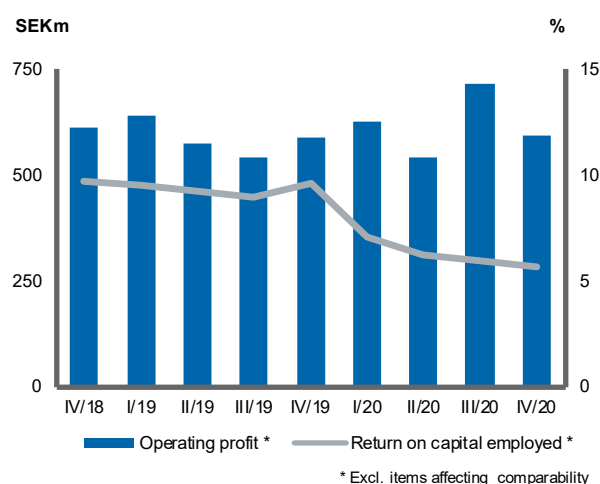
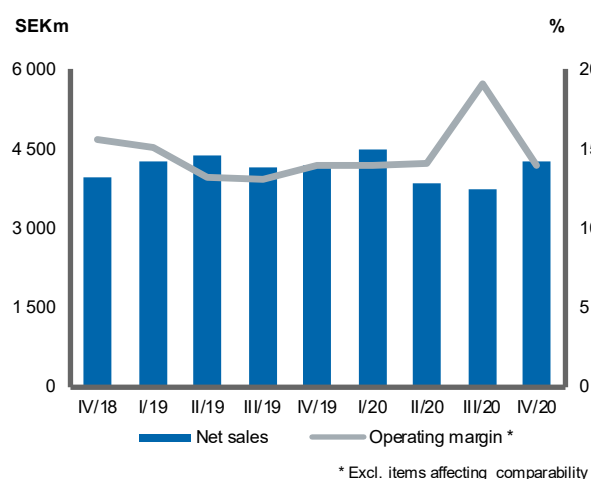


Holmen's year-end report 2020

SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Net sales	4 249	3 727	4 194	16 327	16 959
Operating profit excl. item affecting comparability	595	714	587	2 479	2 345
Operating profit	595	714	9 357	2 479	11 115
Profit after tax	512	565	7 368	1 979	8 731
Earnings per share, SEK	3.2	3.5	45.5	12.2	52.6
Operating margin, %	14.0	19.2	14.0	15.2	13.8
Return on capital employed, %	5.6	5.9	8.9	5.6	8.9
Return on equity, %	4.8	5.0	7.8	4.8	7.8
Cash flow before investments and change in working capital	369	735	665	2 411	2 727
Debt/equity ratio, %	10	8	9	10	9

* Excluding items affecting comparability 2019.

- Operating profit for 2020 was SEK 2 479 million (2019: SEK 2 345 million excluding items affecting comparability of SEK 8 770 million). Lower production costs in Paperboard and higher wood product prices had a positive impact on earnings, though this effect was offset by price decreases and production curtailments in Paper.
- Compared with the third quarter, operating profit decreased by SEK 119 million to SEK 595 million as a result of a maintenance shutdown in Paperboard.
- Profit after tax in 2020 was SEK 1 979 million (8 731), which corresponds to earnings per share of SEK 12.2 (52.6). Profit after tax for the previous year was impacted by items affecting comparability of SEK 6 943 million.
- The value of the Group's forest assets, calculated based on market prices for forest properties, increased in 2020 by SEK 1.9 billion to SEK 43.2 billion. SEK 579 million of this increase is recognised in the income statement.
- The Board proposes an ordinary dividend of SEK 7.25 per share and an extra dividend of SEK 3.50.



CEO comments

Although COVID-19 influenced our lives during much of the year, profit for 2020 was good, SEK 2 479 million. Higher production efficiency in Paperboard and price increases for wood products offset the weak paper market. Despite a major planned maintenance shutdown, the year ended on a strong note with an operating profit of SEK 595 million in the fourth quarter.

Demand for logs gradually increased over the course of the year, while demand for pulpwood was lower than normal because of low capacity utilisation in parts of the industry. Profit from Forest was stable in the fourth quarter at SEK 334 million. Continued strong interest in owning forests has impacted market prices for forest properties, which raised the value of the Group's forest assets by almost SEK 2 billion to over SEK 43 billion.

Despite the pandemic, consumption of paperboard for consumer packaging increased somewhat during the year and prices were stable. The annual maintenance shutdown at Iggesund Mill went well and profit for the fourth quarter landed at a good level, SEK 165 million, thanks to production stability and a good product mix. The aim is to gradually increase sales to the most demanding packaging customers as we improve efficiency in paperboard production.

Demand for paper has declined as a result of COVID-19. Our niche products performed slightly better than the market as a whole, but we were still forced to impose significant production curtailments. The result for the fourth quarter dropped to SEK -13 million due to seasonally higher costs and somewhat lower selling prices. The market situation remains challenging with decreasing prices and we will still need to limit production going forward. Meanwhile, we are intensifying our efforts to develop products that leverage on the benefits of fresh fibre.

The wood products market has performed strongly, driven by the growing US housing market and increased home renovation projects, at the same time that production has been limited in several countries. Construction timber prices have increased sharply over the year which, together with increased production at Braviken Sawmill and the acquisition of Martinsons, boosted profit for Wood Products to SEK 116 million in the fourth quarter. With a wider range of products, we can increase sales to builders' merchants and large-scale wood construction, while continuing to develop our production facilities.

In 2020, the supply of hydro power was good, while electricity consumption was lower than normal, leading to low electricity prices. This factor also affected profit for the fourth quarter, which totalled SEK 46 million. Blåbergsliden Wind Farm is expected to be commissioned in the fall of 2021 and will increase the Group's electricity production by over 400 GWh, enough to provide 100 000 households with renewable electricity.

As a result of the uncertainty caused by the pandemic, the dividend was reduced last year to SEK 3.50 from the planned SEK 7.00. Given that the result for 2020 was good, despite covid-19, and that our financial position is strong even after the acquisition of Martinsons, the Board propose an increased dividend of SEK 7,25 per share and an extra dividend of SEK 3,50.

Holmen's business, where we refine our forest raw material 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, helped to reduce the quantity of carbon dioxide in the atmosphere by 6 million tonnes in 2020. Our business is well positioned and our development opportunities are strengthened as politicians in Europe are accelerating the pace of the transition towards a fossil-free society. We look to the future with confidence.

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 2.8 million m³.

SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Net sales	1 456	1 306	1 578	5 883	6 286
<i>of which from own forests</i>	321	298	398	1 325	1 348
Operating costs	-1 269	-1 117	-1 370	-5 040	-5 556
Change in biological assets	167	166	80	579	487
EBITDA	354	355	288	1 422	1 217
Depreciation and amortisation according to plan	-20	-13	-14	-55	-45
Operating profit*	334	342	274	1 367	1 172
Book value, forest assets	43 202	41 840	41 345	43 202	41 345
Volume of own forests, '000 m ³	677	644	817	2 841	2 699

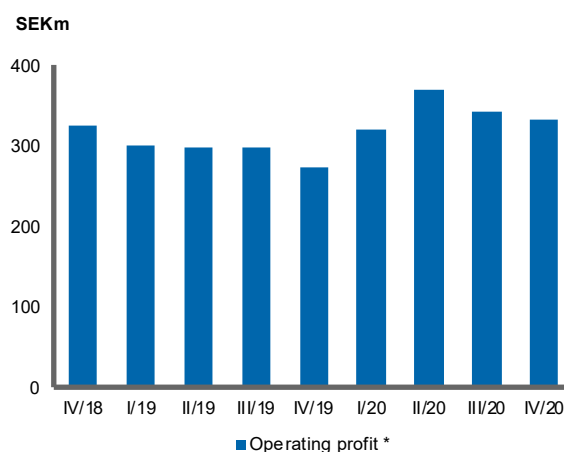
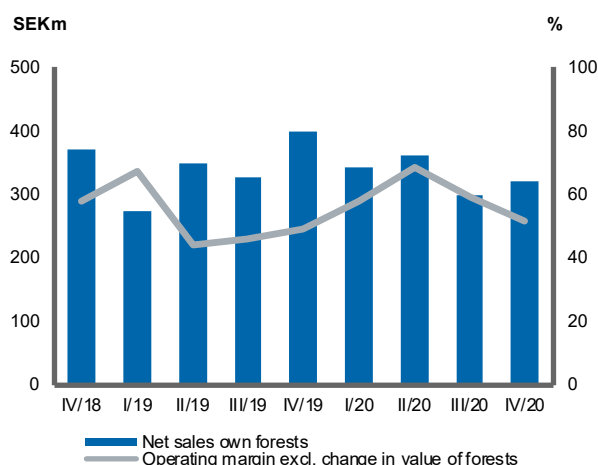
* Excl. item affecting comparability 2019

Demand for logs was good in 2020, while it was lower than normal for pulpwood because of production curtailments in parts of the industry. Pulpwood prices decreased somewhat over the year.

Operating profit for 2020 was SEK 1 367 million (1 172). A changed accounting policy for forest assets and the sale of forest properties had a positive impact on earnings, but the result was negatively impacted by lower wood prices.

Compared with the third quarter, profit decreased by SEK 8 million to SEK 334 million.

At year-end the valuation of the Group's forest assets was updated based on transaction prices over the past three years in the areas where the Group owns forest land. At 31 December 2020 the value was SEK 43 202 million, compared with SEK 41 345 million at the end of the previous year. In 2020, SEK 579 million was recognised in the income statement as a change in the value of biological assets and in the fourth quarter, SEK 1 173 million was recognised as revaluation of forest land in other comprehensive income. See also Note 2.



*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.

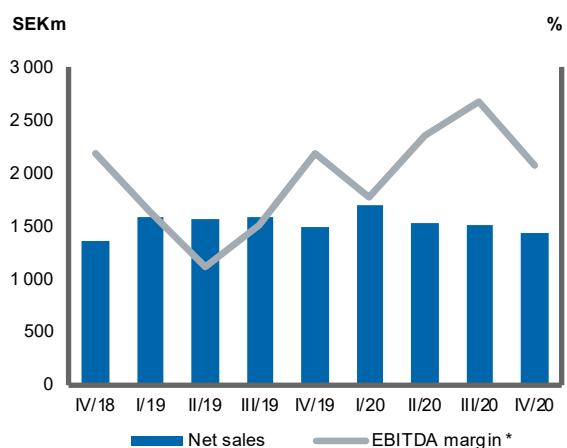
SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Net sales	1 439	1 506	1 490	6 187	6 229
Operating costs	-1 141	-1 102	-1 165	-4 821	-5 233
EBITDA	298	404	325	1 366	996
Depreciation and amortisation according to plan	-133	-138	-138	-554	-562
Operating profit	165	266	187	812	435
Investments	143	18	153	275	421
Capital employed	5 276	5 579	5 589	5 276	5 589
EBITDA margin, %	21	27	22	22	16
Operating margin, %	11	18	13	13	7
Return on capital employed, %	15	15	8	15	8
Production, paperboard, '000 tonnes	135	141	132	551	532
Deliveries, paperboard, '000 tonnes	128	134	125	544	538

Demand for paperboard in Europe increased somewhat in 2020. Selling prices were stable.

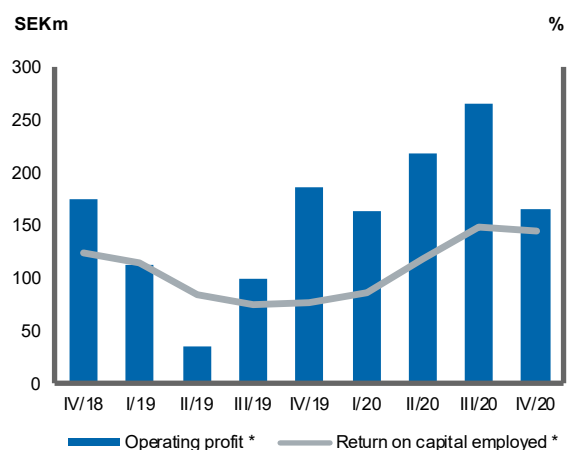
Operating profit for 2020 was SEK 812 million (435). The improvement in profit was due to reduced production costs, a better product mix and higher production. A major maintenance shutdown negatively impacted earnings by SEK 110 million, compared with SEK 210 million in 2019.

Compared with the third quarter, profit decreased by SEK 101 million to SEK 165 million. Profit was negatively affected by SEK 110 million in direct costs and production losses from a major maintenance shutdown. Fixed costs increased from a seasonally low level, but this was offset by a bonus income for production of renewable energy in the UK.

In 2021 two major maintenance shutdowns will be carried out, one in the second and one in the third quarter, which together are expected to have a negative impact on earnings of SEK 250 million.



*Excl. items affecting comparability



*Excl. items affecting comparability

Paper

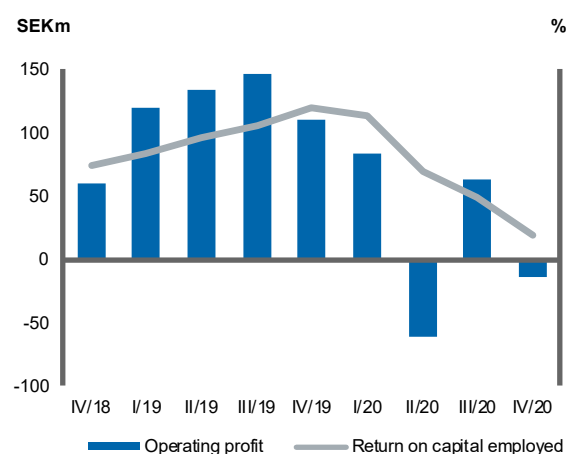
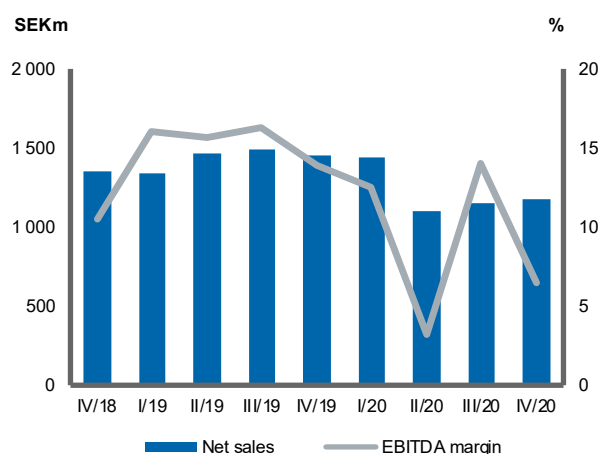
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1 million tonnes a year at two Swedish mills.

SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Net sales	1 176	1 151	1 455	4 879	5 757
Operating costs	-1 099	-990	-1 254	-4 424	-4 866
EBITDA	77	161	202	454	891
Depreciation and amortisation according to plan	-90	-98	-92	-381	-382
Operating profit	-13	63	110	73	509
Investments	56	65	68	280	187
Capital employed	1 969	2 007	1 903	1 969	1 903
EBITDA margin, %	7	14	14	9	15
Operating margin, %	-1	6	8	2	9
Return on capital employed, %	4	10	24	4	24
Production, '000 tonnes	225	219	246	891	975
Deliveries, '000 tonnes	221	209	259	883	996

Demand for paper in Europe was strongly impacted by COVID-19 and decreased by more than 20 per cent compared with 2019. Selling prices have decreased over the year.

Operating profit for 2020 was SEK 73 million (509). The decrease in earnings is attributable to lower selling prices and to curtailment of production in response to weak demand.

Compared with the third quarter, earnings decreased by SEK 76 million to SEK -13 million. The decrease in earnings is attributable to an increase in fixed costs from a seasonally low level, as well as somewhat lower selling prices.



Wood Products

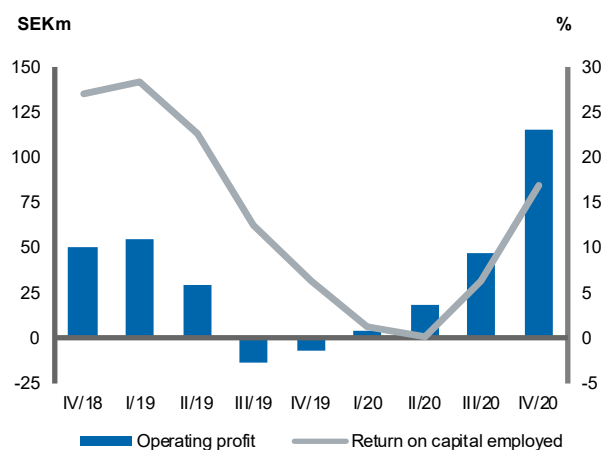
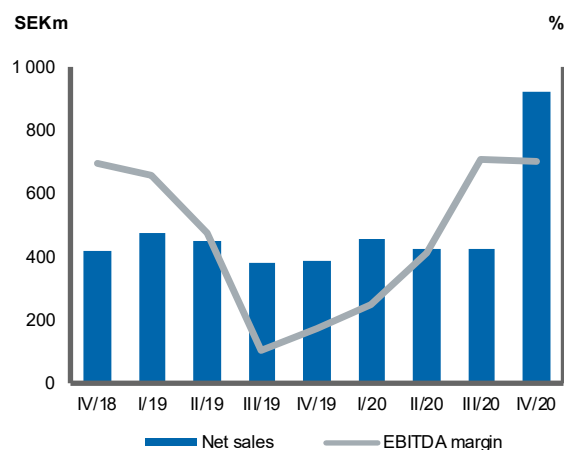
Holmen produces wood products for joinery and construction purposes. After the acquisition of Martinsons on 1 October 2020, production takes place at five sawmills adjacent to own forest with an annual production of 1.6 million cubic metres.

SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Net sales	922	423	385	2 222	1 695
Operating costs	-760	-348	-369	-1 913	-1 535
EBITDA	162	75	17	309	159
Depreciation and amortisation according to plan	-47	-28	-24	-124	-97
Operating profit	116	47	-7	185	62
Investments	37	6	43	107	162
Capital employed	1 846	937	1 000	1 846	1 000
EBITDA margin, %	18	18	4	14	9
Operating margin, %	13	11	-2	8	4
Return on capital employed, %	17	6	6	17	6
Production, '000 m³	383	196	225	1 021	877
Deliveries, '000 m³	379	203	214	1 052	879

The market balance for wood products was good in 2020 because of robust consumption in many countries, at the same time that production curtailments limited supply. Prices for spruce products increased sharply in the second half of the year.

Compared with the third quarter, profit increased by SEK 69 million to SEK 116 million as a result of continued price increases, larger deliveries and the addition of Martinsons.

Operating profit for 2020 was SEK 185 million (62). The increase in profit is mainly attributable to higher selling prices, but also to lower costs for logs. The acquired company Martinsons made a positive contribution to earnings. See page 8 for additional information about the acquisition, which occurred on 1 October 2020.



Renewable Energy

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

SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Net sales	99	79	113	378	378
Operating costs *	-45	-35	-33	-136	-16
Depreciation and amortisation according to plan	-7	-7	-8	-27	-26
Operating profit **	46	37	72	215	336
Investments	121	109	188	291	203
Capital employed	3 351	3 246	3 058	3 351	3 058
Operating margin, %	47	47	64	57	89
Return on capital employed, %	7	8	11	7	11
Production hydro and wind power, GWh	342	318	280	1 352	1 109

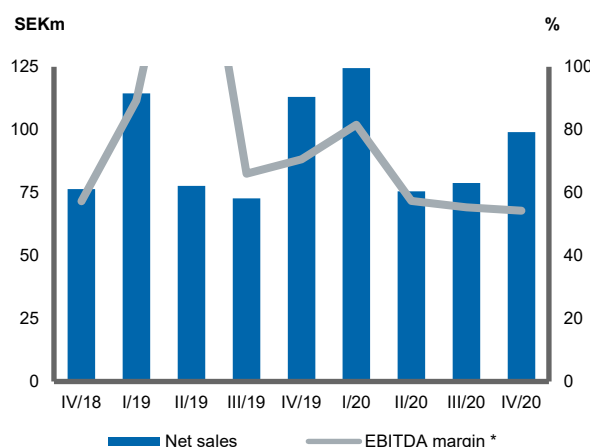
* Includes earnings from the sale of a wind farm permit 2019

** Excl. item affecting comparability 2019

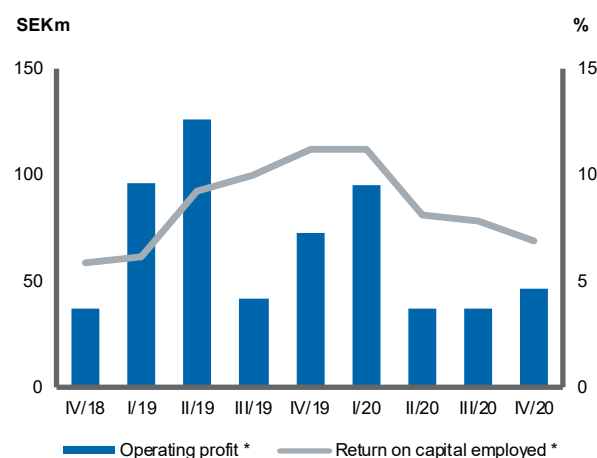
Electricity prices were low in 2020 due to high hydro power production combined with low electricity consumption.

Compared with the third quarter, profit increased by SEK 9 million to SEK 46 million.

Operating profit for 2020 was SEK 215 million (336). Production was 10 per cent higher than in a normal year, but this increase was offset by low 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.



* Excl. items affecting comparability



* Excl. items affecting comparability

Cash flow, financing and net financial items

Cash flow from operating activities totalled SEK 2 457 million (2 884) in 2020. Capital expenditures, including the acquisition of Martinsons, totalled SEK 2 006 million (1 071) and a dividend of SEK 567 million (1 134) was paid to shareholders.

The Group's net financial debt increased by SEK 397 million to SEK 4 181 million in 2020. Net debt was 10 per cent of equity.

In 2020 the Group's financing was 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 31 December the Group's non-current loans amounted to SEK 4.1 billion and current loans totalled SEK 0.7 billion. Cash and cash equivalents were SEK 0.3 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 2024 and SEK 4.0 billion until 2026. All credit commitments are unused.

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

Net financial items for 2020 totalled SEK -42 million (-34).

Tax

Tax recognised totalled SEK -458 million (-2 351) in 2020. Recognised tax as a proportion of profit before tax was 19 per cent (21). Tax recognised in 2019 was affected by SEK -1 870 million in deferred tax expense as a result of changes to assumptions in the valuation of forest assets.

Equity

The Group's equity increased by SEK 2 405 million in 2020 to SEK 42 516 million. Profit for the period totalled SEK 1 979 million (8 731) and the dividend paid totalled SEK 567 million (1 134). Other comprehensive income amounted to SEK 989 million (10 487), of which SEK 1 173 million related to revaluation of forest land. In 2019, profit was affected by items affecting profitability of SEK 6 963 million and other comprehensive income of SEK 10 365 million.

Hedging of exchange rates and electricity prices

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for 2020 includes currency hedges of SEK -16 million (-419). For the next 2.5 years, expected flows in EUR/SEK are hedged at an average of 10.64. For other currencies, 4–7 months of flows are hedged.

Prices for the Group's estimated net consumption of electricity are 65 per cent hedged for 2021 and 2022. Between 15 and 35 per cent are hedged for 2023–2025.

Dividend

The Board proposes that the AGM on 22 April 2021 approve a dividend of SEK 7.25 per share and an extra dividend of SEK 3.50. The dividend proposal is based on an appraisal of the Group's profitability, future investment plans and financial position. The proposed record date for the dividend is 26 April 2021.

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, which was paid on 1 October, was SEK 960 million for 100 per cent of the shares. The final purchase price will be determined in 2021. Based on the information available at the time of writing of this report, goodwill is recognised at SEK 355 million and other intangible assets at SEK 140 million in conjunction with the acquisition. From the time of acquisition on 1 October 2020 until 31 December 2020, Martinsons contributed SEK 334 million to the Group's sales and SEK 24 million to the Group's profit after tax.

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 m³ of wood products annually, while the annual production at Kroksjön is over 100 000 m³. 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 m³, 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.

Share buy-backs

At the 2020 AGM, the Board's authorisation to take decisions on purchasing up to 10 per cent of the company's shares was renewed. No buy-backs took place during the period. The Board proposes that the 2021 AGM approve corresponding authorisation for the Board.

Nomination committee proposals to the AGM

For the AGM, Holmen's 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), Carl Bennet, Alice Kempe, Lars Josefsson, Lars G Josefsson, Louise Lindh, Ulf Lundahl, Henrik Sjölund and Henriette Zeuchner.

The nomination committee proposes Pricewaterhouse-Coopers AB (PWC) as first choice for new auditor, with EY AB as second choice.

The nomination committee's other proposals will be presented in the notice for Holmen's 2021 AGM, which will be held in Stockholm on 22 April.

Prior to the 2021 AGM, Holmen's nomination committee is made up of Mats Guldbrand, L E Lundbergföretagen, Carl Kempe, Kempestiftelserna, Hans Hedström, Carnegie Fonder and Fredrik Lundberg, Chairman of the Board. The chairman of the nomination committee is Mats Guldbrand.

Stockholm 5 February 2021
Holmen AB (publ)

Henrik Sjölund
President and CEO

The report has not been reviewed by the company's auditors.

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Group

Income statement, SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Net sales	4 249	3 727	4 194	16 327	16 959
Other operating income	425	262	412	1 339	1 370
Change in inventories	15	69	0	-88	-220
Raw materials and consumables	-2 276	-1 986	-2 362	-8 781	-9 398
Personnel costs	-677	-533	-597	-2 411	-2 316
Other operating costs	-1 000	-696	-1 056	-3 310	-3 597
Profit from investments in associates and joint ventures	-3	-3	0	-6	0
Depreciation and amortisation according to plan	-305	-291	-283	-1 172	-1 141
Impairment losses	-	-	-109	-	-109
Change in value of biological assets	167	166	9 158	579	9 566
Operating profit	595	714	9 357	2 479	11 115
Finance income	2	2	3	11	13
Finance costs	-13	-12	-12	-53	-47
Profit before tax	584	705	9 348	2 437	11 081
Tax	-72	-140	-1 980	-458	-2 351
Profit for the period	512	565	7 368	1 979	8 731
Earnings per share, SEK					
basic	3.2	3.5	45.5	12.2	52.6
diluted	3.2	3.5	45.5	12.2	52.6
Operating margin, % *	14.0	19.2	14.0	15.2	13.8
Return on capital employed, % *	5.6	5.9	8.9	5.6	8.9
Return on equity, %	4.8	5.0	7.8	4.8	7.8

* Excl. Items affecting comparability.

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Profit for the period	512	565	7 368	1 979	8 731
Other comprehensive income					
Revaluation of forest land	1 173	-	13 055	1 173	13 055
Revaluations of defined benefit pension plans	44	31	62	-15	14
Tax attributable to items that will not be reclassified to profit for the period	-250	-6	-2 695	-239	-2 687
Items that will not be reclassified to profit for the period	967	25	10 422	920	10 382
Cash flow hedging	422	-39	289	273	-37
Translation difference on foreign operation	-80	12	25	-187	141
Hedging of currency risk in foreign operation	12	-2	2	29	-2
Share in joint ventures' other comprehensive income	6	10	0	16	-6
Tax attributable to items that will be reclassified to profit for the period	-89	9	-62	-61	8
Items that will be reclassified to profit for the period	270	-10	253	69	105
Total other comprehensive income after tax	1 237	15	10 675	989	10 487
Total comprehensive income	1 749	580	18 043	2 968	19 218

Change in equity, SEKm	Full year	
	2020	2019
Opening equity	40 111	23 453
Profit for the period	1 979	8 731
Other comprehensive income	989	10 487
Total comprehensive income	2 968	19 218
Share saving program	2	4
Buy-back of own shares	-	-1 430
Dividend	-567	-1 134
Closing equity	42 516	40 111

Group

Balance sheet, SEKm	2020 31 December	2020 30 September	2019 31 December
Non-current assets			
Forest assets			
Biological assets	28 663	28 482	27 979
Forest land	14 538	13 358	13 366
Intangible non-current assets	555	70	70
Property, plant and equipment	9 226	8 647	8 906
Right-of-use assets	284	221	183
Investments in associates and joint ventures	1 717	1 701	1 620
Other shares and participating interests	2	2	1
Non-current financial receivables	290	312	452
Deferred tax assets	1	1	1
Total non-current assets	55 276	52 795	52 579
Current assets			
Inventories	3 594	3 281	3 460
Trade receivables	2 015	1 976	2 005
Current tax receivable	6	15	0
Other operating receivables	1 262	719	799
Current financial receivables	43	30	14
Cash and cash equivalents	346	1 264	483
Total current assets	7 267	7 285	6 761
Total assets	62 543	60 080	59 340
Equity	42 516	40 765	40 111
Non-current liabilities			
Non-current financial liabilities	3 919	3 922	2 018
Non-current liabilities relating to right-of-use assets	175	217	171
Pension provisions	48	93	46
Other provisions	491	577	637
Deferred tax liabilities	10 570	10 205	10 299
Total non-current liabilities	15 203	15 014	13 171
Current liabilities			
Current financial liabilities	605	533	2 485
Current liabilities relating to right-of-use assets	112	7	13
Trade payables	2 496	2 215	2 259
Current tax liability	211	342	112
Provisions	163	145	158
Other operating liabilities	1 235	1 059	1 030
Total current liabilities	4 824	4 300	6 058
Total liabilities	20 026	19 315	19 229
Total equity and liabilities	62 543	60 080	59 340
Debt/equity ratio, %	10	8	9
Equity/assets ratio, %	68	68	68
Capital employed	46 697	43 930	43 895
Net financial debt	4 181	3 165	3 784

Group

Cash flow statement, SEKm	4-20	Quarter 3-20	4-19	Full year 2020	2019
Operating activities					
Profit before tax	584	705	9 348	2 437	11 081
Adjustments for non-cash items					
Depreciation and amortisation according to plan	305	291	283	1 172	1 141
Impairment losses	-	-	109	-	109
Change in value of biological assets	-167	-166	-9 158	-579	-9 566
Other *	-11	-42	191	-49	108
Paid income taxes	-341	-54	-108	-569	-147
Cash flow from operating activities before changes in working capital	369	735	665	2 411	2 727
Cash flow from changes in working capital					
Change in inventories	62	-38	91	195	210
Change in trade receivables and other operating receivables	76	34	145	-44	-135
Change in trade payables and other operating liabilities	-132	-103	-168	-105	83
Cash flow from operating activities	376	628	733	2 457	2 884
Investing activities					
Acquisition of non-current assets	-1 171	-284	-491	-2 006	-1 071
Disposal of non-current assets	7	19	1	82	21
Change in non-current financial receivables	7	-	17	141	36
Cash flow from investing activities	-1 157	-265	-472	-1 783	-1 015
Financing activities					
Change in financial liabilities and current financial receivables	-133	750	-37	-241	899
Buy-back of own shares	-	-	-	-	-1 430
Dividends paid to the shareholders of the parent company	-	-567	-	-567	-1 134
Cash flow from financing activities	-133	182	-37	-808	-1 665
Cash flow for the period	-914	544	223	-133	204
Opening cash and cash equivalents	1 264	718	261	483	278
Exchange difference in cash and cash equivalents	-3	0	-1	-4	1
Closing cash and cash equivalents	346	1 264	483	346	483

Change in net financial debt, SEKm	4-20	Quarter 3-20	4-19	Full year 2020	2019
Opening net financial debt	-3 165	-2 986	-4 065	-3 784	-2 807
New accounting principles IFRS 16 Leases	-	-	-	-	-205
Acquisition	-187	-	-	-187	-
Cash flow from operating activities	376	628	733	2 457	2 884
Cash flow from investing activities (excl financial receivables)	-1 163	-265	-490	-1 924	-1 050
Buy-back of own shares	-	-	-	-	-1 430
Dividends paid	-	-567	-	-567	-1 134
Liabilities arising from new right-of-use agreements	-49	-10	-10	-163	-76
Revaluations of defined benefit pension plans	45	29	62	-14	12
Foreign exchange effects and changes in fair value	-37	6	-14	1	21
Closing net financial debt	-4 181	-3 165	-3 784	-4 181	-3 784

* 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			Full year	
	4-20	3-20	4-19	2020	2019
Operating income	3 695	3 498	3 938	14 877	15 704
Operating costs	-3 740	-3 265	-4 032	-14 545	-15 323
Operating profit	- 45	233	- 94	332	382
Net financial items	-1	-7	-52	199	22
Profit after net financial items	-46	226	-146	531	404
Appropriations	462	189	502	1 804	1 936
Profit before tax	416	415	356	2 336	2 340
Tax	-49	-86	-103	-417	-493
Profit for the period	367	329	253	1 919	1 847

Statement of comprehensive income, SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Profit for the period	367	329	253	1 919	1 847
Other comprehensive income					
Cash flow hedging	423	-41	293	272	-34
Tax attributable to other comprehensive income	-87	9	-63	-55	7
Items that will be reclassified to profit for the period	336	-32	231	218	-27
Total comprehensive income	703	297	484	2 137	1 820

Balance sheet, SEKm	2020	2019	2019
	31 December	30 September	31 December
Non-current assets	18 119	16 841	16 203
Current assets	5 379	6 021	5 648
Total assets	23 498	22 862	21 852
Restricted equity	5 915	5 915	5 915
Non-restricted equity	6 314	5 609	4 741
Untaxed reserves	2 354	2 193	1 646
Provisions	1 405	1 304	1 454
Liabilities	7 511	7 841	8 096
Total equity and liabilities	23 498	22 862	21 852

SEK 181 million (109) of operating income for 2020 relates to sales to Group companies.

Balance sheet appropriations include group contributions totalling SEK 2 512 million (2 570).

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 72 million (77).

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.

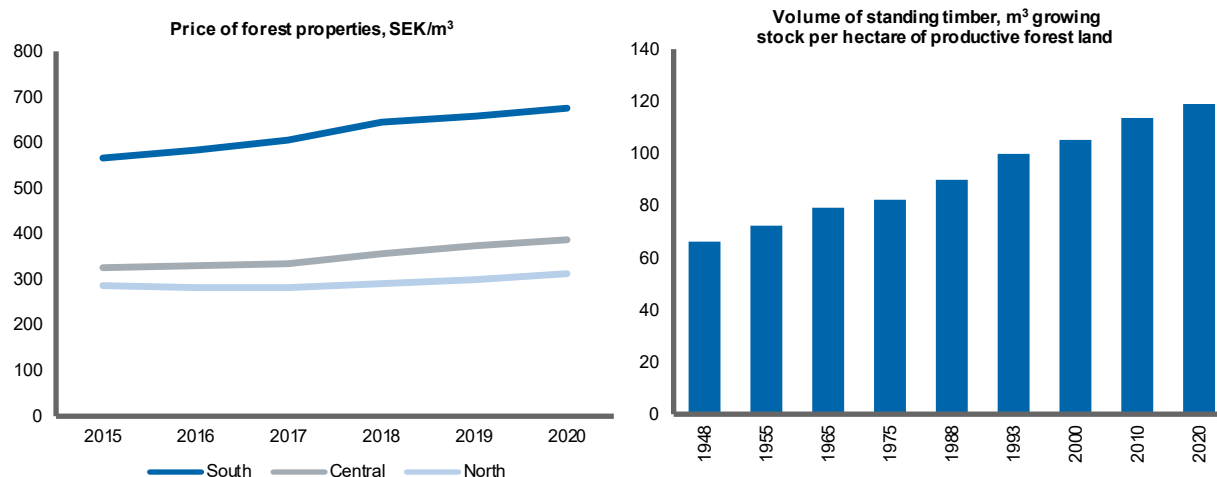
2. Forest assets

Holmen owns a total of 1 303 000 hectares of land, of which 1 043 000 hectares are productive forest land. 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 valuation is based on detailed data about transactions and pricing statistics published by different market operators over the past three years. Account is taken of where in the country the forest land is located and differences in the forest primarily in terms of the volume of standing timber, but also site quality. The volume of standing timber is estimated at 124 million cubic metres growing stock, solid over bark, based on the inventory conducted in 2019 and taking into account subsequent growth and harvest. No value is assigned to land that is not productive forest land.

The book value of forest assets at 31 December 2020 amounted to SEK 43 202 million (41 345). The value corresponds to an average of SEK 41 420 per hectare of productive forest land. 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.

	North	Central	South	Total
Productive forest land, '000 ha	688	264	91	1 043
Volume of standing timber, mil. m ³	74	35	15	124

The future value of forest assets is governed by changes in market prices for forest properties and how the volume of standing timber develops. The following graphs show historical market prices for forest properties and the development of Holmen's volume of standing timber according to completed inventories.



Source: Infotrader och Holmen's calculations. Average prices based on market transactions per county that were weighted together based on Holmen's holdings in each region. Rolling 3-year average.

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 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 is calculated based on a long-term trend price for 2020 of SEK 457 (445)/m³sub, which is in line with currently prevailing market prices. Costs are based on the current level. Prices and costs are revised up by 2 per cent each year. A discount rate before tax of 4.5 per cent (4.5) has been used. Costs for replanting after harvesting have not been taken into account. The book value of forest land is calculated as the difference between the total value of forest assets and 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 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 totalled SEK 579 million (9 566) in 2020. Of the change in value in 2019, SEK 9 079 million was recognised as an item affecting comparability as a result of amended assumptions, primarily an amended discount rate. The change in fair value for forest land is recognised in other comprehensive income and totalled SEK 1 173 million (13 055). In 2019 a new accounting policy was adopted for forest land that affected the size of the change.

3. External net sales by market

Full year 2020	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	2 656	183	500	966	375	4 679
Rest of Europe	8	4 355	3 749	712	-	8 823
Asia	-	1 329	438	174	-	1 940
Rest of the world	-	321	192	371	-	884
Total Net sales	2 664	6 187	4 879	2 222	375	16 327

Full year 2019	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Scandinavia	2 909	147	461	598	367	4 482
Rest of Europe	5	4 523	4 279	616	-	9 423
Asia	-	941	658	166	-	1 765
Rest of the world	-	618	359	314	-	1 291
Total Net sales	2 913	6 229	5 757	1 695	367	16 959

4. 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
Total number of shares		162 512 324	569 730 536		4 237.8
Holding of own B shares bought back		-586 639	-586 639		
Total number of shares issued		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.

5. Financial instruments

Financial instruments, SEKm	Carrying amount		Fair value	
	2020 31 December	2019 31 December	2020 31 December	2019 31 December
Assets at fair value	577	326	577	326
Assets at acquisition cost	2 669	2 928	2 669	2 928
Liabilities at fair value	88	179	88	179
Liabilities at acquisition cost	7 002	6 730	7 002	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 and liabilities relating to right-of-use assets, 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.

6. 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			Full year	
	4-20	3-20	4-19	2020	2019
EBITDA	900	1 005	871	3 651	3 486
Depreciation and amortisation according to plan	-305	-291	-283	-1 172	-1 141
Operating profit excl. items affecting comp.	595	714	587	2 479	2 345
Items affecting comparability	-	-	8 770	-	8 770
Operating profit	595	714	9 357	2 479	11 115

SEKm	Quarter			Full year	
	4-20	3-20	4-19	2020	2019
Profit after tax excl. items affecting comp.	512	565	426	1 979	1 789
Items affecting comparability	-	-	6 943	-	6 943
Profit after tax	512	565	7 368	1 979	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. From the fourth quarter of 2020, return on capital employed is calculated based the twelve-month rolling average. 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	2020	2019
	31 December	30 September	31 December
Fixed assets*	54 984	52 482	52 125
Working capital**	2 281	1 653	2 067
Deferred tax assets	1	1	1
Deferred tax liabilities	-10 570	-10 205	-10 299
Capital employed	46 697	43 930	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	2020	2019
	31 December	30 September	31 December
Non-current financial liabilities	3 919	3 922	2 018
Non-current liabilities relating to right-of-use assets	175	217	171
Current financial liabilities	605	533	2 485
Current liabilities relating to right-of-use assets	112	7	13
Pension provisions	48	93	46
Non-current financial receivables	-290	-312	-451
Current financial receivables	-43	-30	-14
Cash and cash equivalents	-346	-1 264	-483
Net financial debt	4 181	3 165	3 784

7. 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.

8. 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, while impact on other business areas has been limited. Holmen has not furloughed personnel. For the first quarter of 2021, we expect orders to continue to be weaker than normal within Paper. 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				Full year	
	Q4	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2020	2019
Income statement										
Net sales	4 249	3 727	3 853	4 499	4 194	4 144	4 361	4 260	16 327	16 959
Operating costs	-3 514	-2 884	-3 142	-3 710	-3 403	-3 468	-3 644	-3 446	-13 250	-13 961
Change in value of forests	167	166	121	124	80	147	143	118	579	487
Profit from investments in associates and joint ventures	-3	-3	1	0	0	1	-2	2	-6	0
EBITDA	900	1 005	833	912	871	824	857	934	3 651	3 486
Depreciation and amortisation according to plan	-305	-291	-291	-285	-283	-283	-283	-291	-1 172	-1 141
Operating profit excl. items affecting comparability	595	714	542	628	587	541	574	643	2 479	2 345
Items affecting comparability *	-	-	-	-	8 770	-	-	-	-	8 770
Operating profit	595	714	542	628	9 357	541	574	643	2 479	11 115
Net financial items	-11	-9	-11	-10	-9	-8	-9	-8	-42	-34
Profit before tax	584	705	531	618	9 348	533	565	635	2 437	11 081
Tax	-72	-140	-119	-127	-1 980	-124	-114	-132	-458	-2 351
Profit for the period	512	565	411	491	7 368	409	451	503	1 979	8 731
Earnings per share, SEK	3.2	3.5	2.5	3.0	45.5	2.5	2.7	3.0	12.2	52.6
Net sales**										
Forest	1 456	1 306	1 432	1 690	1 578	1 418	1 647	1 642	5 883	6 286
Paperboard	1 439	1 506	1 537	1 706	1 490	1 588	1 573	1 578	6 187	6 229
Paper	1 176	1 151	1 107	1 445	1 455	1 486	1 470	1 345	4 879	5 757
Wood Products	922	423	422	455	385	381	450	478	2 222	1 695
Renewable Energy	99	79	75	124	113	73	78	114	378	378
Elimination of intra-group net sales	-843	-739	-720	-920	-828	-801	-858	-898	-3 222	-3 385
Group	4 249	3 727	3 853	4 499	4 194	4 144	4 361	4 260	16 327	16 959
EBITDA by business area **										
Forest	354	355	382	331	288	308	308	313	1 422	1 217
Paperboard	298	404	361	302	325	238	174	259	1 366	996
Paper	77	161	36	180	202	243	230	216	454	891
Wood Products	162	75	44	28	17	10	53	79	309	159
Renewable Energy	54	44	43	102	80	48	132	102	242	362
Group-wide	-45	-34	-33	-32	-41	-24	-40	-35	-143	-140
Group	900	1 005	833	912	871	824	857	934	3 651	3 486
Operating profit/loss by business area **										
Forest	334	342	370	322	274	298	298	302	1 367	1 172
Paperboard	165	266	218	163	187	99	36	112	812	435
Paper	-13	63	-60	83	110	147	133	119	73	509
Wood Products	116	47	19	4	-7	-14	29	54	185	62
Renewable Energy	46	37	37	95	72	42	126	96	215	336
Group-wide	-52	-42	-41	-39	-49	-30	-47	-42	-174	-168
Group	595	714	542	628	587	541	574	643	2 479	2 345
Operating margin, % **										
Paperboard	11.5	17.7	14.2	9.6	12.6	6.3	2.3	7.1	13.1	7.0
Paper	-1.1	5.5	-5.4	5.8	7.5	9.9	9.1	8.9	1.5	8.8
Wood Products	12.5	11.2	4.4	0.8	-1.9	-3.7	6.4	11.4	8.3	3.7
Group	14.0	19.2	14.1	14.0	14.0	13.0	13.2	15.1	15.2	13.8
Return on capital employed, % **										
Forest	4.1	4.3	4.8	5.5	7.8	8.2	8.1	8.0	4.1	7.8
Paperboard	14.6	14.9	11.9	8.6	7.8	7.6	8.5	11.4	14.6	7.8
Paper	3.7	9.8	13.8	22.7	23.8	21.1	19.1	16.9	3.7	23.8
Wood Products	16.9	6.3	0.1	1.1	6.3	12.4	22.6	28.3	16.9	6.3
Renewable Energy	6.8	7.8	8.1	11.1	11.2	10.0	9.2	6.1	6.8	11.2
Group	5.6	5.9	6.2	7.1	8.9	9.0	9.2	9.5	5.6	8.9
Key indicators										
Return on equity, % **	4.8	5.0	5.2	6.1	7.8	8.2	8.4	8.3	4.8	7.8
Deliveries										
Volume of own forests, '000 m³	677	644	768	753	821	654	688	551	2 841	2 699
Paperboard, '000 tonnes	128	134	135	147	125	139	138	136	544	538
Paper, '000 tonnes	221	209	198	257	259	256	251	230	883	996
Wood products, '000 m³	379	203	224	247	214	209	224	232	1 052	879
Own production of hydro and wind power, GWh	342	318	318	374	280	247	263	319	1 352	1 109
Personal										
Average number of employees (FTE)									2 974	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	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Income statement										
Net sales	16 327	16 959	16 055	16 133	15 513	16 014	15 994	16 231	17 852	18 656
Operating costs	-13 250	-13 961	-12 984	-13 379	-12 626	-13 348	-13 270	-13 919	-15 224	-15 501
Change in value of forests	579	487	425	415	315	267	282	264	350	-
Profit from investments in associates and joint ventures	-6	0	-9	-12	-22	7	-7	3	47	84
EBITDA	3 651	3 486	3 488	3 157	3 179	2 940	2 999	2 579	3 026	3 239
Depreciation and amortisation according to plan	-1 172	-1 141	-1 012	-991	-1 018	-1 240	-1 265	-1 370	-1 313	-1 260
Operating profit excl. items affecting comparability	2 479	2 345	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980
Items affecting comparability	-	8 770	-94	-	-232	-931	-450	-140	-193	3 593
Operating profit	2 479	11 115	2 382	2 166	1 930	769	1 284	1 069	1 520	5 573
Net financial items	-42	-34	-25	-53	-71	-90	-147	-198	-227	-244
Profit before tax	2 437	11 081	2 356	2 113	1 859	679	1 137	871	1 294	5 328
Tax	-458	-2 351	-89	-445	-436	-120	-230	-160	559	-1 374
Profit for the year	1 979	8 731	2 268	1 668	1 424	559	907	711	1 853	3 955
Diluted earnings per share, SEK	12.2	52.6	13.5	9.9	8.5	3.4	5.4	4.3	11.1	23.6
EBITDA by business area*										
Forest	1 422	1 217	1 216	1 099	1 030	935	845	958	964	769
Paperboard	1 366	996	1 196	1 257	1 382	1 346	1 161	878	959	1 186
Paper	454	891	665	627	669	514	725	429	862	1 002
Wood Products	309	159	337	165	80	86	160	45	-10	-26
Renewable Energy	242	362	205	159	143	198	233	391	374	425
Group-wide	-143	-140	-132	-149	-124	-138	-126	-121	-123	-116
Group	3 651	3 486	3 488	3 157	3 179	2 940	2 999	2 579	3 026	3 239
Operating profit by business area*										
Forest	1 367	1 172	1 185	1 069	1 001	905	817	924	931	739
Paperboard	812	435	689	764	903	847	674	433	596	863
Paper	73	509	329	288	289	-74	141	-309	94	228
Wood Products	185	62	246	80	-3	9	37	-75	-130	-136
Renewable Energy	215	336	181	135	120	176	212	371	355	406
Group-wide	-174	-168	-154	-170	-148	-163	-146	-136	-132	-120
Group	2 479	2 345	2 476	2 166	2 162	1 700	1 734	1 209	1 713	1 980
Deliveries										
Volume of own forests, '000 m³	2 841	2 699	2 816	2 883	2 945	3 132	3 207	3 361	3 085	2 850
Paperboard, '000 tonnes	544	538	525	526	497	499	493	469	485	474
Paper, '000 tonnes	883	996	1 036	1 117	1 134	1 325	1 305	1 574	1 651	1 668
Wood products, '000 m³	1 052	879	828	852	776	730	725	686	660	487
Own production of hydro and wind power, GWh	1 352	1 109	1 145	1 169	1 080	1 441	1 113	1 041	1 353	1 235
Balance sheet										
Forest assets	43 202	41 345	18 701	17 971	17 595	17 340	17 032	16 654	16 344	15 871
Other non-current assets	11 784	10 781	10 586	10 780	11 106	12 184	13 189	13 998	14 320	14 463
Current assets	6 878	6 264	6 845	5 710	5 852	5 607	5 964	5 774	6 005	6 642
Financial receivables	679	950	781	430	338	325	249	327	377	240
Total assets	62 543	59 340	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217
Equity	42 516	40 111	23 453	22 035	21 243	20 853	20 969	20 854	20 813	19 773
Deferred tax liability	10 570	10 299	5 839	5 650	5 613	5 508	5 480	5 804	5 504	6 630
Financial liabilities and interest-bearing provisions	4 860	4 732	3 587	3 366	4 283	5 124	6 156	6 443	6 967	6 499
Operating liabilities	4 597	4 196	4 033	3 840	3 752	3 971	3 829	3 653	3 762	4 313
Total equity and liabilities	62 543	59 340	36 912	34 891	34 891	35 456	36 434	36 753	37 046	37 217
Cash flow										
Operating activities	2 457	2 884	2 286	2 509	1 961	2 526	2 176	2 011	2 254	2 101
Investing activities **	-1 924	-1 050	-1 005	-644	-123	-824	-815	-872	-1 957	-1 791
Cash flow after investments	533	1 834	1 281	1 865	1 838	1 702	1 361	1 139	297	310
Key indicators										
Return on capital employed, %*	6	9	10	9	9	6	6	4	7	9
Return on equity, %*	5	8	10	8	8	7	6	4	6	8
Debt/equity ratio, %	10	9	12	13	19	23	28	29	32	32
Dividend										
Ordinary dividend, SEK	7.25 ***	3.5	6.75	6.5	6	5.25	5	4.5	4.5	4
Extra dividend, SEK	3.5 ***	-	-	-	-	-	-	-	-	-

*Excl. items affecting comparability.

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

*** Proposal of the Board

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 year-end report, a webcast press and analyst conference will be held at 14.30 CET on Friday 5 February. 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. You may also participate in the conference by telephone, by calling no later than 14.25 CET on:

+46 8 505 583 53 (within Sweden)
+44 3 333 009 271 (from the rest of Europe)
+1 833 526 83 95 (from the US)

Financial reports

Week 13 2021	Annual report 2020 is published on the Group's website
29 April 2021	Interim report January–March 2021
19 August 2021	Interim report January–June 2021
22 October 2021	Interim report January–September 2021
28 January 2022	Year-end report 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 12.30 CET on Friday, 5 February 2021.

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.