

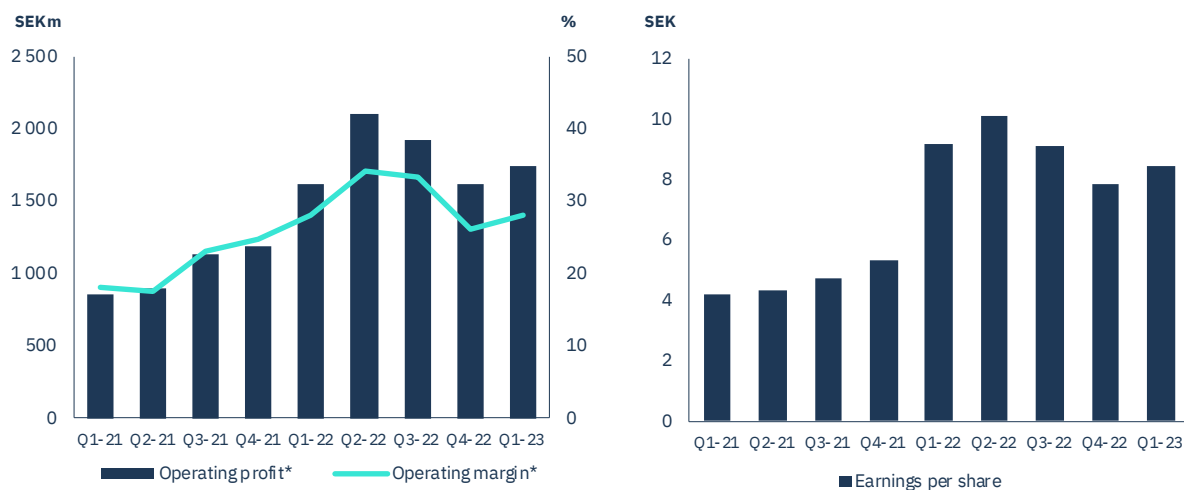
HOLMEN

Holmen's Interim Report January–March 2023

SEKm	Quarter			Full year
	1-23	4-22	1-22	2022
Net sales	6 223	6 245	5 750	23 952
Operating profit excl. item affecting comparability	1 737	1 622	1 617	7 262
Operating profit	1 737	1 622	1 883	7 527
Profit after tax	1 371	1 268	1 483	5 874
Earnings per share, SEK	8.5	7.8	9.2	36.3
Operating margin, %*	28	26	28	30
Book value, forest assets, SEKm	52 308	52 151	47 199	52 151
Cash flow before investments and change in working capital	2 299	985	1 925	6 768
Debt/equity ratio, %	1	4	7	4

*Excl. item affecting comparability; see page 14.

- Operating profit for January–March was SEK 1 737 million (January–March 2022: 1 883) which corresponds to an operating margin of 28 per cent. Excluding items affecting comparability last year, operating profit increased by SEK 120 million. Profit from Renewable Energy and Forest increased while the overall profit from the industry was unchanged.
- Operating profit increased by SEK 115 million compared with the fourth quarter.
- Profit after tax for January–March amounted to SEK 1 371 million (1 483), which corresponds to earnings per share of SEK 8.5 (9.2).
- Cash flow after investments amounted to SEK 1 830 million, which decreased net debt to SEK 376 million.



*Excl. items affecting comparability.

CEO comments

The European economy remains under considerable inflationary pressure, which the central banks are attempting to bring under control, while at the same time the energy situation is challenging in both the short term and the long term. With our own forests and energy production as a foundation, we have been able to navigate this challenging world well and could yet another quarter keep profits at a historically high level, SEK 1 737 million. Cash flow was very strong and at the end of the quarter net debt had decreased to SEK 376 million. At the beginning of April, SEK 2 592 million was distributed to shareholders in the form of an ordinary and an extra dividend.

Competition on the wood market remained strong and with the loss of deliveries from Russia the prices for pulpwood increased further. The prices for logs remained at historically high levels. Higher wood prices meant that the profit for forest was SEK 351 million, which is 15 per cent higher than a year ago. Our position in the wood market, where we have good control over raw materials and the entire value chain, is a true advantage in these uncertain times. It ensures the security of our raw material supplies and provide a solid foundation for the continued development of our production facilities.

Demand for paperboard for consumer packaging was lower than normal as customers decreased stocks. Prices remained stable after last year's price increases. Profit for paperboard was SEK 299 million and continued to benefit from high revenue from sales of excess electricity. Backed by our strong wood supply, we are carrying out a long-term investment programme at Iggesund Mill to meet demand in the customer segments with the highest quality requirements.

The market balance for paper weakened in the quarter but due to an uncertain supply of raw materials for many producers, prices remained at a stable level. We have advanced our positions in the market although we made production curtailments to a greater extent. Despite lower volumes, profit remained very strong at SEK 836 million, thanks to high selling prices and low electricity costs. To further strengthen our market-leading position in book paper and increase production of our new packaging product, we are now proceeding with an investment of SEK 450 million in rebuilding a paper machine in Braviken.

There is strong interest in large-scale building in wood, but demand from other sections of the construction market is currently weak due to increasing interest rates slowing down new construction. Selling prices stabilised at historically good levels in the quarter due to supply limitations in several major production countries. High costs for logs, however, mean that the profit from wood products for the quarter was low at SEK 23 million. We continue to see good opportunities to develop the wood products business and contribute to the necessary transition to more sustainable construction.

The energy situation in Europe has improved thanks to a mild winter, energy savings and production curtailments within energy-intensive industry, although there is still an energy shortage and prices remain high. Transmission limitations meant that electricity prices in northern Sweden, where we have most of our hydro and wind power production, were lower than in the rest of Sweden and Europe. The price of electricity in the north was still 50 per cent higher than the ten-year average, which together with increased wind power production contributed to a good profit from energy of SEK 282 million. We see good opportunities for increasing the production of wind power on our own land but, like everyone else, we are dependent on faster and more predictable permitting processes.

With our large forest holdings as a foundation, we grow houses while also harnessing the energy that blows over the treetops and flows in the rivers. We then make renewable packaging, magazines and books from the forest residues. Our strong financial position makes us well equipped to exploit the opportunities opening up in a world that is striving towards a sustainable society while at the same time raw materials and energy are in short supply.

Key figures Q1 2023

Operating profit, SEKm

1 737

Operating margin, %

28

Debt/equity ratio, %

1

Forest

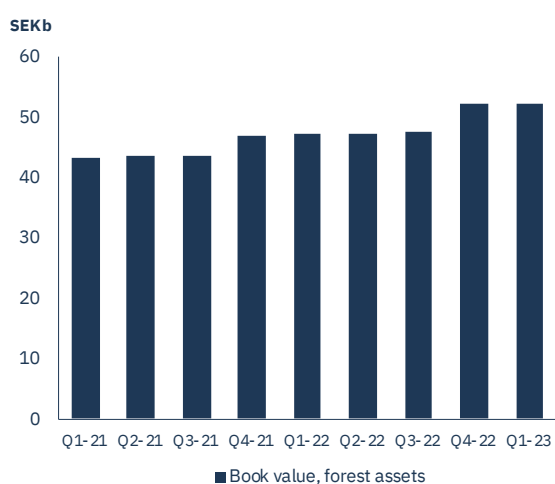
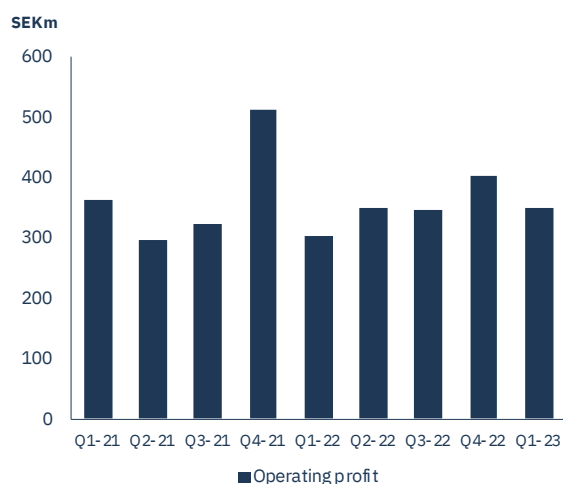
Holmen carries out active and sustainable forestry on over 1 million hectares of its own productive forest land. The annual harvest from own forest amounts to 2.8 million m³sub.

SEKm	Quarter			Full year
	1-23	4-22	1-22	2022
Net sales	2 105	1 969	1 809	7 342
Of which from own forests	384	414	330	1 524
Operating costs	-1 865	-1 690	-1 601	-6 363
Change in biological assets	133	148	117	509
EBITDA	373	427	325	1 488
Depreciation and amortisation according to plan	-22	-25	-20	-87
Operating profit	351	402	305	1 401
Book value, forest assets	52 308	52 151	47 199	52 151
Deliveries, own forests, '000 m ³ sub	620	692	674	2 813

Competition for pulpwood was high in the first quarter and prices increased. Demand for logs was strong and prices were stable.

The operating profit for January–March was SEK 351 million (305). The improved profits are due to the increased price of logs and pulpwood, but the effect was partially offset by higher costs.

Compared with the fourth quarter, operating profit decreased by SEK 51 million because the previous quarter contained compensation for establishing a nature reserve.



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
	1-23	4-22	1-22	2022
Net sales	1 811	1 640	1 579	6 735
Operating costs	-1 345	-1 338	-1 174	-5 055
EBITDA*	466	302	406	1 680
Depreciation and amortisation according to plan	-167	-151	-149	-599
Operating profit*	299	152	256	1 081
Investments	151	260	78	555
Capital employed	6 053	5 632	5 419	5 632
EBITDA margin, %*	26	18	26	25
Operating margin, %*	17	9	16	16
Deliveries, '000 tonnes	122	116	126	503

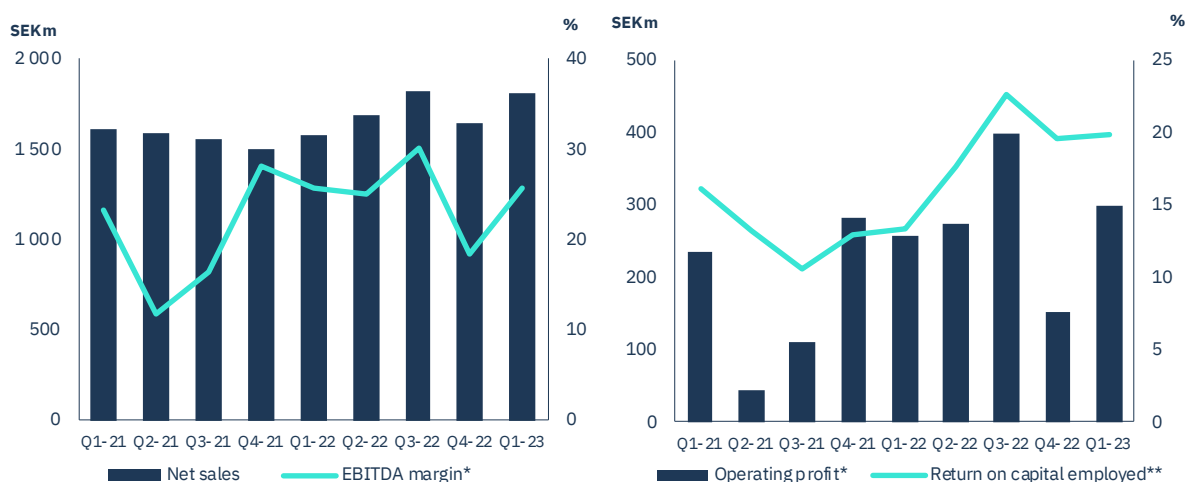
*Excl. item affecting comparability; see page 14.

Demand for paperboard was lower than normal in the first quarter. Market prices were stable.

Operating profit for January–March was SEK 299 million (256), excluding items affecting comparability. Higher selling prices and revenue from sales of excess electricity made a positive contribution but this was offset by higher costs for chemicals and wood.

Profit increased by SEK 147 million compared with the fourth quarter. The costs for chemicals and wood increased further, but were largely offset by higher selling prices. Profit for the fourth quarter suffered a net negative impact of SEK 200 million from a major maintenance shutdown and bonus for green electricity production.

A major maintenance shutdown is scheduled for the second quarter at Workington, which is expected to have a negative impact on earnings of SEK 140 million. The annual maintenance shutdown at Iggesund Mill is planned for the fourth quarter, with an expected negative impact on earnings of around SEK 200 million.



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

Paper

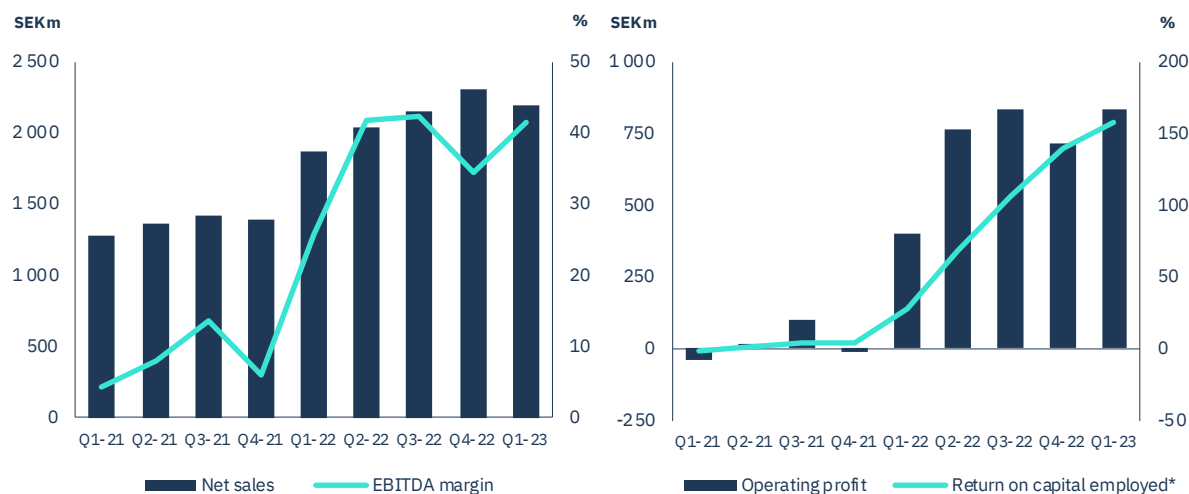
Holmen produces paper that utilises the properties of fresh fibre to provide cost-effective alternatives to traditional products for books, packaging and graphical publications. Production amounts to 1 million tonnes a year at two Swedish mills.

SEKm	1-23	Quarter 4-22	1-22	Full year 2022
Net sales	2 194	2 311	1 871	8 370
Operating costs	-1 285	-1 516	-1 392	-5 337
EBITDA	909	795	479	3 033
Depreciation and amortisation according to plan	-72	-79	-80	-319
Operating profit	836	716	399	2 714
Investments	51	77	28	186
Capital employed	1 996	1 939	1 923	1 939
EBITDA margin, %	41	34	26	36
Operating margin, %	38	31	21	32
Deliveries, '000 tonnes	216	248	253	995

Demand for paper was weak in the first quarter but prices were largely unchanged.

The operating profit for January–March was SEK 836 million (399). The increase in profit is due to price increases last year. Chemical and wood costs increased, but this was offset by the successful adjustment of production to an environment of volatile electricity prices combined with electricity price hedges.

Profit increased by SEK 120 million compared with the fourth quarter. Deliveries decreased due to weaker demand but this was offset by price increases last year and a lower electricity cost.



*Twelve-month rolling average.

Wood Products

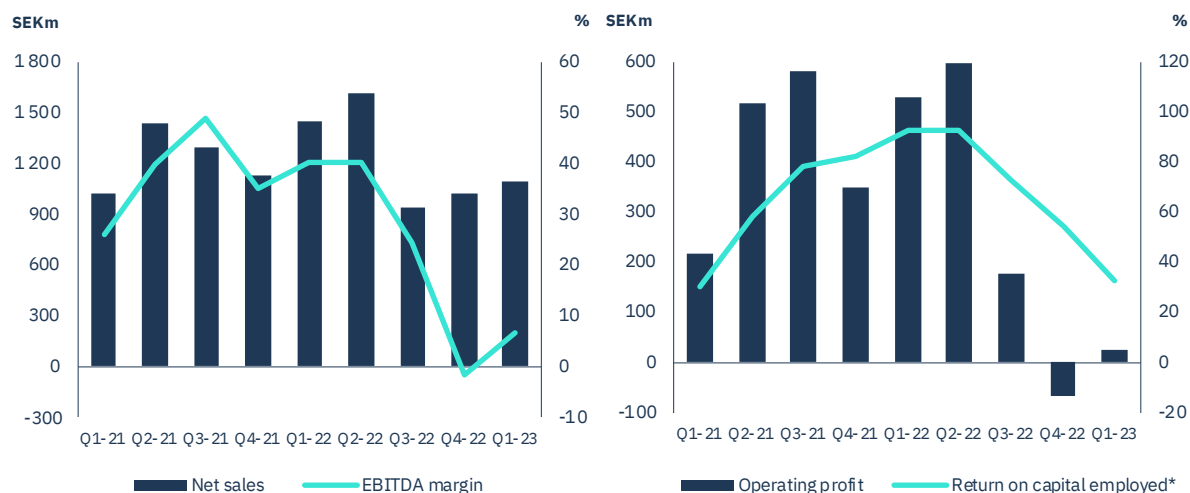
Holmen delivers wood products for joinery and construction purposes. Production takes place at five sawmills adjacent to own forest with an annual production of 1.5 million cubic metres.

SEKm	1-23	Quarter 4-22	1-22	Full year 2022
Net sales	1 087	1 019	1 445	5 015
Operating costs	-1 017	-1 035	-865	-3 574
EBITDA	70	-15	580	1 441
Depreciation and amortisation according to plan	-48	-52	-51	-204
Operating profit	23	-67	529	1 237
Investments	75	35	26	122
Capital employed	2 193	2 067	2 297	2 067
EBITDA margin, %	6	-2	40	29
Operating margin, %	2	-7	37	25
Deliveries, '000 m ³	397	401	381	1 435

The market situation for wood products stabilised in the first quarter. Prices were largely unchanged, following a significant decrease during the second half of 2022.

The operating profit for January–March was SEK 23 million (529). The decrease in profit was due to lower selling prices.

Compared with the fourth quarter, profit increased by SEK 90 million due to a better sales mix.



*Twelve-month rolling average.

Renewable Energy

In a normal year Holmen delivers 1.8 TWh of renewable hydro and wind power.

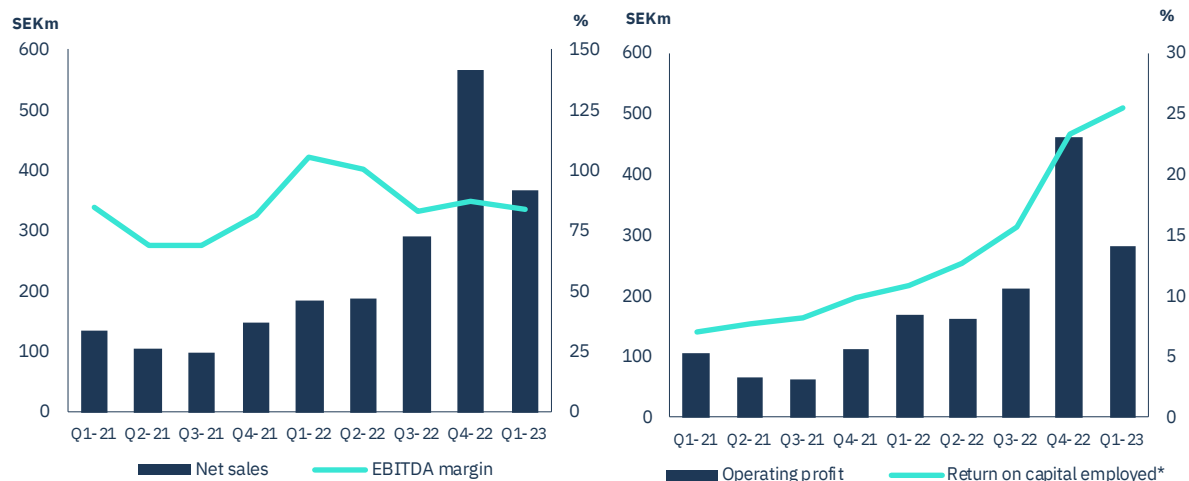
SEKm	1-23	Quarter 4-22	1-22	Full year 2022
Net sales	368	565	183	1 226
Operating costs*	-60	-74	9	-114
EBITDA	309	491	193	1 112
Depreciation and amortisation according to plan	-27	-28	-24	-106
Operating profit	282	463	168	1 006
Investments	9	26	56	237
Capital employed	4 319	4 618	4 315	4 618
EBITDA margin, %	84	87	105	91
Operating margin, %	76	82	92	82
Deliveries hydro and wind power, GWh	517	437	402	1 639

*Incl. other operating income.

The energy situation in Europe improved in the first quarter due to a mild winter and reduced energy consumption, although energy prices remained high. Electricity prices in northern Sweden, where Holmen has the majority of its production, decreased compared with the fourth quarter but were still 50 per cent higher than the historical average.

The operating profit for January–March was SEK 282 million (168). Profit was positively affected by higher electricity prices, increased delivery of electricity from wind power and increased revenues from the contribution of hydro power to the stabilisation of the electricity grid.

Operating profit decreased by SEK 181 million compared with the fourth quarter due to lower electricity prices. This was partially offset by higher production of wind power.



*Twelve-month rolling average.

Cash flow, financing and net financial items

Cash flow from operating activities for January–March totalled SEK 2 149 million (1 383) and cash flow from investing activities totalled SEK -319 million (-201).

The Group's net financial debt in the first quarter decreased by SEK 1 769 million to SEK 376 million. Net debt was 1 per cent of equity.

At 31 March, the Group's non-current borrowing amounted to SEK 2.9 billion and current borrowing was SEK 0.5 billion. Cash and cash equivalents totalled SEK 3.2 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–March totalled SEK -10 million (-38).

Tax

Recognised tax for January–March amounted to SEK -356 million (-361). Recognised tax as a proportion of profit before tax was 21 per cent (20).

Equity

In January–March, the Group's equity decreased by SEK 3 403 million to SEK 53 547 million. Profit for the period totalled SEK 1 371 million (1 483). Other comprehensive income totalled SEK -2 184 million (783) and is mainly attributable to the decreased fair value of hedge-accounted electricity derivatives. Decided but not paid dividend of SEK 2 592 million decreased equity for the period.

Hedging of exchange rates

The Group hedges parts of its future estimated net flows in foreign currencies. Operating profit for January–March includes currency hedges of SEK -108 million (-27). For EUR/SEK, 2 years of expected net flows are hedged at an average exchange rate of 10.60. For other currencies, 4–8 months of flows are hedged.

Hedging of electricity prices

Electricity consumption in the Paper business area amounts to 3.2 TWh per year under full production. To reduce the impact of changing electricity prices on Paper's earnings, consumption is partly hedged. In the first quarter, consumption was 95 per cent hedged. For the remainder of 2023, practically all expected electricity consumption is hedged. For 2024 and 2025, there are hedges corresponding to 65 and 25 per cent of full production respectively.

The Group delivers 1.8 TWh of hydro and wind power in a normal year. For the remainder of 2023, 25 per cent is hedged.

Personnel

The average number of employees (FTE) in the Group was 3 451 (3 303).

Dividend

The 2023 AGM set the dividend at SEK 16 (11.5) per share, of which SEK 8 (4) per share related to an extra dividend. The dividend, totalling SEK 2 592 million, was paid on 4 April.

Share buy-backs

The 2023 AGM renewed the Board's authorisation to take decisions on purchasing up to 10 per cent of the company's shares. No buy-backs took place during the period. The company owns 0.3 per cent of all shares outstanding.

Stockholm, 28 April 2023
Holmen AB (publ)

Henrik Sjölund
President and CEO

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

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Group

		Quarter		Full year
Condensed income statement, SEKm	1-23	4-22	1-22	2022
Net sales	6 223	6 245	5 750	23 952
Other operating income	487	841	840	2 743
Change in inventories	83	-20	-12	364
Raw materials and consumables	-2 823	-2 992	-2 773	-11 078
Personnel costs	-826	-776	-723	-2 956
Other operating costs	-1 204	-1 482	-992	-4 672
Change in value of biological assets	133	148	117	509
Profit from investments in associates and joint ventures	8	1	8	10
Depreciation and amortisation according to plan	-343	-343	-332	-1 345
Operating profit	1 737	1 622	1 883	7 527
Finance income	16	9	1	12
Finance costs	-26	-23	-40	-99
Profit before tax	1 727	1 608	1 844	7 441
Tax	-356	-340	-361	-1 567
Profit for the period	1 371	1 268	1 483	5 874
Earnings per share, SEK				
Basic	8.5	7.8	9.2	36.3
Diluted	8.5	7.8	9.2	36.3
Operating margin, %*	28	26	28	30
Return on capital employed, %*	12	11	13	13
Return on equity, %	10	9	13	11

*Excl. item affecting comparability.

		Quarter		Full year
Condensed statement of comprehensive income, SEKm	1-23	4-22	1-22	2022
Profit for the period	1 371	1 268	1 483	5 874
Other comprehensive income				
Revaluation of forest land	-	4 373	-	4 373
Revaluations of defined benefit pension plans	11	35	-21	-6
Tax attributable to items that will not be reclassified to profit for the period	-2	-923	4	-899
Items that will not be reclassified to profit for the period	9	3 485	-17	3 469
Cash flow hedging	-2 789	-3 017	993	3 037
Translation difference on foreign operation	48	35	-2	72
Hedging of currency risk in foreign operation	-33	-26	8	-28
Tax attributable to items that will be reclassified to profit for the period	581	627	-199	-612
Items that will be reclassified to profit for the period	-2 193	-2 381	800	2 469
Total other comprehensive income after tax	-2 184	1 104	783	5 938
Total comprehensive income	-813	2 372	2 266	11 812

	Jan-mar	
Condensed change in equity in summary, SEKm	2023	2022
Opening equity	56 950	46 992
Profit for the period	1 371	1 483
Other comprehensive income	-2 184	783
Total comprehensive income	-813	2 266
Share saving program	3	-3
Dividend	-2 592	-1 862
Closing equity	53 547	47 393

Group

	2023 31 Mar	2022 31 Dec
Condensed balance sheet, SEKm		
Non-current assets		
Forest assets		
Biological assets	30 015	29 867
Forest land	22 294	22 284
Intangible non-current assets	427	427
Property, plant and equipment	10 046	10 124
Right-of-use assets	244	242
Investments in associates and joint ventures	1 688	1 680
Other shares and participating interests	2	2
Non-current financial receivables	105	97
Deferred tax assets	3	2
Total non-current assets	64 822	64 726
Current assets		
Inventories	5 132	4 838
Trade receivables	3 001	2 929
Current tax receivable	70	589
Other operating receivables*	2 981	6 402
Current financial receivables	12	18
Cash and cash equivalents	3 214	1 935
Total current assets	14 409	16 710
Total assets	79 232	81 436
Equity	53 547	56 950
Non-current liabilities		
Non-current financial liabilities	2 902	2 902
Non-current liabilities relating to right-of-use assets	161	158
Pension obligations	10	7
Non-current provisions	435	441
Deferred tax liabilities	13 105	13 490
Total non-current liabilities	16 613	16 998
Current liabilities		
Current financial liabilities	546	1 039
Current liabilities relating to right-of-use assets	89	89
Trade payables	3 182	3 848
Current tax liability	131	118
Other operating liabilities**	5 123	2 395
Total current liabilities	9 072	7 488
Total liabilities	25 684	24 486
Total equity and liabilities	79 232	81 436
Debt/equity ratio, %	1	4
Equity/assets ratio, %	68	70
Capital employed	53 924	59 095
Net financial debt	376	2 145

*The fair value of electricity derivatives is included at SEK 1 947 (31 Dec 2022: 4 844) million.

**Incl. approved, but not paid, dividend of SEK 2 592 million (-).

Group

		Quarter		Full year
Condensed cash flow statement, SEKm	1-23	4-22	1-22	2022
Operating activities				
Profit before tax	1 727	1 608	1 844	7 441
Adjustments for non-cash items				
Depreciation and amortisation according to plan	343	343	332	1 345
Change in value of biological assets	-133	-148	-117	-509
Other*	-5	72	-16	131
Paid income taxes	367	-891	-119	-1 639
Cash flow from operating activities before changes in working capital	2 299	985	1 925	6 768
Cash flow from changes in working capital				
Change in inventories	-61	-140	-54	-1 007
Change in trade receivables and other operating receivables	451	234	-801	-1 284
Change in trade payables and other operating liabilities	-540	220	313	1 007
Cash flow from operating activities	2 149	1 300	1 383	5 484
Investing activities				
Acquisition of non-current assets	-319	-465	-208	-1 401
Disposal of non-current assets	1	34	4	49
Change in non-current financial receivables	-	-	3	3
Cash flow from investing activities	-319	-431	-201	-1 349
Financing activities				
Amortization of liabilities associated with to right-of-use assets	-31	-24	-21	-90
Change in financial liabilities and current financial receivables	-521	-53	575	-761
Dividends paid to the shareholders of the parent company	-	-	-	-1 862
Cash flow from financing activities	-552	-77	554	-2 713
Cash flow for the period	1 279	792	1 735	1 422
Opening cash and cash equivalents	1 935	1 140	507	507
Exchange difference in cash and cash equivalents	1	2	0	5
Closing cash and cash equivalents	3 214	1 935	2 243	1 935

		Quarter		Full year
Change in net financial debt, SEKm	1-23	4-22	1-22	2022
Opening net financial debt	-2 145	-2 999	-4 101	-4 101
Cash flow from operating activities	2 149	1 300	1 383	5 484
Cash flow from investing activities (excl. financial receivables and acquisition)	-319	-431	-202	-1 350
Acquisition	-	-	-267	-270
Dividends paid	-	-	-	-1 862
Liabilities arising from new right-of-use agreements	-34	-13	-38	-93
Revaluations of defined benefit pension plans	9	28	-17	-7
Foreign exchange effects and changes in fair value	-36	-30	60	53
Closing net financial debt	-376	-2 145	-3 184	-2 145

*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		Full year
Condensed income statement, SEKm	1-23	4-22	1-22	2022
Operating income	5 699	6 273	5 483	23 257
Operating costs	-4 780	-5 185	-4 486	-18 245
Operating profit	919	1 089	997	5 012
Net financial items	-37	40	-4	448
Profit after net financial items	882	1 128	993	5 459
Appropriations	-189	-127	-115	-511
Profit before tax	693	1 001	878	4 948
Tax	-143	-203	-183	-930
Profit for the period	550	799	696	4 019

		Quarter		Full year
Condensed statement of comprehensive income, SEKm	1-23	4-22	1-22	2022
Profit for the period	550	799	696	4 019
Other comprehensive income				
Cash flow hedging	-2 672	-3 427	1 016	2 885
Tax attributable to other comprehensive income	550	706	-209	-594
Items that will be reclassified to profit for the period	-2 121	-2 721	807	2 291
Total comprehensive income	-1 571	-1 923	1 502	6 310

	2023	2022
Condensed balance sheet, SEKm	31 Mar	31 Dec
Non-current assets	18 271	18 537
Current assets	12 606	14 941
Total assets	30 877	33 478
Restricted equity	5 915	5 915
Non-restricted equity	7 373	11 533
Untaxed reserves	4 185	4 053
Provisions	1 476	2 011
Liabilities	11 927	9 966
Total equity and liabilities	30 877	33 478

Sales to Group companies accounted for SEK 90 million (87) of operating income for January–March.

Appropriations include net Group contributions totalling SEK -57 million (95).

The parent company's investments in property, plant and equipment and intangible assets totalled SEK 10 million (21).

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 are prepared in accordance with International Financial Reporting Standards (IFRS) 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 IFRS 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 those areas where the Group has forest land. Forest assets are usually valued at year-end. 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 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 annual value of the forest assets is calculated, and when there are acquisitions or disposals. Changes in the value of forest land are recognised in other comprehensive income.

The value of the biological assets at 31 March was SEK 30 015 million (31 Dec 2022: 29 867). The change in value of biological assets, calculated as the net of the change due to harvesting and the unrealised change in fair value, totalled SEK 133 million in the first quarter and is recognised in the Group's operating profit. The book value of forest land at 31 March was SEK 22 294 million (31 Dec 2022: 22 284).

3. External net sales by market

	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Jan-Mar 2023						
Scandinavia	762	51	145	416	368	1 742
Rest of Europe	1	1 332	1 851	372	-	3 555
Asia	-	310	131	99	-	540
Rest of the world	-	118	68	200	-	386
Total Net sales	763	1 811	2 194	1 087	368	6 223

	Forest	Paperboard	Paper	Wood Products	Renewable Energy	Group
Jan-Mar 2022						
Scandinavia	672	60	145	620	183	1 679
Rest of Europe	-	1 149	1 558	385	-	3 092
Asia	-	279	103	87	-	469
Rest of the world	-	91	66	352	-	510
Total Net sales	672	1 579	1 871	1 445	183	5 750

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

	Book value		Fair value	
	2023	2022	2023	2022
SEKm	31 Mar	31 Dec	31 Mar	31 Dec
Assets at fair value	2 101	5 020	2 101	5 020
Assets at acquisition cost	6 258	4 893	6 258	4 893
Liabilities at fair value	1 066	1 187	1 066	1 187
Liabilities at acquisition cost	6 610	7 782	6 610	7 782

Holmen measures financial instruments at fair value or at cost in the balance sheet, depending on their classification. In addition to items of net financial debt, excluding 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 31 December was SEK 1 034 million, which is SEK 2 799 million lower than at year-end, mainly due to the lower fair 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, closures, major restructuring measures and breakdowns, as well as changes 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 items affecting comparability. Operating profit for the previous year 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. A description of the items that are recognised as affecting comparability in previous periods is provided on page 102 of Holmen's annual report for 2022.

SEKm	Quarter		Full year	
	1-23	4-22	1-22	2022
EBITDA	2 080	1 965	1 950	8 607
Depreciation and amortisation according to plan	-343	-343	-332	-1 345
Operating profit excl. items affecting comp.	1 737	1 622	1 617	7 262
Items affecting comparability	-	-	266	266
Operating profit	1 737	1 622	1 883	7 527

Measure of margin, return and indebtedness

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

SEKm	2023	2022
	31 Mar	31 Dec
Fixed assets*	64 715	64 626
Working capital**	2 311	7 957
Deferred tax assets	3	2
Deferred tax liabilities	-13 105	-13 490
Capital employed	53 924	59 095

*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:

	2023	2022
SEKm	31 Mar	31 Dec
Non-current financial liabilities	2 902	2 902
Non-current liabilities relating to right-of-use assets	161	158
Current financial liabilities	546	1 039
Current liabilities relating to right-of-use assets	89	89
Pension obligations	10	7
Non-current financial receivables	-105	-97
Current financial receivables	-12	-18
Cash and cash equivalents	-3 214	-1 935
Net financial debt	376	2 145

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. For a more detailed description of the material risks and uncertainties, see Holmen's annual report for 2022, pages 53–57, and Note 27.

Group

	2023	2022				Full year
Quarterly figures, SEKm	Q1	Q4	Q3	Q2	Q1	2022
Income statement						
Net sales	6 223	6 245	5 784	6 173	5 750	23 952
Operating costs	-4 284	-4 429	-3 684	-3 827	-3 925	-15 865
Change in value of forests	133	148	156	88	117	509
Profit from associates and JV	8	1	1	0	8	10
EBITDA*	2 080	1 965	2 258	2 434	1 950	8 607
Depreciation and amortisation according to plan	-343	-343	-336	-333	-332	-1 345
Operating profit excl. items affecting comparability	1 737	1 622	1 921	2 101	1 617	7 262
Items affecting comparability	-	-	-	-	266	266
Operating profit	1 737	1 622	1 921	2 101	1 883	7 527
Net financial items	-10	-14	-16	-19	-38	-87
Profit before tax	1 727	1 608	1 905	2 083	1 844	7 441
Tax	-356	-340	-424	-441	-361	-1 567
Profit for the period	1 371	1 268	1 482	1 642	1 483	5 874
Earnings per share, SEK	8.5	7.8	9.1	10.1	9.2	36.3
Net sales						
Forest	2 105	1 969	1 755	1 810	1 809	7 342
Paperboard	1 811	1 640	1 824	1 692	1 579	6 735
Paper	2 194	2 311	2 156	2 032	1 871	8 370
Wood Products	1 087	1 019	937	1 614	1 445	5 015
Renewable Energy	368	565	290	188	183	1 226
Elimination of intra-group net sales	-1 342	-1 260	-1 177	-1 163	-1 137	-4 737
Group	6 223	6 245	5 784	6 173	5 750	23 952
EBITDA by business area*						
Forest	373	427	368	368	325	1 488
Paperboard	466	302	549	423	406	1 680
Paper	909	795	911	848	479	3 033
Wood Products	70	-15	228	648	580	1 441
Renewable Energy	309	491	240	188	193	1 112
Group-wide	-47	-35	-39	-41	-32	-148
Group	2 080	1 965	2 258	2 434	1 950	8 607
Operating profit/loss by business area*						
Forest	351	402	346	349	305	1 401
Paperboard	299	152	400	274	256	1 081
Paper	836	716	832	767	399	2 714
Wood Products	23	-67	177	598	529	1 237
Renewable Energy	282	463	214	162	168	1 006
Group-wide	-54	-44	-46	-48	-40	-178
Group	1 737	1 622	1 921	2 101	1 617	7 262
Operating margin, %*						
Paperboard	17	9	22	16	16	16
Paper	38	31	39	38	21	32
Wood Products	2	-7	19	37	37	25
Group	28	26	33	34	28	30
Return						
Capital employed, %*	12	11	14	16	13	13
Equity, %	10	9	11	13	13	11
Deliveries						
Own forests, '000 m ³ sub	620	692	627	820	674	2 813
Paperboard, '000 tonnes	122	116	131	129	126	503
Paper, '000 tonnes	216	248	250	244	253	995
Wood products, '000 m ³	397	401	277	375	381	1 435
Hydro and wind power, GWh	517	437	424	376	402	1 639

*Excl. item affecting comparability.

Group

Full year review, SEKm	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Income statement										
Net sales	23 952	19 479	16 327	16 959	16 055	16 133	15 513	16 014	15 994	16 231
Operating costs	-15 865	-14 622	-13 250	-13 961	-12 984	-13 379	-12 626	-13 348	-13 270	-13 919
Change in value of forests	509	464	579	487	425	415	315	267	282	264
Profit from associates and JV	10	0	-6	0	-9	-12	-22	7	-7	3
EBITDA*	8 607	5 321	3 651	3 486	3 488	3 157	3 179	2 940	2 999	2 579
Depreciation and amortisation according to plan	-1 345	-1 261	-1 172	-1 141	-1 012	-991	-1 018	-1 240	-1 265	-1 370
Operating profit excl. items affecting comparability	7 262	4 061	2 479	2 345	2 476	2 166	2 162	1 700	1 734	1 209
Items affecting comparability	266	-330	-	8 770	-94	-	-232	-931	-450	-140
Operating profit	7 527	3 731	2 479	11 115	2 382	2 166	1 930	769	1 284	1 069
Net financial items	-87	-39	-42	-34	-25	-53	-71	-90	-147	-198
Profit before tax	7 441	3 691	2 437	11 081	2 356	2 113	1 859	679	1 137	871
Tax	-1 567	-688	-458	-2 351	-89	-445	-436	-120	-230	-160
Profit for the year	5 874	3 004	1 979	8 731	2 268	1 668	1 424	559	907	711
Diluted earnings per share, SEK	36.3	18.5	12.2	52.6	13.5	9.9	8.5	3.4	5.4	4.3
EBITDA by business area*										
Forest	1 488	1 573	1 422	1 217	1 216	1 099	1 030	935	845	958
Paperboard	1 680	1 237	1 366	996	1 196	1 257	1 382	1 346	1 161	878
Paper	3 033	441	454	891	665	627	669	514	725	429
Wood Products	1 441	1 857	309	159	337	165	80	86	160	45
Renewable Energy	1 112	375	242	362	205	159	143	198	233	391
Group-wide	-148	-163	-143	-140	-132	-149	-124	-138	-126	-121
Group	8 607	5 321	3 651	3 486	3 488	3 157	3 179	2 940	2 999	2 579
Operating profit by business area*										
Forest	1 401	1 495	1 367	1 172	1 185	1 069	1 001	905	817	924
Paperboard	1 081	673	812	435	689	764	903	847	674	433
Paper	2 714	70	73	509	329	288	289	-74	141	-309
Wood Products	1 237	1 668	185	62	246	80	-3	9	37	-75
Renewable Energy	1 006	347	215	336	181	135	120	176	212	371
Group-wide	-178	-193	-174	-168	-154	-170	-148	-163	-146	-136
Group	7 262	4 061	2 479	2 345	2 476	2 166	2 162	1 700	1 734	1 209
Deliveries										
Own forests, '000 m ³ sub	2 813	2 833	2 841	2 699	2 816	2 883	2 945	3 132	3 207	3 361
Paperboard, '000 tonnes	503	544	544	538	525	526	497	499	493	469
Paper, '000 tonnes	995	1 029	883	996	1 036	1 117	1 134	1 325	1 305	1 574
Wood products, '000 m ³	1 435	1 373	1 052	879	828	852	776	730	725	686
Hydro and wind power, GWh	1 639	1 230	1 352	1 109	1 145	1 169	1 080	1 441	1 113	1 041
Balance sheet										
Forest assets	52 151	47 080	43 202	41 345	18 701	17 971	17 595	17 340	17 032	16 654
Other non-current assets	12 477	12 251	11 784	10 781	10 586	10 780	11 106	12 184	13 189	13 998
Current assets	14 758	7 956	6 878	6 264	6 845	5 710	5 852	5 607	5 964	5 774
Financial receivables	2 050	814	679	950	781	430	338	325	249	327
Total assets	81 436	68 101	62 543	59 340	36 912	34 891	34 891	35 456	36 434	36 753
Equity	56 950	46 992	42 516	40 111	23 453	22 035	21 243	20 853	20 969	20 854
Deferred tax liability	13 490	11 610	10 570	10 299	5 839	5 650	5 613	5 508	5 480	5 804
Financial liabilities and interest-bearing provisions	4 195	4 915	4 860	4 732	3 587	3 366	4 283	5 124	6 156	6 443
Operating liabilities	6 801	4 584	4 597	4 196	4 033	3 840	3 752	3 971	3 829	3 653
Total equity and liabilities	81 436	68 101	62 543	59 340	36 912	34 891	34 891	35 456	36 434	36 753
Cash flow										
Operating activities	5 484	3 229	2 457	2 884	2 286	2 509	1 961	2 526	2 176	2 011
Investing activities **	-1 352	-1 332	-1 924	-1 050	-1 005	-644	-123	-824	-815	-872
Cash flow after investments	4 132	1 897	533	1 834	1 281	1 865	1 838	1 702	1 361	1 139
Return on capital employed, %*	13	9	6	9	10	9	9	6	6	4
Return on equity, %	11	7	5	35	10	8	7	3	4	3
Debt/equity ratio, %	4	9	10	9	12	13	19	23	28	29
Ordinary dividend, SEK	8	7.5	7.25	3.5	6.75	6.5	6	5.25	5	4.5
Extra dividend, SEK	8	4	3.5	-	-	-	-	-	-	-
Average number of employees	3 466	3 474	2 974	2 915	2 955	2 976	2 989	3 315	3 359	3 718

*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 28th of April. 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 report

17 August 2023	Interim report January–June 2023
25 October 2023	Interim report January–September 2023
31 January 2024	Year-end report 2023

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 07:30 CEST on Friday, 28 April 2023.

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.