

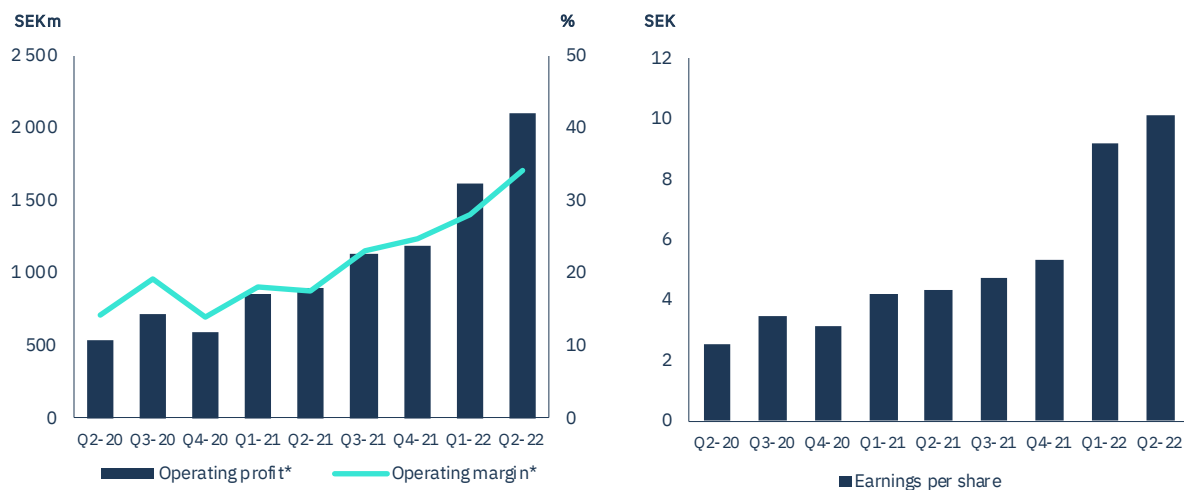
HOLMEN

Holmen's Interim Report January-June 2022

SEKm	Quarter			Jan-Jun	Full year	
	2-22	1-22	2-21	2022	2021	2021
Net sales	6 173	5 750	5 129	11 923	9 832	19 479
Operating profit excl. item affecting comparability	2 101	1 617	898	3 719	1 747	4 061
Operating profit	2 101	1 883	898	3 984	1 747	3 731
Profit after tax	1 642	1 483	698	3 125	1 373	3 004
Earnings per share, SEK	10.1	9.2	4.3	19.3	8.5	18.5
Operating margin, %*	34	28	18	31	18	21
Book value, forest assets, SEKm	47 396	47 199	43 464	47 396	43 464	47 080
Cash flow before investments and change in working capital	2 196	1 925	1 019	4 121	1 691	3 375
Debt/equity ratio, %	7	7	11	7	11	9

*Excl. item affecting comparability in Q1-22 (SEK +266 million) and full year 2021 (SEK -330 million); see page 15 for more information.

- Operating profit for January-June 2022 was SEK 3 984 million (January-June 2021: 1 747). Excluding the item affecting comparability of SEK +266 million, operating profit increased by SEK 1 972 million to SEK 3 719 million. This was due to price increases in every product area, while cost inflation was limited by our high level of wood and energy self-sufficiency.
- Compared with the first quarter, operating profit for the second quarter increased by SEK 484 million to SEK 2 101 million, excluding the item affecting comparability, due to further price increases.
- Profit after tax for January-June amounted to SEK 3 125 million (1 373), which corresponds to earnings per share of SEK 19.3 (8.5).
- A total of SEK 1 862 million of ordinary and extraordinary dividends was paid in April. Thanks to strong cash flow, net debt has decreased by roughly SEK 300 million since year-end.



* Excl. items affecting comparability.

CEO comments

Raw material and energy shortages continued to affect the European economy in the second quarter. As a result of our high level of wood and energy self-sufficiency, combined with price increases in all product areas, we were able to increase our earnings for the second quarter to SEK 2 101 million. This is our best ever quarterly result and is more than double the figure for last year.

On the wood market, strong log demand continued and in the spring competition for pulpwood also accelerated, with rising prices as a result. The price increases drove up our earnings from forests to SEK 349 million. Our strong position in the wood market, characterised by good control over raw materials and the entire value chain, is providing us with good opportunities to continue to develop our industries.

Demand for paperboard for consumer packaging was good and market prices increased when producers passed on the higher raw material costs downstream. Price increases together with our energy self-sufficiency in both Iggesund and Workington increased our earnings to SEK 274 million despite higher chemical and logistics costs. We will gradually increase deliveries to the customer segments with the highest quality requirements.

On the paper market, prices has, in spite of the sharp increases at year-end, continued to rise as a consequence of fibre and energy shortages in large parts of Europe. Higher paper prices and a favourable cost position allowed us to increase our profits to SEK 767 million. We continue to develop our book and magazine paper products as well as exploring new segments in the packaging area.

There is strong interest in building with wood, but demand slowed over the quarter due to uncertainty about construction activity and high stock levels. Prices peaked, after increasing substantially over the year, and decreased towards the end of the quarter in both Europe and the US. Second quarter earnings were nevertheless at their highest ever level, SEK 598 million, driven by high selling prices. With a strong position in the wood market, we see good opportunities to develop the wood products business in pace with the increasing demand for sustainable building materials.

The energy crisis in Europe has been further aggravated by significant difficulties in ensuring enough energy for households, transport and industry. During the year, we have increased our renewable electricity production by 40 per cent and have considerable potential to add even more much needed energy. Unfortunately, our contribution is not reaching its full potential, as transmission capacity is limited in Sweden, which is creating unnecessary price differences within the country. Even with the bottlenecks in the electricity grid, earnings were relatively good, at SEK 162 million, as we managed hydropower production to peak demand periods in northern Sweden.

With our large forest holdings as a foundation, we grow houses. We make renewable packaging, magazines and books from what is left over, while at the same time harnessing the energy that blows through the treetops and flows in the rivers. This business model is a particularly good fit in a world that is short of raw materials and energy, just when society needs to transition to fossil-free alternatives.

Key figures Q2 2022

Operating profit, SEKm*

2 101

Operating margin, %*

34

Debt/equity ratio, %

7

Forest

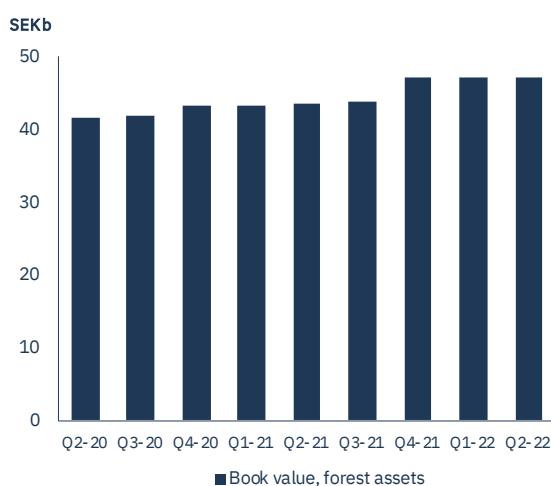
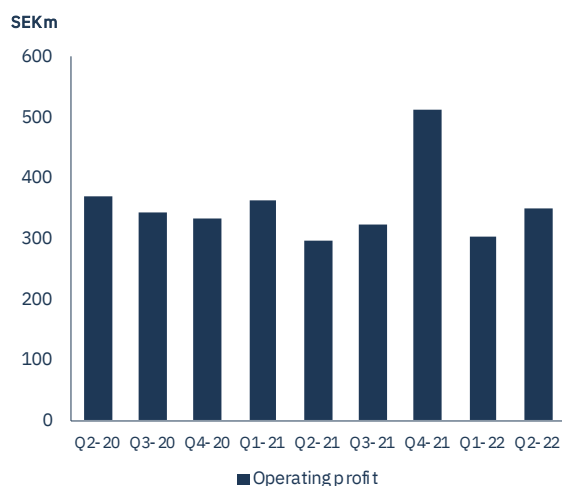
Holmen carries out active and sustainable forestry on over 1 million hectares of its own productive forest land. The annual harvest from own forest amounts to 2.8 million m³ sub.

SEKm	Quarter			Jan-Jun		Full year
	2-22	1-22	2-21	2022	2021	2021
Net sales	1 810	1 809	1 717	3 618	3 375	6 509
Of which from own forests	427	330	424	757	730	1 376
Operating costs	-1 530	-1 601	-1 471	-3 130	-2 879	-5 400
Change in biological assets	88	117	69	205	201	464
EBITDA	368	325	315	693	697	1 573
Depreciation and amortisation according to plan	-20	-20	-19	-40	-37	-78
Operating profit	349	305	296	653	660	1 495
Book value, forest assets	47 396	47 199	43 464	47 396	43 464	47 080
Deliveries, own forests, '000 m ³	820	674	877	1 494	1 530	2 833

Demand for both logs and pulpwood was high in the second quarter and prices increased.

Operating profit for January-June was SEK 653 million (660). Higher selling prices had a positive impact on earnings, but was offset by increased costs and lower revenue from property sales.

Compared with the first quarter, second quarter earnings increased by SEK 44 million to SEK 349 million as a result of higher selling prices.



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-Jun	Full year	
SEKm	2-22	1-22	2-21	2022	2021	2021
Net sales	1 692	1 579	1 588	3 271	3 202	6 261
Operating costs	-1 269	-1 174	-1 403	-2 443	-2 641	-5 023
EBITDA*	423	406	185	828	561	1 237
Depreciation and amortisation according to plan	-149	-149	-141	-298	-281	-565
Operating profit*	274	256	44	530	280	673
Investments	99	78	126	177	205	399
Capital employed	5 506	5 419	5 239	5 506	5 239	5 169
EBITDA margin, %*	25	26	12	25	18	20
Operating margin, %*	16	16	3	16	9	11
Return on capital employed, %*				20	11	13
Deliveries, '000 tonnes	129	126	138	255	282	544

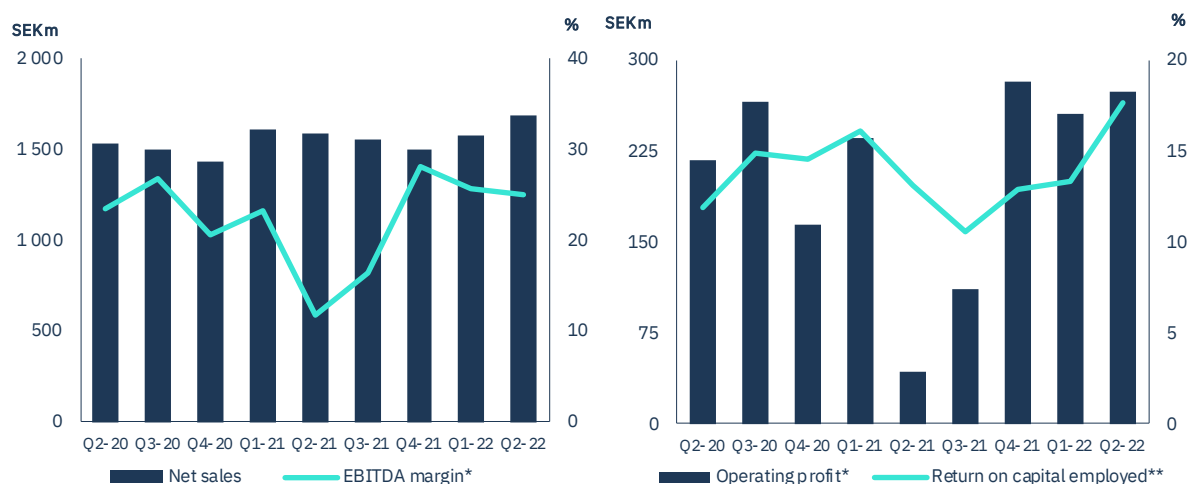
*Excl. the item affecting comparability in Q1-22 (SEK +266 million) and full year 2021 (SEK -330 million).

Demand for paperboard was still good in the second quarter and market prices increased.

Operating profit for January-June was SEK 530 million (280), excluding the item affecting comparability. Higher selling prices had a positive impact on earnings, but this was offset to a certain extent by lower deliveries and increased chemical and logistics costs. The previous year's earnings were negatively affected by a maintenance shutdown.

Compared with the first quarter, second quarter earnings increased by SEK 18 million to SEK 274 million. Selling prices rose, but were offset in part by increased costs.

A major maintenance shutdown is scheduled for the fourth quarter of 2022 at the Iggesund Mill, which is expected to have a negative impact on earnings of SEK 180 million.



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

Paper

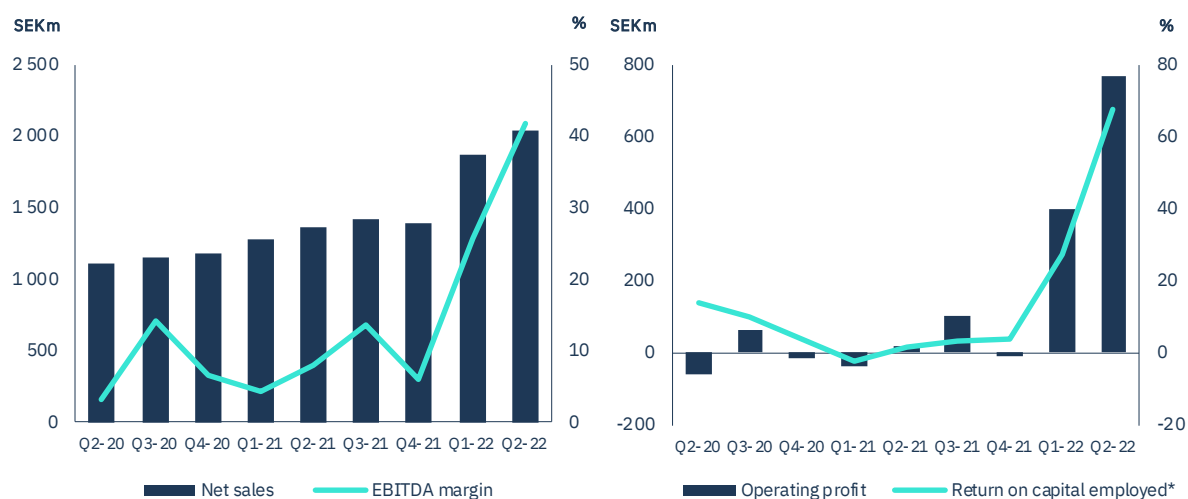
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional paper products for advertising, magazines and books. Production amounts to 1 million tonnes a year at two Swedish mills.

SEKm	Quarter	Quarter	Quarter	Jan-Jun	Full year	Full year
	2-22	1-22	2-21	2022	2021	2021
Net sales	2 032	1 871	1 360	3 903	2 644	5 441
Operating costs	-1 184	-1 392	-1 251	-2 576	-2 478	-5 000
EBITDA	848	479	109	1 327	166	441
Depreciation and amortisation according to plan	-81	-80	-93	-161	-186	-371
Operating profit	767	399	16	1 167	-21	70
Investments	50	28	33	78	66	129
Capital employed	2 000	1 923	1 943	2 000	1 943	1 637
EBITDA margin, %	42	26	8	34	6	8
Operating margin, %	38	21	1	30	-1	1
Return on capital employed, %				125	neg	4
Deliveries, '000 tonnes	244	253	263	497	520	1 029

Paper supply continued to be limited by the energy and fibre shortages in large parts of Europe. Prices increased further in the second quarter after a significant increase at year-end.

Operating profit for January-June was SEK 1 167 million (-21). The increase in earnings is attributable to sharply increased selling prices, while cost inflation was moderated by strong supply of fresh fibre and fossil fuel-free electricity.

Compared with the first quarter, second quarter earnings increased by SEK 368 million to SEK 767 million as a result of higher selling prices.



*Twelve-month rolling average.

Wood Products

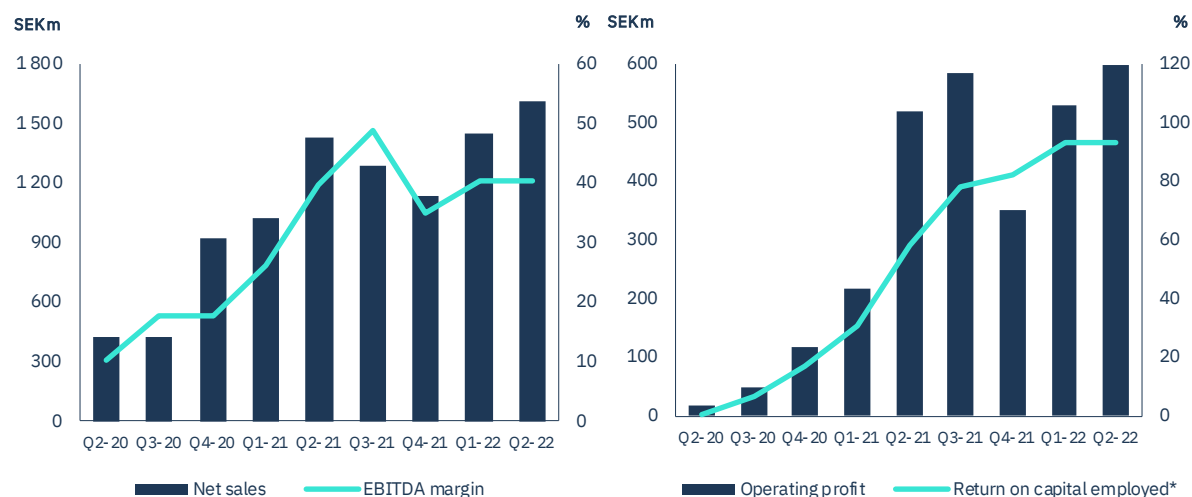
Holmen produces wood products for joinery and construction purposes. Production takes place at five sawmills adjacent to own forest with an annual production of 1.5 million cubic metres.

		Quarter		Jan-Jun	Full year	
SEKm	2-22	1-22	2-21	2022	2021	2021
Net sales	1 614	1 445	1 431	3 059	2 451	4 872
Operating costs	-966	-865	-864	-1 831	-1 620	-3 014
EBITDA	648	580	566	1 228	830	1 857
Depreciation and amortisation according to plan	-50	-51	-48	-101	-95	-189
Operating profit	598	529	518	1 127	736	1 668
Investments	39	26	50	65	104	242
Capital employed	2 383	2 297	2 057	2 383	2 057	2 278
EBITDA margin, %	40	40	40	40	34	38
Operating margin, %	37	37	36	37	30	34
Return on capital employed, %				97	76	82
Deliveries, '000 m ³	374	381	406	755	779	1 373

Wood product demand slowed in the second quarter. After significant increases, prices began to fall in both Europe and the US towards the end of the quarter.

Operating profit for January-June was SEK 1 127 million (736). The improvement in earnings was due to higher selling prices, which was only partly offset by higher cost of logs.

Compared with the first quarter, second-quarter earnings increased by SEK 69 million to SEK 598 million. Earnings were positively affected by higher selling prices in Europe, but affected negatively by the return to normal volumes to the US and the increasing cost of logs.



*Twelve-month rolling average.

Renewable Energy

In a normal year Holmen produces 1.7 TWh of renewable hydro and wind power.

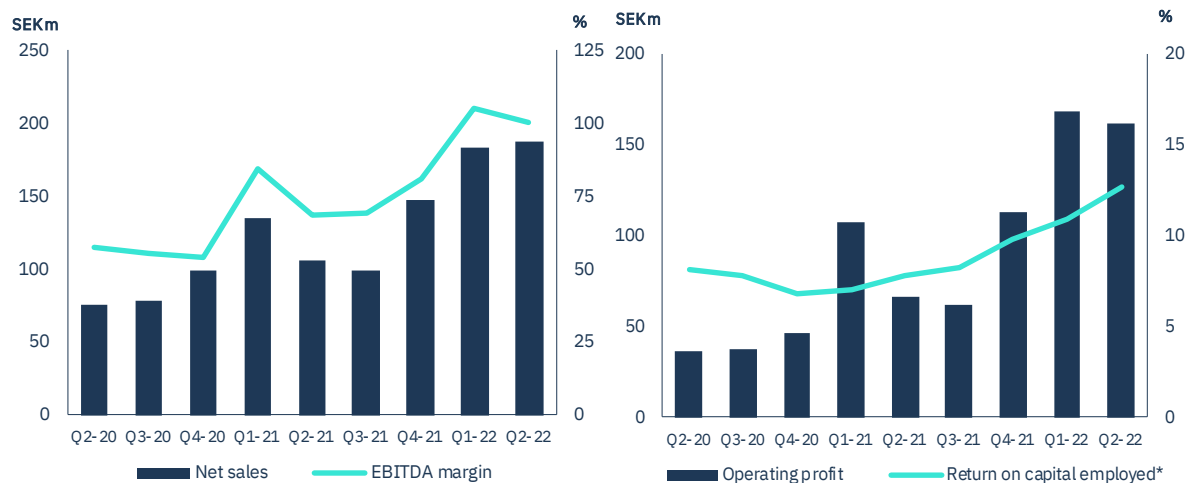
SEKm	Quarter			Jan-Jun		Full year
	2-22	1-22	2-21	2022	2021	2021
Net sales	188	183	106	371	240	488
Operating costs*	0	9	-33	10	-54	-113
Depreciation and amortisation according to plan	-27	-24	-7	-51	-14	-28
Operating profit	162	168	66	330	173	347
Investments	143	56	70	199	84	712
Capital employed	4 280	4 315	3 422	4 280	3 422	4 069
Operating margin, %	86	92	62	89	72	71
Return on capital employed, %				16	10	10
Production hydro and wind power, GWh	376	402	297	778	666	1 230

*Incl. other operating income.

European energy shortages kept electricity prices in southern Sweden at very high levels in the second quarter. In northern Sweden, where Holmen has most of its electricity production, the price of electricity increased in the second quarter, but was still lower than in southern Sweden as a result of limitations in transmission capacity within the country.

Operating profit for January-June was SEK 330 million (173). The improvement in earnings is attributable to higher electricity prices, good opportunities for managing hydropower production towards periods with higher prices, as well as the commissioning of Blåbergsliden Wind Farm and the acquisition of the outstanding shares in Varsvik Wind Farm.

Compared with the first quarter, second quarter earnings decreased by SEK 6 million to SEK 162 million. The effect of higher market prices in the second quarter was offset by the hedging of first quarter sales at a good level.



*Twelve-month rolling average.

Cash flow, financing and net financial items

Cash flow from operating activities for January-June totalled SEK 3 141 million (1 624) and cash flow from investing activities totalled SEK -660 million (-462). A dividend of SEK 1 862 million (1 741) was paid in the second quarter.

The Group's net financial debt decreased by SEK 321 million to SEK 3 780 million in the first half of the year. Net debt was 7 per cent of equity.

At 30 June, the Group's long-term borrowing amounted to SEK 3.4 billion and short-term borrowing was SEK 0.7 billion. Cash and cash equivalents totalled SEK 0.5 billion. Contractual credit commitments amounted to SEK 5 billion, of which SEK 1 billion is available until 2025 and SEK 4 billion until 2027. All credit commitments are unused.

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

Net financial items for January-June totalled SEK -57 million (-20).

Tax

Recognised tax for January-June amounted to SEK -802 million (-353). Recognised tax as a proportion of profit before tax was 20 per cent (20).

Equity

In January-June, the Group's equity increased by SEK 4 264 million to SEK 51 256 million. Profit for the period totalled SEK 3 125 million (1 373). Other comprehensive income totalled SEK 3 001 million (110) and is mainly attributable to the increased fair value of hedge-accounted electricity derivatives. A dividend of SEK 1 862 million was paid.

Hedging of exchange rates

The Group hedge parts of future estimated net flows in foreign currencies. The operating profit for January-June includes currency hedges of SEK -102 million (86). For EUR/SEK, 2 years of expected net flows are hedged at an average exchange rate of 10.47. For other currencies, 4-10 months of flows are hedged.

Hedging of electricity prices

Electricity consumption in the Paper business area amounts to 3.2 TWh per year. To reduce the impact of changing electricity prices on the Paper's profit, consumption is partly hedged. In the first half of the year, consumption was 95 per cent hedged. For the remaining part of 2022 and 2023, 90 per cent of electricity consumption is hedged. For 2024 and 2025, 50 per cent and 25 per cent, respectively, is hedged.

The Group's production of wind power and hydro-power amounts to 1.7 TWh in a normal year. Future production is largely unhedged.

Personnel

The average number of employees (FTE) in the Group was 3 372 (3 388).

The Board of Directors and the Chief Executive Officer hereby confirm that this interim report provides a true and fair view of the parent company's and Group's operations, position and performance, and describes material risks and uncertainties which affects the parent company and Group companies.

Stockholm, 19 August 2022
Holmen AB (publ)

Fredrik Lundberg
Chairman

Carl Bennet
Board member

Lars Josefsson
Board member

Alice Kempe
Board member

Louise Lindh
Board member

Ulf Lundahl
Board member

Fredrik Persson
Board member

Henriette Zeuchner
Board member

Henrik Sjölund
Board member and
Chief Executive Officer

Steewe Björklundh
Board member,
employee representative

Christer Johansson
Board member,
employee representative

Tommy Åsenbrygg
Board member,
employee representative

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

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Group

	Quarter			Jan-Jun		Full year
Income statement, SEKm	2-22	1-22	2-21	2022	2021	2021
Net sales	6 173	5 750	5 129	11 923	9 832	19 479
Other operating income	556	840	248	1 397	649	1 690
Change in inventories	136	-12	-116	124	-200	1
Raw materials and consumables	-2 600	-2 773	-2 370	-5 373	-4 807	-10 110
Personnel costs	-780	-723	-741	-1 503	-1 433	-2 720
Other operating costs	-1 139	-992	-1 005	-2 131	-1 869	-3 814
Change in value of biological assets	88	117	69	205	201	464
Profit from investments in associates and joint ventures	0	8	-3	8	-1	0
Depreciation and amortisation according to plan	-333	-332	-315	-665	-627	-1 261
Operating profit	2 101	1 883	898	3 984	1 747	3 731
Finance income	0	1	2	2	4	9
Finance costs	-19	-40	-13	-58	-25	-48
Profit before tax	2 083	1 844	887	3 927	1 726	3 691
Tax	-441	-361	-189	-802	-353	-688
Profit for the period	1 642	1 483	698	3 125	1 373	3 004
Earnings per share, SEK						
Basic	10.1	9.2	4.3	19.3	8.5	18.5
Diluted	10.1	9.2	4.3	19.3	8.5	18.5
Operating margin, %*	34	28	18	31	18	21
Return on capital employed, %*				14	7	9
Return on equity, %				13	6	7

*Excl. item affecting comparability.

	Quarter			Jan-Jun		Full year
Statement of comprehensive income, SEKm	2-22	1-22	2-21	2022	2021	2021
Profit for the period	1 642	1 483	698	3 125	1 373	3 004
Other comprehensive income						
Revaluation of forest land	-	-	-	-	-	3 345
Revaluations of defined benefit pension plans	-11	-21	-1	-32	37	-12
Tax attributable to items that will not be reclassified to profit for the period	17	4	0	22	-7	-683
Items that will not be reclassified to profit for the period	6	-17	-1	-11	30	2 650
Cash flow hedging	2 740	993	199	3 734	-20	504
Translation difference on foreign operation	57	-2	-42	55	115	180
Hedging of currency risk in foreign operation	-27	8	6	-19	-27	-39
Share in joint ventures' other comprehensive income	-	-	2	-	1	3
Tax attributable to items that will be reclassified to profit for the period	-559	-199	-42	-758	10	-97
Items that will be reclassified to profit for the period	2 212	800	123	3 012	80	551
Total other comprehensive income after tax	2 218	783	122	3 001	110	3 201
Total comprehensive income	3 860	2 266	820	6 126	1 483	6 204

	Jan-Jun	
Change in equity in summary, SEKm	2022	2021
Opening equity	46 992	42 516
Profit for the period	3 125	1 373
Other comprehensive income	3 001	110
Total comprehensive income	6 126	1 483
Share saving program	0	5
Dividend	-1 862	-1 741
Closing equity	51 256	42 263

Group

	2022	2022	2021
Balance sheet, SEKm	30 Jun	31 Mar	31 Dec
Non-current assets			
Forest assets			
Biological assets	29 484	29 324	29 204
Forest land	17 913	17 876	17 876
Intangible non-current assets	527	534	539
Property, plant and equipment	10 010	10 107	9 711
Right-of-use assets	250	257	240
Investments in associates and joint ventures	1 679	1 680	1 756
Other shares and participating interests	2	2	2
Non-current financial receivables	106	77	268
Deferred tax assets	2	2	3
Total non-current assets	59 973	59 859	59 598
Current assets			
Inventories	4 308	4 075	3 818
Trade receivables	3 149	2 712	2 393
Current tax receivable	11	2	70
Other operating receivables*	6 532	3 213	1 676
Current financial receivables	10	27	39
Cash and cash equivalents	464	2 243	507
Total current assets	14 473	12 271	8 503
Total assets	74 446	72 130	68 101
Equity	51 256	47 393	46 992
Non-current liabilities			
Non-current financial liabilities	3 402	3 402	3 911
Non-current liabilities relating to right-of-use assets	166	176	173
Pension obligations	47	42	24
Non-current provisions	402	407	409
Deferred tax liabilities	12 560	11 881	11 610
Total non-current liabilities	16 577	15 907	16 127
Current liabilities			
Current financial liabilities	655	1 825	736
Current liabilities relating to right-of-use assets	89	86	71
Trade payables	3 177	3 173	2 836
Current tax liability	284	148	80
Other operating liabilities	2 407	3 598	1 259
Total current liabilities	6 613	8 830	4 982
Total liabilities	23 190	24 737	21 109
Total equity and liabilities	74 446	72 130	68 101
Debt/equity ratio, %	7	7	9
Equity/assets ratio, %	69	66	69
Capital employed	55 036	50 577	51 093
Net financial debt	3 780	3 184	4 101

*The fair value of electricity derivatives is included at SEK 5 411 (31 Mar 2022: 1 938, 31 Dec 2021: 850) million:

Group

		Quarter		Jan-Jun	Full year	
Cash flow statement, SEKm	2-22	1-22	2-21	2022	2021	2021
Operating activities						
Profit before tax	2 083	1 844	887	3 927	1 726	3 691
Adjustments for non-cash items						
Depreciation and amortisation according to plan	333	332	315	665	627	1 261
Change in value of biological assets	-88	-117	-69	-205	-201	-464
Other*	51	-16	19	35	-54	-451
Paid income taxes	-182	-119	-134	-301	-407	-662
Cash flow from operating activities before changes in working capital	2 196	1 925	1 019	4 121	1 691	3 375
Cash flow from changes in working capital						
Change in inventories	-279	-54	34	-333	149	-236
Change in trade receivables and other operating receivables	-280	-801	-216	-1 081	-501	-156
Change in trade payables and other operating liabilities	122	313	192	434	285	247
Cash flow from operating activities	1 759	1 383	1 029	3 141	1 624	3 229
Investing activities						
Acquisition of non-current assets	-463	-208	-353	-671	-566	-1 775
Disposal of non-current assets	4	4	13	8	88	443
Change in non-current financial receivables	-	3	9	3	16	25
Cash flow from investing activities	-459	-201	-331	-660	-462	-1 307
Financing activities						
Amortization of liabilities associated with to right-of-use assets	-21	-21	-27	-41	-53	-110
Change in financial liabilities and current financial receivables	-1 198	575	1 284	-624	928	86
Dividends paid to the shareholders of the parent company	-1 862	-	-1 741	-1 862	-1 741	-1 741
Cash flow from financing activities	-3 081	554	-484	-2 528	-865	-1 764
Cash flow for the period	-1 781	1 735	214	-46	296	158
Opening cash and cash equivalents	2 243	507	429	507	346	346
Exchange difference in cash and cash equivalents	2	0	0	2	1	2
Closing cash and cash equivalents	464	2 243	643	464	643	507

		Quarter		Jan-Jun	Full year	
Change in net financial debt, SEKm	2-22	1-22	2-21	2022	2021	2021
Opening net financial debt	-3 184	-4 101	-3 724	-4 101	-4 181	-4 181
Cash flow from operating activities	1 759	1 383	1 029	3 141	1 624	3 229
Cash flow from investing activities (excl financial receivables and acquisition)	-459	-202	-340	-661	-478	-1 332
Acquisition	-	-267	-	-267	-	-
Dividends paid	-1 862	-	-1 741	-1 862	-1 741	-1 741
Liabilities arising from new right-of-use agreements	-14	-38	-6	-53	-15	-67
Revaluations of defined benefit pension plans	-10	-17	0	-27	35	17
Foreign exchange effects and changes in fair value	-10	60	-7	50	-32	-27
Closing net financial debt	-3 780	-3 184	-4 788	-3 780	-4 788	-4 101

*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-Jun		Full year
Income statement, SEKm	2-22	1-22	2-21	2022	2021	2021
Operating income	5 989	5 483	4 959	11 472	9 438	19 107
Operating costs	-4 374	-4 486	-4 431	-8 859	-8 628	-17 649
Operating profit	1 616	997	528	2 613	810	1 458
Net financial items	383	-4	376	380	333	316
Profit after net financial items	1 999	993	904	2 992	1 143	1 774
Appropriations	-153	-115	142	-268	299	768
Profit before tax	1 846	878	1 046	2 725	1 443	2 541
Tax	-293	-183	-139	-476	-223	-451
Profit for the period	1 553	696	907	2 248	1 220	2 090

		Quarter		Jan-Jun		Full year
Statement of comprehensive income, SEKm	2-22	1-22	2-21	2022	2021	2021
Profit for the period	1 553	696	907	2 248	1 220	2 090
Other comprehensive income						
Cash flow hedging	2 910	1 016	201	3 925	-22	505
Tax attributable to other comprehensive income	-599	-209	-41	-808	4	-104
Items that will be reclassified to profit for the period	2 310	807	159	3 117	-17	401
Total comprehensive income	3 863	1 502	1 067	5 365	1 203	2 491

	2022	2022	2021
Balance sheet, SEKm	30 Jun	31 Mar	31 Dec
Non-current assets	18 799	18 786	18 898
Current assets	12 867	10 599	7 025
Total assets	31 666	29 385	25 923
Restricted equity	5 915	5 915	5 915
Non-restricted equity	10 576	6 712	7 076
Untaxed reserves	3 439	3 061	2 852
Provisions	2 220	1 620	1 386
Liabilities	9 517	12 077	8 695
Total equity and liabilities	31 666	29 385	25 923

Sales to Group companies accounted for SEK 225 million (441) of operating income in January-June.

Balance sheet appropriations include net group contributions totalling SEK 320 million (537).

The parent company's investments in property, plant and equipment and non-current intangible assets totalled SEK 36 million (31).

Notes

1. Accounting policies

This report was prepared in accordance with IAS 34, Interim Financial Reporting. Information in accordance with IAS 34:16A can be found in the financial statements and their accompanying notes, as well as in other parts of the interim report. The consolidated accounts were prepared in accordance with the International Financial Reporting Standards (IFRSs) as adopted by the EU and the Swedish Annual Accounts Act. The parent company's accounts are prepared in accordance with RFR 2 Accounting for Legal Entities and the Swedish Annual Accounts Act. New or revised IFRSs and interpretative statements from IFRIC have not had any material effect on the earnings or position of the Group or the parent company. 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 the 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 is recognised in accordance with IAS 41, Biological Assets, is determined by calculating the present value of the 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 the forest assets is calculated, and when there are acquisitions or disposals. Changes in value are recognised in other comprehensive income.

The value of the biological assets at 30 June was SEK 29 484 million (31 Dec. 2021: 29 204). The change in value of biological assets, calculated as the net sum of the change as a result of harvesting and the unrealised change in fair value, totalled SEK 205 million for the period January-June and is recognised in the Group's operating profit. The recognised value of forest land at 30 June was SEK 17 913 million (31 Dec. 2021: 17 876).

3. External net sales by market

	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Jan-Jun 2022						
Scandinavia	1 317	125	317	1 360	371	3 490
Rest of Europe	2	2 352	3 183	965	-	6 502
Asia	-	596	226	187	-	1 008
Rest of the world	-	199	176	547	-	922
Total Net sales	1 319	3 271	3 903	3 059	371	11 923

	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Jan-Jun 2021						
Scandinavia	1 296	105	184	1 261	239	3 085
Rest of Europe	-	2 259	1 886	734	-	4 878
Asia	-	598	388	120	-	1 106
Rest of the world	-	240	187	336	-	763
Total Net sales	1 296	3 202	2 644	2 451	239	9 832

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	1 180
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		-510 646	-510 646		
Total number of shares issued		162 001 678	569 219 890		

5. Financial instruments

SEKm	Carrying amount		Fair value	
	2022	2021	2022	2021
	30 Jun	31 Dec	30 Jun	31 Dec
Assets at fair value	5 619	1 097	5 619	1 097
Assets at acquisition cost	3 643	3 183	3 643	3 183
Liabilities at fair value	1 053	151	1 053	151
Liabilities at acquisition cost	7 191	7 454	7 191	7 454

Holmen measures financial instruments at fair value or acquisition cost in the balance sheet depending on their classification. In addition to items in net financial debt, with the exception of pension obligations 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 and mostly consist of electricity price, currency and interest rate hedging derivatives. Their net fair value at 30 June was SEK 4 566 million, which is SEK 3 620 million higher than at year-end, above all due to the increased value of the electricity derivatives.

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 losses, disposals, closures, major restructuring measures and breakdowns, as well as changes to the assumptions used in the valuation of biological assets, the term 'items affecting comparability' is used. The aim is also to increase comparability between different periods. The effects of maintenance and rebuilding shutdowns are not treated as items affecting comparability. Operating profit for the first quarter of 2022 includes the net sum of SEK +266 million relating to the insurance compensation and costs and the loss of revenue associated with the turbine breakdown at the paperboard mill in Workington. Operating profit for 2021 included SEK -330 million in items affecting comparability related to the turbine breakdown. A description of the items that are recognised as affecting comparability in previous periods is provided on page 92 of Holmen's annual report for 2021.

SEKm	Quarter			Jan-Jun		Full year
	2-22	1-22	2-21	2022	2021	2021
EBITDA	2 434	1 950	1 213	4 384	2 374	5 321
Depreciation and amortisation according to plan	-333	-332	-315	-665	-627	-1 261
Operating profit excl. items affecting comp.	2 101	1 617	898	3 719	1 747	4 061
Items affecting comparability	-	266	-	266	-	-330
Operating profit	2 101	1 883	898	3 984	1 747	3 731

Measure of margin, return and indebtedness

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

SEKm	2022	2022	2021
	30 Jun	31 Mar	31 Dec
Fixed assets*	59 864	59 779	59 328
Working capital**	7 729	2 676	3 372
Deferred tax assets	2	2	3
Deferred tax liabilities	-12 560	-11 881	-11 610
Capital employed	55 036	50 577	51 093

*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 receivable, other current operating receivables, trade payables, current tax liability, provisions and other 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:

	2022	2022	2021
SEKm	30 Jun	31 Mar	31 Dec
Non-current financial liabilities	3 402	3 402	3 911
Non-current liabilities relating to right-of-use assets	166	176	173
Current financial liabilities	655	1 825	736
Current liabilities relating to right-of-use assets	89	86	71
Pension obligations	47	42	24
Non-current financial receivables	-106	-77	-268
Current financial receivables	-10	-27	-39
Cash and cash equivalents	-464	-2 243	-507
Net financial debt	3 780	3 184	4 101

7. Transaction 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. Russia's invasion of Ukraine has had a significant impact on several markets. The main direct effects for Holmen have been that chemical costs have increased and transportation to customers has become more difficult and expensive. At the same time, the risk of a shortage of critical input goods has grown. The indirect effects have above all been the reduced supply of wood products in Europe since Russia is a major exporter, and the fact that some paper producers have found it difficult to cope with the sharply increasing energy prices, which has limited the supply of paper. Holmen's sales to Russia and Ukraine were marginal in 2021 and ceased completely after the invasion. For a more detailed description of the material risks and uncertainties, see Holmen's annual report for 2021, pages 43–47, and Note 27.

Group

Quarterly figures, SEKm	2022		2021				Jan-Jun		Full year
	Q2	Q1	Q4	Q3	Q2	Q1	2022	2021	2021
Income statement									
Net sales	6 173	5 750	4 770	4 877	5 129	4 703	11 923	9 832	19 479
Operating costs	-3 827	-3 925	-3 373	-3 591	-3 982	-3 676	-7 752	-7 659	-14 622
Change in value of forests	88	117	99	164	69	133	205	201	464
Profit from associates and JV	0	8	4	-3	-3	2	8	-1	0
EBITDA*	2 434	1 950	1 500	1 447	1 213	1 161	4 384	2 374	5 321
Depreciation and amortisation according to plan	-333	-332	-315	-318	-315	-312	-665	-627	-1 261
Operating profit excl. items affecting comparability	2 101	1 617	1 185	1 129	898	849	3 719	1 747	4 061
Items affecting comparability	-	266	-179	-151	-	-	266	-	-330
Operating profit	2 101	1 883	1 006	978	898	849	3 984	1 747	3 731
Net financial items	-19	-38	-9	-9	-11	-10	-57	-20	-39
Profit before tax	2 083	1 844	996	969	887	839	3 927	1 726	3 691
Tax	-441	-361	-129	-206	-189	-164	-802	-353	-688
Profit for the period	1 642	1 483	868	763	698	675	3 125	1 373	3 004
Earnings per share, SEK	10.1	9.2	5.4	4.7	4.3	4.2	19.3	8.5	18.5
Net sales									
Forest	1 810	1 809	1 690	1 444	1 717	1 658	3 618	3 375	6 509
Paperboard	1 692	1 579	1 504	1 555	1 588	1 614	3 271	3 202	6 261
Paper	2 032	1 871	1 384	1 413	1 360	1 284	3 903	2 644	5 441
Wood Products	1 614	1 445	1 133	1 288	1 431	1 020	3 059	2 451	4 872
Renewable Energy	188	183	148	99	106	135	371	240	488
Elimination of intra-group net sales	-1 163	-1 137	-1 090	-922	-1 072	-1 007	-2 300	-2 080	-4 092
Group	6 173	5 750	4 770	4 877	5 129	4 703	11 923	9 832	19 479
EBITDA by business area*									
Forest	368	325	535	342	315	382	693	697	1 573
Paperboard	423	406	422	255	185	376	828	561	1 237
Paper	848	479	83	193	109	56	1 327	166	441
Wood Products	648	580	397	629	566	265	1 228	830	1 857
Renewable Energy	188	193	120	69	73	114	381	187	375
Group-wide	-41	-32	-56	-41	-35	-31	-74	-66	-163
Group	2 434	1 950	1 500	1 447	1 213	1 161	4 384	2 374	5 321
Operating profit/loss by business area*									
Forest	349	305	513	323	296	364	653	660	1 495
Paperboard	274	256	281	112	44	236	530	280	673
Paper	767	399	-9	100	16	-37	1 167	-21	70
Wood Products	598	529	350	582	518	218	1 127	736	1 668
Renewable Energy	162	168	112	62	66	107	330	173	347
Group-wide	-48	-40	-63	-49	-42	-39	-88	-81	-193
Group	2 101	1 617	1 185	1 129	898	849	3 719	1 747	4 061
Operating margin, %*									
Paperboard	16	16	19	7	3	15	16	9	11
Paper	38	21	-1	7	1	-3	30	-1	1
Wood Products	37	37	31	45	36	21	37	30	34
Group	34	28	25	23	18	18	31	18	21
Return									
Capital employed, %*	16	13	10	10	8	7	14	7	9
Equity, %	13	13	8	7	7	6	13	6	7
Deliveries									
Own forests, '000 m ³	820	674	666	637	877	653	1 494	1 530	2 833
Paperboard, '000 tonnes	129	126	127	135	138	145	255	282	544
Paper, '000 tonnes	244	253	249	260	263	257	497	520	1 029
Wood products, '000 m ³	374	381	313	281	406	372	755	779	1 373
Hydro and windpower, GWh	376	402	306	258	297	369	778	666	1 230

*Excl. item affecting comparability.

Group

Full year review, SEKm	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Income statement										
Net sales	19 479	16 327	16 959	16 055	16 133	15 513	16 014	15 994	16 231	17 852
Operating costs	-14 622	-13 250	-13 961	-12 984	-13 379	-12 626	-13 348	-13 270	-13 919	-15 224
Change in value of forests	464	579	487	425	415	315	267	282	264	350
Profit from associates and JV	0	-6	0	-9	-12	-22	7	-7	3	47
EBITDA	5 321	3 651	3 486	3 488	3 157	3 179	2 940	2 999	2 579	3 026
Depreciation and amortisation according to plan	-1 261	-1 172	-1 141	-1 012	-991	-1 018	-1 240	-1 265	-1 370	-1 313
Operating profit excl. items affecting comparability	4 061	2 479	2 345	2 476	2 166	2 162	1 700	1 734	1 209	1 713
Items affecting comparability	-330	-	8 770	-94	-	-232	-931	-450	-140	-193
Operating profit	3 731	2 479	11 115	2 382	2 166	1 930	769	1 284	1 069	1 520
Net financial items	-39	-42	-34	-25	-53	-71	-90	-147	-198	-227
Profit before tax	3 691	2 437	11 081	2 356	2 113	1 859	679	1 137	871	1 294
Tax	-688	-458	-2 351	-89	-445	-436	-120	-230	-160	559
Profit for the year	3 004	1 979	8 731	2 268	1 668	1 424	559	907	711	1 853
Diluted earnings per share, SEK	18.5	12.2	52.6	13.5	9.9	8.5	3.4	5.4	4.3	11.1
EBITDA by business area*										
Forest	1 573	1 422	1 217	1 216	1 099	1 030	935	845	958	964
Paperboard	1 237	1 366	996	1 196	1 257	1 382	1 346	1 161	878	959
Paper	441	454	891	665	627	669	514	725	429	862
Wood Products	1 857	309	159	337	165	80	86	160	45	-10
Renewable Energy	375	242	362	205	159	143	198	233	391	374
Group-wide	-163	-143	-140	-132	-149	-124	-138	-126	-121	-123
Group	5 321	3 651	3 486	3 488	3 157	3 179	2 940	2 999	2 579	3 026
Operating profit by business area*										
Forest	1 495	1 367	1 172	1 185	1 069	1 001	905	817	924	931
Paperboard	673	812	435	689	764	903	847	674	433	596
Paper	70	73	509	329	288	289	-74	141	-309	94
Wood Products	1 668	185	62	246	80	-3	9	37	-75	-130
Renewable Energy	347	215	336	181	135	120	176	212	371	355
Group-wide	-193	-174	-168	-154	-170	-148	-163	-146	-136	-132
Group	4 061	2 479	2 345	2 476	2 166	2 162	1 700	1 734	1 209	1 713
Deliveries										
Own forests, '000 m ³	2 833	2 841	2 699	2 816	2 883	2 945	3 132	3 207	3 361	3 085
Paperboard, '000 tonnes	544	544	538	525	526	497	499	493	469	485
Paper, '000 tonnes	1 029	883	996	1 036	1 117	1 134	1 325	1 305	1 574	1 651
Wood products, '000 m ³	1 373	1 052	879	828	852	776	730	725	686	660
Hydro and wind power, GWh	1 230	1 352	1 109	1 145	1 169	1 080	1 441	1 113	1 041	1 353
Balance sheet										
Forest assets	47 080	43 202	41 345	18 701	17 971	17 595	17 340	17 032	16 654	16 344
Other non-current assets	12 251	11 784	10 781	10 586	10 780	11 106	12 184	13 189	13 998	14 320
Current assets	7 956	6 878	6 264	6 845	5 710	5 852	5 607	5 964	5 774	6 005
Financial receivables	814	679	950	781	430	338	325	249	327	377
Total assets	68 101	62 543	59 340	36 912	34 891	34 891	35 456	36 434	36 753	37 046
Equity	46 992	42 516	40 111	23 453	22 035	21 243	20 853	20 969	20 854	20 813
Deferred tax liability	11 610	10 570	10 299	5 839	5 650	5 613	5 508	5 480	5 804	5 504
Financial liabilities and interest-bearing provisions	4 915	4 860	4 732	3 587	3 366	4 283	5 124	6 156	6 443	6 967
Operating liabilities	4 584	4 597	4 196	4 033	3 840	3 752	3 971	3 829	3 653	3 762
Total equity and liabilities	68 101	62 543	59 340	36 912	34 891	34 891	35 456	36 434	36 753	37 046
Cash flow										
Operating activities	3 229	2 457	2 884	2 286	2 509	1 961	2 526	2 176	2 011	2 254
Investing activities **	-1 332	-1 924	-1 050	-1 005	-644	-123	-824	-815	-872	-1 957
Cash flow after investments	1 897	533	1 834	1 281	1 865	1 838	1 702	1 361	1 139	297
Return on capital employed, %*	9	6	9	10	9	9	6	6	4	7
Return on equity, %	7	5	35	10	8	7	3	4	3	9
Debt/equity ratio, %	9	10	9	12	13	19	23	28	29	32
Ordinary dividend, SEK	7.5	7.25	3.5	6.75	6.5	6	5.25	5	4.5	4.5
Extra dividend, SEK	4	3.5	-	-	-	-	-	-	-	-
Average number of employees	3 474	2 974	2 915	2 955	2 976	2 989	3 315	3 359	3 718	3 945

*Excl. items affecting comparability.

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

Holmen in brief

Holmen's extensive forest holdings are the foundation of our business. Using our own production facilities, the growing trees are refined into everything from wood for climate-smart building to renewable packaging, magazines and books, while at the same time we generate hydro and wind power on our own land. A business that not only creates value for shareholders and customers, but also contributes to a better climate and thriving rural communities.

Press and analyst conference

On the publication of the interim report, a webcast press and analyst conference will be held at 09.00 CEST on Friday 19th of August. 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 08.55 CEST on:

Within Sweden:	+46 8 505 100 31
From the rest of Europe:	+44 207 107 06 13
From the US:	+1 631 570 56 13

Financial reports

20 October 2022	Interim report January-September 2022
31 January 2023	Year-end report 2022
28 April 2023	Interim report January-March 2023
17 August 2023	Interim report January-June 2023
25 October 2023	Interim report January-September 2023

This information such that Holmen AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Swedish Securities Market Act (2007:528). The information was submitted for publication, through the agency of the contact person set out above, at 07.30 CEST on Friday, 19 August 2022.

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.