions are recognised in other comprehensive income or directly in equity, in which case the associated tax effect is also recognised in other comprehensive income or directly in equity. Current tax is the tax to be paid or received for the year in question, at the tax rates that have been decided on, or to all intents and purposes have been decided on, at the balance sheet date. This also includes any adjustments to current tax attributable to previous periods. Deferred tax is calculated using the balance sheet method on the basis of temporary differences between book values and the values for tax purposes of assets and liabilities, applying the tax rates and rules that have been decided on or announced at the balance sheet date. In the parent company's accounts, untaxed reserves are recognised including the deferred tax liability.

Note 1

Deferred tax assets in respect of tax-deductible temporary differences and loss carry-forwards are recognised only to the extent that it is likely they will be utilised and entail lower tax payments in the future. Deferred tax assets and deferred tax liabilities in the same country are recognised net to the extent that a right of set-off applies.

Earnings per share

The calculation of earnings per share (EPS) is based on the Group's profit/loss for the year attributable to the parent company's owners and the weighted average number of shares outstanding during the year. When calculating the diluted EPS, the earnings and the average number of shares are adjusted to take account of the effects of diluting potential ordinary shares.

Financial instruments

Recognition in and derecognition from the balance sheet

A financial asset or liability is stated in the balance sheet when the company becomes a party in accordance with the contractual conditions of the instrument. A financial asset is removed from the balance sheet when the rights referred to in the contract have been realised or mature, or when the company no longer has control over it. A financial liability is removed from the balance sheet when the undertaking in the contract is performed or expires in some other way. Spot transactions are stated in accordance with the trade date principle. A financial asset and a financial liability are only offset and recognised as a net amount where a legal right to offset the amounts exists and there is an intention to settle the items at a net amount or simultaneously realise the asset and settle the liability. Financial assets, excluding shares, and financial liabilities, have been classified as current if the amounts are expected to be recovered or paid within 12 months of the balance sheet date.

Classification and measurement of financial instruments

Financial instruments are classified and measured based on the company's business model and the nature of the contractual cash flows. See Note 14 for the company's classifications of financial instruments.

Financial assets - are measured initially at fair value less any transaction costs. Normally, the assets are measured on an ongoing basis at amortised cost using the effective interest method since the assets are held with the objective of collecting the contractual cash flows, which consist of principal and interest on the outstanding principal. In those cases where funds issued fall short of the repayment amount, the difference is distributed over the duration of the loan using the effective interest method. Derivatives are recognised on an ongoing basis at fair value. Changes in the value of derivatives that are not hedged are recognised in the income statement.

Financial liabilities - are measured initially at the value of the funds received after the deduction of any transaction costs. Normally, the liabilities are measured on an ongoing basis at amortised cost using the effective interest method. In those cases where the funds received fall short of the repayment amount, the difference is distributed over the duration of the loan using the effective interest method. Derivatives are recognised on an ongoing basis at fair value. Changes in the value of derivatives that are not hedged are recognised in the income statement.

Impairment of financial assets - When assessing expected credit losses on financial assets, the simplification rule is applied in accordance with IFRS 9. For financial assets for which there is an indication that the entire book value may not be recovered, an individual assessment of each instrument is made. Missed payments from counterparties usually constitute such an indication. Any impairment is recognised based on an individual estimate. For financial instruments for which there are no indications of low credit quality, a provision is made for credit losses based on historical outcomes.

Hedge accounting - All derivatives, such as forward foreign exchange contracts, electricity derivatives and interest rate swaps, are measured at fair value and recognised in the balance sheet. Essentially all derivatives are held for hedging purposes. The effective portion of changes in value from cash flow hedges is recognised in other comprehensive income and accumulated in equity until the hedged item impacts the income statement. The accumulated changes in value are then reclassified from equity to the income statement through other comprehensive income, to charge them against the hedged transactions. When investments are hedged, the cost of the hedged item is instead adjusted when it is incurred. The ineffective portion of hedges is recognised directly in the income statement. Interest rate swaps are used as a cash flow hedge for interest rates. Changes in the value of hedges relating to net investments in foreign operations are recognised in other comprehensive income for the Group. Accumulated changes in value are recognised as a component of the Group's equity until the business is disposed of, at which point the accumulated changes in value are recognised in the income statement. In the parent company's accounts, changes in value relating to hedges of net investments in foreign operations are recognised in the income statement as hedge accounting is not used. Holmen's cash

flow hedges mainly relate to the hedging of sales in foreign currencies, future interest payments, electricity purchases and purchases in foreign currencies in conjunction with investments. Hedging instruments comprise forward foreign exchange contracts, forward electricity contracts and interest rate swaps.

The hedged items consist of forecasts of future sales, interest payments, electricity purchases and capital expenditures. The hedge ratio is set on an ongoing basis by comparing the hedged amounts with actual forecasts. For the hedging of net investments in foreign operations, the book value of the net investment is a hedged item and the hedge ratio is set by comparing the hedged amounts with the net investment. Any inefficiency is based on the estimation of the hedge ratio. The Group's risk management of financial instruments is described on pages 52–53.

Forest assets

The Group's forest assets are recognised at fair value based on the transaction prices for forest properties in those areas where the Group has forest land. Fair value measurement is based on measurement level 3. The total value of the forest assets is allocated across growing trees, which are recognised as biological assets, and forest land. How much of the value is allocated to the biological assets is established by calculating the present value of the cash flows, less selling costs but before tax, expected from harvesting those trees currently growing. When the present value is calculated, a discount rate before tax is used, which is calculated on the basis of forest property transactions. The value of the forest land is calculated as the difference between the total value of the forest assets and the biological assets. Changes in the fair value of biological assets are recognised in profit/loss. Changes in the fair value of forest land are recognised in other comprehensive income and accumulated in a separate component of equity called the revaluation surplus. If the fair value of forest land proved to be less than its cost, the difference would be recognised in the income statement as an impairment loss.

Recognition in the parent company's accounts

In the parent company's accounts, forest assets are recognised in accordance with RFR 2. This means that they are classified as non-current assets and recognised at cost adjusted for revaluations taking into account the need, if any, for impairment.

Non-current intangible assets

Non-current intangible assets, such as IT systems and right-of-use assets relating to some energy assets, are recognised at cost after the deduction of accumulated amortisation and any impairment losses. The Group's non-current intangible assets are amortised over periods of between 5 and 20 years, except for goodwill. Both goodwill and other non-current intangible assets are tested for impairment annually. Any impairment losses may be reversed, with the exception of goodwill. Non-current intangible assets in the parent company's accounts are amortised over five years.

Goodwill is allocated to cash generating units that are expected to benefit from the effects of the acquisition. Goodwill is valued at cost less any accumulated impairment losses. Goodwill arising in connection with the acquisition of associates is included in the book value of investments in associates.

Research costs are expensed when they are incurred. Development costs are only capitalised in the case of major projects, to the extent that their future financial benefits can be reliably assessed. The book value includes all directly attributable expenses, for example in connection with materials and services, employee benefits, the registration of legal rights, the amortisation of patents and licences and borrowing costs in accordance with IAS 23. Other development expenditure is recognised in the income statement as expenses when incurred.

Property, plant and equipment

Property, plant and equipment are stated at cost after the deduction of accumulated depreciation and any impairment losses. Property, plant and equipment that consist of parts with different useful lives are treated as separate components of property, plant and equipment. Additional expenditure is capitalised only if it is judged to generate financial benefits for the company. The key factor determining whether or not additional expenditure is capitalised is if it relates to the replacement of identified components or parts thereof, in which case the expenditure is capitalised. The cost is also capitalised in cases where a new component is created. Any undepreciated book values for replaced components or parts of components are retired and expensed when the replacement is made.

The book value of an item of property, plant or equipment is removed from the balance sheet on the retirement or disposal of the asset or when no future financial benefits can be expected from use of the asset. The gain or loss arising on the retirement or disposal of an asset consists of the difference between any selling price and the book value of the asset, less any direct selling costs. Gains and losses are recognised in the accounts as other operating income/expenses.

Depreciation according to plan is based on the original acquisition cost less any impairment losses. Depreciation takes place on a straight-line basis over the estimated useful life of the asset. Land is not depreciated.

The following useful lives (in years) are used:

Machinery for hydro and wind power production	10–40
Administrative and warehouse buildings, residential properties	10–33
Production buildings, land installations, and machinery for sawmills, pulp, paper and paperboard production	10–20
Other machinery	10
Forest roads	20
Equipment	4–10

If there is any indication that the book value is too high, an analysis is made in which the recoverable amount of individual or inherently related assets is determined as the higher of the net realisable value and the value in use. The value in use is measured as the expected future discounted cash flow. The discount rate applied takes account of the risk-free rate and the risk associated with the asset. An impairment loss consists of the amount by which the recoverable amount falls short of the book value. An impairment loss is reversed if there has been a positive change in the circumstances upon which the determination of the recoverable amount is based. A reversal may be made up to, but not exceeding, the book value that would have been recognised, less depreciation, if there had been no impairment.

Borrowing costs attributable to the purchase or construction of qualifying assets are to be capitalised in the consolidated accounts as part of the assets' cost. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use and that is useful to the Group in connection with major investment projects.

Right-of-use assets (leases)

When entering an agreement an assessment is made as to whether the agreement is, or contains, a lease. An agreement is, or contains, a lease if the agreement transfers the right for a set period to control the use of an identified asset in exchange for compensation. The Group recognises a right-of-use asset and an associated liability upon entering into a lease agreement. Such liabilities are initially valued at the present value of the remaining lease payments for the estimated lease period. Lease payments are discounted at the Group's marginal borrowing rate, which, in addition to the Group's credit risk, reflects the agreement's lease period and currency. Right-of-use assets are initially valued at the value of the liability plus lease payments paid upon or before the start date, plus any initial direct payments. Such a right-of-use asset is depreciated/amortised on a straight-line basis over the term of the lease.

The term of the lease comprises the non-cancellable period plus additional periods in the agreement if it is deemed at the start date to be reasonably certain that these will be used.

No right-of-use asset or lease liability is recognised for leases with a term of a maximum of 12 months or with underlying assets of low value. Lease payments for such leases are recognised as an expense on a straight-line basis over the term of the lease.

Parent company

The policies on leases, in accordance with IFRS 16, that are applied by the Group, are not applied by the parent company. The parent company applies an optional exception in RFR 2, with the result that the parent company recognises existing leases as operating leases.

Inventories

Inventories are valued at the lower of cost, after deductions for necessary obsolescence, and net realisable value. The cost of inventories is calculated using the first in, first out method (FIFO). The net realisable value is the estimated selling price for the operating activity after the deduction of the estimated costs of completion and of making the sale. The cost of finished products manufactured by the company comprises direct production costs and a reasonable share of indirect costs.

Purchased felling rights are stated in inventories. These have been acquired with a view to meeting Holmen's raw material requirements through harvesting. No measurable biological change has occurred since the acquisition date.

Holmen receives a free allocation of emission allowances under the EU ETS. The free allocation is recognised in inventories and in income during the year of allocation for the emission allowances that are not needed to cover the business's emissions from its own activities, and provided that a sales contract has been signed with an external party. Renewable energy certificates and guarantees of origin received are recognised in inventories and income as the eligible electricity production takes place, and provided that a sales contract has been signed with an external party.

Employee benefits**Pension costs and pension obligations**

Obligations to pay premiums to defined contribution plans are recognised as an expense in the income statement as and when they are earned.

The Group's net obligation regarding defined benefit plans is calculated separately for each plan by estimating future benefits earned by employees through their employment in both current and previous periods. These benefits are discounted to present value and the fair value of any plan assets is deducted. The discount rate is the interest rate at the balance sheet date based on a selection of high quality corporate bonds with a duration corresponding to the Group's pension obligations. If there is no active market for such corporate bonds, the market interest rate for government bonds with a corresponding duration is used instead. The calculation is performed by a qualified actuary using the projected unit credit method for the defined benefit portion of the pension obligations.

The establishing of the obligations' present value and the fair value of plan assets may give rise to actuarial gains and losses. These arise either through the actual outcome deviating from previously made assumptions or through changes in assumptions. Actuarial gains and losses are recognised in other comprehensive income.

If any changes occur to a defined benefit plan, these are recognised when the change to the plan occurs. If the changes occur in conjunction with restructuring, they are recognised when the company recognises the associated restructuring costs. The changes are recognised directly in profit/loss for the year.

When the calculation leads to an asset for the Group, the book value of the asset is limited to the lower of the plan surplus and the maximum value of the asset calculated using the discount rate. The maximum value of the asset consists of the present value of future economic benefits in the form of reduced future costs or cash reimbursements. Any minimum funding requirements are taken into account when calculating the present value of future reimbursements or receipts.

The interest expenses in respect of defined benefit obligations are recognised in profit/loss for the year under financial items. They are calculated as the net total of the upward adjustment of interest on the pension obligations and expected income on plan assets calculated using the same interest factor (discount rate). Other components are recognised in operating profit/loss. Revaluation effects consist of actuarial gains and losses and the difference between the actual return on plan assets and the amount included in net interest. Revaluation effects are recognised in other comprehensive income.

Payroll tax is recognised in net obligations. Policyholder tax is recognised as it is incurred in profit/loss for the period to which the tax relates and is consequently not included in the calculation of liabilities. In the case of funded plans, this tax is levied on the return on plan assets and is recognised in other comprehensive income. In the case of unfunded plans, or partially unfunded plans, this tax is levied on profit/loss for the year.

In the parent company's accounts, different bases are used for the calculation of defined benefit plans from those referred to in IAS 19. The parent company complies with the provisions of the Swedish Pension Obligations Vesting Act and the Swedish Financial Supervisory Authority's regulations, because this is a condition for the right to make deductions for tax purposes. The main differences in relation to the rules in IAS 19 relate to how the discount rate of interest is established, the calculation of the defined benefit obligation on the basis of the current pay level without any assumption regarding wage increases in the future, and the recognition of all actuarial gains and losses in the income statement when they arise.

When there is a difference between how the pension cost is arrived at in the legal entity and in the Group, a provision or a receivable is recognised in the consolidated accounts for payroll tax based on this difference. The present value of the provision or receivable is not calculated.

Share-based payments

The share savings programme is recognised in accordance with IFRS 2 Share-based Payments and is settled through equity instruments. Recognition of share-based payment programmes settled through equity instruments entails the fair value of the instrument at the dividend date being recognised in the income statement as a cost over the vesting period, with a corresponding adjustment of equity. At the end of each vesting period, an estimate is made of the expected number of shares to be allocated, and the effect of any change in previous estimates is recognised in the income statement with a corresponding adjustment of equity. In addition, a provision is made for estimated social security costs relating to the share savings programme.

Estimates are based on the value of the shares at the allocation date, which is defined as the period when the agreement was concluded between the parties. The average share price during this period is used as the basis for the valuation of the shares at the allocation date.

Note 1

Termination benefits

Termination benefits in connection with the termination of employment contracts are recognised in the accounts if it is shown that the Group has an obligation, without any reasonable possibility of withdrawing, as a result of a formal, detailed plan to terminate an employment contract before the normal date. When benefits are granted in the form of an offer to encourage voluntary redundancy, a cost is recognised if it is likely that the offer will be accepted and the number of employees who will accept the offer can be reliably estimated.

Short-term benefits

Short-term employee benefits are calculated without being discounted and are recognised as a cost when the related services are rendered.

Equity

Consolidated equity comprises share capital, other contributed capital, the translation reserve, hedge reserve, revaluation surplus and retained earnings, including profit/loss for the year. Other contributed capital refers to premiums paid in conjunction with share issues. The translation reserve consists of all the exchange differences arising in the translation of foreign operations' financial statements that have been prepared in a currency other than Swedish kronor. It also includes exchange differences arising in connection with the revaluation of liabilities and derivatives that are classified as instruments for the hedging of a net investment in a foreign operation, including tax. The hedge reserve comprises the effective portion of the accumulated net change in the fair value of cash flow hedging instruments attributable to underlying transactions that have not yet occurred, including tax. The revaluation surplus comprises changes in value attributable to forest land. Retained earnings comprise all the other components of equity, including profit/loss for the year.

Holdings of repurchased shares are stated as a reduction in retained earnings. Acquisitions of treasury shares are stated as a deduction, and proceeds from the disposal of treasury shares are stated as an increase. Transaction costs are charged directly to retained earnings.

The parent company's equity comprises share capital, statutory reserves, revaluation reserves, retained earnings and profit/loss for the year. The parent company's statutory reserve consists of previous compulsory provisions charged to the statutory reserve plus amounts added to the share premium reserve before 1 January 2006. The parent company's revaluation reserve contains amounts set aside in connection with the revaluation of property, plant and equipment or non-current financial assets. Retained earnings comprise all the other components of equity, such as hedge reserves and transactions as a result of treasury share buy-backs. The parent company applies the same accounting policies as the Group for these items. See above.

Provisions

A provision is recognised in the balance sheet when the Group has a legal or informal commitment as a consequence of a past event and it is likely there will be an outflow of financial resources to settle the commitment and a reliable estimate of the amount can be made.

Provisions are made for environmental measures that relate to earlier activities when pollution arises or is discovered, it is likely that a payment obligation will arise, and the amount can be estimated reliably.

Contingent liabilities

A contingent liability is recognised when there is a potential commitment that originates from past events, the existence of which will be confirmed only by one or more uncertain future events, or when there is a commitment that is not recognised as a liability or provision because it is unlikely that an outflow of resources will be required.

Group contributions and shareholder contributions

Group contributions are recognised in the parent company's accounts in accordance with RFR 2's alternative rule, i.e. Group contributions paid or received are recognised as appropriations.

Shareholder contributions are recognised as an increase in the item 'Investments in Group companies'. In addition, a review is conducted of whether the shares need to be impaired. This review complies with standard rules on the valuation of this asset item. Shareholder contributions received are recognised directly in non-restricted equity.

Other

The figures presented are rounded off to the nearest whole number or the equivalent. The absence of a value is indicated by a dash (-).

Note 2. Operating segment reporting

2023	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group-wide and other	Eliminations	Total Group
Net sales								
External	2 692	6 765	8 200	4 075	1 063	-	-	22 795
Internal	5 304	-	-	-	7	-	-5 311	-
Other operating income	235	1 178	342	820	31	250	-861	1 996
Operating expenses	-7 194	-7 087	-5 712	-4 706	-299	-420	6 172	-19 245
Change in value of biological assets	562	-	-	-	-	-	-	562
Depreciation and amortisation according to plan	-77	-664	-293	-184	-110	-32	-	-1 360
Share in profits of associates and joint ventures	-	-	-	1	5	-	-	6
Operating profit/loss	1 523	192	2 538	6	697	-202	-	4 755
Operating margin excluding items affecting comparability, %	19	3	31	0	65	-	-	21
Return on capital employed, excluding items affecting comparability, %	4	3	134	0	16	-	-	8
Operating assets	59 005	7 831	3 015	3 015	5 142	1 011	-615	78 403
Operating liabilities	-2 220	-1 054	-956	-720	-338	-1 082	615	-5 755
Deferred tax, net	-12 016	-888	-322	-156	-522	49	-	-13 856
Capital employed	44 768	5 889	1 737	2 139	4 283	-22	-	58 793
Acquisition of non-current assets	222	697	314	391	59	22	-	1 706
External net sales by market								
Sweden	2 691	131	416	1 336	1 063	-	-	5 637
UK	-	937	1 007	621	-	-	-	2 565
Germany	-	1 250	1 216	29	-	-	-	2 495
France	-	439	926	41	-	-	-	1 406
Italy	-	401	762	11	-	-	-	1 174
Rest of Europe	1	2 006	2 918	851	-	-	-	5 776
Asia	-	1 221	569	340	-	-	-	2 130
Rest of the world	-	380	386	846	-	-	-	1 612
Total	2 692	6 765	8 200	4 075	1 063	-	-	22 795

	Group		Parent company			Group		Parent company	
	2023	2022	2023	2022		2023	2022	2023	2022
Net sales by market					Net sales by product group				
Sweden	5 637	6 138	5 670	6 645	Consumer paperboard	6 437	6 553	4 133	4 232
UK	2 565	2 474	1 845	1 939	Pulp	328	182	454	446
Germany	2 495	2 502	2 062	2 114	Paper	8 200	8 370	8 200	8 370
France	1 406	1 486	1 229	1 279	Wood products, pine	1 857	2 116	1 857	2 116
Italy	1 174	1 328	1 027	1 188	Wood products, spruce	1 792	2 580	1 962	2 731
Rest of Europe	5 776	6 084	4 839	4 995	Wood construction solutions	422	320	-	-
Asia	2 130	2 202	2 070	2 117	Wood	2 692	2 610	2 691	2 586
Rest of the world	1 612	1 739	1 492	1 718	Electricity	1 051	1 216	781	1 396
Total	22 795	23 952	20 234	21 995	Other	17	6	156	118
					Total	22 795	23 952	20 234	21 995

Income from external customers has been allocated to individual countries according to the country in which the customer is based.

	Group		Parent company	
	2023	2022	2023	2022
Non-current assets by country				
Sweden	67 680	63 262	14 997	14 889
UK	1 437	1 358	-	-
Other	4	4	-	-
Total	69 121	64 624	14 997	14 889

Note 2. Operating segment reporting, cont.

2022	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group-wide and other	Eliminations	Total Group
Net sales								
External	2 610	6 735	8 370	5 015	1 222	-	-	23 952
Internal	4 732	-	-	-	4	-	-4 737	-
Other operating income	367	1 820	314	605	152	222	-737	2 743
Operating expenses	-6 643	-6 610	-5 651	-4 181	-273	-370	5 473	-18 255
Change in value of biological assets	509	-	-	-	-	-	-	509
Depreciation and amortisation according to plan	-87	-599	-319	-204	-106	-30	-	-1 345
Impairment losses	-87	-	-	-	-	-	-	-87
Share in profits of associates and joint ventures	-	-	-	2	8	-	-	10
Operating profit/loss	1 401	1 347	2 714	1 237	1 006	-178	-	7 527
Operating profit/loss excluding items affecting comparability*	1 401	1 081	2 714	1 237	1 006	-178	-	7 262
Operating margin excluding items affecting comparability, %	19	16	32	25	82	-	-	30
Return on capital employed, excluding items affecting comparability, %	4	20	139	54	23	-	-	13
Operating assets	54 499	7 792	3 242	2 944	6 101	5 888	-1 083	79 384
Operating liabilities	-2 015	-1 263	-1 003	-749	-1 110	-1 744	1 083	-6 801
Deferred tax, net	-11 130	-897	-301	-128	-372	-660	-	-13 487
Capital employed	41 354	5 632	1 939	2 067	4 618	3 485	-	59 095
Acquisition of non-current assets	278	555	186	122	237	23	-	1 401
External net sales by market								
Sweden	2 586	164	373	1 794	1 222	-	-	6 138
Germany	-	1 128	1 329	45	-	-	-	2 502
UK	-	874	953	646	-	-	-	2 474
France	-	475	958	52	-	-	-	1 486
Italy	-	399	912	17	-	-	-	1 328
Rest of Europe	25	1 995	2 963	1 092	-	-	-	6 084
Asia	-	1 296	496	409	-	-	-	2 202
Rest of the world	-	404	386	959	-	-	-	1 739
Total	2 610	6 735	8 370	5 015	1 222	-	-	23 952

*Items affecting comparability refer to the insurance compensation, and the costs and the loss of revenue, associated with the turbine breakdown at the paperboard mill in Workington (SEK 266 million).

The Forest business area manages the Group's forests, which cover just over one million hectares. The annual harvest of own forests usually amounts to 2.8 million m³sub. This business area is also responsible for the Group's wood supply in Sweden.

The Paperboard business area produces paperboard for consumer packaging for the premium segment at one Swedish and one UK mill. The Paper business area produces paper for books, packaging and graphical publications at two Swedish mills. The Wood Products business area produces wood products at five sawmills, for use in joinery and construction. In 2023, the Group produced just over 0.4 million tonnes of paperboard, 0.9 million tonnes of paper and 1.5 million m³ of wood products.

The Renewable Energy business area is responsible for the Group's hydro power and wind power assets. Deliveries in 2023 amounted to 1.7 TWh of renewable hydro and wind power electricity and include wind power electricity bought from a wind farm constructed on Holmen's land.

These business areas are responsible for managing the operating assets and liabilities, which together with the net amount of deferred tax assets and tax liabilities constitute their capital employed. Group management monitors the business at operating profit level, and in terms of earnings relative to capital employed. The capital employed in each segment includes all the assets and liabilities used by the business area, such as non-current assets, inventories and operating receivables and operating liabilities, and the net amount of deferred tax assets and tax liabilities. Financing and tax issues are managed at Group level. Consequently, net financial items, financial assets and liabilities, including pension obligations, and current tax assets and tax liabilities, are not allocated to the business areas.

Intra-Group sales between segments are based on an internal market-based price. The 'Group-wide and other' segment comprises Group staffs and Group-wide functions that are not allocated to other segments.

Note 3. Other operating income

	Group		Parent company	
	2023	2022	2023	2022
Sales of by-products	783	849	631	548
Sales of non-current assets	15	34	43	7
Certificates, renewable energy	557	433	0	1
Emission allowances	235	284	272	251
Insurance compensation	7	489	2	1
Rent and land lease income	48	150	47	73
Silviculture contracts	113	91	113	91
Other	238	413	229	289
Total	1 996	2 743	1 337	1 262

Of the sales of by-products in the consolidated accounts, SEK 178 million (178) relate to rejects from production, SEK 339 million (226) to wood shavings, bark and chips, as well as SEK 266 million (445) to external sales of energy.

Renewable energy certificates mainly relate to allocations for production at the UK paperboard mill in Workington. The Group has been allocated emission allowances that have been partly used for its own production. The surplus resulted in a recognised gain of SEK 235 million (284).

Note 4. Employees, personnel costs and remuneration of senior management

	Group		Parent company	
	2023	2022	2023	2022
Wages, salaries and social security costs				
Wages and other remuneration	2 311	2 048	1 841	1 662
Social security costs	922	856	803	760

The AGM's guidelines for determining wages and other remuneration for senior management

The 2023 AGM decided on the following guidelines for determining the wages and other remuneration of the CEO and other members of senior management, namely the heads of the business areas and heads of Group staff who report directly to the CEO. The guidelines will apply to remuneration agreed after the guidelines were adopted by the 2023 AGM. The guidelines do not cover remuneration determined by the AGM.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

Holmen's strategy is to own and add value to the forest. Holmen's forest holdings form the basis of the business in which the raw material grows and is transformed into everything from wood products for climate-smart building to renewable packaging, magazines and books, using energy that largely comes from its own hydro and wind power.

The company must be able to attract the right employees to be able to successfully implement the company's business strategy, long-term interests and sustainability. These guidelines are intended to give Holmen the means to hire and retain qualified employees and ensure that the forms of remuneration and other conditions are uniform and consistent.

Forms of remuneration

Long-term share-based incentive programmes are introduced within the company from time to time. These are approved by the general meeting of shareholders and are therefore not covered by these guidelines. See holmen.com for more information about these programmes.

Remuneration for senior management should be in line with market terms and competitive within the job market for senior managers, as well as reflecting senior management's responsibilities, powers and performance. Remuneration may consist of a fixed wage, variable remuneration, other benefits and a pension.

Variable remuneration should be aimed at encouraging and rewarding value-creating initiatives that support the company's business strategy, sustainability and long-term interests. Variable remuneration should be calculated based on the achievement of measurable targets and not exceed 50 per cent of the person's fixed annual wage. It should be possible to measure compliance with the criteria for the payment of variable remuneration annually, under normal circumstances.

Other benefits may include such items as health insurance, and housing and car allowances. Where such benefits are provided, they should constitute no more than 10 per cent of the fixed wage.

The retirement age should usually be 65 years. Pension benefits should be based on defined contributions and should usually be equal to 30 per cent of the person's fixed cash wage.

Notice and severance pay

The period of notice should be six months, regardless of whether notice is given by the company or the member of senior management. In the event of notice being given by the company, severance pay may be paid corresponding to no more than 18 months' wages.

Consideration of wage and employment conditions for other employees

In formulating its proposals for these remuneration guidelines, the Board took into account the wage and employment conditions of the company's other employees, by including information about employees' total remuneration, the components of such remuneration, and the increase in remuneration and rate of increase over time, in the basis for decision-making when evaluating the reasonableness of these guidelines.

Decision-making process for establishing, reviewing and implementing the guidelines

The Board has established a remuneration committee. The committee's duties include preparing the Board's decision on proposed remuneration guidelines for members of senior management. Under Chapter 8, § 51 of the Swedish Companies Act, the Board must prepare proposed new guidelines at least every four years and put such proposal to the AGM. The remuneration committee must also monitor and evaluate the application of the guidelines and applicable remuneration structures and levels in the company. Members of the remuneration committee

must be independent in relation to the company and its senior management. The Chief Executive Officer and other members of senior management do not attend the Board's discussion of and decisions on remuneration-related matters if such matters relate to them.

Deviations from the guidelines

The Board may decide to temporarily deviate from the guidelines in full or in part if, in an individual case, there are particular reasons for so doing and a deviation is necessary in the long-term interests of the company, including its sustainability, or to ensure the company's financial viability.

Share savings programme

The 2022 AGM approved a share savings programme reserved for key individuals in the Group ('LTIP 2022'). The aim of the programme is to strengthen common interests between employees and shareholders, as well as to foster a long-term commitment to Holmen.

Participation in the programme required a personal investment in Holmen shares (known as 'savings shares'). For each savings share invested in, a half share will be allocated after the end of the vesting period, provided that the total return on the company's shares exceeds 10 per cent during the period 2022–2024. Performance shares will also be allocated depending on the level of the return on capital employed for the three Paperboard, Paper and Wood Products business areas. The maximum number of performance shares will vary depending on the participant's position and will range between 3 and 6 shares per savings share. To be allocated shares, a participant must be a permanent employee of the Holmen Group and hold savings shares on the day of publication of Holmen's interim report for the first quarter of 2025. 69 people are taking part in the programme and the maximum number of shares that may be allocated is calculated at 78 000. Costs of SEK 16 million (17) have been recognised for 2023.

In 2022, the share savings programme reserved for key individuals in the Group that the 2019 decided on ('LTIP 2019') came to an end. Participation in the programme required the relevant employees to have personally invested in Holmen shares (known as 'savings shares'). Participants in the programme were able to receive half a matching share for each savings share on the condition that the total return on Holmen's shares was positive during the period 2019–2021. Participants could also receive performance shares based on the Group's return on capital employed. The condition for matching shares was met and the performance condition was met by 72 per cent. The programme conditions included an allocation ceiling, however, in the event of the share price doubling during the programme's term. As the share price more than doubled during the programme's term, the allocation was reduced so that the participants received 69 per cent of the number of shares that they would have received without the ceiling. Overall, this means that the participants received 75 993 shares free of charge. The recognised cost of the programme totalled SEK 25 million during 2019–2022.

Remuneration of the Board and members of the senior management

Board of Directors

A fixed Board fee is paid to the members of the Board elected by the AGM. The CEO, however, does not receive a Board fee. For 2023, fees to the Board amounted to SEK 3 690 000 (3 510 000). The Chairman of the Board received a fee of SEK 820 000 (780 000), and each of the other seven (seven) members received SEK 410 000 (390 000).

Senior management

Wages, variable remuneration and other benefits for the CEO in 2023 amounted to SEK 17 013 054 (10 753 215), of which SEK 11 040 000 (10 320 299) relates to fixed wages, SEK 5 520 000 (-) to variable remuneration and 453 054 (432 916) to other benefits. Variable remuneration consists of the short-term incentive programme for 2023 that will be paid out in 2024. In addition to wages, variable remuneration and other benefits, in 2022 the CEO was allocated 14 547 shares under the LTIP 2019 share savings programme, worth SEK 7 643 430. No allocation was made under the share savings programme in 2023. The total pension cost for the CEO amounted to SEK 6 171 350 (6 140 673), of which SEK 2 888 318 (3 091 230) relates to the recognised cost of an option to retire before the usual retirement age. The recognised payroll cost for share savings programmes for the CEO amounted to SEK 2 032 526 (1 288 276).

In 2023, the wages, variable remuneration and other benefits for the other members of senior management, i.e. the heads of the five (five) business areas and the heads of the five (five) Group staffs and, until May 2022, the head of international affairs, who report directly to the CEO, totalled SEK 40 501 166 (30 309 270), of which SEK 29 739 862 (29 196 504) relates to fixed wages, SEK 9 548 400 (-) to variable remuneration and SEK 1 212 904 (1 112 766) to

Note 4. Employees, personnel costs and remuneration of senior management, cont.

other benefits. Variable remuneration consists of the short-term incentive programme for 2023 that will be paid out in 2024. In addition to wages, variable remuneration and other benefits, in 2022 the other members of senior management were allocated 30 288 shares under the LTIP 2019 share savings programme, worth SEK 15 914 224. No allocation was made under share savings programmes in 2023. The total pension cost for this group amounted, in 2023, to SEK 10 597 299 (12 759 263). The recognised payroll cost for share savings programmes for this group amounted to SEK 3 873 303 (2 313 342).

For members of senior management, employed from 2011, a mutual notice period of six months applies. In the event of notice being given by the company, deductible severance pay corresponding to 18 months' wages is paid. These terms apply to the CEO and eight other people. For two senior management employment contracts, signed before 2011, the employee is required to give six months' notice and the company must give 12 months' notice. In the event of notice being given by the company for these people, severance pay corresponding to up to two years' wages is paid, depending on age.

All members of senior management are employed by the parent company.

Pension obligations in respect of senior management

Holmen's defined benefit pension obligations for the CEO amounted to SEK 40 million (32) at 31 December 2023 and, for the other members of senior management, to SEK 30 million (27), calculated in accordance with IAS 19. The obligations relate to the costs that would arise if the CEO and three members of senior management retired before ordinary retirement age based on agreements entered into in accordance with the applicable guidelines for remuneration for members of senior management. The pension obligations are secured by plan assets managed by an independent pension fund.

Average no. of employees (FTE)

	2023			2022		
	Average no. of employees	Of which women	Of which men	Average no. of employees	Of which women	Of which men
Parent company						
Sweden	2 923	660	2 263	2 863	597	2 266
Group companies						
France	13	5	8	12	6	6
Netherlands	75	44	31	79	45	34
UK	407	44	364	395	41	354
Sweden	58	13	44	47	9	38
Germany	22	7	15	22	8	14
US	8	3	5	8	3	5
Other countries	41	15	26	40	16	24
Total Group companies	623	131	492	603	128	475
Total Group	3 546	792	2 755	3 466	725	2 741

Proportion of women in Holmen's Board of Directors and Group management

Proportion of women, %	Group		Parent company	
	2023	2022	2023	2022
Board (excl. deputy members)	33	25	33	25
Senior management	18	18	18	18
Total	27	22	27	22

Note 5. Auditors' fee and remuneration

The audit firm PricewaterhouseCoopers AB (PwC), which has been Holmen's auditor since 2021, was re-elected as auditor at the 2023 AGM for a period of one year. PwC performs the audit for Holmen AB as well as for the majority of Holmen's subsidiaries.

'Audit assignments' refers to the statutory examination of the annual accounts and accounting records, and of the administration by the Board and the CEO, and the auditing carried out as agreed or in accordance with contracts. This includes other duties that are incumbent on the company's auditors, and the provision of advice or other assistance as a result of observations in connection with such reviews or the performance of such other duties. 'Tax advice' refers to all consulting in the field of taxation.

Remuneration of auditors	Group		Parent company	
	2023	2022	2023	2022
Audit assignments, PwC	9	8	6	6
Tax advice, PwC	1	0	1	0
Total	9	9	6	6
Other auditors	0	1	-	-
Total	9	9	6	6

Note 6. Net financial items and income from financial instruments

Financial income	Group		Parent company	
	2023	2022	2023	2022
Dividend income from Group companies	-	-	348	446
Gains on sales of Group companies	-	-	-	25
Gains on sales of associates	-	1	-	1
Interest income*	49	11	175	84
Total financial income	49	12	535	536

*SEK 49 million (11) relates to interest income from financial items valued at amortised cost, calculated using the effective interest method.

Financial costs	Group		Parent company	
	2023	2022	2023	2022
Net profit/loss				
Assets and liabilities measured at fair value through profit/loss	17	-26	-12	-2
Cash and cash equivalents	1	-12	0	-12
Assets and liabilities measured at amortised cost	-16	9	-16	8
Total net profit/loss	1	-29	-29	-7
Interest expenses attributable to right-of-use agreements	-7	-5	0	-
Interest expenses*	-93	-65	-136	-82
Financial costs	-98	-99	-176	-88
Net financial items	-49	-87	359	448

*SEK -19 million (-7) relates to interest expenses for derivatives measured at fair value through other comprehensive income. SEK -2 million (-2) relates to interest expenses for derivatives recognised at fair value through profit/loss for the year. The remaining interest expenses are calculated using the effective interest method and relate to financial items valued at amortised cost.

Net gains and losses recognised in net financial items mainly relate to currency revaluations of internal lending and hedging of internal lending. The parent company's net financial items also include currency revaluations of forward contracts that hedge net investments in foreign operations, which are recognised in the consolidated accounts under other comprehensive income. The fair value of the interest component of forward foreign exchange contracts as well as changes in the value of the accrued interest and realised interest component of fixed interest rate swaps are recognised on an ongoing basis in net interest items. Information on financial risks is provided in the section on risk on pages 52–53.

The income from financial instruments included in operating profit/loss is shown in the following table:

	Group		Parent company	
	2023	2022	2023	2022
Exchange gains/losses on trade receivables and trade payables	459	204	449	199
Net gain/loss from derivatives recognised in operating profit/loss	536	2 703	215	2 775

The derivatives included in operating profit/loss relate to currency hedges of trade receivables and trade payables as well as financial electricity derivatives.

Gains and losses on currency hedges are recognised in operating profit/loss when the hedged item is recognised and in 2023 amounted to SEK -477 million (-341), the remainder being recognised in other comprehensive income as hedge accounting is applied. The fair value of outstanding currency hedges at 31 December 2023 was SEK 64 million (-499).

Gains/losses on financial electricity hedges are recognised in the income statement when they expire; for 2023 they totalled SEK 872 million (3 043). The fair value of outstanding financial electricity hedges at 31 December 2023 was SEK 302 million (4 366). The change in fair value is recognised in other comprehensive income as hedge accounting is applied.

The change in the fair value of hedges of investment purchases is recognised in other comprehensive income until expiry, at which point the gain/loss is added to the cost of the non-current asset that was hedged. The fair value of outstanding hedges of investment purchases amounted to SEK -8 million (7) at 31 December 2023. In 2023, there was a SEK 12 million (16) impact on the cost of asset due to gains/losses from hedges.

The result from the hedging of foreign net assets amounted to SEK -42 million (-28) in 2023 and was recognised in other comprehensive income as hedge accounting was applied. In the parent company's accounts, this result is recognised in the income statement. The translation of foreign net assets had an impact of SEK 55 million (72) on consolidated equity. The fair value of outstanding hedges of net assets at 31 December 2023 was SEK 43 million (14) and relates to financial derivatives.

The fair value of the derivatives used to manage fixed interest rate periods amounted to SEK 45 million (78) at 31 December 2023, which was recognised in other comprehensive income as hedge accounting was applied. This value is expected to be recognised in the income statement in 2024 and later.

Note 7

Note 7. Tax

Taxes stated in the income statement	Group		Parent company	
	2023	2022	2023	2022
Current tax	-655	-1 138	-546	-921
Deferred tax	-353	-429	0	-9
Total	-1 008	-1 567	-547	-930

Recognised tax totalled SEK -1 008 million (-1 567), corresponding to 21 per cent (21) of the profit/loss before tax.

Taxes stated in the income statement	Group				Parent company			
	2023		2022		2023		2022	
	SEKm	%	SEKm	%	SEKm	%	SEKm	%
Recognised profit/loss before tax	4 705		7 441		2 968		4 948	
Tax at applicable rate	-969	20.6	-1 533	20.6	-611	20.6	-1 019	20.6
Difference in tax rate for foreign operations	-9	0.2	7	-0.1	-	-	-	-
Tax-exempt income	9	-0.2	21	-0.3	83	-2.8	103	-2.1
Non-tax-deductible costs	-22	0.5	-32	0.4	-12	0.4	-8	0.2
Standard interest on tax allocation reserve	-16	0.3	-2	0.0	-16	0.5	-2	0.0
Tax attributable to previous periods	11	-0.2	8	-0.1	10	-0.3	0	0.0
Other	-12	0.3	-35	0.5	0	0.0	-4	0.1
Effective tax	-1 008	21.4	-1 567	21.0	-547	18.4	-930	18.8

Tax attributable to other comprehensive income	Group						Parent company					
	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax	Before tax	Tax	After tax
	2023			2022			2023			2022		
Cash flow hedges	-3 549	731	-2 818	3 037	-618	2 419	-3 429	706	-2 723	2 885	-594	2 291
Translation difference on foreign operations	55	-	55	72	-	72	-	-	-	-	-	-
Hedging of currency risk from foreign operations	-42	9	-33	-28	6	-22	-	-	-	-	-	-
Revaluations of forest land	3 493	-720	2 774	4 373	-901	3 472	-	-	-	-	-	-
Revaluations of defined benefit pension plans	-6	1	-5	-6	2	-4	-	-	-	-	-	-
Other comprehensive income	-48	22	-27	7 449	-1 512	5 938	-3 429	706	-2 723	2 885	-594	2 291

Taxes as stated in the balance sheet	Group		Parent company	
	2023	2022	2023	2022
Tax receivables				
Deferred tax assets	3	2	-	-
Current tax assets	114	589	87	579
Total tax receivables	117	592	87	579
Deferred tax liabilities				
Non-current assets				
Biological assets	6 294	6 153	-	-
Forest land	5 272	4 553	601	601
Property, plant and equipment	1 210	1 143	3	3
Tax allocation reserve	932	850	-	-
Transactions subject to hedge accounting	83	789	84	790
Other, including deferred tax assets stated net of deferred tax liabilities	68	2	-4	-4
Deferred tax liabilities	13 858	13 490	683	1 389
Current tax liabilities	105	118	-	-
Total tax liabilities	13 963	13 608	683	1 389

Change in the net amount of deferred tax assets and deferred tax liabilities

	Group					Parent company				
	Opening balance	Stated in the income statement	Stated in other comprehensive income	Translation differences and other	Closing balance	Opening balance	Stated in the income statement	Stated in other comprehensive income	Closing balance	
2023										
Biological assets	-6 153	-142	-	-	-6 294	-	-	-	-	
Forest land	-4 553	1	-720	0	-5 272	-601	0	-	-601	
Property, plant and equipment	-1 143	-68	-	1	-1 210	-2	0	-	-3	
Tax allocation reserve	-850	-82	-	-	-932	-	-	-	-	
Transactions subject to hedge accounting	-789	-	706	-	-83	-789	-	706	-83	
Other	0	-63	1	-3	-65	3	0	-	4	
Deferred net tax liability	-13 488	-353	-12	-3	-13 856	-1 389	0	706	-683	
	Group					Parent company				
	Opening balance	Stated in the income statement	Stated in other comprehensive income	Translation differences and other	Business combinations	Closing balance	Opening balance	Stated in the income statement	Stated in other comprehensive income	Closing balance
2022										
Biological assets	-6 016	-137	-	-	-	-6 153	-	-	-	-
Forest land	-3 648	-4	-901	-	-	-4 553	-601	0	-	-601
Property, plant and equipment	-1 171	-6	-	-6	39	-1 143	-2	0	-	-2
Tax allocation reserve	-606	-244	-	-	-	-850	-	-	-	-
Transactions subject to hedge accounting	-196	-	-593	-	-	-789	-196	-	-593	-789
Other	29	-38	2	0	7	0	11	-9	-	3
Deferred net tax liability	-11 608	-429	-1 491	-6	46	-13 488	-787	-9	-593	-1 389

The Group's deferred tax liability for forest assets (biological assets and forest land) amounts to SEK 11 566 million (10 706) and is calculated based on the difference between the book value of SEK 56 348 million (52 151) and taxable cost of SEK 203 million (181). This represents the tax expense that would arise if the forest assets were sold as forest properties. No tax expense arises if the assets are retained.

The deferred tax liability in respect of property, plant and equipment is primarily attributable to depreciation/amortisation in excess of plan. Deferred tax assets from leases in accordance with IFRS 16 total SEK 1 million net (1), of which SEK 50 million (51) of deferred tax assets and SEK -51 million (-50) of deferred tax liabilities. The amount recognised in other comprehensive income includes deferred tax mainly related to a change in the value of forest land of SEK -720 million (-901) and a hedge reserve of SEK 706 million (-593).

The Swedish Tax Agency has rejected Holmen AB's group relief claim relating to tax losses from Spanish subsidiaries that were liquidated. Holmen has appealed the decision. The deductions correspond to SEK 386 million of tax, but no tax receivable has been recognised. There are no other significant loss carry-forwards in the consolidated accounts.

The Group is covered by the OECD's Pillar Two model rules and legislation has been adopted in Sweden that will come into force on 1 January 2024. According to Holmen's evaluation of the legislation, the Group should not need to pay additional tax because of Pillar Two.

Note 8. Earnings per share

	Group	
	2023	2022
Total number of outstanding shares, 1 January	162 001 678	161 925 685
Share savings programme allocation	-	75 993
Buy-backs of treasury shares during the year	-2 779 323	-
Total number of outstanding shares, 31 December	159 222 355	162 001 678
Shareholders' share of profit/loss for the year, SEK	3 697 317 688	5 874 297 908
Basic average number of shares	160 470 138	161 975 028
Basic EPS for the year, SEK	23.0	36.3
Shareholders' share of profit/loss for the year, SEK	3 697 317 688	5 874 297 908
Diluted average number of shares	160 470 138	161 975 028
Diluted EPS for the year, SEK	23.0	36.3

The 2022 AGM decided on a share savings programme. The new programme may lead to the allocation of 78 000 shares from Holmen's own holding of shares. The effects on key figures and earnings per share are marginal. See Note 4 for more information about the share savings programme.

On 3 May, the Board decided to use the authorisation from the 2023 AGM to buy back treasury shares. During the year, 2 779 323 class B shares were repurchased for SEK 1 119 million, corresponding to an average price of SEK 403/share. The buy-backs amount to 1.7 per cent of the total number of shares. When combined with the shares that it already owned, this means that at 31 December 2023 Holmen held 2.0 per cent of the total number of shares.

Note 9. Forest assets

Holmen owns land totalling 1 305 000 hectares, of which 1 046 000 hectares are defined as productive forest land with an estimated volume of standing timber of 126 million cubic metres (m³) growing stock, solid over bark. The holdings are spread over three regions of Sweden.

	Productive forest land, '000 ha	Volume of standing timber, growing stock, solid over bark, millions m ³
North	690	76
Central	264	36
South	92	14
Total	1 046	126



Forest assets are recognised at fair value, calculated based on the transaction prices for forest properties in those areas where the Group owns forest land. The calculation is carried out through an appraisal of valuations based partly on price statistics published by various market participants, and partly on detailed information regarding forest property transactions over the past three years.

The price statistics refer to the SEK per m³ growing stock, solid over bark, which are paid on average in the various counties in Sweden where Holmen has land. The calculation using forest property transactions is carried out as a regression analysis based on transactions exceeding 20 hectares in the areas where Holmen has land.

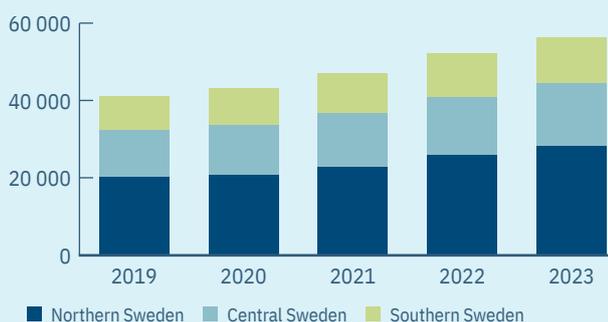
The price statistics used in the valuation are public information that comes from market participants who are independent of Holmen. The transaction data that are used come from Lantmäteriet (the Swedish mapping, cadastral and land registration authority) and were processed by an external party. In the areas where Holmen has land about 300 transactions involving forest properties are carried out annually. Transactions between legal entities are not normally included in the calculation of price statistics or transaction data. Holmen has chosen to use three years of price statistics and transaction data in the valuation. If a different time period was used, the book value would be affected.

Market data	2023*	2022	2021	2020	2019
Number of transactions	192	370	308	263	246
Average size of property (ha)	131	142	140	117	122

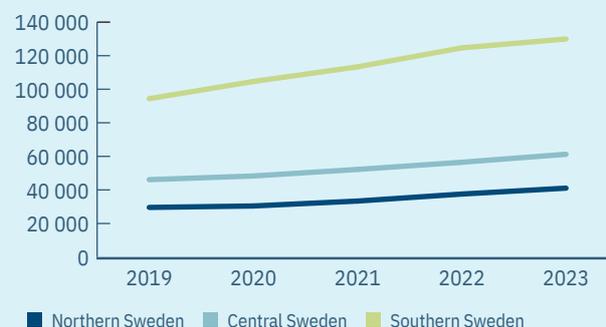
*The number of transactions for 2023 is not comprehensive as there is a certain time lag in the collection of data.

The book value of forest assets amounted to SEK 56 348 million (52 151) at 31 December 2023. The value per hectare varies between different parts of the country, forest properties in southern Sweden being valued much higher per hectare as a result of a greater volume of standing timber, higher site quality, a shorter harvesting cycle and greater demand for forest land. The following two graphs show Holmen's recognised value of forest assets by region, stated in both SEK million and in SEK per hectare.

Book value, SEKm



Book value, SEK/hectare

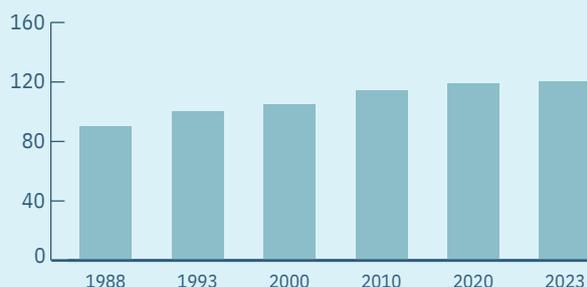


The recognised value of forest assets is primarily dependent on how large the volume of standing timber is estimated to amount to and the market price per m³ growing stock, solid over bark, calculated based on price statistics and transaction data collected from external parties. The table below shows how the value is affected by changes in the size of the volume of standing timber and the market price, respectively.

Price statistics and market data		SEKm
Northern Sweden	SEK 10/m ³ growing stock, solid over bark	760
Central Sweden	SEK 10/m ³ growing stock, solid over bark	360
Southern Sweden	SEK 10/m ³ growing stock, solid over bark	140
Holmen's volume of standing timber		450
1 million m ³ growing stock, solid over bark		

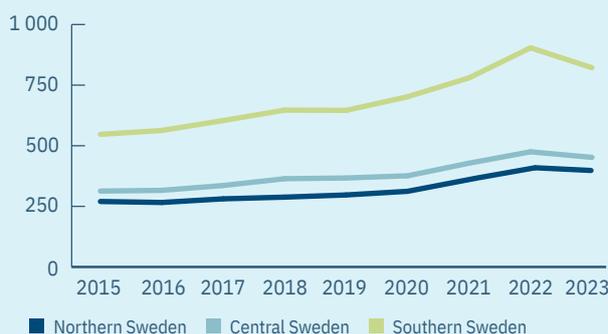
The size of Holmen's volume of standing timber is calculated based on the most recent inventory, updated with the completed harvest and estimated growth after the inventory date. In the most recent inventory, an external party carried out a random sample inventory with a standard error of 1.4 per cent. The inventory is normally carried out every ten years. The diagram below shows the volume of standing timber measured in m³ growing stock, solid over bark, per hectare in the inventories carried out since 1988, and the estimated volume of standing timber at 31 December 2023.

Average volume of standing timber in m³ growing stock, solid over bark, per hectare of productive forest land, for Holmen's forest assets



The diagram below shows the price of forest properties measured in SEK per m³ growing stock, solid over bark, based on annual price statistics and transaction data for the regions of the country where Holmen owns land.

Price of forest properties, SEK/m³ growing stock, solid over bark



To verify Holmen's own valuation of the forest assets, an external independent valuation of parts of the forest holdings is carried out every year, with the aim of having a reference valuation of the entire forest holdings over five years. Since Holmen began to recognise forest assets at fair value in 2019, the company Forum Fastighetsekonomi has carried out external valuations each year. At the end of 2023, the entire forest holdings had been valued by Forum Fastighetsekonomi. The external valuations exceed the internal valuations by 7 per cent.

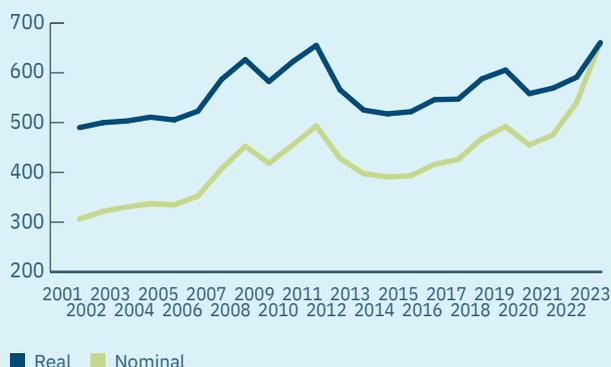
The value of the forest assets is allocated in the balance sheet to growing trees (SEK 30 555 million), which are recognised as biological assets, and forest land (SEK 25 793 million).

Biological assets

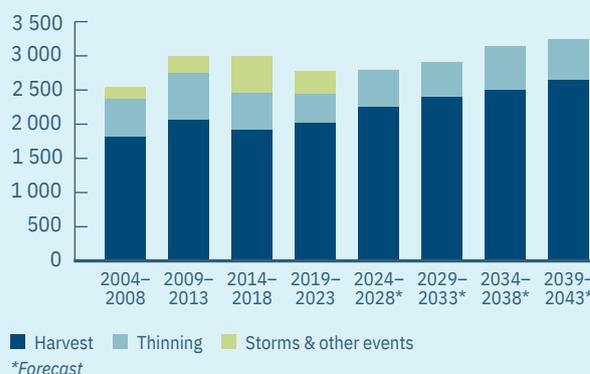
The value allocated to biological assets is established by calculating the present value of expected future cash flows, less selling costs but before tax, from harvesting those trees currently growing. The trees that are currently growing are expected, on average, to be harvested when they reach an age of 85 years. The volumes are based on the long-term harvest plan that was updated in 2020. Income and expenses are calculated based on long-term trend levels. The trend level was adjusted in 2023 due to significant price and cost inflation. The adjustment has not affected the book value. The trend price used for 2024 is SEK 555/m³sub (488), which is a little over 15 per cent lower than current prices. The trend costs represent the current level adjusted for temporary effects. Prices and costs are revised up by 2 per cent each year. A discount rate before tax of 4.5 per cent (4.5) has been used. Costs for replanting after harvesting have not been included.

The change in value of biological assets, calculated net of the change due to harvesting and the unrealised change in fair value, is stated in the income statement and in 2023 totalled SEK 562 million (509).

Wood prices, SEK/m³sub



Harvesting plan, '000 m³sub/year



The table below shows how the value of biological assets would be affected by changes in the most significant valuation assumptions.

		SEKm
Annual change	+0.1% per year	
Harvest rate		1 220
Price inflation		1 730
Cost inflation		-810
Change in level	+1%	
Harvest		380
Prices		580
Costs		-290
Discount rate	+0.1%	-870

The annual change refers to the annual rate of change used in the valuation of each parameter. For example, an increase of 0.1 per cent means that the annual price inflation will be increased from 2.0 per cent to 2.1 per cent in the calculations. Change in level means that the level for each parameter and year is changed. For example, a 1 per cent price increase means that the wood prices in the calculations are raised by 1 per cent for all years (change of level).

The discounted cash flow model for biological assets only affects the dividing of the forest assets' value between biological assets and forest land. The changed assumption would not affect the value of the forest assets, but only transfer the value between biological assets and forest land.

Forest land

The book value of forest land is calculated as the difference between the total value of the forest assets and the biological assets. This value reflects future income from sources other than the harvesting of currently standing trees, such as the leasing of land for wind power, quarrying, hunting leases, licence income and the harvesting of future generations of trees.

The change in fair value for forest land is recognised in other comprehensive income and totalled SEK 3 493 million (4 373) in 2023. No value is assigned to land that is not productive forest land.

Group	Forest assets		Of which			
	2023	2022	Biological assets	Forest land	2023	2022
Book value at beginning of year	52 151	47 080	29 867	29 204	22 284	17 876
Acquisitions	33	71	17	33	16	38
Disposals	-36	-9	-36	-6	0	-3
Investment in reforestation	145	127	145	127	-	-
Change due to harvesting	-977	-836	-977	-836	-	-
Unrealised change in fair value	5 032	5 718	1 539	1 345	3 493	4 373
Other changes	0	0	0	0	0	0
Book value at end of year	56 348	52 151	30 555	29 867	25 793	22 284

The cost of forest land amounted to SEK 354 million at 31 December 2023.

Note 10. Non-current intangible assets

	Group						Parent company	
	Goodwill		Other intangible assets		Total		Non-current intangible assets	
	2023	2022	2023	2022	2023	2022	2023	2022
Accumulated acquisition costs								
Opening balance	358	358	392	384	750	742	67	68
Business combinations	-	-	-	4	-	4	-	-
Investments	-	-	46	6	46	6	-	-
Reclassifications	-	-	64	-	64	-	-	-
Disposal and retirement of assets	-	-	-63	-1	-63	-1	0	-1
Translation differences	-	-	0	0	0	0	-	-
Total	358	358	438	392	797	750	66	67
Accumulated amortisation, depreciation and impairment losses								
Opening balance	-	-	323	203	323	203	58	55
Business combinations	-	-	-	1	-	1	-	-
Depreciation and amortisation for the year	-	-	9	32	9	32	1	4
Reclassifications	-	-	15	-	15	-	-	-
Disposal and retirement of assets	-	-	-63	-1	-63	-1	0	-1
Impairment losses	-	-	-	87	-	87	-	-
Translation differences	-	-	0	0	0	0	-	-
Total	-	-	283	323	283	323	58	58
Residual value according to plan at end of year	358	358	155	69	513	427	8	9

The goodwill recognised is attributable to the Wood Products business area, and was added when Martinsons was acquired in 2020. Goodwill is tested for impairment annually by calculating the value in use of the cash flow generating unit to which goodwill has been allocated. The calculations are made by assessing future cash flows. The future cash flows are based on current levels of selling prices, costs and volumes for the coming year. When calculating cash flows for subsequent periods, prices and costs are used based on historical data. The future cash flows have been discounted by 8 per cent interest before tax. The discount rate has been determined by calculating the weighted average cost of capital (WACC). Based on these calculations, there is no need for impairment.

Other intangible assets consist primarily of IT systems, amounting to SEK 89 million (2), and the value of the right of use relating to certain energy assets, amounting to SEK 58 million (60). The assets are mainly externally acquired and all the assets, with the exception of goodwill, have a definable useful life.

Note 11. Property, plant and equipment

Group	Buildings, other land* and land installations		Machinery and equipment		Work in progress and advance payments to suppliers		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
Accumulated acquisition costs								
Opening balance	6 845	6 512	32 839	31 352	381	363	40 065	38 227
Business combinations	-	109	-	588	-	-	-	697
Investments	155	65	1 084	829	256	332	1 494	1 226
Reclassifications	17	158	284	157	-269	-316	32	-
Disposal and retirement of assets	-5	-18	-308	-223	-17	-	-330	-241
Translation differences	10	19	64	136	7	1	82	156
Total	7 022	6 845	33 963	32 839	359	381	41 344	40 065
Accumulated amortisation, depreciation and impairment losses								
Opening balance	4 234	4 059	25 706	24 456	-	-	29 940	28 515
Business combinations	-	43	-	257	-	-	-	300
Depreciation and amortisation according to plan for the year	138	134	1 098	1 088	-	-	1 236	1 222
Reclassifications	2	-	79	-	-	-	81	-
Disposal and retirement of assets	-5	-15	-298	-198	-	-	-304	-213
Translation differences	7	13	53	103	-	-	60	116
Total	4 376	4 234	26 638	25 706	-	-	31 014	29 940
Residual value according to plan at end of year	2 646	2 612	7 325	7 132	359	381	10 330	10 124

*Other land refers to land other than forest land.

	Forest land		Buildings, other land* and land installations		Machinery and equipment		Work in progress and advance payments to suppliers		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Parent company										
Accumulated acquisition costs										
Opening balance	499	499	215	203	332	306	9	15	1 055	1 024
Investments	3	-	6	7	65	58	4	1	78	66
Reclassifications	-	-	7	6	32	-	-7	-6	32	-
Disposal and retirement of assets	0	-	0	-	-22	-32	-2	-	-25	-32
Total	502	499	228	215	407	332	4	9	1 141	1 055
Accumulated depreciation and amortisation according to plan										
Opening balance	-	-	148	143	210	194	-	-	357	336
Depreciation and amortisation according to plan for the year	-	-	5	5	54	48	-	-	59	53
Reclassifications	-	-	-	-	32	-	-	-	32	-
Disposal and retirement of assets	-	-	0	0	-22	-32	-	-	-22	-32
Total	-	-	153	148	273	210	-	-	426	357
Accumulated revaluations										
Opening balance	2 388	2 388	1	1	-	-	-	-	2 388	2 388
Disposal and retirement of assets	-6	-	-	-	-	-	-	-	-6	-
Total	2 382	2 388	1	1	-	-	-	-	2 382	2 388
Residual value according to plan at end of year	2 884	2 887	76	68	134	124	4	9	3 098	3 088

*Other land refers to land other than forest land.

For forest assets in the Group see Note 9. In 2023, capitalised borrowing costs totalled SEK 3 million (0). An interest rate of 1.5 per cent (1.2) was used to determine the amount.

Note 12. Right-of-use assets (leases)

Group	Buildings		Machinery and equipment		Total	
	2023	2022	2023	2022	2023	2022
Accumulated acquisition costs						
Value at beginning of year	257	261	172	191	429	452
Additional leases	33	19	84	73	117	92
Completed leases	-7	-23	-33	-93	-40	-116
Total	283	257	223	172	506	429
Accumulated depreciation and amortisation						
Value at beginning of year	96	77	91	135	187	212
Depreciation and amortisation for the year	51	42	64	48	115	91
Completed leases	-7	-23	-33	-93	-40	-116
Total	140	96	122	91	262	187
Value at end of year	143	161	101	81	244	242

Buildings

The Group's rental of buildings refers to office and warehouse premises. The leases usually have a term of between 5 and 10 years.

Machinery and equipment

The Group's leasing of machinery and equipment mainly relates to cargo ships, forklifts and cars. The leases usually have a term of between 2 and 5 years.

Amounts recognised in profit/loss

	2023	2022
Depreciation and amortisation	115	91
Interest expenses	7	5
Costs related to current lease liabilities	3	2
Costs related to low-value leases	2	2
Costs related to variable lease payments	0	0
Total	127	100

In 2023, the Group's payments attributable to leases amounted to SEK 127 million (100). These payments include both amounts for leases that are recognised as lease liabilities and amounts paid for variable lease payments, short-term leases and low-value leases. No right-of-use asset is recognised for leases with a term of 12 months or less or with low-value underlying assets.

See Note 14 for a maturity analysis of liabilities relating to right-of-use assets.

Note 13

Note 13. Investments in associates, joint ventures and other shares and participations

	Group	
	2023	2022
Profit/loss from associates and joint ventures	6	10
Recognised in profit/loss for the year	6	10
Total comprehensive income	6	10

Associates and joint ventures

	Associates				Joint ventures*				Total			
	Group		Parent company		Group		Parent company		Group		Parent company	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Book value at beginning of year	1 680	1 675	93	92	-	81	-	67	1 680	1 756	93	159
Investments	0	0	-	2	-	-	-	-	0	0	-	2
Share of earnings	6	6	-	-	-	3	-	-	6	10	-	-
Reclassification between joint ventures and subsidiaries	-	-	-	-	-	-84	-	-67	-	-84	-	-67
Translation difference	-	0	-	-	-	-	-	-	-	0	-	-
Disposals	-	-2	-	-	-	-	-	-	-	-2	-	-
Book value at end of year	1 686	1 680	93	93	-	-	-	-	1 686	1 680	93	93

*In February 2022, Holmen acquired the remaining 50 per cent of the shares in Varsvik AB. Varsvik AB has since been included in the Holmen Group's subsidiaries. See Note 26 for further information.

Parent company and Group holdings of shares and investments in associates

	Corporate ID No.	Registered office	Number of holdings	Holding %*	Value of holding in the consolidated accounts**	Book value in the parent company's accounts	Holding %*	Value of holding in the consolidated accounts**	Book value in the parent company's accounts
					2023			2022	
Associates					2023			2022	
Harrsele AB	556036-9398	Vännäs	9 886	49.4	1 527	-	49.4	1 522	-
Vattenfall Tuggen AB	556504-2826	Lycksele	683	6.8	90	90	6.8	90	90
Brännälvens Kraft AB	556017-6678	Arbrå	5 556	13.9	36	-	13.9	36	-
Gidekraft AB	556016-0953	Örnsköldsvik	990	9.9	0	0	9.9	0	0
Uni4 Marketing AB	556594-6984	Stockholm	2 050	41.0	21	3	41.0	20	3
Rebio AB	556594-3015	Umeå	2 014	40.3	10	1	40.3	10	1
Other associates					1	-		1	-
Total					1 686	93		1 680	93

*The holdings correspond to the percentage of votes for the total number of shares held.

**Proportion of equity recognised in the Renewable Energy and Wood Products business areas of SEK 1 654 (1 649) million and SEK 32 (31) million respectively.

The interests in Brännälvens Kraft AB, Gidekraft AB, Harrsele AB and Vattenfall Tuggen AB refer to hydro power assets. The holdings entitle the Group to buy electricity produced at cost price, which means that the associates only earn a very limited profit. Purchased electricity is sold to external customers at market price, and the earnings are stated in the consolidated accounts within the Renewable Energy business area.

The holding in associate Harrsele AB is recognised in the Group at SEK 1 527 million (1 522). Holmen purchased 451 GWh (553) of electrical power Harrsele AB in 2023, giving Holmen an operating profit of SEK 319 million (437) from market sales. Harrsele AB owns power assets that generate 950 GWh of electrical power in a normal year. These assets were originally constructed in 1957–58 and the book value of the non-current assets in Harrsele AB's amounts to SEK 176 million (169). The company's shareholders made a shareholders' contribution during the year of SEK 0 million (0).

Ownership of the remaining associates relates to activities in the areas of sales, research and development.

The interests in Brännälvens Kraft AB, Gidekraft AB and Vattenfall Tuggen AB are classified as associates even though the holdings are less than 20 per cent, since shareholder agreements provide a significant influence over each company's activities.

Other shares and participations	Group		Parent company	
	2023	2022	2023	2022
Book value at beginning of year	2	2	0	0
Investments	4	-	4	-
Disposals	-	-	-	-
Translation difference	0	0	-	-
Book value at end of year	5	2	4	0

Note 14. Financial instruments

Non-current financial receivables consist of interest-bearing financial receivables from other companies, prepayments for credit facilities and the fair value of non-current derivatives.

Fixed income investments and lending with maturities of up to one year, accrued interest income, unrealised exchange gains and the fair value of derivatives are recognised in **current financial receivables**. Current financial receivables essentially have fixed interest periods of under three months, and thus involve a very limited interest rate risk.

Cash and cash equivalents refers to bank balances and investments that can be readily converted into cash of a known amount and have maturities of no more than three months from their acquisition date, which also means that their interest rate risk is negligible. Cash are placed in bank accounts or with banks as current deposits.

Loans, accrued interest expenses, unrealised exchange losses and the fair value of derivatives are stated as **financial liabilities**. Financial liabilities are largely interest-bearing.

In addition to the financial assets and liabilities identified above, liabilities relating to right-of-use assets (see Note 12) and pension obligations (see Note 18) are also included in net financial debt. The maturity structure and average interest for the Group's liabilities are stated in the section on risk on pages 52–53. SEK 1 021 million of the parent company's liabilities are due for payment within one year.

All of the Group's derivatives are covered by ISDA or FEMA agreements, which entail a right for Holmen to offset assets and liabilities relating to the same counterparty in the case of a credit event. Based on the terms of the netting agreements, the net exposure is SEK 380 million (3 833). Assets and liabilities are not offset in the report. Recognised derivatives totalled SEK 941 million (5 020) on the asset side and SEK 561 million (1 187) on the liability side.

The ongoing Interest Rate Benchmark Reforms only have a marginal impact on Holmen, since interest derivatives are almost exclusively denominated at the Swedish reference rate. For currencies for which a reform of the interest rate benchmark is under way, continued hedge accounting will apply while the reform is in progress. These hedges are expected to also be effective in the future, however.

No provision has been made for expected credit losses for the financial assets included in the net liability, as no losses have arisen over the past 10 years and the assets held at the balance sheet date are deemed to have a good credit quality. See Note 16 for information about the impairment testing of trade receivables.

The fair value of financial instruments traded on an active market is based on listed market prices and belongs to measurement level 1 as per IFRS 13. Where there are no listed market prices, fair value has been calculated using discounted cash flows. When discounted cash flows are calculated, the variables used for the calculations, such as discount rates and exchange rates, are taken from market quotations where possible. When such calculations are made, the mean exchange rates and discount rates are used. These valuations belong to measurement level 2. Other valuations, for which a variable is based on own assessments, belong to measurement level 3. Currency options are valued using the Black & Scholes formula, where appropriate. Holmen uses measurement level 2 when valuing financial instruments, in accordance with IFRS 13.

Fair value in the tables is calculated on the basis of discounted cash flows and all the variables, such as discount rates and exchange rates, are taken from market quotations. Fair value may differ from the book value because certain liabilities are not measured at fair value in the balance sheet, and are instead stated at their amortised cost. In the case of trade receivables and trade payables, the book value is stated as the fair value, as this is judged to be a good reflection of the fair value. For further information about financing and quantitative data regarding Holmen's hedge accounting, see the section on risk on pages 52–53 and Note 6.

Group Maturity structure, undiscounted amounts	2024	2025	2026	2027	2028-
Financial liabilities					
Derivatives	-6	-	-	-	-
Derivatives attributable to working capital	-447	-94	-31	-	-
Trade payables	-3 394	-	-	-	-
Liabilities relating to right-of-use assets*	-68	-60	-54	-39	-52
Other financial liabilities	-1 112	-942	-530	-508	-2
Financial receivables					
Derivatives	73	13	8	-	-
Derivatives attributable to working capital	564	231	75	-	-
Trade receivables	2 696	-	-	-	-
Other financial receivables	1 207	5	5	3	3

*Liabilities relating to right-of-use assets are not classified as financial instruments under IFRS 9.

Parent company Maturity structure, undiscounted amounts	2024	2025	2026	2027	2028-
Financial liabilities					
Derivatives	-6	-	-	-	-
Derivatives attributable to working capital	-441	-106	-36	-	-
Trade payables	-3 196	-	-	-	-
Other financial liabilities	-1 112	-1 726	-530	-508	-
Financial receivables					
Derivatives	73	13	8	-	-
Derivatives attributable to working capital	565	245	98	-	-
Trade receivables	2 226	-	-	-	-
Other financial receivables	1 099	3 755	4	2	2

Note 14. Financial instruments, cont.

Group	Recognised at fair value through profit/loss*		Hedging instruments		Recognised at amortised cost		Total book value		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Financial instruments included in net financial debt										
Non-current financial receivables										
Derivatives	-	-	45	78	-	-	45	78	45	78
Other financial receivables	-	-	-	-	16	19	16	19	16	19
	-	-	45	78	16	19	61	97	61	97
Current financial receivables										
Accrued interest	-	-	-	-	2	2	2	2	2	2
Derivatives	1	2	43	7	-	-	43	9	43	9
Other financial receivables	-	-	-	-	5	7	5	7	5	7
	1	2	43	7	7	9	50	18	50	18
Cash and cash equivalents										
Cash and cash equivalents	-	-	-	-	1 202	1 935	1 202	1 935	1 202	1 935
	-	-	-	-	1 202	1 935	1 202	1 935	1 202	1 935
Non-current liabilities										
Bonds	-	-	-	-	-1 900	-2 900	-1 900	-2 900	-1 900	-2 900
Derivatives	-	-	-	-	-	-	-	-	-	-
Other non-current liabilities	-	-	-	-	-2	-2	-2	-2	-2	-2
	-	-	-	-	-1 902	-2 902	-1 902	-2 902	-1 902	-2 902
Current liabilities										
Certificate programme	-	-	-	-	-	-	-	-	-	-
Derivatives	-3	-3	-	-5	-	-	-3	-7	-3	-7
Accrued interest	-	-	-	-	-18	-18	-18	-18	-18	-18
Other current liabilities	-	-	-	-	-1 000	-1 013	-1 000	-1 013	-1 000	-1 013
	-3	-3	-	-5	-1 018	-1 031	-1 021	-1 039	-1 021	-1 039
Financial instruments not included in net financial debt										
Other shares and participations	5	2	-	-	-	-	5	2	5	2
Trade receivables	-	-	-	-	2 696	2 929	2 696	2 929	2 696	2 929
Derivatives (recognised in operating receivables)	61	200	791	4 732	-	-	852	4 933	852	4 933
Trade payables	-	-	-	-	-3 394	-3 848	-3 394	-3 848	-3 394	-3 848
Derivatives (recognised in operating liabilities)	-124	-321	-434	-859	-	-	-558	-1 180	-558	-1 180
	-58	-119	358	3 873	-698	-919	-398	2 836	-398	2 836
Total financial instruments	-60	-120	446	3 954	-2 394	-2 890	-2 008	944	-2 008	944

*Refers to instruments that must be measured at fair value in accordance with IFRS 9.

Parent company

Financial instruments included in net financial debt	Recognised at fair value through profit/loss*		Hedging instruments		Recognised at amortised cost		Total book value		Fair value	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Non-current financial receivables										
Derivatives	-	-	45	78	-	-	45	78	45	78
Receivables in respect of Group companies	-	-	-	-	3 751	3 553	3 751	3 553	3 751	3 553
Other financial receivables	-	-	-	-	13	17	13	17	13	17
	-	-	45	78	3 764	3 570	3 809	3 648	3 809	3 648
Current financial receivables										
Accrued interest	-	-	-	-	2	2	2	2	2	2
Derivatives	43	9	-	-	-	-	43	9	43	9
Other financial receivables	-	-	-	-	5	6	5	6	5	6
	43	9	-	-	7	8	50	18	50	18
Cash and cash equivalents										
Cash and cash equivalents	-	-	-	-	1 092	1 774	1 092	1 774	1 092	1 774
	-	-	-	-	1 092	1 774	1 092	1 774	1 092	1 774
Non-current liabilities										
Bonds	-	-	-	-	-1 900	-2 900	-1 900	-2 900	-1 900	-2 900
Liabilities in respect of Group companies	-	-14	-	-	-784	-420	-784	-434	-784	-434
Derivatives	-	-	-	-	-	-	-	-	-	-
	-	-14	-	-	-2 684	-3 320	-2 684	-3 334	-2 684	-3 334
Current liabilities										
Certificate programme	-	-	-	-	-	-	-	-	-	-
Derivatives	-3	-7	-	-	-	-	-3	-7	-3	-7
Accrued interest	-	-	-	-	-18	-18	-18	-18	-18	-18
Other current liabilities	-	-	-	-	-1 000	-1 013	-1 000	-1 013	-1 000	-1 013
	-3	-7	-	-	-1 018	-1 031	-1 021	-1 039	-1 021	-1 039
Financial instruments not included in net financial debt										
Other shares and participations	4	0	-	-	-	-	4	0	4	0
Trade receivables	-	-	-	-	2 226	2 454	2 226	2 454	2 226	2 454
Derivatives (recognised in operating receivables)	67	323	794	4 685	-	-	861	5 007	861	5 007
Trade payables	-	-	-	-	-3 196	-3 617	-3 196	-3 617	-3 196	-3 617
Derivatives (recognised in operating liabilities)	-106	-82	-434	-929	-	-	-539	-1 010	-539	-1 010
	-35	241	360	3 756	-970	-1 163	-644	2 835	-644	2 835
Total financial instruments	6	229	406	3 835	190	-162	601	3 901	601	3 901

*Refers to instruments that must be measured at fair value in accordance with IFRS 9.

Note 15. Inventories

	Group		Parent company	
	2023	2022	2023	2022
Felling rights	982	810	982	810
Logs and pulpwood	414	356	388	335
Raw materials and consumables	1 119	1 234	834	877
Finished products and work in progress	2 296	2 322	1 822	1 870
Electricity certificates and emission allowances	27	116	27	73
Total	4 837	4 838	4 054	3 965

During the year, impairment losses and reversals of previous impairment losses for finished stock had an effect of SEK -5 million (-65) on Group profit, while impairment losses on other stock had an effect of SEK -4 million (-7). Impairment losses and reversals of previous impairment losses for finished stock had an effect of SEK -5 million (-35) on the parent company, with impairment losses on other stock of SEK -4 million (-5).

Note 16. Operating receivables

	Group		Parent company	
	2023	2022	2023	2022
Trade receivables				
Group companies	-	-	50	12
Associates	68	69	68	69
Other	2 628	2 860	2 108	2 373
Total trade receivables	2 696	2 929	2 226	2 454
Current receivables	434	907	333	797
Derivatives	852	4 933	861	5 007
Prepayments and accrued income	344	563	198	347
Total other operating receivables	1 630	6 402	1 392	6 152
Total operating receivables	4 326	9 332	3 618	8 606

Trade receivables are recognised at the amount expected to be received, based on an individual assessment of each customer. The Group's trade receivables mainly consist of receivables relating to European customers. Trade receivables denominated in foreign currencies were valued at the balance sheet date. Contract assets attributable to goods delivered but not yet invoiced that are not included in the item 'Trade receivables' amounted to SEK 0 million (0). The provision for expected credit losses was SEK 30 million (28). During the year, the provision decreased by SEK -3 million (-3) as a result of actual credit losses, and increased by SEK 4 million (3) as a result of changes in the provision for anticipated or expected credit losses. At 31 December 2023, SEK 56 million (29) of trade receivables were past due for more than 30 days. The credit quality of trade receivables that are neither past due nor impaired is deemed to be good and on a par with previous years.

The fair values of derivatives relate to hedges of future cash flows.

Note 17. Equity, parent company

	31 Dec 2023		
	Number	Quotient value	SEKm
Registered share capital			
Class A	45 246 468	26	1 180
Class B	117 265 856	26	3 058
Total no. of shares	162 512 324		4 238
Holding of repurchased class B shares	-3 289 969		
Total number of outstanding shares	159 222 355		

31 Dec 2022

Registered share capital	31 Dec 2022	
	Number	Quotient value
Class A	45 246 468	26
Class B	117 265 856	26
Total no. of shares	162 512 324	
Holding of repurchased class B shares	-510 646	
Total number of outstanding shares	162 001 678	

The company's share capital consists of shares issued in two classes: class A, each of which carries 10 votes, and class B, each of which carries 1 vote. Otherwise, there are no restrictions between classes of shares.

At 31 December 2023, the Group's own shareholding was 3 289 969 shares (510 646). In 2023, 2 779 323 shares were repurchased for SEK 1 119 million, corresponding to an average price of SEK 403/share. The buy-backs amount to 1.7 per cent of the total number of shares. The company already owned 0.3 per cent of its own shares, meaning that at 31 December 2023 Holmen held 2.0 per cent of the total number of shares.

Assets and liabilities measured at fair value in accordance with Chapter 4, § 14a of the Swedish Annual Accounts Act had an impact of SEK 412 million (4 064) on the parent company's equity. In the consolidated accounts, the valuation of derivatives and other financial instruments had an impact of SEK 386 million (3 834) on equity.

Decisions on dividends are based on an appraisal of the Group's profitability, future investment plans and financial position. The objective is to maintain a strong financial position and for the Group's net financial debt as a percentage of equity not to exceed 25 per cent.

The AGM has at its disposal the company's earnings amounting to SEK 7 533 041 268. The Board proposes that the AGM, to be held on 16 April 2024, approve a total dividend of SEK 11.50 per share. The proposed dividend totals SEK 1 831 million. The Board also proposes that the remaining amount of SEK 5 701 984 186 be carried forward.

The preceding year, the dividend paid was a total of SEK 16.00 per share (SEK 2 592 million).

Net financial debt as a percentage of equity was 3 per cent (4).

Neither the parent company nor any of the subsidiaries are subject to external capital requirements. For further details about the Group's capital management and risk management, see pages 49–53.

Note 18. Pension obligations

Holmen provides defined benefit pension plans to some office-based employees in Sweden. Most of these obligations are secured by means of insurance policies with Alecta. As Alecta cannot provide sufficient information to permit the ITP plan to be stated in the accounts as a defined benefit plan, it is stated in accordance with statement UFR 10 of the Swedish Financial Reporting Board as a defined contribution plan. There are some defined benefit obligations in addition to the ITP plan for Group management, which are secured by means of a pension fund. The occupational pensions for other office-based employees and all employees covered by collective agreements in Sweden are all defined contribution plans. There are two defined benefit plans in the UK that have been closed to new pension accruals since 2015. These obligations are recognised in the consolidated accounts as defined benefit plans in accordance with IAS 19.

	Group		Parent company	
	2023	2022	2023	2022
Cost recognised in profit/loss for the year				
Defined benefit plans				
Personnel costs*	-5	-6	6	-26
Financial income and costs	14	10	0	0
Total defined benefit plans stated in profit/loss for the year	5	4	6	-26
Defined contribution plans				
Personnel costs	-197	-184	-160	-148
Total recognised in profit/loss for the year	-188	-180	-154	-174

*SEK 11 million (-20) is included in the parent company's accounts relating to an item that is recognised in the consolidated accounts as an actuarial revaluation in other comprehensive income.

Cost recognised in other comprehensive income	Group	
	2023	2022
Return on plan assets excl. recognised interest income	47	-827
Actuarial gains and losses from changes in demographic assumptions	-42	29
Actuarial gains and losses from changes in financial assumptions	-51	593
Actuarial gains and losses from experiential adjustments	-19	-48
Payroll tax	0	1
Effect of asset ceiling	59	247
Total recognised in other comprehensive income	-6	-6

Obligations	Group		Parent company	
	2023	2022	2023	2022
Obligations at 1 January	-1 471	-2 070	-175	-175
Current service cost	-5	-6	-14	-10
Payroll tax	-3	6	-	-
Interest expenses	-71	-39	0	-2
Actuarial gains/losses	-112	574	-	-
Benefits paid	100	116	13	13
Exchange differences	-20	-52	-	-
Obligations at 31 December	-1 581	-1 471	-176	-175
Plan assets				
Fair value of assets at 1 January	1 753	2 568	161	174
Recognised interest income	85	49	-	-
Expected return excl. recognised interest income	47	-827	-	-
Real return (parent company)	-	-	20	-13
Administrative expenses	-10	-3	-	-
Amounts paid in and paid out by employer	6	17	-7	-
Benefits paid	-100	-116	-	-
Exchange differences	27	65	-	-
Fair value of assets at 31 December	1 809	1 753	175	161
Effect of asset ceiling	-237	-289	-	-
Pension obligations, net	-9	-7	-1	-13

The change in defined benefit obligations and the change in plan assets are set out in the table above. Some 90 per cent of the obligations relate to pension schemes in the UK. The obligations arising out of pension plans in the UK have been placed in two trusts. These are governed by boards consisting of representatives of Holmen and the beneficiaries. Holmen's UK subsidiaries have commitments to cover any deficits that exist. In 2022, the trusts entered into an agreement with a life insurance company according to which, in exchange for a one-time payment, the trusts will be compensated for all their future pension payments and the life insurance company therefore assumes the risk of future changes in pension payments as a result of changes in inflation, mortality rates, and so on. In both trusts, the assets exceed the obligations, but no surplus may be included in the accounts. This adjustment is referred to as an asset ceiling in the tables.

The weighted average duration is 11 years.

Of the Group's total obligations, SEK 9 million (10) are unfunded obligations, while the rest are wholly or partially funded obligations. Of the parent company's obligations, SEK 1 million (13) are secured in accordance with the Swedish Pension Obligations Vesting Act.

The plan assets by type are as shown below:

Plan assets	Group		Parent company	
	2023	2022	2023	2022
Equities	79	71	79	71
Bonds and bank account balances	406	405	96	90
Life insurance company receivables	1 323	1 277	-	-
	1 809	1 753	175	161

The plan assets do not include any financial instruments issued by Group companies or assets used by the Group. Most of the assets in the UK trusts are receivables relating to the life insurance agreement. Of the shares, 100 per cent are Swedish shares, and of the bonds, 72 per cent are government bonds and 28 per cent corporate bonds.

Key actuarial assumptions, Group (weighted average)	UK	
	31 Dec 2023	31 Dec 2022
Discount rate, %	4.6	4.9
Rate of salary increase, %	-	-
Rate of price inflation, %	2.7	2.8
Life expectancy after 65 for men/women, years	21/24	21/24
Life expectancy table	SAPS S3PA	SAPS S3PA

Key actuarial assumptions, Group	Sweden	
	31 Dec 2023	31 Dec 2022
Discount rate, %	3.3	3.7
Rate of salary increase, %	3.0	3.0
Rate of price inflation, %	2.0	2.0
Life expectancy after 65 for men/women, years	22/24	22/24
Life expectancy table	DUS23	DUS21

The discount rate for pension obligations was determined based on high quality corporate bonds in the currency and country of the obligations, i.e. mainly the UK. A discount rate of 1.0 per cent (0.2) and salary levels at the balance sheet date were used for calculating the amount of the parent company's pension obligation.

The table below shows how the obligations would be affected in the event of a change in key actuarial assumptions (- reduces debt, + increases debt).

Sensitivity analysis	Group	
	31 Dec 2023	31 Dec 2022
Discount rate (+0.5%)	-79	-71
Rate of wage increase (+0.5%)	1	1
Rate of price inflation (+0.5%)	58	55
Mortality (+1 year of life expectancy)	69	62

The Group's payments into the funded defined benefit plans in 2024 are expected to amount to SEK 0 million.

Multi-employer plans

The premiums for the year for pension insurance policies taken out under Alecta's ITP 2 plan amounted to SEK 23 million (32) and are included in personnel costs in the income statement. The active members of the plan at Holmen amounted to 633 people, which corresponds to 0.17 per cent of the plan's active members. Alecta's surplus may be allocated to policyholders and/or the people insured. If Alecta's collective consolidation level falls below 125 per cent or exceeds 150 per cent, measures will be taken to create the conditions to ensure that the consolidation level returns to a normal range. In the event of low consolidation, one measure may be to raise the agreed price for new policy subscriptions and an increase in existing benefits. In the event of high consolidation, one measure may be to introduce reductions in premiums. At the end of 2023, Alecta's collective consolidation level was 157 (172) per cent and Alecta decided to introduce a premium reduction for 2024. The expected premiums payable to Alecta in 2024 amount to SEK 26 million, taking the premium reduction into account.

Note 19. Provisions

Group	2023	2022
Book value at beginning of year	441	409
Business combinations	-	6
Provisions during the year	20	66
Amount utilised during the year	-27	-31
Unutilised amount reversed during the year	-5	-9
Reclassification	20	-
Translation differences	0	0
Book value at end of year	449	441
Of which non-current portion of the provisions	418	441
Of which current portion of the provisions	31	-
Parent company		
Book value at beginning of year	609	599
Provisions during the year	160	130
Amount utilised during the year	-145	-118
Unutilised amount reversed during the year	-	-2
Book value at end of year	623	609
Of which non-current portion of the provisions	453	454
Of which current portion of the provisions	170	155

Provisions mainly relate to obligations to restore the environment at discontinued factory sites. SEK 95 million of these provisions are expected to be settled within three years, while the remainder is expected to be settled over a longer time horizon.

Note 20. Operating liabilities

	Group		Parent company	
	2023	2022	2023	2022
Trade payables				
Group companies	-	-	14	2
Other	3 394	3 848	3 182	3 615
Total trade payables	3 394	3 848	3 196	3 617
Current liabilities				
Associates	4	3	4	3
Other	278	359	235	289
Derivatives	558	1 180	539	1 010
Accruals and deferred income	968	853	792	674
Total other operating liabilities	1 808	2 395	1 570	1 976
Total operating liabilities	5 202	6 243	4 766	5 593

All trade payables are due for payment within one year.

Accruals and deferred income in the parent company's principally consist of personnel costs of SEK 395 million (248), discounts of SEK 88 million (92) and goods and services delivered but not yet invoiced of SEK 77 million (78).

The fair values of derivatives relate to hedges of future cash flows. See Note 14.

Note 21. Collateral and contingent liabilities

Contingent liabilities	Group		Parent company	
	2023	2022	2023	2022
Guarantees on behalf of Group companies	-	-	114	69
Other contingent liabilities	41	51	41	51
Total	41	51	155	120

Other contingent liabilities for the Group largely comprise guarantee undertakings for third parties. Holmen has environment-related contingent liabilities that cannot currently be quantified but could result in future costs. Under Swedish law, Holmen has strictly unlimited liability for harm caused to third parties by dam failures. Holmen has liability insurance for such harm.

Note 22. Related parties

Of the parent company's net sales of SEK 20 234 million (21 995), SEK 333 million (438) relate to deliveries of goods to Group companies. The parent company's purchases of goods from Group companies amounted to SEK 74 million (95). Parent company net sales also include income from the sale of silviculture services to subsidiaries for an amount of SEK 528 million (475). SEK 2 561 million (2 469) of expenses for the leasing of non-current assets from subsidiaries are recognised in the parent company's.

There are significant financial receivables and liabilities between the parent company and its Swedish subsidiaries.

The parent company has a related party relationship with its subsidiaries. See Note 23.

L E Lundbergföretagen AB is a major shareholder in Holmen (see pages 54–55). Holmen rents office premises for SEK 8 million (7) from Fastighets AB L E Lundberg,

which is a Group company within the L E Lundbergföretagen AB. In 2023, Fredrik Lundberg, who is CEO of and principal shareholder in L E Lundbergföretagen, received a fee of SEK 820 000 (780 000) as Chairman of Holmen's Board. Louise Lindh, who is the CEO of Fastighets AB L E Lundberg and who is also a party related to Fredrik Lundberg, received a Board fee of SEK 410 000 (390 000).

In February 2022, Holmen acquired the remaining 50 per cent of the shares in wind power company Varsvik AB and the company has since been recognised as a subsidiary of Holmen AB.

Transactions with related parties are priced on market terms. The equity holdings in associates that produce hydro and wind power entitle the Group to buy the electricity produced at cost price in line with the shareholding, which means that the associate only earns a limited profit. Purchased electricity is sold to external customers at market price, and the earnings are stated in the consolidated accounts within the Renewable Energy business area.

Transactions with related parties

Group	Sale of goods to related parties		Purchase of goods from related parties		Other (e.g. interest, dividends)		Liabilities in respect of related parties		Receivables in respect of related parties	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Associates	704	541	63	64	2	0	4	3	78	81
Joint ventures	-	0	-	-	-	1	-	-	-	-
Parent company										
Subsidiaries	333	438	74	95	463	510	799	439	3 804	3 646
Associates	704	541	63	64	2	0	4	3	78	81
Joint ventures	-	0	-	-	-	1	-	-	-	-

See Note 4 for remuneration paid to members of the Board.

Note 23. Investments in Group companies

	Parent company	
	2023	2022
Accumulated acquisition costs		
Value at beginning of year	13 054	12 831
Shareholder contributions and investments	100	156
Reclassifications from joint ventures to subsidiaries	-	67
Disposals	0	0
Liquidations	-	0
Total	13 155	13 054
Accumulated impairment losses		
Value at beginning of year	1 357	1 357
Impairment losses for the year	-	-
Total	1 357	1 357
Book value at end of year	11 798	11 697

The parent company's impairment losses on investments in Group companies are stated in the income statement in 'Profit/loss from investments in Group companies'.

	Corporate ID No.	Registered office	Number of holdings	Holding %*	Book value in the parent company's accounts	Holding %*	Book value in the parent company's accounts
					2023	2022	
Parent company's direct holdings of investments in subsidiaries							
Holmen Skog AB	556220-0658	Örnsköldsvik	1 000	100	0	100	0
Holmen Wood Products AB	556099-0672	Hudiksvall	1 000	100	0	100	0
Holmen Paper AB	556005-6383	Norrköping	100	100	0	100	0
Holmen Iggesund Paperboard AB	556088-5294	Hudiksvall	1 000	100	0	100	0
Holmen Energi AB	556524-8456	Örnsköldsvik	1 000	100	0	100	0
Holmen Skog Mitt AB	559165-6623	Stockholm	1 000	100	2 856	100	2 856
Holmen Skog Syd AB	559165-6631	Stockholm	1 000	100	1 527	100	1 527
Holmen Sågverk AB	559165-6672	Stockholm	1 000	100	422	100	422
Martinsons Såg AB	556218-2856	Skellefteå	50 000	100	831	100	831
Holmens Bruk AB	559165-6615	Stockholm	1 000	100	383	100	383
Iggesunds Bruk AB	559165-6656	Stockholm	1 000	100	740	100	740
Holmen Vattenkraft AB	559165-6664	Stockholm	1 000	100	2 663	100	2 663
Ljusnan Vattenkraft AB	559165-6680	Stockholm	1 000	100	276	100	276
Blåbergsliden Vind AB	559138-5181	Stockholm	500	100	200	100	200
Martinsons Skogsfastigheter AB	556738-2154	Stockholm	1 000	100	70	100	70
Terminalen i Bastuträsk AB	556591-5898	Stockholm	1 000	100	18	100	18
Varsvik AB	556914-9833	Stockholm	500	100	263	100	163
Other Swedish Group companies					2		2
Total Swedish holdings					10 253		10 152
Holmen UK Ltd, UK		Workington	1 197	100	1 519	100	1 519
Holmen Paper Ltd**		London	-	100	-	100	-
Holmen Iggesund Paperboard (Workington) Ltd**		Workington	-	100	-	100	-
Holmen France S.A.S., France		Paris	10 000	100	0	100	0
Holmen GmbH, Germany		Hamburg	-	100	1	100	1
Holmen Paper S.A., Spain		Madrid	60 000	100	1	100	1
Iggesund Paperboard Asia Pte Ltd, Singapore		Singapore	800 000	100	4	100	4
Iggesund Paperboard Inc, US		Lyndhurst	1 000	100	7	100	7
Iggesund Paperboard Asia (HK) Ltd, China		Hong Kong	4 000 000	100	5	100	5
Holmen B.V., Netherlands		Amsterdam	35	100	7	100	7
AS Holmen Mets, Estonia		Tallinn	500	100	0	100	0
Other non-Swedish Group companies					2		2
Total non-Swedish holdings					1 545		1 545
Total					11 798		11 697

*The holdings correspond to the percentage of votes for the total number of shares held.

**Indirect holdings.

Note 24. Untaxed reserves

Parent company

Untaxed reserves	31 Dec 2022	Appropriations	31 Dec 2023
Accumulated depreciation and amortisation in excess of plan			
Non-current intangible assets	0	0	0
Property, plant and equipment	14	3	16
	13	3	16
Tax allocation reserves			
2017 fiscal year	470	-470	-
2019 fiscal year	700		700
2020 fiscal year	700		700
2021 fiscal year	680		680
2022 fiscal year	1 490	-2	1 488
2023 fiscal year	-	900	900
	4 040	428	4 468
Total	4 053	431	4 484

Group contributions received amounted to SEK 988 million (1 013) and Group contributions paid amounted to SEK -367 million (-322). Total appropriations amounted to SEK 190 million (-511).

Note 25. Cash flow statement

Interest paid and dividends received	Group		Parent company	
	2023	2022	2023	2022
Dividends received	-	-	348	446
Interest received	47	9	172	81
Interest paid	-80	-48	-113	-59
Total	-33	-39	407	467

In 2023, the Group repaid a SEK 1 000 (500) million bond issue. See Note 14 for a breakdown of cash and cash equivalents.

Group	2021	Business combinations	New leases	Cash flow	Currency and market revaluation	2022	New leases	Cash flow	Currency and market revaluation	2023
										2023
Bonds	4 400	-	-	-500	-	3 900	-	-1 000	-	2 900
Commercial paper	200	-	-	-200	-	-	-	-	-	-
Other financial liabilities	47	3	-	-37	28	41	-	-60	42	23
Liabilities relating to right-of-use assets	244	-	93	-95	5	247	117	-121	7	250
Pension obligations	24	-	-	-24	7	7	-	-4	6	9
Financial liabilities*	4 915	3	93	-856	40	4 195	117	-1 185	55	3 182

*Including liabilities relating to right-of-use assets and pension obligations.

Parent company	2021	Cash flow	Currency and market revaluation	2022	Cash flow	Currency and market revaluation	2023
							2023
Bonds	4 400	-500	-	3 900	-1 000	-	2 900
Commercial paper	200	-200	-	-	-	-	-
Liabilities in respect of Group companies	607	-171	-2	434	342	8	784
Other financial liabilities	42	-26	22	39	-60	42	21
Pension obligations	0	13	-	13	-13	1	1
Financial liabilities*	5 250	-884	20	4 386	-730	51	3 706

*Including pension obligations.

Note 26. Business combinations

In February 2022, Holmen acquired the remaining 50 per cent of the shares in the partly owned company Varsvik AB. The 17 wind turbines in Varsvik provide 51 MW and production totals 150 GWh in a normal year. The final purchase price, restated to 100 per cent of the shares, was SEK 190 million. The table below shows the assets and liabilities of the acquired company. No goodwill was recognised in connection with the acquisition. The previously owned proportion of equity of a fair value of SEK 10 million was recognised in 2022 as other operating income in the income statement.

Acquired net assets	SEKm
Property, plant and equipment	373
Deferred tax, net	50
Working capital	-61
Net financial debt	-172
Identifiable assets, net	190

Note 27. Critical accounting estimates and judgements

When preparing financial statements the company's management is required to make estimates and judgements that have an effect on the stated amounts. The estimates and judgements that, in the view of the company's management, are of importance for the amounts stated in the annual accounts, and that are at significant risk of being altered by future events and new information, mainly include the following:

Forest assets

The book value of the Group's forest assets at 31 December 2023 was SEK 56 348 million (52 151), divided into SEK 30 555 million (29 867) for biological assets and SEK 25 793 million (22 284) for forest land. A deferred tax liability of SEK 11 556 million (10 706) has been recognised relating to the forest assets. The valuation of the forest assets is based on detailed data about transactions and price statistics published by different market operators. The valuation takes account of where in the country the forest land is located and differences in the forests in terms of the volume of standing timber and site quality. The book value of the forest assets will be affected by changes in transaction prices for forest properties and by how the volume of standing timber develops. The value of the forest assets is allocated in the balance sheet to growing trees, which are recognised as biological assets, and forest land. How much of the value is allocated to biological assets is established by calculating the present value of the expected future cash flows from growing trees based on estimates of future harvest volumes, price and cost development and a discount rate. See Note 7 and Note 9 for further information.

Impairment testing of goodwill and non-current assets

Goodwill is tested for impairment annually, and non-current assets are tested when there is an indication that an impairment loss needs to be recognised. The calculations are based on current market conditions. Changes in conditions may have an effect on the estimated recoverable amount applied in connection with future impairment tests.

Pension obligations

The Group has benefit-based pension obligations measured at SEK 1 581 million (1 471) and SEK 1 809 million (1 753) of plan assets set aside to cover such obligations. The value of pension obligations is estimated on the basis of assumptions regarding discount rates, inflation and demographic factors. These assumptions are usually updated annually, which affects the Group's comprehensive income and the pension provision recognised. See Note 18.

Provisions

Obligations that may result in costs for Holmen are evaluated on an ongoing basis to assess the need for a provision. Uncertainty in the assessment mainly relates to the date and size of the future cost. The Group mainly has provisions for uncertainty related to environmental restoration obligations. See Note 19.

Taxes

The Swedish Tax Agency has rejected Holmen AB's group relief claim relating to tax losses from Spanish subsidiaries that were liquidated. Holmen has appealed the decision. The deductions correspond to SEK 386 million of tax, but no tax receivable has been recognised.

Note 28. Events after the balance sheet date

On 31 January 2024, Holmen's Board of Directors decided to bring the Group's paperboard and paper operations together in a new combined business area, known as Holmen Board and Paper. The decision is part of the continued strategic development of Holmen's business based on four well-defined business lines, i.e. forestry, hydro and wind power, woodworking industry and process industry operations.

Given the organisational change, from the first quarter of 2024 Holmen will change its reporting, breaking it down into four segments: forest, hydro and wind power, wood products and board and paper.

PROPOSED APPROPRIATION OF PROFITS

	SEK
The following earnings of the parent company are at the disposal of the AGM:	
Net profit for the 2023 financial year	2 421 099 401
Retained earnings	5 111 941 867
	7 533 041 268
The Board proposes that the following be allocated to the shareholders	
an ordinary dividend of SEK 8.50 per share (159 222 355 shares),	1 353 390 017
an extra dividend of SEK 3.00 per share (159 222 355 shares)	477 667 065
	1 831 057 082
and that the remaining amount be carried forward	5 701 984 186

The Board of Holmen AB has proposed that the 2024 AGM resolve in favour of paying an ordinary dividend of SEK 8.5 per share, and an extra dividend of SEK 3.0 per share, for a total of SEK 1 831 million. The previous year, an ordinary dividend of SEK 8.0 per share and an extra dividend of SEK 8.0 per share were paid. 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 50 per cent of the profit for 2023 for the Group and means that 3 per cent of the Group's equity at 31 December 2023 will be paid out by way of dividends.

The Board has established that the Group should have a strong financial position, with net financial debt not exceeding 25 per cent of equity. At 31 December 2023 it amounted to 3 per cent. The proposed dividends would increase the net debt to equity by 3 percentage points.

Holmen AB's equity at 31 December 2023 amounted to SEK 13 448 million, of which non-restricted equity was SEK 7 533 million. Assets and liabilities measured at fair value in accordance with Chapter 4, §14a of the Swedish Annual Accounts Act had an impact of SEK 412 million on equity. The Group's equity at 31 December 2023 amounted to SEK 56 923 million. In accordance with IFRS, no distinction is made at Group level between restricted and non-restricted equity.

The Board considers that the payment of dividends 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 the Group's financial position in other respects. Its financial position will remain strong after payment of the proposed dividends and is considered to be entirely 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.

The Board and CEO declare that the annual accounts were prepared in accordance with generally accepted accounting principles in Sweden, and the Group's consolidated accounts were prepared in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts provide a true and fair view of the performance and financial position of the parent company and the Group. The administration report for the parent company and the Group provides a true and fair view of the development of the operations, financial position and performance of the Group and the parent company and also describes the material risks and uncertainties to which the parent company and the other companies in the Group are exposed.

The annual accounts and the consolidated accounts were approved for publication by the Board in its decision of 22 February 2024. The Group's consolidated income statement and balance sheet and the parent company's income statement and balance sheet will be presented for adoption at the AGM to be held on 16 April 2024.

Stockholm, 22 February 2024

Fredrik Lundberg
Chairman

Lars Josefsson
Board member

Alice Kempe
Board member

Louise Lindh
Board member

Ulf Lundahl
Board member

Fredrik Persson
Board member

Henriette Zeuchner
Board member

Carina Åkerström
Board member

Henrik Sjölund
Board member
and Chief Executive Officer

Ari Aula
Board member,
employee representative

Christer Johansson
Board member,
employee representative

Tommy Åsenbrygg
Board member,
employee representative

Our audit report was submitted on 23 February 2024.
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorised Public Accountant
Principal Auditor

Linda Corneliusson
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of shareholders of Holmen AB, corp. id 556001-3301

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Holmen AB for the year 2023, except for the corporate governance statement and the sustainability report on pages 44-48 and 97-110, respectively. The annual accounts and consolidated accounts of the company are included on pages 2, 6-9, 14-15, 42-93 and 111 of this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement and the sustainability report on pages 44-48 and 97-110, respectively. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the Group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the Board of the parent company and the Group in accordance with the Audit Regulation (537/2014) Article 11.

Basis of opinion

We have conducted our audit in accordance with the International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under these standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes, based on the best of our knowledge and belief, that no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

Our audit approach

Audit scope

We have designed our audit by determining the materiality level and assessing the risk of material misstatement in the financial statements. We have considered where the Managing Director and the Board of Directors have made significant accounting estimates about future events or outcomes that are inherently uncertain. In the audit, we have also addressed the risk that the Board of Directors and the Managing Director may have overridden internal controls, including considering whether there is evidence of systematic deviations that could indicate irregularities.

We have designed our audit to enable us to provide an opinion on the financial statements as a whole, taking into account how the Group is organised, the processes for financial reporting and the industry in which the operations are active.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts for the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Description of key audit matter

Revenue recognition

Net sales amount to SEK 22 795 million and is a material item in the income statement.

The Group has various types of revenue, which largely consist of goods such as paper, paperboard, timber, wood products and pulpwood that are sold to customers. Sales of goods are transaction-rich, put requirements on bookkeeping, monitoring and internal controls.

The services provided are limited and primarily relate to forest management services and within construction, such as installation work.

The various revenue streams have different characteristics, leading to separate processes for revenue recognition, which have been examined individually.

Valuation of forest assets

The Group's forest assets amount to SEK 56 348 million and constitute a significant item in the consolidated balance sheet.

The assets are divided into biological assets that are recognised in accordance with IAS 41 Agriculture, and properties that are recognised in accordance with IAS 16 Property, Plant and Equipment.

A description of the measurement of value of forest assets and important assumptions is presented in Note 9.

The measurement process is complex since it requires assessments and assumptions in respect of, inter alia, market statistics, and the breakdown of the total value of land and biological assets.

Significant areas of judgment include the scope and completeness of market statistics, local market prices and discount rates as well as timber prices and felling costs. The measurement is classified as a Level 3 measurement in accordance with IFRS 13. In view of the material nature of the item and the inherent complexity, the valuation of the group's forest assets is considered key audit matter in our audit.

How our audit addressed the key audit matter

Our audit procedures have included, but were not limited to, the activities listed below. We have:

- Evaluated the Group's processes for the recognition of the various revenue streams.
- Performed tests of a sample of controls in the processes for revenue recognition.
- Tested a selection of transactions against supporting underlying agreements and payments, as well as performed accounts receivable confirmation.
- Tested a sample of transactions to assess whether revenue has been recognised in the appropriate period.
- Reviewed the information presented in the annual accounts and assessed whether it provides sufficient information according to the regulatory requirements.

Our audit procedures have included, but were not limited to, the procedures listed below.

We have:

- Evaluated the process and the method used for valuation of forest assets as well as the company's process for collecting input data, performed through validation against supporting documents and interviews with Holmen staff.
- Tested the allocation of value between biological assets and land assets.
- Evaluated the reasonableness of material assumptions that form the basis for the Group's valuation including discount rate, timber prices, harvest plan as well as costs for forestry and harvesting activities.
- We have reviewed portions of the input data used in the valuation of forest assets, as well as assessed the controls in place to ensure the accurate transfer of this input data.
- Our valuation specialists have reviewed the assumptions and documentation utilized to determine the discount rate, placing particular emphasis on the sensitivity of the calculations.
- Evaluated outcome of the internal valuation model used compared to external valuations.
- Examined that the disclosed information in Note 9 of the annual report meets the requirements according to IFRS and provides a fair presentation of the company's valuation.

Materiality

The scope of our audit has been influenced by our application of materiality. An audit is designed to obtain reasonable assurance about whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we have determined quantitative thresholds for materiality concerning the financial statements as a whole. With the help of these and qualitative considerations, we have established the audit orientation and scope and the character and point in time for our audit procedures. Quantitative thresholds for materiality have also been used to assess the effect of potential misstatements, individual and aggregated, in the financial statements as a whole.

Other information than the annual accounts and consolidated accounts

This document also contains information other than the annual accounts and consolidated accounts, which is found on pages 3–5, 10–13, 16–41 and 112–120 1 (“Other information”). The remuneration report that we obtained prior to the date of this auditor’s report also constitutes Other information. The Board of Directors and the Managing Director are responsible for Other information.

Our opinion on the annual accounts and consolidated accounts does not cover other information and we do not express any form of assurance conclusion regarding Other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the Other information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure, we also take into account our knowledge obtained in the audit and assess whether Other information otherwise appears to be materially misstated.

If we, based on the work performed concerning Other information, conclude that the Other information contains a material misstatement, we are required to report this. We have nothing to report in this regard.

The Board of Directors’ and Managing Director’s responsibilities

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for assessing the company’s and the Group’s ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern assumption applies unless the Board and the Managing Director intend to liquidate or cease to operate the company or have no realistic alternative to doing so.

The auditor’s responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinions. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or aggregated, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor’s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Holmen AB for the year 2023 as well as the proposed appropriations of the company’s profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis of opinion

We have conducted our audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor’s Responsibilities section. We are independent of the parent company and the Group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and adequate as a basis for our opinion.

The Board of Directors’ and Managing Director’s responsibilities

Responsibility for the proposed appropriation of the company’s profit or loss rests with the Board of Directors. In conjunction with the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company’s and the Group’s type of operations, size and risks place on the size of the parent company’s and the Group’ equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the organisation and administration of the company’s affairs. This includes continuous assessment of the company’s and the Group’s financial situation and ensuring that the company’s organisation is designed so that the accounting, management of assets and the company’s financial affairs otherwise are controlled in a reassuring manner. The Managing Director is responsible for day-to-day management in accordance with the guidelines and instructions issued by the Board and is required to take such actions as may be necessary to ensure compliance with the company’s statutory accounting obligations and satisfactory management of funds.

The auditor’s responsibility

Our objective for the management audit, and thus for our opinion on release from liability, is to obtain audit evidence which enables us to assess with reasonable assurance whether any member of the Board or the Managing Director has in any material respect:

taken any action or been guilty of any neglect that could give rise to a liability to indemnify the company

otherwise acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective in respect of our audit of the proposed appropriation of the company’s profit or loss, and thus for our opinion on the same, is to obtain reasonable assurance that the proposed appropriation is consistent with the Companies Act. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company’s profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description forms part of the statutory annual report.

The auditor’s opinion on the ESEF report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined whether the Board of Directors and the Managing Director have prepared the annual accounts and the consolidated accounts in a format that facilitates uniform electronic reporting (the ESEF report) according to Chapter 16, Section 4 a of the Securities Market Act (2007:528) for Holmen AB for the year 2023.

Our examination and our opinion refer only to the statutory requirement.

In our opinion, the ESEF report has been prepared in a format that in all significant respects facilitates uniform electronic reporting.

Basis for Opinion

We have conducted our examination in accordance with FAR's recommendation, RevR 18 Examination of the Esef report. Our responsibilities under this recommendation are further described in the Auditor's Responsibilities section. We are independent of Holmen AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for ensuring that the Esef report has been prepared in accordance with Chapter 16, Section 4 a of the Securities Market Act (2007:528) and for ensuring that there is such internal control as the Board of Directors and the Managing Director regard as necessary to prepare the Esef report in a manner that is free from material misstatement, whether due to fraud or error.

The auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors (and the Managing Director), but not for the purpose of expressing an opinion on

the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report has been marked with iXBRL in accordance with what follows from the Esef regulation.

Auditor's opinion regarding the corporate governance statement

The Board of Directors is responsible for ensuring that the corporate governance statement on pages 44-48 has been prepared in accordance with the Annual Accounts Act.

Focus and scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 16 The Auditor's Examination of the Corporate Governance Statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that this examination has provided us with sufficient basis for our opinions.

Opinion

A corporate governance statement has been prepared. Disclosures in accordance with Chapter 6, Section 6, second paragraph, points 2-6 of the Annual Accounts Act and Chapter 7, Section 31, second paragraph of the same law are consistent with the other parts of the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Auditor's opinion regarding the statutory sustainability report

Assignment and division of responsibilities

The Board of Directors is responsible for ensuring that the sustainability report on pages 97-110 has been prepared in accordance with the Annual Accounts Act.

Focus and scope of the examination

Our examination has been conducted in accordance with FAR's auditing standard RevR 12 The auditor's opinion regarding the statutory sustainability report. This means that our examination of the sustainability report is different and substantially more limited in scope compared with the focus and scope of an audit conducted in accordance with International Standards on Auditing, and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinion.

Opinion

A statutory sustainability report has been prepared.

PricewaterhouseCoopers AB, Torsgatan 21, SE-113 97 Stockholm,
was appointed auditor of Holmen AB by the general meeting of the shareholders on 28 March 2023
and has been the company's auditor since 22 April 2021.

Stockholm, 23 February 2024

PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorised Public Accountant
Auditor in Charge

Linda Corneliusson
Authorised Public Accountant

GENERAL INFORMATION

Holmen's sustainability report is published on an annual basis and covers the period 1 January to 31 December 2023.

Sustainability work is reported in accordance with the Global Reporting Initiative's GRI Standards 2021. The sustainability report comprises pages 97–110 of the annual report and also includes the GRI index on the website holmen.com. The sustainability report has undergone review by Holmen's auditors, see the separate assurance report on page 110. The auditors conduct this review in line with the requirements laid down in national law. The sustainability report for 2023 was published on 6 March 2024. Information in line with Swedish legal requirements for statutory sustainability reporting is found on pages 97–110. The Board of Directors is responsible for the statutory sustainability report and for ensuring that it is prepared in accordance with the Swedish Annual Accounts Act.

Holmen's annual report and sustainability report cover the parent company Holmen AB, all subsidiaries in the Group and hydro power plants in which Holmen is a minority owner. The sustainability report does not include other companies of which Holmen is a minority owner. All data is collected, quality-assured and evaluated. No material changes have been made to the principles of reporting in 2023.

The reporting in Holmen's annual report for 2023 draws on the ongoing double materiality assessment and the structure of the sustainability information presented has been influenced by the way in which the European Sustainability Reporting Standards (ESRS) divide up the topics to be reported on. There have been no significant changes to the information reported in Holmen's sustainability report for 2023 compared with the previous year.

Strategy

In recent years, the Board of Directors and Group management have rewritten Holmen's business concept and strategy in light of the way in which the global climate transition is driving demand for sustainable building materials and renewable energy while also fuelling growing competition for forest raw material. As part of this process, sustainability matters have been integrated into the governance of Holmen. Corporate governance is described on pages 44–48.

Holmen's business concept is to own and add value to the forest. Our forest holdings are the foundation of our business. Using our own production facilities, the growing trees are refined into everything from wood for climate-smart building to renewable packaging, magazines and books, while at the same time we generate hydro and wind power on our own land.

Holmen's strategy, which is presented on pages 6–7, assumes that the world must make the transition to using energy and materials sustainably to limit global warming.

Over the past 50 years, the world's energy consumption has tripled, and this increasing demand has almost exclusively been met using fossil fuels. Europe needs to restructure its energy supply to wean us off fossil dependence. This means not only that we need to produce more fossil-free electricity, but that we must also electrify substantial elements of industrial production, heating and transport. Recent Swedish initiatives on everything from green steel to batteries are concrete examples of companies beginning to turn words into action. With our controllable hydro power, we can play our part in supplying growing industry with green electricity when it is most needed, while at the same time helping to stabilise an increasingly weather-dependent electricity system. However, it is not deemed possible to expand hydro power while upcoming environmental permit reviews pose a risk that production may need to be limited. On the other hand, there is major potential to build wind power on Holmen's land. In 2023, permits were granted for two new wind farms on Holmen's own land and work is in progress to obtain permits for additional wind farms. The length of the permit processes poses a challenge, as does the fact that wind power construction often comes up against local opposition.

The real estate sector accounts for over a third of Europe's carbon emissions, something that the major construction companies have begun to acknowledge as they now set targets to make the whole value chain fossil-free. The main challenge is that making the dominant construction materials, cement and steel,

sustainable is both costly and difficult. Wood offers a renewable alternative that is more than just fossil-free. In contrast to cement and steel, it is also energy-efficient to produce, while also storing carbon in the buildings. This means that the market outlook for wood is good, especially as fossil construction materials will now have to carry the cost of their climate impact as free allocation of emission allowances starts to be phased out. The acquisitions and investments of recent years have expanded our wood products business and seen us shift ourselves forward in the value chain. With a strong position in the wood market and well-invested sawmills, Holmen is excellently placed to continue to expand the wood products business. The greatest challenge lies in growing in line with the supply of wood raw material.

We grow forest with a view to building houses. When we saw the wood, whatever is left over is used in our paper and paperboard mills, where wood chips and shavings are topped up with the trees that are too narrow to become construction material. Thanks to a secure and virtually fossil-free energy supply, we provide the market with products with a low carbon footprint. A desire to reduce climate impact and avoid plastic packaging is helping to increase demand for wood-based fibre products, while the low carbon footprint of our products has increasingly become a competitive advantage when fossil-free energy is in short supply on the European continent. For paperboard, the biggest challenge is that significant investments in expanding capacity in recent years are increasing competition and making greater demands in terms of cost-efficiency. For paper, on the other hand, the greatest challenge is the structural fall in demand from the major customer segments, magazine publishers and retailers. Although the forest is a renewable resource and our large forest holdings give us a strong position in the wood market, the supply of raw material is nevertheless limited and competition for wood raw material is growing.

The world's forests absorb increasing amounts of carbon dioxide every year, but this increase mainly occurs in the forests that are actively managed. We have long combined active forestry with preservation of biodiversity, and this has resulted in a steadily increasing volume of standing timber and larger harvests from healthy ecosystems. Our growing volume of standing timber contributes to a better climate by sequestering 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 keeping the carbon stored in the buildings. In 2023, our total business created a climate benefit of just over 7.5 (7.2) million tonnes CO₂e, which can be viewed in relation to Sweden's total emissions of just over 50 million tonnes. Despite our major contribution to a better climate, dealing with the wide range of opinions voiced on the impact of forestry on biodiversity and the role of the forest as a carbon sink is a challenge.

Objectives

For Holmen, running a successful business goes hand in hand with a sustainable future. We are working to be a positive force in society, focusing on three areas where our production, business and organisation have the greatest opportunities to make a difference: climate, customers' sustainable choices, and our employees and the local communities in which we operate.

The Group's targets, as presented on pages 8–9 of the annual report, include increasing climate benefit through greater growth in our forests and higher sales of renewable products and renewable energy to replace fossil-based alternatives.

Stakeholders and stakeholder dialogue

We have identified our stakeholders based on the activity carried out, how it affects the world around us, and the actors that influence Holmen. Some of these stakeholders, such as employees, customers, suppliers, the local community, financiers and public authorities are important for day-to-day operation. Others, such as future employees, owners, analysts, decision-makers, industry organisations and the media, are important for long-term development.

Holmen seeks continuous, open dialogue to increase internal understanding of our stakeholders' perspectives on our business. Working with industry organisations, we conduct discussions with politicians, government agencies and stakeholder

organisations on how the ground rules of the future will be designed, with a focus on forestry and energy supply, and taking climate and biodiversity as the most important parameters. Thanks to good union relations, we are alert to the views of employees, which we supplement with employee surveys and one-to-one dialogues at all levels of the company. Good dialogue with local decision-makers and neighbours enables us to tell how we are affecting the local communities in which we operate and how they may affect us.

The stakeholder groups most affected by Holmen's operations or which most affect our operations are:

- existing and new customers
- existing and new employees
- existing and new suppliers
- shareholders, investors and analysts
- government agencies and other public bodies
- politicians and decision-makers
- the media
- local communities, neighbours and reindeer owners

Materiality assessment

Since 2006, Holmen has reported sustainability information based on a materiality assessment in which the information is selected based on the sustainability areas that are most significant to the Group.

In 2018 an extensive materiality assessment was conducted to identify the areas in which Holmen has the greatest opportunity to contribute towards sustainable development. The materiality assessment was founded on the expectations of our most important stakeholders and their demands of Holmen,

and on how well the organisation is equipped to face future sustainability challenges. The analysis included interviews and workshops with about 50 stakeholders and was based on the ten principles of the UN Global Compact, the UN's Sustainable Development Goals and the mega-trends and external factors affecting our customers and our industry. Since then, the materiality assessment has been reviewed to ensure that the areas remain relevant and that Holmen has an actual or potential (negative and positive) impact.

In 2023, a new double materiality assessment was launched based on the requirements of ESRS, and this will be completed in 2024.

Environmental permits and management systems

Holmen runs operations that require environmental permits. The permits specify conditions regarding permitted production volumes, noise levels and permitted emissions to air and water. At the turn of 2023/2024, Holmen was running industrial production operations that require environmental permits at nine facilities. Additionally, the converting plant in Strömsbruk is a notifiable activity. Eight of the facilities are located in Sweden and one is in Workington in the UK. The facilities' turnover amounted to 82 (84) per cent of the Group's net sales in 2023.

Holmen also has four environmental permits for wind power and 18 environmental permits for commercial quarries. Additionally, the six wholly owned and 15 partly owned hydro power plants have environmental permits for the production plant, reservoirs and water regulation.

Holmen's environmental work is characterised by constant improvement measures within the framework of our certified environmental and energy management systems, which ensure compliance with legislation and requirements set by authorities. Responsibility for the management systems rests with the respective business area, as does environmental responsibility.

Environmental permits and management system certification

Production facilities ¹⁾	Environmental permits	Certification			
		Environment ISO 14001	Energy ISO 50001	Quality ISO 9001	Health and safety ISO 45001
Iggesund Mill ^{2,3)}	2018	2001	2005	1990	2016
Workington Mill ³⁾	2022	2003	2015	1990	2005
Hallsta Paper Mill	2000	2001	2005	1993	2012
Braviken Paper Mill	2023	1999	2006	1996	2015
Iggesund Sawmill	2014	1999	2006	1997	2017
Braviken Sawmill	2010	2011	2011	2011	2017
Linghem Sawmill ⁴⁾	2003	2023	2023		2020
Bygdsiljum Sawmill ⁴⁾	2018	1999	2022		2023
Kroksjön Sawmill ⁴⁾	2020	2005	2022		2023

The years in the table denote the year in which the most recent environmental permit was obtained and when management system certificates were first issued. Certification means that procedures are in place for planning, implementation and follow-up, as well as measures to enable continuous improvement in the work on the various management systems. Certificates can be viewed at holmen.com/sustainability.

1) Holmen Forest is certified under the environmental management system ISO 14001 and forest operations have forest management and chain-of-custody certification. All Holmen's facilities at which wood raw material is used have chain-of-custody certification.

2) Port activity at Skärnäs Terminal, alongside Iggesund Mill, is included in the environmental permit. In addition, operations subject to notification requirements take place at the production unit in Strömsbruk. Certification includes the production unit in Strömsbruk and operations at Skärnäs Terminal.

3) Iggesund Mill and Workington Mill have been certified under the food safety management system FSSC 22000 since 2021.

4) Work is in progress to include Linghem, Bygdsiljum and Kroksjön in the other sawmills' ISO 9001 certificates. This is expected to be completed in 2025.

ENVIRONMENT

Climate change

Impact, risks and opportunities

Taking nature as the starting point of everything we do means that climate issues are very closely integrated in our operations. This concerns both our capacity to contribute towards positive development and how our operations may be affected by a changed climate. Our aim is to increase the climate benefit in our value chain, mainly by increasing the positive impact on the climate that our business has, but also by reducing our negative footprint.

Active and sustainable forestry, in which the trees are harvested when growth declines and the land is then reforested, sees us increasing forest growth and capacity to take up carbon dioxide over time. After harvest, the raw material from the forests continues to bind carbon dioxide even in its processed form. In products with a long service life such as wood products, the carbon is stored for a long time once the products have been turned into buildings and homes, while short-lived products made of paperboard and paper store carbon over a shorter period of time. The greatest climate benefit is created when our customers choose wood-based products and renewable energy instead of fossil-based options with a higher carbon footprint. It is here too that Holmen's climate benefit becomes the most tangible – when our products reduce the need for fossil materials and raw materials, which means that finite raw materials such as coal, oil and gas can stay in the ground. In the same way, our sales of our own renewable electricity from hydro power, wind power and biomass replace coal and gas power.

In 2023, Holmen's operations helped to generate a climate benefit amounting to 7.5 (7.2) million tonnes of CO₂e, with positive contributions from all the business areas. See page 38 for more information about how we are contributing towards a better climate.

Climate benefit, Mtonnes CO ₂ e	2023	2022
Storage in own forests	1.6	1.3
Storage in wood products	0.5	0.5
Storage in paper and paperboard	0.1	0.1
Total increased net storage of carbon dioxide	2.2	1.9
Substitution wood products	2.6	2.6
Substitution paper and paperboard	1.4	1.5
Substitution hydro and wind power	1.2	1.3
Substitution bioenergy	0.8	0.6
Total substitution	6.0	6.0
Emissions, Scope 1, 2 and 3	-0.7	-0.7
Total climate benefit	7.5	7.2

Physical transition risks and opportunities

A warmer climate could increase the growth of our forests with a longer growth period, more precipitation and higher levels of carbon dioxide in the air, aiding photosynthesis. However, it could also increase the risk of fungal attack and insect damage, while shorter periods of frozen ground and stoppages due to a high risk of forest fires could impact on forest management. Climate risk analyses and adaptation plans are carried out in forestry to ensure healthy, resilient forests suited to a changing climate. Seedlings and planting, cleaning, thinning and harvesting processes are being developed and adapted to a warmer and wetter climate. The seeds for our nurseries are selected to grow and thrive in a changing climate and when planting, we choose tree species based on the specific conditions of the soil to ensure the trees can better withstand extreme weather such as storms, rain and drought.

Climate change may also affect Holmen's industries, due to physical risks and changed customer requirements or changed rules. This is analysed and managed as part of the respective production plant's continuity plan. Climate risks in the supply chain are managed by the Group purchasing function, while risks in terms of energy consumption and greenhouse gas emissions are managed through our ISO-certified environmental and energy management systems. To evaluate opportunities and mitigate climate risks linked to investments, Holmen's investment process includes environmental and climate impact.

Demand for Holmen's products is rising in response to the market's ambitions to counteract climate change, since our customers want renewable alternatives. Holmen's opportunity to manage its own forest is thus crucial to our contribution to limiting climate change. Increased requirements to set land aside for purposes other than forestry could lead to reduced harvests and thus reduced opportunities for the forest to contribute renewable products.

Energy

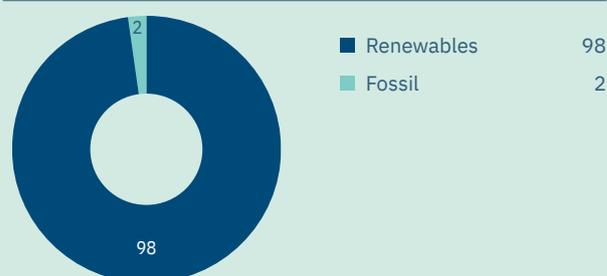
Energy consumption and mix

Holmen uses large amounts of energy and the vast majority of the energy we use is fossil-free. In 2023, Holmen used a total of 8.0 (9.0) TWh, 7.9 (8.7) GWh of which was fossil-free, equivalent to 98 (97) per cent.

Biofuels, mainly in the form of bark and wood-containing liquors, meet 96 (97) per cent of Holmen's thermal energy requirements. Remaining quantities of heat are produced primarily at and close to the mills using fossil gas, oil and LPG.

Manufacturing thermo-mechanical pulp at Holmen's two paper mills is heavy on electricity and the majority of the electrical energy needed at these plants is bought in. The paperboard business generates the majority of the electricity needed at its own mills. In 2023, total electricity consumption amounted to 3.5 (3.9) TWh.

Energy consumption, %



Energy consumption, GWh

	2023	2022
Electrical energy	3 501	3 930
Thermal energy	4 594	4 648

Energy production

Holmen supplied 1.5 (1.6) TWh renewable electricity from hydro and wind power in 2023. Together with the renewable electrical energy that was produced at the Group's mills, this equates to 59 (55) per cent of Holmen's overall energy consumption.

In a normal year, Holmen produces 1 100 GWh of hydro power from 21 wholly or partly owned hydro power plants. Hydro power provides a secure energy supply and contributes major benefit to society in the transition towards more renewable energy sources, as hydro power production can be controlled by adjusting the water level in the reservoirs. The establishment of large-scale wind power provides a logical complement to controllable hydro power. Today we have two wind farms of our own with normal annual production of approximately 600 GWh. We also buy 160 GWh a year from wind farms on Holmen's land at a price that is fixed until 2032.

In addition, Holmen supplies biofuel from our sawmills and Hallsta Paper Mill and branches and treetops from the forest. In total, solid biofuel amounting to 2.7 (2.1) TWh was delivered in 2023.

As our mills have high internal production of electricity and thermal energy, the surplus is sold. In 2023, Workington Mill supplied a surplus of 127 (123) GWh to the national grid, while Iggesund Mill and Hallsta Paper Mill supplied 25 (26) GWh of district heating to neighbouring communities.

Energy production, GWh

	2023	2022
Own production of hydro and wind power	1 502	1 561
Electricity production at the mills	566	520

Transition plan

Holmen started to plan for the industrial transition from fossil energy in the early 2000s. Today, Holmen mainly uses fossil-free electricity and renewable energy from biofuel. Combined with energy efficiencies, emissions of fossil carbon dioxide from the production facilities have fallen by 93 per cent since 2005. Holmen's own emissions are currently at the low levels defined by the IPCC for the industry to reach by 2045 to be in line with the Paris Agreement. Holmen's own low climate footprint means that the majority of emissions are generated from purchases of input products, along with transport to and from Holmen's industrial sites.

Greenhouse gas emissions Scope 1–3, '000 tonnes CO ₂ e	2023	2022
Scope 1: Direct greenhouse gas emissions	54	58
Scope 2: Indirect greenhouse gas emissions from purchased electrical energy*	12	29
Scope 3: Emissions in the value chain	609	604
Total emissions	675	691

*Refers to emissions from production and maintenance of the electricity-producing facilities and emissions from downstream electricity distribution. Calculated in line with market-based methodology, with EPDs from Vattenfall.

Emissions targets

In 2021, Holmen's Group management set the target of reducing greenhouse gas emissions. Figures are compared with 2019 levels and the emissions targets are in line with the UN's climate goals under the Paris Agreement, as confirmed by the UN-backed organisation the Science Based Targets initiative (SBTi). Holmen's science-based targets are to reduce greenhouse gas emissions by 2030 in:

- Scope 1 and 2 by 15% per tonne of paper and pulp.
- Scope 3 from transport to and from our industrial facilities by 22% per tonne kilometre.
- Scope 3 from forest machinery by 22% per tonne wood raw material.

Additionally, suppliers accounting for 35% of emissions from purchased goods and services are to have climate targets in line with Science Based Targets by 2025.

Outcomes emissions targets, %	2023	2022
Scope 1 and 2: Emissions per tonne paper and pulp	-48	-36
Scope 3: Emissions from transport	-6	-8
Scope 3: Emissions from forest machinery	9	13
Proportion of suppliers with climate targets	51	35

Pollution

Active environmental activities

Holmen's environmental activities involve constantly reducing environmental and climate impact, and ensuring that the Group complies with the environmental rules and conditions set. Work is steered by our environmental and energy policy and operations are characterised by resource-efficient use of renewable raw material and energy, and by protecting the environment, applying the precautionary principle. In the event of process disruptions, the environment takes precedence over production. Energy, chemicals and fibres are recovered as far as possible, in order to minimise the environmental impact of production and prevent pollution. By-products that occur in business operations should be collected and used for different purposes and any waste is to be minimised.

Holmen's environmental work is governed by a number of different laws, regulations and directives. These include the conditions set out in our permits, which are adapted to the nature of operations and the sensitivity of the surroundings. Additionally, binding limit values are set in the Ordinances on large and medium combustion plants, the Ordinance on the incineration of waste, the Swedish Environmental Protection Agency's regulations on sending waste to landfill and requirements on Best Available Techniques (BAT) for the sectors covered by the Industrial Emissions Directive. Holmen works in line with a large number of quality, energy and environmental targets set within the management systems for the respective business area and production plant. The targets are owned by the Senior Vice President Forest and by the respective mill managers in Paper, Paperboard and Wood Products.

Follow-up

The industrial operations are regularly subject to the oversight of the environmental authorities and forest operations are supervised by the Swedish Forest

Agency. All certified systems are regularly checked by external, certified auditors. Holmen reports environmental data to the supervisory authorities on a monthly and annual basis and data from all mills is reported to the EU each year. Expenditure on environmental protection is reported in accordance with Statistics Sweden guidelines. Environmental taxes and charges amounted to SEK 25 (18) million in 2023.

The environment managers in the respective facilities deal with the incidents that arise and Holmen engages in close dialogue with local residents to identify and tackle any issues. The environmental incidents reported to the supervisory authorities during the year were tackled by means of corrective measures within the facilities' environmental management systems.

Environmental risks

Production disruptions can cause breaches of emissions conditions set for the business by environmental authorities and such breaches could impact on the environment. There is also a financial risk of exceeding the limits laid down by the environmental authorities for operations.

Holmen makes continuous efforts to prevent and manage risks related to the environment, where the main impact is emissions to air and water and the occurrence of noise and waste. Risks are prevented and managed through regular own checks, checks by authorities and environmental risk analyses, as well as through the use of certified environmental and energy management systems and chain-of-custody certification.

Aquatic environments

Holmen's environmental and energy policy states that aquatic environments must be protected and that the use of water must be resource-efficient and that water is to be recycled with the aim of minimising environmental impact from production. Conditions governing the emission of different substances are laid down by the environmental authorities, and the requirements set in the environmental permits regarding the type of treatment are determined based on the status of the water neighbouring the production facilities. At Holmen's sites this involves various combinations of mechanical, biological and chemical treatment. Holmen continuously monitors the status of recipient aquatic environments in close cooperation with the environmental authorities.

Discontinued operations

In consultation with the authorities, Holmen investigates polluted industrial sites where Holmen previously conducted industrial operations. Remediation may involve future costs, and funds are earmarked for the costs judged to be incurred. In 2023, studies were in progress at different stages regarding the former sawmills Stocka and Lännaholm, the sulphite mills at Strömsbruk, Domsjö, Loddby and Mariannelund, the paper mill at Silverdalen and the groundwood mill at Bureå.

Emissions to air, tonnes*	2023	2022
Sulphur dioxide (counted as sulphur, S)	54	49
Nitrogen oxides	892	899
Particulates	53	49
Fossil carbon dioxide, '000 tonnes	41	42
Biogenic carbon dioxide, '000 tonnes	1 676	1 657

*Relates to emissions at facilities. Emissions of methane and nitrous oxide at the facilities constitute the majority of remaining greenhouse gas emissions and amounted to 12 000 tonnes of carbon dioxide equivalents.

Emissions to water, tonnes	2023	2022
AOX (chlorinated organic matter)	36	36
Nitrogen	182	162
Phosphorus	18	12
COD (organic matter), '000 tonnes	17	19
Suspended solids (SS), '000 tonnes	3.8	3.6

Water use

Holmen uses surface water from lakes and watercourses to transport and wash fibres at our paperboard and paper mills. Water is also used for other operations, such as cooling and steam production. The same water is often used several times and is treated in several stages before it is discharged. Holmen's total water use amounted to 68 (71) million m³ in 2023. Of the water used, approximately 5 per cent of the raw water intake is consumed by vaporisation or captured in products. The volume of water used in production is steadily

declining, following the adoption of increasingly efficient methods and equipment. The use of groundwater is negligible and no seawater, produced water or water from stressed sources is used at all.

Access to surface water at our production plants is good and amounts of precipitation are high as a rule, keeping watercourses topped up all year round. Risks linked to our use of water and potential impact on aquatic environments are described in the sections on pollution and biodiversity.

Biodiversity

Our work for biodiversity

We have worked actively on nature conservation for many years with a view to making a positive contribution to biodiversity in our forests. Holmen focuses on achieving high and profitable growth, while also ensuring that all naturally occurring species can thrive in the forest landscape. Of Holmen's almost 1.2 million hectares of forest land, we manage about 80 per cent for wood production and we always take wide-ranging environmental considerations into account when managing and harvesting our forest.

Planning is the foundation of active and sustainable forestry. The conservation value of our forests is detailed in local ecological landscape plans, which also describe how the forests are to be managed over the long term in order to preserve important habitats and to create new ones.

Promoting biodiversity in our forests

Since forest-dwelling species depend on different habitats for their survival, large broadleaves, dead trees and unusually old trees are preserved. Some areas are also kept entirely free from forestry activities due to their high conservation value. Some of these areas are left entirely to their own devices and in others we implement active nature conservation measures such as clearing conifers in broadleaf forest or burning forest under controlled conditions, which is good for many rare plants and animals.

We also maintain valuable buffer zones around lakes, watercourses, marshes and agricultural land. These sites are rich in species due to varying light conditions, soil types and moisture levels, and they also provide places where the flora and fauna of the forest mix with those from the marshes, water or open landscape.

Each year, we invest SEK 190 million in caring for our forests and constantly work to improve everything from seedlings to nature conservation through research, development and education. To raise awareness of our forestry and contribute to our forest research, we have established four Knowledge Forests. The forests are selected for their specific biological conditions and are used to explore, gather and pass on knowledge. In total, a hundred or so research projects is running on our land, both independently and in partnership with research organisations, universities and other stakeholders.

Preserving aquatic environments

Holmen's land contains lakes, streams and other water-rich environments, which are all sensitive ecosystems with an abundance of flora and fauna. The water in the forest is a priority area for Holmen and active efforts are made in practical work. Ongoing training for field personnel and contractors is an important aspect of this work, focusing on water issues in practice. Environmental work at our production facilities is organised and run in line with Holmen's environmental and energy policy, under which aquatic environments must be protected.

Certification and management systems

The organisation and management of environmental activities are stipulated in Holmen's environmental and energy policy. In the event of disruptions, the environment takes precedence over production. In ongoing and concluded operations, the environmental impact must be acceptable to humans and the environment. Forests should be managed responsibly in a way that ensures the long-term survival of native plants and animals in the forest landscape. The policy further states that Holmen's forestry should be conducted with the aim of achieving high-volume, sustainable production of raw material, so that the growing forest and its products make a positive contribution to the climate.

All Holmen's forestry is certified. Holmen Forest also applies the environmental management system ISO 14001. The forestry certifications are a way to ensure that Holmen's forests are managed responsibly according to recognised standards that take account of environmental, production and social assets. Iggesund Mill, Iggesund Sawmill, Braviken Sawmill, Lingham Sawmill, Hallsta Paper Mill and Braviken Paper Mill have their own chain-of-custody certificates.

Thriving forests

Rich biodiversity is vital to create healthy and resilient forests that are able to cope with climate change and more extreme weather. However, biodiversity itself is affected by climate change. Therefore, sustainable forestry that stores carbon dioxide and replaces fossil material and energy sources is an important component in slowing climate change and so fostering biodiversity.

A variation of habitats nurture individual species as well as functioning ecosystems. In working to create thriving forests, we have identified a shortage of certain habitats. To monitor and develop these environments, we have produced four indicators, all of which have a clear link to forest biodiversity:

- Area of old forest
- Area of old forest with high conservation value
- Volume of dead wood per hectare
- Volume of standing timber from large broadleaves per hectare

Since measurement began, progress on these indicators in Sweden's forests has been strongly positive, showing that environmental conservation work is effective.

Areas with high conservation value are exempt from forestry

Some forests have large or unique assets that should be preserved. Holmen identifies such areas both within its own forest holdings and when purchasing wood from other forest owners. Forests can have high conservation value for different reasons and as such we take into consideration:

- areas with high concentrations of endangered species and/or key biotopes and that the Swedish Environmental Protection Agency has classified as being of national interest for nature conservation.
 - subalpine forests.
 - water protection areas.
- Holmen has applied clear guidelines for purchases of wood since 1998. These contain environmental requirements and define types of forest from which the Group does not buy wood. Holmen does not purchase wood from forests that:
- are key habitats in Sweden according to the Swedish Forest Agency's definition and methodology.
 - are protected for nature conservation reasons.
 - are ancient forests, that is to say layered natural forests of differing age with ample presence of old, large trees and ample dead wood in various stages of decomposition.
 - have been harvested illegally.
 - originate from genetically modified trees.
 - grow in areas in which traditional customs and human rights are actively impeded.
 - are High Conservation Value Forests.
 - are natural forests that have been converted to plantations or other land use.

Risks and opportunities

Holmen's opportunity to manage forests and add value to forest raw material is vital to our contribution to limiting climate change, which in turn may affect biodiversity. Increased requirements to set land aside for purposes other than forestry can lead to reduced harvests and thus reduced opportunities for the forest to contribute renewable and fossil-free products. In the same way, legislation on land and water may inhibit the expansion of renewable energy production from hydro and wind power, which can limit our contribution to a fossil-free energy system.

Production disruptions can cause limits set for operations by the authorities in environmental permits to be exceeded and such breaches could impact on the environment and local ecosystems.

Resource use and circular economy

Circular business

The forest has the capacity to provide many benefits at the same time, making it a valuable resource not only for Holmen but for society as a whole. Efficient management of raw materials and circular ecocycles are the foundation of our business. When deciding what to make out of the different parts of the tree, greatest value added is the key criterion and the resulting residual products are used in other processes. After harvesting, all the land is reforested, with at least two seedlings planted for every tree harvested. We also use water and wind on our land to produce renewable energy.

The wood is refined and made into products which our customers can then refine further in their turn. As the lifecycle draws to a close, the products can be recovered and come back to life in a new form, or be put to use as bioenergy. We work with our customers and industry organisations to develop products and processes that can increase the use of renewable products and encourage recycling.

Resource-efficient use of raw materials and energy

Holmen's environmental and energy policy states that raw materials must be used efficiently and the use of water, chemicals and other input goods must be resource efficient. The use of fossil fuels should be minimised. Chemicals, fibres and water should be recovered in order to minimise the environmental impact of production. By-products that occur in business operations should be collected and used for different purposes and waste is to be minimised. Holmen must also contribute to the transition of the energy system through increased production of renewable energy, and energy must be recovered and used for internal or external purposes in order to minimise environmental impact and to reduce the need for purchased energy. Purchased electricity should come from fossil-free generation.

Over the years, we have effectively reduced our use of energy, water and chemicals, and we recover and reuse the waste that arises. Residual products from the sawmills are used to generate electrical and thermal energy in the mills, organic material from the water treatment process is sold on as soil improver, and steam from the mills is used in the drying processes at the integrated sawmills.

Holmen makes active efforts to identify and implement energy-saving measures and to increase the level of self-sufficiency in energy. This mainly involves improving efficiency in the use of energy and increasing the proportion of Holmen-produced electricity from hydro and wind power, as well as making greater use of waste heat and increasing the proportion of bioenergy. All the Group's facilities have certified energy management systems and programmes to improve the efficiency of energy use.

Production	2023	2022
Paperboard, '000 tonnes	462	513
Market pulp, '000 tonnes	76	77
Paper, '000 tonnes	888	1 016
Wood products, '000 m ³	1 447	1 468
Own production of hydro and wind power, GWh	1 502	1 561
Electricity production at the mills, GWh	566	520

Material use rate	2023	2022
Wood, million m ³ sub*	5.94	6.36
Purchased pulp, '000 tonnes	71	77
Plastic granules/foiling material, '000 tonnes	2.6	3.0
Chemicals, '000 tonnes**	139	147
Filler, pigment, '000 tonnes**	184	162

*At Group level, wood consumption is computed net, taking into account internal deliveries of chips from the sawmills to the nearby mills.

**Non-renewable raw material stated as 100 per cent dry substance, equivalent to 173 000 tonnes of commodities for chemicals and 255 000 tonnes of commodities for filler and pigment.

By-products and waste

Holmen strives to minimise the amount of waste it produces and to use the highest proportion possible. All units separate waste, and employees and contractors are constantly trained in waste procedures. Our work to find alternative uses has reduced the amount of waste sent to landfill from 6 300 tonnes in 2022 to 800 tonnes in 2023.

By-products	2023	2022
To energy production, GWh	2 292	1 801
To material production, '000 tonnes	412	469

Waste, '000 tonnes	2023	2022
Waste sent to landfill	0.8	6.3
Hazardous waste	1.4	1.8

Risks and opportunities

The market's ambitions to combat climate change are increasing demand for Holmen's renewable products. Wood products are energy-efficient to produce, and store carbon in the buildings in which they are used. The market outlook for wood is good, especially once fossil construction materials are made to carry their true cost to the climate. With a secure and largely fossil-free supply of energy, we also provide the market with paperboard and paper with a low carbon footprint, able to replace fossil-based alternatives. Our controllable hydro power means we can play our part in supplying the growing industry with renewable electricity when it is most needed, while at the same time helping to stabilise an increasingly weather-dependent electricity system. We also have significant potential to build wind power on our land.

Holmen's opportunity to manage forest and add value to forest raw material is crucial to our contribution to a circular economy. Increased requirements to set land aside for purposes other than forestry can lead to reduced harvests and thus reduced opportunities for the forest to contribute renewable and fossil-free products. In the same way, regulation of land and water may inhibit the expansion of renewable energy production from hydro and wind power, which could limit our contribution to a fossil-free energy system.

SOCIAL

Employees

Health and safety

It goes without saying that we actively pursue a healthy culture and an accident-free workplace for Holmen's employees and the contractors who work with Holmen. Health and safety is a priority and it is our responsibility as an employer to ensure a work environment that is safe in terms of physical, health and psychosocial aspects. Systematic health and safety sees us working with employees and their representatives in all areas, focusing on risks and safe behaviours. Holmen's Work Environment Network meets every quarter. It initiates activities and sets targets and indicators which are followed up and reported to Group management. Holmen has a zero vision for accidents and all production plants have certified management systems. Holmen works to identify significant hazards using our IA reporting system and by conducting risk assessments. KPIs based on identified hazards and risk areas are monitored regularly against improvement targets, and hazards are addressed within the management systems of each business area. Reported events are followed up at group meetings and local health and safety meetings. Accidents must be investigated on the day on which they occurred. Holmen defines an accident that leads to more than seven days of sickness absence as severe. In 2023, 16 of the 31 accidents that occurred in Holmen's operations were severe. In addition to the accidents that affected Holmen employees in 2023, there were also eight accidents leading to absence linked to Holmen's operations where contractors were affected. None of the accidents that took place in 2023 led to a fatal outcome and all those affected recovered within six months.

New employees at Holmen's production facilities are trained in health and safety, and employees complete regular online health and safety training based on the risks and competence requirements of the business area. Managers and safety officers undergo longer training. Contractors complete the online health and safety training SSG Entré and SSG Lokal before being granted access to Holmen's sites.

All employees have access to fitness activities and a company health service that includes rehabilitation and supports return to work. Employees are also offered a fitness allowance and regular health checks.

Inclusion and diversity

Holmen's employees must be treated with dignity and respect. Harassment and discrimination must not occur in the workplace.

Holmen's approach to gender equality, diversity and equal opportunities is clearly communicated in both the Group's Code of Conduct and the company's HR policy.

To maintain strong competitiveness, Holmen wants to be an attractive employer that appeals to and retains the talent we need – employees who represent a diversity of insights, experiences and cultures. Holmen's employees must be able to work and deliver to their full potential without cultural barriers posing obstacles. As our industry is currently overwhelmingly male, Holmen is working to achieve a more even gender distribution among all employees. We draw up action plans and annual pay surveys in line with the Swedish Equality Act as part of our work to create an inclusive workplace in which everyone is given the same development opportunities. Where unwarranted pay differences have been discovered, action plans have been adopted in consultation with the unions.

Competence development

Based on Holmen's current and future skills needs, we are working on employee development at all levels every day. Many employees complete regular compulsory training to maintain skills in specific areas. Holmen's leadership is about giving employees a great deal of responsibility, as well as the motivation and support of a team of committed and expert colleagues and managers. Holmen offers Group-wide leadership programmes and programmes for new and more experienced managers, and for specialists who are driving change. Ongoing competence development sees us paving the way for everyone to grow, with stimulating duties and new challenges.

Collective agreements and union representation

Holmen has a constructive relationship of mutual trust with the unions and sees it as self-evident that all employees are able to join a union. Employees are represented on the Group Board by three members and three deputy members. The unions meet regularly in consultation groups at Group, business area and workplace level and participate in or act as consultation bodies on various issues.

All the Swedish units and Holmen's paperboard mill in Workington in the UK have collective agreements. At other units outside Sweden, Holmen operates in line with the law and other forms of collective employee engagement based on local standards.

Pay

Holmen is to pay market salaries and apply differentiated and individual pay setting, within the limits set by pay agreements, based on the difficulty and responsibilities of the position and the individual's performance. Minimum wage requirements, statutory or contractual, must be complied with.

Employees	2023	2022
Average number of employees (FTE)*	3 546	3 466
of whom women, %	22.3	20.9
of whom men, %	77.7	79.1
of whom temporary employees, %	10.4	11.4
Average age**	41.2	42.9

*For further information, see note 4 on page 74. **Relates to permanent employees.

Employees covered by collective bargaining agreements, %	2023	2022
Female	14	13
Male	86	87
aged <30	18	17
aged 30–44	33	33
aged 45–60	34	35
aged >60	16	13

Office workers, %	2023	2022
Female	32	32
Male	68	68
aged <30	8	8
aged 30–44	37	38
aged 45–60	45	44
aged >60	10	9

Personnel turnover, %	2023	2022
Personnel turnover	7.4	8.3
of which given notice	0.2	0.1
of which retiring	1.6	2.3
of which leaving at own request	4.5	5.1
New employees	7.0	5.3

*Relates to permanent employees.

Sickness absence, %	2023	2022
Total	4.6	4.7
of which longer than 60 days	1.9	1.4

Industrial accidents*, no.	2023	2022
Industrial accidents, more than 8 hours of absence, per million hours worked	5.2	7.6

*No industrial accidents with a fatal outcome occurred during the year.

Gender equality*, %	2023	2022
Proportion of female managers out of total no. of managers	24.8	23.8
Proportion of male managers out of total no. of managers	75.2	76.2
Women joining the company out of total new employees	33.8	44.4
Men joining the company out of total new employees	66.2	55.6

*Relates to permanent employees.

Union cooperation*, %	2023	2022
Percentage of employees that work at a unit with a collective agreement**	95	95

*Relates to permanent and temporary employees.

**Relates to Swedish and UK units, all of which have collective agreements. At other units outside Sweden, Holmen supports different forms of collective employee engagement in line with local standards, e.g. Works Councils.

GOVERNANCE

Social impact

Economic and social values

In much of Sweden, active forestry is essential to thriving rural communities. It creates jobs in places where there are few large employers and gives people an opportunity to live, work and enjoy quality of life outside the city regions. Holmen is also a major exporter, resulting in income flowing into Sweden. In addition, Holmen contributes significant tax revenue in Sweden and in the other countries in which we operate. We pay taxes in line with legislation and regulations in all the countries in which we operate. Beyond this, Holmen's operations contribute to economic development through investments, research and development, and cooperation with other companies and organisations in several of the places where we do business.

Forestry also makes the forests easily accessible for outdoor recreation under Sweden's right to roam. Our forest roads help people to get out and enjoy the natural world, while thinning means the forest does not become overgrown. Our land is accessible to walkers, for picking mushrooms and berries, and is excellent for hunting and fishing. Sustainably managed forests are thus not only important from an environmental and economic perspective, they are also important for people's wellbeing.

Local stakeholder engagement

Contact is established with local representatives and the general public in areas where the Group has operations. This takes place, for example, through consultation and information meetings and through meetings with decision-makers. Permit application processes enable authorities, the general public and local residents to make their views known.

As a major employer in many locations, Holmen takes part in many local activities. This participation ranges from representation in various research contexts and municipal marketing companies to scholarship activities. Holmen also works with a large number of local organisations, clubs and events of various kinds.

Indigenous population

Large parts of Holmen's land in northern Sweden overlap Sami winter grazing land for reindeer. Consultation with the reindeer husbandry community provides an opportunity to find solutions that take the needs of both parties into account as well as possible. The consultation process involves meetings between Holmen's local field workers and representatives of the affected Sami reindeer herding association to discuss Holmen's planned activity and whether this might have any impact on the reindeer husbandry community. All such meetings are fully minuted.

Business conduct

The Global Compact and the UN's Sustainable Development Goals

Holmen has a holistic approach to business conduct and has been part of the UN Global Compact and its corresponding Nordic network since 2007. We see it as natural to support its ten principles on human rights, social and environmental responsibility, and anti-corruption. As a signatory to the Global Compact, Holmen has also undertaken to uphold and respect human rights in its sphere of influence. As suppliers are part of this sphere, it is important that risk assessments are carried out and that relevant supplier requirements are set. Every year we report on our work and on the progress made in line with the ten principles of the Global Compact.

Code of Conduct

Holmen's good reputation as a responsible and trustworthy company is fundamental to our business. Holmen's Code of Conduct clearly sets out the requirements and expectations of how employees at Holmen are to behave. The Code of Conduct is in line with the UN Global Compact, the International Labour Organization's (ILO's) eight fundamental conventions and the OECD's Guidelines for Multinational Enterprises, and provides guidance on day-to-day operations. All employees are trained in the Code of Conduct, and training is compulsory for office workers every three years.

Holmen expects employees and other stakeholders who suspect a breach of the Code of Conduct to report it. Employees can contact their immediate superior or another manager at Holmen.

During 2023, no deviations from the Code of Conduct have been identified.

Responsible purchasing

Holmen's purchasing function is to contribute to the company's long-term profitability by ensuring a sustainable supply of goods and services. The purchasing function is also tasked with identifying, evaluating and preventing risks in our supply chain. Our approval process and close collaboration with our suppliers ensure that we live up to Holmen's environmental and social requirements. Holmen's purchasers are constantly trained in our purchasing policy, the Supplier Code of Conduct, ethical purchasing guidelines and supplier risk management.

Our largest supplier categories are wood and electricity, which we largely produce ourselves. This gives us control of our supply chain and minimises potential risks in the supply chain. We make use of well-developed chain-of-custody mechanisms for the wood and electricity we buy in, to ensure that it is sustainably produced. Other significant purchasing areas are transport, input products and production materials.

Holmen requires that suppliers of goods and services take energy and environmental aspects into account in their business activities. We aim to have at least two approved suppliers per area of use and require the highest energy rating when purchasing energy-demanding equipment. When purchasing transport, we require that our suppliers only use known, contracted subcontractors who meet the criteria we set for our suppliers.

Holmen is also a major purchaser of contracted services linked to our forestry. Our management system includes a specific procurement process adapted to the forest supply chain, which seeks to ensure that everyone carrying out silviculture work for us receives contractual pay and has a good work environment and decent terms of employment.

Supplier Code of Conduct

Holmen has had a Supplier Code of Conduct for many years now. The Supplier Code of Conduct follows the UN's guidelines and includes the requirement that our suppliers must respect internationally recognised principles concerning anti-corruption, human rights, health and safety, and environmental impact. The Supplier Code of Conduct is based on these principles and clarifies what Holmen expects of its suppliers. It states that the supplier is to seek to ensure that due diligence is shown in their operations regarding the consequences for human rights, the environment and climate, which involves identifying potential and actual negative impacts and taking action to tackle such impacts.

Audits and site visits

Holmen's Supplier Code of Conduct is included in all new contracts and at the end of 2023, suppliers representing 90 (88) per cent of the Group's purchasing volume were judged to comply with its principles.

Since 2017, Holmen has hired an external body, EcoVadis, to conduct an in-depth assessment of how well suppliers are complying with the principles of our Supplier Code of Conduct. At the end of 2023, 130 (130) suppliers had undergone an EcoVadis assessment. 97 (97) per cent of our assessed suppliers scored above our pass level.

Of the suppliers we have evaluated and followed up in 2023, no supplier has been found to have a heightened risk related to the principles in Holmen's Supplier Code of Conduct. In 2023 no supplier collaboration has been terminated due to shortcomings in the supply chain.

Holmen works with 98 different forestry contractors for cleaning and planting. The forestry contractors who work in silviculture employ a total of approximately 1 000 seasonal workers on Holmen's behalf each year. Holmen works with the Swedish union of forestry, wood and graphic workers, GS, in hiring contractors for each season. Our fundamental requirements are that these comply with Swedish law and apply collective agreements, and are certified in line with PEFC's certification for contractors.

Compliance with silviculture contractor agreements is ensured through site visits in the forest, and all silviculture contractors are trained in silviculture and labour law and are informed about where to turn if irregularities should occur. In 2023, site visits were made to 27 (33) per cent of Holmen's cleaning and planting work teams. No nonconformities were found on site visits, although some minor shortcomings were highlighted. Action plans have been produced to correct the shortcomings identified and no contractor has needed to be dismissed as a result. No contractual employees reported any experienced irregularities via the channels provided by Holmen.

Human rights and fair working conditions

Holmen safeguards human rights and the equal value of all people in everything we do, both in day-to-day operations and when travelling on business. All employees must have the same rights, obligations and opportunities irrespective of their sex, transgender identity or expression, ethnicity, political opinion, union membership, religion or other belief, disability, sexual orientation, health status, age or family responsibilities. This is set out in Holmen's Code of Conduct and applies to employees, contractors and suppliers. To us, this means that everyone who works at Holmen and in our supply chain must stay healthy and perform well at work, while enjoying an inclusive, safe and healthy work environment with fair terms of employment. Bullying and harassment are not tolerated and everyone is expected to act professionally and not expose themselves to the risk of being linked to opinions and activities that are not compatible with Holmen's Code of Conduct. Holmen has clear guidelines on what applies and where to turn in cases where Holmen's Code of Conduct is not being followed.

Holmen is subject to the UK Modern Slavery Act and a report on this is available at holmen.com.

Business ethics and anti-corruption

Holmen's Code of Conduct and Holmen's business ethics policy and associated guidelines provide clear guidance on how to maintain good business ethics when dealing with external contacts. Holmen's Code of Conduct also provides guidance on human rights, workers' rights and the environment. These areas are clarified in Holmen's policies and related guidelines. Managers and employees in sales, marketing, purchasing, finance, HR, information, market communication, projects and Group staffs all complete training in all aspects of Holmen's Code of Conduct.

Compliance is monitored for example through employee surveys and appraisal talks, pay surveys, safety statistics and audits of the organisational and social work environment. The Board is informed of any breaches of the Code of Conduct. Where non-compliance or failings are found in terms of the corporate culture, the issue is addressed on a case-by-case basis in line with internal procedures.

Political influence and lobbying activities

Holmen is active in promoting the growth of sustainable energy production, and bio-based and fossil-free activities, through dialogue, consultation responses, preparedness and advocacy work, on its own and together with industry organisations. Holmen participates in national and international industry organisations whose purpose is to handle the monitoring of social trends and advocacy, with the aim of putting forward Holmen's position and view on relevant

political and regulatory issues. In the locations in which Holmen operates, contacts are made with local representatives and the general public, for example at consultation and information meetings. Strategic evaluation and prioritisation of issues that may affect Holmen in the longer term is carried out under the leadership of the CEO. These priorities form the basis of in-depth initiatives such as inquiries and, where appropriate, clarification of Holmen's stance on important key issues and lobbying questions.

Whistleblowing

A whistleblower function is available so that employees and other stakeholders can highlight any deficiencies in Holmen's financial reporting or other possible areas of concern and improprieties at the company. Providing information is voluntary and the function serves as an alternative to other reporting methods. Issues may be raised anonymously and Holmen does not tolerate any form of reprisals against anyone who reports in good faith.

Two matters were raised through this function in 2023. The matters concerned work-related issues, which were managed through ordinary procedures. No issues of discrimination were reported during the year.

More information about Holmen's whistleblower function is available at holmen.com.



A holistic approach to sustainability

Holmen has been part of the UN Global Compact and its corresponding Nordic network since 2007. Every year we report on our work and on the progress made in line with its ten principles. Information on how Holmen is working in line with and fulfilling the principles of the UN Global Compact is provided at holmen.com.

»We have a holistic approach to responsible business and our work draws on the UN Global Compact. We see it as natural to support its ten principles on human rights, social and environmental responsibility, and anti-corruption.«

Henrik Sjölund
President and CEO of Holmen

TAXONOMY

The EU Taxonomy Regulation is a classification tool that will provide guidance to financial operators on the identification of economic activities that significantly contribute to the EU complying with its environmental objectives and green growth strategy. Economic activities with a significant impact on the climate and the climate change adaptation measures taken were already covered (environmental objectives 1 and 2). In 2023, the European Commission adopted a new set of taxonomy criteria that are not climate-related (environmental objectives 3 to 6).

In accordance with the regulation, companies must report the proportion of their turnover, capital expenditure and operating expenditure covered by the Taxonomy Regulation, and the proportion that meets the requirements allowing them to be considered sustainable. Each business is examined to see whether it meets the regulation's criteria for compliance with the environmental objectives without causing significant harm to any other environmental objectives, and whether it has minimum social safeguards in place.

Detailed information about Holmen's operations that are covered by the taxonomy can be found in the tables below. These show that 10 per cent of Holmen's turnover, 17 per cent of its capital expenditure and 20 per cent of its operating expenditure are covered by the taxonomy, and that all the operations meet the criteria for being considered sustainable.

The key figures have been calculated in accordance with definitions 1.1.1, 1.1.2 and 1.1.3 in Annex 1 to the Disclosures Delegated Act in line with Article 8 of the Taxonomy Regulation. In short, this means that the turnover, capital expenditure and operating expenditure that are covered by the taxonomy (the numerators) must be divided by the Group's total turnover, capital expenditure and operating expenditure (the denominators) in accordance with the definitions in the Delegated Act. The following sections describe the calculation principles applied by Holmen.

Allocation of turnover, capital expenditure and operating expenditure to the denominators

The Group's total turnover in accordance with the taxonomy's definition corresponds to the Group's sales as presented in the income statement on page 60, and some of the Group's other operating income. Note 3 on page 72 shows the Group's other operating income, and the items included in the denominators are sales of by-products, renewable energy certificates, emission allowances and silviculture contracts, and some rent and land lease income and other items, which together total SEK 1 895 million. Internal sales eliminated from the consolidated accounts, which are generated by intra-Group activities and are covered by the taxonomy, are not factored in.

Capital expenditure corresponds to investments and acquisitions for the year in line with Note 9 Forest assets, Note 10 Intangible assets, Note 11 Property, plant and equipment, and Note 12 Right-of-use assets (leases) on pages 78–81.

The total operating expenditure in accordance with the taxonomy's definition that is applicable to Holmen consists of repairs and maintenance and research and development. Based on this definition it totalled SEK 1 718 million for 2023.

Allocation of turnover, capital expenditure and operating expenditure to the numerators

Holmen's operations that are covered by the taxonomy are the harvesting of our own forests (NACE code 02.20) and electricity production from wind power, hydro power and bioenergy (NACE code 35.11). No changes in scope took place in 2023 compared with 2022. These operations correspond to taxonomy activities 1.3 (harvesting of own forests), 4.3, 4.5 and 4.8 (electricity production

Turnover for 2023

Economic activities (1)	Code (2)	Turnover (3)	Proportion of turnover, year 2023 (4)
Unit		SEKm	%
A. Taxonomy-eligible activities			10
A.1 Environmentally sustainable activities (taxonomy-aligned)			
Harvesting of own forest	CCM 1.3	726	3
Wind power	CCM 4.3	263	1
Hydro power	CCM 4.5	790	3
Bioenergy	CCM 4.8	766	3
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		2 545	10
Of which enabling			-
Of which transitional			-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)			
Not applicable		-	-
Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		-	-
Total (A.1 + A.2)		2 545	10
B. Taxonomy-non-eligible activities			
Turnover of taxonomy-non-eligible activities (B)		22 145	90
Total (A + B)		24 691	100

Of the SEK 2 545 million of taxonomy-aligned turnover, most is attributable to the Group's sales and is presented in the income statement on page 60. The taxonomy-aligned turnover consisting of other operating income totals SEK 766 million and relates to bioenergy.

CCM = Climate Change Mitigation

Capital expenditure for 2023

Economic activities (1)	Code (2)	Capital expenditure (3)	Proportion of capital expenditure, year 2023 (4)
Unit		SEKm	%
A. Taxonomy-eligible activities			16
A.1 Environmentally sustainable activities (taxonomy-aligned)			
Harvesting of own forest	CCM 1.3	240	13
Wind power	CCM 4.3	4	0
Hydro power	CCM 4.5	48	3
Bioenergy	CCM 4.8	9	0
Capital expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)		301	16
Of which enabling			-
Of which transitional			-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)			
Not applicable		-	-
Capital expenditure of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		-	-
Total (A.1 + A.2)		301	16
B. Taxonomy-non-eligible activities			
Capital expenditure of taxonomy-non-eligible activities (B)		1 535	84
Total (A + B)		1 835	100

Of the SEK 240 million of taxonomy-aligned capital expenditure relating to the harvesting of our own forests, SEK 178 million were invested in forest assets, SEK 50 million in property, plant and equipment and SEK 12 million in leases. Of the SEK 4 million of taxonomy-aligned capital expenditure relating to wind power, SEK 4 million were invested in property, plant and equipment. Of the SEK 48 million of taxonomy-aligned capital expenditure relating to hydro power, SEK 44 million were invested in property, plant and equipment and SEK 3 million in intangible assets. Of the SEK 9 million of taxonomy-aligned capital expenditure relating to bioenergy, SEK 9 million were invested in property, plant and equipment. The percentage deriving from acquisitions in 2023 totalled 10 per cent and relates to purchases of forest properties (SEK 33 million).

Operating expenditure for 2023

Economic activities (1)	Code (2)	Operating expenditure (3)	Proportion of operating expenditure, year 2023 (4)
Unit		SEKm	%
A. Taxonomy-eligible activities			20
A.1 Environmentally sustainable activities (taxonomy-aligned)			
Harvesting of own forest	CCM 1.3	281	16
Wind power	CCM 4.3	12	1
Hydro power	CCM 4.5	40	2
Bioenergy	CCM 4.8	9	1
Operating expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)		343	20
Of which enabling			-
Of which transitional			-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)			
Not applicable		-	-
Operating expenditure of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)		-	-
Total (A.1 + A.2)		343	20
B. Taxonomy-non-eligible activities			
Operating expenditure of taxonomy-non-eligible activities (B)		1 375	80
Total (A + B)		1 718	100

Most of the SEK 343 million of taxonomy-aligned operating expenditure relates to maintenance and repairs.

Nuclear energy related activities

Yes/No

1	The undertaking carries out, funds or has exposures to research, development, demonstration and deployment of innovative electricity generation facilities that produce energy from nuclear processes with minimal waste from the fuel cycle.	No
2	The undertaking carries out, funds or has exposures to construction and safe operation of new nuclear installations to produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production, as well as their safety upgrades, using best available technologies.	No
3	The undertaking carries out, funds or has exposures to safe operation of existing nuclear installations that produce electricity or process heat, including for the purposes of district heating or industrial processes such as hydrogen production from nuclear energy, as well as their safety upgrades.	No

Fossil gas related activities

Yes/No

4	The undertaking carries out, funds or has exposures to construction or operation of electricity generation facilities that produce electricity using fossil gaseous fuels.	No
5	The undertaking carries out, funds or has exposures to construction, refurbishment, and operation of combined heat/cool and power generation facilities using fossil gaseous fuels.	No
6	The undertaking carries out, funds or has exposures to construction, refurbishment and operation of heat generation facilities that produce heat/cool using fossil gaseous fuels.	No

AUDITOR'S REPORT ON ITS REVIEW

Holmen's sustainability report, as defined on page 2 of Holmen's Annual Report 2023, was reviewed separately in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information.

A complete assurance report on the sustainability report can be found on [holmen.com](https://www.holmen.com).

This contains the following conclusion:

Based on our review procedures, nothing has come to our attention that causes us to believe that the sustainability report has not, in all material aspects, been prepared in accordance with the criteria stated by Group management.

Stockholm, 23 February 2024
PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorised public accountant
Principal auditor

Linda Corneliusson
Authorised public accountant

KEY FIGURES

Holmen uses performance measures in its reporting in addition to the metrics defined by IFRS, or directly in the income statement and balance sheet, in order to illustrate the company's financial position and performance and to increase comparability between different periods and other companies. Below are the calculations used to arrive at the performance measures used within the Group. For further information, also see Definitions.

The ESMA's (European Securities and Markets Authority) 'Guidelines – Alternative Performance Measures' are applied. The alternative performance measures published in this report should not be regarded as replacing the financial metrics defined by IFRS, but rather as a complement, and they do not need to be comparable with performance measures with the same names published by other companies.

Key figures, SEKm	2023	2022	2021	2020	2019
Operating profit/loss, EBITDA and items affecting comparability					
EBITDA	6 114	8 607	5 321	3 651	3 486
Depreciation and amortisation according to plan	-1 360	-1 345	-1 261	-1 172	-1 141
Operating profit/loss excluding items affecting comparability	4 755	7 262	4 061	2 479	2 345
Items affecting comparability*	-	266	-330	-	8 770
Operating profit/loss	4 755	7 527	3 731	2 479	11 115
Operating margin					
Operating profit/loss excluding items affecting comparability	4 755	7 262	4 061	2 479	2 345
Net sales	22 795	23 952	19 479	16 327	16 959
Operating margin, %	20.9	30.3	20.8	15.2	13.8
Capital employed					
Equity	56 923	56 950	46 992	42 516	40 111
Net financial debt	1 869	2 145	4 101	4 181	3 784
Capital employed	58 793	59 095	51 093	46 697	43 895
Return on capital employed					
Operating profit/loss excluding items affecting comparability	4 755	7 262	4 061	2 479	2 345
Average capital employed	56 046	54 570	47 557	44 128	26 391
Return, %	8.5	13.3	8.5	5.6	8.9
Return on equity					
Profit after tax	3 697	5 874	3 004	1 979	8 731
Average equity	54 140	51 299	43 326	40 718	25 233
Return, %	6.8	11.5	6.9	4.8	34.6
Net financial debt					
Non-current financial liabilities	1 902	2 902	3 911	3 919	2 018
Non-current liabilities relating to right-of-use assets	160	158	173	175	171
Current financial liabilities	1 021	1 039	736	605	2 485
Current liabilities relating to right-of-use assets	91	89	71	112	13
Pension obligations	9	7	24	48	46
Non-current financial receivables	-61	-97	-268	-290	-451
Current financial receivables	-50	-18	-39	-43	-14
Cash and cash equivalents	-1 202	-1 935	-507	-346	-483
Net financial debt	1 869	2 145	4 101	4 181	3 784
Debt/equity ratio					
Net financial debt	1 869	2 145	4 101	4 181	3 784
Equity	56 923	56 950	46 992	42 516	40 111
Net debt as % of equity	3	4	9	10	9
Equity/assets ratio					
Equity	56 923	56 950	46 992	42 516	40 111
Assets	79 719	81 436	68 101	62 543	59 340
Equity/assets ratio, %	71	70	69	68	68

*See page 112 for what items affecting comparability refers to.

TEN-YEAR REVIEW, FINANCE

SEKm	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Income statement										
Net sales	22 795	23 952	19 479	16 327	16 959	16 055	16 133	15 513	16 014	15 994
Operating expenses	-17 249	-15 865	-14 622	-13 250	-13 961	-12 984	-13 379	-12 626	-13 348	-13 270
Change in value of biological assets	562	509	464	579	487	425	415	315	267	282
Share of profits of associates and joint ventures	6	10	0	-6	0	-9	-12	-22	7	-7
EBITDA	6 114	8 607	5 321	3 651	3 486	3 488	3 157	3 179	2 940	2 999
Depreciation and amortisation according to plan	-1 360	-1 345	-1 261	-1 172	-1 141	-1 012	-991	-1 018	-1 240	-1 265
Operating profit/loss excluding items affecting comparability	4 755	7 262	4 061	2 479	2 345	2 476	2 166	2 162	1 700	1 734
Items affecting comparability*	-	266	-330	-	8 770	-94	-	-232	-931	-450
Operating profit/loss	4 755	7 527	3 731	2 479	11 115	2 382	2 166	1 930	769	1 284
Net financial items	-49	-87	-39	-42	-34	-25	-53	-71	-90	-147
Profit/loss before tax	4 705	7 441	3 691	2 437	11 081	2 356	2 113	1 859	679	1 137
Tax	-1 008	-1 567	-688	-458	-2 351	-89	-445	-436	-120	-230
Profit/loss for the year	3 697	5 874	3 004	1 979	8 731	2 268	1 668	1 424	559	907
Diluted earnings per share, SEK**	23.0	36.3	18.5	12.2	52.6	13.5	9.9	8.5	3.4	5.4
Net sales										
Forest	7 996	7 342	6 509	5 883	6 286	5 944	5 535	5 302	5 481	5 641
Paperboard	6 765	6 735	6 261	6 187	6 229	5 785	5 526	5 252	5 472	5 113
Paper	8 200	8 370	5 441	4 879	5 757	5 571	5 408	5 431	6 148	6 247
Wood Products	4 075	5 015	4 872	2 222	1 695	1 747	1 562	1 342	1 314	1 352
Renewable Energy	1 070	1 226	488	378	378	319	315	314	359	389
Group-wide costs and eliminations	-5 311	-4 737	-4 092	-3 222	-3 385	-3 311	-2 214	-2 128	-2 760	-2 748
Group	22 795	23 952	19 479	16 327	16 959	16 055	16 133	15 513	16 014	15 994
Operating profit/loss										
Forest	1 523	1 401	1 495	1 367	1 172	1 185	1 069	1 001	905	817
Paperboard	192	1 081	673	812	435	689	764	903	847	674
Paper	2 538	2 714	70	73	509	329	288	289	-74	141
Wood Products	6	1 237	1 668	185	62	246	80	-3	9	37
Renewable Energy	697	1 006	347	215	336	181	135	120	176	212
Group-wide costs and eliminations	-202	-178	-193	-174	-168	-154	-170	-148	-163	-146
Group	4 755	7 262	4 061	2 479	2 345	2 476	2 166	2 162	1 700	1 734
Items affecting comparability*	-	266	-330	-	8 770	-94	-	-232	-931	-450
Group	4 755	7 527	3 731	2 479	11 115	2 382	2 166	1 930	769	1 284
Cash flow										
Profit/loss before tax	4 705	7 441	3 691	2 437	11 081	2 356	2 113	1 859	679	1 137
Adjustment items	766	966	346	544	-8 208	540	418	965	1 802	1 448
Income tax paid	-160	-1 639	-662	-569	-147	-396	-221	-504	-398	-191
Changes in working capital	494	-1 284	-145	46	158	-214	199	-360	443	-217
Cash flow from operating activities	5 805	5 484	3 229	2 457	2 884	2 286	2 509	1 961	2 526	2 176
Cash flow from investing activities***	-1 653	-1 352	-1 332	-1 924	-1 050	-1 005	-644	-123	-824	-815
Cash flow after investments	4 153	4 132	1 897	533	1 834	1 281	1 865	1 838	1 702	1 361
Dividends paid	-2 592	-1 862	-1 741	-567	-1 134	-1 092	-1 008	-882	-840	-756
Share buy-backs	-1 119	-	-	-	-1 430	-	-	-	-	-

*Items affecting comparability:

2022: Insurance compensation, and the costs and loss of revenue, associated with the turbine breakdown in Workington (SEK 266 million).

2021: Increased energy costs of SEK -330 million due to the turbine breakdown in Workington.

2019: Revaluation of biological assets amounting to SEK 9 079 million, impairment loss for associates of SEK -109 million and provisions of SEK -200 million.

2018: Restructuring costs of SEK -94 million.

2016: Disposal of the mill in Spain and insurance compensation of SEK -232 million for the reconstruction of Hallsta Paper Mill following a fire.

2015: Impairment loss on non-current assets, provision for costs and the effects of a fire totalling SEK -931 million.

2014: Impairment loss on non-current assets of SEK -450 million.

**Historical figures have been adjusted because of the share split (2:1) in 2018.

***Net after disposals and before changes in non-current financial receivables.

For a ten-year review of the data per share, see page 55.

SEKm	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Balance sheet										
Forest assets	56 348	52 151	47 080	43 202	41 345	18 701	17 971	17 595	17 340	17 032
Other non-current assets*	12 781	12 477	12 251	11 784	10 781	10 586	10 780	11 106	12 184	13 189
Current assets	9 277	14 758	7 956	6 878	6 264	6 845	5 710	5 852	5 607	5 964
Financial receivables	1 313	2 050	814	679	950	781	430	338	325	249
Total assets	79 719	81 436	68 101	62 543	59 340	36 912	34 891	34 891	35 456	36 434
Equity	56 923	56 950	46 992	42 516	40 111	23 453	22 035	21 243	20 853	20 969
Deferred tax liabilities	13 858	13 490	11 610	10 570	10 299	5 839	5 650	5 613	5 508	5 480
Financial liabilities and interest-bearing provisions	3 182	4 195	4 915	4 860	4 733	3 587	3 366	4 283	5 124	6 156
Operating liabilities	5 755	6 801	4 584	4 597	4 196	4 033	3 840	3 752	3 971	3 829
Total equity and liabilities	79 719	81 436	68 101	62 543	59 340	36 912	34 891	34 891	35 456	36 434
Capital employed										
Forest	44 768	41 354	37 300	34 230	32 718	14 830	13 824	13 536	13 401	13 212
Paperboard	5 889	5 632	5 169	5 276	5 589	5 316	5 433	5 546	5 698	5 841
Paper	1 737	1 939	1 637	1 969	1 903	2 072	2 193	2 507	3 266	4 366
Wood Products	2 139	2 067	2 278	1 846	1 000	927	862	859	897	874
Renewable Energy	4 283	4 618	4 069	3 351	3 058	3 082	3 115	3 153	3 075	3 118
Group-wide and other	-22	3 485	640	24	-372	34	-455	-410	-684	-535
Capital employed	58 793	59 095	51 093	46 697	43 895	26 261	24 972	25 190	25 653	26 876
Key figures										
Operating margin, %**										
Paperboard	3	16	11	13	7	12	14	17	15	13
Paper	31	32	1	2	9	6	5	5	-1	2
Wood Products	0	25	34	8	4	14	5	0	1	3
Group	21	30	21	15	14	15	13	14	11	11
Return on capital employed, %**										
Industry (Paperboard, Paper & Wood Products)	27	52	26	12	12	15	13	13	6	7
Group	8	13	9	6	9	10	9	9	6	6
Return on equity, %	7	11	7	5	35	10	8	7	3	4
Net debt as % of equity	3	4	9	10	9	12	13	19	23	28
Deliveries										
Own forests, '000 m ³ sub	2 702	2 813	2 833	2 841	2 699	2 816	2 883	2 945	3 132	3 207
Paperboard, '000 tonnes	448	503	544	544	538	525	526	497	499	493
Paper, '000 tonnes	896	995	1 029	883	996	1 036	1 117	1 134	1 325	1 305
Wood products, '000 m ³	1 498	1 435	1 373	1 052	879	828	852	776	730	725
Hydro and wind power, GWh	1 658	1 639	1 230	1 352	1 109	1 145	1 169	1 080	1 441	1 113

*Excluding non-current financial receivables.

**Excluding items affecting comparability.

FIVE-YEAR REVIEW, SUSTAINABILITY

	2023	2022	2021	2020	2019
Production					
Paperboard, '000 tonnes	462	513	529	551	532
Market pulp, '000 tonnes	76	77	80	84	79
Paper, '000 tonnes	888	1 016	998	891	975
Wood products, '000 m ³	1 447	1 468	1 465	1 021	877
Own production of hydro and wind power, GWh	1 502	1 561	1 230	1 352	1 109
Electricity production at the mills, GWh	566	520	445	621	669
Raw materials					
Wood, million m ³ sub	5.94	6.36	6.34	5.62	5.49
Purchased pulp, '000 tonnes	71	77	77	78	78
Thermal energy, GWh ¹⁾	4 594	4 648	5 291	5 885	5 992
Electrical energy, GWh	3 501	3 930	3 872	3 508	3 720
Water use, million m ³	68	71	70	69	70
Plastic granules/foiling material, '000 tonnes	2.6	3.0	3.3	2.8	3.2
Chemicals, '000 tonnes	139	147	147	147	181
Filler, pigment, '000 tonnes	184	162	162	156	160
Emissions to air, tonnes					
Sulphur dioxide (counted as sulphur, S)	54	49	50	64	59
Nitrogen oxides	892	899	811	902	888
Particulates	53	49	52	33	28
Fossil carbon dioxide, '000 tonnes	41	42	81	63	68
Biogenic carbon dioxide, '000 tonnes	1 676	1 657	1 423	1 545	1 585
Emissions to water, tonnes					
AOX (chlorinated organic matter)	36	36	39	38	44
Nitrogen	182	162	187	210	174
Phosphorus	18	12	16	19	14
COD (organic matter), '000 tonnes	17	19	19	20	21
Suspended solids (SS), '000 tonnes	3.8	3.6	3.2	3.5	2.9
By-products, '000 tonnes					
To material production ²⁾	412	469	412	252	208
Waste, '000 tonnes					
Hazardous	1.4	1.8	2.0	2.3	2.5
Sent to landfill (wet)	0.8	6.3	3.7	4.9	0.9
Energy supplies, GWh					
Branches, treetops and peat	367	325	291	115	101
Electrical and thermal energy, internal and external	367	377	317	351	372
To energy production, external	2 292	1 801	1 719	1 418	1 186

1) The calculation model was modified in 2022, which means that the data is not fully comparable with the data for 2019–2021.

2) The business area Wood Products has been included since 2021.

Greenhouse gas emissions Scope 1–3, '000 tonnes CO ₂ e	2023	2022	2021	2020	2019
Scope 1: Direct greenhouse gas emissions	54	58	97	79	86
Scope 2: Indirect greenhouse gas emissions from purchased electrical energy	12	29	60	38	46
Scope 3: Emissions in the value chain	609	604	550	460	453
of which category 1: Purchased goods and services	196	191	136	100	101
of which category 2: Capital goods	116	95	120	80	80
of which category 3: Fuel and energy-related activities ¹⁾	40	40	38	36	31
of which category 4: Upstream transport ²⁾	54	54	56	56	57
of which categories 6 & 7: Travel ³⁾	4	4	4	4	4
of which category 9: Downstream transport ⁴⁾	199	220	196	184	180
Total emissions	675	691	707	577	585

1) Transport of fuel and emissions from forestry, such as emissions from logging, forestry and chipping. 2) Transport of woody biomass, Well to Wheel.

3) Based on the travel survey conducted by Holmen in 2019. 4) Refers to transport of finished products, Well to Wheel.

	2023	2022	2021	2020	2019
Employees					
<i>Employees</i>					
Average no. of employees (FTE)	3 546	3 466	3 474	2 974	2 915
of whom women, %	22.3	20.9	20.6	20.0	20.0
of whom men, %	77.7	79.1	79.4	80.0	80.0
of whom temporary employees, %	10.4	11.4	9.3	8.4	11.1
Average age ¹⁾	41.2	42.9	43.5	44.3	44.4
<i>Employees covered by collective bargaining agreements, %</i>					
Female	14	13	12	12	12
Male	86	87	88	88	88
aged <30	18	17	16	13	12
aged 30–44	33	33	32	29	28
aged 45–60	34	35	31	38	40
aged >60	16	13	21	19	19
<i>Office workers, %</i>					
Female	32	32	31	26	29
Male	68	68	69	73	71
aged <30	8	8	8	6	7
aged 30–44	37	38	37	26	37
aged 45–60	45	44	45	34	45
aged >60	10	9	10	8	11
<i>Personnel turnover, %¹⁾</i>					
Personnel turnover	7.4	8.3	8.9	7.3	7.9
of which given notice	0.2	0.1	0.3	0.6	0.9
of which retiring	1.6	2.3	3.0	3.1	2.2
of which leaving at own request	4.5	5.1	4.3	3.0	4.4
New employees	7.0	5.3	5.1	2.6	2.5
<i>Sickness absence, %</i>					
Total	4.6	4.7	4.1	4.3	3.8
of which longer than 60 days	1.9	1.4	1.4	1.7	1.6
<i>Number of industrial accidents²⁾</i>					
Industrial accidents, more than 8 hours of absence, per million hours worked	5.2	7.6	5.6	4.3	5.7
<i>Gender equality, %¹⁾</i>					
Proportion of female managers out of total no. of managers	24.8	23.8	23.1	22.7	22.9
Proportion of male managers out of total no. of managers	75.2	76.2	76.9	77.3	77.1
Women joining the company out of total new employees	33.8	44.4	30.3	35.5	39.5
Men joining the company out of total new employees	66.2	55.6	69.7	64.5	60.5
<i>Union cooperation, %³⁾</i>					
Percentage of employees that work at a unit with a collective agreement ⁴⁾	95	95	95	94	93

1) Relates to permanent employees.

2) Relates to employees.

3) Relates to permanent and temporary employees.

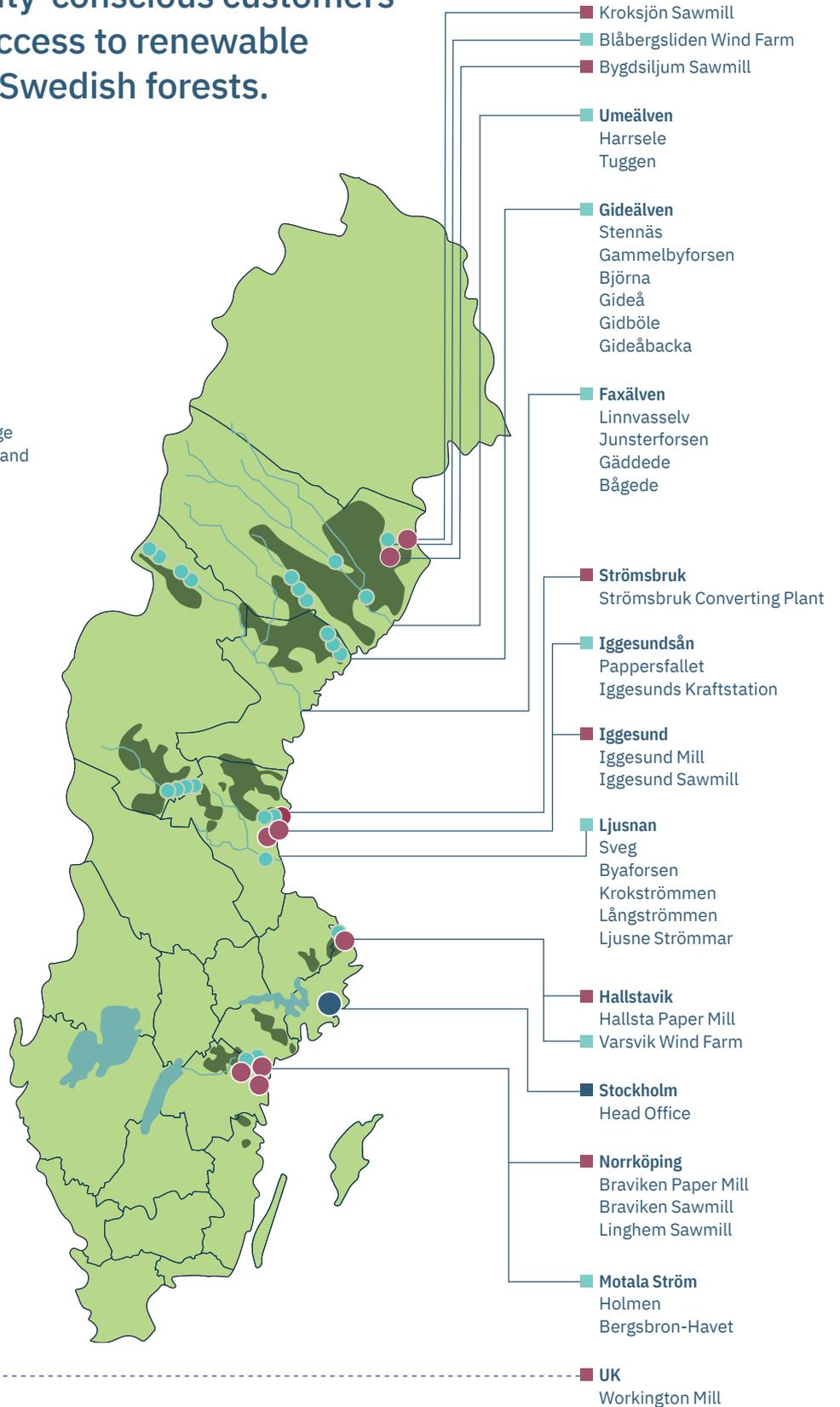
4) Relates to Swedish and UK units, all of which have collective agreements.

HOLMEN 2023

Holmen gives quality-conscious customers across the world access to renewable products from the Swedish forests.

Holmen's forests, power plants & industrial sites

- Forest holdings
1.3 million hectares total land acreage
1 million hectares productive forest land



Forest holdings

Holmen's forests 2023

Total land acreage	1 305 000 ha
Total forest land acreage*	1 161 000 ha
– of which nature conservation areas	207 000 ha
Productive forest land**	1 046 000 ha

Total volume of standing timber

on productive forest land **126 million m³ growing stock, solid over bark**

*Calculated based on Holmen's stand catalogue and data from the National Forest Inventory in line with the international definition of forest land: Land area > 0.5 hectares with a tree canopy cover of more than 10 per cent for trees capable of reaching a height of at least 5 metres at maturity.

**Forest land that can produce 1 m³ growing stock, solid over bark per hectare and year (on average during the growth period of the forest stand) according to Holmen's stand catalogue.

Power plants

River	Hydro power plant	% ¹⁾	GWh ²⁾	Commissioned
Umeälven	Harrsele	49	489	1957
	Tuggen	22	98	1962
Gideälven	Stennäs	10	3	1989
	Gammelbyforsen	10	1	1993
	Björna	10	8	1986
	Gideå	10	9	1986
	Gidböle	10	6	1985
Gideåbacka	Gideåbacka	10	8	1995
Faxälven	Linnvasselv	7	16	1962
	Junsterforsen	100	130	1961
	Gäddede	30	22	1974
	Bågede	100	71	1974
Iggesundsån	Pappersfallet	100	6	1915
	Iggesunds Kraftstation	100	22	2009
Ljusnan	Sveg	20	22	1975
	Byaforsen	20	21	1975
	Krokströmmen	9	42	1952
	Långströmmen	11	32	1961
	Ljusne Strömmar	7	17	1976
Motala Ström	Holmen	100	106	1990
	Bergsbron-Havet	100	8	1923
Wind power	Varsvik Wind Farm	100	149	2014
	Blåbergsliden Wind Farm	100	430	2021

1) Holmen's share of production. 2) Holmen's share of production in a normal year.

Customers and market

Product area	Products	Customer segment	Primary markets	Competitors
Paperboard	Premium paperboard for consumer packaging	Brand owners, converters and wholesalers	Europe, Asia, North America	Metsä Board, Mayr-Melnhof, Stora Enso, Westrock
Paper	Paper for books, packaging and graphical publications	Publishers, printers, retailers and converters	Europe, Asia	Norske Skog, Stora Enso, UPM
Wood Products	Construction and joinery timber, CLT and glulam, plus wood for pallets and packaging	Construction and joinery industry, builders' merchants, and packaging industry	Europe, Middle East & North Africa, North America	Moelven, SCA, Setra, Södra, Vida and a large number of foreign companies

Production facilities

Iggesund Mill

Products: Multi-layered paperboard made from bleached chemical pulp (SBB).
Brands: Invercote and Inverform.

Workington Mill

Products: Multi-layered paperboard, surface layer of chemical pulp, core of mechanical pulp (FBB).
Brand: Incada.

Strömsbruk Converting Plant

Products: Converted paperboard products for the packaging of cosmetics, confectionery, food, etc.

Braviken Paper Mill

Products: Paper for books, magazines, advertising, newspapers and packaging.

Hallsta Paper Mill

Products: Paper for books, magazines, advertising and packaging.

Braviken Sawmill

Products: Spruce and pine construction products.

Iggesund Sawmill

Products: Pine joinery products.

Linghem Sawmill

Products: Spruce and pine construction products.

Bygdsiljum Sawmill

Products: Spruce and pine products for joinery and construction plus glulam and CLT for the construction market.

Kroksjön Sawmill

Products: Spruce products for joinery and construction plus planed and painted construction products.

Definitions

Capital employed

Net financial debt plus equity, which corresponds to fixed assets (excluding non-current financial receivables) plus working capital less the net sum of deferred tax liabilities and deferred tax assets. Average values are calculated on the basis of quarterly data.

Cash flow after investments

Cash flow from operating activities less cash flow from investing activities.

Debt/equity ratio

Net financial debt divided by total equity.

Earnings per share (EPS)

Profit for the year divided by the weighted average number of shares outstanding, adjusted for buy-back of shares, if any, during the year. Diluted EPS means that any diluting effect from outstanding call options has been taken into account.

EBITDA

Earnings before interest, taxes, depreciation, amortization and impairment.

Equity/assets ratio

Equity expressed as a percentage of total assets.

Financial assets

Non-current and current financial receivables and cash and cash equivalents.

Items affecting comparability

Used to clarify how the earnings measures are affected by matters outside normal business operations, such as impairment, disposal, closure and major restructuring measures, plus alterations to assumptions in the valuation of biological assets. The effects of maintenance and rebuilding shutdowns are not treated as an item affecting comparability. Page 112 states which items have been treated as items affecting comparability over the past 10 years.

Net financial debt

Non-current and current financial liabilities, non-current and current liabilities regarding right-of-use assets, and pension obligations, less financial assets.

Operating margin

Operating profit/loss (excl. items affecting comparability) expressed as a percentage of net sales.

Operating profit

Profit before net financial items and tax.

Return on capital employed

Operating profit/loss (excluding items affecting comparability) expressed as a percentage of average capital employed, based on quarterly data.

Return on equity

Profit for the year expressed as a percentage of average equity, calculated on the basis of quarterly data.

Glossary

Biofuel

Renewable fuels such as wood, black liquor, bark and tall oil. Fuels that do not generate any net emission of carbon dioxide into the atmosphere, since the quantity of carbon dioxide formed during combustion is part of the carbon cycle.

Bulk

Measure of the paper's volume. Paper of the same grammage can have different thicknesses depending on the paper's bulk. High bulk means thick, but relatively light, paper.

Carbon dioxide (CO₂)

Carbon is the building block of life and is part of all living things. Biogenic carbon dioxide is released when biological material decays or is burned. Fossil carbon dioxide is released when coal, oil or fossil gas is burned.

Carbon dioxide equivalents (CO₂e)

Carbon dioxide equivalents include the effects from greenhouse gases other than just carbon dioxide, such as methane and nitrous oxide.

COD

Chemical oxygen demanding substances. A measure of the amount of oxygen needed for the complete decomposition of organic material in water.

FBB

Folding Box Board. Multi-layered paperboard made from mechanical and chemical pulp.

Filler

Fillers, such as ground marble and kaolin clay, are used to give the paper bulk and make it more uniform in structure and brighter.

Fossil fuels

Fuels based on carbon and hydrogen compounds from sediment or sedimentary bedrock – mainly coal, oil and fossil gas.

GRI

Global Reporting Initiative. International cooperation body, in which many different groups of stakeholders in society have drawn up global guidelines for how companies are to report on activities encompassed by the umbrella term of sustainable development.

ISO 9001

An international standard for quality management systems. Primarily aimed at companies and organisations that wish to improve two aspects of their operations, i.e. to ensure more satisfied customers and lower costs.

ISO 14001

An international standard for environmental management. Important principles in ISO 14001 include regular environmental audits and a gradual increase in the requirements.

ISO 45001

A series of international standards regarding a management system for health and safety. The management system includes monitoring, evaluating and reporting on health and safety work.

ISO 50001

An international energy management systems standard that provides a framework for energy efficiency measures.

m³ growing stock, solid over bark

The volume of tree stems, including bark, from stump to top. Generally used as a measure for growing forest.

m³sub

Cubic metre solid volume under bark. The actual volume (no gaps between the logs) of whole stems or stemwood excl. bark and treetops. Generally used as a measure for harvested wood.

Nitrogen

An element contained in wood. Nitrogen emissions to water may cause eutrophication.

Nitrogen oxides (NO_x)

Gases that consist of nitrogen and oxygen that are formed in combustion. In moist air, nitrogen oxides are converted into nitric acid, which creates acid rain. Nitrogen oxides also have a fertilising effect.

Particulates

Particles of ash formed in incineration of bark or liquor, for example.

Phosphorus (P)

An element contained in wood. Excessive phosphorus in the water may cause over-fertilisation (eutrophication) and oxygen depletion.

Precautionary principle

Persons who pursue an activity or take a measure, or intend to do so, shall implement protective measures, comply with restrictions and take any other precautions that are necessary in order to prevent, hinder or combat damage or detriment to human health or the environment as a result of the activity or measure. For the same reason, the best available technology shall be used in connection with professional activities.

SBB

Solid Bleached Board. Multi-layer paperboard made from bleached chemical pulp.

Sulphate pulp

Chemical pulp that is produced by cooking wood under high pressure and at a high temperature together with white liquor (sodium hydroxide and sodium sulphide).

Sulphur dioxide (SO₂)

A gas consisting of sulphur and oxygen that is formed in combustion of sulphur-containing fuels, such as oil. In contact with moist air, sulphur dioxide is converted into sulphuric acid, which creates acid rain.

Suspended solids (SS)

Waterborne substances consisting of fibres and particles that can largely be removed using a fine mesh filter.

Tall oil

By-product of the sulphate pulp process used for making soft soap, paints, biodiesel and other products.

TMP

Thermo-mechanical pulp. Obtained by heating spruce chips and then grinding them in refiners.

High rating in CDP's annual assessment



CDP is an independent organisation that analyses climate data from more than 21 000 companies every year. The companies that report their sustainability work to CDP are assessed on disclosure, awareness and management of climate-related risks and opportunities. Holmen has reported to the CDP Climate Program since 2007 and to the CDP Forest Program since 2013. The results show that we have a good strategy and management to mitigate negative impacts of climate change. In the 2023 assessment, Holmen was rated A- in the CDP Climate Program and was one of 30 companies to be rated A in the CDP Forest Program.

Top EcoVadis rating



All Holmen's paperboard and paper mills have once more been awarded a Platinum rating by the international analysis company EcoVadis. This confirms that Holmen is among the top percentage of the companies examined worldwide. EcoVadis assesses how companies work on the environment, sustainable purchasing, ethics, workers' rights and human rights.

Holmen contributes towards the UN's Sustainable Development Goals

We have been building our experience for 400 years and we constantly work to find long-term solutions to current challenges. Thanks to sustainable use of our forests' ecosystems, today we are able to operate a circular, renewable and bio-based business that benefits our

customers, shareholders, employees and local communities. Our production, business and organisation contribute to the UN's Sustainable Development Goals and thus also to the 2030 Agenda.



Calculation of Holmen's climate benefit

Comments to accompany calculations on page 38

Carbon dioxide storage in Holmen's forests is based on the annual increase in the volume of standing timber based on the company inventory carried out in 2019 minus harvested volumes.

Net storage in land, wood products, paperboard and paper is calculated in line with Sweden's official climate reporting to the UN, conducted by the Swedish Environmental Protection Agency using the IPCC's methodology. Storage in land is calculated by the Swedish University of Agricultural Sciences (SLU) using the permit method, based on an inventory of 30 000 sample sites over a five-year cycle. The methodology also takes into account the fact that a certain amount of old wood and fibre products rotted or was incinerated during the year and thus stopped binding carbon dioxide. According to the IPCC, fibre products have a half-life of 2 years and wood products 30 years.

The substitution effect of wood products is based on European and Canadian research. Holmen's calculations of the substitution effect of wood products also make the assumption that 100 per cent of older fibre products and old wood products that ceased binding carbon dioxide in 2023 were used for bioenergy which substituted for fossil fuel. The substitution effect from paper and paperboard is calculated based on the assumption that 100 per cent of paper and paperboard becomes biofuel at the end of its lifecycle, and thus replaces fossil fuels. The substitution effect from our production of renewable electricity is calculated by bio-based electricity production and hydro power replacing fossil-based controllable electricity from coal power, wind power replacing fossil-based electricity from coal and gas power, and bioenergy (comprising branches and treetops and residual products from Holmen's operations delivered externally) replacing fossil fuels.

More information on calculations and sources is provided in Holmen's sustainability report at holmen.com.

The Biodiversity Intactness Index

Description of the Biodiversity Intactness Index on page 41

Ahead of the UN biodiversity conference, COP15, a research group at the UK's Natural History Museum launched the *Biodiversity Trends Explorer*. This is a free tool open to everyone which can be used to see how biodiversity is being affected by human activity. The change is stated as a Biodiversity Intactness Index showing what percentage of a region's natural biodiversity remains. The index can assume values between 0 and 100, where 100 means that the function of an ecosystem is intact and that the ecosystem is functioning as it always has, while 0 indicates an ecosystem that is completely depleted. The desirable level in an area should be at least 90 per cent, which can be seen as a threshold value that biodiversity must exceed.

The Biodiversity Intactness Index is based on the world's largest database on how ecological communities have been affected by mankind. The database contains more than 4.7 million data points from more than 41 000 places and represents 58 000 species of plants, fungi and animals worldwide. For the period 1970–2014, the index values are based on the actual values contained in the database. From 2015 onwards, the index values are modelled from available data in the database.

Sources: Natural History Museum. Global Forest Watch.



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