

Södra's interim report

1 July – 30 September 2024

- » Net sales amounted to SEK 6,944 million (6,545).
- » Operating profit before depreciation, amortisation and impairment amounted to SEK 1,316 million (780).
- » Operating profit totalled SEK 937 million (410).
- » The operating margin was 13 percent (6).
- » Cash flow after investments was SEK 105 million (859).

Key indicators	2024 July–Sept	2023 July–Sept	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Net sales, SEK million	6,944	6,545	22,084	21,868	28,896
Operating profit before depreciation, amortisation and impairment, SEK million	1,316	780	3,032	3,001	3,677
Operating profit, SEK million	937	410	1,903	1,959	2,226
EBITDA margin	19%	12%	14%	14%	13%
Operating margin	13%	6%	9%	9%	8%
Return on capital employed	—	—	10%	12%	9%
Equity ratio	—	—	61%	61%	64%
Cash flow after investments, SEK million	105	859	1,266	1,788	79
No. of members	—	—	52,161	51,731	51,774
Affiliated forest area, million hectares	—	—	2.83	2.80	2.81
Average no. of employees ¹⁾	3,258	—	3,199	3,370	3,251
Positive climate effect ²⁾ , Mt CO ₂ e	—	—	—	—	11.4
Lost time accidents (LTA) ³⁾ , no.	10	7	31	28	38
Lost time accident rate (LTAR) ⁴⁾	9	6	8	7	7

¹⁾ New definition from 2024: comprises actual hours worked divided by scheduled hours for a full-time employee. As of the second quarter of 2024, the average number of employees per quarter is also reported. The comparative figures for full-year 2023 have been restated.

²⁾ CO₂e=carbon dioxide equivalents. This key indicator is calculated on an annual basis.

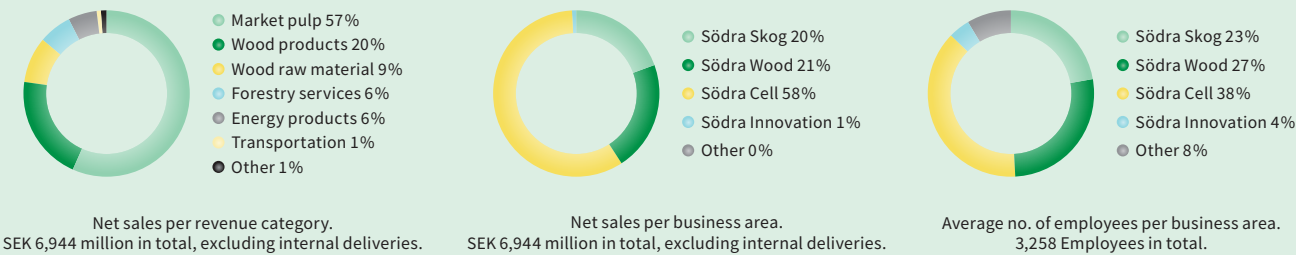
³⁾ LTA (lost time accident): occupational injury with absence.

⁴⁾ LTAR (lost time accident rate): number of occupational injuries with absence per million hours worked.

This is a translation of the interim report. This translation does not replace the original report. In the event of any lack of clarity or disparity between this translation and the interim report, the interim report will always take precedence.

The quarter in figures

Some of our most important figures and key indicators for the third quarter of 2024.



A few highlights from the past quarter to show how we are increasing member value and strengthening the Södra brand, always with our mission in focus – to refine and renew the value of family forestry.

The quarter in brief



Family party with the forest as their arena

In July, the world's largest orienteering competition, O-Ringen, was held along the coast of Småland. Södra sponsored one of the competition stages and was on site with a booth where competitions were arranged, children were given the chance to take their chainsaw license, and visitors could learn about all the products that can be made from trees. It was a real family party atmosphere with the forest as their arena.

The manager of Södra's mill at Mönsterås, Karin Dernegård, was one of Södra's employees who took part in the Södra stage and also stood in Södra's booth.

"I think it's great that we can be here to support orienteering and this competition while it's taking place in our forestry operations area. Non-profit activities like sports are important for Sweden and for our region, and the forest is an arena that connects Södra and orienteering," she said.

Together with Marita Skogum, Södra member and six-time world orienteering champion, and Henrik Andersson, Director of Members at Södra, Karin handed out wooden medals to the winners of the Södra stage.



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factory in Sweden and the largest producer of kraft lignin in the world. The total investment amounts to more than SEK 2 billion and the facility is scheduled for operation by 2027. The investment has been funded with support from the Swedish Energy Agency as part of the EU's Recovery and Resilience Facility (RRF), which is the centrepiece of the NextGenerationEU package.

Changes to strengthen competitiveness and commercial focus

In order to strengthen competitiveness and continue refining and renewing the value of family forestry, Södra's product portfolio has already been expanded to include energy, chemicals and building systems. To provide even better conditions for the strategic shifts that must be made and gain a clearer commercial focus, all of Södra's businesses are now represented in Group Senior Management.

Both Södra Bioproducts, with responsibility for energy and chemicals, and Södra Building Systems, with responsibility for building systems, became separate business areas on 1 September. Johannes Bogren and Andreas Berge are thereby the Business Area Presidents of Södra Bioproducts and Södra Building Systems, respectively.

On 1 September, Catrin Gustavsson, the former President of Södra Innovation, stepped into the role as President of Södra Cell. While the recruitment of a new President of Södra Innovation is ongoing, Henric Brage, the former head of Strategic Development in Södra Innovation, will serve as Interim Business Area President.

On 1 September, the former President of Södra Cell, Magnus Björkman, was assigned the task of reviewing the entire Group's management and prioritisation of investments. The assignment is temporary and Magnus will report to Lotta Lyrå, but is not a member of Group Senior Management.



Historically high prices for forest raw material

To meet the continued high demand for forest raw material, Södra raised the prices of several wood ranges on 21 August. This means that the prices of all ranges are historically high.

The price adjustments applied to saw logs, small-diameter sawable ranges, softwood pulpwood, hardwood pulpwood, fuel wood and forest residues (branches and treetops) and were aimed at stimulating forestry activities such as regeneration harvesting, thinning and nature-conservation measures.

Due to continued uncertainty in the global wood market, the situation could change rapidly. At the same time, Södra considers the favourable demand for forest raw material to be long-term.

"Market demand for raw material from family forestry remains high. The growth in demand is due to more and more people wanting to use forests and their raw material, which has led to a wood market with a raw material shortage. That's why it's so important that we continue our efforts to create maximum value from every wood fibre," said Peter Karlsson, President of the Södra Skog business area.



Rewarding meetings at Barcelona Pulp Week

The annual Barcelona Pulp Week was held in mid-September, where the European paper industry gathers to discuss contracts for the coming year. During the week, Södra took part in more than 60 meetings with customers, potential customers and various partners.

"In a time when more and more contacts are held virtually, these industry meetings are extremely meaningful and rewarding. Spending a few days with a large number of business partners from across the entire value chain is a very effective and enjoyable way to meet," said Henrik Wettergren, Marketing Manager Södra Cell.

Södra has been arranging its own customer event in connection with Barcelona Pulp Week for some years. The theme of this year's event was sustainability, and how Södra can find various sustainable solutions for the future together with its customers was discussed. The Conscious Delivery offering for fossil-free logistics and the investment in electric trucks were two of the examples that were presented to show how Södra is minimising its carbon footprint.



Top rating for Södra's sustainability performance in international evaluation

Independent research firm EcoVadis continues to rank Södra among the top percentage of sustainability performers. In 2024, the annual survey gave Södra a top ranking for the fifth consecutive year from among more than 100,000 companies rated in over 200 sectors and 175 countries.

EcoVadis assesses four key areas: the environment, fair working conditions and human rights, business ethics and sustainable purchasing. With a total score of 80 from 100, Södra achieved its highest score to date and a platinum medal.

The environmental strengths highlighted included Science Based Targets initiative (SBTi) reporting. In addition, Södra's business ethics programme led to a higher rating in the ethics category.

"It is very positive that we received such high scores for our sustainability performance in an independent assessment, and it feels really good that several of the environmental areas that we focus on in our strategy were rated so highly," said Jessica Nordin, Södra's Director of Sustainability.

"We have high ambitions for our sustainability performance and the platinum medal from EcoVadis confirms that we are moving in the right direction and that customers can feel reassured," said Henrik Wettergren, Marketing Manager at Södra Cell.



Lotta Lyrå
President & CEO

Strong result in challenging times

Södra's mission is to create value for forest estates by identifying and refining the benefits of the forest in both the long and the short term. We are therefore focused on improving and implementing opportunities in our existing operations, while also looking ahead and focusing on where the added value of members' raw material can increase over time. The third quarter involved efforts to strengthen forest estates both directly through wood sales, and over time through returns. During the quarter, we raised timber prices for forest owners. At the same time, conditions for increasing the pace of commercialisation for energy, chemicals and building systems were strengthened by the key steps we have taken to establish Bioproducts and Building Systems as separate business areas.

Södra posted a strong result for the third quarter of the year. We are positively impacted, above all, by high pulp prices and continued good cost control, but challenged by high raw material prices and the prevailing global uncertainty, which also affects market demand and logistics. Operating profit totalled SEK 937 million and sales rose 6 percent to SEK 6,944 million. Return on capital employed was 10 percent, and the equity ratio was 61 percent. During the quarter, our work with World-class Efficiency – our way of working with continuous improvements – generated improvements and efficiencies with an annual recurring effect of SEK 104 million. Moreover, this led to an improvement in the cost level. Business conditions will gradually improve now that inflation and interest rates are starting to fall, but the recovery will take time and 2025 is also expected to be a challenging year. Due to wise decisions and hard work over the years, Södra's liquidity position and balance sheet are strong, which means that we can invest in line with our strategy.

High paper pulp prices and continued raw material shortage

Demand for paper pulp remains positive in relation to supply, and this is reflected by high prices. The scheduled maintenance shutdowns at the pulp mill in Mönsterås during the fourth quarter 2024 will, however, result in both increased costs and a loss in production. For sawn timber, the weak economy is characterising the market but falling interest rates could have a positive effect moving forward. We can see how the good work being done in the industrial adaptation of Södra's sawmill operations is bearing fruit and strengthening our competitiveness. The CLT business is affected by low construction activity, but the conditions to deliver when the market rebounds are favourable. The quarter also involved low prices for electricity and bio-oil, while the opposite applied to solid biofuels. The high interest in forest raw material continues, and Södra has acted in the raw material market by raising prices, which directly strengthens profitability for members of Södra, while also raising demands on

the competitiveness of our value chain and industrial operations. The value generated by our industrial operations benefits members over time, in that members of Södra receive more than just remuneration for the value of their wood. The entire forest estate is central for Södra, where both high wood prices and favourable returns from our industrial operations are key components for strengthening the profitability of forest estates.

Commercial focus increases the added value from each tree

During the quarter, we took key steps to establish our new operations in energy, chemicals and CLT as separate business areas. This is part of the implementation of Södra's strategy to make the most of every tree. As we move forward, this change will give us better conditions to strengthen our competitiveness and gain a clearer commercial focus on these products that we truly believe in. The need for products from sustainably managed forests will increase and we are already seeing market demand. During the quarter, Södra signed agreements with UPM and Stora Enso for large volumes of the kraft lignin that we are expecting to place on the market in 2027.

Dialogue is moving us forward

As a cooperative, we want to constantly evolve. We want to listen and stay up to date with the needs, challenges and opportunities affecting family forestry, customers and consumers, so that Södra's operations can create as much value as possible. For members and their forest estates, for customers and their operations, and for consumers in their daily life. We therefore see dialogue and collaboration as important tools in our day-to-day operations. We do this in various ways, but always with the same curiosity and ambition. The owner dialogue that will take place this autumn is aimed at getting feedback from members. Using the latest Artificial Intelligence (AI) technology, we can capture more nuances and ideas. We know that there are many opportunities growing in the forest. With our ears to the wind and our eyes on the horizon, we can realise them.



The period in brief

Operating profit for the quarter totalled SEK 937 million, compared with SEK 410 million in the year-earlier period. Sales rose 6 percent to SEK 6,944 million (6,545). Return on capital employed was 10 percent (12) and the equity ratio was 61 percent (61).

Market conditions

The global economy remained subdued despite earlier expectations of increased growth. Economic growth varied between countries and regions, sending different signs of where the economy is heading. The geopolitical situation remained unsettled, contributing to unpredictability for industry and export-dependent countries. Falling inflation and lower interest rates have not had any visibly positive effect on the global economy to date, but rather reflected a subdued economic climate.

In the third quarter, statistics from the manufacturing industry and labour markets showed weak global growth. The US economy showed clear signs of a slowdown, while growth in the eurozone was also weak. Earlier hopes of a recovery in the global economy have tended to be postponed.

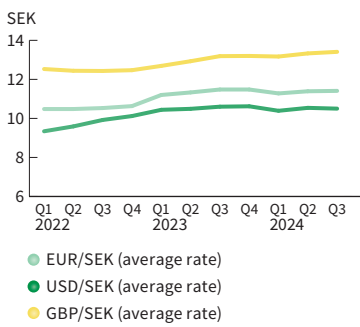
Due to lower inflation and a slowing economy, most central banks have decided to lower interest rates. Both the Federal Reserve (Fed) in the US and the European Central Bank cut

interest rates in September. After leaving the rate unchanged in June, the Riksbank proceeded to cut the rate at both its August and September meetings. The Riksbank communicated that the rate may also be cut in November and December provided the outlook for inflation persists.

According to the NIER's Economic Tendency Survey in July, the Swedish economy was giving mixed signals. Production remained at normal levels for manufacturing companies, while orders were slightly weaker than normal. While a slight improvement was noted in September, overall business sentiment remained weak. This applied to the manufacturing industry in particular, where orders declined from both the domestic and export markets. In addition, unemployment continued to rise in the third quarter.

Compared with the preceding quarter, the SEK strengthened against the USD and EUR in the third quarter, but weakened against the GBP. Year-on-year, the SEK was stronger than average against the USD, EUR and GBP.

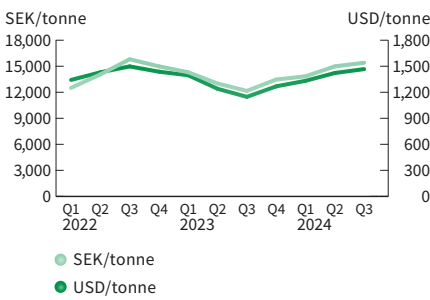
Foreign exchange rates



The diagram shows the annual average exchange rate.

Source: ECB

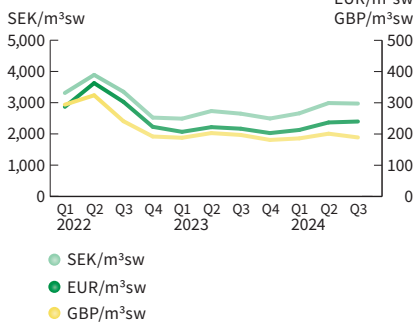
Delivery prices for bleached softwood sulphate pulp



The price of bleached softwood sulphate pulp in USD rose during the quarter. The diagram shows the average prices for softwood sulphate pulp delivered to European customers.

Source: FOEX PIX and Södra

Delivery prices for sawn timber



The diagram shows delivery prices for sawn timber in the most important currencies.

Source: Södra

Wood supply

Demand for raw material from the forest was high during the quarter. Forest production was in line with the year-earlier period.

Conditions for harvesting were excellent during the period. The quarter was characterised by product and logistics preparations prior to a scheduled shutdown of pulp production in the fourth quarter. Södra expects continued favourable demand for most ranges.

Sawn timber

During the quarter, the sawn timber market was characterised by relatively weak demand from our European customers which, combined with a sustained level of production, led to an increase in inventories among producers during the period. While prices remained stable during the quarter, Södra notes increased competition in certain markets, particularly the UK and Ireland.

In Sweden, Södra notes stable demand from industrial customers, but still more cautious sales in the building materials trade. In non-European markets, market conditions remain challenging. Demand is favourable in the US, but due to continued weak figures for new construction, prices remain at low levels. However, there are good prospects for a recovery again from low levels, which also applies to China.

Pulp market

The pulp market in Europe remained strong, primarily due to lower supply during the spring resulting in low producer inventories. The market for paper pulp remains favourable, although price increases are now being met with some resistance. The global economy is still relatively weak. Transport restrictions due to unrest around the Red Sea remain in place, making transportation more expensive both to and from Asia. Market conditions were slightly better in China, with higher delivery volumes during the quarter.

Södra Cell increased its inventory level during the quarter. Preparations are under way for a scheduled maintenance shutdown in the fourth quarter. The market for dissolving pulp remained relatively stable during the quarter with slightly rising prices.

Net sales

During the quarter, consolidated net sales amounted to SEK 6,944 million (6,545), up 6 percent. The positive sales trend for the quarter was primarily due to higher prices for Södra’s core products.

Net sales for the first nine months of the year amounted to SEK 22,084 million (21,868), up 1 percent.

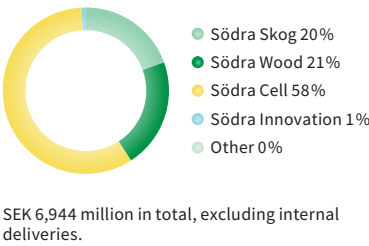
Result

Operating profit for the quarter totalled SEK 937 million (410), representing an operating margin of 13 percent (6). The strong operating profit for the quarter was primarily due to higher prices for Södra’s core products, which were offset by higher raw material costs. Profit before tax was SEK 940 million (411). Tax expense for the period was SEK 133 million (159).

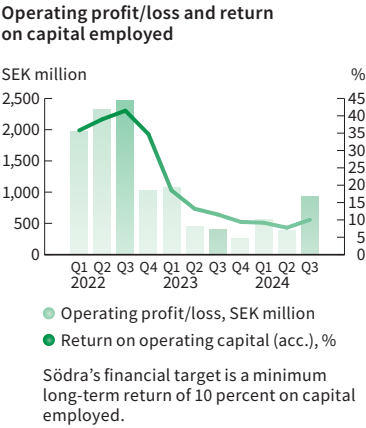
Operating profit for the first nine months of the year totalled SEK 1,903 million (1,959). Return on capital employed was 10 percent (12).

BUSINESS AREAS	Net sales					Operating profit				
	2024 July–Sept	2023 July–Sept	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec	2024 July–Sept	2023 July–Sept	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
SEK million										
Södra Skog	1,359	1,253	4,812	4,573	6,260	–9	31	23	41	367
Södra Wood	1,482	1,447	4,794	4,788	6,083	–16	52	77	26	–175
Södra Cell	4,056	3,748	12,241	12,213	16,142	1,051	408	2,211	2,189	2,631
Södra Innovation	47	97	237	295	411	–32	–16	–155	–106	–227
Other	–	–	–	–	–	–57	–65	–253	–191	–370
Group	6,944	6,545	22,084	21,868	28,896	937	410	1,903	1,959	2,226

Sales per business area



Net sales and operating margin



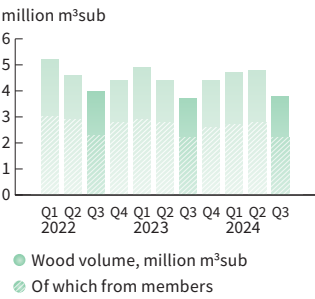
Business areas

Södra Skog

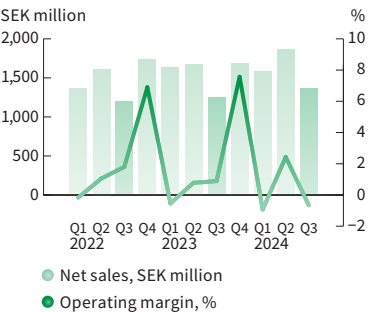
Södra Skog’s operating loss for the quarter totalled SEK 9 million (profit: 31). Sales for the quarter amounted to SEK 1,359 million (1,253), an effect of further price increases combined with a stable delivery volume. Demand for most ranges was favourable, while demand for energy was lower due to a relatively warm quarter. Outbound deliveries of saw logs, pulpwood and

energy products totalled 3.8 million m³sub (3.7) for the quarter. The earnings trend for the quarter was mainly due to lower demand for energy and the fact that price increases for saw logs led to a slightly lower margin. Cumulative sales amounted to SEK 4,812 million (4,573) and operating profit totalled SEK 23 million (41).

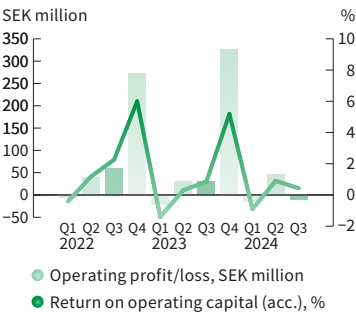
Wood volume



Net sales and operating margin



Operating profit/loss and return on operating capital

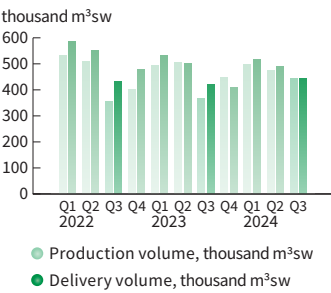


Södra Wood

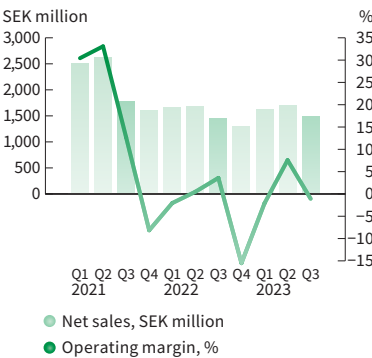
Södra Wood’s operating loss for the quarter totalled SEK 16 million (profit: 52). Sales for the quarter amounted to SEK 1,482 million (1,447), mainly an effect of higher delivery prices. The production volume for the quarter amounted to 361 thousand m³sw, down 7 thousand m³sw year-on-year. Outbound deliveries of sawn timber for the quarter were 444 thousand m³sw, down 22 thousand m³sw compared

with the year-on-year period. The earnings trend during the quarter was mainly attributable to lower margins due to higher saw log costs combined with somewhat higher delivery prices, despite slightly weaker demand in the sawn timber market. Cumulative sales amounted to SEK 4,794 million (4,788) and operating profit totalled SEK 77 million (26).

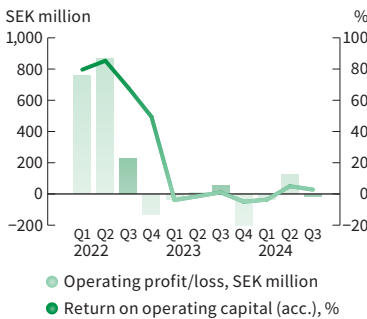
Production and delivery volume, sawn timber



Net sales and operating margin



Operating profit/loss and return on operating capital

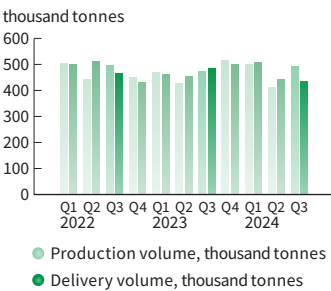


Södra Cell

Södra Cell’s operating profit for the quarter totalled SEK 1,051 million (408). Sales for the quarter amounted to SEK 4,056 million (3,748), an effect of higher prices for pulp and lower prices for energy products. During the quarter, the production volume totalled 493 ktonnes (476), comprising 431 ktonnes (418) of softwood sulphate pulp, 20 ktonnes (14) of hardwood sulphate pulp and 43 ktonnes (44) of dissolving pulp. Outbound deliveries of pulp for the quarter were 437 ktonnes, down 49 ktonnes compared with the year-earlier period. Outbound deliveries of liquid bioproducts

for the quarter amounted to 9 ktonnes, up 2 ktonnes compared with the year-earlier period. The earnings trend during the quarter was mainly due to higher prices for pulp and a continued relatively favourable exchange rate for the USD. Cumulative sales amounted to SEK 12,241 million (12,213) and operating profit totalled SEK 2,211 million (2,189). During the quarter, electricity generated by the pulp mills, wind turbines and the hydropower plant was 410 GWh. Excess electricity amounted to 72 GWh. The excess represented about 18 percent of the generated volume and was sold on the open market.

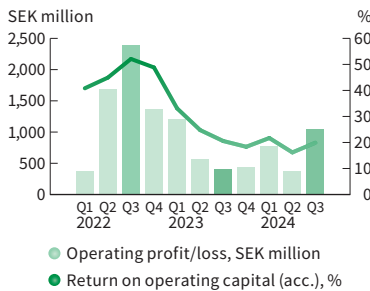
Production and delivery volume, pulp



Net sales and operating margin



Operating profit/loss and return on operating capital



Södra Innovation

Södra Innovation’s operating loss for the quarter totalled SEK 32 million (loss: 16). Sales for the quarter amounted to SEK 47 million (97), an effect of the prevailing market conditions with lower demand. The earnings trend during the quarter was mainly

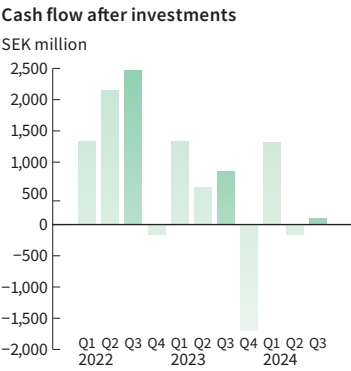
due to continued weak construction activity and lower shares in associates. Ongoing innovation initiatives are progressing as planned. Cumulative sales amounted to SEK 237 million (295) and operating loss totalled SEK 155 million (loss: 106).

Net financial items

Net financial items for the quarter amounted to income of SEK 3 million (1).

Cash flow

Cash flow before investments for the quarter was SEK 670 million (1,368). Cash flow after investments for the quarter was SEK 105 million (859). At the end of the quarter, cash and cash equivalents and current investments amounted to SEK 10,416 million (9,723 at 31 December 2023).



During the quarter, cash flow after investments was SEK 105 million.

Financial position

At 30 September 2024, equity amounted to SEK 26,679 million (26,083 at 31 December 2023) of which paid-up and issued contributed capital accounted for SEK 6,370 million (6,145 at 31 December 2023). Total assets amounted to SEK 43,894 million (40,494 at 31 December 2023). At 30 September 2024, the equity ratio was 61 percent (64 at 31 December 2023).

Södra's borrowing comprised loans of SEK 9,035 million (8,322 at 31 December 2023) from members and a loan of SEK 267 million (333 at 31 December 2023) from the Nordic Investment Bank that matures in April 2026. Södra has a credit agreement in the form of a club agreement, enabling Södra to borrow up to SEK 3,000 million until December 2028. The debt/equity ratio was 0.0 times (0.0 at 31 December 2023).

Investments, acquisitions and divestments

Investments for the quarter totalled SEK 727 million (540), of which SEK 86 million (296) pertained to Södra Cell,

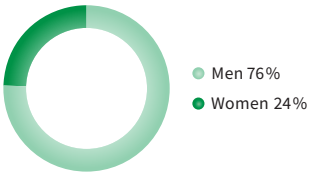
SEK 84 million (83) to Södra Wood, SEK 545 million (134) to Södra Skog and SEK 7 million (21) to Södra Innovation. The investments were mainly focused on energy, productivity and the environment.

Events after the close of the period

No significant events occurred after the balance-sheet date.

Employees

Average number of employees for the first nine months of the year was 3,199 (3,251 for full-year 2023), of whom 24 percent (25) were women.



Future outlook

Inflation continued to fall in the third quarter, enabling further interest rate cuts in Sweden. Uncertainty about the future is slightly lower and the assessment is that a continued fall in inflation will allow for further interest rate cuts. This should have a positive effect on economic growth, but from a low level. While electricity prices were relatively low in the third quarter and remained more stable than in recent years, the long-term price trend is difficult to estimate.

The upward trend for pulp prices slowed and Södra noted a slightly lower price at the end of the third quarter, when both supply and demand varied. The price level will probably stabilise for the rest of the year but there is some demand and supply uncertainty, particularly in the various market regions. For sawn timber, uncertainty is greater with regard to demand and price trends. While demand is affected by the slowdown in residential construction in the short term, the assessment is now a more balanced market as supply has also decreased. Despite fluctuating more than normal between various markets in Europe, prices remained relatively stable in the third quarter.

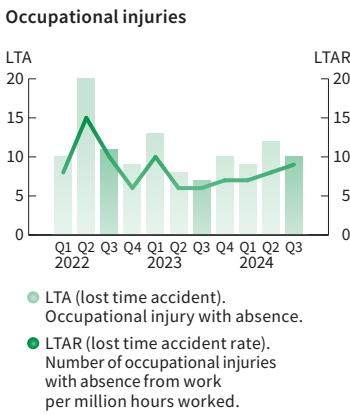
In terms of profit, full-year 2024 is now expected to be a more stable year with an historically high pulp price in USD and a relatively stable SEK. The long-term outlook for Södra's core products is considered favourable. Global economic growth will bolster the underlying demand for sustainable forest-based products. Tightened emissions-reduction targets are also driving the transition towards a more sustainable bioeconomy.

Sustainability

Sustainability permeates Södra's Group-wide strategy. Key areas are people and culture at the centre, and sustainable use of the forest and earth's resources.

People and culture at the centre

Health and safety is a top priority and Södra works continuously and systematically to realise its zero accident vision. The target is a lost time accident rate (LTAR) of 6 or less in 2024, and 2 or less by 2032. In the third quarter of 2024, the number of lost time accidents (LTA) was 10 (7) and the LTAR was 9 (6).



In the third quarter, Group-wide occupational health and safety days were held to further strengthen work with Södra's safety culture.

Södra is working in several ways to break down traditional cultural barriers by increasing diversity, equality and inclusion. Södra aims to offer an equal and inclusive culture where everyone feels welcome, respected and valued, and has a target that 50 percent of newly appointed managers will be women by 2025.

In the third quarter, Södra's programme team for diversity, equality and inclusion began its work. The focus was on various types of target-group adapted, knowledge-raising efforts aimed at both employees and members. During the period, talks on HBTQI¹⁾-inclusive practices were presented, and several workshops with the theme *Leading with a diversity, equality and inclusion perspective*. Knowledge-raising events were also held for Södra's elected representatives by giving talks about diversity, equality and inclusion.

Sustainable use of the forest and earth's resources

Sustainable forestry involves increasing the rate of forest growth responsibly, using forests in line with their long-term production capacity, and preserving and promoting the environmental, cultural and social values of forests. Södra's target is that the annual rate of forest growth on members' estates shall be 20 percent higher in 2050 compared with the base year of 2015. Key measures for the achievement of this target include effective and active forest management, nutrient recycling, forest tree breeding and damage reduction.

In the third quarter, Södra's project to develop a new forest regeneration method (BraSatt) was demonstrated to various future partner companies with the aim of developing future collaborations. The aim is to achieve efficient forest regeneration

that creates productive forests with sustainable methods in every aspect. An initiative commenced to investigate new technologies for nutrient recycling of ash from thermal power stations and pulp mills.

Södra works to preserve and promote biodiversity – a process under continuous development. The aim is that Södra will pursue a richer biodiversity for future generations. In Götaland, nature-conservation measures are important for the preservation and promotion of biodiversity. Södra's target for nature-conservation measures is an area corresponding to 3,000 hectares per year until 2025.

During the third quarter, training courses linked to NS measures were held for forestry field workers and contractors. A nature conservation specialist was appointed at Södra to develop strategic nature conservation activities.

Södra's target is to increase the positive climate effect to 13.5 million tonnes of CO₂e by 2032. The climate effect originates in the forest, a result of members' long-term commitment to responsible forest management. Carbon sequestration in forests, reduced greenhouse gas (GHG) emissions, and products with a low climate impact are key factors for a positive climate effect. By continuing to offer products with a low climate impact that can replace products with a higher climate impact, Södra is helping to reduce fossil GHG emissions. The substitution effect should be considered a potential for reduced emissions, with the reduction taking place in other sectors.

Södra's short-term targets for reduced GHG emissions have been validated by the Science Based Targets initiative (SBTi). The targets are to reduce GHG emissions by 50 percent by 2030, compared with the base year of 2020. For emissions from processing of sold products, the target is an engagement strategy whereby customers corresponding to 70 percent of the emissions will have set their own science-based targets by 2027. In the third quarter, Scope 1 and 2 emissions amounted to 18 ktonnes of CO₂e (23).

Within the framework of Conscious Delivery, a further delivery of paper pulp was made to a customer with liquid biofuels using a mass balance system. Another three electric forklifts were delivered to Södra's pulp mills at Mörrum and Värö.

Carbon dioxide equivalents (CO₂e) is a standard unit for measuring greenhouse gas emissions. Each type of greenhouse gas has a different global warming effect. When emissions are reported as CO₂e, all greenhouse gases are included as if they were carbon dioxide. Scope 1 refers to direct GHG emissions that occur from sources that are financially controlled by Södra. Scope 2 refers to indirect emissions associated with the purchase of energy. Scope 3 refers to other indirect emissions. The greenhouse gases in Scope 1, 2 and 3 are fossil carbon dioxide, methane, nitrous oxide and refrigerants.

¹⁾ HBTQI, an umbrella term for lesbian, gay, bisexual, transgender, queer and intersex people.

The Board and President’s assurance

The Board of Directors and President assure that this interim report provides a true and fair view of the Parent Company and the Group’s operations, position and results and describes the significant risks and uncertainties faced by the Parent Company and the companies included in the Group.

Växjö, 25 October 2024

Magnus Hall <i>Chair</i>	Paul Christensson <i>Vice Chair</i>	Kristina Alsér <i>Board member</i>	Teddy Hedlund <i>Employee representative</i>
Hannele Arvonen <i>Board member</i>	Hans Berggren <i>Board member</i>	Pål Börjesson <i>Board member</i>	Pontus Johansson <i>Employee representative</i>
Mikaela Johnsson <i>Board member</i>	Ann-Sofi Petersson <i>Employee representative</i>	Carina Olson <i>Board member</i>	Håkan Larsson <i>Board member</i>
Lotta Lyrå <i>President and CEO</i>			

Assurance report

Södra Skogsägarna ekonomisk förening, corporate identity number 729500-3789.

Introduction

We have performed a review of the interim financial information (interim report) provided by Södra Skogsägarna ekonomisk förening at 30 September 2024, and the nine-month period ending on that date. The Board of Directors and the President are responsible for the preparation and presentation of this 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.

Approach and scope of the 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 has a different focus and is substantially less in scope compared with the focus and scope of an audit in accordance with ISAs and other generally accepted auditing standards. The procedures performed in a review do not allow us to obtain such assurance that we become aware of all significant matters that could have been identified if an audit was performed. Therefore, the conclusion expressed on the basis of a review does not provide the same level of assurance as a conclusion expressed on the basis of an audit.

Conclusion

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

Växjö, 25 October 2024

Erik Berg <i>Authorised Public Accountant</i> PricewaterhouseCoopers AB	Madeleine Edberg <i>Authorised Public Accountant</i> PricewaterhouseCoopers AB
Katarina Johnsson <i>Member Representative Auditor</i>	Roger Johansson <i>Member Representative Auditor</i>

Condensed consolidated statement of comprehensive income

SEK million	2024 July–Sept	2023 July–Sept	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Net sales	6,944	6,545	22,084	21,868	28,896
Other revenue	11	96	205	268	598
Operating expenses	-5,639	-5,861	-19,257	-19,135	-25,817
Depreciation, amortisation and impairment	-379	-370	-1,129	-1,042	-1,451
Operating profit	937	410	1,903	1,959	2,226
Net financial items	3	1	57	-8	46
Profit before tax	940	411	1,960	1,951	2,272
Income tax	-133	-159	-299	-381	-151
Profit for the period	807	252	1,661	1,570	2,121
Other comprehensive income					
Items that will not be reclassified to profit or loss	71	44	71	44	-114
Items that will be reclassified to profit or loss	-37	-134	113	227	-96
Other comprehensive income for the period	34	-90	184	271	-210
Total comprehensive income for the period	841	162	1,845	1,841	1,911
Profit attributable to Owners of the Parent	807	252	1,661	1,570	2,121
Profit for the period	807	252	1,661	1,570	2,121
Comprehensive income attributable to Owners of the Parent	841	162	1,845	1,841	1,911
Comprehensive income for the period	841	162	1,845	1,841	1,911

Condensed consolidated statement of financial position

SEK million	30 Sept 2024	30 Sept 2023	31 Dec 2023
ASSETS			
Intangible assets	68	68	68
Property, plant and equipment	16,933	16,995	16,503
Biological assets	4,690	4,058	4,650
Shares and participations in associates	327	355	339
Surplus in funded pension plans	216	321	138
Financial investments	41	97	39
Non-current financial receivables	10	—	—
Other non-current receivables	43	44	53
Deferred tax assets	7	4	4
Total non-current assets	22,335	21,942	21,794
Inventories	4,709	3,696	3,965
Tax assets	1,132	924	668
Operating receivables	5,302	4,541	4,344
Current investments	7,628	7,990	6,361
Cash and cash equivalents	2,788	3,184	3,362
Total current assets	21,559	20,335	18,700
TOTAL ASSETS	43,894	42,277	40,494
EQUITY AND LIABILITIES			
Equity attributable to owners of the Parent	26,679	25,910	26,083
Total equity	26,679	25,910	26,083
Non-current interest-bearing financial liabilities	667	952	1,131
Non-current interest-bearing operating liabilities	160	134	125
Provisions for pensions	—	25	25
Non-current provisions	521	523	540
Deferred tax liabilities	1,931	2,035	1,922
Other non-current operating liabilities	9	28	13
Total non-current liabilities	3,288	3,697	3,756
Current interest-bearing financial liabilities	8,635	7,515	7,524
Current interest-bearing operating liabilities	104	88	98
Income tax liabilities	69	314	22
Other current operating liabilities	5,119	4,753	3,011
Total current liabilities	13,927	12,670	10,655
Total liabilities	17,215	16,367	14,411
TOTAL EQUITY AND LIABILITIES	43,894	42,277	40,494

Condensed consolidated statement of changes in equity

SEK million	Total equity
Opening balance, 1 January 2024	26,083
Comprehensive income for the year	1,845
Contributed capital, paid-up by members	144
Contributed capital, paid-out to members	-57
Dividends to members	-1,336
Closing balance, 30 September 2024	26,679
Opening balance, 1 January 2023	27,065
Comprehensive income for the year	1,841
Contributed capital, paid-up by members	129
Contributed capital, paid-out to members	-94
Dividends to members	-3,031
Closing balance, 30 September 2023	25,910

Condensed consolidated statement of cash flows

SEK million	2024 Jan-Sept	2023 Jan-Sept	2023 Jan-Dec
Profit before tax	1,960	1,951	2,272
Adjustment for non-cash items and change in provisions	1,022	673	886
Income tax paid	-712	-1,169	-1,024
Cash flow from operating activities before change in working capital	2,270	1,455	2,134
Change in inventories (decrease +/increase -)	-762	488	210
Change in operating receivables (decrease +/increase -)	-550	785	890
Change in operating liabilities (increase +/decrease -)	1,661	559	-1,344
Cash flow from operating activities	2,619	3,287	1,890
Cash flow from investing activities	-1,353	-1,499	-1,811
Cash flow after investing activities	1,266	1,788	79
Change in contributed capital	87	35	139
Dividends paid	-1,336	-3,031	-3,032
Change in loans from members	713	1,638	1,892
Change in loans	-67	-67	-133
Dividends received	-2	25	25
Change in current investments with maturity > 90 days	-1,250	-2,236	-594
Cash flow from financing activities	-1,855	-3,636	-1,703
CASH FLOW FOR THE PERIOD	-589	-1,848	-1,624
Cash and cash equivalents at beginning of period	3,362	5,004	5,004
Exchange gains/losses on cash and cash equivalents	15	28	-18
Cash and cash equivalents at end of period	2,788	3,184	3,362

Parent Company

Result and financial position

Net sales for the quarter amounted to SEK 6,377 million (5,955) and operating profit totalled SEK 811 million (230). The positive sales trend for the quarter was primarily due to higher prices for Södra's core products.

The strong operating profit for the quarter was primarily due to higher prices for Södra's core products, which were offset by higher raw material costs.

Net financial items for the quarter amounted to income of SEK 14 million (48). Profit after net financial items for the quarter totalled SEK 825 million (278).

Cumulative sales amounted to SEK 20,604 million (19,940) and operating profit totalled SEK 1,592 million (1,673).

Members

The number of members was 52,161 (51,774 at 31 December 2023). During the quarter, the affiliated forest area increased by approximately 7,000 hectares to 2.83 million hectares (2.81 at 31 December 2023).

Parent Company income statement, condensed

SEK million	2024 July-Sept	2023 July-Sept	2024 Jan-Sept	2023 Jan-Sept	2023 Jan-Dec
Net sales	6,377	5,955	20,604	19,940	26,584
Other revenue	-26	64	192	258	199
Operating expenses	-5,201	-5,460	-18,184	-17,586	-23,900
Depreciation, amortisation and impairment	-339	-329	-1,020	-939	-1,318
Operating profit	811	230	1,592	1,673	1,565
Net financial items	14	48	54	32	185
Profit after financial items	825	278	1,646	1,705	1,750
Appropriations	-	-	-	-	799
Profit before tax	825	278	1,646	1,705	2,549
Income tax	-128	-307	-254	-257	-133
Profit/loss for the period	697	-29	1,392	1,448	2,416

Parent Company balance sheet, condensed

SEK million	30 Sept 2024	30 Sept 2023	31 Dec 2023
ASSETS			
Intangible assets	0	1	1
Property, plant and equipment	14,806	14,518	14,518
Shares and participations in Group companies	4,485	4,480	4,485
Shares and participations in associates	99	99	99
Surplus in funded pension plans	11	11	11
Other non-current investments	32	31	31
Non-current financial receivables	10	—	—
Other non-current receivables	43	45	53
Deferred tax assets	36	35	42
Total non-current assets	19,522	19,220	19,240
Inventories	3,900	3,246	3,418
Current interest-bearing receivables from Group companies	297	276	258
Deferred tax assets	1,096	663	643
Current receivables	5,098	4,187	4,268
Current financial investments	8,776	8,730	7,277
Cash and bank balances	1,317	2,173	2,196
Total current assets	20,484	19,275	18,060
TOTAL ASSETS	40,006	38,495	37,300
EQUITY AND LIABILITIES			
Restricted equity	7,783	7,454	7,558
Non-restricted equity	9,014	8,129	9,096
Total equity	16,797	15,583	16,655
Untaxed reserves	7,637	8,347	7,637
Provisions	532	534	551
Non-current interest-bearing liabilities from Group companies	7	7	7
Non-current interest-bearing liabilities	667	952	1,131
Total non-current liabilities	674	959	1,138
Current interest-bearing liabilities from Group companies	838	1,007	810
Current interest-bearing liabilities	8,635	7,515	7,524
Current operating liabilities and provisions	4,893	4,550	2,985
Total current liabilities	14,366	13,072	11,319
TOTAL EQUITY AND LIABILITIES	40,006	38,495	37,300

Notes

Note 1 | Accounting policies

Södra applies International Financial Reporting Standards (IFRS), as adopted by the EU. This interim report for the Group was prepared in accordance with IAS 34 Interim Financial Reporting and the Swedish Annual Accounts Act. The Parent Company applies Recommendation RFR 2 Accounting for Legal Entities issued by the Swedish Financial Reporting Board, and the Swedish Annual Accounts Act.

The accounting policies applied are consistent with those presented in the 2023 Annual Report, except for new standards and revisions of standards and interpretations applicable to annual periods beginning on or after 1 January 2024 and that have not already been applied in the preparation of the 2023 Annual Report.

A number of new or revised standards and interpretations are not yet effective, and have not been applied in advance in the preparation of these financial statements. No early adoption of updates or amendments that take effect after the 2024 financial year has been planned, and none of these are expected to have any material impact on the consolidated financial statements.

On 1 January 2024, Sweden introduced a new law on top-up tax law for companies in multinational groups to ensure they are taxed at a minimum effective tax rate of 15 percent in any jurisdiction in which the group has a subsidiary or branch. The law is based on an EU directive which, in turn, is based on a global treaty between over

130 countries in the OECD/G20 Inclusive Framework (IF). In the third quarter, Södra recognised an effective tax expense in all jurisdictions in which it operates that exceeds the thresholds for top-up tax.

The rules for economic associations were applied for the calculation of current tax. These mean that the dividend proposal for the financial year (which will be paid out in the following year) is tax deductible in the current year and has been treated as a deduction in the calculation of current tax. The deduction has affected the tax expense recognised in profit or loss for the year.

As of the first quarter of 2024, only external net sales per segment will be presented, while the operating margin per segment is estimated on the basis of total sales.

On 1 September, Södra formed two new business areas – Södra Bioproducts and Södra Building Systems – which were previously part of Södra Cell and Södra Innovation, respectively. This will be reported in the financial statements in accordance with IFRS 8 Operating segments in the first quarter of 2025, when the financial information is available.

All figures in the report have been rounded off to the nearest million, unless otherwise stated. As a result, some percentages and figures in the report may not correspond with the total shown, and may also differ from previously published information.

Note 2 | Risk and uncertainties

No additional material risks have been identified since the 2023 Annual Report. For a description of risks and uncertainties, refer to Södra’s 2023 Annual Report under ‘Risks and risk management’ on pages 50–51. An overall description of a selection of such risk areas, and the key measures for control and management, are presented below.

Södra operates in a global market and is impacted by general economic trends and currency fluctuations, as well as more industry and company-specific factors. The most significant risk areas for Södra’s ability to achieve the Group’s set targets and the management of each risk area are presented below.

Södra applies a systematic approach to risk management with the aim of protecting the Group from damage, uncertainty and lost opportunities.

Efforts to identify, assess and manage risks are an integral and key component of Södra’s business management. Strategic risks are assessed and managed by the Board, Group Senior Management, the Strategy function and the business planning process. Södra Finance Centre is responsible for managing financial risk, based on a Financial Policy established by the Board. Operational risks are controlled and managed by the President, management team and employees, in accordance with central policies and guidelines.

Note 3 | Related parties

There were no transactions between Södra and related parties with any significant effect on the company’s financial position or result. The nature and scope of transactions with related parties are consistent with those that existed in 2023.

Note 4 | Revenue

The following table shows Södra’s net sales per revenue category:

SEK million	July-September									
	Södra Skog		Södra Wood		Södra Cell		Södra Innovation		Group	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
Wood raw material	626	548	—	—	—	—	—	—	626	548
Wood products	—	—	1,383	1,330	—	—	39	87	1,422	1,417
Pulp	—	—	—	—	3,942	3,562	—	—	3,942	3,562
Energy products	174	169	97	113	114	186	7	10	392	478
Forestry services	437	420	—	—	—	—	—	—	437	420
Transportation	59	111	—	—	—	—	—	—	59	111
Other	63	5	2	4	—	—	1	—	66	9
Net sales, goods and services	1,359	1,253	1,482	1,447	4,056	3,748	47	97	6,944	6,545

Note 5 | Financial instruments

Financial assets and liabilities are substantially the same as in the most recently published annual report.

Group, SEK million	30 September 2024		31 December 2023	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial investments	40	40	39	39
Operating receivables	4,044	4,044	3,327	3,327
Current investments	7,629	7,629	6,361	6,361
Cash and cash equivalents	2,788	2,788	3,362	3,362
Total assets, financial instruments	14,501	14,501	13,089	13,089
Other assets, non-financial instruments	29,393		27,405	
Total assets	43,894		40,494	
Non-current liabilities	836	896	1,270	1,395
Current interest-bearing liabilities	8,739	8,979	7,622	7,868
Current operating liabilities	3,348	3,349	1,604	1,604
Total liabilities, financial instruments	12,923	13,224	10,496	10,867
Other liabilities, non-financial instruments	4,292		3,915	
Total liabilities	17,215		14,411	

The following tables present information about how fair value is determined for the financial instruments that are measured at fair value in the statement of financial position. Fair value measurements are categorised into a three-level hierarchy:

Level 1: Based on prices quoted in active markets for identical instruments.

Level 2: Based on direct or indirect observable market data not included in level 1.

Level 3: Based on inputs that are unobservable in the market.

Group, 30 September 2024				
SEK million	Level 1	Level 2	Level 3	Total
Assets	7,629	—	41	7,670
Liabilities	—	—	26	26

The fair value of financial instruments is measured on the basis of quoted market prices at the balance-sheet date. Derivatives are measured on the basis of published price quotations in an active market. For unquoted shares where a reliable market value cannot be

Group, 31 December 2023				
SEK million	Level 1	Level 2	Level 3	Total
Assets	6,361	—	40	6,401
Liabilities	—	—	25	25

determined, the carrying amount is used as an indicator of fair value. The fair value of debt instruments is measured using techniques such as discounting expected future cash flows at quoted market interest rates for each duration.

Note 6 | Standing timber

At 30 September 2024, the estimated fair value of Södra’s stand- ing timber was SEK 4,690 million (4,650 at 31 December 2023). The change in the balance sheet amounted to SEK 40 million (129), which was mainly related to exchange-rate effects, but also to the acqui- sition of standing timber in the Baltics.

Note 7 | Scheduled maintenance shutdowns

At Södra Cell, in addition to routine maintenance during normal operations, there are also scheduled maintenance shutdowns to perform more extensive maintenance, whereby pulp production is stopped.
The earnings impact of the maintenance shutdowns varies,

depending on the extent and nature of the maintenance measures and the duration of the shutdowns. The cost comprises loss of revenue from production losses, and the direct costs of the maintenance.
There were no scheduled maintenance shutdowns in the third quarter. In the year-earlier period, costs amounted to SEK 74 million.



Quarterly data and segment information

	2024 July–Sept	2023 July–Sept	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
NET SALES, SEK MILLION					
Södra Skog	1,359	1,253	4,812	4,573	6,260
Södra Wood	1,482	1,447	4,794	4,788	6,083
Södra Cell	4,056	3,748	12,241	12,213	16,142
Södra Innovation	47	97	237	295	411
Group	6,944	6,545	22,084	21,868	28,896
OPERATING PROFIT/LOSS BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT, SEK MILLION					
Södra Skog	18	51	93	97	446
Södra Wood	37	106	236	186	78
Södra Cell	1,324	680	3,035	2,983	3,693
Södra Innovation	–10	4	–90	–82	–182
Other	–53	–61	–242	–183	–358
Group	1,316	780	3,032	3,001	3,677
OPERATING PROFIT, SEK MILLION					
Södra Skog	–9	31	23	41	367
Södra Wood	–16	52	77	26	–175
Södra Cell	1,051	408	2,211	2,189	2,631
Södra Innovation	–32	–16	–155	–106	–227
Other	–57	–65	–253	–191	–370
Group	937	410	1,903	1,959	2,226
OPERATING MARGIN					
Södra Skog	neg.	1%	0%	0%	2%
Södra Wood	neg.	3%	1%	0%	neg.
Södra Cell	26%	11%	18%	18%	16%
Södra Innovation	neg.	neg.	neg.	neg.	neg.
Group	13%	6%	9%	9%	8%
OPERATING ASSETS, SEK MILLION					
Södra Skog	—	—	9,261	8,987	8,961
Södra Wood	—	—	4,560	4,151	4,158
Södra Cell	—	—	16,556	15,016	15,088
Södra Innovation	—	—	1,274	1,317	1,452
Other	—	—	904	748	980
Financial assets	—	—	11,273	12,058	9,855
Total consolidated assets	—	—	43,828	42,277	40,494

	2024 July–Sept	2023 July–Sept	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
AVERAGE OPERATING CAPITAL, SEK MILLION					
Södra Skog	—	—	7,020	6,309	7,075
Södra Wood	—	—	3,730	3,481	3,509
Södra Cell	—	—	14,805	14,194	14,344
Södra Innovation	—	—	1,200	1,168	1,169
Other	—	—	83	113	119
Group, average capital employed	—	—	25,324	22,598	24,089
RETURN ON OPERATING CAPITAL					
Södra Skog	—	—	0%	1%	5%
Södra Wood	—	—	3%	1%	neg.
Södra Cell	—	—	20%	21%	18%
Södra Innovation	—	—	neg.	neg.	neg.
Consolidated return on capital employed	—	—	10%	12%	9%
CASH FLOW AFTER INVESTMENTS, SEK MILLION					
Södra Skog	44	9	1,403	557	–942
Södra Wood	60	230	–130	–42	–329
Södra Cell	179	791	1,138	2,643	2,780
Södra Innovation	–57	–58	–170	–241	–292
Other	–121	–113	–975	–1,129	–1,138
Group	105	859	1,266	1,788	79
INVESTMENTS, SEK MILLION					
Södra Skog	86	296	181	513	608
Södra Wood	84	83	243	260	351
Södra Cell	545	134	1,041	688	886
Södra Innovation	7	21	43	97	146
Other	5	6	10	11	16
Group	727	540	1,518	1,569	2,007
AVERAGE NUMBER OF EMPLOYEES					
Södra Skog	727	—	686	692	702
Södra Wood	875	—	873	937	876
Södra Cell	1,243	—	1,220	1,293	1,239
Södra Innovation	138	—	139	148	148
Other	275	—	281	300	286
Group	3,258	—	3,199	3,370	3,251

Alternative performance measures

NET SALES, CHANGE

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Opening net sales	21,868	25,219	33,367
Closing net sales	22,084	21,868	28,896
Change	1%	–13%	–13%

Shows Södra's growth.

OPERATING PROFIT BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES, SEK MILLION

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Operating profit	1,903	1,959	2,226
Depreciation, amortisation and impairment of assets	1,129	1,042	1,451
Operating profit before- depreciation, amortisation and impairment	3,032	3,001	3,677

A complement to operating profit/loss, which shows the items on the income statement that affect cash flow.

OPERATING PROFIT BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT MARGIN

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Operating profit before- depreciation, amortisation and impairment	3,032	3,001	3,677
Net sales	22,084	21,868	28,896
EBITDA margin	14%	14%	13%

The EBITDA margin shows the percentage of surplus on each SEK earned less operating costs, but before depreciation, amortisation and impairment. This measure gives an overall view of the cash flow generated. The measure is used to produce an overall trend analysis of Södra's performance, and for comparison with other companies.

OPERATING PROFIT/LOSS, SEK MILLION

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Net sales	22,084	21,868	28,896
Other revenue and profit from shares in associates	205	268	598
Operating expenses	–19,257	–19,135	–25,817
Depreciation, amortisation and impairment	–1,129	–1,042	–1,451
Operating profit	1,903	1,959	2,226

Operating profit shows the surplus on sales less operating costs, including depreciation, amortisation and impairment. This is an essential measure for producing a trend analysis of Södra's performance, and for comparison with other companies.

OPERATING MARGIN

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Operating profit	1,903	1,959	2,226
Net sales	22,084	21,868	28,896
Operating margin	9%	9%	8%

The operating margin is a measurement of the proportion of surplus on each sales SEK less operating costs, including depreciation, amortisation and impairment. This surplus is used to cover interest expense and tax, and to generate an acceptable profit. The measure is used to produce an overall trend analysis of Södra's performance, and for comparison with other companies.

Södra manages its operations by analysing key indicators. Some of these financial key indicators are defined or specified in applicable regulations for financial information, or by other applicable laws. All others are referred to as alternative performance measures. Södra uses the following alternative performance measures and believes they provide valuable complementary information for analysing Södra's performance.

The effect of assets held for sale is presented in the Consolidated statement of comprehensive income and Consolidated statement of financial position. The effect of assets held for sale is not included in the Consolidated statement of cash flows nor is it taken into account in calculated key indicators, which is not directly apparent from the income statement and balance sheet presented, since Södra uses these factors to manage all of its operations. Comparative figures for prior years have not been restated for the above-mentioned effect (from 2021 and earlier), but are reconcilable with historical reports.

NET DEBT, SEK MILLION

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Interest-bearing liabilities	9,566	8,689	8,878
Financial receivables	10	0	0
Current investments and cash and cash equivalents	–10,416	–11,174	–9,723
Net debt	–840	–2,485	–845

Shows Södra's financial strength.

DEBT/EQUITY RATIO, TIMES

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Net debt	–840	–2,485	–845
Equity	26,679	25,910	26,083
Debt/equity ratio	0.0	–0.1	0.0

The debt/equity ratio is used to measure Södra's financial strength and, in combination with the equity ratio, is the measurement most frequently used by management to monitor the Group's financial leverage.

CAPITAL EMPLOYED, SEK MILLION

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Assets	43,894	42,277	40,494
Surplus in funded pension plans	–216	–321	–138
Financial assets	–10,467	–11,271	–9,762
Provisions*	–521	–523	–540
Income tax*	–2,000	–3,277	–1,944
Non-interest-bearing operating liabilities	–5,128	–4,781	–3,024
Capital employed	25,562	22,104	25,086
Average	25,324	22,598	24,089

* Not considered in the calculation of Operating capital.

Capital employed shows the capital used by Södra and is a component of Return on capital employed.

RETURN ON CAPITAL EMPLOYED

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Average capital employed	25,324	22,598	24,089
Operating profit	1,903	1,959	2,226
12-month operating profit	2,537	2,612	2,226
Return	10%	12%	9%

Return on capital employed is a measure of the interest that Södra pays on capital tied up in operations.

EQUITY RATIO

	2024 Jan–Sept	2023 Jan–Sept	2023 Jan–Dec
Equity	26,679	25,910	26,083
Assets	43,894	42,277	40,494
Equity ratio	61%	61%	64%

An established and key measure of Södra's financial strength. Shows the proportion of total assets financed by equity. The measure indicates the ability to pay long-term liabilities, since any future losses will be deducted from equity.

DEFINITIONS

Operating profit before depreciation, amortisation and impairment, SEK million

Operating profit/loss excluding depreciation, amortisation and impairment of property, plant and equipment and intangible assets.

EBITDA margin, %

Operating profit/loss excluding depreciation, amortisation and impairment of property, plant and equipment and intangible assets expressed as a percentage of net sales.

Operating profit/loss, SEK million

Net sales and other revenue less operating costs including depreciation, amortisation and impairment.

Operating margin, %

Operating profit/loss expressed as a percentage of net sales.

Net debt, SEK million

Interest-bearing liabilities less interest-bearing assets and cash and cash equivalents.

Debt/equity ratio, times

Net debt in relation to equity.

Capital employed, SEK million

Assets excluding surplus in funded pension plans, interest-bearing assets, provisions and liabilities.

Return on capital employed, %

Full-year operating profit/loss expressed as a percentage of average capital employed.

Equity ratio, %

Equity expressed as a percentage of assets.

Financial statements

- » The interim report for October–December will be published on 13 February 2025 at 11 a.m.
- » Interim reports can be downloaded from sodra.com/financials

This is Södra

Södra was founded in 1938 on the idea that we are stronger together. Södra is now the largest forest-owner association in Sweden, with more than 50,000 family forest owners as members. Together, the members of Södra own a world-leading industrial operation that processes forest raw material into renewable products such as pulp, timber, building systems, liquid bioproducts and energy. **Rooted in the forest, we grow the future.**

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