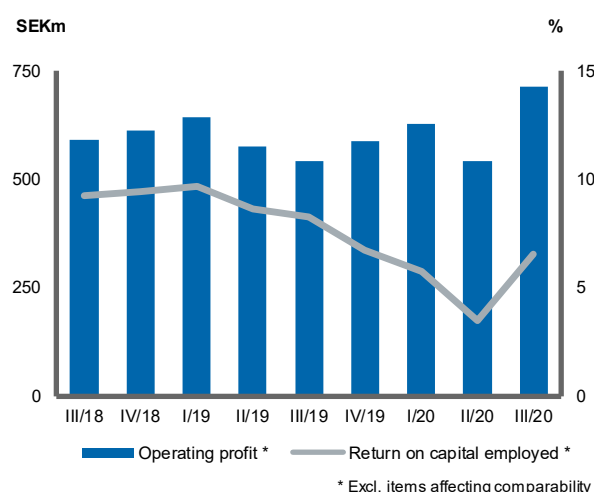
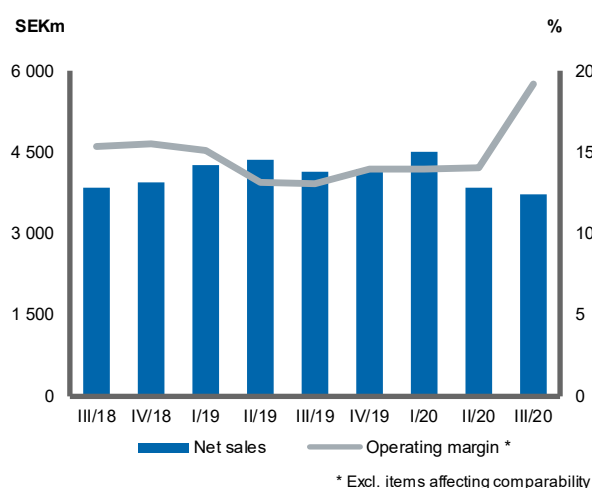


# Holmen Interim Report January–September 2020

| SEKm   | Quarter      |       |       | January–September |        | Full year |
|--|--------------|-------|-------|-------------------|--------|-----------|
|  | 3-20         | 2-20  | 3-19  | 2020              | 2019   |           |
| Net sales  | <b>3 727</b> | 3 853 | 4 144 | <b>12 078</b>     | 12 765 | 16 959    |
| Operating profit excl. item affecting comparability        | <b>714</b>   | 542   | 541   | <b>1 884</b>      | 1 758  | 2 345     |
| Operating profit   | <b>714</b>   | 542   | 541   | <b>1 884</b>      | 1 758  | 11 115    |
| Profit after tax   | <b>565</b>   | 411   | 409   | <b>1 467</b>      | 1 363  | 8 731     |
| Earnings per share, SEK                                    | <b>3.5</b>   | 2.5   | 2.5   | <b>9.1</b>        | 8.1    | 52.6      |
| Operating margin, %  | <b>19.2</b>  | 14.1  | 13.0  | <b>15.6</b>       | 13.8   | 13.8      |
| Return on capital employed, %                              | <b>6.5</b>   | 5.0   | 8.3   | <b>5.7</b>        | 8.9    | 8.9       |
| Return on equity, %  | <b>5.5</b>   | 4.1   | 7.2   | <b>4.8</b>        | 7.8    | 7.8       |
| Cash flow before investments and change in working capital | <b>735</b>   | 693   | 522   | <b>2 042</b>      | 2 062  | 2 727     |
| Debt/equity ratio, %                                       | <b>8</b>     | 7     | 18    | <b>8</b>          | 18     | 9         |

- Operating profit for January–September was SEK 1 884 million (January–September 2019: 1 758). Profit was impacted positively by higher profit from Paperboard and Forest, but negatively by price decreases and production curtailments in Paper.
- Compared with the second quarter, operating profit increased by SEK 172 million to SEK 714 million as a result of increased prices for wood products, decreased production curtailments in Paper and seasonally lower costs.
- Profit after tax for January–September amounted to SEK 1 467 million (1 363), which corresponds to earnings per share of SEK 9.1 (8.1).
- A dividend of SEK 3.5 per share (SEK 567 million) was paid on 23 September.
- On 1 October Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and processed wood products.



## CEO comments

Although COVID-19 continued to influence our lives, we are pleased that all of our business areas delivered a good performance, which boosted our quarterly earnings to a high level, SEK 714 million. Production has gone well, at the same time that costs are lower thanks to good cost management and seasonal effects. We also note an increase in prices for wood products, while the market for paper continues to be challenging.

A strong market for wood products contributed to high demand for logs. However, the pulp and paper industries were not operating at full capacity, which created an imbalance on the wood market, thereby resulting in decreased prices for pulpwood. Nevertheless, we have been able to maintain efficiency in Forest, which contributed positively to profit for the quarter at SEK 342 million. We have now prepared a new harvest plan for 2021–2030 in which we expect to be able to harvest somewhat more than previously, while the need for thinning has decreased compared with what we had previously planned for the period. In summary, this is not expected to affect cash flow from the Forest business area.

The paperboard market was stable in the third quarter with unchanged prices. Our product mix continued to be good, while production efficiency was high. Combined with seasonally low costs, this resulted in a high profit for the quarter, SEK 266 million. Our investments to eliminate bottlenecks at the Iggesund pulp mill have yielded both higher pulp volumes and lower costs. The focus now is to increase the efficiency of the board mill and sell additional volumes to the premium segment.

Demand for paper remained weak in the third quarter. Announced shutdowns will improve the market balance, but the situation continues to be challenging. Although we were forced to implement extensive production curtailments, we were able to increase production somewhat in the third quarter, which along with low costs resulted in an improvement in profit to SEK 63 million. In the fourth quarter we will continue to curtail production, at the same time that a couple of major maintenance shutdowns will be carried out.

A strong housing market in the US, combined with increased home renovation projects in several countries contributed positively to demand for wood products. Meanwhile, production has been curtailed in Canada and Russia, which has resulted in a shortage of wood products. Increased prices for construction timber in Europe, along with historically high prices in the US, have boosted profit for Wood Products to SEK 47 million in the third quarter. On 1 October the acquisition of Martinsons was completed, which will almost double our sales in Wood Products, while strengthening our position in sustainable wood construction and increasing integration between forest and industry.

The electricity supply in the Nordic countries was high in the third quarter because of good access to hydro power. Operating profit for Renewable Energy was seasonally low at SEK 37 million. We continue to see interesting opportunities to develop the renewable energy business and in the third quarter we initiated the permit process in order to be able to build wind power plants on our land in southern Sweden in the future.

Holmen's financial position remains strong, even after distribution of the dividend and the acquisition of Martinsons. This provides us with room to manoeuvre in order to continue to develop Holmen and contribute to the transition to a climate neutral and sustainable Europe.

## Forest

Holmen carries out active and sustainable forestry on over a million hectares of its own productive forest land. The annual volume from own forest amounts to almost 3 million m<sup>3</sup>.

| SEKm  | 3-20          | Quarter<br>2-20 | 3-19   | January-September<br>2020 | 2019   | Full year<br>2019 |
|---|---------------|-----------------|--------|---------------------------|--------|-------------------|
| Net sales                                       | <b>1 306</b>  | 1 432           | 1 418  | <b>4 427</b>              | 4 708  | 6 286             |
| <i>of which from own forests</i>                | <b>298</b>    | 362             | 327    | <b>1 004</b>              | 950    | 1 348             |
| Operating costs                                 | <b>-1 117</b> | -1 171          | -1 257 | <b>-3 771</b>             | -4 186 | -5 556            |
| Change in value of forests                      | <b>166</b>    | 121             | 147    | <b>412</b>                | 408    | 487               |
| <b>EBITDA</b>                                   | <b>355</b>    | 382             | 308    | <b>1 068</b>              | 929    | 1 217             |
| Depreciation and amortisation according to plan | <b>-13</b>    | -12             | -11    | <b>-35</b>                | -32    | -45               |
| <b>Operating profit*</b>                        | <b>342</b>    | 370             | 298    | <b>1 034</b>              | 897    | 1 172             |
| Book value, forest assets                       | <b>41 840</b> | 41 613          | 19 118 | <b>41 840</b>             | 19 118 | 41 345            |
| Volume of own forests, '000 m <sup>3</sup>      | <b>644</b>    | 768             | 653    | <b>2 164</b>              | 1 882  | 2 699             |

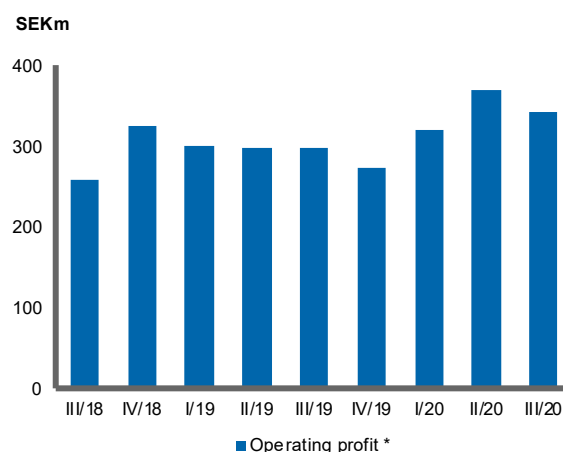
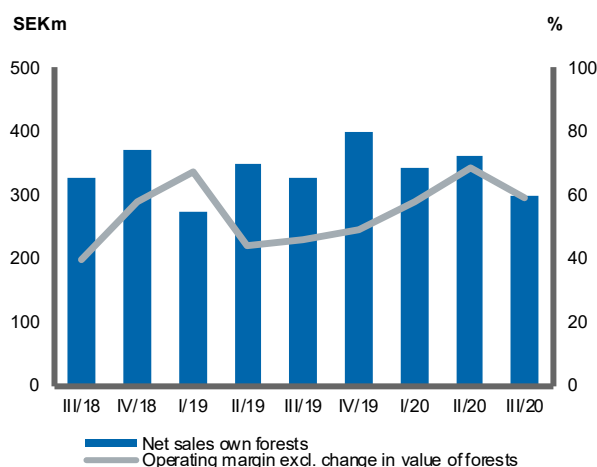
\* Excl. item affecting comparability 2019

Demand for logs was good in the third quarter, while it was lower than normal for pulpwood because of production curtailments in the industry. Pulpwood prices decreased somewhat.

Operating profit for January–September was SEK 1 034 million (897). The changes in accounting policies for forest assets that became effective at the beginning of the year, along with the sale of forest properties, had a positive impact on profit, while lower selling prices had a negative effect on profit.

Compared with the second quarter, profit decreased by SEK 28 million to SEK 342 million. Profit in the preceding quarter was positively impacted by the sale of forest properties.

A new harvest plan has been prepared for the period 2021–2030 in which the annual harvest is planned to be 2.3 million m<sup>3</sup> per year and thinning will be 0.5 million m<sup>3</sup> per year. During the period 2016–2020 an average of 2.2 million m<sup>3</sup> was harvested annually and 0.5 million m<sup>3</sup> was thinned. In addition, an average of 0.1 million m<sup>3</sup> per year was taken out due to events such as storms and spruce bark beetle outbreaks. The new plan is not expected to affect cash flow from the Forest business area.



\*Excl. items affecting comparability

## Paperboard

Holmen supplies paperboard to the premium consumer packaging segment. Production, which takes place at one Swedish and one UK mill, amounts to just over 0.5 million tonnes a year.

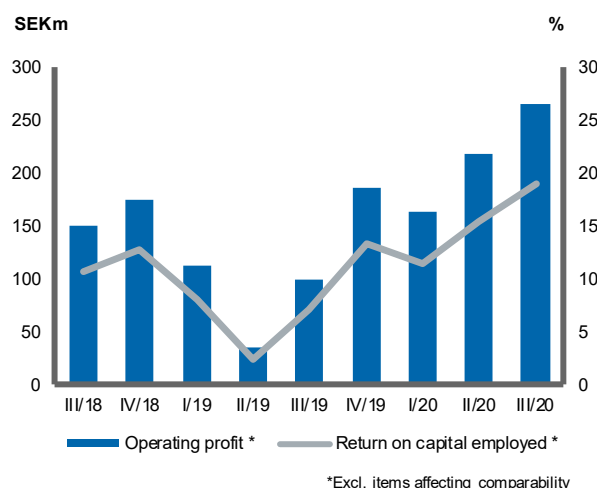
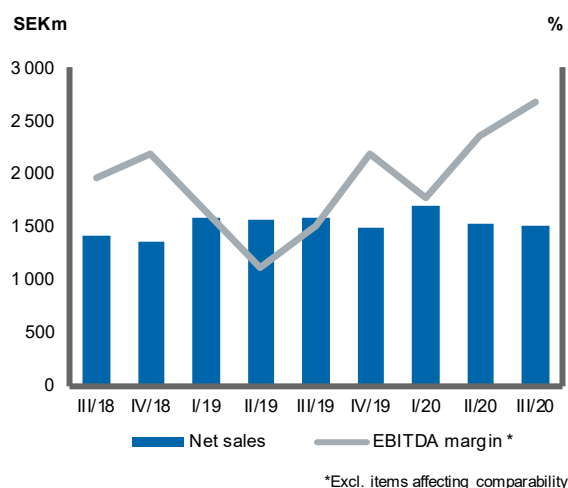
| SEKm  | Quarter<br>3-20 | Quarter<br>2-20 | Quarter<br>3-19 | January-September<br>2020 | January-September<br>2019 | Full year<br>2019 |
|---|-----------------|-----------------|-----------------|---------------------------|---------------------------|-------------------|
| Net sales                                       | 1 506           | 1 537           | 1 588           | 4 748                     | 4 739                     | 6 229             |
| Operating costs                                 | -1 102          | -1 175          | -1 349          | -3 680                    | -4 068                    | -5 233            |
| <b>EBITDA</b>                                   | <b>404</b>      | <b>361</b>      | <b>238</b>      | <b>1 068</b>              | <b>671</b>                | <b>996</b>        |
| Depreciation and amortisation according to plan | -138            | -143            | -139            | -421                      | -424                      | -562              |
| <b>Operating profit</b>                         | <b>266</b>      | <b>218</b>      | <b>99</b>       | <b>647</b>                | <b>247</b>                | <b>435</b>        |
| Investments                                     | 18              | 37              | 71              | 133                       | 268                       | 421               |
| Capital employed                                | 5 579           | 5 577           | 5 564           | 5 579                     | 5 564                     | 5 589             |
| EBITDA margin, %                                | 27              | 24              | 15              | 22                        | 14                        | 16                |
| Operating margin, %                             | 18              | 14              | 6               | 14                        | 5                         | 7                 |
| Return on capital employed, %                   | 19              | 15              | 7               | 15                        | 6                         | 8                 |
| Production, paperboard, '000 tonnes             | 141             | 139             | 134             | 416                       | 401                       | 532               |
| Deliveries, paperboard, '000 tonnes             | 134             | 135             | 139             | 416                       | 413                       | 538               |

Demand for paperboard was good in the third quarter and prices were stable.

Operating profit for January–September was SEK 647 million (247). The improvement in profit was due to lower production costs, a better product mix and that major maintenance shutdowns had a negative impact on profit for the previous year of SEK 210 million.

Compared with the second quarter, profit improved by SEK 48 million to SEK 266 million as a result of seasonally low fixed costs and lower production costs. The product mix remained good.

A maintenance shutdown is expected to have a negative SEK 120 million impact on profit in the fourth quarter.



## Paper

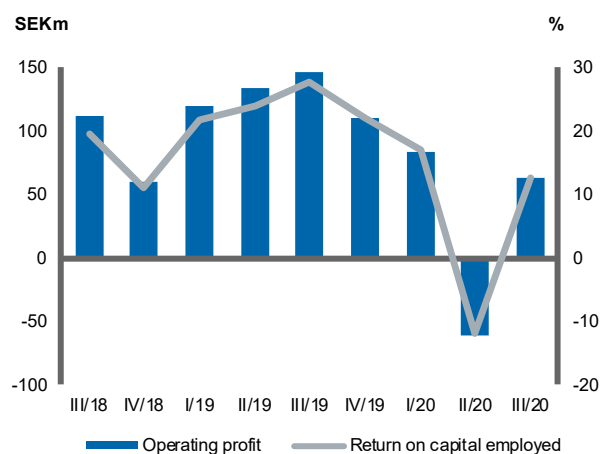
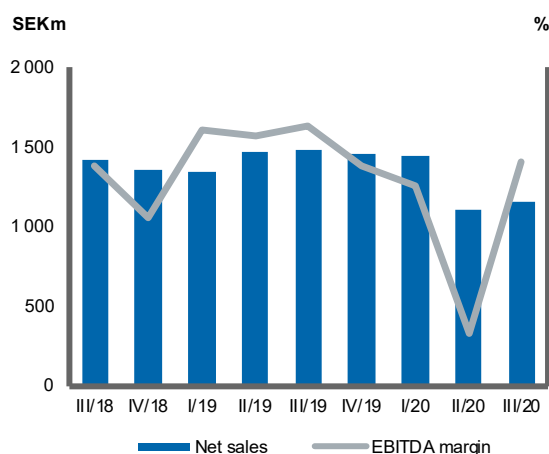
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1 million tonnes a year at two Swedish mills.

| SEKm  | 3-20       | Quarter<br>2-20 | 3-19   | January-September<br>2020 | 2019   | Full year<br>2019 |
|---|------------|-----------------|--------|---------------------------|--------|-------------------|
| Net sales                                       | 1 151      | 1 107           | 1 486  | 3 703                     | 4 301  | 5 757             |
| Operating costs                                 | -990       | -1 071          | -1 243 | -3 326                    | -3 612 | -4 866            |
| <b>EBITDA</b>                                   | <b>161</b> | 36              | 243    | <b>377</b>                | 689    | 891               |
| Depreciation and amortisation according to plan | -98        | -96             | -96    | -291                      | -290   | -382              |
| <b>Operating profit</b>                         | <b>63</b>  | -60             | 147    | <b>86</b>                 | 399    | 509               |
| Investments                                     | 65         | 97              | 46     | 224                       | 119    | 187               |
| Capital employed                                | 2 007      | 1 996           | 2 099  | 2 007                     | 2 099  | 1 903             |
| EBITDA margin, %                                | 14         | 3               | 16     | 10                        | 16     | 15                |
| Operating margin, %                             | 6          | -5              | 10     | 2                         | 9      | 9                 |
| Return on capital employed, %                   | 13         | neg             | 28     | 6                         | 24     | 24                |
| Production, '000 tonnes                         | 219        | 183             | 239    | 666                       | 729    | 975               |
| Deliveries, '000 tonnes                         | 209        | 198             | 256    | 663                       | 737    | 996               |

Demand for paper in Europe remained low in the third quarter. Market prices decreased somewhat.

Operating profit for January–September was SEK 86 million (399). The decrease in earnings is attributable to lower selling prices and to curtailment of production in response to weak demand.

Compared with the second quarter, profit improved by SEK 123 million to SEK 63 million as a result of less extensive production curtailments, seasonally low fixed costs and a major maintenance shutdown having a negative impact of SEK 30 million on the previous quarter. Somewhat lower market prices were offset by a better product and market mix.



## Wood Products

Holmen produces wood products for joinery and construction purposes. After the acquisition of Martinsons on 1 October 2020, production takes place at five sawmills adjacent to own forest with an annual production of 1.5 million cubic metres.

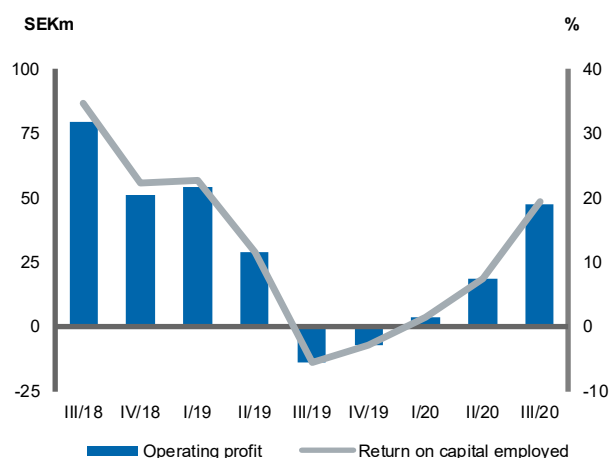
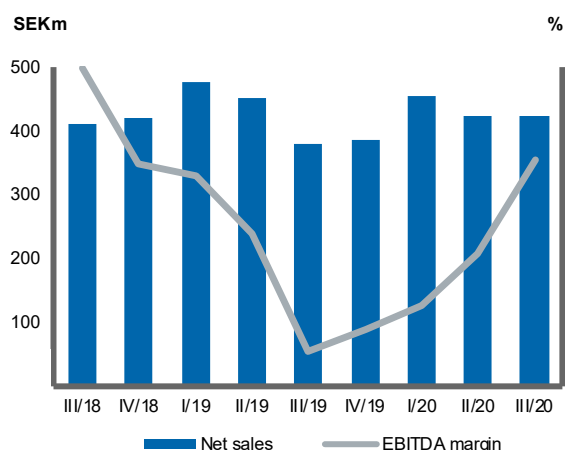
| SEKm  | 3-20      | Quarter<br>2-20 | 3-19 | January-September<br>2020 | 2019   | Full year<br>2019 |
|---|-----------|-----------------|------|---------------------------|--------|-------------------|
| Net sales                                       | 423       | 422             | 381  | 1 300                     | 1 309  | 1 695             |
| Operating costs                                 | -348      | -379            | -371 | -1 153                    | -1 167 | -1 535            |
| <b>EBITDA</b>                                   | <b>75</b> | 44              | 10   | <b>147</b>                | 142    | 159               |
| Depreciation and amortisation according to plan | -28       | -25             | -24  | -77                       | -73    | -97               |
| <b>Operating profit</b>                         | <b>47</b> | 19              | -14  | <b>70</b>                 | 69     | 62                |
| Investments                                     | 6         | 26              | 52   | 70                        | 120    | 162               |
| Capital employed                                | 937       | 1 007           | 998  | 937                       | 998    | 1 000             |
| EBITDA margin, %                                | 18        | 10              | 3    | 11                        | 11     | 9                 |
| Operating margin, %                             | 11        | 4               | -4   | 5                         | 5      | 4                 |
| Return on capital employed, %                   | 19        | 7               | neg  | 9                         | 9      | 6                 |
| Production, '000 m³                             | 196       | 215             | 211  | 638                       | 653    | 877               |
| Deliveries, '000 m³                             | 203       | 224             | 209  | 674                       | 664    | 879               |

The market balance for wood products was good in the third quarter because of robust consumption in many countries, at the same time that production curtailments limited supply. Prices continued to increase from a low level at the beginning of the year.

Operating profit for January–September was SEK 70 million (69). On average, prices were somewhat lower than the previous year, but this was offset by lower raw material costs.

Compared with the second quarter, profit increased by SEK 28 million to SEK 47 million as a result of price increases and a good market mix, where deliveries to the US made a positive contribution.

On 1 October 2020 Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and processed wood products. See page 8 for further information.



## Renewable Energy

In a normal year Holmen produces 1.2 TWh of renewable hydro and wind power.

| SEKm  | Quarter<br>3-20 | 2-20      | 3-19      | January-September<br>2020 | 2019       | Full year<br>2019 |
|---|-----------------|-----------|-----------|---------------------------|------------|-------------------|
| Net sales                                       | 79              | 75        | 73        | 279                       | 265        | 378               |
| Operating costs *                               | -35             | -32       | -25       | -90                       | 17         | -16               |
| Depreciation and amortisation according to plan | -7              | -7        | -6        | -20                       | -18        | -26               |
| <b>Operating profit **</b>                      | <b>37</b>       | <b>37</b> | <b>42</b> | <b>169</b>                | <b>264</b> | <b>336</b>        |
| Investments                                     | 109             | 37        | 6         | 160                       | 8          | 203               |
| Capital employed                                | 3 246           | 3 120     | 2 971     | 3 246                     | 2 971      | 3 058             |
| Operating margin, %                             | 47              | 49        | 57        | 60                        | 100        | 89                |
| Return on capital employed, %                   | 5               | 5         | 6         | 7                         | 12         | 11                |
| Production hydro and wind power, GWh            | 318             | 318       | 248       | 1 010                     | 829        | 1 109             |

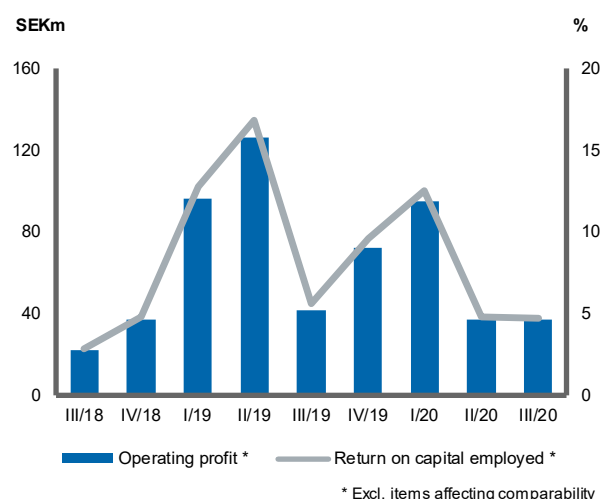
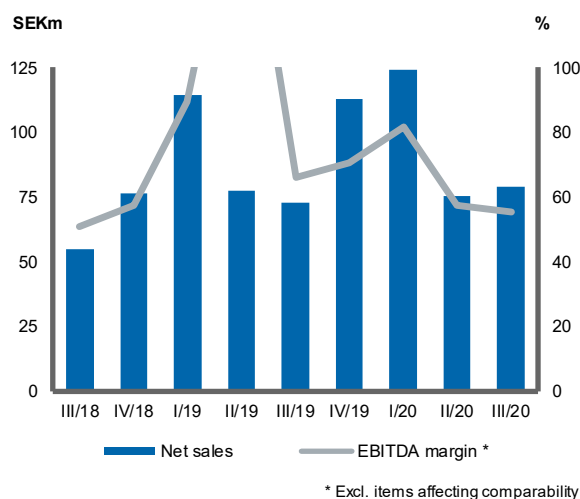
\* Includes earnings from the sale of a wind farm permit 2019

\*\* Excl. item affecting comparability 2019

The market price for electricity in Sweden continued to be low in the third quarter due to high production of hydro power.

Profit was unchanged at SEK 37 million compared with the second quarter.

Operating profit for January–September was SEK 169 million (264). 20 per cent higher production made a positive contribution to earnings, but this was offset by lower electricity prices. Profit for the previous year included SEK 80 million from the sale of a permit to build a wind farm on Holmen property.



**Cash flow, financing and net financial items**

Cash flow from operating activities for January–September totalled SEK 2 081 million (2 151). Capital expenditures totalled a net of SEK 626 million (543) and a dividend of SEK 567 million (1 134) was paid.

For January–September, the Group's net financial debt decreased by SEK 619 million to SEK 3 165 million. Net debt was 8 per cent of equity.

Since the turn of the year the Group's financing has been strengthened by raising SEK 1.9 billion in new borrowing with maturities of 4.5 to 7 years, while contractual credit commitments increased by just over SEK 1.0 billion and durations were extended. At 30 September the Group's non-current loans amounted to SEK 4.2 billion and current loans totalled SEK 0.5 billion. Cash and cash equivalents were SEK 1.3 billion and non-current financial receivables were SEK 0.3 billion. Contractual credit commitments amounted to SEK 5.0 billion, of which SEK 1.0 billion is available until 2023 and SEK 4.0 billion until 2025. All credit commitments are unused. After the end of the quarter the acquisition of Martinsons was completed, which reduced cash and cash equivalents to SEK 0.3 billion.

Standard & Poor's long-term credit rating on Holmen is BBB+ with a stable outlook.

Net financial items for January–September amounted to SEK -31 million (-25).

**Tax**

Recognised tax for January–September amounted to SEK -386 million (-370). Recognised tax as a proportion of profit before tax was 21 per cent.

**Equity**

In January–September, the Group's equity increased by SEK 654 million to SEK 40 765 million. Profit for the period totalled SEK 1 467 million (1 363) and the dividend paid totalled SEK 567 million (1 134). Other comprehensive income amounted to SEK -248 million (-188).

**Hedging of exchange rates and electricity prices**

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–September includes currency hedges of SEK -100 million (-370). For the next 2.5 years, expected flows in EUR/SEK are hedged at an average of 10.65. For other currencies, 4–6 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity are 65 per cent hedged for 2021. For 2022, 50 per cent has been hedged while for 2023 the figure is 35 per cent.

**Dividend**

The Extraordinary General Meeting held on 16 September resolved to pay a dividend of SEK 3.50 (6.75) per share. The dividend, totalling SEK 567 million, was paid on 23 September.

**Acquisition of Martinsons**

On 1 October 2020 Holmen completed the acquisition of Martinsons, one of Sweden's leading players in sawn and processed wood products. The preliminary purchase price was SEK 960 million for 100 per cent of shares and was paid on 1 October. The final purchase price and acquisition balance sheet will be set by the first quarter of 2021 at the latest.

Martinsons consists of two sawmills in northern Sweden with processing of wood products for Scandinavian wood construction, as well as a project operation for construction of complete frames made of cross-laminated timber (CLT) and glulam beams for purposes such as offices, sports centres and apartment buildings. After current investments are completed, the larger sawmill, Bygdsiljum, will have the capacity to produce 500 000 m<sup>3</sup> of wood products annually, while the annual production at Kroksjön is over 100 000 m<sup>3</sup>. Bygdsiljum also produces CLT and glulam beams, while Kroksjön processes wood products through trimming, planing, painting, impregnation and finger jointing. Martinsons' annual log consumption is 1 million m<sup>3</sup>, which corresponds to Holmen's annual timber harvest in northern Sweden. The company has 470 employees, most of whom work in processing. The acquisition will nearly double Holmen's sales in Wood Products, while strengthening its position in sustainable wood construction and increasing integration between forest and industry.

Martinsons' turnover for the period January–August 2020 was SEK 1.2 billion, where SEK 0.8 billion came from sales of sawn and processed wood products, SEK 0.2 billion from major wood construction projects and the remainder from sales of by-products and timber trading. EBITDA was SEK 90 million and operating profit was SEK 50 million (excluding items affecting profitability).

Martinsons will be consolidated in Holmen beginning on 1 October. The purchase price is preliminarily divided among non-current assets of 40 per cent, working capital of 20 per cent and intangible assets of 40 per cent. In addition to the purchase price for the shares, the acquisition entails the assumption of just over SEK 100 million in financial liabilities. The assets will be recognised in the Forest and Wood Products business areas.

**For further information please contact:**

Henrik Sjölund, President and CEO, tel. +46 8 666 21 05  
Anders Jernhall, Executive Vice President and CFO, tel. +46 8 666 21 22

Stina Sandell, Senior Vice President Sustainability and Communications, tel. +46 73 986 51 12

## Review report

### Introduction

We have reviewed the condensed interim financial information (interim report) for Holmen AB (publ) as per 30 September 2020 and the nine-month reporting period ending on that date. The Board of Directors and the CEO are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

### Focus and scope of the review

We conducted our review in accordance with the International Standard on Review Engagements (ISRE) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review has a different focus and is substantially smaller in scope than an audit conducted in accordance with ISA and other generally accepted auditing standards. The procedures performed in a review do not enable us to obtain a level of assurance that would make us aware of all significant matters that could have been identified in an audit. Therefore, the conclusion expressed on the basis of a review does not give the same level of assurance as a conclusion expressed on the basis of an audit.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report was not, in all material respects, prepared for the Group in accordance with IAS 34 and the Swedish Annual Accounts Act, and, for the Parent Company, in accordance with the Swedish Annual Accounts Act.

Stockholm, 21 October 2020

KPMG AB

Joakim Thilstedt  
Authorised public accountant

## Group

| Income statement. SEKm                                   | Quarter    |            |            | January-September |              | Full year     |
|--|------------|------------|------------|-------------------|--------------|---------------|
|  | 3-20       | 2-20       | 3-19       | 2020              | 2019         | 2019          |
| Net sales  | 3 727      | 3 853      | 4 144      | 12 078            | 12 765       | 16 959        |
| Other operating income                                   | 262        | 353        | 304        | 914               | 958          | 1 370         |
| Change in inventories                                    | 69         | -75        | -142       | -103              | -221         | -220          |
| Raw materials and consumables                            | -1 986     | -2 048     | -2 204     | -6 504            | -7 036       | -9 398        |
| Personnel costs  | -533       | -604       | -529       | -1 733            | -1 719       | -2 316        |
| Other operating costs                                    | -696       | -768       | -897       | -2 309            | -2 541       | -3 597        |
| Profit from investments in associates and joint ventures | -3         | 1          | 1          | -3                | 1            | 0             |
| Depreciation and amortisation according to plan          | -291       | -291       | -283       | -867              | -858         | -1 141        |
| Impairment losses  | -          | -          | -          | -                 | -            | -109          |
| Change in value of biological assets                     | 166        | 121        | 147        | 412               | 408          | 9 566         |
| <b>Operating profit</b>                                  | <b>714</b> | <b>542</b> | <b>541</b> | <b>1 884</b>      | <b>1 758</b> | <b>11 115</b> |
| Finance income   | 2          | 3          | 3          | 9                 | 10           | 13            |
| Finance costs  | -12        | -15        | -11        | -40               | -34          | -47           |
| <b>Profit before tax</b>                                 | <b>705</b> | <b>531</b> | <b>533</b> | <b>1 853</b>      | <b>1 733</b> | <b>11 081</b> |
| Tax  | -140       | -119       | -124       | -386              | -370         | -2 351        |
| <b>Profit for the period</b>                             | <b>565</b> | <b>411</b> | <b>409</b> | <b>1 467</b>      | <b>1 363</b> | <b>8 731</b>  |
| Earnings per share. SEK                                  |            |            |            |                   |              |               |
| basic  | 3.5        | 2.5        | 2.5        | 9.1               | 8.1          | 52.6          |
| diluted  | 3.5        | 2.5        | 2.5        | 9.1               | 8.1          | 52.6          |
| Operating margin, % *                                    | 19.2       | 14.1       | 13.0       | 15.6              | 13.8         | 13.8          |
| Return on capital employed, % *                          | 6.5        | 5.0        | 8.2        | 5.7               | 8.9          | 8.9           |
| Return on equity, %                                      | 5.5        | 4.1        | 7.2        | 4.8               | 7.8          | 7.8           |

\* Excl. Items affecting comparability.

| Statement of comprehensive income. SEKm  | Quarter    |            |            | January-September |              | Full year     |
|--|------------|------------|------------|-------------------|--------------|---------------|
|  | 3-20       | 2-20       | 3-19       | 2020              | 2019         | 2019          |
| <b>Profit for the period</b>   | <b>565</b> | <b>411</b> | <b>409</b> | <b>1 467</b>      | <b>1 363</b> | <b>8 731</b>  |
| <b>Other comprehensive income</b>  |            |            |            |                   |              |               |
| Revaluation of forest land   | -          | -          | -          | -                 | -            | 13 055        |
| Revaluations of defined benefit pension plans                                    | 31         | -60        | -78        | -58               | -47          | 14            |
| Tax attributable to items that will not be reclassified to profit for the period | -6         | 11         | 13         | 11                | 8            | -2 687        |
| <b>Items that will not be reclassified to profit for the period</b>              | <b>25</b>  | <b>-49</b> | <b>-64</b> | <b>-47</b>        | <b>-40</b>   | <b>10 382</b> |
| Cash flow hedging  | -39        | 627        | -58        | -149              | -326         | -37           |
| Translation difference on foreign operation                                      | 12         | -162       | 47         | -107              | 116          | 141           |
| Hedging of currency risk in foreign operation                                    | -2         | 23         | -1         | 16                | -4           | -2            |
| Share in joint ventures' other comprehensive income                              | 10         | 0          | -6         | 10                | -6           | -6            |
| Tax attributable to items that will be reclassified to profit for the period     | 9          | -139       | 13         | 29                | 71           | 8             |
| <b>Items that will be reclassified to profit for the period</b>                  | <b>-10</b> | <b>349</b> | <b>-5</b>  | <b>-201</b>       | <b>-149</b>  | <b>105</b>    |
| <b>Total other comprehensive income after tax</b>                                | <b>15</b>  | <b>300</b> | <b>-70</b> | <b>-248</b>       | <b>-188</b>  | <b>10 487</b> |
| <b>Total comprehensive income</b>  | <b>580</b> | <b>711</b> | <b>339</b> | <b>1 219</b>      | <b>1 174</b> | <b>19 218</b> |

| Change in equity, SEKm            | January-September |               |
|-----------------------------------|-------------------|---------------|
|                                   | 2020              | 2019          |
| <b>Opening equity</b>             | <b>40 111</b>     | <b>23 453</b> |
| Profit for the period             | 1 467             | 1 363         |
| Other comprehensive income        | -248              | -188          |
| <b>Total comprehensive income</b> | <b>1 219</b>      | <b>1 174</b>  |
| Share saving program              | 1                 | 3             |
| Buy-back of own shares            | 0                 | -1430         |
| Dividend                          | -567              | -1134         |
| <b>Closing equity</b>             | <b>40 765</b>     | <b>22 068</b> |

## Group

| Balance sheet, SEKm                                     | 2020<br>30 September | 2020<br>30 June | 2019<br>31 December |
|---|----------------------|-----------------|---------------------|
| <b>Non-current assets</b>                               |                      |                 |                     |
| Forest assets   |                      |                 |                     |
| Biological assets                                       | 28 482               | 28 253          | 27 979              |
| Forest land   | 13 358               | 13 360          | 13 366              |
| Intangible non-current assets                           | 70                   | 68              | 70                  |
| Property, plant and equipment                           | 8 647                | 8 669           | 8 906               |
| Right-of-use assets                                     | 221                  | 238             | 183                 |
| Investments in associates and joint ventures            | 1 701                | 1 695           | 1 620               |
| Other shares and participating interests                | 2                    | 2               | 1                   |
| Non-current financial receivables                       | 312                  | 310             | 451                 |
| Deferred tax assets                                     | 1                    | 1               | 1                   |
| <b>Total non-current assets</b>                         | <b>52 795</b>        | <b>52 596</b>   | <b>52 578</b>       |
| <b>Current assets</b>                                   |                      |                 |                     |
| Inventories   | 3 281                | 3 244           | 3 460               |
| Trade receivables                                       | 1 976                | 2 117           | 2 005               |
| Current tax receivable                                  | 15                   | 2               | 0                   |
| Other operating receivables                             | 719                  | 656             | 800                 |
| Current financial receivables                           | 30                   | 59              | 14                  |
| Cash and cash equivalents                               | 1 264                | 718             | 483                 |
| <b>Total current assets</b>                             | <b>7 285</b>         | <b>6 796</b>    | <b>6 762</b>        |
| <b>Total assets</b>                                     | <b>60 080</b>        | <b>59 391</b>   | <b>59 340</b>       |
| <b>Equity</b>   | <b>40 765</b>        | <b>40 753</b>   | <b>40 111</b>       |
| <b>Non-current liabilities</b>                          |                      |                 |                     |
| Non-current financial liabilities                       | 3 922                | 3 321           | 2 018               |
| Non-current liabilities relating to right-of-use assets | 217                  | 233             | 171                 |
| Pension provisions                                      | 93                   | 122             | 46                  |
| Other provisions  | 577                  | 800             | 637                 |
| Deferred tax liabilities                                | 10 205               | 10 167          | 10 299              |
| <b>Total non-current liabilities</b>                    | <b>15 014</b>        | <b>14 643</b>   | <b>13 171</b>       |
| <b>Current liabilities</b>                              |                      |                 |                     |
| Current financial liabilities                           | 533                  | 391             | 2 485               |
| Current liabilities relating to right-of-use assets     | 7                    | 8               | 13                  |
| Trade payables  | 2 215                | 2 319           | 2 259               |
| Current tax liability                                   | 342                  | 82              | 112                 |
| Provisions  | 145                  | 144             | 158                 |
| Other operating liabilities                             | 1 059                | 1 053           | 1 030               |
| <b>Total current liabilities</b>                        | <b>4 300</b>         | <b>3 996</b>    | <b>6 058</b>        |
| <b>Total liabilities</b>                                | <b>19 315</b>        | <b>18 638</b>   | <b>19 228</b>       |
| <b>Total equity and liabilities</b>                     | <b>60 080</b>        | <b>59 391</b>   | <b>59 340</b>       |
| Debt/equity ratio, %                                    | 8                    | 7               | 9                   |
| Equity/assets ratio, %                                  | 68                   | 69              | 68                  |
| Capital employed  | 43 930               | 43 739          | 43 895              |
| Net financial debt                                      | 3 165                | 2 986           | 3 784               |

## Group

| <b>Cash flow statement, SEKm</b>   | <b>3-20</b>  | <b>Quarter<br/>2-20</b> | <b>3-19</b> | <b>January-September<br/>2020</b> | <b>2019</b>   | <b>Full year<br/>2019</b> |
|--|--------------|-------------------------|-------------|-----------------------------------|---------------|---------------------------|
| <b>Operating activities</b>  |              |                         |             |                                   |               |                           |
| Profit before tax  | 705          | 531                     | 533         | 1 853                             | 1 733         | 11 081                    |
| Adjustments for non-cash items   | -            | -                       | -           | -                                 | -             | -                         |
| Depreciation and amortisation according to plan                              | 291          | 291                     | 283         | 867                               | 858           | 1 141                     |
| Impairment losses  | -            | -                       | -           | -                                 | -             | 109                       |
| Change in value of biological assets   | -166         | -121                    | -147        | -412                              | -408          | -9 566                    |
| Other *  | -42          | -34                     | -40         | -38                               | -84           | 108                       |
| Paid income taxes  | -54          | 27                      | -107        | -228                              | -39           | -147                      |
| <b>Cash flow from operating activities before changes in working capital</b> | <b>735</b>   | <b>693</b>              | <b>522</b>  | <b>2 042</b>                      | <b>2 062</b>  | <b>2 727</b>              |
| <b>Cash flow from changes in working capital</b>                             |              |                         |             |                                   |               |                           |
| Change in inventories  | -38          | 91                      | 155         | 132                               | 119           | 210                       |
| Change in trade receivables and other operating receivables                  | 34           | 101                     | 240         | -120                              | -280          | -135                      |
| Change in trade payables and other operating liabilities                     | -103         | -42                     | -144        | 27                                | 250           | 83                        |
| <b>Cash flow from operating activities</b>                                   | <b>628</b>   | <b>843</b>              | <b>774</b>  | <b>2 081</b>                      | <b>2 151</b>  | <b>2 884</b>              |
| <b>Investing activities</b>  |              |                         |             |                                   |               |                           |
| Acquisition of non-current assets  | -284         | -333                    | -195        | -835                              | -580          | -1 071                    |
| Disposal of non-current assets   | 19           | 54                      | 8           | 75                                | 20            | 21                        |
| Change in non-current financial receivables                                  | -            | 135                     | -           | 135                               | 18            | 36                        |
| <b>Cash flow from investing activities</b>                                   | <b>-265</b>  | <b>-144</b>             | <b>-187</b> | <b>-626</b>                       | <b>-543</b>   | <b>-1 015</b>             |
| <b>Financing activities</b>  |              |                         |             |                                   |               |                           |
| Change in financial liabilities and current financial receivables            | 750          | -1 391                  | 882         | -108                              | 935           | 899                       |
| Buy-back of own shares   | -            | -                       | -1 430      | -                                 | -1 430        | -1 430                    |
| Dividends paid to the shareholders of the parent company                     | -567         | -                       | -           | -567                              | -1 134        | -1 134                    |
| <b>Cash flow from financing activities</b>                                   | <b>182</b>   | <b>-1 391</b>           | <b>-548</b> | <b>-675</b>                       | <b>-1 628</b> | <b>-1 665</b>             |
| <b>Cash flow for the period</b>  | <b>544</b>   | <b>-692</b>             | <b>40</b>   | <b>780</b>                        | <b>-19</b>    | <b>204</b>                |
| Opening cash and cash equivalents  | 718          | 1 415                   | 220         | 483                               | 278           | 278                       |
| Exchange difference in cash and cash equivalents                             | 0            | -5                      | 1           | -1                                | 3             | 1                         |
| <b>Closing cash and cash equivalents</b>                                     | <b>1 264</b> | <b>718</b>              | <b>261</b>  | <b>1 264</b>                      | <b>261</b>    | <b>483</b>                |

| <b>Change in net financial debt, SEKm</b>                        | <b>3-20</b>   | <b>Quarter<br/>2-20</b> | <b>3-19</b>   | <b>January-September<br/>2020</b> | <b>2019</b>   | <b>Full year<br/>2019</b> |
|--|---------------|-------------------------|---------------|-----------------------------------|---------------|---------------------------|
| Opening net financial debt                                       | -2 986        | -3 509                  | -3 131        | -3 784                            | -2 807        | -2 807                    |
| New accounting principles IFRS 16 Leases                         | -             | -                       | -             | -                                 | -205          | -205                      |
| Cash flow from operating activities                              | 628           | 843                     | 774           | 2 081                             | 2 151         | 2 884                     |
| Cash flow from investing activities (excl financial receivables) | -265          | -279                    | -187          | -760                              | -561          | -1 050                    |
| Buy-back of own shares   | -             | -                       | -1 430        | -                                 | -1 430        | -1 430                    |
| Dividends paid   | -567          | -                       | -             | -567                              | -1 134        | -1 134                    |
| Liabilities arising from new right-of-use agreements             | -10           | -15                     | -21           | -114                              | -66           | -76                       |
| Revaluations of defined benefit pension plans                    | 29            | -63                     | -78           | -59                               | -50           | 12                        |
| Foreign exchange effects and changes in fair value               | 6             | 36                      | 6             | 37                                | 35            | 21                        |
| <b>Closing net financial debt</b>                                | <b>-3 165</b> | <b>-2 986</b>           | <b>-4 065</b> | <b>-3 165</b>                     | <b>-4 065</b> | <b>-3 784</b>             |

\* The adjustments consist primarily of change in provisions, interests in earnings of associated companies, currency effects and revaluations of financial instruments as well as capital gains/losses on sale of fixed assets.

## Parent company

| Income statement, SEKm                  | Quarter    |            |            | January-September |              | Full year    |
|---|------------|------------|------------|-------------------|--------------|--------------|
|   | 3-20       | 2-20       | 3-19       | 2020              | 2019         | 2019         |
| Operating income                        | 3 498      | 3 556      | 3 825      | 11 182            | 11 709       | 15 620       |
| Operating costs                         | -3 265     | -3 569     | -3 678     | -10 805           | -11 233      | -15 238      |
| <b>Operating profit</b>                 | <b>233</b> | <b>-13</b> | <b>148</b> | <b>377</b>        | <b>476</b>   | <b>382</b>   |
| Net financial items                     | -7         | 220        | -6         | 200               | 74           | 22           |
| <b>Profit after net financial items</b> | <b>226</b> | <b>208</b> | <b>142</b> | <b>577</b>        | <b>550</b>   | <b>404</b>   |
| Appropriations                          | 189        | 737        | 443        | 1 342             | 1 434        | 1 936        |
| <b>Profit before tax</b>                | <b>415</b> | <b>945</b> | <b>584</b> | <b>1 920</b>      | <b>1 984</b> | <b>2 340</b> |
| Tax                                     | -86        | -161       | -123       | -368              | -390         | -493         |
| <b>Profit for the period</b>            | <b>329</b> | <b>784</b> | <b>461</b> | <b>1 552</b>      | <b>1 594</b> | <b>1 847</b> |

| Statement of comprehensive income, SEKm                         | Quarter    |              |            | January-September |              | Full year    |
|---|------------|--------------|------------|-------------------|--------------|--------------|
|   | 3-20       | 2-20         | 3-19       | 2020              | 2019         | 2019         |
| <b>Profit for the period</b>                                    | <b>329</b> | <b>784</b>   | <b>461</b> | <b>1 552</b>      | <b>1 594</b> | <b>1 847</b> |
| <b>Other comprehensive income</b>                               |            |              |            |                   |              |              |
| Cash flow hedging   | -41        | 630          | -62        | -151              | -328         | -34          |
| Tax attributable to other comprehensive income                  | 9          | -135         | 13         | 32                | 70           | 7            |
| <b>Items that will be reclassified to profit for the period</b> | <b>-32</b> | <b>495</b>   | <b>-49</b> | <b>-119</b>       | <b>-257</b>  | <b>-27</b>   |
| <b>Total comprehensive income</b>                               | <b>297</b> | <b>1 279</b> | <b>413</b> | <b>1 433</b>      | <b>1 336</b> | <b>1 820</b> |

| Balance sheet, SEKm                 | 2020          | 2019          | 2019          |
|-------------------------------------|---------------|---------------|---------------|
|                                     | 30 September  | 30 June       | 31 December   |
| Non-current assets                  | 16 841        | 16 449        | 16 203        |
| Current assets                      | 6 021         | 5 645         | 5 648         |
| <b>Total assets</b>                 | <b>22 862</b> | <b>22 095</b> | <b>21 852</b> |
| Restricted equity                   | 5 915         | 5 915         | 5 915         |
| Non-restricted equity               | 5 609         | 5 879         | 4 741         |
| Untaxed reserves                    | 2 193         | 1 759         | 1 646         |
| Provisions                          | 1 304         | 1 576         | 1 454         |
| Liabilities                         | 7 841         | 6 965         | 8 096         |
| <b>Total equity and liabilities</b> | <b>22 862</b> | <b>22 095</b> | <b>21 852</b> |

Sales to Group companies accounted for SEK 75 million (86) of operating income for January–September.

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 59 million (54).

Balance sheet appropriations include group contributions totalling SEK 1 889 million (1 936).

## Notes

### 1. Accounting policies

This report has been prepared in accordance with the Swedish Annual Accounts Act and Securities Market Act, and, for the Group, in accordance with IAS 34 Interim Financial Reporting. The parent company and the Group's accounting policies are unchanged from the latest published annual report. The figures in tables are rounded off.

### 2. External net sales by market

| January-September 2020 | Forest       | Paperboard   | Paper        | Wood Products | Renewable Energy | Group         |
|------------------------|--------------|--------------|--------------|---------------|------------------|---------------|
| Scandinavia            | 2 045        | 136          | 387          | 485           | 278              | 3 331         |
| Rest of Europe         | 4            | 3 379        | 2 779        | 449           | -                | 6 611         |
| Asia                   | -            | 1 000        | 366          | 112           | -                | 1 478         |
| Rest of the world      | -            | 233          | 171          | 254           | -                | 658           |
| <b>Total Net sales</b> | <b>2 049</b> | <b>4 748</b> | <b>3 703</b> | <b>1 300</b>  | <b>278</b>       | <b>12 078</b> |

| January-September 2019 | Forest       | Paperboard   | Paper        | Wood Products | Renewable Energy | Group         |
|------------------------|--------------|--------------|--------------|---------------|------------------|---------------|
| Scandinavia            | 2 151        | 112          | 332          | 486           | 265              | 3 076         |
| Rest of Europe         | -            | 3 688        | 3 256        | 480           | -                | 7 424         |
| Asia                   | -            | 774          | 510          | 127           | -                | 1 412         |
| Rest of the world      | -            | 165          | 203          | 216           | -                | 852           |
| <b>Total Net sales</b> | <b>2 151</b> | <b>4 739</b> | <b>4 301</b> | <b>1 309</b>  | <b>265</b>       | <b>12 765</b> |

### 3. Composition of share capital

| Share structure                      |       |               |              |                |         |  |
|--------------------------------------|-------|---------------|--------------|----------------|---------|--|
|                                      | Votes | No. of shares | No. of votes | Quotient value | SEKm    |  |
| A share                              | 10    | 45 246 468    | 452 464 680  | 26             | 1 179.9 |  |
| B share                              | 1     | 117 265 856   | 117 265 856  | 26             | 3 057.9 |  |
| <b>Total number of shares</b>        |       | 162 512 324   | 569 730 536  |                | 4 237.8 |  |
| Holding of own B shares bought back  |       | -586 639      | -586 639     |                |         |  |
| <b>Total number of shares issued</b> |       | 161 925 685   | 569 143 897  |                |         |  |

In accordance with the resolution at the Annual General Meeting on June 4, 2020, Holmen AB has cancelled 7 000 000 repurchased treasury shares of series B. After the cancellation Holmen AB holds 586 639 treasury shares of series B.

### 4. Financial instruments

| Financial instruments, SEKm     | Carrying amount |             | Fair value   |             |
|---------------------------------|-----------------|-------------|--------------|-------------|
|                                 | 2020            | 2019        | 2020         | 2019        |
|                                 | 30 September    | 31 December | 30 September | 31 December |
| Assets at fair value            | 168             | 326         | 168          | 326         |
| Assets at acquisition cost      | 3 567           | 2 928       | 3 567        | 2 928       |
| Liabilities at fair value       | 174             | 179         | 174          | 179         |
| Liabilities at acquisition cost | 6 632           | 6 730       | 6 632        | 6 730       |

Holmen measures financial instruments at fair value or acquisition cost in the balance sheet depending on classification. In addition to items in net financial debt, with the exception of the pension liability, financial instruments cover trade receivables and trade payables. Financial instruments measured at fair value in the balance sheet belong to measurement level 2 pursuant to IFRS 13.

## 5. Alternative performance measures

Holmen uses performance measures to supplement measures defined by IFRS or directly in the income statement and balance sheet in order to clarify the company's financial position and performance.

### Earnings measures

Operating profit is the principal measure of earnings that is used to monitor financial performance. This includes all income and costs except for financial items and tax. Depreciation/amortisation of non-current assets is also included. EBITDA (earnings before interest, taxes, depreciation and amortisation) is used as a supplementary measure. To clarify how these earnings measures are affected by matters outside normal business operations, such as impairment, closure, major restructuring measures and alterations to assumptions in the valuation of biological assets, the term 'items affecting comparability' is used. The purpose is also to increase comparability between different periods. The effects of maintenance and rebuilding shutdowns are not treated as an item affecting comparability. On page 86 of Holmen's 2019 annual report a description is given of the items that are reported as affecting comparability in previous periods.

| SEKm  | Quarter<br>3-20 | 2-20 | 3-19 | January-September<br>2020 | 2019  | Full year<br>2019 |
|---|-----------------|------|------|---------------------------|-------|-------------------|
| EBITDA  | 1 005           | 833  | 824  | 2 750                     | 2 616 | 3 486             |
| Depreciation and amortisation according to plan | -291            | -291 | -283 | -867                      | -858  | -1 141            |
| Operating profit excl. items affecting comp.    | 714             | 542  | 541  | 1 884                     | 1 758 | 2 345             |
| Items affecting comparability                   | -               | -    | -    | -                         | -     | 8 770             |
| Operating profit                                | 714             | 542  | 541  | 1 884                     | 1 758 | 11 115            |

| SEKm   | Quarter<br>3-20 | 2-20 | 3-19 | January-September<br>2020 | 2019  | Full year<br>2019 |
|--|-----------------|------|------|---------------------------|-------|-------------------|
| Profit after tax excl. items affecting comp. | 565             | 411  | 409  | 1 467                     | 1 363 | 1 789             |
| Items affecting comparability                | -               | -    | -    | -                         | -     | 6 844             |
| Profit after tax                             | 565             | 411  | 409  | 1 467                     | 1 363 | 8 731             |

### Measure of margin, return and indebtedness

Operating profit, excluding items affecting comparability, as a proportion of sales is known as the operating margin. EBITDA as a proportion of sales is known as the EBITDA margin. The performance measure of return on capital employed is used to measure operating profit, excluding items affecting comparability, as a proportion of capital employed. Capital employed is calculated as fixed assets plus working capital less the net sum of deferred tax liabilities and deferred tax assets. This corresponds to equity plus net financial debt. Average capital employed is calculated based on quarterly data.

| SEKm                     | 2020<br>30 September | 2020<br>30 June | 2019<br>31 December |
|--------------------------|----------------------|-----------------|---------------------|
| Fixed assets*            | 52 482               | 52 284          | 52 125              |
| Working capital**        | 1 653                | 1 621           | 2 067               |
| Deferred tax assets      | 1                    | 1               | 1                   |
| Deferred tax liabilities | -10 205              | -10 167         | -10 299             |
| Capital employed         | 43 930               | 43 739          | 43 895              |

\*Forest assets, non-current intangible assets, property, plant and equipment, right-of-use assets, investments in associates and joint ventures and other shares and participations.

\*\*Inventories, trade receivables, current tax asset, other current operating receivables, trade payables, current tax liability, provisions, other provisions and operating liabilities.

The debt/equity ratio is calculated as net financial debt divided by equity. The equity/assets ratio is calculated as equity divided by total assets. Net financial debt consists of the following components:

| SEKm  | 2020<br>30 September | 2020<br>30 June | 2019<br>31 December |
|---|----------------------|-----------------|---------------------|
| Non-current financial liabilities                       | 3 922                | 3 321           | 2 018               |
| Non-current liabilities relating to right-of-use assets | 217                  | 233             | 171                 |
| Current financial liabilities                           | 533                  | 391             | 2 485               |
| Current liabilities relating to right-of-use assets     | 7                    | 8               | 13                  |
| Pension provisions                                      | 93                   | 122             | 46                  |
| Non-current financial receivables                       | -312                 | -310            | -452                |
| Current financial receivables                           | -30                  | -59             | -14                 |
| Cash and cash equivalents                               | -1 264               | -718            | -483                |
| Net financial debt                                      | 3 165                | 2 986           | 3 784               |

## 6. Transactions with related parties

There were no transactions between Holmen and related parties that had a significant effect on the company's financial position and performance.

## 7. Material risks and uncertainties

The Group's and the parent company's material risks and uncertainties relate primarily to changes in demand and the prices of its products, the cost of key input goods, and changes in exchange rates. For a more detailed description of material risks and uncertainties see Holmen's annual report for 2019, pages 40–43 and note 26. The COVID-19 outbreak has had a negative impact on profitability within the Paper business area in the third quarter, while impact on other business areas has been limited. Holmen has not furloughed personnel. For the fourth quarter, we expect orders to continue to be weaker than normal within Paper because of the COVID-19 pandemic. The Group is working continually to take action to minimise the impact of the coronavirus outbreak, while putting the health and safety of our employees first.

## Group

| Quarterly figures, SEKm                                  | 2020   |        |        | 2019   |        |        | January–September |        |         |                |
|--|--------|--------|--------|--------|--------|--------|-------------------|--------|---------|----------------|
|  | Q3     | Q2     | Q1     | Q4     | Q3     | Q2     | Q1                | 2020   | 2019    | Full year 2019 |
|  |        |        |        |        |        |        |                   |        |         |                |
| Income statement   |        |        |        |        |        |        |                   |        |         |                |
| Net sales  | 3 727  | 3 853  | 4 499  | 4 194  | 4 144  | 4 361  | 4 260             | 12 078 | 12 765  | 16 959         |
| Operating costs  | -2 884 | -3 142 | -3 710 | -3 403 | -3 468 | -3 644 | -3 446            | -9 736 | -10 558 | -13 961        |
| Change in value of forests                               | 166    | 121    | 124    | 80     | 147    | 143    | 118               | 412    | 408     | 487            |
| Profit from investments in associates and joint ventures | -3     | 1      | 0      | 0      | 1      | -2     | 2                 | -3     | 1       | 0              |
| EBITDA   | 1 005  | 833    | 912    | 871    | 824    | 857    | 934               | 2 750  | 2 616   | 3 486          |
| Depreciation and amortisation according to plan          | -291   | -291   | -285   | -283   | -283   | -283   | -291              | -867   | -858    | -1 141         |
| Operating profit excl. items affecting comparability     | 714    | 542    | 628    | 587    | 541    | 574    | 643               | 1 884  | 1 758   | 2 345          |
| Items affecting comparability *                          | -      | -      | -      | 8 770  | -      | -      | -                 | -      | -       | 8 770          |
| Operating profit   | 714    | 542    | 628    | 9 357  | 541    | 574    | 643               | 1 884  | 1 758   | 11 115         |
| Net financial items                                      | -9     | -11    | -10    | -9     | -8     | -9     | -8                | -31    | -25     | -34            |
| Profit before tax  | 705    | 531    | 618    | 9 348  | 533    | 565    | 635               | 1 853  | 1 733   | 11 081         |
| Tax  | -140   | -119   | -127   | -1 980 | -124   | -114   | -132              | -386   | -370    | -2 351         |
| Profit for the period                                    | 565    | 411    | 491    | 7 368  | 409    | 451    | 503               | 1 467  | 1 363   | 8 731          |
| Earnings per share, SEK                                  | 3.5    | 2.5    | 3.0    | 45.5   | 2.5    | 2.7    | 3.0               | 9.1    | 8.1     | 52.6           |
| Net sales**  |        |        |        |        |        |        |                   |        |         |                |
| Forest   | 1 306  | 1 432  | 1 690  | 1 578  | 1 418  | 1 647  | 1 642             | 4 427  | 4 708   | 6 286          |
| Paperboard   | 1 506  | 1 537  | 1 706  | 1 490  | 1 588  | 1 573  | 1 578             | 4 748  | 4 739   | 6 229          |
| Paper  | 1 151  | 1 107  | 1 445  | 1 455  | 1 486  | 1 470  | 1 345             | 3 703  | 4 301   | 5 757          |
| Wood Products  | 423    | 422    | 455    | 385    | 381    | 450    | 478               | 1 300  | 1 309   | 1 695          |
| Renewable Energy   | 79     | 75     | 124    | 113    | 73     | 78     | 114               | 279    | 265     | 378            |
| Elimination of intra-group net sales                     | -739   | -720   | -920   | -828   | -801   | -858   | -898              | -2 379 | -2 557  | -3 385         |
| Group  | 3 727  | 3 853  | 4 499  | 4 194  | 4 144  | 4 361  | 4 260             | 12 078 | 12 765  | 16 959         |
| EBITDA by business area **                               |        |        |        |        |        |        |                   |        |         |                |
| Forest   | 355    | 382    | 331    | 288    | 308    | 308    | 313               | 1 068  | 929     | 1 217          |
| Paperboard   | 404    | 361    | 302    | 325    | 238    | 174    | 259               | 1 068  | 671     | 996            |
| Paper  | 161    | 36     | 180    | 202    | 243    | 230    | 216               | 377    | 689     | 891            |
| Wood Products  | 75     | 44     | 28     | 17     | 10     | 53     | 79                | 147    | 142     | 159            |
| Renewable Energy   | 44     | 43     | 102    | 80     | 48     | 132    | 102               | 188    | 282     | 362            |
| Group-wide   | -34    | -33    | -32    | -41    | -24    | -40    | -35               | -99    | -99     | -140           |
| Group  | 1 005  | 833    | 912    | 871    | 824    | 857    | 934               | 2 750  | 2 616   | 3 486          |
| Operating profit/loss by business area **                |        |        |        |        |        |        |                   |        |         |                |
| Forest   | 342    | 370    | 322    | 274    | 298    | 298    | 302               | 1 034  | 897     | 1 172          |
| Paperboard   | 266    | 218    | 163    | 187    | 99     | 36     | 112               | 647    | 247     | 435            |
| Paper  | 63     | -60    | 83     | 110    | 147    | 133    | 119               | 86     | 399     | 509            |
| Wood Products  | 47     | 19     | 4      | -7     | -14    | 29     | 54                | 70     | 69      | 62             |
| Renewable Energy   | 37     | 37     | 95     | 72     | 42     | 126    | 96                | 169    | 264     | 336            |
| Group-wide   | -42    | -41    | -39    | -49    | -30    | -47    | -42               | -122   | -119    | -168           |
| Group  | 714    | 542    | 628    | 587    | 541    | 574    | 643               | 1 884  | 1 758   | 2 345          |
| Operating margin, % **                                   |        |        |        |        |        |        |                   |        |         |                |
| Paperboard   | 17.7   | 14.2   | 9.6    | 12.6   | 6.3    | 2.3    | 7.1               | 13.6   | 5.2     | 7.0            |
| Paper  | 5.5    | -5.4   | 5.8    | 7.5    | 9.9    | 9.1    | 8.9               | 2.3    | 9.3     | 8.8            |
| Wood Products  | 11.2   | 4.4    | 0.8    | -1.9   | -3.7   | 6.4    | 11.4              | 5.4    | 5.3     | 3.7            |
| Group  | 19.2   | 14.1   | 14.0   | 14.0   | 13.0   | 13.2   | 15.1              | 15.6   | 13.8    | 13.8           |
| Return on capital employed, % **                         |        |        |        |        |        |        |                   |        |         |                |
| Forest   | 4.1    | 4.5    | 3.9    | 7.3    | 7.9    | 7.9    | 8.1               | 4.2    | 8.0     | 7.8            |
| Paperboard   | 19.1   | 15.4   | 11.6   | 13.4   | 7.1    | 2.5    | 8.1               | 15.3   | 5.9     | 7.8            |
| Paper  | 12.7   | neg    | 16.9   | 21.9   | 27.6   | 23.9   | 21.8              | 5.8    | 24.4    | 23.8           |
| Wood Products  | 19.4   | 7.4    | 1.4    | neg    | neg    | 11.6   | 22.7              | 9.3    | 9.4     | 6.3            |
| Renewable Energy   | 4.7    | 4.8    | 12.5   | 9.6    | 5.6    | 16.9   | 12.7              | 7.3    | 11.7    | 11.2           |
| Group  | 6.5    | 5.0    | 5.7    | 9.0    | 8.3    | 8.6    | 9.7               | 5.7    | 8.9     | 8.9            |
| Key indicators   |        |        |        |        |        |        |                   |        |         |                |
| Return on equity, % **                                   | 5.5    | 4.1    | 4.9    | 7.6    | 7.2    | 7.7    | 8.5               | 4.8    | 7.8     | 7.8            |
| Deliveries   |        |        |        |        |        |        |                   |        |         |                |
| Volume of own forests, '000 m³                           | 644    | 768    | 753    | 821    | 654    | 688    | 551               | 2 164  | 1 882   | 2 699          |
| Paperboard, '000 tonnes                                  | 134    | 135    | 147    | 125    | 139    | 138    | 136               | 416    | 413     | 538            |
| Paper, '000 tonnes                                       | 209    | 198    | 257    | 259    | 256    | 251    | 230               | 663    | 737     | 996            |
| Wood products, '000 m³                                   | 203    | 224    | 247    | 214    | 209    | 224    | 232               | 674    | 664     | 879            |
| Own production of hydro and windpower, GWh               | 318    | 318    | 374    | 280    | 247    | 263    | 319               | 1 010  | 829     | 1 109          |
| Personal   |        |        |        |        |        |        |                   |        |         |                |
| Average number of employees (FTE)                        |        |        |        |        |        |        |                   | 2 834  | 2 932   | 2 915          |

\* Items affecting comparability in operating profit for Q4 2019 relate to the revaluation of forest assets, an impairment loss of an associated company and provisions.

\*\* Excl. Items affecting comparability.

## Group

| Full year review, SEKm                                      | 2019          | 2018          | 2017          | 2016          | 2015          | 2014          | 2013          | 2012          | 2011          | 2010          |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Income statement</b>                                     |               |               |               |               |               |               |               |               |               |               |
| Net sales   | 16 959        | 16 055        | 16 133        | 15 513        | 16 014        | 15 994        | 16 231        | 17 852        | 18 656        | 17 581        |
| Operating costs   | -13 961       | -12 984       | -13 379       | -12 626       | -13 348       | -13 270       | -13 919       | -15 224       | -15 501       | -15 077       |
| Change in value of forests                                  | 487           | 425           | 415           | 315           | 267           | 282           | 264           | 350           | -             | 52            |
| Profit from investments in associates and joint ventures    | 0             | -9            | -12           | -22           | 7             | -7            | 3             | 47            | 84            | 28            |
| <b>EBITDA</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>  | <b>3 026</b>  | <b>3 239</b>  | <b>2 583</b>  |
| Depreciation and amortisation according to plan             | -1 141        | -1 012        | -991          | -1 018        | -1 240        | -1 265        | -1 370        | -1 313        | -1 260        | -1 251        |
| <b>Operating profit excl. items affecting comparability</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>  | <b>1 713</b>  | <b>1 980</b>  | <b>1 332</b>  |
| Items affecting comparability                               | 8 770         | -94           | -             | -232          | -931          | -450          | -140          | -193          | 3 593         | 264           |
| <b>Operating profit</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>1 520</b>  | <b>5 573</b>  | <b>1 596</b>  |
| Net financial items   | -34           | -25           | -53           | -71           | -90           | -147          | -198          | -227          | -244          | -208          |
| <b>Profit before tax</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>    | <b>1 294</b>  | <b>5 328</b>  | <b>1 388</b>  |
| Tax   | -2 351        | -89           | -445          | -436          | -120          | -230          | -160          | 559           | -1 374        | -684          |
| <b>Profit for the year</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>    | <b>1 853</b>  | <b>3 955</b>  | <b>704</b>    |
| Diluted earnings per share, SEK                             | 52.6          | 13.5          | 9.9           | 8.5           | 3.4           | 5.4           | 4.3           | 11.1          | 23.6          | 4.2           |
| <b>EBITDA by business area*</b>                             |               |               |               |               |               |               |               |               |               |               |
| Forest  | 1 217         | 1 216         | 1 099         | 1 030         | 935           | 845           | 958           | 964           | 769           | 846           |
| Paperboard  | 996           | 1 196         | 1 257         | 1 382         | 1 346         | 1 161         | 878           | 959           | 1 186         | 1 141         |
| Paper   | 891           | 665           | 627           | 669           | 514           | 725           | 429           | 862           | 1 002         | 229           |
| Wood Products   | 159           | 337           | 165           | 80            | 86            | 160           | 45            | -10           | -26           | 49            |
| Renewable Energy  | 362           | 205           | 159           | 143           | 198           | 233           | 391           | 374           | 425           | 516           |
| Group-wide  | -140          | -132          | -149          | -124          | -138          | -126          | -121          | -123          | -116          | -198          |
| <b>Group</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>  | <b>3 026</b>  | <b>3 239</b>  | <b>2 583</b>  |
| <b>Operating profit by business area*</b>                   |               |               |               |               |               |               |               |               |               |               |
| Forest  | 1 172         | 1 185         | 1 069         | 1 001         | 905           | 817           | 924           | 931           | 739           | 818           |
| Paperboard  | 435           | 689           | 764           | 903           | 847           | 674           | 433           | 596           | 863           | 817           |
| Paper   | 509           | 329           | 288           | 289           | -74           | 141           | -309          | 94            | 228           | -618          |
| Wood Products   | 62            | 246           | 80            | -3            | 9             | 37            | -75           | -130          | -136          | 20            |
| Renewable Energy  | 336           | 181           | 135           | 120           | 176           | 212           | 371           | 355           | 406           | 495           |
| Group-wide  | -168          | -154          | -170          | -148          | -163          | -146          | -136          | -132          | -120          | -200          |
| <b>Group</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>  | <b>1 713</b>  | <b>1 980</b>  | <b>1 332</b>  |
| <b>Deliveries</b>   |               |               |               |               |               |               |               |               |               |               |
| Volume of own forests, '000 m³                              | 2 699         | 2 816         | 2 883         | 2 945         | 3 132         | 3 207         | 3 361         | 3 085         | 2 850         | 2 856         |
| Paperboard, '000 tonnes                                     | 538           | 525           | 526           | 497           | 499           | 493           | 469           | 485           | 474           | 464           |
| Paper, '000 tonnes  | 996           | 1 036         | 1 117         | 1 134         | 1 325         | 1 305         | 1 574         | 1 651         | 1 668         | 1 732         |
| Wood products, '000 m³                                      | 879           | 828           | 852           | 776           | 730           | 725           | 686           | 660           | 487           | 285           |
| Own production of hydro and wind power, GWh                 | 1 109         | 1 145         | 1 169         | 1 080         | 1 441         | 1 113         | 1 041         | 1 353         | 1 235         | 1 149         |
| <b>Balance sheet</b>  |               |               |               |               |               |               |               |               |               |               |
| Forest assets   | 41 345        | 18 701        | 17 971        | 17 595        | 17 340        | 17 032        | 16 654        | 16 344        | 15 871        | 12 261        |
| Other non-current assets                                    | 10 781        | 10 586        | 10 780        | 11 106        | 12 184        | 13 189        | 13 998        | 14 320        | 14 463        | 13 767        |
| Current assets  | 6 264         | 6 845         | 5 710         | 5 852         | 5 607         | 5 964         | 5 774         | 6 005         | 6 642         | 6 950         |
| Financial receivables                                       | 950           | 781           | 430           | 338           | 325           | 249           | 327           | 377           | 240           | 454           |
| <b>Total assets</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>37 046</b> | <b>37 217</b> | <b>33 432</b> |
| Equity  | 40 111        | 23 453        | 22 035        | 21 243        | 20 853        | 20 969        | 20 854        | 20 813        | 19 773        | 16 913        |
| Deferred tax liability                                      | 10 299        | 5 839         | 5 650         | 5 613         | 5 508         | 5 480         | 5 804         | 5 504         | 6 630         | 5 910         |
| Financial liabilities and interest-bearing provisions       | 4 732         | 3 587         | 3 366         | 4 283         | 5 124         | 6 156         | 6 443         | 6 967         | 6 499         | 6 227         |
| Operating liabilities                                       | 4 196         | 4 033         | 3 840         | 3 752         | 3 971         | 3 829         | 3 653         | 3 762         | 4 313         | 4 382         |
| <b>Total equity and liabilities</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>37 046</b> | <b>37 217</b> | <b>33 432</b> |
| <b>Cash flow</b>  |               |               |               |               |               |               |               |               |               |               |
| Operating activities  | 2 884         | 2 286         | 2 509         | 1 961         | 2 526         | 2 176         | 2 011         | 2 254         | 2 101         | 1 523         |
| Investing activities **                                     | -1 050        | -1 005        | -644          | -123          | -824          | -815          | -872          | -1 957        | -1 791        | -1 585        |
| <b>Cash flow after investments</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>  | <b>297</b>    | <b>310</b>    | <b>-62</b>    |
| <b>Key indicators</b>                                       |               |               |               |               |               |               |               |               |               |               |
| Return on capital employed, %*                              | 9             | 10            | 9             | 9             | 6             | 6             | 4             | 7             | 9             | 6             |
| Return on equity, %*  | 8             | 10            | 8             | 8             | 7             | 6             | 4             | 6             | 8             | 4             |
| Debt/equity ratio, %  | 9             | 12            | 13            | 19            | 23            | 28            | 29            | 32            | 32            | 34            |
| <b>Dividend</b>   |               |               |               |               |               |               |               |               |               |               |
| Dividend, SEK   | 3.50          | 6.75          | 6.5           | 6             | 5.25          | 5             | 4.5           | 4.5           | 4             | 3.5           |

\*Excl. items affecting comparability.

\*\* Net after disposals and before changes in non-current financial receivables.

## Holmen in brief

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 shareholders and customers, but also contributes to a better climate and thriving rural communities.

## Press and analyst conference

On the publication of the interim report, a webcast press and analyst conference will be held at 14.30 CET on Wednesday 21 October. Holmen President and CEO Henrik Sjölund, together with Executive Vice President and CFO Anders Jernhall, will present and comment on the report. The presentation will be held in English.

The press and analyst conference will be webcast and may be followed via: [www.holmen.com/reports](http://www.holmen.com/reports). You may also participate in the conference by telephone, by calling no later than 14.25 CET on:

+46 8 505 583 54 (within Sweden)  
+44 3 333 009 263 (from the rest of Europe)  
+1 833 526 83 95 (from the US)

## Financial reports

|                 |                                       |
|-----------------|---------------------------------------|
| 5 February 2021 | Year-end report 2020                  |
| 29 April 2021   | Interim report January–March 2021     |
| 19 August 2021  | Interim report January–June 2021      |
| 21 October 2021 | Interim report January–September 2021 |

---

This information such that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 12.00 CEST on Wednesday, 21 September 2020.

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