

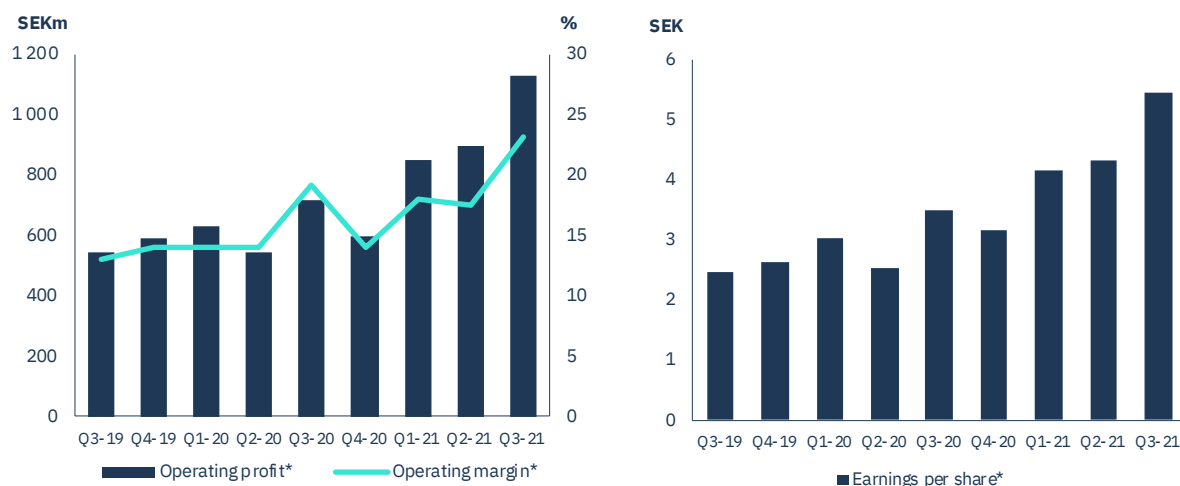
HOLMEN

Holmen Interim Report January–September 2021

SEKm	Quarter			Jan–Sep	Full year	
	3-21	2-21	3-20	2021	2020	2020
Net sales	4 877	5 129	3 727	14 709	12 078	16 327
Operating profit excl. items affecting comparability	1 129	898	714	2 876	1 884	2 479
Operating profit	978	898	714	2 725	1 884	2 479
Profit after tax	763	698	565	2 136	1 467	1 979
Earnings per share, SEK	4.7	4.3	3.5	13.2	9.1	12.2
Operating margin, %*	23	18	19	20	16	15
Cash flow before investments and change in working capital	980	1 019	735	2 671	2 042	2 411
Debt/equity ratio, %	10	11	8	10	8	10

*Excluding item affecting comparability in Q3-21, see page 15.

- Operating profit for January–September was SEK 2 725 million (January–September 2020: 1 884) and includes an item affecting comparability of SEK -151 million relating to a damaged turbine at the paperboard mill in Workington. Excluding the item affecting comparability, operating profit was SEK 2 876 million. The increase in profit of SEK 992 million was due to higher prices for wood products and the growth of the wood products business through the acquisition of Martinsons and the expansion of Braviken Sawmill.
- Operating profit for the third quarter excluding the item affecting comparability was SEK 1 129 million, compared with SEK 898 million in the second quarter. The increase in profit was due to higher prices for wood products and paper, as well as seasonally low costs.
- Profit after tax for January–September amounted to SEK 2 136 million (1 467), which corresponds to earnings per share of SEK 13.2 (9.1).



*Excl. items affecting comparability.

CEO comments

As society reopens after the pandemic, we can conclude that we have come out very well. We have successfully kept our business going throughout the period and maintained our strong financial position. At the same time, we have doubled the wood products business through an acquisition and organic growth and we are now erecting wind turbines that will increase our renewable energy production by 35 per cent.

Operating profit for the third quarter is the highest ever, SEK 978 million, despite temporary disruptions associated with the maintenance shutdown in the paperboard business. Wood Products continued to generate very high earnings, but a strong performance from Paper and Renewable Energy also contributed.

In the forest, the competition for logs continued to be significant and prices increased, while the pulpwood market was more balanced. Profit from the forest increased somewhat to SEK 323 million. We are continuously strengthening our position in the wood market, which provides us with good opportunities to develop our industries.

The resumption of operations after the pandemic with the restoration of inventories and disruption of supply chains has created a shortage of paperboard for consumer packaging. Prices are increasing in ongoing negotiations, but given our contract structure, it will take time for this to take effect. The damage to the turbine in Workington is deemed to be covered by insurance, but the investigation has not yet been completed. Profit adjusted for the effects of the damage amounted to SEK 112 million, which is lower than normal because of the annual maintenance shutdown at Iggesund Mill. After the maintenance shutdown, we are back in normal production and we are now focusing on developing our business in the customer segments where the demands for quality are highest.

The European paper market is experiencing a shortage of recycled fibre, which led to price increases at the end of the first half of the year. We increased our profit to SEK 100 million thanks to higher prices and a better market mix. In a world with a shortage of both recycled fibre and energy, our concept of focusing on local wood and fossil-free electricity is strong. We continue to develop our products in relation to segments where the benefits of fresh fibre are most evident.

After a year of sharp price increases for wood products, the market peaked during the quarter and customers are now reducing their stocks. Our deliveries also decreased, but profit for the quarter was still historically high at SEK 582 million. Backed by a strong position in the wood market, we see good opportunities to further develop our wood products business in pace with the increasing demand for sustainable building materials.

The energy shortage in Europe also affected Sweden and electricity prices increased during the quarter to high levels. This benefitted our hydro power, but the effect was offset by existing price hedges and profit, SEK 62 million, was in line with the previous quarter. The 26 wind turbines that we are erecting outside Skellefteå contribute to Sweden being able to be a leader in the transition to a fossil-free world. We have great potential to develop additional wind power on our land, but are dependent on permitting processes that currently take far too long.

Our business, in which we grow houses and make renewable packaging, magazines and books in nearly-fossil-free facilities, while harnessing the energy that blows through the treetops and flows in the rivers, is right on point. We are well positioned to benefit from the opportunities of a Europe where all products will carry their true climate cost.

Key figures Q3 2021

Operating profit, SEKm*

1 129

Operating margin, %*

23

Debt/equity ratio, %

10

*Excl. item affecting comparability.

Forest

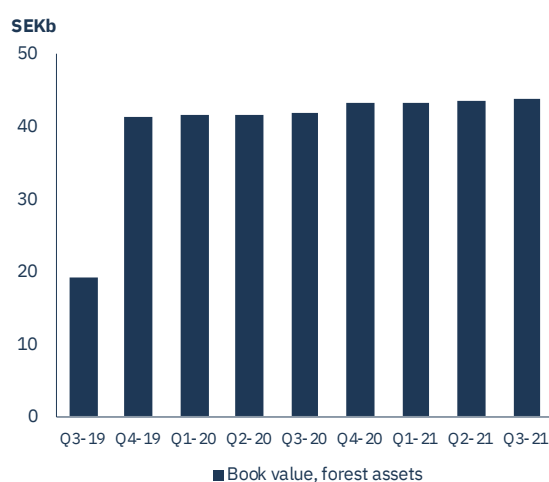
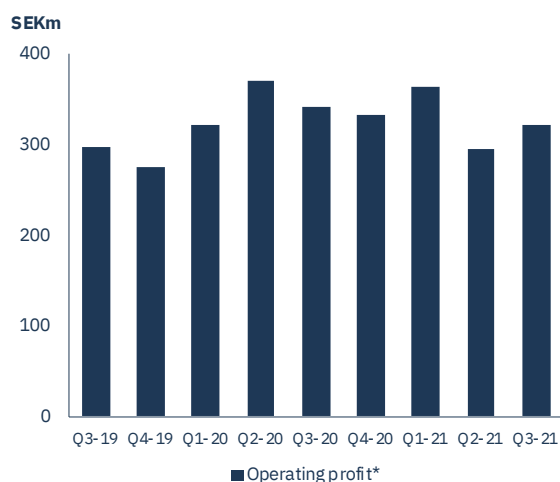
Holmen carries out active and sustainable forestry on over 1 million hectares of its own productive forest land. The annual volume from own forest amounts to 2.8 million m³sub.

	Quarter			Jan-Sep	Full year	
SEKm	3-21	2-21	3-20	2021	2020	2020
Net sales	1 444	1 717	1 306	4 819	4 427	5 883
Of which from own forests	310	424	298	1 040	1 004	1 325
Operating costs	-1 265	-1 471	-1 117	-4 145	-3 771	-5 040
Change in biological assets	164	69	166	365	412	579
EBITDA	342	315	355	1 039	1 068	1 422
Depreciation and amortisation according to plan	-20	-19	-13	-57	-35	-55
Operating profit	323	296	342	982	1 034	1 367
Book value, forest assets	43 693	43 464	41 840	43 693	41 840	43 202
Deliveries, own forests, '000 m ³	637	877	644	2 167	2 164	2 841

Demand for logs continued to be strong in the third quarter and prices increased. Demand for pulpwood was normal and prices were stable.

Operating profit for January–September was SEK 982 million (1 034).

Compared with the second quarter, profit increased by SEK 27 million to SEK 323 million. Profit was positively affected by higher log prices.



*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.

	Quarter			Jan-Sep	Full year	
SEKm	3-21	2-21	3-20	2021	2020	2020
Net sales	1 555	1 588	1 506	4 757	4 748	6 187
Operating costs	-1 300	-1 403	-1 102	-3 941	-3 680	-4 821
EBITDA*	255	185	404	816	1 068	1 366
Depreciation and amortisation according to plan	-143	-141	-138	-424	-421	-554
Operating profit*	112	44	266	391	647	812
Investments	69	126	18	274	133	275
Capital employed	5 018	5 239	5 579	5 018	5 579	5 276
EBITDA margin, %*	16	12	27	17	22	22
Operating margin, %*	7	3	18	8	14	13
Return on capital employed, %*				10	15	15
Production, '000 tonnes	123	128	141	390	416	551
Deliveries, '000 tonnes	135	138	134	417	416	544

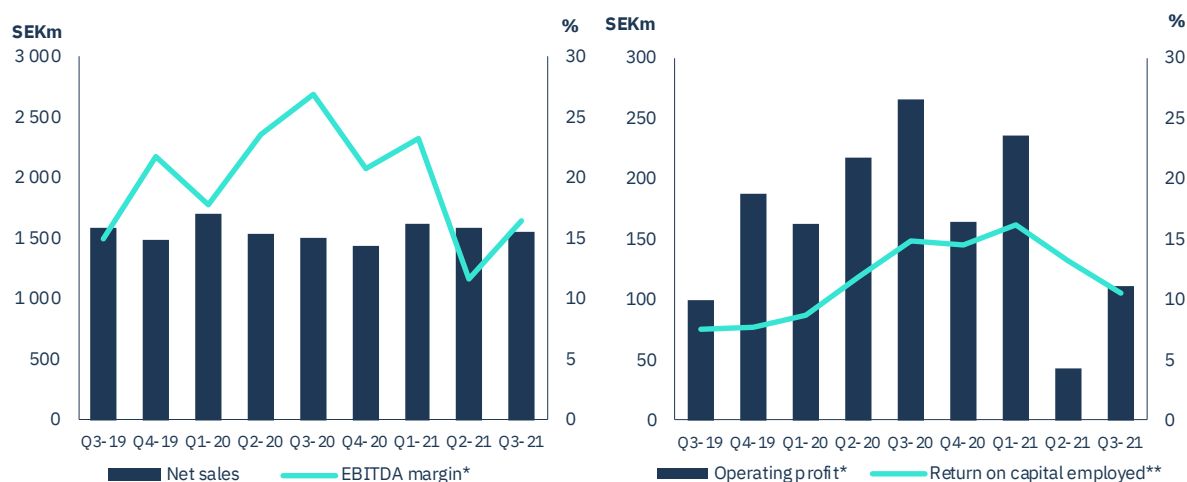
*Excl. item affecting comparability in Q3-21.

Demand for paperboard remained high in the third quarter and European consumption of fresh fibre board increased by 4 per cent for the year compared with 2020.

Operating profit for January–September was SEK 391 million (647), excluding item affecting comparability. The profit was burdened by over SEK 300 million from direct costs and volume shortfalls related to two major maintenance shutdowns.

Profit for the third quarter totalled SEK 112 million, compared with SEK 44 million in the second quarter. In the third quarter a maintenance shutdown at Iggesund Mill had an impact on profit of SEK -140 million, while in the second quarter, a maintenance shutdown in Workington had an impact on profit of SEK -170 million. Personnel costs were seasonally low.

The turbine in the biofuel boiler in Workington was damaged at the end of June and is expected to be out of service until the beginning of next year. Paperboard production was not affected, but energy costs increased since electricity and gas had to be purchased, at the same time no revenue from green electricity certificates is received as long as the turbine is out of service. In the third quarter this added SEK 151 million to costs, which was reported as an item affecting comparability. The damage is deemed to be covered by insurance, but the insurance investigation has not yet been completed.



*Excl. items affecting comparability. **Excl. items affecting comparability and twelve-month rolling average.

Paper

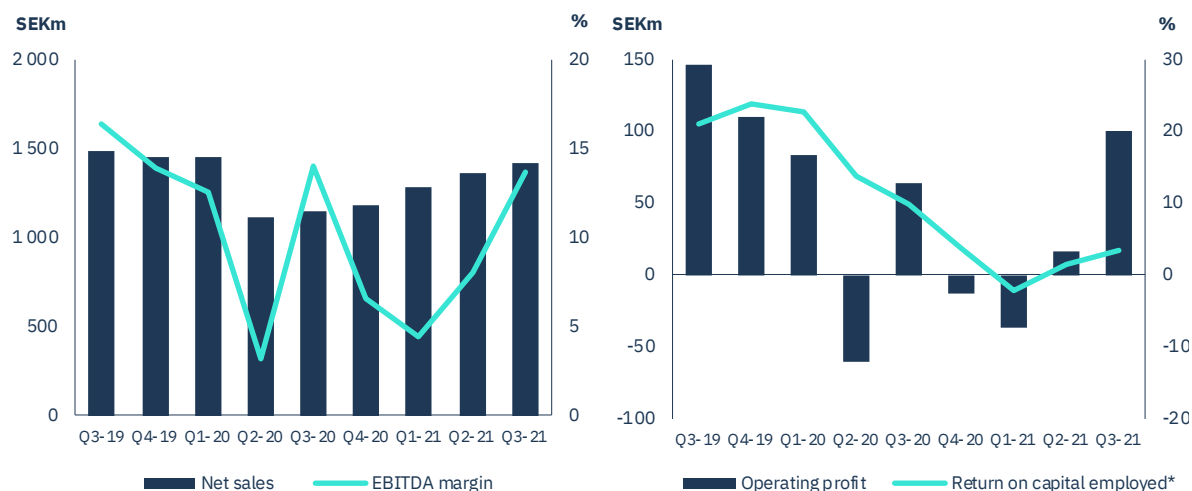
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1 million tonnes a year at two Swedish mills.

	Quarter			Jan-Sep	Full year	
SEKm	3-21	2-21	3-20	2021	2020	2020
Net sales	1 413	1 360	1 151	4 057	3 703	4 879
Operating costs	-1 220	-1 251	-990	-3 698	-3 326	-4 424
EBITDA	193	109	161	359	377	454
Depreciation and amortisation according to plan	-93	-93	-98	-279	-291	-381
Operating profit	100	16	63	79	86	73
Investments	20	33	65	86	224	280
Capital employed	1 893	1 943	2 007	1 893	2 007	1 969
EBITDA margin, %	14	8	14	9	10	9
Operating margin, %	7	1	6	2	2	2
Return on capital employed, %				5	6	4
Production, '000 tonnes	258	257	219	764	666	891
Deliveries, '000 tonnes	260	263	209	780	663	883

The market balance for paper has gradually improved during the year as a result of capacity reductions, with increasing prices in the third quarter as a result.

Operating profit for January–September was SEK 79 million (86). Profit was negatively impacted by price decreases at the turn of the year, but this has been offset by significant delivery increases, an improved product mix and cost reductions.

Compared with the second quarter, profit for the third quarter improved by SEK 84 million to SEK 100 million as a result of price increases and an improved market mix. High electricity prices had a negative impact on profit for the third quarter, but this was offset by seasonally low costs for personnel and maintenance.



*Twelve-month rolling average.

Wood Products

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

	Quarter			Jan-Sep	Full year	
SEKm	3-21	2-21	3-20	2021	2020	2020
Net sales	1 288	1 431	423	3 739	1 300	2 222
Operating costs	-659	-864	-348	-2 279	-1 153	-1 913
EBITDA	629	566	75	1 460	147	309
Depreciation and amortisation according to plan	-47	-48	-28	-142	-77	-124
Operating profit	582	518	47	1 318	70	185
Investments	57	50	6	160	70	107
Capital employed	2 090	2 057	937	2 090	937	1 846
EBITDA margin, %	49	40	18	39	11	14
Operating margin, %	45	36	11	35	5	8
Return on capital employed, %				89	9	17
Production, '000 m ³	327	394	196	1 094	638	1 021
Deliveries, '000 m ³	281	406	203	1 060	674	1 052

After a strong start to the third quarter with significant price increases, demand for wood products in Europe has slowed.

Operating profit for January–September was SEK 1 318 million (70). The increase in earnings is mainly attributed to higher selling prices, but the acquisition of Martinsons and the expansion of Braviken also contributed positively.

Compared with the second quarter, profit for the third quarter increased by SEK 64 million to SEK 582 million. Selling prices increased 30 per cent, but deliveries were lower than normal for the season. Production was limited by 70 km³ during the holiday period.



*Twelve-month rolling average.

Renewable Energy

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

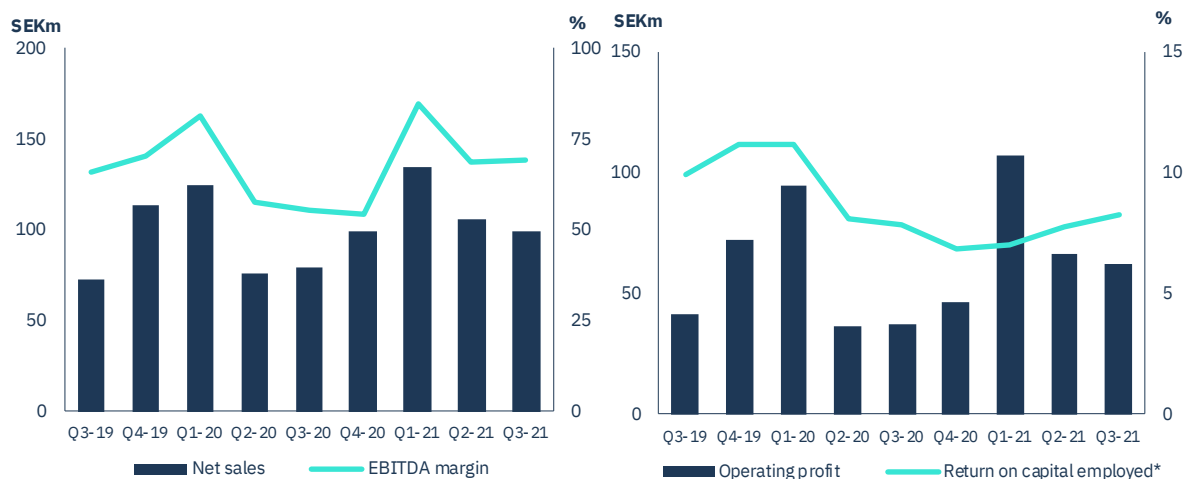
SEKm	Quarter			Jan-Sep		Full year
	3-21	2-21	3-20	2021	2020	2020
Net sales	99	106	79	340	279	378
Operating costs	-31	-33	-35	-85	-90	-136
Depreciation and amortisation according to plan	-7	-7	-7	-20	-20	-27
Operating profit	62	66	37	235	169	215
Investments	228	75	109	317	160	291
Capital employed	3 668	3 422	3 246	3 668	3 246	3 351
Operating margin, %	62	62	47	69	60	57
Return on capital employed, %				9	7	7
Production hydro and wind power, GWh	258	297	318	924	1 010	1 352

The energy shortage in Europe impacted Swedish electricity prices, which increased sharply during the third quarter. Price differences were unusually large in Sweden because of limitations in transmission capacity.

Operating profit for January–September was SEK 235 million (169). The increase in profit is due to the higher price of electricity. Production decreased from a high level last year.

Compared with the second quarter, profit for the third quarter was essentially unchanged at SEK 62 million. The effect of increasing market prices was limited by price hedges and offset by lower production. At the end of the quarter, the level in Holmen's water storage reservoirs was 20 per cent lower than normal for the time of year.

Blåbergsliden Wind Farm is under construction and the 26 wind turbines will gradually be commissioned over the next few months. The total investment amounts to SEK 1.3 billion, of which SEK 0.7 billion has been disbursed to date.



*Twelve-month rolling average.

Cash flow, financing and net financial items

Cash flow from operating activities for January–September totalled SEK 2 631 million (2 081) and cash flow from investing activities totalled SEK -958 million (-626). A dividend of SEK 1 741 million (567) was paid.

For January–September, the Group's net financial debt increased by SEK 90 million to SEK 4 271 million. Net debt was 10 per cent of equity.

At 30 September the Group's long-term borrowing amounted to SEK 3.9 billion and short-term borrowing was SEK 0.8 billion. Cash and cash equivalents totalled SEK 0.4 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 unutilised.

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

Net financial items for January–September amounted to SEK -30 million (-31).

Tax

Recognised tax for January–September amounted to SEK -559 million (-386). Recognised tax as a proportion of profit before tax was 21 per cent (21).

Equity

During January–September, the Group's equity increased by SEK 592 million to SEK 43 108 million. Profit for the period totalled SEK 2 136 million (1 467) and other comprehensive income totalled SEK 190 million (-248). A dividend of SEK 1 741 million (567) was paid.

Hedging of exchange rates

The Group hedges parts of future estimated net flows in foreign currencies. Operating profit for January–September includes currency hedges of SEK 106 million (-96). For EUR/SEK, more than 2 years of expected net flows are hedged at an average rate of 10.55. For other currencies, 4–8 months of flows are hedged.

Hedging of electricity prices

Electricity consumption in the Group's Swedish industries amounts to 3.5 TWh per year and mainly relates to paper production. After construction of the Blåbergsliden Wind Farm, production of hydro and wind power in a normal year will amount to 1.6 TWh. To reduce the impact of changing electricity prices on performance in industry, part of the expected hydro power production is hedged against the industry. This is supplemented by price hedges for the industry in the form of physical fixed price contracts and financial hedges. The external price

hedges correspond to 65 per cent of the Group's expected net consumption in the fourth quarter, 100 per cent for 2022 and 80 per cent for 2023.

Personnel

The average number of employees (FTEs) in the Group was 3 475 (2 834). The increase is due to the acquisition of Martinsons.

Stockholm, 22 October 2021

Holmen AB (publ)

Henrik Sjölund

President and CEO

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

Auditor's report

Introduction

We have reviewed the interim report for Holmen AB (publ) as per 30 September 2021 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 the interim financial information 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.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report 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 is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

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

Stockholm, 22 October 2021

Öhrlings PricewaterhouseCoopers AB

Magnus Svensson Henryson
Authorised public accountant

Robert Söderlund
Authorised public accountant

Group

	Quarter			Jan-Sep	Full year	
Income statement, SEKm	3-21	2-21	3-20	2021	2020	2020
Net sales	4 877	5 129	3 727	14 709	12 078	16 327
Other operating income	283	248	262	932	914	1 339
Change in inventories	24	-116	69	-176	-103	-88
Raw materials and consumables	-2 472	-2 370	-1 986	-7 280	-6 504	-8 781
Personnel costs	-630	-741	-533	-2 063	-1 733	-2 411
Other operating costs	-946	-1 004	-696	-2 814	-2 309	-3 310
Change in value of biological assets	164	69	166	365	412	579
Profit from investments in associates and joint ventures	-3	-3	-3	-4	-3	-6
Depreciation and amortisation according to plan	-318	-315	-291	-945	-867	-1 172
Operating profit	978	898	714	2 725	1 884	2 479
Finance income	3	2	2	7	9	11
Finance costs	-12	-13	-12	-37	-40	-53
Profit before tax	969	887	705	2 695	1 853	2 437
Tax	-206	-189	-140	-559	-386	-458
Profit for the period	763	698	565	2 136	1 467	1 979
Earnings per share, SEK						
Basic	4.7	4.3	3.5	13.2	9.1	12.2
Diluted	4.7	4.3	3.5	13.2	9.1	12.2
Operating margin, %*	23	18	19	20	16	15
Return on capital employed, %*				8	6	6
Return on equity, %				7	5	5

*Excl. item affecting comparability.

	Quarter			Jan-Sep	Full year	
Statement of comprehensive income, SEKm	3-21	2-21	3-20	2021	2020	2020
Profit for the period	763	698	565	2 136	1 467	1 979
Other comprehensive income						
Revaluation of forest land	-	-	-	-	-	1 173
Revaluations of defined benefit pension plans	-4	-1	31	34	-58	-15
Tax attributable to items that will not be reclassified to profit for the period	1	0	-6	-7	11	-239
Items that will not be reclassified to profit for the period	-3	-1	25	27	-47	920
Cash flow hedging	105	199	-39	86	-149	273
Translation difference on foreign operation	4	-42	12	120	-107	-187
Hedging of currency risk in foreign operation	1	6	-2	-26	16	29
Share in joint ventures' other comprehensive income	-6	2	10	-4	10	16
Tax attributable to items that will be reclassified to profit for the period	-22	-42	9	-12	29	-61
Items that will be reclassified to profit for the period	83	123	-10	163	-201	69
Total other comprehensive income after tax	80	122	15	190	-248	989
Total comprehensive income	843	820	580	2 326	1 219	2 968

	Jan-Sep	
Change in equity, SEKm	2021	2020
Opening equity	42 516	40 111
Profit for the period	2 136	1 467
Other comprehensive income	190	-248
Total comprehensive income	2 326	1 219
Share saving program	6	1
Dividend	-1 741	-567
Closing equity	43 108	40 765

Group

	2021 30 Sep	2021 30 Jun	2020 31 Dec
Balance sheet, SEKm			
Non-current assets			
Forest assets			
Biological assets	29 144	28 915	28 663
Forest land	14 549	14 549	14 538
Intangible non-current assets	539	544	555
Property, plant and equipment	9 319	9 165	9 226
Right-of-use assets	221	245	284
Investments in associates and joint ventures	1 729	1 738	1 717
Other shares and participating interests	2	2	2
Non-current financial receivables	276	274	290
Deferred tax assets	2	2	1
Total non-current assets	55 780	55 434	55 276
Current assets			
Inventories	3 650	3 391	3 594
Trade receivables	2 561	2 665	2 015
Current tax receivable	35	36	6
Other operating receivables	1 175	1 141	1 262
Current financial receivables	42	39	43
Cash and cash equivalents	394	643	346
Total current assets	7 856	7 915	7 267
Total assets	63 636	63 350	62 543
Equity	43 108	42 263	42 516
Non-current liabilities			
Non-current financial liabilities	3 914	3 915	3 919
Non-current liabilities relating to right-of-use assets	150	160	175
Pension provisions	9	10	48
Other provisions	444	452	491
Deferred tax liabilities	10 779	10 685	10 570
Total non-current liabilities	15 297	15 223	15 203
Current liabilities			
Current financial liabilities	835	1 570	605
Current liabilities relating to right-of-use assets	75	89	112
Trade payables	2 889	2 849	2 496
Current tax liability	100	103	211
Provisions	78	114	163
Other operating liabilities	1 255	1 140	1 235
Total current liabilities	5 232	5 864	4 824
Total liabilities	20 528	21 087	20 026
Total equity and liabilities	63 636	63 350	62 543
Debt/equity ratio, %	10	11	10
Equity/assets ratio, %	68	67	68
Capital employed	47 379	47 051	46 697
Net financial debt	4 271	4 788	4 181

Group

	Quarter			Jan-Sep	Full year	
Cash flow statement, SEKm	3-21	2-21	3-20	2021	2020	2020
Operating activities						
Profit before tax	969	887	705	2 695	1 853	2 437
Adjustments for non-cash items						
Depreciation and amortisation according to plan	318	315	291	945	867	1 172
Change in value of biological assets	-164	-69	-166	-365	-412	-579
Other*	-9	19	-42	-62	-38	-49
Paid income taxes	-135	-134	-54	-542	-228	-569
Cash flow from operating activities						
before changes in working capital	980	1 019	735	2 671	2 042	2 411
Cash flow from changes in working capital						
Change in inventories	-196	34	-38	-47	132	195
Change in trade receivables and other operating receivables	168	-216	34	-333	-120	-44
Change in trade payables and other operating liabilities	55	192	-103	340	27	-105
Cash flow from operating activities	1 008	1 029	628	2 631	2 081	2 457
Investing activities						
Acquisition of non-current assets	-503	-353	-284	-1 069	-835	-2 006
Disposal of non-current assets	8	13	19	96	75	82
Change in non-current financial receivables	-	9	-	16	135	141
Cash flow from investing activities	-496	-331	-265	-958	-626	-1 783
Financing activities						
Change in financial liabilities and current financial receivables	-762	1 257	750	113	-108	-241
Dividends paid to the shareholders of the parent company	-	-1 741	-567	-1 741	-567	-567
Cash flow from financing activities	-762	-484	182	-1 627	-675	-808
Cash flow for the period	-250	214	544	46	780	-134
Opening cash and cash equivalents	643	429	718	346	483	483
Exchange difference in cash and cash equivalents	1	0	0	2	-1	-4
Closing cash and cash equivalents	394	643	1 264	394	1 264	346

	Quarter			Jan-Sep	Full year	
Change in net financial debt, SEKm	3-21	2-21	3-20	2021	2020	2020
Opening net financial debt	-4 788	-3 724	-2 986	-4 181	-3 784	-3 784
Acquisition	-	-	-	-	-	-187
Cash flow from operating activities	1 008	1 029	628	2 631	2 081	2 457
Cash flow from investing activities (excl financial receivables)	-496	-340	-265	-974	-760	-1 924
Dividends paid	-	-1 741	-567	-1 741	-567	-567
Liabilities arising from new right-of-use agreements	-4	-6	-10	-18	-114	-163
Revaluations of defined benefit pension plans	-3	0	29	31	-59	-14
Foreign exchange effects and changes in fair value	11	-7	6	-20	37	1
Closing net financial debt	-4 271	-4 788	-3 165	-4 271	-3 165	-4 181

*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

	Quarter			Jan-Sep	Full year	
Income statement, SEKm	3-21	2-21	3-20	2021	2020	2020
Operating income	4 785	4 959	3 498	14 233	11 182	14 877
Operating costs	-4 271	-4 431	-3 265	-12 899	-10 805	-14 545
Operating profit	514	528	233	1 324	377	332
Net financial items	-6	376	-7	327	200	199
Profit after net financial items	508	904	226	1 651	577	531
Appropriations	118	142	189	417	1 342	1 804
Profit before tax	625	1 046	415	2 068	1 920	2 336
Tax	-131	-139	-86	-353	-368	-417
Profit for the period	495	907	329	1 715	1 552	1 919

	Quarter			Jan-Sep	Full year	
Statement of comprehensive income, SEKm	3-21	2-21	3-20	2021	2020	2020
Profit for the period	495	907	329	1 715	1 552	1 919
Other comprehensive income						
Cash flow hedging	106	201	-41	84	-151	272
Tax attributable to other comprehensive income	-22	-41	9	-17	32	-55
Items that will be reclassified to profit for the period	84	159	-32	67	-119	218
Total comprehensive income	578	1 067	297	1 781	1 433	2 137

	2021	2021	2020
Balance sheet, SEKm	30 Sep	30 Jun	31 Dec
Non-current assets	18 513	18 211	18 119
Current assets	6 479	6 503	5 379
Total assets	24 992	24 715	23 498
Restricted equity	5 915	5 915	5 915
Non-restricted equity	6 361	5 781	6 314
Untaxed reserves	2 726	2 591	2 354
Provisions	1 299	1 341	1 405
Liabilities	8 692	9 087	7 511
Total equity and liabilities	24 992	24 715	23 498

Sales to Group companies accounted for SEK 633 million (75) of operating income for January–September.

Balance sheet appropriations include net group contributions totalling SEK 788 million (1 889).

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 48 million (59).

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

The Group's forest assets are recognised at fair value based on the transaction prices for forest properties in those areas where the Group has forest land. Valuation is usually carried out at the end of the year. The total value of the forest assets is allocated across growing trees and forest land. The value of the growing trees, which are recognised in accordance with IAS 41 biological assets, is determined by calculating the present value of expected cash flows and is updated regularly during the year. Changes in value are recognised in the income statement. The value of forest land is recognised in accordance with IAS 16 and is updated when the total value of forest assets is calculated, as well as with acquisitions and disposals. Changes in value are recognised in other comprehensive income.

The value of the biological assets at 30 September was SEK 29 144 million (31 Dec. 2020: 28 663). 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, totalled SEK 365 million for the period January–September and is recognised in the Group's operating profit. The recognised value of forest land at 30 September was SEK 14 549 million (31 Dec. 2020: 14 538).

3. Purchase price allocation

In 2020, Holmen acquired Martinsons, one of Sweden's biggest names in sawn and engineered wood products. In 2021, the final purchase price was determined to be SEK 858 million. The acquired assets and assumed liabilities are presented in the table below. Goodwill of SEK 359 million is recognised in conjunction with the acquisition.

Acquisition of net assets, SEKm	
Intangible non-current assets	140
Other non-current assets	531
Deferred tax, net	-55
Working capital	6
Net financial debt	-122
Identified assets, net	499
Goodwill	359
Total purchase price	858

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.

4. External net sales by market

	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Jan-Sep 2021, SEKm						
Scandinavia	1 820	150	270	1 949	335	4 525
Rest of Europe	1	3 340	2 930	1 195	-	7 466
Asia	-	934	558	202	-	1 694
Rest of the world	-	333	298	393	-	1 024
Total Net sales	1 820	4 757	4 057	3 739	335	14 709

	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Jan-Sep 2020, SEKm						
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
Total Net sales	2 049	4 748	3 703	1 300	278	12 078

5. 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	1 180
B share	1	117 265 856	117 265 856	26	3 058
Total number of shares		162 512 324	569 730 536		4 238
Holding of own B shares bought back		-586 639	-586 639		
Total number of shares issued		161 925 685	569 143 897		

6. Financial instruments

SEKm	Carrying amount		Fair value	
	2021 30 Sep	2020 31 Dec	2021 30 Sep	2020 31 Dec
Assets at fair value	637	577	637	577
Assets at acquisition cost	3 250	2 669	3 250	2 669
Liabilities at fair value	75	88	75	88
Liabilities at acquisition cost	7 620	7 002	7 620	7 002

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 related to right-of-use assets, financial instruments include trade receivables and trade payables. Financial instruments measured at fair value in the balance sheet belong to measurement level 2 pursuant to IFRS 13.

7. 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 break-downs, as well as 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. Operating profit for the third quarter of 2021 includes SEK 151 million relating to costs and loss of revenue associated with the turbine breakdown at the paperboard mill in Workington. A description of the items that are recognised as affecting comparability in previous periods is provided on page 88 of Holmen's annual report for 2020.

SEKm	Quarter			Jan-Sep		Full year
	3-21	2-21	3-20	2021	2020	2020
EBITDA	1 447	1 213	1 005	3 821	2 750	3 651
Depreciation and amortisation according to plan	-318	-315	-291	-945	-867	-1 172
Operating profit excl. items affecting comp.	1 129	898	714	2 876	1 884	2 479
Items affecting comparability	-151	-	-	-151	-	-
Operating profit	978	898	714	2 725	1 884	2 479

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.

	2021	2021	2020
SEKm	30 Sep	30 Jun	31 Dec
Fixed assets*	55 502	55 159	54 984
Working capital**	2 655	2 575	2 281
Deferred tax assets	2	2	1
Deferred tax liabilities	-10 779	-10 685	-10 570
Capital employed	47 379	47 051	46 697

*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:

	2021	2021	2020
SEKm	30 Sep	30 Jun	31 Dec
Non-current financial liabilities	3 914	3 915	3 919
Non-current liabilities relating to right-of-use assets	150	160	175
Current financial liabilities	835	1 570	605
Current liabilities relating to right-of-use assets	75	89	112
Pension provisions	9	10	48
Non-current financial receivables	-276	-274	-290
Current financial receivables	-42	-39	-43
Cash and cash equivalents	-394	-643	-346
Net financial debt	4 271	4 788	4 181

8. 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.

9. 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 2020, pages 41–45 and note 26.

Group

Quarterly figures, SEKm	2021			2020				Jan-Sep		Full year
	Q3	Q2	Q1	Q4	Q3	Q2	Q1	2021	2020	2020
Income statement										
Net sales	4 877	5 129	4 703	4 249	3 727	3 853	4 499	14 709	12 078	16 327
Operating costs	-3 591	-3 982	-3 676	-3 514	-2 884	-3 142	-3 710	-11 249	-9 736	-13 250
Change in value of forests	164	69	133	167	166	121	124	365	412	579
Profit from investments in associates and joint ventures	-3	-3	2	-3	-3	1	0	-4	-3	-6
EBITDA	1 447	1 213	1 161	900	1 005	833	912	3 821	2 750	3 651
Depreciation and amortisation according to plan	-318	-315	-312	-305	-291	-291	-285	-945	-867	-1 172
Operating profit, excl. items affecting comparability	1 129	898	849	595	714	542	628	2 876	1 884	2 479
Items affecting comparability	-151	-	-	-	-	-	-	-151	-	-
Operating profit	978	898	849	595	714	542	628	2 725	1 884	2 479
Net financial items	-9	-11	-10	-11	-9	-11	-10	-30	-31	-42
Profit before tax	969	887	839	584	705	531	618	2 695	1 853	2 437
Tax	-206	-189	-164	-72	-140	-119	-127	-559	-386	-458
Profit for the period	763	698	675	512	565	411	491	2 136	1 467	1 979
Earnings per share, SEK	4.7	4.3	4.2	3.2	3.5	2.5	3.0	13.2	9.1	12.2
Net sales										
Forest	1 444	1 717	1 658	1 456	1 306	1 432	1 690	4 819	4 427	5 883
Paperboard	1 555	1 588	1 614	1 439	1 506	1 537	1 706	4 757	4 748	6 187
Paper	1 413	1 360	1 284	1 176	1 151	1 107	1 445	4 057	3 703	4 879
Wood Products	1 288	1 431	1 020	922	423	422	455	3 739	1 300	2 222
Renewable Energy	99	106	135	99	79	75	124	340	279	378
Elimination of intra-group net sales	-922	-1 072	-1 007	-843	-739	-720	-920	-3 002	-2 379	-3 222
Group	4 877	5 129	4 703	4 249	3 727	3 853	4 499	14 709	12 078	16 327
EBITDA by business area*										
Forest	342	315	382	354	355	382	331	1 039	1 068	1 422
Paperboard	255	185	376	298	404	361	302	816	1 068	1 366
Paper	193	109	56	77	161	36	180	359	377	454
Wood Products	629	566	265	162	75	44	28	1 460	147	309
Renewable Energy	69	73	114	54	44	43	102	255	188	242
Group-wide	-41	-35	-31	-45	-34	-33	-32	-108	-99	-143
Group	1 447	1 213	1 161	900	1 005	833	912	3 821	2 750	3 651
Operating profit/loss by business area*										
Forest	323	296	364	334	342	370	322	982	1 034	1 367
Paperboard	112	44	236	165	266	218	163	391	647	812
Paper	100	16	-37	-13	63	-60	83	79	86	73
Wood Products	582	518	218	116	47	19	4	1 318	70	185
Renewable Energy	62	66	107	46	37	37	95	235	169	215
Group-wide	-49	-42	-39	-52	-42	-41	-39	-130	-122	-174
Group	1 129	898	849	595	714	542	628	2 876	1 884	2 479
Operating margin, %*										
Paperboard	7	3	15	11	18	14	10	8	14	13
Paper	7	1	-3	-1	6	-5	6	2	2	2
Wood Products	45	36	21	13	11	4	1	35	5	8
Group	23	18	18	14	19	14	14	20	16	15
Return on capital employed, %*										
Forest								4	4	4
Paperboard								10	15	15
Paper								5	6	4
Wood Products								89	9	17
Renewable Energy								9	7	7
Group								8	6	6
Key indicators										
Return on equity, %								7	5	5
Deliveries										
Own forests, '000 m ³	637	877	653	677	644	768	753	2 167	2 164	2 841
Paperboard, '000 tonnes	135	138	145	128	134	135	147	417	416	544
Paper, '000 tonnes	260	263	257	221	209	198	257	780	663	883
Wood products, '000 m ³	281	406	372	379	203	224	247	1 060	674	1 052
Own production of hydro and wind power, GWh	258	297	369	342	318	318	374	924	1 010	1 352

*Excl. item 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										
Own forests, '000 m ³	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 m ³	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 incl. disposals but excl. 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 Friday 22 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

You may also participate in the conference by telephone, by calling no later than 14.25 CET on:

Within Sweden:	+46 8 505 583 58
From the rest of Europe:	+44 3 333 009 031
From the US:	+1 844 625 15 70

Financial reports

28 January 2022	Year-end report 2021
27 April 2022	Interim report January–March 2022
18 August 2022	Interim report January–June 2022
19 October 2022	Interim report January–September 2022

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 11.40 CEST on Friday, 22 October 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.