

Annual Report 2022

WE LET THE FOREST  
GROW AND GIVE

**HOLMEN**

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## 2022

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## 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 Aktiebolag (publ.), corporate identity number 556001-3301, submit their annual report for the parent company and the Group for the financial year 01.01.2022–31.12.2022. The annual report comprises the administration report (pages 2, 6–9, 14–15, 44–59, 93–94, 98–99 and 110) and the financial statements, together with the notes and supplementary information (pages 60–92). The statutory sustainability report in accordance with the Swedish Annual Accounts Act comprises pages 6–9, 44–47, 50–52, 54–55, 104–107 and 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.

The basis for the sustainability information presented is the issues identified as key in view of the materiality analysis conducted in 2018. The sustainability work is reported in accordance with the Global Reporting Initiative's GRI Standards 2021. The Sustainability Report comprises pages 36–47, 54–55, 104–111 and the GRI index on the website holmen.com. The information is audited by a third party, see separate assurance report at holmen.com.

*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:** Jonas Westling, Måns Berg, Patrick Degerman, Kollberg & Karlsson, Ulla-Carin Ekblom 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.

## 2022 IN FIGURES

Net sales

**23 952** SEKm

Cash flow\*

**6 768** SEKm

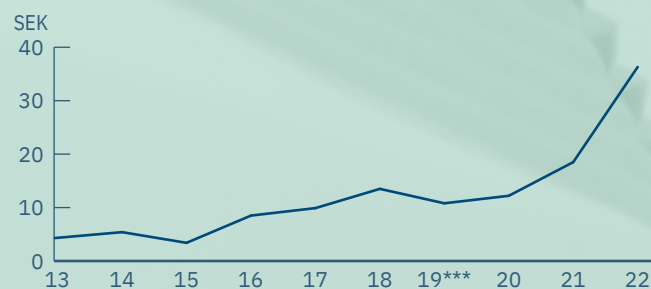
Operating profit\*\*

**7 262** SEKm

No. of employees

**3 466**

### Profit per share




### Total shareholder return Holmen B and OMX Stockholm



■ Holmen B ■ OMX Stockholm 30 (OMXS30)

\*Before investments and changes in working capital \*\*Excl. items affecting comparability

\*\*\*Excl. forest revaluation



*» Our strong financial position makes us well equipped to exploit the opportunities opening up in a world that is working towards a sustainable society.«*

# DEAR SHAREHOLDERS,

**2022 was marked by the war in Ukraine and the energy crisis in Europe, while around the world, central banks struggled with high inflationary pressures driven by raw material shortages. With our own forest and energy production as a foundation, we at Holmen have been able to advance our positions within our business areas, despite the uncertain environment, with earnings surging above SEK 7 billion.**

As we close the books on 2022, we can clearly see that our business model – creating value based on our forest assets – is a successful one. We can also report that interest in owning forest remains high, as reflected in the 11 per cent increase in the value of our forest assets to a little over SEK 52 billion. In light of the solid earnings development and our strong financial position, the proposal is to increase the ordinary dividend to SEK 8 and to pay an extra dividend of SEK 8.

## The transition to a sustainable world

Although we are seeing rapid advances in renewable energy, only a small proportion of the world's energy comes from sustainable sources. Looking back over the past 50 years, the world's energy consumption has tripled, and this increase in demand has almost exclusively been met using fossil fuels. Russia's invasion of Ukraine has highlighted just how damaging our dependence on fossil energy sources can be, not only for the climate, but also for the economy and security policy. To wean us off this dependence, Europe needs to restructure its energy supply. 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.

## Renewable electricity production

With a fossil-free energy system and opportunities to increase renewable electricity generation, Sweden is well placed to lead the development of next-generation, fossil-free industrial processes. Recent initiatives concerning 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 the growing industry with green electricity when it is most needed, while at the same time helping to stabilise an increasingly weather-dependent electricity system. In 2022, we increased our capacity for renewable energy production by 40 per cent with the commissioning of Blåbergsliden Wind Farm and the acquisition of Varsvik. There is also significant potential to develop more wind power on our own land, but this is reliant on permit application processes that are currently protracted and unpredictable.

## Sustainable building

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 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, and it stores carbon in the

buildings. This makes the market prospects for wood very good, not least when fossil construction materials are made to carry their true cost to the climate. Through the acquisitions and investments of recent years, we have expanded our wood products business while at the same time shifting ourselves forward in the value chain. We are currently investing in the expansion of Iggesund Sawmill, and in higher volumes of products for large-scale construction. With a strong position in the wood market and well-invested sawmills, we have a platform for continued growth for many years to come.

## Fossil-free paper and paperboard

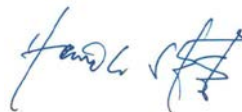
We grow forest with a view to building houses. When we saw the wood, whatever is left over is used in our paper and paperboard mills, where wood chips and shavings are topped up with the trees that are too narrow to become construction material. With a secure and largely fossil-free energy supply, we provide the market with climate-smart products – a winning concept in light of the energy and raw material shortages that have hit competitors on the continent. Our paper business is performing strongly against the competition, with interesting opportunities also opening up in the packaging area. On the paperboard front, we are now accelerating the pace of investment over a five-year period in order to drive up sales to our customers in the premium segment.

## Managed forest generates climate benefits

The world's forests absorb increasing amounts of carbon dioxide every year, but this increase only occurs in the forests that are actively managed. We have long combined active forestry with preservation of biodiversity, and we are seeing this bear fruit with an 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 2022, our combined operations contributed towards a climate benefit of 7 million tonnes CO<sub>2</sub>e, equivalent to 15 per cent of emissions in Sweden.

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 what is left over from forestry. Our strong financial position makes us well equipped to exploit the opportunities opening up in a world that is working towards a sustainable society in a time when both raw materials and energy are in short supply.

Stockholm, 20 February 2023



Henrik Sjölund  
President and CEO

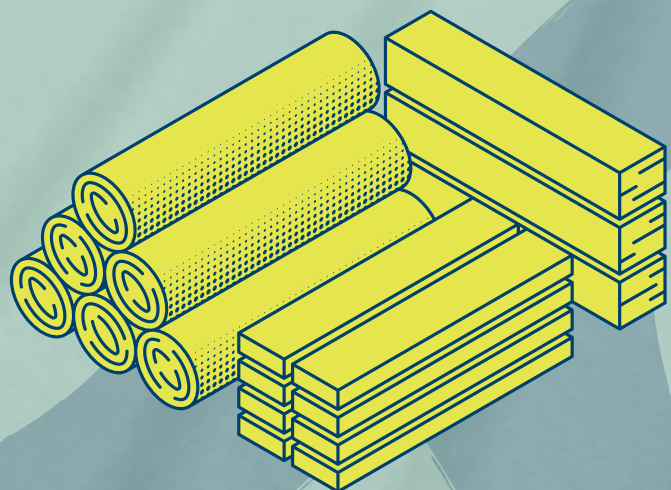
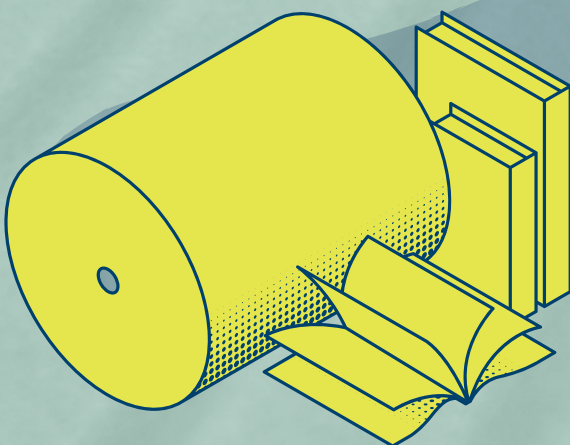
# GROWING A SUSTAINABLE FUTURE

## 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.

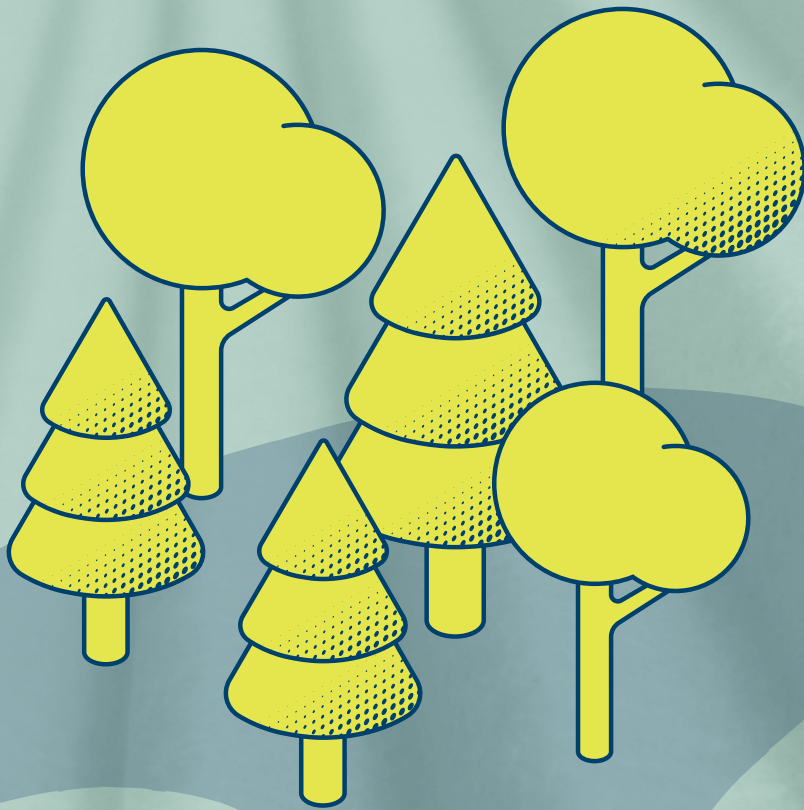
### ↘ Paper

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 construction.

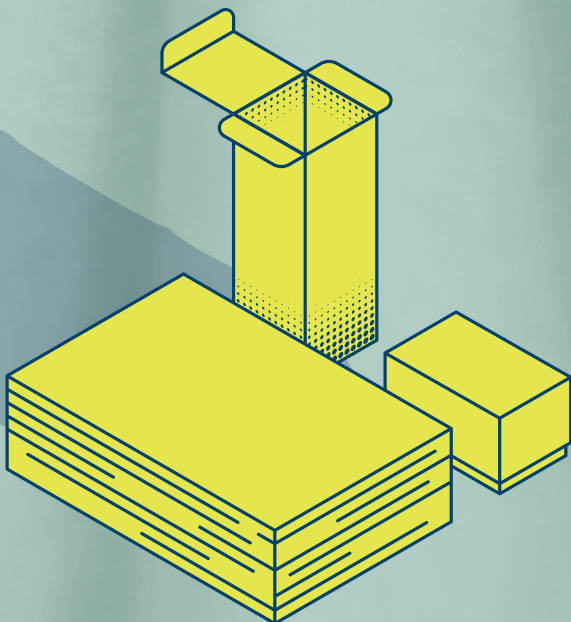


## ↙ Forest

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.

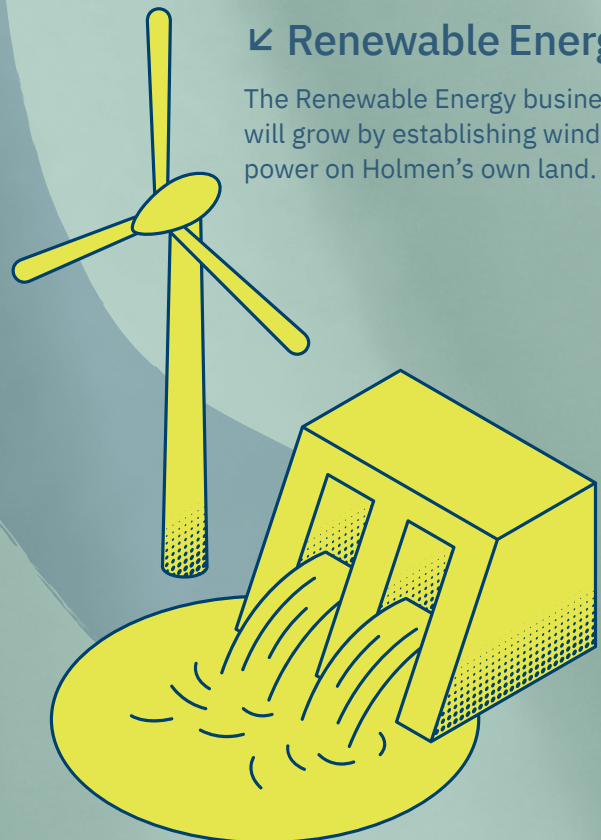
## ↓ Paperboard

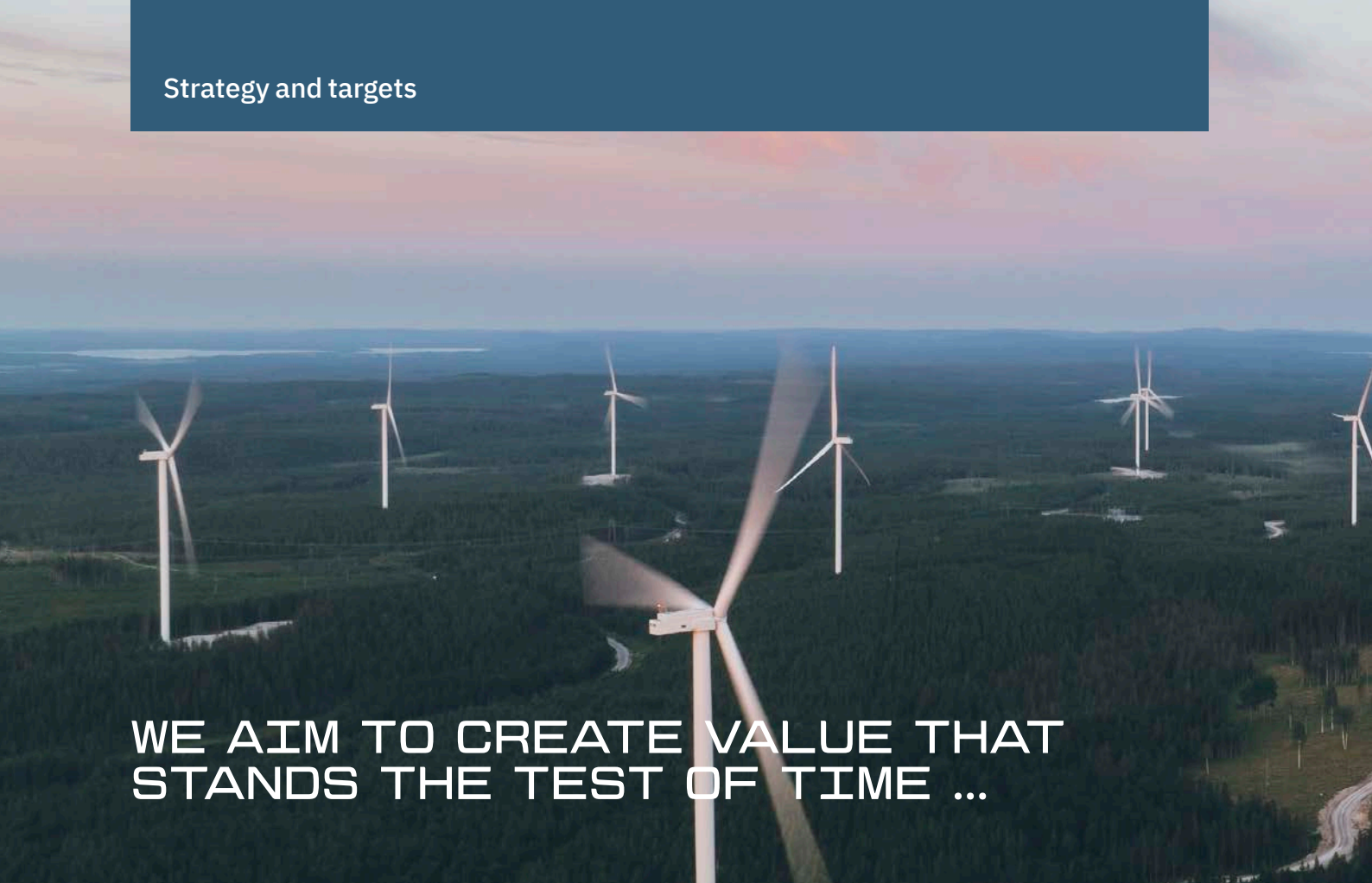
The Paperboard business will develop on the basis of its position as a market leader in the premium segment for renewable consumer packaging.



## ↙ Renewable Energy

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



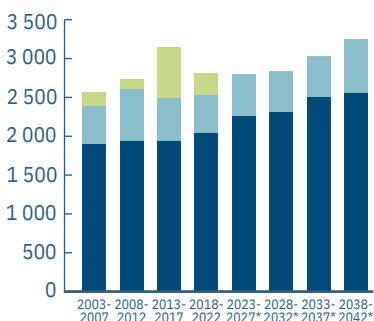


# WE AIM TO CREATE VALUE THAT STANDS THE TEST OF TIME ...

## 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 m<sup>3</sup>sub/year



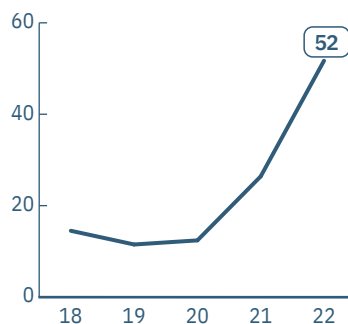
■ Harvest ■ Thinning ■ Storms & other events  
\*Forecast

In 2022 volumes amounted to 2.8 million m<sup>3</sup>, which is in line with the current harvesting plan. The value of the Group's forest assets increased by 11 per cent to SEK 52 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, %\*



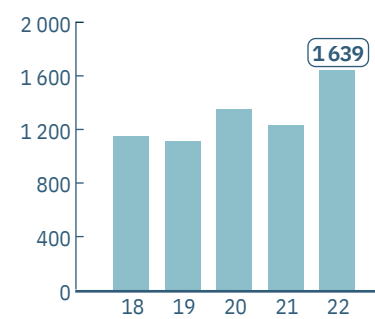
\*Excl. items affecting comparability

In 2022, the return for the industrial side of the business reached 52 per cent, driven primarily by excellent profitability in Paper and Wood Products.

## 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



Over the year, the Group increased its deliveries of renewable energy by a little over 30 per cent with the commissioning of Blåbergsliden Wind Farm and acquisition of the outstanding shares in Varsvik Wind Farm.



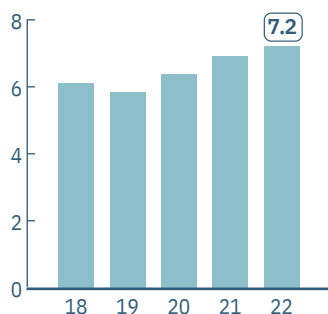


# ... WHILE CONTRIBUTING TO A BETTER CLIMATE

## Climate benefit

We will increase our benefit to the climate through higher growth in our forest 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 CO<sub>2</sub>e

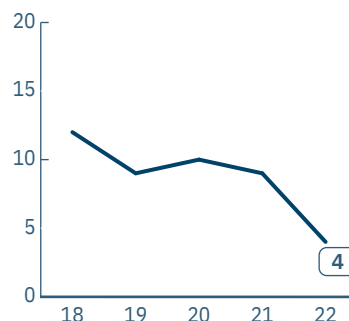


In 2022, Holmen's operations helped to generate a climate benefit amounting to 7.2 million tonnes of CO<sub>2</sub>e, with positive contributions from all the business areas. For further information, see page 42.

## 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

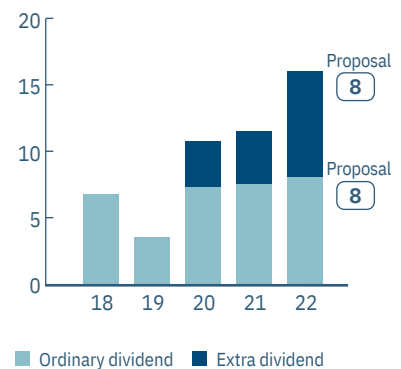


Strong cash flow has reduced net debt by SEK 1 956 million to SEK 2 145 million over the year, and the debt/equity ratio has fallen to 4 per cent.

## 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 per share, SEK



The Board proposes that the 2023 AGM approve a dividend of SEK 8 per share and an extra dividend of SEK 8 per share.

# THE VALUE OF OWNING FOREST

**The forest is a fantastic asset. It provides a renewable raw material that can be processed into climate-smart products for a sustainable future. If we are to become less dependent on fossil raw materials, forest products have a key role to play and demand will increase in the future.**

Active forest management enables the trees to grow better, which in turn increases the amount of renewable raw material. However, the potential is limited to the areas that are available for forestry. 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 2022, Holmen’s total volume of standing timber amounted to 125 million m<sup>3</sup> 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, treetops and branches have their own uses and are sold as forest fuel for the production of district heating and so on. Nothing goes to waste.

**Wind and hydro power.** Owning forest land also provides opportunities for other revenue streams, not least by developing wind power. Our extensive forest holdings give us a unique opportunity to develop areas that are favourable for wind power. We develop projects on our own land and during the spring of 2022, Holmen’s new Blåbergsliden Wind Farm became fully operational. 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. We now have 159 wind turbines operating on our land. With several wind projects in various stages of development, we have an opportunity to continue expanding wind power within Holmen.

Holmen’s renewable energy production is dominated by the plannable hydro power from our 21 fully 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.

## Other opportunities on our land.

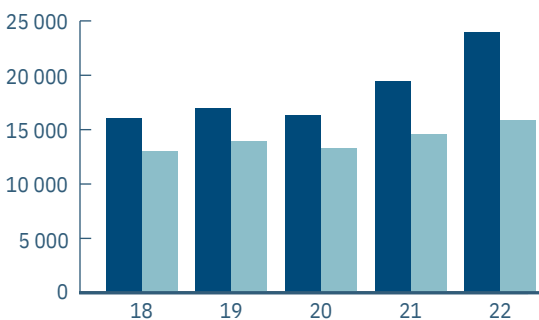
Where parts of our land holdings are located near centres of population, in southern and central Sweden, and in tourist areas close to the mountains, the potential exists to develop the land for housing and recreation. Extracting stone and gravel from our own land for use in projects such as road building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

## The climate benefit of managed forest

Our growing forests bind carbon and all our products help to replace fossil material such as concrete, steel and plastic. In addition, our energy production makes it possible for people to heat their homes and for companies to run their production on renewable energy sources.

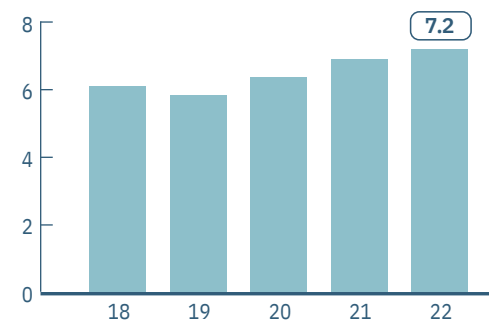
Our business thus provides substantial climate benefits and reduces the amount of carbon dioxide in the atmosphere. Our positive climate impact for 2022 equated to 7.2 million tonnes of CO<sub>2</sub>e.

Net sales and operating costs, SEKm



■ Net sales ■ Operating costs

Climate benefit, million tonnes CO<sub>2</sub>e



# FOCUS ON CLIMATE AND ENERGY

**One of society's biggest challenges is meeting the needs of today's growing population without compromising the ability of future generations to do the same. 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.**

Our world is currently dictated, to a large extent, by two parallel factors: the climate transition that is driving demand for sustainable products, and the prevailing energy crisis 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 climate transition. The way we handle the energy crisis will also affect the world's ability to manage climate change.

## **The climate transition is driving demand**

Population growth and urbanisation, coupled with surging ambitions for sustainable construction, are driving the wood products market. Demand for paperboard and paper is being fuelled largely by economic and population growth, as well as changes in consumer behaviour and increased digitalisation. The desire to reduce climate impacts and avoid plastic packaging is a strong driving force promoting greater use of wood fibre-based products.

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. Active forestry increases growth in our forests, but in global terms the supply of forest raw material is limited. And yet demand for logs and pulpwood is expected to rise.

## **The energy crisis is 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 consumption is fossil-based. The war in Ukraine has also shown how dependent Europe is on energy from Russia and how sensitive the energy market is to disruptions.

To meet the climate targets, 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. However, it will not be enough just to increase the production of renewable energy – all 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 all products will have to carry the true cost of their climate impact. As fossil energy is phased out with no expansion of nuclear power on the horizon, renewable electricity production will take on even greater significance in the future.

*» To meet the climate targets, much of fossil-based energy production will need to be switched to fossil-free sources.«*



# THE CLIMATE CAN'T WAIT

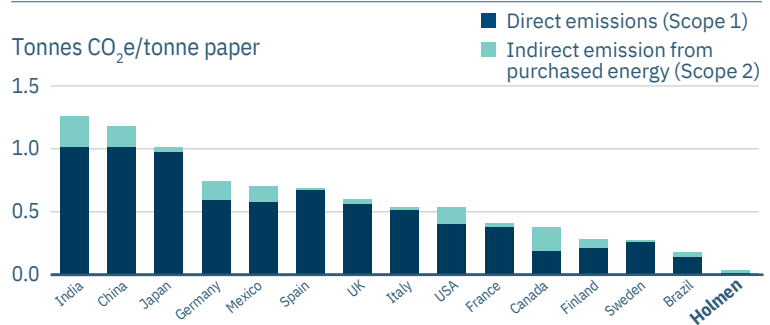
As the focus on both climate issues and the energy situation intensifies, it is becoming increasingly clear that the forest and its products have a vital role to play in a fossil-free future.

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.

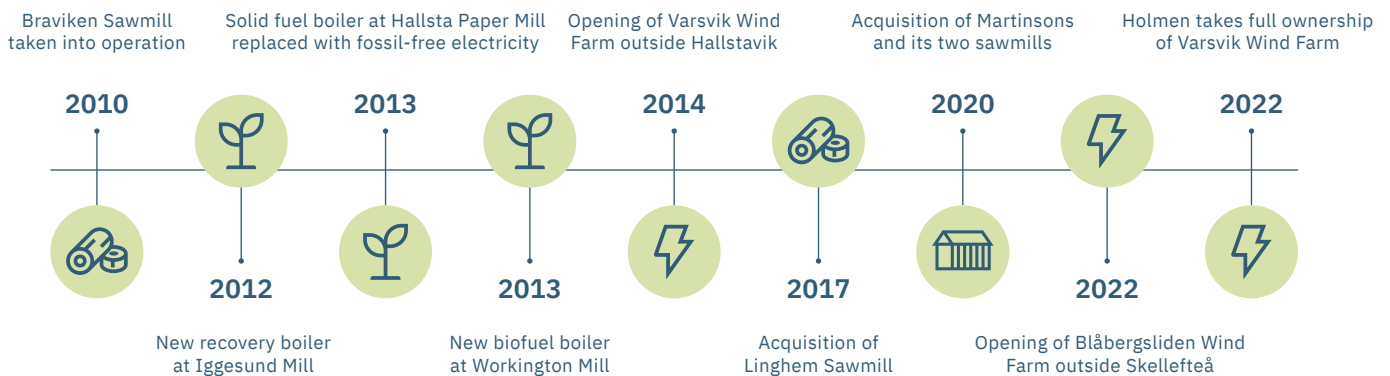
We began planning for our production facilities to move away from fossil energy use back in the early 2000s and we have now switched to primarily using fossil-free electricity and renewable energy from biofuel. This is a major reason why our production has such a low carbon footprint compared with many of our competitors. Combined with energy efficiencies, emissions of fossil carbon dioxide from our production facilities have fallen by 90 per cent since 2005. We have also increased our production of renewable electricity by building two wind farms. 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.



## Greenhouse gas emissions from paper production\*



\*Production of paper for packaging, newspapers and other graphical purposes. Source: FisherSolve





# WOOD PRODUCTS FOR SUSTAINABLE BUILDING

**Buildings account for** considerable emissions of greenhouse gases, in construction and during the building's lifecycle. Within the EU, the construction and real estate sector is responsible for a third of fossil carbon dioxide emissions, and in Sweden buildings account for 40 per cent of energy use. Active measures in heating and smart material choices offer major opportunities to cut the real estate sector's climate footprint.

Construction companies have ambitious climate targets and more and more countries, regions and cities are demanding sustainable building. Concrete, steel and wood are all key building materials, but wood has major benefits as it stores carbon while at the same time replacing materials with greater impact on the climate. In addition, the whole chain from manufacture to transport is much more energy-efficient for wood products than for other construction materials.

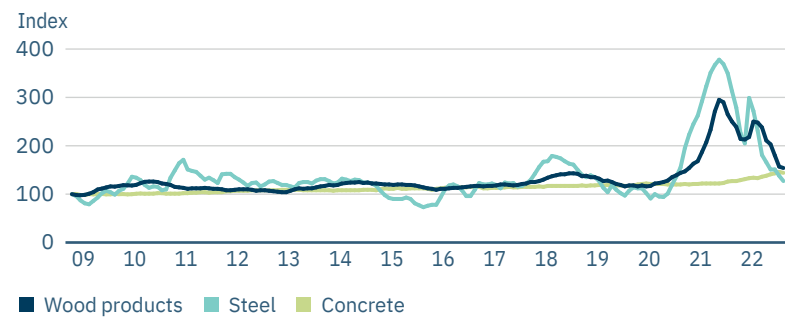
The development of 'green' cement and fossil-free steel might lead to lower emissions, but it will also bring higher material costs, not least with a reduced allocation of emission allowances, as today's production of steel and concrete does not carry its true cost to the climate.

## Increased production and value added

Holmen's manufacture of wood products has become an increasingly important part of our business. The construction of Braviken Sawmill in 2010 and the acquisition of Martinsons in 2020 have prompted strong growth in our wood products business. Demand for refined wood products is growing and with rising interest in wood construction, we see great opportunities to further develop the business. The next step is to increase capacity at Iggesund Sawmill by

20 per cent, and to step up the production of glulam and CLT (cross-laminated timber). Furthermore, we are exploring the viability of building a new large-scale sawmill in the county of Västerbotten. With a broader palette of refined products, we have also increased sales to chains of builders' merchants, while through Martinsons we are now able to offer the planning and construction of complete timber frames in CLT and glulam for everything from sports halls and schools to office blocks and apartment buildings.

## Price trend for construction materials



# RENEWABLE ENERGY FROM OUR LAND

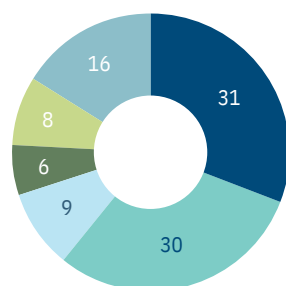
**The energy crisis in Europe** has created significant difficulties in securing enough energy for households and industry. This has had far-reaching consequences for the whole of our society and shows just how sensitive the European energy system is and how dependent we are on fossil fuels such as gas and coal. 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. Having more weather-dependent energy from wind and solar also increases the need for controllable power in order to secure a stable and reliable network. The benefits of Holmen's plannable hydro power are thus becoming all the clearer, as it can be managed to ensure production at times when the energy need is highest, and can help to keep the electricity grid's frequency stable.

**Large-scale investment in wind power**  
Our extensive land holdings mean that we

also have the potential to add more renewable energy in the form of wind power. The establishment of large-scale wind power provides a logical complement to our controllable hydro power. It is also a great way to derive added value from our land, as higher energy

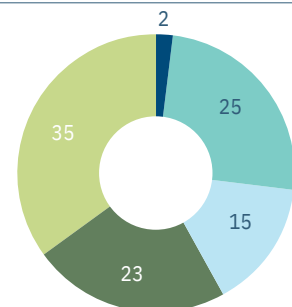
production provides a good cash flow. 2014 saw the opening of Varsvik Wind Farm in Uppland, and Blåbergsliden Wind Farm outside Skellefteå came into operation in 2022. With 26 turbines, the wind farm will boost our annual production of renewable energy to 1.8 TWh.

## Europe's energy use 2021, %



Oil Fossil gas Coal  
Nuclear power Renewables  
Electricity

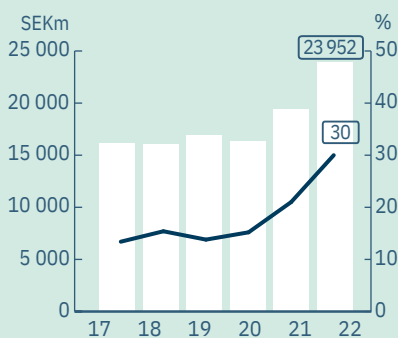
## Europe's electricity use 2021, %



Oil Fossil gas Coal  
Nuclear power Renewables

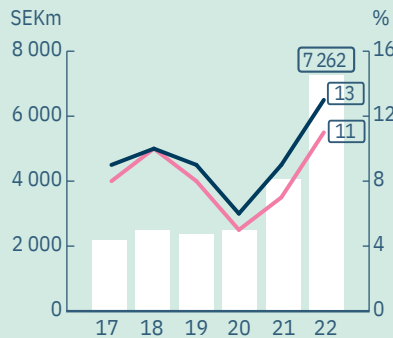
# 2022 WAS A RECORD YEAR

## Net sales and operating margin



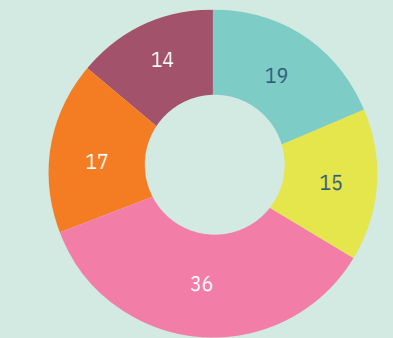
■ Net sales  
■ Operating margin\*  
\*Excl. items affecting comparability

## Operating profit/loss and return



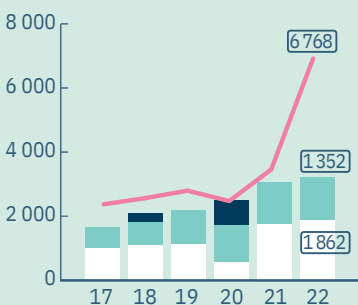
■ Operating profit\*  
■ Return on capital employed\*  
■ Return on equity\*\*  
\*Excl. items affecting comparability  
\*\*Excl. forest revaluation 2019

## Operating profit\* Business area, %



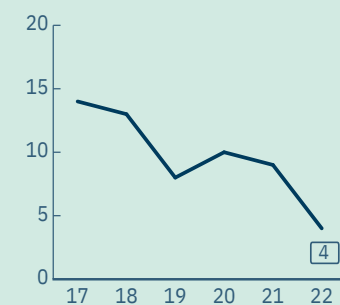
Total: 7 262 SEKm  
 ■ Forest 1 401 SEKm  
 ■ Paperboard 1 081 SEKm  
 ■ Paper 2 714 SEKm  
 ■ Wood Products 1 237 SEKm  
 ■ Renewable Energy 1 006 SEKm  
 \*Excl. items affecting comparability and Group-wide

## Cash flow, SEKm

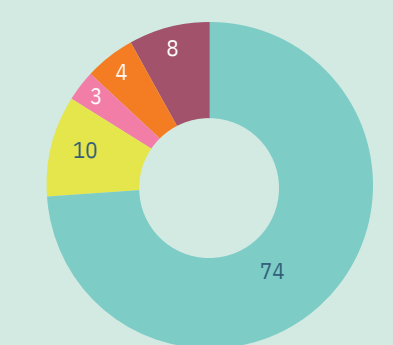


■ Dividend ■ Investments  
■ Acquisitions  
■ Cash flow before investments and changes in working capital

## Net debt as % of equity



## Capital employed\* Business area, %



Total: 59 095 SEKm  
 ■ Forest 41 354 SEKm  
 ■ Paperboard 5 632 SEKm  
 ■ Paper 1 939 SEKm  
 ■ Wood Products 2 067 SEKm  
 ■ Renewable Energy 4 618 SEKm  
 \*Excl. Group-wide

The defining features of this year have been the war in Ukraine and the energy crisis in Europe. With our own forest and renewable energy production, we have managed to avoid the high inflationary pressures driven by the raw material shortages, while also advancing our position in several segments. Overall, we have managed to drive our profits to a high of SEK 7 262 million, marking our best result ever.

Business area	Comment	Outlook
<b>Forest</b>	Demand for logs and pulpwood was high in 2022. Wood prices have gradually risen, generating profit of SEK 1 401 million. The value of Holmen's forest property rose by 11 per cent over the year, based on transaction prices in the areas where Holmen owns forest land, and at year end amounted to SEK 52 billion.	Despite a weaker wood products market, demand for logs is good. Competition for pulpwood is high due to sanctions stopping exports from Russia. Our strong position in the wood market, where we have good control over raw materials, is a real advantage in these uncertain times, ensuring a secure supply of raw material and good conditions for the development of our production facilities.
<b>Paperboard</b>	Demand for paperboard for consumer packaging held up well and market prices settled at a higher level over the year. Price rises, combined with a favourable energy situation at the paperboard mills in Iggesund and Workington, helped boost profits to SEK 1 081 million, despite elevated raw material costs.	Following a period of high demand and rising prices, the market normalised towards the end of the year. The paperboard market is expected to continue growing, but may be affected in the near term by an economic downturn. Backed by an advantageous cost position, we are continuing to develop our business with customers that demand the highest quality.
<b>Paper</b>	Despite declining demand in several segments, paper prices climbed to record levels over the year, driven by energy and fibre shortages. Profit rose to SEK 2 714 million thanks to higher selling prices and our ability to adapt production to an environment of volatile electricity prices, combined with electricity price hedging.	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 exploring new segments in the packaging area.
<b>Wood Products</b>	After a strong performance in the first half of the year, the wood products market abruptly stalled due to high stock levels and uncertainty about the prospects for the construction industry. Nevertheless, the strong opening to the year delivered high profits of SEK 1 237 million.	Following substantial falls from the historically high levels of the summer, prices stabilised towards the end of the year. There is some uncertainty about how rising interest rates will affect construction and thus the demand for wood products. 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.
<b>Renewable Energy</b>	As a result of the energy crisis in Europe, electricity prices in Sweden rose to record levels during the year, although due to grid limitations, the price of electricity was lower in northern Sweden, where the majority of Holmen's production is located. Higher electricity prices, the expansion of wind power and higher remuneration for hydro power's ancillary services to help stabilise the electricity system boosted profits to SEK 1 006 million.	Energy shortages continue to be an issue in Europe and prices are historically high, although the situation has improved somewhat compared with last summer. The price gap between northern Sweden and the rest of Europe decreased towards the end of the year, in part due to greater transmission capacity within Sweden. We increased our renewable production capacity by 40 per cent over the year, and have large potential to build further wind power on our own land, although protracted permit application processes are impeding the pace of development.

Key figures	2022	2021
Net sales, SEKm	<b>23 952</b>	19 479
Operating profit/loss, SEKm	<b>7 527</b>	3 731
Operating profit/loss excl. items affecting comparability, SEKm	<b>7 262</b>	4 061
Profit for the year, SEKm	<b>5 874</b>	3 004
Diluted earnings per share, SEK	<b>36.3</b>	18.5
Ordinary dividend per share, SEK	<b>8.0*</b>	7.5
Extra dividend per share, SEK	<b>8.0*</b>	4.0
Return on capital employed, %	<b>13.3</b>	8.5
Cash flow before investments and changes in working capital, SEKm	<b>6 768</b>	3 375
Cash flow from investments, SEKm**	<b>1 352</b>	1 332
Equity, SEKm	<b>56 950</b>	46 992
Net financial debt, SEKm	<b>2 145</b>	4 101
Net debt as % of equity	<b>4</b>	9
Average no. of employees (FTE)	<b>3 466</b>	3 474

Holmen's already strong financial position has been further boosted over the year, with net debt down by SEK 1 956 million to SEK 2 145 million, or 4 per cent of equity. Our business model has proven to be a particularly good fit in a world that is short of raw materials and energy and where we are striving for a sustainable society.

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

# SUSTAINABLE FORESTRY

**As well as being a stable source of revenue for Holmen, the forest brings major climate benefits by capturing and storing carbon dioxide and reducing the need for fossil raw materials. 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 forests cover 1.3 million hectares, of which a little over a million hectares comprise productive forest land. As one of Sweden's biggest landowners, 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 use the raw material in a wise and far-sighted way. 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

It takes 90 years for trees to reach maturity and be ready for harvesting, and

by this time their growth and ability to absorb carbon dioxide have significantly declined. 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 170 million a year in future growth through silviculture and fertilisation. Holmen's forestry is certified according to PEFC and FSC® and all the wood is traceable.

**Long-term planning.** Of Holmen's over a million hectares of forest-clad land, we use about 80 per cent for wood production. Every ten years we conduct a survey of all of our forest holdings and calculate the potential harvest in a hundred years' time, taking into account any habitats requiring special consideration, reindeer husbandry and social assets. Both volumes of standing forest and the forest's growth continue to increase.

**45 million seedlings.** Holmen's two nurseries – one in Gideå and one in Friggessund – produce almost 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 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.

## Biodiversity

We care about the diversity of habitats and species in our forests. We take extensive measures to protect the environment when tending and harvesting our forest, and we have also identified around 6 500 areas that we refrain from harvesting. In these areas that have been voluntarily set aside, we conduct

inventories of the natural assets and, where necessary, take action to further boost habitat diversity. Our forests and their assets are detailed in local ecological landscape plans, which also describe how areas set aside for nature conservation are to be planned and how the forests are to be managed over the long term in order to preserve existing natural assets and to create new ones. The aim is to ensure that all naturally occurring species are able to thrive in the Swedish forest landscape.

## Learning more about Swedish forests

With 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.

**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. This year saw the opening of Berga Knowledge Forest in Västerbotten, where we are working to develop our prescribed burning in order to create habitats for species that rely on burned ground and wood.

## Control over the raw material

Owning large areas of forest and having close partnerships with almost 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 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.

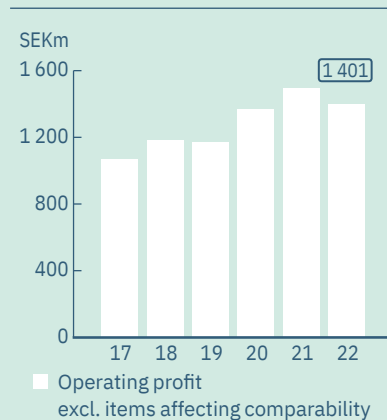




## Key figures

	2022	2021
Net sales, SEKm	7 342	6 509
Of which from own forest, SEKm	1 524	1 376
Operating profit/loss, SEKm	1 401	1 495
Investments, SEKm	278	249
Book value, forest assets, SEKm	52 151	47 080
Average no. of employees (FTE)	450	431
Deliveries, own forest, '000 m <sup>3</sup> sub	2 813	2 833

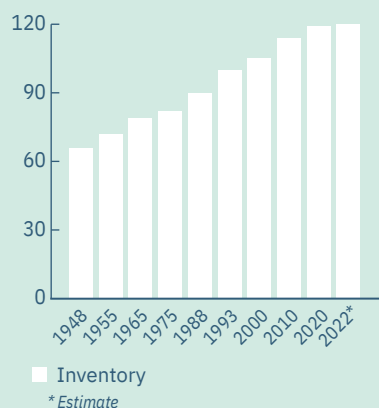
## Operating profit



## Comment on results

Demand for logs and pulpwood was high in 2022. Wood prices have gradually risen, generating profit of SEK 1 401 million. The value of Holmen's forest property rose by 11 per cent over the year, based on transaction prices in the areas where Holmen owns forest land, and at year end amounted to SEK 52 billion.

## Volume of standing timber, m<sup>3</sup> growing stock, solid over bark per hectare of productive forest land



## Holmen's forests 2022

Total land acreage	1 305 000 ha
Total forest land acreage*	1 160 000 ha
– of which nature conservation areas	204 000 ha
Productive forest land**	1 045 000 ha

## Total volume of standing timber on productive forest land

**125 million m<sup>3</sup> 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 m<sup>3</sup> 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.



Our nature conservation initiatives aim to benefit everything from plants and birds to insects and fungi. The photo shows a dog lichen of the genus *Peltigera* and family *Peltigeraceae*.

## ACTIVE MEASURES CREATE FLOURISHING FORESTS

**Biodiversity means that a landscape has many types of natural habitat, a rich variety of species, and a great deal of genetic variation within those species. It is all about wild animals, plants and fungi. But it is also about cultivated trees and growing forests.**

Holmen works to ensure that all naturally occurring species are able to thrive in our forests and that important natural assets are encouraged and preserved. Since the early 1990s, when the issue of nature conservation came into sharper focus, we have learned a great deal about how we can improve biodiversity and increase growth in the forest at the same time.

### Long-term planning for future generations

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.

Our active forest management includes extensive consideration for both natural and cultural assets. Since forest-dwelling species depend on different habitats for their survival, large broadleaf trees, 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 brushwood 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, rocky outcrops and agricultural land. These sites tend to be 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.

### Forever learning

With a production cycle of almost a century in the forest, long-termism is more than just a buzzword for us. It is a perspective that runs through every aspect of our business. As a forest company, we depend on the natural world being healthy and resilient – in fact it lies at the very heart of our business. We know it is fully possible to actively manage the forest while at the same time preserving and supporting important natural assets. We have come a long way on this journey, but we have not finished yet.

Although we now have a huge bank of knowledge on how to promote biodiversity in our forests, we believe that, through research and collaboration, we can develop and refine our methods for creating healthy and flourishing ecosystems. Holmen is therefore running a hundred or so research projects on our land, both independently and in partnership with research organisations, universities and other stakeholders. Our goal is to achieve future-smart forests that give more, not just to us but to future generations.

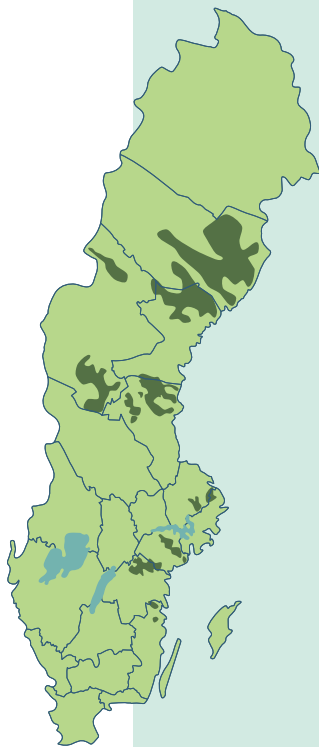


# THE VALUE OF THE FOREST IS CONFIRMED BY CURRENT TRANSACTIONS

**Holmen's forest holdings cover 1.3 million hectares, of which a little over a million hectares comprise productive forest land. The land holdings are split across around 4 700 forest properties from Småland in the south to Västerbotten in the north.**

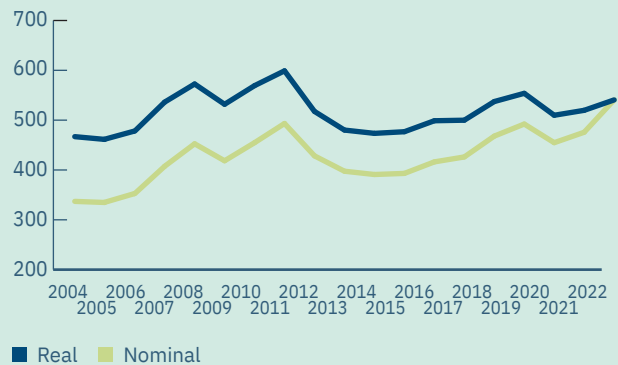
A large number of forest property transactions are carried out every year. Holmen's forest assets are recognised at fair value based on the prices paid for forest properties in the areas where we have our forest. As of 31 December 2022, the book value stands at SEK 52 151 (47 080) million, which averages out at SEK 49 900 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.

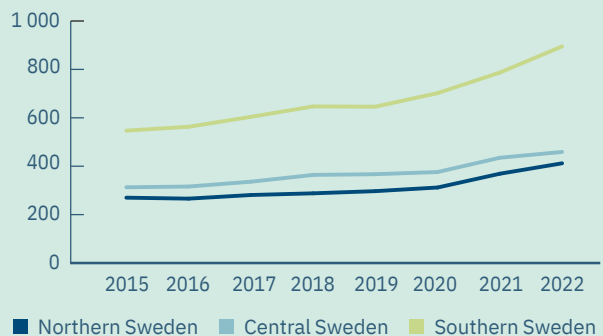


Holmen owns 1.3 million hectares of forest and land in Sweden, equivalent to almost two million football pitches.

## Wood prices, SEK/m<sup>3</sup>sub



## Price of forest properties, SEK/m<sup>3</sup> growing stock, solid over bark



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

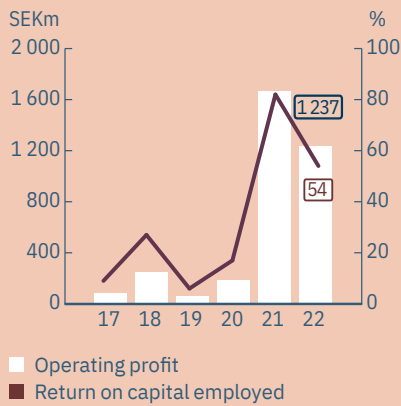


Vasaplan bus terminal in Umeå.

### Key figures

	2022	2021
Net sales, SEKm	5 015	4 872
Operating profit/loss, SEKm	1 237	1 668
Investments, SEKm	122	242
Capital employed, SEKm	2 067	2 278
Average no. of employees (FTE)	729	783
Deliveries, '000 m <sup>3</sup>	1 435	1 373

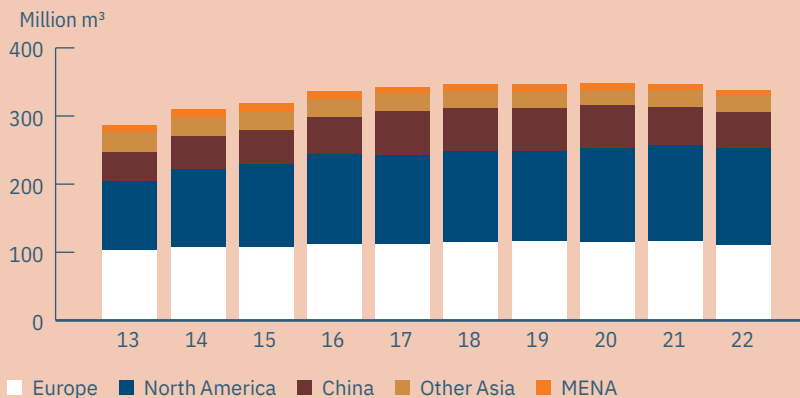
### Operating profit/loss and return



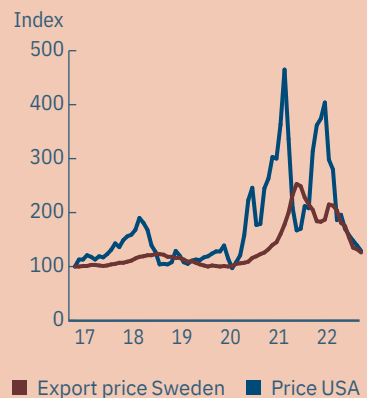
### Comment on results

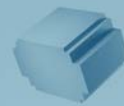
After a strong performance in the first half of the year, the wood products market abruptly stalled due to high stock levels and uncertainty about the prospects for the construction industry. Nevertheless, the strong opening to the year delivered high profits of SEK 1 237 million.

### Consumption of wood products



### Price development





# BUILDING THE FUTURE IN WOOD

**Holmen offers a wide range of wood and timber products for building, joinery and construction systems. The raw material comes from responsibly managed forests and is turned into sustainable building materials in our chain-of-custody certified sawmills. 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.

## 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 we manufacture. 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 much more energy-efficient and cost-effective, since wood weighs less than concrete and steel. We thus create benefit for the climate on multiple fronts.

Demand for refined 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. We currently offer everything from joinery timber and refined products for builders' merchants to advanced construction components and glulam. Through Martinsons, we are now also able to offer the planning and

construction of complete timber frames for everything from sports halls and schools to office blocks 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. 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.

In the sawmills, the entire log is used in an optimized way. Thanks to advanced technology, we can maximise the output from every log. Our high level of technology, including one of the world's most efficient planing mills at Braviken Sawmill, enables product development with a greater focus on optimising wood characteristics in the log to suit the end customer's product. We develop sawing and drying in cooperation with our customers to minimise wastage and maximise customer benefit.

## Investments strengthening our position.

Since becoming operational in 2011, Braviken Sawmill has undergone several rounds of technical upgrades to become one of Scandinavia's largest and most modern sawmills. Following the expansion of Braviken, plus the acquisition of the Lingham customer 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 production at Iggesund Sawmill by 20 per cent, as well as adding construction timber on top of its joinery products range.

Investments in Bygdsiljum Sawmill and in a distribution warehouse and cutting line at Braviken Sawmill will also enable us to expand production of glulam and CLT, as well as strengthening our position with builders' merchants. Furthermore, we are exploring the viability of building a new large-scale sawmill in Västerbotten.

**Energy-efficient production units.** Two of the Group's sawmills, Iggesund and Braviken, form energy-efficient units with their neighbouring paperboard and paper 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.

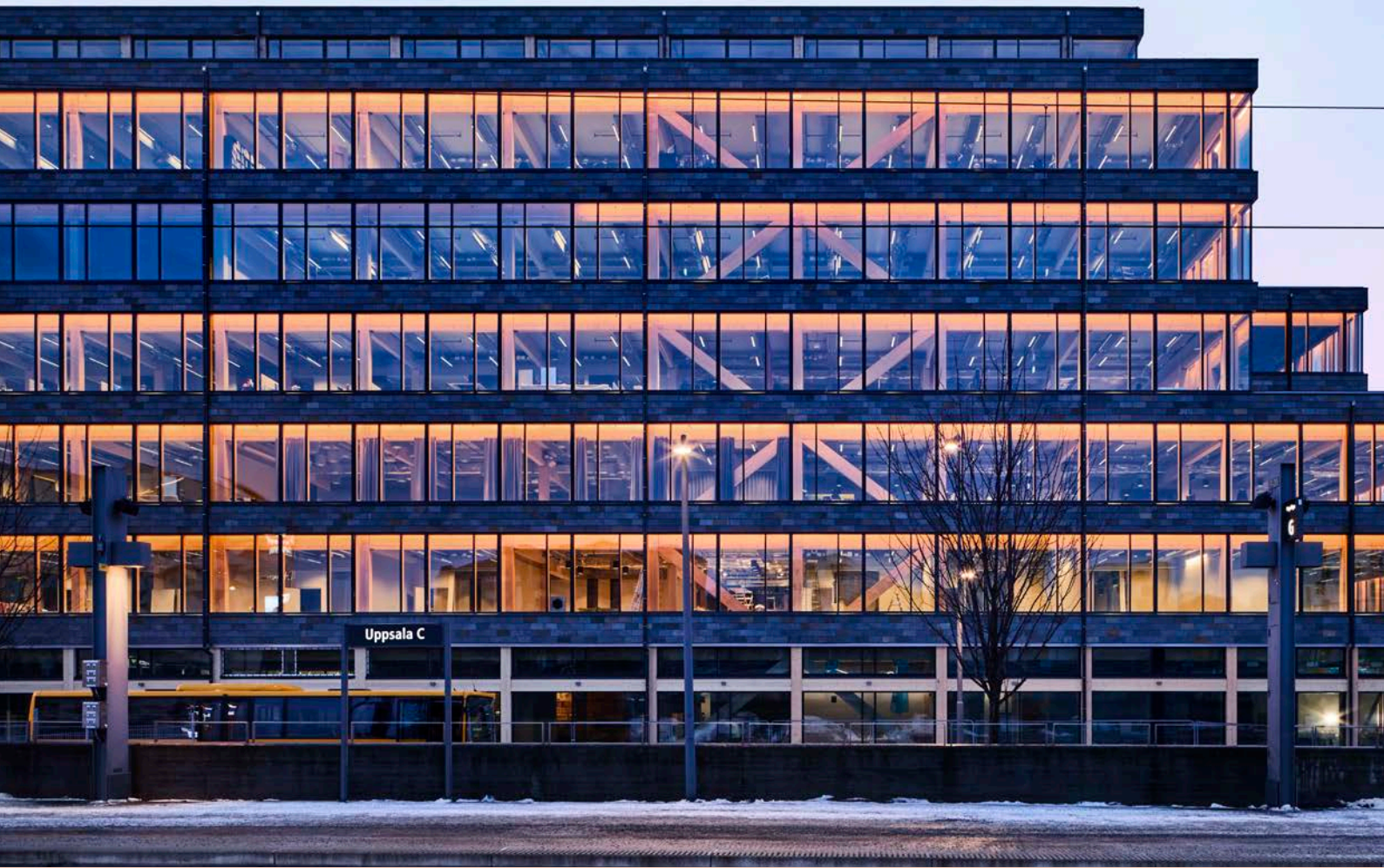
**Control over the raw material.** Holmen's sawmills are located near our forest holdings from north to south, bringing logistical benefits and giving access to a transport network that reaches around the globe by rail, road and, not least, sea. Holmen's sawmills all hold chain-of-custody certification, 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.

## Strong underlying growth in the global market

The market for wood products is global and huge streams of goods are shipped between continents. Worldwide consumption of wood products has climbed almost 25 per cent in the past decade, propelled largely by increased consumption in China and in the US market.

The real estate sector accounts for a third of carbon emissions in Europe and the construction industry is working hard to reduce its carbon footprint. Within the ongoing green transition, wood as a construction material has a great deal in its favour, since wooden buildings continue to store carbon dioxide within the structures, instead of generating emissions. This trend is expected to strengthen, boosting demand for wood products, particularly if concrete and steel are made to carry their true cost to the climate. There is great growth potential, not least for high-rise buildings, and the proportion of housebuilding in wood is expected to rise as the capacity for industrial wood construction expands.

Magasin X is Sweden's largest office block in wood.



## WITH MARTINSONS WE BUILD THE WOODEN HOUSES OF THE FUTURE

**The acquisition of Martinsons in autumn 2020 saw Holmen take a real leap forward in the market for modern wood construction. Together we form a strong and stable value chain, from seed to finished wooden building.**

Martinsons was founded in Bygdsiljum in the late 1920s and in the 1960s the company began to take an early interest in the glulam being manufactured in Germany. The management spotted the potential of the material and decided to launch their own production. In 2003 they launched their first construction system in CLT, a new way of building in wood that further reinforced Martinsons' position at

the cutting edge of developments in wood construction. Since then, Martinsons' structural frame systems in glulam and CLT have secured an increasingly vital role in the future of construction, and all the wood for the frames is still supplied by Holmen's sawmill in Bygdsiljum. Today, the business covers development and design, as well as sales, project management and assembly.

### **Function, sustainability and economics**

Wood is a fantastic material and making use of all its good properties is allowing us to create new opportunities to build both quickly and economically. Whether the focus is on halls, high-rise apartment

blocks or other kinds of buildings, our ambition is to play an active part in building a more sustainable society.

Through Martinsons, we offer brand new opportunities for wood construction. When it comes to function, performance and overall cost, frame systems in glulam and CLT have a central role to play.

In our drive to constantly explore new ways of building in wood, we are continuing to push the boundaries of what is possible. We develop business premises, sports halls, schools and other public buildings based around financially smart construction systems, as well as building apartment blocks and office buildings that enable people to live and work in pleasant environments.



# THE MANY ADVANTAGES OF WOODEN BUILDINGS

Spending time surrounded by wood boosts health and wellbeing. It is thought that the reasons for the positive effects include the naturalness of the material and its positive impact on indoor air quality, moisture balance and acoustics.



Wood is seen as an attractive and natural construction material. Exposed details in wood help to create light and pleasant indoor environments, while the material's moisture buffering properties also contribute towards a good indoor climate. The wood absorbs moisture at humid times of the year, which it then releases at drier times, levelling out the relative humidity indoors. Put simply, wood produces a healthy and pleasing living environment. Being surrounded by wood feels very natural and is also much sought after by today's well-informed consumers. From an environmental perspective, renewable building materials are the only sustainable option, and as knowledge and interest grow, we are increasingly realising the importance of making conscious choices.

Studies also show that wood has a positive effect on humans, and that people who spend time in natural settings feel better. Patients, for example, recover faster in environments with exposed wood and it reduces our stress levels. Essentially, we become healthier, happier and more productive when we spend time anywhere with a connection to nature.



With its seven floors and total floorspace of 16 600 m<sup>2</sup>, Magasin X is Sweden's largest office block in wood – located in the heart of Uppsala. The project was run jointly with NCC and the timber frame was supplied by Martinsons as part of a turnkey contract that included responsibility for the planning, manufacture and assembly of the frame. The building was completed in 2022.

## 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

Their highly engineered structure means that glulam and CLT are dimensionally 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

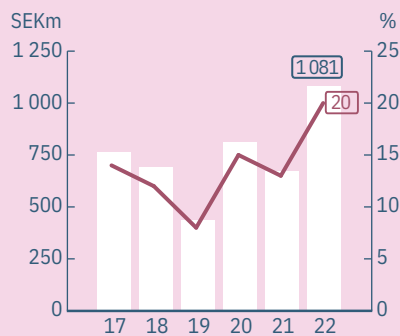
Since wooden structures don't generate noise during on-site assembly, wood is increasingly being chosen when building new, temporary or additional floors on top of existing buildings. This provides a better work environment, and neighbours are not disturbed nearly as much, or for as long, as they would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



### Key figures

	2022	2021
Net sales, SEKm	6 735	6 261
Operating profit/loss excl. items affecting comparability, SEKm	1 081	673
Investments, SEKm	555	399
Capital employed, SEKm	5 632	5 169
Average no. of employees (FTE)	1 290	1 263
Deliveries, '000 tonnes	503	544

### Operating profit/loss and return

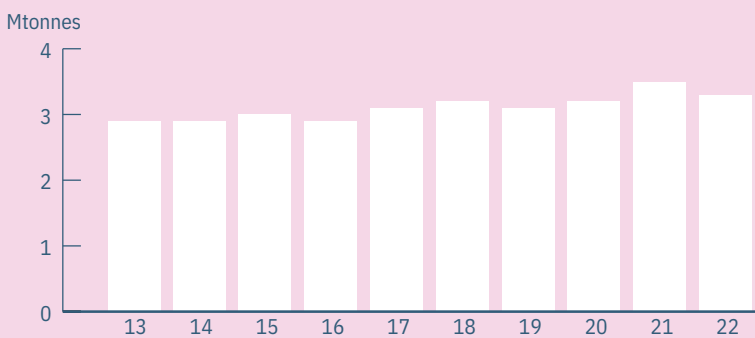


■ Operating profit excl. items affecting comparability  
■ Return on capital employed excl. items affecting comparability

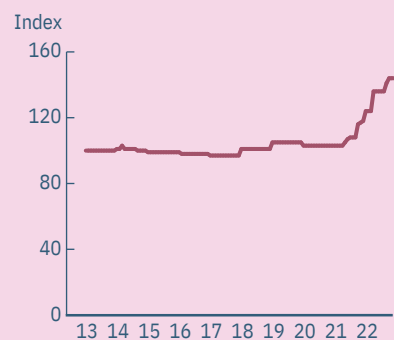
### Comment on results

Demand for paperboard for consumer packaging held up well and market prices settled at a higher level over the year. Price rises, combined with a favourable energy situation at the paperboard mills in Iggesund and Workington, helped boost profits to SEK 1 081 million, despite elevated raw material costs.

### European demand for SBB and FBB



### Price development FBB





# PREMIUM PAPERBOARD FOR CONSCIOUS BRANDS

**Holmen Iggesund 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.

## Clear product benefits from fresh fibre

Our 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. This allows us to work with our customers to develop better packaging solutions that are more fit for purpose.

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 in 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 for drying processes at the sawmill.

Both Iggesund Mill and Workington Mill have received a Platinum rating from EcoVadis for their successful sustainability work. In the latest review, Iggesund Mill was also ranked number one in its class by the international analysis firm, cementing the mill's world-beating status on sustainability.

## Investments in increased capacity.

With local wood raw material from our own forests and a sound energy situation, Iggesund Mill is ripe for further development. The aim of upcoming investments is to increase paperboard production at Iggesund by 25 per cent over time.

## Our customers' choices make a difference

We want to help our customers to make more renewable choices, so that more carbon atoms can be left in the ground. The next generation of packaging solutions is being created in close collaboration with our customers and partners. As we learn together, we are identifying new applications for our paperboard products and we are well placed to use our collective knowledge to create packaging solutions that really make a difference.

**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 cuts our customers' carbon 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 the products are constantly being developed to meet the growing demand for sustainable packaging solutions. The customers' need for support and fast deliveries are priority areas that cover everything from advice and product samples to service centres with local sheeting units and warehousing. 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.

The service offering includes environmental documentation and access to analysis facilities at the company's own accredited laboratory for sensory and chemical analysis, known as the taint and odour lab, at Iggesund Mill. Coupled with the finishing options at the lamination unit in Strömsbruk, this means that we can offer custom solutions that meet the toughest requirements.

## Growing packaging market

Demand for packaging is rising in line with factors such as population growth, urbanisation, an expanding middle class and more single-person households. Demand in the various product segments varies depending on the market, but there is a general increase in demand for renewable packaging materials.

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.



## VERSATILE PACKAGING THAT MAKES A DIFFERENCE

**The choice of packaging material can make a big difference in the transition from fossil sources to renewables. Companies and brands in all industries have set ambitious targets to support progress towards more sustainable alternatives, and Holmen is constantly exploring new packaging solutions and applications for our paperboard.**

In our view, packaging should protect products, people and our planet. Switching to renewable and recyclable packaging materials is a way that all of us can help to make a difference – both today and for future generations.

### **A smarter alternative**

Inverform is a formable paperboard product specially developed to replace food packaging in plastic and aluminium,

and compared with fully plastic packaging, its carbon footprint can be as much as 60 to 80 per cent lower. The paperboard is normally supplied with a functional barrier that keeps the food fresh and stops it being affected by external factors, ensuring a longer shelf-life and reduced food waste. Just like our other paperboard products, Inverform has optimal whiteness and a smooth surface that offers superb printability. Made from pure wood fibre, the paperboard delivers a natural feel that is much appreciated by both brand owners and end customers.

### **A conscious choice**

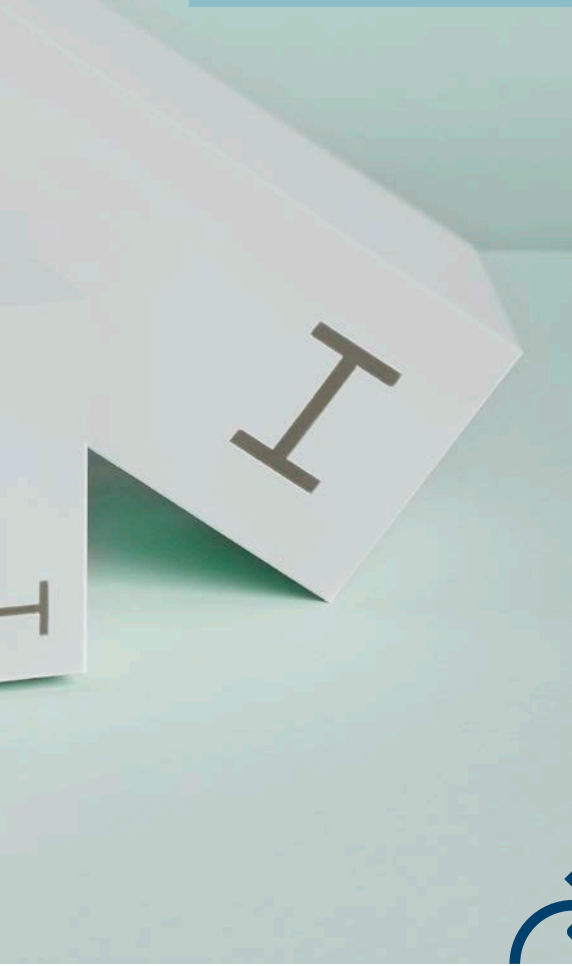
Plastic can be an excellent material, when used correctly. However, widespread use of plastics also has many downsides, not least the major climate impact from the fossil raw materials used in their manufacture and the risk of plastic

particles ending up in the oceans and nature, where they can't be decomposed.

When developing Inverform, we wanted to create a renewable and recyclable packaging solution that would be more eco-friendly than plastic, but with the same good packaging performance along the whole value chain – from factory to warehouse, via the restaurant or store to the end consumer.

### **We can do the most good together**

Our customers' choices make a difference. And the best thing we can do for the climate is to help more customers to replace fossil sources with renewables. An informed choice of packaging material can significantly reduce our customers' climate impact and help to keep plastic out of our natural environment.



## Customer-driven product development creating packaging of the future

**Working and developing alongside our customers, suppliers and partners lays the foundation for our co-learning, which in turn anchors and improves our position in the paperboard market, enabling us to advance further than we would be able to on our own.**

The world is in a constant state of flux, and everything is moving ever faster. We know that the only way to remain one step ahead is for us to quickly adapt to the changes that occur. We also need to constantly learn more about our customers' need for new technology and new methods. This is how we will remain relevant and secure our position as the leading manufacturer of premium paperboard, all while delivering what our customers want – sustainable packaging solutions.

We all need to be part of the solution in the necessary but formidable transition from fossil to renewables. As such, we need to be open and take every opportunity we can to share knowledge and collaborate. The next generation of packaging solutions is being created in close collaboration with customers and partners. We take on the challenges and opportunities of the future by learning together. The focus might be on anything from replacing traditional plastic payment cards with paperboard alternatives, to coming up with creative packaging that helps our customers to boost their brand. The emphasis of our collaborations is on sharing our knowledge and experience as a means of developing long-term relationships. These exchanges give us insights into the customer and the segment, while also developing our own know-how and gaining valuable feedback on our products and solutions.



Our customers, partners, employees and, not least, the users of our products are all part of Holmen's circular business, and every new relationship is an opportunity to expand the positive ripple effect of our actions.



# INNOVATIVE PAPER PRODUCTS FROM FRESH FIBRE

**Holmen develops fresh fibre-based paper for books, packaging and graphical publications. Our papers are lightweight compared to traditional alternatives, making them resource-efficient without compromising on quality or the overall impression. Our strategy is to deliver and constantly develop products that are 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.

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.

## **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 and printed advertising.

**Book paper.** Holmen's book paper is the leading product for paperback books in Europe. With its high bulk, it helps customers to achieve efficiencies in both production and distribution, while also having a low carbon footprint. Publishers further appreciate Holmen's book paper because it offers product properties – in the form of a bright, smooth surface – that enhance the reading experience.

**Graphical paper.** We have a wide range of papers for magazines and advertising. The combination of high bulk, whiteness and brightness makes our magazine paper a competitive choice.

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.

## **Successful launch of packaging paper**

In a world where goods and products are increasingly being distributed globally and often directly to households, it is becoming even more vital to ensure that the packaging materials are sustainably produced and based on renewable materials. Our light but strong and stable packaging paper from fresh fibre reduces transport emissions and gives customers a chance to replace fossil-based packaging. The launch of paper for corrugated packaging sees us taking the next step in our development of paper products for the future.

## **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. In the most recent review in 2021, both mills were awarded EcoVadis Platinum. 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. The mill's energy solutions include recovering heat from the wastewater and the paper machines, selling the bark to heating plants and composting residual products to create topsoil.

Braviken Paper Mill and Braviken Sawmill make an energy-efficient unit. The paper mill receives raw material in the form of wood chips from the sawmill, which in turn is supplied with energy and 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**

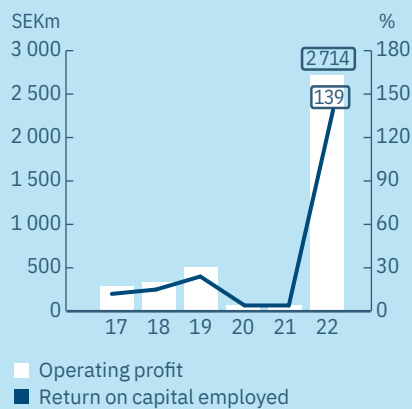
The market for graphical paper has experienced an underlying structural decline over many years. Demand varies across the segments, with the book market remaining stable, while other graphical segments such as magazine paper have weakened. The packaging market is growing strongly, but amid heavy competition, 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

	2022	2021
Net sales, SEKm	8 370	5 441
Operating profit/loss, SEKm	2 714	70
Investments, SEKm	186	129
Capital employed, SEKm	1 939	1 637
Average no. of employees (FTE)	842	854
Deliveries, '000 tonnes	995	1 029

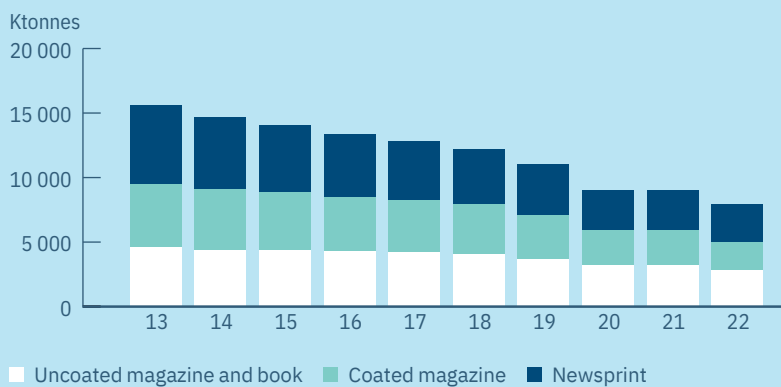
## Operating profit/loss and return



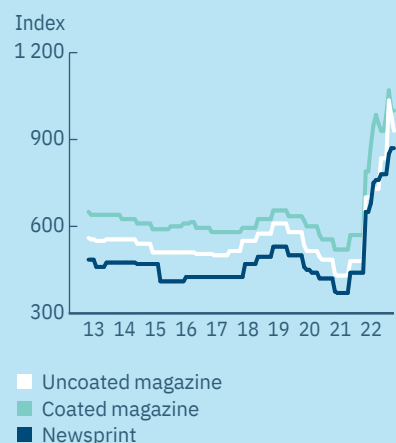
## Comment on results

Despite declining demand in several segments, paper prices climbed to record levels over the year, driven by energy and fibre shortages. Profit rose to SEK 2 714 million thanks to higher selling prices and our ability to adapt production to an environment of volatile electricity prices, combined with electricity price hedging.

## European demand for paper



## Price development



# INNOVATIVE PAPER DELIVERS LIGHT AND STRONG PACKAGING

**Holmen INNR is a new fresh fibre-based paper product that not only broadens our product range, but also encourages more climate-smart packaging.**

2021 saw the launch of Holmen INNR as an interliner, the innermost layer in multilayered corrugated board. The market responded positively and the product was further developed in collaboration with our customers, who provided valuable feedback on what they needed from future packaging paper. Alongside this, work continued on improving the strength of the paper so that it could also be used for fluting, the wavy layer in corrugated board. Following a year of development work and extensive testing, in 2022 we were ready to add Holmen INNR fluting to our market portfolio. The product arrived at exactly

the right time, as the shortage of recycled paper during the pandemic prompted European corrugated packaging manufacturers to begin seeking out new suppliers. With a product that is neither a traditional kraftliner or based on recycled fibre, Holmen has created a whole new market segment as the only European supplier of interliner and fluting made from thermo-mechanical pulp (TMP).

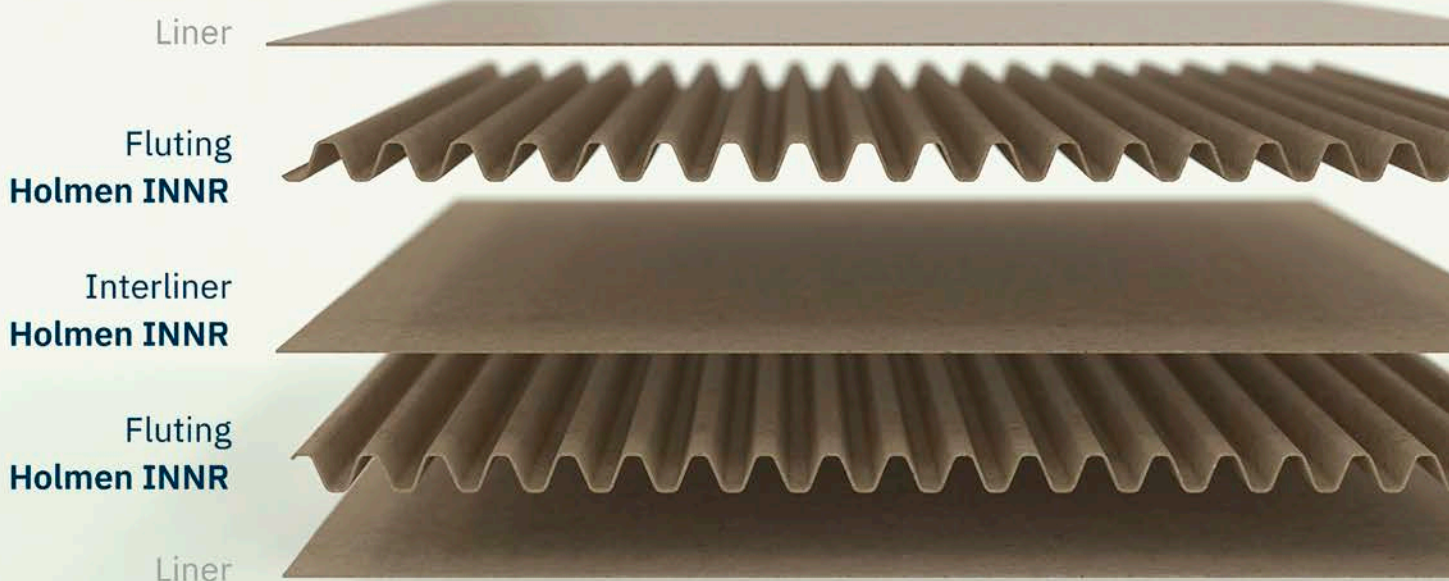
**A lighter paper is a smarter paper**

Holmen INNR in a grammage of 73 grams is just as strong as recycled paper-based fluting of 80–85 grams, but weighs less per square metre. Since paper is traded in volumes by weight, the customer can thus buy less paper, or get more square metres per tonne.

Holmen INNR also delivers a significant difference in climate impact. Calculated according to industry association CEPI's

guidelines, the carbon footprint for Holmen INNR is only 87 kg CO<sub>2</sub> per ton of paper, while the average figure for recycled paper-based liner and fluting in Europe is a much higher 838 kg CO<sub>2</sub> according to data from FisherSolve.

Like all our papers, Holmen INNR is made from fresh fibre, which is one of the reasons why it is so light. The key innovation comes not from the paper per se, but from the concept – creating corrugated board that is lighter than any other packaging material, but still strong enough to handle long-distance shipping. The lower weight also means lower energy consumption during distribution, which reduces both the overall carbon footprint and the cost of shipping. We know that our customers' choices make a positive difference. And the best thing we can do for the climate is to help more customers to make smarter choices.





838



87

The carbon footprint of Holmen INNR is 87 kg CO<sub>2</sub> per tonne of paper, which compares very favourably with the average footprint of recycled paper-based liner and fluting in Europe, at 838 kg CO<sub>2</sub>.



## AN ORGANISATION THAT THINKS DIFFERENTLY

**Within Holmen, we want to create a learning organisation that sees opportunities where others see challenges, whether creating the products of tomorrow or adapting to a changing world.**

The development of INNR is a prime example of a learning organisation and a successful collaboration within the company. Over recent years, demand for graphical paper has declined while at the same time demand for packaging paper has rocketed, powered in part by the rise in online retail. As part of our drive to continue growing in new segments, autumn 2020 therefore saw us begin to develop a stronger paper for the packaging industry.

Moving into the packaging market brought us up against a whole new set of challenges. Compared with graphical paper, packaging paper has to be stronger in order to survive greater stresses. In contrast to graphical paper, packaging paper also needs to have high compression strength, meaning that it can take higher pressure against the paper surface without the paper tearing.

Development of the new product was a real team effort that involved large parts of the business area's organisation, from business development, marketing and sales to the R&D departments and labs at the paper mills. And progress was fast, with just a few months between the first enquiries coming in and the first order being delivered.

### Managing the energy crisis

Another challenge for the organisation has been the leap in energy prices over the past year. Holmen's two paper mills account for over 90 per cent of the Group's electricity consumption, which means they have to bear the brunt of the high and rapidly changing electricity prices. The industry is designed to run at maximum capacity 24 hours a day, as this is the most resource-efficient. However, there is a breakeven point for the viability of producing paper, since a high electricity price cannot automatically be reflected in price rises for customers.

To manage the high electricity prices, we have therefore been forced to think on our feet and adapt production to the prices wherever possible. We have, for example, increased the energy-intensive production of paper pulp at night, when the price of electricity is lower, in order to create a buffer that means we can produce less when the prices are higher.

The level of engagement has been high across the organisation, and the work on developing ourselves, our products and our production is by no means finished. On the contrary. Because we know that the best way to contribute to our continued success is to challenge ourselves and put our knowledge and experience to the test.

# GREEN ENERGY FROM OUR LAND

**Holmen's production of renewable hydro and wind power contributes towards a sustainable energy supply in Sweden and towards Europe's transition to fossil-free energy sources. 2022 saw us take the next step in developing our renewable energy business, with the construction of the wind farm in Blåbergsliden and the acquisition of Varsvik.**

Holmen produces renewable energy from water and wind. Hydro power is an important source of energy for society as production output can be adjusted and has an almost infinite lifetime and minimal climate impact. Our strategy is to increase the production of renewable energy by building wind farms on our own land as a complement to existing hydro power, which is uniquely controllable. 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 due to the issue 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. Together with increasing electrification of both transport and industry, it is clear that electricity consumption is set to increase, creating additional demand for more renewable energy.

Transitioning the energy system to more weather-dependent energy sources such as solar and wind power will also bring challenges, since the power supply has to be maintained every minute of every day, all year round. An expansion in transmission capacity within Sweden will therefore be needed.

### Strength in own energy assets

Holmen supplied 1.6 TWh renewable electricity from hydro and wind power in 2022. Together with the renewable

electrical energy that is produced at the Group's mills, our production of hydro and wind power equates to around 55 per cent of Holmen's overall electricity consumption.

### Hydro power stabilises the electricity market.

Holmen's energy production is dominated by hydro power from our 21 wholly or partly owned power stations located on the Umeälven, Faxälven, Gideälven, Iggesundån, Ljusnan and Motala Ström rivers. In contrast to other renewable energy sources, hydro power is uniquely controllable. Energy 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 energy 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

The energy system is changing as fossil energy sources are phased out. Wind power is currently the fastest growing energy source in the EU and the third largest method of generating electricity in Sweden. Recent years have seen enormous technical advances in wind power, with longer rotor blades, larger generators and higher towers dramatically reducing the cost of wind power per kilowatt hour produced. As a consequence, wind power is now the cheapest way of

producing new renewable electricity in Sweden. 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.

### Increased production on own land.

This year saw the opening of Blåbergsliden Wind Farm outside Skellefteå. The 26 wind turbines, with annual production totalling 0.4 TWh, are able to supply around 100 000 households with renewable electricity. Over the year, we have also acquired the outstanding shares in Varsvik Wind Farm, which was previously co-owned with an investment fund for renewable energy. Opened in 2014, the wind farm in Varsvik is an attractive asset in many ways, particularly considering it is located next to Hallsta Paper Mill in electricity area SE3. These investments boost our renewable energy production by 40 per cent, marking a significant step in the development of Holmen's renewable energy business.

### Energy crisis in Europe

The market for electricity in the Nordic region has worked well historically, with harmonised pricing that usually follows the marginal cost of coal-based power, since the market is tied in with the rest of Europe and the price is set according to the most expensive means of production. However, the rapid phasing out of fossil energy production on the continent made its impact noticeable when the world started up again after the pandemic without sufficient expansion of fossil-free alternatives. Russia's invasion of Ukraine and stranglehold on gas deliveries to Europe sparked an energy crisis that has led to significant difficulties in sourcing enough energy for households, transport and industry, prompting unprecedented price hikes.

The energy shortage in Europe also affected Swedish electricity prices, while at the same time the price differences within Sweden were unusually large due to nuclear closures and limitations in transmission capacity between northern and southern parts of the country.

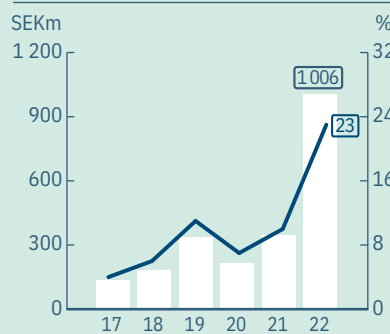




### Key figures

	2022	2021
Net sales, SEKm	1 226	488
Operating profit/loss, SEKm	1 006	347
Investments, SEKm	237	712
Capital employed, SEKm	4 618	4 069
Average no. of employees (FTE)	25	19
Deliveries of hydro and wind power, GWh	1 639	1 230

### Operating profit/loss and return

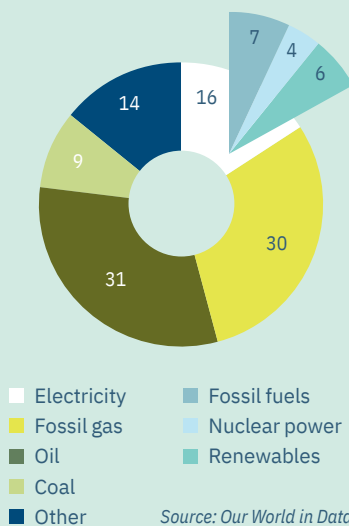


■ Operating profit  
 excl. items affecting comparability  
■ Return on capital employed  
 excl. items affecting comparability

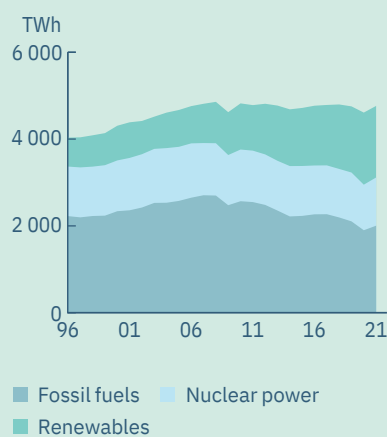
### Comment on results

As a result of the energy crisis in Europe, electricity prices in Sweden rose to record levels during the year, although due to grid limitations, the price of electricity was lower in northern Sweden, where the majority of Holmen's production is located. Higher electricity prices, the expansion of wind power and higher remuneration for hydro power's ancillary services to help stabilise the electricity system boosted profits to SEK 1 006 million.

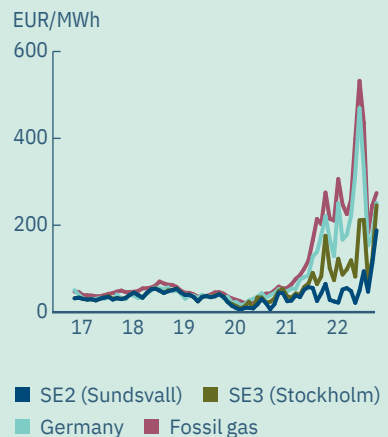
### European energy consumption, %



### European electricity consumption



### Price development



# HYDRO POWER HELPS TOWARDS A STABLE ENERGY SYSTEM

**Holmen’s hydro power is a valuable asset that generates renewable electricity at a low cost and has a lifetime bordering on the infinite. Since production can be concentrated at times when the electricity is most in demand, hydro power is also crucial for the transition to a fossil-free energy system with widespread use of weather-dependent energy sources.**



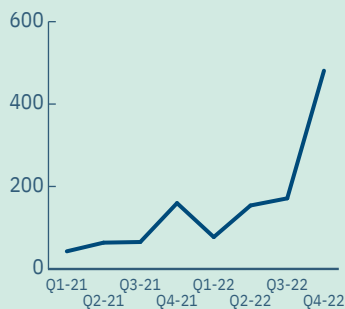
For our electricity system to function reliably, we need a constant balance between the electricity produced and the electricity consumed. As the expansion of weather-dependent energy sources such as solar and wind power increases, along with the phasing out of fossil-based generation, there is a growing need for plannable energy production, known as ‘regulating power’. Hydro power provides regulating power in two ways – water can be stored in reservoirs and lakes ready for times when electricity demand generally increases, such as winter, and hydro power production can quickly be adapted to ensure a stable and reliable power grid.

‘Ancillary services’ is an umbrella term for the different techniques used to stabilise the electricity system and ensure that it works properly. There has always

been a need for these stabilising ancillary services, but they have become more critical with the vital expansion of more renewable energy sources. The market for ancillary services has also developed as demand has become more pressing.

One of the tasks of Svenska Kraftnät (*Transmission system operator in Sweden*) is to ensure a stable electricity grid across the country. This is done in part by purchasing hydro power production that is kept in reserve to run the network at a stable frequency of 50 Hz. A number of Holmen’s hydro power plants provide this type of service. 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.



As Sweden’s biggest source of renewable energy, hydro power currently accounts for around 40 per cent of overall electricity generation.



# 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.**

Holmen has already completed much of the energy transition, which has dramatically reduced our fossil emissions, but we do still have energy-intensive production sites. In combining forestry and renewable energy production in our forests, we are 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, own and manage wind farms on our own land, an approach that has several benefits:

## Major landowner

Surveys and analyses of our substantial land holdings enable us to identify areas with favourable wind conditions and address the unique circumstances of each site, covering everything from consideration for local residents and the environment to the scope for connecting to the existing power grid.

## Consideration for nature

Holmen's forestry is certified to the FSC® standard, which means that we pay extra attention to our environmental impact in the areas where we establish wind power, and we never erect wind turbines in areas that have high conservation value or are key biotopes.

## Good local knowledge

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

## Long-term responsibility

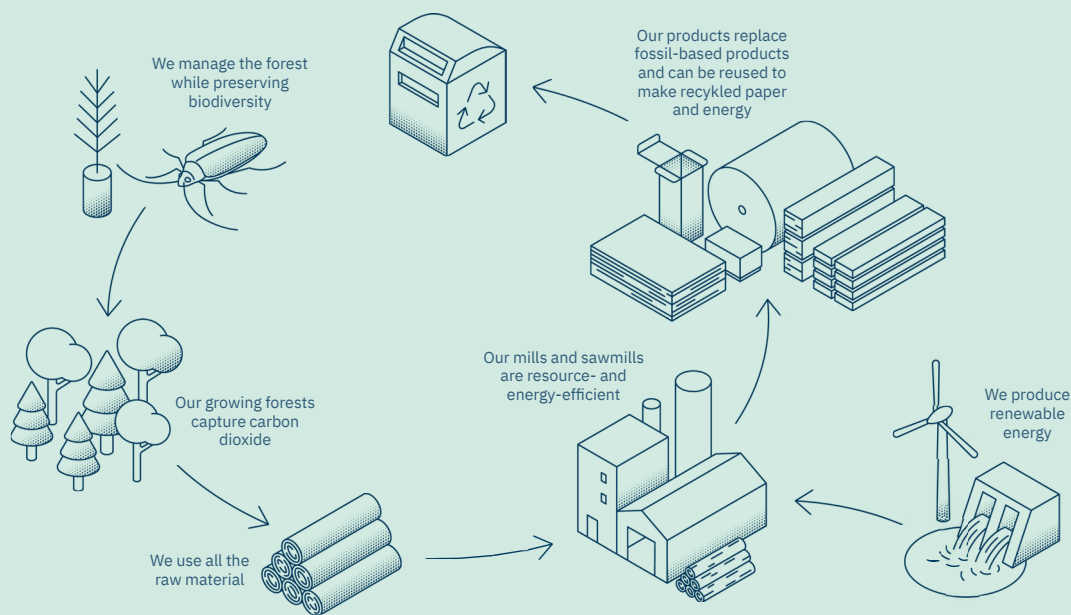
We take the long view, as both a landowner and an energy producer. As a forest owner, everything we do has a long-term perspective, and that goes for our wind power projects too. We take responsibility along the whole journey, from planning to the future operation of our wind farms.

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## Wind analysis of Holmen's land holdings

	No. of areas	Total area, hectares
Analysed areas with potential for wind power	261	377 000
Of which, areas judged suitable for wind power	136	224 000
Priority areas where we are conducting more detailed analyses	24	64 000

Holmen's entire land holdings, totalling 1.3 million hectares, have been analysed, with an initial screening flagging up 261 areas with wind power potential. Of these, 136 areas are judged suitable sites for wind power, with 24 of them now undergoing more detailed analysis. In addition to these 24, we have around 10 areas in different phases from detailed 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 while it is growing. When it is harvested and turned into planks and boards, the carbon stays in the wood – until someone demolishes the building, changes the windows or builds a new deck. The great thing is that the wood can then be reused or converted into fossil-free bioenergy, creating value once more.

**Our business model is circular.** The forest ecocycle gives us our wood, which 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. 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. We have the expertise to make the forest grow and give. Over and over again.

### A circular business that is bigger than Holmen

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.

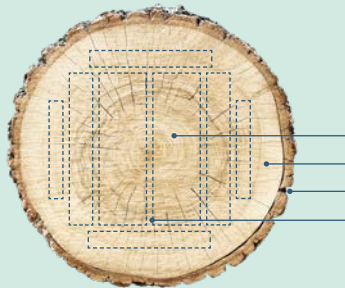
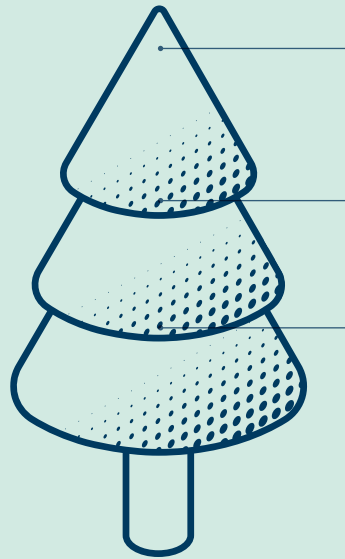
**Recycled paper grows in the forest.** Our customers become part of an ecocycle that creates benefit and value at every stage. When the products they buy can be reused or recycled, these too become part of the forest ecocycle. One example is when our paperboard and paper products, made using fresh fibre,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

**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.

# We grow houses but we produce more than wood products

Holmen's two nurseries produce almost 45 million seedlings each year, the majority of which are planted on the Group's own land. After 90 years, 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.

**We grow houses.** This means that 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, knots and bark. We make use of 100 per cent of the raw material. About 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 about 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, bark and wood shavings, 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

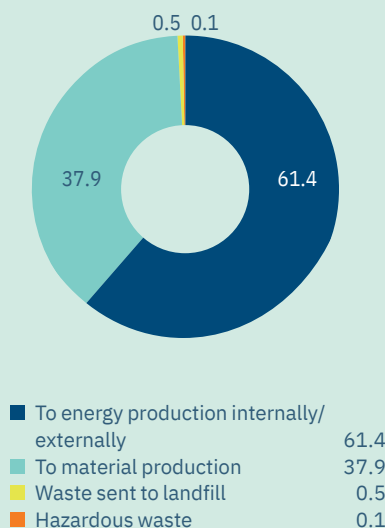
- Wood** – Planks and boards
- Wood chips** – Pulp for paper
- Bark** – Bioenergy
- Wood shavings** – Bioenergy

# Resource-efficient production in circular ecocycles

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.

Holmen's production plants are among the most resource-efficient in the world. 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. Another example is the way that residual products from Iggesund Mill are used to cap a former industrial landfill site.

## Distribution of by-products and waste, %



**Reusing water.** 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. Here we are working to ensure healthy and thriving aquatic environments in the vicinity of our mills.

**By-products and waste.** Holmen strives to minimise the amount of waste it produces and to use as high a proportion as possible of the by-products that arise. Thanks to our efforts to find alternative uses, today only 0.5 per cent of the by-products and waste we produce is sent to landfill.

# LIMITED SUPPLY OF FOREST RAW MATERIAL

The forest plays a pivotal role in the climate transition. This is especially true when we look at sustainable building. The whole chain from seed to wooden building relies on active and sustainable forestry to produce the raw material needed. But while the forest is a renewable resource, the supply of this raw material is limited across much of the world.

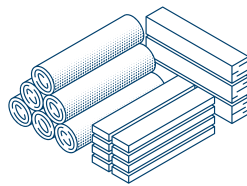
## Higher demand for sustainable construction materials

The construction and property sector accounts for considerable emissions of greenhouse gases, in construction and during the building's lifecycle. In Europe, 35 per cent of emissions of fossil carbon dioxide come from buildings, driving demands for more sustainable construction. Unlike steel and concrete, wood products store carbon dioxide when they are in use, while at the same time reducing demand for products with a high carbon footprint. The phasing out of emission allowances will also make them more expensive over time. Products that generate major emissions becoming more expensive is a further factor contributing towards increased use of wood. In Europe alone, more than 110 million m<sup>3</sup> of wood products were used in 2020 and demand is expected to rise, while the amount of wood products available is limited.

## Forestry in different parts of the world

Sweden is a country with major forest assets that are actively managed, as is the case in many other countries. However, Sweden's forests make up just over 15 per cent of forests in the EU and less than 1 per cent of forested land worldwide. Brazil, Canada, the

USA and Russia are the countries with the largest amount of forest. In total, these four countries account for almost half of the world's forests. Despite our comparatively small size, Sweden is one of the world's largest producers of pulp, paper and wood products, with a large proportion of production being exported. Sweden is the world's third largest exporter of softwood timber products and the sixth largest producer.



110

million m<sup>3</sup> of wood products were used in Europe in 2020

Forestry conditions vary hugely between different countries and regions, with differences in forms of ownership having a particular impact on the way forests are managed and forest policy issues are approached. In global terms, private ownership is unusual. In Central Asia, Russia, Canada and Africa, almost all forests are state owned, while approximately half of Europe's forests are in private ownership. 75 per cent of Sweden's forest is owned by private actors, with almost 50 per cent being private individuals and 25 per cent companies.

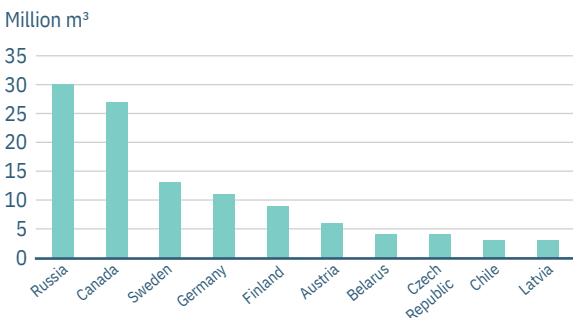
In Sweden we have managed our forests for generations and forestry is deeply rooted in our culture. Over the years, we have developed long-term, rational management of our forests and a well-developed and industrialised forest industry. The powerful rights of ownership of the large number of forest owners, 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.

## Risk of a global wood shortage

While demand for wood products is expected to increase, global supplies of wood are under increasing pressure. Spruce bark beetle damage has had a dramatic impact on the wood and wood products market in Europe, as large swathes of Central Europe have been forced to increase harvesting to remove damaged trees. In the long term, however, this is expected to lead to lower volumes due to the negative impact on future supply, mainly of softwood saw logs. Canada has also suffered major bark beetle attacks in the past 20 years, reducing the annual harvest from approximately 75 million m<sup>3</sup> per year to just over 55 million m<sup>3</sup>.

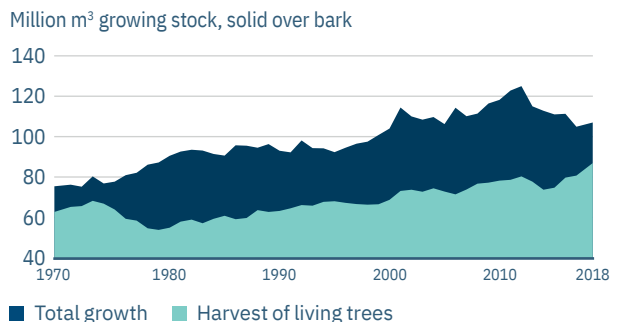
On the European market, the war in Ukraine has further reduced the availability of wood raw material. In the short term, this is affecting all flows from Russia, Belarus and Ukraine, as EU sanctions have halted wood imports from Russia to Europe. In the long term, political instability and neglected infrastructure are expected to reduce amounts of both logs and wood products from Russia.

## The world's largest exporters of wood products 2021



Source: FAO

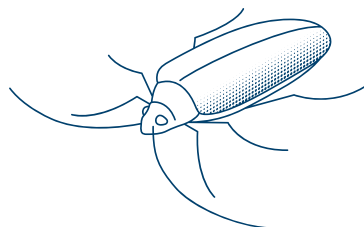
## Growth and harvest in Sweden's forests\*



Source: National forest inventory, Swedish Forest Agency, Swedish Forest Industries Federation

\*Moving five-year average.

# HIGH GROWTH IN THRIVING FORESTS



Historically, biodiversity has not been a priority issue for Swedish forestry, but the focus has shifted over the past 30 years. Development has been rapid and we have learned a great deal about how we can foster healthy ecosystems while increasing forest growth.

## The forests of today are growing the houses of tomorrow

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 just over 1 million hectares of forested land, we use about 80 per cent for wood production and we always take far-reaching environmental conservation into account when managing and harvesting our forest. Because we know that a varied forest environment with deciduous trees, watercourses and a wide range of animal species is vital to functioning ecosystems and thriving forests.

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 80–90 years 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 170 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.



## Good conditions for biodiversity in the Nordic countries

Safeguarding global biodiversity is a critical dimension of sustainable development, and one that is closely related to how our forests are managed. However, the natural variation of biotopes and species in a given area makes studying trends a complex challenge.

The Biodiversity Intactness Index 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.

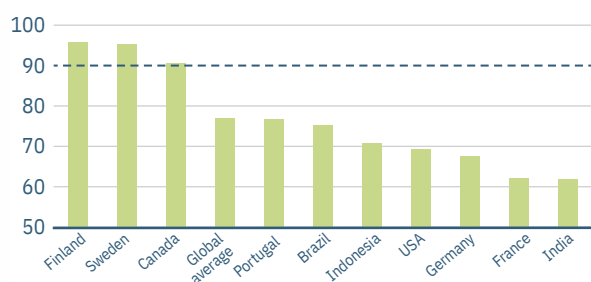
Sweden and Finland are two of the most highly forested countries in Europe, both comprising more than 70 per cent forest land, much of which is actively managed.

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.

### The Biodiversity Intactness Index

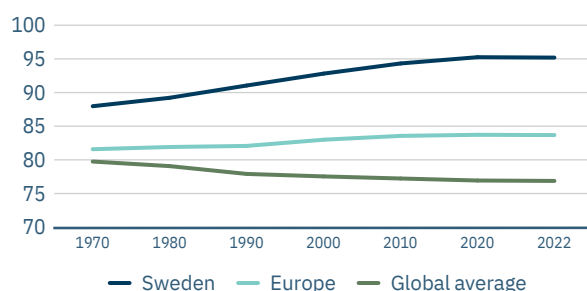
The index is based on the world's largest database of how ecological communities have been affected by mankind and is used to monitor biodiversity in different regions. For further information, see page 114.

Biodiversity Intactness Index 2022



In 2022, Sweden's biodiversity intactness index was just over 95 per cent – a level with good biodiversity and good prospects for functioning ecosystems.

Biodiversity Intactness Index trends 1970–2022



Since 1970, the year from which data is available, the trend in Sweden's index has been better in comparison with both the European and the global averages.

# OUR CONTRIBUTION TO A SUSTAINABLE FUTURE

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 especially well placed to make a difference, not just in the future but right now: climate, customers' sustainable choices, and our employees and the local communities in which we operate.



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 many of the UN's Sustainable Development Goals and thus also to the 2030 Agenda.

## 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 will increase the positive impact of our operations, while reducing our own climate footprint at the same time.

The forest's uptake of carbon dioxide will increase through active and sustainable forestry with high growth, while we increase the storage of carbon dioxide in our climate-smart products. We will also cut emissions from our value chain, mainly from transport and input goods, in line with targets approved by the Science Based Targets initiative\*.

### Target

We will increase the amount of carbon dioxide stored in our products while reducing our greenhouse gas emissions in line with the Paris Agreement.

Outcomes are presented on pages 9 and 42.

## 2. The power of customer choice

We create the greatest benefit for the climate together with our customers. Their choice of renewable products from forests, wind and water means that the world is avoiding fossil emissions. We make our customers part of a circular business that creates value at several stages of the chain.

Our customers' choices make a positive difference and the best we can do for the climate is to help more customers to replace fossil sources with renewables, known as carbon substitution. The goal is to help customers to choose more renewable products so that more fossil carbon atoms can stay in the ground.

### Target

We will increase the substitution of fossil carbon dioxide through higher sales of renewable products and renewable energy.

Outcomes are presented on pages 9 and 42.

## 3. We grow together

We are committed to our employees and our local communities. We invest in development and community because when people and communities grow, we can grow too.

We create a positive working climate through development and teamwork in equal measures, with goal-oriented work on health and safety, diversity and inclusion. Forestry also fosters thriving rural communities and enables people to live, work and enjoy quality of life outside the urban regions.

### Target

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.

Outcomes are presented on page 47.

In the materiality analysis carried out in 2018, we identified these three focus areas where we see Holmen having the greatest opportunity to contribute to sustainable development. 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.

\*The Science Based Targets initiative is an international framework for calculating UN body the IPCC's target of 1.5°C. Read more about our climate targets at holmen.com.



Sweden has approximately 470 000 km of private roads, about half of which are forest roads. In other words, put together, these forest roads would run more than five times round the world.



WE SUPPORT

## 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](http://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

## THRIVING RURAL COMMUNITIES

**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 4 700 forest properties from Småland in the south to Västerbotten in the north. We manage our forests and harvest timber on our own land, but we also work with private forest owners and other companies that are part of the Swedish forest industry. Almost 15 000 private forest owners have chosen us as a forestry partner. As well as our own 3 500 forest workers, we create employment for local contractors and companies in many small communities across the country.

Forestry also makes the forests easily accessible for outdoor recreation under Sweden's right to roam. Our forest roads get people out enjoying the natural world, while thinning means the forest does not become overgrown. Our land is accessible to hikers, for picking mushrooms and berries, and is excellent for hunting and fishing.

Our active forestry creates prosperity, jobs and a confident future for Sweden, while also bringing major regional benefits. We take pride in being a good neighbour and engage with local clubs and societies and the tourism industry. This enables us to develop in harmony with our local communities. Because when people and communities grow, we can grow too.



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.

# A BUSINESS THAT BENEFITS THE CLIMATE 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 2022 we contributed a climate benefit totalling 7.2 million tonnes of carbon dioxide. This is equivalent to 15 per cent of total emissions within Sweden's borders.**

The forest delivers the most benefit when it is put to use. This is the heart of Holmen's sustainable business. 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. This is how Holmen created real climate benefit in 2022.

### Forest carbon uptake

Young trees have the greatest capacity to bind carbon dioxide. When the trees become old and die, they decay and 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 2022 it is calculated that the increase in the volume of standing timber in Holmen's

forests has absorbed and stored a net 1.3 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 lifetime 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 just over 0.5 million tonnes and our paperboard and paper products contributed storage equivalent to just under 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, which means that finite raw materials such as coal, oil and gas can stay in the ground.

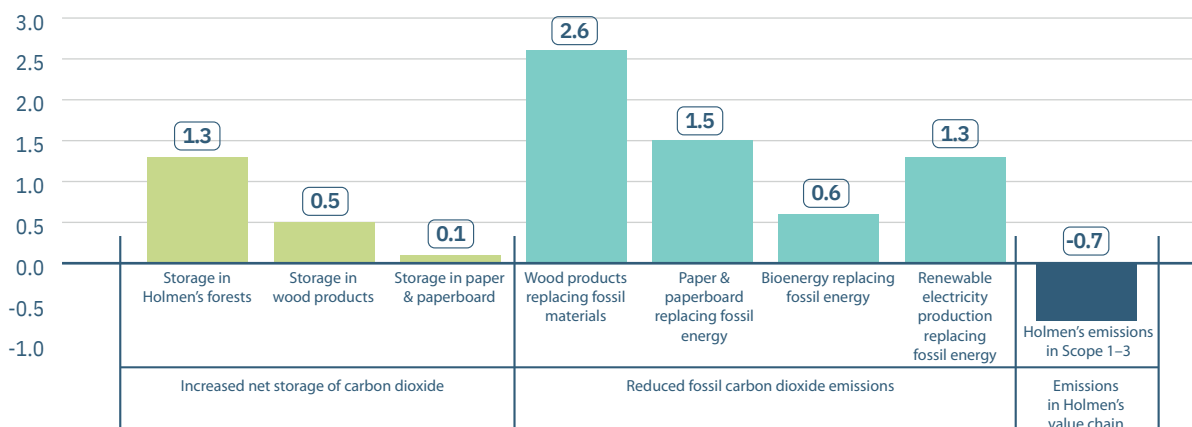
The wood products we produced during the year replaced construction materials and fossil energy that would have generated 2.6 million tonnes of greenhouse gas emissions. When the paperboard and paper we have produced can no longer be recycled, it continues to provide a benefit as bioenergy, replacing fossil energy equivalent to 1.5 million tonnes of greenhouse gas emissions.

**Renewable energy production.** Our sales of our own renewable electricity from hydro power, wind power and biomass replace coal and gas power equivalent to 1.3 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 0.6 million tonnes of emissions.

### Lower emissions

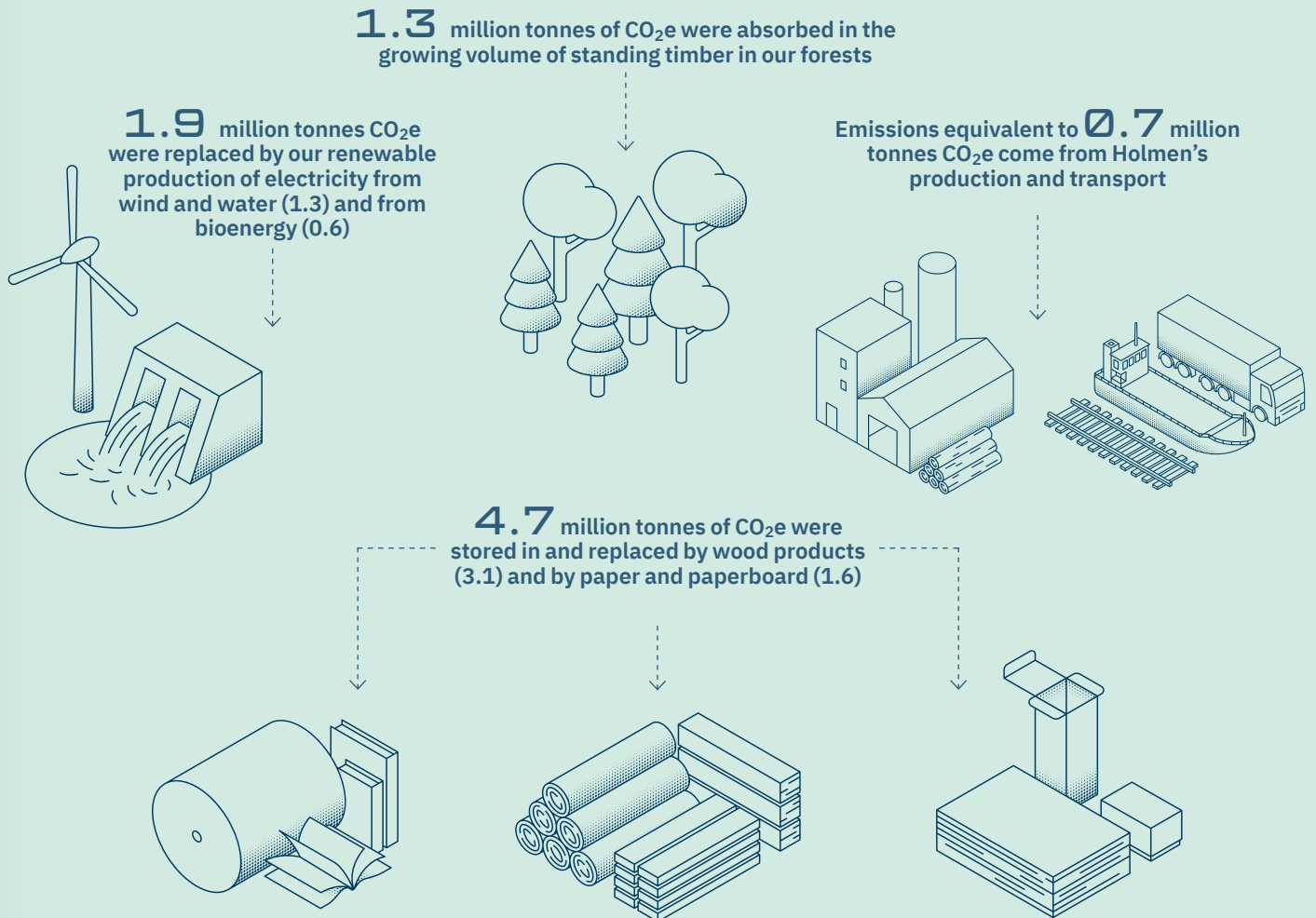
Energy-efficiency measures and investments in renewable energy at our production facilities have led to a sharp drop in fossil emissions from our own operations. Since 2005, the use of fossil fuels in our production has fallen by 90 per cent and today the majority of our emissions are generated from 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.

Managed forests benefit the climate in several ways, million tonnes CO<sub>2</sub>e



Actively managing the forest enables us to benefit the climate by storing carbon dioxide both in the forest and in our products, and by forest-based products and renewable energy replacing fossil alternatives. Total climate benefit from Holmen's value chains in 2022 is calculated in line with the methodology used by the Swedish Forest Industries Federation, CEPI and a number of other forest companies. To ensure that Holmen's reporting is based on the same methodology, Holmen had the calculation methodology produced by Peter Holmgren of Futurevistas AB in 2020. See page 111 for further details of the calculations.

In 2022 Holmen's operations contributed towards a climate benefit of **7.2 million tonnes CO<sub>2</sub>e**, equivalent to **15 per cent** of emissions within Sweden.



## Climate targets in line with the Paris Agreement

Holmen's emissions targets are in line with the UN's climate goals under the Paris Agreement, as certified by the UN-backed organisation the Science Based Targets initiative (SBTi). Since 2005, emissions from fossil fuels in our production have fallen by 90 per cent and our own emissions are already at the low levels defined by the IPCC as the target for our industry in 2045 if we are to be in line with the Paris Agreement. Today the majority of our fossil emissions are generated from purchases of input products, along with transport to and from Holmen's industrial sites. Read more about our science-based targets at [holmen.com](https://www.holmen.com)

### Holmen's science-based targets are to reduce greenhouse gas emissions by 2030 in:

- Scope 1 and 2 by 15 per cent per tonne of paper and pulp
  - Scope 3 from transport to and from our industrial facilities by 22 per cent per tonne kilometre
  - Scope 3 from transport of woody biomass by 22 per cent per tonne of woody biomass
- Additionally, suppliers accounting for 35 per cent of emissions from purchased goods and services are to have climate targets in line with Science Based Targets by 2025.



## 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.

### Environmental responsibility

For Holmen, environmental and energy concerns play a natural role in planning production and investments. Operations are characterised by resource-efficient use of renewable raw material and energy, and by protecting the environment, applying the precautionary principle. Energy, chemicals and fibre are recovered as far as possible, in order to minimise the environmental impact of production. Holmen's environmental work is characterised by constant improvement measures within the framework of 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.

Holmen's operations have a large number of quality, energy and environmental targets, which are set by the respective business area and mill. These targets differ between the business areas and are set within the framework of Holmen's different management systems. The targets are owned by the Senior Vice President Forest and by the respective mill managers in Paper, Paperboard and Wood Products.

For information about environmental permits and certification, see pages 110–111.

### Environmental risks

Holmen makes continuous efforts to manage risks related to the environment, where the main environmental impact is from emissions to air and water and the occurrence of noise and waste. There is also a risk of exceeding the limits laid down by the environmental authorities for operations. Holmen works continuously to prevent and tackle different types of environmental risks. This is done for example by conducting our own checks, inspections by government agencies, environmental risk analyses, Group-wide climate targets and certification.

For information on discontinued operations, see page 110.

### Exceedances and complaints

The environmental managers at each facility handle any incidents that occur. Close dialogue with local residents is important in order to identify and address any views on operations. The environmental incidents reported to the supervisory authorities during the year were tackled by means of corrective measures within the facilities' environmental management systems.

**Proactive work.** Constant monitoring of environmental incidents that occur at different levels is an important part of Holmen's environmental efforts. Proactively identifying a high proportion of potential incidents means we can avoid more serious incidents taking place.

»Operations are characterised by resource-efficient use of renewable raw material and energy, and by protecting the environment, applying the precautionary principle.«

# CLIMATE ADAPTATION

**Our business concept is to own and add value to the forest. Taking nature as the starting point of everything we do means that climate issues are very closely integrated in our operations. This applies to both our capacity to contribute towards positive development and how our operations may be affected by a changed climate.**

## Climate adaptation plan

Holmen has a decentralised organisation in which each business unit is responsible for drawing up a climate adaptation plan to assess how its operations and its products and/or services may be affected by climate change. In 2022 climate adaptation plans were produced for our operations in forestry, hydro and wind power, our sawmill in Linghem and for electricity production from biofuel.

The climate adaptation plans are based on an assessment of changes in climate parameters that pose a risk to operations. The climate parameters take into account primary physical events such

as air and water temperature, secondary physical events such as surface water or groundwater supply, and transitional events such as new customer demands and regulatory and legislative changes.

The climate adaptation plans identify critical business processes and the climate-related events considered to pose a risk to these processes. An annual financial impact is calculated to assess the impact of climate-related events on operations, and the result of this risk assessment becomes a financial consequence in the respective critical process.

Ongoing and potential activities capable of reducing the consequences of these various climate risks are identified, while at the same time the direct and indirect impacts of the planned measures are evaluated. This may involve everything from developing digital tools to investigating our opportunities to plan and regulate water supply in reservoirs.

All in all, the climate adaptation plans represent proactive work that equips us to develop our operations and adapt to a changing climate.

## Examples of climate-related risks and how they are tackled

Primary physical event – Temperature change	Secondary physical event – Fire	Transitional event – Reduction obligation
<p>Modelling by the Swedish Meteorological and Hydrological Institute (SMHI) indicates that Sweden's average temperature is set to rise. A warmer climate may increase growth in our forests due to a longer growing season, but may also affect the ecosystems due to changes in biodiversity.</p> <p>Holmen is developing seedlings and processes to adapt our forestry to a changing climate. When planting, we choose tree species in line with the unique land conditions to create thriving and highly resilient forests. Areas with high conservation value are identified and prioritised with greater consideration or individual nature conservation measures.</p>	<p>The risk of forest fires is rising due to three factors: higher temperatures, a greater risk of storms and lightning strikes because of higher energy levels in the atmosphere, and more biomass on the ground as a result of increased growth.</p> <p>Holmen is working with SMHI to develop a digital tool for planning harvesting and fire watching, taking into account the higher risk of fires.</p>	<p>A requirement to increase the admixture of biofuels may affect fuel prices.</p> <p>To mitigate the consequences of higher fuel prices, Holmen is working to increase the volumes transported by rail. To improve the efficiency of transport kilometres driven by truck, Holmen is also involved in technological development efforts to enable the use of longer and heavier vehicles and alternative fuels.</p>





# EMPLOYEES WITH COURAGE, COMMITMENT & RESPONSIBILITY

**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 have put long-term values ahead of short-term profit and dared to swim against the tide when it made 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 produce an initial proposal for 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 helping to implement our strategy. This makes it easy to work across boundaries and in new constellations.

**Values that guide us.** 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 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, appraisal talks, in our management by

objectives model, and as a basis for our internal leadership and management programmes.

### **We grow together**

Based on our current and future skills needs, we are working on employee development at all levels. We give them a great deal of responsibility, as well as the motivation and support of a team of committed and expert colleagues and managers. We also provide development programmes for new and more experienced managers alike, plus specialists driving work on change. Ongoing competence development sees us paving the way for everyone to grow, with stimulating duties and new challenges. Because we know that the impetus to grow is greatest when development is built from the ground up.

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 employer offering that we are constantly refining to attract the right

people. We recruit using a competency-based methodology that helps us bring in the right skills.

**Dynamic workplace.** 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. This will enable us to benefit from different backgrounds and ensure that everyone feels welcome. As our industry is currently overwhelmingly male, we are 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.

### Health and safety

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. Holmen carries out systematic Group-wide health and safety work in line with ISO 45001 (see page 111) and all production units are certified, apart from Bygdsiljum and Kroksjön Sawmills, which were acquired in

2020. Work is in progress to include these facilities in the certificates of the other sawmills and is expected to be completed in 2023.

During the coronavirus pandemic, Holmen implemented a large number of adaptations and measures to ensure a safe work environment for our employees and others visiting our operations. As always, the precautionary principle is paramount.

### 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. Office workers receive training in the Code of Conduct every three years. A few cases linked to deviation from the Code of Conduct were reported during the year and were handled according to internal procedures.

We constantly work in line with our supplier follow-up process, which was updated in 2020. Our follow-up has identified which suppliers pose risks linked to the climate, the environment, labour law, human rights, business ethics and sustainable purchasing. Work to draw up action plans for suppliers identified as being high risk continues.

### Human rights and equality

Holmen safeguards human rights and the equal value of all people in everything we do, both in the workplace 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. We have clear guidelines on what applies and where to turn in cases where Holmen's Code of Conduct is not being followed.

## THREE OF OUR SOCIAL TARGETS

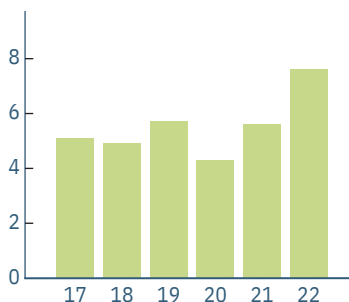


### A zero vision for discrimination and harassment

Holmen has a vision of zero discrimination and harassment, which is followed up internally via employee surveys, appraisal talks and reported cases. A number of cases involving discrimination and harassment were reported during the year. The cases were handled in line with internal procedures.

### Industrial accidents

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



### A zero vision for accidents

The number of accidents per million hours worked increased from 5.6 in 2021 to 7.6 in 2022. There was a reduction in the leading reasons for work-related accidents (tripping, slipping, falls and pinch point accidents) in 2022, but the number of cuts and lacerations increased. Work is underway to investigate the reasons for this rise and to put additional measures in place. It is important for us to continue to work far-sightedly, focused on our vision of zero accidents.



### Employees who recommend Holmen

A comparison based on responses from 250 companies in different industries showed that Holmen's employees are far more likely to recommend Holmen as an employer than the benchmark. Employee surveys put Holmen's employee Net Promotor Score (eNPS) at 25, compared with a benchmark index of 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 52 701 shareholders at year-end 2022. Private individuals with Swedish citizenship accounted for the largest category of owners with 50 177 owners.

The largest owner at year-end, with 62.3 per cent of votes and 34.1 per cent of 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 owner was the Kempe Foundations and their

holdings of Holmen shares amounted to 17.5 per cent of votes and 7.4 per cent of 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 2022 AGM, the Board's authorisation to purchase up to 10 per cent of the company's shares was renewed. No shares were bought back in 2022. The company already holds 0.3 per cent of the total number of shares in treasury. During the year, 75 993 shares were transferred to participants in the Group's share savings programme, which expired in 2022.

See pages 58–59 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 2022 that the 2023 AGM would take place on 28 March 2023. Shareholders or proxies are entitled to

vote in respect of the full number of shares owned or represented.

## Nomination committee

The AGM resolved that the nomination committee shall 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 2022 and 2023 AGMs is shown in the table on page 51.

The nomination committee's mandate is to submit proposals for the election of Board members and the Board Chairman, for the Board fee and auditing 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 in 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 diverse and wide-ranging in terms of the expertise, experience and background of the members elected by general meetings.

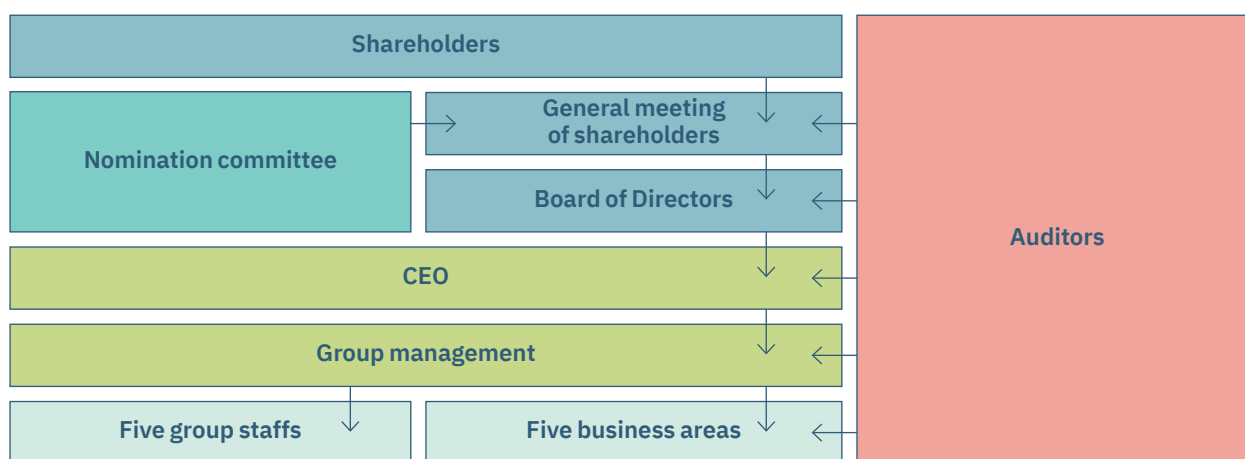
## ↓ 2022 AGM

The notice convening the meeting, the agenda and the minutes of the 2022 AGM are available at holmen.com. According to item 1.2 of the Swedish Corporate Governance Code, the Chairman of the Board and as many members of the Board as are required for a quorum are to be present at meetings. In light of the risk of spreading the coronavirus, however, the Board resolved to conduct the AGM only through postal voting so that as few participants as possible would be present. For this reason, only the Chairman of the Board and the CEO were present at the AGM. However, as many members as were needed for the Board to have a quorum were prepared to hold a telephone meeting on the day of the AGM. For the AGM, shareholders were given the opportunity to ask and receive answers to questions in writing. The AGM adopted the income statement and balance sheet, decided on the appropriation of profits and granted the departing Board discharge from liability. Fredrik Lundberg, Hans Hedström, Carnegie Funds, and Carina Silberg, Alecta, checked and approved the minutes. It was not possible to follow or participate in the meeting from other locations using communication technology.

## ↓ Board meetings

The Board held eight meetings in 2022, four of which were in connection with the company's publication of its quarterly reports. One meeting was dedicated to reviews of strategic issues and the Group budget for 2023. One meeting was held in connection with the company's AGM. In addition, the Board paid particular attention to strategic, financial and accounting issues, the monitoring of business operations, the energy markets, and the other impacts of the war in Ukraine on Holmen's operations. The Board also devoted time to sustainability issues, study visits to sawmills and power plants in the vicinity of Skellefteå and significant investment matters. On one occasion the company's auditor reported directly to the Board, providing a presentation about the audit of the accounts and internal control.





An even gender distribution is sought. Further information about the work of the nomination committee will be provided at the 2023 AGM.

For the 2023 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 and Henriette Zeuchner, as well as the election of Carina Åkerström. Carl Bennet declined to stand for re-election.

### 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 seven to 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 2022 AGM re-elected Fredrik Lundberg, Carl Bennet, Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner to the Board, as well as electing Fredrik Persson. Fredrik Lundberg was re-elected Chairman of the Board. At the statutory first meeting of the new Board in 2022, Henrik Andersson, Senior Vice President Legal Affairs, was appointed company 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 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 98–99.

### The Board's activities

The activities of the Board follow a plan, one of whose aims is to ensure that the Board obtains all 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. Employees of the company participate in Board meetings to 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 were presented and discussed at a Board meeting. The results of the 2022 evaluation will form the basis for planning the Board's work for the coming year. The Chairman of the Board has reported the results of the evaluation to the nomination committee.

### Remuneration

The Board has appointed a remuneration committee consisting of Fredrik Lundberg, Carl Bennet 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

## ↓ Members of the Board of Directors

Board members	Elected	Role on the Board	Audit committee	Remuneration committee	Attendance at meetings in 2022:			Fee for 2022 decided by AGM (SEK '000)
					Board of Directors	Audit committee	Remuneration committee	
Fredrik Lundberg	1988	Chairman	Member	Chairman	8/8	5/5	1/1	780
Carl Bennet	2009	Member	–	Member	8/8	–	1/1	390
Lars G Josefsson	2011	Member	–	–	2/8	–	–	–
Lars Josefsson	2016	Member	Member	–	8/8	5/5	–	390
Alice Kempe	2019	Member	–	Member	8/8	–	1/1	390
Louise Lindh	2010	Member	–	–	8/8	–	–	390
Ulf Lundahl	2004	Member	Chairman	–	8/8	5/5	–	390
Fredrik Persson	2022	Member	–	–	5/8	–	–	390
Henriette Zeuchner	2015	Member	–	–	8/8	–	–	390
Henrik Sjölund	2014	Member, President & CEO	–	–	8/8	–	–	–

According to the nomination committee, Fredrik Lundberg, Carl Bennet, Lars Josefsson, Alice Kempe, Louise Lindh, Ulf Lundahl, Fredrik Persson and Henriette Zeuchner are independent of the company and its senior management, and Lars Josefsson, Ulf Lundahl, Fredrik Persson, Henriette Zeuchner and Henrik Sjölund are independent of the company's major shareholders. Lars G Josefsson declined to stand for re-election at the AGM on March 30 2022 and Fredrik Persson was elected as a new Board member.

### Employee representatives

Steewe Björklundh, member, elected 1998/Christer Johansson, member, elected 2017/Tommy Åsenbrygg, member, elected 2009/Martin Nyman, deputy member, elected 2021/Daniel Hägglund, deputy member, elected 2014/Ari Aula, deputy member, elected 2022.



Internal management processes and guideline documents.

and share savings programmes. The committee also examined remuneration structures, remuneration levels and methods for establishing the Group's salary 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 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 remuneration 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 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 2020 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. New guidelines are proposed for the 2023 AGM. See Note 4. The proposal is available on [holmen.com](http://holmen.com).

The 2022 AGM approved the Board fee and payment of the auditors' fee as invoiced.

The share savings programme that was introduced following a resolution by the 2019 AGM expired in April 2022. The 2022 AGM approved a new share savings programme for key individuals in the Group. The aim of the programme 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 100.

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 discussion about governance of the Group and the tools, such as the management-by-objectives model and Group-wide policies, used in such governance. In 2022, Group management focused particularly on analysing the energy and construction material markets, and testing the Group's strategy in different scenarios according to how these markets might develop.

### Audit

The audit firm PricewaterhouseCoopers AB (PwC), which has been Holmen's auditor since 2021, was re-elected as auditor at the 2022 AGM for a period of one year. Authorised Public Accountant Magnus Svensson Henryson was appointed as the principal 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 has 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. 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 on the election of an auditor for the next mandate period. The Board's reporting instructions include requirements that the members of the Board shall receive a report each year from the auditors confirming that the company's organisation is structured to enable satisfactory supervision of accounting, management of funds and other aspects of the company's financial circumstances. In 2022, 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 2022 is stated in Note 5 on page 75. PwC is required to assess its independence before making decisions on whether to provide Holmen with independent advice alongside its audit assignment.

### 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. An annual review of the Group's strategy is conducted, including objectives for the business. The strategy is adopted by the Board and forms the basis for the expectations that are set. On the basis of the expectations, each unit sets objectives 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, in which decisions are taken on the distribution of resources and targets for the coming year are set. Use of a simple and well-implemented management-by-objectives tool for continuous follow-up ensures that the entire organisation is applying appropriate priorities to attain the objectives established.

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

Operations are followed up through regular reporting of performance and KPIs that reflect business activity, along with additional qualitative analysis. Reporting of non-financial data is integrated with the financial reporting. When major investment decisions are under consideration, financial, social and environmental effects are taken into account.

**Code of Conduct.** Holmen's 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 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 principles, conventions and guidelines above. Both Holmen's Code of Conduct and Supplier Code of Conduct cover the areas of anti-corruption, human rights, health and safety and the environment.

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

**Policies.** Holmen works with policies, guidelines and Group instructions to clarify how employees should act within key and critical areas. The Group's 11 policies cover

matters such as expectations of employee participation and leadership, specify the scope of management by objectives, talent management, interaction with trade union organisations, equality and employment conditions. In addition to this, a good work environment is covered in terms of health and safety, anti-corruption and competition issues, and how good business practice is maintained in relation to 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 that we should aspire to make continuous improvements. 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

reiterated by managers at employee meetings. Compliance is monitored partly through employee surveys and appraisal talks, pay surveys, safety statistics and audits of the organisational and social work environment. The Board is to be informed of any violations 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 or other possible areas of concern and improprieties at the company. No complaints about deficiencies were reported through this channel in 2022.

**Internal control of financial reporting**  
The Board's responsibility for internal control and financial reporting is regulated

» *Forests are the core and basis of sustainably successful entrepreneurship in a Group that rests on five strong business areas and whose strategy revolves around sustainable development. Through Holmen's business model, returns and climate benefits are generated at the same time as ecosystems and biodiversity are protected.*«

Louise Lindh, Board member, Holmen

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. Communication must be accurate, transparent and easily accessible and comply with legal requirements and commercial confidentiality.

**Compliance.** Holmen's Code of Conduct, policies and values are part of every employee's induction programme, and

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 page 52), ensure the company's assets are managed according to Group

## ↓ Composition of the nomination committee

Name	Representing	Before AGM:		Independent of the:	
		2023	2022	Company	Largest shareholder (in terms of votes)
Mats Guldbbrand	L E Lundbergföretagen*	x (Chairman)	x (Chairman)	Yes	No
Fredrik Lundberg	Chairman of the Board	x	x	Yes	No
Carl Kempe	Kempe Foundations*	x	x	Yes	Yes
Vegard Torsnes	Norges Bank*	x	-	Yes	Yes
Hans Hedström	Carnegie Funds	-	x	Yes	Yes

\*At 31 August 2022, L E Lundbergföretagen controlled 62.2 per cent of the votes, the Kempe Foundations controlled 17.5 per cent and Norges Bank controlled 1.1 per cent.

rules and to prevent irregularities. Group Finance coordinates and monitors the internal control process concerning financial reporting.

This work adheres to guidelines issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in respect of internal control over financial reporting. The framework comprises five basic elements: control environment, risk assessment, control activities, information and communication, as well as monitoring activities and evaluations. The framework has been modified to suit the estimated 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 instruction for the CEO establish the distribution of roles and responsibilities to ensure effective control and management of the business' risks.

Policies, guidelines and instructions contribute to making individuals aware of their role in establishing 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 can 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.

Holmen's greatest risks regarding financial reporting are linked to the valuation of forest assets, pension obligations, provisions and financial transactions. The risk assessment also involves identifying and assessing operational risks. For further information, see the Risk Management section on pages 53–57.

**Control activities.** To ensure that Holmen's financial reporting objectives are met, control requirements are incorporated into the processes that are deemed relevant: sales, purchasing, investments, personnel, financial statements, payments and IT. Control activities aim to prevent, identify and rectify errors and discrepancies. Business-specific self-assessments that are completed by all Group units set out what control requirements apply for each respective process and whether or not they are 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 for 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 assessed regularly to ensure that they are effective and appropriate. The results of self-assessments are followed up on a continual basis and discrepancies are reported half-yearly to the Executive Vice President. The accuracy of self-assessments is subject to testing. The reporting of internal control to Group management takes place once a year.

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

Follow-up is an important tool to identify possible deficiencies within the Group and to address 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, is 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 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 financial policy established by the Board and that is characterised by a low level of risk and aims to minimise the Group's cost of capital and provide effective control of the Group's financial risks.

## ↓ Operational risks

Risk	Risk management	Comment
<p><b>Production and deliveries</b> Demand for Holmen's products is affected by macroeconomic and political factors, among others, and the competitiveness above all of European producers. Changes in demand affect the ability to achieve full production at the Group's industries and can lead to lower income. Income may also be impacted if harvesting from our own forests needs to be limited as a result of lower demand and variations in precipitation and wind, which govern generation from 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 the ability to maintain a high level of production amid more difficult market conditions. Changes in demand for wood may be met by shifting harvesting from our own forests from year to year, while production of hydro power during the year can be controlled by regulating water reservoir levels.</p>	<p>Thanks to our strong supply of wood and energy, Holmen was able to produce largely at full capacity in 2022, whereas many competitors on the continent had problems with raw material supplies. Blåbergsgliden Wind Farm became operational at the start of 2022, which, together with the acquisition of the remaining 50 per cent of the previously partly owned Varsvik Wind Farm, increased Holmen's renewable electricity production capacity by 40 per cent per year. For information about how changes in deliveries would affect Holmen's operating profit, given the circumstances on 31 December 2022, see the sensitivity analysis on page 57.</p>
<p><b>Selling prices</b> The market balance in each product segment governs the selling price and affects income.</p>	<p>Holmen has limited possibilities 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 offering across a number of product areas. Changes in the price of wood can be managed to some extent by shifting harvesting from year to year and changes in the price of electricity can be managed by regulating reservoir water levels in order to shift electricity generation over the year.</p>	<p>Paperboard and paper product prices were increased in 2022. A flagging construction market drove down wood product prices at the end of the year. Electricity prices were high, but with significant local variations. Holmen's renewable electricity prices were on average nearly twice as high as in 2021. For information about how changes in prices would affect Holmen's operating profit, given the circumstances on 31 December 2022, see the sensitivity analysis on page 57.</p>
<p><b>Raw materials</b> Wood, electricity and chemicals are the most significant input goods and price changes affect profitability. Holmen's costs depend on the price development for input goods, as well as on how well the Group succeeds in making 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>Around 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 is largely in balance in terms of pulp 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 in 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 recycling 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 electricity price in southern Sweden, where most of Holmen's consumption takes place, was high in 2022. Due to price hedges and Holmen's adapting of its production to an environment with volatile electricity prices, the price increase had a limited impact on Holmen's costs. Other important input goods, such as chemicals and wood, also increased in price during the year. For information about how changes in commodity prices would affect Holmen's operating profit, given the circumstances on 31 December 2022, see the sensitivity analysis on page 57.</p>

Risk	Risk management	Comment
<p><b>Suppliers</b> Deficiencies in the supply chain for inputs 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 also a risk that essential raw materials are not 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. In addition, Holmen's Supplier Code of Conduct is included in all new contracts. It contains requirements on sustainable development, including by respecting internationally recognised principles on anti-corruption measures, human rights, health and safety and the environment. Since 2017, Holmen has engaged an external party, EcoVadis, to monitor suppliers regarding 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 forest management contractor agreements is ensured through site visits in the forest and all forest management contractors are trained in forest management and labour law and are informed about where to turn if irregularities should occur.</p>	<p>In 2022, 0 (2) cases regarding breach of the Supplier Code of Conduct were reported. In the event of such breaches of the Code, an active dialogue with an action plan is in place in accordance with Holmen's procedures. Suppliers representing 88 per cent (85) of the Group's purchasing volumes have signed the Supplier Code of Conduct. Supply chain risks relating to the climate, environment, labour legislation, human rights, business ethics and a sustainable purchasing have been mapped and an action plan has been formulated. The largest suppliers of input products are engaged in dialogues regarding the reduction of fossil emissions. The war in Ukraine and the effects of the pandemic have made it more difficult and expensive to acquire certain goods and services. Holmen has actively worked to limit the effects and has been able to avoid disruptions to production.</p>
<p><b>Customer credits</b> 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 2022, the Group's trade receivables totalled SEK 2 929 million (2 393), of which 43 per cent (34) were insured against credit losses. During the year, no credit losses on trade receivables had an impact on earnings (SEK 0 million). Sales to the five largest customers accounted for 14 per cent (14) of the Group's total sales in 2022.</p>
<p><b>Facilities</b> Production can 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 greater loss of production than planned. Investments in non-current assets can 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 of employees promotes participation, knowledge and awareness about these risks and how they can be countered. Holmen insures its facilities at replacement value and has insurance against interruptions in the event of unforeseen events. The Group also has liability insurance that covers sudden and unforeseen environmental damage affecting third parties.</p>	<p>The turbine in the biofuel boiler at Workington became fully operational again in the first quarter of 2022 after being damaged in 2021. Following the insurance investigation, Holmen was entitled to compensation for the turbine damage, minus the excess and certain costs. In 2022, Holmen invested SEK 1 225 million in the maintenance and upgrading of its production facilities. At Braviken Paper Mill, a project was launched to streamline production and treat and reuse more water and chemicals.</p>
<p><b>IT systems</b> Efficient IT support is required to be able to plan and manage the production and when handling 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>Business operations were not affected by cyber incidents in 2022. To make its systems and procedures secure, Holmen has created a new function focused on IT and cyber security. A regularly recurring IT security training course is held for employees.</p>
<p><b>Forest management</b> Holmen's right to manage its own forest is crucial for maintaining its value. There is a risk that requirements to allocate areas for purposes other than forestry could increase in the future. Such a development could have a negative impact on the value of Holmen's forest assets, and mean that forestry methods may need to change, which could reduce the harvest and increase costs.</p>	<p>Land and forest management are regulated both nationally and at the EU level. In order to be able to engage in active and sustainable forestry, it is important that laws and regulations such as the Environmental Code, the Forest Inquiry, the EU's forest strategy and LULUCF 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, the right to use the forest in line with Swedish laws and regulations was questioned within the EU. Holmen has actively participated, both on its own and through industry organisations, in the debate to influence the EU position, including by elucidating the positive climate effects associated with a managed forest.</p>
<p><b>Damage to forests</b> Wild game can damage the forest 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>Holmen's forest holdings are scattered across large parts of Sweden and the risk of extensive damage occurring simultaneously is considered to be low, for which reason the Group does not have insurance cover for its forest holdings. 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 2022. To halt its spread, Holmen continued to prioritise the harvesting of the 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>
<p><b>Climate change</b> The Swedish Meteorological and Hydrological Institute's forecasts show that average temperature, precipitation and soil moisture will increase in Sweden. A warmer climate could increase the growth of our northerly growing forests with a longer growth period, more precipitation and higher levels of carbon dioxide in the air, aiding photosynthesis. It could also affect the ecosystems in that biodiversity is altered, while the risk of storm and snow damage, fungal attack, insect damage and forest fires increases. Climate change could also impact the ability to carry out harvesting, for example because of the increased risk of damage to the land.</p>	<p>Holmen is developing seedlings and processes for planting, clearing and thinning to adapt our forests to a changed climate. Seeds for Holmen's cultivation of seedlings are selected to grow and flourish in a changing climate. 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. Since shorter periods of frozen ground can make harvesting more difficult in the winter, this work is being adjusted through planning and by relocating machines to areas with better conditions.</p>	<p>Ongoing climate risk analyses and adaptation plans are carried out to ensure healthy, resilient forests suited to a changing climate. The risk of an impact on Holmen's sites from climate change is being managed through Holmen's operational continuity planning. Risks concerning energy consumption and greenhouse gas emissions are managed through our ISO-certified environmental and energy management systems. Demand for Holmen's products is rising in response to the market's ambitions to counteract climate change, since our customers want renewable alternatives to fossil-based products.</p>

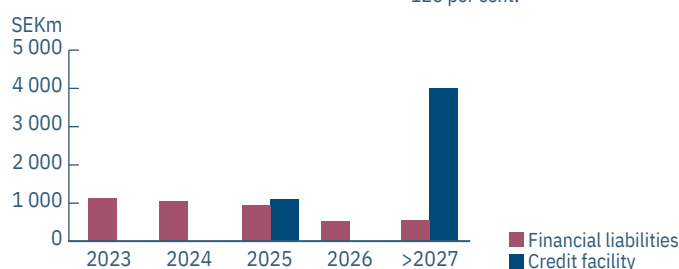
Risk	Risk management	Comment
<p><b>Environment and permits</b> Holmen runs operations that require environmental permits. The permits specify conditions regarding permitted production volumes and permitted emissions to air and water. Production disruptions can cause breaches of emissions conditions set for the business by environmental authorities. Such breaches could affect the environment. In places where Holmen has conducted industrial operations, the need for remediation may entail future costs.</p>	<p>Environmental measures are organised and conducted 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 2022, 45 (53) 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 2022. Corrective measures were taken to deal with these cases, in line with the environmental management system 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><b>Health and safety</b> Incidents and accidents at the workplace have an effect on human life and health. This could also lead to production disruptions and increased costs.</p>	<p>Good health and safety is a priority at all levels of the Group. Certified management systems, Group-wide targets relating to work accidents, continual training of personnel to increase risk awareness, procedures for risk observation and incident and accident reporting, and risk assessment of tasks and work by contractors are examples of activities to achieve a high level of safety in the workplace.</p>	<p>In 2022, the rate of industrial accidents was 7.6 per 1 million hours worked (5.6). See also page 47. 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 conducting preliminary investigations into industrial accidents before the end of shifts in order to directly address any dangers.</p>
<p><b>Talent management</b> Skilled and motivated employees are key to being able to conduct long-term business operations with good profitability. 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 careers fairs and sponsorship collaborations, are helping to increase awareness of Holmen and attract and retain talented employees.</p>	<p>Annual surveys show that new hires rate Holmen highly as an employer. During the year, managers were trained in competency-based recruiting in order to improve their recruitment success rate and increase diversity among new employees. Holmen received accolades in 2022 such as a top 20 ranking in the Ranstad awards, the title Karriärföretag (career company) 2023, and a top 10 place in Universum's ranking of Sweden's Best Employers (Sveriges Bästa Arbetsgivare).</p>
<p><b>Business ethics risks</b> Nationally and internationally, customers and partners place requirements on 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 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. Managers and employees in sales, marketing, purchasing, finance, HR, information, market communication, projects and Group staffs have all received training in all aspects of Holmen's Code of Conduct.</p>	<p>No identified or reported cases concerning deviations from the business ethics policy or the parts of the Code of Conduct or Supplier Code of Conduct regarding business ethics issues were reported in 2022. In August 2022, new versions of the Code of Conduct and the Supplier Code of Conduct were adopted. Office workers and managers at Holmen are trained in the Code of Conduct every three years. No corruption lawsuits against the organisation or its employees were ongoing in 2022.</p>
<p><b>External risks</b> Holmen is active 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, epidemics and pandemics. Moreover, Holmen is obligated to comply with laws and regulations where Holmen 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 purpose is to handle the monitoring of social trends, advocacy and 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 and through meetings with decision-makers. More unforeseeable risks that may arise, such as shutdowns 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 employees and guarantee its raw material supply, logistics and IT security. Holmen has marginal direct exposure to Ukraine, Russia and Belarus, but we continuously analyse the consequences the war might have for our operations, in both the short and long term. We comply with the sanctions adopted. In 2022, Holmen continued to take action to minimise the impact of the coronavirus pandemic, with a focus on the health and safety of our employees. Holmen has been 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.</p>

## ↓ Financial risks

Risk	Risk management	Comment																																																
<p><b>Currency</b> 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. The translation exposure risk arises from the translation of foreign subsidiaries' assets, liabilities and earnings into Swedish kronor.</p>	<p><b>Transaction exposure.</b> In order to reduce the impact on profit from 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 correspond to trade receivables and outstanding orders. The Board can decide to hedge flows for a longer period if this is deemed suitable in light of the products' profitability, competitiveness and the currency situation. Currency exposure arising when investments are paid for in foreign currency is distinguished from other transaction exposure. Normally, 90–100 per cent of the currency exposure associated with major investments is hedged.</p> <p><b>Validation of revaluations.</b> Hedging 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 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. Exposure that arises when the earnings of foreign subsidiaries are translated into Swedish kronor is not normally hedged.</p>	<p>For the next two years, expected flows in EUR/SEK are hedged at an average of 10.55. For other currencies, 4–8 months of flows are hedged.</p> <p>Hedging of exposure to pounds sterling amounted to GBP 126 million at year-end. Net assets in other currencies are limited and are not usually hedged.</p>																																																
	<table border="1"> <caption>Net flow 12 months and Hedge (SEKm)</caption> <thead> <tr> <th>Currency Pair</th> <th>Net flow 12 months</th> <th>Hedge</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>~200</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>~200</td> </tr> <tr> <td>CNH/SEK</td> <td>~500</td> <td>~100</td> </tr> </tbody> </table>	Currency Pair	Net flow 12 months	Hedge	EUR/SEK	~4,000	~9,000	GBP/SEK	~1,000	~200	USD/SEK	~2,500	~1,500	EUR/GBP	~1,000	~200	CNH/SEK	~500	~100																															
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<p><b>Interest rates</b> Changes in market interest rates affect the Group's cost of borrowing.</p>	<p>The fixed rate duration for the Group's net financial debt varies over time and is decided by the Board of Directors. To limit the effects of a rise in interest rates, the interest rate on loans may be fixed, or an interest rate swap agreement may be entered into without changing the interest rate on the underlying loan.</p>	<p>Holmen's average borrowing rate in 2022 was 1.5 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>&lt;1 year</th> <th>1–3 years</th> <th>3–5 years</th> <th>&gt;5 years</th> <th>Pension obligations</th> <th>Right-of-use agreements</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>SEK</td> <td>1 873</td> <td>-1 400</td> <td>-500</td> <td>0</td> <td>2</td> <td>-153</td> <td>-179</td> </tr> <tr> <td>EUR</td> <td>-246</td> <td>0</td> <td>0</td> <td>0</td> <td>-9</td> <td>-75</td> <td>-330</td> </tr> <tr> <td>GBP</td> <td>-1 737</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>-8</td> <td>-1 746</td> </tr> <tr> <td>Other items</td> <td>119</td> <td>0</td> <td>0</td> <td>0</td> <td>0</td> <td>-10</td> <td>109</td> </tr> <tr> <td></td> <td><b>9</b></td> <td><b>-1 400</b></td> <td><b>-500</b></td> <td><b>0</b></td> <td><b>-7</b></td> <td><b>-247</b></td> <td><b>-2 145</b></td> </tr> </tbody> </table>	SEKm	<1 year	1–3 years	3–5 years	>5 years	Pension obligations	Right-of-use agreements	Total	SEK	1 873	-1 400	-500	0	2	-153	-179	EUR	-246	0	0	0	-9	-75	-330	GBP	-1 737	0	0	0	0	-8	-1 746	Other items	119	0	0	0	0	-10	109		<b>9</b>	<b>-1 400</b>	<b>-500</b>	<b>0</b>	<b>-7</b>	<b>-247</b>	<b>-2 145</b>	
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<p><b>Credit risk from financial counterparties</b> 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 monitored continually. This 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 assessed to correspond to the nominal amount.</p>	<p>At 31 December 2022, the Group had outstanding derivative contracts with a nominal amount of SEK 17 billion and a net fair value of SEK 4 billion.</p>																																																



Risk	Risk management	Comment
<p><b>Liquidity and refinancing</b> The risk of the need for future funding and refinancing of maturing loans being required at a high cost.</p>	<p>Holmen's strategy is to have a strong financial position in order to secure room for manoeuvre when making long-term commercial decisions. The target is for net financial debt not to exceed 25 per cent of equity. Holmen's financing usually mainly comprises bonds and the issue of commercial paper. Holmen reduces the risk of future funding becoming difficult or expensive by using long-term contractually agreed credit facilities. The Group plans its financing by forecasting financing needs over the coming years based on the Group's budget and profit forecasts that are regularly updated.</p>	<p>The cash flow was strong in 2022 and net financial debt fell to SEK 2 145 million, which is equal to 4 per of equity. Financial liabilities totalled SEK 4 195 million at the end of the year, of which SEK 1 127 million are due for payment in 2023, and financial assets totalled SEK 2 050 million, of which SEK 1 935 million consist of cash and cash equivalents and short-term investments.</p> <p>The Group has unutilised committed credit facilities of SEK 5 billion, of which SEK 1 billion matures in 2025 and SEK 4 billion in 2027. Both facilities include a limit stipulating that they cannot be used if net liability in relation to equity exceeds 125 per cent.</p>



## ↓ Sensitivity analysis

Operational risks	Impact on operating profit, SEKm			
	Sale	Change	Price	
<p>A 1 per cent change in deliveries and price of the Group's products or significant input goods is deemed to affect Group operating profit as per the table to the right.</p> <p>Earnings are relatively evenly spread over the year. The clearest seasonal effects are lower personnel costs in the third quarter and the fact that electricity production at the hydro power plants is normally higher in the first and fourth quarters.</p> <p>Holmen hedges parts of the electricity consumption by the paper business area. For 2022, 90 per cent of electricity consumption was hedged. At year-end, 90 per cent of electricity consumption was hedged for 2023. For 2024, 60 per cent has been hedged, while for 2025 the figure is 25 per cent.</p>			Deliveries	
	Paperboard	+/-1%	66	35
	Paper	+/-1%	84	42
	Wood products	+/-1%	50	24
	Wood from company forests	+/-1%	15	10
	Hydro and wind power	+/-1%	12	10
				Price
	Wood	+/-1%	36	
	Electricity*	+/-1%	2	
	Chemicals	+/-1%	20	
Other variable costs	+/-1%	9		
Delivery costs	+/-1%	22		
Employees	+/-1%	30		
Other fixed costs	+/-1%	14		
	*Taking electricity price hedges for 2023 into account. Without taking hedges into account, the corresponding figure would be SEK 39 million.			
Financial risks	Earnings before tax*	Change	SEKm	
<p>The table to the right shows the extent of the impact from a change in the Swedish krona, the price of electricity and the market interest rate on Group profit before tax and equity next year, taking account of hedging. The adopted change is calculated based on five years' average historical volatility for each instrument, which is deemed a reasonable change going forward. Historical volatility on exchange rates is calculated based on average annual volatility on the KIX, the Riksbank's exchange rate index. Excluding hedging, a 5 per cent change in the krona would affect earnings before tax by SEK 500 million a year.</p>	Exchange rate total	+/-5%	180	
	EUR/SEK	+/-5%	18	
	USD/SEK	+/-5%	68	
	GBP/SEK	+/-5%	46	
	other currencies/SEK	+/-5%	48	
	Borrowing rate	+/-1% point	1	
				SEKm
	Equity			
	Transaction hedging	+/-5%	590	
	Investment hedging	+/-5%	11	
Equity hedging	+/-5%	79		
Electricity price hedging	+/-60 %	2 625		
Interest rate changes	+/-1% point	8		
	*Estimated effect for 2023 including hedging.			

# 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 (dividend paid and share price performance) has been 488 per cent, compared with 160 per cent for the OMX Stockholm 30. For Holmen, this corresponds to an annual return of 19 per cent. At the same time, the number of shareholders has increased by 25 000 to nearly 53 000.**

## Stock exchange trading

Holmen was listed on the Stockholm Stock Exchange in 1936, but was called Mo och Domsjö AB at that time. Holmen's two classes of shares are currently listed on Nasdaq Stockholm, Large Cap. At the end of 2022, Holmen A was trading at SEK 424 (448) and Holmen B at SEK 414 (435), corresponding to a market capitalisation of SEK 67.5 billion (71.0). The highest closing price for Holmen's class B shares was SEK 573, on 29 April. The lowest closing price was SEK 400, on 2 November. The daily average number of class B shares traded was 1 050 000, which corresponds to a value of SEK 501 million. The daily average number of class A shares traded was 1 097. Almost 28 per cent of trading took place on Nasdaq Stockholm. Holmen shares have also been traded on other trading platforms, such as Cboe BXE, LSE and Aquis.

## Dividend

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 28 March 2023 approve

a dividend of SEK 8 per share and an extra dividend of SEK 8 per share.

## Share structure

Holmen has 162 001 678 shares outstanding, of which 45 246 468 are class A shares and 116 755 210 are class B shares. The company also has 510 646 repurchased class B shares held in treasury. 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.

## Share savings programme

The share savings programme introduced by decision of the 2019 AGM expired in April 2022, which means that the participants have been allocated 75 993 matching and performance shares. The 2022 AGM decided on a new, similar share savings programme. The aim of the programme 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.

## Share buy-backs

The 2022 AGM renewed the authorisation for the Board to be able to take decisions to purchase up to 10 per cent of the company's shares. No buy-backs took place during the period. The company already owns 0.3 per cent of all shares outstanding. The Board proposes that the 2023 AGM approve corresponding authorisation for the Board.

## Ownership structure

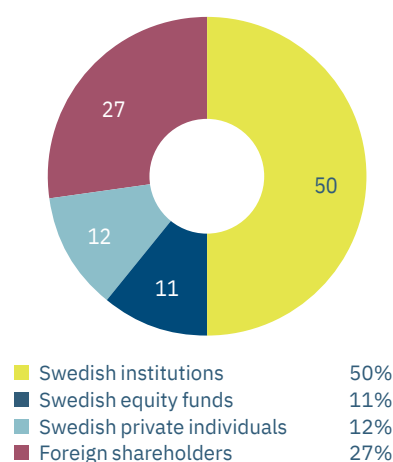
Holmen had a total of 52 701 shareholders at year-end 2022. In terms of numbers, Swedish private individuals account for the largest owner category with 50 177 shareholders. Shareholders registered in Sweden own 73 per cent (81) of the share capital. Among foreign shareholders, the largest proportion of shares are held in the US and Norway, accounting for 8 per cent and 5 per cent of capital, respectively. The largest owner at the turn of 2022/2023, with 62.3 per cent of votes and 34.1 per cent of capital, was L E Lundbergföretagen AB.

## Shareholder communication

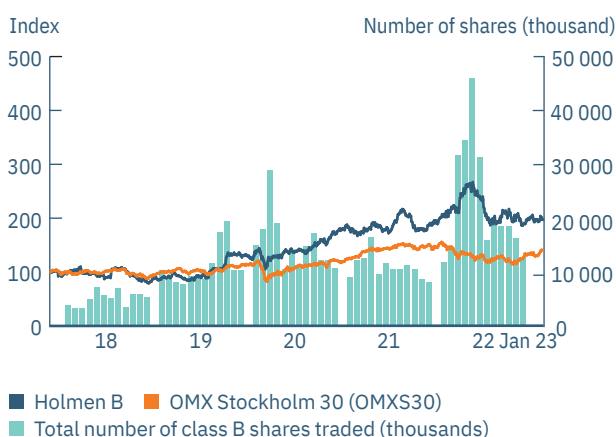
Information about the company is available at the holmen.com website, including financial information in the form of reports, presentations and financial data, as well as the performance of Holmen shares and contact information.

## Shareholder categories

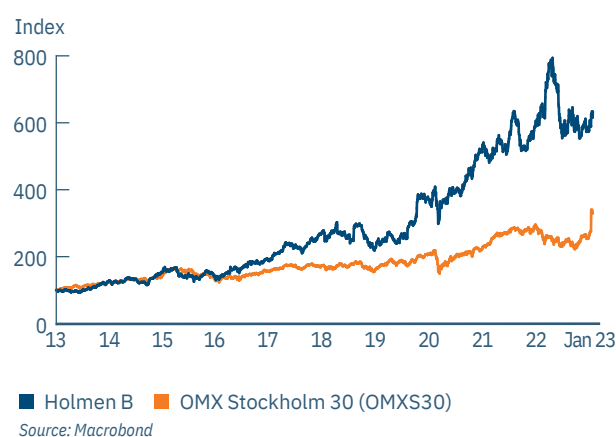
Share of capital, %



## Share price performance, Holmen class B and OMX Stockholm



## Total shareholder return Holmen B and OMX Stockholm Including reinvested dividend without tax



## Earnings per share

SEK 36.3

## Proposed dividend per share

SEK 8 +  
SEK 8

Annual return at 31 Dec 2022*, %	1 year	3 years	5 years	10 years
Holmen B	-3	15	16	19
OMX Stockholm 30	-13	7	9	10

\*Including reinvested dividend.

Holmen's total shareholder return has averaged 19 per cent a year over the past 10 years, which is 9 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		-510 646	-510 646		
<b>Total number of shares outstanding</b>		<b>162 001 678</b>	<b>569 219 890</b>		

Changes in share capital 2000–2022	Change in no. of shares	Total no. of shares	Change in share capital	Total share capital, SEKm
2001 Cancellation of shares repurchased	-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 shares repurchased	-7 000 000	162 512 324	-	4 238

Data per share (adjusted for the 2:1 share split in 2018)	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Diluted earnings per share, SEK <sup>1)</sup>	36.3	18.5	12.2	52.6	13.5	9.9	8.5	3.3	5.4	4.3
Dividend, SEK										
Ordinary dividend, SEK	8 <sup>2)</sup>	7.5	7.25	3.5	6.75	6.5	6	5.5	5	4.5
Extra dividend, SEK	8 <sup>2)</sup>	4.0	3.5	-	-	-	-	-	-	-
Total dividend as % of:										
Equity	4.6	4.0	4.1	1.4	4.8	5.0	4.7	4.2	4.0	3.6
Closing market price	3.9	2.6	2.7	1.2	3.9	3.0	3.7	4.0	3.8	3.8
Profit/loss for the year	44	62	88	6	50	65	71	158	93	106
Return, equity, % <sup>1)</sup>	11	7	5	35	10	8	7	3	4	3
Return, capital employed, % <sup>1) 3)</sup>	13	9	6	9	10	9	9	6	6	4
Equity per share, SEK	352	290	263	238	140	131	127	124	125	124
Closing market price, B, SEK	414	435	394	285	175	218	164	131	133	117
Average listed price for year, B, SEK	459	404	310	220	213	186	141	132	118	99
Highest market price for year, B, SEK	573	469	396	297	240	218	163	153	136	118
Lowest market price for year, B, SEK	400	365	228	172	175	157	114	110	105	87
Total closing market capitalisation, '000 SEKm	67.5	71.0	64.7	46.6	29.5	36.6	27.4	22.3	22.3	19.7
P/E ratio <sup>4)</sup>	11	23	32	5	13	22	19	39	25	28
EV/EBITDA <sup>3) 5)</sup>	8	14	19	14	9	13	10	11	9	10
Closing beta value (48 months), B, at year-end <sup>6)</sup>	0.75	0.78	0.77	0.77	0.74	0.74	0.72	0.68	0.71	0.67
Number of shareholders at year-end	52 701	48 126	48 104	38 904	33 573	30 903	28 159	28 176	27 788	27 692

1) See page 114: 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 yield on class B shares in relation to the yield on the OMX 30 Stockholm over a period of 48 months.

Ownership structure* 2022-12-31	% of capital	% of votes
L E Lundbergföretagen	34.1	62.3
Kempe Foundations	7.4	17.5
Norges Bank	4.8	1.4
SEB Funds	2.4	0.7
BlackRock	2.3	0.7
Handelsbanken Funds	2.1	0.6
Vanguard (US)	2.1	0.6
Carnegie Funds (Sweden)	1.8	0.5
Swedbank Robur Funds	1.5	0.4
Nordea Funds	1.4	0.4
<b>Total</b>	<b>59.9</b>	<b>85.0</b>
Other	40.1	15.0
<b>Total</b>	<b>100.0</b>	<b>100.0</b>
Of which non-Swedish shareholders	27.3	8.0

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

## Shareholder statistics at 31 Dec 2022

Holding classes, no. of shares	Number of shareholders	Share of capital, %
1–1 000	48 890	4
1 001–100 000	3 731	11
100 001–	80	85
<b>Total</b>	<b>52 701</b>	<b>100</b>

# FINANCIAL STATEMENTS

Income statement, SEKm	Note	2022	2021
Net sales	2	23 952	19 479
Other operating income	3	2 743	1 690
Change in inventories		364	1
Raw materials and consumables		-11 078	-10 110
Personnel costs	4	-2 956	-2 720
Other operating costs	5	-4 585	-3 814
Change in value of biological assets	9	509	464
Depreciation and amortisation according to plan	10, 11, 12	-1 345	-1 261
Impairment losses	10	-87	-
Share in profits of associates and joint ventures	13	10	0
<b>Operating profit</b>		<b>7 527</b>	<b>3 731</b>
Financial income	6	12	9
Financial costs	6	-99	-48
<b>Earnings before tax</b>		<b>7 441</b>	<b>3 691</b>
Tax	7	-1 567	-688
<b>Profit/loss for the year</b>		<b>5 874</b>	<b>3 004</b>
Attributable to:			
Owners of the parent company		5 874	3 004
Earnings per share (SEK)	8		
basic		36.3	18.5
diluted		36.3	18.5
Average number of shares (million)	8		
basic		162.0	161.9
diluted		162.0	161.9

Operating profit for 2022 amounted to SEK 7 527 million (3 731). The increase in profit is due to prices rising significantly while cost inflation has been limited by our own strong supply of wood and energy.

Net financial items totalled SEK -87 million (-39).

Tax recognised totalled SEK -1 567 million (-688), corresponding to 21 per cent (19) of profit before tax.

Statement of comprehensive income, SEKm	Note	2022	2021
<b>Profit/loss for the year</b>		<b>5 874</b>	<b>3 004</b>
<b>Other comprehensive income</b>			
Revaluation of forest land	9	4 373	3 345
Revaluation of defined benefit pension plans	18	-6	-12
Tax attributable to items that will not be reclassified to profit/loss for the year	7	-899	-683
<b>Total items that will not be reclassified to profit/loss for the year</b>		<b>3 469</b>	<b>2 650</b>
Cash flow hedges			
Revaluation		6 560	182
Transferred from equity to the income statement		-3 507	349
Transferred from equity to non-current assets		-16	-27
Translation difference on foreign operations		72	180
Hedging of currency risk in foreign operations		-28	-39
Share in joint ventures' other comprehensive income	13	0	3
Tax attributable to items that will be reclassified to profit/loss for the year	7	-612	-97
<b>Total items that will be reclassified to profit/loss for the year</b>		<b>2 469</b>	<b>551</b>
<b>Total other comprehensive income after tax</b>		<b>5 938</b>	<b>3 201</b>
<b>Total comprehensive income</b>		<b>11 812</b>	<b>6 204</b>
Attributable to:			
Owners of the parent company		11 812	6 204

<b>Balance sheet at 31 December, SEKm</b>	<b>Note</b>	<b>2022</b>	<b>2021</b>
<b>Non-current assets</b>			
Forest assets			
Biological assets	9	29 867	29 204
Forest land	9	22 284	17 876
Non-current intangible assets	10	427	539
Property, plant and equipment	11	10 124	9 711
Right-of-use assets	12	242	240
Investments in associates and joint ventures	13	1 680	1 756
Other shares and participations	13	2	2
Non-current financial receivables	14	97	268
Deferred tax assets	7	2	3
<b>Total non-current assets</b>		<b>64 726</b>	<b>59 598</b>
<b>Current assets</b>			
Inventories	15	4 838	3 818
Trade receivables	16	2 929	2 393
Current tax receivables	7	589	70
Other operating receivables	16	6 402	1 676
Current financial receivables	14	18	39
Cash and cash equivalents	14	1 935	507
<b>Total current assets</b>		<b>16 710</b>	<b>8 503</b>
<b>Total assets</b>		<b>81 436</b>	<b>68 101</b>
<b>Equity</b>			
Share capital		4 238	4 238
Other contributed capital		281	281
Reserves		20 689	14 748
Retained earnings including profit/loss for the year		31 742	27 725
<b>Total equity attributable to owners of the parent company</b>		<b>56 950</b>	<b>46 992</b>
<b>Non-current liabilities</b>			
Non-current financial liabilities	14	2 902	3 911
Non-current liabilities relating to right-of-use assets		158	173
Pension obligations	18	7	24
Non-current provisions	19	441	409
Deferred tax liabilities	7	13 490	11 610
<b>Total non-current liabilities</b>		<b>16 998</b>	<b>16 127</b>
<b>Current liabilities</b>			
Current financial liabilities	14	1 039	736
Current liabilities relating to right-of-use assets		89	71
Trade payables	20	3 848	2 836
Current tax liabilities	7	118	80
Other operating liabilities	20	2 395	1 259
<b>Total current liabilities</b>		<b>7 488</b>	<b>4 982</b>
<b>Total liabilities</b>		<b>24 486</b>	<b>21 109</b>
<b>Total equity and liabilities</b>		<b>81 436</b>	<b>68 101</b>

## 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		
<b>Opening equity balance 1 Jan 2021</b>	<b>4 238</b>	<b>281</b>	<b>-73</b>	<b>316</b>	<b>11 297</b>	<b>26 457</b>	<b>42 516</b>
Profit/loss for the year	-	-	-	-	-	3 004	3 004
Other comprehensive income							
Revaluation of forest land	-	-	-	-	3 345	-	3 345
Revaluation of defined benefit pension plans	-	-	-	-	-	-12	-12
Cash flow hedges	-	-	-	504	-	-	504
Translation difference on foreign operations	-	-	180	-	-	-	180
Hedging of currency risk in foreign operations	-	-	-39	-	-	-	-39
Share in joint ventures' other comprehensive income	-	-	-	3	-	-	3
Tax attributable to other comprehensive income	-	-	8	-105	-689	6	-780
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>149</b>	<b>402</b>	<b>2 656</b>	<b>-6</b>	<b>3 201</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>149</b>	<b>402</b>	<b>2 656</b>	<b>2 997</b>	<b>6 204</b>
Dividend paid	-	-	-	-	-	-1 741	-1 741
Share savings programme	-	-	-	-	-	12	12
<b>Closing equity balance 31 Dec 2021</b>	<b>4 238</b>	<b>281</b>	<b>76</b>	<b>718</b>	<b>13 953</b>	<b>27 725</b>	<b>46 992</b>
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 in 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
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>2 419</b>	<b>3 472</b>	<b>-4</b>	<b>5 938</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>50</b>	<b>2 419</b>	<b>3 472</b>	<b>5 870</b>	<b>11 812</b>
Dividend paid	-	-	-	-	-	-1 862	-1 862
Share savings programme	-	-	-	-	-	9	9
<b>Closing equity balance 31 Dec 2022</b>	<b>4 238</b>	<b>281</b>	<b>126</b>	<b>3 137</b>	<b>17 426</b>	<b>31 742</b>	<b>56 950</b>

Cash flow statement, SEKm	Note	2022	2021
<b>Operating activities</b>			
Earnings before tax	25	7 441	3 691
Adjustments for non-cash items			
Depreciation and amortisation according to plan		1 345	1 261
Impairment losses		87	-
Change in value of biological assets		-509	-464
Change in provisions		15	-187
Other*		28	-263
Income tax paid		-1 639	-662
<b>Cash flow from operating activities before changes in working capital</b>		<b>6 768</b>	<b>3 375</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-1 007	-236
Change in trade receivables and other operating receivables		-1 284	-156
Change in trade payables and other operating liabilities		1 007	247
<b>Cash flow from operating activities</b>		<b>5 484</b>	<b>3 229</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		-1 225	-1 534
Disposal of property, plant and equipment		14	19
Acquisition of non-current intangible assets		-6	-13
Investments in and acquisition of biological assets		-160	-166
Disposal of biological assets		32	424
Acquisition of shares and participations		-11	-63
Disposal of shares and participations		4	-
Repayment of non-current financial receivables		3	25
<b>Cash flow from investing activities</b>		<b>-1 349</b>	<b>-1 307</b>
<b>Financing activities</b>			
Raised long-term borrowings		-	500
Repayment of long-term borrowings		-500	-
Change in current financial liabilities	25	-261	-411
Repayment of debt related to right-of-use assets	25	-90	-110
Change in current financial receivables		0	-3
Dividend paid to owners of the parent company		-1 862	-1 741
<b>Cash flow from financing activities</b>		<b>-2 713</b>	<b>-1 764</b>
<b>Cash flow for the year</b>		<b>1 422</b>	<b>158</b>
Cash and cash equivalents at beginning of year		507	346
Exchange difference on cash and cash equivalents		5	2
<b>Cash and cash equivalents at end of year</b>		<b>1 935</b>	<b>507</b>

\*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	2022	2021
<b>Opening net financial debt</b>	<b>-4 101</b>	<b>-4 181</b>
Cash flow		
Operating activities	5 484	3 229
Investing activities (excl. financial receivables and business combinations)	-1 350	-1 332
Dividend paid	-1 862	-1 741
Business combinations	- 270	-
Liabilities arising from new right-of-use agreements	-93	-67
Revaluation of defined benefit pension plans	-7	17
Foreign exchange effects and changes in fair value	53	-27
<b>Closing net financial debt</b>	<b>-2 145</b>	<b>-4 101</b>

## Parent company

Income statement, SEKm	Note	2022	2021
Net sales	2	21 995	18 186
Other operating income	3	1 262	921
Change in inventories		304	35
Raw materials and consumables		-9 418	-10 127
Personnel costs	4	-2 485	-2 078
Other external costs	5	-6 590	-5 428
Depreciation and amortisation according to plan	10, 11	-56	-51
<b>Operating profit</b>		<b>5 012</b>	<b>1 458</b>
Profit/loss from investments in Group companies	6, 23	453	380
Interest income and similar income	6	84	26
Interest expense and similar costs	6	-88	-90
<b>Profit/loss after financial items</b>		<b>5 459</b>	<b>1 774</b>
Appropriations	24	-511	768
<b>Earnings before tax</b>		<b>4 948</b>	<b>2 541</b>
Tax	7	-930	-451
<b>Profit/loss for the year</b>		<b>4 019</b>	<b>2 090</b>

Statement of comprehensive income, SEKm	Note	2022	2021
<b>Profit/loss for the year</b>		<b>4 019</b>	<b>2 090</b>
<b>Other comprehensive income</b>			
Cash flow hedges			
Revaluation		6 401	204
Transferred from equity to the income statement		-3 499	329
Transferred from equity to non-current assets		-16	-27
Tax attributable to other comprehensive income	7	-594	-104
<b>Total items that will be reclassified to profit/loss for the year</b>		<b>2 291</b>	<b>401</b>
<b>Total comprehensive income</b>		<b>6 310</b>	<b>2 491</b>

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 after net financial items includes the result from hedging equity in foreign subsidiaries of SEK -28 million (-39).

Cash flow statement, SEKm	Note	2022	2021
<b>Operating activities</b>			
Profit/loss after financial items		5 459	1 774
Adjustments for non-cash items			
Depreciation and amortisation according to plan		56	51
Impairment losses		-	2
Change in provisions		10	-145
Other*		-357	75
Income tax paid		-1 460	-618
<b>Cash flow from operating activities before changes in working capital</b>		<b>3 708</b>	<b>1 139</b>
<b>Cash flow from changes in working capital</b>			
Change in inventories		-1 073	-250
Change in operating receivables		-969	-641
Change in operating liabilities		1 168	622
<b>Cash flow from operating activities</b>		<b>2 834</b>	<b>870</b>
<b>Investing activities</b>			
Acquisition of property, plant and equipment		19	-92
Disposal of property, plant and equipment		8	10
Repayment of non-current financial receivables		3	25
Acquisition of shares and participations		-157	-39
Disposal of shares and participations		26	-
<b>Cash flow from investing activities</b>		<b>-102</b>	<b>-95</b>
<b>Financing activities</b>			
Raised long-term borrowings		-	500
Repayment of long-term borrowings		-500	-
Change in other financial liabilities	25	267	-303
Change in other financial receivables		0	-286
Dividend paid to owners of the parent company		-1 862	-1 741
Group contributions received		1 013	1 495
Group contributions paid		-322	-230
<b>Cash flow from financing activities</b>		<b>-1 404</b>	<b>-565</b>
<b>Cash flow for the year</b>		<b>1 329</b>	<b>209</b>
Cash and cash equivalents at beginning of year		445	236
<b>Cash and cash equivalents at end of year</b>		<b>1 774</b>	<b>445</b>

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



Balance sheet at 31 December, SEKm	Note	2022	2021
<b>Non-current assets</b>			
Non-current intangible assets	10	9	13
Property, plant and equipment	11	3 088	3 075
Non-current financial assets			
Shares and participations	13, 23	11 792	11 634
Non-current financial receivables	14	3 648	4 176
<b>Total non-current assets</b>		<b>18 537</b>	<b>18 898</b>
<b>Current assets</b>			
Inventories	15	3 965	2 886
Operating receivables	16	8 606	3 616
Current tax receivables	7	579	39
Current investments	14	18	39
Cash and cash equivalents	14	1 774	445
<b>Total current assets</b>		<b>14 941</b>	<b>7 025</b>
<b>Total assets</b>		<b>33 478</b>	<b>25 923</b>

Balance sheet at 31 December, SEKm	Note	2022	2021
<b>Equity</b>			
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		7 514	4 986
Profit/loss for the year		4 019	2 090
<b>Total equity</b>		<b>17 448</b>	<b>12 990</b>
<b>Untaxed reserves</b>	24	<b>4 053</b>	<b>2 852</b>
<b>Provisions</b>			
Pension obligations	18	13	0
Provisions	19	609	599
Deferred tax liabilities	7	1 389	787
<b>Total provisions</b>		<b>2 011</b>	<b>1 386</b>
<b>Liabilities</b>			
Non-current financial liabilities	14	3 334	4 513
Current financial liabilities	14	1 039	736
Operating liabilities	20	5 593	3 446
<b>Total liabilities</b>		<b>9 966</b>	<b>8 695</b>
<b>Total equity and liabilities</b>		<b>33 478</b>	<b>25 923</b>

## Changes in equity, SEKm

	Restricted equity				Non-restricted equity		Total equity
	Share capital	Statutory reserve	Revaluation reserve	Hedge reserve	Retained earnings	Profit/loss for the year	
<b>Opening equity balance 1 Jan 2021</b>	<b>4 238</b>	<b>1 577</b>	<b>100</b>	<b>353</b>	<b>4 042</b>	<b>1 919</b>	<b>12 228</b>
Appropriation of profits	-	-	-	-	1 919	-1 919	-
Profit/loss for the year	-	-	-	-	-	2 090	2 090
Other comprehensive income							
Cash flow hedges	-	-	-	505	-	-	505
Tax on other comprehensive income	-	-	-	-104	-	-	-104
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>-</b>	<b>-</b>	<b>401</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>401</b>	<b>1 919</b>	<b>171</b>	<b>2 491</b>
Dividend paid	-	-	-	-	-1 741	-	-1 741
Share savings programme	-	-	-	-	12	-	12
<b>Closing equity balance 31 Dec 2021</b>	<b>4 238</b>	<b>1 577</b>	<b>100</b>	<b>754</b>	<b>4 232</b>	<b>2 090</b>	<b>12 990</b>
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
<b>Total other comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 291</b>	<b>-</b>	<b>-</b>	<b>2 291</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 291</b>	<b>2 090</b>	<b>1 929</b>	<b>6 310</b>
Dividend paid	-	-	-	-	-1 862	-	-1 862
Share savings programme	-	-	-	-	9	-	9
<b>Closing equity balance 31 Dec 2022</b>	<b>4 238</b>	<b>1 577</b>	<b>100</b>	<b>3 045</b>	<b>4 469</b>	<b>4 019</b>	<b>17 448</b>

# NOTES TO THE FINANCIAL STATEMENTS

## Amounts in SEKm, unless otherwise stated

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## 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, associates and joint ventures.

### Compliance with standards and statutory requirements

The consolidated accounts are 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 also 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 preparing 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, biological assets and forest land are not valued at fair value. Investments in Group companies and associates are recognised in the parent company 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 costs. The actual outcome may deviate from these assessments and estimates.

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

### Changes in accounting policies

#### *New and amended accounting policies applicable as of 2022*

New and amended IFRSs with application from 2022 do not have any material impact on the company's financial statements.

#### *New and amended accounting policies not yet applied*

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, 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 items in the profit, assets and liabilities of the operating segment 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 details of the classification and presentation of operating segments.

## Classification

Essentially, non-current assets, non-current liabilities and non-current provisions consist solely of amounts that are expected to be recovered or paid more than 12 months after the balance sheet date. Current assets, current liabilities and current provisions essentially consist of amounts that are expected to be recovered or paid within 12 months of the balance sheet date.

## Consolidation principles

### Subsidiaries

A subsidiary is a company over which the parent company, Holmen AB, exercises a controlling influence. Controlling influence exists if Holmen AB has control over an investment object, is exposed or entitled to variable returns on its involvement and can exercise its control of the investment to influence the size of return. In determining whether one company has control over another, potential shares with an entitlement to vote and whether de facto control exists are taken into account.

The consolidated accounts are prepared using the acquisition method. The acquisition method entails the parent company indirectly acquiring the subsidiary's assets and assuming the liabilities of the subsidiary, valued at fair value. The difference between the cost of the shares and the fair value of the acquired identifiable net assets is treated as goodwill. The subsidiary companies' income and expenses, and their assets and liabilities, are stated in the consolidated accounts as of the date when the Group gains control (acquisition date) until such time as the Group no longer has control. Intra-Group receivables and liabilities, transactions between companies in the Group and related unrealised gains are eliminated in their entirety.

### 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 exercises a significant influence, are stated in the consolidated accounts in accordance with the equity method.

**Jointly owned companies/joint ventures.** In accounting, joint ventures are those companies for which the Group, through cooperation agreements with one or more parties, has joint control whereby the Group has rights to the net assets instead of direct rights to assets and commitments in liabilities. Holdings in joint ventures are consolidated in the consolidated accounts using the equity method.

**The equity method.** The equity method means that the book value of the shares in the associates and joint ventures stated in the consolidated accounts corresponds to the Group's interest in the associates and joint ventures' equity and any consolidated surplus and deficit values. The Group's share of the net earnings of associates and joint ventures after tax attributable to parent company owners adjusted for any depreciation/amortisation or reversal of acquired surplus and deficit values, respectively, is stated in the consolidated income statement as 'Share in profits of associates and joint ventures'. Dividends received from an associate or joint venture reduce the book value of the investment. Unrealised gains arising as a consequence of transactions with associates and joint ventures are eliminated in relation to the owned proportion of equity.

When the Group's share of the recognised losses of an associate and joint venture exceeds the book value of the investments stated in the consolidated accounts, the value of the investments is written down to zero. Losses are also offset against unsecured long-term financial balances that, in financial terms, comprise part of the owning company's net investment in the associate and joint venture. Any further losses are not recognised unless the Group has provided guarantees to cover losses incurred by the associate or joint venture. The equity method is applied until such time as the significant influence no longer exists or the jointly owned company ceases to be jointly owned.

## 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 rate prevailing on the balance sheet date. 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 rate prevailing on the transaction date.

### Financial statements of foreign operations

The assets and liabilities of foreign operations, including any goodwill and other consolidated surplus and deficit values, are translated in the consolidated accounts, from the foreign operation's functional currency, to the Group's reporting currency (Swedish kronor) at the balance sheet date rate. 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 at the date of each transaction. Translation differences arising during 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. In 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, which arise in the operations conducted by the companies, are recognised in Holmen AB's accounts, except for the majority of investments made as well as some sales of forest assets, which are instead recognised in some of the Group's other subsidiaries.

## Income

The Group's sales mostly relate to goods sold to customers, which is 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 consideration 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 item is recognised when Holmen fulfils its commitment by transferring control of the pledged goods and, where applicable, services to the customer. The date of transfer of control, and the transfer of risk, is critical to when an income item 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 in conjunction with generation, when it is also recognised as revenue.

The Group's business also includes construction solutions in wood. Income from this activity is treated as a commercial construction contract and recognised over time, based on costs spent in relation to the total estimated costs of the project. Projects usually do not 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 the respective market.

### 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, renewable energy certificates, rent and land lease income, emission allowances, insurance compensation and gains/losses on sales of non-current assets.

### Renewable energy certificates

Certificates are issued in relation to production of renewable energy according to a quota system introduced in order to promote electricity generation using renewable sources of energy. Income from allocated certificates is recognised as other operating income in the same period in which generation occurs.

### 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 distributed systematically in the income statement in the same way and over the same periods as the costs the grants are intended to cover.

## Note 1

### Financial income and costs

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

Interest income on receivables and interest expense on liabilities are calculated by using the effective interest method. Interest expense includes transaction costs for loans, which have been distributed over the duration of the loan; this also applies to any difference between the funds received and the repayment amount. Dividend income is recognised when the dividend is established and the right to receive payment is judged to be certain.

Interest expenses affect 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 asset's cost. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use and that is relevant for the Group in connection with major investment projects.

### Taxes

Income taxes comprise current tax and deferred tax. 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, using 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 adjustment 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 values for tax purposes of assets and liabilities, applying the tax rates and rules that have been approved or announced at the balance sheet date. In the parent company's accounts, untaxed reserves are recognised inclusive of deferred tax liability.

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. In calculating diluted EPS, the earnings and the average number of shares are adjusted to take account of the effects of any potential ordinary shares having a diluting effect.

### 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 them. 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. Trade receivables are recognised in the balance sheet when an invoice has been sent. Liabilities are recognised when the counterparty has provided a product or service and there is a contractual obligation to pay, even if an invoice has not yet been received. A financial asset and a financial liability are only offset and recognised at 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. Shares have been classified as non-current if they are intended to be held in the operation permanently.

#### *Classification and measurement of financial instruments*

Financial instruments are classified and measured based on the company's business model and the nature of 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 a current 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 allocated 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 profit/loss.

*Financial liabilities* - are measured initially at the value of funds received after deduction of any transaction costs. Normally, the liabilities are measured on a current basis at amortised cost using the effective interest method. In those cases where funds received fall short of the repayment amount, the difference is allocated 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 profit/loss.

*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 cannot be recovered, an individual assessment of the respective 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 such time as the hedged item influences the income statement, when the accumulated changes in value are transferred from equity via other comprehensive income to the income statement to meet and match the hedged transaction. In the hedging of investments, the cost of the hedged item is instead adjusted when it occurs. 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 businesses are recognised in other comprehensive income for the Group. Accumulated changes in value are recognised as a component in 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, changes in value are recognised in the income statement, as hedge accounting is not applied. Holmen's cash flow hedges mainly relate to the hedging of sales in foreign currency, future interest payments, the purchase of electricity and purchases in foreign currency in conjunction with investments. Hedging instruments comprise forward foreign exchange contracts, forward electricity contracts and interest rate swaps. The hedged items comprise forecasts of future sales, interest payments, electricity purchases and capital expenditures. The hedge ratio is set on an ongoing basis by comparing hedged amounts with actual forecasts. For 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 an estimate of the hedge ratio. The Group's risk management of financial instruments is described on pages 56–57.

### 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 a biological asset, and forest land. How much of the value is allocated to the biological assets is established by calculating the present value of expected cash flows, less selling costs but before tax, from harvesting those trees currently growing. Calculation of present value uses a discount rate before tax 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 were to be less than cost, the difference would be recognised in profit/loss as an impairment loss.

#### *Recognition in the parent company*

In the parent company, 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 in value.

### Non-current intangible assets

Non-current intangible assets such as the value of acquired wood supply business, patents, licences and IT systems are recognised at cost after 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 via exceptions from goodwill. Non-current intangible assets in the parent company are amortised over five years.

Goodwill represents the difference between the cost of business combinations and the fair value of the acquired assets, assumed liabilities and contingent liabilities.

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 the participating interest in such companies.

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, registration of a legal right, amortisation of patents and licences and borrowing costs in accordance with IAS 23. Other development expenditure is recognised in the income statement as costs when incurred. Development expenditures recognised in the balance sheet are stated at cost less accumulated amortisation and impairment losses.

### Property, plant and equipment

Property, plant and equipment are stated at cost after 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 estimated 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 in connection with the replacement.

The book value of an item of property, plant or equipment is removed from the balance sheet in connection with retirement or disposal of the asset or when no future financial benefits can be expected from the 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/costs.

An asset is classified as being held for sale if it is available for immediate sale in its present condition and based on normal terms, and it is highly likely that a sale will take place. Such assets are recognised on a separate line as a current asset in the balance sheet. When an asset is classified as holdings for sale, it is recognised at the lower of book value and fair value, less selling costs.

Depreciation according to plan is based on 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 (years) are used:

Machinery for hydro 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 single or inherently related assets is determined at the higher of the net realisable value and the value in use. The net realisable value is the estimated selling price after deduction of the estimated cost of selling the asset. The value in use is measured as 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 any 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 asset's cost. A qualifying asset is an asset that takes a substantial period of time to get ready for its intended use and that is relevant for 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 associated liability upon entering into a lease. 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 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 a cost 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 exception option 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 deduction for necessary obsolescence, and net realisable value. The cost of inventories is calculated by using the first in, first out method (FIFO). The net realisable value is the estimated selling price in operating activities after 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 as inventories. They have been acquired with a view to securing Holmen's raw material requirements through harvesting. No measurable biological change occurs from the acquisition date.

Emission allowances received are initially recognised at market price when allotted among inventories and as deferred income. During the year the allocation is recognised as income at the same time as an interim liability, corresponding to emissions made, is expensed. Unsold rights are measured at the lower of cost and fair value. Certificates received for renewable energy are initially recognised at market price when allotted among inventories. Unsold certificates are measured at the lower of cost and fair value.

### Employee benefits

#### Pension costs and pension obligations

Obligations to pay premiums to defined contribution plans are recognised as a cost 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. This benefit is discounted to present value and the fair value of any plan assets are deducted. The discount rate is the interest rate at the balance sheet date for a high-quality corporate bond 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 portion of the pension obligations that is defined benefit.

Establishment of the obligation's 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 change occurs in conjunction with restructuring, this is 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 being limited, the book value of the asset is limited to the lower of the plan surplus and the asset limitation calculated using the discount rate. The limitation of assets consists of the present value of future economic benefits in the form of reduced future costs or cash reimbursement. Any minimum funding requirements are taken into account in calculating the present value of future reimbursements or receipts.

## Note 1

The interest expense on defined benefit obligations is recognised in profit/loss for the year under financial items. This is calculated as the net total of the upward adjustment of interest on the pension obligation and expected income on plan assets calculated according to the same interest factor (discount rate). Other components are recognised in operating profit/loss. The 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 constitutes part of the actuarial assumptions and is therefore recognised as part of 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 for the year.

In the parent company's accounts, different grounds are used for computation 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 pay increments 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 in respect of 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 paid through equity instruments. Recognition of share-based payment programmes paid 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 allocated shares and the effect of any change in previous estimates are 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 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 was used as the basis for the valuation of the shares at the allocation date.

### **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 paid 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 provided.

## **Equity**

Consolidated equity comprises share capital, other contributed capital, translation, hedge and revaluation surpluses, 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 exchange differences that arise in the translation of foreign operations' financial statements that are 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 hedging a net investment in a foreign operation, including tax. The hedge reserve comprises the effective proportion of the accumulated net change in the fair value of a cash flow hedging instrument attributable to underlying transactions that have not yet occurred, including tax. The revaluation surplus also comprises changes in value attributable to forest land. Retained earnings comprise all other parts of equity, including profit/loss for the year.

Holdings of shares bought back 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 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 other parts of equity, such as hedge reserves and transactions as a result of 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. A provision to cover restructuring is recognised once the Group has established a detailed and formal restructuring plan and the restructuring process has either begun or been publicly announced.

Provisions are made for environmental measures that relate to earlier activities when contamination 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 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 as to whether an impairment loss on the value of the shares is necessary. 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 equivalent. The absence of a value is indicated by a dash (-).

## Note 2. Operating segment reporting

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 costs	-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
<b>Operating profit</b>	<b>1 401</b>	<b>1 347</b>	<b>2 714</b>	<b>1 237</b>	<b>1 006</b>	<b>-178</b>	<b>-</b>	<b>7 527</b>
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
<b>Capital employed</b>	<b>41 354</b>	<b>5 632</b>	<b>1 939</b>	<b>2 067</b>	<b>4 618</b>	<b>3 485</b>	<b>-</b>	<b>59 095</b>
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
<b>Total</b>	<b>2 610</b>	<b>6 735</b>	<b>8 370</b>	<b>5 015</b>	<b>1 222</b>	<b>-</b>	<b>-</b>	<b>23 952</b>

\*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).

Net sales by market	Group		Parent company		Net sales by product area	Group		Parent company	
	2022	2021	2022	2021		2022	2021	2022	2021
Sweden	6 138	5 343	6 645	6 240	Consumer paperboard	6 553	6 059	4 232	3 950
Germany	2 502	1 963	2 114	1 611	Pulp	182	202	446	396
UK	2 474	2 304	1 939	1 793	Book, magazine & packaging paper	7 924	4 977	7 924	4 977
France	1 486	1 074	1 279	896	Newsprint	446	464	446	464
Italy	1 328	911	1 188	788	Wood products, pine	2 116	2 206	2 116	2 206
Rest of Europe	6 084	4 383	4 995	3 497	Wood products, spruce	2 580	2 345	2 731	2 345
Asia	2 202	2 150	2 117	2 077	Wood construction solutions	320	320	-	-
Rest of the world	1 739	1 351	1 718	1 285	Wood	2 610	2 424	2 586	3 181
<b>Total</b>	<b>23 952</b>	<b>19 479</b>	<b>21 995</b>	<b>18 186</b>	Electricity	1 216	473	1 396	473
					Other	6	8	118	194
					<b>Total</b>	<b>23 952</b>	<b>19 479</b>	<b>21 995</b>	<b>18 186</b>

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

Non-current assets per country	Group		Parent company	
	2022	2021	2022	2021
Sweden	63 262	57 993	14 889	14 721
UK	1 358	1 329	-	-
Other	4	4	-	-
<b>Total</b>	<b>64 624</b>	<b>59 326</b>	<b>14 889</b>	<b>14 721</b>

**Note 2. Operating segment reporting, cont.**

2021	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group-wide and other	Eliminations	Total Group
Net sales								
External	2 424	6 261	5 441	4 872	481	-	-	19 479
Internal	4 085	-	-	-	7	-	-4 092	-
Other operating income	580	642	270	499	28	217	-544	1 690
Operating costs	-5 979	-5 995	-5 270	-3 514	-140	-380	4 636	-16 643
Change in value of biological assets	464	-	-	-	-	-	-	464
Depreciation and amortisation according to plan	-78	-565	-371	-189	-28	-29	-	-1 261
Share in profits of associates and joint ventures	-	-	-	1	-1	-	-	0
<b>Operating profit</b>	<b>1 495</b>	<b>343</b>	<b>70</b>	<b>1 668</b>	<b>347</b>	<b>-193</b>	<b>-</b>	<b>3 731</b>
Operating profit/loss excluding items affecting comparability*	1 495	673	70	1 668	347	-193	-	4 061
Operating margin excluding items affecting comparability, %	23	11	1	34	71	-	-	21
Return on capital employed, excluding items affecting comparability, %	4	13	4	82	10	-	-	9
Operating assets	49 178	6 974	2 707	2 954	4 772	1 320	-620	67 284
Operating liabilities	-1 834	-958	-840	-606	-334	-633	620	-4 584
Deferred tax, net	-10 045	-847	-231	-70	-368	-47	-	-11 608
<b>Capital employed</b>	<b>37 300</b>	<b>5 169</b>	<b>1 637</b>	<b>2 278</b>	<b>4 069</b>	<b>640</b>	<b>-</b>	<b>51 093</b>
Acquisition of non-current assets	249	399	129	242	712	43	-	1 775
External net sales by market								
Sweden	2 422	131	195	2 113	481	-	-	5 343
Germany	-	1 136	791	37	-	-	-	1 963
UK	-	804	661	839	-	-	-	2 304
France	-	465	528	81	-	-	-	1 074
Italy	-	333	570	7	-	-	-	911
Rest of Europe	2	1 780	1 677	924	-	-	-	4 383
Asia	-	1 196	645	309	-	-	-	2 150
Rest of the world	-	415	374	561	-	-	-	1 351
<b>Total</b>	<b>2 424</b>	<b>6 261</b>	<b>5 441</b>	<b>4 872</b>	<b>481</b>	<b>-</b>	<b>-</b>	<b>19 479</b>

\*Items affecting comparability refer to the costs and the loss of revenue associated with the turbine breakdown at the paperboard mill in Workington (SEK -330 million).

The Forest business area manages the Group's forests, which cover just over one million hectares. The annual harvest of own forests amounts to 2.8 million m<sup>3</sup>sub. 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 mainly for books, magazines and advertising at two Swedish mills. The Wood Products business area produces wood products at five sawmills, for use in joinery and construction. In 2022, the Group produced 0.5 million tonnes of paperboard, 1.0 million tonnes of paper and 1.4 million m<sup>3</sup> of wood products.

The Renewable Energy business area is responsible for the Group's hydro power and wind power assets. Deliveries in 2022 amounted to 1.6 TWh of renewable hydro and wind power electricity and include wind power electricity bought from 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 constitutes their capital employed. Group management monitors the business at operating profit level, and in terms of how earnings relate to capital employed. Capital employed in each segment includes all 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 founded 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	
	2022	2021	2022	2021
Sales of by-products	849	584	548	378
Sales of non-current assets	34	320	7	10
Certificates, renewable energy	433	186	1	1
Emission allowances	284	140	251	136
Insurance compensation	489	0	1	0
Rent and land lease income	150	101	73	43
Silviculture contracts	91	95	91	95
Other	413	264	289	258
<b>Total</b>	<b>2 743</b>	<b>1 690</b>	<b>1 262</b>	<b>921</b>

Of the sales of by-products in the Group, SEK 178 million (182) relate to rejects from production, SEK 226 million (292) to wood shavings, bark and chips, as well as SEK 445 million (110) to external sales of energy.

Holmen receives a certificate for the production of renewable energy at the British paperboard mill in Workington. Revenue for 2022 was higher than in 2021 due to increased electricity prices, and the fact that the revenue for 2021 was lower than usual because of the turbine breakdown at the mill in Workington, which led to lower renewable energy production than normal. Insurance compensation refers above all to the turbine breakdown in Workington.

The Group has been allotted emission allowances that have been used partly within its own production. The surplus resulted in a recognised gain of SEK 284 million (140).



## Note 4. Employees, personnel costs and remuneration to senior management

Wages, salaries and social security costs	Group		Parent company	
	2022	2021	2022	2021
Wages, salaries and other remuneration	2 048	1 928	1 662	1 415
Social security costs	856	759	760	615

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

The 2020 AGM decided on the following guidelines for determining the salaries and other remuneration of the CEO and other senior management, namely the heads of the business areas and heads of Group staffs who report directly to the CEO. The guidelines shall apply to remuneration agreed after the guidelines have been adopted by the 2020 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 refined 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. Successful implementation of the company's business strategy, long-term interests and sustainability requires the company to be able to attract the right employees. This guideline is intended to provide Holmen with the conditions to recruit and retain skilled employees.

#### *Forms of remuneration*

A long-term share-based incentive programme has been established within the company, which is described under Share savings programme. It was approved separately by the AGM and is therefore not covered and is therefore not covered by these guidelines. Over and above share-based incentive programmes approved by the AGM, no variable remuneration shall be paid.

The remuneration of the CEO and the senior management shall consist of a fixed market-based salary. Other benefits may include such items as health insurance, accommodation and car allowance. Where such benefits are provided, they should constitute no more than 10 per cent of the fixed salary.

The retirement age is normally 65 years. The pension benefit shall be based on contributions and the contributions shall correspond to what is stipulated in the ITP occupational pension plan, currently 30 per cent of fixed cash salary.

#### *Notice and severance pay*

The period of notice is 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' salary.

#### *Consideration of salary and employment conditions for other employees*

In formulating its proposals for these remuneration guidelines, the Board has taken into account the salaries 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 the rate of increase over time, which have constituted part of the basis for decisions in 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 senior management. Under Chapter 8, § 51 of the Swedish Companies Act, the Board must draft 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 guideline 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 CEO 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.

#### *Deviation 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 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 2019 AGM approved a targeted share savings programme for key individuals in the Group ('LTIP 2019'). 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 a half 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 include 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.

The 2022 AGM approved a new targeted share savings programme 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 varies depending on the participant's position and ranges 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. 73 people are taking part in the programme and the maximum number of shares that may be allocated is calculated at 81 000. Costs of SEK 17 million have been recognised for 2022.

### Remuneration of Board and senior management

#### *Board of Directors*

A fixed Board fee shall be paid to the members of the Board elected by the AGM. The CEO, however, does not receive any Board fee. For 2022, fees to the Board amounted to SEK 3 510 000 (3 330 000). The Chairman of the Board received a fee of SEK 780 000 (740 000), and each of the other seven (seven) members received SEK 390 000 (370 000).

#### *Senior management*

Salary and other benefits for the CEO in 2022 amounted to SEK 10 753 215 (9 786 724), of which SEK 10 320 299 (9 360 000) relates to fixed salary and SEK 432 916 (426 724) relates to other benefits. In addition to salary 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 the previous year. The total pension cost for the CEO, calculated in accordance with IAS 19, amounted to SEK 6 140 673 (5 907 348). The recognised payroll cost for the LTIP 2019 and LTIP 2022 share savings programmes for the CEO amounted to SEK 1 288 276 (2 309 061).

In 2022, the salaries and other benefits of other 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 30 309 270 (30 826 296), of which SEK 29 196 504 (29 635 750) relates to fixed salaries and SEK 1 112 766 (1 190 546) relates to other benefits. In addition to salaries 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 the share savings programme the previous year. The total pension cost for this group, calculated in accordance with IAS 19, amounted to SEK 12 759 263 (12 027 090) in 2022. The recognised payroll cost for the LTIP 2019 and LTIP 2022 share savings programmes for this group amounted to SEK 2 313 342 (4 694 627).

For 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' salary is paid. These terms apply to nine 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' salary 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 pension obligations over and above the ITP plan for the CEO amounted to SEK 32 million (32) at 31 December 2022 and for other members of senior management to SEK 27 million (32), calculated in accordance with IAS 19. The pension obligations are secured using plan assets managed by an independent pension fund. These agreements were entered into in accordance with the guidelines for remuneration to senior management that were applicable at the time.

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

### Board resolution regarding guidelines on remuneration for senior management

The Board proposes that the 2023 AGM approve the guidelines below on remuneration for senior management (Chapter 8, §§ 51–53 of the Swedish Companies Act).

The guidelines relate to the employment conditions of the Chief Executive Officer, the Executive Vice President and other members of senior management, i.e. the heads of business areas and heads of Group staff who report directly to the Chief Executive Officer. The guidelines replace the guidelines approved by the 2020 AGM and shall apply to remuneration agreed after the guidelines have been adopted by the 2023 AGM. The guidelines do not cover remuneration determined by the general meeting of shareholders.

#### *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 refined 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.

Successful implementation of the company's business strategy, long-term interests and sustainability requires the company to be able to attract the right employees. This guideline is 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 schemes 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](http://holmen.com) for more information about these schemes.

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 salary, 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 salary. 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 accommodation and car allowances. Where such benefits are provided, they should constitute no more than 10 per cent of the fixed salary.

The retirement age is normally 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 salary.

#### *Notice and severance pay*

The period of notice is 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' salary.

#### *Consideration of salary and employment conditions for other employees*

In formulating its proposals for these remuneration guidelines, the Board has taken into account the salaries 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 the rate of increase over time, which have constituted part of the basis for decisions in 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 senior management. Under Chapter 8, § 51 of the Swedish Companies Act, the Board must draft 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 guideline 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.

#### *Deviation 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 deviation is necessary in the long-term interests of the company, including its sustainability, or to ensure the company's financial viability.

### Average no. of employees (FTE)

	Average no. of employees (FTE)	Of which women	Of which men	Average no. of employees (FTE)	Of which women	Of which men
	2022			2021		
<b>Parent company</b>						
Sweden	2 863	597	2 266	2 464	507	1 957
<b>Group companies</b>						
France	12	6	6	12	6	6
Netherlands	79	45	34	80	45	35
UK	395	41	354	383	41	342
Sweden	47	9	38	466	72	394
Germany	22	8	14	22	8	14
USA	8	3	5	9	3	6
Other countries	40	16	24	38	14	24
<b>Total Group companies</b>	<b>603</b>	<b>128</b>	<b>475</b>	<b>1 010</b>	<b>189</b>	<b>821</b>
<b>Total Group</b>	<b>3 466</b>	<b>725</b>	<b>2 741</b>	<b>3 474</b>	<b>696</b>	<b>2 778</b>

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

Proportion of women, %	Group		Parent company	
	2022	2021	2022	2021
Board (excl. deputy members)	25	25	25	25
Senior management	18	17	18	17
<b>Total</b>	<b>22</b>	<b>21</b>	<b>22</b>	<b>21</b>

## Note 5. Auditors' fee and remuneration

The audit firm PricewaterhouseCoopers AB (PwC) was elected by the 2022 AGM as Holmen's auditors for a period of one year. PwC performs the audit for Holmen AB as well as for the majority of Holmen's subsidiaries.

	Group		Parent company	
	2022	2021	2022	2021
<b>Remuneration to auditors</b>				
Audit assignments PwC	8	8	6	5
Tax advice PwC	0	1	0	1
<b>Total</b>	<b>9</b>	<b>9</b>	<b>6</b>	<b>6</b>
Other auditors	1	1	-	-
<b>Total</b>	<b>9</b>	<b>9</b>	<b>6</b>	<b>6</b>

'Audit assignments' refers to the statutory examination of the annual accounts and accounting records, the administration by the Board and the CEO, and auditing and other assessment performed 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 resulting from observations in connection with such assessment or the performance of such other duties. 'Tax advice' refers to all consultation in the field of taxation.

## Note 6. Net financial items and income from financial instruments

	Group		Parent company	
	2022	2021	2022	2021
<b>Financial income</b>				
Dividend income from Group companies	-	-	446	382
Dividends from associates	0	0	-	-
Gains on sales of Group companies	-	-	25	-
Gains on sales of associates	1	-	1	-
Interest income*	11	8	84	26
<b>Total financial income</b>	<b>12</b>	<b>9</b>	<b>536</b>	<b>408</b>

\*SEK 11 million (8) relates to interest income calculated using the effective interest rate method from financial items valued at amortised cost.

	Group		Parent company	
	2022	2021	2022	2021
<b>Financial costs</b>				
Impairment losses on value of shares in Group companies	-	-	-	-2
<b>Net profit/loss</b>				
Assets and liabilities measured at fair value through profit/loss	-26	3	-2	-35
Cash and cash equivalents	-12	0	-12	0
Assets and liabilities measured at amortised cost	9	-5	8	-5
<b>Total net profit/loss</b>	<b>-29</b>	<b>-2</b>	<b>-7</b>	<b>-40</b>
Interest expense attributable to right-of-use agreements	-5	-5	-	-
Interest expense*	-65	-41	-82	-49
<b>Financial costs</b>	<b>-99</b>	<b>-48</b>	<b>-88</b>	<b>-92</b>
<b>Net financial items</b>	<b>-87</b>	<b>-39</b>	<b>448</b>	<b>316</b>

\*SEK -7 million (-2) relates to the interest expense for derivatives valued at fair value through other comprehensive income. SEK -2 million (-1) relates to the interest expense for derivatives recognised at fair value through profit/loss for the year. The remaining interest expense is calculated using the effective interest rate method and relates 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 revaluation of forward contracts that hedge net investment in foreign operations, which are recognised in the Group under other comprehensive income. The fair value of the interest component in forward foreign exchange contracts as well as value changes in accrued interest and realised interest in fixed-interest-rate swaps is recognised on an ongoing basis in net interest items. Information on financial risks is provided on pages 56–57.

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

	Group		Parent company	
	2022	2021	2022	2021
Exchange gains/losses on trade receivables and trade payables	204	-97	199	-96
Net gain/loss relating to derivatives	2 703	336	2 775	314

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

Gains and losses on currency hedging are recognised in operating profit/loss when the hedged item is recognised and in 2022 amounted to SEK -341 million (120), with the remainder being recognised in other comprehensive income as hedge accounting is applied. The fair value of outstanding currency hedges at 31 December 2022 was SEK -499 million (103).

Gains/losses on financial electricity hedges are recognised in the income statement when they expire; for 2022 they totalled SEK 3 043 million (215). The fair value of outstanding financial electricity hedges at 31 December 2022 was SEK 4 366 million (838). The change in fair value is recognised in other comprehensive income as hedge accounting is applied.

The change in the fair value of hedges for 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 for investment purchases amounted to SEK 7 million (-3) at 31 December 2022. In 2022 there was an impact of SEK 16 million (-23) on the cost of hedged items owing to results from hedging.

Results from the hedging of foreign net assets amounted to SEK -28 million (-39) in 2022 and are recognised in other comprehensive income as hedge accounting is applied. In the parent company accounts, this gain is recognised in the income statement. The translation of net foreign assets had an impact of SEK 72 million (180) on consolidated equity. The fair value of outstanding hedges of net assets at 31 December 2022 was SEK 14 million (-12) and relates to financial derivatives.

The fair value of the derivatives used to manage the fixed interest periods amounted to SEK 78 million (13) at 31 December 2022, which was recognised in other comprehensive income as hedge accounting is applied. This value is expected to be recognised in the income statement in 2023 and later.

## Note 7

### Note 7. Tax

Taxes stated in income statement	Group		Parent company	
	2022	2021	2022	2021
Current tax	-1 138	-456	-921	-426
Deferred tax	-429	-232	-9	-25
<b>Total</b>	<b>-1 567</b>	<b>-688</b>	<b>-930</b>	<b>-451</b>

Tax recognised totalled SEK -1 567 million (-688), corresponding to 21 per cent (19) of profit before tax.

Taxes stated in income statement	Group				Parent company			
	2022		2021		2022		2021	
	SEKm	%	SEKm	%	SEKm	%	SEKm	%
Recognised profit/loss before tax	7 441		3 691		4 948		2 541	
Tax at applicable rate	-1 533	20.6	-760	20.6	-1 019	20.6	-523	20.6
Difference in tax rate in foreign operations	7	-0.1	-2	0.0	-	-	-	-
Tax-exempt income	21	-0.3	65	-1.8	103	-2.1	79	-3.1
Non-tax-deductible costs	-32	0.4	-25	0.7	-8	0.2	-4	0.2
Standard interest on tax allocation reserve	-2	0.0	-2	0.1	-2	0.0	-2	0.1
Tax attributable to previous periods	8	-0.1	4	-0.1	0	0.0	0	0.0
Change to tax rate on deferred tax assets/liabilities	-	-	-31	0.8	-	-	-2	0.1
Other	-35	0.5	62	-1.7	-4	0.1	1	-0.1
<b>Effective tax</b>	<b>-1 567</b>	<b>21.0</b>	<b>-688</b>	<b>18.6</b>	<b>-930</b>	<b>18.8</b>	<b>-451</b>	<b>17.7</b>

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
	2022			2021			2022			2021		
Cash flow hedges	3 037	-618	2 419	504	-105	399	2 885	-594	2 291	505	-104	401
Share in joint ventures' other comprehensive income	0	-	0	3	-	3	-	-	-	-	-	-
Translation difference from foreign operations	72	-	72	180	-	180	-	-	-	-	-	-
Hedging of currency risk in foreign operations	-28	6	-22	-39	8	-31	-	-	-	-	-	-
Revaluation of forest land	4 373	-901	3 472	3 345	-689	2 656	-	-	-	-	-	-
Revaluation of defined benefit pension plans	-6	2	-4	-12	6	-6	-	-	-	-	-	-
<b>Other comprehensive income</b>	<b>7 449</b>	<b>-1 512</b>	<b>5 938</b>	<b>3 981</b>	<b>-780</b>	<b>3 201</b>	<b>2 885</b>	<b>-594</b>	<b>2 291</b>	<b>505</b>	<b>-104</b>	<b>401</b>

Taxes as stated in balance sheet	Group		Parent company	
	2022	2021	2022	2021
<b>Tax receivables</b>				
Deferred tax assets	2	3	-	-
Current tax receivables	589	70	579	39
<b>Total tax receivables</b>	<b>592</b>	<b>72</b>	<b>579</b>	<b>39</b>
<b>Deferred tax liabilities</b>				
Non-current assets				
Biological assets	6 153	6 016	-	-
Forest land	4 553	3 648	601	601
Property, plant and equipment	1 143	1 171	3	2
Tax allocation reserve	850	606	0	-
Transactions subject to hedge accounting	789	196	790	196
Other, including deferred tax assets stated net among deferred tax liabilities	2	-29	-4	-12
<b>Deferred tax liabilities</b>	<b>13 490</b>	<b>11 610</b>	<b>1 389</b>	<b>787</b>
Current tax liabilities	118	80	-	-
<b>Total tax liabilities</b>	<b>13 608</b>	<b>11 690</b>	<b>1 389</b>	<b>787</b>

## 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	Business combinations	Closing balance	Opening balance	Stated in the income statement	Stated in other comprehensive income	Closing balance
<b>2022</b>										
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
<b>Deferred net tax liability</b>	<b>-11 608</b>	<b>-429</b>	<b>-1 491</b>	<b>-6</b>	<b>46</b>	<b>-13 488</b>	<b>-787</b>	<b>-9</b>	<b>-593</b>	<b>-1 389</b>

	Group						Parent company			
	Opening balance	Stated in the income statement	Stated in other comprehensive income	Translation differences and other	Reclassification	Closing balance	Opening balance	Stated in the income statement	Stated in other comprehensive income	Closing balance
<b>2021</b>										
Biological assets	-5 901	-125	-	-	10	-6 016	-	-	-	-
Forest land	-2 939	-10	-689	-	-10	-3 648	-596	-5	-	-601
Property, plant and equipment	-1 063	-51	-	-13	-44	-1 171	-2	0	-	-2
Tax allocation reserve	-509	-97	-	-	-	-606	-	-	-	-
Transactions subject to hedge accounting	-92	-	-105	1	-	-196	-91	-	-104	-196
Other	-66	51	6	-5	44	29	32	-20	-	11
<b>Deferred net tax liability</b>	<b>-10 570</b>	<b>-232</b>	<b>-788</b>	<b>-17</b>	<b>-</b>	<b>-11 608</b>	<b>-657</b>	<b>-25</b>	<b>-104</b>	<b>-787</b>

The Group's deferred tax liability for forest assets (biological assets and forest land) amounts to SEK 10 706 million (9 664) and is calculated based on the difference between book value SEK 52 151 million (47 080) and taxable cost SEK 181 million (173). 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.

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, of which SEK 51 million of deferred tax assets and SEK -50 million 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 -901 million (-689) and a hedge reserve of SEK -593 million (-105).

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

## Note 8. Earnings per share

	Group	
	2022	2021
Total number of shares outstanding, 1 January	161 925 685	161 925 685
Share savings programme allocation	75 993	-
<b>Total number of shares outstanding, 31 December</b>	<b>162 001 678</b>	<b>161 925 685</b>
Shareholders' share of profit/loss for the year, SEK	5 874 297 908	3 003 524 941
Basic average number of shares	161 975 028	161 925 685
<b>Basic EPS for the year, SEK</b>	<b>36.3</b>	<b>18.5</b>
Shareholders' share of profit/loss for the year, SEK	5 874 297 908	3 003 524 941
Diluted average number of shares	161 975 028	161 925 685
<b>Diluted EPS for the year, SEK</b>	<b>36.3</b>	<b>18.5</b>

The share savings programme introduced by decision of the 2019 AGM expired in May 2022, which means that the participants have been allocated 75 993 matching and performance shares. The 2022 AGM decided on a new share savings programme. The new programme may lead to the allocation of 81 000 shares from Holmen's own holding of shares. The effects on key ratios and profit per share are marginal. See Note 4 for more information about the share savings programme.

## Note 9. Forest assets

Holmen owns land totalling 1 305 000 hectares, of which 1 045 000 hectares are defined as productive forest land with an estimated volume of standing timber of 125 million cubic metres (m<sup>3</sup>) of growing stock, solid over bark. The holdings are distributed over three regions in Sweden.

	Productive forest land, '000 ha	Volume of standing timber, millions m <sup>3</sup> growing stock, solid over bark
North	690	75
Central	264	36
South	92	15
Total	1 045	125



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 the valuations that are based partly on price statistics published by various market participants, and partly on detailed information regarding transactions with forest properties over the past three years. The price statistics refer to SEK per m<sup>3</sup>

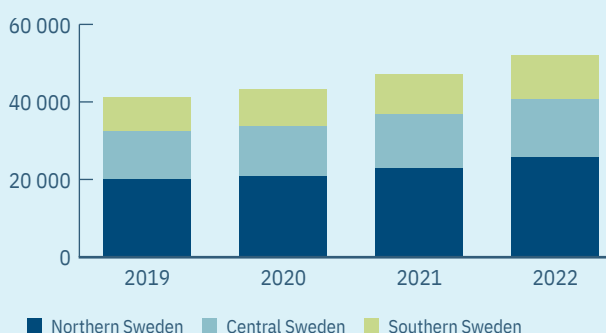
growing stock, solid over bark, which is paid on average in the various counties in Sweden where Holmen has land. The calculation based on transactions with forest properties is carried out as a regression analysis based on transactions exceeding 20 hectares in the areas where Holmen has land.

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 calculations for 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 were used, the book value would be affected.

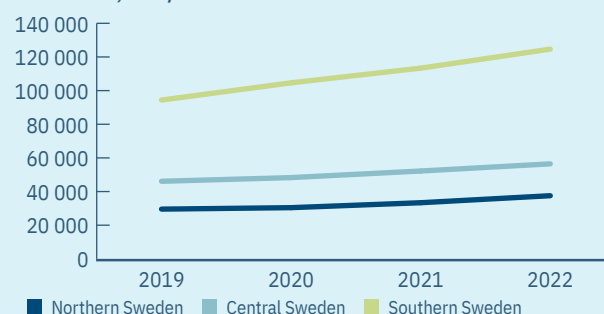
Market data	2022	2021	2020	2019
Number of transactions	322	308	263	246
Average size of property (ha)	138	140	117	122

The book value of forest assets amounted to SEK 52 151 million (47 080) at 31 December 2022. The value per hectare varies between different parts of 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 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

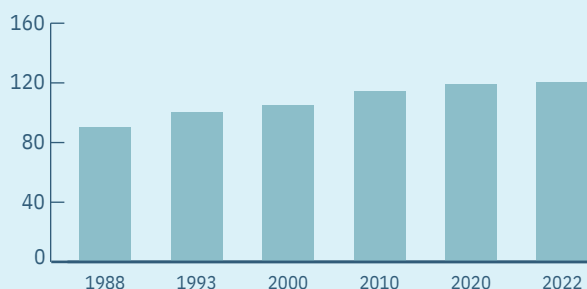


The recognised value of forest assets is primarily dependent on how large the volume of standing timber is estimated to amount to and the market price per m<sup>3</sup> growing stock, solid over bark calculated based on price statistics and transaction data collected from external parties. The table 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 <sup>3</sup> growing stock, solid over bark	750
Central Sweden	SEK 10/m <sup>3</sup> growing stock, solid over bark	360
Southern Sweden	SEK 10/m <sup>3</sup> growing stock, solid over bark	150
Holmen's volume of standing timber	1 million m <sup>3</sup> growing stock, solid over bark	420

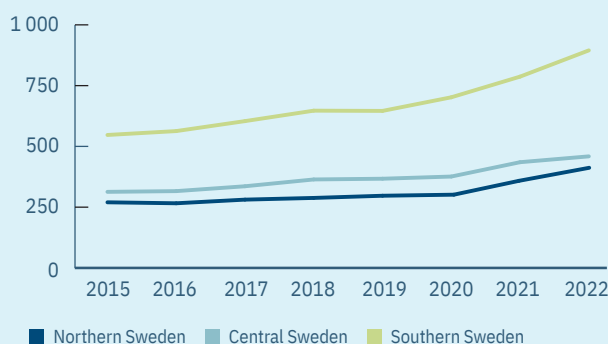
The size of Holmen's volume of standing timber is calculated based on the most recent inventory, updated with the completed harvest and estimated growth after the time of inventory. In the most recent inventory, an external party carried out a random sample inventory with a standard error of 1.4 per cent. The inventory is normally carried out every ten years. The diagram below shows the volume of standing timber measured as m<sup>3</sup> growing stock, solid over bark, per hectare in the inventories carried out since 1988 and the estimated volume of standing timber at 31 December 2022.

### Volume of standing timber m<sup>3</sup> growing stock, solid over bark per hectare productive forest land, average for Holmen's forest assets



The diagram below shows the price for forest properties measured in SEK per m<sup>3</sup> growing stock, solid over bark, based on annual price statistics and transaction data for the regions in the country where Holmen owns land.

### Price of forest properties, SEK/m<sup>3</sup> 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 2022, forest properties corresponding to 90 per cent of the book value were valued by Forum Fastighetsekonomi. The external valuations exceed the internal valuations by 7 per cent.

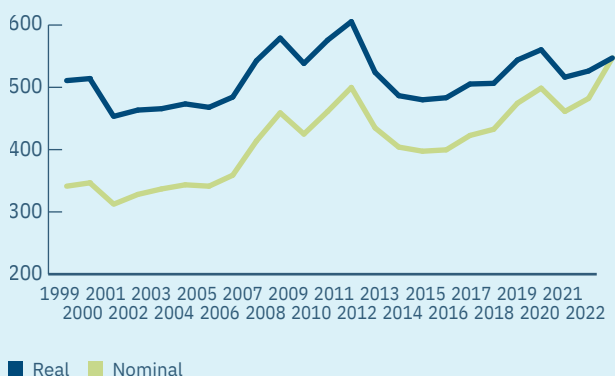
The value of the forest assets is allocated in the balance sheet to growing trees, SEK 29 867 million, recognised as a biological asset, and forest land, SEK 22 284 million.

### Biological assets

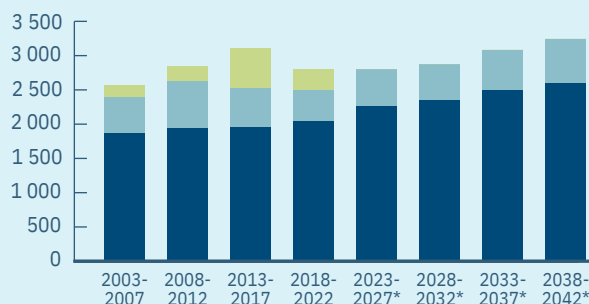
The value allocated to the biological assets is established by calculating the present value of expected future cash flows, less selling costs but before tax, from harvesting those trees currently growing. The trees that are currently growing are expected to be harvested when they reach an age of 85 years. The volumes are based on the long-term harvest plan that was updated in 2020. Income and costs are calculated based on long-term trend levels. The trend price that was used for 2022 was SEK 476 (466)/m<sup>3</sup>sub, which is lower than current prices. The costs are based on 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 harvest have not been included.

The change in value of biological assets, calculated as the net of the change as a result of harvesting and the unrealised change in fair value is stated in the income statement and in 2022 totalled SEK 509 million (464).

### Wood prices, SEK/m<sup>3</sup>sub



### Planned harvest, '000 m<sup>3</sup>sub/year



■ Harvest ■ Thinning ■ Storms & other events  
\*Forecast

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	1 080
Price inflation	1 620
Cost inflation	-670
Change in level	+1 %
Harvesting	350
Prices	520
Costs	-230
Discount rate	+0.1%
	-840

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 changes. 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).

Note that 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 the 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 harvest of currently standing trees, such as leasing of land for wind power, quarrying, hunting leases, licence income and harvesting future generations of trees.

The change in fair value for forest land is recognised in other comprehensive income and totalled SEK 4 373 million (3 345) in 2022. No value is assigned to land that is not productive forest land.

Group	Forest assets		Biological assets		Forest land	
	2022	2021	2022	2021	2022	2021
Book value at beginning of year	47 080	43 202	29 204	28 663	17 876	14 538
Acquisitions	71	42	33	24	38	18
Disposal	-9	-120	-6	-93	-3	-27
Investment in reforestation	127	142	127	142	-	-
Change due to harvesting	-836	-695	-836	-695	-	-
Unrealised change in fair value	5 718	4 503	1 345	1 158	4 373	3 345
Other changes	0	7	0	5	0	2
<b>Book value at end of year</b>	<b>52 151</b>	<b>47 080</b>	<b>29 867</b>	<b>29 204</b>	<b>22 284</b>	<b>17 876</b>

The acquisition cost of forest land amounted to SEK 338 million at 31 December 2022.

**Note 10. Non-current intangible assets**

	Group						Parent company	
	Goodwill		Other intangible assets		Total		Non-current intangible assets	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Accumulated acquisition costs</b>								
Opening balance	358	355	384	370	742	725	68	68
Business combinations	-	4	4	-	4	4	-	-
Investments	-	-	6	13	6	13	-	-
Disposal and retirement of assets	-	-	-1	-	-1	-	-1	-
Translation differences	-	-	0	1	0	1	-	-
<b>Total</b>	<b>358</b>	<b>358</b>	<b>392</b>	<b>384</b>	<b>750</b>	<b>742</b>	<b>67</b>	<b>68</b>
<b>Accumulated amortisation, depreciation and impairment losses</b>								
Opening balance	-	-	203	170	203	170	55	50
Business combinations	-	-	1	-	1	-	-	-
Depreciation and amortisation for the year	-	-	32	32	32	32	4	5
Disposal and retirement of assets	-	-	-1	0	-1	0	-1	-
Impairment losses	-	-	87	-	87	-	-	-
Translation differences	-	-	0	1	0	1	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>323</b>	<b>203</b>	<b>323</b>	<b>203</b>	<b>58</b>	<b>55</b>
<b>Residual value according to plan at end of year</b>	<b>358</b>	<b>358</b>	<b>69</b>	<b>181</b>	<b>427</b>	<b>539</b>	<b>9</b>	<b>13</b>

The goodwill recognised is attributable to the Wood Products business area, and relates to the acquisition of Martinsons in 2020. The goodwill refers to the value of integrating Holmen's own forest with its own industrial plants. 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 the value of the right-of-use relating to certain energy assets amounting to SEK 60 million (57) and IT systems amounting to SEK 2 million (5). The book value of the wood supply business included in the 2020 acquisition of Martinsons totals SEK 0 million (110) after impairment losses. 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	
	2022	2021	2022	2021	2022	2021	2022	2021
<b>Accumulated acquisition costs</b>								
Opening balance	6 512	6 441	31 352	29 739	363	676	38 227	36 858
Business combinations	109	-	588	-	-	-	697	-
Investments	65	54	829	657	332	782	1 226	1 493
Reclassifications	158	37	157	1 061	-316	-1 098	-	-
Disposal and retirement of assets	-18	-72	-223	-492	-	-	-241	-564
Translation differences	19	52	136	387	1	3	156	442
<b>Total</b>	<b>6 845</b>	<b>6 512</b>	<b>32 839</b>	<b>31 352</b>	<b>381</b>	<b>363</b>	<b>40 065</b>	<b>38 227</b>
<b>Accumulated amortisation, depreciation and impairment losses</b>								
Opening balance	4 059	3 971	24 456	23 660	-	-	28 515	27 632
Business combinations	43	-	257	-	-	-	300	-
Depreciation and amortisation according to plan for the year	134	122	1 088	995	-	-	1 222	1 117
Disposal and retirement of assets	-15	-70	-198	-487	-	-	-213	-557
Translation differences	13	36	103	288	-	-	116	324
<b>Total</b>	<b>4 234</b>	<b>4 059</b>	<b>25 706</b>	<b>24 456</b>	<b>-</b>	<b>-</b>	<b>29 940</b>	<b>28 515</b>
<b>Residual value according to plan at end of year</b>	<b>2 612</b>	<b>2 454</b>	<b>7 132</b>	<b>6 895</b>	<b>381</b>	<b>363</b>	<b>10 124</b>	<b>9 711</b>

\*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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Parent company</b>										
<b>Accumulated acquisition costs</b>										
Opening balance	499	478	203	190	306	303	15	10	1 024	982
Investments	-	21	7	5	58	45	1	13	66	84
Reclassifications	-	-	6	8	-	-	-6	-8	-	-
Disposal and retirement of assets	-	-	-	-	-32	-42	-	-	-32	-42
<b>Total</b>	<b>499</b>	<b>499</b>	<b>215</b>	<b>203</b>	<b>332</b>	<b>306</b>	<b>9</b>	<b>15</b>	<b>1 055</b>	<b>1 024</b>
<b>Accumulated depreciation and amortisation according to plan</b>										
Opening balance	-	-	143	139	194	193	-	-	336	333
Depreciation and amortisation according to plan for the year	-	-	5	4	48	43	-	-	53	44
Disposal and retirement of assets	-	-	0	-	-32	-42	-	-	-32	-42
<b>Total</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>143</b>	<b>210</b>	<b>194</b>	<b>-</b>	<b>-</b>	<b>357</b>	<b>336</b>
<b>Accumulated revaluations</b>										
Opening balance	2 388	2 388	1	1	-	-	-	-	2 388	2 388
Disposal and retirement of assets	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2 388</b>	<b>2 388</b>	<b>1</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 388</b>	<b>2 388</b>
<b>Residual value according to plan at end of year</b>	<b>2 887</b>	<b>2 887</b>	<b>68</b>	<b>60</b>	<b>124</b>	<b>113</b>	<b>9</b>	<b>15</b>	<b>3 088</b>	<b>3 075</b>

\*Other land refers to land other than forest land.

For forest assets in the Group see Note 9. In 2022, capitalised borrowing costs totalled SEK 0 million (6). An interest rate of 1.2 per cent (1.2) was used to determine the amount.

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

Group	Buildings		Machinery and equipment		Total	
	2022	2021	2022	2021	2022	2021
<b>Accumulated acquisition costs</b>						
Opening balance	261	235	191	188	452	424
Additional agreements	19	57	73	11	92	68
Completed leases	-23	-32	-93	-8	-116	-40
<b>Total</b>	<b>257</b>	<b>261</b>	<b>172</b>	<b>191</b>	<b>429</b>	<b>452</b>
<b>Accumulated depreciation and amortisation</b>						
Opening balance	77	63	135	78	212	141
Depreciation and amortisation for the year	42	46	48	66	91	111
Completed leases	-23	-32	-93	-8	-116	-40
<b>Total</b>	<b>96</b>	<b>77</b>	<b>91</b>	<b>135</b>	<b>187</b>	<b>212</b>
<b>Value at end of year</b>	<b>161</b>	<b>184</b>	<b>81</b>	<b>56</b>	<b>242</b>	<b>240</b>

### 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

	2022	2021
Depreciation and amortisation	91	111
Interest expense	5	5
Costs related to current lease liabilities	2	4
Costs related to low-value leases	2	3
Costs related to variable lease payments	0	0
<b>Total</b>	<b>100</b>	<b>122</b>

In 2022, the Group's payments attributable to leases amounted to SEK 100 million (122). 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 underlying assets of low value.

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

## Note 13

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

	Group	
	2022	2021
Profit/loss from associates and joint ventures		
Recognised in profit/loss for the year	10	0
Stated in other comprehensive income	0	3
<b>Total comprehensive income</b>	<b>10</b>	<b>3</b>

#### Associates and joint ventures

	Associates				Joint ventures				Total			
	Group		Parent company		Group		Parent company		Group		Parent company	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Book value at beginning of year	1 675	1 642	92	87	81	75	67	64	1 756	1 717	159	151
Investments	0	33	2	5	-	3	-	3	0	36	2	8
Share of earnings	6	0	-	-	3	3	-	-	10	3	-	-
Reclassification between joint ventures and subsidiaries	-	-	-	-	-84	-	-67	-	-84	-	-67	-
Translation difference	0	-	-	-	-	0	-	-	0	0	-	-
Disposals	-2	-	-	-	-	-	-	-	-2	-	-	-
Other	-	-	-	-	-	0	-	-	-	0	-	-
<b>Book value at end of year</b>	<b>1 680</b>	<b>1 675</b>	<b>93</b>	<b>92</b>	<b>-</b>	<b>81</b>	<b>-</b>	<b>67</b>	<b>1 680</b>	<b>1 756</b>	<b>93</b>	<b>159</b>

#### Parent company and Group holdings of shares and investments in associates and joint ventures

	Corporate ID No.	Registered office	Number of holdings	Holding %*	Value of holding in consolidated accounts**		Book value in the parent company	Holding %*	Value of holding in consolidated accounts**		Book value in the parent company
					2022	2021			2022	2021	
<b>Associates</b>											
Harrsele AB	556036-9398	Vännäs	9 886	49.4	1 522	-	-	49.4	1 518	-	-
Vattenfall Tuggen AB	556504-2826	Lycksele	683	6.8	90	90	6.8	90	90	90	90
Brännälvens Kraft AB	556017-6678	Arbrå	5 556	13.9	36	-	13.9	36	36	-	-
Gidekraft AB	556016-0953	Örnsköldsvik	990	9.9	0	0	9.9	0	0	0	0
Uni4 Marketing AB	556594-6984	Stockholm	2 050	41.0	20	3	46.0	20	20	2	2
Rebio AB	556594-3015	Umeå	2 014	40.3	10	1	40.3	10	10	-	-
Other associates					1	-	-	1	1	0	0
					<b>1 680</b>	<b>93</b>			<b>1 675</b>	<b>92</b>	
<b>Joint venture</b>											
Varsvik AB***	556914-9833	Stockholm	-	-	-	-	50.0	81	81	67	67
<b>Total</b>					<b>1 680</b>	<b>93</b>			<b>1 756</b>	<b>159</b>	

\*The percentage of ownership corresponds to the percentage of votes for the total number of shares.

\*\*The proportion of equity is recognised in the Renewable Energy and Wood Products business areas, at SEK 1 649 million (1 725) and SEK 31 million (31) respectively.

\*\*\*In February 2022, Holmen acquired the remaining 50 per cent of shares in Varsvik AB. Varsvik AB has since been included in the Holmen Group's subsidiaries.

See Note 26 for further information.

The holdings 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, so 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 1 522 million (1 518). Holmen purchased 553 GWh (515) of electrical power from Harrsele AB in 2022, giving Holmen an operating profit of SEK 437 million (180) 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 amounts to SEK 169 million (155). The company's shareholders made a shareholders contribution during the year of SEK 0 million (52).

Ownership in 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 significant influence over each company's activities.

Other shares and participations	Group		Parent company	
	2022	2021	2022	2021
Book value at beginning of year	2	2	0	0
Investments	-	0	-	-
Disposals	-	0	-	-
Translation difference	0	0	-	-
<b>Book value at end of year</b>	<b>2</b>	<b>2</b>	<b>0</b>	<b>0</b>

## 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.

**Current financial receivables** are recognised as fixed income investments and lending for durations of up to one year, accrued interest income and unrealised exchange gains and fair values of derivatives. 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 for a known amount and with a duration of no more than three months from the date of acquisition, which also means that the interest rate risk is negligible. Cash and cash equivalents are placed in bank accounts or as current deposits at banks.

Loans, accrued interest expense, unrealised exchange losses and fair values 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 56–57.

SEK 1 039 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 entails a right for Holmen to offset assets and liabilities in relation to the same counterparty in the case of a credit event. Taking into account the terms of the netting agreement, the net exposure is SEK 3 833 million (946). Assets and liabilities are not offset in the report. Recognised derivatives totalled SEK 5 020 million (1 097) on the asset side and SEK 1 187 million (151) on the liability side.

The ongoing Interest Rate Benchmark Reform only has a marginal impact on Holmen, since interest derivatives are almost exclusively denominated at the Swedish reference rate. For such currencies where the Interest Rate Benchmark Reform is underway, continued hedge accounting will apply while the reform is in progress. Nevertheless, these hedges are expected to be effective in the future.

No provision has been made for expected credit losses for the financial assets included in the net liability, based on no losses arising over the past 10 years and assets held at the balance sheet date being deemed to be of good credit quality. See Note 16 for information about 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. In calculating discounted cash flows, variables used for the calculations, such as discount rates and exchange rates, are taken from market listings where possible. In calculating discounted cash flows, the mean of exchange rates and discount rates is 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 valuation level 2 when measuring financial instruments in accordance with IFRS 13.

Fair value in the tables is calculated on the basis of discounted cash flows and all variables, such as discount rates and exchange rates, are taken from market listings. The difference between fair value and book value arises 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 on Holmen's hedge accounting see the section on Risk on pages 56–57 and Note 6.

Group					
Maturity structure, undiscounted amounts	2023	2024	2025	2026	2027-
<b>Financial liabilities</b>					
Derivatives	-7	-	-	-	-
Derivatives attributable to working capital	-821	-276	-49	-34	-
Trade payables	-3 848	-	-	-	-
Liabilities relating to right-of-use assets*	-79	-52	-42	-31	-51
Other financial liabilities	-1 103	-1 065	-943	-531	-510

<b>Financial receivables</b>					
Derivatives	35	26	21	13	-
Derivatives attributable to working capital	3 631	950	337	14	-
Trade receivables	2 929	-	-	-	-
Other financial receivables	1 941	2	2	2	12

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

Parent company					
Maturity structure, undiscounted amounts	2023	2024	2025	2026	2027-
<b>Financial liabilities</b>					
Derivatives	-12	-5	-3	-2	-2
Derivatives attributable to working capital	-712	-216	-49	-34	-
Trade payables	-3 617	-	-	-	-
Other financial liabilities	-1 102	-1 499	-943	-531	-508

<b>Financial receivables</b>					
Derivatives	35	26	21	13	-
Derivatives attributable to working capital	3 630	950	373	48	-
Trade receivables	2 454	-	-	-	-
Other financial receivables	1 825	3 601	44	43	144

**Note 14. Financial instruments, cont.**

Group	Recognised at fair value through profit/loss*		Hedging instruments		Recognised at amortised cost		Total book value		Fair value	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Financial instruments included in net financial debt</b>										
<b>Non-current financial receivables</b>										
Derivatives	-	-	78	19	-	-	78	19	78	19
Other financial receivables	-	-	-	-	19	248	19	248	19	248
	-	-	<b>78</b>	<b>19</b>	<b>19</b>	<b>248</b>	<b>97</b>	<b>268</b>	<b>97</b>	<b>268</b>
<b>Current financial receivables</b>										
Accrued interest	-	-	-	-	2	0	2	0	2	0
Derivatives	2	6	7	-	-	-	9	6	9	6
Other financial receivables	-	-	-	-	7	33	7	33	7	33
	<b>2</b>	<b>6</b>	<b>7</b>	<b>-</b>	<b>9</b>	<b>33</b>	<b>18</b>	<b>39</b>	<b>18</b>	<b>39</b>
<b>Cash and cash equivalents</b>										
Cash and cash equivalents	-	-	-	-	1 935	507	1 935	507	1 935	507
	-	-	-	-	<b>1 935</b>	<b>507</b>	<b>1 935</b>	<b>507</b>	<b>1 935</b>	<b>507</b>
<b>Non-current liabilities</b>										
Bonds	-	-	-	-	-2 900	-3 900	-2 900	-3 900	-2 900	-3 900
Derivatives	-	-	-	-6	-	-	-	-6	-	-6
Other non-current liabilities	-	-	-	-	-2	-5	-2	-5	-2	-5
	-	-	-	<b>-6</b>	<b>-2 902</b>	<b>-3 905</b>	<b>-2 902</b>	<b>-3 911</b>	<b>-2 902</b>	<b>-3 911</b>
<b>Current liabilities</b>										
Commercial paper programme	-	-	-	-	-	-200	-	-200	-	-200
Derivatives	-3	-11	-5	-12	-	-	-7	-23	-7	-23
Accrued interest	-	-	-	-	-18	-10	-18	-10	-18	-10
Other current liabilities	-	-	-	-	-1 013	-503	-1 013	-503	-1 013	-503
	<b>-3</b>	<b>-11</b>	<b>-5</b>	<b>-12</b>	<b>-1 031</b>	<b>-713</b>	<b>-1 039</b>	<b>-736</b>	<b>-1 039</b>	<b>-736</b>
<b>Financial instruments not included in net financial debt</b>										
Other shares and participations	2	2	-	-	-	-	2	2	2	2
Trade receivables	-	-	-	-	2 929	2 393	2 929	2 393	2 929	2 393
Derivatives (recognised among operating receivables)	200	34	4 732	1 037	-	-	4 933	1 072	4 933	1 072
Trade payables	-	-	-	-	-3 848	-2 836	-3 848	-2 836	-3 848	-2 836
Derivatives (recognised among operating liabilities)	-321	-22	-859	-99	-	-	-1 180	-122	-1 180	-122
	<b>-119</b>	<b>14</b>	<b>3 873</b>	<b>938</b>	<b>-919</b>	<b>-443</b>	<b>2 836</b>	<b>508</b>	<b>2 836</b>	<b>508</b>
<b>Total financial instruments</b>	<b>-120</b>	<b>-9</b>	<b>3 954</b>	<b>939</b>	<b>-2 890</b>	<b>-4 273</b>	<b>944</b>	<b>-3 325</b>	<b>944</b>	<b>-3 325</b>

\*Refers to instruments compulsorily valued 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	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
<b>Non-current financial receivables</b>										
Derivatives	-	-	78	19	-	-	78	19	78	19
Receivables from Group companies	-	-	-	-	3 553	3 910	3 553	3 910	3 553	3 910
Other financial receivables	-	-	-	-	17	246	17	246	17	246
	-	-	78	19	3 570	4 157	3 648	4 176	3 648	4 176
<b>Current financial receivables</b>										
Accrued interest	-	-	-	-	2	0	2	0	2	0
Derivatives	9	6	-	-	-	-	9	6	9	6
Other financial receivables	-	-	-	-	6	33	6	33	6	33
	9	6	-	-	8	33	18	39	18	39
<b>Cash and cash equivalents</b>										
Cash and cash equivalents	-	-	-	-	1 774	445	1 774	445	1 774	445
	-	-	-	-	1 774	445	1 774	445	1 774	445
<b>Non-current liabilities</b>										
Bonds	-	-	-	-	-2 900	-3 900	-2 900	-3 900	-2 900	-3 900
Liabilities to Group companies	-14	-	-	-	-420	-607	-434	-607	-434	-607
Derivatives	-	-	-	-6	-	-	-	-6	-	-6
	-14	-	-	-6	-3 320	-4 507	-3 334	-4 513	-3 334	-4 513
<b>Current liabilities</b>										
Commercial paper programme	-	-	-	-	-	-200	-	-200	-	-200
Derivatives	-7	-23	-	-	-	-	-7	-23	-7	-23
Accrued interest	-	-	-	-	-18	-10	-18	-10	-18	-10
Other current liabilities	-	-	-	-	-1 013	-503	-1 013	-503	-1 013	-503
	-7	-23	-	-	-1 031	-713	-1 039	-736	-1 039	-736
<b>Financial instruments not included in net financial debt</b>										
Other shares and participations	0	0	-	-	-	-	0	0	0	0
Trade receivables	-	-	-	-	2 454	2 068	2 454	2 068	2 454	2 068
Derivatives (recognised among operating receivables)	323	34	4 685	1 037	-	-	5 007	1 072	5 007	1 072
Trade payables	-	-	-	-	-3 617	-2 540	-3 617	-2 540	-3 617	-2 540
Derivatives (recognised among operating liabilities)	-82	-24	-929	-101	-	-	-1 010	-125	-1 010	-125
	241	10	3 756	936	-1 163	-472	2 835	475	2 835	475
<b>Total financial instruments</b>	<b>229</b>	<b>-6</b>	<b>3 835</b>	<b>950</b>	<b>-162</b>	<b>-1 057</b>	<b>3 901</b>	<b>-114</b>	<b>3 901</b>	<b>-114</b>

\*Refers to instruments compulsorily valued at fair value in accordance with IFRS 9.

**Note 15. Inventories**

	Group		Parent company	
	2022	2021	2022	2021
Felling rights	810	664	810	664
Logs and pulpwood	356	355	335	307
Raw materials and consumables	1 234	975	877	674
Finished products and work in progress	2 322	1 778	1 870	1 218
Electricity certificates and emission allowances	116	45	73	22
<b>Total</b>	<b>4 838</b>	<b>3 818</b>	<b>3 965</b>	<b>2 886</b>

During the year impairment losses and reversal of previous impairment losses for finished stock had an effect of SEK -65 million (7) on Group profit, while impairment losses on other stock had an effect of SEK -7 million (-5). Impairment losses and reversal of previous impairment losses for finished stock had an effect of SEK -35 million (7) on the parent company, with impairment losses on other stock of SEK -5 million (-3).

**Note 16. Operating receivables**

	Group		Parent company	
	2022	2021	2022	2021
Trade receivables				
Group companies	-	-	12	108
Associates	69	50	69	50
Other	2 860	2 343	2 373	1 910
<b>Total trade receivables</b>	<b>2 929</b>	<b>2 393</b>	<b>2 454</b>	<b>2 068</b>
Current receivables	907	425	797	320
Derivatives	4 933	1 072	5 007	1 072
Prepayments and accrued income	563	179	347	157
<b>Total other operating receivables</b>	<b>6 402</b>	<b>1 676</b>	<b>6 152</b>	<b>1 548</b>
<b>Total operating receivables</b>	<b>9 332</b>	<b>4 069</b>	<b>8 606</b>	<b>3 616</b>

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 from 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 (20). The provision for expected credit losses was SEK 28 million (28). During the year, the provision decreased by SEK -3 million (-26) as a result of actual credit losses, and increased by SEK 3 million (8) as a result of changes in the provision for anticipated or expected credit losses. At 31 December 2022, SEK 29 million (19) 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 2022		
	Number	Quotient value	SEKm
<b>Registered share capital</b>			
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	-510 646		
<b>Total number of shares outstanding</b>	<b>162 001 678</b>		

	31 Dec 2021		
	Number	Quotient value	SEKm
<b>Registered share capital</b>			
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	-586 639		
<b>Total number of shares outstanding</b>	<b>161 925 685</b>		

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 one vote. In other respects, there are no restrictions between classes of shares.

At 31 December 2022, the Group's own shareholding was 510 646 shares (586 639). During the year, 75 993 shares were transferred to participants in the share savings programme.

Assets and liabilities measured at fair value according to Chapter 4 Section 14a of the Swedish Annual Accounts Act had an impact of SEK 4 064 million (944) on parent company equity. In the consolidated accounts, valuation of derivatives and other financial instruments had an impact of SEK 3 834 million (930) 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 11 532 865 159. The Board proposes that the AGM, to be held on 28 March 2023, approve a dividend of SEK 16.00 per share. The proposed dividend totals SEK 2 592 million. The Board also proposes that the remaining amount of SEK 8 940 838 311 be carried forward.

The preceding year, the dividend paid was a total of SEK 11.50 per share (SEK 1 862 million).

Net financial debt as a percentage of equity was 4 per cent (9).

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 53–57.

## Note 18. Pension obligations

Holmen provides defined benefit pension plans for some office-based employees in Sweden. Most of these commitments 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. Some defined benefit obligations over and above the ITP plan are available for Group management and secured by means of a pension fund. Occupational pensions for other office-based employees and all collective agreement workers in Sweden are 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.

Cost recognised in profit/loss for the year	Group		Parent company	
	2022	2021	2022	2021
Defined benefit plans				
Personnel costs*	-6	-9	-26	21
Financial income and costs	10	2	0	0
Indexation change**	-	65	-	-
<b>Total defined benefit plans stated in profit/loss for the year</b>	<b>4</b>	<b>59</b>	<b>-26</b>	<b>21</b>
Defined contribution plans				
Personnel costs	-184	-173	-148	-135
<b>Total recognised in profit/loss for the year</b>	<b>-180</b>	<b>-115</b>	<b>-174</b>	<b>-114</b>

\*SEK -20 million (27) is included in the parent company relating to an item that is recognised in the Group as an actuarial revaluation in other comprehensive income.

\*\*Change in the index-based price of defined benefit plans in the UK.

Cost recognised in other comprehensive income	Group	
	2022	2021
Return on plan assets excl. recognised interest income	-827	210
Actuarial gains and losses from changes in demographic assumptions	29	4
Actuarial gains and losses from changes in financial assumptions	593	142
Actuarial gains and losses from experiential adjustments	-48	5
Payroll tax	1	6
Effect of asset ceiling	247	-380
<b>Total recognised in other comprehensive income</b>	<b>-6</b>	<b>-12</b>

Obligations	Group		Parent company	
	2022	2021	2022	2021
Obligations at 1 January	-2 070	-2 161	-175	-182
Current service cost	-6	-9	-10	-3
Payroll tax	6	0	-	-
Interest expense	-39	-28	-2	-2
Actuarial gains/losses	574	151	-	-
Benefits paid	116	92	13	12
Indexation change	-	65	-	-
Exchange differences	-52	-179	-	-
<b>Obligations at 31 December</b>	<b>-1 471</b>	<b>-2 070</b>	<b>-175</b>	<b>-175</b>
<b>Plan assets</b>				
Fair value of assets at 1 January	2 568	2 231	174	178
Recognised interest income	49	30	-	-
Expected return excl. recognised interest income	-827	210	-	-
Real return (parent company)	-	-	-13	25
Administrative expenses	-3	-2	-	-
Receipts and outgoings from employer	17	-12	-	-29
Benefits paid	-116	-92	-	-
Exchange differences	65	202	-	-
<b>Fair value of assets at 31 December</b>	<b>1 753</b>	<b>2 568</b>	<b>161</b>	<b>174</b>
Effect of asset ceiling	-289	-522	-	-
<b>Pension obligations, net</b>	<b>-7</b>	<b>-24</b>	<b>-13</b>	<b>0</b>

The change in the defined benefit obligations and the change in plan assets are specified in the table on the left. Some 90 per cent of the obligations relate to the pension plans in the UK. The obligations arising out of the pension schemes in the UK are placed in two trusts. These are governed by boards consisting of representatives from 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 that, in exchange for a one-time payment made in December 2022, will compensate the trusts for all their future pension payments, and thereby bear 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 commitment, but no surplus may be included in the accounts. This adjustment is referred to as an asset ceiling in tables.

The weighted average duration is 11 years.

Of the Group's total obligations, SEK 10 million (10) refers to those that are not funded, while the rest are wholly or partially funded obligations. Of the parent company's obligations, SEK 13 million (0) are secured under the Swedish Pension Obligations Vesting Act.

Plan assets by type are as shown below:

Plan assets	Group		Parent company	
	2022	2021	2022	2021
Equities	71	1 052	71	93
Bonds and bank account balances	405	1 516	90	82
Life insurance company receivables	1 277	-	-	-
	<b>1 753</b>	<b>2 568</b>	<b>161</b>	<b>174</b>

The plan assets do not include any financial instruments issued by Group companies or assets used by the Group. All instruments are traded on an active market. In 2022, most of the UK trusts' holdings of shares and bonds were sold to finance the above agreement with the life insurance company. Of the shares, 100 per cent are Swedish shares, and of the bonds, 61 per cent are government bonds and 39 per cent corporate bonds.

Key actuarial assumptions, Group (weighted average)	UK	
	31 Dec 2022	31 Dec 2021
Discount rate, %	4.9	2.0
Rate of salary increase, %	-	-
Rate of price inflation, %	2.8	2.9
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 2022	31 Dec 2021
Discount rate	3.7	1.2
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	DUS21	DUS14

The discount rate for pension obligations have been established based on high-quality corporate bonds in the relevant currency and country of the commitment, i.e. mainly the UK. A discount rate of 0.2 per cent (-0.1) 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 obligation would be affected in the event of a change in key actuarial assumptions (- reduces debt, + increases debt).

Sensitivity analysis	Group	
	31 Dec 2022	31 Dec 2021
Discount rate (+0.5%)	-71	-133
Rate of salary increase (+0.5%)	1	2
Rate of price inflation (+0.5%)	55	98
Mortality (+ 1 year in life expectancy)	62	110

The Group's payments into the funded defined benefit plans in 2023 are expected to amount to SEK 0 million.

**Note 18. Pension obligations, cont.****Multi-employer plans**

The year's premiums for pension insurance policies taken out with Alecta's ITP 2 plan amounted to SEK 32 million (36) and are included among personnel costs in the income statement. Holmen's active members in the plan amounted to 640 people, which corresponds to 0.16 per cent of the plan's active members. Alecta's surplus can be allocated to policyholders and/or the persons insured. If Alecta's collective consolidation falls below 125 per cent or exceeds 150 per cent, measures will be taken to create the conditions to ensure the level of consolidation returns to the 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 2022, Alecta's collective consolidation level was 172 (172) per cent and Alecta decided to introduce a premium reduction for 2023. Expected premiums to Alecta in 2023 amount to SEK 23 million, taking the premium reduction into account.

**Note 19. Provisions**

Group	2022	2021
Book value at beginning of year	409	654
Business combinations	6	-
Provisions during the year	66	6
Utilised during the year	-31	-169
Unutilised amount reversed during the year	-9	-50
Reclassification	-	-32
Translation differences	0	0
<b>Book value at end of year</b>	<b>441</b>	<b>409</b>
Of which non-current portion of the provisions	441	409
<b>Parent company</b>		
Book value at beginning of year	599	744
Provisions during the year	130	120
Utilised during the year	-118	-261
Unutilised amount reversed during the year	-2	-5
<b>Book value at end of year</b>	<b>609</b>	<b>599</b>
Of which non-current portion of the provisions	454	467
Of which current portion of the provisions	155	132

Provisions mainly relate to obligations to restore the environment at discontinued factory sites. SEK 140 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	
	2022	2021	2022	2021
Trade payables				
Group companies	-	-	2	70
Other	3 848	2 836	3 615	2 470
<b>Total trade payables</b>	<b>3 848</b>	<b>2 836</b>	<b>3 617</b>	<b>2 540</b>
Current liabilities				
Associates	3	2	3	2
Other	359	257	289	192
Derivatives	1 180	122	1 010	125
Accruals and deferred income	853	878	674	587
<b>Total other operating liabilities</b>	<b>2 395</b>	<b>1 259</b>	<b>1 976</b>	<b>906</b>
<b>Total operating liabilities</b>	<b>6 243</b>	<b>4 095</b>	<b>5 593</b>	<b>3 446</b>

All trade payables are due for payment within one year.

Accruals and deferred income in the parent company principally consist of personnel costs of SEK 248 million (231), discounts of SEK 92 million (84) and goods and services delivered but not yet invoiced of SEK 78 million (68).

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

**Note 21. Collateral and contingent liabilities**

	Group		Parent company	
	2022	2021	2022	2021
<b>Contingent liabilities</b>				
Guarantees on behalf of Group companies	-	-	69	60
Other contingent liabilities	51	64	51	62
<b>Total</b>	<b>51</b>	<b>64</b>	<b>120</b>	<b>122</b>

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



## Note 22. Related parties

Of the parent company's net sales of SEK 21 995 million (18 186), SEK 438 million (964) relates to deliveries of goods to Group companies. The parent company's purchases of goods from Group companies amounted to SEK 95 million (1 722). Parent company net sales also include income from the sale of silviculture services to subsidiaries for an amount of SEK 475 million (459). SEK 2 469 million (2 183) of expenses for leasing of non-current assets from subsidiaries are recognised in the parent company.

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 58–59). Holmen rents office premises for SEK 7 million (8) from Fastighets AB L E Lundberg,

which is a group company within L E Lundbergföretagen AB. In 2022, Fredrik Lundberg, who is CEO and principal shareholder in L E Lundbergföretagen, received a fee of SEK 780 000 (740 000) as Board Chairman of Holmen. 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 390 000 (370 000).

In February 2022, Holmen acquired the remaining 50 per cent of the shares in wind power company Varsvik AB and the company is since 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 relation to 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, dividend)		Liability to related parties		Receivable due from related parties	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Associates	541	265	64	54	0	0	3	2	81	60
Joint venture	0	1	-	-	1	10	-	2	-	254
<b>Parent company</b>										
Subsidiaries	438	964	95	1 722	510	399	439	680	3 646	4 018
Associates	541	265	64	54	0	0	3	2	81	60
Joint venture	0	1	-	-	1	10	-	-	-	254

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

## Note 23. Investments in Group companies

	Parent company	
	2022	2021
<b>Accumulated acquisition costs</b>		
Opening balance	12 831	13 112
Shareholder contributions and investments	156	31
Reclassification from joint ventures to subsidiaries	67	-
Disposals	0	-
Liquidations	0	-312
<b>Total</b>	<b>13 054</b>	<b>12 831</b>
<b>Accumulated impairment losses</b>		
Opening balance	1 357	1 666
Impairment losses for the year	-	2
Liquidations	-	-312
<b>Total</b>	<b>1 357</b>	<b>1 357</b>
<b>Book value at end of year</b>	<b>11 697</b>	<b>11 474</b>

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

	Corporate ID No.	Registered office	Number of holdings	Holding %*	Book value in the parent company		
					Holding %*	Book value in the parent company	
				2022	2021		
<b>Parent company's direct holdings of investments in subsidiaries</b>							
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	858
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	-	-
Terminalen i Bastuträsk AB	556591-5898	Stockholm	1 000	100	18	-	-
Varsvik AB	556914-9833	Stockholm	500	100	163	**	
Other Swedish Group companies					2		2
<b>Total Swedish holdings</b>					<b>10 152</b>		<b>9 929</b>
Holmen UK Ltd, UK		Workington	1 197 100	100	1519	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
<b>Total non-Swedish holdings</b>					<b>1 545</b>		<b>1 545</b>
<b>Total</b>					<b>11 697</b>		<b>11 474</b>

\*The percentage of ownership corresponds to the percentage of votes for the total number of shares.

\*\*The percentage of ownership of Varsvik AB was 50 per cent in 2021 and is recognised as a joint venture.

\*\*\*Indirect holdings.

## Note 24. Untaxed reserves

### Parent company

Untaxed reserves	31 Dec 2021	Appropriations	31 Dec 2022
<b>Accumulated depreciation and amortisation in excess of plan</b>			
Non-current intangible assets	-9	8	0
Property, plant and equipment	20	-7	14
	<b>12</b>	<b>2</b>	<b>13</b>

Group contributions received amounted to SEK 1 013 million (1 495) and Group contributions paid amounted to SEK -322 million (-230). Total appropriations of profit amounted to SEK 511 million (768).

### Parent company

Untaxed reserves	31 Dec 2021	Appropriations	31 Dec 2022
<b>Tax allocation reserves</b>			
2016 fiscal year	290	-290	-
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	1 490
	<b>2 840</b>	<b>1 200</b>	<b>4 040</b>
<b>Total</b>	<b>2 852</b>	<b>1 202</b>	<b>4 053</b>

## Note 25. Cash flow statement

Interest paid and dividends received	Group		Parent company	
	2022	2021	2022	2021
Dividends received	-	1	446	382
Interest received	9	8	81	26
Interest paid	-48	-39	-59	-36
<b>Total</b>	<b>-39</b>	<b>-30</b>	<b>467</b>	<b>371</b>

The change in current liabilities mostly relates to borrowing within the Group's commercial paper programme. In 2022, a number of different short-term loans totalling SEK 800 million (2 300) were raised within the Group's commercial paper programme, and SEK 1 000 million (2 600) was repaid. See Note 14 for a breakdown of cash and cash equivalents.

Group	2020	New leases	Cash flow	Currency and market revaluation	2021	Business combinations	New leases	Cash flow	Currency and market revaluation	2022
										2022
Bonds	3 900	-	500	-	4 400	-	-	-500	-	3 900
Commercial paper	500	-	-300	-	200	-	-	-200	-	-
Other financial liabilities	126	-	-89	11	47	3	-	-37	28	41
Liabilities relating to right-of-use assets	287	67	-115	5	244	-	93	-95	5	247
Pension obligations	48	-	-8	-16	24	-	-	-24	7	7
<b>Financial liabilities*</b>	<b>4 860</b>	<b>67</b>	<b>-12</b>	<b>0</b>	<b>4 915</b>	<b>3</b>	<b>93</b>	<b>-856</b>	<b>40</b>	<b>4 195</b>

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

Parent company	2020	Cash flow	Currency and market revaluation	2021	Cash flow	Currency and market revaluation	2022
							2022
Bonds	3 900	500	-	4 400	-500	-	3 900
Commercial paper	500	-300	-	200	-200	-	-
Liabilities to Group companies	169	428	10	607	-171	-2	434
Other financial liabilities	28	-	14	42	-26	22	39
Pension obligations	4	-5	2	0	13	-	13
<b>Financial liabilities*</b>	<b>4 601</b>	<b>623</b>	<b>26</b>	<b>5 250</b>	<b>-884</b>	<b>20</b>	<b>4 386</b>

\*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 has been recognised in connection with the acquisition. The previously owned proportion of equity has been revalued at a fair value of SEK 10 million and recognised 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
<b>Identifiable assets, net</b>	<b>190</b>

## 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 2022 was SEK 52 151 million (47 080), divided between SEK 29 867 million (29 204) for biological assets and SEK 22 284 million (17 876) for forest land. A deferred tax liability of SEK 10 707 million (9 664) has been recognised relating to the forest assets. The valuation of the forest assets is based on detailed data about transactions and pricing statistics published by different market operators. The valuation takes account of where in the country the forest land is located and differences in the forest 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 a biological asset, and forest land. How much of the value is allocated to biological assets is established by calculating the present value of expected future cash flows from growing trees based on estimates of future harvest volumes, price and cost development and 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 1 471 million (2 070) and SEK 1 753 million (2 568) in 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 recognised pension provision. 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 obligations for environmental restoration. See Note 19.

### Taxes

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

# 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	4 018 886 579
Retained earnings	7 513 978 580
	<b>11 532 865 159</b>
The Board proposes that the following be allocated to the shareholders	
an ordinary dividend of SEK 8.00 per share (162 001 678 shares),	1 296 013 424
an extra dividend of SEK 8.00 per share (162 001 678 shares)	1 296 013 424
	<b>2 592 026 848</b>
and that the remaining amount be carried forward	8 940 838 311

The Board of Holmen AB has proposed that the 2023 AGM resolve in favour of paying an ordinary dividend of SEK 8.00 per share, and an extra dividend of SEK 8.00 per share, for a total of SEK 2 592 million. In 2022, an ordinary dividend of SEK 7.50 per share and an extra dividend of SEK 4.00 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 44.1 per cent of net profit for 2022 for the Group and means that 4.6 per cent of equity in the Group at 31 December 2022 will be paid out by way of dividend.

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 2022 it amounted to 4 per cent. The proposed dividend would increase net debt to equity by 5 percentage points.

Holmen AB's equity at 31 December 2022 amounted to SEK 17 448 million, of which non-restricted equity was SEK 11 533 million. Assets and liabilities measured at fair value according to Chapter 4 Section 14a of the Swedish Annual Accounts Act had an impact of SEK 4 064 million on equity. The Group's equity at 31 December 2022 amounted to SEK 56 950 million. In accordance with IFRS, no distinction is made at Group level between restricted and non-restricted equity.

The Board considers that payment of a dividend 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 financial position in other respects. The financial position will remain strong after payment of the proposed dividend and is considered to be fully 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 material risks and uncertainties to which the parent company and the other companies in the Group are exposed.

## Signatures

The annual accounts and the consolidated accounts were approved for publication by the Board in its decision of 20 February 2023. 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 28 March 2023.

Stockholm, 20 February 2023

**Fredrik Lundberg**  
Chairman

**Carl Bennet**  
Board member

**Lars Josefsson**  
Board member

**Alice Kempe**  
Board member

**Louise Lindh**  
Board member

**Ulf Lundahl**  
Board member

**Fredrik Persson**  
Board member

**Henriette Zeuchner**  
Board member

**Henrik Sjölund**  
Board member  
and Chief Executive Officer

**Steeve Björklundh**  
Board member, employee representative

**Christer Johansson**  
Board member,  
employee representative

**Tommy Åsenbrygg**  
Board member,  
employee representative

Our audit report was submitted on 22 February 2023.  
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 2022, except for the corporate governance statement and the statutory sustainability report on pages 48-52 and 6-9, 44-47, 50-52, 54-55, 104-107 and 110, respectively. The annual accounts and consolidated accounts of the company are included on pages 2, 6-9, 14-15, 44-94, 98-99, 104-107 and 110 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 2022 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 2022 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 48-52 and 6-9, 44-47, 50-52, 54-55, 104-107 and 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.

#### 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.

### 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 23 952 million and are 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 52 151 million and constitute a significant item in the consolidated and the parent company's balance sheets.

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.

- 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 but not limited to, timber prices, harvest plan as well as costs for forestry and harvesting activities.
- Verified, on a sample basis, the mathematical accuracy of the valuation model used.
- Our valuation specialists have evaluated assumptions and documentation used for establishing the discount rate used.
- 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.

### **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, 16-43, 95-97, 100-103, 108-109 and 111-116 ("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](http://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 2022 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's 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](http://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 2022.

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 48-52 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 6-9, 44-47, 50-52, 54-55, 104-107 and 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 30 March 2022 and has been the company's auditor since 22 April 2021.

Stockholm, 22 February 2023  
PricewaterhouseCoopers AB

**Magnus Svensson Henryryson**  
Authorised Public Accountant  
Auditor in Charge

**Linda Corneliusson**  
Authorised Public Accountant

# REVIEW OF SUSTAINABILITY REPORT

Holmen's Sustainability Report, as defined on page 2 of Holmen's Annual Report 2022, has been subject to a limited review in accordance with ISAE 3000 Assurance engagements other than audits or reviews of historical financial information.

A complete assurance report on the Sustainability Report is available at [holmen.com](http://holmen.com).

The assurance report contains the following conclusion:

Based on the limited assurance procedures we have performed, nothing has come to our attention that causes us to believe that the Sustainability Report is not prepared, in all material respects, in accordance with the criteria defined by Group management.

Stockholm, 22 February 2023  
PricewaterhouseCoopers AB

**Magnus Svensson Henryryson**  
Authorised Public Accountant  
Auditor in Charge

**Isabelle Hammarström**  
Specialistmedlem i FAR

# BOARD OF DIRECTORS

## 1. Fredrik Lundberg

Chairman. Djursholm. Born in 1951. Member since 1988. M.Sc. in Engineering and M.Sc. in Economics. Tech. h.c. and D. Econ. h.c. 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.

Shareholding of L E Lundbergföretagen: 55 244 000 shares.

## 2. Henrik Sjölund

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

### Other significant appointments:

Chairman of the Swedish Forest Industries Federation. Board member of the Confederation of Swedish Enterprise.

**Shareholding:** 54 602 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 Laws.

### Other significant appointments:

Board member of the NTM Group.

**Shareholding:** 1 600 shares.

## 5. Ulf Lundahl

Lidingö. Born in 1952. Member since 2004.

B.A. in Legal Science and B.Sc. (Econ).

### Other significant appointments:

Chairman of Attendo AB, Fidelio Capital AB, and Nordstjernen Kredit AB. Board member of Indutrade AB.

**Shareholding:** 8 000 shares.

## 6. Louise Lindh

Stockholm. Born in 1979. Member since 2010. M.Sc. in Economics. CEO and Board member of Fastighets AB L E Lundberg.

### Other significant appointments:

Chairman of 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:

Former President and CEO of Axel Johnson AB. Chairman of Business-Europe, Ellevio AB and JM AB and board member of AB Electrolux, Ahlström Capital Oy, Hufvudstaden, ICA Gruppen AB and Interogo Holding AB.

**Shareholding:** 3 000 shares.

## 8. Carl Bennet

Gothenburg. Born in 1951. Member since 2009. M.Sc. in Economics. Med. dr. h.c. and Tekn. dr. h.c. CEO of Carl Bennet AB. Former President and CEO of Getinge AB. Chairman of Elanders AB and Lifco AB.

### Other significant appointments:

Deputy Chairman of Arjo AB and Getinge AB. Board member of L E Lundbergföretagen AB.

**Shareholding:** 200 000 shares.

## 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. Deputy member since 2022. Employee representative, LO. Chairman of the Swedish Paper Workers Union's branch 53 at Braviken.

## 11. Steewe Björklundh

Hudiksvall. Born in 1958. Member since 1998. Employee representative, LO. Chairman of the GS union, Iggesund Sawmill.

## 12. Daniel Hägglund

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

## 13. Martin Nyman

Ölsund. Born in 1978. Deputy member since 2021. Employee representative, PTK. Chairman of Unionen Club, Holmen Iggesund.

**Shareholding:** 760 shares.

## 14. Christer Johansson

Iggesund. Born in 1959. Elected as deputy member 2017, ordinary member since 2022. Employee representative, LO. Chairman of the Swedish Paper Workers Union branch 15.

## 15. Tommy Åsenbrygg

Skebobruk. Born in 1968. Member since 2015. Employee representative, PTK.

**Shareholding:** 200 shares.

**Auditors:** PricewaterhouseCoopers AB

**Principle auditor:**

Magnus Svensson Henryson

*Authorised public accountant.*

*The information relates to personal and related party shareholdings at 31 December 2022.*



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

# GROUP MANAGEMENT



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## 1. Henrik Sjölund

*President and CEO*  
Born in 1966.  
Joined Holmen in 1993.  
**Shareholding:** 54 602 shares. Henrik Sjölund has no significant shareholdings or ownership in companies with which the Group has important business relations. Further information is provided on page 98.

## 8. Gunilla Rolander

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

## 2. Anders Jernhall

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

## 5. Johan Nellbeck

*Senior Vice President Paperboard*  
Born in 1964.  
Joined Holmen in 2019.  
**Shareholding:** 6 000 shares.

## 9. Ola Schultz-Eklund

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

## 3. Sören Petersson

*Senior Vice President Forest*  
Born in 1969.  
Joined Holmen in 1994.  
**Shareholding:** 19 378 shares.

## 6. Lars Lundin

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

## 10. Stina Sandell

*Senior Vice President Sustainability and Communications*  
Born in 1966.  
Joined Holmen in 2017.  
**Shareholding:** 2 156 shares.

## 4. Johan Padel

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

## 7. Fredrik Nordqvist

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

## 11. Henrik Andersson

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

*The information relates to personal and related party shareholdings at 31 December 2022.*

# KEY FIGURES

Holmen uses performance measures in its reporting in addition to the measures defined within IFRS regulations, 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 calculations used to arrive at the performance measures applied within the Group. For further information, see also Definitions.

ESMA's (European Securities and Markets Authority) 'Guidelines – Alternative Performance Measures' are used. Alternative performance measures published in this report should not be regarded as replacing the financial measures defined under IFRS regulations, but rather as a complement and they do not need to be comparable in the same way with defined performance measures published by other companies.

Key figures, SEKm	2022	2021	2020	2019	2018
<b>Operating profit, EBITDA and items affecting comparability</b>					
EBITDA	8 607	5 321	3 651	3 486	3 488
Depreciation and amortisation according to plan	-1 345	-1 261	-1 172	-1 141	-1 012
Operating profit/loss excluding items affecting comparability	7 262	4 061	2 479	2 345	2 476
Items affecting comparability*	266	-330	-	8 770	-94
<b>Operating profit</b>	<b>7 527</b>	<b>3 731</b>	<b>2 479</b>	<b>11 115</b>	<b>2 382</b>
<b>Operating margin</b>					
Operating profit/loss excluding items affecting comparability	7 262	4 061	2 479	2 345	2 476
Net sales	23 952	19 479	16 327	16 959	16 055
<b>Operating margin, %</b>	<b>30.3</b>	<b>20.8</b>	<b>15.2</b>	<b>13.8</b>	<b>15.4</b>
<b>Capital employed</b>					
Equity	56 950	46 992	42 516	40 111	23 453
Net financial debt	2 145	4 101	4 181	3 784	2 807
<b>Capital employed</b>	<b>59 095</b>	<b>51 093</b>	<b>46 697</b>	<b>43 895</b>	<b>26 261</b>
<b>Return on capital employed</b>					
Operating profit/loss excluding items affecting comparability	7 262	4 061	2 479	2 345	2 476
Average capital employed	54 570	47 557	44 128	26 391	25 469
<b>Return, %</b>	<b>13.3</b>	<b>8.5</b>	<b>5.6</b>	<b>8.9</b>	<b>9.7</b>
<b>Return on equity</b>					
Profit after tax	5 874	3 004	1 979	8 731	2 268
Average equity	51 299	43 326	40 718	25 233	22 546
<b>Return, %</b>	<b>11.5</b>	<b>6.9</b>	<b>4.8</b>	<b>34.6</b>	<b>10.1</b>
<b>Net financial debt</b>					
Non-current financial liabilities	2 902	3 911	3 919	2 018	1 033
Non-current liabilities relating to right-of-use assets	158	173	175	171	-
Current financial liabilities	1 039	736	605	2 485	2 494
Current liabilities relating to right-of-use assets	89	71	112	13	-
Pension obligations	7	24	48	46	61
Non-current financial receivables	-97	-268	-290	-451	-468
Current financial receivables	-18	-39	-43	-14	-35
Cash and cash equivalents	-1 935	-507	-346	-483	-278
<b>Net financial debt</b>	<b>2 145</b>	<b>4 101</b>	<b>4 181</b>	<b>3 784</b>	<b>2 807</b>
<b>Debt/equity ratio</b>					
Net financial debt	2 145	4 101	4 181	3 784	2 807
Equity	56 950	46 992	42 516	40 111	23 453
<b>Net debt as % of equity</b>	<b>4</b>	<b>9</b>	<b>10</b>	<b>9</b>	<b>12</b>
<b>Equity/assets ratio</b>					
Equity	56 950	46 992	42 516	40 111	23 453
Assets	81 436	68 101	62 543	59 340	36 912
<b>Equity/assets ratio, %</b>	<b>70</b>	<b>69</b>	<b>68</b>	<b>68</b>	<b>64</b>

\*See page 102 for what items affecting comparability refers to.

# TEN-YEAR REVIEW, FINANCE

SEKm	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Income statement</b>										
Net sales	23 952	19 479	16 327	16 959	16 055	16 133	15 513	16 014	15 994	16 231
Operating costs	-15 865	-14 622	-13 250	-13 961	-12 984	-13 379	-12 626	-13 348	-13 270	-13 919
Change in value of biological assets	509	464	579	487	425	415	315	267	282	264
Share in profits of associates and joint ventures	10	0	-6	0	-9	-12	-22	7	-7	3
<b>EBITDA</b>	<b>8 607</b>	<b>5 321</b>	<b>3 651</b>	<b>3 486</b>	<b>3 488</b>	<b>3 157</b>	<b>3 179</b>	<b>2 940</b>	<b>2 999</b>	<b>2 579</b>
Depreciation and amortisation according to plan	-1 345	-1 261	-1 172	-1 141	-1 012	-991	-1 018	-1 240	-1 265	-1 370
<b>Operating profit/loss excluding items affecting comparability</b>	<b>7 262</b>	<b>4 061</b>	<b>2 479</b>	<b>2 345</b>	<b>2 476</b>	<b>2 166</b>	<b>2 162</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>
Items affecting comparability*	266	-330	-	8 770	-94	-	-232	-931	-450	-140
<b>Operating profit</b>	<b>7 527</b>	<b>3 731</b>	<b>2 479</b>	<b>11 115</b>	<b>2 382</b>	<b>2 166</b>	<b>1 930</b>	<b>769</b>	<b>1 284</b>	<b>1 069</b>
Net financial items	-87	-39	-42	-34	-25	-53	-71	-90	-147	-198
<b>Earnings before tax</b>	<b>7 441</b>	<b>3 691</b>	<b>2 437</b>	<b>11 081</b>	<b>2 356</b>	<b>2 113</b>	<b>1 859</b>	<b>679</b>	<b>1 137</b>	<b>871</b>
Tax	-1 567	-688	-458	-2 351	-89	-445	-436	-120	-230	-160
<b>Profit/loss for the year</b>	<b>5 874</b>	<b>3 004</b>	<b>1 979</b>	<b>8 731</b>	<b>2 268</b>	<b>1 668</b>	<b>1 424</b>	<b>559</b>	<b>907</b>	<b>711</b>
Diluted earnings per share, SEK**	36.3	18.5	12.2	52.6	13.5	9.9	8.5	3.4	5.4	4.3
<b>Net sales</b>										
Forest	7 342	6 509	5 883	6 286	5 944	5 535	5 302	5 481	5 641	5 694
Paperboard	6 735	6 261	6 187	6 229	5 785	5 526	5 252	5 472	5 113	4 618
Paper	8 370	5 441	4 879	5 757	5 571	5 408	5 431	6 148	6 247	7 148
Wood Products	5 015	4 872	2 222	1 695	1 747	1 562	1 342	1 314	1 352	1 175
Renewable Energy	1 226	488	378	378	319	315	314	359	389	450
Group-wide costs and eliminations	-4 737	-4 092	-3 222	-3 385	-3 311	-2 214	-2 128	-2 760	-2 748	-2 853
<b>Group</b>	<b>23 952</b>	<b>19 479</b>	<b>16 327</b>	<b>16 959</b>	<b>16 055</b>	<b>16 133</b>	<b>15 513</b>	<b>16 014</b>	<b>15 994</b>	<b>16 231</b>
<b>Operating profit</b>										
Forest	1 401	1 495	1 367	1 172	1 185	1 069	1 001	905	817	924
Paperboard	1 081	673	812	435	689	764	903	847	674	433
Paper	2 714	70	73	509	329	288	289	-74	141	-309
Wood Products	1 237	1 668	185	62	246	80	-3	9	37	-75
Renewable Energy	1 006	347	215	336	181	135	120	176	212	371
Group-wide costs and eliminations	-178	-193	-174	-168	-154	-170	-148	-163	-146	-136
<b>Group</b>	<b>7 262</b>	<b>4 061</b>	<b>2 479</b>	<b>2 345</b>	<b>2 476</b>	<b>2 166</b>	<b>2 162</b>	<b>1 700</b>	<b>1 734</b>	<b>1 209</b>
Items affecting comparability*	266	-330	-	8 770	-94	-	-232	-931	-450	-140
<b>Group</b>	<b>7 527</b>	<b>3 731</b>	<b>2 479</b>	<b>11 115</b>	<b>2 382</b>	<b>2 166</b>	<b>1 930</b>	<b>769</b>	<b>1 284</b>	<b>1 069</b>
<b>Cash flow</b>										
Earnings before tax	7 441	3 691	2 437	11 081	2 356	2 113	1 859	679	1 137	871
Adjustment items	966	346	544	-8 208	540	418	965	1 802	1 448	1 056
Income tax paid	-1 639	-662	-569	-147	-396	-221	-504	-398	-191	210
Changes in working capital	-1 284	-145	46	158	-214	199	-360	443	-217	-127
<b>Cash flow from operating activities</b>	<b>5 484</b>	<b>3 229</b>	<b>2 457</b>	<b>2 884</b>	<b>2 286</b>	<b>2 509</b>	<b>1 961</b>	<b>2 526</b>	<b>2 176</b>	<b>2 011</b>
<b>Cash flow from investing activities***</b>	<b>-1 352</b>	<b>-1 332</b>	<b>-1 924</b>	<b>-1 050</b>	<b>-1 005</b>	<b>-644</b>	<b>-123</b>	<b>-824</b>	<b>-815</b>	<b>-872</b>
<b>Cash flow after investments</b>	<b>4 132</b>	<b>1 897</b>	<b>533</b>	<b>1 834</b>	<b>1 281</b>	<b>1 865</b>	<b>1 838</b>	<b>1 702</b>	<b>1 361</b>	<b>1 139</b>
Dividend paid	-1 862	-1 741	-567	-1 134	-1 092	-1 008	-882	-840	-756	-756
Share buy-backs	-	-	-	-1 430	-	-	-	-	-	-

\*Items affecting comparability:

2022: Insurance compensation, and the costs and the loss of revenue, associated with the turbine breakdown in Workington (SEK 266 million).

2021: Increased energy costs of SEK -330 million due to turbine breakdown in Workington.

2019: Revaluation of biological assets amounting to SEK 9 079 million, impairment loss by associates of SEK -109 million and provisions of SEK -200 million.

2018: Restructuring costs of SEK -94 million.

2016: Sale 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.

2013: Impairment loss on non-current assets and restructuring costs of SEK -140 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 data per share, see page 59.

SEKm	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
<b>Balance sheet</b>										
Forest assets	52 151	47 080	43 202	41 345	18 701	17 971	17 595	17 340	17 032	16 654
Other non-current assets*	12 477	12 251	11 784	10 781	10 586	10 780	11 106	12 184	13 189	13 998
Current assets	14 758	7 956	6 878	6 264	6 845	5 710	5 852	5 607	5 964	5 774
Financial receivables	2 050	814	679	950	781	430	338	325	249	327
<b>Total assets</b>	<b>81 436</b>	<b>68 101</b>	<b>62 543</b>	<b>59 340</b>	<b>36 912</b>	<b>34 891</b>	<b>34 891</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>
Equity	56 950	46 992	42 516	40 111	23 453	22 035	21 243	20 853	20 969	20 854
Deferred tax liabilities	13 490	11 610	10 570	10 299	5 839	5 650	5 613	5 508	5 480	5 804
Financial liabilities and interest-bearing provisions	4 195	4 915	4 860	4 733	3 587	3 366	4 283	5 124	6 156	6 443
Operating liabilities	6 801	4 584	4 597	4 196	4 033	3 840	3 752	3 971	3 829	3 653
<b>Total equity and liabilities</b>	<b>81 436</b>	<b>68 101</b>	<b>62 543</b>	<b>59 340</b>	<b>36 912</b>	<b>34 891</b>	<b>34 891</b>	<b>35 456</b>	<b>36 434</b>	<b>36 753</b>
<b>Capital employed</b>										
Forest	41 354	37 300	34 230	32 718	14 830	13 824	13 536	13 401	13 212	12 688
Paperboard	5 632	5 169	5 276	5 589	5 316	5 433	5 546	5 698	5 841	5 686
Paper	1 939	1 637	1 969	1 903	2 072	2 193	2 507	3 266	4 366	4 438
Wood Products	2 067	2 278	1 846	1 000	927	862	859	897	874	1 327
Renewable Energy	4 618	4 069	3 351	3 058	3 082	3 115	3 153	3 075	3 118	3 005
Group-wide and other**	3 485	640	24	-372	34	-455	-410	-684	-535	-173
<b>Capital employed</b>	<b>59 095</b>	<b>51 093</b>	<b>46 697</b>	<b>43 895</b>	<b>26 261</b>	<b>24 972</b>	<b>25 190</b>	<b>25 653</b>	<b>26 876</b>	<b>26 970</b>
<b>Key figures</b>										
Operating margin, %**										
Paperboard	16	11	13	7	12	14	17	15	13	9
Paper	32	1	2	9	6	5	5	-1	2	-4
Wood Products	25	34	8	4	14	5	0	1	3	-6
Group	30	21	15	14	15	13	14	11	11	7
Return, capital employed, %**										
Forest	4	4	4	8	8	8	7	7	6	7
Paperboard	20	13	15	8	12	14	16	15	12	8
Paper	139	4	4	24	15	12	10	neg	3	neg
Wood Products	54	82	17	6	27	9	0	1	3	neg
Renewable Energy	23	10	7	11	6	4	4	6	7	13
Group	13	9	6	9	10	9	9	6	6	4
Return on equity, %	11	7	5	35	10	8	7	3	4	3
Net debt as % of equity	4	9	10	9	12	13	19	23	28	29
Deliveries										
Own forests, '000 m <sup>3</sup> sub	2 813	2 833	2 841	2 699	2 816	2 883	2 945	3 132	3 207	3 361
Paperboard, '000 tonnes	503	544	544	538	525	526	497	499	493	469
Paper, '000 tonnes	995	1 029	883	996	1 036	1 117	1 134	1 325	1 305	1 574
Wood products, '000 m <sup>3</sup>	1 435	1 373	1 052	879	828	852	776	730	725	686
Hydro and wind power, GWh	1 639	1 230	1 352	1 109	1 145	1 169	1 080	1 441	1 113	1 041

\*Excluding non-current financial receivables

\*\*Excluding items affecting comparability

# TAXONOMY

The Taxonomy Regulation is a classification system that currently covers certain economic activities that have a significant impact on the climate and the climate change adaptation measures taken.

In accordance with this 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 activity is examined to see whether it meets the regulation's criteria for compliance with environmental objectives without causing significant harm to any other environmental objectives and it has minimum social safeguards in place.

Detailed information about Holmen's activities that are covered by the taxonomy can be found in the tables below. These show that 11 per cent of Holmen's turnover, 47 per cent of its capital expenditure and 20 per cent of its operating expenditure are covered by the taxonomy, and that all the activities 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 revenue and other items, which together total SEK 1 950 million. Internal sales eliminated from the consolidated figures, 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 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 1 386 million for 2022.

## Allocation of turnover, capital expenditure and operating expenditure to the numerators

Holmen's activities that are covered by the taxonomy are harvest of own forest (NACE code 02.20) and electricity production from wind power, hydro power and bioenergy (NACE code 35.11).

### Turnover for 2022

Economic activities (1)	Codes (2)	Absolute turnover (3)	Proportion of turnover (4)
Unit		SEKm	%
<b>A. Taxonomy-eligible activities</b>			<b>11</b>
A.1 Environmentally sustainable activities (taxonomy-aligned)			
1.3 Harvest of own forest	02.20	758	3
4.3 Wind power	35.11	208	1
4.5 Hydro power	35.11	1 009	4
4.8 Bioenergy	35.11	853	3
<b>Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>2 829</b>	<b>11</b>
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)			
Not applicable		-	-
<b>Turnover of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		<b>-</b>	<b>-</b>
<b>Total (A.1 + A.2)</b>		<b>2 829</b>	<b>11</b>
<b>B. Taxonomy-non-eligible activities</b>			
Turnover of taxonomy-non-eligible activities (B)		<b>23 074</b>	<b>89</b>
<b>Total (A + B)</b>		<b>25 903</b>	<b>100</b>



These activities correspond to taxonomy activities 1.3 (harvesting of own forests), 4.3, 4.5 and 4.8 (electricity production from wind power, hydro power and bioenergy). Holmen does not have any external sales derived from other NACE codes (economic activities) covered by the Taxonomy Regulation or activities covered by climate adaptation measures. Capital expenditure relating to suppliers whose activities are covered by the taxonomy, but that does not relate to Holmen activities 1.3, 4.3, 4.5 or 4.8, known as category C investments, is negligible and is not included.

Turnover from the harvesting of our own forests above all consists of external sales of logs and pulpwood, but not the logs and pulpwood processed by Holmen in its industrial plants. Capital expenditure includes purchases of forest machinery, the construction of forest roads and acquisitions of forest properties. Operating expenditure includes the development and maintenance of our own forests in the form of thinning, road maintenance, clearing and fertilisation.

Turnover derived from electricity production consists primarily of external sales of electricity, support services for the stabilisation of the electricity grid and green electricity certificate revenue. Capital expenditure includes upgrades, new facilities and acquisitions. Operating expenditure consists of minor renovations and the maintenance of equipment for electricity production, and various forms of development work, such as the designing of new wind farms.

The different activities that are subject to the taxonomy are able to be separately identified in Holmen's financial reporting, which

prevents any double counting of turnover, capital expenditure and operating expenditure.

### Evaluation of compliance with the criteria

Holmen has evaluated its compliance with the criteria for substantial contributions and the criteria for doing no significant harm as set out in Annex 1 to the Delegated Act on climate change mitigation. The Group's forestry plan, together with the climate benefit analysis prepared that shows increased carbon storage and that the legislation ensures continued land use for forestry, are considered together to meet the requirements for substantial contributions to forest management. Forest management takes place in accordance with the Group's certifications and, along with the legal requirements and the climate adaptation plan prepared, this ensures that the forest management does no significant harm. With regard to the evaluation of whether the Group produces wind and hydro power and bioenergy in line with the criteria set, an analysis of each power plant's individual design and characteristics has been conducted and climate adaptation plans prepared for each activity.

Compliance with minimum social safeguards has been evaluated in keeping with the guidance from the Platform on Sustainable Finance. Holmen complies with labour and human rights laws.

Substantial contribution criteria						Does Not Significantly Harm (DNSH) criteria										
Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, 2022 (18)	Taxonomy-aligned proportion of turnover, 2021 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	%	Enabling	Transitional
100	-	-	-	-	-	-	Yes	Yes	Yes	Yes	Yes	Yes	3	-	-	-
100	-	-	-	-	-	-	Yes	Yes	Yes	-	Yes	Yes	1	-	-	-
100	-	-	-	-	-	-	Yes	Yes	-	-	Yes	Yes	4	-	-	-
100	-	-	-	-	-	-	Yes	Yes	-	Yes	Yes	Yes	3	-	-	-
<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>								<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>
													<b>11</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Capital expenditure for 2022

Economic activities (1)	Codes (2)	Absolute capital expenditure (3)	Proportion of capital expenditure (4)
Unit		SEKm	%
<b>A. Taxonomy-eligible activities</b>			<b>47</b>
A.1 Environmentally sustainable activities (taxonomy-aligned)			
1.3 Harvest of own forest	02.20	267	14
4.3 Wind power	35.11	596	31
4.5 Hydro power	35.11	20	1
4.8 Bioenergy	35.11	30	2
<b>Capital expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>913</b>	<b>47</b>
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)			
Not applicable		-	-
<b>Capital expenditure of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		-	-
<b>Total (A.1 + A.2)</b>		<b>913</b>	<b>47</b>
<b>B. Taxonomy-non-eligible activities</b>			
Capital expenditure of taxonomy-non-eligible activities (B)		1 011	53
<b>Total (A + B)</b>		<b>1 923</b>	<b>100</b>

Of the SEK 267 million of taxonomy-aligned capital expenditure relating to the harvesting of our own forests, SEK 198 million were invested in forest assets, SEK 51 million in property, plant and equipment and SEK 18 million in leases. Of the SEK 596 million of taxonomy-aligned capital expenditure relating to wind power, SEK 592 million were invested in property, plant and equipment and SEK 4 million in intangible assets. Of the SEK 20 million of taxonomy-aligned capital expenditure relating to hydro power, SEK 14 million were invested in property, plant and equipment and SEK 6 million in intangible assets. Of the SEK 30 million of taxonomy-aligned capital expenditure relating to bioenergy, SEK 30 million were invested in property, plant and equipment.

## Operating expenditure for 2022

Economic activities (1)	Codes (2)	Absolute operating expenditure (3)	Proportion of operating expenditure (4)
Unit		SEKm	%
<b>A. Taxonomy-eligible activities</b>			<b>20</b>
A.1 Environmentally sustainable activities (taxonomy-aligned)			
1.3 Harvest of own forest	02.20	235	17
4.3 Wind power	35.11	6	0
4.5 Hydro power	35.11	31	2
4.8 Bioenergy	35.11	8	1
<b>Operating expenditure of environmentally sustainable activities (taxonomy-aligned) (A.1)</b>		<b>280</b>	<b>20</b>
A.2 Taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities)			
Not applicable		-	-
<b>Operating expenditure of taxonomy-eligible but not environmentally sustainable activities (not taxonomy-aligned activities) (A.2)</b>		-	-
<b>Total (A.1 + A.2)</b>		<b>280</b>	<b>20</b>
<b>B. Taxonomy-non-eligible activities</b>			
Operating expenditure of taxonomy-non-eligible activities (B)		1 105	80
<b>Total (A + B)</b>		<b>1 386</b>	<b>100</b>

Most of the SEK 280 million of taxonomy-aligned operating expenditure relates to maintenance and repairs.

Substantial contribution criteria						Does Not Significantly Harm (DNSH) criteria										
Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of capital expenditure, 2022 (18)	Taxonomy-aligned proportion of capital expenditure, 2021 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	%	Enabling	Transitional
100	-	-	-	-	-	-	Yes	Yes	Yes	Yes	Yes	Yes	14	-	-	-
100	-	-	-	-	-	-	Yes	Yes	Yes	-	Yes	Yes	31	-	-	-
100	-	-	-	-	-	-	Yes	Yes	-	-	Yes	Yes	1	-	-	-
100	-	-	-	-	-	-	Yes	Yes	-	Yes	Yes	Yes	2	-	-	-
<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>								<b>47</b>	<b>-</b>	<b>-</b>	<b>-</b>

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Substantial contribution criteria						Does Not Significantly Harm (DNSH) criteria										
Climate change mitigation (5)	Climate change adaptation (6)	Water and marine resources (7)	Circular economy (8)	Pollution (9)	Biodiversity and ecosystems (10)	Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosystems (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of operating expenditure, 2022 (18)	Taxonomy-aligned proportion of operating expenditure, 2021 (19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
%	%	%	%	%	%	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	Yes/no	%	%	Enabling	Transitional
100	-	-	-	-	-	-	Yes	Yes	Yes	Yes	Yes	Yes	17	-	-	-
100	-	-	-	-	-	-	Yes	Yes	Yes	-	Yes	Yes	0	-	-	-
100	-	-	-	-	-	-	Yes	Yes	-	-	Yes	Yes	2	-	-	-
100	-	-	-	-	-	-	Yes	Yes	-	Yes	Yes	Yes	1	-	-	-
<b>100</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>								<b>20</b>	<b>-</b>	<b>-</b>	<b>-</b>

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# 5-YEAR REVIEW, SUSTAINABILITY

The environmental and employee data provided is the most relevant information with regard to regulatory requirements and internal monitoring. The key performance indicators provided are widely used in the industry.

Data from all parts of the Group is collected, quality-assured and evaluated. No material changes have been made to the principles of reporting in 2022. Holmen reports its environmental data to the supervisory authorities monthly and annually.

Reporting to Swedish authorities is made available to the public under the principle of public access to documents. Data from all the mills is reported to the EU annually. Expenditure on environmental protection is reported in accordance with Statistics Sweden guidelines. As some of the details provided in this report had already been collected by the end of the year they refer to, they might differ slightly from the information finally reported to the authorities.

	2022	2021	2020	2019	2018
<b>Production</b>					
Paperboard, '000 tonnes	513	529	551	532	538
Market pulp, '000 tonnes	77	80	84	79	66
Paper, '000 tonnes	1 016	998	891	975	1 069
Wood products, '000 m <sup>3</sup>	1 468	1 465	1 021	877	873
Own production of hydro and wind power, GWh	1 561	1 230	1 352	1 109	1 145
Electricity production at the mills, GWh <sup>1)</sup>	520	445	621	669	679
<b>Raw materials</b>					
Wood, million m <sup>3</sup> sub <sup>2)</sup>	6.36 <sup>3)</sup>	6.34	5.62	5.49	5.62
Purchased pulp, '000 tonnes	77	77	78	78	78
Thermal energy, GWh <sup>4)</sup>	4 648	5 291	5 885	5 992	6 238
Electrical energy, GWh	3 930 <sup>5)</sup>	3 872	3 508	3 720	3 996
Water use, million m <sup>3</sup> , <sup>6)</sup>	71	70	69	70	73
Plastic granules/foiling material, '000 tonnes	3.0	3.3	2.8	3.2	2.9
Chemicals, '000 tonnes <sup>7)</sup>	147	147	147	181	165
Filler, pigment, '000 tonnes <sup>7)</sup>	162	162	156	160	164
<b>Emissions to air, tonnes<sup>8)</sup></b>					
Sulphur dioxide (counted as sulphur, S)	49	50	64	59	56
Nitrogen oxides	899	811	902	888	986
Particulates	49	52	33	28	45
Fossil carbon dioxide, '000 tonnes	42	81	63	68	75
Biogenic carbon dioxide, '000 tonnes	1 657	1 423	1 545	1 585	1 660
<b>Emissions to water, tonnes<sup>8)</sup></b>					
AOX (chlorinated organic matter)	36	39	38	44	48
Nitrogen	162	187	210	174	216
Phosphorus	12	16	19	14	16
COD (organic matter), '000 tonnes	19	19	20	21	22
Suspended solids (SS), '000 tonnes	3.6	3.2	3.5	2.9	3.5
<b>By-products, '000 tonnes</b>					
To energy production, internally/externally <sup>9)</sup>	759	1 067	937	949	977
To material production <sup>10)</sup>	469	412	252	208	166
<b>Waste, '000 tonnes</b>					
Hazardous <sup>11)</sup>	1.8	2.0	2.3	2.5	1.6
Sent to landfill (wet)	6.3	3.7	4.9	0.9	7.6
<b>Energy supplies</b>					
Branches, treetops and peat, GWh <sup>12)</sup>	325	291	115	101	137
Electrical and thermal energy, GWh <sup>13)</sup>	377	317	351	372	370
<b>Environmental protection expenditure, SEKm</b>					
Investments (remedial and preventive) <sup>14)</sup>	215	815	428	310	84
Electricity and heat-saving investments	44	35	18	20	10
Environmental taxes and charges <sup>15)</sup>	18	15	10	14	12
Internal and external environmental expenses <sup>16)</sup>	239	159	174	182	165
Environmental cost of forestry <sup>17)</sup>	83	79	80	65	91

- 1) Bio-based electricity production accounted for 514 GWh. Production was negatively impacted in 2022 as a result of a turbine breakdown at the Workington Mill and the turbine at Iggesund Mill being taken out of operation for part of the year.
- 2) At Group level, wood consumption is computed net, taking into account internal deliveries of chips from the sawmills to the nearby mills.
- 3) Harvest of Holmen's own forests amounted to 2 813 000 m<sup>3</sup>sub.
- 4) The calculation model has been modified for 2022, which means that the data is not fully comparable with the data for 2018–2021.
- 5) 2 494 GWh renewable electricity and 1 436 GWh fossil-free electricity. Direct emissions of fossil carbon dioxide from production of purchased electrical energy totalled 0 tonnes.
- 6) Almost 100 per cent use of surface water from lakes and watercourses, i.e. renewable raw material.
- 7) Non-renewable raw material stated as 100 per cent active substance, equivalent to 219 000 tonnes of commodities for chemicals and 222 000 tonnes of commodities for filler and pigment.
- 8) Relates to emissions at facilities. Emissions of methane and nitrous oxide at the facilities amounted to 15 000 tonnes of carbon dioxide equivalents.
- 9) From 2022 onwards, by-products to energy production are reported as dry weight instead of falling dry content. This produces a somewhat lower amount.
- 10) By-products used, for example, as filling material, construction material or for the production of soil products. Holmen Wood Products has been included from 2021. By-products from Holmen's sawmills are mainly used for pulp. Of by-products to material production, 16 000 tonnes consist of tall oil, which is mainly supplied to the fuel and chemicals industry.
- 11) Hazardous waste is dealt with by an authorised collection and recovery contractor. Certain fractions of the waste are recovered. 26 per cent of the hazardous waste consists of oil sludge from ships that dock at Holmen's ports.
- 12) Branches and treetops (37 GWh) and peat (85 GWh) delivered from Holmen's land and 203 GWh of branches and treetops from felling rights to external energy producers.
- 13) 123 GWh of electrical energy supplied from Workington Mill to the local community. 228 GWh of thermal energy from Iggesund Mill and Braviken Paper Mill to Iggesund Sawmill and Braviken Sawmill. A total of 26 GWh thermal energy from Hallsta Paper Mill and Iggesund Mill was supplied to the local communities' district heating networks.
- 14) The stated amount includes costs of internal process measures and water treatment measures. The figure for 2021 included the costs of constructing Blåbergs-liden Wind Farm.
- 15) The stated amount includes costs for waste management, energy tax charged on the use of fossil fuels in Sweden, nitrogen oxide tax and inspection charges. Two environmental incidents led to corporate fines totalling SEK 0.1 million.
- 16) Includes costs of environmental personnel, operation of treatment equipment, waste management, management systems, environmental training, applications for permits, environmental consultants and the costs of inquiries and measures in connection with discontinued operations.
- 17) The environmental cost of forestry is calculated as the value of the wood that is not harvested for environmental reasons. The loss of income in 2022 is valued at SEK 83 million and is due to general considerations and nature conservation.

	2022	2021	2020	2019	2018
<b>Employees</b>					
<i>Employees</i>					
Average no. of employees (FTE) <sup>1)</sup>	3 466	3 474	2 974	2 915	2 955
of whom women, %	20.9	20.6	20.0	20.0	20.3
of whom men, %	79.1	79.4	80.0	80.0	79.7
of whom temporary employees, %	11.4	9.3	8.4	11.1	10.7
Average age <sup>2)</sup>	42.9	43.5	44.3	44.4	44.9
<i>Sickness absence, %</i>					
Total	4.7	4.1	4.3	3.8	4.1
of which longer than 60 days	1.4	1.4	1.7	1.6	1.6
<i>Gender equality, %<sup>2)</sup></i>					
Proportion of female managers out of total no. of managers	23.8	23.1	22.7	22.9	19.8
Proportion of male managers out of total no. of managers	76.2	76.9	77.3	77.1	80.2
Women joining the company out of total new employees	44.4	30.3	35.5	39.5	40.1
Men joining the company out of total new employees	55.6	69.7	64.5	60.5	59.9
<i>Personnel turnover, %<sup>2)</sup></i>					
Personnel turnover	8.3	8.9	7.3	7.9	7.9
of which given notice	0.1	0.3	0.6	0.9	0.4
of which retiring	2.3	3.0	3.1	2.2	2.6
of which leaving at own request	5.1	4.3	3.0	4.4	3.9
New employees	5.3	5.1	2.6	2.5	2.7
<i>Number of industrial accidents<sup>3)</sup></i>					
Industrial accidents, more than 8 hours of absence, per million hours worked	7.6	5.6	4.3	5.7	4.9
<i>Union cooperation, %<sup>4)</sup></i>					
Percentage of employees that work at a unit with a collective agreement <sup>5)</sup>	95	95	94	93	94
<b>Income statement per stakeholder category, SEKm</b>					
<i>Customers</i>					
Sales of products, wood and electricity	26 696	21 169	17 666	18 329	17 339
<i>Suppliers</i>					
Purchases of products, services, along with depreciation, etc.	-16 176	-14 675	-12 734	-4 817	-12 539
<i>Employees</i>					
Wages and social security costs	-2 322	-2 121	-1 891	-1 819	-1 792
<i>Lenders</i>					
Interest	-93	-43	-42	-34	-25
<i>Society<sup>6)</sup></i>					
Property tax	-41	-43	-42	-55	-82
Excise tax	-35	-37	-31	-27	-30
Social security costs	-576	-558	-481	-472	-479
Payroll tax	-47	-39	-39	-25	-35
Corporation tax	-1 532	-651	-427	-2 351	-89
<i>Shareholders</i>					
Net profit	5 874	3 004	1 979	8 731	2 268
Dividend	2 592 <sup>7)</sup>	1 862	1 741	567	1 134

1) See page 74, note 4.

2) Relates to permanent employees.

3) Relates to employees. No industrial accidents with a fatal outcome occurred during the year.

4) Relates to permanent and temporary employees.

5) Relates to Swedish and UK units, all of which have collective agreements. At other foreign units, Holmen supports different forms of collective employee engagement in line with local standards, e.g. Works Councils.

6) Holmen accepts its responsibility to society and pays its taxes in line with the legislation and rules in force in all the countries in which we operate. Holmen's financial policy and guidelines state that Holmen must be transparent in its tax-related deliberations, with a focus on commercial considerations and no transactions whose main purpose is tax planning. Holmen must also not accept, support or facilitate any tax violations by third parties.

7) Board's dividend proposal.

## Permits

At the end of 2022, Holmen was running production operations that require environmental permits at nine facilities. Additionally, the converting plant in Strömsbruk is a notifiable activity. The permits specify conditions regarding permitted production volumes, noise levels and permitted emissions to air and water. Eight of the facilities are located in Sweden and one is in Workington in the UK. The facilities' turnover amounted to 84 per cent of the Group's net sales in 2022.

The paperboard mill in Workington gained a new environmental permit in 2022 with new conditions for its operations. In 2022, Sweden's Land and Environment Court passed a decision on a new environmental permit for Braviken Paper Mill. The County Administrative Board appealed against the decision to the Land and Environment Court of Appeal. That court will decide whether leave to appeal will be granted. If leave to appeal is not granted, the ruling of the Land and Environment Court will gain legal force. It is expected that the matter will be resolved in 2023.

Holmen has three permits for wind power and 15 permits for commercial quarries. Additionally, the six wholly-owned hydro power plants have environmental permits for the production plant, reservoirs and water regulation. In 2022, Blåbergsliden

Wind Farm was opened in Västerbotten with an anticipated annual electricity production of just over 400 GWh. A permit application process is in progress for another wind farm in Västerbotten.

Holmen has applied for permits to build two wind farms on its own land in Östergötland. In one case, Holmen chose to withdraw the application in 2022 while awaiting an update to the municipal wind power plan. In the other case, current political circumstances make continued work more difficult. Two new consultations on wind farms began during the year; Tigerberget in the municipality of Hudiksvall and Högaliden in the municipality of Robertsfors.

New environmental legislation for hydro power entered into force in 2019. The legislation means that hydro power operators who do not comply with modern environmental criteria have to apply for a review under the Swedish Environmental Code before the end of 2039. Holmen's plants have been registered under the national plan for revision of hydro power plant licences. Jointly owned facilities have been registered by the respective main owner. In late 2022, the Government announced that the plan will be paused for a year to investigate the consequences of implementing a review of the power system.

## Discontinued operations

**In consultation** with the environmental authorities, studies are being conducted at contaminated discontinued industrial sites where Holmen has operated in the past. In 2022, studies were in progress at different stages regarding the former sawmills Håstaholmen, Stocka and Lännaholm, the sulphite mills at Strömsbruk, Domsjö, Loddby and Mariannelund, the paper mill at Silverdalen and the groundwood mill at Bureå.

The project to remediate the polluted sediment in the area of water outside the former sawmill at Håstaholmen in Hudiksvall was concluded in autumn 2022. The final report on completed remediation is awaiting approval from the responsible environmental agency.

During the year, it became clear that the Geological Survey of Sweden (SGU) will be the client for remediation projects at the former Stocka sawmill and the former sulphite plant in Strömsbruk. In early 2023, an application for funding for preparatory surveys at these abandoned factory sites will be submitted to the Swedish Environmental Protection Agency.

In 2022, the County Administrative Board approved the study of measures and risk evaluation submitted by Holmen regarding polluted land at the Domsjö industrial area. This means that there is now a remediation option that will be worked on further. It is expected that documentation for an application for funding for preparatory surveys will be produced in 2023.

## Emission allowances and electricity certificates

Holmen has been awarded emission allowances within the EU Emissions Trading Scheme. As a result of investment in bio-based energy production and energy savings at the facilities, the use of fossil fuels has fallen considerably in recent years. Surplus allocated emission allowances have been able to be sold. Holmen has applied to be allocated emission allowances for the period 2021–2030 and has received an allocation decision for the trading period 2021–2025. The Group has produced renewable electricity for many years. This has contributed income in that we have

obtained electricity certificates for our production. The electricity certificates have been sold to electricity distributors, who have used the certificates in their turn because their customers need a proportion of their electricity to come from renewable sources. In the UK, electricity distributors have to meet a certain quota for renewable electricity, and producers of renewable electrical energy receive green Renewables Obligation Certificates in proportion to the amount of electricity generated. Workington Mill obtained such green certificates in 2022.

### Environmental permits for the Group's production facilities

Iggesund Mill, Environmental Code <sup>1)</sup>	2018
Workington Mill, IED	2022
Hallsta Paper Mill, Environmental Protection Act	2000
Braviken Paper Mill, Environmental Code <sup>2)</sup>	2002
Iggesund Sawmill, Environmental Code	2014
Braviken Sawmill, Environmental Code	2010
Linghem Sawmill, Environmental Code	2003
Bygdsiljum Sawmill, Environmental Code	2018
Kroksjön Sawmill, Environmental Code	2020

1) 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.

2) Sweden's Land and Environment Court passed a decision on a new environmental permit in 2022. An appeal was lodged with the Land and Environment Court of Appeal. It is expected that the matter will be resolved in 2023.

Greenhouse gas emissions Scope 1–3, '000 tonnes CO <sub>2</sub> e	2022	2021	2020	2019
Scope 1: Direct greenhouse gas emissions	58	97 <sup>1)</sup>	79	86
Scope 2: Indirect greenhouse gas emissions from purchased electrical energy <sup>1,2)</sup>	29	60 <sup>1)</sup>	38	46
Scope 3: Emissions in the value chain	604	550	460	453
of which category 1: Purchased goods and services <sup>3)</sup>	191	136	100	101
of which category 2: Capital goods	95	120	80	80
of which category 3: Fuel and energy-related activities <sup>4)</sup>	40	38	36	31
of which category 4: Upstream transport <sup>5)</sup>	54	56	56	57
of which categories 6 & 7: Travel <sup>6)</sup>	4	4	4	4
of which category 9: Downstream transport <sup>7)</sup>	220	196	184	180
<b>Total emissions</b>	<b>691</b>	<b>707</b>	<b>577</b>	<b>585</b>

1) Emissions from Scope 1 and 2 were high as a result of the turbine breakdown at Workington Mill which reduced its own fossil-free electricity production.

2) Refers to emissions from production and maintenance of the electricity-producing facilities and emissions from downstream electricity distribution.

3) The amount of input goods covered by the calculation has been increased and for 2022 includes 99 per cent of the volume of paperboard and paper (recalculated as dry weight).

4) Transport of fuel for the biofuel boiler at Workington Mill and emissions from forestry, such as emissions from logging and forestry.

5) Transport of woody biomass, Well to Wheel.

6) Based on the travel habits survey conducted by Holmen in 2019.

7) Refers to transport of finished products, Well to Wheel. The increase is mainly due to a new calculation method that is more wide-ranging and based on more detailed data.

## Management system certifications

Production facilities <sup>1)</sup>	Environmental ISO 14001	Energy ISO 50001	Quality ISO 9001	Health and safety ISO 45001	
Iggesund Mill <sup>2)</sup>	2001	2005	1990	2016	1) Holmen Forest is certified under the environmental management system ISO 14001. Forest operations also hold forest management and chain-of-custody certification under PEFC and FSC® respectively. All Holmen's facilities at which wood raw material is used have chain-of-custody certification. Licence codes for PEFC and FSC® are available at holmen.com.
Workington Mill <sup>3)</sup>	2003	2015	1990	2005	
Hallsta Paper Mill	2001	2005	1993	2012	
Braviken Paper Mill	1999	2006	1996	2015	
Iggesund Sawmill	1999	2006	1997	2017	2) The certifications include the production unit in Strömsbruk and operations at Skärnäs Terminal.
Braviken Sawmill	2011	2011	2011	2017	
Linghem Sawmill <sup>4)</sup>				2020	3) Workington Mill has also been certified under the food safety management system ISO 22000 since 2019 and upgraded to FSSC 22000 in 2021.
Bygdsiljum Sawmill <sup>4)</sup>	1999	2022			
Kroksjön Sawmill <sup>4)</sup>	2005	2022			

The years given in the table are the years when the certification was first issued. The certifications mean 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.

## Holmen awarded EcoVadis Platinum



Holmen has been ranked Platinum by the international analysis company EcoVadis. This means 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.

## High rating from CDP



CDP is an independent sustainability index that analyses climate data from over 18 000 companies each 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 also to the CDP Forest Program since 2013. The results show that Holmen has a good strategy and management to mitigate negative impacts of climate change. In the 2022 evaluation Holmen was ranked A- in both categories.

## Calculation of Holmen's climate benefit

### Comments to calculations on pages 42–43

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 2022 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.

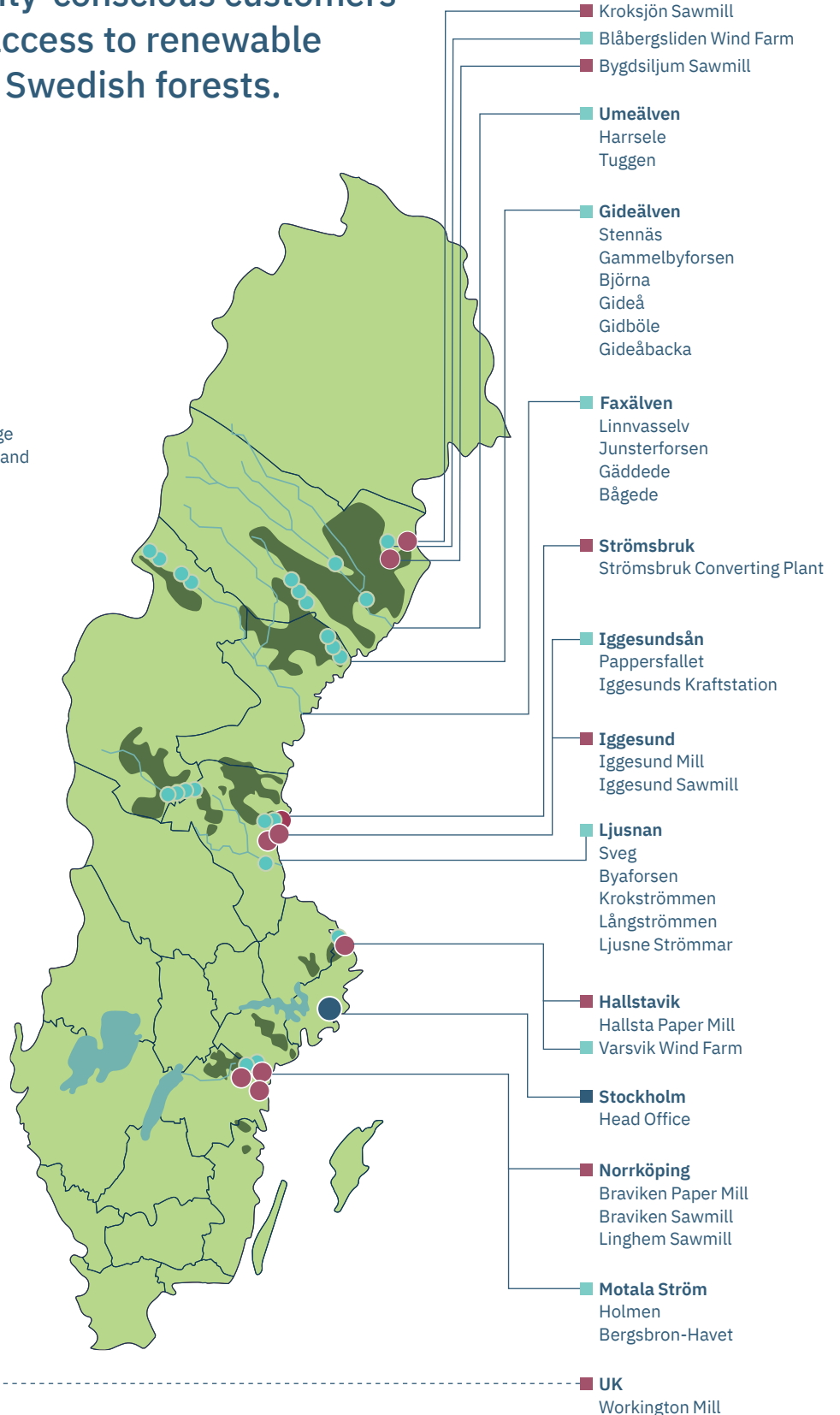
More information on calculations and sources is provided in Holmen's sustainability report at holmen.com.

# HOLMEN 2022

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 2022

Total land acreage	1 305 000 ha
Total forest land acreage*	1 160 000 ha
– of which nature conservation areas	204 000 ha
Productive forest land**	1 045 000 ha

**Total volume of standing timber on productive forest land** ..... **125 million m<sup>3</sup> 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 m<sup>3</sup> 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	% <sup>1)</sup>	GWh <sup>2)</sup>	Built in
Umeälven	Harrsele	49	489	1957–58
	Tuggen	22	98	1962
Gideälven	Stennäs	10	3	1985–96
	Gammelbyforsen	10	1	"
	Björna	10	8	"
	Gideå	10	9	"
	Gidböle	10	6	"
Faxälven	Gideåbacka	10	8	"
	Linnvasselv	7	16	1961–74
Junsterforsen	Junsterforsen	100	130	"
	Gäddede	30	22	"
	Bågede	100	71	"
Iggesundsån	Pappersfallet	100	6	1915
	Iggesunds Kraftstation	100	22	2009
Ljusnan	Sveg	20	22	1949–75
	Byaforsen	20	21	"
	Krokströmmen	9	42	"
	Långströmmen	11	32	"
	Ljusne Strömmar	7	17	"
Motala Ström	Holmen	100	106	1990
	Bergsbron-Havet	100	8	1927
Wind power	Varsvik Wind Farm	100	149	2014
	Blåbergsliden Wind Farm	100	430	2020–22

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).

**Brand:** 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 and pine 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 and amortisation, excl. items affecting comparability.

### 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 102 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 (CO<sub>2</sub>)

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 (CO<sub>2</sub>e)

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.

### Fillers

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.

### FSC®

Forest Stewardship Council. Forestry certification system.

### 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 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.

### 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.

### m<sup>3</sup> growing stock, solid over bark

The volume of tree stems, incl. bark, from stump to top. Generally used as a measure for growing forest.

### m<sup>3</sup>sub

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 (N)

An element contained in wood. Nitrogen emissions to water may cause eutrophication.

### Nitrogen oxides (NO<sub>x</sub>)

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.

### PEFC

Programme for the Endorsement of Forest Certification. Forestry certification system.

### 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-layered 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 (SO<sub>2</sub>)

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

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.

## The Biodiversity Intactness Index

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 summarised by an index (*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 of biodiversity in an area is 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.

For further information, visit [www.holmen.com](http://www.holmen.com)  
Sources: *Natural History Museum*,  
*Global Forest Watch*.

### 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 material:

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

### Calendar

For 2023, Holmen will publish the following financial reports:

**Interim report Jan–Mar:** 28 April 2023  
**Interim report Jan–Jun:** 17 August 2023  
**Interim report Jan–Sep:** 25 October 2023  
**Year-end report:** 31 January 2024

**AGM 2023:** 28 March 2023

### Dates of trading and dividend

**The final date for trading, including right to dividend:** 28 March 2023

**Record date for dividend:** 30 March 2023

**Payment date for dividend:** 4 April 2023



**Holmen AB** (publ)  
P.O. Box 5407, SE-114 84  
Stockholm, Sweden  
+46 8 666 21 00  
info@holmen.com  
ID No. 556001-3301  
Registered office Stockholm