

Södra's year-end report with interim report

1 October – 31 December 2025

Q4

- » Net sales amounted to SEK 6,606 million (7,403).
- » Operating loss before depreciation, amortisation and impairment amounted to SEK 550 million (profit: 1,123)
- » Operating loss totalled SEK 981 million (profit: 726).
- » The operating margin was –15 percent (10)
- » Cash flow after investments was a negative SEK 1,678 million (pos: 555)

2025 in brief

- » Net sales amounted to SEK 28,302 million (29,487).
- » Operating profit before depreciation, amortisation and impairment amounted to SEK 352 million (profit: 4,155)
- » Operating loss totalled SEK 1,290 million (profit: 2,630)
- » The operating margin was –5 percent (9)
- » Cash flow after investments was a negative SEK 1,921 million (pos: 1,820)
- » The Board proposes a distribution of profit totalling SEK 616 million.

Key indicators	2025 Oct-Dec	2024 Oct-Dec	2025 Jan-Dec	2024 Jan-Dec
Net sales, SEK million	6,606	7,403	28,302	29,487
Operating profit/loss before depreciation, amortisation and impairment, SEK million	-550	1,123	352	4,155
Operating profit/loss, SEK million	-981	726	-1,290	2,630
EBITDA margin	-8%	15%	1%	14%
Operating margin	-15%	10%	-5%	9%
Return on capital employed ¹⁾	—	—	-5%	10%
Equity ratio	—	—	56%	62%
Cash flow after investments, SEK million	-1,678	555	-1,921	1,820
No. of members	—	—	52,262	52,116
Affiliated forest area, million hectares ²⁾	—	—	2.86	2.83
Average no. of employees	3,225	3,184	3,234	3,195
No. of employees	—	—	3,486	3,525
Fossil emissions in the value chain ³⁾ , Mt CO ₂ eq	—	—	2.5	2.5
Lost time accidents (LTA) ⁴⁾ , no.	11	11	41	44
Lost time accident rate (LTAR) ⁵⁾	7	7	8	8

¹⁾ As of the current financial year, average capital employed is calculated on the basis of the current and previous four quarters.

Adjusted operating profit is calculated on the current and previous three quarters. Comparative figures for previous periods have been restated.

²⁾ We are exploring the possibility of using remotely sensed data for the affiliated forest area. In conjunction with this, the definition of forest land may be amended and impact the estimate.

³⁾ CO₂eq=carbon dioxide equivalents. This key indicator is not calculated quarterly.

⁴⁾ LTA (lost time accident): number of occupational injuries with absence.

⁵⁾ LTAR (lost time accident rate): number of occupational injuries with absence per million hours worked.

This is a translation of the year-end report with 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 year-end report, the year-end report will always take precedence.

The quarter in figures

Some of our most important figures and key indicators for the fourth quarter of 2025.

LTAR | Number of occupational injuries with absence per million hours worked

7

SEK billion | Net sales

6.6

SEK billion | Operating profit/loss

-1.0

% | Return on capital employed

-5

% | Equity ratio

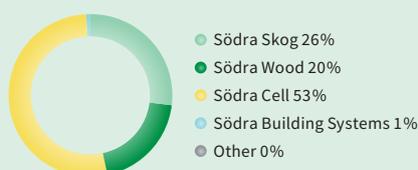
56

million hectares | Affiliated forest area

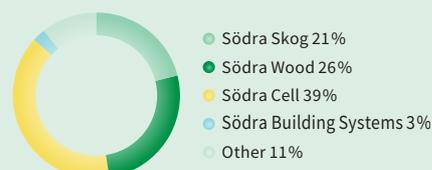
2.86



Net sales per revenue category.



Sales per business area. SEK 6,606 million in total, excluding internal deliveries. Södra Bioproducts is included in the other business areas in the amount of SEK 927 million.



Average no. of employees per business area, 3,225 in total. Södra Bioproducts' employees are included under Södra Cell.

The fourth quarter has put us to the test, presenting challenges requiring both strength and determination. Here are some glimpses that show how we are continuing to strive to increase member value, strengthen the Södra brand and create long-term competitiveness.

The quarter in brief



The Södra Leap action programme reduces overheads

As part of the action programme the Södra Leap, which was initiated during the summer, notice of redundancy was announced for 200 roles in October and, following negotiations and redeployment, the workforce was reduced by 180 roles. The focus of the Södra Leap is mainly on overheads, but initiatives to boost revenue are also reflected in the activities undertaken in the business. The aim is to improve earnings by at least SEK 1 billion, at the same time as the action programme will help make Södra even better.



Divestment of the forest holding in the Baltics

In the autumn, Södra reached an agreement to divest its forest holding in the Baltics to the Ingka Group's investment company Ingka Investments for EUR 720 million.

"The 153,000 hectares of land in Estonia and Latvia have been a good financial investment for Södra. But our mission is to increase the value of our members' forests and not about being a forest owner," said Peter Karlsson, President of the Södra Skog business area.

The divestment was concluded in the first quarter of 2026 following a competitive review and approval by local authorities.

Carbon capture technology being tested at Värö

In November, it was decided to launch a carbon capture pilot project at the Värö combined plant with planned start-up in 2026. The aim is to accumulate expertise in the technology and explore how biogenic carbon dioxide (CO₂) can become a valuable raw material.

The pilot is part of the strategy to increase the value of every tree, strengthen competitiveness and support more profitable forest estates. By testing new technology to capture biogenic CO₂ in an industrial setting, we want to explore how this resource can be refined and used in new applications without increasing forest harvesting.



Cooperation between OnceMore® and Pinewood

In early October, we welcomed Pinewood as a new brand partner of OnceMore®. Pinewood is a family-owned outdoor brand from Småland that has been designing clothing and equipment for people who love hiking, hunting, fishing – or just being in nature – since 1996. Together, OnceMore® and Pinewood have developed two new garments – a t-shirt and a flannel shirt, in a variety of colours – crafted with at least 30 percent OnceMore® viscose. The garments will be launched in spring 2026.



Adjustment of sawn timber production

In early November, Södra decided to temporarily reduce production at the Värö and Mönsterås sawmills during the fourth quarter. The reason for the decision is an unusual market situation in which price levels for sawn timber are too low in relation to raw material and production costs.

“We can see that a temporary production adjustment is required to address the situation in the finished goods market and to ensure our long-term competitiveness,” said Jonas Karlsson, Sales and Marketing Director, Södra Wood.



Amendment to Articles of Association strengthens link between engagement and profit distribution

At an Extraordinary General Meeting on 25 November, delegates decided, by more than a two-thirds majority, to approve the Board’s proposal to amend the Articles of Association, enabling the Profit-distribution Policy to be updated. The amendment strengthens the link between profit distribution and timber deliveries.

The amendment to the Articles of Association means that the bonus issue can also be determined based on timber deliveries. This provides the Board with another tool to balance profit distribution between last year’s deliveries and accumulated deliveries from previous years when proposing profit distribution to the Annual General Meeting.

The amendment will apply as of 2026 and will not impact profit distribution for 2025.

Kinda investment strengthens position in bioenergy

The next step in the investment in the Kinda sawmill was announced during the quarter. The new pellet plant will produce about 25,000 tonnes of pellets annually, equivalent to 120,000 MWh per year – a significant increase that strengthens Södra’s role as a supplier of renewable fuels.

The investment is part of Södra’s long-term strategy to boost competitiveness and support the transition to a more sustainable energy system. By utilising by-products from sawmill operations, a flow is created in which raw material that cannot be processed into sawn timber is used to its fullest potential – from logs to heat.



Reduction in the price of forest raw material

During the autumn, demand for sawlogs from industrial operations fell slightly. The supply of pulpwood and fuel wood remained significant on the market. As a result of these market conditions, wood prices were reduced on two occasions during the quarter – 21 October and 8 December.

Södra’s wood prices remain competitive and are at historically high levels.



Medlemsel discontinued

During the autumn, a decision was made to discontinue our consumer electricity business and, in parallel, develop a new long-term partnership with Jämtkraft. The partnership enables us to offer members the opportunity to retain their current contract terms with electricity from Södra’s production facilities but as a direct customer of Jämtkraft.

Record levels for nature conservation measures

In Götaland, nature conservation measures are important for the preservation and promotion of biodiversity. In 2025, we reached the highest level in over a decade, with 3,086 hectares of member forests subject to nature conservation measures. These are important initiatives to strengthen forest biodiversity.

Involvement in Industrikraft ends

During the period, it was announced that Södra is ending its involvement in Industrikraft in conjunction with the company initiating a partnership with Vattenfall on new nuclear power. Södra had never intended to invest in nuclear energy, but will continue to be an active participant in matters concerning the future electricity system and the landowner perspective.

Through Industrikraft, Södra has gained an important platform for cooperation on issues related to the future electricity system. As Industrikraft now takes a new direction, a new context needs to be shaped for continued collaboration, which we see as particularly important in matters concerning the landowner perspective – such as compensation for power line installations.



A challenging year for Södra

Lotta Lyrå
President & CEO

2025 posed challenges for Södra. It was a year that tested our long-term model – a model based on the balance and profitability of two components: the forest estate and the joint industrial operations. These are interdependent, and this balance specifically was put to the test during the year. The underlying reason is a triple effect of rapid currency fluctuations, challenging market conditions and an imbalance between raw material prices and the prices of our products. The combined effect of this on our earnings was sharply negative. In parallel, our members experienced positive growth in value, with the profitability of the model forest estate improving by SEK 240 per hectare compared with the preceding year.

This is a positive trend and fully aligned with our mission. But for the good of the forest estate over time, there must be a balance between competitive wood prices and industrial operations that have the necessary resources to invest, develop and sell the products processed from the members' raw material. This is crucial if Södra is to create long-term value, both today and tomorrow.

Södra reported a sharp decline in earnings for 2025 compared with the preceding year. Our sales amounted to SEK 28,302 million and we posted an operating loss of SEK 1,290 million. Factors underlying the deterioration in earnings mainly included exchange rate effects of approximately SEK 1,780 million, a negative price trend for our products of around SEK 300 million and higher raw material costs of about SEK 2,200 million. Taken together, this has put pressure on the industrial structure, which is also reflected in our contribution margin, which fell from 33 percent to 24 percent.

Action programme and improvement initiatives

In response to these challenges, we have focused intently on what we ourselves can influence, and several initiatives are helping to

reduce the shortfall in earnings. Our improvement programme, World-class Efficiency, achieved its annual target, yielding savings of SEK 518 million, of which SEK 340 million in operational efficiency – the highest level since the launch of the programme.

The action programme, which commenced in the summer, encompasses all our activities. As part of the initiative, we implemented cost cuts and organizational restructuring, resulting in a reduction in the number of consultants corresponding to 100 roles. We also issued redundancy notices and following the conclusion of negotiations, the organisation was reduced by 180 roles. We have focused on enhancing efficiency and improving working practices, in addition to increasing digitisation, AI and automation. We have done all of this while maintaining our emphasis on safety, our main

priority. Thanks to everyone's hard work and strong commitment to Södra, we have responsibly reduced our overheads in real terms by SEK 380 million. During the year, our industrial operations also produced record levels of pulp. However, we have not quite reached our goal yet. The effects of the initiatives will continue to support earnings in 2026 at the same time as our efforts will continue unabated to improve long-term earnings by at least SEK 1 billion. The dedication and hard work of employees in this context cannot be emphasised enough.

Weak demand

Weak demand dominated the markets for our products during the year. For paper pulp, we faced declining demand in Europe, while volumes to Asia increased, resulting in lower profitability. The current assessment is that price levels will rise slightly in early 2026. However, we must continue to adapt and develop the business to address the rapid developments taking place in China as well as the global increase of eucalyptus as a substitute. The economic situation challenged the sawn timber market during the year and, combined with higher prices for saw logs, the business has been under pressure. We are continuing to strengthen our competitiveness through various initiatives, with one example being an increase in the sawing yield and another the investment in the Kinda sawmill. The cross-laminated timber (CLT) business was affected by the slow pace of construction, but deliveries to several public construction projects supported growth. When the market recovers, we will be ready. It was another good year for Södra's biomethanol, with record production and good demand, while weaker demand was noted for other bioproducts as a result of seasonal variations and the macro-environment. Generally speaking, we believe that 2026 will be another difficult year as it will take time to recover from the factors impacting Södra and the entire forest industry.

Fourth quarter

Sales for the fourth quarter amounted to SEK 6,606 million and operating loss totalled SEK 981 million. The result was underpinned by higher raw material costs, exchange rate effects and a negative price trend for our products.

Stable financial foundation

Despite the difficult situation, Södra has a stable financial foundation on which to stand. Over the past five years, we have surpassed our financial targets, enabling us to create value for members even in challenging times. Accordingly, the Board proposes a profit distribution of SEK 616 million. At the same time, we have made important strides for the future, not least in the form of the investment in the Kinda sawmill and the start of construction of the kraft lignin plant. Both support our long-term earnings capacity and main strategic direction – to make more from every tree.

These represent investments in industrial operations as a whole, in the potential offered by forest raw materials and in creating long-term value for the forest estate and our customers. Combined, they also strengthen our customer offer. Through a higher level of processing, increased capacity and the development of new bio-based products, we can provide greater flexibility and more sustainable solutions to our customers. This means we can capture a clearer position as a leading partner that combines robust delivery capability with innovation, quality and responsibility – all the way from the forest to the end customer. By remaining committed to our financial targets of an equity ratio of 55 percent and a return on capital employed of 10 percent, we are also taking responsibility for Södra's robustness going forward.

During the autumn, we reached an agreement to divest the forest holding in the Baltics. This decision aligns with our mission, which is to increase the value of the forest estate and not for Södra to be a forest owner. The transaction was finalised in January 2026.

Safety first

Södra is about people. That's why safety must always be top of mind in everything we do. In 2025, we took important steps, implementing policies, directives and guidelines and developing a Södra-wide approach to take our safety culture to the next level with the introduction of behaviour-based safety (BBS). We conducted training and continued to work towards our vision of zero workplace accidents. Despite our efforts, we did not reach our target, and our LTAR was 8. Going forward, we will make every effort to ensure that all tools developed are used in day-to-day operations.

Development of the member offer

In the forest, the year was characterised by high demand and continued competition in the wood market. Södra adjusted prices on six occasions during the year to offer competitive prices for members' raw material. At the same time, we further developed the member offer and launched, for example, the Forest Owner Agreement (Sw: skogsägaravtalet) and Harvester measurement with log price (Sw: skördarmätning med stamnetto). A third and very important milestone is that in 2025, we reached the environmental target of 3,000 hectares of forest land subject to nature conservation measures. This achievement enhances biodiversity and demonstrates the long-term commitment and responsibility of family forestry.

During the year, our business policy efforts had a strong focus on the Forestry Inquiry and the EU's Bioeconomy Strategy. This important work takes place as part of dialogues and in meeting rooms where Södra has a seat at the table, contributing knowledge and perspectives on many key issues. We now look forward to the Forestry Inquiry's proposals becoming reality so that legal certainty for forest owners is strengthened at the same time as forest owners and our industrial operations are given a greater opportunity to contribute even more to the Swedish economy and growth. The EU Bioeconomy Strategy is fully in line with our ambitions to make more from every tree, and its implementation will be a crucial step to mobilize the green transition and strengthen Europe's competitiveness. Our business policy activities focus on both the big picture and the important details. We know our contributions are important when setting the direction and formulating laws and regulations. Södra has been a signatory to the UN Global Compact since 2020. We have committed to the Ten Principles for corporate sustainability and report our sustainability performance every year.

A Södra in balance

Södra is to provide good conditions for current and future members. With viable industrial operations that create a market dynamic that strengthens the value of family forestry over time. This requires financial strength that facilitates development and investment. And a balanced relationship between competitive wood prices and profitable industrial operations so that we can continue to manage rapidly changing conditions. In the forest and in our external environment. And our employees are equally crucial. Their expertise and ability to develop working methods and capitalise on business opportunities are a critical part of our long-term strength. At its core, it is about the vitality of the association. About a Södra in balance where we – members, industrial operations and employees – create strength together.



The period in brief

2025 was a year that posed challenges for Södra. The underlying reason is a triple effect of rapid currency fluctuations, challenging market conditions and an imbalance between raw material prices and the price of our products. The combined effect of this on our earnings was sharply negative. Net sales for the full-year amounted to SEK 28,302 million (29,487), with an operating loss of SEK 1,290 million (profit: 2,630). Sales for the quarter declined 11 percent to SEK 6,606 million (7,403). Operating loss for the quarter totalled SEK 981 million, compared with a profit of SEK 726 million in the year-earlier period. Return on capital employed was negative 5 percent (pos: 10). At year-end, the equity ratio was 56 percent (62). The Board proposes a profit distribution of SEK 616 million.

Market conditions

The global economy demonstrated some resilience during the fourth quarter despite continued geopolitical turbulence and trade policy tensions. The US and China continued trade talks, which both parties described as constructive. Despite signs of an improvement in relations between the major powers, geopolitical risks, not least the war in Ukraine, continued to cast a shadow over economic developments.

In the US, the economic slowdown continued. However, household demand was relatively robust and the labour market did not weaken significantly. The inflation rate remained relatively unchanged, which provided the US Federal Reserve (Fed) scope to cut interest rates at the end of October. At the same time, the Fed signalled caution on further interest rate cuts.

The eurozone continued to grow at a slow pace thanks to a strong labour market and falling inflation. The European Central Bank (ECB) chose to leave interest rates unchanged during the quarter as inflation continued to move closer to its target. The ECB communicated that it wants to see more signs of sustained lower inflation before making further interest rate cuts. The Swedish economy has shown signs of recovery. GDP growth was unexpectedly strongly in the third quarter and indicators

suggest continued growth in the fourth quarter. Fiscal stimulus and interest rate cuts by the Riksbank were contributing factors.

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

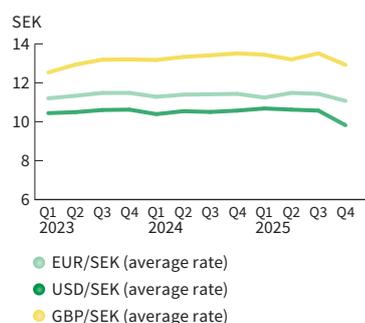
Wood supply

Demand for spruce logs remained favourable during the quarter, while demand for softwood pulp and energy ranges was lower. Forest production was in line with the year-earlier period. Deliveries were slightly lower than normal, mainly due to lower orders from sawmills during the quarter. Raw material supplies were slightly lower compared with the year-on-year period – competition for wood raw material remained high though declining.

Wood products market

The market for sawn timber was weak during the quarter, due to seasonal variations and soft demand in major markets such as the UK and the US. Weak demand together with a contin-

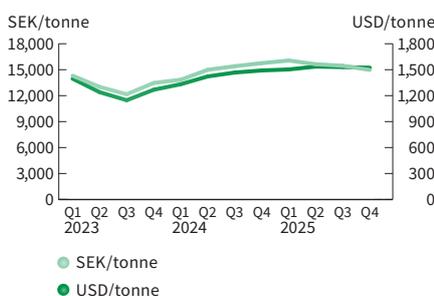
Foreign exchange rates



The diagram shows the annual average exchange rate.

Source: ECB

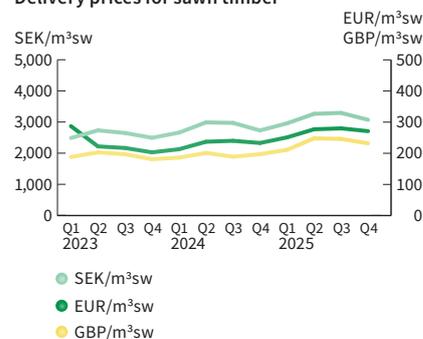
Pulp prices



The price of bleached softwood sulphate pulp in USD declined 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

ued plentiful supply put pressure on market prices in these countries. The year ended relatively strongly in Poland, the Netherlands and in our Swedish domestic market. Earlier in the year, an emerging raw material shortage was announced in Central Europe, which put upward pressure on sawn timber prices in the region. At the end of the quarter, the effects of the raw material shortage became increasingly clear. The Chinese market remained challenging and continued to be dominated by cheap volumes from Russia. Movements in other Asian markets remained small.

The building materials trade in Sweden showed weak development, while signs indicate slight volume growth next year. The Swedish industrial market was characterised by high prices but slightly lower volumes during the quarter. In Asia, market movements were small and market developments in China remained difficult to predict. Low price levels make profitability challenging.

The CLT market remains challenging, with a delayed recovery in the housing segment. The proportion of new buildings with wooden frames has risen steadily in recent years and inquiries are increasing. Order intake increased at the end of the quarter. Delivery and production volumes were higher year-on-year.

Pulp market

Demand for paper and board remained weak during the quarter in all markets. Pulp prices in USD were relatively stable and the proportion of deliveries to Asia and the Middle East increased. The geopolitical situation has led to uncertainty regarding paper pulp flows, not least to and from the US. The triple effect of weak global demand, currency fluctuations and the imbalance between raw material prices and selling prices underpinned increased substitution and competition from other market operators.

Södra's inventory level increased slightly towards the end of the quarter. Delivery volumes were higher than in the year-earlier period. The production of softwood pulp and hardwood

pulp was also higher compared with the year-earlier period, while production of dissolving pulp was on a par with the year-earlier period.

Bioproducts market

Demand for electricity and district heating products remained at about the same level as last year's fourth quarter, but electricity deliveries increased at the end of the quarter. The markets for biomethanol and turpentine were strong, and tall oil is growing but from a low level. For liquid bioproducts, the market situation was better than the year-on-year period. For dissolving pulp, demand was favourable and deliveries slightly higher than last year. Demand for unprocessed energy products was good due to the season, even though the autumn's warm weather led to slightly lower deliveries than in the corresponding period last year.

Net sales

During the quarter, consolidated net sales amounted to SEK 6,606 million (7,403), down 11 percent. The negative sales trend for the quarter was mainly due to negative exchange rate effects.

For the full-year, net sales amounted to SEK 28,302 million (29,487), down 4 percent.

Result

Operating loss for the quarter totalled SEK 981 million (profit: 726), representing a negative operating margin of 15 percent (pos: 10). The operating loss for the quarter was burdened by negative exchange-rate effects and the wood price trend.

Loss before tax was SEK 966 million (profit: 768). Tax expense for the period was SEK 67 million (income: 59).

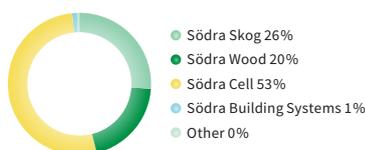
Operating loss for the full-year totalled SEK 1,290 million (profit: 2,630), representing a negative operating margin of 5 percent (pos: 9). Return on capital employed was a negative 5 percent (pos: 10).

BUSINESS AREAS

SEK MILLION	Net sales				Operating profit/loss			
	2025 Oct-Dec	2024 Oct-Dec	2025 Jan-Dec	2024 Jan-Dec	2025 Oct-Dec	2024 Oct-Dec	2025 Jan-Dec	2024 Jan-Dec
Södra Skog	1,727	2,005	6,606	6,817	-23	490	-14	513
Södra Wood	1,324	1,464	6,458	6,258	-377	-54	-463	23
Södra Cell	3,457	3,880	14,919	16,121	-495	656	-258	2,867
Södra Building Systems	73	29	235	207	-35	-64	-168	-157
Other	25	25	84	84	-51	-302	-387	-616
Group	6,606	7,403	28,302	29,487	-981	726	-1,290	2,630

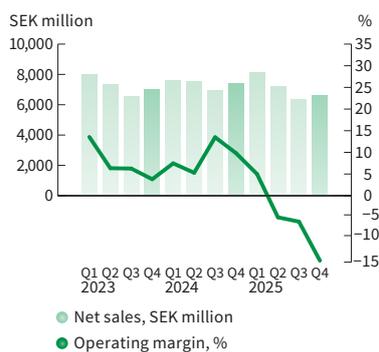
Södra Bioproducts' revenue is included in the other business areas in the amount of SEK 927 million (1,055) for the quarter and SEK 3,553 million (3,818) for the full-year.

Sales per business area

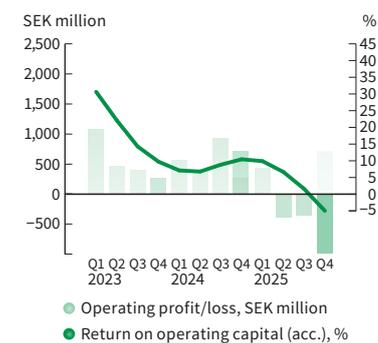


SEK 6,606 million in total, excluding internal deliveries. Södra Bioproducts is included in the other business areas in the amount of SEK 927 million.

Net sales and operating margin



Operating profit/loss and return on capital employed



Södra's financial target is a minimum long-term return of 10 percent on capital employed.

Business areas

Södra is a forest industry group that offers forestry services, sawn timber, timber building systems, energy, biochemicals and pulp for the pulp market. As of the current year, the Group consists of five business areas: Södra Skog, Södra Wood, Södra Cell, Södra Building Systems and Södra Bioproducts.

Södra Innovation was previously reported as a business area and included the operations for timber building systems and research and development. As of this year, the operations for timber building systems are reported in the Södra Building Systems business area, and the remaining operations in Group-wide functions. Comparative figures for previous periods have been restated.

Södra Bioproducts is monitored solely based on sales and delivered volumes for bioproducts. Sales, costs and results for bioproducts continue to be included in the other business areas.

Södra Skog

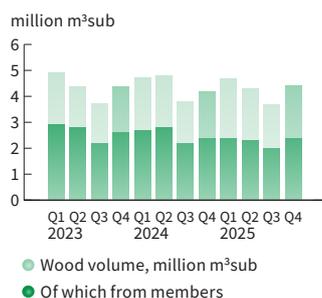
Södra Skog's operating loss for the quarter totalled SEK 23 million (profit: 490). The remeasurement effect for biological assets amounted to SEK 52 million (631). Sales for the quarter amounted to SEK 1,727 million (2,005), which was an effect of lower delivery volumes. Demand for spruce logs was favourable, while demand for pulpwood and energy products was lower.

Södra Skog's total managed volumes amounted to 4.1 million m³sub (4.3) for the quarter.

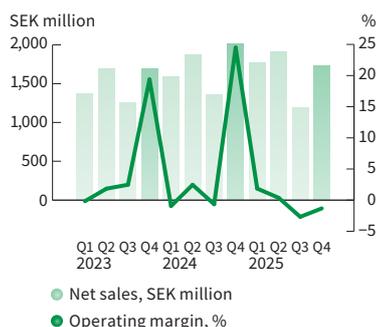
The earnings performance during the quarter is attributable to lower sales, improved margins for services sold and a lower IT and digitisation costs.

Sales for the full-year amounted to SEK 6,606 million (6,817) and operating loss totalled SEK 14 million (profit: 513).

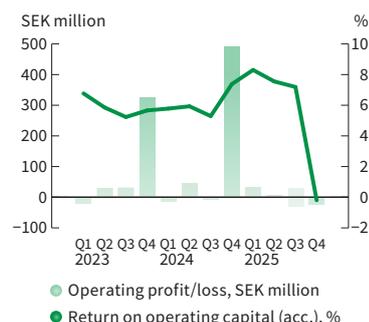
Wood volume



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 377 million (loss: 54). Sales for the quarter amounted to SEK 1,324 million (1,464), which was an effect of increased delivery prices and lower delivery volumes.

The production volume for the quarter amounted to 404 thousand m³sw, down 35 thousand m³sw compared with the year-earlier period. Outbound deliveries of sawn timber for the quarter were 362 thousand m³sw. This was down 61 thousand

m³sw compared with the year-earlier period and was mainly due to lower demand and consequently capacity adjustment.

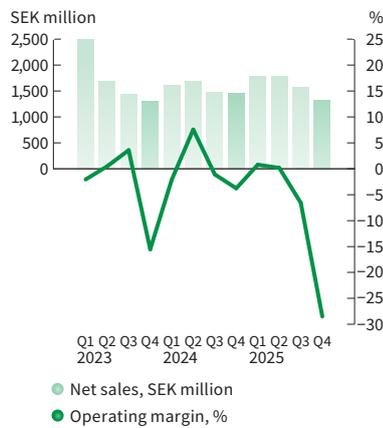
The earnings trend during the quarter was mainly the result of significantly higher saw log costs, partly offset by higher delivery prices. Negative exchange-rate effects were also charged to earnings.

Sales for the full-year amounted to SEK 6,458 million (6,258) and operating loss totalled SEK 463 million (profit: 23).

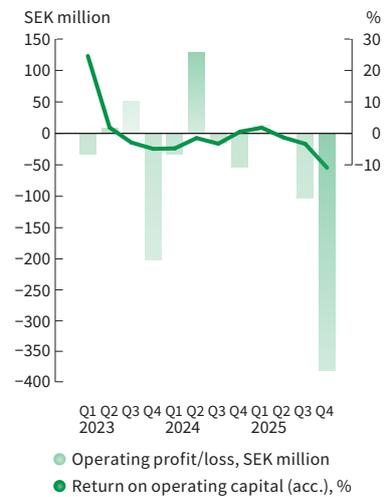
Production and delivery volume, sawn timber



Net sales and operating margin



Operating profit/loss and return on operating capital



Södra Cell

Södra Cell's operating loss for the quarter totalled SEK 495 million (profit: 656). Sales for the quarter amounted to SEK 3,457 million (3,880), primarily due to unfavorable exchange rates, with the SEK strengthening against the USD.

During the quarter, the production volume totalled 497 ktonnes (436), comprising 426 ktonnes (382) of softwood sulphate pulp, 29 ktonnes (12) of hardwood sulphate pulp and 42 ktonnes (42) of dissolving pulp. Outbound deliveries of pulp for the quarter were 473 ktonnes, up 44 ktonnes compared with the year-earlier period.

The earnings trend during the quarter was mainly due to unfavourable exchange rates and increased raw material costs.

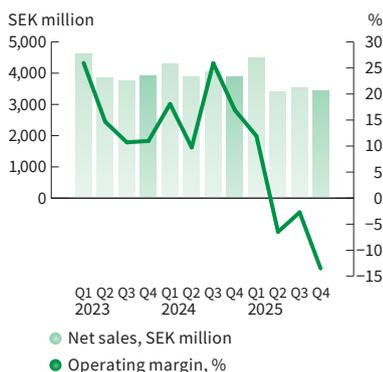
Sales for the full-year amounted to SEK 14,919 million (16,121) and operating loss totalled SEK 258 million (profit: 2,867).

During the quarter, electricity generated by the pulp mills, wind turbines and the hydropower plant was 485 GWh. Excess electricity amounted to 146 GWh. The excess represented about 30 percent of the generated volume and was sold both within Södra and on the open market.

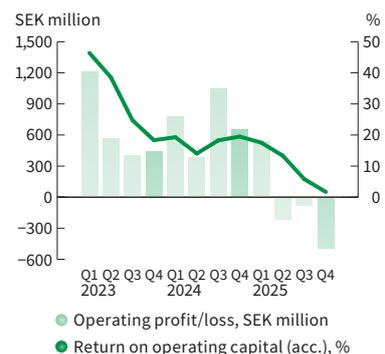
Production and delivery volume, pulp



Net sales and operating margin



Operating profit/loss and return on operating capital



Södra Building Systems

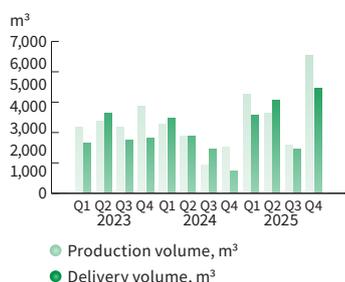
Södra Building Systems' operating loss for the quarter totalled SEK 35 million (loss: 64). Sales for the quarter amounted to SEK 73 million (29), with an increased share of sales of own-produced products and decreased sales of purchased goods.

The production volume during the quarter amounted to 9,095 m³ (3,079). Outbound deliveries of CLT for the quarter amounted to 6,923 m³ (1,473).

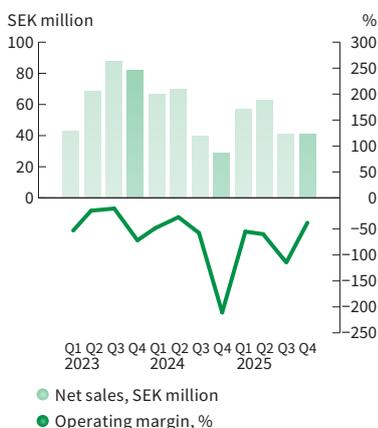
The earnings trend during the quarter was mainly attributable to higher invoicing volumes combined with good cost control, but was held back by increased raw material costs. CLT's share of sales and the order book increased compared with the year-earlier period and the beginning of the year.

Sales for the full-year amounted to SEK 235 million (207) and operating loss totalled SEK 168 million (loss: 157).

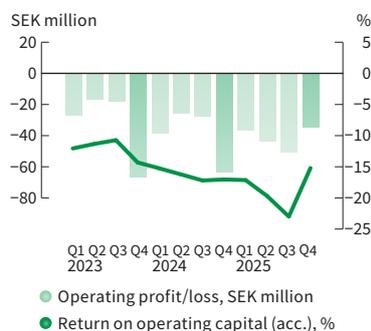
Production and delivery volume, CLT



Net sales and operating margin



Operating profit/loss and return on operating capital



Södra Bioproducts

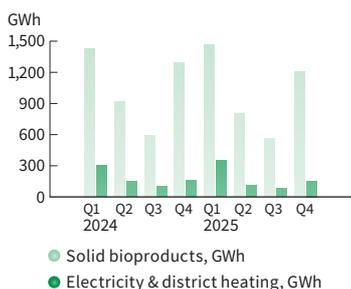
Södra Bioproducts' sales for the quarter amounted to SEK 927 million (1,055). Sales of solid bioproducts decreased, as did sales of dissolving pulp.

Deliveries and prices for electricity and district heating increased during the quarter. Deliveries of liquid bioproducts

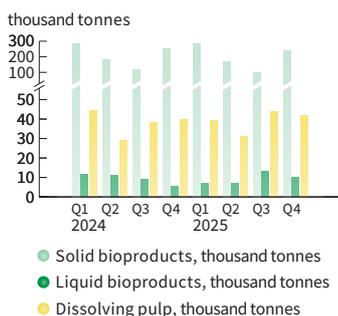
increased during the quarter. Outbound deliveries of tall oil increased from a low level.

For the full-year, sales amounted to SEK 3,553 million (3,818).

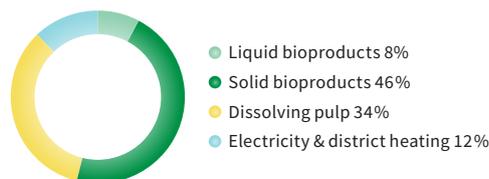
Delivery volume, bioproducts



Delivery volume, bioproducts



Sales of bioproducts





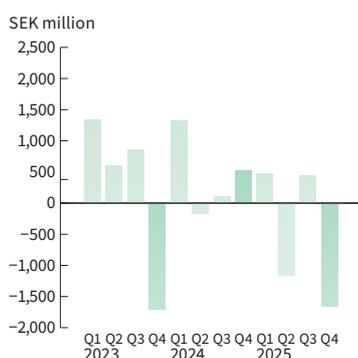
Net financial items

Net financial income for the quarter amounted to SEK 15 million (42), mainly due to positive net interest.

Cash flow

Cash flow before investments for the quarter was a negative SEK 1,097 million (pos: 928). Cash flow after investments was a negative SEK 1,678 million (pos: 555), primarily due to the weak earnings trend combined with increased activity in the kraft lignin project. At the end of the quarter, cash and cash equivalents and current investments amounted to SEK 10,632 million (11,728).

Cash flow after investments



Cash flow after investments was an outflow of SEK 1,678 million for the quarter.

Financial position

At 31 December 2025, equity amounted to SEK 24,910 million (27,803), of which paid-up and issued contributed capital accounted for SEK 6,842 million (6,476). Total assets amounted to SEK 44,634 million (45,034). At 31 December 2025, the equity ratio was 56 percent (62).

Södra's borrowings comprised loans of SEK 12,433 million (9,755 at 31 December 2024) from members and a loan of SEK 88 million (200 at 31 December 2024) 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 2030.

Investments, acquisitions and divestments

Investments for the quarter totalled SEK 633 million (430), of which SEK 86 million (72) pertained to Södra Skog, SEK 97 million (105) to Södra Wood, SEK 453 million (249) to Södra Cell and SEK 1 million (3) to Södra Building Systems. The investments were mainly focused on productivity and the environment.

Events after the close of the period

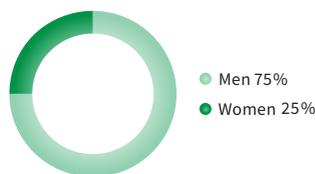
After the balance-sheet date, Södra implemented changes to the Group structure regarding the operations in the Baltics. During the period, the Group divested the majority of its Baltic subsidiaries except for one subsidiary, which continues to be owned by and consolidated in the Group. In conjunction with the divestments, the biological assets associated with these operations have also

been divested. The remaining subsidiary and the newly formed subsidiary in the region do not own any biological assets.

These events are classified as non-adjusting events under IAS 10 Events after the Reporting Period as the conditions did not exist at the balance-sheet date. Accordingly, divestments and formations of new companies do not impact the carrying amounts in these financial statements. The effects will be recognised in the consolidated income statement and balance sheet for the 2026 financial year.

Employees

At year-end, the average number of employees was 3,234 (3,195), of whom 25 percent (24) were women.



Proposed appropriation of profits

The Board proposes a profit distribution of SEK 616 million, representing a dividend of SEK 560 million on wood deliveries and a bonus issue of SEK 56 million.

Future outlook

The rate of inflation, and thus interest rates, remained relatively stable in the fourth quarter. While uncertainty about the interest rate trajectory moving forward has increased slightly, inflation expectations are relatively stable. Lower interest rates will have a positive effect on economic growth and demand, albeit from a low level. Electricity prices were higher during the quarter compared with the preceding quarter, and continued to show more stability than in recent years. However, it is difficult to predict the long-term price trend.

Weaker growth was reported for pulp prices in the fourth quarter due to lower demand. Seasonally adjusted demand in Europe was lower than in prior years. Moving forward, the price level in USD is expected to remain relatively stable, with indications of some upward movement. For sawn timber, the price scenario remained weak during the quarter, particularly in some geographical markets, while other products showed a more stable trend. Rising raw material costs and supply that now better matches demand support the premise that price levels are not expected to fall further. However, there is increasing demand for wood as a construction material.

Operating profit was negatively impacted during the quarter. Reasons included a stronger SEK and weak demand, which led to a negative price trend. Future demand and price trends in Europe, Asia and the US are subject of considerable uncertainty. The flow of goods may be impacted by factors such as economic uncertainty and the introduction of tariffs. 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 bio-economy.

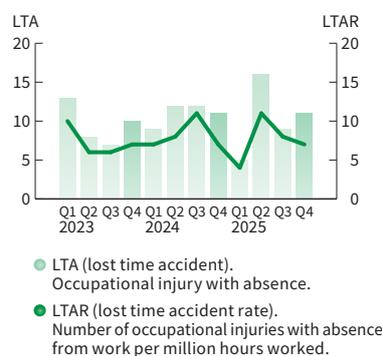
Sustainability

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

The health and safety of our employees is a top priority. Södra shall offer a safe and secure workplace for employees and contractors, and we have a zero accident vision. The target is a lost time accident rate (LTAR) of less than 6 in 2025, and 2 or less by 2032. In the fourth quarter, the number of lost time accidents (LTA) was 11 (11) and the LTAR was 7 (7). The full-year outcome for 2025 was an LTA of 41 (44) and an LTAR of 8 (8).

Occupational injuries



The results for the year show the importance of a continuous, proactive and systematic approach to health and safety for reducing occupational injuries and achieving our zero vision. Work continued during the year to enhance the safety culture through the behaviour-based safety (BBS) initiative, and we conducted training activities in organizational and social work environment (OSA), among other areas.

During the year, we continued work on developing digital health and safety tools. The AI bot Jörgen helps to predict and avoid accidents and the plan is that the Tryggve app will be available for lone working from 2026. As part of the *Safe Member* initiative we provide support and information on safer forestry work to members and others who are active in their own forestry.

We are continuing work to break down traditional cultural barriers and increasing diversity, equity and inclusion (DEI). During the year, the focus was on raising knowledge in the organisation through online courses, workshops and talks, as well as a wide range of webinars. Södra strives for greater gender balance in the organisation and new targets were developed during the year. One target is to reach 35 percent of women in staff management positions by 2028. To achieve this, we envisage a gradual change with a target of 28 percent for 2025. In 2025, the proportion of women in staff management positions was 28 percent (27). The target for Södra’s membership organisation is that at least 40 percent of the elected representatives are women. The proportion of women in the forestry districts’ district councils was 34 percent (33) in 2025.

Södra has zero tolerance of victimisation and all forms of discrimination. In the year’s employee survey, which was conducted in March, 164 employees (177), or around 6 percent (6) of the number of responses, say they had experienced bullying

or victimisation. The *Your voice on diversity, equity and inclusion* survey (Sw: Din röst om mångfald, jämställdhet och inkludering) was conducted in October. Survey findings showed that men generally perceive gender equality more positively than women, that exclusionary jargon is still perceived as a problem and that narrow social norms exist. In the survey, 2 percent of employees responded that they do not feel safe from sexual harassment.

Sustainable use of the forest and earth's resources

Sustainable forestry involves increasing 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 its members' estates shall be 20 percent higher in 2050 compared with the base year of 2015. We have introduced many initiatives to increase forest growth responsibly:

- » Forest tree breeding projects to adapt tomorrow's forests to changing climate conditions, promote higher forest growth and improve pest resistance.
- » Development of a concept for nutrient recycling with bio-ash from our mills and from external thermal power stations.
- » Development of tomorrow's system for effective and gentle forest regeneration.
- » Support for research into forestry and forest technology for higher efficiency and lower intensity.
- » Advisory and services for members, where effective forest management methods for wildlife damage and control are key elements.
- » A strategic and long-term approach to forest and wild game.
- » Adaptation of tree species to climate change, which is leading to a higher proportion of pine, spruce on suitable sites and well-managed forests with the aim of being better equipped for a warmer climate and longer dry periods.

Important activities during the year:

- » Supply of pine and spruce seedlings from highly refined material thanks to investments in own seed orchards that are now producing good harvests.
- » Continued investment in indoor seed orchards with the aim of increasing genetic variation and exploiting traits such as disease and pest resistance and faster growth.
- » Continuation of projects related to vegetative propagation, aimed at faster exploitation of the latest knowledge in plant breeding.
- » Calculation of the economic benefit for forest owners of using selective breeding material.
- » Increased knowledge of the quality of the planting service through participation in the industry-wide Regeneration Check (Sw: Föryngringskollen) project.
- » Dialogue with the Forestry Research Institute of Sweden on a deeper collaboration for future breeding material in southern Sweden. The aim is to achieve climate-adapted

forest management to ensure high growth in future forests, for example by testing pine and spruce seedlings in central Europe where the climate is similar to the future climate in southern Sweden.

- » Continued development of a more efficient forest rejuvenation method within the BraSatt project, which entered its final phase during the year. Collaboration with machinery manufacturers, forest companies and engineering companies continued to enable the next steps to develop some of the technological advances made with various partner companies.
- » Further development of decision support for thinning. New technology using laser radar (LIDAR: light detection and ranging) provides harvester operators with real-time forest data. The equipment is being tested on two of Södra's forest machines.

Södra works to preserve and promote biodiversity – a process under continuous development. The aim is that Södra will promote richer biodiversity for future generations. In Götaland, nature conservation measures are important for the preservation and promotion of biodiversity. Our target for nature conservation measures is an area corresponding to 3,000 hectares per year until 2025. The outcome for 2025 was 3,086 hectares (2,310), meaning that the target was achieved. Expanding nature conservation measures has been in focus in recent years and several initiatives to raise awareness and modify working methods have been undertaken. In 2025, successful methods for nature conservation measures were examined and the findings showed that good communication with the forest owner, an up-to-date forest management plan and a long-term approach to planning are key components. To increase the focus on, and quality of, nature conservation measures, about 100 people from Södra's own field organisation and contractors underwent training during the year. More key indicators for measuring the effects of actions to preserve and promote biodiversity are under development.

The preservation of forests with high conservation values is important for Södra. To reward the value of these members' contributions to biodiversity, Södra offers a nature conservation premium, whereby an extra bonus is paid for wood harvested from their entire estate. We have noticed a growing interest in increasing the proportion of voluntary set-asides.

In its nature conservation activities, Södra has historically worked with a variety of environments, substrates and structures to protect the various species that live in forest environments. We have developed a tool for the inclusion of known species in nature conservation activities. We also continued a project to identify particular priority species, which are defined as threatened or near-threatened forest species, with a habitat that spans across large parts of Götaland.

Södra's emissions-reduction targets were validated by the Science Based Targets initiative (SBTi). Total fossil greenhouse gas (GHG) emissions in Scopes 1, 2 and 3 were 2,486 ktonnes of CO₂eq (2,474).

- » The target is that GHG emissions in Scopes 1 and 2 shall be halved by 2030 compared with the base year of 2020*. The outcome for 2025 was 73 ktonnes of CO₂eq (85), down 7 percent compared with base year 2020. Compared to the preceding year, emissions were lower due to reduced consumption of fossil fuels and the purchase of fossil-free electricity for some of the foreign companies.
- » The target is that customers corresponding to 70 percent of Södra's Scope 3, Category 10 (Processing of sold products) GHG emissions will have set their own science-based targets by 2027. The outcome for 2025 was that 38 percent (41) of the emissions were derived from customers who had either set their own science-based targets, or had committed to setting their own targets. The outcome reflects the fact that a higher share of paper and dissolving pulp was sold outside Europe, where the proportion of customers that have set their own targets is low or where information on such targets is not available.
- » The target is that other indirect (Scope 3) GHG emissions (excluding Category 2: Capital goods, and Category 10: Processing of sold products) shall be halved by 2030*. The outcome for 2025 was 733 ktonnes of CO₂eq (719), up 18 percent compared with base year 2020. Emissions were slightly higher year-on-year. A higher proportion of paper and dissolving pulp was sold outside of Europe which led to longer transport distances and therefore increased fuel consumption and emissions.
- » In the fourth quarter, Scope 1 and 2 emissions were 19 ktonnes of CO₂eq (24).
- » Switch to defoamers based on bio-based and recycled materials at Södra's three pulp mills.
- » Switch to ammonium sulphate as a source of nitrogen in biological treatment processes in the pulp mill at Mörrum. Ammonium sulphate is a source of nitrogen with a lower carbon footprint than current nitrate nitrogen. Trial runs are ongoing in the pulp mill at Värö.
- » Implementation of an agreement for fossil-free harvesting for a member with a large forest holding.
- » Participation in the project "Mass Balance Approach in the Transport Market – Dead-end or effective method to accelerate the transition to fossil-free freight transport?" (Sw: Massbalansprincip på transportmarknaden – Återvändsgränd eller effektiv metod för att accelerera omställningen till fossilfria godstransporter?) The project is led by IVL Swedish Environmental Research Institute and funded by Triple F – Fossil Free Freight, a research and innovation initiative from the Swedish Transport Administration.
- » Continued development of the Conscious Delivery offer together with suppliers and customers. The aim of the initiative is to reduce the use of fossil fuels in the logistics chain to customers.
- » Södra's first electric wood chip truck began operating in September. The battery-electric wood chip truck (coordinated by the Forestry Research Institute of Sweden) is part of the TREE project and operates regular routes in Blekinge and eastern Småland. Charging infrastructure is built up at several of Södra's units – Orrefors, Långasjö, Mönsterås and Mörrum, with support from the Swedish Energy Agency. In parallel, Orrefors invested in a battery that is connected to the electricity ancillary services market.
- » Start-up of a pilot project to test Svante Technologies' bioenergy with carbon capture, utilisation and storage (bio-CCUS) technology in the pulp mill at Värö. The project is carried out with support from the Swedish Energy Agency.

Several activities were carried out during the year that will reduce GHG emissions in both Södra and our value chain in the short and the long term:

- » Efficiency gains from packaging at the sawmill at Värö, resulting in a reduced need for internal transportation and lower consumption of plastic.

*The target covers land use-related biogenic emissions from biomass combustion and uptake from the production of biomass that is combusted. These emissions and uptake are assumed to offset each other based on the fact that we have a positive net change in forest carbon stock in Sweden's forests and that purchased solid and liquid biofuels have a certificate of sustainability.

CO₂ equivalents (CO₂eq) 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 CO₂eq, 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.

On behalf of the Board of Directors

Växjö, 11 February 2026

Lotta Lyrå
President and CEO

Assurance report

This interim report has not been audited.



Condensed consolidated statement of comprehensive income

SEK MILLION	2025 Oct-Dec	2024 Oct-Dec	2025 Jan-Dec	2024 Jan-Dec
Net sales	6,606	7,403	28,302	29,487
Other revenue	151	880	221	1,057
Share of profit of associates	23	-40	74	-13
Operating expenses	-7,330	-7,120	-28,245	-26,376
Earnings/loss before depreciation, amortisation and impairment	-550	1,123	352	4,155
Depreciation, amortisation and impairment	-431	-397	-1,642	-1,525
Operating profit/loss	-981	726	-1,290	2,630
Net financial items	15	42	84	98
Profit/loss before income tax	-966	768	-1,206	2,728
Income tax	-67	59	-117	-240
Profit/loss for the period	-1,033	827	-1,323	2,488
Other comprehensive income				
Items that will not be reclassified to profit or loss	-47	37	30	107
Items that will be reclassified to profit or loss	26	148	-213	264
Other comprehensive income for the period	-21	185	-183	371
Total comprehensive income for the period	-1,054	1,012	-1,506	2,859
Profit/loss attributable to				
Owners of the Parent	-1,033	827	-1,323	2,488
Profit/loss for the period	-1,033	827	-1,323	2,488
Comprehensive income/loss attributable to				
Owners of the Parent	-1,054	1,012	-1,506	2,859
Comprehensive income for the period	-1,054	1,012	-1,506	2,859

Condensed consolidated statement of financial position

SEK MILLION	31 Dec 2025	31 Dec 2024
ASSETS		
Intangible assets	94	68
Property, plant and equipment	15,702	16,988
Biological assets	820	5,355
Shares and participations in associates	358	312
Surplus in funded pension plans	448	298
Financial investments	44	44
Non-current financial receivables	8	9
Other non-current receivables	0	43
Deferred tax assets	0	4
Total non-current assets	17,474	23,121
Inventories	5,430	5,155
Tax assets	49	257
Current financial receivables	4	0
Operating receivables	4,481	4,773
Current investments	8,369	8,523
Cash and cash equivalents	2,263	3,205
Total current assets	20,596	21,913
Assets held for sale	6,564	—
TOTAL ASSETS	44,634	45,034
EQUITY AND LIABILITIES		
Equity attributable to owners of the Parent	24,910	27,803
Total equity	24,910	27,803
Non-current interest-bearing financial liabilities	312	592
Non-current interest-bearing operating liabilities	70	143
Provisions for pensions	42	—
Non-current provisions	533	527
Deferred tax liabilities	2,169	2,066
Other non-current operating liabilities	—	5
Total non-current liabilities	3,126	3,333
Current interest-bearing financial liabilities	12,189	9,362
Current interest-bearing operating liabilities	112	108
Income tax liabilities	106	53
Other current operating liabilities	4,169	4,375
Total current liabilities	16,576	13,898
Total liabilities	19,702	17,231
Liabilities attributable to assets held for sale	22	—
TOTAL EQUITY AND LIABILITIES	44,634	45,034

Condensed consolidated statement of changes in equity

SEK MILLION	Total equity
Opening balance, 1 January 2025	27,803
Comprehensive income for the year	-1,506
Contributed capital, paid-up by members	284
Contributed capital, paid-out to members	-45
Dividends to members	-1,626
Closing balance, 31 December 2025	24,910
Opening balance, 1 January 2024	26,083
Comprehensive income for the year	2,864
Contributed capital, paid-up by members	250
Contributed capital, paid-out to members	-58
Dividends to members	-1,336
Closing balance, 31 December 2024	27,803

Condensed consolidated statement of cash flows

SEK MILLION	2025 Jan-Dec	2024 Jan-Dec
Profit/loss before tax	-1,206	2,728
Adjustment for non-cash items and change in provisions	1,423	656
Income tax paid	210	316
Cash flow from operating activities before change in working capital	427	3,700
Change in inventories (decrease +/increase -)	-303	-1,179
Change in operating receivables (decrease +/increase -)	61	-122
Change in operating liabilities (increase +/decrease -)	57	1,148
Cash flow from operating activities	242	3,547
Cash flow from investing activities	-2,163	-1,727
Cash flow after investing activities	-1,921	1,820
Change in contributed capital	239	192
Dividends paid	-1,626	-1,336
Change in loans, members	2,679	1,432
Change in loans	-133	-133
Dividends received	58	-14
Change in current investments with maturity > 90 days	117	-2,155
Cash flow from financing activities	1,334	-2,014
CASH FLOW FOR THE PERIOD	-587	-194
Cash and cash equivalents at beginning of period	3,205	3,362
Exchange gains/losses on cash and cash equivalents	-70	37
Cash and cash equivalents at end of period	2,548	3,205

Parent Company

Result and financial position

Net sales for the quarter amounted to SEK 6,090 million (6,722) and the operating loss was SEK 1,228 million (profit: 106). The negative sales trend for the quarter was mainly due to negative exchange rate effects.

The operating loss for the quarter was burdened by negative exchange-rate effects and the wood price trend.

Net financial expense for the quarter was SEK 131 million (income: 65). Loss after net financial items for the quarter totalled SEK 1,359 million (profit: 171).

Net sales for the full-year amounted to SEK 26,038 million (27,326) and operating loss totalled SEK 1,739 million (profit: 1,698).

Members

The number of members was 52,262 (52,116 at the end of the preceding year). The affiliated forest area increased by approximately 11,000 hectares to 2.86 million hectares (2.83 at the end of the preceding year).

Parent Company income statement, condensed

SEK MILLION	2025 Oct-Dec	2024 Oct-Dec	2025 Jan-Dec	2024 Jan-Dec
Net sales	6,090	6,722	26,038	27,326
Other revenue	94	253	211	446
Operating expenses	-7,022	-6,511	-26,497	-24,696
Earnings/loss before depreciation, amortisation and impairment	-838	464	-248	3,076
Depreciation, amortisation and impairment	-390	-358	-1,491	-1,378
Operating profit/loss	-1,228	106	-1,739	1,698
Net financial items	-131	65	201	118
Profit/loss after financial items	-1,359	171	-1,538	1,816
Appropriations	22	281	23	281
Profit/loss before income tax	-1,337	452	-1,515	2,097
Income tax	-2	151	-10	-102
Profit/loss for the period	-1,339	603	-1,525	1,995

Parent Company balance sheet, condensed

SEK MILLION	31 Dec 2025	31 Dec 2024
ASSETS		
Intangible assets	—	0
Property, plant and equipment	15,344	14,794
Shares and participations in Group companies	4,297	4,485
Shares and participations in associates	99	99
Surplus in funded pension plans	12	11
Other non-current investments	35	35
Non-current financial receivables	8	9
Other non-current receivables	0	43
Deferred tax assets	21	26
Total non-current assets	19,816	19,502
Inventories	4,625	4,334
Current interest-bearing receivables from Group companies	300	321
Deferred tax assets	—	238
Current receivables	4,467	4,519
Current financial investments	9,131	10,122
Cash and bank balances	1,463	1,299
Total current assets	19,986	20,833
TOTAL ASSETS	39,802	40,335
EQUITY AND LIABILITIES		
Restricted equity	8,255	7,889
Non-restricted equity	6,337	9,617
Total equity	14,592	17,506
Untaxed reserves	7,347	7,367
Provisions	545	538
Non-current interest-bearing liabilities from Group companies	8	8
Non-current interest-bearing liabilities	312	592
Total non-current liabilities	320	600
Current interest-bearing liabilities from Group companies	746	572
Current interest-bearing liabilities	12,188	9,362
Current tax liabilities	0	—
Current operating liabilities and provisions	4,064	4,390
Total current liabilities	16,998	14,324
TOTAL EQUITY AND LIABILITIES	39,802	40,335

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 2024 Annual Report, except for new standards and revisions of standards and interpretations applicable to annual periods beginning on or after 1 January 2025 and that have not already been applied in the preparation of the 2024 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 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).

The Group recognised an effective tax expense that exceeds the threshold 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 net profit or loss for the year.

Assets are classified as held for sale if their value will be recovered through sale within one year and not through continued use in the business. This means the assets are presented on a separate line in the balance sheet. Liabilities attributable to the divestment of assets are reclassified and presented on a separate line in the balance sheet.

On the date of reclassification, assets and liabilities are measured at the lower of fair value less costs to sell and carrying amount. The assets are no longer amortised/depreciated following reclassification.

No reclassification is performed for the comparative period in the balance sheet.

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 2024 Annual Report. For a description of risks and uncertainties, refer to Södra's 2024 Annual Report under 'Risks and risk management' on pages 149–151. 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 2024.

Note 4 | Revenue

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

SEK MILLION	October–December											
	Södra Skog		Södra Wood		Södra Cell		Södra Building Systems		Other		Group	
	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024	2025	2024
Wood raw material	691	895	—	—	—	—	—	—	—	—	691	895
Wood products	—	—	1,195	1,210	—	—	55	28	—	—	1,250	1,238
Pulp	—	—	—	—	3,257	3,785	—	—	—	—	3,257	3,785
Energy products	363	420	129	254	200	95	0	—	25	25	717	794
Forestry services	545	531	—	—	—	—	—	—	—	—	545	531
Transportation	48	69	—	—	—	—	—	—	—	—	48	69
Other	80	90	0	—	—	—	18	1	—	—	98	91
Net sales, goods and services	1,727	2,005	1,324	1,464	3,457	3,880	73	29	25	25	6,606	7,403

Södra Bioproducts' revenue of SEK 927 million (1,055) is included in the other business areas.

Note 5 | Financial instruments

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

Group, SEK million	31 December 2025		31 December 2024	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial investments	44	44	44	44
Operating receivables	3,471	3,471	3,784	3,784
Current investments	8,369	8,369	8,523	8,523
Cash and cash equivalents	2,263	2,263	3,205	3,205
Total assets, financial instruments	14,147	14,147	15,556	15,556
Other assets, non-financial instruments	30,487	—	29,478	—
Total assets	44,634	—	45,034	—
Non-current liabilities	382	403	741	819
Current interest-bearing liabilities	12,302	12,472	9,470	9,719
Current operating liabilities	2,849	2,849	2,764	2,764
Total liabilities, financial instruments	15,532	15,724	12,975	13,302
Other liabilities, non-financial instruments	4,170	—	4,256	—
Total liabilities	19,702	—	17,231	—

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, 31 December 2025

SEK MILLION	Level 1	Level 2	Level 3	Total
Assets	8,369	—	44	8,413
Liabilities	—	—	4	4

Group, 31 December 2024

SEK MILLION	Level 1	Level 2	Level 3	Total
Assets	8,523	—	44	8,567
Liabilities	—	—	21	21

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 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 31 December 2025, the estimated fair value of Södra's standing timber not reclassified as assets held for sale was SEK 820 million (5,355 at 31 December 2024). The change in the balance sheet amounted to a negative SEK 4,535 million, of which a negative SEK 4,612 million relates to the reclassification of assets held for sale.

The remainder pertains to exchange-rate effects and remeasurement to fair value. During the quarter, parts of the holding were reclassified as assets held for sale in accordance with IFRS[®] 5. These assets are reported separately in the balance sheet and are not included in the note.

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 reve-

nue from production losses, and the direct costs of the maintenance.

In the fourth quarter, costs for scheduled maintenance shutdowns amounted to SEK 70 million (206). For the full-year, costs amounted to SEK 310 million (528).

Note 8 | Assets held for sale

On the balance-sheet date, the following assets were classified as held for sale by the Group in accordance with IFRS[®] 5. An agreement covering the sale of biological assets in Estonia and Latvia was concluded in October 2025 and the transaction was completed on 29 January 2026. The impact on Södra's earnings will be reported in the first quarter of 2026.

Balance sheet SEK MILLION	31 Dec 2025
ASSETS	
Intangible assets	2
Property, plant and equipment	1,642
Biological assets	4,612
Inventories	1
Tax assets	0
Operating receivables	22
Cash and cash equivalents	285
Total assets held for sale	6,564
LIABILITIES	
Other current liabilities	22
Total liabilities attributable to assets held for sale	22
Net assets held for sale	6,542

Quarterly data and segment information

	2025 Oct-Dec	2024 Oct-Dec	2025 Jan-Dec	2024 Jan-Dec
NET SALES, SEK MILLION				
Södra Skog	1,727	2,005	6,606	6,817
Södra Wood	1,324	1,464	6,458	6,258
Södra Cell	3,457	3,880	14,919	16,121
Södra Building Systems	73	29	235	207
Other	25	25	84	84
Group	6,606	7,403	28,302	29,487
OPERATING PROFIT/LOSS BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT, SEK MILLION				
Södra Skog	1	518	86	611
Södra Wood	-298	0	-206	236
Södra Cell	-196	944	916	3,980
Södra Building Systems	-12	-42	-73	-75
Other	-45	-297	-371	-597
Group	-550	1,123	352	4,155
OPERATING PROFIT/LOSS, SEK MILLION				
Södra Skog	-23	490	-14	513
Södra Wood	-377	-54	-463	23
Södra Cell	-495	656	-258	2,867
Södra Building Systems	-35	-64	-168	-157
Other	-51	-302	-387	-616
Group	-981	726	-1,290	2,630
OPERATING MARGIN				
Södra Skog	neg.	24%	neg.	7%
Södra Wood	neg.	neg.	neg.	0%
Södra Cell	neg.	17%	neg.	18%
Södra Building Systems	neg.	neg.	neg.	neg.
Group	-15%	10%	-5%	9%
OPERATING ASSETS, SEK MILLION				
Södra Skog	—	—	10,014	9,936
Södra Wood	—	—	4,964	4,678
Södra Cell	—	—	16,530	16,350
Södra Building Systems	—	—	882	974
Other	—	—	1,246	1,439
Financial assets	—	—	10,998	11,657
Total consolidated assets	—	—	44,634	45,034

	2025 Oct-Dec	2024 Oct-Dec	2025 Jan-Dec	2024 Jan-Dec
AVERAGE OPERATING CAPITAL, SEK MILLION				
Södra Skog	—	—	7,220	6,949
Södra Wood	—	—	4,232	3,863
Södra Cell	—	—	15,401	14,710
Södra Building Systems	—	—	860	919
Group, average capital employed*	—	—	25,965	25,163
* As of the current financial year, average capital employed is calculated on the basis of the current and previous four quarters. Comparative figures for previous periods have been restated.				
RETURN ON OPERATING CAPITAL				
Södra Skog	—	—	neg.	7%
Södra Wood	—	—	neg.	1%
Södra Cell	—	—	neg.	19%
Södra Building Systems	—	—	neg.	neg.
Consolidated return on capital employed*	—	—	-5%	10%
* As of the current financial year, adjusted operating profit is calculated on the basis of the current and previous three quarters. Comparative figures for previous periods have been restated.				
CASH FLOW AFTER INVESTMENTS, SEK MILLION				
Södra Skog	-1,078	-930	15	472
Södra Wood	-503	-200	-897	-330
Södra Cell	-350	1,012	-644	2,150
Södra Building Systems	-30	-85	-21	-198
Other	283	758	-374	-274
Group	-1,678	555	-1,921	1,820
INVESTMENTS, SEK MILLION				
Södra Skog	86	72	138	253
Södra Wood	97	105	339	348
Södra Cell	453	249	1,734	1,290
Södra Building Systems	1	3	23	46
Other	-4	1	14	11
Group	633	430	2,248	1,948
AVERAGE NO. OF EMPLOYEES				
Södra Skog	687	694	699	688
Södra Wood	849	853	851	868
Södra Cell	1,267	1,221	1,256	1,220
Södra Building Systems	78	81	82	83
Other	344	335	346	336
Group	3,225	3,184	3,234	3,195

Alternative performance measures

NET SALES, CHANGE

	2025 Jan–Dec	2024 Jan–Dec
Opening net sales	29,487	28,896
Closing net sales	28,302	29,487
Change	-4%	2%

Shows Södra's growth.

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

	2025 Jan–Dec	2024 Jan–Dec
Operating profit/loss	-1,290	2,630
Depreciation, amortisation and impairment of assets	1,642	1,525
Operating profit before depreciation, amortisation and impairment	352	4,155

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

OPERATING PROFIT/LOSS BEFORE DEPRECIATION, AMORTISATION AND IMPAIRMENT MARGIN

	2025 Jan–Dec	2024 Jan–Dec
Operating profit before depreciation, amortisation and impairment	352	4,155
Net sales	28,302	29,487
EBITDA margin	1%	14%

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

	2025 Jan–Dec	2024 Jan–Dec
Net sales	28,302	29,487
Other revenue and profit from shares in associates	295	1,057
Operating expenses	-28,245	-26,389
Depreciation, amortisation and impairment	-1,642	-1,525
Operating profit/loss	-1,290	2,630

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

	2025 Jan–Dec	2024 Jan–Dec
Operating profit/loss	-1,290	2,630
Net sales	28,302	29,487
Operating margin	-5%	9%

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

	2025 Jan–Dec	2024 Jan–Dec
Interest-bearing liabilities	12,684	10,205
Financial receivables	-13	-9
Current investments and cash and cash equivalents	-10,917	-11,728
Net debt*	1,754	-1,532

*Reclassification of assets and liabilities in accordance with IFRS 5[®] has not been taken into account in the calculation of Net debt. The calculation is made on the entire Group.

Shows Södra's financial strength.

DEBT/EQUITY RATIO, TIMES

	2025 Jan–Dec	2024 Jan–Dec
Net debt	1,754	-1,532
Equity	24,910	27,803
Debt/equity ratio*	0.1	-0.1

*Reclassification of assets and liabilities in accordance with IFRS 5[®] has not been taken into account in the calculation of the debt/equity ratio. The calculation is made on the entire Group.

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

	2025 Jan–Dec	2024 Jan–Dec
Assets	44,634	45,034
Surplus in funded pension plans	-448	-298
Financial assets	-10,974	-11,781
Provisions*	-533	-527
Income tax*	-2,275	-2,119
Non-interest-bearing operating liabilities	-4,191	-4,380
Capital employed**	26,215	25,929
Average***	25,965	25,163

*Not considered in the calculation of Operating capital.

**Reclassification of assets and liabilities in accordance with IFRS 5[®] has not been taken into account in the calculation of Capital employed. The calculation is made on the entire Group.

***As of the current financial year, average capital employed is calculated on the basis of the current and previous four quarters. Comparative figures for previous periods have been restated.

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

RETURN ON CAPITAL EMPLOYED

	2025 Jan–Dec	2024 Jan–Dec
Average capital employed	25,965	25,163
Operating profit/loss	-1,290	2,630
Return*	-5%	10%

*As of the current financial year, average capital employed is calculated on the basis of the current and previous four quarters. Adjusted operating profit is calculated on the current and previous three quarters. Comparative figures for previous periods have been restated.

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

EQUITY RATIO

	2025 Jan–Dec	2024 Jan–Dec
Equity	24,910	27,803
Assets	44,634	45,034
Equity ratio	56%	62%

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, %

Adjusted 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 January–March will be published on 22 April 2026.
- » 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 52,000 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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