

Annual General Meeting 2024

Henrik Sjölund

16 April 2024

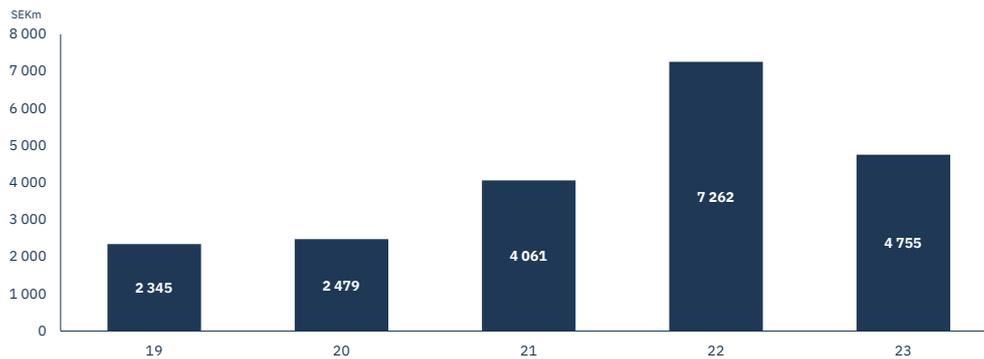
»Holmen's strategy draws on the fact that the world is transitioning towards using energy and materials sustainably.«



Mr Chairman, esteemed shareholders,

We have been through some truly turbulent years, haven't we? A pandemic that paralysed the world, Russia's invasion of Ukraine and an energy crisis that affected industry and individuals alike. As a consequence of these events, 2023 was defined by climbing prices and the central banks' attempts to combat inflation through interest rate rises, which slowed the pace of newbuild construction and stifled consumption.

Operating profit Holmen*



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 our products help to replace fossil-based materials such as concrete, steel and plastic. Our electricity production also makes it possible for people to charge their electric cars and for companies to run their production on renewable energy.

Although higher interest rates prompted a decline in demand, our business model – creating value based on our forest assets – has proved successful. Backed up by our own forest and energy production, we have been able to continue developing and advancing our business. And despite the challenging economic environment, we were also able to maintain operating profit for 2023 at a historically good level of almost SEK 5 billion.

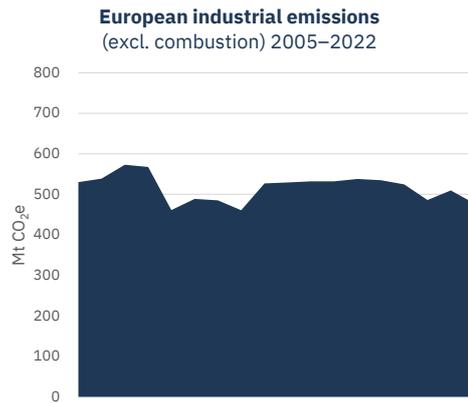
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The EU has set ambitious targets for emissions of CO₂ and biodiversity

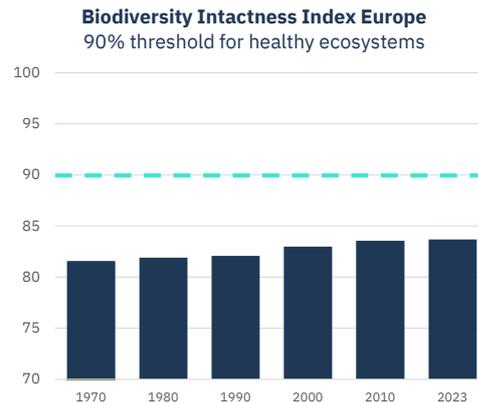


The world in which we operate is governed to a large extent by the ongoing climate transition, and the regulations and initiatives aimed at limiting our impact on the planet. Europe wishes to pave the way for a new green industry and the EU has set ambitious targets for carbon emissions while also working to preserve and restore valuable nature.

European industry hasn't improved And are Europe is lacking biodiversity



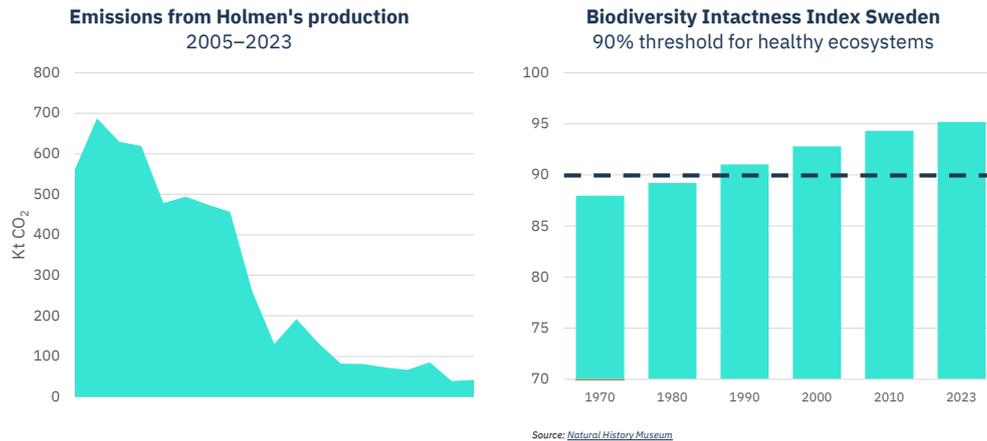
Source: European Environment Agency



Source: Natural History Museum

Recent investments in everything from green steel to batteries are also concrete examples of companies moving from words to action and cutting greenhouse gas emissions. At least in Sweden. Unfortunately, looking at European industry as a whole, not much has happened. Emissions today are essentially at the same levels as in 2005 and biodiversity in Europe is not in the state that it should be.

We have removed 90% of our emissions And the status for biodiversity is good in Sweden

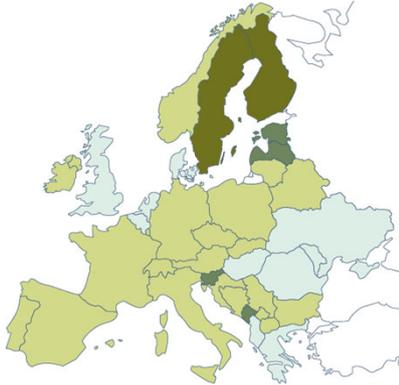


On the other hand, Sweden in general and Holmen in particular have made great strides in recent decades. Here at Holmen, we have reduced the carbon emissions of our production facilities by over 90 per cent since 2005, and we now have thriving forests with good conditions for functioning ecosystems. This is something of which we are very proud.

Access to forest and renewable energy

Forrest assets*

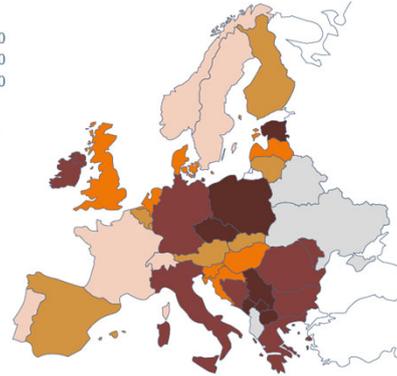
- >65
- 51-65
- 31-50
- 11-30



*Proportion of forested land, %. Source: FAO Global Forest Resources Assessment 2020

Carbon intensity from electricity production**

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

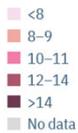


**Carbon intensity from electricity production (gCO₂eq/kWh). Source: Electricity Maps, entsoe.eu

Sweden's forest industry is a pioneer in this respect. Conducting forestry operations and industrial production in Sweden also 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. In a world transitioning from fossil fuels to renewables, we hold a unique position, with our access to renewable forest raw materials and a fossil-free electricity system.

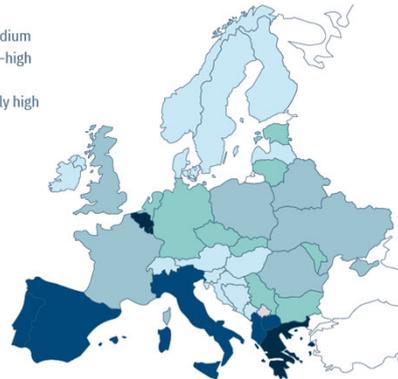
Clean air and plenty of water in the Nordics

Air pollution*



*Particles less than 2.5 micrometres per m³ (µg/m³). Source: European Environment Agency

Water stress**



**The total demand for water relative to the renewable water resources available. Source: Aqueeduct, World Resources Institute

Furthermore, we have clean air and good access to water, which creates the conditions to continue developing our industry without putting people or the environment at risk. 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.

Let us turn now to our business areas and the past year. First, the Forest business area.

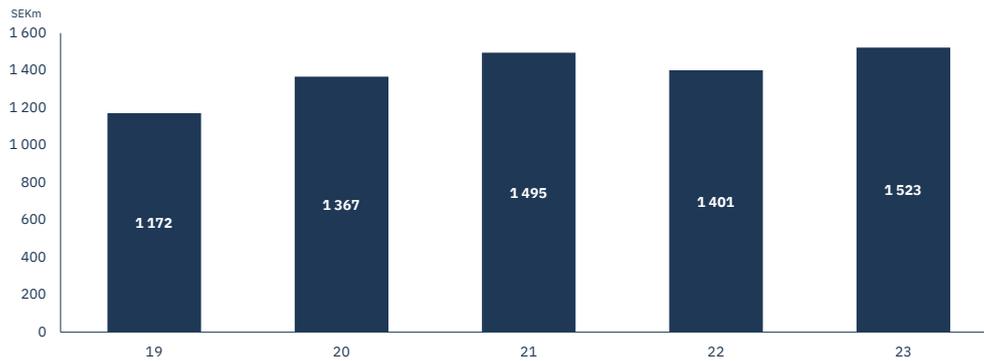
Forest



The forest has a key role to play in the climate transition and demand for both logs and pulpwood is expected to increase. In our forests, we grow houses. By this, we mean that we manage forests in a way that generates as much timber as possible. We have long combined active forestry with preservation of biodiversity, and we are seeing this bear fruit with a steadily increasing volume of standing timber and larger harvests. Our position in the wood market, with good control over raw materials and the entire value chain, also ensures the long-term security of our raw material supplies and gives us good opportunities to continue developing our industries.

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Operating profit Forest*



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*Excl. item affecting comparability.

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 up on the historical average, and the value of Holmen's forest properties has grown by SEK 4 billion to SEK 56 billion. These high wood prices helped to boost the Forest business area's profit to just over SEK 1.5 billion.

Next up is the Renewable Energy business area.

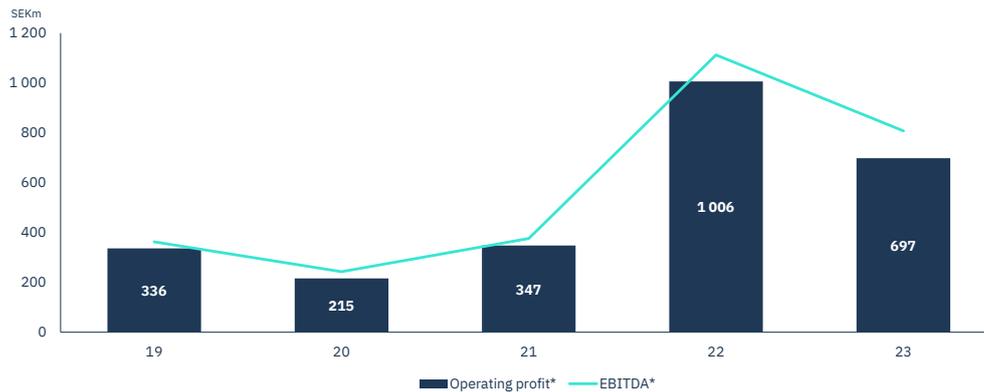
Renewable Energy



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. Demand for fossil-free energy will increase dramatically as industry pursues a successful transition.

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, and in 2023 we received permits for two new wind farms, which is gratifying as obtaining a permit can be a lengthy and unpredictable process. Our first phase of development will be to build Blisterliden Wind Farm outside Skellefteå, thus increasing our production of hydro and wind power by 20 per cent.

Profit Renewable Energy

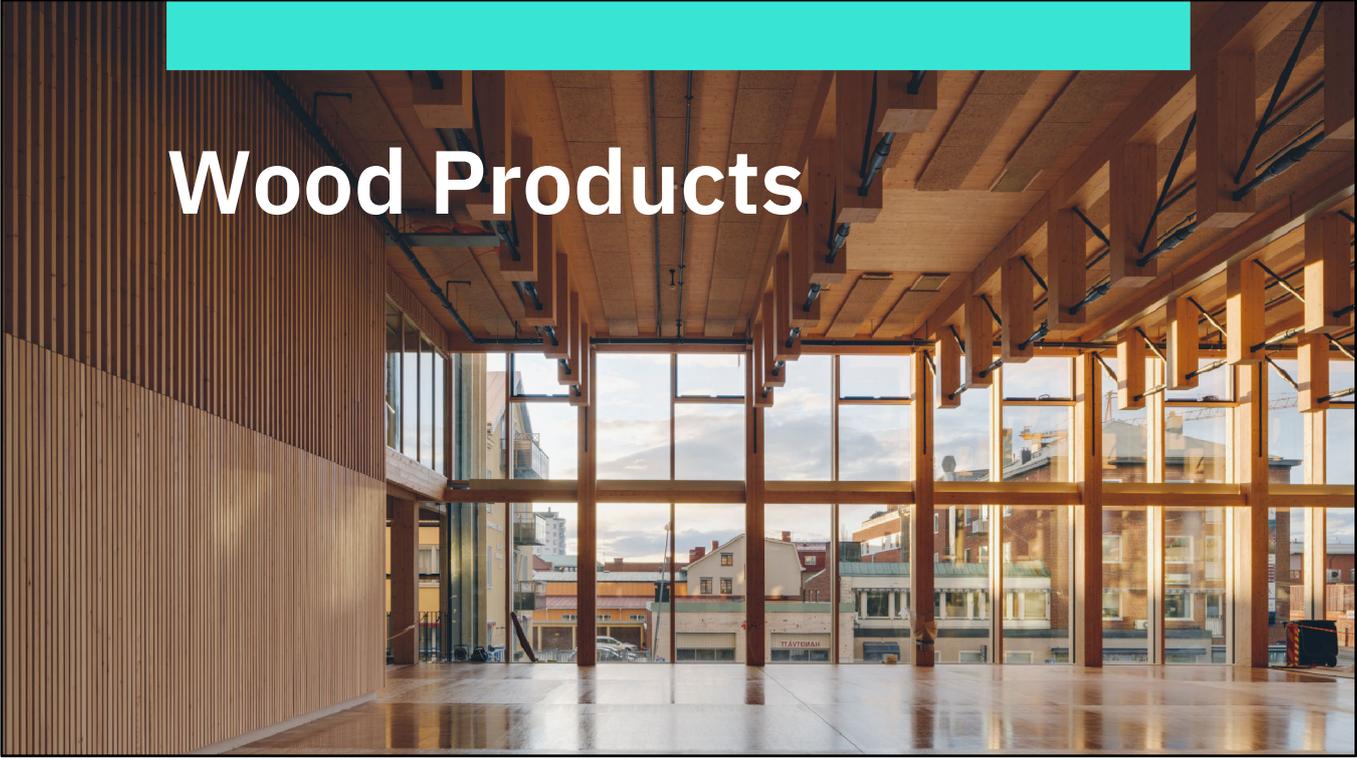


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*Excl. item affecting comparability.

Profit for the Renewable Energy business area decreased to SEK 700 million as a result of lower electricity prices in northern Sweden, where Holmen has the majority of our production, but higher payment for hydro power's capacity to stabilise the electricity system by producing electricity at peak times made a positive contribution.

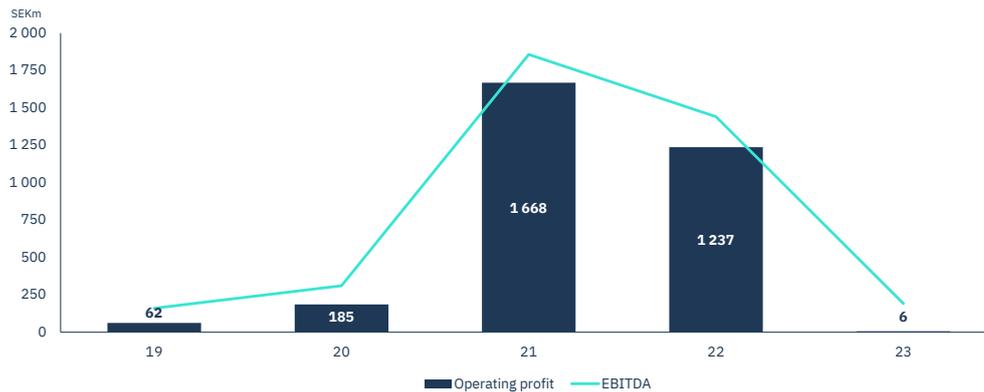
And now let's look at the Wood Products business area.



Wood Products

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. Given our strong position in the wood market, we also see good opportunities to develop the wood products business in pace with the increasing demand for sustainable building materials. Among other things, we have invested in expanding our production of glulam and CLT, while the ongoing rebuild of the log sorting and planing facility in Iggesund is projected to increase the sawmill's capacity by 20 per cent. In addition, the range of joinery products is being supplemented with construction timber in both spruce and pine.

Profit Wood Products



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As I said, interest in large-scale wood construction remains high, but demand from the rest of the construction market was subdued in 2023 due to high interest rates. Raw material shortages in several major production countries helped to stabilise prices at a historically high level during the year, but earnings from the Wood Products business area were low, at just SEK 6 million, due to the weak construction industry and the high cost of logs.

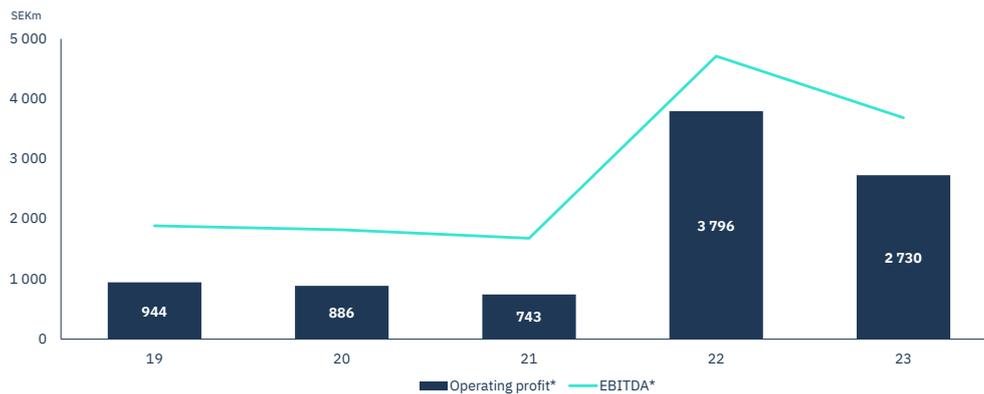
Finally, we have Board and Paper.

Board and Paper

Over the years, Holmen has succeeded in developing both paperboard and paper based on fresh wood raw material and a largely fossil-free production process. To further increase our competitiveness and strategic capabilities, we are now combining paperboard and paper into a single business area.

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 good opportunities to grow our 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.

Profit Board and Paper



Demand for both paperboard and paper was down on normal levels in 2023. Paper prices dropped over the year, but remained at historically high levels due to the expense of input goods for continental producers, while paperboard prices remained broadly stable. High selling prices, coupled with our favourable cost situation for the paper business, contributed to a strong profit of just over SEK 2.7 billion for the new business area.

We let the forest grow and give



Holmen's operations are powered by the forest. This merger of Paperboard and Paper sees us focusing our business model on four distinct business lines: forestry, electricity production, woodworking industry and process industry operations. Common to all these lines is that they create added value from the forest and land we own.

Holmen is a stable and reliable company that thinks long-term. But we also do things a little differently and are not afraid to go against the grain and try new solutions when it makes sense to do so.

In a world of high and volatile electricity prices, operating an electricity-intensive process industry is a challenge. But it also creates opportunities.

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I would now like to show you a short film about how we work to constantly optimise and develop our business and find opportunities where many others only see challenges.

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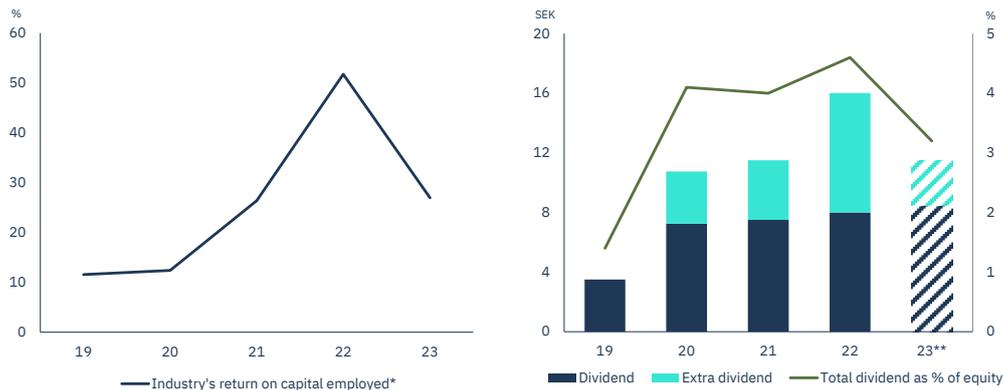
We let the forest grow and give



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Although Holmen has a long history, it is important that we always act with due thought and have the courage to change. This is the only way we can continue to develop and seize the opportunities that arise in an ever-changing world.

Profitability and dividend



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

Over the past 10 years, good cash flow has allowed us to increase dividends and share buy-backs. In light of the good earnings in 2023, the Board proposes an increased dividend of SEK 8.5 plus an extra dividend of SEK 3.

Holmen's financial position remains strong, even after distribution of the dividend. Our net debt in relation to equity has consistently been below 10 per cent over the past five years, and stood at 3 per cent in 2023. Having a strong financial position enables Holmen to reward our shareholders with a good annual dividend, while also giving us room for manoeuvre when making long-term commercial decisions.

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Storage in forest and products is three times greater than the emissions in our value chain



Holmen's business concept is to own and add value to the forest, and our goal is to create value for shareholders while contributing to a better climate.

Our growing forests and the renewable products we manufacture store carbon for a long time and are able to replace fossil fuels. In fact, the annual sequestration of carbon in our growing forest and the products we bring to market boosted global carbon sequestration by over two million tonnes last year. This makes our annual carbon capture and storage three times greater than the emissions in our value chain, including those from input goods and transport to and from our production facilities.

As the whole world strives to reach net zero, we are already there. And by a wide margin.



With the forest as a base, we create value that lasts over time. We have also shown that we have the courage to change and go our own way to achieve results. And that is set to continue.

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

HOLMEN

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